

**#H1 2017**

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27 July 2017

# Disclaimer

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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 2016 which is available on the corporate website, [www.solocalgroup.com](http://www.solocalgroup.com) (finance area).

# Agenda

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**H1 2017: Business Update**



**H1 2017: Financial performance**



**Outlook 2017**

# H1 2017: Business Update

Christophe Pingard  
Chief Operating Officer

# H1 2017 : growth of Internet revenues, good performance of Digital Marketing but margin deterioration

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- ◆ **Internet revenues of €323m**, slightly up to +1%<sup>1</sup>, the steady growth of Digital Marketing partly offset by the short-term slowdown of Local Search.
  - **Audience** : +4%<sup>1</sup> visits, of which +17%<sup>1</sup> from mobile, a continuous growth of audience
  - **Local Search ARPA**<sup>2</sup> : +1%<sup>1</sup>, slowdown related to the end of offering upgrade effect and to the impact of financial restructuring on Q4 2016 commercial activity
  - **Local Search client base** : -5%<sup>1</sup>, slightly improving, reflecting first signs in retention improvement
  - **Digital Marketing revenues** : +13%<sup>1</sup>, acceleration of Digital Marketing with great successes of Booster contact and Sites privilèges (high-end websites)
- ◆ **EBITDA**<sup>3</sup> of **€91m in H1 2017**, down -18% vs H1 2016, the EBITDA to revenue margin<sup>4</sup> of 24% in H1 2017, down by 4 points vs H1 2016, mainly due to the reduction of Print & Voice contribution and the Local Search revenue decrease
- ◆ **Free Cash Flow** : -€46m, -€14m excluding 2016 interests related to the debt before financial restructuring, down -€48m reflecting an increase of corporate income tax paid, the decrease of EBITDA and a short-term deterioration of working capital needs.

<sup>1</sup>H1 2017 vs H1 2016 <sup>2</sup> Average Revenue Per Advertiser <sup>3</sup> total recurring EBITDA (Internet + Print & Vocal) <sup>4</sup> Recurring EBITDA to revenue margin

# H1 2017: Internet revenues

*In millions of euros*

|                            | H1 2016 | H1 2017 | Variation |
|----------------------------|---------|---------|-----------|
| Internet revenues          | 322     | 323     | +1%       |
| Local Search revenues      | 243     | 235     | -3%       |
| ◆ # visits (in million)    | 1,206   | 1,256   | +4%       |
| ◆ ARPA <sup>1</sup> (in €) | 485     | 492     | +1%       |
| ◆ # clients (in thousand)  | 501     | 477     | -5%       |
| Digital Marketing revenues | 78      | 88      | +13%      |
| ◆ Penetration rate         | 23%     | 24%     | +1pt      |

<sup>1</sup> Average Revenue Per Advertiser

# Local Search highlights

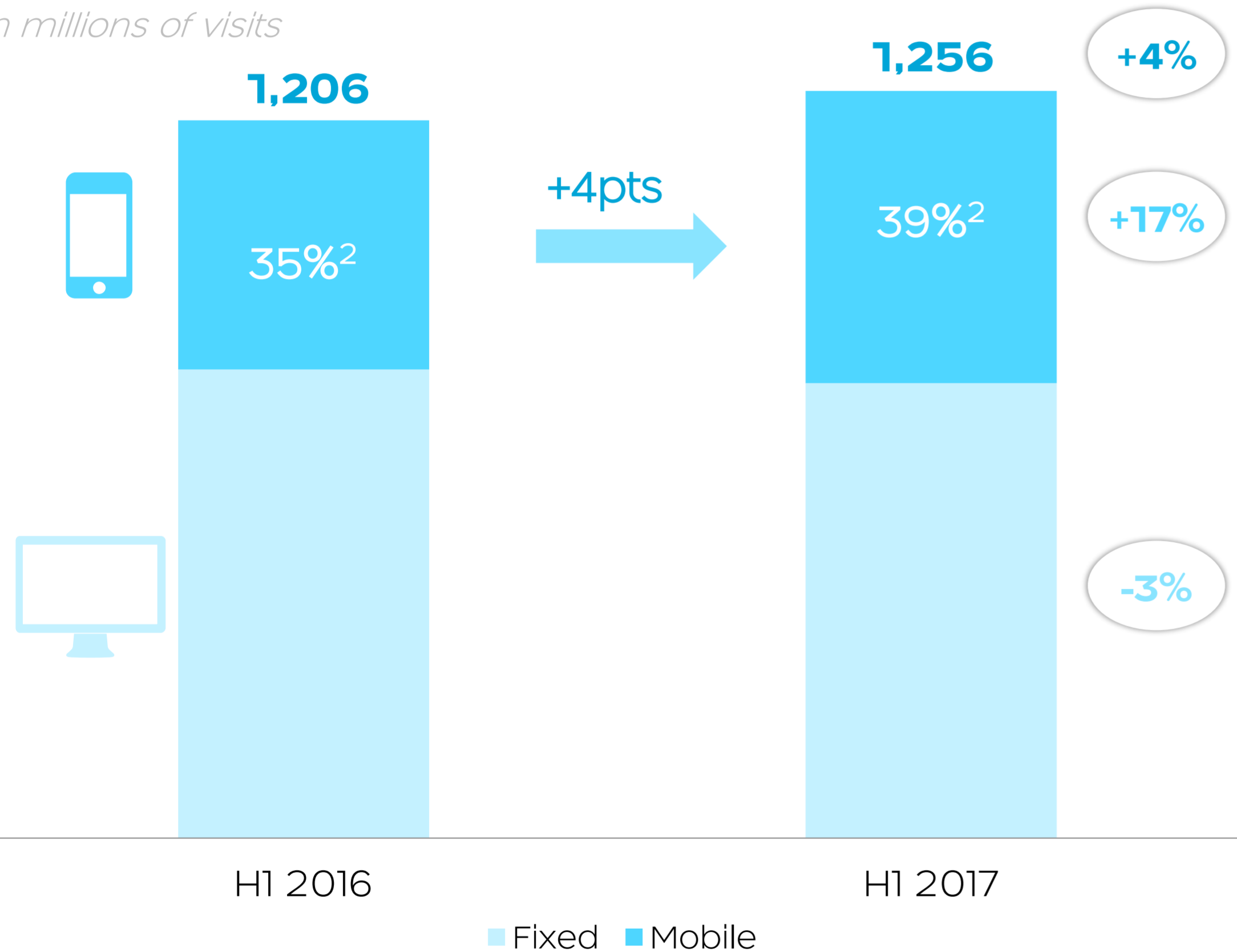


<sup>1</sup> Ranking of Internet Group in France (fixed + mobile) from January 2017 to May 2017 (source: Mediametrie) <sup>2</sup> Reach is defined as the number of unique visitors of a website, expressed as a percentage of a reference population during a given period <sup>3</sup> SoLocal Group's mobile audience growth H1 2017 vs H1 2016

