

# FY 2017 RESULT

Conference Call, March 16<sup>th</sup> 2018



# Disclaimer

This presentation 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 presentation. 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 presentation. The information contained in this presentation does not purport to be comprehensive and has not been independently verified by any independent third party.

This presentation does not constitute a recommendation regarding the securities of the Company. This presentation 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., Gabriella Fabotti, declares that the accounting information contained herein correspond to document results, books and accounting records.

## PRO FORMA FY 2017 AND 2016

The main indicators for the years 2016 and 2017 have been analysed and commented according to a normalized view (pro forma data) to reflect the changes in the perimeter due to the sale of the subsidiary Europages and the 12.54 business segment, the disposal of Moqu's arbitration activities and to the accounting realignment of the subsidiary Consodata<sup>1</sup> occurred in 2016 and thus to enable comparison with FY 2017 results. As a result of the aforementioned changes, the comparative data as at 31 December 2016 show revenues of € 376.0 million (€ 389.5 million reported in 2016 Annual Financial Report) and EBITDA of € 63.9 million (-€0.1 million vs 2016 reported data) the corresponding figures for 2017 show revenues of € 338.5 million (€ 335.9 million data reported in the 2017 Annual Financial Report) and EBITDA of € 67.7 million (in line with data reported in the 2017 Annual Financial Report).

<sup>1</sup> The 2016 account receivables related to the subsidiary Consodata amounting to € 3.2 million had been written down entirely in terms of EBITDA and not of revenues to take into consideration the application of the accounting standard IFRS 5 (assets available for sale). In 2017 Consodata has been reinstated within the Group perimeter but a better assessment of the working capital revealed inconsistencies of € 2.5 million relating to Revenues of previous years, which have been deducted from the 2017 reported Revenues in compliance with the accounting standards. As a consequence of the above, for the purposes of a homogeneous representation of the business, the amount of the inconsistencies in the pro forma: a) has been correctly deducted from the 2016 revenues and recovered in 2017 Revenues.

# FY 2017 HIGHLIGHTS





## Financials

- FY2017<sup>1</sup> **revenues** at €338 m vs €376 m FY 2016 (-10% YoY)
- In 4Q 2017 **digital revenues** improved by +5% YoY
- Improved **profitability** with EBITDA at €68 m (+6% YoY)
- Improved **net income** at €26 m or +17% YoY
- Unl **FCF** at €50.4 m and EBITDA to Cash Conversion<sup>2</sup> at 74%
- Positive **NFP** at €73 mln, despite €80 million dividend distribution



## Business

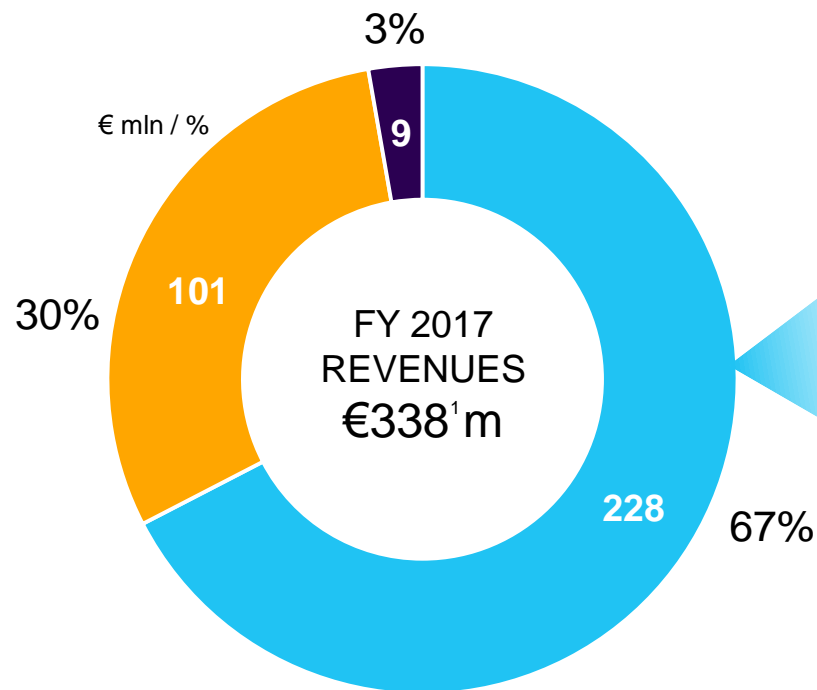
- New digital **top management** team
- **SME products** – the improvement of digital product portfolio continued
- **Digital Advertising** - new partnerships and acquisitions to boost prospective revenue
- Increased **audience**  **+14%** mobile daily audience  **+6.0%** total daily audience

