PRESS RELEASE

Boulogne-Billancourt, 14 February 2018

Internet revenues and recurring EBITDA in line with announced guidances[1] thanks to rigorous cost management

Q4 2017 results:

- Internet revenues: €172m, +2%[2]

2017 full year results:

- Total revenues[3]: €756m
- Stable Internet revenues[3]: €636m
- Recurring EBITDA[3]: €196m
- Net financial debt[4]: €332m

Outlook for 2018:

- After many years of decline, recurring EBITDA[3] stabilisation

Eric Boustouller, Chief Executive Officer of SoLocal Group, presented on February 13 to social partners his "SoLocal 2020" strategic project, approved on February 12 by the Board of Directors. The project is based on an expanded offer of digital services for businesses, a reinvented PagesJaunes media platform and a streamlined organisation. The plan bears a new ambition for SoLocal : to become one of the digital services champions in France.

When releasing the 2017 results, Eric Boustouller, Chief Executive Officer of SoLocal Group, quoted: *"The 2017 results show the immediate effort made by the teams to contain and reduce costs, as demonstrated by the decrease in our external expenses in the second half of the year. I presented our "SoLocal 2020" transformation plan yesterday, which aims to adapt the Group's strategy and its organisation, and which is based on a strict discipline of cost control in order to contribute to a significant fixed cost reduction. The plan is expected to generate €120 million in savings (full-year effect) by 2020.* ***It bears a new ambition combining the stoppage in the Group EBITDA continued decline and the return to sustainable growth as from 2019****"*.

[1] Announced on November 9, 2017
[2] Q4 2017 compared with Q4 2016 (continued activities)
[3] Referring to continued activities
[4] Net financial debt corresponds to total gross financial debt minus net cash and cash equivalents

The Board of Directors approved the Group's consolidated financial statements for the year ended December 31, 2017. The audit procedures have been carried out and the audit report concerning the certification is to be released.

In its financial result presentation as well as in this press release, SoLocal Group isolates the dynamic of continued activities from divested activities. The financial performance indicators are commented on the the scope of continued activities.

I. Revenues and EBITDA

In millions of euros	Q4 2017	Q4 2016	Change	FY 2017	FY 2016	Change
Internet revenues[5]	**172**	**169**	**+2%**	**636**	**638**	**0%**
Local Search[5]	**120**	**127**	**-5%**	**461**	**490**	**-6%**
Number of visits (in million)	*594*	*597*	*-1%*	*2,428*	*2,371*	*+2%*
ARPA (in €)[6]	*262*	*264*	*-1%*	*984*	*991*	*-1%*
Number of clients (in thousand)[7]	*459*	*481*	*-5%*	*469*	*494*	*-5%*
Digital Marketing[5]	**52**	**41**	**+25%**	**175**	**148**	**+18%**
Penetration rate (in number of clients)	*24%*	*24%*	*0pt*	*24%*	*24%*	*0pt*
Print & Voice revenues[5]	**28**	**39**	**-28%**	**120**	**164**	**-27%**
Revenues from continued activities	**200**	**208**	**-4%**	**756**	**801**	**-6%**

The Group recorded revenues[5] of €756 million in 2017, down -6% vs 2016.

Internet revenues[5] of €636 million in 2017 were **stable compared with 2016,** as the growth of the Digital Marketing business (+18%) partially offset the decrease in Local Search (-6%), which was due to the negative impact of the financial restructuring on sales and to the slower than expected ramp-up of new Search products:

Audience[5] growth: Internet visits in 2017 were up +2% at 2.4 billion compared with 2016; these visits were generated by our own brands (PagesJaunes and Mappy) and by our privileged partnerships (Google, Bing (Microsoft), Yahoo!, Apple and Facebook). In particular, the mobile audience increased by +12%, and accounted for 40% of the total audience.

- **Local Search revenues[5]**: -6% to €461 million in 2017 compared with 2016:
  - **Local Search ARPA[6]:** -1% to €984 in 2017 compared with 2016. This slowdown is mostly due to the impact on sales of the financial restructuring finalisation in Q4 2016, especially on large accounts.
  - **Number of customers[7]:** -5% to 469k in 2017 compared with 2016.
- **Digital Marketing revenues[5]:** revenues increased by +18% to €175 million in 2017 compared with 2016, thanks to an acceleration of the Group's innovative offerings, including websites (Premium and Privilege websites) and AdWords (Booster Contact offering). Digital Marketing revenues[5] accounted for 23% of total revenues[5] in 2017.

