



February 15<sup>th</sup> 2018

# INVESTOR PRESENTATION

---

*Solocal.*  
GROUP

## DISCLAIMER

---

This document contains forward-looking statements. Any forward-looking statement does not constitute forecasts as defined in European regulation (EC) 809/2004. Forward-looking statements relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. The forward-looking statements are based on the Company's current beliefs, assumptions and expectations of its future performance, taking into account all information currently available. Forward-looking information and statements are not guarantees of future performance and are subject to various risks and uncertainties, many of which are difficult to predict and generally beyond the control of the Company. These risks and uncertainties include those discussed or identified under section 4 "Risk Factors" of the SoLocal Group's "*Document de référence*" which was filed with the French financial markets authority (AMF) on 28 April 2017. Important factors that could cause actual earnings to differ materially from the earnings anticipated in the forward-looking statements include the effects of competition, usage levels, the success of the Group's investments in France and abroad, and the effects of the economic situation. SoLocal Group, its affiliates, directors, advisors, employees and representatives expressly disclaim any liability whatsoever for such forward-looking statements.

The forward-looking statements contained in this document apply only at the date of this document. SoLocal Group does not undertake to update any of these statements to take account of events or circumstances arising after the date of said document or to take account of the occurrence of unexpected events.

Accounting data presented on an annual basis are in audited consolidated form, but accounting data indicated on a quarterly or half-yearly basis are in unaudited consolidated form.

Business indicators covered in the presentation are for continued activities.

All financial data and indicators are published in details within the report of Consolidated financial information as of 31 December 2017 which is available on the corporate website, [www.solocalgroup.com](http://www.solocalgroup.com) (finance area).



**SOLOCAL 2020**

**INVESTMENT CASE**

## SOLOCAL OVERVIEW

THE PREFERRED LOCAL DIGITAL SERVICES PARTNER for ALL  
BUSINESSES in supporting THEIR GROWTH

 **2.4BN** visits<sup>(2)</sup>

 **€756M** 2017 rev.<sup>(2)</sup>

 **>450k** web sites<sup>(3)</sup>

 **55%** reach<sup>(1)</sup>  
  


 **469K** customers

  
 **>50K** camp/year

 **35M** profiles

 **4M** listed pros

 **150K** daily updates

## 2017 FINANCIAL RESULTS <sup>(1)</sup>

<b>2017 GUIDANCE</b>
<ul style="list-style-type: none"> <li>INTERNET REVENUE GROWTH: ~ -1%</li> <li>EBITDA: ≥€190M</li> </ul>

€M	[ 2017 $\Delta$ 2016 ]		[ Q4 $\Delta$ Q4-16 ]	
<b>REVENUE</b>	<b>756</b>	<b>-5.7%</b>	<b>200</b>	<b>-3.6%</b>
<i>% digital</i>	<i>84%</i>		<i>84%</i>	
Internet	636	0%	172	+2.1%
<b>EBITDA rec. <sup>(2)</sup></b>	<b>196</b>	<b>-15.1%</b>	-	-
<b>NET DEBT</b>	<b>332</b>	<b>-70%</b>	-	-
<b>CASH POSITION</b>	<b>86</b>	<b>27<sup>(3)</sup></b>	-	-

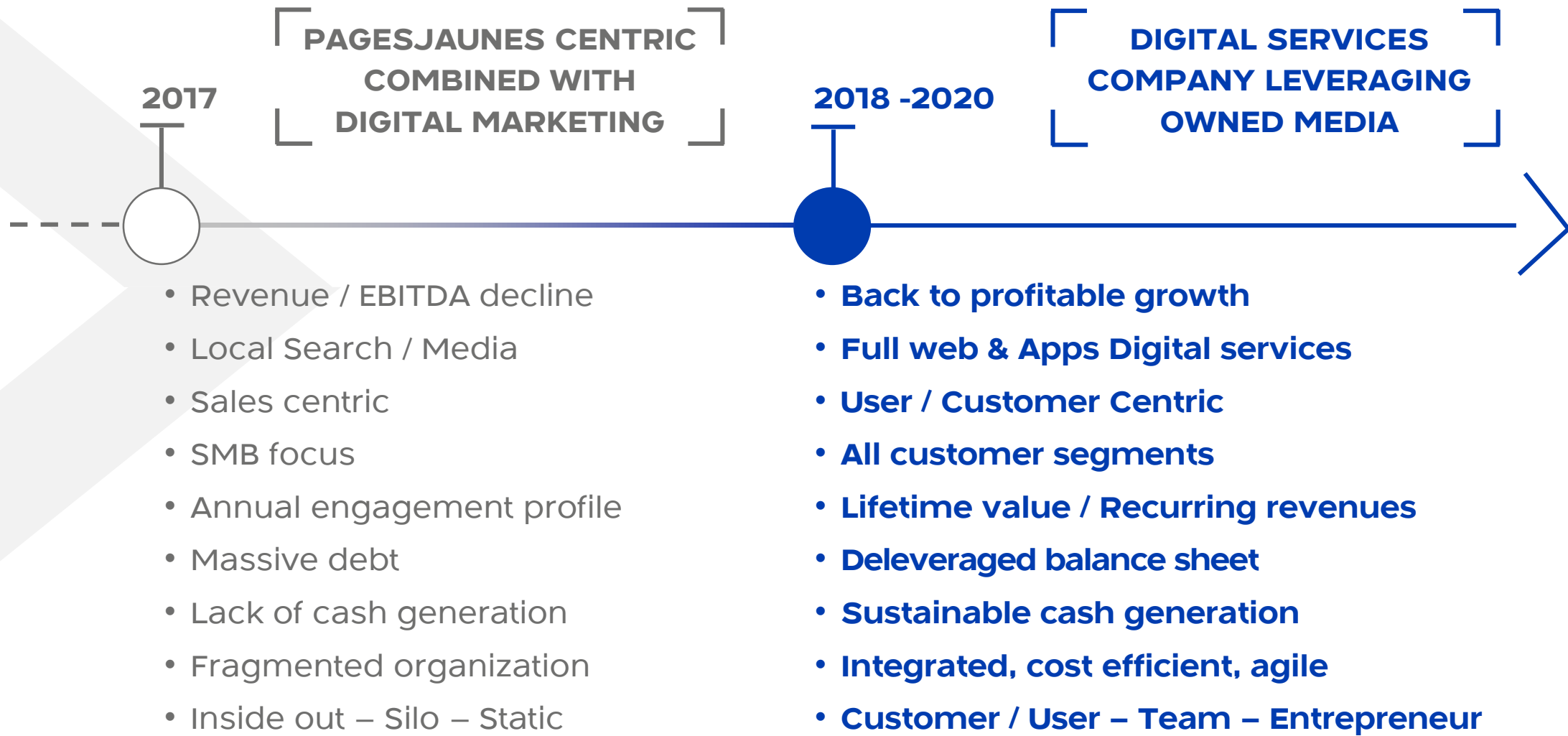
(1) Continued activities;

(2) EBITDA calculated as Group revenue minus net external expenses and personnel expenses. Personnel expenses include salaries and charges, share-based payments and employee profit-sharing;

(3) Taking into account 2016 €32M of deferred payment of financial interest

Source: Company information, SoLocal Group 2016 and 2017 financial statements

## FROM TO



# KEY INVESTMENT HIGHLIGHTS

---

- 1** **Fast-growing digital services company**
- 2** **Key competitive advantage** through combination of massive **rich local content, powerful data, local coverage, strong partnerships & scalable tech platforms**
- 3** **Recurring revenue businesses with increasing customer retention rate**
- 4** **EBITDA growth** driven by **cost savings** and **accelerated sizeable revenue growth**
- 5** **Sustainable cash flow generation** through investment discipline & efficient working capital mngt
- 6** **Seasoned management team** with deep digital expertise and proven business track-record



