PRESS RELEASE

Boulogne-Billancourt, 25th July 2018

Increase in Digital sales in 2Q 2018
Finalisation of the 2018 headcount reduction plan
Confirmation of the 2018 outlook of stabilisation of recurring EBITDA[1]

Business activity in 2Q 2018[1]:

- Digital sales: €143M, +3.0%
- Digital revenues : €146M, -3.5%

1H 2018 results[1]:

- Digital revenues : €293M, -1.2%
- Total revenues : €350M, -4.7%
- Recurring EBITDA: €70M, -11.9%
- Recurring EBITDA - Capex : €48M
- Net financial debt[2]: €342M

2018 outlook:

- Stabilisation of recurring EBITDA[1] : €170M

Increase of +3.0% in Digital sales[1] in 2Q 2018 despite a tense social context.

In line with the scheduled plan, **an agreement was reached with the trade unions** as part of the Employment Protection Plan ("PSE") and the objective of 800 departures is reached in the summer 2018.

The SoLocal 2020 plan keeps being implemented with the rationalisation of the organisation, the reduction of the cost base, with the progressive launch of the new range of packaged and simplified products starting in the autumn 2018, and with the conclusion of partnerships generating growth and audience.

When releasing the 1H 2018 results as at June 30th 2018, Eric Boustouller, SoLocal's Chief Executive Officer, declared: "Digital sales increased by +3% during 2Q 2018 despite a tense social context. During this period, we moved a step forward in the implementation of the "SoLocal 2020" transformation plan regarding the Company's new organisational structure, thanks to the quality of the social dialogue and the responsible mindset of all stakeholders. The signature of four agreements with the main trade unions has enabled the implementation of voluntary departures as part of a mobility leave for about 700 people, allowing the Group to reach its 800 departures target as soon as this summer. 2018 marks a turning point for SoLocal, in order to achieve growth as soon as in 2019. During the 2H 2018, we will endeavour to maintain the sales dynamics by mobilising all the Company's forces to benefit our customers. We will keep accelerating the implementation of our transformation plan, notably with the progressive launch (in a "test and learn" mode) of our new packaged and subscription-based offerings, and our new omnichannel sales organisation, which will be fully in place at the beginning of 2019."

The Board of Directors approved the consolidated financial statements of the Group as at June 30th 2018. The limited review of the 1H 2018 accounts has been completed and the limited review report is currently being issued. The quarterly financial statements were not audited.

SoLocal focuses on continued activities vs. divested activities in the 1H 2018 results presentation, as well as in this press release. The financial performance indicators are commented within the scope of continued activities. The financial items presented in this press release for 1Q 2017, 1H 2017 and 1Q 2018 have been revised in light of the new scope of continued activities (after the disposal of certain assets, cf. Appendix I), new management rules under IFRS 15 regarding the Digital/Print sales breakdown, and the accounting restatement of a Digital/Print promotional offer. The accounting items for 2017 have been restated under IFRS 15.

I - Sales[1]

In millions of euros	**2Q 2017**	**2Q 2018**	**Change**	**1H 2017**	**1H 2018**	**Change**
Digital sales	139	143	+3.0%	298	293	-1.8%
Print sales	29	20	-30.6%	62	43	-30.3%
Total sales	**168**	**163**	**-2.7%**	**360**	**336**	**-6.7%**

Total sales amounted to €163 million in 2Q 2018, down -2.7% compared to 2Q 2017, with an increase in Digital sales of €4 million, up +3.0% while Print sales are down by -€9 million, i.e. by -30.6% compared with 2Q 2017.

The increase in Digital sales was driven by the success of our Presence products, Booster Contact offering and Websites, in particular the Premium websites. The decrease in Print sales is in line with the trend from previous years.

During 1H 2018, total sales amounted to €336 million, down -6.7% compared to 1H 2017, with a decrease in Digital sales of €5 million, down -1.8% (mainly due to a decrease in Digital sales in 1Q 2018), and a decrease in Print sales of -€19 million, down -30.3% over the period, in line with the global declining trend of the legacy Print business.

