Solocal GROUP

PRESS RELEASE

Boulogne-Billancourt, 1st August 2016

Low H1 2016 results, outlook for 2016 confirmed with strong new order dynamic

Low H1 2016 results, outlook for 2016 confirmed:

- Internet revenues: €322 million (representing 79% of total revenues) down -1% versus H1 2015
- EBITDA: €112 million[1], EBITDA to revenue margin 28%[2] down -3 points versus H1 2015

Strong new order dynamic with Internet new order growth up +10% versus H1 2015

Breach of leverage bank covenant which should not trigger early acceleration of the debt of the Group.

I. H1 2016 Revenues and EBITDA

The Board of Directors approved the Group's consolidated accounts as of 30 June 2016. The overall H1 2016 financial performance confirms the annual guidance announced on 19 May 2016.

In millions of euros	H1 2015	H1 2016	Change
Internet revenues	**325**	**322**	**-1%**
Local Search	**253**	**243**	**-4%**
Number of visits (in million)	*1,108*	*1,206*	*+9%*
ARPA (in €)	*472*	*485*	*+3%*
Number of clients (in thousand)	*536*	*501*	*-6%*
Digital Marketing	**73**	**78**	**+8%**
Penetration rate (in number of clients)	*22%*	*23%*	*+ 1 pt*
Print & Voice revenues	**121**	**83**	**-31%**
Revenues	**446**	**405**	**-9%**

[1] Total (Internet + Print & Voice) recurring EBITDA
[2] Total (Internet + Print & Voice) recurring EBITDA to revenue margin

In H1 2016, revenues stood at €405 million, down -9% compared to H1 2015:

- **Internet revenues** at €322M in H1 2016 (representing 79% of total revenues) were down -1% versus H1 2015, as positive dynamic of Digital Marketing did not fully offset client base decline of Local Search due to constraints of bank covenants:
    - **Audience growth**: Internet visits recorded a growth +9% in H1 2016 versus H1 2015 of which +27% mobile (representing 42% of total audience).
    - **Local Search ARPA[3]**: +3% in H1 2016 versus H1 2015, back to historical trends.
    - **Client base**: -6% in H1 2016 versus H1 2015, still limited by reduced investments in telesales client acquisition. The client base contraction is expected to continue at a similar pace given the ongoing constraints on investments in client acquisition.
    - **Digital Marketing revenues**: +8% in H1 2016 versus H1 2015, thanks to an acceleration of local programmatic. This positive trend was not reflected in Q2 2016 (-5% Digital Marketing revenue decrease) due to quarterly one-off impact in Q2 2015 driven by website product revamping.
- **Print & Voice revenues** were **down by -31% over the period**, mainly due to the stronger decline of PagesBlanches

H1 2016 new order dynamic is strong: Internet new orders recorded a growth of +10% in H1 2016 compared to H1 2015 and total new orders were back to growth.

In millions of euros	H1 2015	H1 2016	Change
Internet recurring EBITDA	**99**	**90**	**-10%**
EBITDA / revenue margin	30%	28%	*-2 pts*
Print & Voice recurring EBITDA	**40**	**22**	**-45%**
EBITDA / revenue margin	33%	27%	*-6 pts*
Recurring EBITDA	**139**	**112**	**-20%**
EBITDA / revenue margin	31%	28%	*-3 pts*

Recurring EBITDA was **€112 million** in H1 2016, down -20% versus H1 2015, mainly driven by the drop in Print & Voice EBITDA.

The **EBITDA to revenue margin** was **28%** in H1 2016, down -3 points versus H1 2015, as the drop in revenues (-9%) was only partially offset by disciplined cost management resulting in significant staff cost reduction (-10%) and constrained investment in branding.

II. H1 2016 Net income and financial structure

In millions of euros	H1 2015	H1 2016	Change
Recurring EBITDA	**139**	**112**	**-20%**
Depreciation and amortisation	(22)	(29)	+32%
Net financial expense	(43)	(37)	-14%
Corporate income tax	(31)	(19)	-38%
Recurring income from continued activities	**43**	**27**	**-38%**
Contribution to net income from non recurring items	(1)	(1)	-4%
Net income from divested activities	(8)	-	na
Net income	**34**	**25**	**-26%**

[3] Average Revenue Per Advertiser

Depreciation and amortisation amounted to **-29 million in H1 2016**, up +32% compared to H1 2015, due to impact of IT refoundation investments.

