



# INVESTOR PRESENTATION 2<sup>ND</sup> QUARTER, 2014

WEDNESDAY 30 JULY 2014

# Disclaimer

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**This document contains forward-looking statements. Although Solocal Group believes its expectations are based on reasonable assumptions, these statements are subject to numerous risks and uncertainties. Important factors that could cause actual results to differ materially from the results anticipated in the forward-looking statements include, among other things: the effects of competition, usage levels, the success of investments by the Group in France and abroad, and the effects of the economic situation.**

**A description of the risks borne by the Group appears in section 4 "Facteurs de risques" of the Solocal Group's "Document de Référence" filed with the French financial markets authority (AMF) on 15 April 2014.**

**The forward-looking statements contained in this document apply only from 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 an quarterly basis are in unaudited consolidated form.**



# KEY FIGURES & TRANSFORMATION UPDATE



# Highlights

## Finalisation of the strengthening of the financial structure

- Net debt decreased by € 461M in H1, down to € 1.12bn
- Financial leverage reduced to 2.92x GOM as of 30 June, with a 35% headroom on covenant

## 2nd Quarter results in line with the outlook announced


- Consolidated revenues of € 255.1M, down 6.3%
- Internet revenues up +0.4%
- Normalised gross operating margin of € 100.8M, with a 39.5% margin rate
- Confirmed annual outlook

## Operational implementation of Digital 2015 transformation program

- Continued strong audience growth driven by mobile and partnerships
- Deployment of 5 Verticalised BUs and 1 BU dedicated to key accounts
- Reskilling of the salesforce with the replacement of 280 people
- Delivery of part of the new information system and front loading of technology investments in H1 (x2 compared to H1 2013)
- Confirmed objective to return to global growth in 2015 and generate about 75% of our revenues online

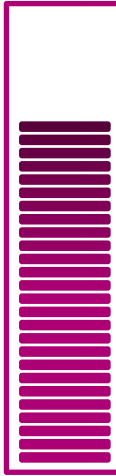
# Digital 2015: a transformation well underway

## AUDIENCE

- 
- ✓ +22% of business traffic
  - ✓ New transactional services in PagesJaunes
  - ✓ New site & app Mappy & A Vendre A Louer
  - ✓ New websites offering
  - ✓ Integration of Leadformance

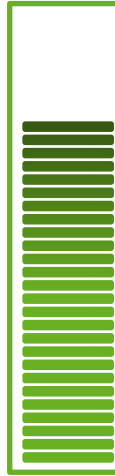


## CLIENT

- 
- ✓ Set up of 5 vertical BUs
  - ✓ New organization of sales, marketing and customer service
  - ✓ Reskilling of sales force (280 renewed)
  - ✓ Verticalization of offering
  - ✓ Enhanced business center
  - ✓ Launch of 2015 campaign



## TECHNOLOGY

- 
- ✓ CRM & new sales tools
  - ✓ New marketing / targeting tools
  - ✓ Digital billing and payment
  - ✓ New IS BI





# **BUSINESS HIGHLIGHTS**

## **2<sup>ND</sup> QUARTER 2014**



# Our mission



# Our strategy



## BUSINESS CONTENT

~650,000 advertisers



## AUDIENCE

Leading brands,  
~52% reach<sup>1</sup>



## EXPERT SALES FORCE

2,200 local communication experts



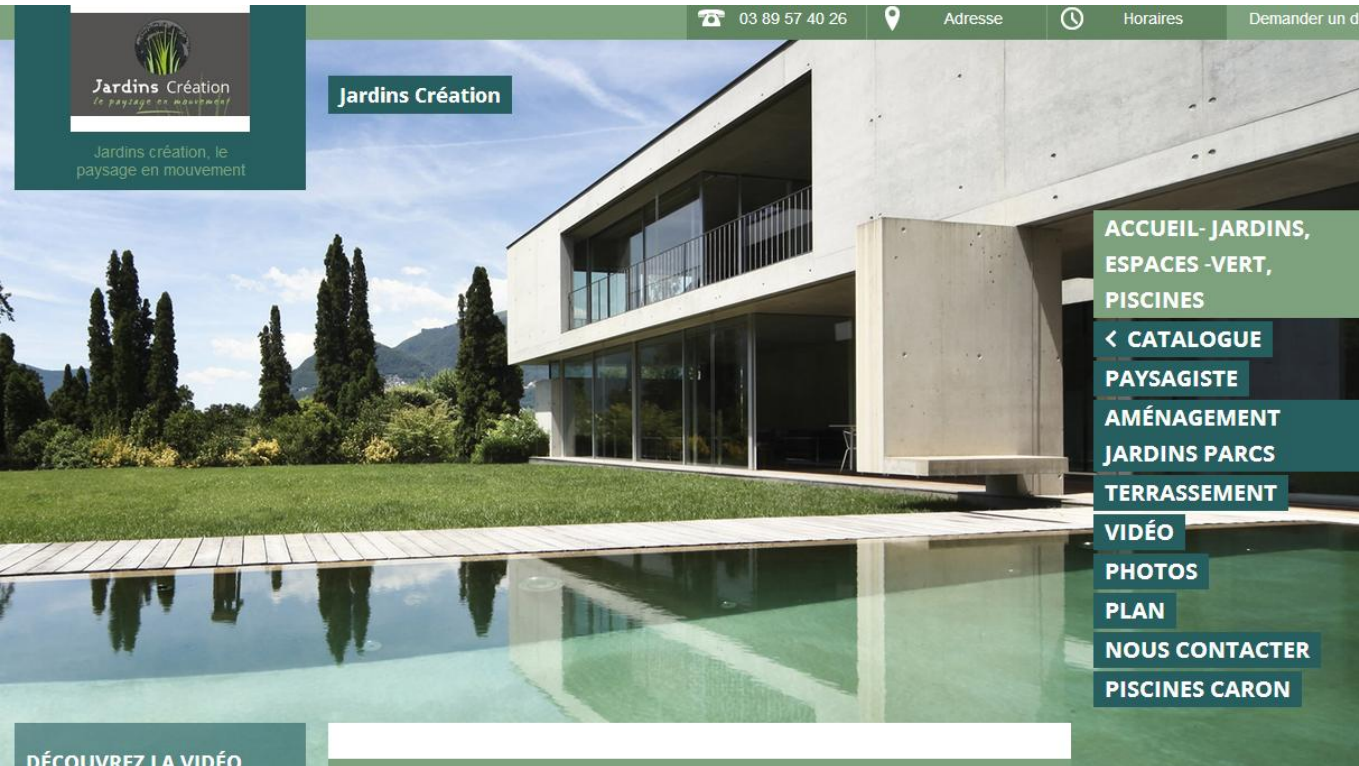
# Content & Engagement Q2 highlights



## BUSINESS CONTENT

- ✓ **New collection** of websites
- ✓ Integration of **Leadformance**
- ✓ **Transactional services** integrated within PagesJaunes
- ✓ **Product shopping** launch in Mappy
- ✓ **New website A Vendre A Louer**

