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Oggetto : SEAT PG: APPROVED THE INTERIM
MANAGEMENT REPORT AS AT 31
MARCH 2016

Testo del comunicato

Vedi allegato.



PRESS RELEASE

**THE BOARD OF DIRECTORS OF SEAT PAGINE GIALLE HAS APPROVED
THE INTERIM MANAGEMENT REPORT AS AT 31 MARCH 2016**

**RESULTS FOR Q1 2016 SHOW STRONG IMPROVEMENT IN THE MAIN ECONOMIC AND
FINANCIAL DATA COMPARED TO Q1 2015 AND THEY ARE IN LINE
WITH THE 2016-2018 BUSINESS PLAN FORECASTS**

**THE MERGER BY INCORPORATION OF ITALIAONLINE INTO SEAT PAGINE GIALLE
PROCEEDS ACCORDING TO EXPECTATIONS AND ITS COMPLETION IS
EXPECTED BY JUNE 2016**

FIRST QUARTER 2016 CONSOLIDATED RESULTS

- **EBITDA** positive by €1.0 million, an improvement compared to a negative result of €7.8 million in Q1 2015 normalized¹. This growth, of €8.8 million, is attributable to the effective actions to reduce costs (15.2% lower than Q1 2015 normalized), started in accordance with the strategic directions of the 2016-2018 Business Plan (the "Plan").
- **EBITDA margin** of +1.4% compared to a negative value of -10.3% in Q1 2015 normalized.
- **REVENUES** of €70.4 million, compared to €75.8 million in Q1 2015 normalized, decreasing by 7.2%, but improving compared to the reduction of 10.0% recorded in Q4 2015. This result reflects the Plan forecasts, which provide for a turnaround in the revenue curve starting from 2017.
- **UNLEVERED FREE CASH FLOW** generated during Q1 2016 of €19.6 million, growing strongly by €24.7 million, compared to a negative result of €5.1 million in Q1 2015 normalized. This result benefited from (i) the €8.8 million rise in EBITDA, (ii) the significant improvement in operating working capital with a positive contribution of €9.5 million, (iii) the lower industrial investments by €1.9 million and (iv) the lower tax payments.
- **NET FINANCIAL POSITION** as at 31 March 2016 positive by €121.4 million, €14.9 million higher than as at 31 December 2015, when it was positive by €106.5 million.

¹ In order to enable comparison between the Q1 2016 and Q1 2015 results, the latter were reduced due to the non-recurring effect originating from the change in revenue recognition criteria adopted from 1/1/2015 on the PagineBianche® offer and equal to €7.7 million in revenues and €7.4 million in EBITDA.



- **NET RESULT** for the period attributable to the Group negative by €12.9 million, but improved by €3.7 million compared to the negative result of €16.6 million in Q1 2015 normalized. Please note that the Q1 2015 included a net income of €5.9 million from the composition with creditors (related to the net effect arising from the dissolution of certain financial lease agreements concerning the property complex housing the headquarters of the parent company). Excluding this extraordinary effect the improvement in the net income compared to the Q1 2015 would have amounted to EUR 9.6 million.

Assago, 5 May 2016 – The Board of Directors of Seat Pagine Gialle SpA (hereinafter referred to as “Seat PG” or the “Company”) approved the interim management report as at 31 March 2016.

Antonio Converti, CEO of Seat Pagine Gialle SpA and Italiaonline SpA, commented: *“The economic and financial results achieved by the Seat Group in Q1 2016 are in line with the Plan forecasts. In this financial year, the Management will decisively continue in the implementation of strategic actions, defined with an aim of achieving stabilisation of revenues and the return of the operating margins to levels close to those of our peers. The main actions will focus on the renewal of the product portfolio, on commercial activities regarding Customer relationships, and on the reduction of operational costs. The merger process proceeds according to expectations and its completion is expected by June 2016”.*

CONSOLIDATED RESULTS AS OF 31 MARCH 2016

REVENUE Trends

Revenue from sales and services totalled €70.4 million in Q1 2016, a fall of 7.2% compared to Q1 2015 (€75.8 million) normalized, but with an improvement compared to the reduction of 10.0% recorded in Q4 2015. This result reflects the Plan forecasts, which provide for a turnaround in the revenue curve starting from 2017.

