



June 28th, 2018

**#IFRS 15
APPLIED TO
SOLOCAL
GROUP**

Solocal
GROUP

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 26 April 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.

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. Financial statements restated under IFRS 15 are unaudited figures.

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 totals provided.

All financial data and indicators are published in details within the report of Consolidated financial information as of 31 December 2017 which is available on the corporate website, www.solocalgroup.com (finance area).



ACCOUNTING IMPACTS

Jean-Jacques Bancel, CFO

EXECUTIVE SUMMARY

- IFRS 15 : **a new standard on revenue recognition**
- Effective date of the standard : **1st January 2018**
- Restated **in full for FY 2017 and applied onwards** (prior comparative periods will not be restated under IFRS 15)
- First financial communication : **24th April 2018 on Q1 2018**
- Increased disclosure : **compulsory disclosure of the order backlog under IFRS 15**
- Impact on revenue recognition : revenues to be **more spread over time**
- **Outlook for 2018** : stabilisation of recurring EBITDA¹ under IFRS 15 (€170M)

5-STEP APPROACH

- 1. Identify a contract:** an agreement between two or more parties that creates enforceable rights and obligations
- 2. Identify performance obligation:** all the services promised to a client with a need to define if they are distinct or not distinct
- 3. Calculate the transaction price:** the amount of consideration to which an entity expects to be entitled in exchange for transferring promised services to the client
- 4. Allocation of the transaction price to the performance obligation:** allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the entity expects to be entitled in exchange for transferring promised services to the client
- 5. Recognition of revenue when the entity satisfies the performance obligation:** revenue is recognised when the client obtains the control of the performance obligation

DIFFERENT IMPACTS OF IFRS 15 PER BUSINESS LINE



Legends:

 **DIGITAL PRODUCTS (EXCL. WEBSITES)**

 **DIGITAL WEBSITES**

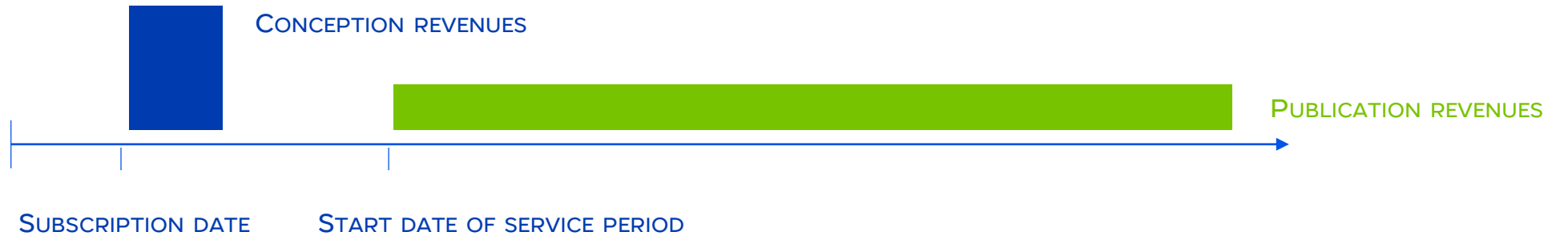
 **PRINT & OTHER**



REVENUE RECOGNITION OF DIGITAL PRODUCTS

**IAS 18
(PREVIOUS
STANDARD)**

2 RECOGNITIONS : AT SUBSCRIPTION DATE, THEN SPREAD OVER THE SERVICE PERIOD LENGTH



**IFRS 15
(NEW
STANDARD)**

ONLY ONE OPERATION SPREAD OVER THE SERVICE PERIOD





REVENUE RECOGNITION OF DIGITAL WEBSITES

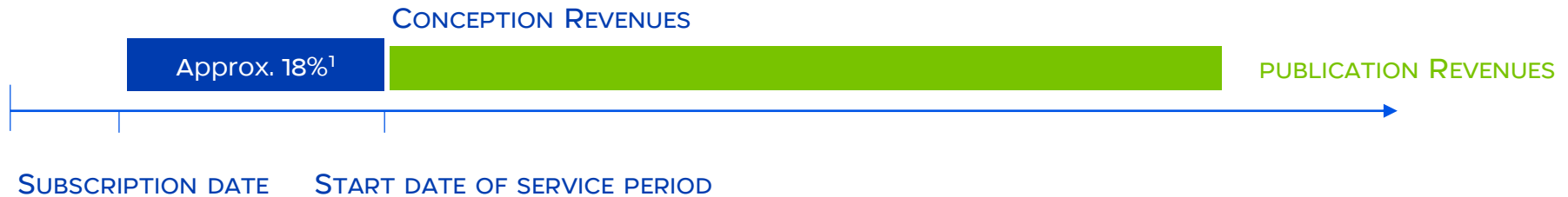
**IAS 18
(PREVIOUS
STANDARD)**

2 RECOGNITIONS : AT SUBSCRIPTION DATE, THEN SPREAD OVER THE SERVICE PERIOD LENGTH



**IFRS 15
(NEW
STANDARD)**

FIRST OPERATION SPREAD OVER A PERIOD BETWEEN THE SUBSCRIPTION DATE AND THE BEGINNING OF SERVICE PERIOD, THEN SPREAD OF SECOND OPERATION OVER THE SERVICE PERIOD





