

PRESS RELEASE

RESULTS OF FIRST QUARTER OF 2019

GROWTH IN DIGITAL REVENUE CONTINUES: EXPANSION OF THE ADVERTISING SEGMENT GOES ON AND THE PRESENCE SEGMENT RETURNS TO BE POSITIVE FOR THE FIRST TIME SINCE 2016

- **Consolidated revenue** as at 31 March 2019 of **€ 68.2** million (€ 69.5 million Q1 2018), -1.8% YoY.
- **Digital revenue** as at 31 March 2019 of **€ 60.4** million **+4.6%** YoY. Growth in the **Advertising** segment continues (**+7.3%** YoY), expansion also in the **Presence** segment (**+2.3%** YoY), for the first time since 2016.
- **EBITDA**¹ amounted to **€ 9.7** million (€ 12.7 million as at 31 March 2018), with the EBITDA margin at 14.3% (18.2% in Q1 2018).
- **Normalised EBITDA**² of **€ 8.6** million (€ 8.7 million as at 31 March 2018), with the normalised EBITDA margin at 12.6% (normalised EBITDA margin 12.5% in Q1 2018).
- **EBIT** of **€ 0.3** million (€ 1.9 million Q1 2018), the figure reflects the evolution of EBITDA, partially offset by a reduction in amortisation/depreciation.
- **Net Result** positive for **€ 0.4** million, compared to the positive figure of € 3.9 million in Q1 2018, which benefitted from the capital gain from the sale of the equity investment in 11.880 Solutions Ag (for € 1.3 million) and the dividend deriving from the investment in Emittente Titoli S.p.A. (for € 2 million).
- **Cash and cash equivalents** totalled **€ 86.1** million (€ 101.0 million as at 31 December 2018) as a result of the disbursements relating to restructuring and non-recurring costs (€ 25.1 million), already accounted for in 2018 and mainly due to the agreement with the Trade Unions.
- The **Net financial position (NFP)** amounted to a **positive € 55.8** million (€ 67.0 million as at 31 December 2018).
- **Audience**³: Italiaonline confirmed once again its position as the **leading internet company in Italy**, thanks to an average daily audience of proprietary portals equal to 5.3 million unique users, including 3.5 million from smartphones. The sales house iOL Advertising is also the **leading Italian digital advertising sales house**, following its ability to reach a total of 8.0 million unique users per day, including 6.1 million from smartphones, thanks to the combination of its own and third-party audiences.

¹ EBITDA net of allocations to the allowance for doubtful debts and business risks and other operating income and expenses, and before non-recurring expenses.

² The normalised figures are net of normalised items (items not deemed representative of normal business elements and not to be considered for the purposes of a homogeneous comparison) mainly deriving from the release of provisions made in previous years in relation to the restructuring process (€4 million in Q1 2018 and € 1.1 million in Q1 2019).

³ Source: Audiweb 2.0, powered by Nielsen, February 2019 (latest figure available as of today's date) | TDA: Total Digital Audience, DAUs: Daily Active Users.

Assago, 8 May 2019 – The Board of Directors of **Italiaonline S.p.A.** (hereinafter “Italiaonline”), company listed on the MTA of Borsa Italiana, leader in the Internet market in Italy, examined and approved, on today’s date, the quarterly periodic information at **31 March 2019**.

“In these first months of the year we have worked both to strengthen our commercial presence on the territory and to improve the customer experience of our Customers.

The inauguration of the first Italian Digital Factory, last March in Turin, an ambitious and innovative project aimed at enhancing the quality of our products and services, is also part of this direction.

The results for the first quarter of 2019 confirm the validity of the path undertaken with solid growth in digital revenue which, together with the continuous expansion of the advertising segment (+7.3%) saw, for the first time since 2016, also the increase in revenue of the Presence segment (+2.3%). Finally, work is continuing on development of the new 2020-2022 business plan.”

- commented Roberto Giacchi, CEO of Italiaonline

CONSOLIDATED RESULTS

REVENUE

Revenue as at 31 March 2019 totalled € 68.2 million (€ 69.5 million as at 31 March 2018), -1.8% on an annual basis, in line with the guidance for 2019. The evolution of the figure reflects, on the one hand, the continuous development of **digital** revenue (+4.6% on an annual basis) and, on the other, the continuation of the expected structural decline in traditional products such as telephone directories and telephony (-33.6%).

