

# Q2 2021 activity review & H1 2021 results

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All accounting data on an annual or half year basis is presented in the form of audited consolidated information. However, all accounting data on a quarterly basis is presented in the form of unaudited consolidated information. In Solocal results presentation and Solocal press release, Solocal Group isolates continuing operations from discontinued operations. Financial performance indicators are commented on the scope of continuing activities. Financial statement presented for 2021 and H1 2021 are reviewed in the light of the 2021 scope of continuing operations. Due to rounding, numbers presented throughout this and other documents may not add up precisely to the total provided.

All detailed financial indicators and data are published in the Consolidated Financial Statements Report as of 31st December 2020, available on [www.solocal.com](http://www.solocal.com) (Investors and shareholders).



**Welcome to Philippe Mellier**  
**Chairman of the Board of**  
**directors of Solocal**  
30<sup>th</sup> June 2021

# Key highlights of H1 2021

## ✓ Governance

- Hervé Milcent appointed in April 2021
- Philippe Mellier appointed beginning of July 2021

## ✓ Business review:

- Stabilised revenue<sup>1</sup> in Q2 2021 vs. Q2 2020, enabling a H1 2021 revenue decrease by -5.1% vs. H1 2020 (in comparison with -10.2% in Q1 2021<sup>1</sup> vs. Q1 2020)
- Client base stabilised for the third quarter in a row
- Churn decrease
- Stable ARPA

## ✓ **26% EBITDA margin**, underpinned by cost control

## ✓ **H1 2021 reflects the positive impacts of the subscription mode** and of the efforts in terms of **retention**, although we are still **facing several challenges** including **the full adoption of this model by the salesforce**





# Agenda

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- 2** Business Review p. 17
- 3** Wrap up p. 28
- 4** Questions & Answers p. 30



# Financial Results

**Olivier REGNARD**

Chief Financial Officer

# Key messages

## → Revenue:

- **€214.6 m in H1 2021**, -5.1%<sup>1</sup> vs. H1 2020 Digital revenue, as anticipated
- **€107.9 m in Q2 2021**, **stable** at +0.6% vs. Q2 2020

→ **Secured revenue: €365 m as of 30<sup>th</sup> June 2021** vs. €388 m at end of June 2020 for 2020

→ **€56.5 m EBITDA<sup>2</sup> in H1 2021** vs. €73.8 m in H1 2020 (as a reminder, H1 2021 EBITDA included €13 m in personnel expense reduction due to partial unemployment)

→ **Positive cash flow generation** over H1 2021

→ **Partial repayment of the RCF for September 2021 to the tune of €6 m, including €3 m in cash (as announced in the restructuring plan)**

# Main revenue indicators

	March 2020	March 2021	Change
Digital order backlog <sup>1</sup> (in million euros)	283	266	-5,9%

→ **Digital order backlog<sup>1</sup> decrease by -5.9%** vs. 31<sup>st</sup> March 2021.

	H1 2020 <sup>2</sup>	H1 2021	Change
Subscription-based order intake (as a % of Digital order intake) <sup>3</sup>	78%	<b>87%</b>	+9 pts
Digital revenue (in million euros)	226.1	<b>214.6</b>	-5.1%

→ **87% of order intake were subscription-based** over the six first months of the current year, which will represent a normative level over the long run

→ **Digital revenue decreased by -5.1%** as a consequence of the 2020 lockdown periods, but **Q2 2021 is almost stable at +0.6%** vs. Q2 2020, reflecting the progressive attenuation of the health crisis impact

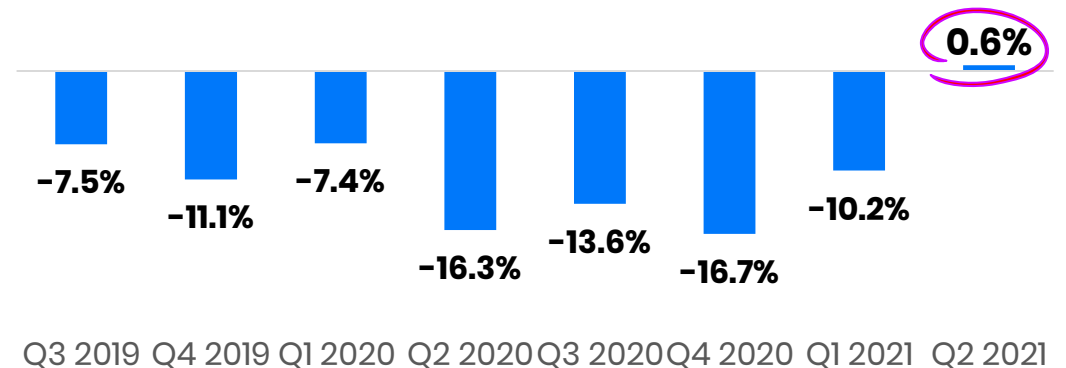
## Growth KPI

### Contribution of order intake to revenue for the next 12 months

- *H1 2021 order intake will secure a 12 month revenue more significant by 26% in comparison to H1 2020 order intake.*
- *Q2 2021 order intake will secure a 12 month revenue more significant by 65% in comparison to Q1 2020 order intake.*

Reflecting the favourable base effect linked to the 2020 health crisis

## Revenue growth<sup>4</sup>



<sup>1</sup> Calculated as Digital order backlog at end of previous period + Digital order intake of the quarter – Digital revenue of the quarter

