



## Italian Stock Market Opportunities

September, 20<sup>th</sup> 2017



# AGENDA

- **DADA AT A GLANCE**
  - 1H 2017 Financial & Business Highlights
  - Strategic View & 2017 Guidelines

DADA at a Glance

## Leading European Player in Digital Services for SMBs

### WHO WE ARE

- **Leading European Player** in **Digital Services** for the **Online Presence & E-Business** of **SMBs**
- **Complete Suite of Products:** Domains, Website building, Digital Marketing, Hosting, Servers, Cloud & Managed Solutions
- Fully Integrated **Technology Infrastructure**, Proprietary **Datacenter**, World Class **Data Driven Platform**
- Listed on the **STAR Segment** of the Milan Stock Exchange (**EV € 81,8\*\* mln**)

### BY THE NUMBERS

**15** years  
Successful **Track Record** in the Industry

**650\*** k  
paying **Clients** (+8% yoy)

**1.9** mln  
**Domains\*** under management

Presence in **7**  
**European countries**

**€35.0** mln  
**Revenue** H1 2017 (+7% yoy ), o/w 52% **International**

**€6.6** mln  
**Ebitda** H1 2017, **19% Ebitda Margin**

**452**  
Highly Qualified **Employees\***

\* Data as of 30 June 2017

\*\* Data Mk Cap as of 30 June 2017, NFP as of 30 June 2017

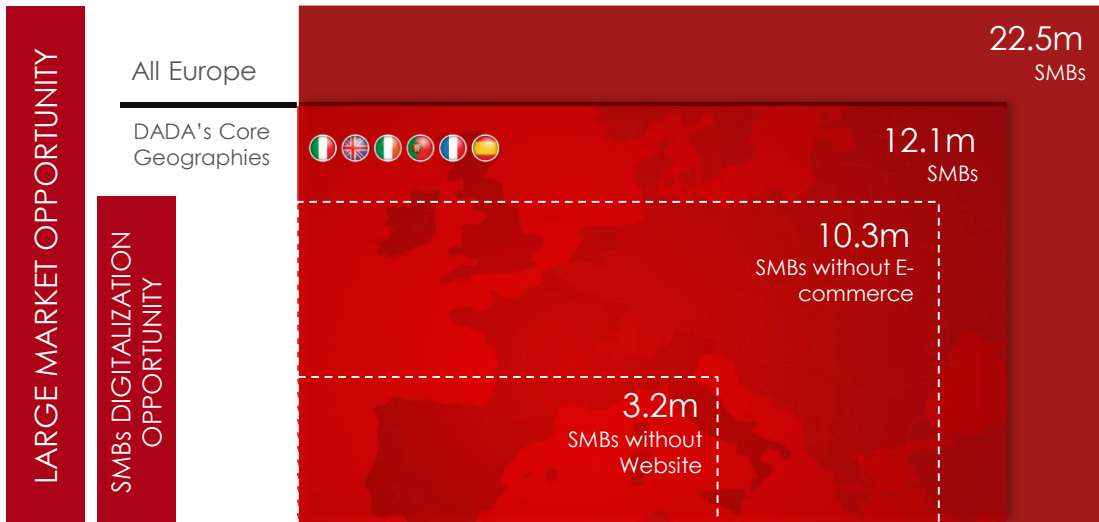


# AGENDA

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- **1H 2017 FINANCIAL & BUSINESS HIGHLIGHTS**
- Strategic View & 2017 Guidelines

# A Large & Underserved Market

Sources: European Commission - SME Performance Review – SME Company Analysis



With more than 650,000 SMB European customers, the current DADA's Market Penetration in its core geographies is **5%**

# Market trends D&H

Opportunities arising from new gTLDs, released by ICANN starting in 2014

## DOMAINS MARKET TREND

Q1 2017 CLOSED WITH

330.6  
MILLION

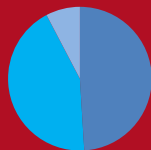
DOMAIN NAME REGISTRATIONS  
ACROSS ALL TLDs

AN INCREASE OF APPROXIMATELY

1.3 MIL  
OR  
0.4%

OVER Q4 2016

## GLOBAL TLDs BREAK DOWN



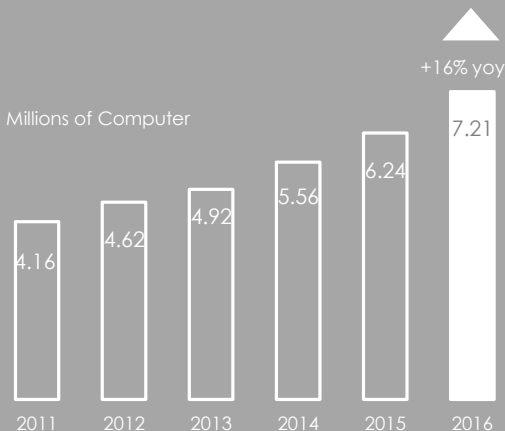
- GTLDs
- CCTLD
- NEWGTLDs

Source The Verisign Domain Name Industry Brief Q1 2017  
Keys : ccTLDs (.it, .uk, .ru); gTLDs (.com,.net); new gTLDs (.wine, .London, .sport)

## GLOBAL HOSTING PROVIDERS MARKET

Hosting Providers (Cloud DC, colo solutions) and IT Providers (Telco, cabling)

