



**MORGAN STANLEY EUROPEAN  
TECHNOLOGY, MEDIA & TELECOMS  
CONFERENCE**

BARCELONA, NOVEMBER 21, 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 a quarterly basis are in unaudited consolidated form.**

# Solocal a new business profile

Post LBO restructuring with a debt reduced from €2,0bn to €1,2bn in 3 years

Strategic reset of the business  
and execution of “Digital 2015” transformation plan

**CONTAINED PRINT DECLINE**  
at 17% with slow eroding margin at 45%

**STRONG INTERNET BUSINESS**  
Sizable with 67% of Group revenues  
and profitable margin at 39%



# Our mission



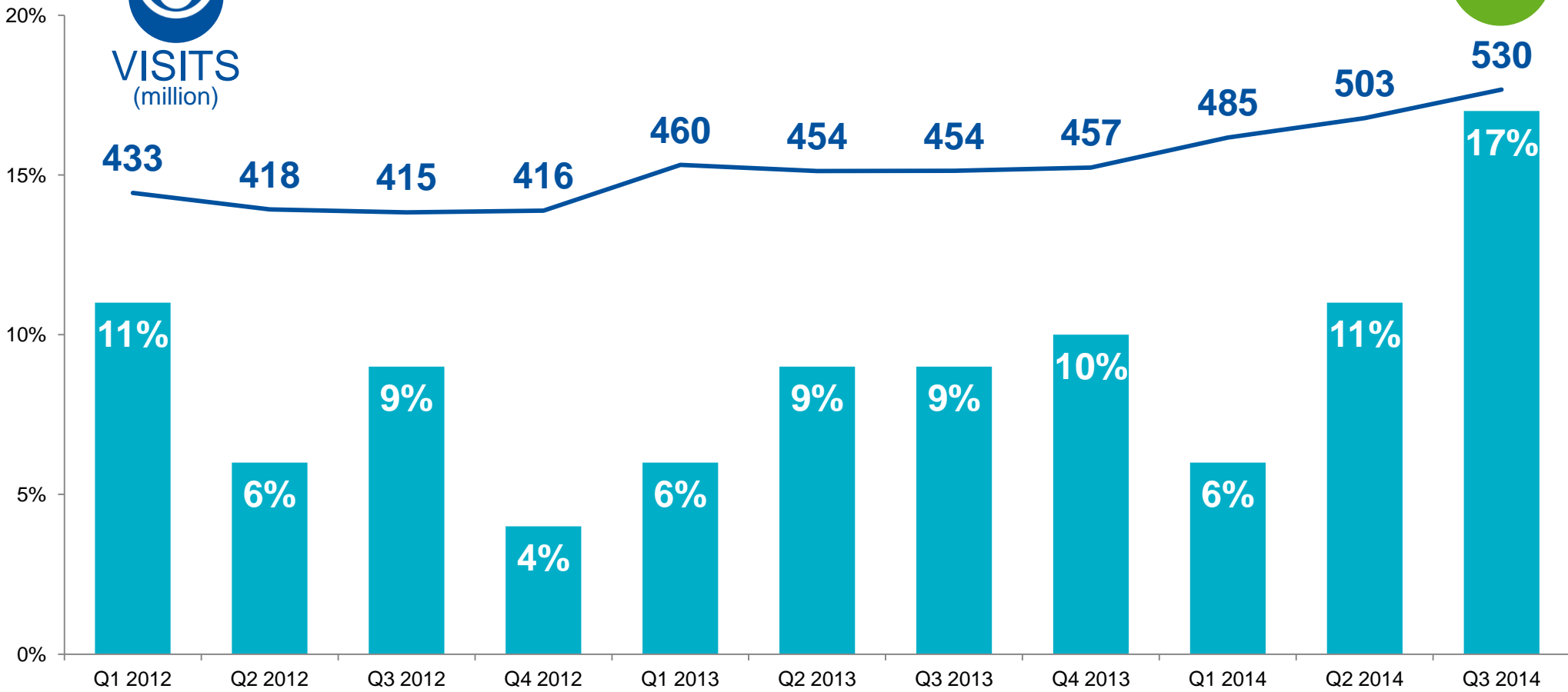
# What we do for our client



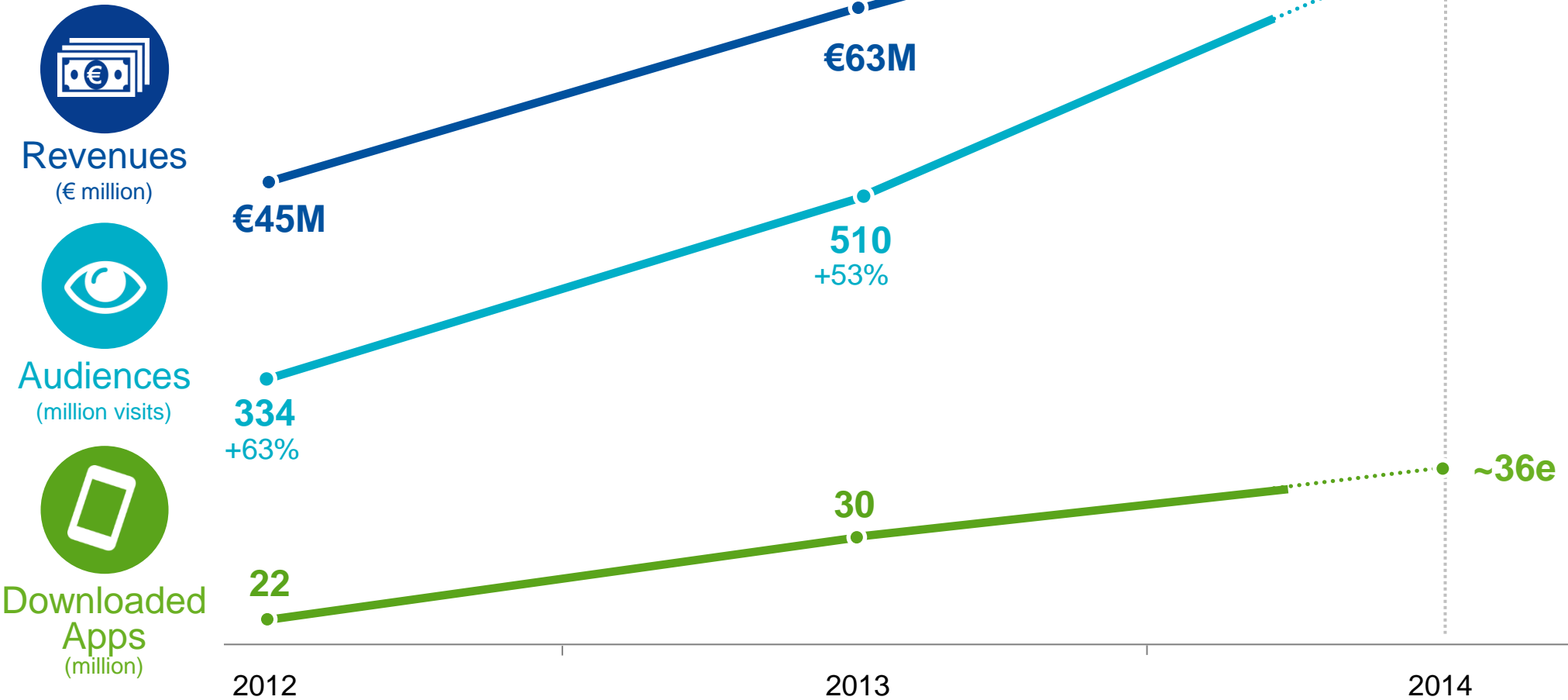
# Strong digital audiences and accelerating growth