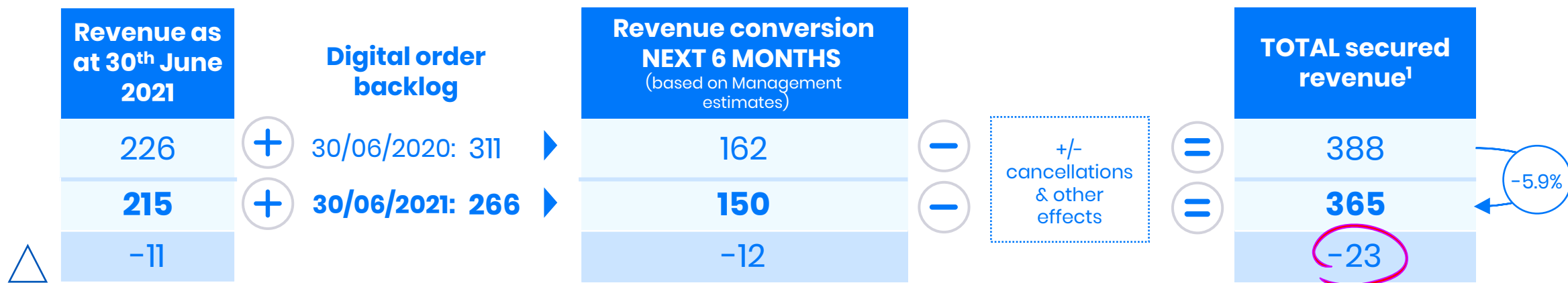
<sup>2</sup> Restated scope – including vocal & offline and excluding QdQ Media & Mappy subsidiaries, both sold in 2020

<sup>3</sup> % calculation based on Solocal SA Digital order intake in value terms

<sup>4</sup> Digital revenue quarter N vs. quarter n-1



# €365 million in secured revenue for 2021



**Reminder:** in a conservative approach, secured revenue only includes revenue generated by past order intake (booked on 30<sup>th</sup> June 2021) but does not include revenue resulting from the auto renewal of contracts in H2 2021.

**The secured revenue does not reflect the virtuous effects of the subscription model.**




**Secured revenue<sup>1</sup>**  
(in €m)

March 2020	March 2021	Change
362	310	-52
June 2020	June 2021	Change
388	365	-23

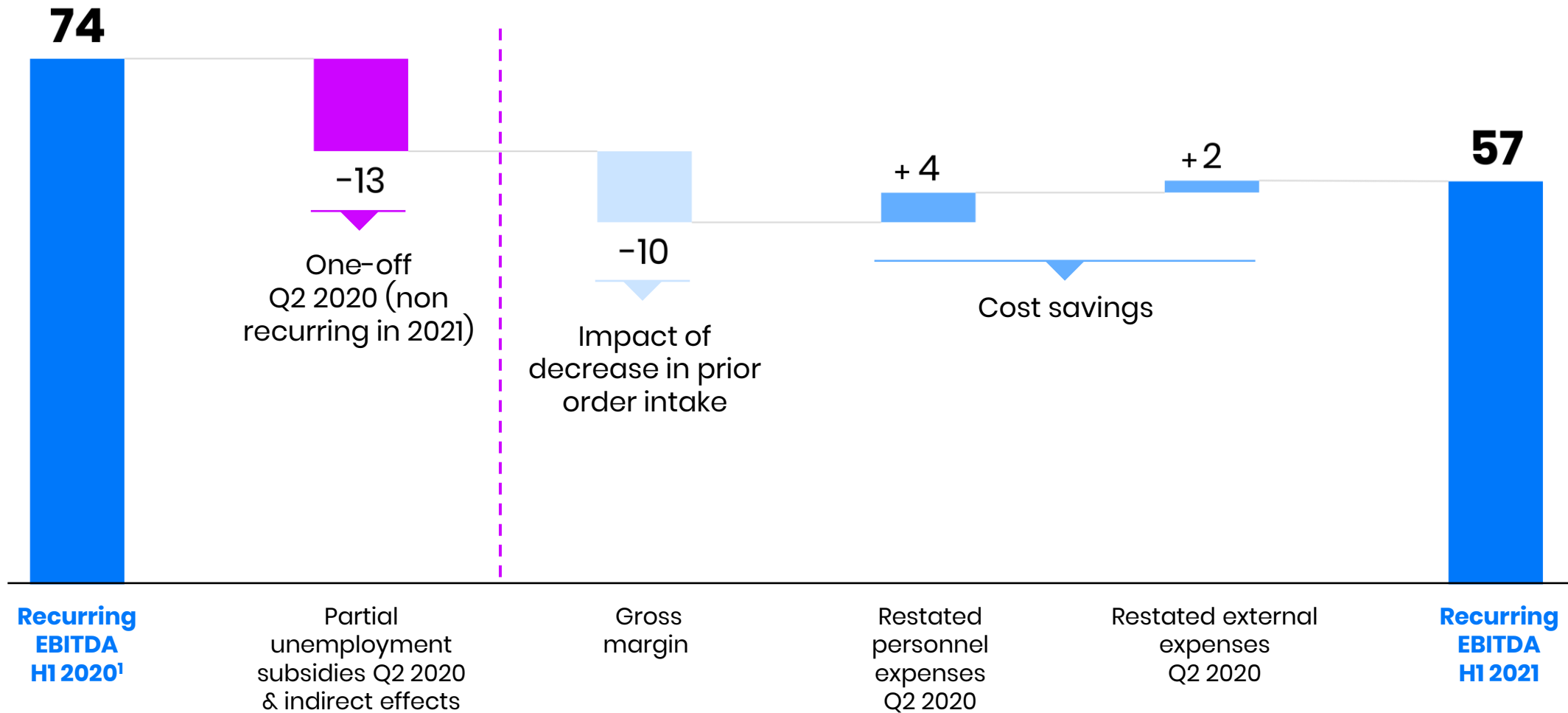
**€365 m secured revenue for 2021, -€23 m** vs. June 30<sup>th</sup> 2020. As a comparison, the difference was -€52 m between secured revenue as at 30<sup>th</sup> March 2021 vs. 30<sup>th</sup> March 2020  
**= smaller spread**

<sup>1</sup>Restated scope - including vocal & offline and excluding the Spanish subsidiary QdQ Media & the French subsidiary Mappy, both sold in 2020

# Overview of Solocal revenue by activity

	 <b>Connect<sup>1,4</sup></b>	 <b>Websites<sup>2,4</sup></b>	 <b>Booster<sup>3,4</sup></b>	<b>TOTAL</b> <b>Digital<sup>4</sup></b>
<b>H1 2021</b>	€61.8 m	€31.3 m	€121.4 m	€214.6 m
<b>H1 2020</b>	€52.1 m	€35.4 m	€138.6 m	€226.1 m
<b>Change</b>	+18.6%	-11.6%	-12.4%	-5.1%

