

Strategic Redeployment of Viadeo: Refocusing Activities, Strengthening of Management

- **Acceleration of refocusing activities on France, exit from the Chinese market and closing of the data center in California**
- **Discussions with tax authorities under way regarding the APVO Branch**
- **Board of Directors confident of the company's potential**
- **Management strengthened with the appointment of a Chief Operating Officer**

PARIS (France) – Viadeo (FR0010325241- VIAD, PEA-PME eligible), First Professional Social Network in France¹, today confirmed its strategic refocusing on France, announcing it would be shutting down its TIANJI Branch in China on December 31, 2015 and closing its data center managed by its APVO Branch in California. These measures, which are part of Viadeo's strategy to refocus on France, were approved by the company's Board of Directors on December 18, 2015.

Its withdrawal from the Chinese market reflects three constraints:

- Firstly, the company's IPO in 2014 raised only part of the funds it initially wanted. Well, in China's fiercely competitive market, with a potential 600 million Internet users, increasing the TIANJI member base would require very considerable development resources.
- Furthermore, China's business networks market has undergone substantial transformation in recent years, mainly due to the explosion of mobile telephony, changing usage patterns considerably. Despite Viadeo's significant local adaptation efforts, the mobile revolution combined with maintaining a competitive offer in China would require heavy capital investment by the company.
- In view of this, in the first half of 2015 the company went looking for an investor, buyer or local partner, who could guarantee stability and commitment to support it in this market. However, China's changing economic conditions marked by a historical slowdown in growth, a major financial crisis in the summer of 2015 and repeated devaluations of the nation's currency dashed hopes of identifying such a partner.

The Company decided that, all these factors taken together, it could no longer weather the very slow maturation of the Chinese market towards monetization of business network services. This shutdown constitutes a major strategic decision to strengthen the financial and economic stability of Viadeo.

¹ Viadeo estimations based on the number of registered members of the group compared to the numbers of subscribers published by its two main competitors on their respective Internet sites.

By freeing Viadeo from the financial burden of TIANJI, both in terms of cash flow consumption and the impact on operational profits, this decision should permit Viadeo to achieve profitable and sustainable growth in the medium-term.

This decision also reflects Viadeo's desire to accelerate the transformation of its business model, launched in 2015 with the development of its B2B packages and verticalization of its online services.

By reallocating its development resources in this way, Viadeo will be able to strengthen the positioning of its local services operator in France and in Viadeo's francophone markets, and accelerate its redeployment and revitalization, structured around four priorities:

- Increase B2B sales to intensify the transformation of its business model and generate growth;
- Rationalize its online revenue to grow the profitability of its member base;
- Better manage ROI vis-a-vis B2B customers to guarantee business performance;
- Smarter use of data as a lever for financial and service performance.

This strategy will be presented in detail in the first half of 2016.

Furthermore, as part of tighter cost control, the data center based in California will be closed in 2016 once the Viadeo servers are transferred to the Cloud.

The U.S. branch, APVO, which manages the data center, is currently undergoing a tax reassessment by the French tax authorities, who have decided that the branch has a stable basis in France, and as such owes VAT and corporate income tax for the years 2012 to 2014. The company, assisted by the Fidal law firm, clearly intends to contest this reassessment vigorously, considering it to be unjustified. The company's defense of its rights will mean proceedings, including litigation, that may take many years. A risk evaluation will be prepared based on the financial statements as of December 31, 2015, due for publication on March 10, 2016, and may result in the allocation of a provision. This reassessment may have a significant impact on the company accounts.

Confident in Viadeo's capacity to exploit its potential efficiently, the company's Board of Directors decided to strengthen its management, starting with the appointment of a Chief Operating Officer, whose mission will be to help the company accelerate its strategic redeployment and achieve its profitability targets. With strong management experience, the COO's assignment will be to help define and implement Viadeo's strategy.

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Next financial communication:

2015 Results, February 29, 2016



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About Viadeo

Viadeo is a global leader in the world of professional social networking with 65 million members worldwide and is France's number one PSN with over 10 million members in the country. Regardless of industry or location, Viadeo provides all professionals – be it an entire company or an individual – with the ability to maximize their potential for success by enabling them to adopt and to master tools emerging alongside the latest developments in the job market. From strengthening your professional network to increasing your visibility and developing your employability, Viadeo provides members with the keys to success in the world of recruitment and employment online and on mobiles.

For all additional information, please visit corporate.viadeo.com



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