

Boulogne-Billancourt, 25 November 2016

Confirmation of outlook for 2016 in spite of business inflection due to the delay in the financial restructuring plan

Q3 2016 results:

- Internet revenues of €156 M (representing 79% of total revenues), up +3%¹
- EBITDA²: €60 M, down -24%¹, EBITDA/revenue margin³ of 30%

Outlook for 2016 confirmed:

- Internet revenue growth rate between 0% and +2%
- EBITDA/revenue margin²: ≥ 28%

“Conquer 2018” plan postponed by 6 months due to the delay in the financial restructuring plan impacting the commercial performance and cash flow generation.

Jean-Pierre Remy, Chief Executive Officer of SoLocal Group, stated: “The financial performance in Q3 2016 confirms the annual outlook. However the uncertainty around the financial restructuring plan is hurting our operations and since last October has been affecting the sales momentum, the cash flow generation and the outlook for 2018.

We urgently need more visibility on our refinancing to be able to work on our business priorities and to focus on mid term growth objectives.”

¹ In Q3 2016, compared to Q3 2015

² Total (Internet + Print & Voice) recurring EBITDA

³ Total (Internet + Print & Voice) recurring EBITDA to revenue margin

I. Revenues and EBITDA

The Board of Directors approved the Group's consolidated accounts on the basis of going concern as of 30 September 2016.

In millions of euros	Q3 2015	Q3 2016	Change	9M 2015	9M 2016	Change
Internet revenues	152	156	+3%	477	478	0%
Local Search	119	120	+1%	371	363	-2%
<i>Number of visits (in million)</i>	569	616	+8%	1 678	1 822	+9%
<i>ARPA¹ (in €)</i>	226	245	+8%	698	728	+4%
<i>Number of clients (in thousand)</i>	525	490	-7%	532	499	-6%
Digital Marketing	33	36	+10%	106	115	+8%
<i>Penetration rate (in number of clients)</i>	22%	23%	+1pt	22%	23%	+1pt
Print & Voice revenues	60	41	-32%	181	124	-32%
Revenues	212	197	-7%	658	602	-9%

The Group posted revenues of €197 million in Q3 2016 a decrease of -7% compared to Q3 2015:

- **Internet revenues** at €156 million in Q3 2016 (representing 79% of total revenues) are **up +3% versus Q3 2015**:
 - **Audience growth**: Internet visits record a growth +8% in Q3 2016 vs Q3 2015 of which +24% mobile (representing 47% of total audience).
 - **Local Search revenues**: +1% in Q3 2016 vs Q3 2015 resulting from
 - **Local Search ARPA¹**: +8% in Q3 2016 vs Q3 2015, leading to year-to-date Local Search ARPA growth of +4% in line with historical trends
 - **Client base**: -7% in Q3 2016 vs Q3 2015, still limited by reduced investments in telesales client acquisition.
 - **Digital Marketing revenues**: +10% in Q3 2016 vs Q3 2015, with a steady growth of local programmatic, not yet fully reflecting sales order dynamic.
- **Print & Voice revenues** at €41 million in Q3 2016 are **down by -32% over the period**, mainly due to the strong decline of PagesBlanches.

In millions of euros	Q3 2015	Q3 2016	Change	9M 2015	9M 2016	Change
Internet recurring EBITDA	56	47	-16%	155	137	-12%
<i>EBITDA / revenue margin</i>	37%	30%	-7 pts	33%	29%	-4 pts
Print & Voice recurring EBITDA	22	12	-44%	62	34	-44%
<i>EBITDA / revenue margin</i>	36%	30%	-6 pts	34%	28%	-6 pts
Recurring EBITDA	78	60	-24%	217	171	-21%
<i>EBITDA / revenue margin</i>	37%	30%	-7 pts	33%	28%	-5 pts

Note: Internet EBITDA and Print & Voice EBITDA for 2015 quarterly data have been adjusted to have indicators computed on comparable methods between 2015 and 2016

Recurring EBITDA was **€60 million** in Q3 2016, down -24% versus Q3 2015, mainly driven by the drop in Print & Voice EBITDA.

The **EBITDA to revenue margin** was **30%** in Q3 2016, down -7 points compared to Q3 2015, due to a strong decline in Print & Voice revenues (-32%).