Digital revenue in the reference period stood at € 60.4 million, a growth of +4.6% on an annual basis, accounting for **88.6%** of total revenue, an increase of **+5.4 pp** compared to the same period in 2018 (83.2%).

The evolution of digital revenue reflects: i) both the constant **expansion** of the **Advertising** segment (+7.3% on an annual basis), and ii) the **growth** in the **Presence** segment which, in the reference quarter, reported a positive performance for the first time since 2016 (+2.3% on an annual basis), and which accounts for roughly **52%** of digital revenue.

The decrease in **revenue of the traditional segment** (traditional & others) continues and recorded an overall drop of -33.6% in the first quarter of 2019. It should be noted that the impact of the traditional segment on the consolidated figure for the quarter is mitigated by the calendar of publication of telephone directories which, in the first three months of the year, generally involves a lower incidence of the associated revenue.

With reference to the **order intake** of the **SME Business Unit**, dedicated to the digitalisation of Italian SMEs, it should be noted that in the first quarter of 2019, for the first time since 2016, the figure stabilised on an annual basis.

Finally, in the first quarter of 2019, **57%** of Customers (new and renewals in the period) signed the contract with **automatic renewal** called “**Facile**”.

OPERATING RESULTS AND NET RESULT

It should be noted that, starting from the approval of the results as at 31 December 2018, Italiaonline has decided to provide also a **normalised view** of **EBITDA**, **EBIT** and **Net Result** (hereinafter “normalised” data), in order to isolate the accounting effects of some normalised items and provide evidence of the actual business profitability⁴.

EBITDA as at 31 March 2019 totalled **€ 9.7 million** (EBITDA margin 14.3%), down compared to € 12.7 million figure as at 31 March 2018 (EBITDA margin 18.2%). The decrease mainly reflects lower normalised items accounted for in the reference period compared to the first quarter of 2018.

Normalised EBITDA as at 31 March 2019 came to **€ 8.6 million** (normalised EBITDA margin 12.6%), substantially in line with € 8.7 million figure as at 31 March 2018 (normalised EBITDA margin 12.5%). It should be noted that in the first quarter of 2019 the reduction in labour costs, mainly attributable to the effects of the restructuring process implemented in 2018, the lower provisions for risks and charges and the slight decrease in industrial costs, fully offset the lower revenue and increase in commercial costs. With reference to the latter, the evolution with respect to 31 March 2018 is due to a different timing relating to the distribution of rewards to the sales network, which contributed to the stabilisation of the trend of order intake in the first quarter of 2019.

EBIT as at 31 March 2019 amounted to **€ 0.3 million** compared to € 1.9 million in the first quarter of 2018. The figure reflects the drop in reported EBITDA, partially offset by a reduction in amortisation/depreciation.

Normalised EBIT was a negative **€ 0.7 million** (negative by € 1.9 million as at 31 March 2018). The figure reflects the evolution of normalised EBITDA and the reduction in amortisation/depreciation and does not include the effects of non-recurring expenses (€ 0.1 million and € 0.2 million respectively in the first quarter of 2019 and 2018).

Net Result as at 31 March 2019 was positive for **€ 0.4 million**, compared to the positive figure of € 3.9 million as at 31 March 2018. It should be noted that the 2018 figure incorporated the positive effects of the capital gain from the sale of the equity investment in 11.880 Solutions Ag (for € 1.3 million) and the dividend deriving from the investment in Emittente Titoli S.p.A. (for € 2 million).

The normalised Net Result was negative by € 0.7 million, compared to the first quarter of 2018 when it was positive by € 0.2 million.

FINANCIAL RESULTS

Investments (**Capex**) in the first quarter of 2019 amounted to **€ 9.3 million** (equal to 13.6% of revenue), an increase compared to € 5.1 million (equal to 7.3% of revenue) in the first quarter of 2018. The increase mainly reflects greater one-off investments in IT infrastructures and the periodic renewal of software licences for internal use.