REVENUE RECOGNITION OF PRINT & OTHER

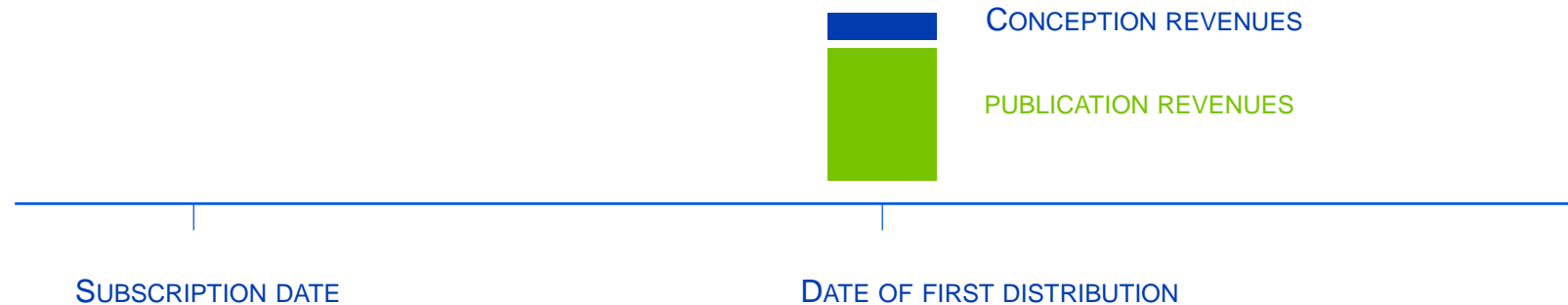
**IAS 18
(PREVIOUS
STANDARD)**

2 RECOGNITIONS : AT SUBSCRIPTION DATE, THEN AT DATE OF FIRST DIRECTORY DISTRIBUTION



**IFRS 15
(NEW
STANDARD)**

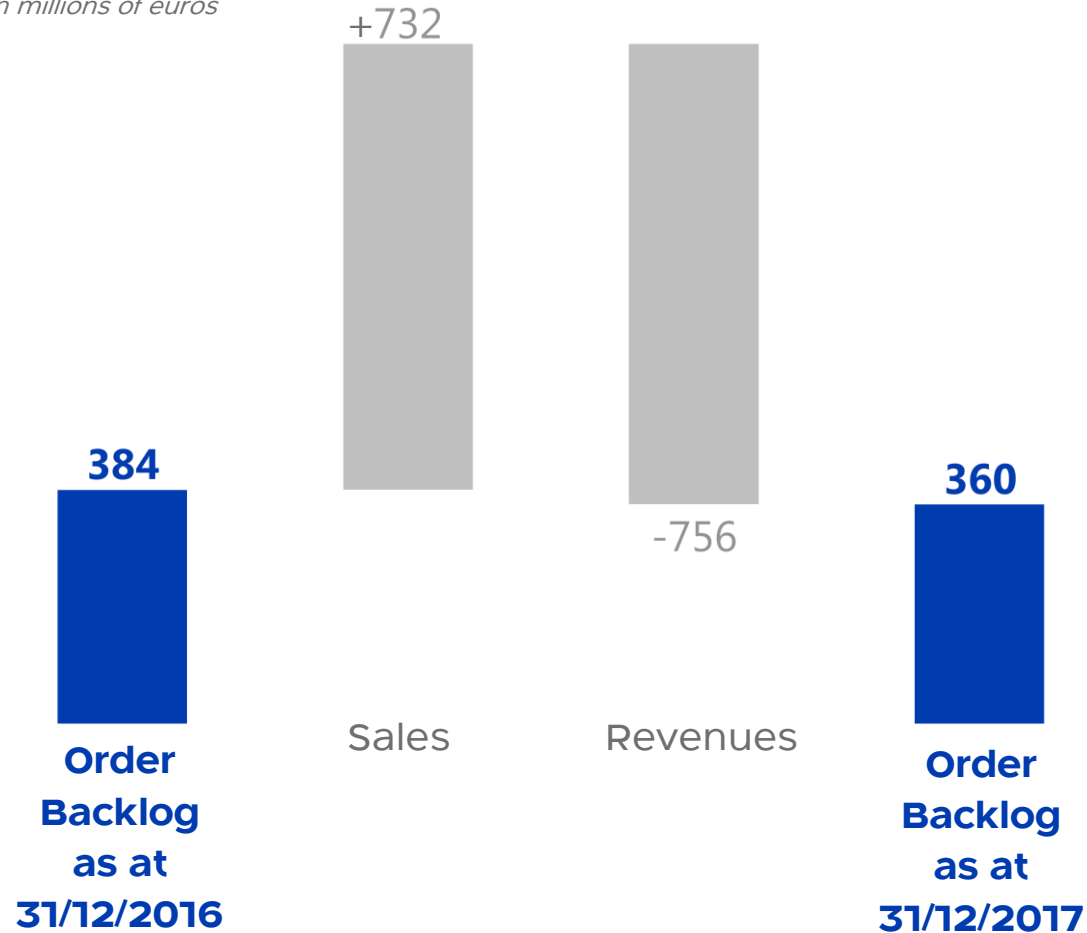
RECOGNITION OF ONLY ONE OPERATION AT DATE OF FIRST DIRECTORY DISTRIBUTION



