



Press Release

Boulogne-Billancourt, July 10th 2020

First semester 2020: a business activity in line with the post covid-19 forecasts

Recurring EBITDA growth for the first semester 2020 ambitions confirmed

Reminder

Solocal executed an agreement on 3rd July 2020 with its debtholders. This agreement which remains subject to the approval of all resolutions presented at the Combined General Meeting “CGM” on 24th July 2020 (all resolutions related to the transaction being interdependent), will enable the Company to secure a €117 million liquidity injection. The €347 million capital increase, fully backstopped by Bondholders, will enable (i) a €244 to €262 million **debt reduction**⁴ and (ii) an **€85 million cash injection**. This injection will be completed by a **€32 million additional financing** fully underwritten by Bondholders, in case the Company is not able to sign a PGE before the Combined General Meeting on 24th July 2020.

This agreement, which terms are described in the press release dated July 3rd 2020, aims at safeguarding the Group, securing jobs and pursuing its development strategy (fully digital, in subscription mode).

Should the plan be rejected by the Combined General Meeting, Solocal Group will have to request the termination of the “plan de sauvegarde” (safeguard plan) and the closing of the conciliation proceedings.

In order to provide Solocal shareholders with as much information as possible in the perspective of the CGM, the Group decided **to publish preliminary key figures for H1 2020 results**. Full semestrial financial statements will be released after the CGM, on July the 28th.

Quarterly figures are unaudited and half year figures have not yet been subject to the limited review by the statutory auditors.

Key figures of the first semester 2020

Solocal order intake³ for Q2 2020 and for H1 2020 are as follows :

<i>In million euros</i>	Q2 2019	Q2 2020	Change	H1 2019	H1 2020	Change
Digital order intake (excluding QdQ)	125.4	96.0	-23.4%	259.3	203.7	-21.4%
Print order intake	12.8	1.8	-86.1%	28.9	6.1	-78.8%
Total order intake	138.2	97.8	-29.2%	288.1	209.8	-27.2%

As a reminder and as announced in the 18th May 2020, Solocal recorded a -55% order intake decrease over the lockdown period^{2,3}. Since the lifting of the lockdown measures as from May 11th 2020 and the re-opening of most of French businesses, Solocal's activity shows **early signs of a gradual upturn**.

May & June 2020 Digital order intake¹ decreased by -24% and by **-1%** respectively compared to last year³, but were superior by €11 million¹ compared to the post-covid reforecast (as indicated in the 18th May 2020 press release). This gradual improvement is in line with the expected recovery pace and is consistent with the fact that most of the salesforce is back on the field and that our customers and prospects are available.

Total order intake³ amount to **€98 million for Q2 2020**. Digital order intake³ recorded a -23% decrease, while Print order intake decreased by -86% for Q2 2020 compared to Q2 2019¹ - as they were strongly impacted in April and May by the lockdown measures described earlier this year.

Total order intake³ for H1 2020 amount to **€210 million**, i.e. a -27% decrease compared to total order intake¹ for H1 2019. Digital order intake³ recorded a -21% decrease, while Print order intake decreased by -79% for H1 2020.

Solocal revenues for Q2 2020 and for H1 2020 are as follows :

<i>In million euros</i>	Q2 2019	Q2 2020	Change	H1 2019	H1 2020	Change
Digital revenues (excluding QdQ)	128.3	107.4	-16.3%	255.6	225.3	-11.9%
Print revenues	20.9	11.3	-46.0%	36.0	19.5	-45.9%
Total revenues	149.2	118.6	-20.5%	291.6	244.7	-16.1%

Digital revenues reached €107 million for Q2 2020, decreasing by -16% compared to Q2 2019¹ due to a volume effect, coupled to an improvement in the average maturity of sold products, which therefore converts into revenues at a slower pace. The Q2 2020 revenues³ was not much impacted by the order intake decrease caused by the health crisis.