(1) Revenues and EBITDA are pro forma figures, please refer to slide 2 for the details

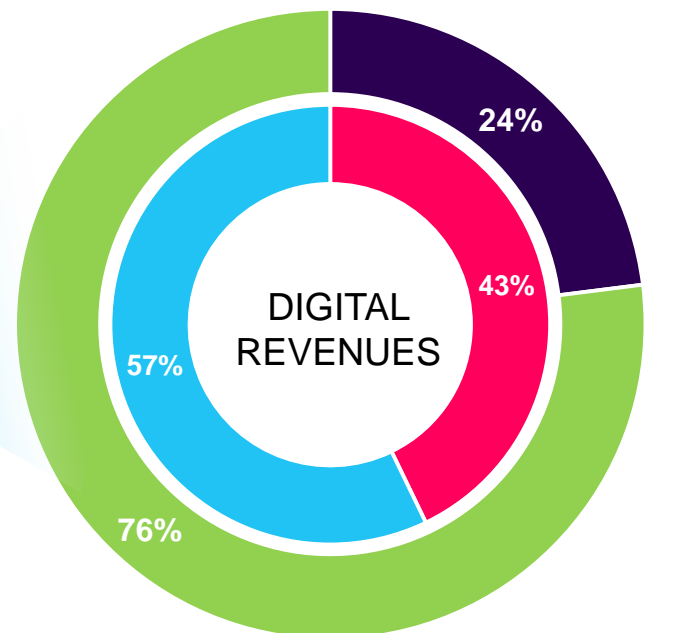
(2) Cash Conversion = Op FCF (Ebitda-Capex+ ΔNWC) adjusted to the tax amount paid/ EBITDA

(3) Source: Audiweb Database, powered by Nielsen, Avg. 2017 vs Avg. FY.2016 | TDA: Total Digital Audience, DAUs: Daily Active User

