Financial Restructuring #Conquer 2018 Plan

1 August 2016

Disclaimer

This document contains forward-looking statements. In particular the business plan as disclosed today is subject to certain risk factors which are detailed in this presentation. Any forward-looking statement does not constitute forecasts as defined in European regulation (EC) 809/2004.

For the preparation of the description of such risk factors, the management has relied on its own assessment but also on the result of the diligence completed by experts who conducted in April and May 2016 independent business reviews of Solocal Group and its subsidiaries which involved a review of the strategic plan of the company.

Solocal Group believes its business plan is based on reasonable assumptions, although it contains forward-looking statements which 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 the effects of competition, usage levels, the success of the Group's investments in France and abroad, and the effects of the economic situation.

A general description of the risks to which the Group is exposed appears in section 4 "Risk Factors" of the SoLocal Group's "Document de référence", which was filed with the French financial markets authority (AMF) on 29 April 2016.

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.

Accounting data presented on an annual basis are in audited consolidated form, but accounting data indicated on a quarterly or half-yearly basis are in unaudited consolidated form.

Business indicators covered in the presentation are for continued activities.

All financial data and indicators are published in details within the report of Consolidated financial information as of 30 June 2016 which is available on the corporate website, www.SoLocalgroup.com (finance area).

Agenda

1. Financial restructuring

2. Conquer 2018

Financial Restructuring

Jean-Pierre Remy

Chief Executive Officer

SoLocal Group announces its financial restructuring plan to reduce its gross debt by two-thirds

Gross debt reduction from €1,164M to €400M (leverage down from 4.2x to 1.5x)

Strengthening of the equity through :

- **A rights issue preserving shareholder's preferential subscription rights** (the "**Rights Issue**"), in the amount of **€400 M** at a subscription price of **€1** per share
- **A debt to equity leading to a capital increase reserved** to all its creditors, of an amount of **€384 M**[1] at a price of **€4.73** per share

Share capital post-restructuring [2] : existing shareholders **84.4%** and creditors **15.6%**

Impact for creditors[2] in proportion of their share, in return for their € 1,164M receivables : €400 M of reinstated debt, €380 M of cash[3] and 15.6% of the company's share capital

Warrants granted to shareholders with a strike price of **€1.5** per share **and to creditors** with a strike price of **€2** per share

[1] if the Rights Issue in the amount of €400 M is fully subscribed in cash [2] if the Rights Issue in the amount of €400 M is fully subscribed in cash by existing shareholders [3] €20 M of cash kept by the company

The terms of the strengthening of the equity evolve depending on the rate of cash subscription to the Rights Issue

	100%[1]	0%
Rights issue preserving shareholder's preferential subscription rights	€400 M *(1€ /share)*	€400 M *(1€ /share)*
Amount subscribed in cash	€400 M	€0 M
Capital increase reserved	€384 M *(4,73€ /share)*	€164 M *(2,14€ /share)*
Mandatory convertible bonds (MCB)[2] maturity 5 years, zero rate	-	€200 M *(2€ /share)*
% capital held by shareholders	84.4%	6.3%[3]
% capital held by creditors	15.6%	93.7%[3]

[1] subscribed in cash by existing shareholders [2] new bonds redeemable in shares, unless the company exercises its options to redeem in cash
[3] after dillutive effect relative to MCB

Warrants (*Bons de souscription d'actions*)

	Number	Strike Price	Maturity
Shareholders	39M	1.5 €	24 months
Creditors	45-155M	2 €	60 months

In case of full exercice of the warrants:

Strengthening of the Group's equity	€367 M
% capital held by shareholders[1]	67.0%
% capital held by creditors[1]	33.0%

[1] *if the rate of cash subscription by the existing shareholders to the Rights Issue is 100%*

From shareholders' standpoint

Before the financial restructuring plan	Existing shareholders hold 100% of the Group with a **gross debt of €1,164 M**	
	100% Cash subscription by existing shareholders to the €400 M Rights Issue	0% Cash subscription by existing shareholders to the €400 M Rights Issue
Reinstated debt	€400 M	€400 M
% capital held by existing shareholders before warrant dilutive effect	84.4%	6.3%
% capital held by creditors before warrant dilutive effect	15.6 %	93.7 %
% du capital held by existing shareholders after warrant dilutive effect	67.0 %	11.1%
% du capital held by creditors after warrant dilutive effect	33.0 %	88.9 %

