

ITALIAONLINE S.p.A.

9M 2017 RESULTS

THANKS TO THE RECOVERY OF THE DIGITAL SEGMENT, IN THE THIRD QUARTER REVENUES¹ DECREASE AT A SLOWER PACE

OPERATING PROFIT CONTINUES TO IMPROVE, EBITDA MARGIN AT 22.5% (19% 9M 2016), EBIT UP TO € 24.4 MILLION (€ 11.3 MILLION IN 9M 2016)

NET FINANCIAL POSITION POSITIVE BY € 77 MILLION², UNLEVERED FCF STANDS AT € 51 MILLION (+5% YOY)

MAIN AUDIENCE FIGURES⁵ UP YOY: TOTAL DAILY DIGITAL AUDIENCE +5%, MOBILE AUDIENCE +18%

- **Revenues** at **€ 248.9 million** compared to the pro-forma figure of € 280 million in 9M 2016¹ (-11%). The decline in consolidated revenues slowed in the third quarter (-8.8% yoy), thanks to the recovery in digital revenues which benefited from the first positive effects of the implementation of the new product portfolio SMEs and the double-digit growth in Digital Advertising revenues.
- **EBITDA³** of **€ 55.9 million**, up **5.7%** compared to the pro-forma figure for 9M 2016¹ (€ 52.9 million), **EBITDA margin** at **22.5%**, up **3.6** percentage points on the 9M 2016 pro-forma figure¹ (18.9%).
- **EBIT** up to **€ 24.4 million** from € 11.3 million in 9M 2016.
- **Pre-tax Profit** amounted to **€ 25.2 million**, a strong growth compared to the 2016 figure of € 11.5 million. After € 17.2 million in taxes (mainly related to the issue of net deferred taxes that will not have any effects on the cash), the **Net Profit** at 30 September 2017 amounts to € 8.0 million. It should be noted that the Net Profit at 30 September 2016 had benefited from positive taxes of € 23.7 million and amounted to € 35.2 million.
- **Free Cash Flow** (Unlevered) at **€ 51 million**, **+5%** on the 9M 2016 figure. **Ebitda Cash Conversion** 91%⁴.
- **Net financial position (NFP) positive** by **€ 77 million**, after extraordinary dividend distribution for around € 80 million (paid on 10 May 2017), compared to € 69 million at 30 June 2017.
- **Audience Data⁵** (averages for last six months) Italiaonline is confirmed as Italy's leading digital company, with yoy growth in daily audience figures: **+5%** Total Digital Audience; **+18%** Mobile Audience; **+10%** average time spent browsing on IOL web properties.

¹To allow easy comparison with the results for the first nine months of 2017, the 9M 2016 results were normalised (pro-forma figures) to reflect the change in scope following the sale and termination of certain business lines in 2016. Specifically, 9M 2016 Revenues were reduced by around € 15.7 million from the reported figure (€ 295.6 million), whilst EBITDA was cut by roughly € 2.6 million. The reduced revenues reflect i) the business unit transfer of 12.54 (July 2016), ii) the disposal of Europages S.A. (August 2016), iii) termination of the Moqu arbitrage agreement on the Google Ad Sense market, and lastly iv) changes in the publication calendar of traditional products in 2017 vs. 2016.

²On 10 May 2017 an extraordinary dividend of € 80 million was paid.

³EBITDA gross of allocations to the allowance for doubtful debts and business risks, and other operating income and expense.

⁴Ebitda Cash Conversion: Unl FCF /Ebitda reported.

⁵ Source: Audiweb Database, powered by Nielsen, average in last six months: March-August 2017 (latest available figure), yoy performance.

We are very pleased with the results achieved in the first 9 months of the year. Revenues in the third quarter saw a gradual trend improvement, supported by the favourable performance in the digital segment and particularly the strong growth in digital advertising revenue, which is strategic for us. In particular, the revenue of the advertising agency, IOL Advertising, driven by the audience for our properties and by recently launched partnerships, recorded, also in the third quarter as happened in the second quarter, a double-digit growth versus a reference market trend⁶ that, in the first nine months of the year, essentially remained stable. In addition, the orders intake of IOL Audience, unique in Italy for its digital advertising services dedicated to SMEs, rose by double-digit figures over the third quarter. We also continue to work to improve profitability and quarterly results confirm the soundness of our strategies.