The **operational KPIs**[1] of SoLocal in 2Q 2018 are as follows :

	2Q 2017	**2Q 2018**	**Change**
Evergreen sales (as a % of total sales)	10%	16%	+5.6 pts
Number of visits (in millions)	601	604	+0.5%

Evergreen sales represented 16% of total sales in 2Q 2018 compared with 10% in 2Q 2017. As at June, 30th 2018, about 40,000 customers of the Group subscribed to evergreen offerings.

The global **audience** slightly increased by +0.5%: total visits reached 604 million in 2Q 2018 compared to 601 million in 2Q 2017, driven by the mobile audience growth (increase of +10%, representing 44% of the total audience in 2Q 2018). The audience of PagesJaunes increased by +2.6% compared with 2Q 2017, with 432 million visits.

The audience of PagesJaunes increased by +1.0% in 1H 2018 compared with 1H 2017, with 864 million visits. The global audience decreased by -0.9% in 1H 2018 compared with 1H 2017 with 1.2 billion visits.

382 million **contacts**[3] (“leads”) were generated in 1H 2018, which represents a growth of +3.2% compared with 1H 2017. The total amount of **reviews** increased over the period by 44%.

II – Order Backlog[1,4]

In millions of euros	30th June 2017[5]	30th June 2018	Change
Digital order backlog	384	377	-1.8%
Print order backlog	68	45	-34.1%
Total order backlog[1,4]	**452**	**422**	**-6.7%**

The order backlog reached 422 million euros as at June, 30th 2018, down -6.7%. This decrease is mainly due to the strong decline of the Print business (decrease by -34.1% as of June, 30th 2018 vs. June, 30th 2017).

III - Revenues[1]

In millions of euros	2Q 2017[5]	2Q 2018	Change	1H 2017[5]	1H 2018	Change
Digital revenues[1]	151	146	-3.5%	297	293	-1.2%
Print revenues[1]	41	31	-24.1%	70	57	-19.5%
Total revenues[1]	**192**	**177**	**-8.0%**	**367**	**350**	**-4.7%**

The Group recorded **revenues[1]** of €177 million in 2Q 2018, down -8.0% compared with 2Q 2017. The Group recorded revenues[1] of €350 million in 1H 2018, down -4.7% compared with 1H 2017.

Digital revenues[1] amounted to €146 million in 2Q 2018, down -3.5% compared with 2Q 2017, and amounted to €293 million in 1H 2018, slightly decreasing by -1.2% compared with 1H 2017. Revenues from Websites and Booster Contact products recorded a double-digit growth.

Print revenues[1] amounted to €31 million in 2Q 2018, down -24.1% compared with 2Q 2017, and amounted to €57 million in 1H 2018, down -19.5% compared with 1H 2017. The Print business represents 16% of total revenues[1] in 1H 2018.

Including divested activities, **the Group's consolidated revenues** reached €178 million in 2Q 2018, down -9.2% compared with 2Q 2017. The Group's consolidated revenues reached €351 million in 1H 2018, down -6.1% compared with 1H 2017.

IV - Costs

In millions of euros	1H 2017[5]	1H 2018	Change
Total revenues[1]	**367**	**350**	**-4.7%**
Net external expenses[1]	-97	-96	-0.3%
Staff expenses[1]	-191	-183	-4.0%
Recurring EBITDA[1]	**79**	**70**	**-11.9%**
Restructuring costs	-	-125	-
Non-recurring EBITDA[1]	**-4**	**-133**	**NA**

Recurring net external expenses[1] reached -€96 million and slightly decreased by -0.3% in 1H 2018 compared with 1H 2017.

Recurring staff expenses[1] reached -€183 million in 1H 2018 and decreased by -4.0% compared with 1H 2017.

