



## PRESS RELEASE

Boulogne-Billancourt, 21 October 2019

### **Q3 2019 Digital order intake growth Digital order intake growth momentum confirmed Revenues nonetheless impacted by previous quarters' decrease in order intake**

#### **Q3 2019 Digital order intake growth, and Q3 2019 Activity vs. Q3 2018**

- Digital order intake: € 101 million, +5.3%
- Total order intake: € 109 million, -1.6% including a -46.3% decrease in Print order intake
- New digital services fully rolled-out during Q3 2019
- Almost 60% of Q3 2019 Digital order intake in subscription mode
- Strong increase in salesforce dynamics and efficiency<sup>2</sup>: +40% in weekly Digital order intake per sales representative

#### **Q3 2019 Revenues<sup>5</sup> vs. Q3 2018**

- Digital revenues: € 129 million, -7.5%
- Consolidated revenues: € 142 million, -11.1%

#### **2019 Outlook confirmed**

- Return to growth of Digital order intake in H2 2019, and stabilised Digital order intake in 2019
- Moderate growth of recurring EBITDA in 2019
- Growth dynamics to be pursued over the following quarters

#### **When releasing Q3 2019 revenues, Eric Boustouller, Solocal CEO, said:**

“This third quarter 2019 is a key milestone in Solocal’s transformation project. The roll-out of new digital services has enabled us to be back to growth. Our customers supporting our new services is an evidence that our strategy, as well as the reworking of our product offer which brings more value and simplicity, are relevant.

We delivered +5.3% Digital order intake growth vs. Q3 2018. I am delighted to see that the Solocal 2020 strategic plan, implemented by our teams since February 2018, is coming to fruition.

Beyond Digital order intake growth, this is a structural shift in our company's business model, with nearly 60% of Digital order intake in subscription mode this quarter. Based on these positive dynamics carried by our new products and the tireless execution of our transformation, we are staying on course and are confident in the delivery of the announced growth path in forthcoming quarters.”

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Quarterly financial statements have not been audited. Financial items presented in this press release for Q3 2018 are revised in light of the scope of continued activities as at 30<sup>th</sup> September 2019.

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## 1. Order intake, Revenues and Order backlog

**Solocal order intake in Q3 2019 is as follows:**

<i>In million euros</i>	<b>Q3 2018</b>	<b>Q3 2019</b>	<b>Change</b>
Digital order intake	95.9	101.0	+5.3%
Print order intake	14.9	8.0	-46.3%
<b>Ventes totales</b>	<b>110.8</b>	<b>109.0</b>	<b>-1.6%</b>

**Total order intake** amount to € 109 million in Q3 2019, down -1.6% compared to Q3 2018<sup>1</sup>. **Digital order intake** increased by **+5.3%**, while Q3 2019 Print order intake are down -46.3% compared to Q3 2018<sup>1</sup>.

This +5.3% increase of **Digital order intake** in Q3 2019 marks the **return to growth** of order intake, after a first semester marked by a trend reversal in Digital order intake (-5% average). This increase is mainly due to the roll-out of the new Digital services this quarter and the ongoing transformation of the sales organisation. The second half of 2018 was marked by the implementation of the restructuring plan.

Regarding **Print order intake**, customers and users continue to move away from conventional printed products towards digital. Solocal will cease the Print business at the end of 2020.

**Solocal's performance indicators for Q3 2019 are as follows:**

	Q3 2018	Q3 2019	Change
Subscription-based order intake (as a % of Digital order intake)	22.2%	59.2%	+37 pts
Traffic : number of PagesJaunes visits (in millions)	429	510	+19.0%

Note : Subscription-based order intake based on order intake after cancellations

**Order intake in subscription mode**<sup>3,4</sup> as a percentage of Digital<sup>3</sup> order intake amounted to 59% of Digital<sup>3</sup> order intake and were up +37 points in Q3 2019 compared to Q3 2018<sup>1</sup>. Subscription-based order intake<sup>3,4</sup> mainly include the Priority Ranking and Presence offers, Websites and Booster Contact. New digital services Presence and Priority Ranking are rolled out to customers since July 2019. This growth in subscription-based order intake increases revenue visibility and is structural to the transformation of our business model.

PagesJaunes **traffic** increased by +19% in Q3 2019 compared to Q3 2018. Mobile visits increased in Q3 2019, in line with global trend.

**Revenues for Solocal in Q3 2019 are as follows:**

<i>In million euros</i>	Q3 2018	Q3 2019	Change
Digital revenues	139.4	128.9	-7.5%
Print revenues	20.6	13.4	-35.1%
<b>Total revenues</b>	<b>160.0</b>	<b>142.3</b>	<b>-11.1%</b>

Note: Q3 2018 for the scope of continued activities.

**Consolidated revenues** for the third quarter of 2019 amounted to € 142 million, down -11.1% compared to total revenues for the third quarter of 2018<sup>1</sup>. It breaks down into € 129 million Digital revenues and € 13 million Print revenues.

