



July 26<sup>th</sup>, 2018

# #1H 2018 RESULTS

---



## DISCLAIMER

---

This document contains forward-looking statements. Any forward-looking statement does not constitute forecasts as defined in European regulation (EC) 809/2004. Forward-looking statements relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. The forward-looking statements are based on the Company's current beliefs, assumptions and expectations of its future performance, taking into account all information currently available. Forward-looking information and statements are not guarantees of future performance and are subject to various risks and uncertainties, many of which are difficult to predict and generally beyond the control of the Company. These risks and uncertainties include those discussed or identified under section 4 "Risk Factors" of the SoLocal Group's "Document de référence" which was filed with the French financial markets authority (AMF) on April 26<sup>th</sup>, 2018. Important factors that could cause actual earnings to differ materially from the earnings anticipated in the forward-looking statements include the effects of competition, usage levels, the success of the Group's investments in France and abroad, and the effects of the economic situation. SoLocal Group, its affiliates, directors, advisors, employees and representatives expressly disclaim any liability whatsoever for such forward-looking statements.

The forward-looking statements contained in this document apply only at 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.

The board approved the consolidated financial statements of the Group as at June, 30<sup>th</sup> 2018. The limited review in 1H 2018 accounts were completed and the limited review report is currently being issued. The quarterly financial statements were not audited. Financial statements restated under IFRS 15 are unaudited figures.

Certain business indicators covered in the presentation are for continued activities.

Due to rounding, numbers presented throughout this and other documents may not add up precisely to the total provided.

All financial data and indicators are published in details within the report of Consolidated financial information as of June 30<sup>th</sup>, 2018 which is available on the corporate website, [www.solocalgroup.com](http://www.solocalgroup.com) (finance area).



## **BUSINESS UPDATE**

Eric Boustouller, CEO

## 1H 2018 : ON TRACK WITH THE EXECUTION OF SOLOCAL 2020 TRANSFORMATION PLAN

---

- **Growth in 2Q digital sales despite a challenging social environment**
  - Sales growth in 2Q 2018 after a decrease in 1Q 2018
- **Agreements signed with trade unions after a 4-month negotiation period**
  - Around 800 people are leaving the Group over the Summer 2018
- **Confirmed 2018 guidance: stabilisation of recurring EBITDA<sup>1,2</sup> (€170M)**