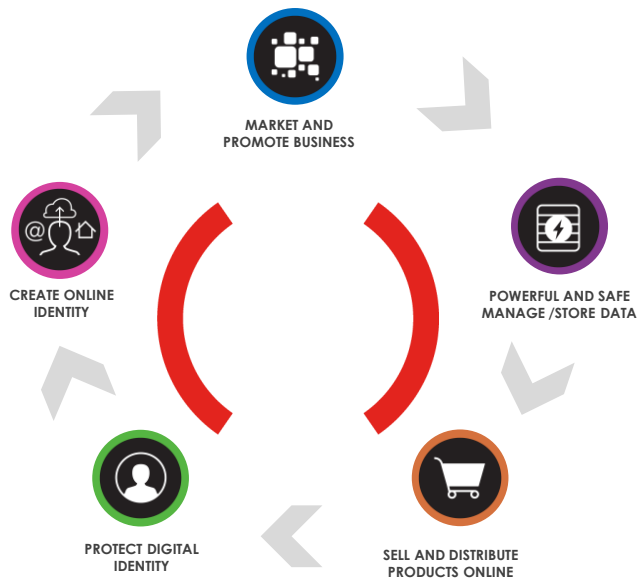
Millions of Computer



Source : Netcraft report nov 2016

Business Overview

# We Help SMBs Go Digital



- WIDE AND COMPLETE SUITE OF **PRODUCTS**
- HIGH LEVEL OF **SECURITY** AND **RELIABILITY**
- CONSTANT **SUPPORT** AND **CONSULTANCY**
- TAILOR MADE **SOLUTIONS**



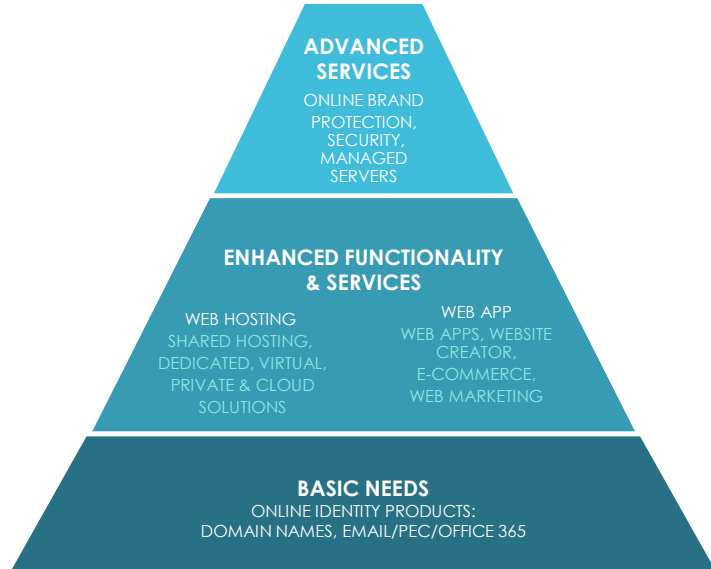
DADA complies with the code of conduct of CISPE:  
*Cloud Infrastructure Services Provider in Europe*

# DADA's Suite of Products & Services

## HOW WE OFFER IT



## WHAT WE OFFER





# Consistent Financial & Business Improvements

## SOUND FINANCIALS GROWTH

- **+7% yoy Revenue to €35.0 mln**  
(highest H1 of previous 4 years)
- **+11% yoy Ebitda to €6.6 mln**  
(highest H1 of previous 7 years)
- **Ebitda Margin 19%**  
(vs 18% of 2016)
- **+29% yoy Ebit to €3.3 mln**
- **Net Result to €1.3 mln**  
(vs € 0.4 mln)

## NFP REDUCED ON OPERATING CASH FLOW

- **€3.4 mln Cash Flow** in H1
- **+9% yoy Operating Cash Flow\*** to € 7.1 mln
- **Capex €2.2 mln**
- **NFP @ 30 Jun 2017 decreased to €26.1 mln**  
(vs € 29.5 at 31 Dec 2016)

\* Before Interests and Taxes

## CONTINUED IMPROVEMENT OF KPIs

- **+8% yoy Customer Base to 650.000**
- **+7% yoy New Customers** acquired
- **Domains** under Management to **1.9 mln**
- Consolidated **Market Share** in all Geographies

## Consolidation of Strong Presence in the Main European Markets...

- o DADA operates mainly in **Italy** & the **UK** as one of the **1-3 top players** and holds a strong positioning in **France, Spain, Portugal** and **Ireland**...
- o ...with **long – standing Brands** such as Register.it, Names.co.uk, Nominalia and Amen with **industry-leading NPS score**
- o In 1H 2017 DADA **consolidated its market share** despite a very challenging environment