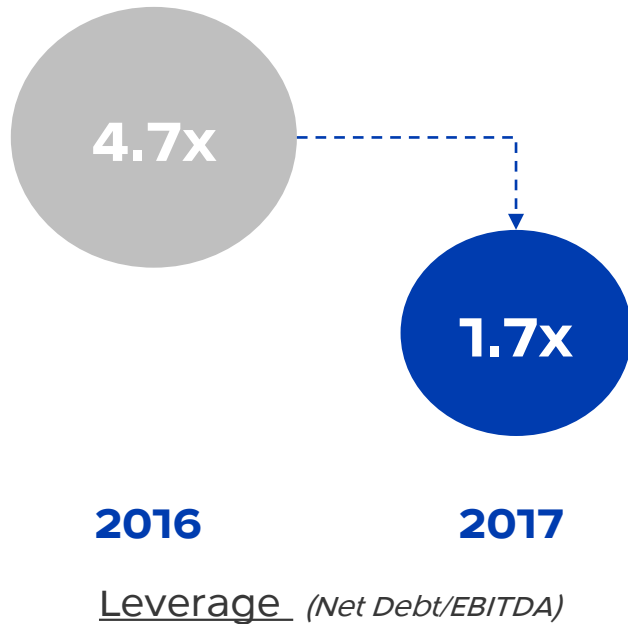
**SOLOCAL 2020**

**SOLOCAL UPDATE**

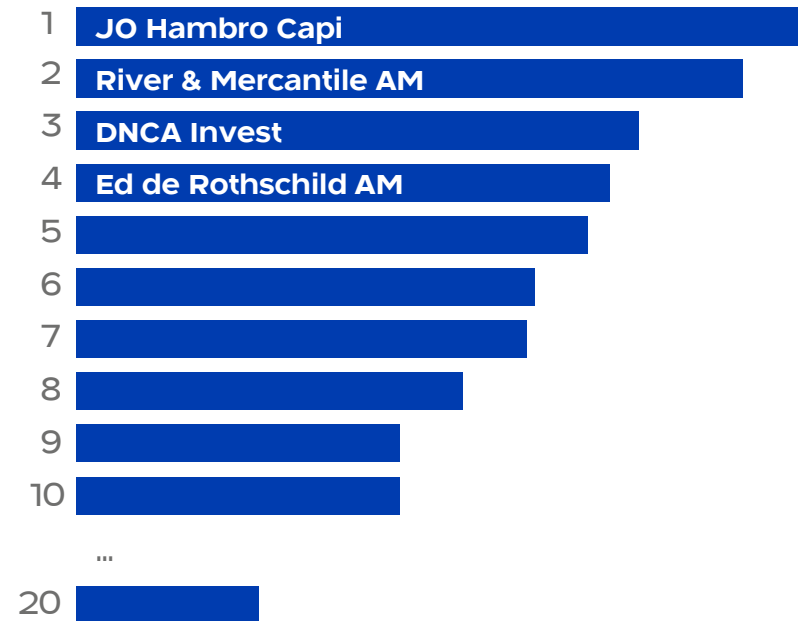


# A FINANCIAL RESTRUCTURING SUCCESS...

## SUSTAINABLE FINANCING STRUCTURE



## OWNERSHIP STRUCTURE <sup>(1)</sup>



**Top 20**  
**[50-60%]**

## ... COUPLED WITH A NEW GOVERNANCE...

### NEW BOARD

- Fully revamped board
- Diverse and multi-disciplinary skills
- 100% independent directors
- Including two representatives of largest « Long-only » shareholders