From creditors' standpoint

Before the financial restructuring plan	Gross debt : €1,164 M	
	100% Cash subscription by existing shareholders to the €400 M Rights Issue	0% Cash subscription by existing shareholders to the €400 M Rights Issue
Reinstated debt	€400 M	€400 M
Reimbursement in cash	**€380 M**	€0 M
Mandatory convertible bonds (MCB)	€0 M	**€200 M**
% capital held post-restructuring before warrant dilutive effect[1]	15.6 %	**93.7 %[2]**
% capital held post-restructuring after warrant dilutive effect[1]	**33.0 %**	88.9 %

[1] *After considering conversion into capital of MCBs* [2] *92.5% before conversion into capital of MCBs*

Key steps

Suspension of trading of SoLocal Group shares and PagesJaunes Finance & Co SCA bonds

Plan agreed in principle by the Board of Directors, plan subject to the completion of various conditions precedent

Plan agreed in principle by creditors representing more than 50% of the total debt of SoLocal Group. Negotiation of certain terms in progress (in particular terms and conditions of the reinstated debt)

Plan supported by the main shareholders

Notice of General Shareholders' Meeting as soon as possible

- 31 August 2016 : Investor Day
- 1 September 2016 : Meeting of the *Comité consultatif des actionnaires* (CCA)

Conquer 2018

Jean-Pierre Remy

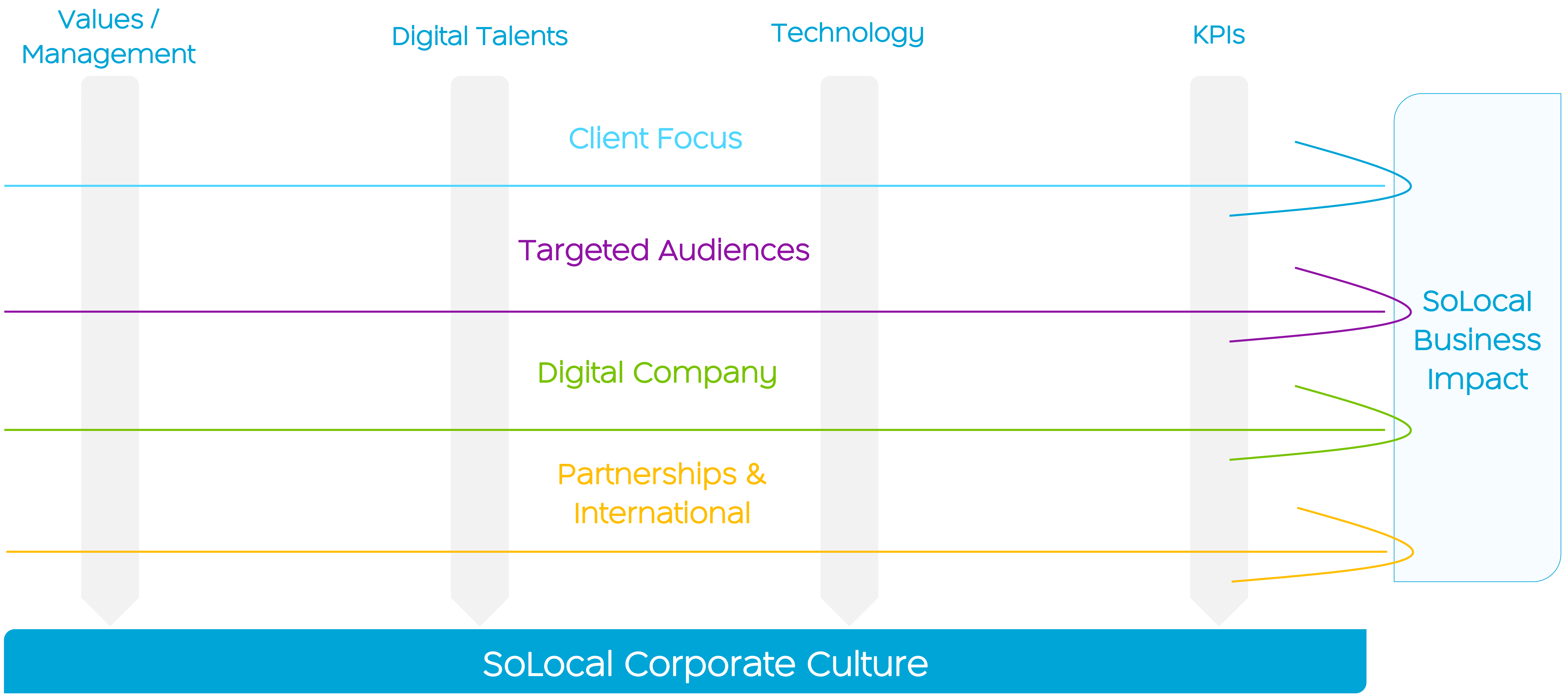
Chief Executive Officer

1. Digital 2015: Transformation into a digital leader
2. Conquer 2018 : Strategy and objectives
3. 2016-2018 Business plan

