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HALF YEAR REPORT AT JUNE 30, 2016

Testo del comunicato

Vedi allegato.

PRESS RELEASE

**THE BOARD OF DIRECTORS OF ITALIAONLINE APPROVES THE HALF-YEAR REPORT
AT JUNE 30, 2016**

**THE FIRST HALF OF 2016 CLOSED WITH AN IMPROVEMENT OF THE MAIN
FINANCIAL INDICATORS: EBITDA +37.5%, FREE CASH FLOW +122.6% AND
RETURN TO PROFIT**

**THIS IS THE FIRST POSITIVE RESULT AFTER THE MERGER INTO SEAT PAGINE
GIALLE, WHICH HAS REPORTED NET LOSSES FOR THE PAST TWELVE SEMESTERS**

GROUP RESULTS

REVENUES amounted to **€199.7** million

EBITDA was **€29.5** million

EBITDA margin was **14.8%**

FCF amounted to **€35.5** million

NET PROFIT for the period amounted to **€3.8** million

NET FINANCIAL POSITION was positive at **€102** million

Assago, August 4, 2016 – The Board of Directors of Italiaonline S.p.A. (hereinafter “Italiaonline”) has approved the Half-year Report at June 30, 2016.

Antonio Converti, CEO of Italiaonline S.p.A., stated: *“The results of the first half of 2016 showed a marked improvement in the main financial indicators also as regards the objectives set out in the 2016-2018 Strategic Plan, which forecasts that revenues will stabilize by 2018 with the return of operating margins to levels between 25% and 30%.*

Major reductions in operating costs are still planned for the second half of 2016 combined with the launch of the new particularly innovative digital product offering, which will consolidate even further Italiaonline’s role as a top player in the process to digitally transform Italian SMEs.

In addition, the liquid assets and absence of debt already provide us with a sound investment base for directing growth both through internal and external lines.”

HALF-YEAR RESULTS OF THE GROUP

The results for H1 2016 are compared with a "comparable" H1 2015, calculated as if the merger of Italiaonline into the Seat Pagine Gialle Group had been carried out effective January 1, 2015 and normalized with regards to the revenue accrual criteria¹

In H1 2016, **Revenues** from sales and services amounted to **€ 199.7 million**, down by 8.8% compared to H1 2015 (€ 219.0 million). This reduction was due primarily to the decline in certain traditional businesses such as telephone directory advertising sales and directory assistance services. In addition, actions have been implemented to optimize the digital product portfolio in order to favor a commercial focus targeted on higher-margin products.

EBITDA amounted **€ 29.5 million** in H1 2016, **up 37.5%** compared to H1 2015 (€21.4 million); **EBITDA margin also increased to 14.8%** (9.8% in H1 2015).

EBIT for H1 2016 was negative at € 0.5 million (negative at € 11.7 million in H1 2015). The **improvement** reflects, in addition to the business performances at EBITDA level, the decrease in depreciation and amortization and in the net charges arising on non-recurring transactions and on the reorganization processes currently underway.

Net profit for the period amounted to **€ 3.8 million, improving** by € 14.1 million compared to a net loss of € 10.2 million for H1 2015. This is the first positive result after the merger into Seat Pagine Gialle, which has reported net losses for the past twelve semesters.

Unlevered Free Cash Flow generated in H1 2016 was **positive at € 35.5 million, improving** by € 19.6 million compared to 2015 (€ 16.0 million). This result mainly benefited from (i) the € 8.0 million increase in EBITDA, (ii) lower capital expenditure of € 7.1 million and (iii) lower tax payments of € 3,8 million (it should be recalled that in January 2015 the Seat Group had paid € 2.9 million tax payables arising on the composition with creditors).

At June 30, 2016, **Net Financial Position** was **positive at € 102.0 million** (including € 8.5 million for the liability arising from several financial lease contracts relating to the real estate complex where the Parent Company's secondary office is located), an improvement of € 27.4 million compared to December 31, 2015 when it was positive at € 74.6 million.