# Growing business content & engagement



**4M** businesses detailed pages



**235K** websites

- New collection
- Leadformance integration



**596K** live accounts in business center (campaign management)

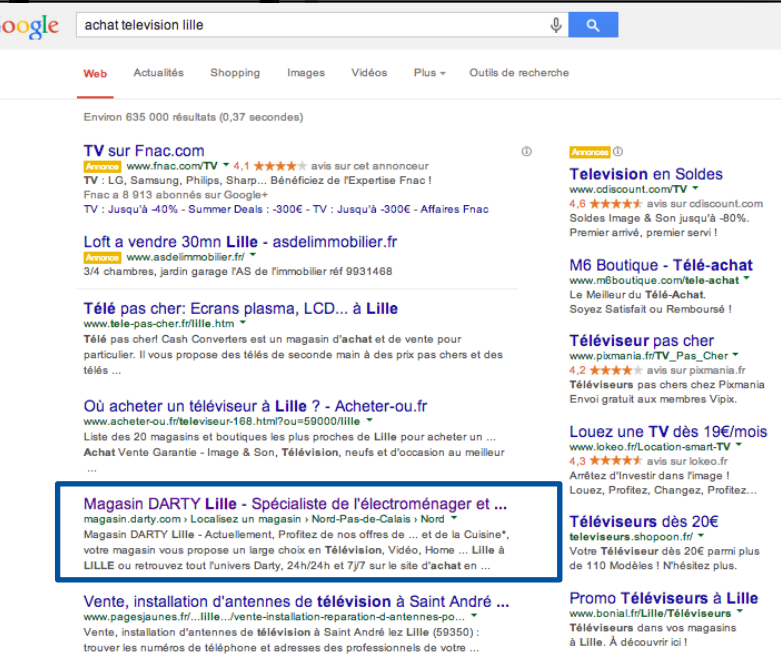
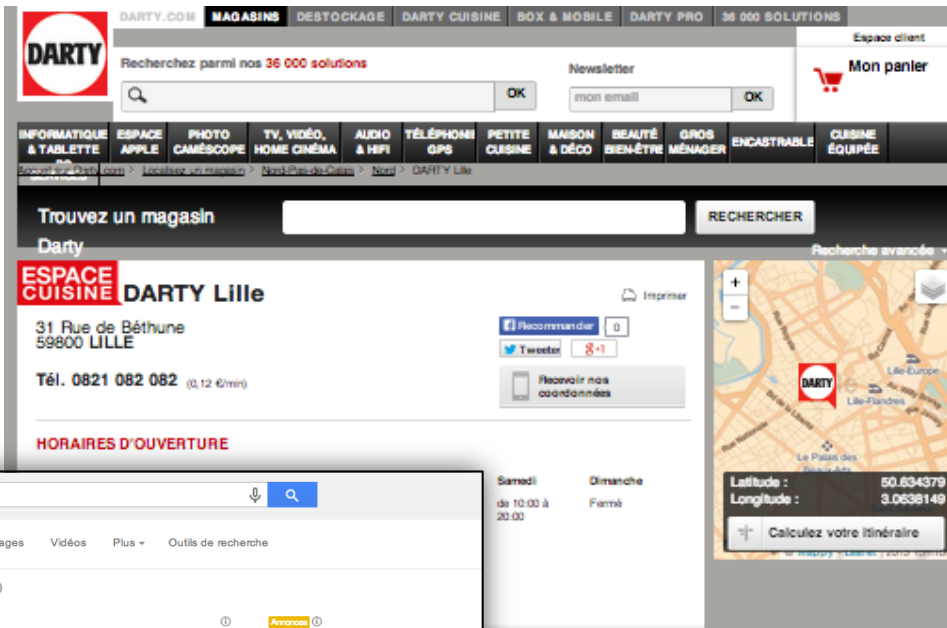


**21K** deals



**885K** reviews

# Leadformance acquisition: leading European stores & products locator



More than **130 large brands** (Darty, Orange,...)



>**40M** visits on websites dedicated to stores



More than **110 countries covered**



# Audiences and media Q2 highlights



- ✓ **#6** in audience in France / ~**53%** reach<sup>1</sup>
- ✓ Solocal Group: **+11%** of visits<sup>2</sup>
- ✓ PagesJaunes.fr: **+22%** of traffic<sup>3</sup> towards professionnals
- ✓ **Mobile: 34%** of total visits
- ✓ More than **33M** apps download up **+28%** in one year

Q2 figures at 06/30/2014

<sup>1</sup>Source: Nielsen Médiamétrie indicator – April 2014

Number of unique visitors of a website, expressed as a percentage of the population of reference for the denominated month, ie number of internet users (Ratio: Number of deduplicated unique visitors of a group's internet sites over a month / Number of active internet users over the same month).

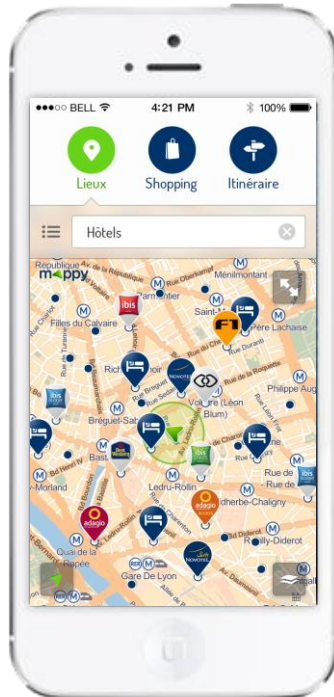
<sup>2</sup> compared to Q2 2013, internal source

<sup>3</sup> compared to Q2 2013, internet fixed and mobile, Audiences PagesJaunes.fr excluding PagesBlanches, internal source

# Mobile: growing engagement and revenues

## Applications

+28%



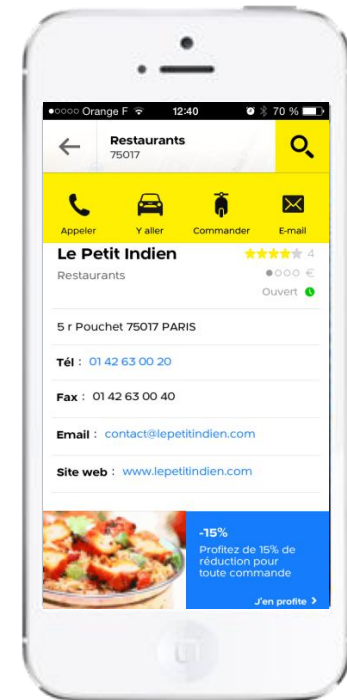
## Visits

+39%



## Contacts

+47%



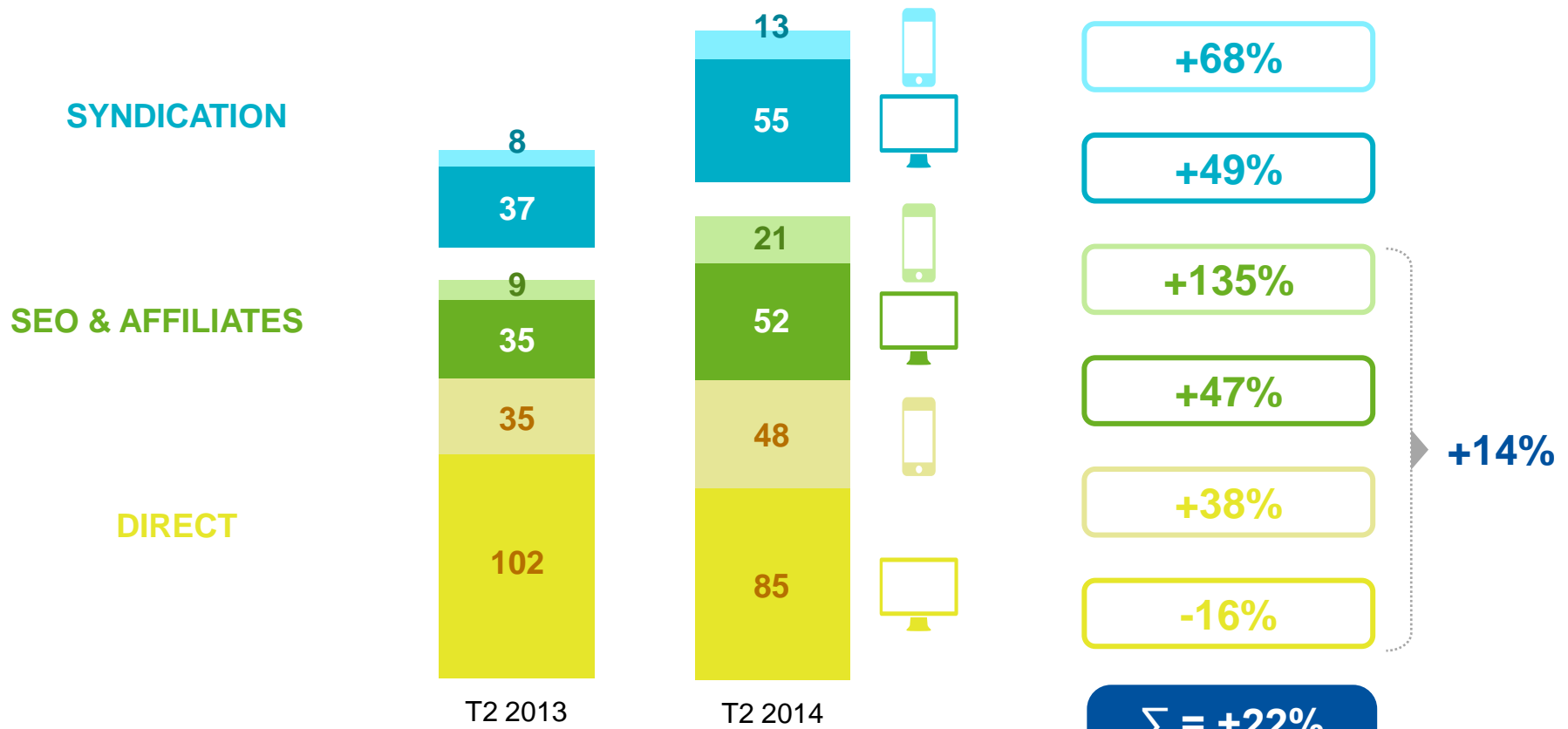
## Revenues

+43%

# Steady growth of PagesJaunes audiences

PagesJaunes audiences<sup>1</sup> towards professionals  
(in million of visits)