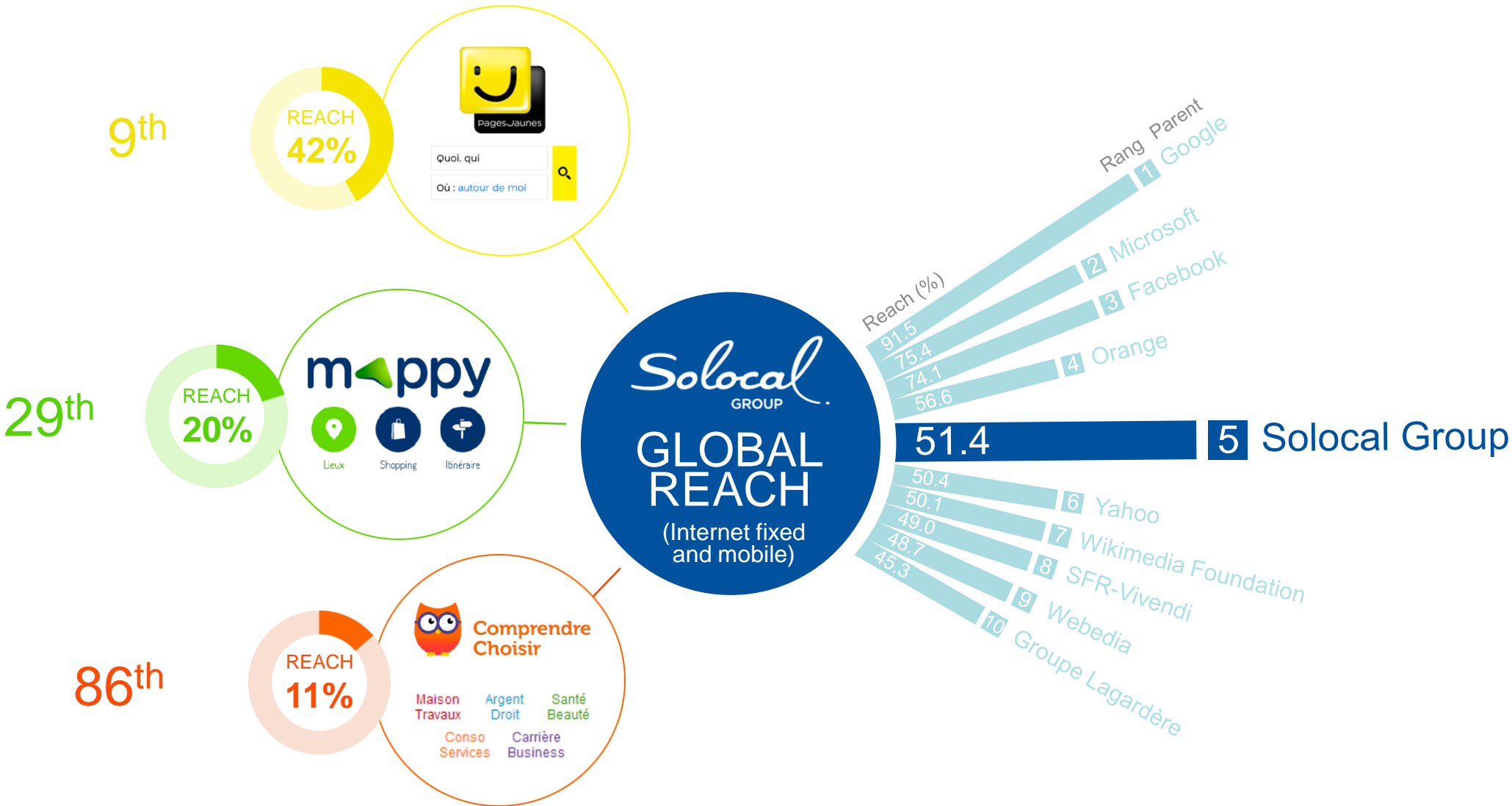
Record growth



# Mobile: growing engagement and revenues



# Top 5 in France audience with 3 brands in top 100





# Specialized marketplaces to add relevant expertise and in depth content

Ostéopathe Paris Motif de la visite Rechercher

RDV dans l'heure Langue Genre Trier par

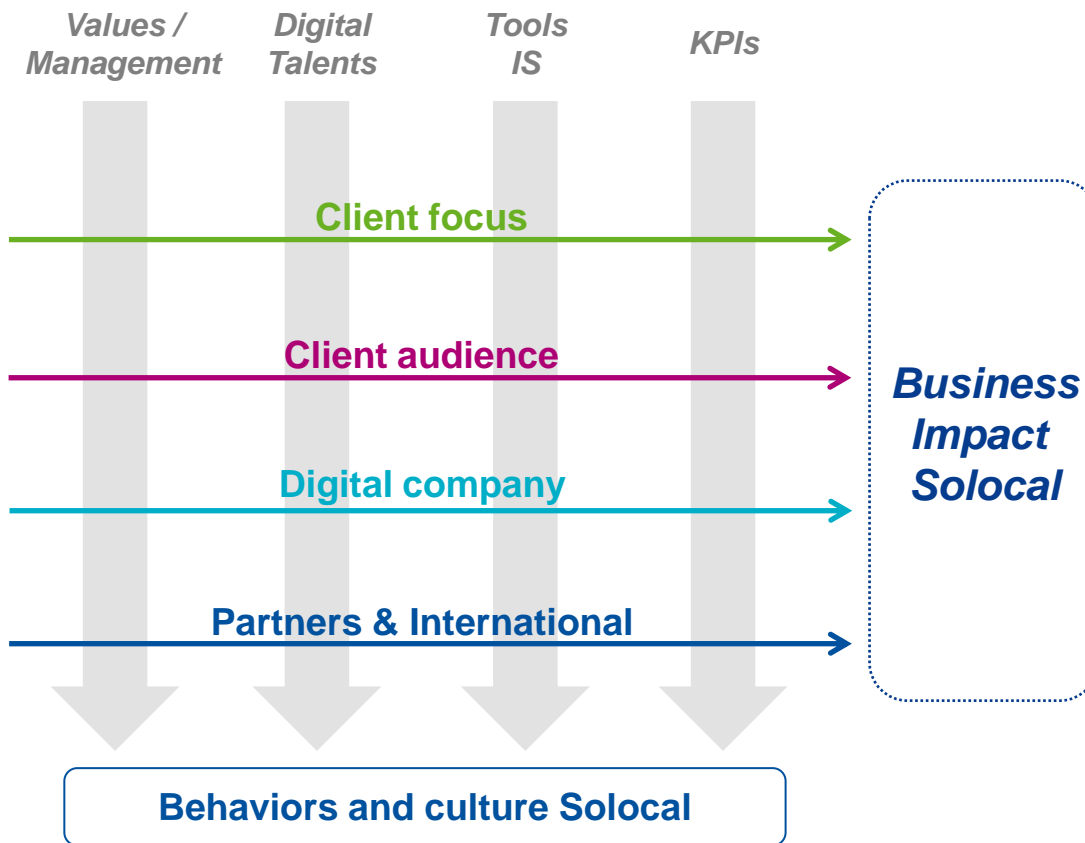
Ostéopathe 122 professionnels de santé trouvés

	vendredi 03/10	samedi 04/10	dimanche 05/10	lundi 06/10
<b>1 Dr Charles Aisenberg</b> Ostéopathe 58, rue Carnot 92300 Levallois-Perret 	17:00 17:00 17:15 17:30 17:45 18:00	09:00 09:15 09:30 09:45 10:00 10:15	Complet	09:00 09:15 09:30 09:45 10:00 10:15
<b>2 M Anthony Boucris</b> Ostéopathe 11, allée Auguste Renoir 92300 Levallois-Perret 	16:45 16:45 17:00 17:15 17:30 17:45	09:00 09:15 09:30 09:45 10:00 10:15	Complet	09:00 09:15 09:30 09:45 10:00 10:15
<b>9 Dr Jean-Philippe Day</b> Ostéopathe 8, rue de Bezons 92400 Courbevoie 	16:45 16:45 17:00 17:15 17:30 17:45	09:00 09:15 09:30 09:45 10:00 10:15	Complet	09:00 09:15 09:30 09:45 10:00 10:15



- ✓ **New online appointment scheduling platform for doctors**, launched in November
- ✓ **Specific sales & marketing team**
- ✓ **Combines strong and unique PagesJaunes audience with specialized scheduling platform**

# Essential « Digital 2015 » transformation program to deliver overall growth supported by strong online performance



■ **ACHIEVE OVERALL POSITIVE REVENUE GROWTH IN 2015** which requires an online growth above 7%

■ **AN INVESTMENT OF 200M€ IN 3 YEARS TO:**

- Transform the sales model (40M€ restructuring charges in 2013/14)
- Verticalize and invest in sales (+ 30m€ in annual sales cost as of Sept 2014)
- Accelerate development of audiences and build a new IS (70m€ capex between 2013 and 2016)

■ **ABOUT 80 PROJECTS IN 3 YEARS OF WHICH HALF ALREADY HAS BEEN DELIVERED**

■ **TEAMS, SKILLS, CULTURE AND BEHAVIORS IN DISRUPTIVE CHANGE** with in particular an increasingly new client focus

