

# Combined Shareholders' Meeting



11 APRIL 2019

**solocal**

# 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 March 21st, 2019. 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 all accounting data indicated on a quarterly basis are in unaudited consolidated form. Before 2019, financial data and business indicators were commented for continued activities. In this presentation and going forward, the Group will present and comment accounting data and performance indicators including both continued and non-continued activities. The amounts presented in this document may not add up due to these figures being rounded off.

All financial data and indicators are published in detail in the Consolidated financial information report as of 31 December 2018 which is available at [www.solocal.com](http://www.solocal.com) (Finance section).



# Agenda

- 1** Opening of the Combined Shareholders' Meeting p. 4
- 2** 2018 Overview p. 7
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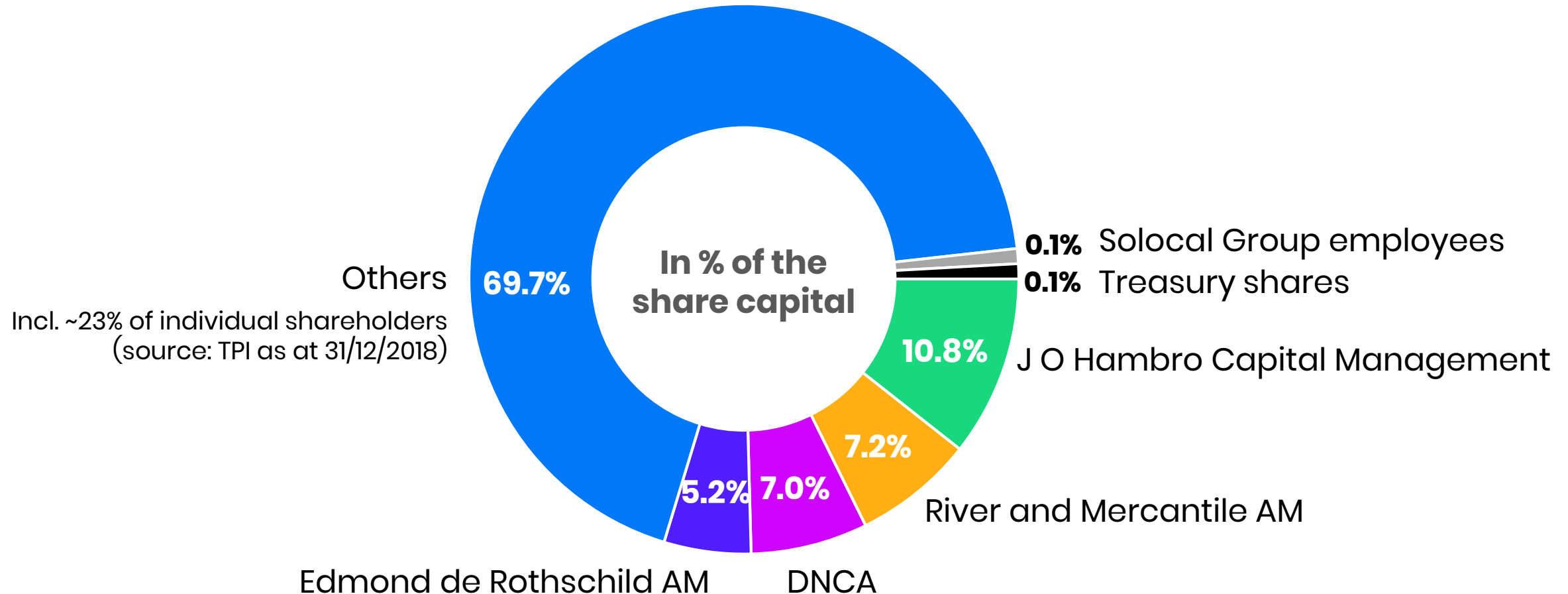


