

PRESS RELEASE

Boulogne-Billancourt, 9 November 2017

Decrease of Q3 Internet revenues -5% Acceleration of growth recovery plan and implementation of major savings

Q3 2017 :

- Internet revenues : -5%¹, i.e. -1%² in the first 9 months

Outlook for 2017 revised downwards :

- Internet revenue growth : around -1%³
- EBITDA⁴ : ≥ € 190m

When releasing the Q3 2017 revenues, Eric Boustouller, Chief Executive Officer of SoLocal Group, quoted: « *With mobilization of all SoLocal teams, I will do everything possible to get as close as possible to previously announced 200 million euros EBITDA outlook. However, at this stage I cannot commit to more than 190 million euros of EBITDA for 2017. I am confident in our capability to generate and accelerate the growth of the Company, - the 4% growth of the Internet sales orders of the quarter testifies to this - but this requires, among other things, to re-invent deeply our Local Search and to accelerate strongly our Digital Marketing. The actions are initiated, but it will probably take time to fully materialize: we must therefore commit actions now allowing us to drastically reduce our costs. Beyond the first measures taken as soon as I arrived allowing to cut costs by more than 15 millions euros in the second half of 2017 and on a recurring basis, there are many other short-term levers, as well as more massive actions in the medium-term that will go through the industrialization and digitization of our processes and our organization. I will detail all of these actions and the strategic plan in which they will take place, on 15 February, at the occasion of the publication of the 2017 annual results.* »

¹ Q3 2017 vs Q3 2016 – ² 2017 vs 2016 - ³ 2017 vs 2016, scope : continued activities - ⁴ Recurring EBITDA, scope : continued activities

I. Revenues

SoLocal Group's revenues for the third quarter and first 9-month of 2017 were as follows :

In millions of euros	Q3 2016	Q3 2017	Change	9M 2016	9M 2017	Change
Internet revenues	156	148	-5%	478	471	-1%
Local Search	120	107	-11%	363	342	-6%
<i>Number of visits (in million)</i>	616	634	+3%	1,822	1,890	+4%
<i>ARPA¹ (in €)</i>	245	229	-6%	728	724	-1%
<i>Number of clients (in thousand)</i>	490	466	-5%	499	472	-5%
Digital Marketing	36	41	+13%	115	130	+13%
<i>Penetration rate (in number of clients)</i>	23%	24%	+1pt	23%	24%	+1pt
Print & Voice revenues	41	29	-29%	124	92	-26%
Revenues	197	177	-10%	602	563	-6%

¹ Average Revenue Per Advertiser

Note: Chart concerning the continued activities

The Group recorded revenues of € 177 million in Q3 2017, down -10% versus Q3 2016, as the double-digit growth of Digital Marketing (+13%) does not offset the decline of Local Search (-11%) and Print & Voice (-29%).

Internet revenues of €148 million in Q3 2017 were **down -5% vs Q3 2016** :

- **Audience growth** : Internet visits recorded a growth of +3% in Q3 2017 versus Q3 2016, of which +11% for mobile audience (representing 43% of total audience).
- **Local Search revenues**: -11% in Q3 2017 versus Q3 2016 :
 - **Local Search ARPA²** : -6% in Q3 2017 versus Q3 2016, this decrease is mainly related to the impact of financial restructuring plan on the sales order dynamic in Q4 2016, especially on large accounts.
 - **Client base** : -5% in Q3 2017 vs Q3 2016, a lesser decline (-7% in Q3 2016 vs Q3 2015) resulting from the improvement of client retention as seen in the sales order dynamic in the last months.
- **Digital Marketing revenues** : revenues increased by +13% in Q3 2017 vs Q3 2016, thanks to the acceleration of the Group's innovative offerings : websites (Premium and Privilège websites) and AdWords (Booster Contact offering). This quarter, Digital Marketing revenues represented 23% of total revenues.

Print & Voice revenues of €29 million in Q3 2017 **decreased by -29%** versus Q3 2016. This business represented 17% of total revenues this quarter.

II. Financial situation

As of 30 September 2017, the Company's net det³ amounted to € 357m vs € 1,106m as of 31 December 2016, before financial restructuring, and € 355m as of 30 June 2017, with a financial leverage reaching 1.81x as of 30 September 2017, compared to 4.72x as of 31 December 2016, before financial restructuring, and 1.71x as of 30 June 2017.

² Average Revenue Per Advertiser – ³ 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.

The net debt was nearly stable between 30 June 2017 and 30 September 2017 as the net cash flow in the quarter was close to zero but is improving compared to Q3 2016 (where the net cash flow reached - € 15m), thanks to a working capital improvement.

III. Outlook

In Q3 2017, the Internet sales order rebounded positively (+4%¹), creating however volatility in the pattern of accounting revenue recognition.

The Company implemented an action plan aiming to accelerate the short-term growth dynamic. Immediate cost cut has been initiated, enabling to save from the second half of the year 2017 and on a recurring basis, more than € 15m.

Furthermore, the Company pursued its divestment plan of non core Internet businesses (AVendreALouer, PagesJaunes Resto).

Despite this, the outlook for 2017 is revised downwards :

	2017	
	former outlook	new outlook
Internet revenue growth :	+1% to +3% ²	around -1% ²
EBITDA³ :	≥ € 200m	≥ € 190m

A new strategic plan will be presented on 15 February 2018.

IV. Upcoming events of the financial calendar

The upcoming events of the financial calendar are as follows :

- 22 November 2017 : Open house event dedicated to retail shareholders
- 15 February 2018 : Full year 2017 results & Investor day
- 9 March 2018 : Extraordinary General Assembly

¹ 2017 vs 2016 – ² 2017 vs 2016, scope : continued activities - ³ Recurring EBITDA, scope : continued activities



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 Marketing Digital. With Local Search, the Group offers Internet 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 490,000 clients of those services and over 2.4 billions of visits via its 4 flagship brands (PagesJaunes, Mappy, Ooreka and A Vendre A Louer) but also through its partnerships. With Marketing Digital, SoLocal Group creates and provides the best local and customised content about professionals. With over 4,400 employees, including a new orders force 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 2016 revenues of 812 millions euros, of which 80% 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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