# Continuous audience growth in H1 2017

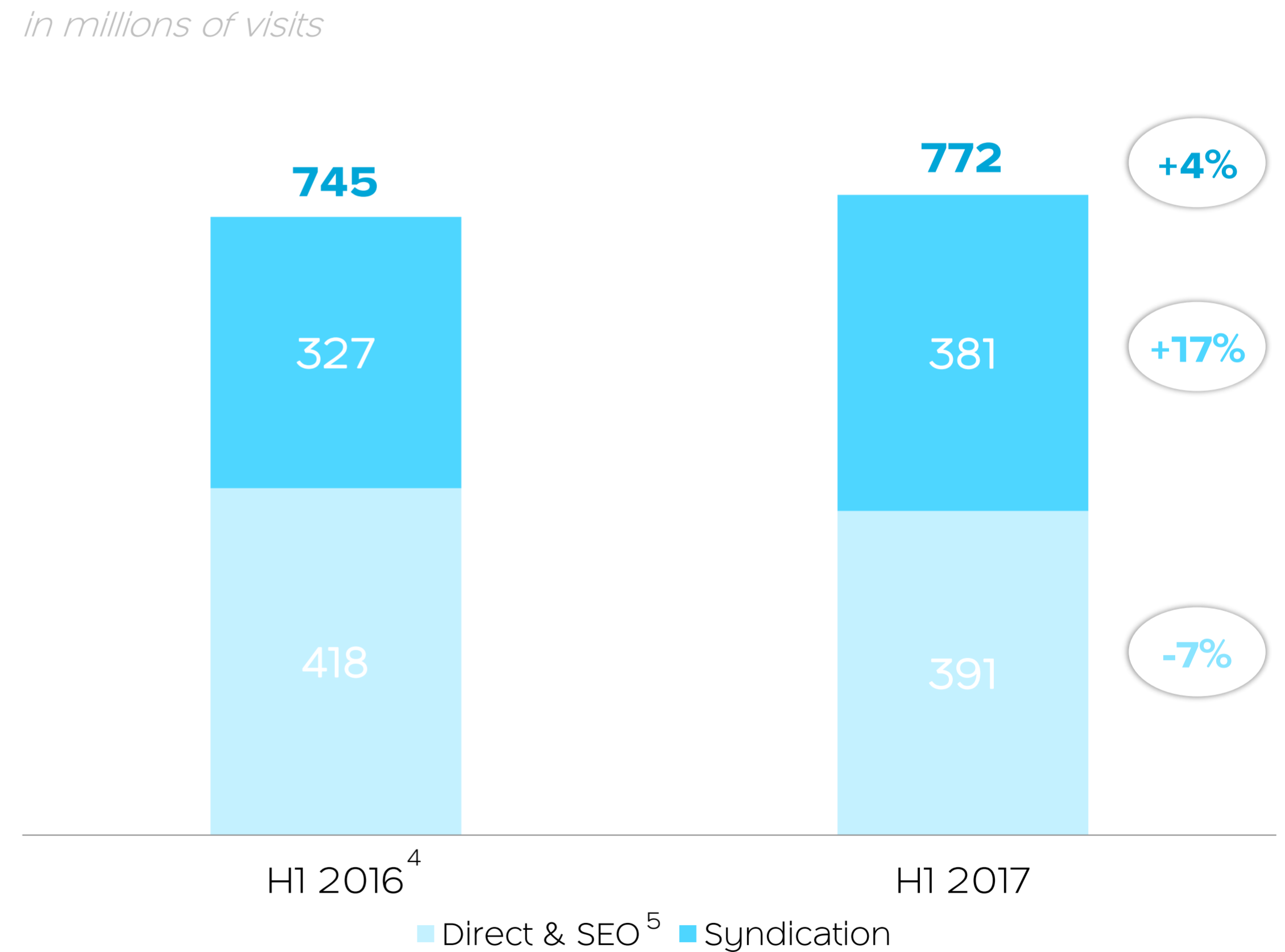
## SoLocal Group audiences<sup>1</sup>

*in millions of visits*



## PagesJaunes visits towards professionals<sup>3</sup>

*in millions of visits*

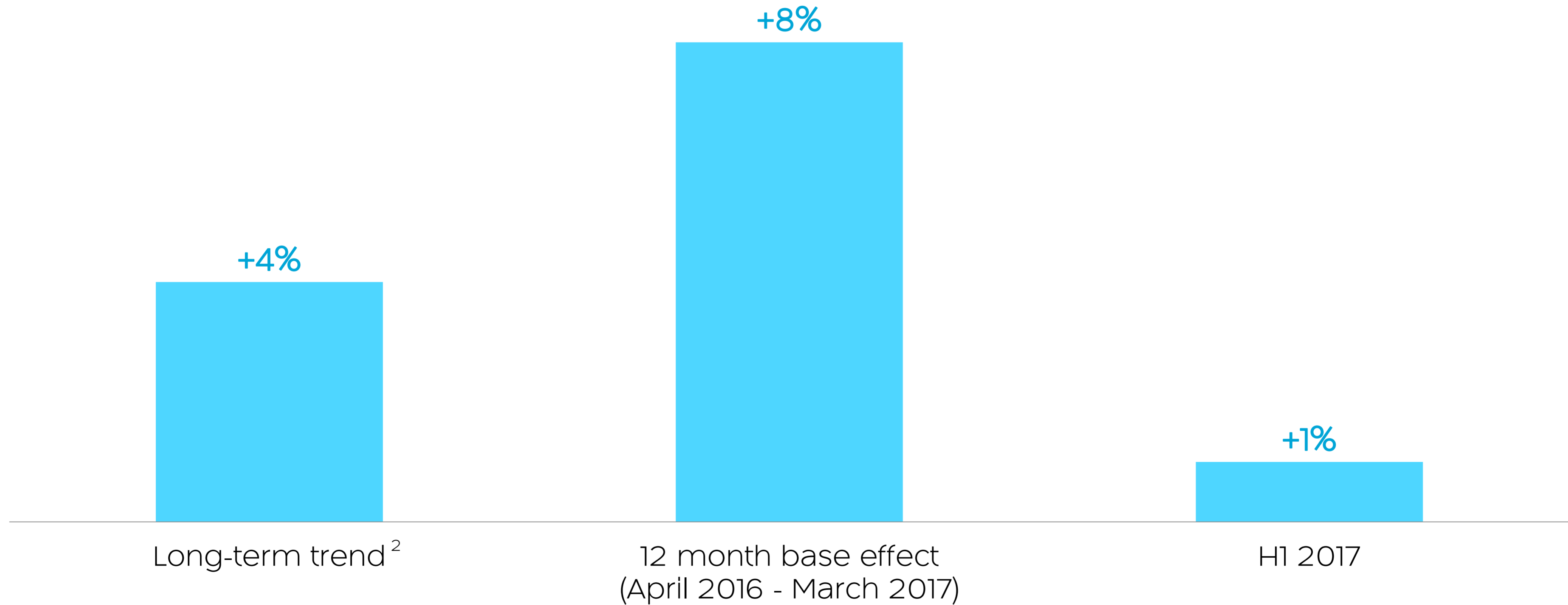


<sup>1</sup> Sources : AT Internet and SoLocal Group <sup>2</sup> Restated figures with the reclassification of tablet audience into fixed audience <sup>3</sup> Internal source : PagesJaunes only, excluding PagesBlanches <sup>4</sup> Restated figures with end of year 2016 actuals <sup>5</sup> Search Engine Optimisation