Non-recurring items impacting the EBITDA amounted to -€133 million euros and included in particular -€125 million euros of restructuring costs related to the transformation plan. Those €125 million consist of:

- €163 million provisions related to the headcount reduction carried out as part of the transformation plan,
- €40 million of provision reversal for retirement benefits as well as long-service award related to the 2018 headcount reduction,
- €2 million of restructuring costs related to fees.

Staff expenses related to employees leaving, either as volunteers from July to September 2018, or as part of the reclassification phase in October/November 2018, will be accounted for in 2H 2018 as non-recurring costs from the date of the departure validation.

V - EBITDA

In millions of euros	1H 2017[5]	1H 2018	Change
Digital recurring EBITDA	**63**	**59**	**-5.7%**
EBITDA / Revenues	21.1%	20.1%	
Print recurring EBITDA	**17**	**11**	**-35.1%**
EBITDA / Revenues	24.1%	19.5%	
EBITDA from recurring activities	**79**	**70**	**-11.9%**
EBITDA / Revenues	21.6%	20.0%	
Contribution from non-recurring items[1]	-4	-133	**NA**
EBITDA from continued activities	**76**	**-63**	**-183.5%**
EBITDA / Revenues	20.6%	NA	
EBITDA from divested activities	-2	0	-92,8%
Consolidated EBITDA	**74**	**-63**	**-186.0%**
EBITDA / Revenues	19.7%	NA	

Recurring EBITDA[1] amounted to €70 million in 1H 2018, representing a decrease of -11.9% compared with 1H 2017, as the decline in revenues[1] was partially offset by a decrease in staff expenses[1].

Digital recurring EBITDA[1] reached €59 million in 1H 2018 vs. €63 million in 1H 2017, down -5.7%.

Print recurring EBITDA[1] reached €11 million in 1H 2018 vs. €17 million in 1H 2017, down -35.1%.

Recurring EBITDA[1] / Revenues[1] margin amounted to 20.0**%** in 1H 2018, down -1.6 pts compared with 1H 2017.

Non-recurring EBITDA[1] reached -€133 million in 1H 2018, down -€129 million compared with 1H 2017, mainly due to the €125 million restructuring costs related to the transformation plan.

Including non-recurring items and divested activities, the **consolidated EBITDA** reached -€63 million.

VI – Net result

In millions of euros	**1H 2017[5]**	**1H 2018**	**Change**
Recurring EBITDA from continued activities	**79**	**70**	**-11.9%**
Depreciation and amortisation[6]	-28	-33	+15.4%
Financial result exc. debt restructuring[1]	-11	-19	+74.2%
Corporate income tax[1,6]	-17	-11	-34.9%
Recurring net income from continued activities	**23**	**7**	**-69.4%**
Contribution of non-recurring items[1] to net income	10	38	NA
Restructuring costs	NA	-125	NA
Net gain from debt restructuring[1]	266	NA	NA
Net income from continued activities	**299**	**-80**	**-126.8%**
Contribution of divested activities to net income	-3	0	-93.4%
Consolidated net income	**296**	**-80**	**-127.2%**

Depreciation and amortisation expenses[1] amounted to -€33 million in 1H 2018, an increase of +15.4% compared with 1H 2017, primarily due to the full depreciation of losses from previous years from divested activities of -€3.7 million.

Financial result[1] amounted to -€19 million in 1H 2018 vs. -€11 million in 1H 2017 (exc. debt restructuring). The change is due to financial expenses: as part of the debt financial restructuring in 1Q 2017. 2017 interest expenses were only payable for the period between March, 15th to December, 31st 2017, in accordance with the terms negotiated in the financial restructuring. There are no non-recurring financial items in 1H 2018, whereas in 1H 2017 the net gain from debt restructuring reached €266 million.

The corporate income tax expenses[1] amounted to -€11 million in 1H 2018, down -34.9% compared with 1H 2017, due to a decrease in pre-tax income[1].