Digital 2015: Transformation into a digital leader

Jean-Pierre Remy
Chief Executive Officer

« Digital 2015 »: Invest and Transform



SoLocal transformation into a leading digital player in Europe

Position in 2015

- €640 M Internet revenues, Internet revenue growth reached 4% and represented 73% of group's revenues
- Distinctive local online advertising specialist offering Local Search (496 M€ of revenues) and Digital Marketing solutions (144 M€ of revenues)
- Strong audience dynamic, #6 audience in French Internet, growing by +9% thanks to +24% in mobile in FY2015 and privileged partnerships with Google, Microsoft, Yahoo!, Facebook and now Apple
- Leading position in each of its verticals allowing to provide customized solutions to its different client segments: Home, Services, Retail, Health & Public, BtoB
- 31% EBITDA margin[1] thanks to continuous operational efficiency improvements

Latest news

- €144 M revenues in Digital Marketing, supported by new lines of business (~380k business websites, online scheduling)
- Successful launches of new product lines: local programmatic, store locator and click & collect services, doctor online scheduling platform
- New sources of growth through own platforms (mobile growth, Ooreka), and the first mobile only deal with Apple that adds to the existing partnerships with Google and Bing
- Replacement of 1/3 of the salesforce and reorganization in 5 verticals. Now a team of ~2,000 specialised consultants, very Internet savvy, supported by state of the art selling tools and processes
- Divestment of 4 non profitable non growing businesses and strong discipline in resource and cost management

[1] Recurring Group EBITDA to revenue margin, excluding non recurring items

SoLocal owns leading positions in local online advertising

SoLocal HABITAT	SoLocal SERVICES	SoLocal COMMERCE	SoLocal SANTÉ&PUBLIC	SoLocal BtoB
N°1	N°3	N°1	N°1	N°1
€183 million	€124 million	€131 million	€71 million	€110 million
29%[1]	20%[1]	21%[1]	12%[1]	18%[1]
Audience[2]: 110m	Audience[2]: 200m	Audience[2]: 470m	Audience[2]: 550m	Audience[2]: 210m
Client base: 116k	Client base: 77k	Client base: 146k	Client base: 83k	Client base: 87k
ARPA[3]: €1,272	ARPA[3]: €1,231	ARPA[3]: €696	ARPA[3]: €741	ARPA[3]: €1,053
Digital Marketing[4]: 24%	Digital Marketing[4]: 24%	Digital Marketing[4]: 16%	Digital Marketing[4]: 11%	Digital Marketing[4] : 18%
RMS[5] = ~7x	RMS[5] = ~1x	RMS[6] = ~6x	RMS[5] = ~5x	RMS[5] = ~5x
HomeAdvisor	axel springer, SCHIBSTED MEDIA GROUP	yelp, JUST EAT	Doctolib, ZocDoc	INFOPRO digital, COMPANEO

All data concerns full year 2015 exercise [1] In % of total revenues [2] In terms of number of searches (2015) [3] Local Search ARPA [4] Penetration rate of the Local Search customer base [5] RMS: Relative Market Share (Source: Independent consulting firm) [6] Estimate excludes travel and hotel booking competitors

A competitive organisation to « Conquer 2018 »

Solocal GROUP

Solocal HABITAT | Solocal SERVICES | Solocal COMMERCE | Solocal SANTÉ&PUBLIC | Solocal BtoB | Solocal NETWORK

PagesJaunes (PagesJaunes DOC, PagesJaunes RESTO)

mappy

ooreka

Websites & Contents

Programmatic Adwords

- Creation of 5 verticals + 1 large account vertical
- Specialisation of teams in sales, marketing, operations
- Verticalisation of offerings
- New tools, sales approach and customer service

- Expansion into new territories: Spain, UK, Austria
- Global coverage in websites and content

Conquer 2018: Strategy & Objectives

Jean-Pierre Remy
Chief Executive Officer

Meaningful and scalable mission

Solocal GROUP

Two lines of Internet business

Provide service and digital solutions to increase visibility and leads for local businesses and create and update best local, professional and personalised content for users

Local Search

- **€496M of revenues**[1]
  i.e. 78% of total Internet revenues
- **Sizeable** business delivering high profitability **with a 39% EBITDA margin**
- Protected by **strong barriers to entry** provided by unique and hardly replicable **reach**

Digital Marketing

- **€144M of revenues**[1]
  i.e. 22% of total Internet revenues
- **Scalable and fast-growing**
- **Transactional Services**
- **Local Programmatic**
- **Local websites and contents**

[1] as of 12/31/2015

Key assets & strategy

Local Search

Own media platforms

- 59% reach[1]
- ~45M mobile apps[2]

