

## PRESS RELEASE

### THE BOD OF ITALIAONLINE APPROVES RESULTS AT 31 DECEMBER 2017 AND THE BUSINESS PLAN UPDATE

IN 2017 GROWTH IN OPERATING MARGINS: EBITDA UP 6% TO € 68 MILLION, EBIT AT € 28 MILLION VS € 0.7 MILLION IN 2016, WITH A 17% INCREASE OF NET PROFIT TO 26 MILLION REVENUES<sup>1</sup>, IN LINE WITH MANAGEMENT'S EXPECTATIONS, SLOW DOWN DECLINE THANKS TO THE PROGRESSIVE IMPROVEMENT OF THE DIGITAL SEGMENT, WHICH IN THE FOURTH QUARTER GREW BY 5% YoY

NET FINANCIAL POSITION POSITIVE BY € 73 MILLION

ITALIAONLINE IS STILL THE FIRST ITALIAN INTERNET COMPANY WITH GROWING DAILY AUDIENCE FIGURES (TOTAL AUDIENCE +6%, MOBILE +14%)<sup>3</sup>

- **Revenues<sup>1</sup>** at **€ 338.5 million** compared to € 376 million for 2016<sup>1</sup> (-10%). The turnover trend has shown a progressive improvement over each quarter of the financial year, reducing the decline in the fourth quarter by around 9 percentage points compared to the first quarter, thanks to the **digital segment**, which in the last quarter grew by **5% YoY** following the double-digit growth figure registered by *digital advertising revenues* (+20% YoY).
- **EBITDA<sup>2</sup>** of **€ 67.7 million**, up **6%** compared to 2016<sup>1</sup> (€ 63.9 million), **EBITDA margin at 20.0%**, up 3.0 percentage points on the 2016<sup>1</sup> figure (17.0%).
- **EBIT** rising sharply to **€ 27.8 million** compared with the 2016 figure of € 0.7 million.
- **Net Profit** of **€ 26.4 million** up **17%** compared to 2016 (€ 22.7 million).
- Positive (**unlevered**) **FCF** at **€ 50.4 million** (€ 54.5 million at 31 December 2016).
- **Net Financial Position (NFP) positive** by **€ 72.9 million**, after extraordinary dividend distribution for around € 80 million (paid on 10 May 2017), compared to € 122.1 million at 31 December 2016.
- **Audience Figures<sup>3</sup>** (averages for 2017), Italiaonline is still **Italy's leading digital company** with YoY growth in daily audience:
  - +6%** total digital audience;
  - +14%** mobile audience;
  - +8%** average time spent browsing on iOL web properties
- The Board of Directors has approved an update of the **Business Plan** already approved on March 15, 2017 extending to year 2020 and updating the economic and financial targets for the period 2018 - 2020. The Group's digital strategy continues, which aim is to consolidate its leadership on the Italian market.
- In compliance with statutory regulations, a preferred dividend of € 30.00 per savings share, amounting to € 204,090.00 before tax, will be distributed to the savings shareholders. The dividend will be payable

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<sup>1</sup> The main indicators for the years 2016 and 2017 have been analysed and commented according to a normalized view (pro forma data) to reflect the changes in the perimeter due to the sale of the subsidiary Europages and the 12.54 business segment, the disposal of Moqu's arbitration activities and to the accounting realignment of the subsidiary Consodata occurred in 2016 and thus to enable comparison with FY 2017 results. As a result of the aforementioned changes, the comparative data as at 31 December 2016 show revenues of € 376.0 million (€ 389.5 million reported in 2016 Annual Financial Report) and EBITDA of € 63.9 million (-€0.1 million vs 2016 reported data) the corresponding figures for 2017 show revenues of € 338.5 million (€ 335.9 million data reported in the 2017 Annual Financial Report) and EBITDA of € 67.7 million (in line with data reported in the 2017 Annual Financial Report).

<sup>2</sup> EBITDA net of allocations to the allowance for doubtful debts and business risks and other operating income and expense and gross of non-recurring expenses.

<sup>3</sup> Source: Audiweb Database, powered by Nielsen, average 2017 vs average 2016 | TDA: Total Digital Audience, DAUs: Daily Active Users.

from the day of May 9<sup>th</sup>, 2018, with detachment of coupon on May 7<sup>th</sup>, 2018 (record date on May 8<sup>th</sup>, 2018).

- The **Shareholders' meeting** summoned for the approval of the Financial Statements 2017 and for the appointment of the corporate bodies.

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*Milan, 15 March 2018.* Today the Board of Directors of Italiaonline, a company listed in the MTA of Borsa Italiana, leader on the Italian digital market, has examined and approved the draft financial statement for the year 2017 and the business plan update.