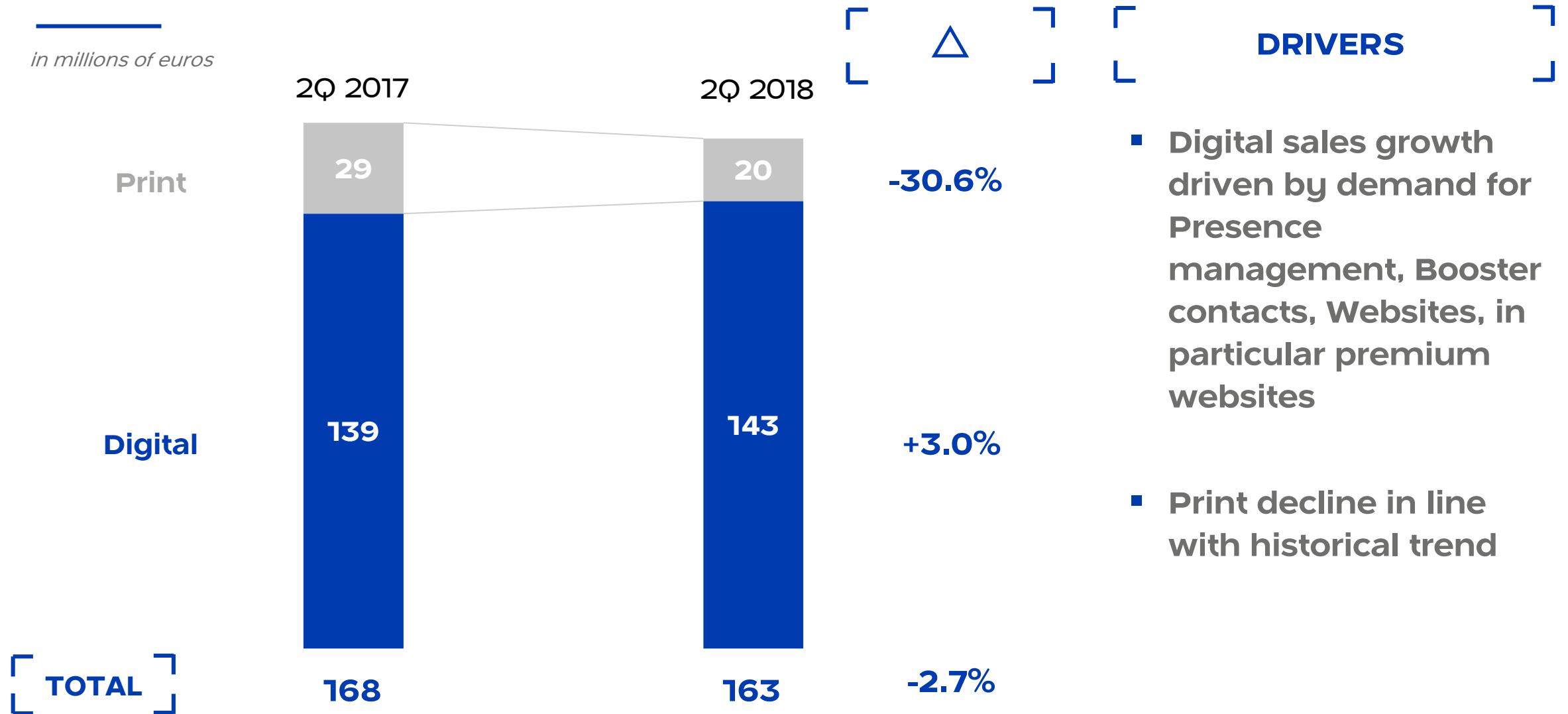
## 2Q 2018 OVERVIEW<sup>1,2</sup>

*in millions of euros*

	[ 2Q 2017 ]	[ 2Q 2018 ]
<b>Digital sales</b>	<b>139</b>	<b>143</b>
<i>Change</i>		<b>+3.0%</b>
<b>Digital order backlog</b>	<b>384</b>	<b>377</b>
<i>Change</i>		<b>-1.8%</b>
<b>Digital revenues</b>	<b>151</b>	<b>146</b>
<i>Change</i>		<b>-3.5%</b>
<b>Audience (in millions)</b>	<b>601</b>	<b>604</b>
<i>Change</i>		<b>+0.5%</b>
<b>Evergreen sales (% of total sales)</b>	<b>10%</b>	<b>16%</b>

## 2Q 2018 DIGITAL SALES GROWTH<sup>1,2</sup>

in millions of euros

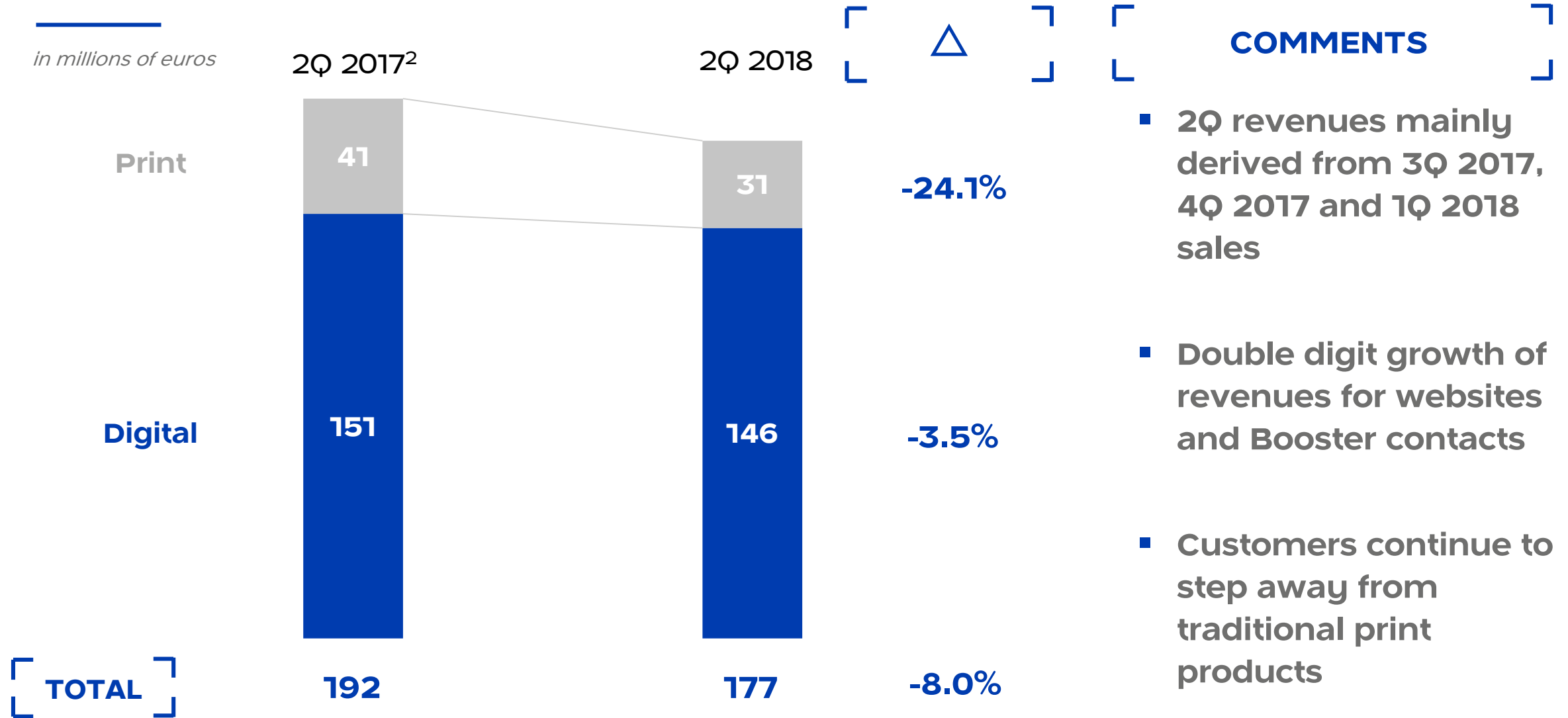


### DRIVERS

- Digital sales growth driven by demand for Presence management, Booster contacts, Websites, in particular premium websites
- Print decline in line with historical trend