# H1 2021 EBITDA: unfavourable base effect & health crisis impact on order intake partially offset by cost control



<sup>1</sup> H1 2020 figures are proforma of Print business restatement, in accordance with IFRS 5 accounting standards

# EBITDA in line with goals

in million euros	H1 2020 <sup>1</sup>	H1 2021 <sup>1</sup>	Change	
			%	Abs
<b>Total revenue</b>	<b>226.1</b>	<b>214.6</b>	<b>-5.1%</b>	<b>-11.5</b>
• Recurring external expenses	(57.5)	(58.6)	+2.3%	-1.3
• Recurring personnel expenses	(95.0)	(99.4)	+4.6%	-4.4
<b>Recurring EBITDA</b>	<b>73.8</b>	<b>56.5</b>	<b>-23.4%</b>	<b>-17.3</b>
• Non recurring items	1.9	5.9	-	<b>+4.0</b>
<b>Consolidated EBITDA</b>	<b>75.7</b>	<b>62.5</b>	<b>-17.3%</b>	<b>-13.2</b>
• Depreciation and amortisation	(26.8)	(28.2)	+5.2%	<b>-1.4</b>
<b>Operating income</b>	<b>47.6</b>	<b>34.2</b>	<b>-28.2%</b>	<b>-13.4</b>
<b>Financial result</b>	<b>(25.6)</b>	<b>(14.0)</b>	<b>-47.1%</b>	<b>11.6</b>
• Discontinued activities	(4.2)	-	-	-
• Corporate income tax	(4.3)	(8.7)	-	<b>+4.4</b>
• Net Income from discontinued activities <sup>2</sup>	14.5	-	-	-
<b>Consolidated net income</b>	<b>28.0</b>	<b>11.5</b>	<b>-58.9%</b>	<b>-16.5</b>
<b>Rec EBITDA margin (EBITDA/CA)</b>	<b>32.6%</b>	<b>26.4%</b>	<b>-6.3pts</b>	



**Reminder: base effect on H1 2020 EBITDA:** €13 m of cost reduction due to health crisis

- **A variable cost margin of 89%, in slight decrease vs. H1 2020 at 91%**
- **Recurring external expenses: + 2.3% in H1 2021 vs. H1 2020**
  - Unfavourable comparative basis with H1 2020:
    - Spend media had decreased because of the businesses shutdowns in Q2 2020
    - Decrease in indirect costs (travel, seminar expenses, etc) during the health crisis
- **Personnel expenses:**
  - H1 2020 included €9 m of personnel expenses relief due to partial unemployment
  - On a pro forma basis of this one-off effect, personnel expenses are decreasing of -9%
- **Non recurring items:** reversal of provision related to the PSE
- **Decrease in financial expenses:** as a consequence of the financial restructuring in 2020

<sup>1</sup> Comparable scope (excluding Print activity & disposed subsidiaries)

<sup>2</sup> Print business



# Capex focused on our strategic goals

## DIGITAL SERVICES

- Connect & new features
- Large accounts & networks products
- Websites
- Solocal Manager



## DATA & ADVERTISING

## SALES, CRM & MARKETING

- Roll out of new organization
- Adaptation and modernization of sales and customer services

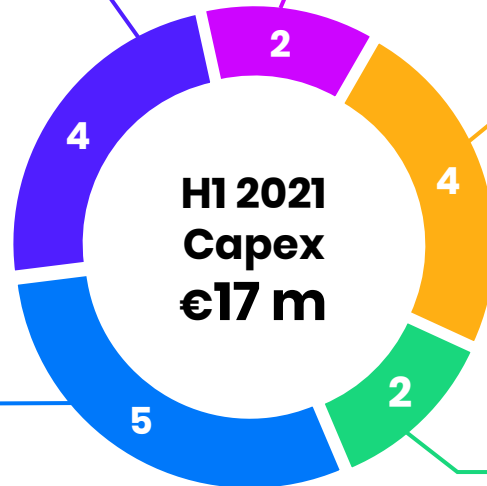


- ## OTHERS
- IT infrastructures
  - Back Office application
  - Real Estate

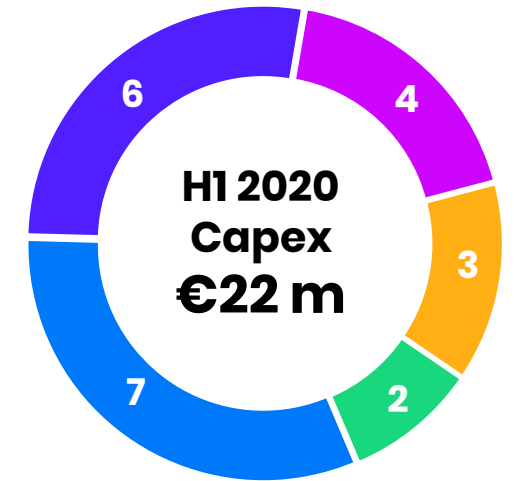
## MEDIA PLATFORMS

Investments in Group media

- Pages Jaunes
- Search engine
- Media content



## Reminder



- Media Platforms
- Digital Services
- Data & Advertising
- Sales, CRM & Marketing
- Others