*"We are very pleased with the results achieved in the financial year 2017, which, together with the growth in operating results, have shown over the various quarters of the financial year a significant improvement of the revenue trend thanks to the positive development of the digital segment. Over the course of 2017, thanks to the work carried out by the new management, we have completely renewed our production portfolio as digital agency and strengthened our digital advertising activities, which registered a double-digit growth in the second semester, thereby successfully and positively reversing the digital revenue trend, which started to grow again since the fourth quarter (+5%). We are still committed to digital transformation and, for 2018, we expect to stabilise our top line thanks to the positive performance of the digital business and notwithstanding the decline of traditional businesses. We are also working on further optimising the company's organisational and operational model, which will enable us to considerably improve the quality of the sales and Customer Service processes, and also reduce the cost structure and therefore pursue our mission of supporting the digital development of Italian enterprises".*

*- Antonio Converti, Italiaonline CEO remarked*

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## CONSOLIDATED RESULTS

The main indicators for the years 2016 and 2017 have been analysed and commented according to a normalized view (pro forma data) to reflect the changes in the perimeter due to the sale of the subsidiary Europages and the 12.54 business segment, the disposal of Moqu's arbitration activities and to the accounting realignment of the subsidiary Consodata<sup>4</sup> occurred in 2016 and thus to enable comparison with FY 2017 results. As a result of the aforementioned changes, the comparative data as at 31 December 2016 show revenues of € 376.0 million (€ 389.5 million reported in 2016 Annual Financial Report) and EBITDA of € 63.9 million (-€0.1 million vs 2016 reported data) the corresponding figures for 2017 show revenues of € 338.5 million (€ 335.9 million data reported in the 2017 Annual Financial Report) and EBITDA of € 67.7 million (in line with data reported in the 2017 Annual Financial Report).

In the rest of this press release and in the table below the comments and the comparison with 2016 for Revenues and EBITDA, will therefore be based on the pro-forma data described above<sup>5</sup>.

Italiaonline closed the financial year 2017 with consolidated **revenues** of € 338.5 million compared to € 376 million achieved in the financial year 2016. The consolidated turnover trend over the four quarters of the financial year has shown a progressive improvement which reflects, on the one hand, the recovery of the digital segment and, on the other hand, the continuation of the physiological decline of traditional products based on telephone directories and telephony.

€m	FY 2017 pro-forma	FY 2016 pro-forma	YoY Change
			2017 vs 2016
Revenues	<b>338.5</b>	376.0	(10.0)%
EBITDA	<b>67.7</b>	63.9	+5.9%
EBITDA Margin	<b>20.0%</b>	17.0%	+3.0 pp
EBIT	<b>27.7</b>	0.7	+€ 27m
EBITDA-CAPEX	<b>41.3</b>	40.7	+1.5%
Net Result	<b>26.4</b>	22.7	+16.6%
NFP (*)	<b>72.9</b>	122.1	(40.3)%

\* On 10 May 2017 an extraordinary dividend totalling € 80 million was distributed.

In particular, it is noted that in the fourth quarter 2017 the **digital segment** registered a **5%** growth YoY, following a progressive improvement of the trend over the various quarters of the financial year (as shown in the table below), benefiting from the early positive effects of the implementation of the

<sup>4</sup> The 2016 account receivables related to the subsidiary Consodata amounting to € 3.2 million had been written down entirely in terms of EBITDA and not of revenues to take into consideration the application of the accounting standard IFRS 5 (assets available for sale). In 2017 Consodata has been reinstated within the Group perimeter but a better assessment of the working capital revealed inconsistencies of € 2.5 million relating to Revenues of previous years, which have been deducted from the 2017 reported Revenues in compliance with the accounting standards. As a consequence of the above, for the purposes of a homogeneous representation of the business, the amount of the inconsistencies in the pro forma: a) has been correctly deducted from the 2016 revenues and recovered in 2017 Revenues.

<sup>5</sup> We note that the tables at the bottom of the press notice provide data published in Annual Financial Reports, which will be made available in the terms provided by the law.

new portfolio of products dedicated to SMEs and from the double-digit growth registered in the third and fourth quarters in the *digital advertising* activities carried out by the agency of the iOL Advertising Group. Over the course of the financial year 2017 revenues from the digital sector stood at € 228.2 million (€ 240.2 million at 31 December 2016) equal to 67.4% of the consolidated turnover.

#### CHANGE IN QUARTERLY REVENUES 2017<sup>1</sup>

€m	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2016	Q2 2016	Q3 2016	Q4 2016	YoY Change			
									Q1	Q2	Q3	Q4
Revenues	70.3	96.2	82.5	89.6	83.6	105.8	90.5	96.1	(16.0)%	(9.1)%	(8.8)%	(6.8)%
- Core Business Digital	54.5	58.4	53.3	62.0	64.4	63.0	53.5	59.2	(15.4)%	(7.3)%	(0.5)%	4.6%

**EBITDA<sup>2</sup>** at 31 December 2017 amounted to **€ 67.7** million, up **5.9%** compared to the period 2016 (pro-forma figure of € 63.9 million), with an **EBITDA margin** of **20.0%**, up 3.0 percentage points compared to the financial year 2016 (17.0%).

The growth in profitability, as already indicated in the results of the first semester and of the third quarter 2017, was the result of the 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** for the financial year 2017 is positive (**€ 27.8** million), up strongly on the FY 2016 figure of € 0.7 million; the expansion in this aggregate is mainly attributable to the reduced amortisation (down by € 18.2 million in 2017) and net expenses associated with non-recurring transactions and company reorganisation processes (down by around € 5.1 million in 2017).