# 2Q 2018 REVENUE BREAKDOWN<sup>1</sup>

in millions of euros



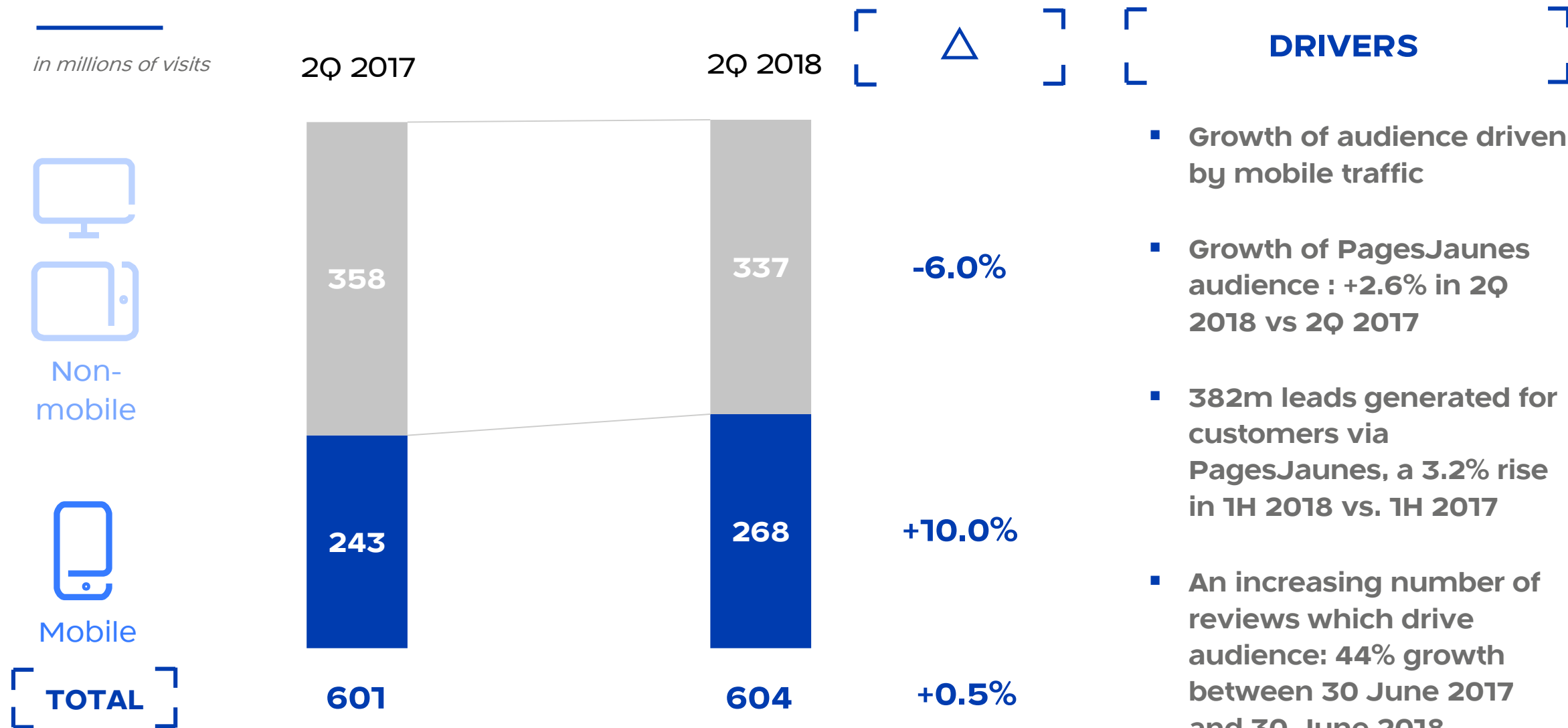
## COMMENTS

- 2Q revenues mainly derived from 3Q 2017, 4Q 2017 and 1Q 2018 sales
- Double digit growth of revenues for websites and Booster contacts
- Customers continue to step away from traditional print products



# MOBILE TRAFFIC AND PARTNERSHIPS DRIVING 2Q 2018 AUDIENCE<sup>1</sup>

in millions of visits



## DRIVERS

- Growth of audience driven by mobile traffic
- Growth of PagesJaunes audience : +2.6% in 2Q 2018 vs 2Q 2017
- 382m leads generated for customers via PagesJaunes, a 3.2% rise in 1H 2018 vs. 1H 2017
- An increasing number of reviews which drive audience: 44% growth between 30 June 2017 and 30 June 2018

Sources : AT Internet and SoLocal Group



# 1H 2018 % EVERGREEN SALES

in % of total sales

1H 2017



9%

1H 2018



16%



+6.7pts

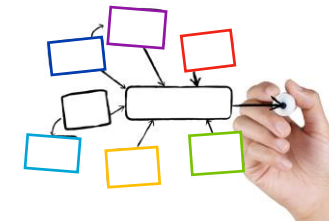
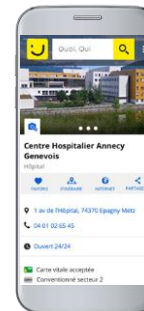
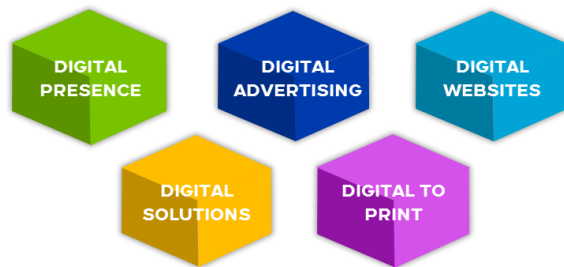
- **C. 40,000** customers already equipped with automatic renewal offers vs. **25,000** as at December 31<sup>st</sup>, 2017
- **Target 2018 : trending to 30%**