Print & Voice revenues[5], which amounted to €120 million in 2017 were **down by -27%** compared with 2016, as customers and users continued to migrate to digital offerings. This business accounted for 16% of total revenues[5] in 2017.

[5] Referring to continued activities
[6] Average Revenue Per Advertiser
[7] Average number of customers for the considered period who subscribed to an Internet product

Including divested activities, **the Group's consolidated revenues** amounted to €765 million, representing a decrease of -6% compared with 2016.

Recurring net external expenses[8] amounted to **-€192 million,** and were down -7% in 2017 compared with 2016, which reflects cost reductions primarily attributable to communication expenses, reduced production costs of our Print & Voice activities and controlled commercial costs.

Recurring personnel expenses[8] amounted to -**€367 million**, and increased by +1% in 2017 compared with 2016.

In millions of euros	FY 2017	FY 2016	Change
Internet recurring EBITDA[8]	**170**	**188**	**-9%**
EBITDA / revenue margin	27%	29%	*-3pts*
Print & Voice recurring EBITDA[8]	**26**	**43**	**-41%**
EBITDA / revenue margin	21%	27%	*-5pts*
Recurring EBITDA from continued activities	**196**	**231**	**-15%**
EBITDA / revenue margin	26%	29%	*-3pts*
Contribution from non recurring items[8]	(13)	(5)	+167%
EBITDA from continued activities	**183**	**226**	**-19%**
EBITDA / CA	24%	28%	*-4pts*
EBITDA from divested activities	(3)	(2)	+26%
Consolidated EBITDA	**180**	**224**	**-20%**
EBITDA / CA	24%	28%	*-4pts*

Recurring EBITDA[8] amounted to **€196 million** in 2017, representing a decrease of -15% compared with 2016, as the decline in revenues (-6%) was partially offset by an expense reduction (-2%).

The **recurring EBITDA**[8]**-to-revenue ratio**[8] reached **26%** in 2017, a decrease of -3 points compared with 2016.

Non recurring items impacting EBITDA[8] amounted to -€13 million of euros and included -€8 million of euros of personnel expenses for non replaced departures and -€2 million of euros for the 2017 charge of the 2016 retention plan.

Including non recurring items, EBITDA from continued activities amounted to €183 million of euros in 2017.

With the EBITDA from divested activities which amounted to -€3 million of euros, **consolidated EBITDA amounts to €180 million of euros.**

[8] Referring to continued activities

II. Net income and financial structure

In millions of euros	FY 2017	FY 2016	Change
Recurring EBITDA from continued activities	**196**	**231**	**-15%**
Depreciation and amortisation[9] *	(64)	(57)	+13%
Net financial result before debt restructuring[9]	(28)	(74)	+62%
Corporate income tax[9] *	(44)	(43)	+1%
Recurring net income from continued activities	**60**	**57**	**+4%**
Contribution from non recurring items[9]	(9)	(3)	+167%
Net gain from debt restructuring[9]	278	na	na
Net income from continued activities	**329**	**54**	**+512%**
Contribution from divested activities	7	(5)	na
Net income from continued activities	**336**	**49**	**+585%**

* Restated for the retrospective application of IAS 20 concerning CIR

Depreciation and amortisation expenses[9] amounted to **-€64 million** in 2017, an increase of +13% compared with 2016, which is primarily due to the investment path in previous financial years.

Net financial result[9] **before debt restructuring** amounted to **-€28 million** in 2017, which marks a strong improvement compared with 2016, primarily due to a decrease in financial debt, despite an increase in the average interest rate on the debt, which rose from 5.4% in 2016 to 7.6% in 2017. The 2017 interest expenses were only payable for the period between 15 March and 31 December 2017, in accordance with the terms negotiated in the financial restructuring.

The corporate income tax expenses[9] **amounted to -€44 million** in 2017, an increase of +1% compared with 2016, which is due to the increase in pre-tax income[9].