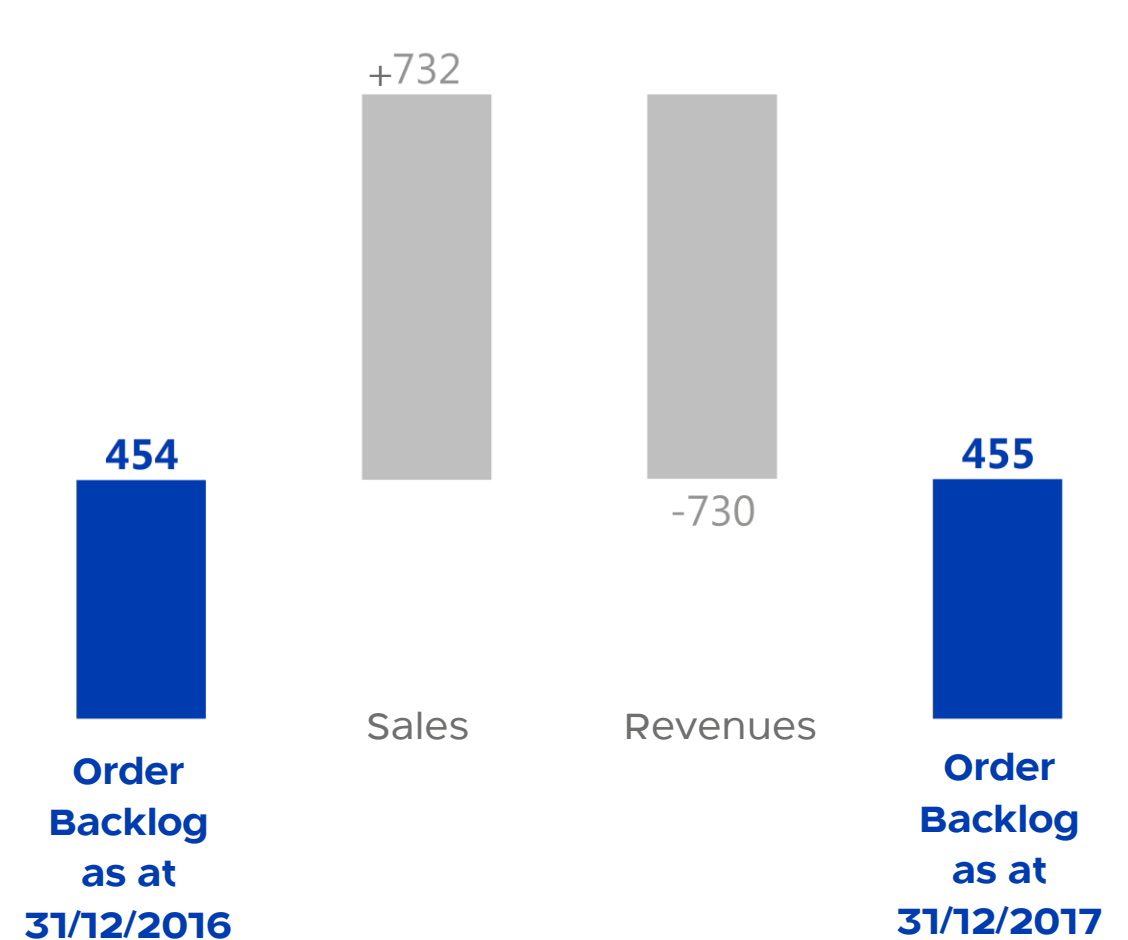
ORDER BACKLOG BREAKDOWN¹

IAS 18 (previous standard)