¹ Average Revenue Per Advertiser

II. Net income and financial structure

In millions of euros	Q3 2015	Q3 2016	Change	9M 2015	9M 2016	Change
Recurring EBITDA	78	60	-24%	217	171	-21%
Depreciation and amortisation	(13)	(15)	+17%	(35)	(44)	+26%
Net financial expense	(21)	(19)	-11%	(64)	(56)	-13%
Corporate income tax	(21)	(11)	-44%	(50)	(30)	-40%
Recurring income from continued activities	24	14	-41%	68	41	-39%
Contribution to net income from non recurring items	(1)	(0)	-73%	(4)	(3)	-38%
Net income from divested activities	(6)	-	na	(13)	-	na
Net income	17	14	-19%	51	39	-24%

Depreciation and amortisation amounted to **-€15 million** in Q3 2016, up +17% compared to Q3 2015, due to impact of IT refoundation investments.

Net financial expenses was **-€19 million** in Q3 2016, reduced by -11% compared to Q3 2015, as the hedging instruments matured at the end of 2015.

Corporate income tax expense was **-€11 million** in Q3 2016, reduced by -44% compared to Q3 2015, and in line with the profit before tax.

Recurring net income from continued activities amounted to **€14 million** Q3 2016, down -41% compared to Q3 2015.

Net income from divested activities was nil in Q3 2016 as the divestment of non-growing and non-profitable Internet businesses has been fully achieved in 2015.

The Group's **net income** was **€14 million** in Q3 2016, down -19% compared to Q3 2015.

Net debt⁴ totalled €1,097 million as of 30 September 2016. The Group is in breach with its leverage bank covenant but complies with all other bank covenants. This provides creditors (excluding Tranche C1) with the right to accelerate at any time (subject to the mandatory provisions of the Commercial Code) the payment of the entire amount of SoLocal Group's financial debt owed to external creditors. The three creditors parties to the agreement with the Company agreed, provided that the revised financial restructuring plan is adopted, to abstain from requesting the acceleration of SoLocal Group's debt, as a result of the breach of covenant leverage.

The Group's **free cash flow** was **-€15 million** in Q3 2016, down -€24 M compared to Q3 2015, mainly driven by drop in EBITDA and negative working capital impact due to higher pressure from clients and suppliers given the uncertainty linked to the financial restructuring of the Group.

As of 30 September 2016, the Group had a net cash position of €90 million⁵.

⁴ Net debt is the gross financial debt plus or minus the fair net asset value of asset and/or liability derivative instruments used for cash flow hedging purposes, minus cash and cash equivalents

⁵ Net of bank overdrafts, including own bonds

III. Outlook

The Group confirms its outlook for 2016 and expects:

- Internet revenue growth between 0% and +2%⁶
- EBITDA to revenue margin \geq 28%⁷

Subject to the approval of the revised financial restructuring plan by creditors and shareholders, **the implementation of “Conquer 2018” plan has been delayed by 6 months** due to the delay in the financial restructuring plan impacting the commercial performance and cash flow generation.

⁶ in 2016 compared to 2015

⁷ 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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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 September 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.

In millions of euros

9M 2016

9M 2015

	9M 2016		9M 2016		9M 2015		9M 2015	
	Consolidated	Divested activities	Continued activities		Consolidated	Divested activities	Continued activities	
			Recurring	Non recurring			Recurring	Non recurring
Revenues	602	-	602	-	663	5	658	-
Net external expenses	(156)	-	(156)	-	(157)	(8)	(149)	-
Personnel expenses	(274)	-	(274)	-	(297)	(5)	(292)	-
Recurring EBITDA	171	-	171	-	209	(8)	217	-
Non recurring items	(3)	-	-	(3)	(9)	(5)	-	(4)
EBITDA	169	-	171	(3)	201	(12)	217	(4)
Depreciation and amortization	(44)	-	(44)	-	(45)	(10)	(35)	-
Operating income	125	-	127	(3)	156	(22)	182	(4)
Financial income	1	-	1	-	2	-	2	-
Financial expenses	(57)	-	(57)	-	(66)	(0)	(66)	-
Net financial expense	(56)	-	(56)	-	(64)	(0)	(64)	-
Share of profit or loss of an associate	-	-	-	-	0	-	0	-
Income before tax	69	-	71	(3)	92	(22)	118	(4)
Corporate income tax	(30)	-	(31)	1	(41)	9	(52)	2
<i>Effective tax rate</i>	<i>44%</i>	<i>na</i>	<i>43%</i>	<i>34%</i>	<i>44%</i>	<i>41%</i>	<i>44%</i>	<i>38%</i>
Income for the period	39	-	40	(2)	51	(13)	67	(3)