**A decrease of c. -23.0% vs. H1 2020, in accordance with our commitments**

# Positive cash flow over the half year

In € million	H1 2020	H1 2021	Variation
<b>Recurring EBITDA<sup>1</sup></b>	<b>85.9</b>	<b>56.5</b>	<b>-34.2%</b>
Non-monetary items included in EBITDA	(5.0)	2.8	-
Net change in working capital	(41.8)	(8.1)	-80.6%
Acquisitions of tangible and intangible fixed assets	(22.0)	(16.9)	-23.2%
<b>Recurring operating free cash flow</b>	<b>17.1</b>	<b>34.3</b>	<b>100.6%</b>
Disbursed financial result	(1.1)	(5.4)	-
Corporate income tax paid	(1.6)	0.1	-
Others	(0.1)	(0.6)	-
<b>Recurring Free Cash Flow</b>	<b>14.3</b>	<b>28.4</b>	<b>98.6%</b>
<b>Non-recurring items</b>	<b>(19.5)</b>	<b>(7.3)</b>	<b>-62.6%</b>
<b>Free cash flow</b>	<b>(5.1)</b>	<b>21.1</b>	<b>-</b>
Increase (decrease) in borrowings	-	(0.0)	-
Capital increase	3.7	0.7	-81.1%
Others	(11.9)	(12.2)	-15.1%
<b>Net change in cash</b>	<b>(13.3)</b>	<b>9.6</b>	<b>-</b>
Net cash & cash equivalents BoP	41.5	61.4	48.0%
<b>Net cash &amp; cash equivalents EoP</b>	<b>28.1</b>	<b>71.0</b>	<b>-</b>

- Significant improvement in **change in WC** vs. H1 2020, including:
  - Change in customer receivables: -€1 m vs. -€49 m in H1 2020, reflecting the stabilisation of business activity after years of decline
  - €2 m of social & fiscal liabilities repayment (French State) which had been incurred during the financial restructuring (€9.4 m remaining to be repaid at 30<sup>th</sup> June 2021)
- **Non recurring items: redundancy plan**: €7 m disbursed in H1 2021 (€3 m remaining to be repaid after 30<sup>th</sup> June 2021)
- **Disbursed financial result**:
  - Interest paid in cash (Bond + RCF)
  - **Reminder**: 50% of interests are capitalised until 31st December 2021
- **Others**: IFRS 16 cash impact (rents, for €10 m) & full repayment of the WC line (€2 m)
- **Net cash** of **€71 m** as at 30<sup>th</sup> June 2021

<sup>1</sup> Recurring EBITDA including Digital & Print businesses

# Partial repayment of the RCF as announced in the financial restructuring plan

15<sup>th</sup> July 2021

- **In accordance with the commitments in the financial restructuring plan**, partial repayment of the RCF as announced on 30/09/2021 of €6 m:
  - €3 m in cash
  - €3 m in new shares issued (through a reserved capital increase)



From 12<sup>th</sup> August  
to 22<sup>th</sup>  
September 2021  
(included)

- **Calculation dates for the price used for the part redeemed in shares:** unit price equal to the volume weighted average price applied over the period

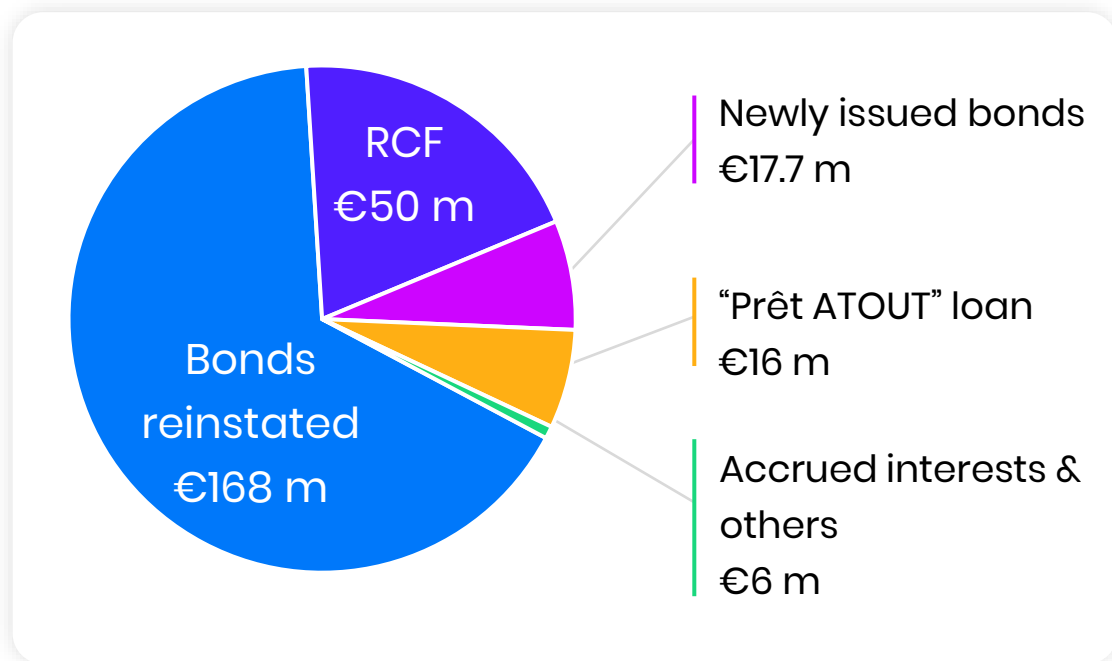


30<sup>th</sup> September  
2021

- **Repayment of €6 m**
- **Balance of RCF used post-repayment: €44 m**

<sup>1</sup> calculated in accordance with the Bonds documentation

# A strengthened financial structure as at 30<sup>th</sup> June 2021



<i>in million euros</i>	31/12/2020	30/06/2021
Gross debt	256	258
Cash	61	71
Net debt	195	187
Covenant EBITDA <sup>1</sup>	101	80
Financial leverage	1.9x	2.3x

**30/06/2021**

- **Consolidated Net Leverage ratio** (Consolidated net debt<sup>1</sup> / Consolidated EBITDA<sup>1</sup>) **< 3.5x** **2.3x**
- **Interest Coverage ratio** (Consolidated EBITDA<sup>1</sup> / Consolidated Net Interest Expense<sup>1</sup>) **> 3.0x** **3.3x**