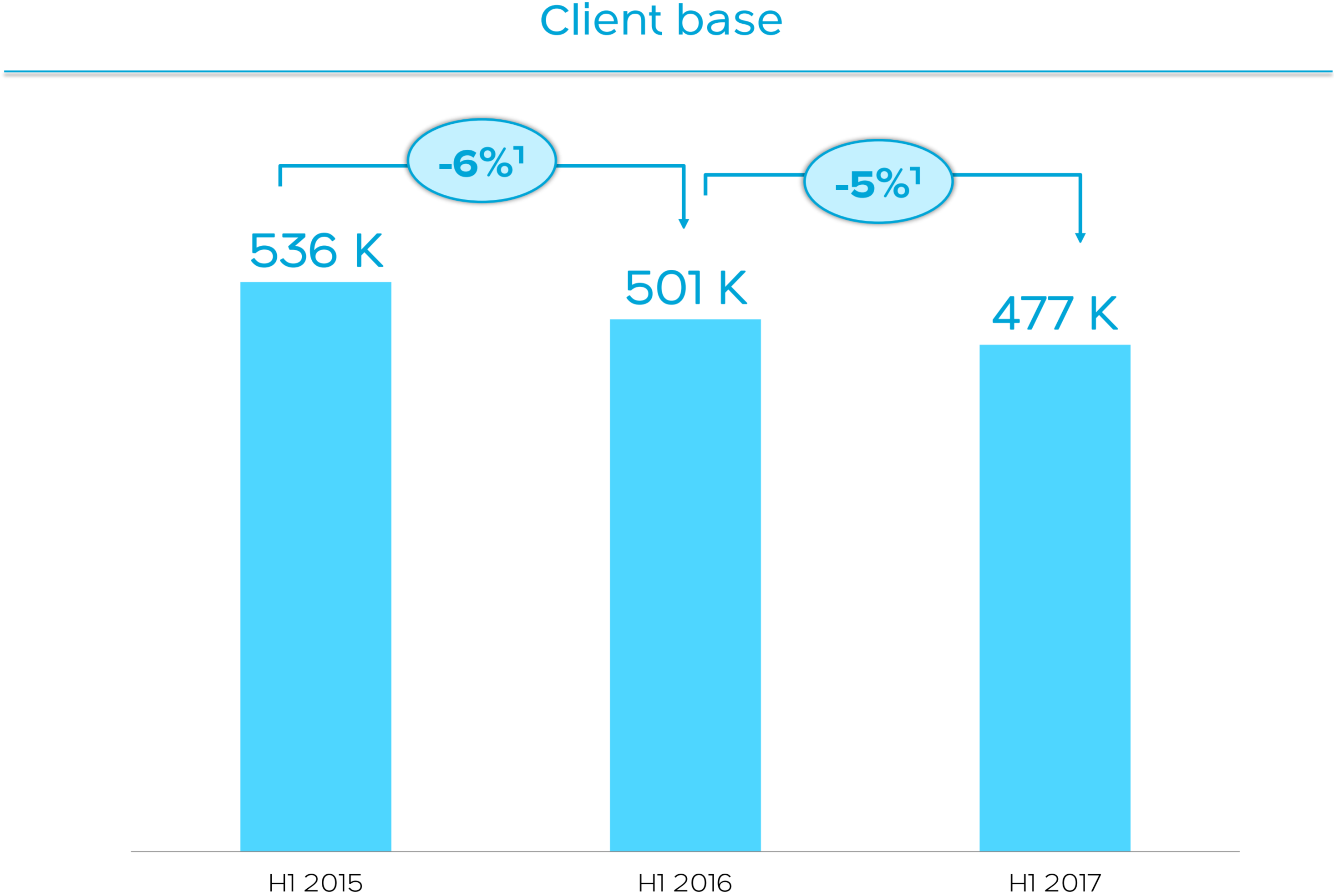
# Local Search ARPA, a growth slowdown related to the end of offering upgrade effect and to the impact of financial restructuring on commercial activity in Q4 2016

## Local Search ARPA<sup>1</sup>



<sup>1</sup> Year-on-Year evolution <sup>2</sup> CAGR (Compound Annual Growth Rate) 2011-2014

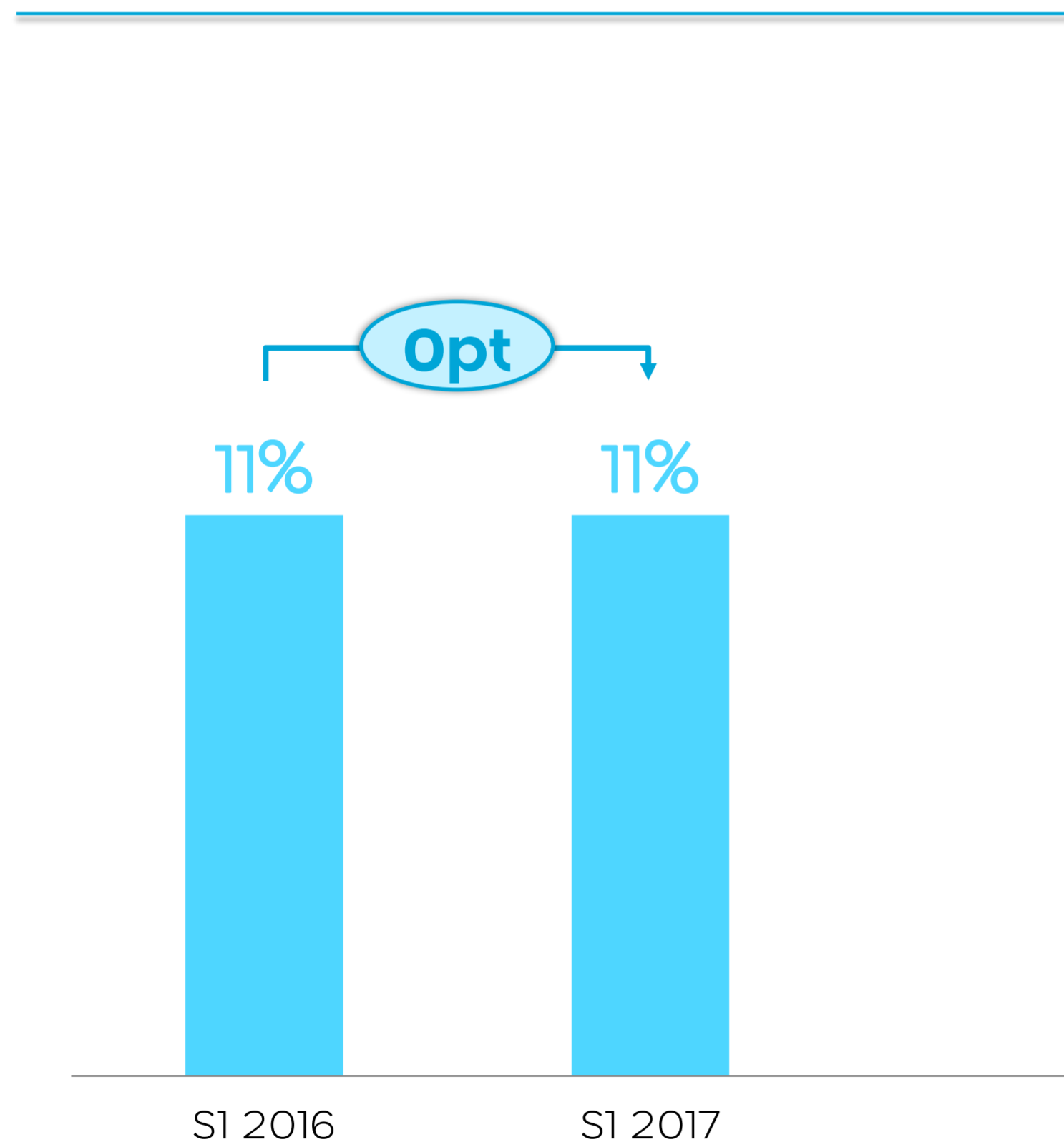
# Slowdown of client base decrease...