# Opening of the Combined Shareholders' Meeting

**Pierre DANON**

Chairman of the Board of Directors

# Solocal's share capital as at 31st December 2018



# Combined Shareholders' Meeting - 11 April 2019

## Agenda

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**2:30–3:30pm**

**Presentations**

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**3:30–4:30pm**

**Questions and answers**

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**4:30–4:45pm**

**Vote on resolutions**

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# 2018 Overview

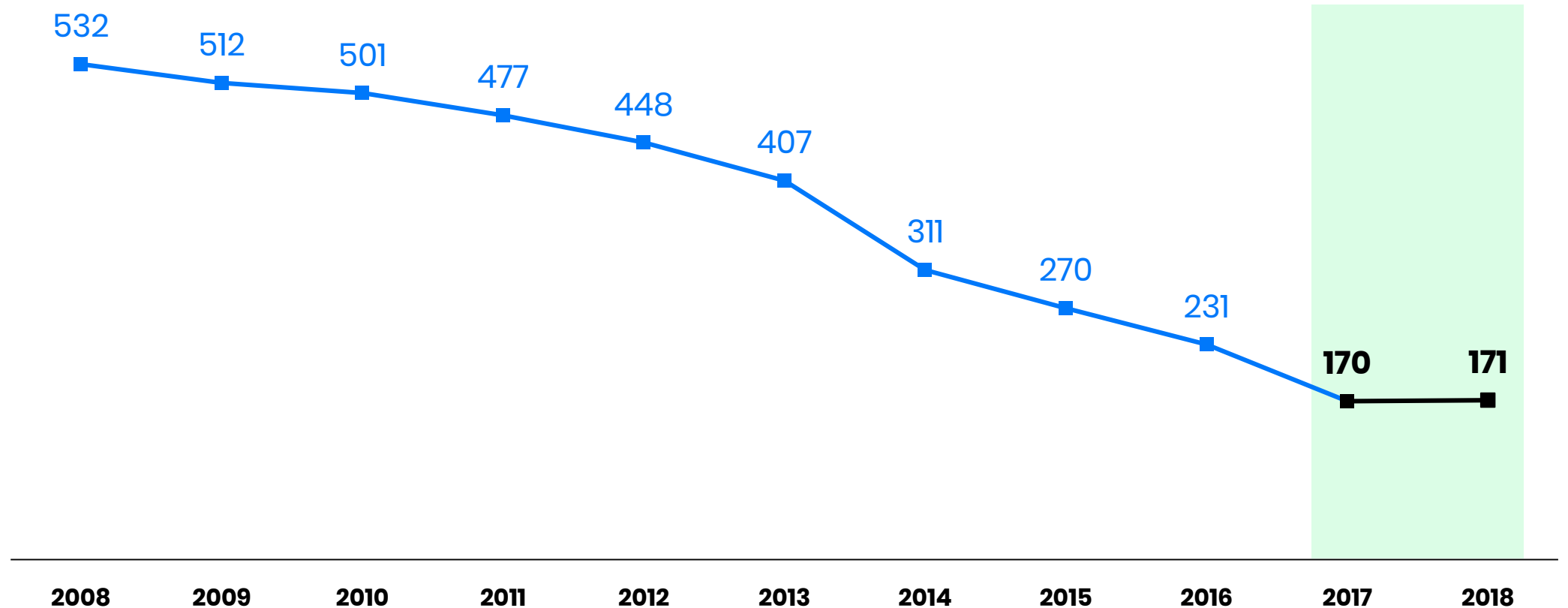
**Pierre DANON**

Chairman of the Board of Directors

# 2018: Promise kept

**Goal achieved: Stabilisation of recurring EBITDA in 2018 after 9 consecutive years of decline**

*In millions Euros*

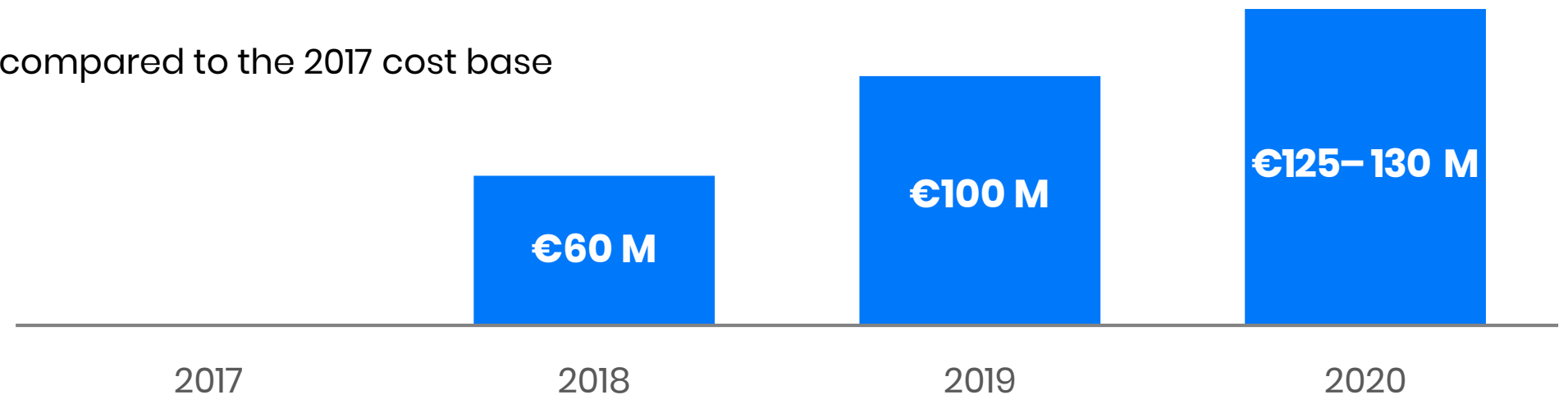




# Drastic cost reductions in order to return to sustainable profitability

## Goal achieved:

- Rigorous financial management of the cost base reduction
- 1,000 headcount reduction in 2018
- Cost savings savings achieved compared to the 2017 cost base



# 2018: Recording of provisions related to the transformation plan

- **Net result for the year ending 2018 was a loss of €81 M**
  - It included all the provisions related to the **restructuring plan of €164 M**
  - 2019 result should not be impacted by provisions related to the restructuring plan launched in 2018

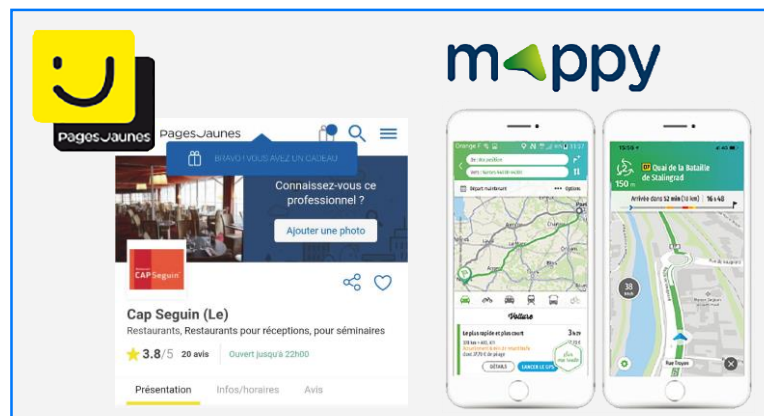
# Building the foundations of the NEW Solocal

## Goal achieved: An unprecedented transformation



### New digital offer now available

- A full range of services, user friendly, in subscription mode with auto renewal
- Full web
- Advertising campaigns launched



### Reinvented media

- New IU and UX for **PagesJaunes**
- **Mappy**, move to new business model (MaaS)



### New organisation in place since 1 January 2019

- End of « business units »
- Multichannel sales force and customer relation
- New management team and agile organisation

# While maintaining the level of cash and net debt ...

## Goal achieved: Dynamic cash management

- Cash situation preserved at the end of 2018 at €82 M versus €86 M at the end of 2017
- After €50 M of cash outflows related to the restructurings
- Net financial debt stable at €328 M at the end of 2018 versus €332 M at the end of 2017

# ... and ensuring liquidity to finance the cash outflows related to the transformation plan in 2019

## Goal achieved: Enhanced liquidity

- Working capital facility of €10 M signed with a financial partner and revolving credit facility (RCF) of €15 M with banks
- Ongoing discussions with several banks in order to achieve other similar agreements
- Possible technical reallocation between baskets in the bond documentation, which would allow the company to gain flexibility in the use of working capital facilities
- After this transition year in 2019, the company should continue to generate positive operating cashflows, in excess of €100 M, which from 2020/2021 may be allocated to reducing its net debt; a bond refinancing may also be envisaged should market conditions permit

# Share value creation

## **Promise kept:** Allocation of free shares for all employees of Solocal's French entities

- The Board of Directors wishes to have instruments available to involve all employees in the Company's capital (13th resolution)
- A « plan for everyone » in order to associate all employees to the success of the company

# Solocal's 8 priority CSR issues integrated into its SNFP\*



## Governance

- Promoting the respect and security of personal data
- Consolidating ethical governance and taking CSR aspects into account to ensure the longevity of the company



## Employer responsibility

- Supporting the transformation of jobs and skills
- Promoting the development of a pleasant work environment for all
- Improving employee commitment and making the company more attractive



## Societal

- Accelerate the digitalisation of French VSEs / SMEs and develop digital skills in the regions
- Ensuring responsible publication and access to content