<sup>1</sup> calculated in accordance with the Bonds documentation





# Business Review

**Hervé MILCENT**

Chief Executive Officer

# First half of 2021 sum up

## H1 2021 achievements

**A stable customer for the third quarter in a row**

**Significant churn reduction confirmed**

**ARPA is in line with our ambitions**

**A rising autorenewal base**

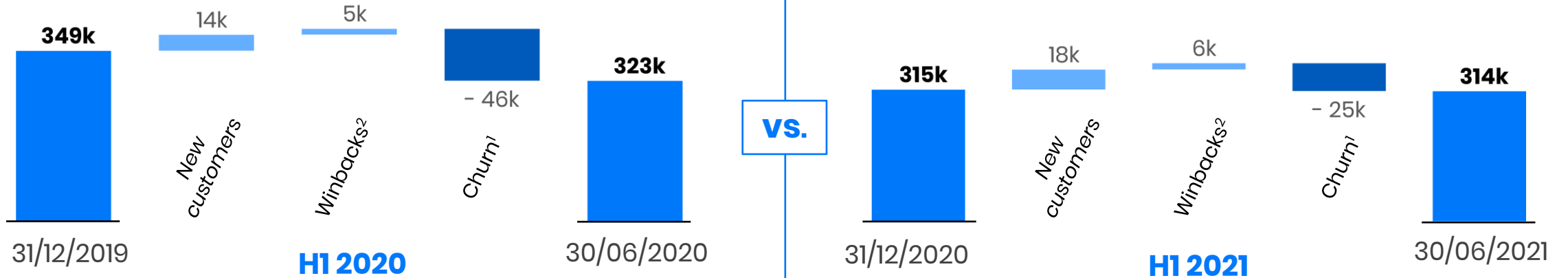
## Focal points

**Client acquisition hardships**

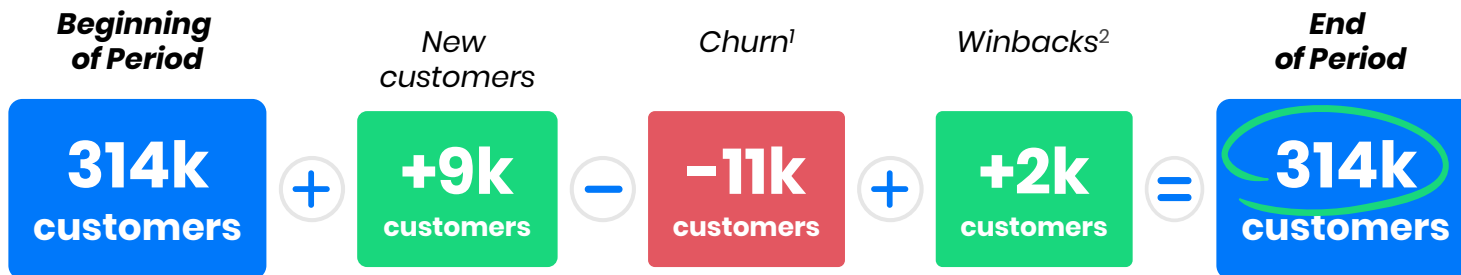
**A challenged PagesJaunes traffic**

# A stable customer base for the third consecutive quarter

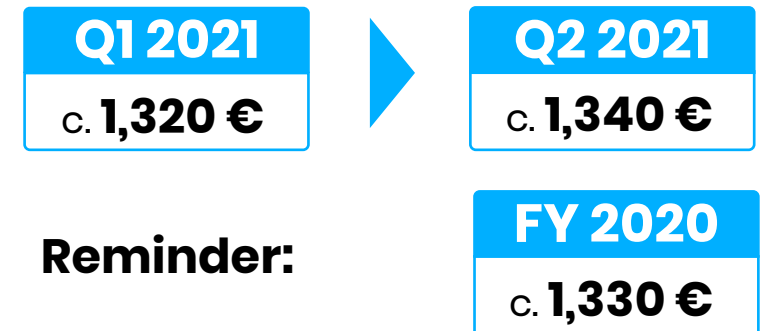
## Customer base overview



## Q2 2021



## Digital ARPA<sup>3</sup>

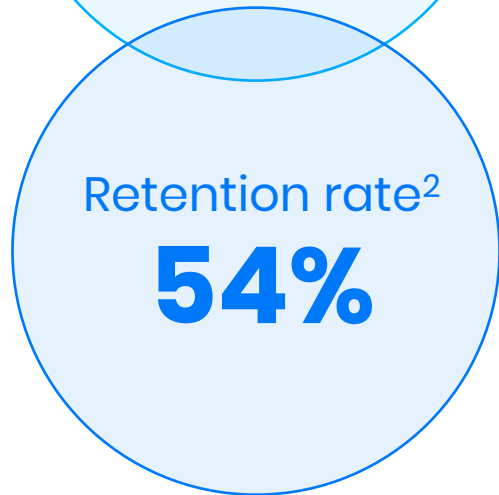
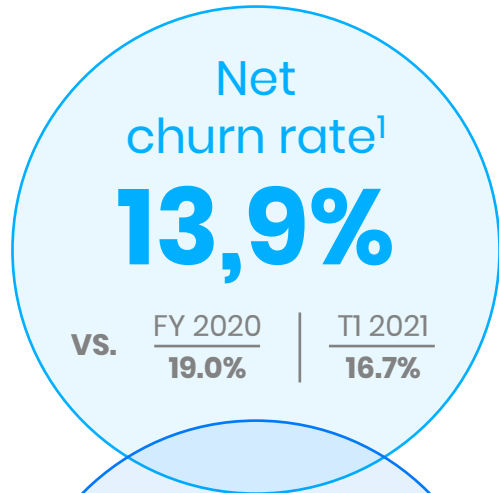


<sup>1</sup> churn calculation: nb of churned customers / nb of customers BoP. Figures netted from winbacks

<sup>2</sup> Winback: Acquisition of a customer who has been lost in the previous 12 months