# Multiple revenues streams



● Digital   
 ● Traditional   
 ● Other

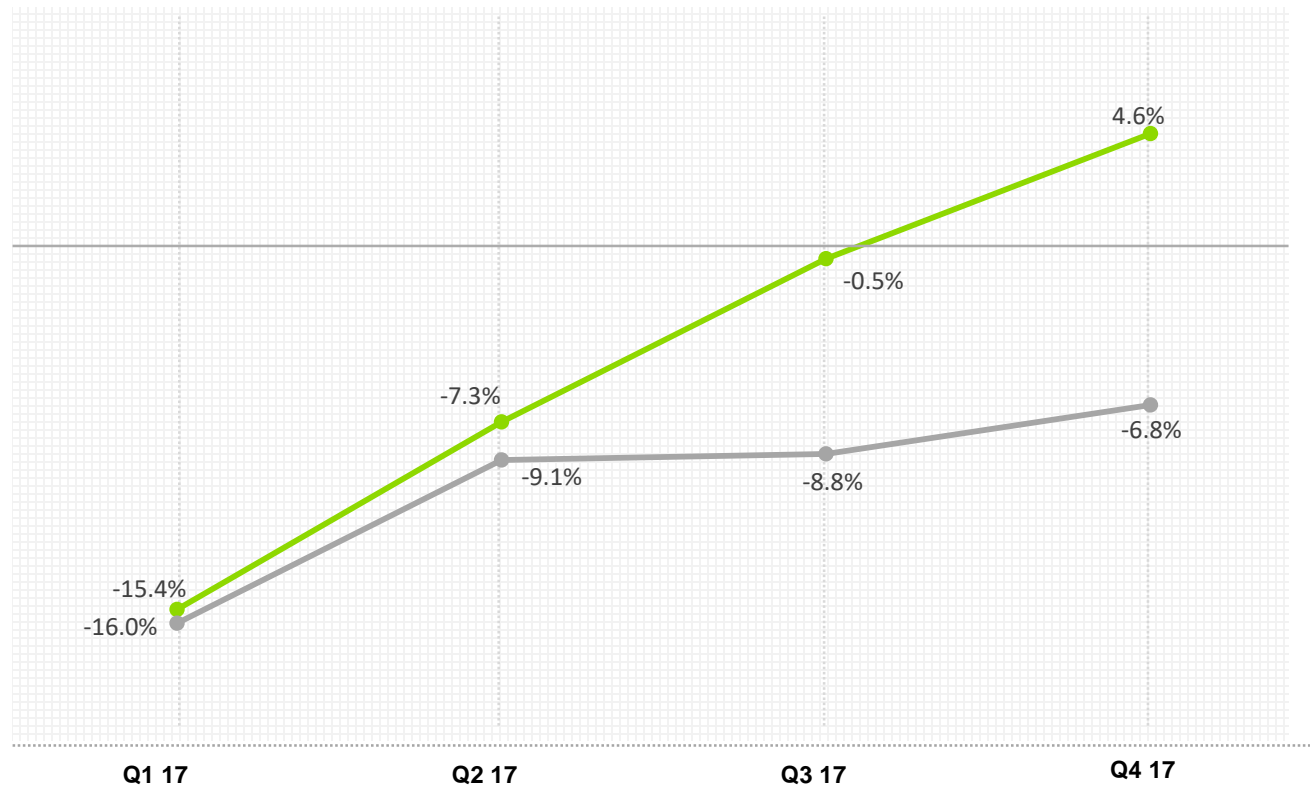


● SMEs   
 ● Large account  
● Presence   
 ● Digital Advertising

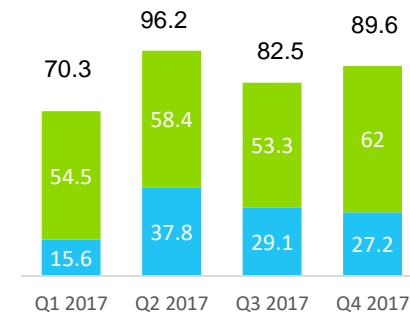
(1) Revenues are pro forma figures, please refer to slide 2 for the details

# Quarterly revenue trend improved thanks to the digital segment

YoY %



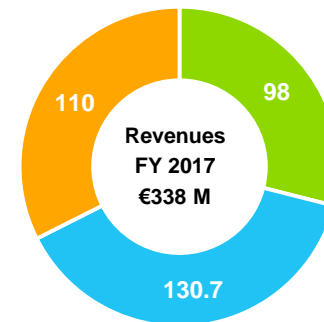
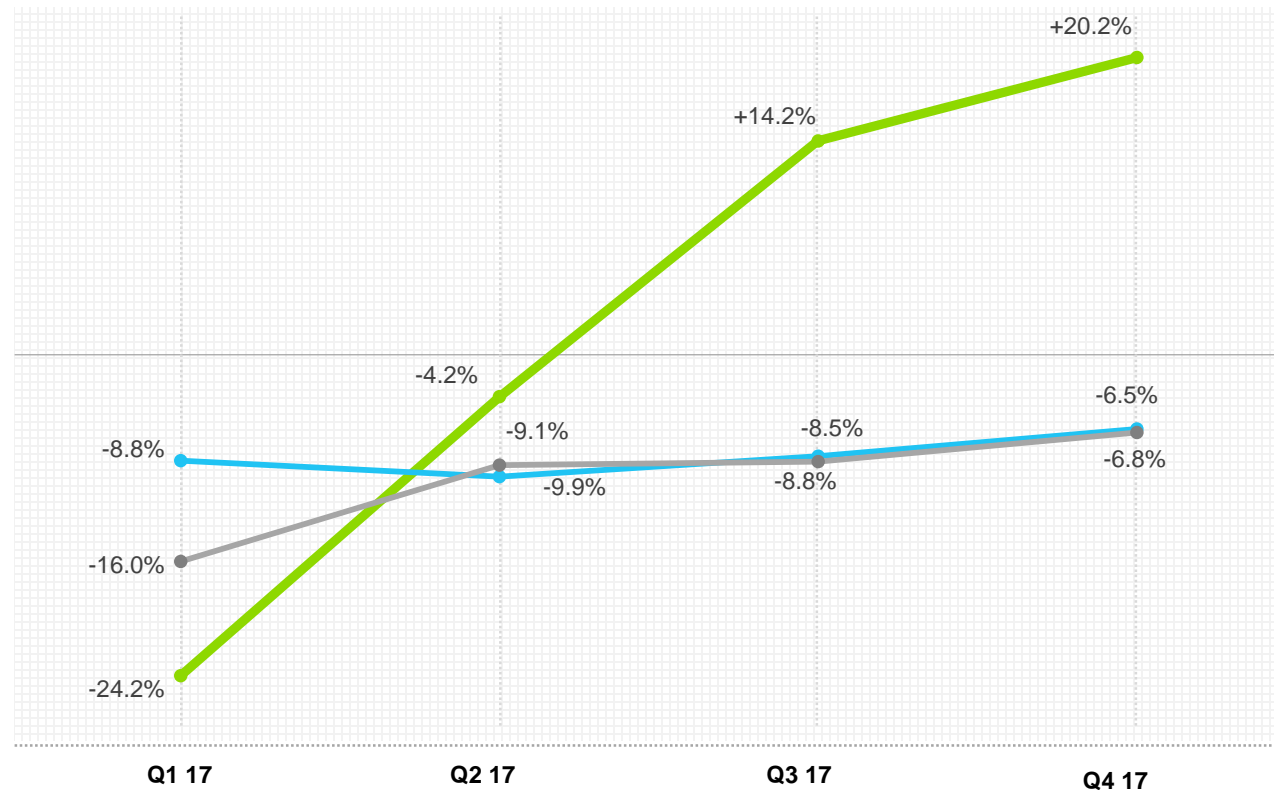
Revenues, € Million