## Environment

- Optimise energy consumption, use of resources and reduce carbon impact



# Q1 2019 results and 2019 outlook

**Eric BOUSTOULLER**

CEO



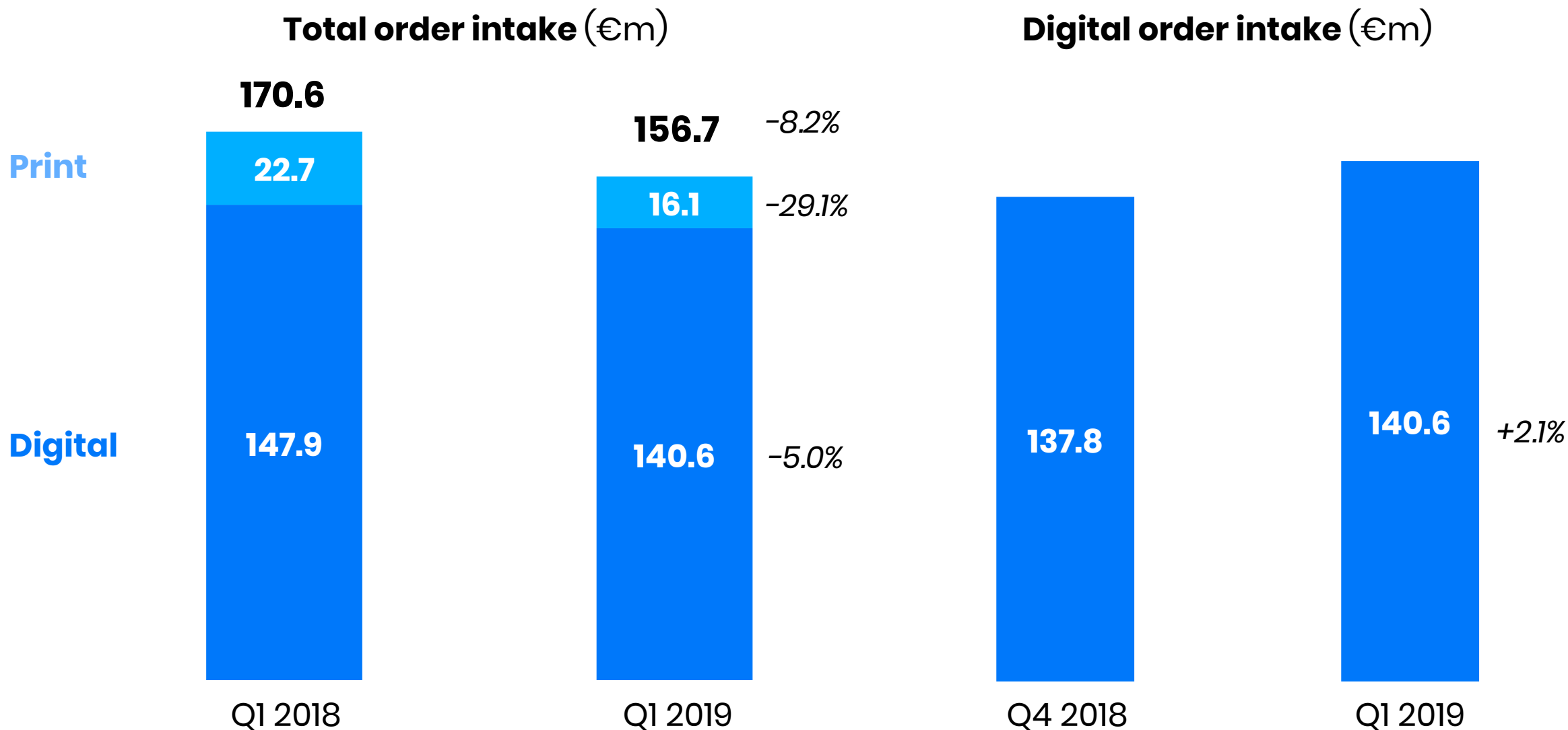
# Q1 2019: Trend reversal in Digital order intake

- **Digital order intake trend reversal**
  - Down by -5.0% vs. Q1 2018
  - Up by +2.1% in Q1 2019 vs. Q4 2018
- **Progressive trend reversal over the first 3 months of 2019**
- **Increased salesforce productivity** driven by new omnichannel organisation with optimised geographical areas and new salesforce compensation plan
  - sustained by deployment of new Presence offer in January 2019, and the Solocal 'Vous allez avoir de la visite' advertising campaign
  - increased share of auto-renewal subscription mode order intake

# Q1 2019 Overview

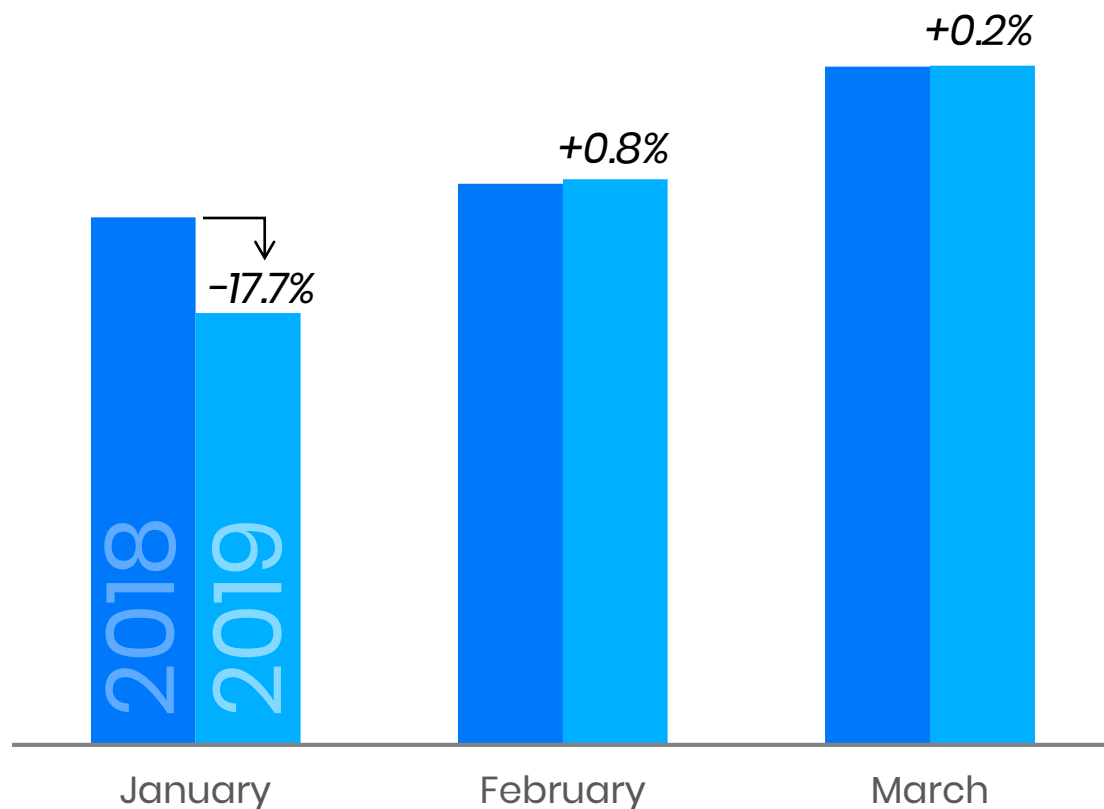
In million euros	Q1 2018	Q4 2018	Q1 2019	Vs. Q1 2018	Vs. Q4 2018
Digital order intake	147.9	137.8	<b>140.6</b>	-5.0%	+2.1%
Digital order backlog	395.0	347.1	<b>354.3</b>	-10.3%	+2.1%
Digital revenues	148.0	139.1	<b>133.3</b>	-9.9%	-4.2%
Total revenues	172.8	159.7	<b>148.4</b>	-14.1%	-7.1%
Auto-renewal subscription order intake (% of total order intake) <sup>1</sup>	16%	16%	<b>17%</b>	+1 pt	+1 pt