Recurring net income from continued activities amounted to €7 million in 1H 2018, down -69.4% compared with 1H 2017.

Net income from continued activities amounted to -€80 million in 1H 2018, a decrease of €379 million compared with 1H 2017, primarily due to the restructuring costs related to the transformation plan.

Given the net income from divested activities is virtually equal to zero, **the Group's consolidated net income** was -€80 million in 1H 2018.

VII – Cash-flows and financial debt

In millions of euros	**1H 2017[5]**	**1H 2018**	**Change**
Recurring EBITDA from continued activities	**79**	**70**	**-9.5**
Non monetary items included in EBITDA[1]	-1	5	+5.9
Net change in working capital[1]	-17	-25	-7.6
Acquisitions of tangible and intangible fixed assets[1]	-25	-22	+3.7
Cash financial income/Expense[1]	-41	-17	+23.9
Non-recurring items[1]	-12	-12	+0.1
Corporate tax paid	-27	-12	+15.2
Free cash flow from continued activities	**-44**	**-12**	**+31.7**
Free cash flow from divested activities	-2	0	+1.7
Consolidated free cash flow	**-46**	**-12**	**+33.4**

The net change in working capital[1] reached -€25 million as at June, 30th 2018 compared with -€17 million in 1H 2017. As announced, the management team is currently working on the implementation of a plan to improve the Group's working capital, which is expected in 2019.

Including divested activities' contribution, the **consolidated free cash flow** reached €-12 million in 1H 2018.

The Group had a **net cash position** of €73 million as at June, 30th 2018[7].

Net financial debt[2] amounted to €342 million as at June, 30th 2018, compared with €357 million as at June, 30th 2017.

Furthermore, the Group continues to analyse its options for the refinancing of its indebtedness with the primary aim of reducing its cost. All financing instruments are being considered, including instruments potentially giving access to the equity of SoLocal, within the framework of the authorisations voted at the Shareholders Meeting of March, 9th 2018.

VIII – 2018 Outlook

The Group **confirms for 2018 its outlook of stabilisation of recurring EBITDA[1]: €170M.**

IX – Next dates of the financial timetable

The next dates for the financial timetable are as follows:

- 3Q 2018 revenue release: October, 24th 2018 after market close

Notes :

[1] *Scope of continued activities.*
[2] *Net financial debt equals to total gross financial debt minus net cash and cash equivalents.*
[3] *Potential contacts generated for professionals (customers and non-customers) ie. clicks showing the user's intention to contact the professional or to visit its shop.*
[4] *Order backlog equals to the outstanding portion of revenues still to be recognised as at June 30th 2018 from sales orders validated and engaged by our clients as at June, 30th 2018. Regarding evergreen contracts, only the current commitment period is taken into account.*
[5] *Restated under IFRS 15.*
[6] *Restated for the retrospective application of IAS 20 concerning the Crédit impôt recherche.*
[7] *Net of bank overdrafts.*

About SoLocal Group

SoLocal Group aims to become the trusted and local digital partner supporting business companies to accelerate their growth. To succeed in this transformation, it relies on its six key assets some of them being unique in France: media with very high audiences, powerful geolocated data, scalable technological platforms, commercial coverage throughout France, privileged partnerships with GAFAM and numerous talents (experts in data, IT development, digital marketing, etc.). SoLocal Group's activities are structured around two axes. First, a range of "full web & apps" digital services on all devices (PCs, mobiles, tablets and personal assistants), offered in the form of packs and subscriptions, ("Digital Presence", "Digital Advertising", "Digital Website"," Digital Solutions" and "Print to Digital"), and integrating a digital coaching service, to support clients success. Second, flagship owned media (PagesJaunes and Mappy) used daily by Frenchs and offering an enriching and differentiating user experience. With more than 460,000 customers across France and 2.4 billion visits on its media, the Group generated revenues of €756 million (IAS 18) in 2017, 84% coming from Internet making it one of the leading European players in terms of online advertising revenue. SoLocal Group is listed on Euronext Paris (LOCAL). More information is available at www.solocalgroup.com.