Total	FY2017 -10% YoY
Digital	FY2017 -5% YoY
Traditional & Others	FY2017 -19% YoY

# Quarterly revenue trend shows double digit growth of digital ADV

YoY %



Total	FY2017 vs FY2016
	-10.0% YoY
Digital Advertising	FY2017
	-0.2% YoY
Presence	FY2017
	-8.4% YoY
Traditional & Others	FY2017
	-19% YoY

# 2017 Key Business Achievements



# New management team of excellence



**Antonio Converti – CEO**

37 yrs of Experience



**Gianluca Pancaccini - CTO**

32 yrs of Experience



**Gabriella Fabotti – CFO**

25 yrs of Experience



**Carlo Meglio – CDO**

20 yrs of Experience



**Ivan Ranza – CCO SME**

23 yrs of Experience



**Andrea Fascetti – CHRO**

26 yrs of Experience



**Andrea Chiapponi – CCO Large account**

20 yrs of Experience



**Maurizio Mongardi – COO**

28 yrs of Experience





# A unique and integrated business model



## WEB PROPERTIES

a leading audience and advertising inventory

LIBERO.

VIRGILIO

SUPEROVA

DiLei

QF QuiFinanza

SiViaggia

Buonissimo  
ITALIA, IL TAVOLO

Pagine Gialle

Pagine Bianche

Tutto Città



## DIGITAL ADVERTISING

programmatic and direct sales, special projects

iOL | Advertising



## DIGITAL AGENCY

solutions for local business to get digital and be found

iOL | Connect

iOL | Website

iOL | Audience

B2C Consumers

B2B Large Accounts

B2B SMEs

# Diversified customer base



**5.4 mln**  
TDA DAUs<sup>1</sup>



**2.6 mln**  
MOBILE DAUs<sup>1</sup>



**10 min**  
TIME SPENT  
PER PERSON<sup>1</sup>

**INTERNET**  
**18m Users<sup>1</sup>**  
(average montly)



**LARGE ACCOUNT**  
**700 Customers**



**SMEs**  
**250k Active Customers<sup>2</sup>**

<sup>1</sup> Source: Audiweb / Nielsen, December 2017 | TDA – Total Digital Audience | DAUs – Daily Active Users.

<sup>2</sup> The number of Customers who subscribed at least one contract in 2016 was about 230k.