### DADA BRANDS & RANKING



**#2 ITALY**

( )register.it ( )etinet ( )sfera



**#2 IRELAND**

( )register365



**TOP 5 FRANCE**

( )amen.fr



**#3 UK**

( )names.co.uk ( )simply



**#1 PORTUGAL**

( )amen.pt



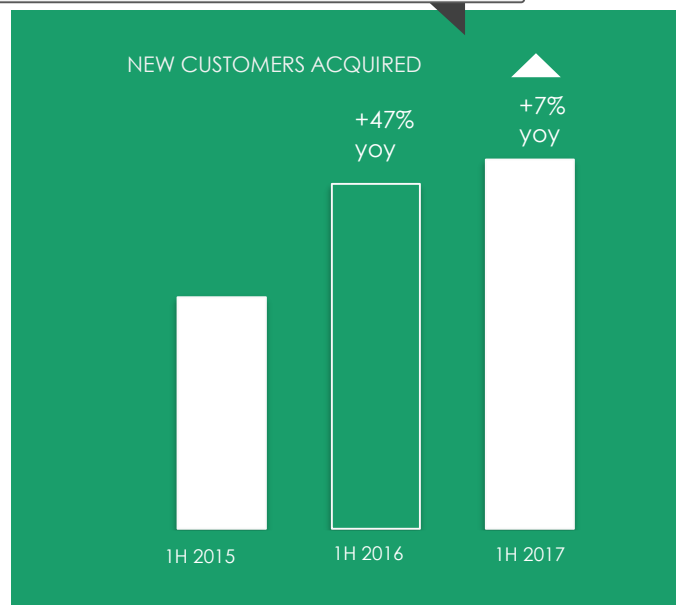
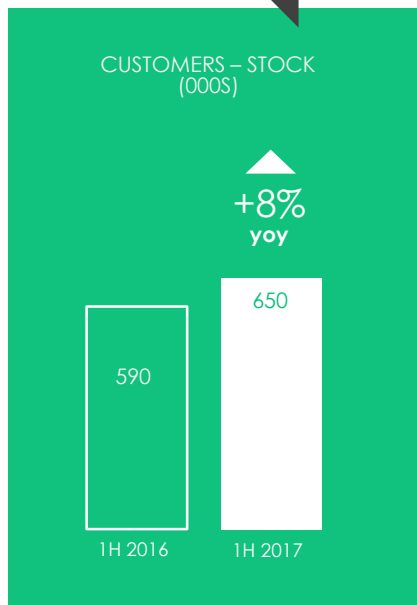
**TOP 8 SPAIN**

( )nominalia

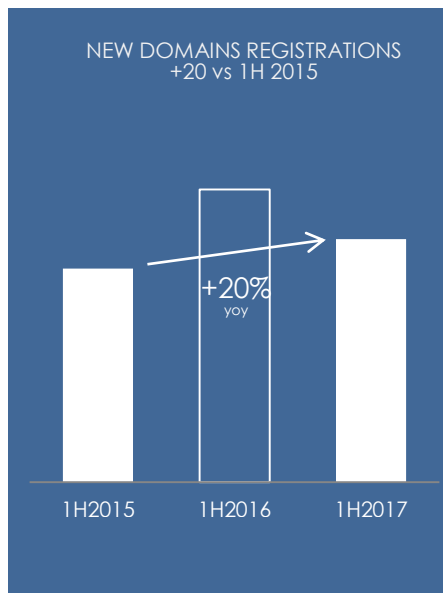
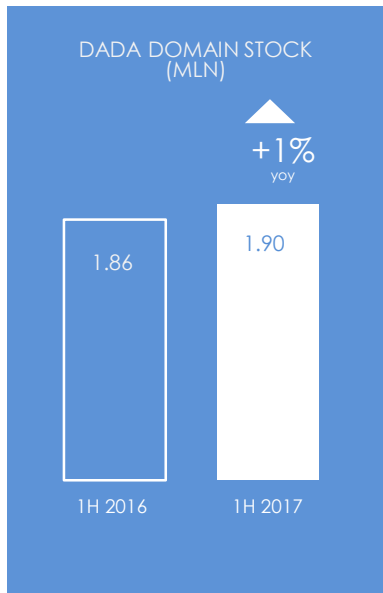
# Customer Base Still Growing Soundly

Monthly Churn <1.2%

Effective marketing strategies and improved COA efficiency

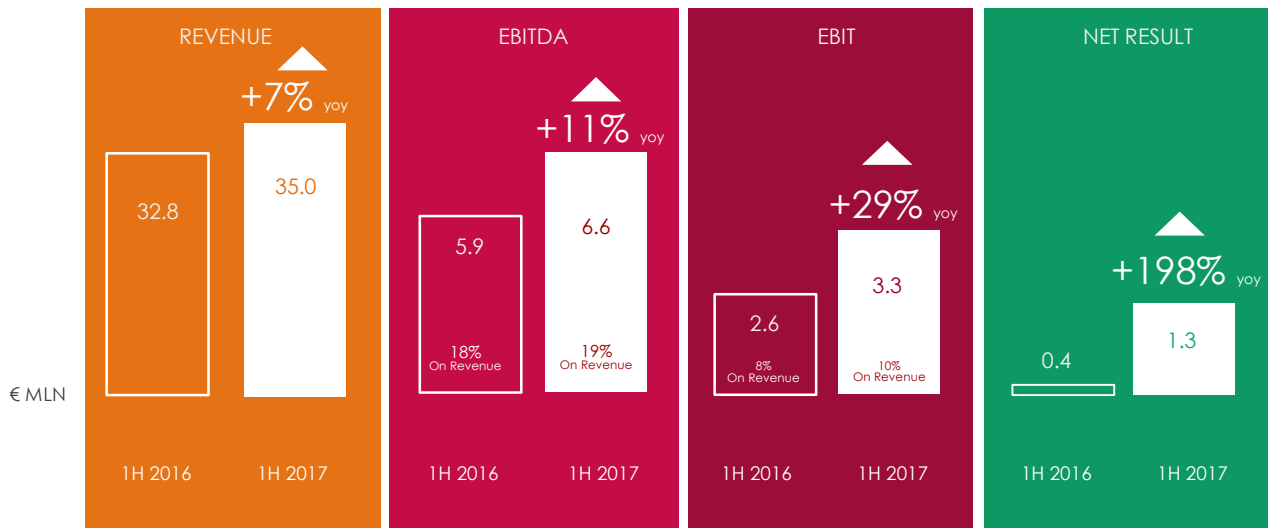


## Domains Stock - Market Share Consolidated



- o In 1H 2017 DADA consolidated market share in its geographies thanks to effective sales policies, and continuous product improvement
- o Stabilization in new domain trend (-17% yoy, +20% vs 1Q 2015) also driven by a selection of profitable offers and selective marketing initiatives