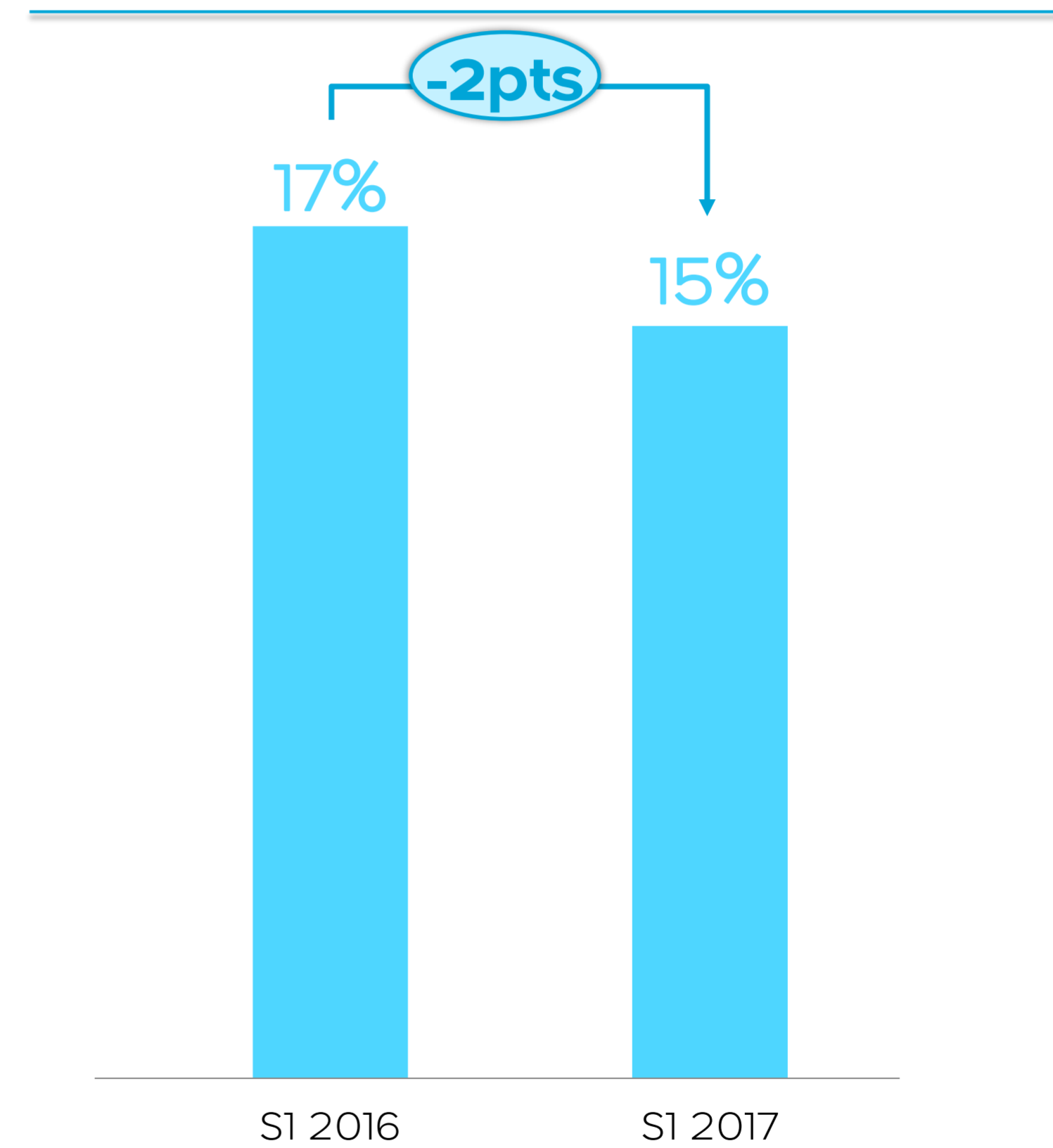
<sup>1</sup> Year-on-Year evolution of average number of customers

# ... thanks to a better retention

## Acquisition<sup>1</sup>



## Churn rate<sup>2</sup>



<sup>1</sup> Year-on-Year evolution of acquisition rate of customers (Scope : France)

<sup>2</sup> Year-on-Year evolution of churn rate of customers (Scope : France)

# Strong Digital Marketing trend

## Websites

SoLocal GROUP

SITE PRIVILÈGE

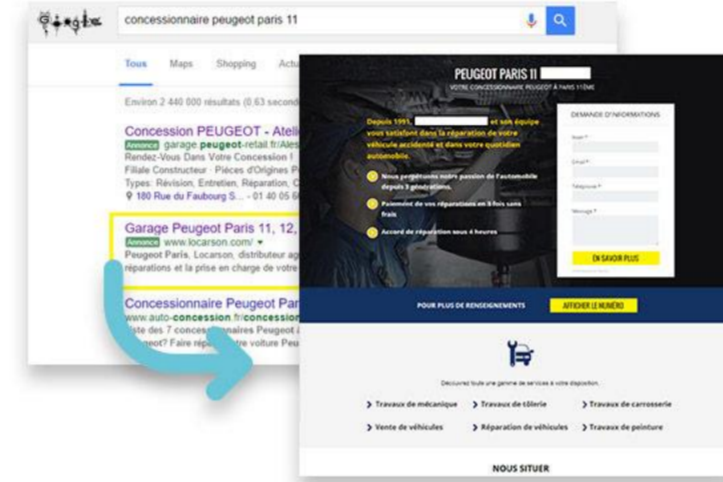


SITE PREMIUM



## Local Programmatic

BOOSTER CONTACT



tract digital

Social



Alliance Gravity

## Transactional Services

PagesJaunes DOC



# Alliance Gravity, a new partnership strengthening our footprint and ambitions on data market

Alliance  
Gravity

## ◆ 18 media Partners of SoLocal



2 goals :

- Enrich our data : daily reach of 44%
- Develop new offerings based on this data

# H1 2017 Internet revenues and highlights by vertical

H1 2017 Internet revenues : €323 millions (+1%<sup>1</sup>)



- ◆ Positive trend on Digital Marketing offerings but growth slowed down by stricter publishing rules for emergency businesses



- ◆ Strong Digital Marketing growth thanks to new offerings : sites premium and tract digital



- ◆ Strong acceleration (client base and appointments booked) of medical online scheduling



- ◆ Growth slow down by uncertainty related to financial restructuring of end 2016 and by strong competition
- ◆ Exclusive negotiation for the sale of its AVendreALouer business



- ◆ Local Search impacted by uncertainty related to financial restructuring of end 2016
- ◆ Repositioning Google adwords offering not yet reflected in figures