**Net Profit** at 31 December 2017 was **€ 26.4** million, up **16.6%** compared to 31 December 2016, when it was € 22.7 million, the latter having also benefited from around € 23 million in positive taxes.

**Capex** in the financial year 2017 amounted to **€ 26.3** million compared to € 23.2 million in the financial year 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 € 5.7 million. Net of these extraordinary investments, the Capex for the financial year 2017 would be € 20.6 million, down 11.1% YoY and with a 6.1% impact on revenues.

The **unlevered Free Cash Flow<sup>6</sup>** generated during FY 2017 was positive by **€ 50.4** million, (€ 54.5 million at 31 December 2016). This result, compared to the 2016 figure, mainly reflects the higher disbursements of investments incurred during the financial year totalling € 26.3 million (compared to € 23.2 million in 2016). The **Cash Conversion EBITDA<sup>7</sup>** for the period was **74%**.

The **Net Financial Position** at 31 December 2017 was positive for **€ 72.9** million, compared to € 122.1 million at 31 December 2016, 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 (€ 20.6 million), as a result of cash generated by operations.

**Audience Figures<sup>8</sup>**: Italiaonline is confirmed as the **leading Italian digital company** (source Audiweb, average figures 2017) with an average of 4.5 million single users per day (+6% YoY). The mobile audience figure also places Italiaonline in the lead, above the other top players, with an average of over 2.4 million single users per day (+14% YoY). Lastly, Audiweb data also confirmed Italiaonline as leading the field of Italian internet for the average time spent browsing per day (11:21 min, +8% YoY).

In the same period, the digital advertising agency of the **iOL Advertising** Group, which, in addition to the web properties of Italiaonline, also aggregates other digital publishers such as, for example,

<sup>6</sup> Unl. FCF: Operating FCF (EBITDA-Capex+ ΔNWC) adjusted to the tax amount paid.

<sup>7</sup> Calculated as Unl. FCF / EBITDA Reported.

<sup>8</sup> Source: Audiweb Database, powered by Nielsen, average values 2017, performance YoY.

3B Meteo and Lettera 43, has shown a total daily audience<sup>9</sup> of 6.2 million and a mobile audience of 3.3 million, affirming itself as one of the largest Italian digital advertising agencies.

Lastly, it is noted that, over the past two quarters 2017 iOL Advertising registered a double-digit growth compared to a growth of the relevant market (during 2017) of around 1.7%<sup>10</sup>.

## MAIN EVENTS OF THE FULL YEAR 2017

On January 12, 2017, the Company's Board of Directors resolved to appoint, with the approval of the Board of Statutory Auditors, Ms Gabriella Fabotti, head of the Finance Administration and Control Department of the Company, as new manager in charge of financial reporting, pursuant to Art. 154-bis, CI, Legislative Decree No. 58/98.

On February 14, 2017, Mr Khaled Galal Guirguis Bishara tendered his resignation from the Board of Directors of the Company, of which he was also the Chairman. At the same meeting, the Board of Directors, acknowledging this resignation, co-opted Mr Tarek Aboualam to the Board of Directors, pursuant to Art. 2386, Par. 1, Civil Code, appointing him also Chairman of the Board. At the Shareholders' Meeting on April 27, 2017, Tarek Aboualam was confirmed in these positions and appointed member and Chairman of the Board of Directors.

## Request for integration of the agenda of the Ordinary Shareholders' Meeting on April 27, 2017

On April 6, 2017, the Company announced that, on the same date, the shareholders Libero Acquisition S.à. r.l., GL Europe Luxembourg S.à r.l., GoldenTree Asset Management Lux S.à r.l., GoldenTree SG Partners L.P., GT NM, L.P and San Bernardino County Employees' Retirement Association, jointly holders of 88.921% of the share capital of Italiaonline, had presented, pursuant to Art. 126-bis of Legislative Decree No. 58/1998, a request for the integration of the agenda of the Ordinary Shareholders' Meeting called for April 27, 2017, asking to add the following topic as third item on the agenda: *"distribution of a portion of the distributable reserves resulting from the financial statements of Italiaonline S.p.A. for the year ended December 31, 2016, by payment to the shareholders of total extraordinary dividends of €79,419,475.38, which is, equal to gross €0.692, for each of the 114,761,225 ordinary shares and 6,803 savings shares"*. The shareholders also asked to make said extraordinary dividend available for payment on May 10, 2017, with ex-dividend date set to May 8, 2017 and record date set to May 9, 2017.

On April 10, 2017, the Board of Directors of Italiaonline resolved to approve the integration of the agenda of the Meeting according to the requests of the shareholders and published, together with the report of the shareholders, a report of its own on the request received.

On April 20, 2017, the Company received from CONSOB a request, pursuant to Art. 114, Par. 5, Legislative Decree No. 58/1998, for integration of the information provided to the public in the press releases published on March 15 and April 10, 2017 as well as provided in the Report with which the Board of Directors has expressed its opinion on said request for integration of the agenda.

On April 26, 2017, the Board of Directors and the Board of Statutory Auditors, each within its area of competence, acknowledged the CONSOB requests with a press release issued in the terms and modes requested.