Growth in visits  
Q2 2014 VS Q2 2013



<sup>1</sup>Internal source: PagesJaunes only, excluding PagesBlanches

**Σ = +22%**

+10% +60%

# PagesJaunes: from deep, rich business content to transaction

The screenshot displays the PagesJaunes search interface. At the top, there are navigation tabs for 'PagesJaunes', 'PagesBlanches', 'PagesJaunes Pro', and 'Annuaire inversé'. A search bar contains 'Quoi, qui ? restaurant' and 'Où ?'. Below the search bar, there are promotional banners for '123 deal' with a '-75%' discount. The main search results show 'Restaurants à Paris (75) : 12 248 réponses'. A filter sidebar on the left includes sections for 'Service en ligne' (Réservation, Commander), 'Horaires' (Ouvert maintenant), 'Budget' (€€€€ to €€€€€), and 'Recommandation' (Les internautes, G. Pudlowski, Figaroscope). The main content area features a listing for 'Au Pied du Sacré Coeur' with a 5-star rating and 2 reviews. A 'Booking' callout points to the 'Réservation simple' section. Below the listing, a 'Home delivery' callout points to a 'Mon Panier' section showing a list of items: 'TERRINE DE FOIE GRAS DU CHEF' (15,00 €), 'EVENTAIL DE SAUMON ET SON OEUF POCHÉ' (9,00 €), and 'TARTARE DE HARENGS FUMÉS' (9,00 €). The cart total is 5,85 €.



PJ global reach in France  
**44%<sup>1</sup>**



**+22%** of traffic towards professionals<sup>2</sup>



Integration of transactional services :



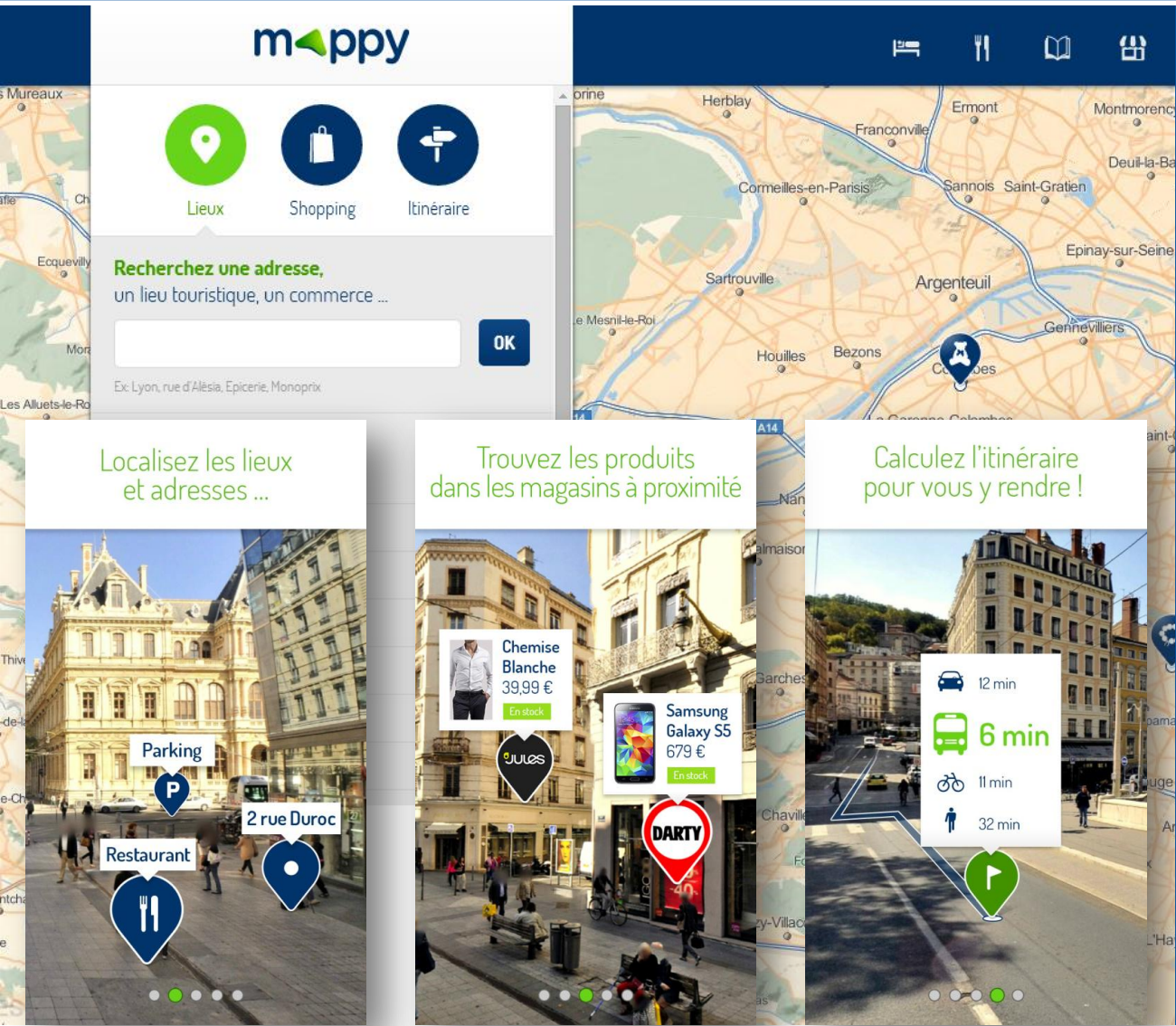
- Online booking
- Online appointments
- Home delivery
- Request for quotes



Mobile application :

- **20M** app, +25% over one year
- Launch of the new version under Android

# Mappy: Web-2-Store opportunity



Mappy global reach in France **20%**<sup>1</sup>



Mappy : new version **Web-2-Store**,  
3 services :

- Location
- Shopping
- Itinerary



**Mobile application**



**13M** app,  
**+32%** over a year



# Client sales Q2 highlights

- ✓ **New organisation** to better meet client needs and customise traffic growth
- ✓ New sales approach and customer service to **increase ARPA** of renewed clients
- ✓ New tools to increase **new client acquisition**
- ✓ **Demonstrated ROI** to reduce churn
- ✓ **New business center** and improved advisory skills to demonstrate value