<sup>1</sup> H1 2017 versus H1 2016 revenue evolution

**H1 2017:  
Financial  
performance**

Virginie Cayatte  
Chief Financial Officer

# H1 2017 : Overall financial performance

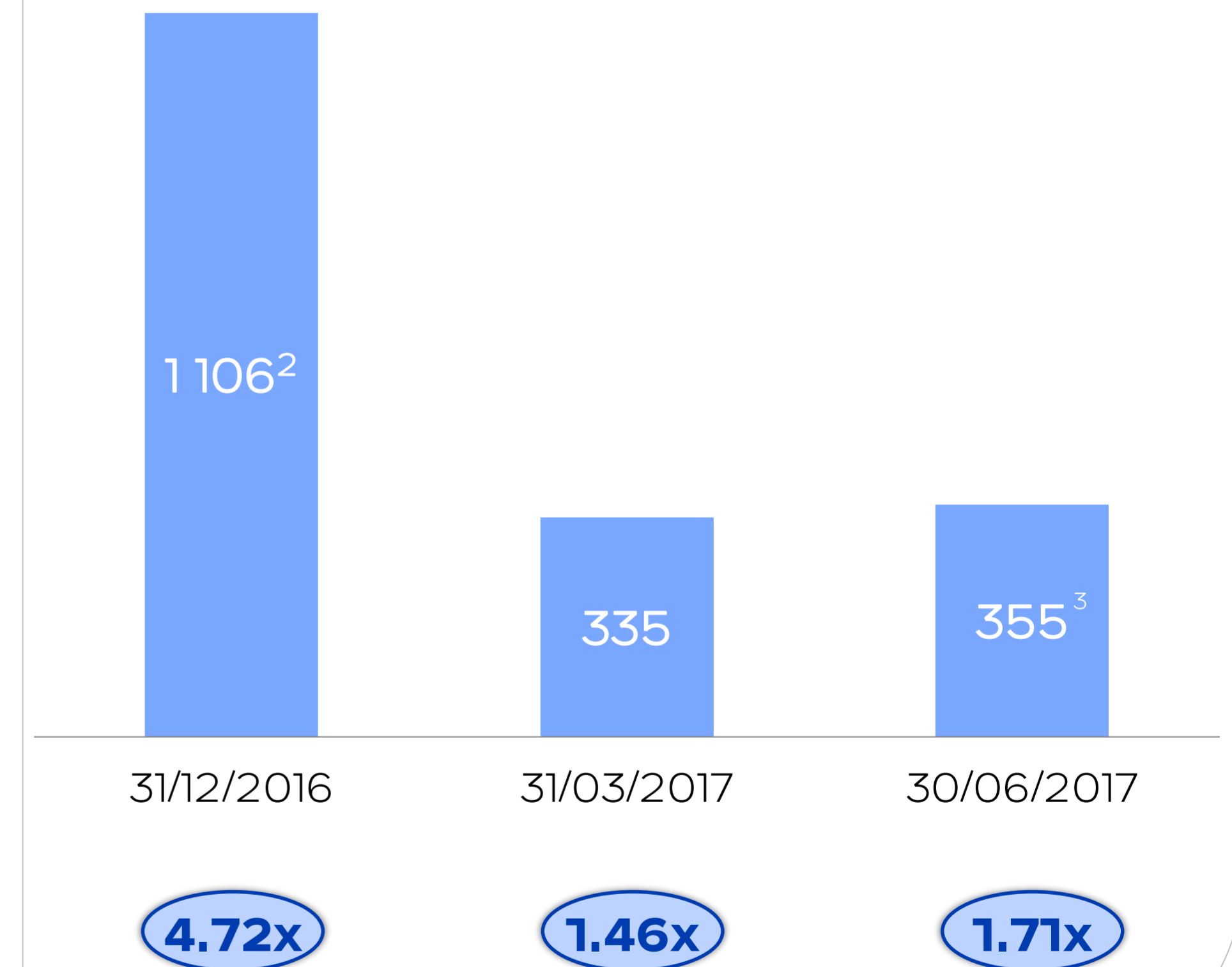
## Profitability

In millions of euros

|                   | <u>H1 2016</u> | <u>H1 2017</u> | <u>Var. 17 vs 16</u> | <u>Var. 16 vs 15</u> |
|-------------------|----------------|----------------|----------------------|----------------------|
| Internet revenues | 322            | 323            | +1%                  | -1%                  |
| Total revenues    | 405            | 386            | -5%                  | -9%                  |
| EBITDA            | 112            | 91             | -18%                 | -20%                 |

## Net debt<sup>1</sup>

In millions of euros



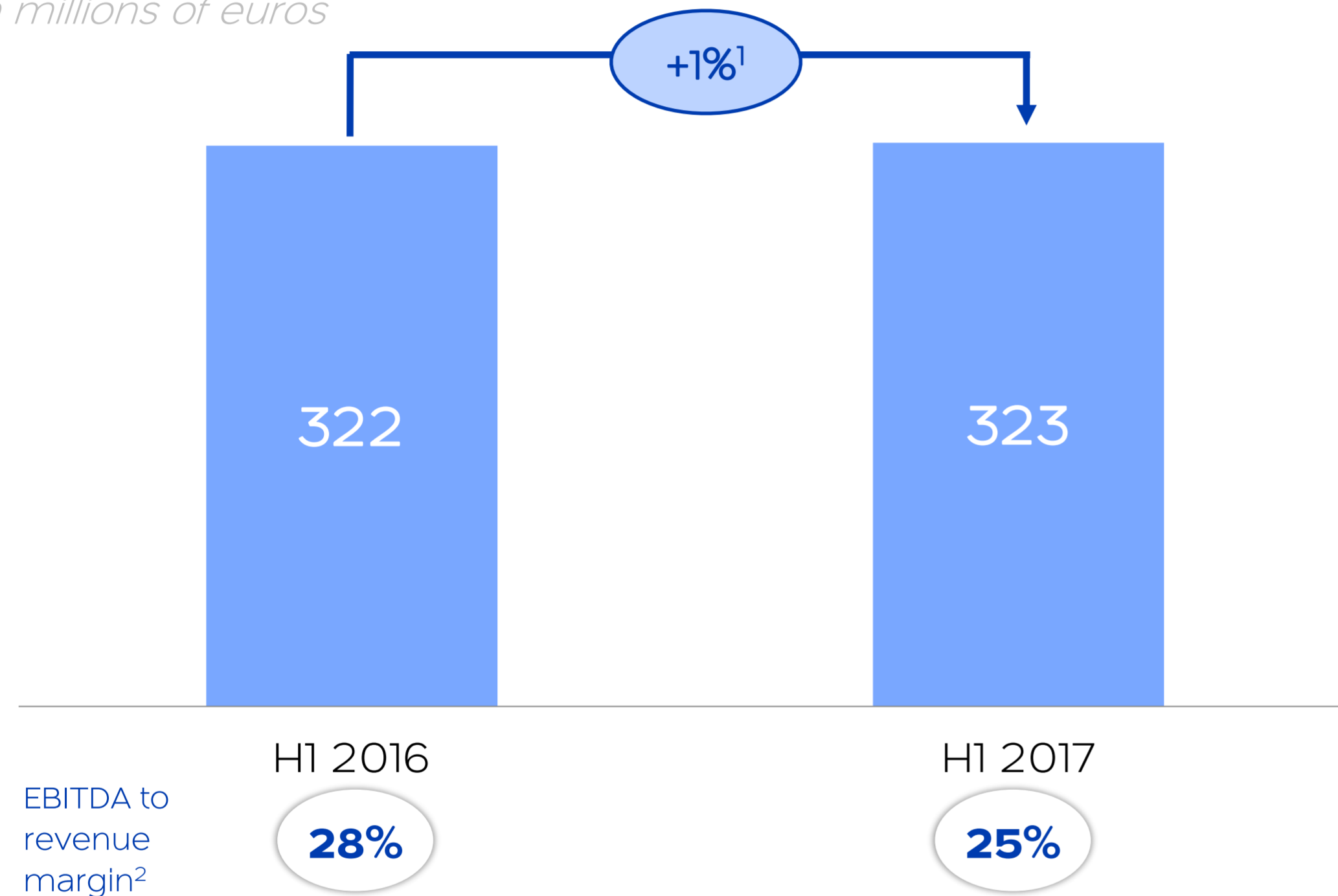
<sup>1</sup> as computed for the financial leverage <sup>2</sup> Net debt, as computed for the financial leverage of €1,106m vs accounting net debt of €1,107m <sup>3</sup> Net debt increases by €20m due to negative cash flow mainly due to a significant tax outflow