Cash holdings at June 30, 2016 amounted to **€ 109.8 million**, compared to € 123.6 million at December 31, 2015 (prior to Italiaonline's repayment of € 41.2 million, inclusive of interest, resulting from the loan agreement entered into to partially pay the consideration for the mandatory takeover bid for Seat Pagine Gialle's ordinary shares concluded in November 2015).

It should be noted that, according to Audiweb data for May 2016 (which do not take account of Google and Facebook), Italiaonline was confirmed as Italy's top internet company with an average of 4.3 million unique users a day. Italiaonline ranked first also with reference to mobile audience, outperforming other top players with an average of more than 2.0 million unique users a day. Finally,

¹ As for the results for FY 2015 and Q1 2016, in the interest of a consistent comparison between the results for H1 2016 and H1 2015, the latter, with reference to the Seat Pagine Gialle Group, were decreased by the non-recurrent effect of (i) the change in the accrual-basis accounting of revenues generated by PagineBianche® adopted as of January 1, 2015 and (ii) the new publication calendar of the SmartBook®, introduced as of January 1, 2016, totaling revenues of €8.0 million and EBITDA of €7.6 million

and again confirmed by Audiweb data, Italiaonline stands as the top player in the Italian Internet context in terms of pageviews (71 million) and time spent in an average day (10:29 min).

SIGNIFICANT EVENTS AFTER JUNE 30, 2016

With effect from **July 1, 2016** the 1254 service business unit was transferred to Contacta S.p.A. On **August 4, 2016** 100% of the subsidiary Europages S.A., headquartered in Paris, was transferred to a subsidiary of the private equity fund Paragon Partners, based in Munich (Germany). The transfer of the 1254 service has been imposed by the Regulator as part of the merger process of Italiaonline and Seat Pagine Gialle and concerned the 1254 brand, intangible assets and commercial and employment contracts relating to the business unit. Europages business was deemed no longer strategic and the Strategic Plan approved on January 15 2016 (“Strategic Plan”) accordingly envisaged its disposal in 2016.

On **July 22, 2016**, a little more than a month after the merger of Italiaonline into Seat Pagine Gialle, CONSOB, in view of the evolving corporate situation, ordered that the monthly reporting obligations concerning the corporate situation pursuant to Article 114 of Italian Legislative Decree No. 58/98, required by CONSOB with the memorandum of September 7, 2011, no longer applied. As from July 2016 the new Italiaonline is therefore no longer included in the black list of issuers subject to the aforesaid monthly obligations.

On **August 3, 2016**, the Tax Authorities notified a favorable ruling in respect of the carry forward of about € 650 million deductible interest, which adds to the existing tax losses carry forward of about € 160 million. The ruling was submitted in order to seek non-application of the anti-avoidance rules that would have prevented the interest carry forward as a result of the merger between Seat Pagine Gialle S.p.A. and Italiaonline S.p.A..

FORESEEABLE EVOLUTION

During 2016, the management team will continue to take incisive steps to implement the strategic actions set out in the 2016-2018 Strategic Plan, with the aim of stabilizing revenues by 2018 and returning to operating margin levels between 25% and 30%.

The main strategic actions will concern the overhauling of the product portfolio, Customer relations activities, the reduction of operating costs and the rationalization of the Group business perimeter in order to increase the strategic focus on the core business in Italy.

For H2 2016, the Italiaonline Group expects:

- Revenues in a range of € 191 million ÷ € 201 million (leading to a FY 2016 expected amount in a range of € 391 ÷ € 401 million) considering the exit from the business perimeter in H2 2016 of the business line dedicated to the 1254 directory service and of the subsidiary Europages. The launch of new products is planned to start in September with a view to reversing the revenues trend during 2017.