[ TOTAL ]

# TRANSFORMING TO GROW

---

## THREE TRANSFORMATION DRIVERS



# WE ARE ON TRACK



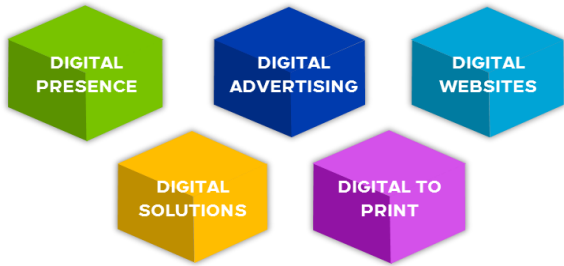
- **Social Click for SMEs / Networks** launched
  - **Presence Pack for networks** launched
  - **Subscription** increased from 9% to 16%
  - New **market** and **client segmentation** implemented
  - **Technological platform for websites** selected
  - **Single field search and PagesJaunes chatbot** launched
- 
- Business partnership with **Google** renewed for 2 years
  - Business partnership with **Facebook** signed
  - **Skill Alexa** launched
- 
- **Hiring of strong sales leaders (Large accounts, E-commerce, Telesales)**
  - **Agreements on redundancy plan signed on time with unions : around 800 people leaving over summer 2018**



# TRANSFORMING WHILE SECURING BUSINESS CONTINUITY

	Employees leaving <sup>1</sup>	2H 2018	2019
FIELD SALES	c. 300	<ul style="list-style-type: none"> <li>Geo-rationalisation, removing siloed BU inefficient structure</li> <li>-100 managers: Span of control from 4 to 8 sales per manager</li> <li>Ongoing sales territories reallocation</li> <li>&gt;10K accounts transferred to +100 Telesales</li> <li>New potential-based segmentation tests ongoing</li> <li>Sales Rep 3.0 training from Sept (new offer &amp; digital coaching)</li> <li>Absenteeism reduction action plan</li> </ul>	<ul style="list-style-type: none"> <li>New product lines</li> <li>Omnichannel; digital coaching for SMEs</li> <li>Optimising customer lifetime value</li> <li>Evergreen subscription model</li> <li>Sales training and upskilling</li> <li>New sales tools and customer journey</li> <li>New sales Pay Plan</li> </ul>
SALES & MARKETING OPERATIONS	c. 200	<ul style="list-style-type: none"> <li>Centralised marketing teams</li> <li>Focused Marketing spend</li> <li>Centralised sales operations</li> </ul>	<ul style="list-style-type: none"> <li>New Solocal brand identity</li> <li>Sales &amp; Marketing automation</li> <li>+€10m in Brand &amp; Product Communication</li> <li>New data driven sales operations tools</li> </ul>
SUPPORT	c. 100	<ul style="list-style-type: none"> <li>New Head of Customer Relations</li> <li>Centralisation of Customer Care teams to deliver digital coaching</li> </ul>	<ul style="list-style-type: none"> <li>New production and content platform</li> <li>Migration to cloud platforms</li> <li>New Finance and HR processes</li> <li>ERP implementation</li> <li>New support tools</li> </ul>
MANAGEMENT	c. 200	<ul style="list-style-type: none"> <li>100 Top Managers/Transformers (LTIP)</li> <li>New Sales management team</li> <li>Reducing management layers (1:8; 1:10)</li> <li>Increased span of control &amp; accountability</li> </ul>	<ul style="list-style-type: none"> <li>Focus on managers' skill development</li> <li>Value creation sharing</li> </ul>

## NEXT STEPS - 2H 2018



- **New packaged offering (test & learn)**
  - **Social video**
  - **Entry-level website offer**
  - **Premium and Privilege websites including e-commerce**
  - **New customer journey test & learn phase**
  - **New production platform for websites**
- 
- **Optimised search engine for recommendation & personalisation**
  - **Enhanced Mappy multimodal experience**
  - **UI reworking**
  - **Partnerships on verticals**
  - **Local ads : 300 partners**
  - **Transition to cloud**
- 
- **Deployment of new organisation**
  - **Smart and agile tech : Move 2 Cloud**
  - **New tools and training for salesforce**