# Expert teams organized in 6 vertical business units

## Retail



- € 148 M revenues
- € 870 ARPA
- 170K customers
- 540 sales heads

## Services



- € 148 M revenues
- € 1,640 ARPA
- 90K customers
- 300 sales heads

## Home



- € 258 M revenues
- € 1,780 ARPA
- 145K customers
- 450 sales heads

## B2B



- € 140 M revenues
- € 1,395 ARPA
- 100K customers
- 360 sales heads

## Public



- € 94 M revenues
- € 1,110 ARPA
- 85K customers
- 310 sales heads

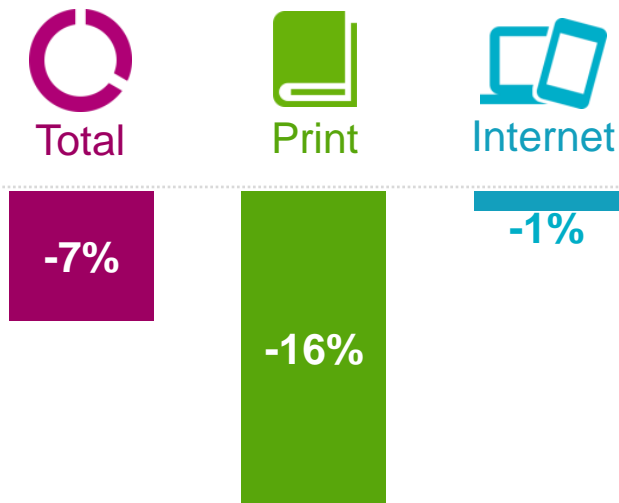
## Large accounts



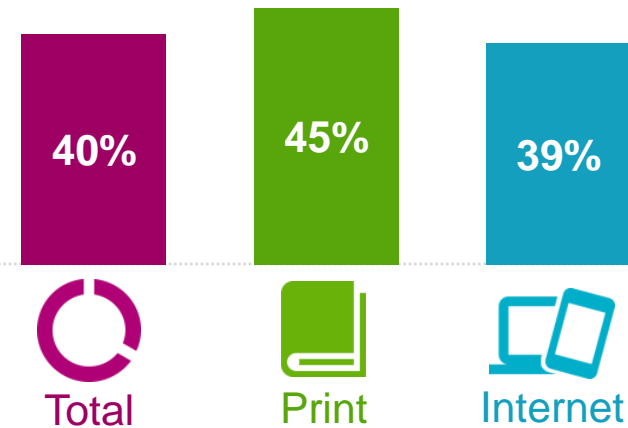
- € 80 M revenues
- € 7,990 ARPA
- 10K customers
- 75 sales heads

# Group transformation has affected Internet short term revenue growth and profitability ...

## Revenues growth (9M 2014)



## Normalised gross operating margin (9M 2014)

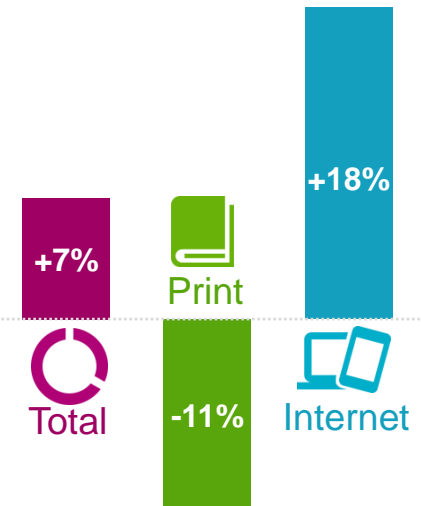
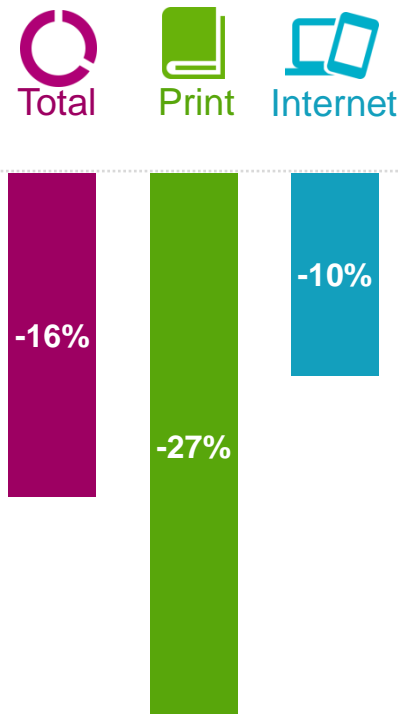
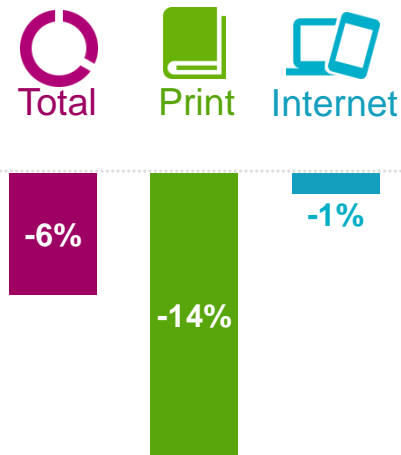


