

PRESS RELEASE

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

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

- Financial debt would be reduced from €1,164 M to €400 M, thereby reducing the financial leverage of the Group from 4.2x to 1.5x¹
- Equity would be strengthened 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
 - and a debt to equity leading to a capital increase reserved to all its creditors; if the Rights Issue is fully subscribed in cash, such reserved share capital increase would reach an amount of €384 M at a price of €4.73 per share
- Should the Rights Issue be fully subscribed in cash by the existing shareholders:
 - the existing shareholders would own 84.4% of the company's share capital post-restructuring²
 - the creditors would own 15.6% of the company's share capital post-restructuring
 - those creditors would receive in return for their €1,164 M receivables: 400 M of reinstated debt, €380 M of cash³ and 15.6% of the company's share capital⁴
- The existing shareholders would receive free warrants (*bons de souscription d'actions*) with a strike price of €1.5 per share
- The creditors would also receive warrants but with a strike price of €2 per share
- The principal terms of this plan are based on an agreement in principle of creditors representing more than 50 % of the total debt of the company. However, the negotiation of certain terms of the plan is being pursued in the next weeks.
- The main shareholders of SoLocal Group have confirmed their support to the plan and have expressed their intent to participate.
- The different terms of which the impact of the warrants and the consequences of non-subscription in cash at 100% to the Rights Issue are described in details hereafter

This drastic Group's debt reduction would allow the implementation of the strategic plan "Conquer 2018" which aims to accelerate the Internet growth by 2018:

- Internet revenue growth close to 10% in 2018
- Sustainable EBITDA to revenue margin between 28% and 30%

This financial restructuring plan which allows the implementation of "Conquer 2018" will be submitted for approval to the shareholders and the creditors of the company as soon as possible.

¹ as per current bank documentation

² before a potential dilutive or relative effect related to the warrants which are described later in this press release

³ €20 M of cash kept by the company

⁴ before a potential dilutive or relative effect related to the warrants which are described later in this press release

Jean-Pierre Remy, Chief Executive Officer of SoLocal Group, stated:

“This preliminary agreement is an important milestone in our financial restructuring. The drastic reduction of our debt should enable SoLocal to consolidate and develop its Internet business, in line with our sales order performance since the beginning of 2016. We have been very attentive in our negotiations with the creditors to structure a plan which allows our shareholders and our creditors, to take advantage of this acceleration of our Internet growth.”

I. Financial restructuring plan

Following the discussions conducted by Maître Abitbol and then by Maître Bourbouloux, SoLocal Group announces a financial restructuring plan aim to reduce its debt by two-thirds that the company will propose as soon as possible to all its shareholders and creditors.

The implementation of this plan would enable SoLocal Group to strengthen its equity and to restore its indebtedness to a level consistent with its digital profile. Thanks to the reduction of debt, this plan would allow the implementation of the “Conquer 2018” plan.

The principal terms of this plan are based on an agreement in principle of creditors representing more than 50% of the total outstanding debt of the company. However, the negotiation of certain terms of the plan is being pursued, particularly with respect to the terms and conditions of the post-restructuring debt and exercise conditions of some of the instruments that would be issued to creditors. It cannot be prejudged that these negotiations will be successful.

Reduction of long term financial debt by two-thirds

As a result of the operations described below which would aim at strengthening the company’s equity, the gross reinstated debt would be reduced to €400 M (i.e. a two-thirds reduction compared to €1,164M, its amount as of 30 June 2016) and would have a 5 year bullet maturity. The reinstated debt would be payable in full at maturity but can be repaid at any time at the option of the borrower.

The financial restructuring would enable SoLocal Group to significantly improve its debt ratios (leverage down from 4.2x to 1.5x⁵) and to reduce its financial charges.