- Ebitda in a range of € 34 ÷ € 37 million (leading to a FY 2016 expected amount in a range of € 64 ÷ € 67 million), supported by cost reduction, in detail:
 - the effects of the cost containment measures already implemented in H1 2016, which will be fully visible during H2 2016;
 - new cost saving initiatives that will be executed. Particularly the implementation of the reductions in labor costs envisaged by the Strategic Plan will lead, after the completion of the reorganization plan, to a net saving of € 27 million on an annual basis.
- Ebitda margin in a range of 17.8% ÷ 18.4%.
- Cash holdings available at the end of 2016 are expected to be significantly higher than initial Strategic Plan forecasts (amounting to € 80.6 million).

The text of this press release and the relevant presentation to the financial market can be consulted and are available from the website of Borsa Italiana S.p.A. at borsaitaliana.it, and on the corporate website at italiaonline.it/investor

Disclaimer

This press release contains certain forward-looking statements that reflect the Company's management's current views with respect to future events and financial and operational performance of the Company and its subsidiaries. These forward-looking statements are based on Italiaonline S.p.A.'s current expectations and projections about future events. Because these forward-looking statements are subject to risks and uncertainties, actual future results or performance may differ materially from those expressed in or implied by these statements due to any number of different factors, many of which are beyond the ability of Italiaonline S.p.A. to control or estimate precisely, including changes in the regulatory environment, future market developments, fluctuations in the price, and other risks. You are cautioned not to place undue reliance on the forward-looking statements contained herein, which are made only as of the date of this press release. Italiaonline S.p.A. does not undertake any obligation to publicly release any updates or revisions to any forward-looking statements to reflect events or circumstances after the date of this press release. The information contained in this press release does not purport to be comprehensive and has not been independently verified by any independent third party.

This press release does not constitute a recommendation regarding the securities of the Company. This press release does not contain an offer to sell or a solicitation of any offer to buy any securities issued by Italiaonline S.p.A. or any of its subsidiaries.

Pursuant to art. 154-bis, paragraph 2, of the Italian Unified Financial Act of February 24, 1998, the executive in charge of preparing the corporate accounting documents at Italiaonline S.p.A., Andrea Servo, declares that the accounting information contained herein correspond to document results, books and accounting records.





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

Italiaonline Group

Reclassified consolidated income statements

(euro/mln)	1st half year 2016	1st half year 2015	Change	
		<i>comparable data</i>	Absolute	%
Revenues from sales and services	199.7	219.0	(19.3)	(8.8)
Materials and external services	(106.4)	(130.7)	24.3	
Salaries, wages and employee benefits	(55.2)	(57.9)	2.7	
Gross operating profit (GOP)	38.1	30.4	7.7	25.3
% on revenues	19.1%	13.9%		
Other valuation adjustments and provisions to reserves for risks and charges	(7.0)	(7.3)	0.3	
Other income (expenses)	(1.6)	(1.7)	0.1	
Operating income before amortisation, depreciation, non-recurring and restructuring costs, net (EBITDA)	29.5	21.4	8.1	37.5
% on revenues	14.8%	9.8%		
Operating amortisation, depreciation and write-down	(21.8)	(24.8)	3.0	
Non-operating amortisation and write-down	(3.4)	(1.9)	(1.5)	
Non-recurring and restructuring costs, net	(4.7)	(6.5)	1.7	
Operating income (EBIT)	(0.5)	(11.7)	11.2	95.7
% on revenues	(0.2%)	(5.4%)		
Interest expense, net	0.2	(2.9)	3.1	
Value adjustments of financial assets	-	-	-	
Net income from execution of composition with creditors procedure	-	5.9	(5.9)	
Profit (Loss) before income taxes	(0.3)	(8.7)	8.4	96.4
Income taxes	4.2	(1.7)	5.9	
Profit (Loss) on continuing operations	3.8	(10.5)	14.3	n.s.
Profit (Loss) from non-current assets held for sale and discontinued operations	-	0.2	(0.2)	
Profit (loss) for the period	3.8	(10.2)	14.1	n.s.
of which pertaining to the Group	3.8	(8.2)	12.0	
of which non-controlling interests	(0.0)	(2.0)	2.0	