# Strong footprint on the territory

Largest Italian sales network<sup>1</sup> to reach and support both large accounts and SMEs



**# 766**  
Sales rep for SMEs



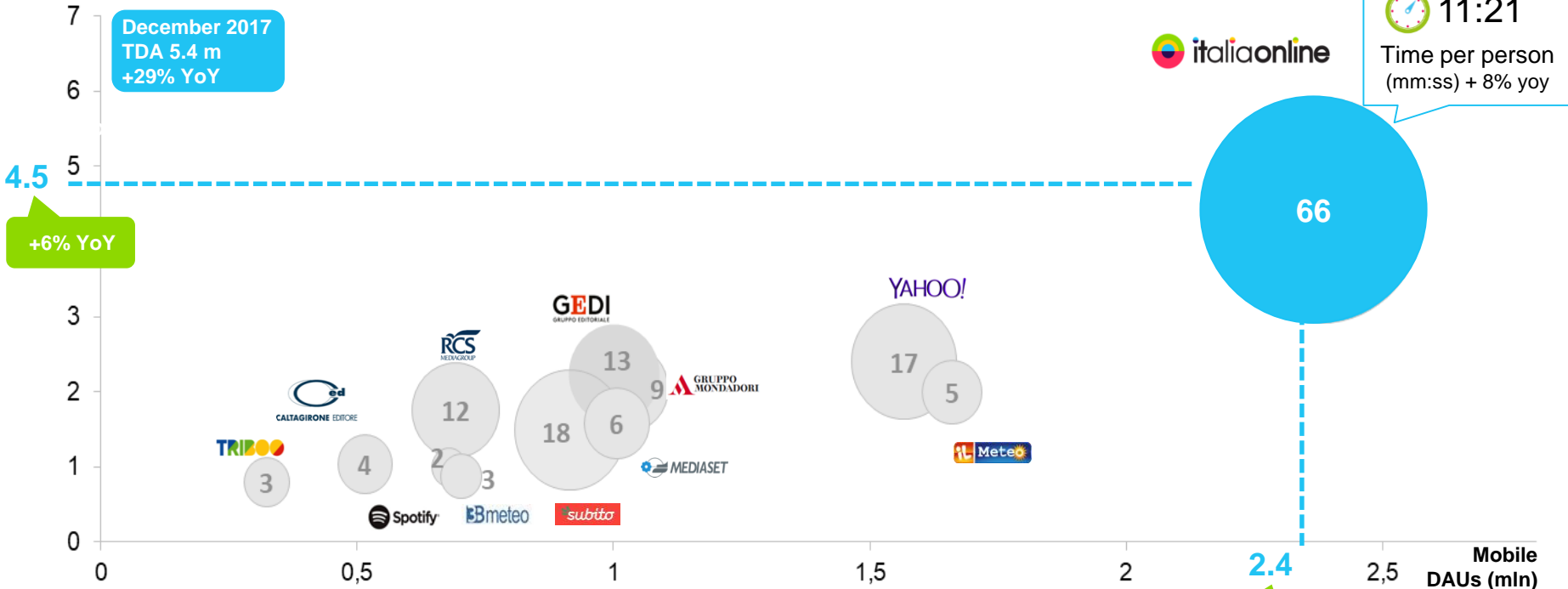
**# 32** Key account for Large Corporates