**EXPERT SALES FORCE**

# A new organisation to better monetise traffic growth

## KPIs

### Retail

- 77 M visits\*
- 175K customers
- 500 sales rep

### Services

- 54 M visits\*
- 90K customers
- 300 sales rep

### Home

- 23 M visits\*
- 145K customers
- 430 sales rep

### B2B

- 38 M visits\*
- 105K customers
- 340 sales rep

### Public

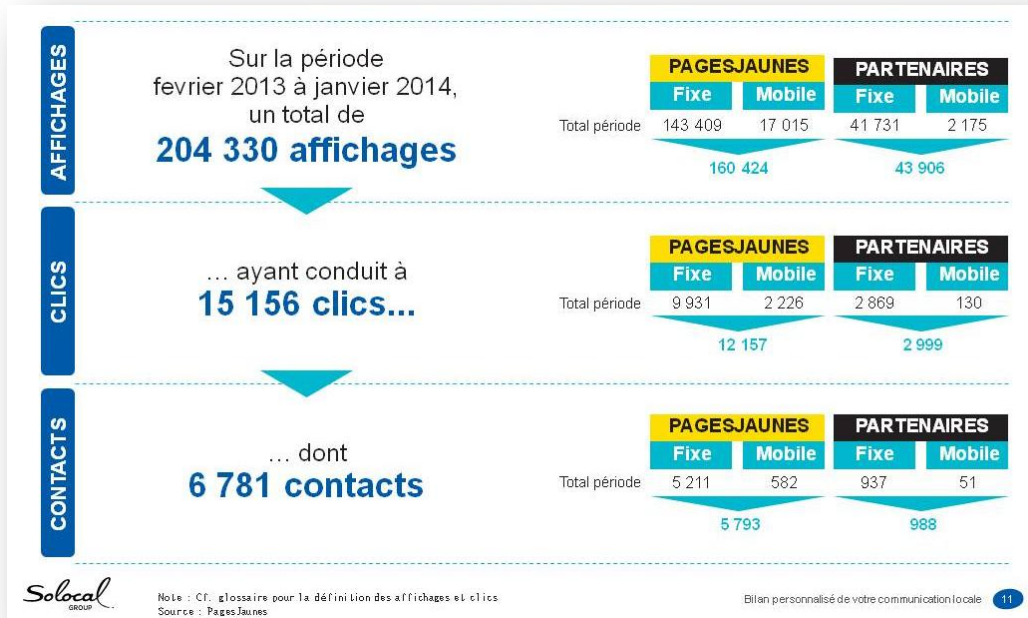
- 82 M visits\*
- 85K customers
- 290 sales rep

## New in Q2

- ✓ Verticalised offering (listing, contact, marketing services)
- ✓ Specialised telesales & service teams
- ✓ New sales approach & tools
- ✓ Specialised marketing & targeting

# Client business center and sales advisors to demonstrate traffic growth

## Business Center: client example



- **ROI** evidence through 3 measures

- Views
- Clics
- Contacts

- **Performance reporting** on Group (PagesJaunes, Mappy,...) and partnerships websites (Google, Bing,...)

- 596K<sup>1</sup> existing and prospect clients in **Business Center:**

- manage campaign online
- monitor performance

- Customised **final report** and deployed **solutions**



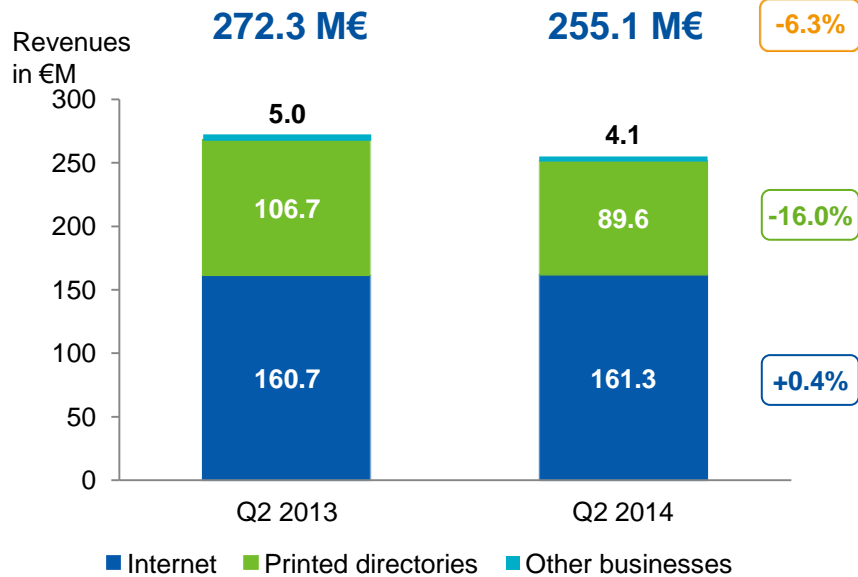
# **FINANCIAL RESULTS**

## **2<sup>ND</sup> QUARTER 2014**

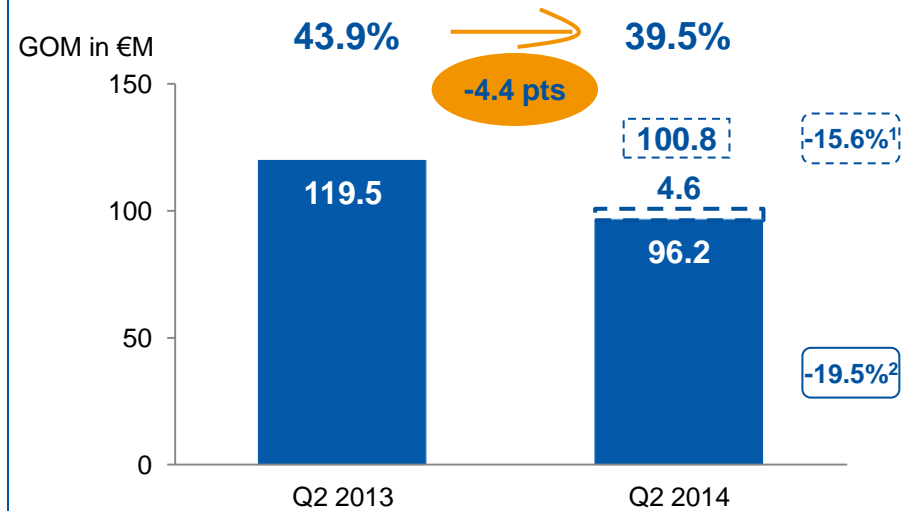


# Group revenues for the 2<sup>nd</sup> quarter: -6.3%

## Revenues affected by the slowdown of the Internet business



## Decrease in GOM linked to the business slowdown and management of the digital transformation



<sup>1</sup> Normalised GOM for non-cash impacts of changes to sales contracts

<sup>2</sup> Reported GOM

# Impact of new sales contracts on gross operating margin

## Background

- **Change in structure of salesforce compensation** following implementation of new contracts starting in April 2014: ~75% recognized as incurred (fixed part + expenses) vs ~40% previously

## Accounting rules

- **No change in accounting principles:** incremental variable component of sales cost recognized with revenues (cost of contract acquisition) whilst fixed component + expenses recognized as incurred

## Consequences

### **Results in an additional non-cash charge in P&L in 2014 and 2015:**

- **In 2014:** Variable compensation paid in 2013 but deferred to 2014 under old contract, and fixed compensation + expenses paid in 2014 under new contract (previously partially deferred to 2015 as variable compensation)
- **In 2015:** Variable compensation paid in 2014 under old contract and deferred to 2015

Normalised 2014 GOM to provide a like-for-like comparison and neutralize the impact of the change in sales contracts

**This change results in an estimated one-time additional charge of ~ €25-30 M in 2014 and ~ €5-10 M in 2015, with no cash impact**

# Impact<sup>1</sup> of new sales contracts

In € million	2014		
	Q2	H1	FY
<b>Reported GOM</b>	<b>96</b>	<b>182</b>	<b>330-345</b>
In % of revenues	37,7%	38,7%	
<b>Normalisation impact</b>	<b>5</b>	<b>5</b>	<b>25-30</b>
<b>Normalised GOM</b>	<b>101</b>	<b>186</b>	<b>355-375</b>
In % of revenues	39,5%	39,7%	

<sup>1</sup>The impact in terms of figures corresponds to an estimate based on forecast projections.