- Antonio Converti, Italiaonline CEO remarked

Assago, 08 November 2017 - The Board of Directors of **Italiaonline S.p.A.** (hereinafter "Italiaonline") has examined and approved the quarterly periodic information at 30 September 2017.

CONSOLIDATED RESULTS

To allow easy comparison with the results for the first nine months of 2017, the results at 30 September 2016 were normalised (pro-forma figures) to reflect the change in scope following the sale and termination of certain business lines in 2016 and a number of changes in the publication calendar for traditional products in 2017 vs. 2016 (refer to Note 1). In the rest of this press release, the comments and comparisons with 2016, limited to Revenues and EBITDA, will therefore be discussed on the pro-forma figures described above⁷.

Italiaonline closed the first nine months of 2017 with consolidated **revenues** of € 249 million, down on the pro-forma figure of € 280 million achieved in the same period of 2016. In the third quarter revenues decrease at the slower pace on the one hand reflecting the recovery of the digital segment and on the other the physiological decline in traditional products based on telephone directories and telephony.

€m	Q1 2017	Q2 2017	Q3 2017	Q1 2016 pro-forma	Q2 2016 pro-forma	Q3 2016 pro-forma	YoY Change		
							Q1	Q2	Q3
Revenues	70	96	82	84	106	90	(16.0)%	(9.1)%	(8.8)%
o/w Core Business Digital	54	58	53	64	63	54	(15.4)%	(7.3)%	(0.5)%

In particular, note the strong recovery in **digital segment revenues**, which in Q3 2017 was in line (-0.5%) with the same period of the previous year, up by around 7 percentage points on the year on year performance recorded in the second quarter of 2017, and benefiting from the first positive effects of implementation of the new product portfolio dedicated to SMEs, as well as the double-digit growth of revenues of the advertising agency, IOL Advertising. In the first nine months of the year,

⁶ Source: FCP-Assointernet, January-September 2017.

⁷ It should be noted that the figures given in the table at the end of the press release (Appendix) show comparison with comparative data for the period 2016 reported.

digital revenues stood at € 166 million (€ 181 million at 30 September 2016), equal to 67% of consolidated revenues.

Lastly, note that in Q3 2017 the orders intake of IOL Audience, the digital advertising service dedicated to SMEs, grew by double-digit figures year on year.

In the first nine months of 2017, **EBITDA**³ amounted to **€ 55.9 million**, up **5.7%** compared to the same period in 2016 (pro-forma figure € 52.9 million), with an **EBITDA margin** of **22.5%**, up **3.6** percentage points on the first nine months of 2016 (18.9%).

As already mentioned in the disclosure of results for the first half of 2017, the growth in operating profit is attributable to efficiency improvement strategies for the operating structure implemented in 2016 and during 2017, in addition to the cost synergies achieved from the merger of Italiaonline into Seat Pagine Gialle in June 2016.

EBIT at 30 September 2017 stood at **€ 24.4 million**, up strongly on the € 11.3 million at 30 September 2016. The expansion in this aggregate is mainly attributable to the reduced amortisation of net expense associated with non-recurring transactions and company reorganisation processes.

Pre-tax Profit amounted to **€ 25.2 million**, a strong growth compared to the 2016 figure of € 11.5 million. After € 17.2 million in taxes (mainly related to the issue of net deferred taxes that will not have any effects on the cash), the **Net Profit** at 30 September 2017 amounts to **€ 8.0 million**. It should be noted that the Net Profit at 30 September 2016 had benefited from positive taxes of € 23.7 million and amounted to € 35.2 million.

Capex in the first nine months of 2017 amount to **€ 21 million** compared to € 16.5 million in the first nine months of 2016, and include extraordinary items relating to the purchase of 3-year licences for the Open X-Change system and streamlining of the Datacenter services, amounting to a total of € 5.4 million. Net of these extraordinary investments, the Capex for the first nine months of 2017 would be € 15.7 million, down 5% yoy and with a 6.3% impact on revenues.