Partnerships with global players

- Client audience growth
- Unique access to top 3 mobile

~500,000 CLIENTS[2]

Digital Marketing

Enriched Content

- ~380,000[2] business websites and store/product locators of which ~50% on an international basis
- Leader of online scheduling

Unique local data

- Unique data on local purchasing intents
- Local advertising retargeting
- Local campaign efficiency

23% PENETRATION[2]

AdTech

[1] as of end of March 2016 [2] as of end of June 2016

Conquer 2018: growth and profitability objectives

Local Search

Accelerate client acquisition while maintaining ARPA growth

Targeted growth by 2018

- ARPA : **+3% to +6%**
- # of clients : **0% to +5%**

Digital Marketing

Target new revenue streams and scalability opportunities

>15% targeted growth by 2018

- Increased penetration of client base from 22% in 2015 to **30%**

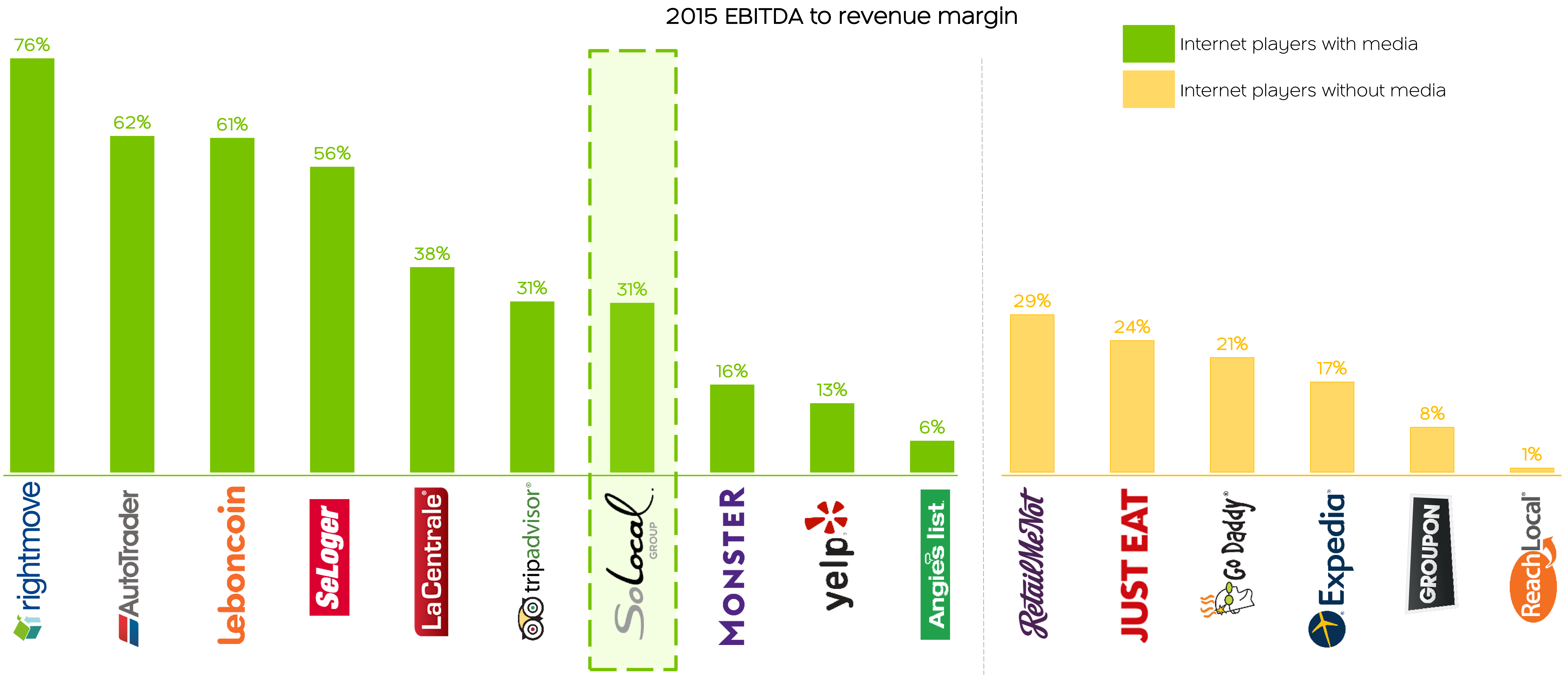
The Group aims to achieve by 2018

- A sustainable high digit Internet growth
- A profitable growth: EBITDA to revenue margin[1] between 28% and 30%