Gross of adjustments between the Group’s different Business Areas, revenues from sales and services were as follows:

- **Revenues from the “Italian Directories” Business Area** (*Seat Pagine Gialle S.p.A., Local Digital Services, Prontoseat Srl and Couponing Italia Srl in liquidation, formerly Glamoo Srl*) amounted to €67.0 million in Q1 2016, 7.6% lower than Q1 2015 normalized (€72.5 million).
- **Revenues of the "Other Activities" Business Area** (*Europages, Consodata*) amounted to €4.4 million in Q1 2016, in line with the same period in the previous financial year, with reference to the revenues of both Europages and Consodata.

Seat Pagine Gialle SpA Share capital subscribed and paid up: €20,000,079.72

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GOP Performance

The gross operating profit (GOP) in Q1 2016 was €5.6 million, €6.2 million higher than Q1 2015 normalized, which was negative by €0.6 million. This result benefits from the effective cost-reducing actions (€11.6 million, 15.2% lower than Q1 2015 normalized). The GOP margin in Q1 2016 amounted to +8.0%, compared to a negative value of 0.8% in Q1 2015 normalized.

Net valuation adjustments and provisions for risks and charges

Net valuation adjustments and provisions for risks and charges amounted to €4.2 million in Q1 2016 (€6.7 million in Q1 2015 normalized), with €4.1 million relating to the allowance for doubtful trade receivables, down by €1.2 million compared with the same period of the previous year, thanks to maintaining high attention to sales quality and the management of client receivables. This entry also included net provisions for operational risks and charges of €1.4 million in Q1 2015.

EBITDA Performance

The operating income before depreciations, non-recurring net charges and restructuring (EBITDA) was positive by €1.0 million in Q1 2016, €8.8 million up on Q1 2015 normalized, when it was negative by €7.8 million. This result benefits from both effective cost-reducing actions and lower requirements for provision for doubtful commercial loans, the result of more careful management of working capital management policy. This has resulted in an improvement in the management of payments received from customers. The EBITDA margin in Q1 2016 was +1.4%, compared to a negative value of 10.3% of revenues in Q1 2015 normalized.

Performance of Operating Income (EBIT)

Operating income (EBIT) in Q1 2016 was negative by €11.7 million, up on Q1 2015 normalized, when it was negative by €20.9 million. Operating income reflects business performance already recorded in terms of GOP and EBITDA.

Result for the financial year

The net result for the period attributable to the Group was negative by €12.9 million, but was an improvement on the negative result of €16.6 million in Q1 2015 normalized. Please note that Q1 2015 included a net income of €5.9 million from the composition with creditors (related to the net effect arising from the dissolution of certain financial lease agreements concerning the property complex housing the headquarters of the parent company, resulting in the elimination of the respective financial debt and the posting of fixed assets relating to the financial lease). Excluding this extraordinary effect the improvement in the net income compared to the Q1 2015 would have amounted to EUR 9.6 million.



Performance of Unlevered Free Cash Flow

Unlevered free cash flow, generated during Q1 2016, was positive by €19.6 million, up by €24.7 million on the same period in the previous financial year, when it was negative by €5.1 million. This improvement reflects (i) the increase in EBITDA of €8.8 million, (ii) the positive contribution of operating working capital of €9.5 million (iii) the lower industrial investment of €4.2 million in Q1 2016, compared to €6.1 million in Q1 2015 and (iv) the lower tax payments (in the month of January 2015, € 2.9 million was paid in insolvency tax debts).

Changes in the net financial position

As at 31 March 2016, the net financial position was positive by €121.4 million, up by €14.9 million on 31 December 2015, when it was positive by €106.5 million.

SEAT AREA RESULTS AS AT 31 MARCH 2016

SEAT Area (*Seat Pagine Gialle Spa and Local Digital Services*) revenues from sales and services amounted to €67.0 million in Q1 2016, down by 7.3% on Q1 2015 normalized, when it was €72.3 million.