The **Free Cash Flow**⁸ (Unlevered) generated in the first nine months of 2017 was positive by **€ 51.0 million**, up +5% on the same period in 2016 (€ 48.8 million). This result mainly reflects the careful management of Working Capital, which contributed to cash generation for € 18.0 million (+54% vs. the same period in 2016), offsetting most of the capex for € 21 million (compared to € 16.5 million in the same period of 2016). The EBITDA⁹ **Cash Conversion** for the period was **91%**.

The **Net financial position** at 30 September 2017 was positive for **€ 77 million**, compared to € 122.1 million at 31 December 2016 and € 69 million at 30 June 2017, despite the extraordinary dividend of around € 80 million paid on 10 May 2017 and the outlay relating to the payment of non-recurring expense and restructuring costs (€16.9 million), as a result of cash generated by operations.

Audience Data¹⁰: Italiaonline is confirmed as the **leading digital company in Italy** (Audiweb data, averages for the last 6 months March-August 2017, excluding Facebook and Google), with 4.2 million unique average daily users (+5% yoy). The mobile audience also saw Italiaonline take first place, ahead of the other top players with over 2.3 million daily average unique users (+18% yoy). Lastly, Audiweb data also confirmed Italiaonline as leading the field of Italian Internet for pages viewed (65 million) and for the average time spent browsing per day (11:19 minutes).

⁸ Unl. FCF: Operating FCF (EBITDA-Capex+ ΔNWC) adjusted for total taxes paid.

⁹ Calculated as Unl. FCF / EBITDA Reported.

¹⁰ Source: Audiweb Database, powered by Nielsen, average in last 6 months: March-August 2017 (latest available figure), yoy performance.

Business outlook

Based on information available at present, the Italiaonline Group expects to close 2017 with an EBITDA margin up on the 2016 result. Consolidated revenues are still forecasted to fall due primarily to the physiological decline in certain traditional business lines, despite the gradual improvement in the trend for digital activities.

€m	9M 2017	9M 2016 pro-forma*	YoY Change 9M
Revenues	248.9	279.9	(11.1%)
EBITDA	55.9	52.9	5.7%
EBITDA Margin	22.5%	18.9%	3.6 pp
EBIT	24.4	11.3	+€ 13.1m
CAPEX	21.0	16.5	27.1%
Unlevered FCF	51.0	48.8	4.7%

* To allow easy comparison with the results for the first nine months of 2017, the 9M 2016 results were normalised (pro-forma figures) to reflect the change in scope following the sale and termination of certain business lines in 2016. Specifically, 9M 2016 Revenues were reduced by around € 15.7 million from the reported figure (€ 295.6 million), whilst EBITDA was cut by roughly € 2.6 million.

€m	30 September 2017	30 June 2017	31 December 2016
NFP ^(**)	77.0	68.8	122.1
Cash Holdings ^(**)	76.1	67.9	121.6

** On 10 May 2017 an extraordinary dividend of € 80 million was paid.

RESOLUTION TO INCREASE SHARE CAPITAL TO SERVICE THE STOCK OPTIONS PLAN

In addition, the Board of Directors resolved to partially execute the authority granted by the Company's Extraordinary Shareholders' Meeting of 8 March 2016, as part of the merger of Seat Pagine Gialle/Italiaonline, to increase share capital in accordance with Art. 2443 of the Italian Civil Code, against payment, divisible and excluding option rights pursuant to paragraphs 5, 6, and 8, Art. 2441 of the Italian Civil Code. The maximum nominal amount of the share capital increase is € 148,948.18, in addition to the share premium, through the issue of a maximum of 854,576 ordinary shares with no par value, reserved in subscription to beneficiaries of Tranche A of the "2014-2018 STOCK OPTION PLAN".

Option rights assigned to beneficiaries of Tranche A of the Stock Option Plan will become fully exercisable beginning 16 December 2017; the subscription price is € 3.01 per share.

The audit firm KPMG S.p.A., engaged to perform the legal accounting audit, have expressed, pursuant to the combined provisions of art. 2441, sixth paragraph, of the Civil Code, and art. 158 of the Consolidated Law on Finance, its opinion on the issue price.