### NEW CHAIRMAN



**Pierre DANON**

Former Chairman and CEO of Numericable and Chairman of TDC Group

### NEW CEO



**Eric BOUSTOULLER**

Former Corporate Vice President of Microsoft Corporation and Western Europe area

# ... AND A NEW MANAGEMENT TEAM ALIGNED WITH SHAREHOLDER INTERESTS



**Eric BOUSTOULLER**

Chief Executive Officer



**Arnaud DEFRENNE**

Chief Tech Officer

Former L'Oréal,  
Digitas CTO



**Frédéric OBALA**

Chief Product Officer\*  
Chief Media Officer

SoLocal



**Christophe PARCOT**

Chief Revenue Officer

Former Teads COO  
& Yahoo EMEA GM



**Pascale FURBEYRE**

Chief Marketing Officer

Former Lesfurets,  
BforBank, Yahoo EU CMO



**Jean-Jacques BANCEL**

Chief Financial Officer

Former SGD Pharma,  
Ethypharm, ASF, CFO



**Richard CUIF**

Chief HR Officer

Former Devanlay,  
Microsoft CHRO



**Pascal GARCIA**

General Secretary

SoLocal

# LEVERAGING STRONG ASSETS TO DELIVER SUCCESS

---

**#1**

**AUDIENCE**

**#2**

**DATA**

**#3**

**TECH**

**#4**

**PARTNERS**

**#5**

**COVERAGE**

# MASSIVE & GROWING O&O AUDIENCE ACROSS ALL DEVICES

#1

**55%**

SoLocal reach  
in October 2017

**+2.4%**

Growth versus  
2016<sup>(1)</sup>

**2M**

Daily used App



**mappy**

MONETIZATION  
ENGINE

INTENT-DRIVEN  
DATA

**2.4bn<sup>(1)</sup>**

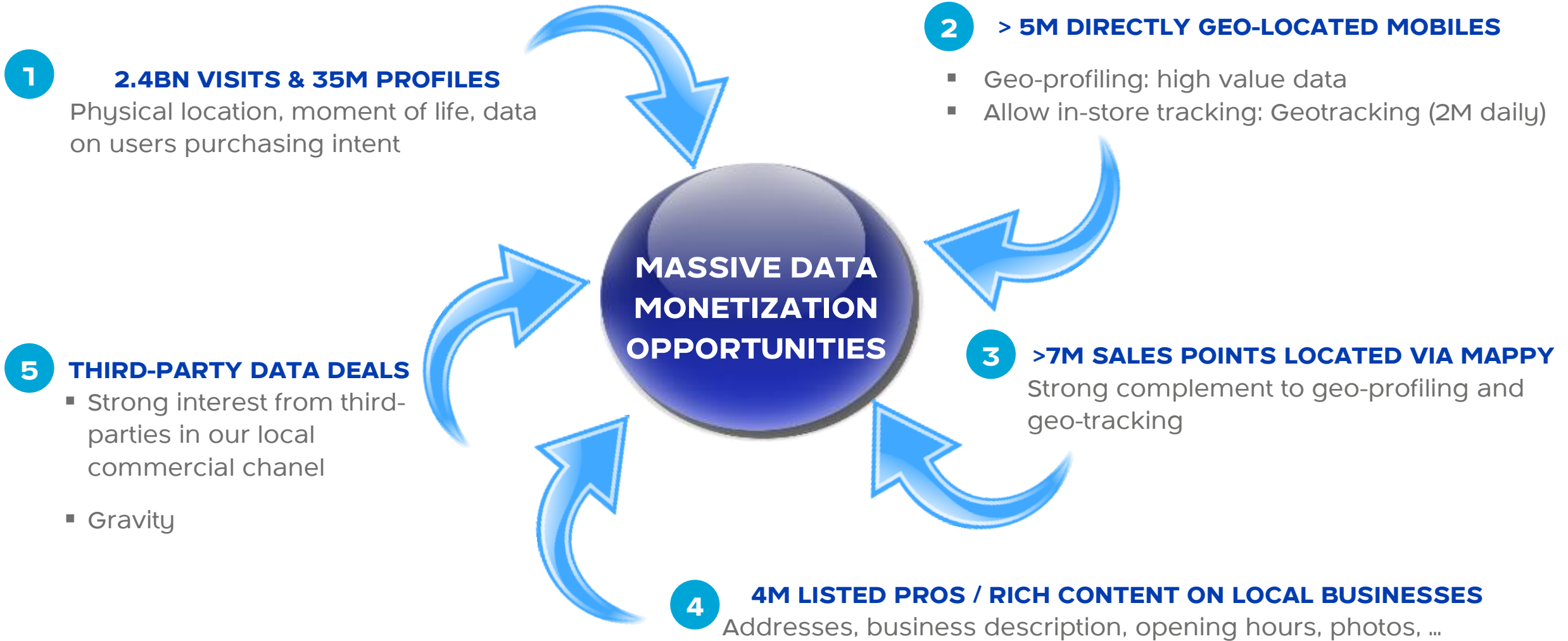
Visits on SoLocal  
media in 2017

**+5%**

Growth contacts

# UNIQUE LOCAL USER & PRO DATA

# #2



# IN-HOUSE DIGITAL SERVICES PLATFORM

# #3

**OWNED MEDIA**



**PRESENCE MGT**

Full web diffusion platform



**SCALABILITY /  
INDEPENDENT**

**PROGRAMMATIC**

DMP – Adserver- Bidder



**WEB SITES**

Building platform



# BALANCED AND STRONG PARTNERSHIPS WITH GAFAM – 1/2

# #4

## LOCAL CONTENT PROVIDER



## DIGITAL ADVERTISING INTEGRATOR





LOCAL CONTENT PROVIDER

DIGITAL ADVERTISING INTEGRATOR

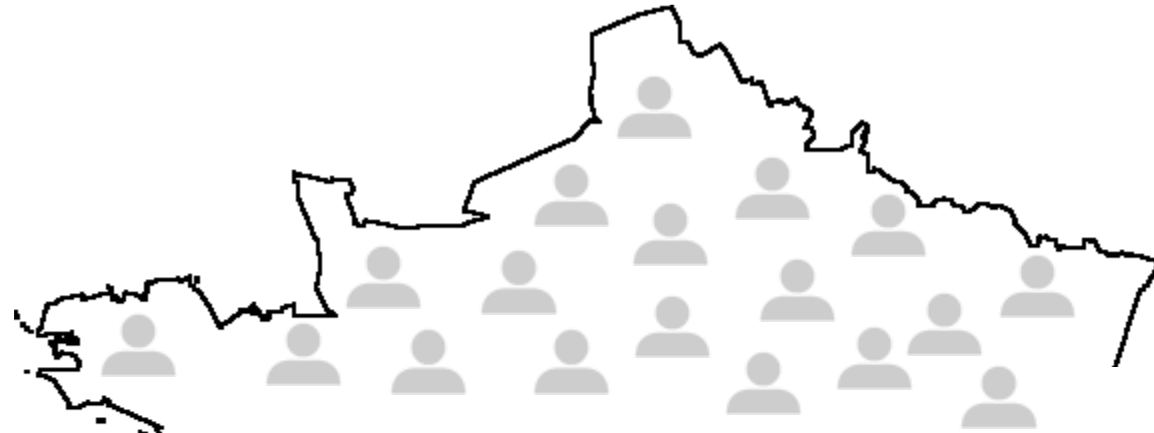
- **150 K/day** UPDATES OF BEST-IN-CLASS LOCAL CONTENT
- PRIVILEGED APIS<sup>(1)</sup>



- HIGH GROSS MARGIN DIGITAL SERVICES DELIVERED >50%
- STATE-OF-THE-ART IN-HOUSE EXPERTISE:
  - Display design / AdText
  - Tech platform & Algorithms
  - Realtime Selection of optimized keyword
  - Campaign management
  - Customer support & advice

# FULL LOCAL COVERAGE: SALES & CUSTOMER SUPPORT<sup>(1)</sup>

#5

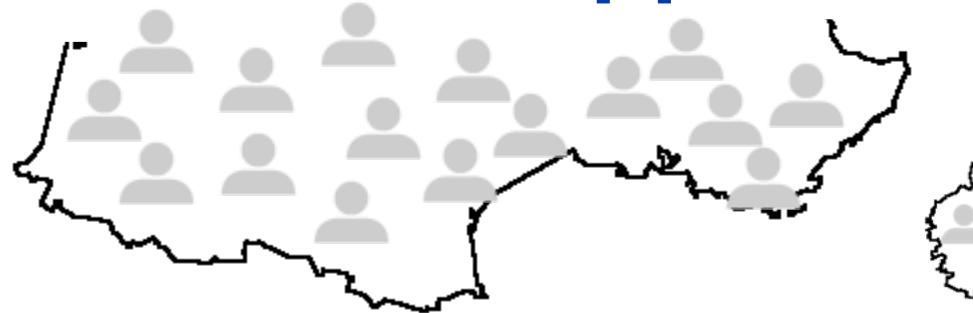


LONGSTANDING  
RELATIONSHIP

**1,800** Sales reps

HIGH LEVEL OF  
SUPPORT

**220** customer  
support



(1) As of 12/31/2017

# UNIQUE COMBINATION OF STRENGTHS TO SERVE CUSTOMERS

	<i>Solocal</i> GROUP	<b>GAFAM</b> f Google	<b>WEB AGENCIES</b> Geolid NetBooster	<b>PURE AD TECH</b> yext criteo.
<b>AUDIENCE</b>				
• Owned media	✓	✓	✗	✗
• Massive Audience	✓	✓	✗	✗
<b>DATA &amp; TECH</b>				
• Rich daily updated local content	✓	✓	✗	✓
• Purchase-driven & geolocated data	✓	✓	✗	✓
• Proprietary programmatic technology	✓	✓	✗	✓
<b>LOCAL PRESENCE</b>				
• 1,800 sales reps	✓	✗	✓	✗
• SMB field approach	✓	✗	✓	✗
• Local contact with nat. brand POS	✓	✗	✓	✗



**SOLOCAL 2020**

**STRATEGIC OUTLOOK**

## OUR VISION








---



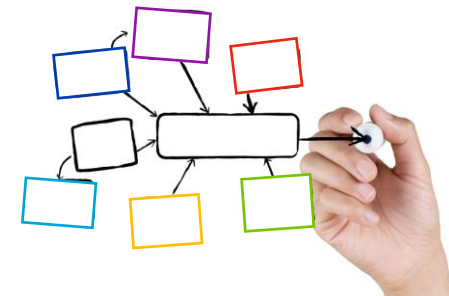
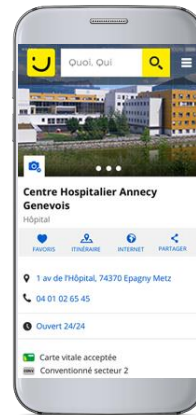
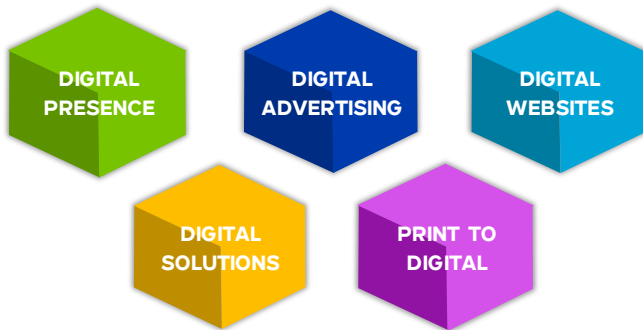
Become **THE PREFERRED LOCAL DIGITAL SERVICES**  
**PARTNER** for **ALL BUSINESSES** in supporting **THEIR GROWTH**



# AT THE CENTRE OF GROWING MARKET OPPORTUNITIES

		Key drivers	Market growth assessment
<b>Presence</b> 	<b>Market leader</b>	<ul style="list-style-type: none"> <li>• Full web presence</li> <li>• Growing number of publishers</li> </ul>	 0 - 5 % <sup>(2)</sup>
<b>Advertising</b> 	<b>Market challenger</b>	<ul style="list-style-type: none"> <li>• Programmatic display</li> <li>• Video</li> <li>• Social</li> <li>• Mobile</li> </ul>	 12 - 15% <sup>(1)(2)</sup>
<b>Sites</b> 	<b>Market leader</b>	<ul style="list-style-type: none"> <li>• Basic presence</li> <li>• Tailor-made sites</li> <li>• E-commerce</li> </ul>	 8 - 11% <sup>(2)</sup>