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<sup>9</sup> Audiweb data December 2017

<sup>10</sup> Nielsen data- FCP 2017



## Shareholders Meeting April 27th 2017

On April 27, 2017, the Ordinary Shareholders' Meeting of Italiaonline S.p.A. resolved:

- to approve the 2016 financial statements of Italiaonline S.p.A. (the draft of which had been approved by the Board of Directors on March 15, 2017), showing a profit of €28,210,588.26;
- to allocate the profit to (i) Legal Reserve for €81.93; (ii) distribution of a unit dividend to savings shareholders of €90.00 (as sum of the privileged dividends for 2014, 2015 and 2016) to each outstanding savings share, for a total amount of €612,270.00 and (iii) to carry forward the residual profit of €27,598,236.33.
- to distribute an extraordinary dividend equal to €0.692, gross of withholding taxes, to each of the 114,768,028 outstanding shares of the Company, for a total amount of €79,419,475.38, so that, gross of withholding taxes, ordinary shareholders would receive a unit dividend of €0.692 for each ordinary share while saving shareholders - in consideration of the privileged dividend due to savings shares - would receive a unit dividend of €90.692 for each savings share;
- to approve the appointment of Mr Tarek Aboualam to the Board of Directors and to the office of Chairman of the Board, until the expiration of the current Board of Directors, confirming therefore the appointment made on February 14, 2017;
- to approve Section I of the Remuneration Report, pursuant to Art. 123-ter of Legislative Decree No. 58/1998.

The dividend was made available for payment from May 10, 2017, against presentation of coupon No. 1, both for ordinary shares and for savings shares, with ex-dividend date set to May 8, 2017 and record date, pursuant to Art. 83-terdecies of Legislative Decree No. 58/1998, set to May 9, 2017.

On June 19, 2017, Italiaonline appointed Chiara Locati as Investor Relations and Merger & Acquisition director, in the Finance, Administration and Control Department led by Gabriella Fabotti, Chief Financial Officer of the Group.

## Capital increase for the 2014- 2018 Stock Plan.

Share capital increase servicing the 2014-2018 Stock Option Plan. On 8 November 2017, the Company's Board of Directors decided upon a partial execution of the powers, granted by the Extraordinary Shareholders' Meeting of 8 March 2017 as part of the Seat Pagine Gialle/Italiaonline merger, to increase the share capital pursuant to art. 2443 of the Italian Civil Code, against payment, divisible and excluding option rights pursuant to art. 2441, paragraphs 5, 6 and 8 of the Italian Civil Code, for a total nominal value of € 148,948.18, plus share premium, through the issue of a maximum 854,576 ordinary shares with no nominal value and with subscription reserved for beneficiaries of Tranche A of the "2014-2018 STOCK OPTION PLAN" (the "Stock Option Plan"). The option rights assigned to Tranche A beneficiaries of the Stock Option Plan became eligible for full exercise from 16 December 2017. The subscription price is €3.01 per share. KPMG S.p.A., the Company's independent auditors, issued its opinion on the issue price pursuant to the combined provisions of art. 2441, paragraph 6 of the Italian Civil Code and art. 158 of the Consolidated Law on Finance.

## EFFECTS ASSOCIATED WITH THE ADOPTION OF NEW ACCOUNTING STANDARDS

**IFRS 15 – Revenue from Contracts with Customers and Amendments.** The new accounting standard IFRS 15 regarding "Revenue from contracts with customers" will enter into effect starting from 1 January 2018. Based on information available on today's date, the Italiaonline Group estimates that the cumulative effect of the first application of the standard recorded to adjust shareholders' equity at 1 January 2018 is positive for about € 6 million, almost all due to the

capitalisation of the incremental contractual costs borne to get new contracts. It is also estimated that adoption of the standard in the 2018 income statement will not significantly affect the operating profit of Italiaonline.

**IFRS 16 – Leases.** IFRS 16 will be applied starting from 1 January 2019 or afterwards, but early application is allowed for those entities that also apply IFRS 15. The Italiaonline group decided to apply this standard early, starting from 1 January 2018. From the lessee's viewpoint, IFRS 16 requires for all lease expenses (without distinguishing between operating leases and financial leases):

- entry of a liability in the financial position, represented by the current value of future fees against entry of the “right of use of the leased asset” in the assets and
- a different type and classification of the relevant costs (amortisation of the “right of use of the asset” and “financial interest expense” relating to the “Costs for use of third-party assets”), with a consequent impact on operating profit.

The analysis and assessment of the impacts caused by applying the new standard singled out the most important contractual cases in point impacted, which prove to relate to: real estate lease agreements, long-term motor vehicle lease agreements, warehouse and data centre leases and printer lease agreements. Based on the information available today, the new standard will entail entering a right of use figure equal to that of the financial liability currently estimated at about € 43 million; based on the information available today, the impact on 2018 operating profit (EBITDA) amounts to about € 8.5 million.

## OUTLOOK FOR THE CURRENT YEAR

In 2018, management will be busy executing the Updated 2018-2020 Industrial Plan (please refer to the section “Industrial Plan Update” for more detailed information) approved today. More specifically, in line with the strategy pursued in 2017, the management will continue to recover operating margins in 2018 through additional cost optimisation actions and will focus on a number of initiatives aimed at supporting growth of the top line and, in particular, of the revenues of the digital segment.