# H1 2017 : performance by business line

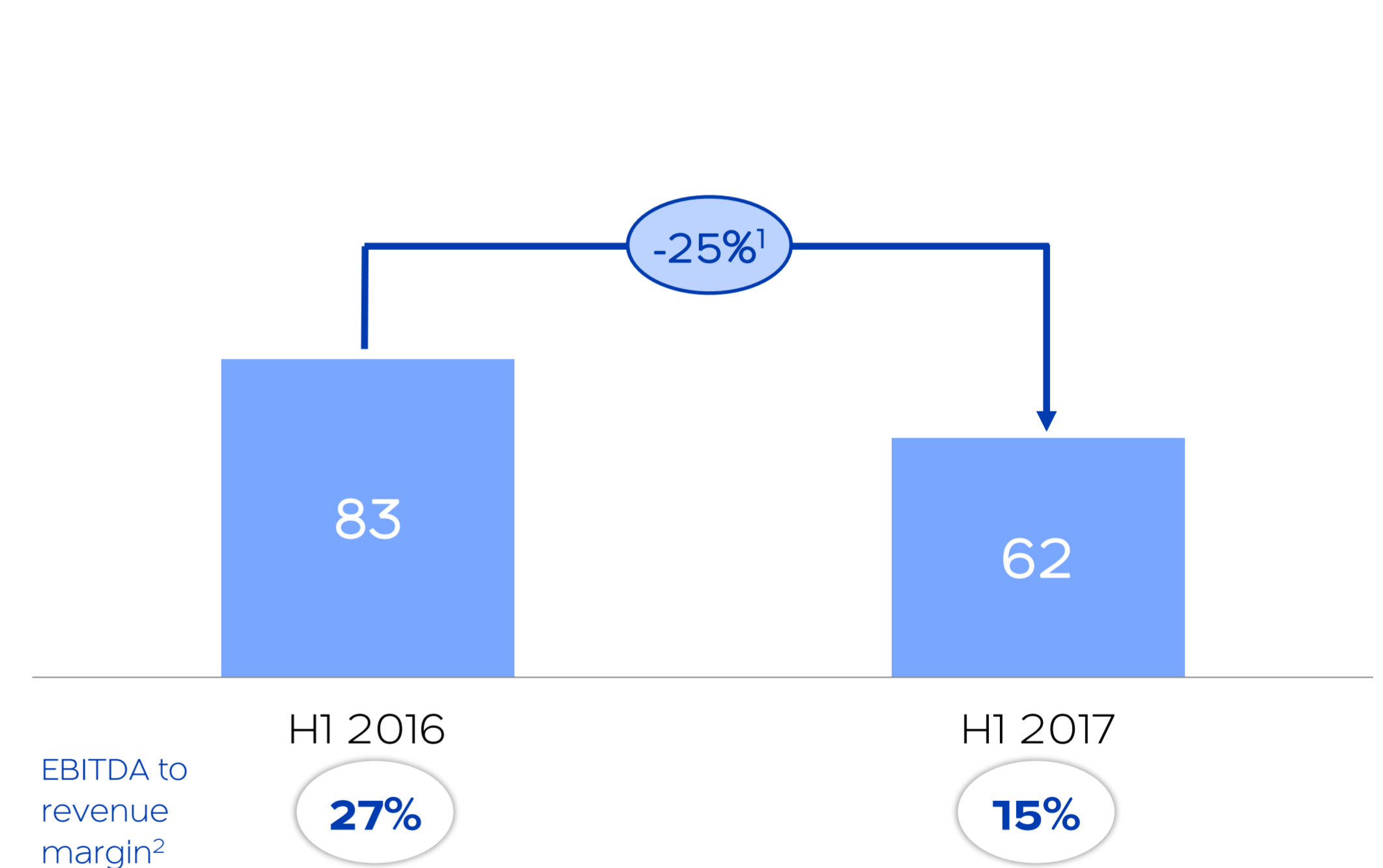
## Internet revenues

In millions of euros



## Print & Voice revenues

In millions of euros

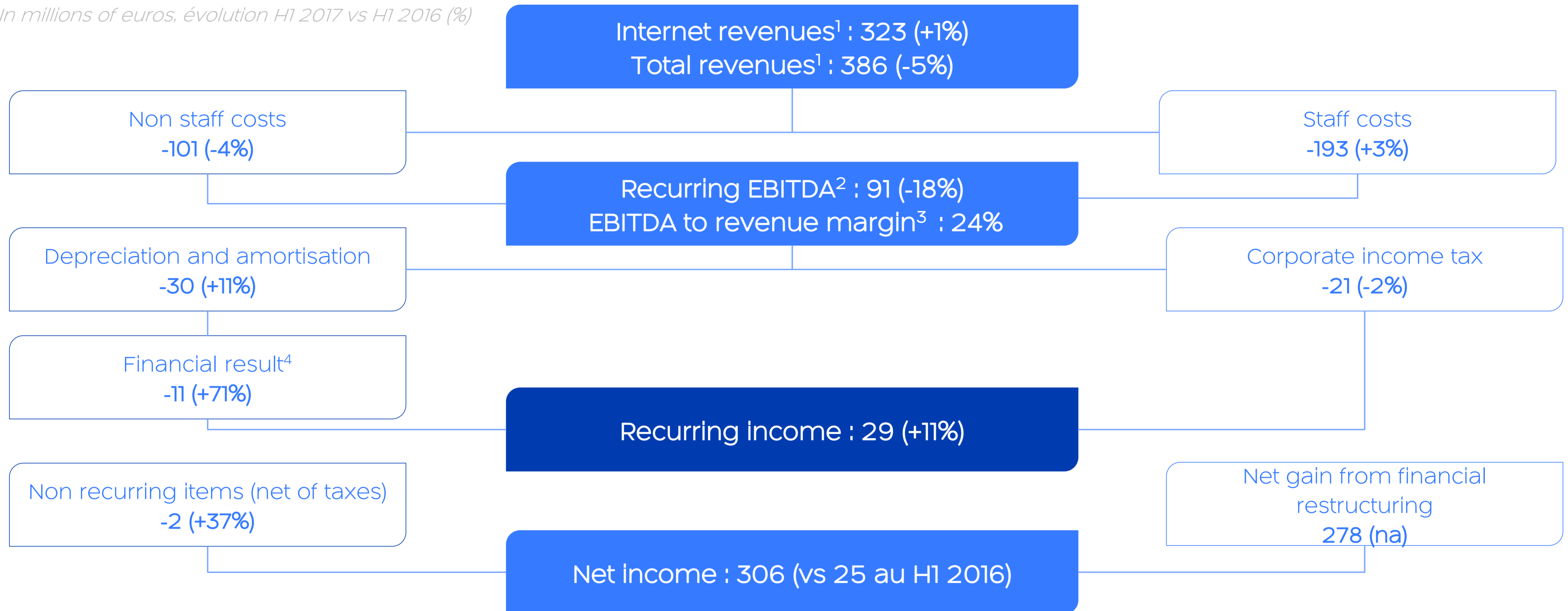


- ◆ Internet revenues of €323m in H1 2017, up to +1% vs H1 2016, mainly driven by **Digital Marketing** businesses scaling up
- ◆ Print & Voice revenues of €62m, down -25 % over the period, representing **16 % of total revenues**
- ◆ Decrease of Internet business EBITDA to revenue margin, from 28% to 25%, driven by the decrease of Local Search revenues
- ◆ Decrease of Print & Voice business EBITDA to revenue margin, reflecting the decrease of the revenues on this activity

<sup>1</sup> Year-on-Year evolution (scope : continued activities) <sup>2</sup> Recurring EBITDA to revenue margin (scope : continued activities)

# H1 2017 : recurring income of €29m (+11%)

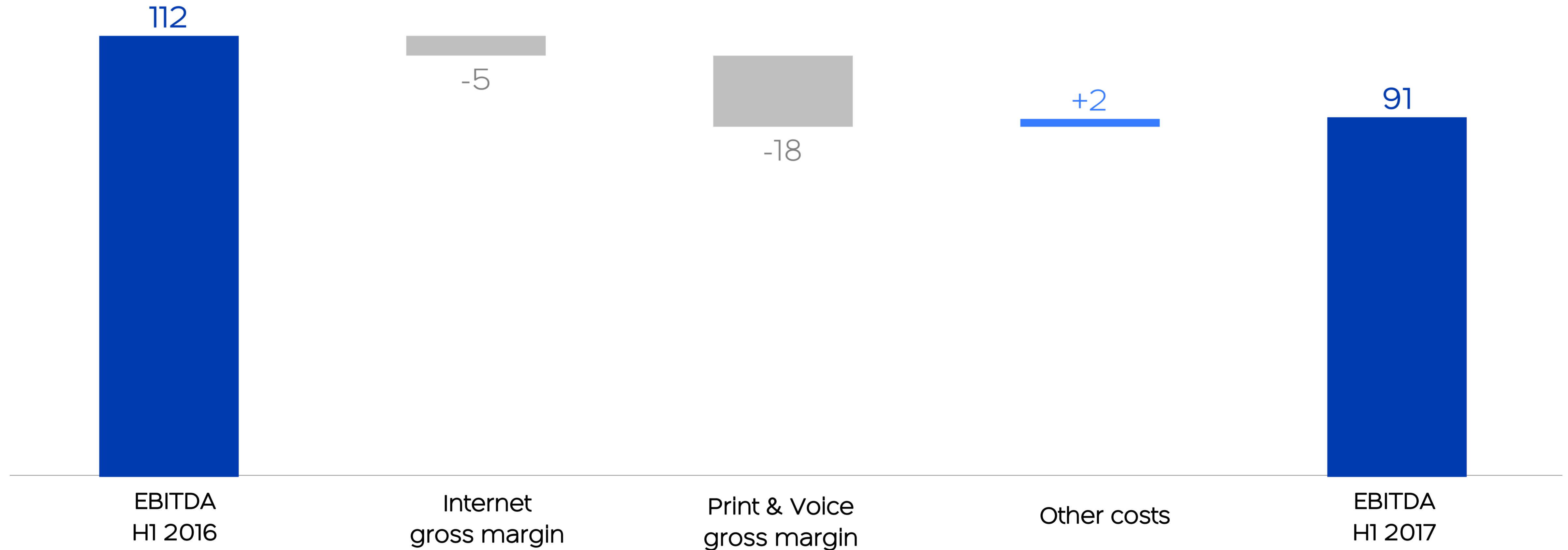
In millions of euros, évolution H1 2017 vs H1 2016 (%)