<sup>3</sup> Based on Group revenues, scope excluding QdQ & Mappy

# Q2 2021 KPIs in line with market standards



## Focus points

- **Improve quality of sales actions & adapt our commercial approach**

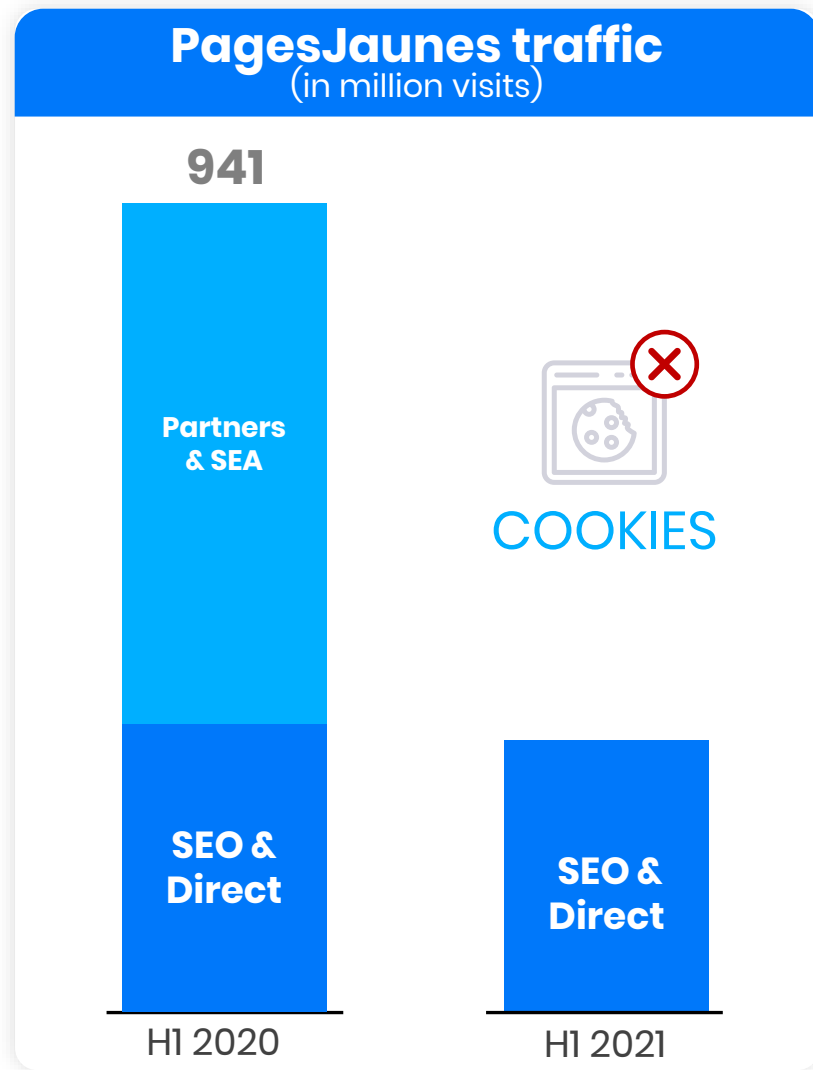
→ Sales actions are the main triggers of churn intentions

- **Special attention to churn intentions in order to maintain value, thanks to our retention squad**

→ Churn intentions represent c. €7 to €8 m/ month



# PagesJaunes: a key asset in transformation



## From visits<sup>1</sup> to search

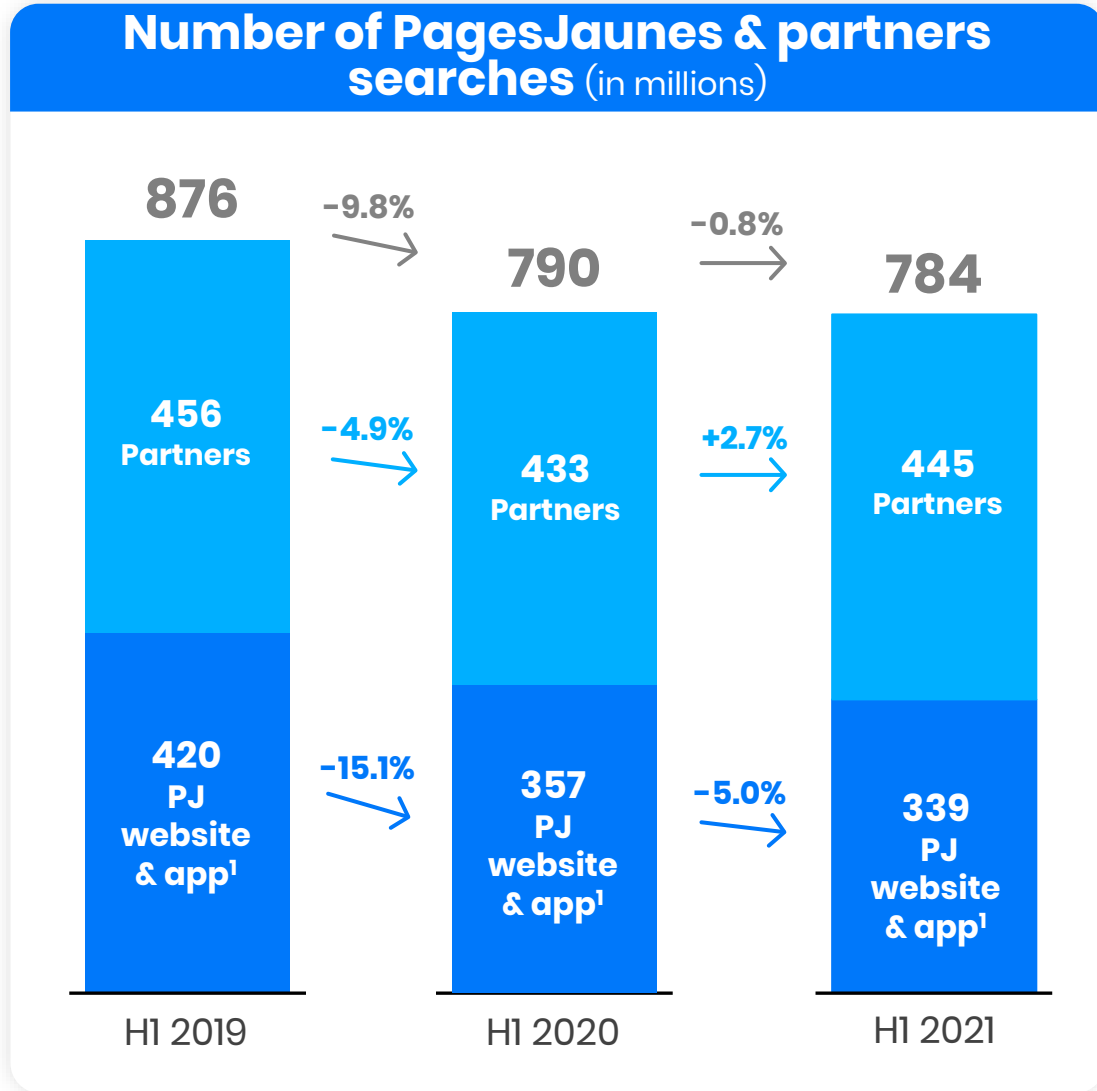
### Why are we changing the indicator ?