# TRANSFORMING TO GROW



# DELIVERING ON CUSTOMER EXPECTATIONS

---



**BUILD DIGITAL VISIBILITY**



**FIND NEW CUSTOMERS**



**BE MORE EFFICIENT**



## DIGITAL COACHING

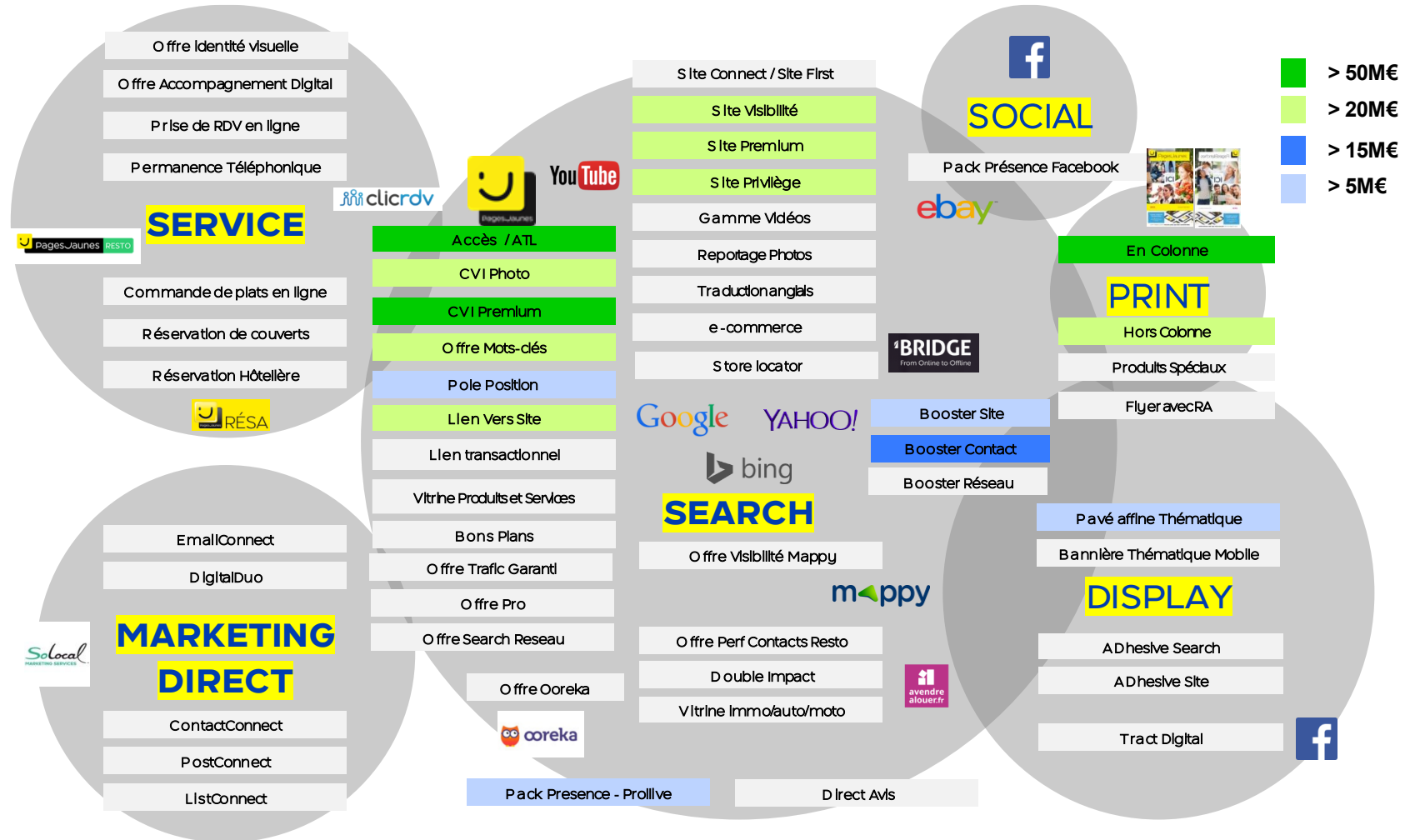


# DIGITAL SERVICES GATEWAY FOR ALL COMPANIES



**FULL WEB - ALL DEVICES - ALL SEGMENTS**  
**MEDIA - DATA - TECH - PARTNERSHIPS - COVERAGE**


# FROM HIGHLY COMPLEX OFFERING ...



# ... TO PACKAGED, FULL WEB, EVERGREEN




## SERVE SMBs LIKE TOP AD AGENCIES SERVE TOP BRANDS



**DIGITAL AD.**

Performance








Ranking



**DIGITAL PRESENCE**

Real-time update & e-reputation

Full web presence

	Pack 1 <small>Full web</small>	Pack 2 <small>Full web</small>	Pack 3 <small>Full web</small>	Pack 4 <small>Full web</small>
Performance				<b>BOOSTER TRAFFIC*</b> <b>BOOSTER CONTACT</b> <b>BOOSTER CLIC</b>   SEA  
Ranking			<b>KEY WORDS</b>    SEO	-
Real-time update & e-reputation		<b>PACK PRESENCE</b> <b>E-REPUTATION</b> +       ...		
Full web presence	<b>PACK PRESENCE</b>       Basic mini websites			

# UNIQUE INTEGRATED OFFER FOR NETWORK ACCOUNTS



## UNIQUE SAAS PLATFORM FOR NETWORK ACCOUNTS



### PRESENCE

Store locator



Pack Presence



### PERFORMANCE

Ranking



Display & programmatic



**€1.5Bn**

2016 digital com. Expenditures<sup>(1)</sup>



Market E2018

**€130M**

2017 sales

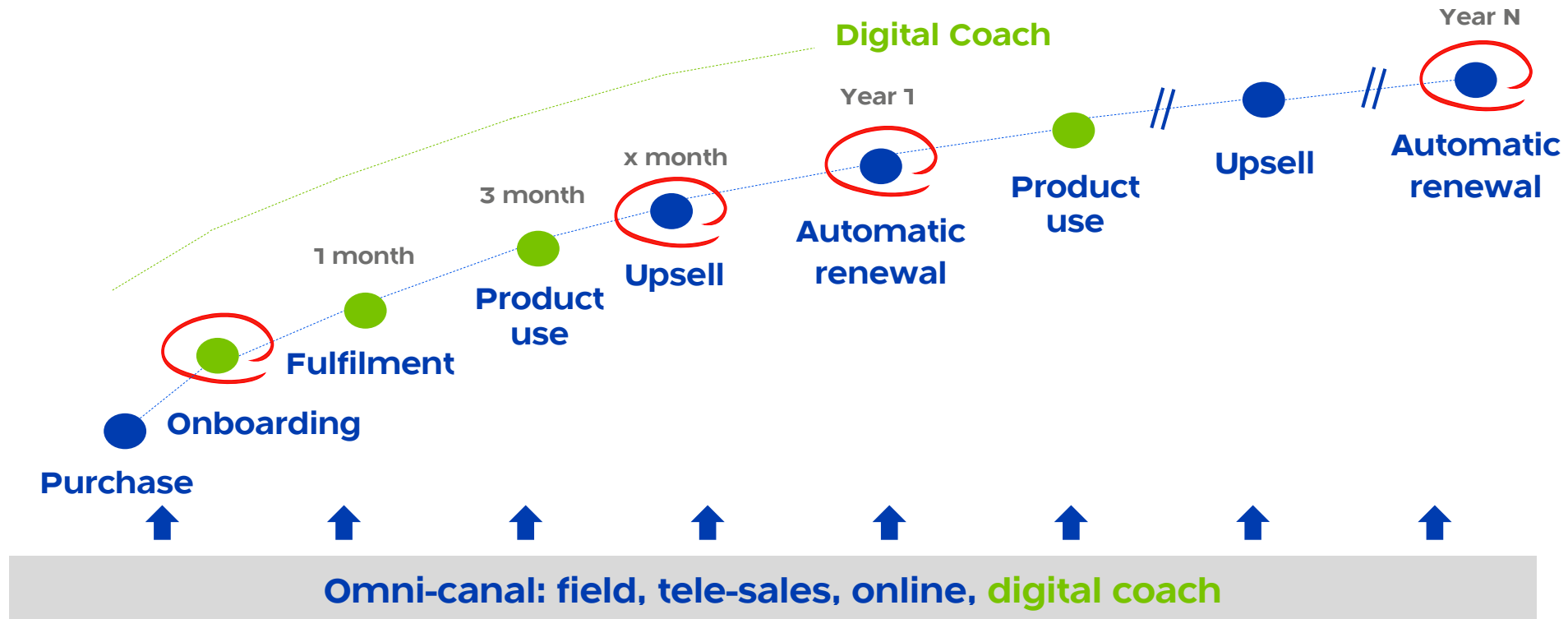
**>€200M** expected 2020

**>200**

networks

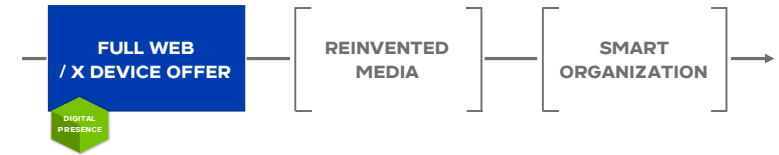


# NEW GO TO MARKET: LIFETIME MANAGEMENT



Customer knowledge

# EARLY SUCCESSES | PACK PRESENCE



- Fully launched in **Q4 2017**
  - **20+** web publishers
  - **23K customers** <sup>(1)</sup>
  - **1,500 new customers per week**<sup>(2)</sup>
  - **Gross margin >60%**
  - **ARPA: €290**
- ┌
- └
- ┌
- └
- Target 2018: >100k customers**





- Relaunched in **Q4 2017**
- Full range of Boosters': clics to **real contacts**
- Scaled in-house digital platform**
- 3,000 customer/month**
- ARPA:** €260/month
- Gross margin: >50%
- Partners: ...