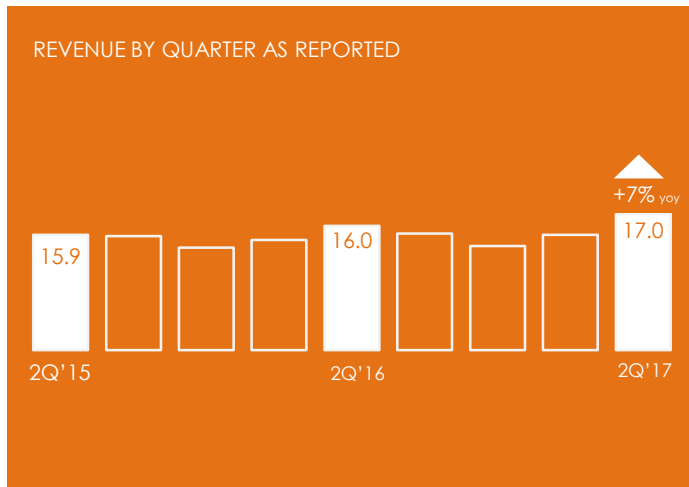
## Highest H1 Revenue of the Previous 4 Years & Highest EBITDA of the last 7 years



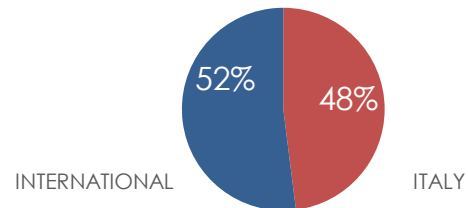
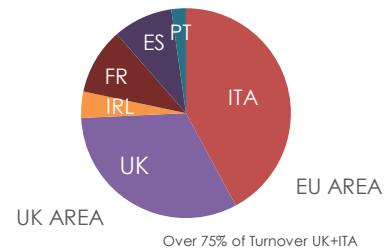
1H 2017 Financial & Business Highlights

# 2Q 2017 Revenue +7%

€ MLN

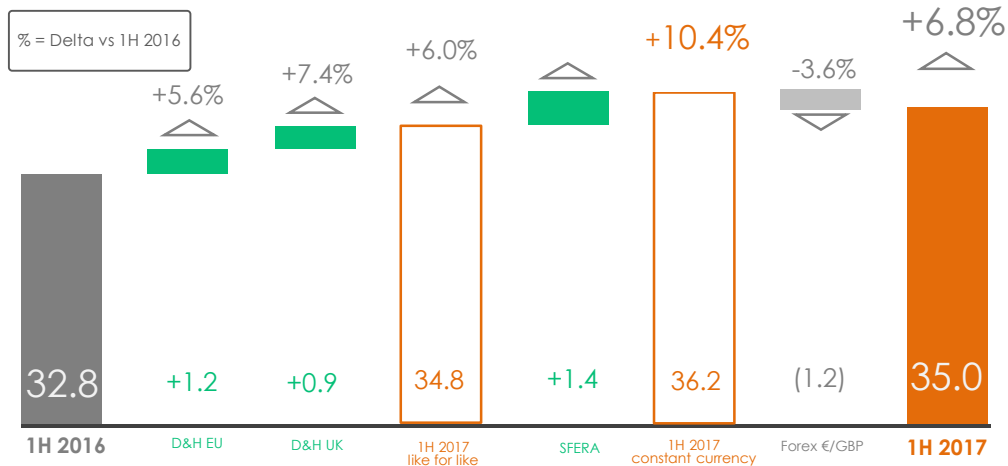


1H 2017 REVENUE BREAKDOWN



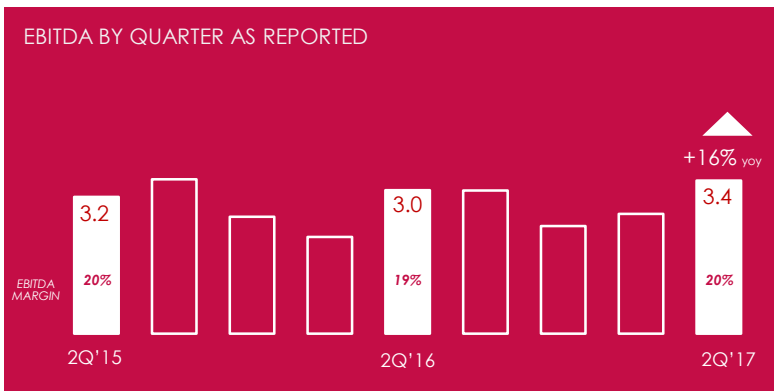
# 1H 2017 Revenue Bridge vs 1H 2016

€ MLN



# EBITDA and Margins Improved, despite Investments for Growth and Forex

€ MLN



1H 2017 Ebitda improved in line with guidance despite costs to manage the growth in volumes including:

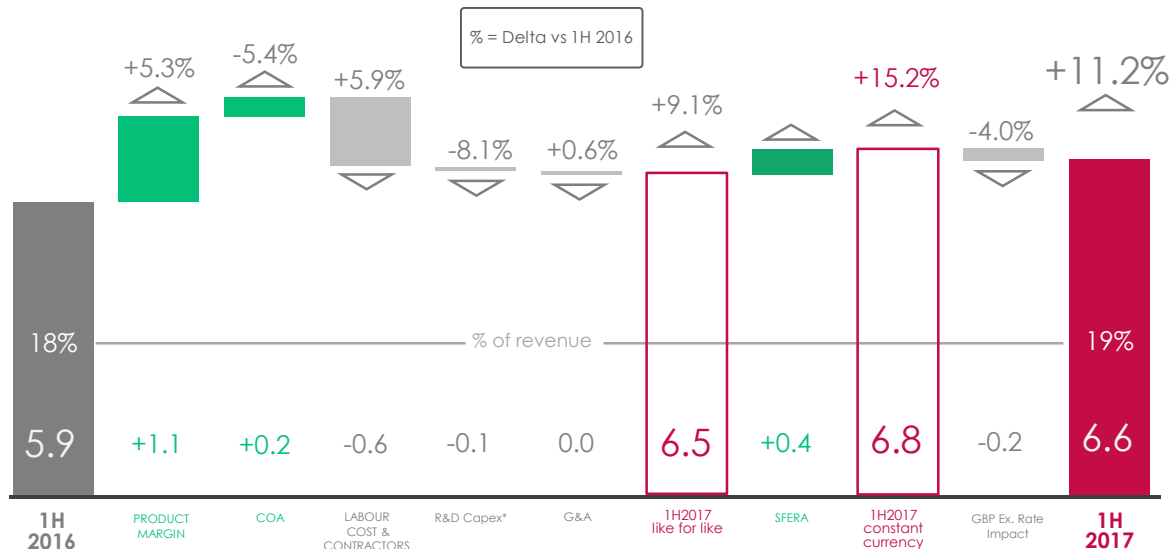
- Initial Promotion Strategies (time – limited) affecting new customer Arpu and Direct Margins
- Cost of personnel increase to face higher volumes, maintain quality of services & provide new tailor made solutions
- Increased efficiency in Marketing Costs



1H 2017 Financial & Business Highlights

# 1H 2017 EBITDA Bridge vs 1H 2016

€ MLN

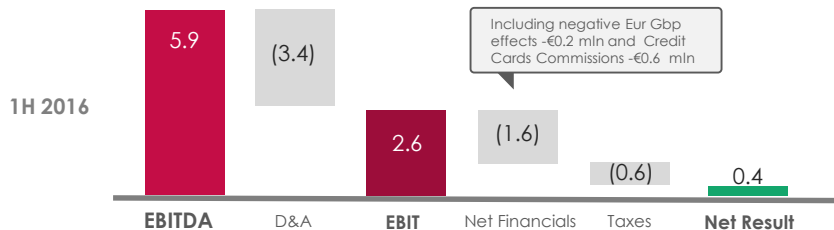
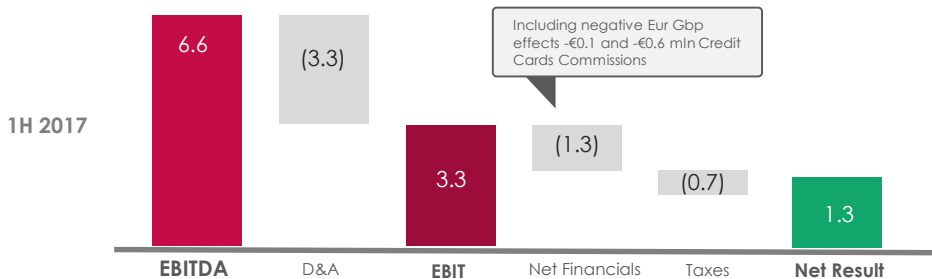


\* R&D: capitalization of the portion of Labor cost for the development of new internal products and processes