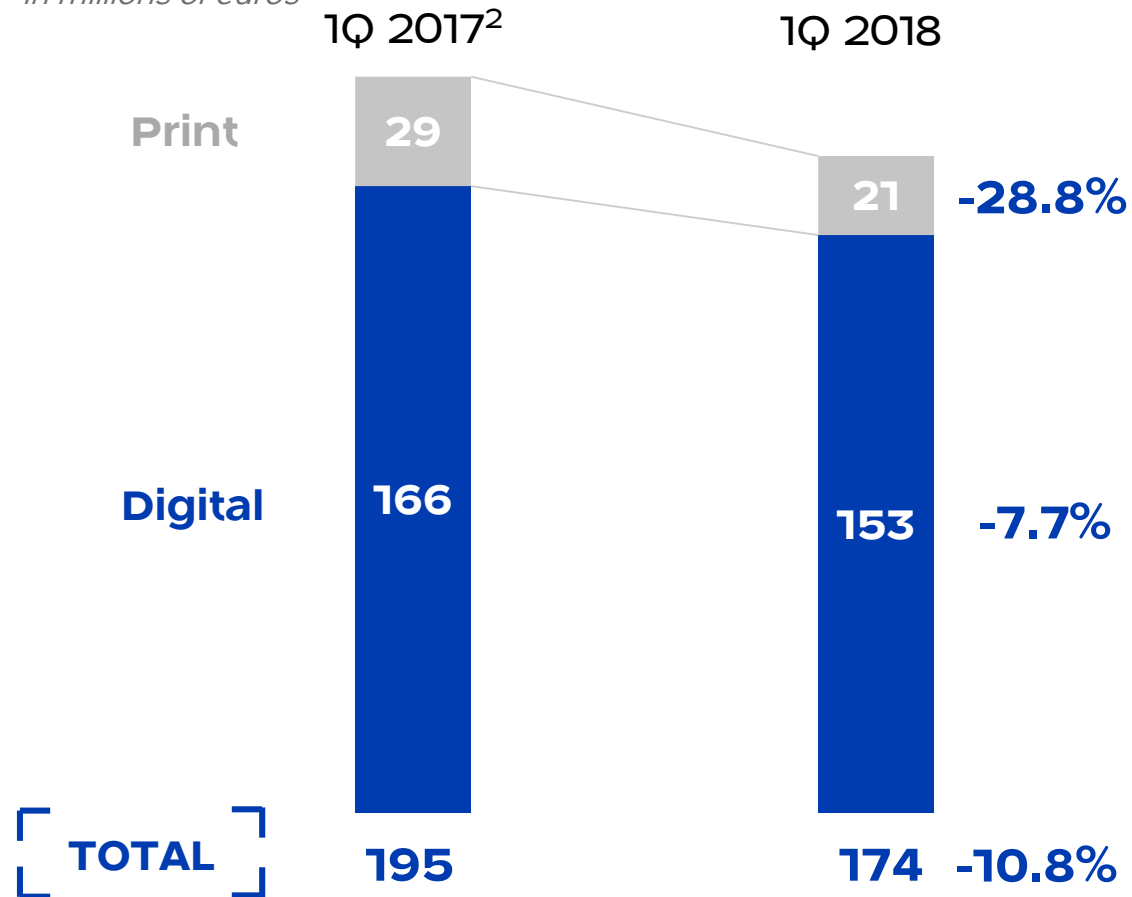


## **FINANCIAL HIGHLIGHTS**

Jean-Jacques Bancel, CFO

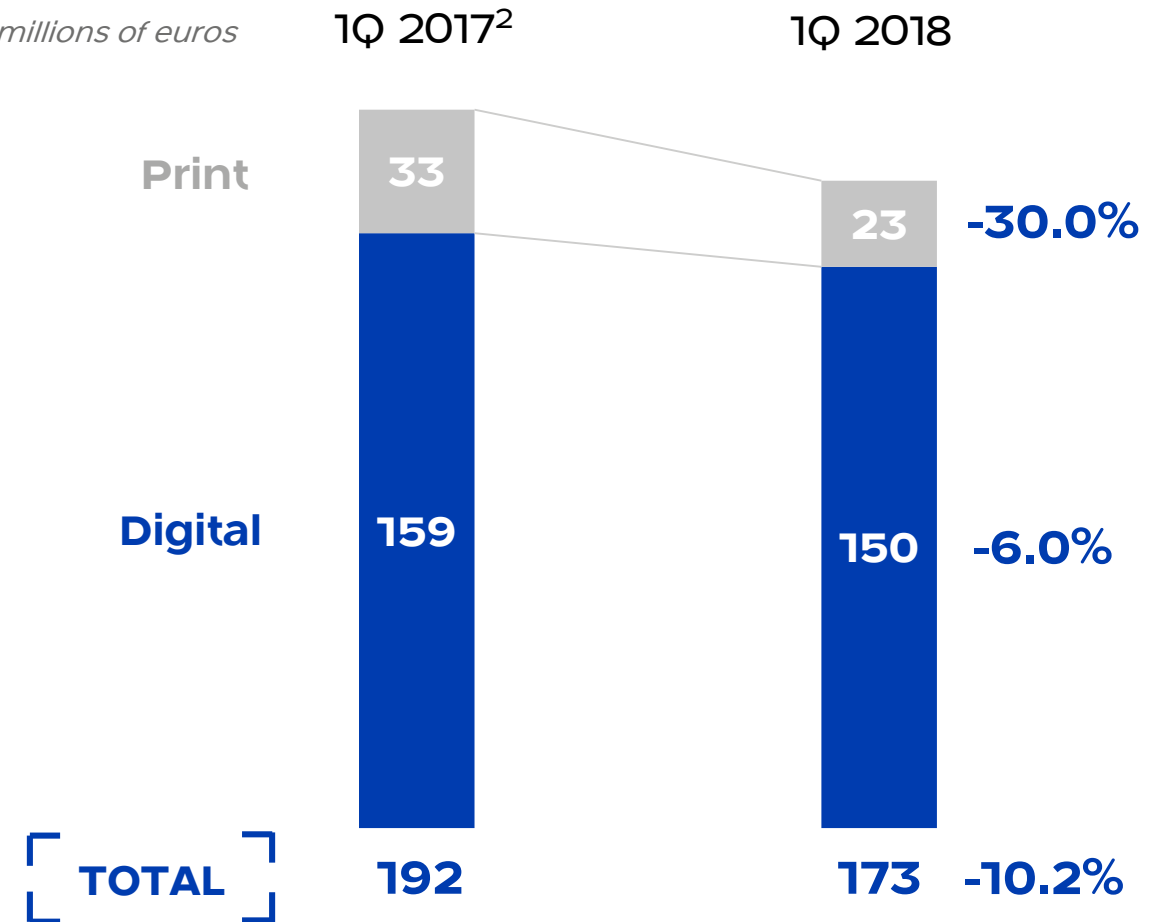
# 1Q 2018 SALES BREAKDOWN<sup>1</sup> - REVISION