⁴ In particular, the EBITDA figures of Q1 2019 and Q1 2018 are net of normalised items (items not deemed representative of normal business elements and not to be considered for the purposes of a homogeneous comparison) mainly deriving from the release of provisions made in previous years in relation to the restructuring process (€4 million in Q1 2018 and €1.1 million in Q1 2019). The normalised figures related to EBIT were calculated starting from normalised EBITDA and do not include non-recurring expenses (€0.1 million in Q1 2019 and €0.2 million in Q1 2018). The figures relating to Net Result were calculated starting from normalised EBIT, leaving the items included under EBIT and Net Result unchanged.

The **Free Cash Flow (unlevered)**⁵ generated in the first quarter of 2019 was a positive € 12.6 million (€ 17.3 million in the first quarter of 2018). The evolution on an annual basis primarily reflects the increase in investments, only partially offset by a greater generation of cash deriving from changes in net working capital.

Cash and cash equivalents as at 31 March 2019 amounted to € 86.1 million, compared to € 101 million as at 31 December 2018. The evolution essentially reflects the financial expenses connected with the finalisation of the personnel restructuring plan, partially offset by the generation of cash in the period.

The **Net Financial Position** as at 31 March 2019 was a positive € 55.8 million (€ 67 million at 31 December 2018), and includes approximately € 30.4 million in financial liabilities due to the adoption of IFRS 16.

Audience⁶: Italiaonline confirmed its position as the leading internet company in Italy (February 2019 figures), with an average of 5.3 million unique users per day on its own properties (including 3.5 million from smartphones). The sales house iOL Advertising was the leading Italian digital advertising sales house, following its ability to reach a total of 8.0 million unique users per day, including 6.1 million from smartphones, thanks to the combination of its own and third-party audiences.

MAIN CONSOLIDATED RESULTS AS AT 31 MARCH 2019

€ m	Q1 2018	Q1 2019	YoY % Change
Revenue	69.5	68.2	(1.8)%
o/w Digital revenue	57.8	60.4	4.6%
EBITDA	12.7	9.7	(23.1)%
<i>Ebitda margin</i>	18.2%	14.3%	(4.0) p.p.
EBITDA normalised	8.7	8.6	(1.4)%
<i>Ebitda normalised margin</i>	12.5%	12.6%	+0.1 p.p.
Net Result	3.9	0.4	(90.2)%
Net Result normalised	0.2	(0.7)	n.m.
Unlevered FCF	17.3	12.6	(27.3)%
<i>EBITDA normalised cash conversion</i>	198.9%	146.6%	(52.3) p.p.

€ m	31 Dec. 2018	31 Mar. 2019	% Change
Cash Holdings	101.0	86.1	(14.8)%
Net Financial Position	67.0	55.8	(16.7)%

⁵ Unl. FCF: Operating FCF (EBITDA-Capex+ ΔNWC) adjusted for taxes paid.

⁶ Source: Audiweb 2.0, powered by Nielsen, February 2019 (latest figure available as of today's date) | TDA: Total Digital Audience, DAUs: Daily Active Users.

OUTLOOK FOR THE CURRENT YEAR

Based on the information available as of today, for 2019 Italiaonline confirms the guidance already provided on occasion of the approval of the results as at 31 December 2018 and, in particular, forecasts a slightly reduced **top line** for the current year (low single digit) on an annual basis, which reflects **mid single digit growth in digital revenue**, able to almost fully offset the decrease in traditional business. Normalised **EBITDA** for 2019 is expected to be essentially stable with respect to the normalised 2018 figure. The incidence of **investments** (Capex) on revenue is expected to be between 7% and 8%. Lastly, **cash and cash equivalents** at year-end are expected to grow single digit percentage compared to the figure as at 31 December 2018, despite the outlays relating to the restructuring plan and, in particular, the agreement reached with the trade unions in July 2018.

CONFERENCE CALL

As already announced, the Company will present the results achieved as at 31 March 2019 to the financial community, during the conference call scheduled for tomorrow Thursday 09 May 2019 at 10:30 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 4.8 million unique users* that navigate its web property every day, of which 3.2 million from mobile devices, and with a 63%** 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 sales house **iOL Advertising** and 55 media agencies scattered throughout the peninsula that with about 700 agents form the largest Italian network of services and products consultants for large and small enterprises.