The minutes of the Board of Directors meeting, KPMG's opinion and the Board of Directors' explanatory report will be published according to the methods and terms defined by law.

For additional information on the terms and conditions of the Stock Option Plan, refer to the press releases issued by the Company on 21 January 2016, 8 March 2016, and 11 May 2017, as well as all of the documentation that can be consulted at the headquarters and on the Company's website www.italiaonline.it (Sections "Governance > Corporate documentation > Stock Option Plan" and "Governance > Corporate documentation > Compensation").

CONFERENCE CALL

As pre-announced, the Company will illustrate the results achieved at 30 September 2017 to the financial community during the conference call to be held tomorrow, 09 November 2017, at 10:00 hours (Italian time). The presentation will be made available prior to the start of the conference call on the authorised storage device, eMarket STORAGE www.emarketstorage.com, managed by Spafid Connect S.p.A., and on the Company's web site www.italiaonline.it (Investors/Presentations section). The conference call will be held in English. The numbers to participate in the conference call are:

ITALY:	+39 02 802 09 11
UK:	+44 121 281 8004
USA (international local number):	+1 718 7058796
MEDIA/PRESS:	+39 02 8020927

This press release is also available on the Company's web site www.italiaonline.it, in the section italiaonline.it/investor/comunicati-stampa-price-sensitive.

Disclaimer

This press release contains certain disclosures of a forward-looking nature, which reflect the current opinion of Company management in relation to future events and the financial and operating results of the Company and its subsidiaries. These provisional disclosures are based on current expectations and assessments of Italiaonline S.p.A. with respect to future events. As these forward-looking disclosures are subject to risks and uncertainties, the actual future results could differ significantly from those forecast in these disclosures. The differences could be the result of numerous factors, many of which deriving from Italiaonline S.p.A.'s capacity to verify and accurately estimate them, including for example any changes in the regulatory context, future market developments, price fluctuations and other risks. You are therefore invited to refrain from relying fully upon the contents of forecasts mentioned, which are included solely in reference to the date of this press release. Italiaonline S.p.A. has no liability whatsoever for the public disclosure of updates or changes to the forecasts indicated, relating to future events or circumstances occurring after the date of this press release. The information provided in this press release does not aim to provide a complete analysis and has not been verified by any independent third party.

This press release is not a recommendation of the Company's financial instruments. In addition, this press release does not constitute an offer to sell or invitation to purchase the financial instruments issued by the Company or its subsidiaries.

Pursuant to art. 154-bis, paragraph 2 of the Consolidated Law on Finance dated 24 February 1998, the Chief Financial Officer of Italiaonline S.p.A., Gabriella Fabotti, hereby confirms correspondence with the accounting books and records of the accounting data included in this press release.

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This press release is a translation. The Italian version will prevail

Disclosure required by Consob on 22 July 2016 pursuant to Article 114 of Legislative Decree No. 58/98

Pursuant to the request sent by Consob of July 22, 2016, file no. 0067885/16, pursuant to Article 114 of Legislative Decree No. 58/1998, regarding the request to add some information to the annual and interim reports as from the interim financial statement started from the first half report at June 30, 2016 as well as the press releases concerning the approval of the above mentioned financial statements, in lieu of the disclosure requirements provided with the request of 7 September 2011, file no. 11076499, the additional information related to September 30, 2017 are reported below.

Net financial indebtedness of Italiaonline Group at September 30, 2017

(euro/thousand)		At 09.30.2017	At 12.31.2016	Change
A	Cash and cash equivalents	76,115	121,566	(45,451)
B	Other cash and cash equivalents	-	-	-
C	Trading securities	-	-	-
D=(A+B+C)	Liquidity	76,115	121,566	(45,451)
E.1	Current financial receivables due from third parties	995	610	385
E.2	Current financial receivables due from related parties	-	-	-
F	Current bank debt	2	-	2
G	Current portion of non-current debt	-	-	-
H.1	Other current financial debt to third parties	59	59	-
H.2	Other current financial debt due to related parties	-	-	-
I=(F+G+H)	Current financial debt	61	59	2
J=(I-E-D)	Net current financial indebtedness	(77,049)	(122,117)	45,068
K	Non-current bank debt	-	-	-
L	Bond issues	-	-	-
M.1	Other non-current loans due to third parties	-	-	-
M.2	Other non-current loans due to related parties	-	-	-
N=(K+L+M)	Non-current financial debt	-	-	-
O=(J+N)	Net financial indebtedness (ESMA)	(77,049)	(122,117)	45,068

