



Press Release

Boulogne-Billancourt, 18th May 2020

First estimate of health crisis impacts on 2020–2023 trajectory Impact on the financing and cash situation of the Group

Under the current health crisis circumstances, which have had a deep impact on Solocal, and in the wake of the suspension of the quarterly coupon payment which occurred on 16th March 2020, Solocal initiated discussions with its bondholders in order to protect its cash position and secure its financial situation.

In an attempt to ensure transparency and equal access to information, Solocal discloses a first estimate of its business plan for the 2020–2023 period. Considering the current environment and the uncertainty in the upcoming months, this information shall be reviewed and updated on a regular basis according to the evolution of the health crisis and its impacts on the economic environment.

Estimated impact of Covid-19 crisis on 2020 activity

As announced on 22nd April 2020, the impact of the health crisis caused by Covid-19 on the Group's business activity is very significant. Solocal recorded a 55% order intake³ decrease over the lockdown period. Moreover, Solocal forecasts a very slow recovery in May and June. September should be the milestone of a progressive return to normalised business activity.

In terms of order intake, the health crisis impact should translate into a decrease of € 150 million compared to the initial 2020 budget, which was the basis for the outlook announced on 27th February 2020. This should represent a € 100 million order intake decrease in 2020 compared to 2019¹.

As a consequence, this should result in a 2020 revenue¹ decrease by c. 20%, including a 2020 Digital revenue¹ decrease by c. 15%. This slowdown will be partially offset in 2020 by cost reductions and the support measures announced by the government, for a total cumulated amount of c. € 40 million. Therefore, the 2020FY EBITDA¹ is expected at c. € 130 million.

2021-2023 Outlook

Based on available information at the present date the Group has proceeded to a full review of its three-year outlook. Amid a booming digital marketing and online business sector and building on its new digital service offer, based on the enhancement of its products, the subscription mode and a longer maturity, Solocal will be able to deliver a return to growth from 2021 onwards after being affected by Covid-19 health crisis in 2020.

Indeed, despite the impact of the crisis on the volume of new contract acquisition in 2020 and on the timing of its customer base migration towards new services, the Group anticipates a return to Digital revenue growth from 2021 onwards and should be able to generate revenues to the tune of € 560 million in 2023. The average growth over the 2020-2023 period would as such amount to c. 8% per annum.

2021 EBITDA² will be affected by the decrease in 2020 order intake and the end of the Print activity, and should therefore amount to c. € 120 million. A return to normalised business conditions should be observed in 2022, with the Group being able to deliver an EBITDA on a growth path while maintaining an EBITDA² margin above 30%. 2023 EBITDA² should return to its 2019 level, at c. € 190 million.

From 2022 onwards, the Group should generate operating free cash flow⁴ of c. € 90 million per annum.

Impact of the crisis on the Group's financing and cash position in 2020 and 2021

The impact of order intake decrease on the Group's cash position is already tangible, with an average 25% decrease in monthly cash collection compared to last year¹. The Group will thus be facing a liquidity need as described hereunder:

- From summer 2020 until the end of the year: € 40 million
- An additional requirement of € 35 million in the first half of 2021

The forecasted € 75 million cash requirement does not include any Bond interest payment (€ 10 million per quarter) nor any repayment of the tax and social security liabilities as at end of April 2020 (€ 32 million).

In that respect, the Group initiated discussions with its partner banks and the government authorities to benefit from a "State Guarantee Scheme" loan. It also announces that it must suspend the payment of the Bond coupon due 15th June 2020.

Discussions with Bondholders are ongoing and a standstill pertaining to the suspension of the 15th March 2020 coupon payment has been agreed until 14th June 2020. All solutions are currently under review in order to secure the financial situation of the Group.

Solocal will disclose in due time the outcome of the ongoing discussions with Bondholders.

Next major dates in the financial calendar

The next dates in the financial calendar are as follows:

- Publication of H1 2020 results on 28th July 2020
- Annual Shareholders General Meeting postponed to 28th July 2020

Reminder of previous published information

million €	FY 2019	Q1 2020
Digital order intake	519.6	-
Total order intake	564.3	-
Digital revenues	520.5	117.9
Total revenues	584.1	126.1
Recurring EBITDA	190.6	-
Consolidated EBITDA	167.6	-

Notes:

¹ Comparable scope. 2019 and 2020 figures are restated for QDQ subsidiary, which was disposed of on 28th February 2020

² 100% of the Group's business will be Digital

³ Scope excluding ClicRDV, Effilab, Leadformance, Mappy, Ooreka, SoMS and non-significant subsidiaries, i.e. 96% of consolidated revenues. Average change in Digital order intake for weeks 12-18 (2020 vs. 2019)

⁴ Operating free cash flow: Ebitda + non-monetary items + change in WCR – Capex

Definitions:

Order intake: Orders booked by the salesforce, that gives rise to a service performed by the Group for its Customers

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