# Normalised GOM of €100.8 M

## 39.5% of Group revenues

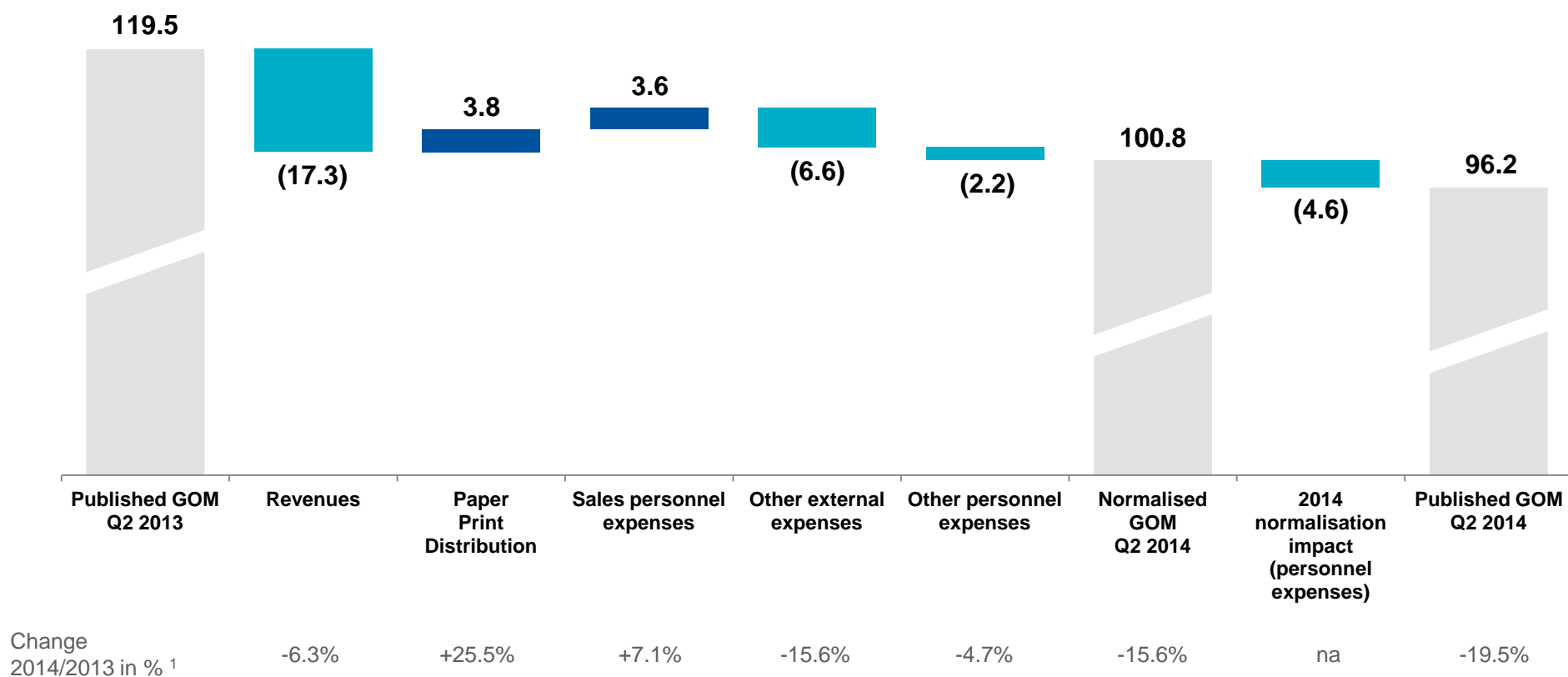
### Normalised gross operating margin by segment

In million Euros	Q2 2014	Q2 2013	Change
<b>Group normalised gross operating margin</b>	<b>100.8</b>	<b>119.5</b>	<b>-15.6%</b>
<i>as % of Group revenues</i>	39.5%	43.9%	-440 bps
<b>Internet</b>	<b>59.8</b>	<b>68.6</b>	<b>-12.8%</b>
<i>as % of Internet revenues</i>	37.1%	42.7%	-560bps
<b>Printed directories</b>	<b>40.2</b>	<b>49.7</b>	<b>-19.1%</b>
<i>as % of Printed directories revenues</i>	44.9%	46.6%	-170 bps
<b>Other businesses</b>	<b>0.8</b>	<b>1.2</b>	<b>-33.3%</b>
<i>as % of Other businesses revenues</i>	19.5%	24.0%	-450 bps



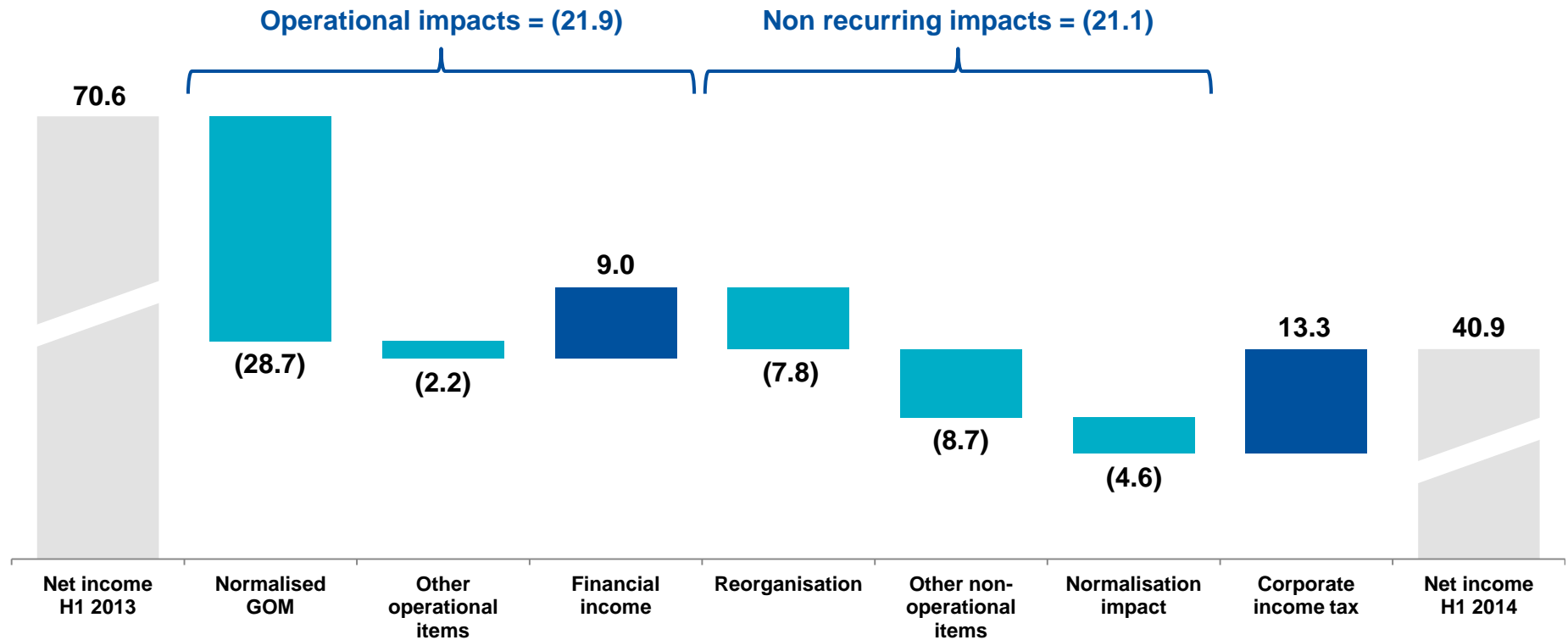
# Normalised GOM decreased by -15.6% as of 2<sup>nd</sup> quarter

## Change in consolidated gross operating margin (GOM) in million euros



# Net income of €40,9 M strongly impacted by non recurring elements

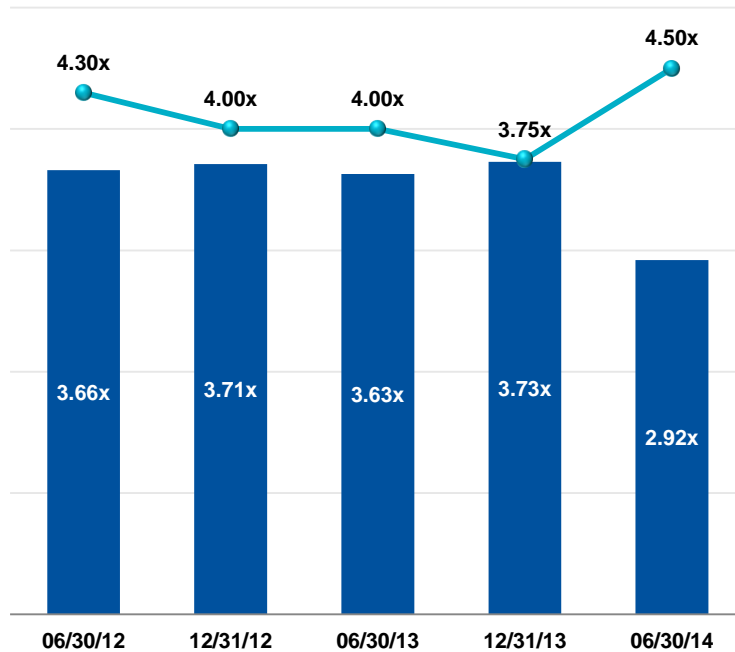
## Net income evolution in million Euros