For the financial year 2018 Italiaonline expects a stabilization of the top line compared to the financial year 2017 thanks to the progressive growth of digital revenues offsetting the decline in the traditional business. EBITDA 2018 is expected to increase double-digit percentage compared to 2017. The impact of investments (Capex) on revenues is expected to be less than 7%. Finally, cash holdings at the end of the year is expected to increase double-digit compared to the amount at 31 December 2017 (excluding the impact of any extraordinary transactions).

## INDUSTRIAL PLAN UPDATE

The Board of Directors of Italiaonline Spa today approved an update of the Industrial Plan (already approved on 15 March 2017) extending to year 2020 and updating the economic and financial targets for the period 2018 - 2020 (the updated Plan).

The updated Plan is essentially based on the same value creation levers announced in the previous version of the Industrial Plan (approved on 15 March 2017) and implements the effects of the progress of the development actions undertaken during 2017 and the evolution of the market context. The updated Plan also comprises new initiatives aimed at substantial improvement of the sales and Customer Service processes and at further optimisation of the operating costs and speeding up the digital integration path undertaken after merging with the former Seat PG.

## STRATEGIC LINES FOR GROWTH

The strategic lines for growth of the updated Plan include:

### Digital advertising

Italiaonline will continue developing the Group's web properties that as of today boast undisputed leadership in terms of daily audience on the Italian market, both through acquisitions and further organic growth based on product innovation and the production of original content. Please be reminded that the Company has developed a system for producing content (big data) based on the analysis of user preferences and social and search trends.

Continuing in the strategy to consolidate the Italian digital advertising market through business partnerships with other digital publishers is also planned.

Lastly, Italiaonline will continue to develop both technological and commercial strategic partnerships, particularly in the programmatic advertising sector, where the company plans to continue to strengthen its leadership, also through technological product innovations.

### Digital agencies

At the end of 2017 the Group had 63 **Digital Local Services** (DLS), i.e. web agencies scattered throughout the country, able to support the Italian SMEs with a suite of complete and integrated off-the-shelf digital solutions: management of digital presence (iOL Connect), creation and management of websites and/or e-commerce (iOL Website) and execution of digital marketing campaigns (iOL Audience). During the Plan's period the strategic lines for growth in this business segment include a number of initiatives aimed at: i) reducing the churn (rate of subscribers discontinuing their subscriptions), ii) increasing acquisition of new clients, also through win back (winning back former Seat customers), and iii) increasing the upselling rate, hence increasing the ARPA (Average Revenue Per Account). Growth and retention of the customer base will also be pursued by enriching the product portfolio and continuously improving services offered by customer service.

The plan includes the development of about 15 **Digital Agencies** (iOL Agencies) by strengthening several DLSs in the Central and Northern Italian regions. The objective is to offer a personalised and complete digital marketing service to the medium-high segment of Italian SMEs. The Central-Northern Italy regions have a higher density of SMEs for which greater turnover growth is expected. The 2017 Cerved SME study forecasts 5% growth in 2018. The Digital Agencies will provide the creative agency service, the creation of SEO content and/or strategies, and the digital media planning and media buying services, up to consultancy for the digital transformation of the company. The most innovative MarTech technologies and the consolidated experience Italiaonline has gained in the sector, plus a personalised and promity service, will be placed at the disposal of the customers.

### Traditional Business

The strategic lines comprise initiatives aimed at accompanying the physiological downturn of the advertising sales businesses and their telephone directories designed to curb the reduction in operating margins and to convert revenues back into digital services.

## PROJECT TO INNOVATE THE OPERATING MODEL

Italiaonline has launched a project to transform the operating model of the former SEAT Pagine Gialle grounded on three main principles: i) adoption of "state of the art" Information Technology platforms; ii) optimisation and updating of the main company processes, and iii) the digital updating of the mix of the personnel's skills. This project is the result of a detailed analysis that concerned all



the company processes. It was conducted in order to optimise the organisational and operational model, in line with the digital transformation goals listed above. This led to the reorganisation of these processes according to three main policies: i) “streamlined” processes through automation, the simplification of several activity flows and the reduction of volumes to manage; ii) customer-oriented processes by redesigning the customer experience and adopting innovative instruments that are also based on artificial intelligence technologies; and iii) organisational synergies by centralising several functions, and achieving scale economies and a closer proximity to the business.

The attainment of these goals will be facilitated by adopting the Salesforce platform replacing the current IT systems which are not only technologically obsolete, but implement processes created for the production of telephone lists and are not completely compatible with the new digital objectives that Italiaonline has set for itself. Therefore, using the Salesforce platform will regard automation of the sales processes, management of customer relations and automation of the production and customer care processes.

The innovation project of the operating model was also the subject of communication to the Trade Unions, as it provides - in addition to the unification of the headquarters on the Milan office - an employment impact, consequent to the simultaneous implementation of further organizational measures, for about 400 professional positions redundancies, which include the 301<sup>11</sup> positions (FTEs) that are currently in layoffs (of which 242 at zero hours and 295 at 20% reduction of hours). The company has given full availability to the Trade Unions to discuss all necessary and possible actions to limit the impact on people.