Net financial expense was **-€37 million in H1 2016**, in reduction of -14% compared to H1 2015, as the hedging instruments matured at the end of 2015.

Corporate income tax was **a charge of -€19 million in H1 2016**, in reduction of -38% compared to H1 2015, in line with profit before tax.

Recurring income from continued activities amounted to **€27 million in H1 2016**, down -38% compared to H1 2015.

Net income from divested activities was nil in H1 2016 as the divestment of non-growing and non-profitable Internet businesses has been fully achieved in 2015.

The Group's **net income** was **€25 million in H1 2016**, down -26% compared to H1 2015.

As of 30 June 2016, net debt was **€1,068 million. The Group is in breach with its leverage bank covenant but complies with all other bank covenants.**

The Group's **free cash flow** was **€35 million in H1 2016**, down -€8M compared to H1 2015 mainly driven by decrease in EBITDA.

As of 30 June 2016, the Group had a cash position of €108 million[4].

III. Outlook for 2016

The outlook for 2016 is confirmed with strong new order dynamic:

- Internet revenue growth between 0% and +2% in 2016 compared to 2015
- EBITDA to revenue margin ≥ 28%[5]

Positive impact on growth would occur from Q4 2016.

Following an agreement in principle has been reached with creditors representing more than 50% of the total gross debt of the Group to reduce drastically the debt of the Group, the breach of leverage bank covenant should not trigger early acceleration of the debt of the Group.

[4] Net of bank overdrafts, including own bonds
[5] Total (Internet + Print & Voice) recurring EBITDA to revenue margin

About SoLocal Group

SoLocal Group, European leader in local online communication, reveals local know-how, and boosts local revenues of businesses. The Internet activities of the Group are structured around two business lines: Local Search and Digital Marketing. With Local Search, the Group offers digital services and solutions to clients which enable them to enhance their visibility and develop their local contacts. Thanks to its expertise, SoLocal Group earned the trust of some 530,000 clients of those services and over 2.2 billions of visits via its 4 flagship brands (PagesJaunes, Mappy, Ooreka and A Vendre A Louer) but also through its partnerships. With Digital Marketing, SoLocal Group creates and provides Internet users with the best local and customised content about professionals. With over 4,400 employees, including a salesforce of 1,900 local communication advisors specialised in five verticals (Home, Services, Retail, Health & Public, BtoB) and Internationally (France, Spain, Austria, United Kingdom), the Group generated in 2015 revenues of 873 millions euros, of which 73% on Internet and ranks amongst the first European players in terms of Internet advertising revenues. SoLocal Group is listed on Euronext Paris (LOCAL). More information may be obtained at www.solocalgroup.com.

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All financial data and indicators are published in details within the report of Consolidated financial information as of 30 June 2016 which is available on the corporate website, www.solocalgroup.com (finance area).
This press release contains forward-looking statements. Any forward-looking statement does not constitute forecasts as defined in European regulation (EC) 809/2004. Although SoLocal Group feels that its estimates are based upon assumptions which we believe to be reasonable, these forward-looking statements are subject to numerous risks and uncertainties, which could cause actual results to differ materially from those anticipated in said forward-looking statements. For a discussion of risks and uncertainties which could cause actual results, financial condition, performance or achievements of SoLocal Group to differ from those contained in the forward-looking, please refer to the "Risk factors" section of the "Document de Référence" filed with the French financial markets authority (AMF) and available on the Internet sites of the AMF (www.amf-france.org) and of SoLocal Group (www.solocalgroup.com). Accounting data represented on an annual basis in audited consolidated form and on an quarterly basis in unaudited consolidated form.

IV. Appendices

During the 2015 financial year, the Group disposed of four non-profitable and no-growing activities (Horyzon Media web agency display, ZoomOn social local media, Lookingo "daily deals" and Sotravo online home improvement quotes).
The accounts as of 30 June 2016 published by the Group are made up as follows: Consolidated, Divested activities and Continued activities.