More specifically:

- a) **Digital Revenues:** were €49.5 million in Q1 2016, down by 4.2% on Q1 2015 normalized. The ratio of digital revenues to the total during the period was 74%. These revenues are as follows:
- *Directory* (portal owners of www.paginegialle.it, www.paginebianche.it and www.tuttocitta.it and mobile applications): traditional *directory* product revenue of €23.4 million in Q1 2016, down by 6.3% on Q1 2015 normalized.
 - *Web Agency* (construction and management of websites optimised for mobile use, multimedia content creation, web visibility activities, e-commerce and web marketing services and management of presence on social networks): *web agency* product revenues were €13.6 million in Q1 2016, up by 6.9% on Q1 2015.
 - *Reselling* (display advertising and SEM – search engine marketing services – *Google AdWords* and hyperlocal publicity campaigns – *Adv on Facebook*): product revenues from digital reselling activities were €12.5 million in Q1 2016, down by 10.6% on Q1 2015.

In Q1 2016, total traffic, including hits on PAGINEGIALLE.it[®], PAGINEBIANCHE.it[®] and TUTTOCITTA'.it[®], from both web and mobile, and on customer mobile online sites, was approximately 145 million visits, slightly down on audience data of 155 million visits in Q1 2015. With reference to mobile, it should be noted in particular that in late March 2016, SEAT mobile applications (PagineGialle Mobile, PagineBianche Mobile, Tuttocittà Mobile, 89.24.24 Mobile and others) have reached a threshold of approximately 10

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million downloads (+8.9% compared to March 2015), taking into account Apple and other major platforms.

- b) **Print Revenues:** paper product revenues were €10.9 million in Q1 2016, the third quarter of 2016, a variation of 12.6% on Q1 2015 normalized.
- c) **Voice Revenues:** 89.24.24 Pronto PAGINEGIALLE® and 12.40 Pronto PAGINEBIANCHE® directory enquiries services revenues were €3.2 million in Q1 2016, down by 28.0% on Q1 2015.
- d) **Revenues on Third Party Products:** revenues from other products in Q1 2016 were €3.5 million, down by 8.3% on Q1 2015. In particular, revenues were produced by partnership agreements signed with major players in the media world worth €2.2 million (mainly relating to Sky's TV offer) and revenues from Direct Marketing products and Merchandising activities, of €0.9 million.

The SEAT Area **EBITDA** was €1.8 million in Q1 2016, up by €8.2 million on the same period in the previous financial year, normalized data, when it was negative by €6.4 million, with a margin of +2.6% (compared to a negative value of 8.9% in the same period of the previous financial year). The margin essentially reflects the upward trend in GOP, and benefits lower provisions for doubtful trade receivables (€1.2 million, following improved management of expired debts).

SIGNIFICANT EVENTS SUBSEQUENT TO 31 MARCH 2016

On 11 April 2016, the Board of Directors of Seat Pagine Gialle approved the convening of the Shareholders' Meeting for 12 May 2016, and to submit to that Meeting:

- In **extraordinary session**, the proposal to adopt, subject to the effectiveness of the Merger, a number of amendments to the Articles of Association, in particular: (i) changing the Company name to Italiaonline SpA; (ii) in view of the changed Group structure, the transfer of the registered office from the Municipality of Turin to the Municipality of Assago, retaining head office in the Municipality of Turin; and (iii) the grouping of the ordinary shares in the Company according to a ratio of 1 share for each 1,000 existing shares, in order to return the unit prices of trading operations to normal levels after the strong dilution in value resulting from past financial restructuring operations. The grouping proposal is only with regard to ordinary shares, not savings shares.
- In **ordinary session**, the proposed mutual early termination of the statutory audit engagement currently in place between Seat and PricewaterhouseCoopers SpA, and the simultaneous appointment of other independent statutory auditors.

Notice is hereby given that the text of this press release and its presentation to the financial market can be consulted and accessed on the website of Borsa Italiana SpA (the Italian Stock Exchange), at <http://www.borsaitaliana.it>, and on the Company website, <http://www.seat.it>.



The Director responsible for preparing the corporate accounting documents, Dr. Andrea Servo, hereby declares, pursuant to paragraph 2 of Art. 154-bis of the Consolidated Law on Finance, that the accounting information contained in this press release corresponds to the document results, books and accounting records.