# Compliance with covenants as of 1<sup>st</sup> half 2014

## Financial leverage<sup>1</sup>

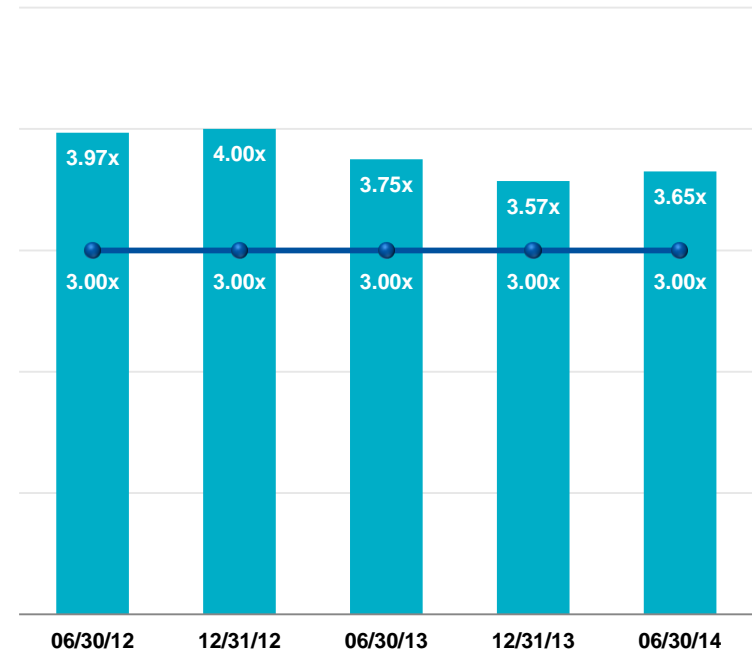
35%



■ Net debt over reported GOM —●— Maximum allowed

## Interest coverage<sup>2</sup>

22%



■ Reported GOM over net financial charge —●— Minimum required

<sup>1</sup>Covenant financial leverage as amended in June 2014:

- 4.50x until March 2015 included
- 4.25x in June and September 2015
- 4.00x post September 2015

<sup>2</sup>Covenant interest coverage at 3.00x

# Key terms of financial debt

	Size (€M)	Margin (bp) / Rate (%)	Maturity
<b>Bank debt<sup>1</sup></b>	<b>813.8</b>	<b>6.0%<sup>3</sup></b>	<b>March 2018<sup>2</sup></b>
Senior secured notes	350.0	8.875%	<b>June 2018</b>
<b>Bank and bond debt</b>	<b>1 163.8</b>	<b>6.9%<sup>4</sup></b>	

- **Average cost of debt** of ~6.9%, i.e. cash interest charge of ~€80 M, down ~€16 M on an annualized basis
- **Margin on bank debt** of 400 bps
  - 325 bps if financial leverage (L) < 3,0x
  - 250 bps if L < 2,5x
- Reset of the **financial leverage** covenant
- **Cash sweep clause** on bank debt:
  - 67% of cash excess<sup>5</sup> if financial leverage (L) > 3.0x
  - 50% if 2.5x < L < 3.0x
  - 25% if L ≤ 2.5x
- **Bank debt hedged** at 98% until September 2015 (€800 M)

<sup>1</sup> Tranche A7 of €813.8 M and revolving credit line B3 of €65,3 M undrawn as of 06/30/2014

<sup>2</sup> Option on or before 15 March 2018 to extend such maturity to March 2020 under certain conditions

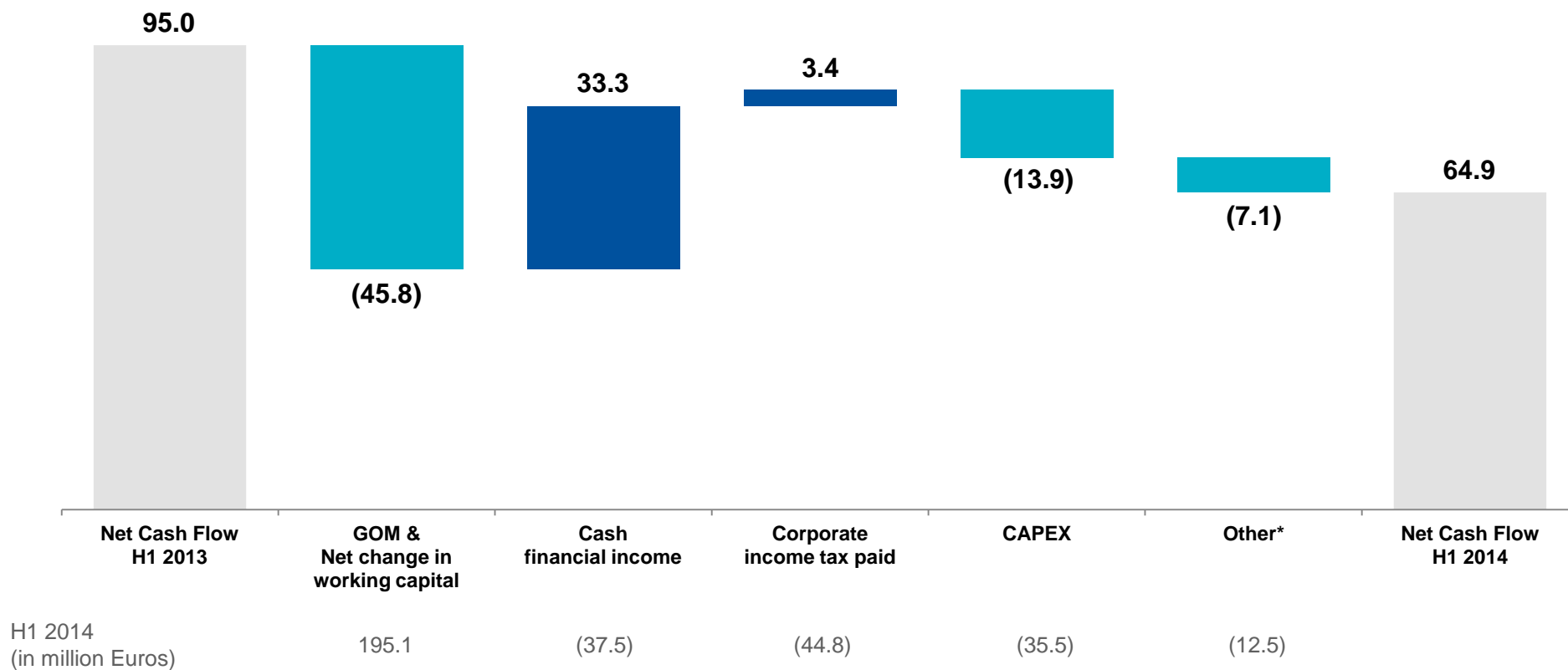
<sup>3</sup> Annualised estimation, weighted average cost of bank debt based on base rate and swaps as of 06/30/2014

<sup>4</sup> Annualised estimation, weighted average cost of bank debt and high yield notes

<sup>5</sup> Excess cash : net cash flow after paying capital expenditures, financial interests, taxes, acquisitions, exceptional items & contractual amortisations

# Net cash flow: €65 M as of 1<sup>st</sup> half 2014

## Net cash flow as of 30 June 2014 in million Euros



*Solocal*  
GROUP

**OUTLOOK**



# Confirmed 2014 outlook

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**2014 will be a year of structural changes, especially in the commercial area.**

**In this context and in light of a mediocre economic environment, the outlook for 2014 is:**

- Revenues decrease between -3 and -6%
- Normalised<sup>1</sup> gross operating margin expected between €355 millions and €375 millions.

