

PRESS RELEASE

RESULTS AT 30 SEPTEMBER 2018

THE GROWTH OF DIGITAL REVENUES CONTINUES AT +7% YoY, SUPPORTED BY THE DIGITAL ADVERTISING SEGMENT (+24.4%)

TOTAL REVENUES AT € 236.2 MILLION, -3.5% YoY ON A SAME NUMBER OF DIRECTORIES PUBLISHED IN 9M 2017¹

EBITDA AT € 60.2 MILLION, +0.6% YoY NET OF IFRS 16² EFFECTS AND ON A SAME NUMBER OF DIRECTORIES PUBLISHED

CASH HOLDINGS AT € 93.5 MILLION, +24.4% COMPARED TO 31 DECEMBER 2017

IN JULY 2018 THE AGREEMENT WAS SIGNED WITH THE TRADE UNIONS

- **Digital revenues** in 9M 2018 of € 177.8 million **+7%** YoY, driven by the **digital advertising** segment (**+24.4%** YoY). In **Q3** there was continued growth in the digital advertising segment (**+20.1%**) and an improvement in the presence segment, relating to the iOL Connect and iOL Website offer, which recorded **-1.8%** YoY, compared to -5.1% in Q2 2018.
- Consolidated **revenues** in 9M 2018 of € 236.2 million **-3.5% YoY** on a same number of directories published in 9M 2017². Compared to the figure reported in the 9M 2017 (€ 248.9 million), the performance is -5.1%, due to the delay in the publication of some directories which will be recovered in Q4 2018.
- **EBITDA**³ at **€ 60.2** million (€ 55.9 million in 9M 2017), with an EBITDA margin of **25.5%** (22.5% in 9M 2017). This figure benefited from the adoption of the IFRS 16 for € 6.7 million and was affected by delay in the publication of some directories which in 9M 2017 had contributed € 2.7 million. Net of these effects, performance was up **+0,6% YoY**.
- **EBIT** at € 1.8 million (€ 24.4 million in 9M 2017), due to non recurring and restructuring costs linked to the corporate reorganization plan; positive by **€ 29.8** million before these effects⁴.
- **Net income** of € 3.8 million compared to € 8.0 million in 9M 2017, as a result of the non recurring charges connected with the reorganization plan.
- **Cash and cash equivalents**⁵ equal to **€ 93.5** million, **+24.4%** compared to € 75.1 million at 31 December 2017.
- **Positive Net Financial Position** (NFP) at **€ 58.7** million (€ 72.9 milioni at 31 December 2017) including € 34.8 million of financial liabilities due to the adoption of IFRS 16 starting from 1 January 2018.
- On 02 July 2018 the agreement was signed with the **Trade Unions**, which does not provide layoffs, but voluntary severances packages for 245 positions and other measures including the creation of a **"Digital Factory"** division in Turin which will gradually allow the insourcing of the currently outsourced production costs.

¹ Performance calculated removing € 4.0 m from 9M 2017 revenues, equal to the contribution of directories not distributed in 9M 2018.

²The EBITDA 9M 2018 net of the positive impact of € 6.7 m for the adoption of IFRS 16 is € 53.5 m, the EBITDA 9M 2017 net of the contribution (€2.7 m) of the undistributed directories in 9M 2018 is € 53.2 m, performance like for like +0.6%.

³EBITDA net of write-down provisions, trade risks and other operating income and expenses and gross of non-recurring charges.

⁴ Non-recurring charges (€ 1.2 million) and net restructuring charges (€ 26.8 million).

⁵ Includes cash and cash equivalents and current financial receivables from third parties.

"We are pleased with the continued growth in digital revenues which in the first nine months of the year was +7%, supported once again by the increase of the 'digital advertising' segment (+24.4%) and by the gradual improvement of the trend in the 'presence' segment. We also consider very positively the agreement signed in July with the Trade Unions which does not provide layoffs, but voluntary severance packages for 245 positions and other measures including the creation of a "Digital Factory" division in Turin, both important steps and necessary to address the digital future of the company. Finally, the excellent results of the PG Casa product, our vertical portal dedicated to home services, which in few months quickly became the second player in Italy, confirm the viability of our strategic vision aimed at the evolution of the Yellow Pages on the one hand towards the digital location platform model (iOL Connect) and on the other towards the vertical marketplaces, of which PG casa is an example of success".