**Target 2018: +60% Rev.**

**Full web contact acq.**

POUR UN APPRENTISSAGE DE LA CONDUITE, CONTACTEZ-NOUS AFFICHER LE NUMÉRO

**ecf**  
**AUTO-ÉCOLE ECF À VALENCE**  
 LE PERMIS NOUVELLE GÉNÉRATION !

Notre agence ECF à Valence, vous accueille et vous accompagne dans votre formation au permis de conduire : auto, moto, scooter, stages de code ou stages accélérés de conduite mais aussi stages de récupération de points.

- Code :** formez-vous efficacement au code de la route, encadré et coaché par votre formateur. Code en ligne intégré (Webformation ECF) à la formation et stage code de 3 jours possible.
- Permis Auto :** formation au permis B (dès 17 ans), conduite accompagnée (dès 15 ans) et conduite supervisée (dès 18 ans). Formation Auto en stage accéléré de 5 jours.
- Permis Moto et Scooter (2 et 3 roues) :** nous vous proposons des formations complètes et de qualité. Permis A1 et A2, formation 7h A2 vers A, formation 7h 2 et 3 roues (125 m3) et permis AM (ex. BSR).
- Stage de Récupération de Point :** grâce à un stage de 2 jours, récupérez jusqu'à 4 points sur votre permis.

**DEMANDE D'INFORMATIONS**

Nom\*

E-mail\*

Téléphone\*

Message\*

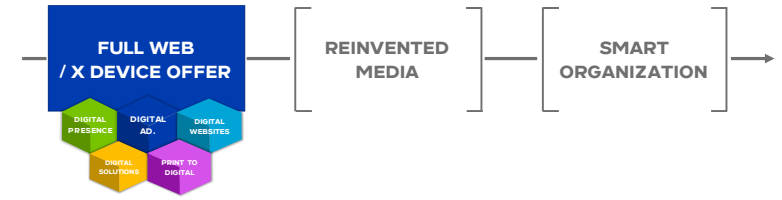
ENVOYER

Informations et libertés

Avec ECF, profitez d'une formation différente et d'un accompagnement personnalisé à chaque étape ! Une formation de haut niveau, des outils innovants et un financement adapté.

En naviguant sur notre site, vous acceptez le dépôt de cookies destinés à mesurer l'audience de notre site et à vous offrir des publicités personnalisées. En savoir plus et personnaliser

# EARLY SUCCESSES | EVERGREEN – SAAS-LIKE



**10%**

Of **2017 sales** are already automatic renewal



**[ Target 2018: >30%**

**>25 K**

**customers** already equipped with automatic renewal offers



**> x3 customers ]**



## EARLY SUCCESSES | ARPA BOOST – PREMIUM TELESALES



- Launched in January 2017
- **9** premium **tele-sales teams**
- High ARPA target vs high number of customer
- Customer first oriented
- **High turnover and ARPA individuals targets**



- **+ 159%** Av. **ARPA** compared to traditional prospect tele-sales (€1.1K vs €0.4K)
- **+ 54%** : Av. weekly **sales** compared to traditional prospect tele-sales (€1.9K vs €1.2K)

**Target: Impact on ARPA ↑ & Churn ↓**

# FULL RANGE OFFER OF WEB SITES



**INCREASE  
CUSTOMER BASE**

**UPSELL TO PREMIUM  
SITES**

- **Industrialized starter offer** based on few templates
- “Do It With Me” model
- **Follow-up calls** to detect upselling opportunities

- **Customized creatives**
- **Large range of features:** booking, e-commerce, click & collect, ...
- **X3 growth in 2017**



**Target 2018: Rev. >+15% | Content production automation**

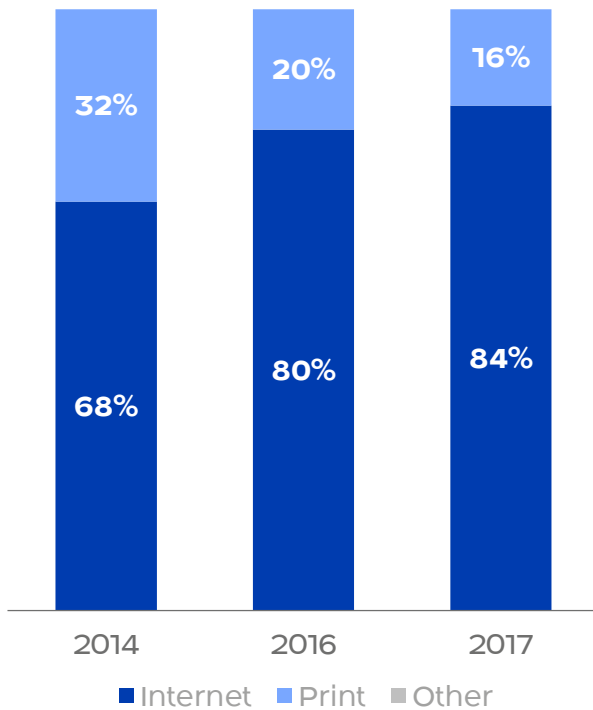
# SUCCESSFUL MANAGEMENT OF LEGACY BUSINESS