Consolidated Cash Flow Statement

In millions of euros	Q3 2015	Q3 2016	Change	9M 2015	9M 2016	Change
Recurring EBITDA	78	60	-24%	217	171	-21%
Non monetary items included in EBITDA and other	5	4	-15%	9	4	-54%
Net change in working capital	(24)	(34)	38%	(32)	(52)	65%
Acquisition of tangible and intangible fixed assets	(19)	(13)	-29%	(53)	(49)	-7%
Cash financial income	(13)	(17)	31%	(55)	(35)	-36%
Non recurring items	(7)	(7)	-10%	(20)	(22)	8%
Acquisition costs of shares	-	-	na	-	-	na
Corporate income tax paid	(8)	(8)	3%	(9)	2	-127%
Net Cash flow from continued activities	12	(15)	-227%	58	20	-66%
Net Cash flow from divested activities	(3)	-	-100%	(5)	-	-100%
Net cash flow	9	(15)	-262%	53	20	-62%
Increase (decrease) in borrowings and bank overdrafts	(10)	(4)	-66%	(30)	11	-138%
Capital increase	-	(0)	na	3	(0)	-100%
Other	(2)	1	-153%	1	6	687%
Net cash variation	(3)	(17)	449%	26	37	44%
Net cash and cash equivalents at beginning of period	72	108	49%	44	53	22%
Net cash and cash equivalents at end of period	69	90	30%	69	90	30%

Consolidated Balance Sheet

In million of euros

ASSETS	30-Sep-15	31-Dec-15	30-Sep-16
Total non-current assets	235	251	260
Net goodwill	80	95	96
Other net intangible fixed assets	123	123	125
Net tangible fixed assets	23	28	32
Other non-current assets of which deferred tax assets	9	4	7
Total current assets	431	508	426
Net trade accounts receivable	263	353	253
Acquisition costs of contracts	32	38	28
Prepaid expenses	11	9	13
Cash and cash equivalents	72	54	92
Other current assets	54	54	41
TOTAL ASSETS	666	759	686
LIABILITIES			
Total equity	(1,310)	(1,328)	(1,294)
Total non-current liabilities	1,239	1,244	121
Non-current financial liabilities and derivatives	1,130	1,118	1
Employee benefits (non-current)	95	85	98
Other non-current liabilities	14	41	22
Total current liabilities	737	843	1,859
Bank overdrafts and other short-term borrowings	20	26	1,176
Deferred income	424	483	380
Employee benefits (current)	97	121	97
Trade accounts payable	90	95	85
Other current liabilities	106	117	120
TOTAL LIABILITIES	666	759	686

Revised “Conquer 2018” plan

In millions of euros	Revised Conquer 2018				Initial Conquer 2018
	2015	2018	CAGR 2015-2018	Growth 2017-2018	Growth 2017-2018
Internet revenues	640	735	+5%	+9%	+10%
<i>ARPA Local Search (en €)</i>	940	1 014	+3%	+3%	+4%
<i>Number of clients (en K)</i>	528	474	-4%	-1%	+3%
<i>Penetration rate (en nombre de clients)</i>	22%	27%	+5pts	+1pt	+3pts
Group revenues	873	826	-2%	+3%	+3%
Recurring EBITDA	270	235	-5%	+5%	+9%
<i>EBITDA / revenue margin</i>	31%	28%			

Internet new orders

Internet new orders (in% of total new orders)	9M 2014	9M 2015	9M 2016 ¹	Change 9M 2015 vs 9M 2014	Change 9M 2016 ¹ vs 9M 2015
Local Search	78%	78%	73%	-4%	+1%
Digital Marketing	22%	22%	27%	-6%	+34%
Internet	70%	75%	81%	-5%	+8%

¹ Adjusted since 10/19/2016 for double counting of some websites orders, without any accounting impact