Italiaonline Group
Reclassified consolidated statements of financial position

(euro/mln)	At 06.30.2016	At 12.31.2015	Change
		<i>comparable data</i>	
Goodwill and marketing related intangibles assets	280.5	283.7	(3.2)
Other non-current assets (*)	81.6	91.8	(10.2)
Non-current liabilities	(72.6)	(83.5)	10.9
Working capital	(46.7)	(31.2)	(15.5)
Non-current assets held for sale and discontinued operations	2.0	2.3	(0.3)
Net invested capital	244.8	263.1	(18.3)
Equity of the Group	347.0	288.2	58.8
Non-controlling interests	(0.2)	49.5	(49.7)
Total equity	(A) 346.8	337.7	9.1
Net financial debt	(B) (102.0)	(74.6)	(27.4)
Total	(A+B) 244.8	263.1	(18.3)

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

Italiaonline Group
Consolidated cash statement of cash flows

(euro/mln)	1st half year 2016	1st half year 2015 <i>comparable data</i>	Change
Operating income before amortisation, depreciation, non-recurring and restructuring costs, net (EBITDA)	29.5	21.4	8.0
Gains (losses) from discounting operating assets and liabilities	(0.6)	0.5	(1.1)
Decrease (increase) in operating working capital	18.7	21.3	(2.6)
(Decrease) increase in operating non-current liabilities (*)	0.7	(3.6)	4.3
Capital expenditure	(12.1)	(19.2)	7.1
Operating free cash flow	36.2	20.4	15.8
Payment of income taxes	(0.7)	(4.4)	3.8
Unlevered free cash flow			
Cash-in of interest expense, net	1.4	0.4	1.0
Payment of non-recurring and restructuring expense	(9.3)	(13.0)	3.6
Cash-in under the settlement for the action or responsibility	-	30.0	(30.0)
Effect from the dissolution of leases agreements	-	23	(23.2)
Other movements	(0.1)	65.8	(65.9)
Change in net financial debt	27.4	122.4	(95.0)

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

Additions required by Consob on July 22, 2016 pursuant to Article 114 of Legislative Decree No. 58/98

Set out below is the information requested, with reference to June 30, 2016, to comply with Consob's request dated July 22, 2016, protocol No. 0067885/16, pursuant to Article 114 of Italian Legislative Decree 58/1998, regarding the request to supplement the annual, half-year and interim financial reports as of the half-year report at June 30, 2016, as well as the press releases concerning approval of the aforesaid accounting documents, to replace the reporting obligations set out in the request dated September 7, 2011, protocol No. 11076499.

Group net financial position as at 30 June 2016

(euro/thousand)		As at 06.30.2016	As at 12.31.2015	Change
A	Cash	109,775	123,566	(13,791)
B	Cash equivalent	-	-	-
C	Trading securities	-	-	-
D=(A+B+C)	Liquidity	109,775	123,566	(13,791)
E.1	Current financial receivables from third parties	758	785	(27)
E.2	Current financial receivables from related parties	-	-	-
F	Current bank debt	-	-	-
G	Current portion of non-current debt	1,139	1,118	21
H.1	Other current financial debt to third parties	67	40,878	(40,811)
H.2	Other current financial debt to related parties	-	-	-
I=(F+G+H)	Current financial debt	1,206	41,996	(40,790)
J=(I-E-D)	Net current financial debt	(109,327)	(82,355)	(26,972)
K	Non-current bank debt	-	-	-
L	Bonds issued	-	-	-
M.1	Other non-current financial debt to third parties	7,316	7,798	(482)
M.2	Other non-current financial debt to related parties	-	-	-
N=(K+L+M)	Non-current financial debt	7,316	7,798	(482)
O=(J+N)	Net financial debt (ESMA)	(102,011)	(74,557)	(27,454)

The net financial positions of the Group Italiaonline at June 30, 2016 was positive at € 102,011 thousand.