The plan to develop digital activities also contemplates the gradual and indispensable recruitment of 100 new professional positions having a high degree of digital specialisation not found in the company. The open positions are published on the corporate website and particularly refer to university graduates in engineering, IT, mathematics and physics.

It is expected that implementing the operating model innovation project will bring a total savings of operating costs of € 50 million accumulated over the period of the plan (2018-2020).

In addition to this, it will continue to develop the network of sales consultants for the SMEs based on over 60 digital agencies scattered throughout Italy.

## PLAN ESTIMATES

The Plan sets a **2018 - 2020 Revenues CAGR** of [4% to 6%]. This figure does not consider growth initiatives by external routes that can be developed within the Plan in line with the Group's strategic growth lines.

With reference to the comparison with the previous version of the Plan, it is pointed out that the slower growth in revenues is linked to the considerable downward trend of the traditional business and to the time necessary for implementing the innovation project of the operating model described above, which are expected to lead to a more sustainable and longer lasting growth over the medium to long term.

The **EBITDA margin** is expected to rise during the entire period of the Plan, with a level expected in 2020 ranging between **23%** and **25%**, in line with the level forecast in the previous plan for 2019.

The percentage of **capital expenditure** (Capex) of revenues is expected to fall in line with the

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<sup>11</sup> As of December 2017

previous Plan (about 6% in 2020) owing to the effects of the investment rationalisation actions.

With reference to **generated cash flow**, EBITDA cash conversion<sup>12</sup> falling between 55% and 60% is expected throughout the period 2018 - 2020.

Lastly, with reference to effects on Business Plan estimates due to the application of new IFRS 15 and IFRS 16 accounting standards please refer to the paragraph "Effects associated with the adoption of new accounting standards".

## SUMMONED SHAREHOLDERS' MEETING

The Board of Directors authorizes the Chief Executive Officer to summon the Shareholders' Meeting for April 27, 2018, in a single call, to discuss and resolve, among other things, on the approval of the Financial Statements at December 31, 2017 and the appointment of the new members of the Board of Directors and Board of Statutory Auditors. Notice of the meeting will be published in a manner in accordance with law.

## CONSOLIDATED NON-FINANCIAL INFORMATION

In addition, in observance of the new Legislative Decree 254/2016 on the publication of non-financial information, the Board of Directors approved the statement on non-financial information of Italiaonline Group for 2017.

## CONFERENCE CALL

As already announced, the Company will present the results achieved as at December 31<sup>st</sup>, 2017 to the financial community, during the conference call scheduled for tomorrow March 16<sup>th</sup>, 2018 at 11:00 a.m. (Italian time). The presentation will be made available before the start of the conference call on the authorised storage facility eMarket STORAGE [www.emarketstorage.com](http://www.emarketstorage.com), managed by Spafid Connect S.p.A., and also on the website of the Company [www.italiaonline.it](http://www.italiaonline.it) (in the section Investor/Presentations). The conference call will take place in English. The phone numbers to call to take part in the conference call are:

ITALY:	+39 02 805 88 11
UK:	+ 44 121 281 8003
USA (international local number):	+1 718 7058794
PRESS:	+39 02 805 88 27

*This press release is also available on the Company's website [www.italiaonline.it](http://www.italiaonline.it) in the section [italiaonline.it/investor/comunicati-stampa-price-sensitive](http://italiaonline.it/investor/comunicati-stampa-price-sensitive)*

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<sup>12</sup> EBITDA Cash Conversion: (EBITDA-Capex+ΔNWC) / EBITDA adjusted for the amount of income taxes paid

**Disclaimer**

*This press release contains some forward looking statements that reflect the current opinion of Company management on future events and financial and operational results of the Company and of its subsidiaries. These forward looking statements are based on current expectations and assessments of Italiaonline S.p.A. regarding future events. Considering that these forward looking statements are subject to risk and uncertainty, the actual future results may considerably differ from what is indicated in the above forward looking statements as these differences may arise from several factors, many of which lie beyond Italiaonline S.p.A.'s ability to accurately check and estimate them. Amongst these - including but not limited to - there are potential changes in the regulatory framework, future developments in the market, price fluctuations and other risks. Therefore, the reader is asked to not fully rely on the content of the forecasts provided. They have been included only with reference up to the date of the above-mentioned press release. Italiaonline S.p.A. does not assume any obligation to publicly disclose updates or amendments of the forecasts included regarding events or future circumstances that occur after the date of the above-mentioned press release. The information contained in this press release is not meant to provide a thorough analysis and has not been independently verified by any third party.*

*This press release does not constitute a recommendation on the Company's financial instruments. Furthermore, this press release does not constitute an offer of sale or an invitation to purchase financial instruments issued by the Company or by its subsidiaries.*

*Pursuant to Art. 154-bis, paragraph 2 of the Consolidated Law on Finance of 24 February 1998, the Chief Financial Officer of Italiaonline S.p.A., Gabriella Fabotti, states that she certifies to the matching of the accounting results of the accounting information included in this press release.*

\*\*\*\*\*

**ITALIAONLINE**

Italiaonline - a company listed on the electronic equity market (MTA) of Borsa Italiana - is the leading Italian Internet company with 5.4 million unique users\* that navigate its web property every day, of which 2.6 million from mobile devices, and with a 54% market reach. Italiaonline offers web marketing and digital advertising services, including management of advertising campaigns and the generation of leads through the social networks and search engines. The company's strategic objective is to consolidate its Italian leadership role in the market of digital advertising for large accounts and in local marketing services - with the mission of digitalising the country's SMEs. Italiaonline offers the SMEs - the country's real backbone - a portfolio complete with products integrated with the entire value chain of digital services, including online presence, digital advertising, web design, web marketing and cloud solutions.