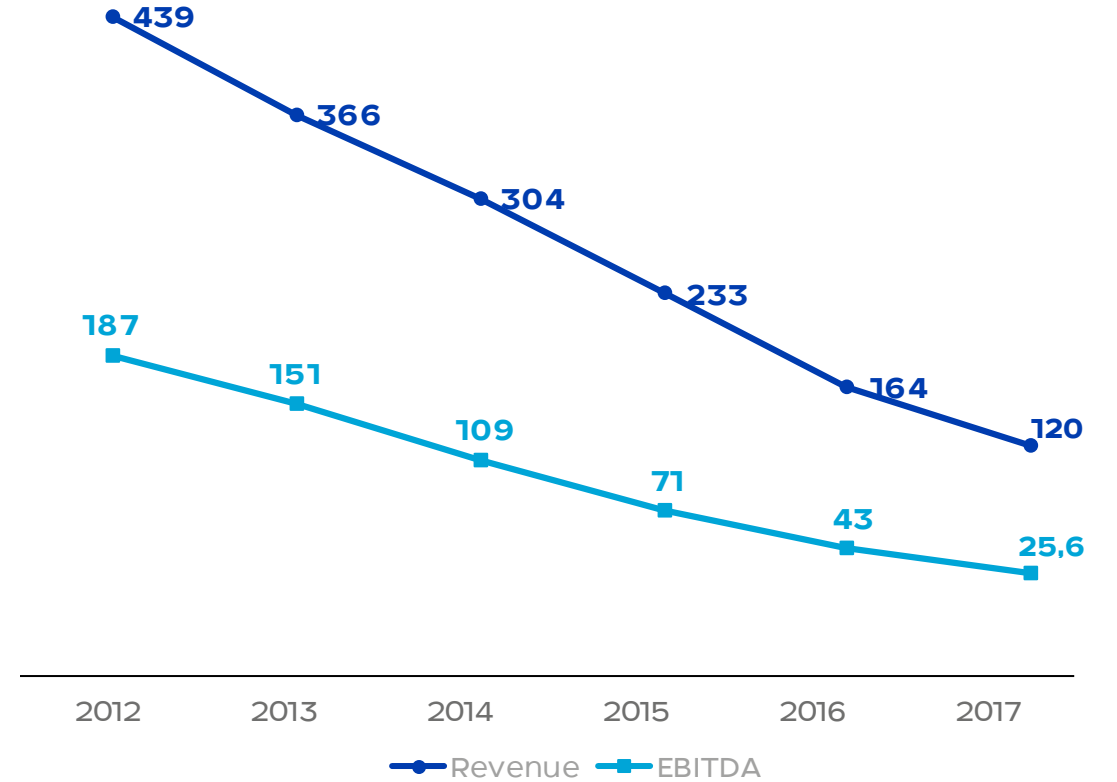
SUCCESSFUL TRANSITION TO DIGITAL

PRINT & VOICE: NO CLIFF IMPACT

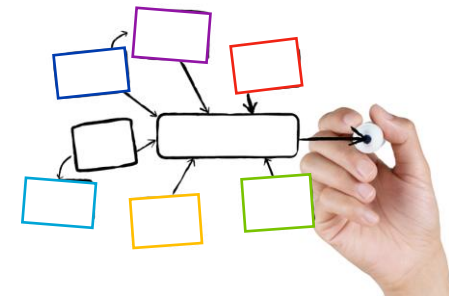
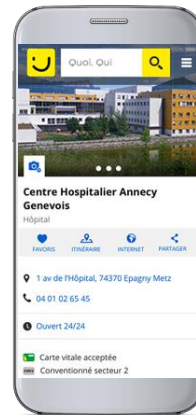
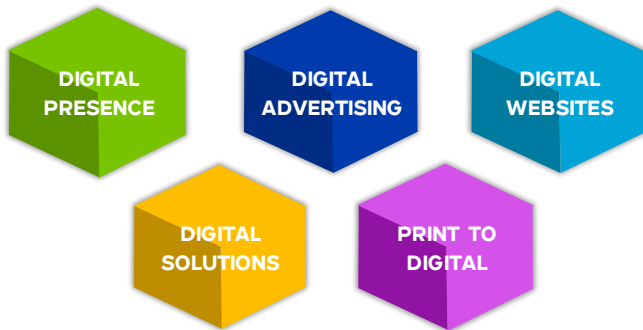
Revenue by business (%)



Print & Voice financial evolution (€m)



# TRANSFORMING TO GROW



# GROWING AUDIENCE & ENGAGEMENT



## RELEVANCE / REACH

- New UX, UI
- User first
- Mobile first
- Single field search
- Natural language
- Personalization & relevance of search results, AI-powered



## ENGAGEMENT / FREQUENCY

- Deeper engagement through:
  - Booking
  - Transaction,
  - Leads, ...
- Ratings / recommendations
- Social
- Loyalty programs / accounts

# END-TO-END VERTICAL USER / CUSTOMER MODEL



Booking, leads, ratings, transactions, social ...

Health



Restaurants, Hotels, Retail, ..



Services, driving school, ...



House construct. maintenance



In partnership with vertical pure players to syndicate content, features, ... to deliver digital services engagement to users

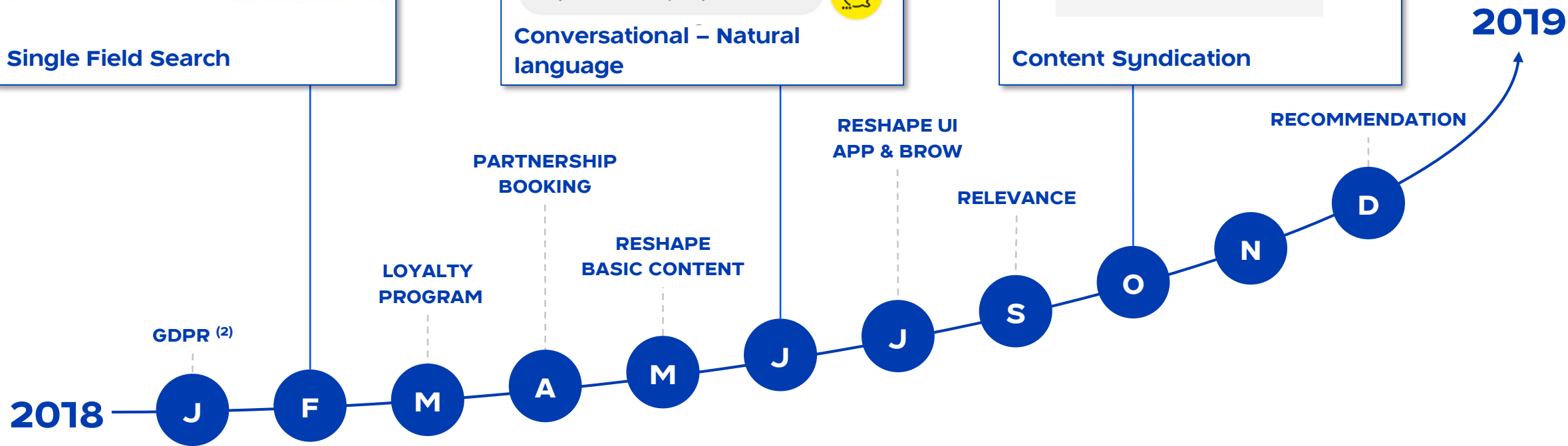
## Unique vertical experience through ONE single media / registered account

NEW USER JOURNEY



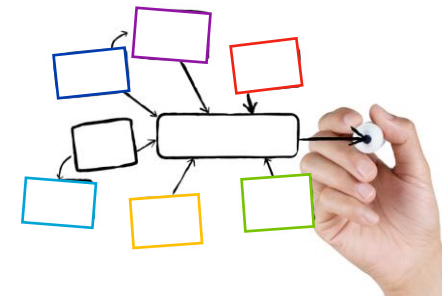
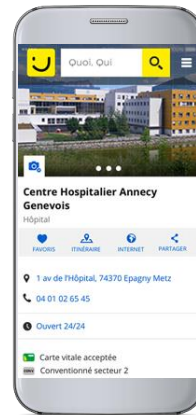
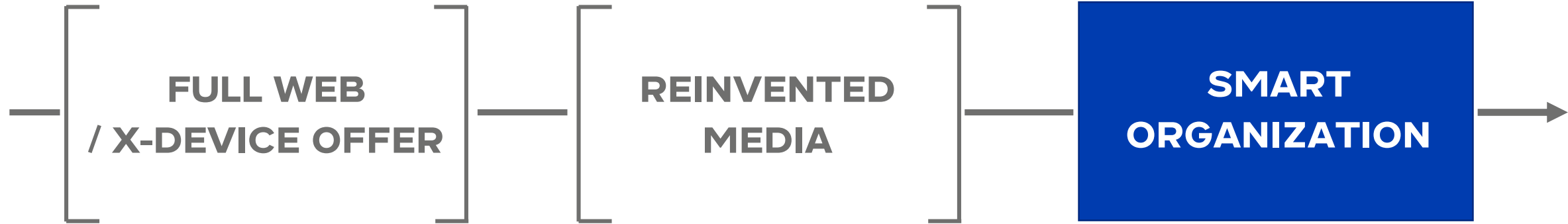
GROWING COMMUNITY & ENGAGEMENT

# NEW UX UI ROADMAP



**Target 18: +6% Audience<sup>(1)</sup> | X2 Reg. Accounts | €11M CAPEX**

# TRANSFORMING TO GROW





# BUILDING SMART ORGANIZATION & CULTURE



## OPERATING MODEL

- New customer journey
- Evergreen contracts
- Lifetime management
- All customer seg. inc. large accounts
- Omni-channel
- CPO / CTO synergy: Agile / Scrum
- Test and learn mode
- Industrialised processes and operations

## LEAN ORGANIZATION

- Headcounts reduction across all orgs.
- Fewer & more accountable mgt
  - Minus 2 mgt layers
  - Mgt span of control: from 6 to 8/10
- Sales & mktg Business Units removal
- Centralized support functions
- Consolidated activities & teams
- New regional hubs and offices closure
- Performance management