<sup>1</sup> Indicators for continued activities    <sup>2</sup> Total (Internet + Print & Voice) recurring EBITDA    <sup>3</sup> Total (Internet + Print & Voice) recurring EBITDA to revenue margin    <sup>4</sup> Before debt restructuring

# H1 2017 : EBITDA

In millions of euros



EBITDA to revenue margin<sup>1</sup>

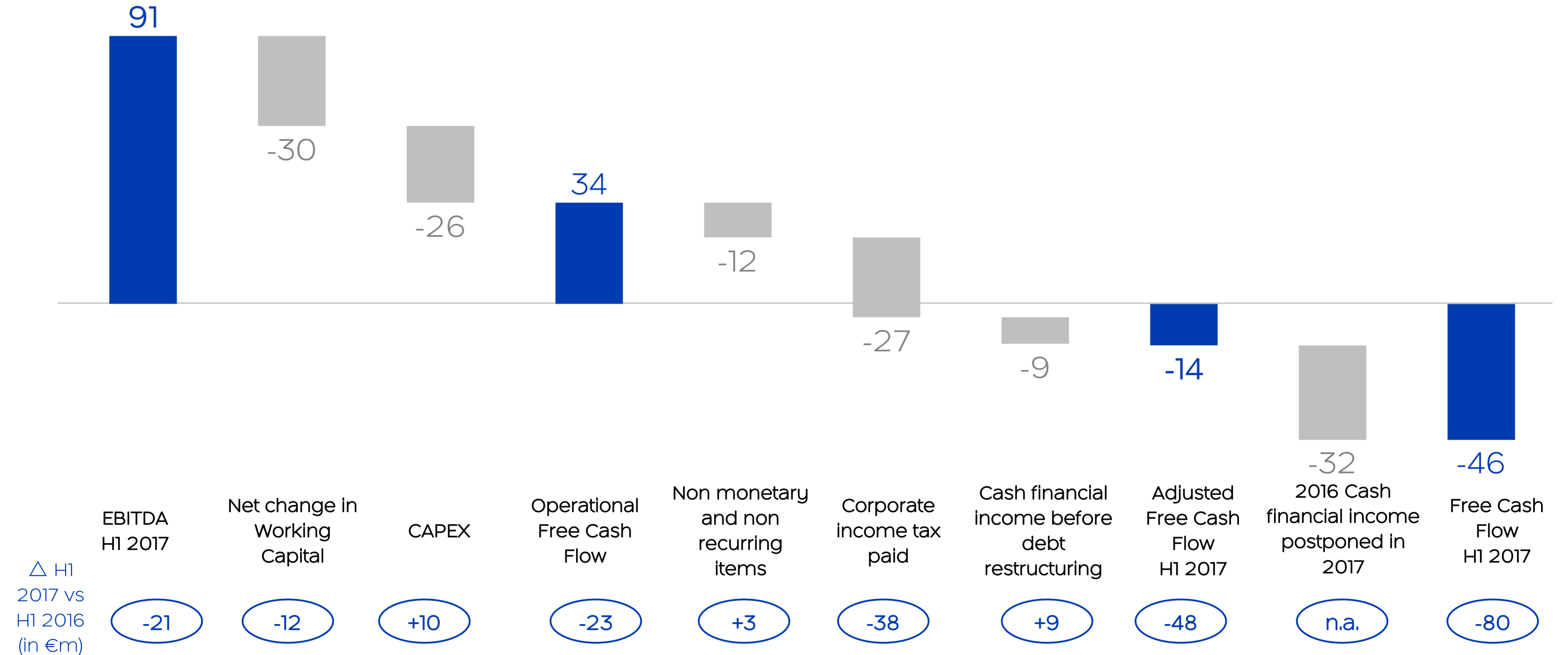
28%

24%

<sup>1</sup> Total (Internet + Print & Voice) recurring EBITDA to revenue margin

# H1 2017 : Free Cash Flow

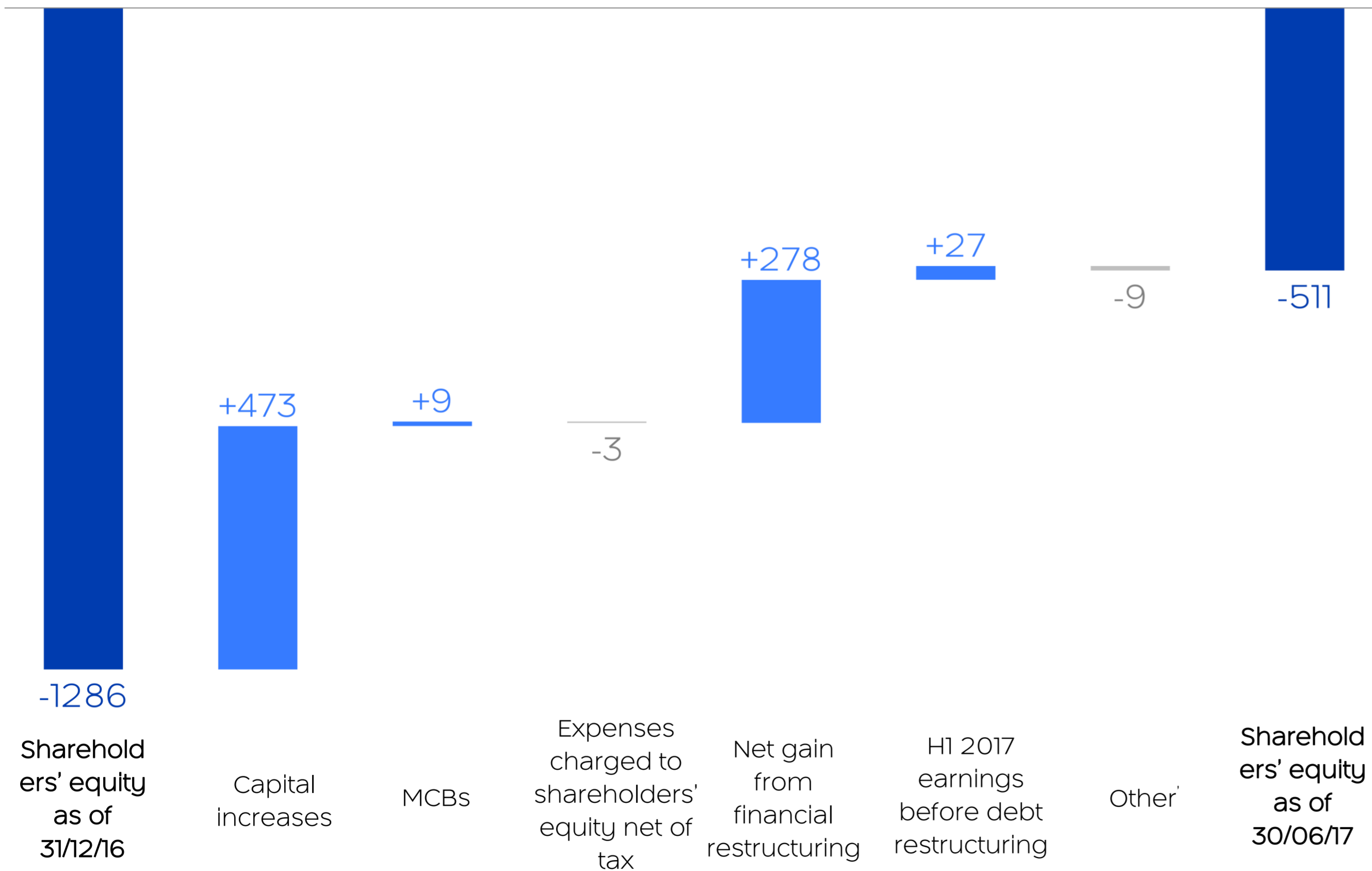
In millions of euros



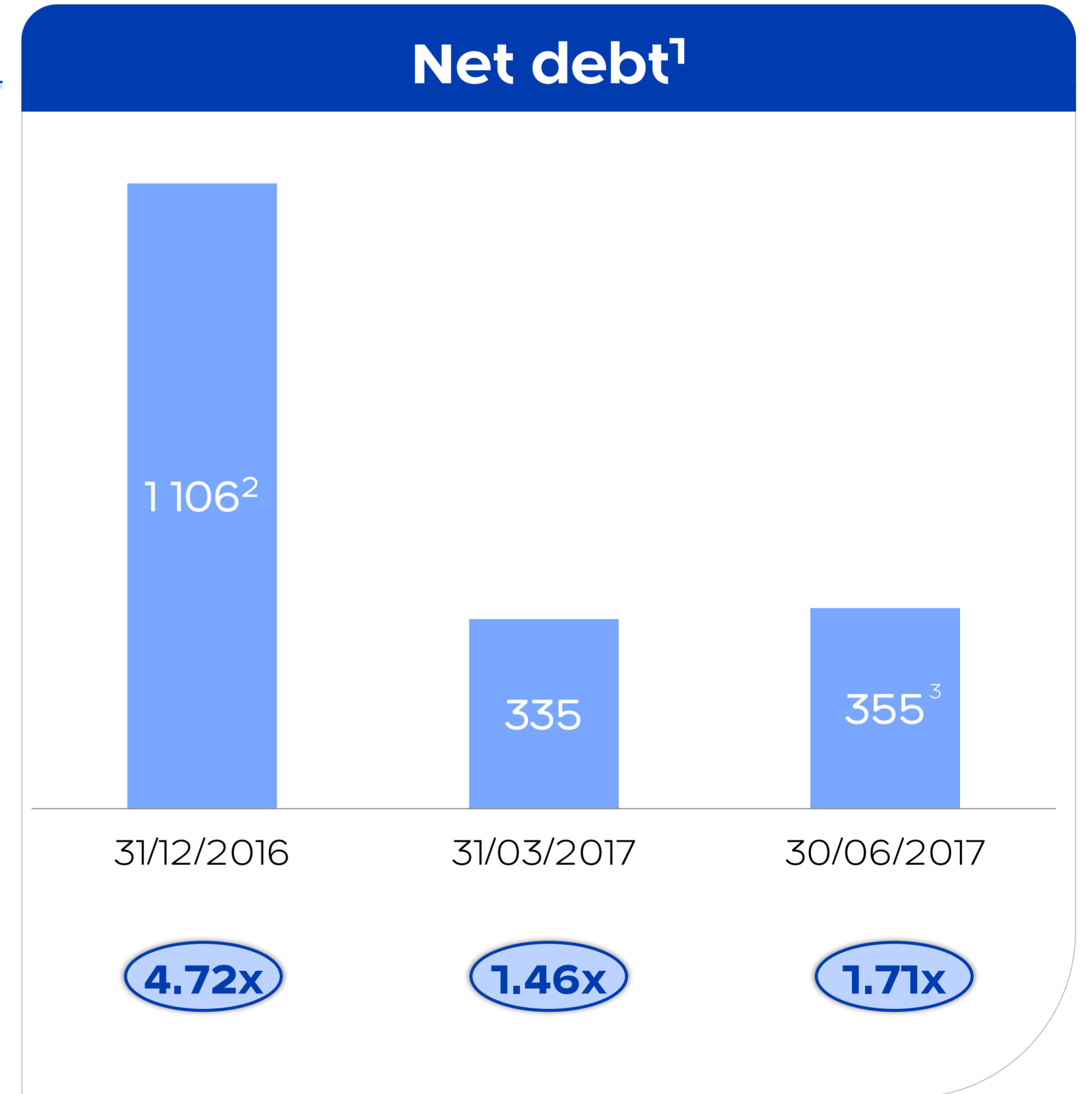
# H1 2017 : shareholders' equity and net debt

## Shareholders' equity

In millions of euros



## Net debt<sup>1</sup>



<sup>1</sup> as computed for the financial leverage <sup>2</sup> Net debt, as computed for the financial leverage of €1,106m vs accounting net debt of €1,107m <sup>3</sup> Net debt increases by €20m due to negative cash flow mainly due to a significant tax outflow <sup>4</sup> Changes in shareholders' equity without any impact on net income

# Outlook

## 2017

Christophe Pingard  