Strengthening of the equity

- Strengthening of the equity would take place by way of two successive share capital increases:
 - A Rights Issue, backstopped by all the creditors (by way of debt to equity swap), of €400 M, through the issuance of 400 million new shares of SoLocal Group at a price of €1 per share
 - A capital increase reserved to all creditors which would be paid-up by way of a debt for equity swap, the characteristics of which will depend on the portion of cash subscription to the Rights Issue.
- Should the cash subscription to the Rights Issue end-up below €300 M, new bonds redeemable in shares⁶ (“mandatory convertible bonds”, MCB) would be issued in favour of the creditors, in order to partially compensate for the fact that a smaller amount of their receivables will be reimbursed in cash. These MCBs would be subscribed at par value by the creditors by way of set-off of their receivables. They would bear no interest and their maturity would be 5 years. For the reimbursement of the MCBs in shares, the SoLocal Group share would be valued at €2.

⁵ as per current bank documentation

⁶ Unless the company exercises its options to redeem in cash

- The number of MCBs issued would vary depending on the amount of cash subscription to the Rights Issue:
 - No MCB would be issued if the cash subscription is above or equal to €300 M
 - Nominal of the MCB equals to €200 M if the cash subscription is nil; this nominal amount scales linearly between 0 and €300 M of cash subscription.
- As a result, if the rate of cash subscription by the existing shareholders to the Rights Issue is 100%:
 - the existing shareholders would own post-restructuring 84.4% of the company's share capital⁷
 - the remaining share capital would be owned by the creditors in return for the conversion into capital (in the context of the reserved share capital increase) of an amount of €384 M of receivables at a price of €4.73 per new share
 - the creditors would thus receive in return for their €1,164 M receivables (in proportion to their share): €400 M of reinstated debt, €380M of cash⁸ and 15.6% of the company's share capital⁹
- However, if the rate of cash subscription to the Rights Issue is nil (0%):
 - the existing shareholders would only own post-restructuring 6.3%¹⁰ of the company's share capital (or 11%¹¹ after exercise of the warrants they would have been granted)
 - the remaining share capital (93,7%) would be owned by the creditors in return for:
 - the conversion into capital of an amount of €400 M of receivables at a price of €1 per new share (in execution of the creditors' commitment to backstop the Rights Issue)
 - the conversion into capital of an amount of €164 M of receivables at a price of €2.14 per new share (in the context of the share capital increase reserved to the creditors)
 - the conversion into capital of MCBs (redeemable at maturity with shares at a price of €2 per share) with a nominal amount of €200 M.
- The proceeds of the share capital increases would be allocated as follows:
 - €20 M are kept by the company assuming cash subscription exceeds €20 M
 - the remainder to the debt reduction.

Distribution of warrants to the shareholders and creditors

The company would distribute for free to existing shareholders for each share owned, one warrant giving the right to subscribe during 24 months to a new share of SoLocal Group with a strike price of €1.5.

In return for their efforts, the creditors would also be granted warrants giving the right to subscribe during 60 months to a new share of SoLocal Group with a strike price of €2.

⁷ before a potential dilutive or relative effect related to the warrants which are described later in this press release

⁸ €20 M of cash kept by the company

⁹ before a potential dilutive or relative effect related to the warrants which are described later in this press release

¹⁰ post dilution by MCBs only

¹¹ after dilutive effect related to the MCBs and post exercise of all warrants described in this press release

As a result, the higher the rate of cash subscription to the Rights Issue, the more important the effort made by the creditors and the subscription price at which they would convert their receivables into capital would thus be high. In return, the number of warrants which they would receive would be more significant.

The number of warrants granted to the creditors would depend on the rate of cash subscription to the Rights Issue:

- 155 Millions if the cash subscription rate is equal to or above 75%
- 45 Millions if the cash subscription rate is 0%.

If the warrants granted to the existing shareholders and to the creditors are exercised, the equity of SoLocal Group would be strengthened up to a maximum amount of €367 M¹².