(1) # of sales rep as of end of December 2017



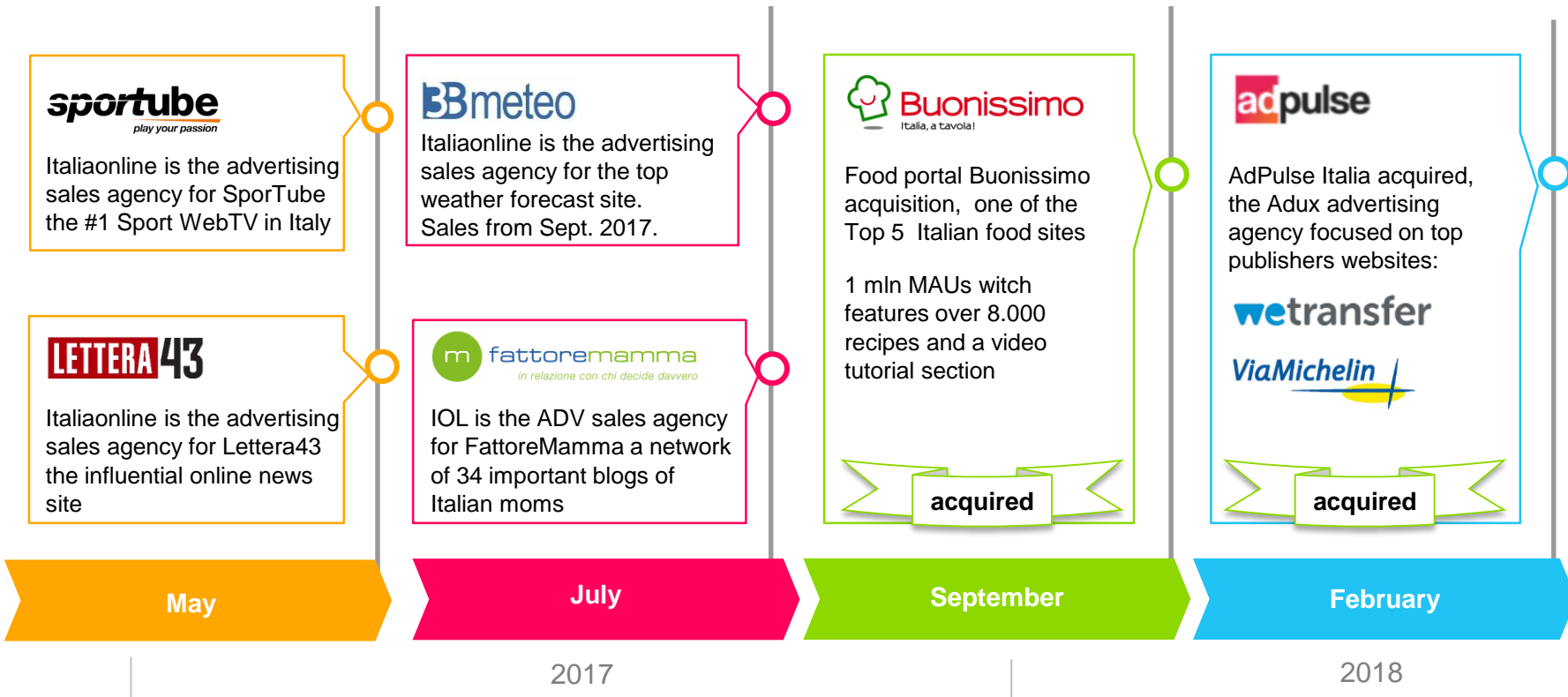
# Audience | Italian leadership further improved in 2017

TDA DAUs (mln)



Source: Audiweb Database, powered by Nielsen, average FY 2017 | Google, Facebook and Microsoft are reported  
 Note: TDA – Total Digital Audience | DAUs – Daily Active Users