**Digital 2015 investments shall allow to return to global growth in 2015 by generating about 75% of revenues on Internet.**



## QUESTIONS & ANSWERS







## **APPENDICES**



# Revenues and normalised gross operating margin: 2<sup>nd</sup> quarter and 1<sup>st</sup> half 2014

In million euros	Q2 2014	Q2 2013	Change	H1 2014	H1 2013	Change
<i>Internet</i>	161.3	160.7	+0.4%	315.3	316.0	-0.2%
<i>Printed directories</i>	89.6	106.7	-16.0%	146.4	173.5	-15.6%
<i>Other businesses</i>	4.1	5.0	-18.0%	9.1	10.7	-15.0%
<b>Revenues</b>	<b>255.1</b>	<b>272.3</b>	<b>-6.3%</b>	<b>470.8</b>	<b>500.3</b>	<b>-5.9%</b>
<i>Internet</i>	59.8	68.6	-12.8%	120.0	132.7	-9.6%
<i>as % of Internet revenues</i>	37.1%	42.7%	-560 bps	38.1%	42.0%	-390 bps
<i>Printed directories</i>	40.2	49.7	-19.1%	64.7	79.8	-18,9%
<i>as % of Printed directories revenues</i>	44.9%	46.6%	-170 bps	44.2%	46.0%	-180 bps
<i>Other businesses</i>	0.8	1.2	-33.3%	2.1	3.1	-32.3%
<i>as % of Other businesses revenues</i>	19.5%	24.0%	-450 bps	23.1%	29.0%	-590 bps
<b>Normalised gross operating margin</b>	<b>100.8</b>	<b>119.5</b>	<b>-15.6%</b>	<b>186.8</b>	<b>215.5</b>	<b>-13.3%</b>
<i>as % of Group revenues</i>	39.5%	43.9%	-440 bps	39.7%	43.1%	-340 bps

# Revenues and reported gross operating margin: 2<sup>nd</sup> quarter and 1<sup>st</sup> half 2014

In million euros	Q2 2014	Q2 2013	Change	H1 2014	H1 2013	Change
<i>Internet</i>	161.3	160.7	+0.4%	315.3	316.0	-0.2%
<i>Printed directories</i>	89.6	106.7	-16.0%	146.4	173.5	-15.6%
<i>Other businesses</i>	4.1	5.0	-18.0%	9.1	10.7	-15.0%
<b>Revenues</b>	<b>255.1</b>	<b>272.3</b>	<b>-6.3%</b>	<b>470.8</b>	<b>500.3</b>	<b>-5.9%</b>
<i>Internet</i>	56.7	68.6	-17.3%	116.8	132.7	-12.0%
<i>as % of Internet revenues</i>	35.2%	42.7%	-750 bps	37.0%	42.0%	-500 bps
<i>Printed directories</i>	38.8	49.7	-21.9%	63.3	79.8	-20.7%
<i>as % of Printed directories revenues</i>	43.3%	46.6%	-330 bps	43.2%	46.0%	-280 bps
<i>Other businesses</i>	0.8	1.2	-33.3%	2.1	3.1	-32.3%
<i>as % of Other businesses revenues</i>	19.5%	24.0%	-450 bps	23.1%	29.0%	-590 bps
<b>Reported gross operating margin</b>	<b>96.2</b>	<b>119.5</b>	<b>-19.5%</b>	<b>182.2</b>	<b>215.5</b>	<b>-15.5%</b>
<i>as % of Group revenues</i>	<b>37.7%</b>	<b>43.9%</b>	<b>-620 bps</b>	<b>38.7%</b>	<b>43.1%</b>	<b>-440 bps</b>

# Income statement:

## 2<sup>nd</sup> quarter and 1<sup>st</sup> half 2014

In million euros	Q2 2014	Q2 2013	Change	H1 2014	H1 2013	Change
<b>Revenues</b>	<b>255.1</b>	<b>272.3</b>	<b>-6.3%</b>	<b>470.8</b>	<b>500.3</b>	<b>-5.9%</b>
<i>Net external expenses</i>	(59.8)	(56.9)	-5.1%	(106.5)	(102.9)	+3.5%
<i>Salaries and charges</i>	(99.1)	(95.9)	-3.3%	(182.0)	(182.0)	na
<b>Reported gross operating margin</b>	<b>96.2</b>	<b>119.5</b>	<b>-19.5%</b>	<b>182.2</b>	<b>215.5</b>	<b>-15.5%</b>
as % of revenues	37.7%	43.9%		38.7%	43.1%	
<i>Legal employee profit-sharing</i>	(3.4)	(4.1)	+17.1%	(6.0)	(7.0)	+14.3%
<i>Share-based payment</i>	(5.7)	(0.7)	na	(6.0)	(1.3)	na
<i>Depreciation and amortisation</i>	(12.9)	(10.1)	-27.7%	(23.2)	(20.0)	-16.0%
<i>Other income and exepnses</i>	(4.7)	(2.2)	na	(14.1)	(2.2)	na
<b>Operating income</b>	<b>69.5</b>	<b>102.4</b>	<b>-32.1%</b>	<b>133.0</b>	<b>184.9</b>	<b>-28.1%</b>
<b>Net financial income</b>	<b>(30.0)</b>	<b>(32.8)</b>	<b>+8.5%</b>	<b>(57.8)</b>	<b>(66.8)</b>	<b>+13.5%</b>
<i>Share of profit or loss of an associate</i>	(0.2)	0.0	na	(0.2)	(0.1)	na
<b>Income before tax</b>	<b>39.2</b>	<b>69.6</b>	<b>-43.7%</b>	<b>75.0</b>	<b>118.0</b>	<b>-36.4%</b>
<i>Corporate income tax</i>	(17.9)	(28.0)	+36.1%	(34.1)	(47.4)	+28.1%
<i>Effective tax rate</i>	45.4%	40.2%		45.4%	40.1%	
<b>Net income</b>	<b>21.3</b>	<b>41.6</b>	<b>-48.8%</b>	<b>40.9</b>	<b>70.6</b>	<b>-42.1%</b>

# Effective tax rate evolution

	Q2 2014	Q2 2013	Change	H1 2014	H1 2013	Change
<b>Statutory tax rate</b>	<b>34.43%</b>	<b>34.43%</b>		<b>34.43%</b>	<b>34.43%</b>	
Additional tax <sup>1</sup>	3.57%	1.67%	190 bps	3.57%	1.67%	190 bps
Partial deductibility of financial interest	5.66%	1.95%	371 bps	6.09%	0.91%	518 bps
CVAE (Cotisation à la valeur ajoutée des entreprises)	4.83%	3.04%	179 bps	4.79%	3.37%	142 bps
Other	0.02%	-0.86%	88 bps	-0.20%	-0.25%	5 bps
<b>Effective tax rate before exceptional items</b>	<b>48,51%</b>	<b>40,24%</b>	<b>827 bps</b>	<b>48,67%</b>	<b>40,12%</b>	<b>855 bps</b>
Exceptional items <sup>2</sup>	-3.09%	0.00%	-309 bps	-3.29%	0.00%	-329 bps
<b>Effective tax rate</b>	<b>45.42%</b>	<b>40.24%</b>	<b>518 bps</b>	<b>45.38%</b>	<b>40.12%</b>	<b>526 bps</b>