1H 2017 Financial & Business Highlights

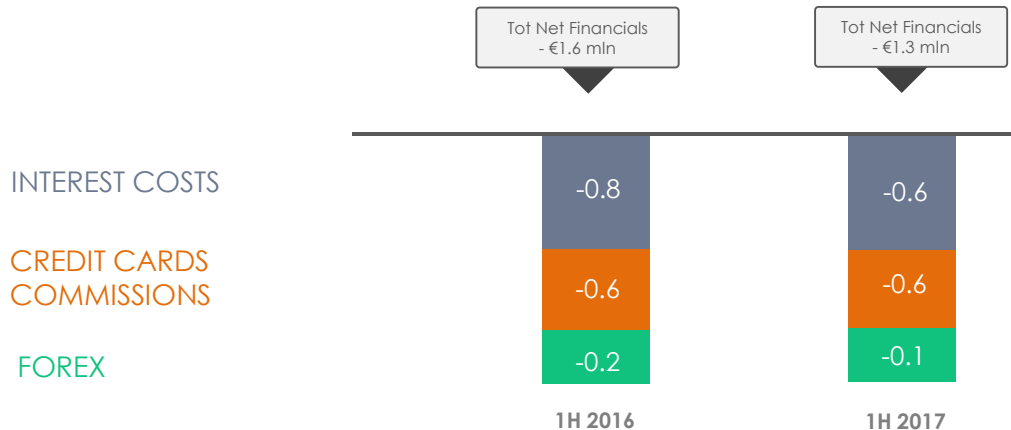
# From EBITDA to Net Result

€ MLN



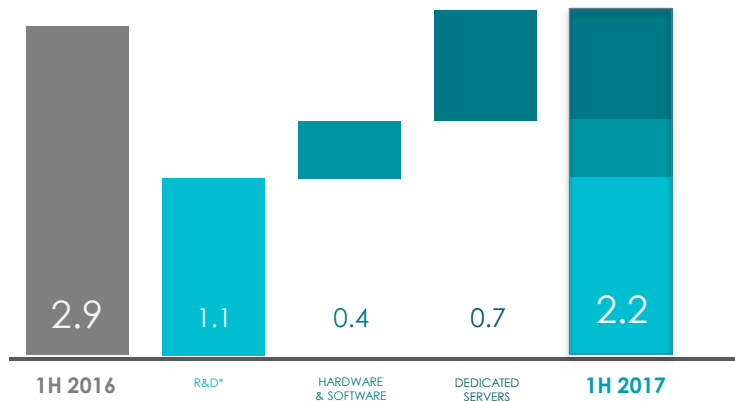
# Net Financial Charges

€ MLN



# Capex Composition

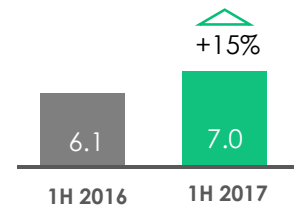
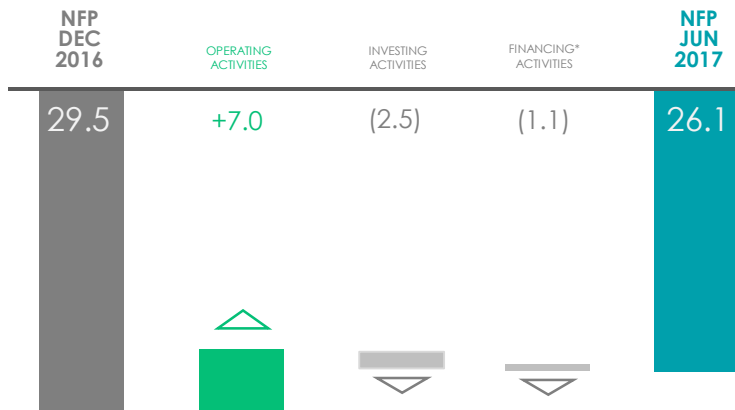
€ MLN



\* R&D: capitalization of the portion of Labor cost for the development of new internal products and processes

# Cash Flow

€ MLN



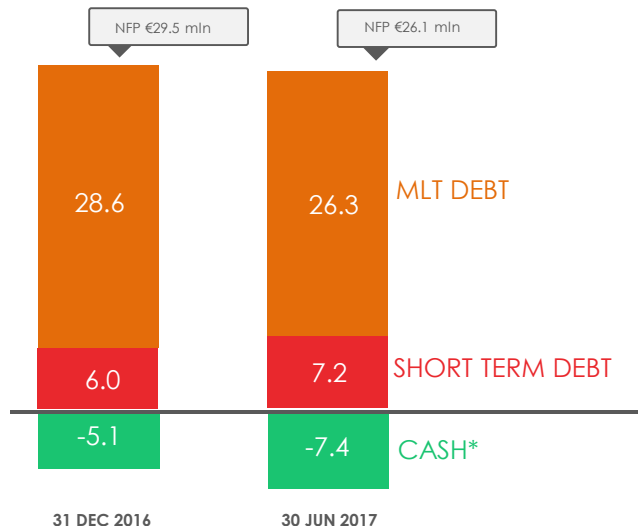
OPERATING CASH FLOW\*\*

\* Includes -€0.3 mln C/C commissions

\*\* Operating Cash Flow: Operating Cash Flow + NWC Chg (before outlays for tax and financial items)

## Net Financial Position

€ MLN



- NFP decreased by ~ €3.4 mln mainly thanks to Cash Flow from Operating Activities
- The majority of NFP @ 30 June 2017 is MLT, thanks to the debt renegotiation (about €26.5 mln) occurred on Dec 2016 which:
  - extended the terms & reduced costs of the overall Debt
  - enhanced financial structure to support future growth

\* Cash = Cash, bank and post office deposits

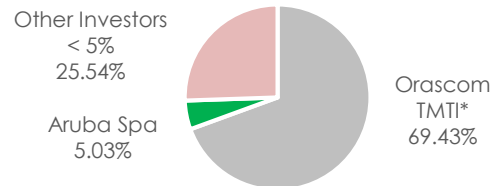
DADA Share

# DADA Stock

Data as of September 14<sup>th</sup> 2017

MARKET	STAR SEGMENT – MTA
PRICE	€4.32
NOSH Issued	N.16.68 MLN
MKT CAP	€72 MLN
PERFORMANCE YTD	+41%
RELATIVE PERF vs STAR INDEX -1Y	IN LINE
AVERAGE DAILY VOLUMES Year to Date €	€413.249

## SHAREHOLDING STRUCTURE



**DADA PRICES & VOLUME: 14 Sept 2016 – 14 Sept 2017**



**DADA vs STAR INDEX: 14 Sept 2016 – 14 Sept 2017**





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- DADA AT A GLANCE
- 1H 2017 Financial & Business Highlights
- **STRATEGIC VIEW & 2017 GUIDELINES**



# Key Pillars of Future Strategy & 2017 Guidelines

## Strengthening Leading European Position & Further Improving Financials

### STRATEGIC POSITIONING

- Consolidate Mkt Share in core geographies
- Broaden range of "We do it for you" services
- Strengthen positioning in **Cloud Hosting, Virtual Dedicated & Private Servers**

### KEY REVENUES & PROFITABILITY DRIVERS

- Build **Volumes – New Clients**
- Enhance **Retention Rate** and **Upselling Activities** – increase ARPU
- Focus on **Profitable Customers**
- Increase **COA** efficiency

### BOOST OPPORTUNITIES

- Leverage on offline / online push – **Organic Growth**
- **Small Portfolio** acquisition to increase mkt share / add new services

### 2017 GUIDELINES

- **Mid-single digit Revenue increase** - on a like for like basis
- **Operating Margins** expected to **grow** more than proportionally thanks to renewals, scale and operating efficiency