Recurring net income[9] amounted to **€60 million** in 2017, up +4% compared with 2016.

Group net income[9] **amounted to €329 million in 2017**, an increase of €275 million, which was primarily due to the non-cash net gain from debt restructuring, as a result of the difference between the book value of the debt converted into equity instruments and the fair value of those instruments. Excluding the financial gain from debt restructuring (€266 million, i.e. €278 million net of tax), the income from the Group's continued activities would be €51 million, or a decrease of -6%. **Including divested activities, the Group's consolidated net income was €336 million in 2017.**

Net financial debt[10] **amounted to €332 million as of 31 December 2017,** compared with €1,097 million as of 31 December 2016. Financial leverage[11] amounted to 4.7 x as of 31 December 2016 and to 1.7 x as of 31 December 2017. The financial restructuring carried out in the first quarter of 2017 enabled the Group to reduce its gross debt by two thirds and to strenghten its shareholders' equity.

The Group's **free cash flow**[9] was **-€23 million** in 2017, or a decrease of €57 million compared with 2016, mainly due to the €32 million of 2016 interest expenses paid in early 2017 and related to the debt prior to the financial restructuring, and a higher corporate tax income paid of €32 million. The latter is related to a tax adjustement of the R&D tax credit ("Crédit Impôt Recherche") on prior years for €6 million and the reimbursement of a tax receivable of €16 million in 2016.

Including the contribution from divested activities, the Group's **consolidated free cash flow** amounted to -€26 million in 2017.

[9] Referring to continued activities
[10] Net financial debt corresponds to total financial debt minus net cash and cash equivalents
[11] Financial leverage calculated in accordance with the terms of the bond documentation

The Group had a net cash position of €86 million as of 31 December 2017[12].

III. Outlook for 2018

The outlook for 2018 is a stabilisation of the recurring EBITDA[13].

IV. Mid-term ambition

« SoLocal 2020 » strategic plan aims at:

Internet revenues[13]	Reaching double-digit growth in 2020
Recurring EBITDA[13]	Reaching double-digit growth from 2019 onward
EBITDA[13] **to cash**[14] **conversion**	Trending to 50% in 2020

V. Next dates of the financial timetable

The next dates for the financial agenda are as follows:

- Investor day: 15 February 2018, with Eric Boustouller, Chief Executive Officer, and Jean-Jacques Bancel, Chief Financial Officer, who took office on 13 February 2018. The investor presentation will be posted on the Group's web site before the opening of the market on February 15.
- Combined General Meeting: 9 March 2018
- Q1 2018 revenue release: 24 April 2018 after market close
- Annual General Meeting: 14 June 2018
- H1 2018 result release: 25 July 2018 after market close
- Q3 2018 revenue release: 24 October 2018 after market close

[12] Net of bank overdrafts
[13] Referring to continued activities
[14] Ratio computed as free cash flows (before restructuring costs and non-recurring items) to recurring EBITDA

About SoLocal Group

SoLocal Group aims to become the trusted and local digital partner supporting business companies to accelerate their growth. To succeed in this transformation, it relies on its six key assets some of them being unique in France: media with very high audiences, powerful geolocated data, scalable technological platforms, commercial coverage throughout France, privileged partnerships with GAFAM and numerous talents (experts in data, IT development, digital marketing, etc.). SoLocal Group's activities are structured around two axes. First, a range of "full web & apps" digital services on all devices (PCs, mobiles, tablets and personal assistants), offered in the form of packs and subscriptions, ("Digital Presence", "Digital Advertising", "Digital Website"," Digital Solutions" and "Print to Digital"), and integrating a digital coaching service, to support clients success. Second, flagship owned media (PagesJaunes and Mappy) used daily by Frenchs and offering an enriching and differentiating user experience. With more than 460,000 customers across France and 2.4 billion visits on its media, the Group generated revenues of €756 million in 2017, 84% coming from Internet making it one of the leading European players in terms of online advertising revenue. SoLocal Group is listed on Euronext Paris (LOCAL). More information is available at www.solocalgroup.com.