Disclaimer

This press release contains forward-looking statements, referring to: investment plans, future operating performance, growth objectives in terms of revenues and results, both globally and by business areas, net financial position and other aspects of the Group's activities. By their nature, forward-looking statements involve risks and uncertainties, as they depend on the occurrence of future events and developments. Actual results may differ significantly from those projected, due to a number of factors.

Contacts:

Investor Relations Seat Pagine Gialle
Leonardo Fava
Tel. +39 011 435 2600
investor.relations@seat.it

Seat Pagine Gialle Corporate Affairs
ufficio.societario@seat.it

Media Relations ItaliaOnLine/Seat Pagine Gialle
Image Building
Simona Raffaelli, Arturo Salerni, Emanuela Borromeo
Tel. +39 02 8901 1300
italiaonline@imagebuilding.it

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



SEAT Pagine Gialle Group

Reclassified Consolidated Income Statement

(euro/mIn)	1st quarter	1st quarter	Change		1st quarter
	2016	2015	Absolute	%	2015
		<i>normalized</i>			<i>reported</i>
Revenues from sales and services	70.4	75.8	(5.4)	(7.2)	83.5
Materials and external services	(44.1)	(52.6)	8.5		(53.0)
Salaries, wages and employee benefits	(20.7)	(23.8)	3.1		(23.8)
Gross Operating Profit (GOP)	5.6	(0.6)	6.2	n.s.	6.7
<i>% on revenues</i>	<i>8.0%</i>	<i>(0.8%)</i>			<i>8.0%</i>
Other valuation adjustments and provisions to reserves for risks and charges	(4.2)	(6.7)	2.5		(6.7)
Other income (expenses)	(0.4)	(0.5)	0.1		(0.5)
EBITDA	1.0	(7.8)	8.8	n.s.	(0.5)
<i>% on revenues</i>	<i>1.4%</i>	<i>(10.3%)</i>			<i>-0.6%</i>
Operating amortization, depreciation and write-down	(9.3)	(9.5)	0.2		(9.5)
Non-operating amortization and write-down	(2.2)	(0.9)	(1.3)		(0.9)
Non-recurring and restructuring costs, net	(1.2)	(2.7)	1.5		(2.7)
EBIT	(11.7)	(20.9)	9.2	44.2	(13.6)
<i>% on revenues</i>	<i>(16.5%)</i>	<i>(27.5%)</i>			<i>(16.2%)</i>
Interest expense, net	0.1	(3.4)	3.5		(3.4)
Net income from execution of composition with creditors procedure	-	5.9	(5.9)		5.9
Profit (Loss) before income taxes	(11.6)	(18.4)	6.8	36.9	(11.1)
Income taxes	(1.3)	1.8	(3.1)		0.1
Profit (loss) for the year	(12.9)	(16.6)	3.7	22.3	(11.0)
of which pertaining to the Group	(12.9)	(16.6)	3.7		(11.1)
of which non-controlling interests	-	-	-		-

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SEAT Pagine Gialle Group

Consolidated Statements of comprehensive income

(euro/mIn)		1st quarter 2016	1st quarter 2015 <i>normalized</i>	1st quarter 2015 <i>reported</i>
Profit (loss) for the year	(A)	(12.9)	(16.6)	(11.0)
<i>Other comprehensive income (expense) that will not be reclassified subsequently to profit (loss) for the period</i>				
Actuarial gain (losses)		-	-	-
Total other comprehensive income (expense) that will not be reclassified subsequently to profit (loss) for the period	(B1)	-	-	-
<i>Other comprehensive income (expense) that will be reclassified subsequently to profit (loss) for the period</i>				
Profit (loss) from fair-value measurement of AFS securities and investments		(0.1)	(2.0)	(2.0)
Profit (loss) from translation of accounts of foreign subsidiaries		-	-	-
Total other comprehensive income (expense) that will be reclassified subsequently to profit (loss) for the period	(B2)	(0.1)	(2.0)	(2.0)
Total other comprehensive income (expense), net of tax	(B) = (B1 + B2)	(0.1)	(2.0)	(2.0)
Total other comprehensive income (expense) for the period	(A + B)	(13.0)	(18.6)	(13.0)
- of which pertaining to the Group		(13.0)	(18.6)	(13.0)
- of which pertaining to minority interests		-	-	-



