BIt Market Services

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Testo del comunicato

Vedi allegato.

PRESS RELEASE

SEAT BOARD OF DIRECTORS APPROVES
THE 2016-2018 BUSINESS PLAN OF THE GROUP
RESULTING FROM
THE MERGER BY INCORPORATION OF ITALIAONLINE INTO SEAT

- *The merger transaction will originate the leading operator in the Italian market of digital advertising for big accounts and in the communication services for small and medium enterprises, which represent the bone structure of the Italian economy*
- *The Plan envisages the creation of synergies between Italiaonline and SEAT and the rationalisation of costs*
- *EBITDA margin expected to increase from 9% (normalised(1) figure estimated in 2015) to 25%÷30% at the end of the plan period (CAGR EBITDA 2015-2018: +40% ÷ +45%)*
- *Revenues 2018 expected substantially in line or slightly exceeding the normalised(1) figure equal to Euro 448.6 million estimated for 2015 (CAGR 2015-2018: 0% ÷ +0.3%), with a digital revenues share expected in the range between 75%÷80% (CAGR 2015-2018: high single digit)*
- *Free cash flow expected to significantly grow throughout the entire term of the plan (CAGR 2015÷2018: +75% ÷ +80%), with a cash conversion in 2018 estimated equal to 55%÷60% of the Ebitda*
- *Investments (capex) expected for Euro 110 million (cumulative throughout the plan period), with an impact on revenues estimated to progressively decrease from 9% in 2015 to approximately 8% in 2018*

Milan, January 15, 2016 – The Board of Directors of Seat Pagine Gialle S.p.A. ("**SEAT**"), which met today, approved the **Business Plan for the 2016-2018 three year period** (the "**Business Plan**") of the Group resulting from the merger by incorporation of Italiaonline S.p.A. ("**Italiaonline**") into SEAT (the "**Merger**"), which will remain listed on the Milan Stock Exchange.

"*The merger transaction will originate the leading operator in the Italian market of digital advertising for big accounts and in the communication services for small and medium enterprises, which represent the bone structure of the Italian economy. In this context, the new reality will have relevant growth potential and will represent for Italy a powerful development and digitalization tool. The development guidelines approved today for the 2016-2018 three year period go in this direction, with the purpose of creating the basis for a long lasting and sustainable growth over time". –* **commented Antonio Converti, Chief Executive Officer of SEAT and Italiaonline.**

Please note that the Business Plan has been prepared based on the updated closing forecast of the 2015 financial year of Italiaonline and SEAT that provides for normalised(1) consolidated revenues equal to Euro 448.6 million and a normalised(1) consolidated EBITDA equal to Euro 41.7 million.

In particular, the Business Plan provides for a number of strategic actions in order to achieve business sustainability in the medium-long term, targeting both the stabilization of client base and revenues and the return to operational margins, which will be constantly improving throughout the term of the Plan, at levels close to those of peers, also taking into account the opportunities and benefits deriving from integration synergies.

The main guidelines of the Business Plan concern:

- the renewal and relaunching of core products - printed, digital and mobile business directories, web marketing and digital advertising solutions, including media planning and lead generation services through social media and search engines - leveraging Italiaonline's assets, represented by the traffic deriving from important online properties (Libero, Virgilio) and digital competences;
- the reduction of operational costs, thanks to synergies deriving from the Merger;
- the activities related to the relationship with clients (from customer care, to commercial model and production model).

Economic-financial goals:

In detail, the Business Plan provides for:

a) *2016 Revenues* decreasing compared to the 2015 financial year due to (i) the performance of 2015 commercial orders which trend is expected to be improving throughout the term of the Business Plan and (ii) the limited impact on the 2016 top line of the sales supporting actions provided for in the Business Plan. However, starting from the 2017 financial year and until the end of the Business Plan, revenues are expected to grow with an expected amount for 2018 substantially in line or slightly exceeding the normalised(1) figure equal to Euro 448.6 estimated in 2015 (CAGR 2015-2018: 0%÷ +0.3%). An increasing impact of digital revenues, from current 64% (normalised(1) figure estimated in 2015) to approximately 75%÷80% of the revenues expected for 2018 is furthermore envisaged. This will be possibile thanks to the change of strategy put in place after the integration between SEAT and Italiaonline, which will allow a trend reversal compared to the hystoric trend that characetrised the universe of directories in the past years.

b) *EBITDA margin* expected to grow from 9% (normalised*(1)* figure estimated in 2015) to 25%÷30% in 2018 thanks to the cost reduction and margin recovery actions, in particular by shifting the revenue mix towards products with higher profitability. Accordingly, the Ebitda is expected to grow throughout the term of the Business Plan (CAGR 2015-2018: +40% ÷ +45%).

c) *Total investments (capex)* envisaged, throughout the entire term of the Business Plan, are equal to approximately Euro 110 million and will essentially regard technological infrastructures and will be aiming at improving the offer and simplifying and updating processes and systems. Taking account of the greater initial renovation needs, the impact of investments on revenues is expected to progressively decrease, from 9% to a level, deemed physiological, of approximately 8% in 2018.

d) *Free cash flow* expected to significantly grow throughout the entire term of the Business Plan (CAGR 2015-2018: +75% ÷ +80%), with a cash conversion in 2018 estimated equal to 55%÷60% of the EBITDA, due to the expected economic improvements and the sharp improvement actions on working capital, with specific reference to the management of credit towards SME clients.

e) *Clients*: the number of clients ("*Customer Base"*) is expected to level at the end of 2015 at 266 thousand units, with an ARPA (*Average Revenue Per Advertiser*) equal to approximately Euro 1,600. From 2016, the client number is expected to initially decrease, reflecting the performance of revenues, to then return substantially to the 2015 levels in 2018. From 2016 the *ARPA* level is expected to be slightly growing throughout the term of the Business Plan.

The following summary table summarises the estimated performance of the main economic, financial and capital indicators of the Group resulting from the merger throughout the term of the Business Plan:

(in millions of Euro, except for percentages)	**2015E**	**2018E**	**CAGR 2015E-2018E**
Revenues	459.5		
Normalised [(1)] revenues	448.6	In line or slighlty exceeding the 2015 level	0% ÷ +0.3%
EBITDA	52.0		
normalised[(1)]EBITDA	41.7	40%÷45%	
EBITDA margin	11.3%		
normalised[(1)] EBITDA margin	9.3%	25%÷30%	
Investments (capex)	41.9		
Capex margin	9.1%	7.6%	
Free cash flow	12.7	Cash conversion: 55%÷60% of the EBITDA	+75% ÷ +80%

(1) Normalised figure expressed net of the effect of the change in the revenue share estimate criteria attributable to the online component of the PagineBianche offer, subject to review starting from the first quarter of the 2015 financial year for the purpose of reflecting the evidences inferred from usage data, intended as proxy of the leads generation for clients. It represents the figure comparable with the subsequent periods of the Business Plan.

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

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