- **Since April 2021, the “cookies and other tracers”<sup>2</sup>** guidelines of the CNIL, require the **explicit consent of individuals** to measure Solocal’s traffic on its partners’ website
  - **Weakened indicator of “visits”**: the traffic of syndicated<sup>3</sup> directories is no longer measurable in a certified manner
- **The progressive ban of third-party cookies** by internet browsers reinforces the weakness of this indicator for the future

### Which new KPI ? SEARCH:

- **Relevant**: number of times Solocal positions **one or more professionals following a request from an Internet user**
- **Long-lasting**: search is **not associated with internet user data** and can be measured among partners
- **Strong: identical definition** between PagesJaunes and its partners

# Stable PagesJaunes searches over 2021



- **2020 searches:** Decrease in searches because of the **strict lockdown** over a 2 months period
- **2021 searches:** favourable base effect

**Q2 2021 achievements**

In Q2 2021, **redesign** of search results webpage to optimize conversion into leads

→ **About 1 search out of 2 turns into a lead with a professional:** phone calls, online appointment, itinerary, quotes...

<sup>1</sup> Website & app = SEO & Direct

# Key focus points as at 30<sup>th</sup> June 2021



## Websites

- A critical building brick for the platform of services & digital solutions



## Large accounts

- Achievements & developments in Q2 2021



## VSE/Enterprise salesforce

- Facing a massive transformation of its mission

# Websites, a critical building brick for the platform of services & digital solutions

## A strong grip on website customers

- c. 80% of website customers with at least 1 product in addition to their website
- Much higher ARPAs vs. €1,340 on average for the customer base
- Use of Solocal Manager: +27% vs. other customers

## Websites

- **3 ranges of websites:** Essentiel, Premium & Privilege
- **Onboarding:** support our customers through a differentiated approach ; from 2 to 7 meetings, depending on the chosen website
- **Unique approach involving customers** with no compromise on service or content

## A better delivery

- Improvement in production time: 22 days<sup>1</sup> on average (-4d vs. H1 2020)

### Number of premium websites delivered

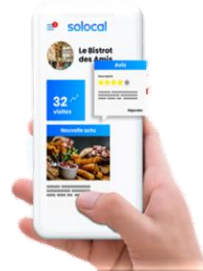
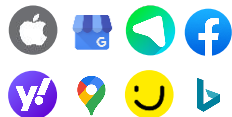
Q4 2020		Q1 2021		Q2 2021
258	+100.8% →	518	+80.5% →	935

- Potential in terms of cross & upsell: c. ¼ of Premium & Privilege websites sold in June are upsell from previous range

## From products to digital solutions



### Connect



### Solocal Manager



### Booster



<sup>1</sup>Premium websites from briefing to first presentation of website to the customer

# A necessary improvement of salesforce training

## Hunters

(c. 100 FTEs)

Uneven performance between teams

- **c. 1 out of 6 meeting transformed into an order intake** ; goal: 1 out of 4 meetings
- **significant turnover at end of June 2021**

significant performance gaps:

- Some teams almost **2x above expectations** in terms of customer acquisition
- **Average ARPA** varies by twice as much depending on business center

## VSE/Enterprise salesforce

(c. 250 FTEs)

The switch to the new model is happening gradually

- **35%** of order intake stemming from migration at end of H1 2021 vs. c. 80% a year ago
- On average over H1 2021, **c. 1 out 2 « traditional » salesperson** < 1 customer acquisition per week
- Improvement needed **on products appropriation by salesforce**

## Learnings

- Some good achievements in certain areas confirm that the **model & its execution have potential** of the model and its execution
- **Prospect targeting & sales contact plan** to be industrialized in September
- **Improve training** of new recruits

- Enhance **geographical & managerial coverage** of salesforce
- **Deployment of top performers expertise** to the entire salesforce

# Some examples of achievements on Large Accounts & Networks in Q2 2021

## Autosur & Solocal awarded 3 times in 2021 with Booster Réseaux



- **Unique and personalized sponsored link campaigns** for every of the 280 Autosur technical centers where the service, since March 2019. Redirection to the **dedicated Store Locator** page with phone tracking and appointments



- **Les Cas D'or**: gold medals
  - Price of scalability within the Drive to Store solution
  - Advertising innovation award in the « Online Multi-Local Advertising » category



- **La nuit des Rois**: bronze medal
  - Connected Commerce & Drive-to-Store

### Cojean

- Roll-out of **Connect Réseaux**, our presence management solution in the 39 restaurants in France and in England
- Ongoing test and validation of **Local Impact**, our Drive-to-Store solution with measurement of actual visits in France

cojean

### Lacoste

- **Audit & customer data base enhancement**





# Our challenges for the next twelve months

Presentation of the Group's strategy on the 20<sup>th</sup> October 2021, base on three strong convictions:

## 1 A finer customer knowledge to support our business

- Identification of **relevant & profitable segments**
- Adapt to customer needs
- Support commercial approach

## 2 From products to digital solutions

- Evolution towards a digital services platform (as a service)
- **Personalized support**
  - **Perceived value creation** (dashboard)
  - **Use value of Solocal Manager**, our digital assistant