in millions of euros



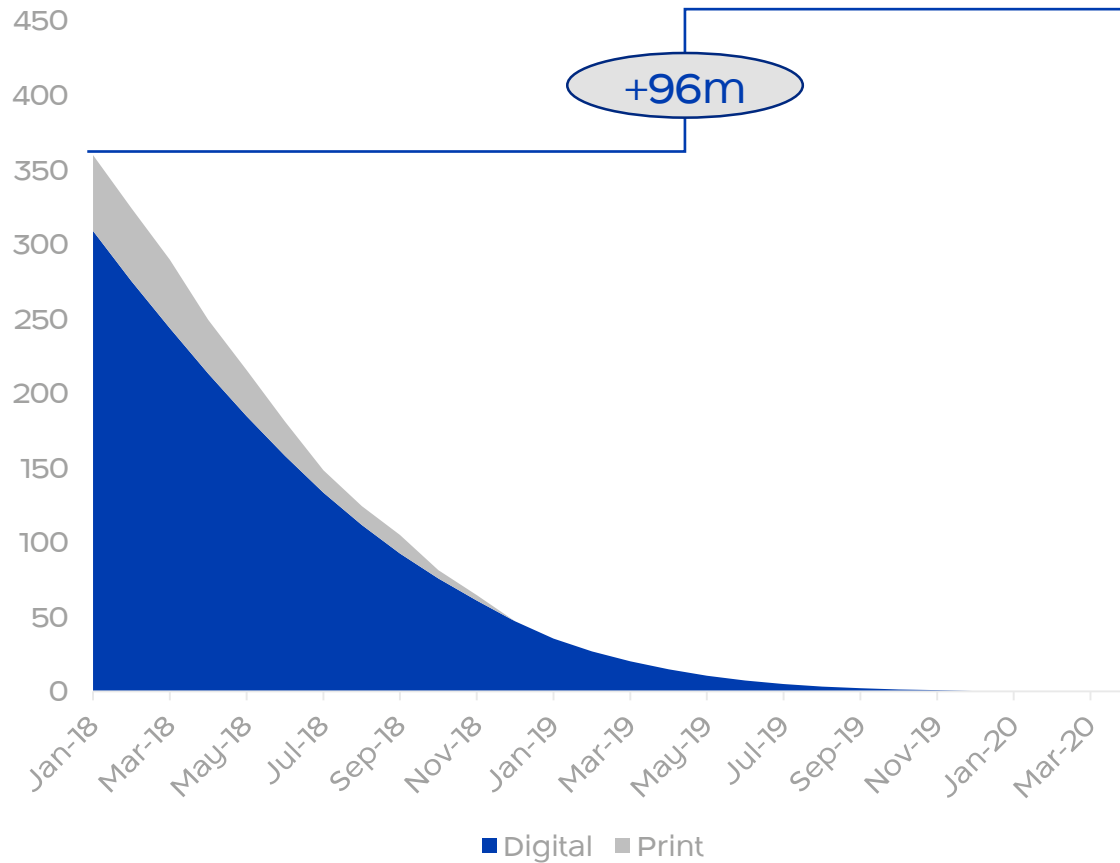
IFRS 15 (new standard)



CONVERSION OF ORDER BACKLOG INTO REVENUES AS AT 31/12/2017¹

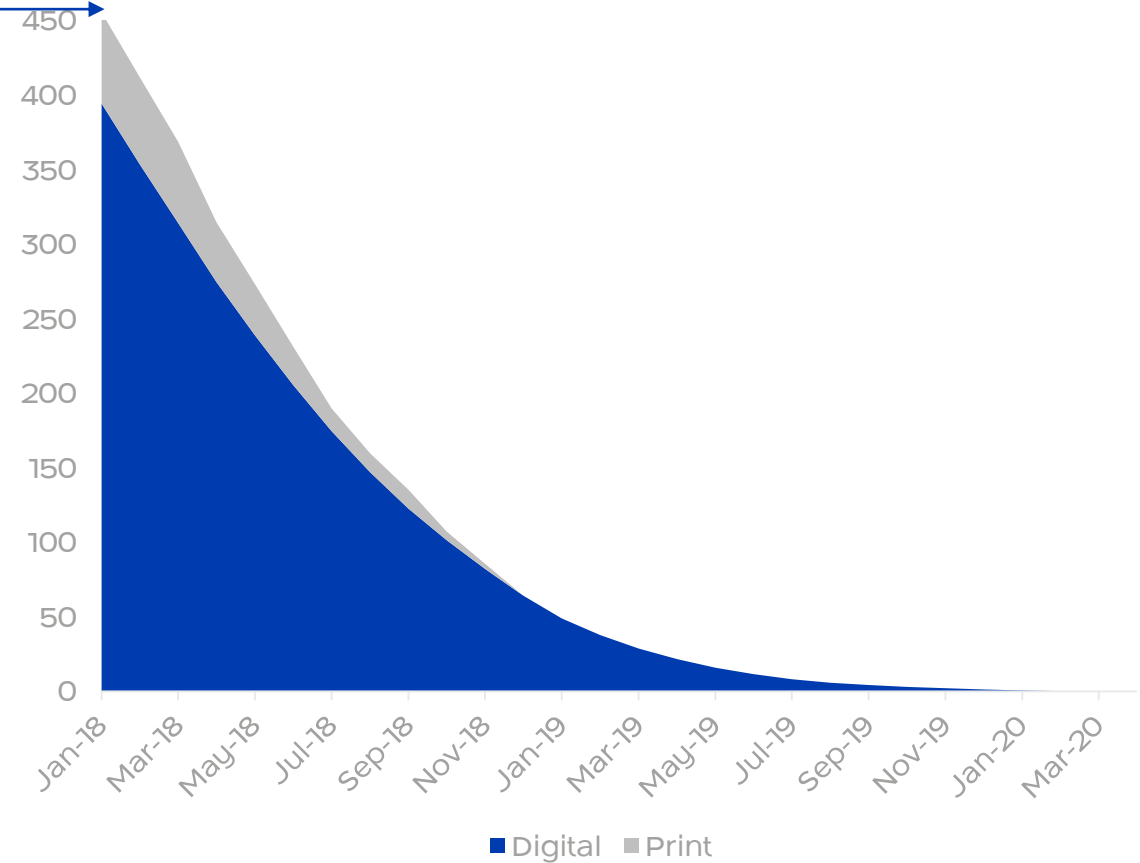
IAS 18 (previous standard)