ISIN code: IT0005187940 - MTA:IOL

* Source: Audiweb 2.0, powered by Nielsen, TDA DAUs December 2018. ** Source: Audiweb 2.0, powered by Nielsen December 2018

Contacts:

Investor Relations Italiaonline

Chiara Locati
chiara.locati@italiaonline.it
Tel. +39.349.8636553

Affari societari Italiaonline

ufficio.societario@italiaonline.it

Media Relations Italiaonline

Image Building

Simona Raffaelli, Emilia Pezzini, Lidy Casati
italiaonline@imagebuilding.it
Tel. +39.02.89011300

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 March 31, 2019 are reported below.

Net financial indebtedness of Italiaonline Group at March 31, 2019

(euro/thousand)		At 03.31.2019	At 12.31.2018	Change
A	Cash and cash equivalents	86,087	101,038	(14,951)
B	Other cash and cash equivalents	-	-	-
C	Trading securities	-	-	-
D=(A+B+C)	Liquidity	86,087	101,038	(14,951)
E.1	Current financial receivables due from third parties	146	97	49
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	7,899	8,647	(748)
H.2	Other current financial debt due to related parties	-	-	-
I=(F+G+H)	Current financial debt	7,899	8,647	(748)
J=(I-E-D)	Net current financial indebtedness	(78,334)	(92,488)	14,154
K	Non-current bank debt	-	-	-
L	Bond issues	-	-	-
M.1	Other non-current loans due to third parties	22,510	25,499	(2,989)
M.2	Other non-current loans due to related parties	-	-	-
N=(K+L+M)	Non-current financial debt	22,510	25,499	(2,989)
O=(J+N)	Net financial indebtedness (ESMA)	(55,824)	(66,989)	11,165

The net financial indebtedness of the Italiaonline Group at March 31, 2019 is positive and amounted to € 55,824 thousand (of which € 48,514 thousand is related to Italiaonline S.p.A.); the change in the period reflects the financial outflows connected with the finalization of the personnel reorganization plan partially offset by the cash generation in the period.

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 March 31, 2019

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 March 31, 2019 were €14,673 thousand (of which €14,033 thousand related to Italiaonline S.p.A.), paid in April 2019 for € 12,733 thousand (of which €12,195 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 Italiaonline Group:

ITALIAONLINE GROUP - INCOME STATEMENT 3 months 2019

(euro/thousand)	Parent	Subsidiaries	Associates	Other related parties (*)	Total related parties
Other income	-	-	-	19	19
Costs for external services	-	-	-	(241)	(241)
Personnel expense	-	-	-	(1,146)	(1,146)

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

ITALIAONLINE GROUP - STATEMENT OF FINANCIAL POSITION at March 31, 2019

(euro/thousand)	Parent	Subsidiaries	Associates	Other related parties (*)	Total related parties
Assets					
Right-of-use assets	-	-	-	6,851	6,851
Other current assets	90	-	-	41	131
Liabilities					
Non-current financial liabilities	-	-	-	4,953	4,953
Current financial liabilities	-	-	-	2,414	2,414
Trade payables	-	-	-	1,042	1,042
Liabilities for services to be provided and other current liabilities	-	-	-	242	242

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

Implementation status of business and financial plans

The figures as at 31 March 2019 are essentially in line with the forecasts of the updated 2019-2021 Business Plan.

In this regard, it should be noted that, on 19 March 2019, the Board of Directors of Italiaonline resolved a technical update to the Business Plan approved on 15 March 2018 under the former CEO direction, extending its duration to 2021.

For more details, see the section “Technical update to the Business Plan” contained in the Press release dated 19 March 2019, available on Italiaonline’s website via the following link (https://www.italiaonline.it/wp-content/uploads/2019/03/COS_FY2018_19_03_2019_ENG.pdf).

Under the direction of the new CEO, the management is expected to present a New Business Plan to the Board of Directors for the 2020-2022 period, by the date of approval of the Financial Report relating to the first half of 2019.