# 2017 acquisitions and new commercial partnerships



# 2017 strategic partnerships with market leaders

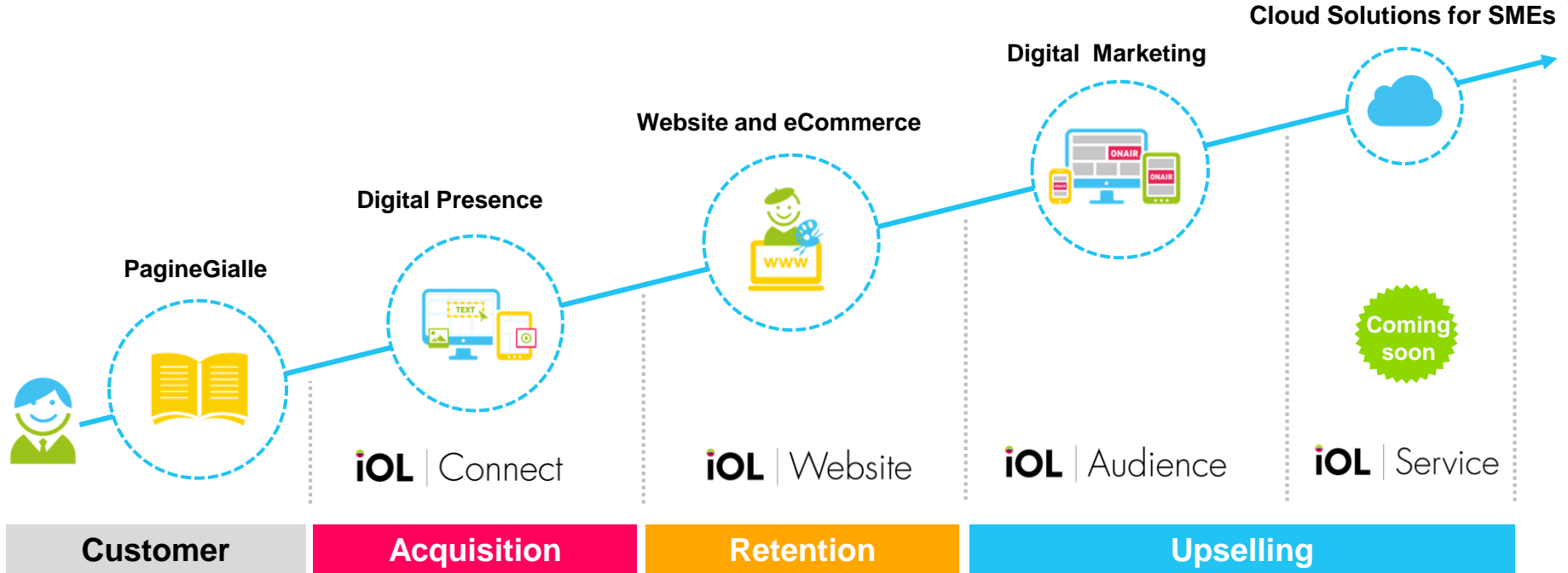
## DIGITAL ADVERTISING PARTNERS



## TECHNOLOGICAL PARTNERS



# Product portfolio completed to lead SME digital transformation



**We cover the complete digital products value chain**

**From off-the-shelf products to tailor made solutions**

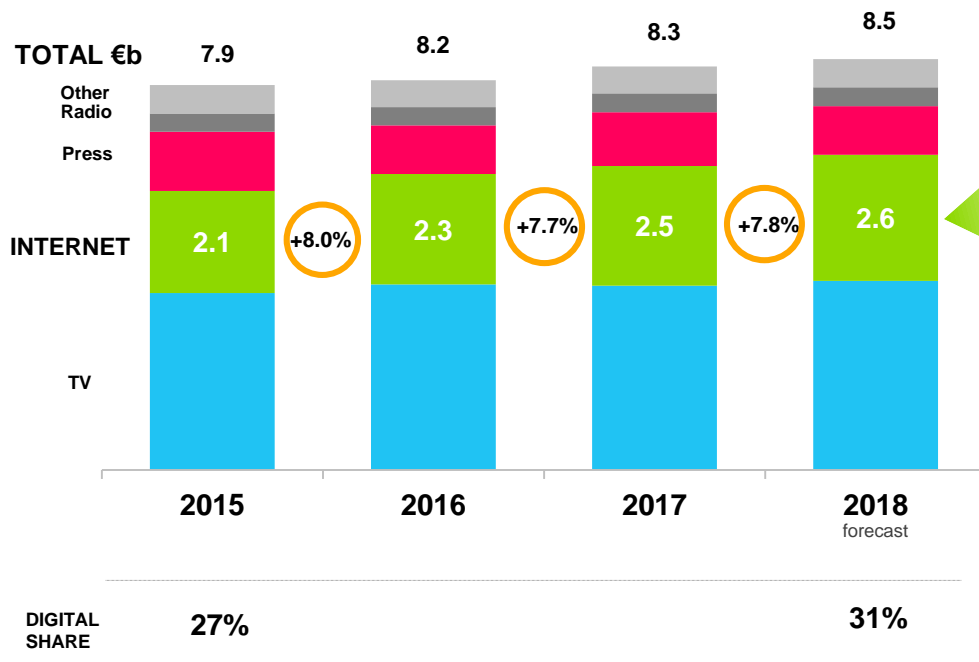