in millions of euros



IFRS 15 (new standard)

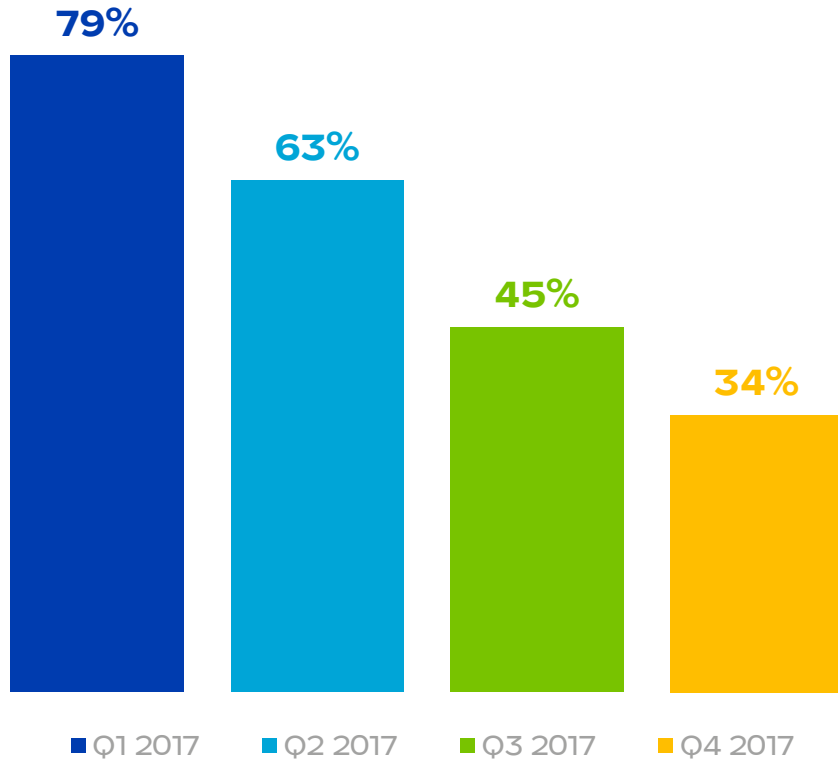
in millions of euros



PROFILE OF CONVERSION OF 2017 SALES INTO FY 2017 REVENUES¹

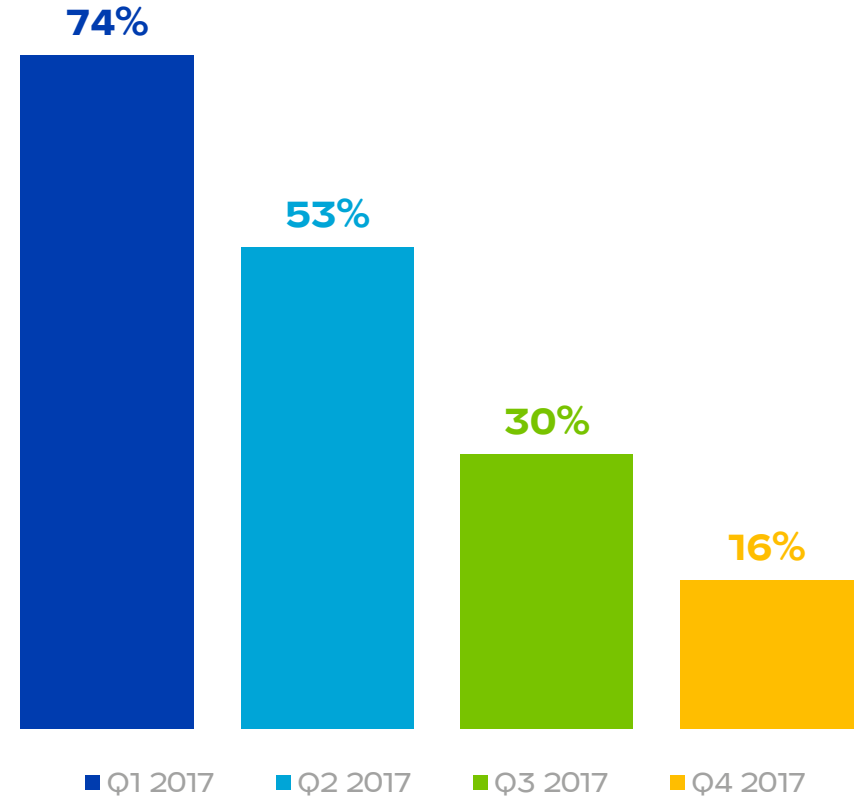