# Cash flow statement:

## 2<sup>nd</sup> quarter and 1<sup>st</sup> half 2014

In million euros	Q2 2014	Q2 2013	Change	H1 2014	H1 2013	Change
<b>Reported GOM</b>	<b>96.2</b>	<b>119.5</b>	<b>-19.5%</b>	<b>182.2</b>	<b>215.5</b>	<b>-15.5%</b>
<i>Legal employee profit-sharing</i>	(3.4)	(4.1)	+17.1%	(6.0)	(7.0)	+14.3%
<i>Non monetary items included in GOM</i>	1.4	2.9	-51.7%	3.0	3.7	-18.9%
<i>Net change in working capital</i>	(6.0)	4.8	na	12.9	25.4	-49.2%
<i>Acquisition of tangible and intangible fixed assets</i>	(18.9)	(12.1)	-56.2%	(35.5)	(21.6)	-64.4%
<b>Operational cash flow</b>	<b>69.4</b>	<b>110.9</b>	<b>-37.4%</b>	<b>156.7</b>	<b>216.0</b>	<b>-27.5%</b>
<i>in % of GOM</i>	72.1%	92.8%		86.0%	100.2%	
<i>Cash financial income</i>	(24.9)	(60.4)	+58.8%	(37.5)	(70.8)	+47.0%
<i>Other income and expenses*</i>	(5.9)	(2.0)	na	(9.5)	(2.0)	na
<i>Corporate income tax paid</i>	(24.7)	(27.3)	+9.5%	(44.8)	(48.3)	+7.2%
<b>Net cash flow</b>	<b>13.8</b>	<b>21.2</b>	<b>-34.9%</b>	<b>64.9</b>	<b>95.0</b>	<b>-31.7%</b>
<i>Increase (decrease) in borrowings and bank overdrafts</i>	(450.4)	(1.9)	na	(489.4)	(78.9)	na
<i>Capital increase</i>	422.9	-	na	422.9	-	na
<i>Other</i>	(16.5)	(1.9)	na	(18.7)	(2.1)	na
<b>Net cash variation</b>	<b>(30.3)</b>	<b>17.5</b>	<b>na</b>	<b>(20.4)</b>	<b>14.0</b>	<b>na</b>
<i>Net cash and cash equivalents at beginning of period</i>	82.9	88.4	-6.2%	73.1	91.9	+20.5%
<b>Net cash and cash equivalents at end of periode</b>	<b>52.7</b>	<b>105.9</b>	<b>-50.2%</b>	<b>52.7</b>	<b>105.9</b>	<b>-50.2%</b>

\* Mostly related to reorganisation costs

# Balance sheet as of 30<sup>th</sup> June 2014

In million euros	30 June 2014	31 Dec 2013	30 June 2013
<b>ASSETS</b>			
<b>Total non-current assets</b>	<b>227.3</b>	<b>214.8</b>	<b>210.6</b>
<i>Net goodwill</i>	82.2	78.7	83.9
<i>Other net intangible fixed assets</i>	97.6	80.8	72.2
<i>Net tangible fixed assets</i>	26.2	23.6	24.1
<i>Other non-current assets of which deferred tax assets</i>	21.2	31.7	30.5
<b>Total current assets</b>	<b>518.9</b>	<b>585.3</b>	<b>581.1</b>
<i>Net trade account receivable</i>	333.8	405.8	350.7
<i>Acquisition costs of contracts</i>	56.9	63.3	64.9
<i>Prepaid expenses</i>	10.0	5.9	12.3
<i>Cash and cash equivalents</i>	54.6	75.6	107.9
<i>Other current assets</i>	63.6	34.7	45.4
<b>Total assets</b>	<b>746.1</b>	<b>800.0</b>	<b>791.7</b>
<b>LIABILITIES</b>			
<b>Total equity</b>	<b>(1,389.2)</b>	<b>(1,866.7)</b>	<b>(1,923.5)</b>
<b>Total non-current liabilities</b>	<b>1,240.3</b>	<b>1,617.5</b>	<b>1,693.0</b>
<i>Non-current financial liabilities and derivatives</i>	1,153.0	1,516.2	1,595.6
<i>Employee benefits (non-current)</i>	78.4	85.1	89.6
<i>Other non-current liabilities</i>	8.9	16.3	7.9
<b>Total current liabilities</b>	<b>895.0</b>	<b>1 049.2</b>	<b>1,022.1</b>
<i>Bank overdraft and other short-term borrowings</i>	3.6	132.7	133.8
<i>Deferred income</i>	552.4	597.5	599.2
<i>Employee benefits (current)</i>	113.2	119.2	114.9
<i>Trade accounts payable</i>	98.6	84.5	79.9
<i>Other current liabilities</i>	127.1	115.4	94.5
<b>Total liabilities</b>	<b>746.1</b>	<b>800.0</b>	<b>791.7</b>

# Net debt as of 30<sup>th</sup> June 2014

In million euros	30 June 2014	31 Dec 2013	30 June 2013
<i>Cash and cash equivalents</i>	54.6	75.5	107.9
<b>Gross cash position</b>	<b>54.6</b>	<b>75.6</b>	<b>107.9</b>
<i>Bank overdrafts</i>	(1.9)	(2.5)	(2.0)
<b>Net cash position</b>	<b>52.7</b>	<b>73.1</b>	<b>105.9</b>
<i>Bank borrowings</i>	(813.9)	(1,297.5)	(1,368.2)
<i>Bond borrowings – Senior secured notes</i>	(350.0)	(350.0)	(350.0)
<i>Revolving credit facility drawn*</i>	-	-	-
<i>Loan issuance expenses</i>	29.3	25.4	31.6
<i>Capital leases</i>	(1.0)	(0.0)	(0.1)
<i>Fair value of hedging instruments</i>	(16.2)	(20.2)	(34.4)
<i>Accrued interest not yet due</i>	(16.9)	(6.3)	(7.0)
<i>Other financial liabilities</i>	(2.8)	(4.1)	(6.2)
<b>Gross financial debt</b>	<b>(1,171.5)</b>	<b>(1,652.7)</b>	<b>(1,734.3)</b>
<i>Of which current</i>	(18.5)	(136.4)	(138.8)
<i>Of which non-current</i>	(1,153.0)	(1,516.2)	(1,595.6)
<b>Net cash (debt)</b>	<b>(1,118.9)</b>	<b>(1,579.6)</b>	<b>(1,628.5)</b>
<b>Net cash (debt) excluding fair value of financial instruments and loan issuance expenses</b>	<b>(1,131.9)</b>	<b>(1,584.8)</b>	<b>(1,625.6)</b>

\* At 06/30/2014, €65,3 M available under the undrawn revolving credit line





## **GLOSSARY**



# Glossary - Operating P&L

## **Group Digital revenues:**

- Total of Internet revenues from PagesJaunes (pagesjaunes.fr, annoncesjaunes.fr, pagespro.com, websites and mobile Internet) and Internet revenues from all other subsidiaries in the Group

## **Net external expenses:**

- Include external purchases: primarily include the editorial costs (purchase of paper, printing and distribution of printed directories), costs linked to databases, expenses for the information system, communication and marketing expenses, as well as structure expenses. For example: costs for producing Internet sites (launch of the Internet Visibility Pack), information system costs in line with the new developments, linked to services for advertisers or new functionality on the pagesjaunes.fr website
- And also include the operating income and expenses: primarily comprised of taxes, certain provisions for risks, and provisions for bad debts

## **Salaries and charges:**

- Exclude employee profit-sharing and share-based payment

## **Gross operating margin (GOM):**

- Revenues less external purchases, operating expenses (net of operating income) and salaries and social charges. The salaries and social charges included in the gross operating margin do not include employee profit-sharing or the cost of share-based payment.

## **Normalised gross operating margin (GOM):**

- GOM adjusted for accounting effects (without cash impact) related to the implementation of the new sales contracts

## **Return On Investment (ROI)**

# Glossary – Financial Structure

## **Net financial debt:**

- Total gross financial debt plus or minus the fair value of derivative asset and liability hedging instruments and minus cash and cash equivalents

## **Ratio of Net Debt to GOM:**

- Such as defined in the agreement concluded with the creditors, i.e. the ratio between an aggregate of consolidated net debt (excluding fair value of hedging instruments and loan issuing expenses) and an aggregate close to consolidated GOM

## **Ratio of GOM to net financial expenses:**

- Such as defined in the agreement concluded with the creditors, in other words the ratio between an aggregate close to consolidated GOM and an aggregate of consolidated net financial expenses (excluding change in fair value of hedging instruments recognised in P&L and loan issuing expenses amortisation)

## **Average cost of total debt:**

- Weighted average of bank debt cost and coupon on the high yield notes, annualised when the period is less than 12 months

# Glossary – Audiences

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## Audiences

- **Syndicated:** indirect audiences on PagesJaunes contents excluding PagesJaunes digital media (such as Bing, Yahoo!, Comprendre Choisir,...)
- **SEO & affiliates:** audiences on PagesJaunes digital media from affiliate partners (MSN, Nosibay, Free & Alice, Planet, L'internaute) and SEO (Search Engine Optimisation)
- **Direct:** audiences resulting from the expressed willingness of a user to access the PagesJaunes digital media (direct access and brand research on a search engine)

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