Contacts

Press	***Investors***
Delphine Penalva	*Nathalie Etzenbach-Huguenin*
+33 (0)1 46 23 35 31	*+33 (0)1 46 23 48 63*
dpenalva@solocal.com	*netzenbach@solocal.com*
Edwige Druon	*Alima Lelarge Levy*
+33 (0)1 46 23 37 56	*+33 (0) 1 46 23 37 72*
edruon@solocal.com	*alelargelevy@solocal.com*
Alexandra Kunysz	
+33 (0)1 46 23 47 45	
akunysz@solocal.com	

I. Appendix I: Divested activities

During the 1H 2018, the Group divested four non-core activities ("divested activities"):

- Netvendeur on March, 9th 2018,
- Retail Explorer on May, 31st 2018,
- Effilab Dubai on June, 19th 2018,
- Effilab Australia on June, 28th 2018

II. Appendix II: Review of 1Q 2017, 1Q 2018 and 1H 2017

Sales

	1Q 2017		1Q 2018		Change	
In millions of euros	**Published on April, 24th 2018**	**Revised**	**Published on April, 24th 2018**	**Revised**	**Published on April, 24th 2018**	**Revised**
Digital sales	166	159	153	150	-7.7%	-6.0%
Print sales	29	33	21	23	-28.8%	-30.0%
Total sales	**195**	**192**	**174**	**173**	**-10.8%**	**-10.2%**

1Q 2018 and 1Q 2017 sales, published on April, 24th 2018, were revised in light of the new scope of continued activities (following the disposal of some assets, notably Retail Explorer in 2Q 2018, cf. Appendix I) and new management rules under IFRS 15 regarding the sales breakdown between Digital and Print (as published on June 28th, 2018 in the press release "IFRS 15: a new revenue recognition accounting standard").

Revenues

	1Q 2017		1Q 2018		Change	
In millions of euros	**Published on April, 24th 2018**[5]	**Revised**[5]	**Published on April, 24th 2018**	**Revised**	**Published on April, 24th 2018**	**Revised**
Digital revenues[1]	150	146	152	148	+1.3%	+1.2%
Print revenues[1]	26	29	16	25	-36.9%	-12.8%
Total revenues[1]	**176**	**175**	**168**	**173**	**-4.3%**	**-1.2%**

The 1Q 2018 and 1Q 2017 revenues published on April, 24th 2018, were revised in light of the new scope of continued activities (following the disposal of some assets, notably Retail Explorer in 2Q 2018, cf. Appendix I), new management rules concerning the breakdown between Digital and Print under IFRS 15 (as published on June 28th, 2018 in the press release "IFRS 15: a new revenue recognition accounting standard") and the accounting restatement concerning a Print/Digital promotional offer.

	1H 2017	
In millions of euros	**Published on July, 27th 2017**	**Restated**
Digital revenues	323	297
Print revenues	62	70
Total revenues	**386**	**367**

1H 2017 revenues were therefore impacted by the revision.