Cash and cash equivalents existing at the time of the merger have enabled repayment on June 20, 2016 of the debt arising from the loan agreement, entered into in order to partly repay the Euro 41,195 thousand consideration for the mandatory takeover bid for Seat Pagine Gialle's ordinary shares.

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

Group overdue debt positions as at 30 June 2016

A breakdown by type (financial, commercial, tax, social security, and to employees) of overdue debt positions of the Group Italiaonline it belongs to, and any related initiatives in response from the creditors (requests, orders, suspensions of funding, etc.) is reported below:

- Trade payables expired at June 30, 2016 amounted to € 16,861 thousand (of which € 16,792 thousand regarding Italiaonline S.p.A.), paid in July for € 10,537 thousand (of which € 10,469 thousand regarding Italiaonline S.p.A.);
- there are no outstanding financial and social security payables;
- the amount of expired tax payables is not material and does not to prejudice ordinary business operations.

This situation should be seen as a structural part of normal commercial relations with the Group's suppliers and there are no reports of reactions by creditors that could prejudice ordinary operations.

Related parties transactions

All the transactions entered into by companies of the Italiaonline Group with related parties, including intra-group transactions, are ordinary operations regulated at market conditions or on the basis of specific laws and regulations. There were no atypical and/or unusual transactions, or characterized by potential conflict of interest and there were no changes or developments of the related party transactions described in the latest approved financial report that had a significant effect on the capital or results of the Group and Italiaonline S.p.A.

The tables below provide a breakdown of transactions with related parties of the Company and the Group:

ITALIAONLINE GROUP - INCOME STATEMENT 1° HALF YEAR 2016

(euro/thousand)	Parent company	Subsidiaries	Associates	Other related parties (*)	Total related parties
Revenues from sales and services	-	-	38	-	38
Other income and revenues	-	-	-	227	227
Cost for external services	-	-	-	(2,867)	(2,867)
Salaries, wages and employee benefits	-	-	-	(1,319)	(1,319)

(*) Directors, statutory auditors, managers with strategic responsibilities

ITALIAONLINE GROUP - STATEMENT OF FINANCIAL POSITION AT JUNE, 30 2015

(euro/thousand)	Parent company	Subsidiaries	Associates	Other related parties (*)	Total related parties
Assets					
Other non-current financial assets	-	-	168	-	168
Trade receivables	-	-	48	107	155
Other current assets	90	-	-	234	324
Liabilities					
Trade payables	-	-	-	3,256	3,256
Payables for services to be rendered and other current liabilities	-	-	-	242	242

(*) Directors, statutory auditors, managers with strategic responsibilities

ITALIAONLINE GROUP - CASH FLOW 1° HALF YEAR 2016

(euro/thousand)	Parent company	Subsidiaries	Associates	Other related parties (*)	Total related parties
Cash inflow (outflow) from operating activities	0	-	75	(4,704)	(4,629)
Cash inflow (outflow) for investments	-	-	-	-	-
Cash inflow (outflow) for financing	-	-	-	-	-
Cash inflow (outflow) from non-current assets held for sale and discontinued operations	-	-	-	-	-
Increase (decrease) in cash and cash equivalents in the year	0	0	75	(4,704)	(4,629)

(*) Directors, statutory auditors, managers with strategic responsibilities

Status of implementation of business and financial plans

Based on the most recent data available, relating to H1 2016, the forecasts included in the Strategic Plan approved on January 15, 2016 are currently fully relevant, as the negative deviation in revenues in H1 2016 compared to the Plan (-2.6%) is fully offset by the positive deviation in Ebitda (+78.8%) and in the unlevered free cash flow generated in the period (+39.2%).

Fine Comunicato n.0673-100

Numero di Pagine: 13