in millions of euros



As announced on April 24<sup>th</sup>, 2018

in millions of euros

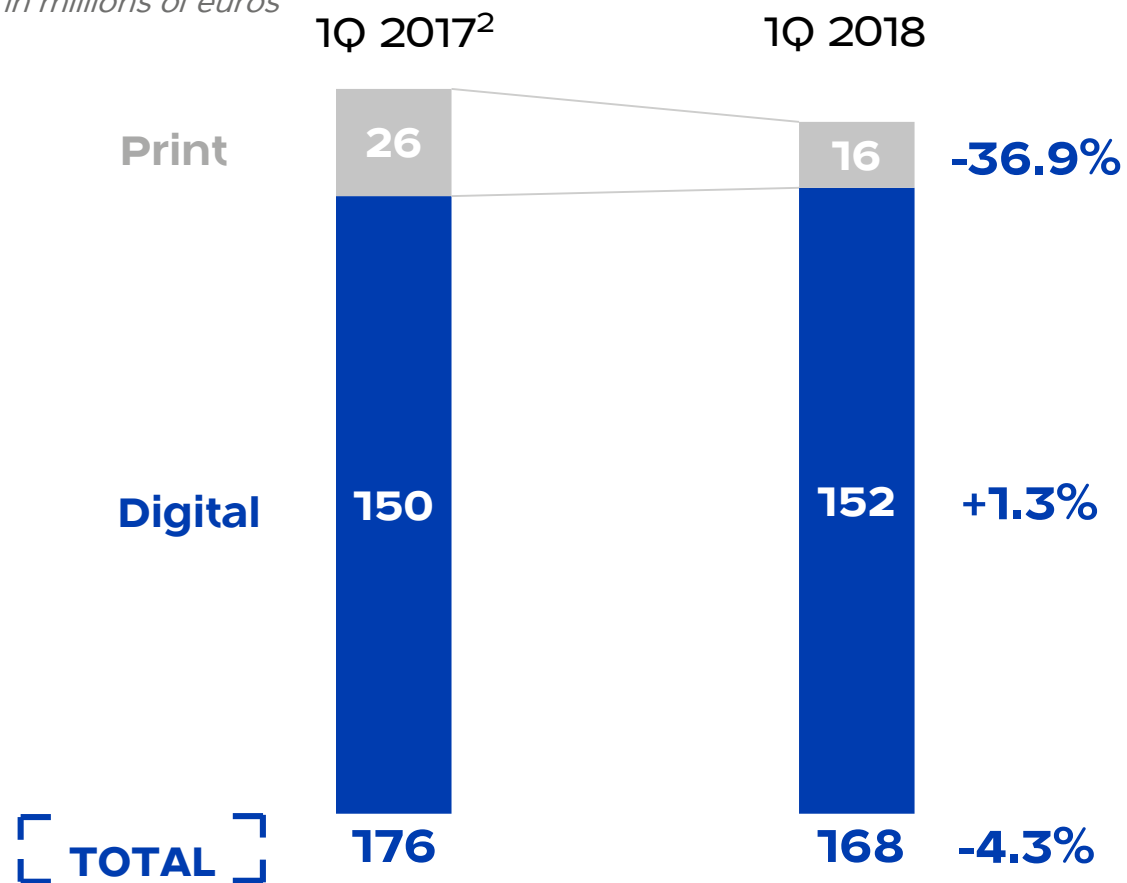


Revised as per the new scope of continued activities after the disposal of some assets and the new management rules under IFRS 15 concerning the breakdown between digital and print