# Q1 2019 Order intake vs. Q1 2018 & Digital order intake vs. Q4 2018



# Q1 2019 Digital order intake: Trend reversal

## Digital order intake (vs. Q1 2018)



## Total reset in January 2019

- New segmentation
- New geo based sales organisation (vs. vertical BUs)
- New sales compensation plan
- Customer portfolio change by 85%

## Feb/March 2019 ramp up driving T1 2019 upwards

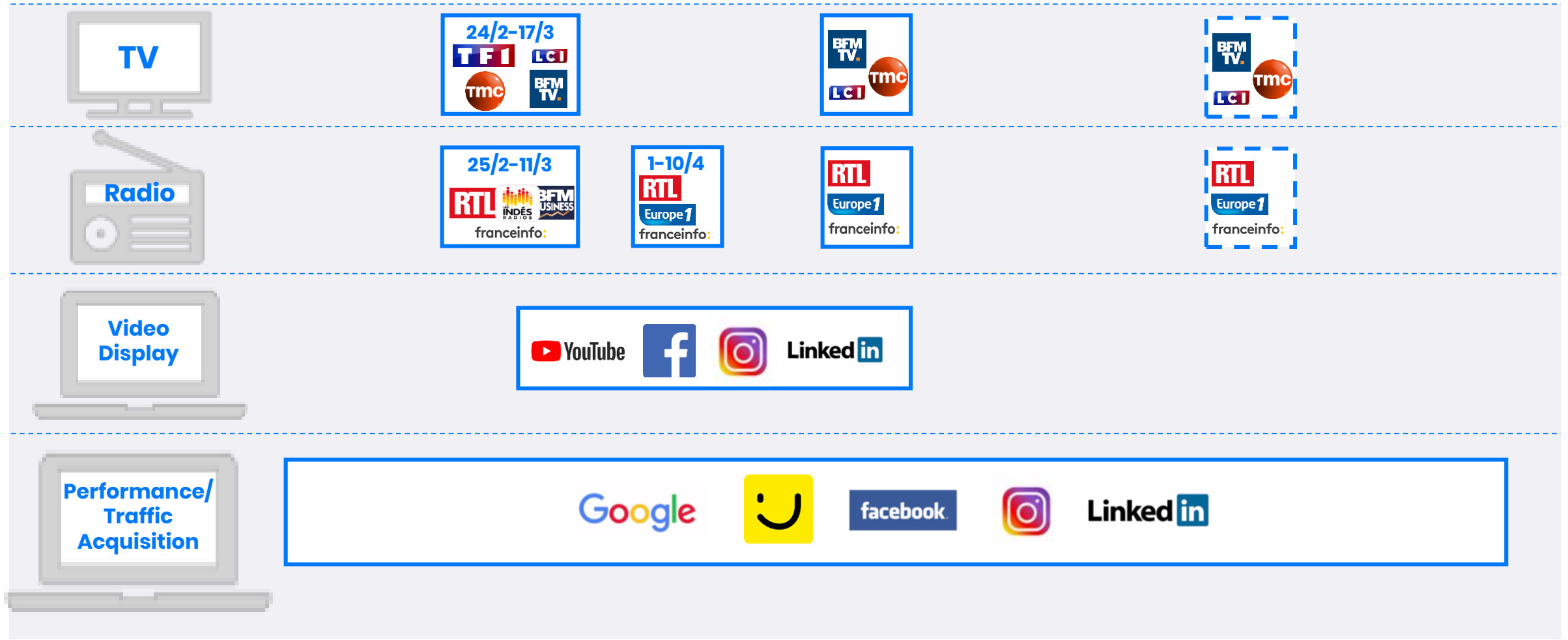
- +12% field sales meetings vs. Q4 2018
- +30% new customers telesales call time vs. Q4 2018
- +28% customer acquisition vs. Q4 2018
- +20% Digital order intake / sales rep vs. Q4 2018
- +44% Digital order intake / sales rep vs. Q1 2018

## Positive impact of advertising campaign

# Ad campaign generating demand and growing Solocal awareness

2019

Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec



# First advertising campaign impact on digital sales

200k clicks since Jan



414 TV GRP  
780 radio GRP  
65m video imp.



1 Digital Discovery email / week



Visits solocal.com



Inbound calls



on Presence Page



3938 service gratuit + prix appel

x2 brand searches\*

x2 visits\*

x2.1 processed calls\*  
(solocal.com + short numbers only)



