

PRESS RELEASE

Boulogne-Billancourt, 19 May 2016

SoLocal Group is preparing a plan to drastically reduce its debt

Stable Internet revenues and EBITDA to revenue margin in Q1 2016:

- Internet revenues: €157 million (representing 83% of total revenues) stable versus Q1 2015
- EBITDA: €52 million¹, EBITDA to revenue margin 27%² stable versus Q1 2015
- Full compliance with bank covenants as of 31 March 2016

SoLocal Group is working with various investors to present an offer to its lenders and shareholders that would drastically reduce its debt.

Jean-Pierre Remy, Chief Executive Officer of SoLocal Group, stated:

“SoLocal Group is willing to drastically reduce its debt in the best interest of the company and will consult its lenders and shareholders accordingly. Given the envisaged timing for the debt restructuring, the Group top line growth will continue to be constrained by bank covenants for most of 2016. Nevertheless, our digital transformation begins to show results and the commercial performance has increased substantially since beginning of the year.”

I. Revenues and EBITDA

The Board of Directors approved the Group’s consolidated accounts as of 31 March 2016.

In millions of euros	Q1 2015	Q1 2016	Change
Internet revenues	158	157	0%
Local Search	126	118	-7%
<i>Number of visits (in million)</i>	555	595	+7%
<i>ARPA (in €)</i>	234	232	-1%
<i>Number of clients (in thousand)</i>	539	506	-6%
Digital Marketing	32	40	+25%
<i>Penetration rate (in number of clients)</i>	22%	23%	+1 pt
Print & Voice revenues	49	33	-33%
Revenues	207	190	-8%

¹ Total (Internet + Print & Voice) recurring EBITDA

² Total (Internet + Print & Voice) recurring EBITDA to revenue margin

Revenues stood at €190 million in Q1 2016, down -8% compared to Q1 2015:

- **Internet revenues** at €157M in Q1 2016 (representing 83% of total revenues) are **stable versus Q1 2015, as the growth remains constrained by bank covenants**:
 - **Audience growth**: Internet visits record a growth +7% in Q1 2016 vs Q1 2015 of which +27% mobile (representing 41% of total audience). The Group expects growth to increase in the coming months and to reach an annual trend in line with the one of last year.
 - **Local Search ARPA**: -1% in Q1 2016 vs Q1 2015. This step down is due to a quarterly one-off impact driven by Q1 2015 product revamping. The annual trend is expected to remain within the positive long-term historical trend.
 - **Client base**: -6% in Q1 2016 vs Q1 2015, still limited by reduced investments in telesales client acquisition. The client base contraction is expected to continue at a similar pace given the ongoing constraint on investments in client acquisition.
 - **Digital Marketing revenues**: +25% in Q1 2016 vs Q1 2015, with a very strong acceleration of local programmatic. SoLocal Group expects a much lower growth in Q2 2016 compared to Q1 2016 because the Group will not benefit from the effect of technical fees related to a new website offering in 2015. However the strong dynamic in Digital Marketing should extend to full year 2016.
- **Print & Voice** revenues are **down by -33% over the period**, mainly due to both the strong decline of PagesBlanches and the underperformance of a few published books which is not expected to occur in the upcoming quarters.

In millions of euros	Q1 2015	Q1 2016	Change
Internet recurring EBITDA	43	43	+1%
<i>EBITDA / revenue margin</i>	<i>27%</i>	<i>27%</i>	<i>0 pt</i>
Print & Voice recurring EBITDA	14	9	-39%
<i>EBITDA / revenue margin</i>	<i>29%</i>	<i>26%</i>	<i>-3 pts</i>
Recurring EBITDA	57	52	-9%
<i>EBITDA / revenue margin</i>	<i>27%</i>	<i>27%</i>	<i>0 pt</i>

Recurring EBITDA was **€52 million** in Q1 2016, down -9% versus Q1 2015, driven by the drop in Print & Voice EBITDA while Internet EBITDA remained stable.

The **EBITDA to revenue margin** was **27%** in Q1 2016, stable compared to Q1 2015, thanks to significant cost reduction driven by sales and non sales staff decrease.

II. Net income and financial structure

In millions of euros	Q1 2015	Q1 2016	Change
Recurring EBITDA	57	52	-9%
Depreciation and amortisation	(11)	(14)	+23%
Net financial expense	(22)	(18)	-17%
Corporate income tax	(8)	(8)	-6%
Recurring income from continued activities	15	11	-24%
Contribution to net income from non recurring items	(0)	(0)	-
Net income from divested activities	(3)	-	na
Net income	12	11	-8%

Depreciation and amortisation amounted to **-€14 million in Q1 2016**, up +23% compared to Q1 2015.