Starting in 2015, SoLocal Group is isolating the momentum of continued activities from that of the activities that it has divested from. The comments on the financial performance indicators concern the scope of continued activities. Recurring EBITDA excludes non recurring items, such as restructuring and integration costs.

Consolidated Income statement

(Amounts in millions of euros, except data relating to shares)

	As of 30 June 2016				As of 30 June 2015			
	Consolidated	Divested activities	Continued activities		Consolidated	Divested activities	Continued activities	
			Recurring	Non recurring			Recurring	Non recurring
Revenues	405	-	405	-	450	4	446	-
Net external expenses	(105)	-	(105)	-	(104)	(5)	(98)	-
Personnel expenses	(188)	-	(188)	-	(213)	(4)	(209)	-
Recurring EBITDA	**112**	**-**	**112**	**-**	**134**	**(5)**	**139**	**-**
Non recurring items	(2)	-	-	(2)	(9)	(6)	-	(2)
EBITDA	**110**	**-**	**112**	**(2)**	**125**	**(11)**	**139**	**(2)**
Depreciation and amortization	(29)	-	(29)	-	(23)	(1)	(22)	-
Operating income	**81**	**-**	**83**	**(2)**	**102**	**(13)**	**117**	**(2)**
Financial income	1	-	1	-	1	-	1	-
Financial expenses	(38)	-	(38)	-	(44)	(0)	(44)	-
Net financial expense	**(37)**	**-**	**(37)**	**-**	**(43)**	**(0)**	**(43)**	**-**
Share of profit or loss of an associate	-	-	-	-	0	-	0	-
Income before tax	**44**	**-**	**46**	**(2)**	**59**	**(13)**	**74**	**(2)**
Corporate income tax	(19)	-	(19)	1	(25)	5	(31)	1
Effective tax rate	*43%*		*43%*	*43%*	*43%*	*43%*	*43%*	*43%*
Income for the period	**25**	**-**	**27**	**(1)**	**34**	**(8)**	**43**	**(1)**

Consolidated Cash Flow Statement

In million of euros	As at 30 June 2016	As at 30 June 2015	Change
Recurring EBITDA	**112**	**139**	**-20%**
Non monetary items included in EBITDA and other	0	5	
Net change in working capital	(19)	(7)	-158%
Acquisition of tangible and intangible fixed assets	(36)	(34)	-4%
Cash financial income	(18)	(42)	56%
Non recurring items	(15)	(13)	-18%
Acquisition costs of shares	-	-	-
Corporate income tax paid	11	(1)	1850%
Net Cash flow from continued activities	**35**	**46**	**-25%**
Net Cash flow from divested activities	-	(4)	
Net cash flow	**35**	**43**	**-18%**
Increase (decrease) in borrowings and bank overdrafts	15	(20)	175%
Capital increase	-	3	
Other	5	4	28%
Net cash variation	**54**	**29**	**89%**
Net cash and cash equivalents at beginning of period	53	44	22%
Net cash and cash equivalents at end of period	**108**	**72**	**49%**

Consolidated Balance Sheet

In million of euros	30-Jun-15	31-Dec-15	30-Jun-16
ASSETS			
Total non-current assets	**263**	**251**	**235**
Net goodwill	95	95	82
Other net intangible fixed assets	126	123	120
Net tangible fixed assets	33	28	22
Other non-current assets of which deferred tax assets	8	4	10
Total current assets	**489**	**508**	**510**
Net trade accounts receivable	293	353	335
Acquisition costs of contracts	32	38	37
Prepaid expenses	12	9	14
Cash and cash equivalents	111	54	75
Other current assets	41	54	49
TOTAL ASSETS	**752**	**759**	**746**
LIABILITIES			
Total equity	**(1,310)**	**(1,328)**	**(1,329)**
Total non-current liabilities	**122**	**1,244**	**1,232**
Non-current financial liabilities and derivatives	3	1,118	1,128
Employee benefits (non-current)	100	85	91
Other non-current liabilities	20	41	13
Total current liabilities	**1,941**	**843**	**842**
Bank overdrafts and other short-term borrowings	1,177	26	28
Deferred income	435	483	493
Employee benefits (current)	100	121	100
Trade accounts payable	102	95	99
Other current liabilities	127	117	121
TOTAL LIABILITIES	**752**	**759**	**746**