X2.3 direct sales\*  
208% ROI\*\*



Improved sales dynamics

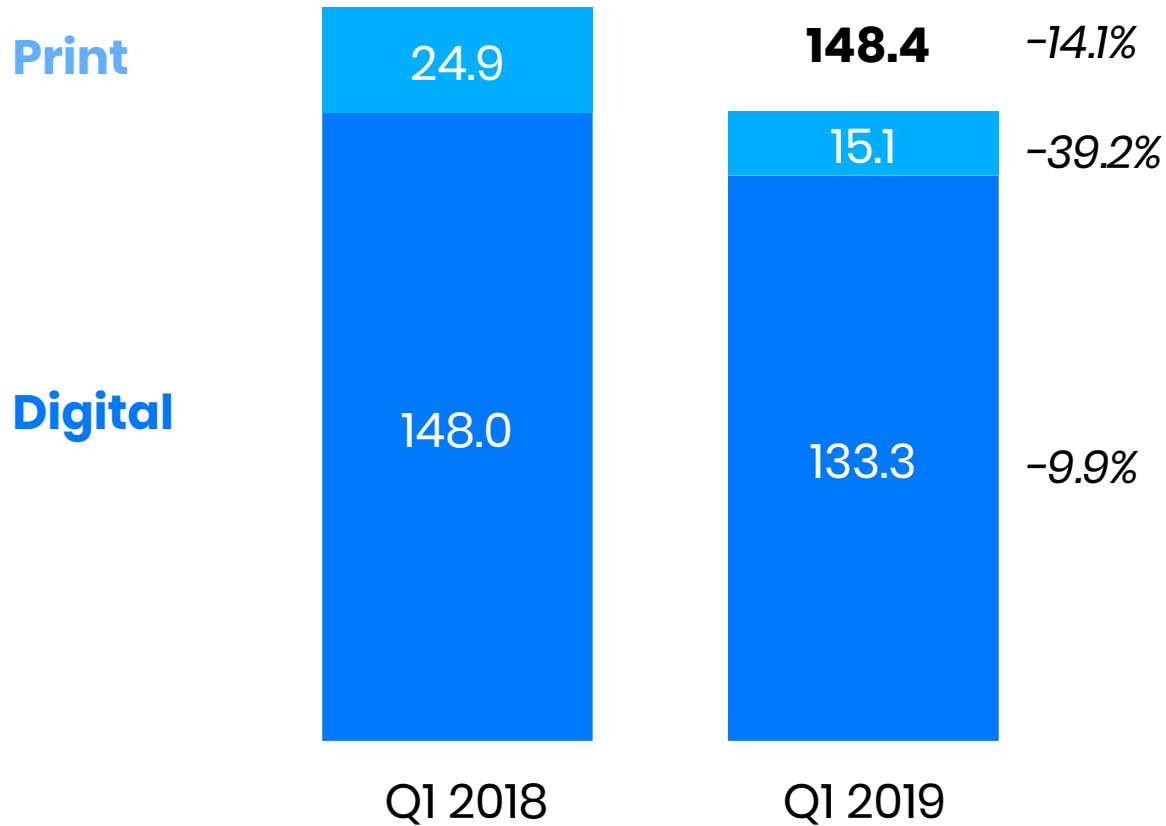


Positive client perception

(\*) Average of 5 weeks since launch of advertising campaign vs. 5 weeks prior to advertising campaign. Sales as number of orders  
 (\*\*) Return on investment in Q1 2019 based on lifetime value revenue from clients directly acquired through advertising campaign

# Q1 2019 Revenues breakdown vs. Q1 2018

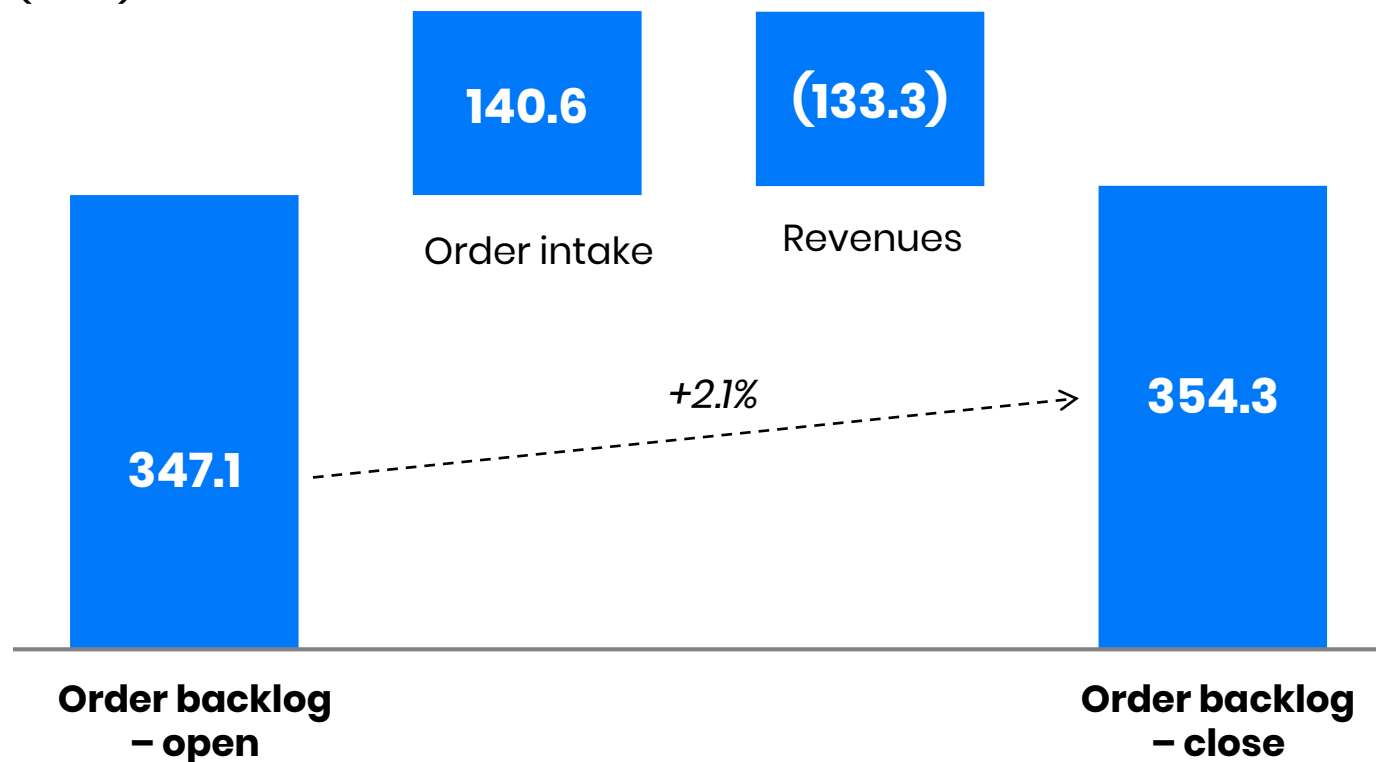
Total (€m)



- Digital and Print revenues impacted by order intake decrease in H2 2018
  - Order intakes recognised as revenues over a certain period of time
- Print revenues: ongoing decreasing trend
  - Accelerated by Print business ending by end 2020 (-29% yoy Print order intake)

# Q1 2019 Digital order backlog

## Digital Q1 2019 (€m)



- Digital order backlog increased by +2.1% vs. Q4 2018
  - Driven by Digital order intake increase in Q1 2019 vs. Q4 2018
- Q1 2019 Digital revenues still impacted by Q3/Q4 2018 Digital order intake decrease
  - Order backlog is the amount of revenues yet to be recognised in the future, as revenues following an order intake are accounted for over a period of time



# 2019 Outlook

## Confirming guidance for 2019:

- Digital order intake growth, ramping up quarter by quarter
- Moderate growth of recurring EBITDA
- EBITDA conversion into operating cash flows maintained above 60%

## Maintaining Feb/March 2019 momentum into Q2 2019: focus on executing the strategy

- Solocal's customer-centric focus
- Ramping up the deployment of the new digital services range (Presence, Priority Ranking)
- Ongoing advertising campaigns: Digital, TV, Radio
- Impact of investments into our digital products, media platform, sales and customer support tools

**Confirmed liquidity in 2019** driven by Digital order intake positive trend, additional cost reduction and new financing tools progressively in place



# Corporate Governance

**Philippe de VERDALLE**

Chairman of the Committee of  
Remuneration and Appointments




# **Ratification of the co-opting of Mr Eric Boustouller as Director (9th resolution) and renewal of the term of Mr Pierre Danon as Director (10th resolution)**