## 3 Assertion of a local relational media

- Turn PagesJaunes into **the trusted third party**, between consumers and professionals
- **Monetization of advertising spots** and, ultimately, data

<sup>1</sup> Business customers who logged on at least once in the last twelve months before the end of June 2021



# Wrap up

**Hervé MILCENT**

Chief Executive Officer

**Olivier REGNARD**

Chief Financial Officer

# H1 2021 wrap up

- ✓ **Stabilised revenue<sup>1</sup> in Q2 2021** vs Q2 2020, in decrease<sup>1</sup> by -5.1% in H1 2021 vs. H1 2020
- ✓ **2021 secured revenue** of €366 m as at 30<sup>th</sup> June 2021
- ✓ 2021 EBITDA of c. €120 million **confirmed**
- ✓ Basing on sales momentum over Q2 2021, 2021 customer base stabilised

## 20<sup>th</sup> October 2021 presentation

- ✓ Q3 2021 business review & revenue presentation
- ✓ Strategic presentation based on a sharper customer knowledge, a transition from products to digital solutions, and the assertion of a local relational media
- ✓ A 3-year guidance

<sup>1</sup> Comparable scope (excluding Print activity & disposed subsidiaries)



# Questions & Answers

**Hervé MILCENT**

Chief Executive Officer

**Olivier REGNARD**

Chief Financial Officer





# Appendix

# Change in staff numbers

Categories	30/06/2020 Proforma of PSE departures <sup>1</sup>	31/12/2020 Proforma of PSE departures <sup>1</sup>	30/06/2021 Proforma of PSE departures <sup>1</sup>
Quota-bearing salesforce	1 537	1 558	1 474
Production and Customer Service	542	439	473
R&D	159	177	160
Marketing & Product	162	154	172
Staff (finance, HR & other support departments...)	484	485	534
<b>TOTAL</b>	<b>2884</b>	<b>2813</b>	<b>2 813</b>

- Departures related to the redundancy plan are taken out of staff figures after their severance

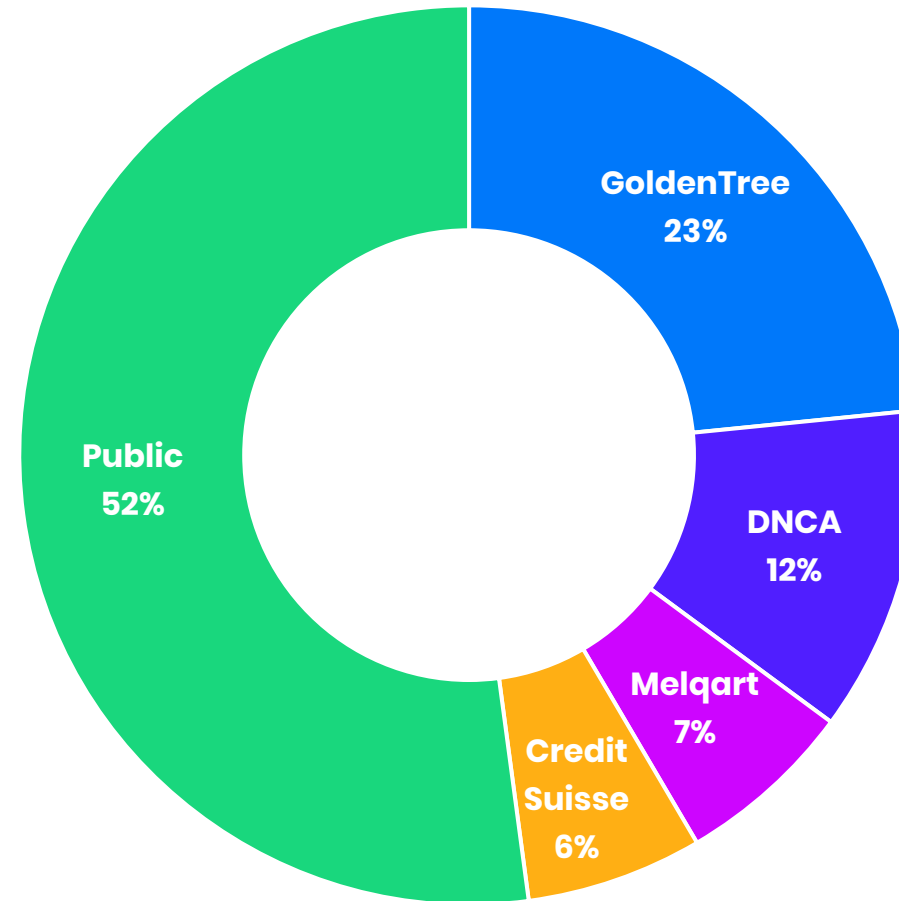
<sup>1</sup> Based on FTEs at end of period including long term illness



# Shareholding structure & number of shares

## Shareholder structure<sup>1</sup>

**Number of shares:**  
129,859,760



<sup>1</sup> Based on information as at 30/04/2021 compared to total number of outstanding shares as at 30<sup>th</sup> June 2021

# Main features of the Bonds

## Main securities

- **ISIN:** FR0013237484
- **Amount:** €168.4 m
- **Maturity date:** 15<sup>th</sup> March 2025, with 2.5 non call years
- **Interests (as from 1<sup>st</sup> October 2020):**
  - Euribor with Euribor floor 1% + 7% spread (no less than 8%), 50% in cash and 50% PIK, until December 15th, 2021 ;
  - Euribor with Euribor floor 1% + 7% (no less than 8%) payable fully in cash thereafter ;

## Additional Bonds issued on 14<sup>th</sup> August 2020

- **ISIN:** FR0013527744
- **Amount:** €17.8 m
- **All other features similar to the main Bonds**

## Credit Ratings:

	Issuer rating	Securities rating	
		FR0013237484	FR0013527744
<b>Fitch</b>	CCC+	B-	B-
<b>Moody's</b>	Caa1 stable outlook	Caa2	Caa2