IAS 18 (previous standard)

% of 2017 sales converting into FY 2017 revenues



IFRS 15 (new standard)

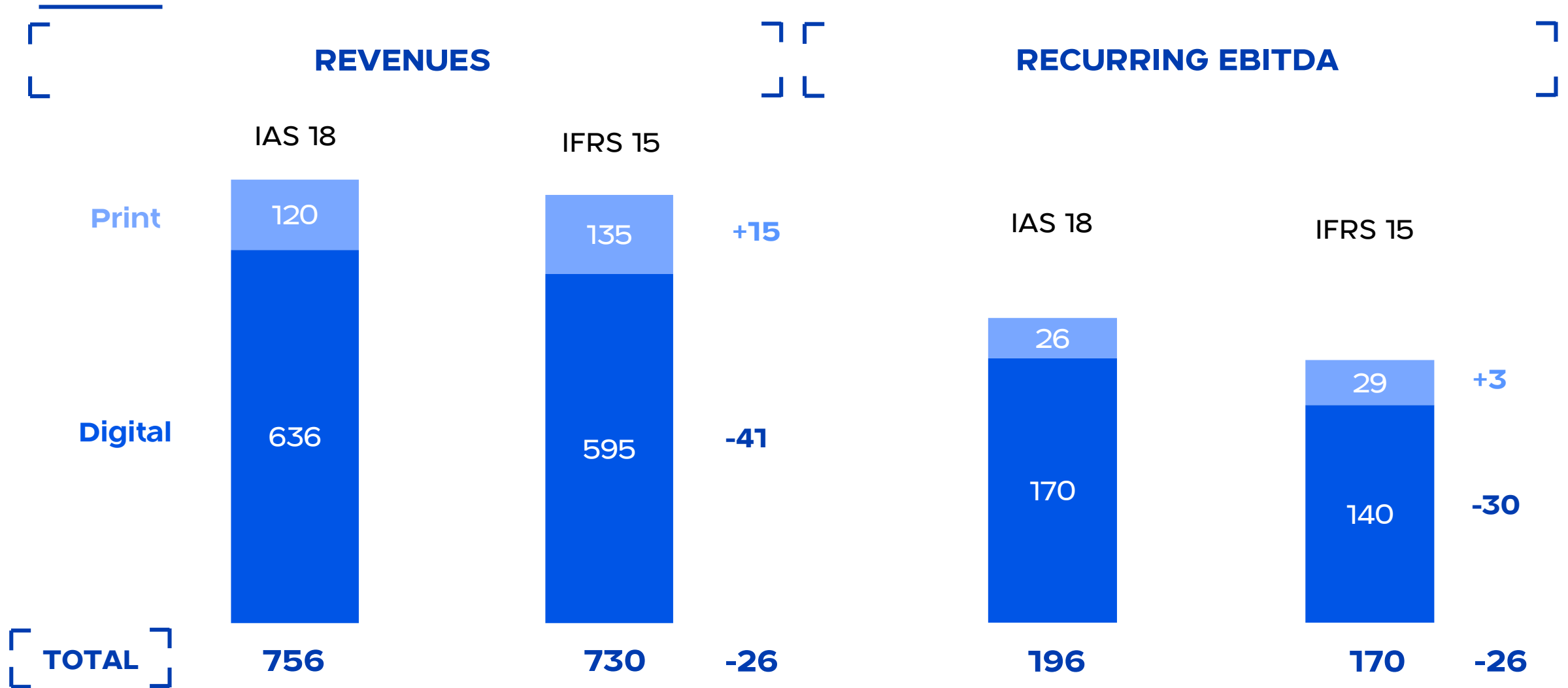
% of 2017 sales converting into FY 2017 revenues