- **Pierre Danon\*** (Chairman of the Board of Directors)
- David Amar (Vice-Chairman of the Board of Directors)
- **Eric Boustouller\*\*** (CEO)
- Jacques-Henri David
- Delphine Grison
- Marie-Christine Levet
- Joëlle Obadia (Employee representative)
- Lucile Ribot
- Sophie Sursock
- Philippe de Verdalle

# Sustained activity of the Board of Directors in 2018

- **16 meetings of the Board of Directors in 2018**
- **Principle of participation in all meetings of the Board of Directors and the Committees of which they are members**
- **Average attendance rate of 94%**
- **Average meeting lasting four hours**
- **The Board of Directors' work mainly involved:**
  - Review of results and business trends
  - Review of strategy
  - Monitoring of the corporate restructuring
  - Review of refinancing opportunities
  - Review of Corporate social responsibility (CSR)

# Sustained activity of the Committees in 2018

	 <b>Audit Committee</b>	 <b>Remuneration and Appointments Committee</b>	 <b>Strategy and M&amp;A Committee</b>
Meetings in 2018	<b>10</b>	<b>9</b>	<b>6</b>
Average attendance rate	<b>95%</b>	<b>97%</b>	<b>97%</b>
Administrators	<ul style="list-style-type: none"><li>• M. David (Chairman)</li><li>• Mme Ribot</li><li>• Mme Sursock</li></ul>	<ul style="list-style-type: none"><li>• M. de Verdalle (Chairman)</li><li>• M. Amar</li><li>• Mme Obadia</li></ul>	<ul style="list-style-type: none"><li>• M. Amar (Chairman)</li><li>• Mme Grison</li><li>• Mme Levet</li><li>• Mme Sursock</li></ul>



# Remuneration

## **Philippe de VERDALLE**

Chairman of the Committee of  
Remuneration and Appointments

# 2018: Compensation of the Chairman of the Board of Directors and the Chief Executive Officer

	Items of compensation paid or attributed during the 2018 financial year	Amount put to the vote	Presentation
<b>Mr Pierre Danon</b> Chairman of the Board of Directors <b>5th Resolution</b>	<b>Fixed compensation</b>	€ 150,000	<ul style="list-style-type: none"> <li>• €150,000 lump sum for his term of office as Chairman of the Board of Directors, in the form of Directors' fees</li> </ul>
<b>Mr Eric Boustouller</b> CEO, Director <b>6th Resolution</b>	<b>Fixed compensation</b>	€ 520,000	<ul style="list-style-type: none"> <li>• Fixed compensation of a gross annual amount of €520,000 paid monthly</li> </ul>
	<b>Variable compensation</b>	€ 353,600	<ul style="list-style-type: none"> <li>• 68% of the target bonus</li> </ul>
	<b>Directors' fees</b>	€ 0	<ul style="list-style-type: none"> <li>• The CEO does not receive Directors' fees in respect of his term as Director at Solocal</li> </ul>
	<b>Benefits in kind</b>	€ 36,800	

Variable compensation based on the following criteria:	Min	Target	Max	Granted	Amount
2018 Internet revenues: growth target for internet revenues	0%	20%	40%	0%	€ 0
2018 EBITDA: profitability and cost reduction focus target	0%	20%	40%	10%	€ 52,000
Evolution in number of Clients	0%	10%	20%	0%	€ 0
NPS: customer satisfaction target	0%	10%	20%	5%	€ 26,000
Individual targets connected to the transformation project	0%	40%	80%	53%	€ 275,600
<b>Total variable (% of fixed compensation)</b>	<b>0%</b>	<b>100%</b>	<b>200%</b>	<b>68%</b>	<b>€353,600</b>

# 2019: Compensation policy

	Items of compensation paid or attributed during the 2019 financial year	Amount paid	Presentation
Chairman of the Board of Directors <b>7th Resolution</b>	<b>Fixed compensation</b>	€ 150,000	<ul style="list-style-type: none"> <li>Annual lump-sum compensation of €150,000, in the form of Directors' fees</li> <li>Unchanged total annual amount of Directors' fees allocated to Board members</li> </ul>
CEO, Director <b>8th Resolution</b>	<b>Fixed compensation</b>	€ 520,000	<ul style="list-style-type: none"> <li>The amount of this fixed compensation has not changed since 2013</li> </ul>
	<b>Variable compensation</b>	0% - 200%	<ul style="list-style-type: none"> <li>Based on the following criteria (see below)</li> </ul>
	<b>Directors' fees</b>	€ 0	<ul style="list-style-type: none"> <li>The CEO does not receive Directors' fees in respect of his term as Director at Solocal</li> </ul>
	<b>Benefits of kind</b>		<ul style="list-style-type: none"> <li>Unchanged</li> </ul>

Criteria for the variable compensation for the CEO	Min	Target	Max
Digital sales	0%	25%	50%
Recurring EBITDA – CAPEX	0%	25%	50%
NPS Advertisers and Users	0%	10%	20%
Individual objectives linked to transformation, organisation and CSR	0%	40%	80%
<b>Total variable (% of fixed compensation)</b>	0%	100%	200%



# Performance share allocation scheme (Long-Term Incentive Plan) (1/3)

## - 12<sup>th</sup> resolution

### I. Major principles of the plan

- **Performance shares:** Allocation on the basis of performance and attendance criteria
- **Acquisition period:** 3 years
- **Reference period:** Years 2019, 2020, 2021
- **Allocation of capital:** Maximum of 5,500,000 of shares representing 0.95% of the capital (including a maximum of 1,500 000 shares for the Chief Executive Officer)
- **Persons concerned:** The Chief Executive Officer, Members of Executive Committee, Managers and key talent

### II. Claw back clause (for Corporate Officer)

### III. Retention requirement

- For the CEO and the members of COMEX, requirement to retain 30% of shares allocated as long as they are members of COMEX

# Performance share allocation scheme (Long-Term Incentive Plan) (2/3)

- 12<sup>th</sup> resolution

## IV. The criteria:

### (i) Free Cash Flow

- **For 85%** of the allocation: measured in 2019, 2020 and 2021 with a weighting of 30%, 30% and 40% respectively
- **For 15%** of the allocation: measured at the end of the plan and allocated in the event of overperformance