Chief Operating Officer

## Outlook for 2017 revised downward

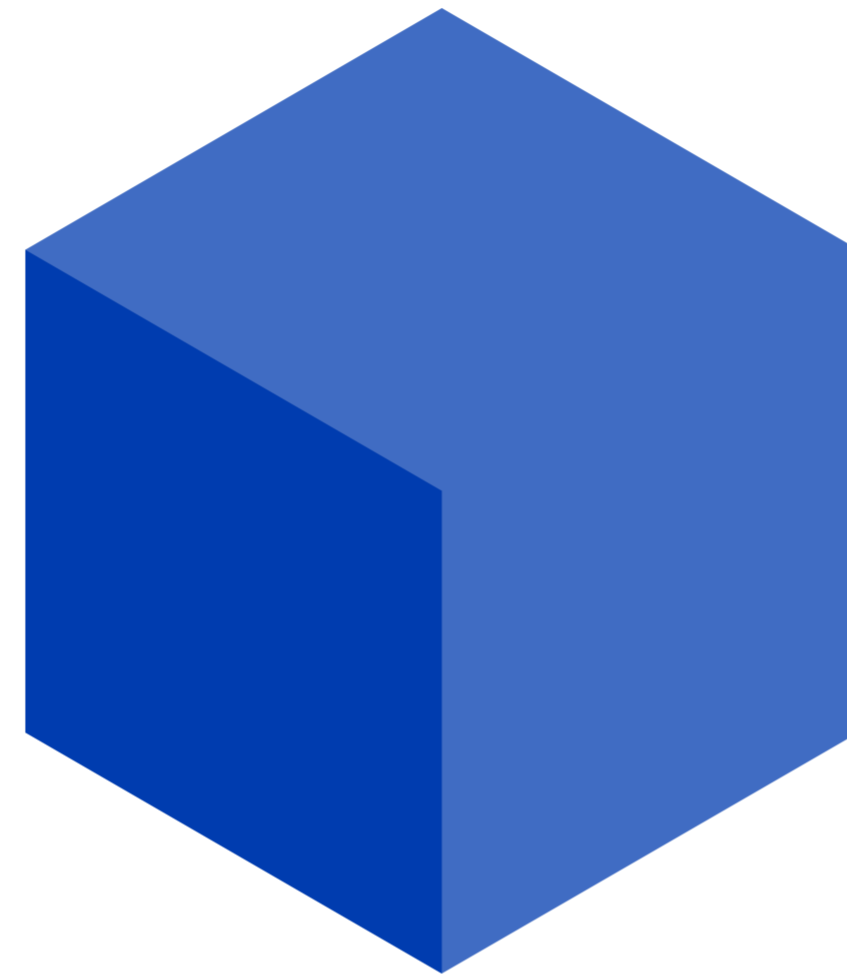
The sales order dynamic slowed down in Q2 2017. Indeed, the upgrade of our customers' Search offerings towards higher value products, which will ultimately make our audiences more profitable, takes longer than originally planned. Expenses and investments are managed accordingly.

Therefore, the Group revised downward its outlook for 2017 :

|   | 2016  | 2017           |             |
|---|-------|----------------|-------------|
|   |       | Former outlook | New outlook |
| <b>Internet revenue growth rate<sup>1</sup></b> | + 1%  | + 3% to 5%     | + 1% to +3% |
| <b>Recurring EBITDA<sup>2</sup></b>             | €229m | €210 to 225m   | ≥ €200m     |

The multi-year plan has not been updated at this stage and the potential impacts in subsequent years have not been assessed.

<sup>1</sup> year on year evolution <sup>2</sup> Total (Internet + Print & Voice) recurring EBITDA



*SoLocal*  
GROUP

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