SEAT Pagine Gialle Group

Reclassified Consolidated Statements of Financial Position

(euro/mIn)	At 03.31.2016	At 12.31.2015 <i>normalized</i>	Change	At 12.31.2015 <i>reported</i>
Marketing related intangible assets	20.6	21.6	(1.0)	21.6
Other non-current assets (*)	110.4	116.7	(6.3)	116.7
Non-current liabilities	(45.5)	(54.8)	9.3	(56.9)
Working capital	(59.1)	(36.4)	(22.7)	(27.1)
Non-current assets held for sale, net				
Net invested capital	26.4	47.1	(20.7)	54.3
Equity of the Group	148.0	153.7	(5.7)	160.9
Non-controlling interests	(0.2)	(0.1)	(0.1)	(0.1)
Total equity	(A) 147.8	153.6	(5.8)	160.8
Net financial debt	(B) (121.4)	(106.5)	(14.9)	(106.5)
Total	(A+B) 26.4	47.1	(20.7)	54.3

(*) Includes financial assets available for sale and non current financial receivables.



SEAT Pagine Gialle Group

Consolidated statement of cash flows

(euro/mIn)	1st quarter 2016	1st quarter 2015 <i>normalized</i>	Change	1st quarter 2015 <i>reported</i>
Operating income before amortisation, depreciation, non-recurring and restructuring costs, net (EBITDA)	1.0	(7.8)	8.8	(0.5)
Gains (losses) from discounting operating assets and liabilities	-	(0.1)	0.1	(0.1)
Decrease (increase) in operating working capital	23.0	13.5	9.5	6.2
(Decrease) increase in operating non-current liabilities (*)	(0.1)	(1.6)	1.5	(1.6)
Capital expenditure	(4.2)	(6.1)	1.9	(6.1)
Operating free cash flow	19.7	(2.1)	21.8	(2.1)
Payment of income taxes	(0.1)	(3.0)	2.9	(3.0)
Unlevered free cash flow	19.6	(5.1)	24.7	(5.1)
Payment of interest expense, net	0.2	0.1	0.1	0.1
Payment of non-recurring and restructuring expense	(4.9)	(6.0)	1.1	(6.0)
Cash-in under the settlement for the action of responsibility	-	30.0	(30.0)	30.0
Effect from the dissolution of leases agreements	-	23.2	(23.2)	23.2
Other movements	-	(4.9)	4.9	(4.9)
Change in net financial debt	14.9	37.3	(22.4)	37.3

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



SEAT Pagine Gialle Group

Information for Business Areas

(euro/mIn)		Italian Directories	Other Activities	Aggregate Total	Eliminations and other adjustments	Consolidated Total
Revenues from sales and services	1st quarter 2016	67.0	4.4	71.4	(1.0)	70.4
	1st quarter 2015 normalized	72.5	4.4	76.9	(1.1)	75.8
GOP	1st quarter 2016	6.1	(0.5)	5.6		5.6
	1st quarter 2015 normalized	(0.1)	(0.7)	(0.8)	0.2	(0.6)
EBITDA	1st quarter 2016	1.6	(0.6)	1.0	-	1.0
	1st quarter 2015 normalized	(7.0)	(0.8)	(7.8)	-	(7.8)
EBIT	1st quarter 2016	(8.8)	(2.9)	(11.7)	-	(11.7)
	1st quarter 2015 normalized	(19.1)	(1.8)	(20.9)	-	(20.9)
Net invested capital	March 31, 2016	18.1	8.4	26.5	(0.1)	26.4
	December 31, 2015 normalized	38.2	9.0	47.2	(0.1)	47.1
Capital expenditure	1st quarter 2016	3.3	0.9	4.2	-	4.2
	1st quarter 2015	5.2	0.9	6.1	-	6.1
Average workforce	1st quarter 2016	1,369	162	1,531	-	1,531
	1st quarter 2015	1,604	164	1,768	-	1,768
Sales agents (average number)	1st quarter 2016	1,182	31	1,213	-	1,213
	1st quarter 2015	1,390	35	1,425	-	1,425

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Fine Comunicato n.0673-54

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