Part of Italiaonline today are the portals Libero, Virgilio and superEva, the services for companies and citizens Pagine Gialle, Pagine Bianche and Tuttocittà, the online advertising agency iOL Advertising and over 60 media agencies scattered throughout the peninsula that with their more than 800 agents form the largest Italian network of services and products consultants for large and small enterprises, serving over 200,000 SMEs and 700 large customers.

ISIN code: IT0005187940 - MTA:IOL

*\* Source: Audiweb Database, powered by Nielsen, TDA December 2017. The Audiweb Database data do not include Google, Facebook and Microsoft at the moment.*

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## Italiaonline Group

### Reclassified consolidated income statement

(euro/mln)	Year 2017	Year 2016	Change	
			Absolute	%
<b>Revenues from sales and services</b>	<b>335.9</b>	<b>389.5</b>	<b>(53.6)</b>	<b>(13.7)</b>
Materials and external services	(180.6)	(204.5)	23.9	
Salaries, wages and employee benefits	(77.4)	(99.3)	21.9	
<b>MOL</b>	<b>77.9</b>	<b>85.7</b>	<b>(7.8)</b>	<b>(9.1)</b>
% on revenue	23.2%	22.0%		
Net valuation adjustments and accruals to provisions for risks and charges	(10.0)	(20.3)	10.3	
Other net operating income (expenses)	(0.2)	(1.5)	1.3	
<b>EBITDA</b>	<b>67.7</b>	<b>63.9</b>	<b>3.8</b>	<b>5.7</b>
% on revenue	20.1%	16.4%		
Operating amortization, depreciation and impairment losses	(30.7)	(48.1)	17.4	
Non-operating amortization, depreciation and impairment losses	(5.2)	(6.0)	0.8	
Net non-recurring and restructuring expense	(4.0)	(9.1)	5.1	
<b>EBIT</b>	<b>27.8</b>	<b>0.7</b>	<b>27.1</b>	<b>n.s.</b>
% on revenue	8.3%	0.2%		
Interest expense, net	0.6	0.1	0.5	
Impairment losses recognised on financial assets and losses from subsidiaries disposal	-	(1.5)		
<b>Profit (Loss) before income taxes</b>	<b>28.4</b>	<b>(0.7)</b>	<b>29.1</b>	<b>n.s.</b>
Income taxes	(2.0)	23.4	(25.4)	
<b>Profit (loss) for the period</b>	<b>26.4</b>	<b>22.7</b>	<b>3.7</b>	<b>16.6</b>
- of which attributable to the owners of the parent	26.4	22.7	3.7	
- of which attributable to non-controlling interest	-			

## Italiaonline Group

### Consolidated statement of comprehensive income

(euro/mIn)		Year 2017	Year 2016
<b>Profit (loss) for the period</b>	<b>(A)</b>	<b>26.4</b>	<b>22.7</b>
<i>Other comprehensive income (expense) that will not be reclassified subsequently to profit or loss:</i>			
Actuarial gain (loss)		0.3	(0.9)
<i>Total other comprehensive income (expense) that will not be reclassified subsequently to profit or loss</i>	<b>(B1)</b>	0.3	(0.9)
<i>Other comprehensive income (expense) that will be reclassified subsequently to profit or loss:</i>			
Profit (loss) from fair-value measurement of securities and investments AFS		0.6	-
<i>Total other comprehensive income (expense) that will be reclassified subsequently to profit (loss) for the period</i>	<b>(B2)</b>	0.6	-
<b>Total other comprehensive income (loss), net of tax effect</b>	<b>(B) = (B1 + B2)</b>	<b>0.9</b>	<b>(0.9)</b>
<b>Total comprehensive income (loss) for the period</b>	<b>(A + B)</b>	<b>27.3</b>	<b>21.8</b>
- of which attributable to the owners of the parent		27.3	21.8
- of which attributable to non-controlling interests		-	-



## Italiaonline Group

### Reclassified consolidated statement of financial position

(euro/mln)	At 12.31.2017	At 12.31.2016	Change
Goodwill and marketing related intangibles assets	272.5	277.7	(5.2)
Other non-current assets (*)	73.4	77.6	(4.2)
Non-current liabilities	(50.5)	(59.8)	9.3
Working capital	(52.8)	(48.2)	(4.6)
Non-current assets held for sale and discontinued operations	-	(2.1)	2.1
<b>Net invested capital</b>	<b>242.6</b>	<b>245.2</b>	<b>(2.6)</b>
Equity attributable to the owners of the parent	315.5	367.3	(51.8)
Equity attributable to non-controlling interests	-	-	-
<b>Total equity (A)</b>	<b>315.5</b>	<b>367.3</b>	<b>(51.8)</b>
<b>Net financial position (B)</b>	<b>(72.9)</b>	<b>(122.1)</b>	<b>49.2</b>
<b>Total (A+B)</b>	<b>242.6</b>	<b>245.2</b>	<b>(2.6)</b>

(\*) This item includes available for sale financial assets, as well as non-current financial assets.