[1] Recurring EBITDA/Group revenue margin, excluding non-recurring items

Note: Forecasted trends and figures are based on a non-binding Business Plan which does not take into account the potential internationalisation of the Group and the acceleration of digital advertising market in France. The retained scenario assumes a debt restructuring in Q3 2016

High profitability due to the power of our audiences



Source: Annual reports (FY 2015), except HSBC (04.02.2016) for SeLoger and LaCentrale
Note: EBITDA to revenue margin is based on the recurring/adjusted EBITDA as disclosed by management in annual reports

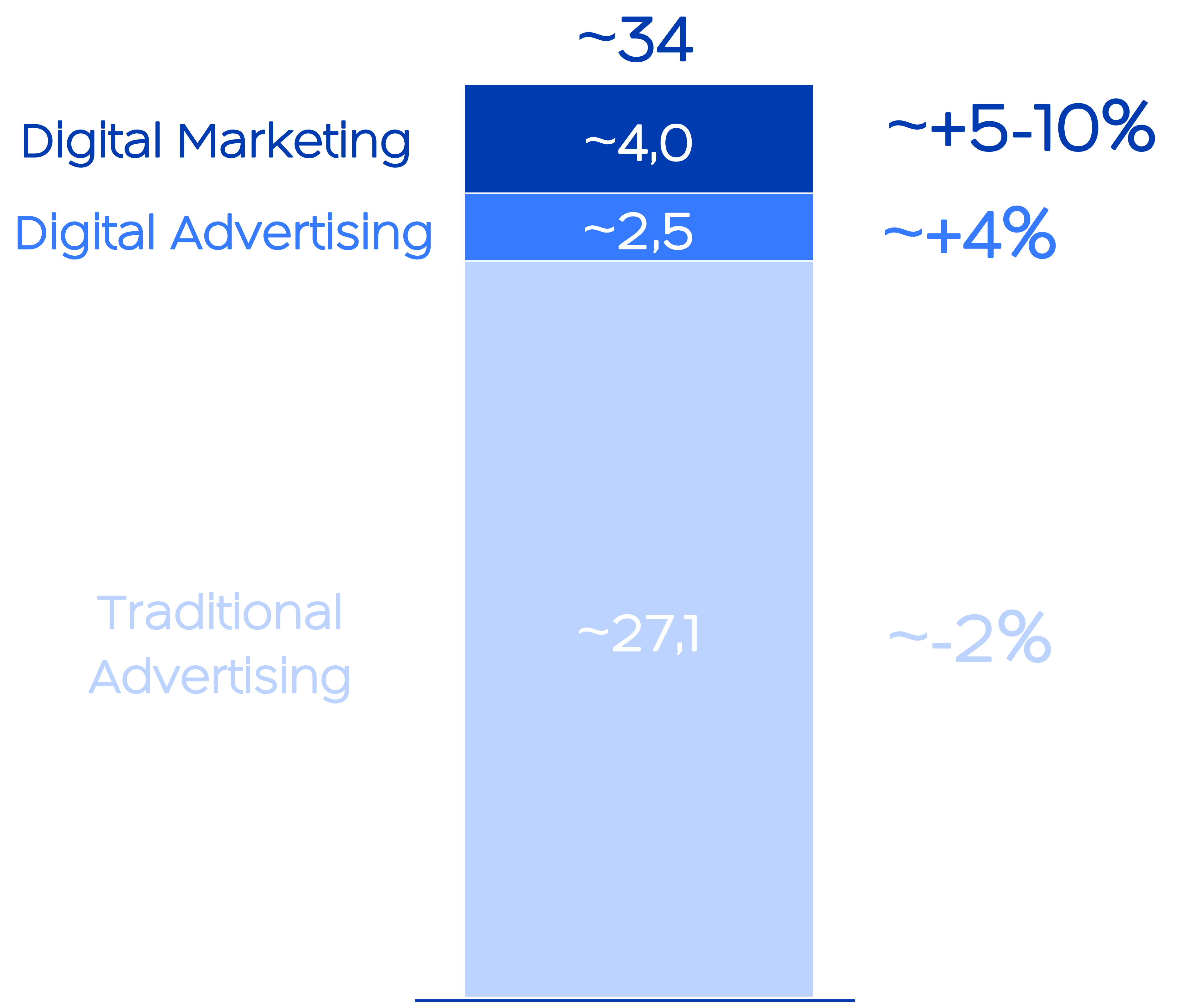
2016-2018
Business Plan

Jean-Pierre Remy
Chief Executive Officer

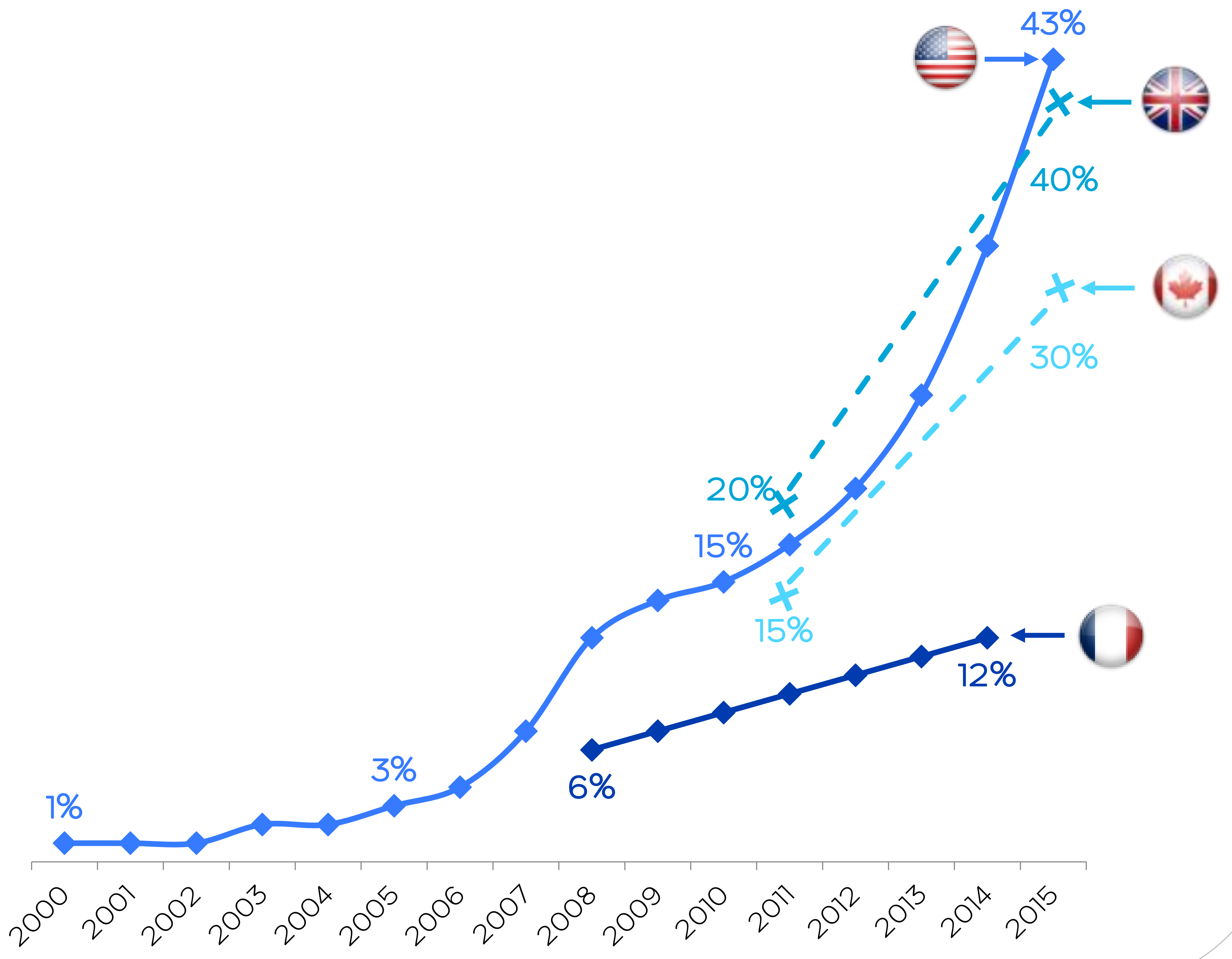
Solocal GROUP

Expected market growth and additional catch up opportunity

Addressable markets
(France; € billions, 2015 growth %)



Share of digital in local advertising



Source: Independent consulting firm

Conquer 2018 plan is aiming at accelerating digital growth by 2018

GAME CHANGERS	
Internet growth	◆ Stabilise client base through investment in client acquisition and optimised retention ◆ Build-up branding ◆ Sustain audience growth through tactical traffic acquisition and technological partnerships ◆ Accelerate Digital Marketing scalable platforms
Operational efficiency	◆ Manage smooth decline of Print & Voice business ◆ Scale sales and support platforms

2018 EXPECTATIONS[1]	
GROUP REVENUE GROWTH	> 0%
INTERNET REVENUE GROWTH	High single digit
RECURRING EBITDA MARGIN	28% - 30%

[1] The expectations are based on a non-binding Business Plan which does not take into account the potential internationalisation of the Group and the acceleration of digital advertising market in France. The retained scenario assumes a debt restructuring in Q3 2016. Year-on-Year revenue growth (2018 vs 2017) and 2018 recurring EBITDA margin