- commented Antonio Converti, CEO of Italiaonline

Assago, 06 November 2018 – The Board of Directors of Italiaonline S.p.A. (hereinafter "Italiaonline"), company listed on the MTA of Borsa Italiana, leader in the digital market in Italy, has examined and approved the quarterly periodic information at 30 September 2018.

CONSOLIDATED RESULTS

Consolidated **revenues**⁶ at 30 September 2018 amounted to **€ 236.2** million (€ 248.9 million at 30 September 2017). On the one hand the performance of the turnover reflects the continuous growth of **digital** revenues, which grew by **+7%** YoY, supported by the double-digit increase in the **digital advertising** segment (**+24.4%**), and, on the other, the continuation of the expected and structural decline of traditional products, based on telephone directories and telephony.

It should be noted that the 5.1% negative change in consolidated revenues on an annual basis reflects delays in the publication of some printed directories, which in the first nine months of 2017 had contributed € 4.0 million, due to several days of work stoppage, which occurred in Q2, linked to the announcement of the corporate restructuring plan, which led to an agreement being reached with the Trade Unions on 2 July 2017. **Net of the delays described above**, which will be **recovered** in the **fourth quarter** of the year, the percentage performance of revenues would have been **-3.5%**.

Digital revenues in the reference period amounted to € 177.8 million, up **+7.0%** on an annual basis, accounting for **75%** of total revenues, up by **+8 percentage points** compared to the same period of 2017. The growth of digital revenues was supported by the **digital advertising** segment which at 30 September 2018 grew by **+24.4%**. In particular, in Q3 2018, in addition to the growth of the digital advertising segment (**+20.1%** YoY) there was an improvement in the presence segment, relative to the iOL Connect and iOL Website offer, which recorded **-1.8% YoY**, compared to -5.1% of Q2 2018.

It should also be noted that in October 2017 the **evergreen** contract (with **automatic renewal**) for SME Customers was introduced. In the first nine months of 2018 **34%** of Customers (new and renewed in the period) signed this type of contract (called "**Facile**").

⁶ IFRS 15: starting from 01 January 2018 the results incorporate the effects related to the introduction of IFRS15 accounting standards (Revenue from Contracts with Customers and Amendments). In the first nine months of 2018 there were no significant impacts on revenues and EBITDA deriving from the introduction of IFRS15.

IFRS 16: Italiaonline has chosen to early adopt the IFRS 16 accounting standard (Leases) from 01 January 2018. The IFRS 16 had the following impacts on the results as at 30 September 2018: i) positive effect of € 6.7 million on EBITDA, ii) recognition in the statement of financial positions of a financial liability, against the value in use of leased assets, which at 30 September 2018 amounted to € 34.8 million.

The decrease in the **traditional & others** segment continued, with a decline of -29.4% in the first nine months of 2018, -25.8% net of the delays above described, due to the corporate reorganisation.

EBITDA at 30 September 2018 was € **60.2** million (€ 55.9 million at 30 September 2017), the **EBITDA margin** was **25.5%** (22.5% at 30 September 2017). This figure benefited from the positive effects of the adoption, from 01 January 2018, of IFRS 16 (€ 6.7 million) and, on the other hand, was affected by the delay in the publication of some printed directories, which in the first nine months of 2017 had contributed € 2.7 million. Net of these effects, performance was **+0.6%** YoY.

EBIT at 30 September 2018 was positive by € 1.8 million compared to € 24.4 million in the same period of 2017, mainly due to non recurring and restructuring costs linked to the corporate reorganisation plan; without considering these effects (net restructuring charges for € 26.8 million and non-recurring charges for € 1.2 million) **EBIT** was positive at € **29.8** million.

Net Profit at September 30, 2018 amounted to € 3.8 million compared to € 8.0 million in the first nine months 2017, as a result of the non recurring charges connected with the corporate reorganisation plan.

Investments (**Capex**) in the reference period totalled € **14.1** million (6,0% of revenues), down by - **33.0%** from € 21.0 million (8.4% of revenues) in the first nine months of 2017, the evolution reflects also the lower incidence of one- off investments (€2.6 milioni in 9M 2018 vs € 5.4 million in 9M2017).