## Italiaonline Group

### Consolidated cash statement of cash flows

(euro/mln)	Year 2017	Year 2016	Change
EBITDA	67.7	63.9	3.7
Net interest income (expense) from discounting of operating assets/liabilities and stock options	0.7	(0.6)	1.3
Decrease (increase) in operating working capital	11.7	15.4	(3.7)
(Decrease) increase in operating non-current liabilities (*)	(2.6)	0.1	(2.7)
Capital expenditure	(26.3)	(23.2)	(3.1)
<b>Operating free cash flow - OCF</b>	<b>51.2</b>	<b>55.6</b>	<b>(4.4)</b>
Income taxes	(0.8)	(1.1)	0.3
<b>Unlevered free cash flow</b>	<b>50.4</b>	<b>54.5</b>	<b>(4.1)</b>
Collection of interest and financial expense, net	0.4	1.9	(1.5)
Payment of non-recurring and restructuring expense	(20.6)	(17.2)	(3.4)
Dividend distribution	(80.0)	-	(80.0)
Effect from the dissolution of leases agreements		8.0	(8.0)
Other charges	0.6	0.4	0.2
<b>Change in net financial position</b>	<b>(49.2)</b>	<b>47.6</b>	<b>(96.8)</b>

(\*) The changes don't include the non cash effects arising from profit and losses recognised to equity.

**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 December 31, 2017 are reported below.

**Net financial indebtedness of Italiaonline Group at December 31, 2017**

(euro/thousand)		At 12.31.2017	At 12.31.2016	Change
A	Cash and cash equivalents	74,476	121,566	(47,090)
B	Other cash and cash equivalents	-	-	-
C	Trading securities	-	-	-
<b>D=(A+B+C)</b>	<b>Liquidity</b>	<b>74,476</b>	<b>121,566</b>	<b>(47,090)</b>
<b>E.1</b>	<b>Current financial receivables due from third parties</b>	<b>666</b>	<b>610</b>	<b>56</b>
<b>E.2</b>	<b>Current financial receivables due from related parties</b>	<b>-</b>	<b>-</b>	<b>-</b>
F	Current bank debt	-	-	-
G	Current portion of non-current debt	-	-	-
H.1	Other current financial debt to third parties	2,195	59	2,136
H.2	Other current financial debt due to related parties	-	-	-
<b>I=(F+G+H)</b>	<b>Current financial debt</b>	<b>2,195</b>	<b>59</b>	<b>2,136</b>
<b>J=(I-E-D)</b>	<b>Net current financial indebtedness</b>	<b>(72,947)</b>	<b>(122,117)</b>	<b>49,170</b>
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	-	-	-
<b>N=(K+L+M)</b>	<b>Non-current financial debt</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>O=(J+N)</b>	<b>Net financial indebtedness (ESMA)</b>	<b>(72,947)</b>	<b>(122,117)</b>	<b>49,170</b>

The net financial indebtedness of the Italiaonline Group at December 31, 2017 is positive and amounted to € 72,947 thousand and is related to Italiaonline S.p.A. for € 61,937 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. Other financial debts to third parties include €2,136 related to the

amount, disbursed to all shareholders, for an account payment on the result of Emittente Titoli liquidation.

The borrowing does not include covenants, negative pledges or other clauses involving limits on the use of financial resources.

### Group overdue debt positions as of December 31, 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 December 31, 2017 were € 13,204 thousand (of which €12,675 thousand related to Italiaonline S.p.A.), paid in January 2018 for € 9.867 thousand (of which €9.506 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 Years 2017**

(euro/thousand)	Parent company	Subsidiaries	Associates	Other related parties (*)	Total related parties
Revenue from sales and services	-	-	2	-	2
Other income	-	-	-	338	338
Costs of external services	-	-	-	(4,388)	(4,388)
Personnel expenses	-	-	-	(3,018)	(3,018)

(\*) Directors, statutory auditors, key management personnel

**ITALIAONLINE GROUP - STATEMENT OF FINANCIAL POSITION at December 31, 2017**

(euro/thousand)	Parent	Subsidiaries	Associates	Other related parties (*)	Total related parties
<b>Assets</b>					
Intangible assets with finite useful life	-	-	-	8	8
Property, plant and equipment	-	-	-	117	117
Other non-current financial assets	-	-	-	-	-
Trade receivables	-	-	-	-	-
Other current assets	90	-	-	129	219
<b>Liabilities</b>					
Trade payables	-	-	-	2,737	2,737
Liabilities for services to be provided and other current 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 full year 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.

Finally, it should be noted that today The Board of Directors of Italiaonline Spa approved an update of the Industrial Plan (already approved on 15 March 2017) extending to year 2020 and updating the economic and financial targets for the period 2018 – 2020; for more details see the paragraph "Update of the 2018-2020 Business Plan" of this press release.