Strategic Guidelines

# Investment Case

- 1 Large and Underserved Addressable Market
- 2 Leading Position in Core European Geographies
- 3 Broad Range and Highly Valuable Suite of Products, Powerful & Proprietary Infrastructure, Owned & Local Outstanding Customer Care
- 4 Good Revenues Visibility & Predictability
- 5 Significant Economies of Scale with Volume Growth
- 6 Data-Driven Understanding & Management of Customer Base & Customer Acquisition
- 7 Successful Track Record in Revenue Consolidation, Cost Optimization & M&A



**DADA**

ANNEXES

# 1H 2017 – Dada Group Consolidated P&L

€/mln	1H 2017	1H 2016	Delta vs 2016	
<b>Revenue</b>	<b>35,0</b>	<b>32,8</b>	<b>2,2</b>	<b>6,8%</b>
COGS	-12,6	-11,5	-1,2	10,2%
<b>Product Margin</b>	<b>22,4</b>	<b>21,3</b>	<b>1,1</b>	<b>4,9%</b>
COA	-2,9	-3,1	0,3	-9,2%
<b>Gross Margin</b>	<b>19,5</b>	<b>18,2</b>	<b>1,3</b>	<b>7,4%</b>
Labour Cost & Contractors	-10,5	-10,0	-0,5	4,9%
R&D CAPEX	1,1	1,2	-0,1	-8,7%
G&A	-3,6	-3,5	-0,1	2,3%
<b>EBITDA</b>	<b>6,6</b>	<b>5,9</b>	<b>0,7</b>	<b>11,2%</b>
Non recurring charges/Write-downs	-0,4	-0,2	-0,2	n.m.
D&A	-2,9	-3,2	0,3	-8,2%
<b>EBIT</b>	<b>3,3</b>	<b>2,6</b>	<b>0,7</b>	<b>28,8%</b>
Net Financials	-1,3	-1,6	0,3	-17,9%
Taxes	-0,7	-0,6	-0,1	24,8%
<b>Net Result</b>	<b>1,3</b>	<b>0,4</b>	<b>0,9</b>	<b>198,0%</b>

# 1H 2017 – Balance Sheet

€ mln	30.06.2017	31.12.2016
<b>Net Working Capital</b>	<b>(13.2)*</b>	<b>(12.2)</b>
<b>Fixed Assets</b>	<b>93.8</b>	<b>95.6</b>
Provisions and Other Funds	(1.1)	(1.1)
<b>Net Capital Employed</b>	<b>79.5</b>	<b>82.4</b>
<b>Net Financial Position</b>	<b>(26.1)</b>	<b>(29.5)</b>
<b>Total Shareholders' Equity</b>	<b>(53.4)</b>	<b>(52.9)</b>

*Differences between NCE and the sum of NFP and Net Equity area due to rounding*

*\* Of which €15.5 mln deferred revenues included as of 30 June 2017 (€14.1 mln at 31 December 2016)*

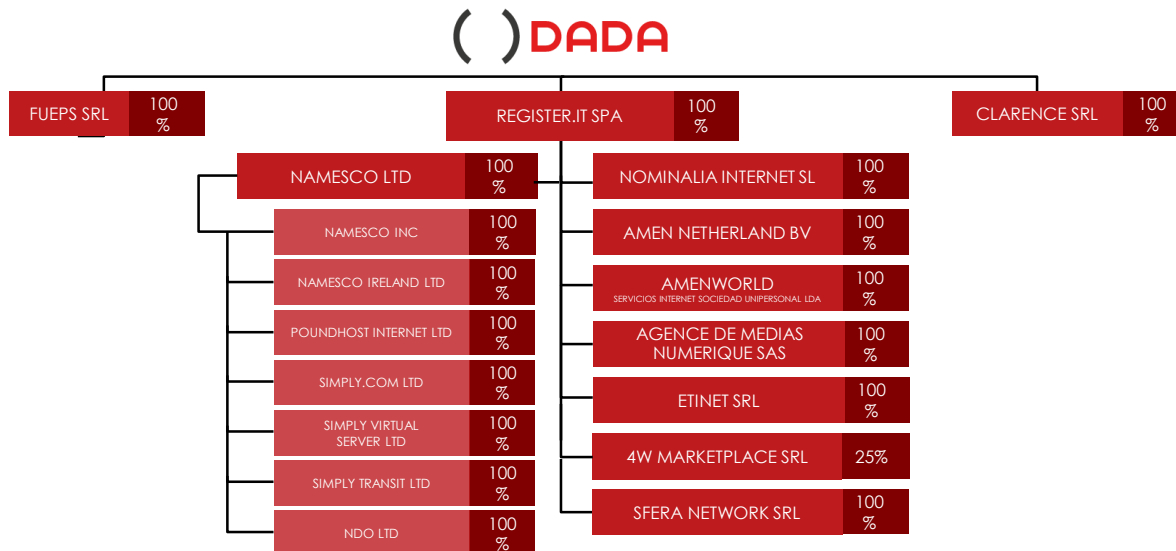
# 1H 2017 – NFP Breakdown

€ mln	30.06.2017	31.12.2016
<b>Cash, bank and post office deposits</b>	<b>7.4</b>	<b>5.1</b>
Credit lines, account overdrafts and current bank borrowings	(7.0)	(6.0)
Non-current bank borrowings (M/L T)	(26.3)	(28.5)
Derivatives	(0.2)	(0.2)
<b>NFP</b>	<b>(26.1)</b>	<b>(29.5)</b>