### (ii) Stock prices

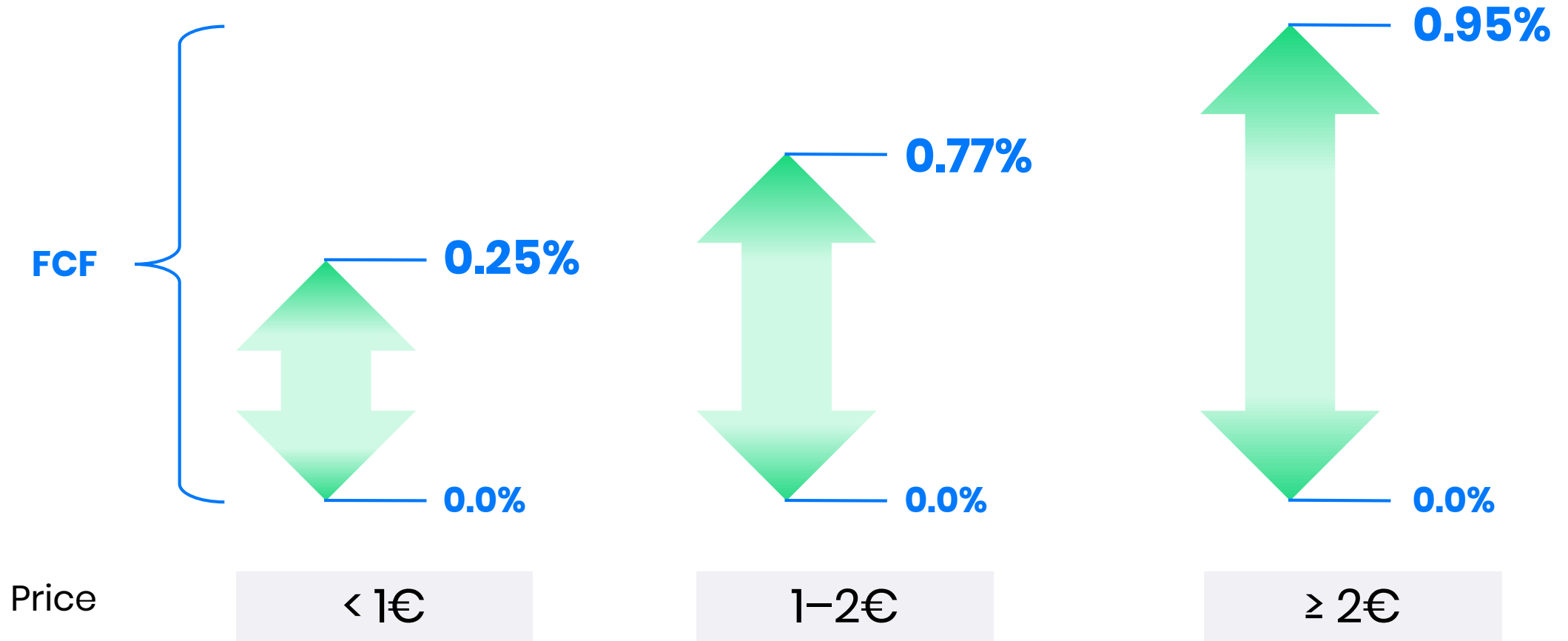
Stock prices  
in €/share

<b>≥2</b>	<b>Assignment of the allocation determined on the criterion of 100% Free Cash Flow</b>
<b>1-2</b>	<b>Surcharge on the allocation:</b> <ul style="list-style-type: none"><li>• 25% for CEO → 75% of the allocation</li><li>• 17.5% for Comex → 82.5% of the allocation</li><li>• 10% for other beneficiaries → 90% of the allocation</li></ul>
<b>&lt;1</b>	<b>CEO → No allocation</b> <b>COMEX → No allocation</b> <b>Other beneficiaries → 70% of allocation</b>

# Performance share allocation scheme (Long-Term Incentive Plan) (3/3)

- 12<sup>th</sup> resolution

## Allocation scheme – Potential dilution



# Allocation of free shares for all employees of French entities of Solocal Group – 13th resolution

## Objectives

- Share value creation with all company employees
- Have colleagues participate increasingly strongly over the medium-term
- Involve teams in the strategic and capital-related outlook of Solocal

**‘ALL  
SHAREHOLDERS’**

## Major principles of the plan

- 1<sup>st</sup> Level: Uniform allocation of 100 free shares to all employees of French entities of the Group (this authorisation)
- 2<sup>nd</sup> Level: Option offered to employees to subscribe to Solocal shares, under conditions that remain to be defined, by voluntary payment or by using holdings in the Employee Savings Plan (authorised AG 2018)

*Free shares would represent approximately 400,000 shares. This amount of shares would be assigned upon authorisation of a capital increase reserved to authorised employees in 2018 and still valid*



# Statutory auditors' report

**Jean-François VIAT**

BEAS, Deloitte

# Reports on the consolidated and statutory financial statements<sup>1</sup>

## OPINIONS ON THE FINANCIAL STATEMENTS

- In our opinion, the consolidated and statutory financial statements give a true and fair view of the assets and liabilities and of the financial position as at 31 December 2018, and of the results of the operations

## KEY AUDIT MATTERS

### Consolidated Financial Statements

Revenue recognition – First application of IFRS 15

Development costs capitalized

Transformation Plan

Going concern

### Statutory Financial Statements

Valuation of shares in subsidiaries

Going concern

## SPECIFIC VERIFICATIONS REQUIRED BY LAW

- No matters to report

# Special report on regulated agreements and commitments<sup>1</sup>

## REGULATED AGREEMENTS AND COMMITMENTS SUBMITTED TO THE APPROVAL OF THE GENERAL SHAREHOLDERS' MEETING

- None

## REGULATED AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE GENERAL SHAREHOLDERS' MEETING

With Mr Eric Boustouller, CEO;

- Additional defined contributions pension scheme
- Redundancy payment
- Non-compete indemnity

# Other reports relating to various share capital related operations<sup>1</sup>

## FREE ALLOCATION OF COMPANY SHARES

- To Solocal Group employees or corporate officers,
- To all employees of the Solocal Group's French entities,
- Waiver by shareholders of their preferential subscription rights