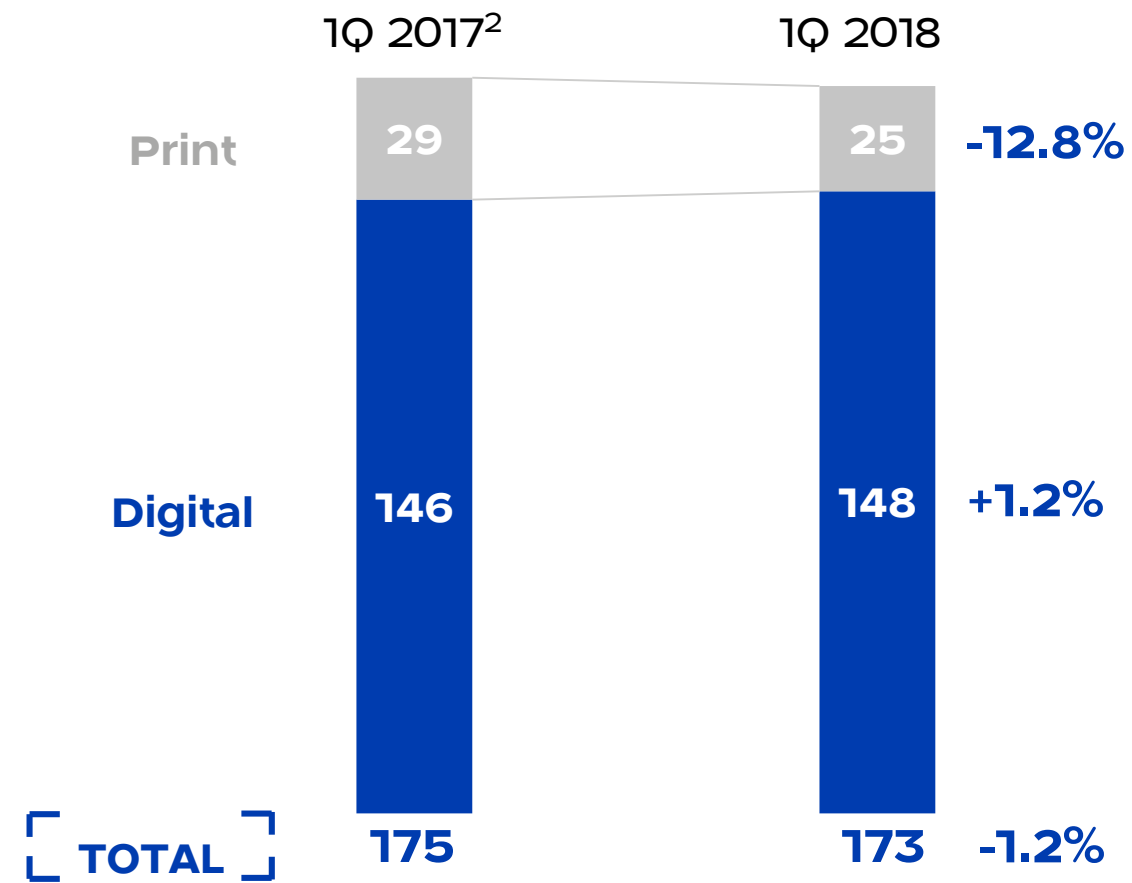


# 1Q 2018 REVENUE BREAKDOWN<sup>1</sup> - REVISION

*in millions of euros*



As announced on April 24<sup>th</sup>, 2018



Revised as per the new scope of continued activities after the disposal of some assets, the new management rules under IFRS 15 concerning the breakdown between digital and print and the accounting restatement concerning a print/digital promotional offer

## KEY FINANCIAL DATA | PROFIT & LOSS STATEMENT (1/3)

*In millions of euros*

	[1H 2017 <sup>1</sup> ]	[1H 2018]	[change]
▪ Digital revenues	297	293	-1.2%
▪ Print revenues	70	57	-19.5%
<b>Revenues from continued activities</b>	<b>367</b>	<b>350</b>	<b>-4.7%</b>
▪ Recurring net external expenses	-97	-96	-0.3%
▪ Recurring staff expenses	-191	-183	-4.0%
<b>Recurring EBITDA from continued activities</b>	<b>79</b>	<b>70</b>	<b>-11.9%</b>
▪ Digital recurring EBITDA	63	59	-5.7%
▪ Print recurring EBITDA	17	11	-35.1%

## KEY FINANCIAL DATA | PROFIT & LOSS STATEMENT (2/3)

*In millions of euros*

	[1H 2017 <sup>1</sup> ]	[1H 2018]
<b>Recurring EBITDA from continued activities</b>	<b>79</b>	<b>70</b>
▪ Restructuring costs	-	-125
▪ Contribution from other non-recurring items	-4	-8
▪ EBITDA from divested activities	-2	0
<b>Consolidated EBITDA</b>	<b>74</b>	<b>-63</b>

## KEY FINANCIAL DATA | PROFIT & LOSS STATEMENT (3/3)

*In millions of euros*

	[1H 2017] <sup>1</sup>	[1H 2018]
<b>Consolidated EBITDA</b>	<b>74</b>	<b>-63</b>
▪ Depreciation and amortisation	-30	-33
<b>Operating income</b>	<b>44</b>	<b>-96</b>
▪ Net gain from debt restructuring	266	-
▪ Financial expenses and other financial income	-11	-19
<b>Income before tax</b>	<b>299</b>	<b>-115</b>
▪ Corporate income tax	-3	35
<b>Consolidated net income</b>	<b>296</b>	<b>-80</b>

## KEY FINANCIAL DATA | CASH FLOW STATEMENT

*In millions of euros*

	[1H 2017] <sup>1</sup>	[1H 2018]	[change]
<b>Recurring EBITDA from continued activities</b>	<b>79</b>	<b>70</b>	<b>-9.5M</b>
▪ Non monetary items included in the EBITDA	-1	5	+5.9M
▪ Net change in working capital	-17	-25	-7.6M
▪ CAPEX	-25	-22	+3.7M
▪ Cash financial income/expense	-41	-17	+23.9M
▪ Non recurring items	-12	-12	+0.1M
▪ Corporate income tax paid	-27	-12	+15.2M
<b>Free cash flow from continued activities</b>	<b>-44</b>	<b>-12</b>	<b>+31.7M</b>
▪ Free cash flow from divested activities	-2	0	+1.7M
<b>Free cash flow</b>	<b>-46</b>	<b>-12</b>	<b>+33.4M</b>