III. Appendix III : Consolidated income statement, consolidated cash flow statement and consolidated balance sheet

Consolidated income statement

In millions of euros	30th June 2017[5,6]				30th June 2018				
	Consolidated	Divested activities	Continued activities		Consolidated	Divested activities	Activités poursuivies		
			Recurring	Non recur.			Recurring	Non récur.	Change in Recurring
Revenues	373	6	367	-	351	1	350	-	-4.7%
Net external expenses	(101)	(5)	(97)	0	(99)	(0)	(96)	(2)	-0.3%
Staff expenses	(199)	(4)	(191)	(4)	(190)	(1)	(183)	(7)	-4.0%
Restructuring costs	-	-	-	-	(125)	-	-	(125)	-
EBITDA	**74**	**(2)**	**79**	**(4)**	**(63)**	**(0)**	**70**	**(133)**	**-11.9%**
Depreciation and amortisation	(30)	(1)	(28)	-	(33)	(0)	(33)	-	+15.4%
Operating income	**44**	**(3)**	**51**	**(4)**	**(96)**	**(0)**	**37**	**(133)**	**-27.1%**
Net gain from debt restructuring as at March, 13th 2017	266	-	-	266	-	-	-	-	-
Other financial income	-	-	-	-	0	-	0	-	-
Financial expenses	(11)	(0)	(11)	-	(19)	(0)	(19)	-	+75.1%
Financial income	**255**	**(0)**	**(11)**	**266**	**(19)**	**(0)**	**(19)**	**-**	**-74.2%**
Income before tax	**299**	**(3)**	**40**	**262**	**(115)**	**(0)**	**18**	**(133)**	**-54 .7%**
Corporate income tax*	(3)	1	(17)	14	(35)	0	(11)	46	-34.9%
Income for the period	**296**	**(3)**	**23**	**276**	**(80)**	**(0)**	**7**	**(87)**	**-69.4%**

Consolidated Cash Flow Statement

In millions of euros	30th June 2017[5]	30th June 2018	Change
Recurring EBITDA from continued activities	**79**	**70**	**-9.5**
Non monetary items included in EBITDA and other	(1)	5	+5.9
Net change in working capital	(17)	(25)	-7.6
Acquisition of tangible and intangible fixed assets	(25)	(22)	+3.7
Cash financial income/Expense	(41)	(17)	+23.9
Non-recurring items	(12)	(12)	+0.1
Corporate income tax paid	(27)	(12)	+15.2
Free cash flow from continued activities	**(44)**	**(12)**	**+31.7**
Free cash flow from divested activities	**(2)**	**(0)**	**+1.7**
Free cash flow	**(46)**	**(12)**	**+33.4**
Increase (decrease) in borrowings	(270)	(1)	+269.3
Capital increase	273	-	-272.7
Other of which asset disposal	1	(0)	-1.1
Change in net cash & cash equivalents	**(43)**	**(14)**	**+29.0**
Net cash & cash equivalents at beginning of period	91	86	-4.9
Net cash & cash equivalents at end of period	**48**	**73**	**+24.1**

Consolidated balance sheet

In millions of euros

ASSETS	30th June 2017[5]	30th June 2018	Change
Total non-current assets	**308**	**325**	**+5.6%**
Net goodwill	96	89	-6.9%
Net intangible fixed assets	127	112	-11.7%
Net tangible fixed assets	28	23	-18.4%
Other non-current assets of which deferred tax assets*	58	102	+76.0%
Total current assets	**359**	**394**	**+9.8%**
Net trade accounts receivable	270	255	-5.3%
Prepaid expenses	9	9	+8.8%
Cash and cash equivalents	49	73	+50.3%
Other current assets	32	57	+75.1%
Total assets	**667**	**719**	**+7.9%**

Liabilities			
Total equity	**(619)**	**(674)**	**-8.9%**
Total non-current liabilities	**550**	**524**	**-4.9%**
Non-current financial liabilities and derivatives	399	409	+2.7%
Employee benefits (non-current)	137	97	-29.2%
Other non-current liabilities	15	18	+15.9%
Total current liabilities	**735**	**870**	**+18.3%**
Bank overdrafts and other short-term borrowings	6	5	-22.5%
Deferred income	448	394	-11.9%
Employee benefits (current)	103	113	+9.0%
Trade accounts payable	84	107	+27.0%
Current provisions	20	179**	+804.1%
Other current liabilities including taxes	75	73	-1.9%
Total liabilities	**667**	**719**	**+7.9%**

**The change in deferred tax assets as of June, 30th 2018 vs. June, 30th 2017 is mainly due to a provision related to the restructuring plan.*

*** Including €163 million of provisions for restructuring.*