The difference between **Ebitda** and **Capex**⁷ in the reference period was € **39.4** million, up **+13%** compared to the figure for the first nine months of 2017, when it was € 34.9 million.

The **Free Cash Flow (unlevered)**⁸ generated at 30 September 2018 was positive, at € 29.8 million (€ 51.0 million at 30 September 2017). The year-on-year trend is mainly due to a negative change in Net Working Capital of € 14.8 million compared to the positive change in the same period of 2017 (€ 17.9 million), which mainly reflects the slowdown in the fall in sales (order intakes), partially offset by lower investments. **Cash Conversion**⁹ of the **EBITDA** for the period was **49%**.

Cash and cash equivalents⁶ at 30 September 2018 amounted to € **93,5** million, an increase of **+24.4%** compared to the figure at 31 December 2017 (€ 75.1 million).

The **Net Financial Position** at 30 September 2018 was positive for € 58.7 million (€ 72.9 million at 31 December 2017) and includes about € 34.8 million in financial liabilities due to the early adoption at 1 January 2018 of IFRS 16.

Audience data: starting from March 31, 2018, Audiweb changed the method of calculation of the metrics related to the Audience, indicated by Italiaonline in previous press releases, and started the production of data based on the new Audiweb 2.0 methodology. As of today, Audiweb 2.0 data are available for the daily audience of July 2018. Based on the new metric (relating to the month of July 2018) Italiaonline reported 5.3 million unique users per day (Total Digital Audience) of which 3.3 million from smartphone¹⁰.

⁷ EBITDA 9M 2018 net of IFRS 16 effects.

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

⁹ Calculated as (Ebitda-Capex+ ΔNWC) / EBITDA.

¹⁰ According to Audiweb source data for March 31, 2018 (calculated using the previous production method), indicated by Italiaonline in the press release concerning the H1 2018 results, Italiaonline's Total Digital Audience average daily amounted to 5 million unique users, while mobile daily average audience was 2.4 million users; it should be noted that, following the change in the data production methodology, this metric can not be compared with the Audiweb 2.0 figure for the month of July.

KEY FINANCIALS RESULTS AT 30 SEPTEMBER 2018

Reported

€m	9M 2018	9M 2017	Change
Revenues	236.2	248.9	(5.1)%
- of which Digital Revenues	177.8	166.2	+7.0%
EBITDA	60.2	55.9	+7.7%
EBITDA Margin	25.5%	22.5%	+3.0 pp
CAPEX	14.1	21.0	(33.0)%
EBITDA-CAPEX	46.1	34.9	+32.2%
Net Income	3.8	8.0	n.s.

€m	30-Sep-18	31-Dec-17	Change
Cash Holdings	93.5	75.1	+24.4%
Net Financial Position	58.7	72.9	(19.5)%

Note: Net Financial Position at 30 September 2018 inclusive of € 34.8 million of financial liabilities due to the adoption of IFRS 16 accounting standards.

Like for like

Performance calculated removing from Revenues and Ebitda 9M 2017 € 4.0 m and € 2.7 m respectively, equal to the contribution of the printed directories not distributed in 9M 2018. EBITDA 9M 2018 net of the positive impact of € 6.7m for the adoption of the IFRS16 accounting standard.

€m	9M 2018 like for like	9M 2017 like for like	Change
Revenues	236.2	244.9	(3.5)%
- of which Digital Revenues	177.8	166.2	+7.0%
EBITDA	53.5	53.2	+0.6%
EBITDA Margin	22.6%	21.7%	+0.9 pp

FORESEEABLE BUSINESS OUTLOOK

On the basis of the information available to date, for the 2018 financial year Italiaonline confirms the guidance already described at the approval of the results as at 30 June 2018 which foresees a slight decrease in consolidated revenues compared to the 2017 financial year, with a strong performance improvement compared to the performance of 2017. Italiaonline confirms the strong and progressive growth of digital revenues during the year. The 2018 EBITDA is confirmed in double-digit percentage growth compared to 2017 (including the positive effects deriving from the application of the new IFRS 16 accounting standard). Finally, Italiaonline confirms that the cash holdings at the end of the year are expected to increase in double-digit percentage compared to the figure as at 31 December 2017.