**NEW CULTURE: USER / CUSTOMER FIRST | TEAM PLAY | ENTREPRENEURIAL**

# R&D & IT | FAST MOVE TO CLOUD



## R&D

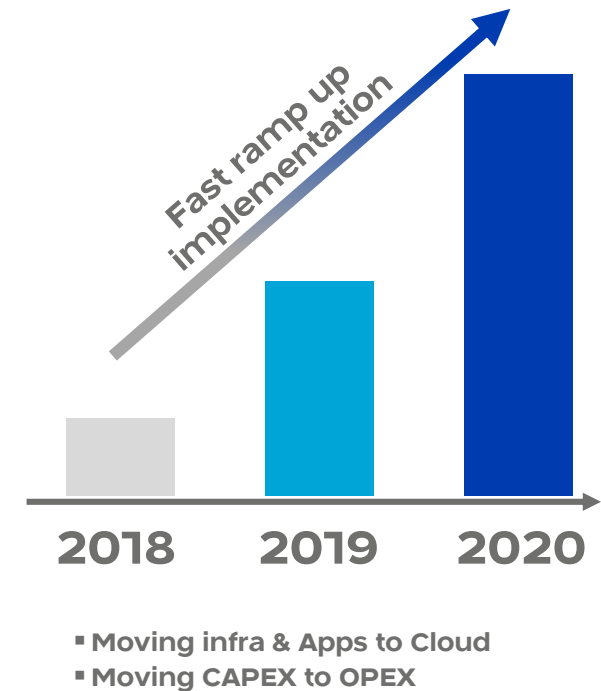
### Platform As A Service

- Hybrid / public cloud for in-house platforms: owned media, programmatic, presence mgt., sites
- Leveraging AI, Machine learning, Cognitive serv.
- Create data as a service platform
- Partnerships with best-in-class cloud providers

## IT

### Software as a Service

- Implement market products: CRM, ERP, ...
- Infra & apps streamlining and upgrade
- Empower users with latest digital tools & devices



**AGILITY | SCALABILITY | ECONOMICS | SECURITY | PRIVACY**



**SOLOCAL 2020**

**FINANCIALS**

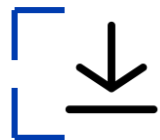
## KEY GROWTH DRIVERS

---



### COST REDUCTION

- Headcount reduction
- Procurement discipline
- Real Estate optimization



### CHURN REDUCTION

- Evergreen contracts
- Dedicated retention team
- Customer scoring



### UP SELLING

- Customer Journey
- Premium tele sales-teams
- New pay plan



### OFFERS

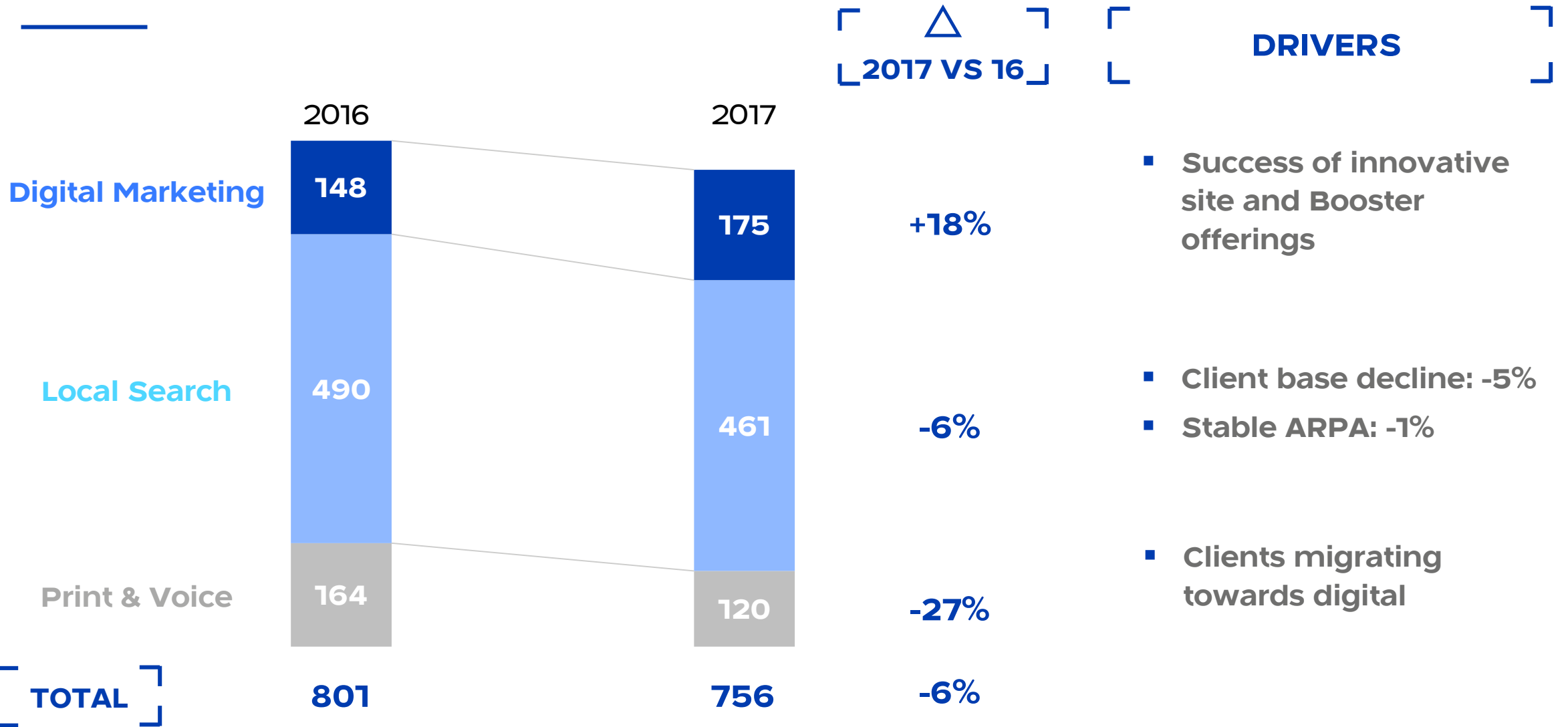
- Presence penetration
- Digital Sites extended range
- Google & FB Partnerships
- Direct Marketing
- New Digital solutions/services



### LARGE ACCOUNTS

- BRIDGE-SaaS platform
- Display programmatic campaigns
- Data offers
- Gravity

# 2017 REVENUE BREAKDOWN



## DRIVERS

- Success of innovative site and Booster offerings
- Client base decline: -5%
- Stable ARPA: -1%
- Clients migrating towards digital

## KEY FINANCIAL DATA | PROFIT & LOSS STATEMENT

*In millions of euros*

	[ 2016 ]	[ 2017 ]	[ change ]
▪ Internet revenues	638	636	0%
▪ Print & Voice revenues	164	120	-27%
<b>Revenues from continued activities</b>	<b>801</b>	<b>756</b>	<b>-6%</b>
▪ Recurring staff costs	(363)	(367)	+1%
▪ Recurring net external expenses	(207)	(192)	-7%
<b>Recurring EBITDA from continued activities</b>	<b>231</b>	<b>196</b>	<b>-15%</b>
▪ Contribution from non recurring items	(5)	(13)	+167%
▪ EBITDA from divested activities	(2)	(3)	+26%
<b>Consolidated EBITDA</b>	<b>224</b>	<b>180</b>	<b>-20%</b>