Consolidated revenues³ for Q1 2020 reach **€245 million**, decreasing by -16% compared to H1 2019¹ revenues³. It breaks down into €225 million Digital revenues³ and €19 million Print revenues³. The Print business accounts for 7.8% of total revenues.

The Group's recurring **EBITDA** is expected to be in a **€82 million to €87 million** range for the first semester 2020, i.e. a +2% to +9% increase vs. recurring EBITDA for the first semester 2019³. More details and analysis concerning the recurring EBITDA will be given on July 28th 2020 for the presentation of 2020 half year results.

Recurring EBITDA margin is expected between **33.5%** and **35.5%** over the first semester 2020. It represents an increase of +6 to +8 points³ compared to H1 2019¹. This increase in EBITDA margin is linked to the cost reductions over the semester, but also to the support measures for businesses implemented by the Government.

As at 30th June 2020, the net **cash position** of the Group (booked as assets on the balance sheet) amounts to € 28 million.

Outlook 2020

In this context, Solocal **confirms its target** announced on May the 18th, with a 2020 revenue¹ decrease by c. -20%, including a 2020 Digital revenue¹ decrease by c. -15% compared to last year. The 2020FY EBITDA¹ is expected above c. € 130 million³.

Additional information

Nomination Eric Klipfel, Deputy CEO

As announced in the 9th July press release, Eric Klipfel will join Solocal as Deputy CEO in charge of sales & customer operations. He will join the Executive Committee, and will report to Eric Boustouller, CEO of Solocal. Eric Klipfel will be responsible for the Large Accounts salesforce, the VSE/SMEs Field salesforce, Telesales, Customer Success & Support teams; as well as the Customer Operations.

Further details on the transaction put to the vote of the Combined General Meeting

The ordinary and extraordinary resolutions in the Notice of Meeting, available on Solocal website, will be subject to the approval of the 24th July Combined General Meeting. Votes can be casted while physically attending the CGM or through postal, electronical or proxy voting. The secure voting platform **is opened since 8th July 2020 and will be closed on 23rd July 2020** at 3.00pm Paris time accordingly to the regulation.

Concerning the transactions submitted to the approval of the shareholders, an accurate **timeline** of the next steps will be put on Solocal's website in the upcoming days, in the « Investors » section. This document will specify the major dates and the sequencing of the events if the financial structure strengthening plan is approved by the CGM.

In the context of the capital increase with preferential subscription rights for all existing shareholders, it is worth noting that the **implied parity** will be 13 new shares for 1 existing share (in the event of a reserved capital increase subscribed at €17 million) and c. 15 new shares for 1 existing share (in the event of a reserved capital increase subscribed at €10.5 million).

Fairness Opinion

The **fairness opinion** of the independent expert Finexsi on the contemplated transaction will be available on **Friday 10th July** on Solocal's website in the « Investor » section.

Next major dates in the financial calendar

The next dates in the financial calendar are as follows:

- General Meeting of Bondholders on 13th July 2020, 10.00 am
- Combined General Meeting on 24th July 2020 at 10.00 am, at the "Maison de la Mutualité" - Paris 5^{ème};
- Publication of H1 2020 results on 28th July 2020

Notes

¹Digital order intake, Solocal SA scope, in value

² Based on Solocal SA sales force, scope excluding Effilab, Leadformance, Mappy, Ooreka, SoMS and non-significant subsidiaries, i.e. 99% of consolidated revenues

³ Comparable scopes. 2019 & 2020 figures are restated for the figures of QDQ subsidiary, which was disposed of on 28th February 2020.

⁴ the 03rd press release indicated a post-closing €252million to €262million debt reduction but included a mistake in the allocation. The actual debt reduction should be between **€244million to €262million** post-closing.

Définitions :

Order intake: Orders booked by the salesforce, that gives rise to a service performed by the Group for its customers

PGE: "Prêt Garanti par l'Etat" (French State Guaranteed Loan)

CGM: Combined General Meeting

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