IMPACTS ON COST BASE

- IFRS 15 prevents from spreading the **variable compensation for salesforce: increase of €0.7M in staff costs in FY 2017**
- **No change in cost of production recognition for digital, print products and websites**
- **Impact on fixed costs allocation between digital and print, thus impacting EBITDA by product line**

REVENUE & RECURRING EBITDA IMPACTS¹



FY 2017 P&L OVERVIEW (1/2)

In millions of euros

	[IAS 18]	[IFRS 15]	[Variation]
▪ Digital revenues ^{1,2}	636	595	-41
▪ Print revenues ^{1,2}	120	135	+15
Total revenues from continued activities	756	730	-26
▪ Staff costs ^{1,2}	-367	-369	-1
▪ Non staff costs ^{1,2}	-192	-192	0
Recurring EBITDA¹	196	170	-26
▪ Non recurring costs	-13	-13	0
▪ EBITDA from divested activities	-3	-3	0
Consolidated EBITDA	180	154	-26

FY 2017 P&L OVERVIEW (2/2)

In millions of euros

	[IAS 18]	[IFRS 15]	[Variation]
Recurring EBITDA¹	196	170	-26
▪ Depreciation & amortisation ¹	-64	-64	0
▪ Net financial result before debt restructuring ¹	-28	-28	0
▪ Corporate income tax ¹	-44	-35	-9
Recurring net income¹	60	42	-17
▪ Contribution from non recurring items ¹	-9	-9	0
▪ Net gain from debt restructuring ¹	278	278	0
Net income from continued activities	329	312	-17
▪ Contribution from divested activities ¹	7	7	0
Net income	336	318	-17

NO IMPACT ON FREE CASH FLOWS¹

In millions of euros

Recurring EBITDA¹

- Change in working capital
- CAPEX
- Corporate income tax paid
- Non cash and non recurring items
- Cash financial income/expense

Free cash flow¹

	[IAS 18]	[IFRS 15]	[Variation]
Recurring EBITDA¹	196	170	-26
▪ Change in working capital	-41	-15	+26
▪ CAPEX	-53	-53	-
▪ Corporate income tax paid	-45	-45	-
▪ Non cash and non recurring items	-24	-24	-
▪ Cash financial income/expense	-56	-56	-
Free cash flow¹	-23	-23	-



OUTLOOK FOR 2018

in millions of euros

2017 recurring EBITDA¹

[IAS 18]

196

[IFRS 15]

170

- The **outlook for 2018** is the stabilisation of recurring EBITDA¹ (under IFRS 15)



Q&A