# ... but the new organisation has started to deliver substantial increase in PagesJaunes orders intake

Pre-transformation  
(end 2013)

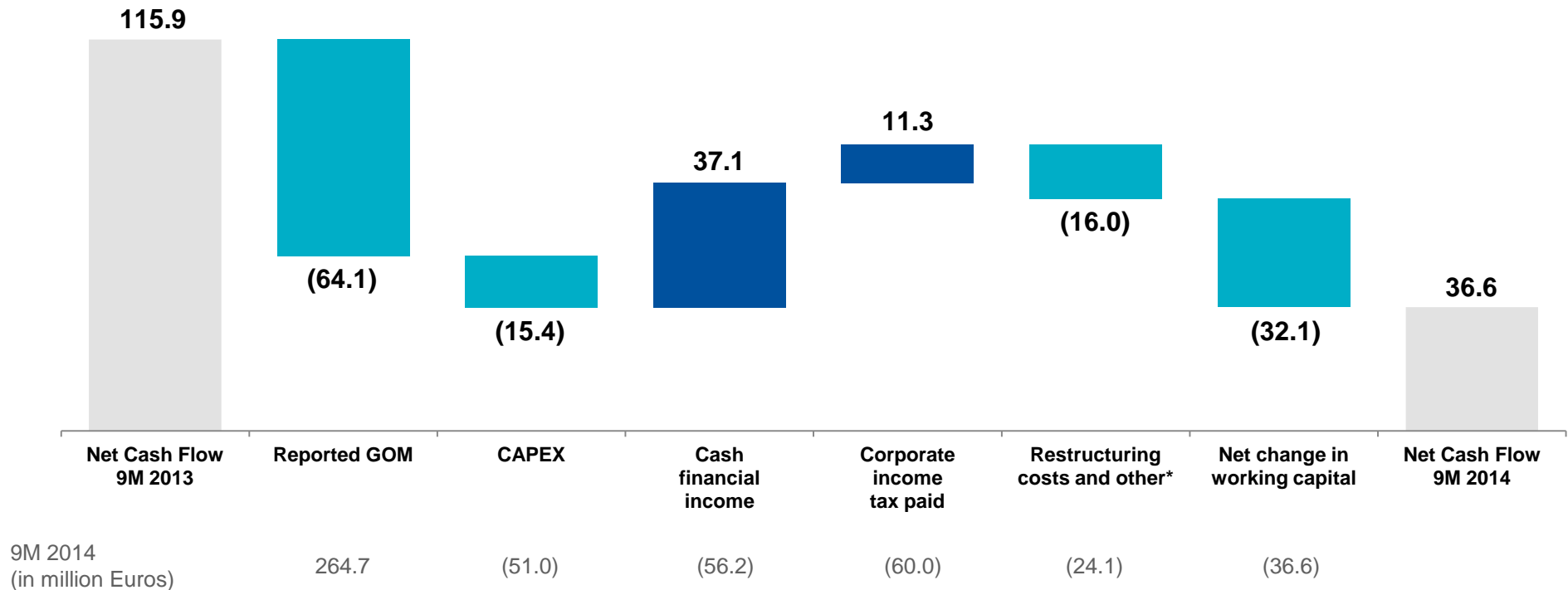
During transformation  
(Jan. – July 2014)

Post-transformation  
(Aug. – Oct. 2014)



# A decrease in net cash flow due to GOM reduction and temporary restructuring cost and change in working capital

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



\*of which €13M of restructuring costs and € 4M of share-based payment

# Outlook

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**The Group expects 2014 revenues and normalised gross operating margin<sup>1</sup> around the low end of the announced guidance :**

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

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



## **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 & Sales orders

## 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)

## Sales orders

- Sales orders correspond to orders invoiced over a given period and refer to the perimeter of the Group.

*Solocal*  
GROUP

[www.solocalgroup.com](http://www.solocalgroup.com)