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VI. Appendices

During the 2017 financial year, the Group divested two non-core activities ("divested activities"):

- avendrealouer.fr website, real estate classified business;
- Chronoresto, online food ordering service

Consolidated Income Statement

In million euros	As at 31 December 2017				As at 31 December 2016				
	Consolidated	**Divested activities**	**Continued activities**		**Consolidated**	**Divested activities**	**Continued activities**		
			Recurring	**Non recurring**			**Recurring**	**Non recurring**	**Change Recurring**
Revenues	765	9	756	-	812	11	801	-	-6%
Net external expenses	(201)	(6)	(192)	(3)	(216)	(7)	(207)	(1)	-7%
Personnel expenses	(383)	(6)	(367)	(10)	(373)	(6)	(363)	(4)	1%
Recurring EBITDA	**180**	**(3)**	**196**	**(13)**	**224**	**(2)**	**231**	**(5)**	**-15%**
Depreciation and amortization*	(53)	11	(64)	-	(59)	(3)	(57)	-	13%
Operating income	**126**	**8**	**132**	**(13)**	**165**	**(5)**	**174**	**(5)**	**-24%**
Net gain from debt restructuring as at 13 March 2017	266	-	-	266	-	-	-	-	na
Other financial income	0	-	0	-	1	-	1	-	-72%
Financial expenses	(29)	-	(29)	-	(75)	-	(75)	-	-62%
Financial income	**238**	**-**	**(28)**	**266**	**(74)**	**-**	**(74)**	**-**	**-62%**
Income before tax	**364**	**8**	**104**	**252**	**91**	**(5)**	**101**	**(5)**	**3%**
Corporate income tax*	(29)	(1)	(44)	17	(42)	(0)	(43)	2	1%
Income for the period	**336**	**7**	**60**	**269**	**49**	**(5)**	**57**	**(3)**	**4%**

(*) restated for the retrospective application of IAS 20 concerning the Crédit impôt recherche

Consolidated Cash Flow Statement

In millions of euros	FY 2017	FY 2016	Change
Recurring EBITDA from continued activities	**196**	**231**	**-15%**
Non cash items included in EBITDA and other	2	8	-79%
Net change in working capital	(41)	(57)	-27%
Acquisition of tangible and intangible fixed assets	(53)	(67)	-21%
Cash financial income	(56)	(36)	55%
Non recurring items	(26)	(32)	-21%
Corporate income tax paid	(45)	(13)	254%
Free cash flow from continued activities	**(23)**	**34**	**na**
Free cash flow from divested activities	**(3)**	**(3)**	**-14%**
Free cash flow	**(26)**	**31**	**na**
Increase (decrease) in borrowings	(264)	2	na
Capital increase	273	0	na
Other of which assets disposal	12	5	126%
Net cash & cash equivalents variation	**(5)**	**38**	**na**
Net cash & cash equivalents at beginning of period	91	53	71%
Net cash & cash equivalents at end of period	**86**	**91**	**-5%**

Note : The financial restructuring led to a debt reduction and was completed mainly through conversion into equity instruments. It resulted in the debt decreasing from €1,160 million as of 31 December 2016 to €398 million as of 31 December 2017.

Consolidated Balance Sheet

In million of euros

ASSETS	31-Dec-17	31-Dec-16
Total non-current assets	**251**	**264**
Net goodwill	91	96
Other net intangible fixed assets	119	128
Net tangible fixed assets	25	33
Other non-current assets of which deferred tax assets	16	7
Total current assets	**473**	**506**
Net trade accounts receivable	304	321
Acquisition costs of contracts	35	35
Prepaid expenses	6	6
Cash and cash equivalents	87	91
Other current assets	39	53
TOTAL ASSETS	**724**	**769**

LIABILITIES		
Total equity	**(506)**	**(1,318)**
Total non-current liabilities	**565**	**161**
Non-current financial liabilities and derivatives	408	1
Employee benefits (non-current)	139	134
Other non-current liabilities	18	26
Total current liabilities	**665**	**1,926**
Bank overdrafts and other short-term borrowings	10	1,186
Deferred income	341	408
Employee benefits (current)	119	114
Trade accounts payable	91	99
Other current liabilities	104	118
TOTAL LIABILITIES	**724**	**769**