Net financial expense was **-€18 million in Q1 2016**, in reduction of -17% compared to Q1 2015, as the hedging instruments matured at the end of 2015.

Corporate income tax was a **charge of -€8 million in Q1 2016**, in reduction of -6% compared to Q1 2015.

Recurring income from continued activities amounted to **€11 million in Q1 2016**, down -24% compared to Q1 2015.

Net income from divested activities was nil from Q1 2016 as the divestment of non-growing and unprofitable Internet businesses has been fully achieved in 2015.

The Group's **net income** was **€11 million in Q1 2016**, down -8% compared to Q1 2015.

As of 31 March 2016, net debt was **€1,106 million** and the Group complied with all its bank covenants.

The Group's **free cash flow** was **€18 million in Q1 2016**, down -€3M compared to Q1 2015 mainly driven by decrease in EBITDA.

As of 31 March 2016, the Group had a net cash position of €82 million³.

III. Outlook for 2016

The expected outlook for 2016 is :

- Internet revenue growth between 0% and +2% in 2016 compared to 2015
- EBITDA to revenue margin $\geq 28\%$ ⁴

Given the envisaged timing for the debt restructuring, the Group top line growth will continue to be constrained by its bank covenants (reduced investments in sales force, client acquisition and technology) for most of 2016. Post restructuring positive impact on growth would occur at the earliest in Q4 2016.

SoLocal Group is preparing a plan to drastically reduce its financial debt

SoLocal Group has been exploring various options of refinancing over the past months.

The Board of Directors of SoLocal Group now considers that the company will neither recapture solid fundamentals, neither implement its strategy nor revive growth until it drastically reduces the level of its financial debt.

The company is actively working on preparing a debt reduction plan to be presented to its lenders. In this context, SoLocal Group is currently in discussion with various investors to invest new equity in order to finance a part of this reduction plan. At this stage, SoLocal Group cannot confirm whether these discussions will be conclusive.

Such restructuring would require the consultation of both lenders and shareholders of SoLocal Group, and would result in the dilution of the current shareholders. The shareholders could be offered the opportunity to participate in the transaction and therefore reduce any such dilution.

³ Net of bank overdrafts, including own bonds

⁴ Total (Internet + Print & Voice) recurring EBITDA to revenue margin

In this context, with the authorization of the Commercial Court of Nanterre, SoLocal Group's Board of Directors has decided to postpone the Ordinary General Assembly expected to vote on the 2015 accounts, so that the shareholders can vote both on the 2015 accounts and the restructuring. The Group aims to announce the terms and conditions of such restructuring on or before the H1 2016 results publication planned for the end of July, so that the Shareholders' General Assembly can be held in September. The market will be kept informed about the main terms of restructuring as soon as they are finalised, in compliance with stock market rules.

IV. Headquarters relocation

SoLocal Group has relocated its headquarters into the new real estate complex called « CityLights » in Boulogne-Billancourt (address : 204, Rond-point du Pont de Sèvres, 92100 Boulogne-Billancourt).

About SoLocal Group

SoLocal Group, the European market leader in local online communication, provides digital content, advertising solutions and transactional services that simply connect people with local businesses. The Group employs some 4,400 people (including nearly 1,900 local communication advisors) in France, Spain, Austria and the United Kingdom and supports the online development of SMB and major client accounts, mainly through its four flagship brands: PagesJaunes, Mappy, Ooreka and A Vendre A Louer. Over the years, SoLocal Group has earned the trust of some 530,000 Internet clients. In 2015, SoLocal Group generated revenues of 873 million euros, of which Internet business accounted for 73%, making it a European market leader in terms of online advertising revenues. SoLocal Group is listed on Euronext Paris (LOCAL). More information may be obtained at www.solocalgroup.com.

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All financial data and indicators are published in details within the report of Consolidated financial information as of 31 March 2016 which is available on the corporate website, www.solocalgroup.com (finance area).

This press release contains forward-looking statements. Although SoLocal Group feels that its estimates are based upon assumptions which we believe to be reasonable, these forward-looking statements are subject to numerous risks and uncertainties, which could cause actual results to differ materially from those anticipated in said forward-looking statements. For a discussion of risks and uncertainties which could cause actual results, financial condition, performance or achievements of SoLocal Group to differ from those contained in the forward-looking, please refer to the "Risk factors" section of the "Document de Référence" filed with the French financial markets authority (AMF) and available on the Internet sites of the AMF (www.amf-france.org) and of SoLocal Group (www.solocalgroup.com). Accounting data represented on an annual basis in audited consolidated form and on a quarterly basis in unaudited consolidated form.