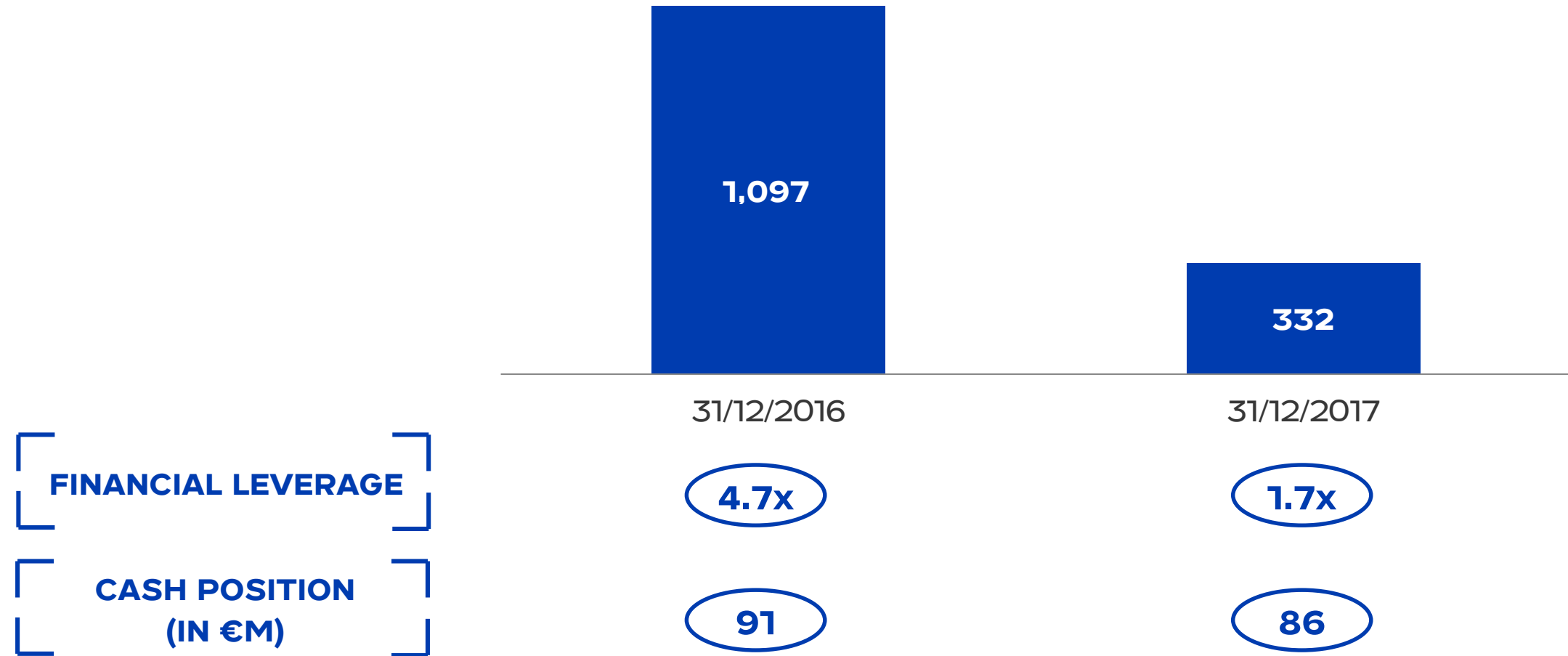
## KEY FINANCIAL DATA | CASH FLOW STATEMENT

*In millions of euros*

	[ 2016 ]	[ 2017 ]	[ change ]
<b>Recurring EBITDA from continued activities</b>	<b>231</b>	<b>196</b>	<b>-15%</b>
▪ Change in Working Capital	(57)	(41)	-27%
▪ CAPEX	(67)	(53)	-21%
▪ Corporate income tax paid	(13)	(45)	+254%
▪ Non cash and non recurring items	(24)	(24)	-2%
▪ Cash financial income/(expense)	(36)	(56)	+55%
<b>Free Cash Flow from continued activities</b>	<b>34</b>	<b>(23)</b>	<b>na</b>
▪ Free Cash Flow from divested activities	(3)	(3)	-14%
<b>Free Cash Flow</b>	<b>31</b>	<b>(26)</b>	<b>na</b>
▪ Net financial debt	1,106	332	-€774m
▪ Financial leverage	4.7x	1.7x	-3pts

# MASSIVE NET DEBT REDUCTION & SUSTAINABLE CASH POSITION

*In millions of euros*





# COST SAVINGS PLAN: >€120M FULL YEAR SAVINGS FOR €180M ONE-OFF COSTS



# TRANSFORMING WHILE SECURING BUSINESS CONTINUITY

	% of reduction of total employees by function	Mitigation plan
FIELD SALES	[- 25 ; -30%]	<ul style="list-style-type: none"> <li>Evergreen</li> <li>New market seg.</li> <li>Customer scoring</li> <li>Customer Journey</li> <li>New pay plan</li> </ul>
TELESALES	[+ 8 ; + 12%]	<ul style="list-style-type: none"> <li>Tele-sales reinforcement : +100 positions in 2018</li> <li>Premium tele-sales</li> <li>Dedicated retention team</li> </ul>
SALES & MARKETING OPERATIONS	[- 20 ; -25%]	<ul style="list-style-type: none"> <li>Centralized and focused marketing teams</li> <li>Reinforced data-science skills</li> <li>Consolidated data management platform &amp; governance</li> </ul>
SUPPORT	[- 20 ; -25%]	<ul style="list-style-type: none"> <li>Internalization of developer skills</li> <li>Digital &amp; new industrial processes implementation</li> <li>Partnerships with best-in-class cloud providers</li> </ul>
MANAGEMENT	[- 25 ; -30%]	<ul style="list-style-type: none"> <li>Minus 2 management layers</li> <li>Increased span of control &amp; accountability</li> <li>Focus on managers skill development</li> </ul>

## STRONGLY ALIGNED INTERESTS

---

- **Strict alignment of interests between the CEO and shareholders**
- **New Long-Term Incentive Plan (“LTIP”) to be submitted to shareholders on March 9<sup>th</sup>, 2018**
- **Key drivers of the new LTIP are directly linked to performance in terms of value creation:**
  - **EBITDA – CAPEX**
  - **Stock price (target stock price of €1.98 – below €1.81 : no allocation to CEO, strong reduction to all beneficiaries)**
- **No allocation if guidance not met**

## NEW KPIS

<b>GUIDANCE</b>	<ul style="list-style-type: none"><li>▪ <b>Recurring EBITDA</b></li></ul> <p><b>Stable in 2018</b></p>
<b>MID TERM KPI</b>	<ol style="list-style-type: none"><li>1. <b>Internet revenues</b></li><li>2. <b>Recurring EBITDA</b></li><li>3. <b>EBITDA to cash conversion</b></li></ol> <p><b>Double-digit growth in 2020</b> <b>Double-digit growth from 2019 onward</b> <b>Trending to 50% in 2020</b></p>
<b>OPERATIONAL KPI's</b>	<ul style="list-style-type: none"><li>▪ <b>Digital Sales growth</b></li><li>▪ <b>Audience growth</b></li><li>▪ <b>Evergreen (% of total sales)</b></li><li>▪ <b>ARPA &amp; Churn rate (by Customer segment as of 2019)</b></li></ul> <p><b>Quarterly updates</b></p>

## KEY TAKE AWAY

---

**Digital services company set up for growth**

**High impact customer offer & media experience**

**Recurring revenue growth**

**Lean fixed cost structure**

**EBITDA growth / cash flow generation**

**Management aligned with shareholders**



## APPENDIX

# IFRS 15 – REVENUES FROM CONTRACTS WITH CUSTOMERS

---

- **As of January 1, 2018, SoLocal applies the IFRS 15 standard to revenue recognition in its IFRS consolidated accounts**
- **IFRS 15 introduces new principles for revenue recognition which require the following for each product in the digital range:**
  - Precise definition of the distinct services provided by SoLocal to the client
  - Being able to determine the specific sales price for each of these services
  - Determine the time at which the revenue allocated to each distinct service should be recognised
- **The adoption of IFRS 15 in SoLocal accounts is expected to defer its revenues and have an impact on the level of its 2018 revenues which is not significant:**
  - For web site activities, the design costs for the client will be spread over a 1 to 3 month period after subscription and the publication costs will be spread over the service period
  - For digital marketing activities, both technical costs and service costs will be spread over the service period. No recognition at subscription date.
  - For print, both technical and publishing costs will be recognised at the time of the directory distribution.

## IFRS 9 – FINANCIAL INSTRUMENTS

---

- The new standard will come into effect on January 1, 2018.
- The Group has no more hedging instruments but the norm also impacts the recognition of credit losses on client account receivables.
- The average 3-year credit loss rate (credit loss/turnover) for client account receivables is 0,68% under the current accounting norm (with a write-off after 5 years).
- That rate under IFRS 9 is estimated at 0,73%.
- The impact of IFRS 9 on the group's financials is estimated to be not significant.



## IFRS 16 – RENTAL AGREEMENTS

---

- **The new standard will come into effect on January 1, 2019.**
- **Operating leases of longer than 12 months will be recorded on the balance sheet as financial debt along with an asset reflecting the right to use the asset over the lease term.**
- **The norm impacts mainly the treatment of the Group's real estate contracts**
- **Rent expenses will be replaced with depreciation in the operating income and interest expenses in the financial expenses.**
- **The Group is currently assessing the impact of this norm on his financial statements and will apply the new norm as of January 1, 2019.**