The net financial indebtedness of the Italiaonline Group at September 30, 2017 is positive and amounted to € 77,049 thousand and is related to Italiaonline S.p.A. for € 69,436 thousand.

The change in the net financial position with respect to December 31, 2016 is mainly due to the payment, on May 10, 2017, of ordinary and extraordinary dividends for a total of €80,032 thousand.

In addition, on February 23, 2017 Italiaonline S.p.A. signed the deeds for the sale of the two remaining finance leases, related to the buildings of the Turin office, in place with Mediocredito Italiano S.p.A, to the company Engineering Ingegneria Informatica S.p.A. Therefore, the residual

financial liability, which as at December 31, 2016 had been reclassified as a non-current liability held for sale, was derecognized.

Group overdue debt positions as of September 30, 2017

The breakdown of overdue accounts payable of the Company and the Group according to their nature (financial, trading, tax, social security and employees) and the related creditors' response initiatives (reminders, injunctions, suspension in supply, etc.) is provided below:

- overdue trade payables to suppliers as at September 30, 2017 were € 17,689 thousand (of which €17,051 thousand related to Italiaonline S.p.A.), paid in October 2017 for €12,559 thousand (of which €12,505 thousand related to Italiaonline S.p.A.);
- there were no overdue financial or social security liabilities;
- overdue tax liabilities are of small amounts and, as such, do not affect the ordinary course of business.

This situation is deemed normal under the usual commercial relationships with the Group's suppliers. There were no significant actions by creditors that may affect the course of ordinary business.

Related party transactions

The related party transactions carried out by the companies of the Italiaonline group, including intra-group transactions, were all part of ordinary business and settled at market conditions or according to specific regulatory provisions. There were no atypical and / or unusual transactions, nor potential conflicts of interest. There were no changes or developments in the related party transactions described in the last approved financial statements that had a material effect on the financial position or results of operations of the Group and Italiaonline S.p.A..

The following tables provide information on the related party transactions of the Parent:

ITALIAONLINE GROUP - INCOME STATEMENT 9 months 2017

(euro/thousand)	Subsidiaries	Associates	Other related parties (*)	Total related parties
Revenue from sales and services	-	2	-	2
Other income	-	-	271	271
Costs of external services	-	-	(3,370)	(3,370)
Personnel expenses	-	-	(2,221)	(2,221)

(*) Directors, statutory auditors, key management personnel

ITALIAONLINE GROUP - STATEMENT OF FINANCIAL POSITION at September 30, 2017

(euro/thousand)	Subsidiaries	Associates	Other related parties (*)	Total related parties
Assets				
Intangible assets with finite useful life	-	-	8	8
Property, plant and equipment and Leased assets	-	-	62	62
Other non-current financial assets	-	168	-	168
Trade receivables	-	-	-	-
Other current assets	-	-	188	278
Liabilities				
Trade payables	-	-	2,474	2,474
liabilities	-	-	242	242

(*) Directors, statutory auditors, key management personnel

Status of implementation of strategic and financial plans

Based on the most recent data available for the nine months of 2017, the Group's main economic and financial indicators are substantially in line with the forecasts included in the Updated Business Plan 2017- 2019 approved on March 15, 2017.

Appendix

9M 2017 compared with 9M 2016 reported (figures published last year)

€m	9M 2017	9M 2016 reported	YoY Change 9M
Revenues	248.9	295.6	(15.8%)
EBITDA	55.9	55.4	0.8%
EBITDA Margin	22.5%	18.7%	3.7 pp
EBIT	24.4	11.3	+€ 13.1m
CAPEX	21.0	16.5	27.1%
Unlevered FCF	51.0	48.8	4.7%