II. Conquer 2018 (see presentation)

The “Conquer 2018” plan aims to accelerate Internet growth by 2018. It cannot be disconnected from the financial restructuring plan presented above and has been the basis for the discussions with shareholders and creditors. It is articulated around the following key drivers:

- o **Internet revenues representing 90% of total revenues and Internet revenue growth close to 10% in 2018:**
 - **Stabilisation of client base:** CAGR¹³ -1% over the period 2015-2018 with an optimised client retention and acceleration in client acquisition.
 - **Sustainable Local Search ARPA growth:** CAGR +4% over the period 2015-2018, with a sustained monetisation of increasing audience and the accelerated acquisition of high ARPA clients
 - **Accelerated Digital Marketing penetration:** +8pts over the 2015-2018 period through scaled and extended innovative offerings
- o **A sustainable EBITDA margin between 28% and 30%** with a smooth decline of Print & Voice contribution and a stabilised cost base
- o **An average annual free cash flow before debt service of 90 M€**

Given its Internet business profile in a fast-moving and competitive environment, SoLocal Group needs a financial structure providing agility to face unexpected market and business risks such as competitor pressure, accelerated decline of Print & Voice, increasing pricing pressure on Digital Marketing, increased penetration of performance based Local Search products, major swing on working capital.

Each of these risks could adversely impact the Group’s cumulated free cash flow before debt service over the horizon of the plan, by between six months and one year of average free cash flow.

III. Next steps

SoLocal Group has requested Euronext to suspend the trading of the SoLocal shares on 1 August 2016.

At its Investor Day on 31 August 2016, SoLocal Group will present its financial restructuring plan which allows the implementation of its “Conquer 2018” strategic plan.

¹² €367 M corresponds to the case where all warrants are exercised. In this case and if the rate of cash subscription by the existing shareholders to the Rights Issue is 100%, the existing shareholders and the creditors would own respectively 67% and 33% of the company’s share capital.

¹³ Compound Annual Growth Rate

The plan has been approved in principle by the Board of Directors of SoLocal Group, who will provide final approval once the negotiation of final terms will be finalised. This plan is subject to the completion of various conditions precedent, in particular :

- the agreement by the creditors to modify the safeguard plan (which requires a favourable vote of at least two-thirds of the creditors participating in the vote of SoLocal Group's creditors committee;
- the approval by the general meeting of the shareholders of SoLocal Group of all the resolutions in relation to the transaction
- the amendment to the accelerated financial safeguard plan and its homologation by the Commercial Court of Nanterre and
- the confirmation that the proposed plan has no adverse tax consequences

The general meeting of the shareholders will be held as soon as possible (considering in particular the constraints related to the process for amending the accelerated financial safeguard plan). It is contemplated that the share capital increases will be completed by the end of 2016.

The main creditors of the group (funds managed or advised by Paulson & Co., Inc., GSO Capital Partners LP, Farallon Capital Europe LLP, Amber Capital UK Holdings Ltd and Boussard & Gavaudan Asset Management), which together represent more than 50% of the amount of the syndicated loans of SoLocal Group, support the proposed plan.

The main shareholders of SoLocal Group have confirmed their support to the plan and have expressed their intent to participate.

About SoLocal Group

SoLocal Group, European leader in local online communication, reveals local know-how, and boosts local revenues of businesses. The Internet activities of the Group are structured around two business lines: Local Search and Digital Marketing. With Local Search, the Group offers digital services and solutions to clients which enable them to enhance their visibility and develop their local contacts. Thanks to its expertise, SoLocal Group earned the trust of some 530,000 clients of those services and over 2.2 billions of visits via its 4 flagship brands (PagesJaunes, Mappy, Ooreka and A Vendre A Louer) but also through its partnerships. With Digital Marketing, SoLocal Group creates and provides Internet users with the best local and customised content about professionals. With over 4,400 employees, including a salesforce of 1,900 local communication advisors specialised in five verticals (Home, Services, Retail, Health & Public, BtoB) and Internationally (France, Spain, Austria, United Kingdom), the Group generated in 2015 revenues of 873 millions euros, of which 73% on Internet and ranks amongst the first European players in terms of Internet advertising revenues. SoLocal Group is listed on Euronext Paris (LOCAL). More information may be obtained at www.solocalgroup.com.

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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).