## No matters to report





# Questions and answers



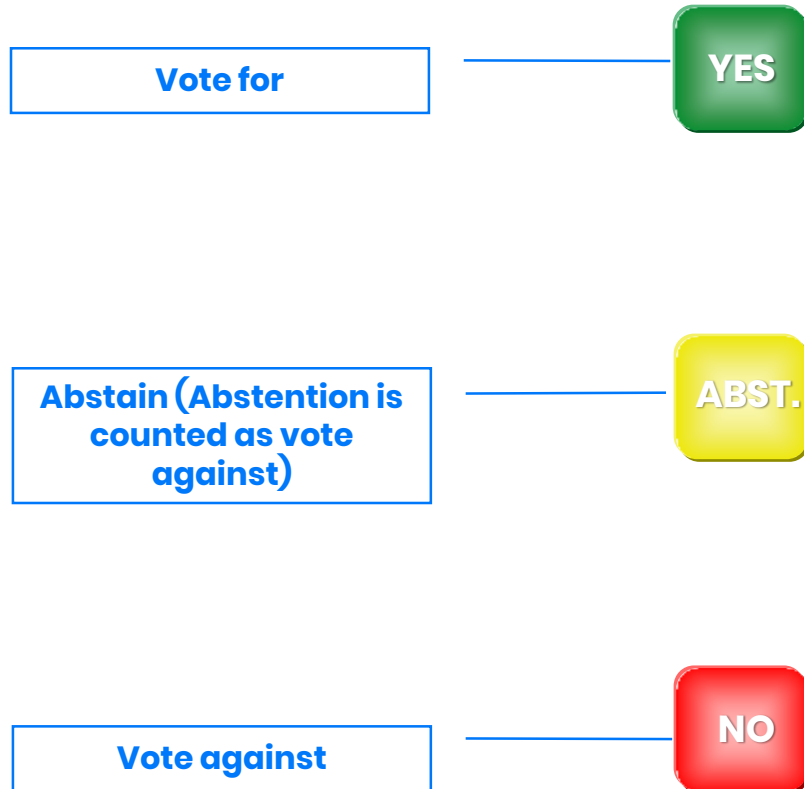
# Vote of the proposed resolutions

**Alexandre de TOURTIER**

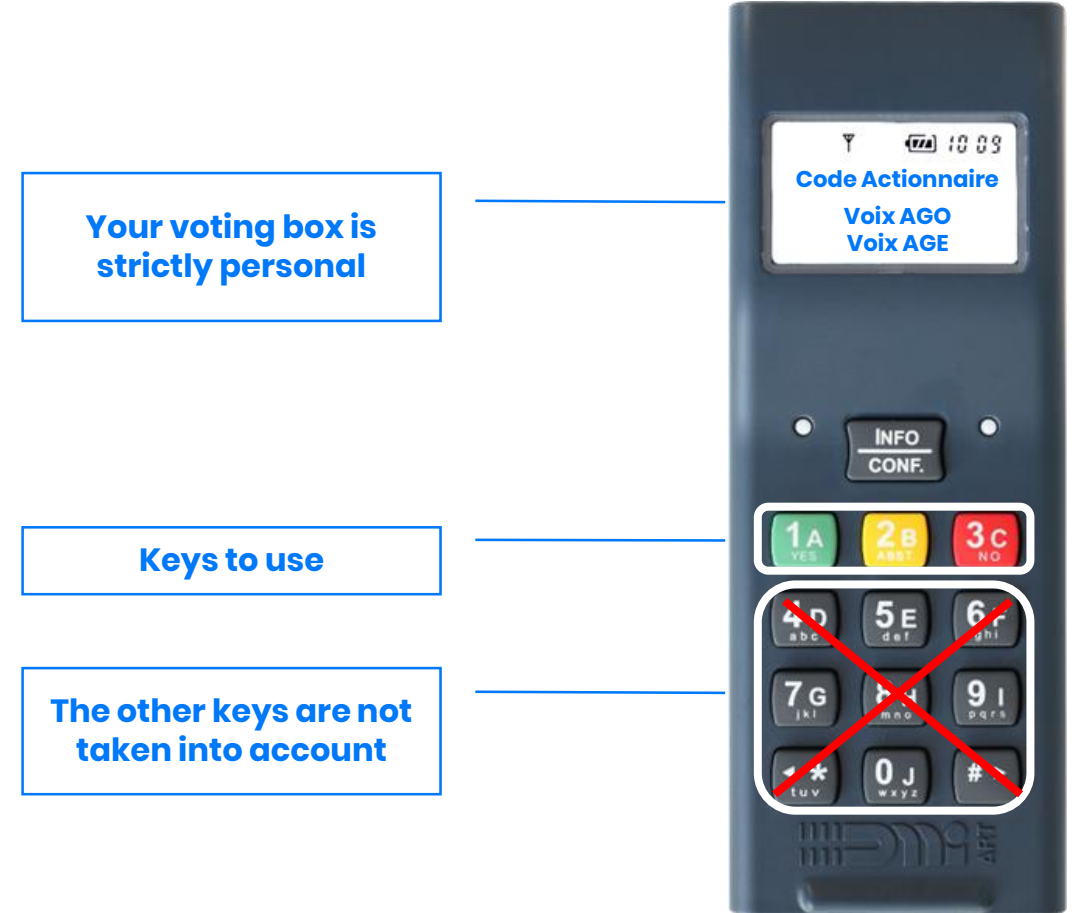
Group General Counsel

# How to use your electronic voting box

## Voting choices



## Use of the voting box



# How to use your electronic voting box

Voting time is indicated by an electronic progress bar that fills up

**As soon as the vote is open, it is indicated:**



**When the vote is over, it is indicated:**



**When the votes are processed, it is indicated:**



# How to use your electronic voting box

**Voting is carried out using an electronic voting box.**

**Any box not returned will be invoiced.**

**PLEASE turn off your mobile phones during the vote.**



# First resolution – Ordinary matters

(Approval of company financial statements for the financial year ending 31 December 2018)

# Second resolution – Ordinary matters

(Approval of the consolidated financial statements for the financial year ending 31 December 2018)

# Third resolution – Ordinary matters

(Allocation of profit/loss for the financial year ending 31 December 2018, as resulting from the annual financial statements)



# Fourth resolution – Ordinary matters

(Agreements indicated under Article I. 225–38 of the Commercial code)

# **Fifth resolution – Ordinary matters**

**(Approval of the components of the remuneration paid or granted for the financial year 2018 to Mr Pierre Danon, Chairman of the Board of Directors)**

# **Sixth resolution – Ordinary matters**

**(Approval of the components of the remuneration paid or granted for the 2018 financial year to Mr Eric Boustouller, Chief Executive Officer)**

# Seventh resolution – Ordinary matters

**(Approval of the principles and criteria for the determination, allocation and granting of the fixed, variable and exceptional components of the total remuneration and benefits of all types attributable for the financial year 2019 to the Chairman of the Board of Directors)**

# **Eighth resolution – Ordinary matters**

**(Approval of the principles and criteria for the determination, allocation and granting of the fixed, variable and exceptional components of the total remuneration and benefits of all types attributable for the financial year 2019 to the Chief Executive Officer)**

# **Ninth resolution – Ordinary matters**

**(Ratification of the co-opting of Mr Eric Boustouller as Director)**

# Tenth resolution – Ordinary matters

(Renewal of the term of Mr Pierre Danon as Director)

# **Eleventh resolution – Ordinary matters**

**(Authorisation to grant power to the Board of Directors to purchase or sell Solocal Group shares)**



# Twelfth resolution – Extraordinary matters

(Authorisation given to the Board of Directors to grant free company shares to Solocal Group's employees or corporate officers, entailing the waiver by shareholders of their preferential subscription rights)

# Thirteenth resolution – Extraordinary matters

**(Authorisation given to the Board of Directors to grant free shares of the company to all employees of Solocal Group's French entities, entailing the waiver by shareholders of their preferential subscription rights)**

# Fourteenth resolution – Extraordinary matters

(Powers for formalities)



# Closing

# Combined Shareholders' meeting

**Thank you**