# 1H 2017– Cash Flow Statement

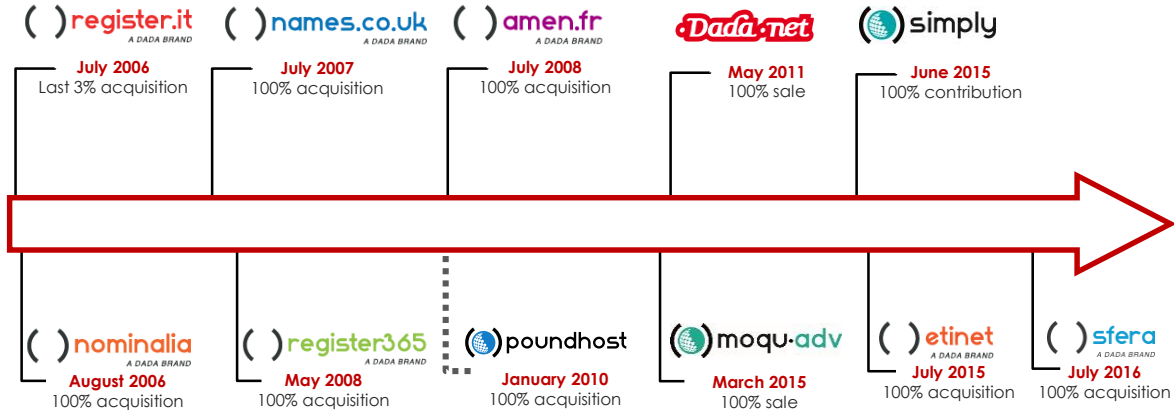
€ mln	1H 2017	1H 2016
<b>Cash and Cash Equivalents at the Beginning of Period</b>	<b>(0.98)</b>	<b>(8.8)</b>
Group Net Profit (Loss)	1.3	0.4
<b>Gross Operating Cash Flow</b>	<b>6.7</b>	<b>5.9</b>
Working capital, Income taxes and Interest paid	(0.7)	(1.0)
<b>Net Operating Cash Flow</b>	<b>5.9</b>	<b>4.9</b>
Capex & Investing Activities	(2.5)	(1.9)
Financing Activities	(2.3)	(3.2)
<b>Free Cash Flow</b>	<b>1.1</b>	<b>(0.2)</b>
<b>Cash and Cash Equivalents at the End of Period</b>	<b>0.1</b>	<b>(9.0)</b>

# Structure as of June 2017





# M&A Activity

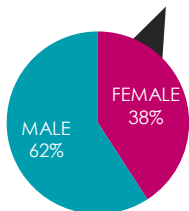
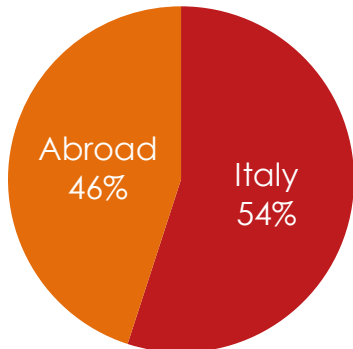


# M&A Multiples

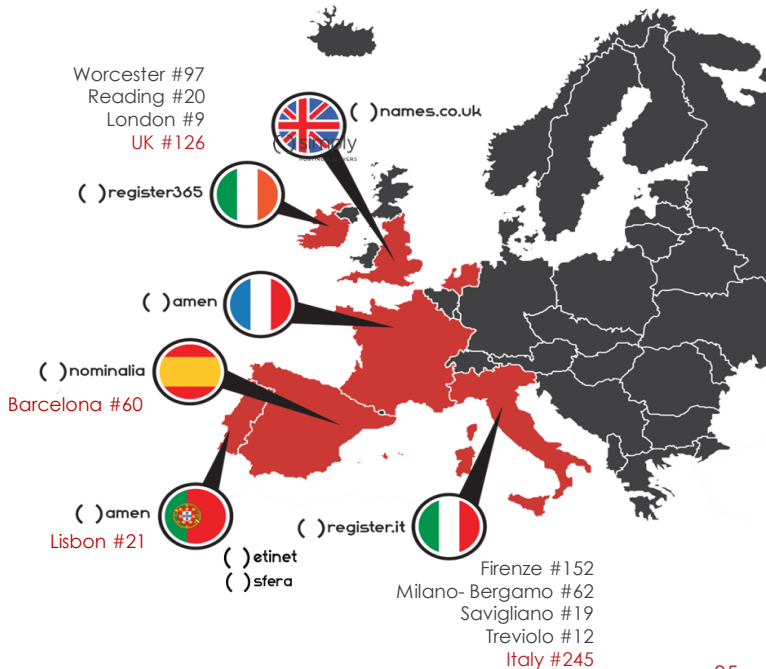
Country	Brand	Year	EV/Ebitda Acqu. Multiple	DADA Trading Multiple
SPAIN	( )nominalia	2006	2.7x	12.8x
UK	( )names.co.uk	2007	8.6x	15.1x
IRELAND	( )register365	2008	4.9x	6.7x
FRANCE	( )amen.fr	2008	6.8x	5.6x
PORTUGAL	( )amen.pt			
UK	( )poundhost	2010	2.7x	4.5x
ITALY	( )etinet	2015	2.6x	6.6x
ITALY	( )sfera	2016	4.8x	6.4x

# Human Capital

452 Highly Skilled Employees



As of 30 June 2017





# Many thanks!

## Contacts

Investor Relations DADA  
[investor.relator@dada.eu](mailto:investor.relator@dada.eu)

All forecasts included in this document are subject to risks and uncertainties of DADA itself and of Internet, media and Telco markets.

All forecasts are based on currently available information and reflect DADA Group management expectations.

All forecasts reflect market parameters, assumptions and other fundamentals which could change and therefore influence the future results.

All the forecasts are based on an hypothesis of organic growth and commercial and regulatory stability, particularly in the mobile market.

This document does not constitute solicitation of public saving.