## 2018 FINANCIAL OUTLOOK

---

- **Recurring EBITDA of continued activities** is defined as revenues after the deduction of net external charges and staff costs (including employee profit-sharing and share-based payments) and non-recurring items adjusted for (i) divested activities and (ii) non-recurring expenses and income (including one-off expenses and costs related to the redundancy plan relating to external expenses and personnel expenses)
- **€125M of restructuring costs related to the transformation plan are recorded in the 1H 2018 accounts:**
  - €163M of provisions related to the headcount reduction carried out in 2018 as well as the closing of local agencies in 2018 as part of the transformation plan. This includes redundancy indemnities (legal and supra-legal) costs related to advance notice periods not realised, other contribution related to the termination of employment contracts and costs related to the closing of local agencies
  - €40M of reversal of provisions for retirement benefits as well as long-service award related to the 2018 headcount reduction
  - €2M restructuring fees
- **Staff costs related to employees leaving**, either as volunteers in July-September 2018 or as part of the reclassification phase in October-November 2018 will be accounted for as **non-recurring costs** in 2H 2018 from the date of the departure validation
- **The main cash outflow related to the redundancy plan will take place in mid-2019**

## 2018 OUTLOOK

---

⇒ **The Group confirms for 2018 its outlook of stabilisation of recurring EBITDA<sup>1,2</sup> at €170M**



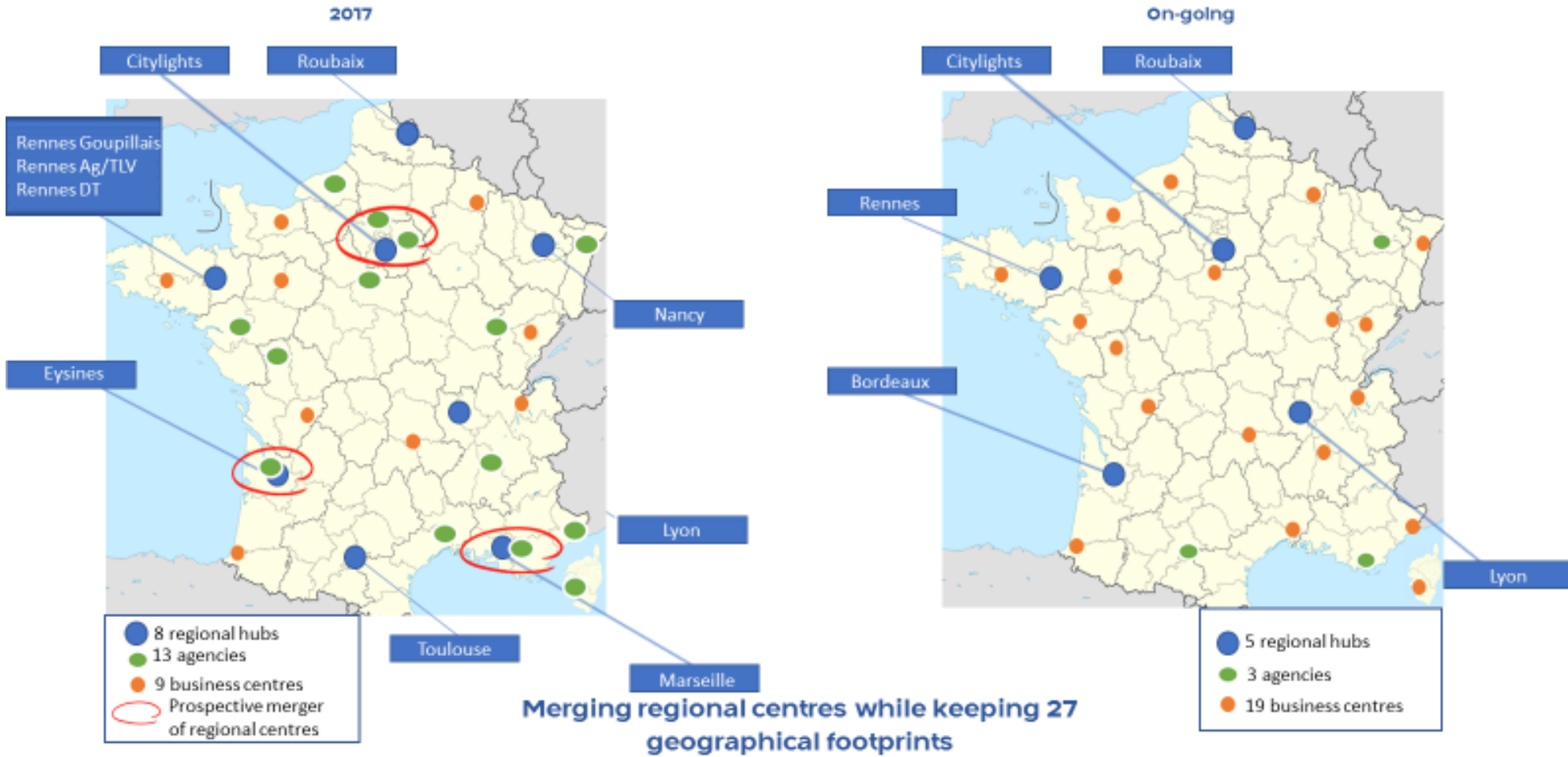


Q&A



## APPENDIX

# FULL LOCAL COVERAGE : SALES & CUSTOMER SUPPORT



# ORDER BACKLOG<sup>1</sup> AS AT 30/06/2018

in millions of euros