Agreement with the **Trade Unions**

On 02 July 2018 Italiaonline and the Trade Unions reached, at the Ministry of Labor, the **agreement** relating to the **company reorganization** proposal, envisaged in the 2018-2020 Business Plan, which does not envisage any layoffs but voluntary severances packages for 245 positions, and other measures including the creation of a "Digital Factory" division in Turin which will gradually allow the insourcing of the currently outsourced production costs.

CONFERENCE CALL

As already announced, the Company will present the results achieved as at 30 September 2018 to the financial community, during the conference call scheduled for tomorrow 07 November 2018 at 09:30 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, managed by Spafid Connect S.p.A., and also on the website of the Company 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:	+1 718 7058794
STAMPA:	+39 02 805 88 27

This press release is also available on the Company's website www.italiaonline.it in the section Italiaonline.it/en/investor/price-sensitive-press-releases/

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 700 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.

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* 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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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 financial reports as from the interim financial report started from the first half report at June 30, 2016 as well as the press releases concerning the approval of the above mentioned financial report, in lieu of the disclosure requirements provided with the request of 7 September 2011, file no. 11076499, the additional information related to September 30, 2018 are reported below.

Net financial indebtedness of Italiaonline Group at September 30, 2018

(euro/thousand)		At 09.30.2018	At 12.31.2017	Change
A	Cash and cash equivalents	93,210	74,476	18,734
B	Other cash and cash equivalents	-	-	-
C	Trading securities	-	-	-
D=(A+B+C)	Liquidity	93,210	74,476	18,734
E.1	Current financial receivables due from third parties	295	666	(371)
E.2	Current financial receivables due from related parties	-	-	-
F	Current bank debt	-	-	-
G	Current portion of non-current debt	-	-	-
H.1	Other current financial debt to third parties	8,678	2,195	6,483
H.2	Other current financial debt due to related parties	-	-	-
I=(F+G+H)	Current financial debt	8,678	2,195	6,483
J=(I-E-D)	Net current financial indebtedness	(84,827)	(72,947)	(11,880)
K	Non-current bank debt	-	-	-
L	Bond issues	-	-	-
M.1	Other non-current loans due to third parties	26,095	-	26,095
M.2	Other non-current loans due to related parties	-	-	-
N=(K+L+M)	Non-current financial debt	26,095	-	26,095
O=(J+N)	Net financial indebtedness (ESMA)	(58,732)	(72,947)	14,215

The net financial indebtedness of the Italiaonline Group at September 30, 2018 is positive and amounted to € 58,732 thousand (of which € 55,693 thousand is related to Italiaonline S.p.A.) and includes € 34.8 million of financial debt which represent the present value of future rents against the inclusion in the assets of the "right to use the asset leased" as required by accounting standard IFRS 16 adopted early January 1, 2018.

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 September 30, 2018

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

- overdue trade payables to suppliers as at September 30, 2018 were €6,872 thousand (of which €6,330 thousand related to Italiaonline S.p.A.), paid in October 2018 for € 3,153 thousand (of which €2,775 thousand related to Italiaonline S.p.A.);
- there were no overdue financial liabilities or social security charges payable;
- 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 2018

(euro/thousand)	Parent	Subsidiaries	Associates	Other related parties (*)	Total related parties
Other income	-	-	-	64	64
Costs for external services	-	-	-	(835)	(835)
Personnel expense	-	-	-	(4,032)	(4,032)

(*) "Other related parties" include Directors, statutory auditors, key management personnel

ITALIAONLINE GROUP - STATEMENT OF FINANCIAL POSITION at September 30, 2018

(euro/thousand)	Parent	Subsidiaries	Associates	Other related parties (*)	Total related parties
Assets					
Right of use of leased assets	-	-	-	8,026	8,026
Other current assets	90	-	-	80	170
Liabilities					
Non-current financial liabilities	-	-	-	6,095	6,095
Current financial liabilities	-	-	-	2,404	2,404
Trade payables	-	-	-	2,028	2,028
Liabilities for services to be provided and other current liabilities	-	-	-	242	242

(*) "Other related parties" include Directors, statutory auditors, key management personnel



Status of implementation of strategic and financial plans

Based on the data available for 9 months 2018 compared to the forecasts included in the Business Plan 2018-2020, at Group level revenues are slightly lower while Ebitda is substantially in line and cash holdings are slightly higher.