Accelerate Internet growth with a stable client portfolio and an increased penetration of Digital Marketing

	2015	2018	CAGR 2015-2018	Growth 2017-2018	Key success factors
Internet revenues (in millions of euros)	640	764	+6%	+10%	◆ Stabilised client base ◆ Sustainable ARPA growth ◆ Accelerated penetration rate
Local Search ARPA (in €)	940	1,052	+4%	+4%	◆ Sustained monetisation of increasing audience ◆ Accelerated acquisition of high ARPA clients
Local Search # clients (in thousand)	528	506	-1%	+3%	◆ Optimised client retention ◆ Investment in client acquisition
Digital Marketing Penetration rate (in %)	22%	30%	+8pts[1]	+3pts	◆ Scaled and extended innovative offerings (local programmatic, content based websites and transactional services)
Group revenues (in millions of euros)	873	852	-1%	+3%	◆ Group revenue growth thanks to acceleration of Internet growth and smooth Print & Voice decline

Note: All figures are based on a non-binding Business Plan which does not take into account the potential internationalisation of the Group and the acceleration of digital advertising market in France. The retained scenario assumes a debt restructuring in Q3 2016

[1] Computed as 2018 penetration rate minus 2015 penetration rate

Stabilise cost base and deliver sustainable EBITDA margin between 28% and 30%

	2015	2018	CAGR 2015-2018	Growth 2017-2018	Key success factors
Total costs (in millions of euros)	(602)[1]	(603)	0%	+1%	◆ Fuel Internet growth while stabilising cost base
Cost of Internet revenues (in millions of euros)	(130)	(180)	+11%	+8%	◆ Investment in 2016 scaled over the plan (2016-2018 CAGR: +7%)
Cost of Print & Voice revenues (in millions of euros)	(45)	(27)	-16%	-16%	◆ Outsourced direct costs of revenues with scale thresholds
Sales costs (in millions of euros)	(212)	(205)	-1%	+2%	◆ Scaled sales force with optimised cost of client acquisition and leveraged client retention
Other costs[2] (in millions of euros)	(207)	(192)	-3%	-2%	◆ Scaled model through smooth transitioning of Print & Voice resources towards Internet
Recurring EBITDA (in millions of euros) *Margin*	270 *31%*	249 *29%*	-3%	+9%	◆ Deliver sustainable EBITDA margin between 28% and 30%

Note: All figures are based on a non-binding Business Plan which does not take into account the potential internationalisation of the Group and the acceleration of digital advertising market in France. The retained scenario assumes a debt restructuring in Q3 2016

[1] Taking into account normalisation impact [2] Other costs include G&A, IT and sales administration costs

Cash flow profile before debt service…

	Annual Target	Impact on FCF	Key success factors
Recurring EBITDA (in millions of euros) *Margin*	~ 250 ~ *29%*	→	◆ Accelerate Internet growth ◆ Focus investments and scale platforms
CAPEX (in millions of euros)	~ (70) to (75)	→	◆ Support product development keeping AdTech competitive advantages ◆ Pursue revamping of back office IT platforms with 3 main initiatives (order to cash, order to publish, client and content referential)
Change in Working Capital (in millions of euros)	~ (10) to 5	~	◆ Manage carefully payment conditions
Free cash flow before debt service[1] (in millions of euros)	~90	↗	◆ Manage to generate ~€90 M of free cash flow before debt service per annum

Note: All figures are based on a non-binding Business Plan which does not take into account the potential internationalisation of the Group and the acceleration of digital advertising market in France. The retained scenario assumes a debt restructuring in Q3 2016