**Digital revenues** of € 129 million in Q3 2019 were down -7.5% compared to Q3 2018<sup>1</sup>, due to the slowdown in Digital<sup>1</sup> order intake in previous quarters, and due to the conversion pattern of order intake into revenues.

Digital order intake for the first 9 months of 2019 represented 34% of revenues for the same period, up 4 points compared to the first 9 months of 2018. This reflects an acceleration in

the conversion of order intake into revenues, in line with the transformation of our business model.

**Print revenues** of € 13 million in Q3 2019 are down -35.1% compared to Q3 2018 while customers and users alike continue to move away from printed directories towards digital media. Print activity accounts for 9.4% of total revenues this quarter.

**Solocal's order backlog<sup>4</sup> as of 30<sup>th</sup> September 2019 is as follows:**

<i>In million euros</i>	<b>30/06/2019</b>	<b>30/09/2019</b>	<b>Change</b>
Digital order backlog	349.3	317.9	-9.0%
Print order backlog	31.0	25.8	-16.8%
<b>Total order backlog</b>	<b>380.3</b>	<b>343.8</b>	<b>-9.6%</b>

Note: Order backlog based on order intake after cancellations.

Total **order backlog<sup>4</sup>** amounts to € 344 million as of 30<sup>th</sup> September 2019, down -9.6% compared to 30<sup>th</sup> June 2019. This fall is partly due to the strong decline of the Print business (-16.8% decrease of Print order backlog as of 30<sup>th</sup> September 2019 compared to 30<sup>th</sup> June 2019). The Digital order backlog<sup>4</sup> results from order intake seasonality in Q3 (very low order intake in August) compared to the almost linear revenue recognition over the quarter.

## **2. Other information**

At the end of October 2019, Solocal will have paid 86% of salaries and indemnities planned for the year 2019 in relation to the 2018 restructuring plan.

In addition, Solocal is implementing its anticorruption compliance program required under the Sapin II Act of 9<sup>th</sup> December 2016 (on transparency, fight against corruption and modernisation of economic life). In this context, Solocal has set up a code of conduct, a whistleblowing system and a training plan for all employees, in order to assert within the group, its 4 main ethical principles which are trust, integrity, transparency and respect.

## **2019 Outlook**

Solocal confirms the pursuit of Digital order intake growth in Q4 2019 and stabilisation for the full year 2019, as well as moderate growth of recurring EBITDA.

Solocal has created structural growth dynamics, to be continued over future quarters.

## Next dates in the financial calendar

The next date in the financial calendar is as follows:

- Release of 4<sup>th</sup> quarter 2019 revenues and 2019 full year results: 27<sup>th</sup> February 2020

### Notes:

<sup>1</sup> Continued activities

<sup>2</sup> Weekly Digital order intake / sales representative producing in Q3 2019 vs. Q3 2018, scope excluding ClicRDV, Effilab, Leadformance, Mappy, Ooreka, QDQ, SoMS and non-significant subsidiaries

<sup>3</sup> Scope excluding ClicRDV, Effilab, Leadformance, Mappy, Ooreka, QDQ, SoMS and non-significant subsidiaries

<sup>4</sup> Based on order intake after cancellations. Backlog End of Period = Backlog Beginning of Period + Quarterly order intake – Quarterly revenues

<sup>5</sup> Order intake are converted into revenues on average in 18 months, this pattern is accelerating month after month pursuant to the transformation of our business model.

### Definitions:

**Traffic:** Indicator of visits and of access to content in a given period of time.

**Order backlog:** Order backlog corresponds to the outstanding portion of revenues still to be recognised as of 30<sup>th</sup> September 2019 from order bookings validated and engaged by customers. Regarding products in subscription mode, only the current commitment period is taken into account.

**Order intake:** Orders booked by the sales force, which should translate into the performance of a service by the Group for its customers.

### Solocal - [www.solocal.com](http://www.solocal.com)

We are the local digital partner for companies. Our job: advising and supporting them to boost their activity thanks to our digital services (Digital Presence, Digital Advertising, Websites, New Print Solutions). We also provide users with the best possible digital experience with PagesJaunes, Mappy and Ooreka, and our partners (Google, Facebook, Apple, Microsoft/Bing, Yahoo!, etc.). We provide professionals and the public with our high audience services, geolocalised data, scalable technology platforms, unparalleled order intake coverage across France, our privileged partnerships with digital companies and our talents in terms of data, development, digital marketing, etc. We gather nearly 400,000 companies all over France and 2.4 billion visits on our services. Solocal moreover benefits from the "Digital Ad Trust Classique" label for its PagesJaunes and Mappy digital services. To know more about Solocal (Euronext Paris "LOCAL"): let's keep in touch [@solocal](https://twitter.com/solocal)

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