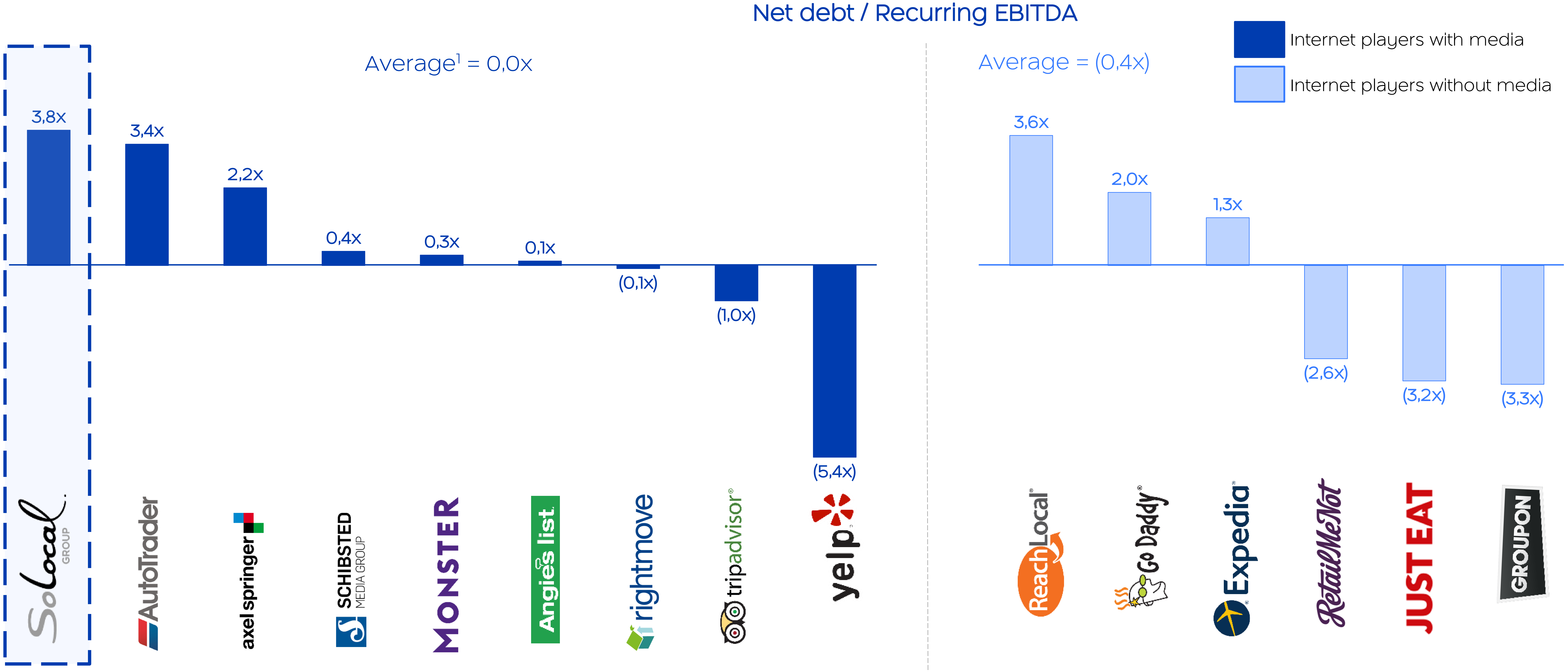
1 Free cash flow before debt service and after tax and non recurring items

… but sizeable unexpected market and business risks could significantly reduce FCF

RISK FACTORS		POTENTIAL ONE-OFF IMPACTS OF ANNUAL FCF[3] (in # of years (y))
Market	Consolidation or competitor pressure in the most competitive verticals (Retail and Services)	(0,7) y
Print	Rise in the price of paper or the cost of other production factors. Risk of potential close down of print business	(0,7) y
Local Search	Change in Local Search business model if increasing penetration of performance-based products and/or change in Google SEA[1]/SEO[2] algorithm	(1,1) y
Digital Marketing	Increasing pricing pressure on Digital Marketing products if competition gets fiercer and prices progressively converge towards US prices	(0,5) y
Cash Flow	Major swing on client working capital	(0,9) y

[1] Search engine advertising [2] Search engine optimisation [3] Potential cumulated impacts over 4 years. Annual FCF is based on free cash flow before debt service

Digital business profile requiring drastically delevered financial structure



Source: Annual reports (FY 2015)
[1] Average excluding SoLocal Group

Unchanged current financial structure would lead to a run-off trajectory[1]

	2015	2019
Group revenues (in millions of euros) *Evolution*	873 *-5%*	667 *-8%*
Recurring EBITDA (in millions of euros) *Margin*	270 *31%*	114 *17%*
Net debt[2] (in millions of euros)	1,109	1,179
Leverage	3.8x	10.1x
Free cash flow before debt service (in millions of euros)	89	-41

Impacts

- Continuous revenue decline with no digital growth and accelerated Print decline
- Continuous client base erosion in absence of brand revival and investment in audience growth and client acquisition
- Drop of EBITDA margin accordingly
- Inability to reimburse any debt
- Leverage reaching increasing and unsustainable level
- Expected negative free cash flow before debt service from 2019 onwards

Note: All figures are based on a non-binding Business Plan which does not take into account the potential internationalisation of the Group and the acceleration of digital advertising market in France. The retained scenario assumes no debt restructuring

[1] Illustrative scenario assuming no debt restructuring [2] irrespective of current contractual maturities

SoLocal GROUP
Immeuble Citylights – Tours du Pont de Sèvres
204 Rond-point du Pont de Sèvres
92100 Boulogne Billancourt
T. 01 46 23 30 93