# Market and iOL Positioning

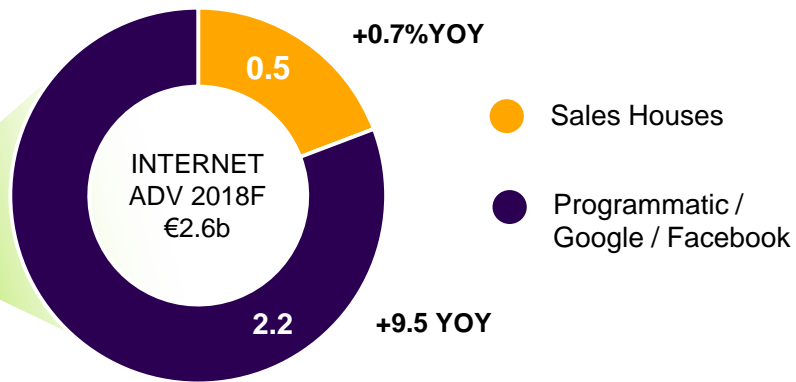




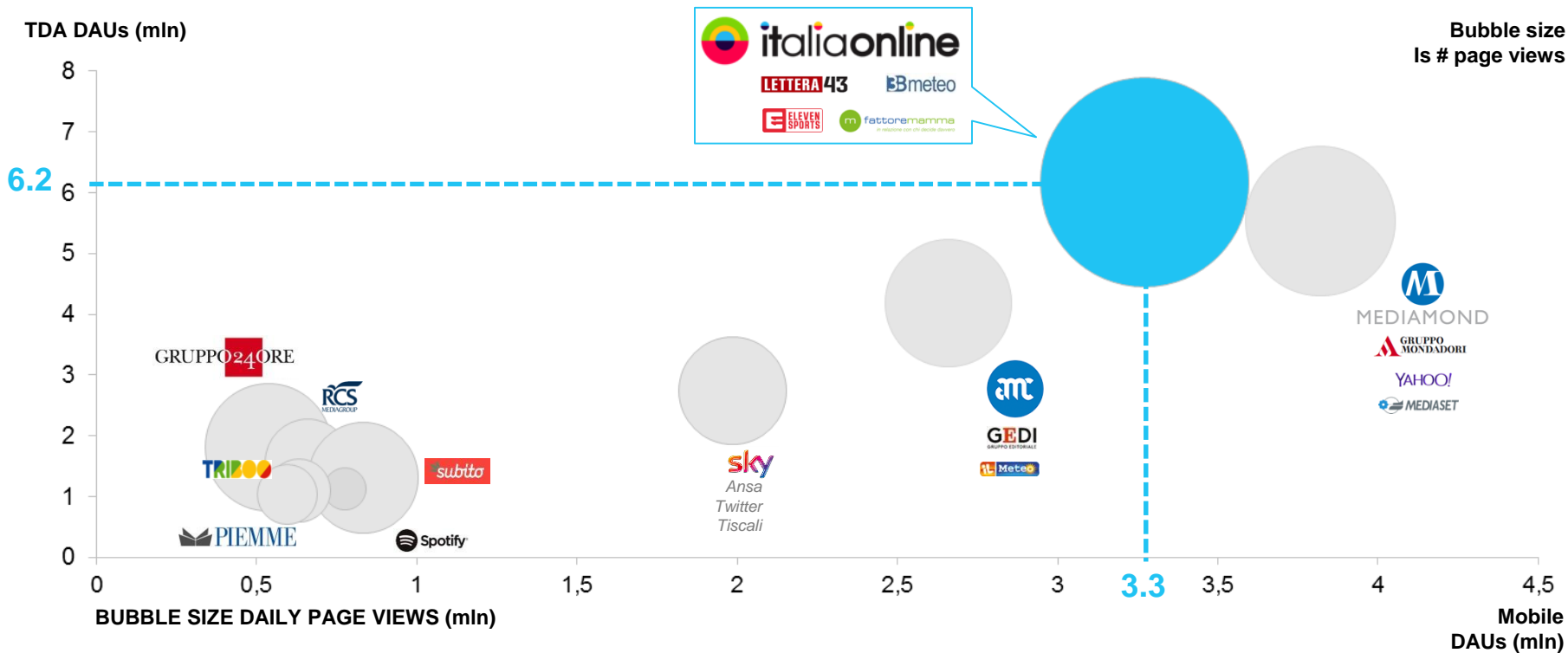
# Internet is driving the Italian advertising market growth



Source: Nielsen – Forecast Nov. 2017



# Italiaonline is also a leader Italian digital sales house



Source: Audiweb Database, powered by Nielsen, December 2017 | Google, Facebook and Microsoft are not reported  
 Note: TDA – Total Digital Audience | DAUs – Daily Active Users

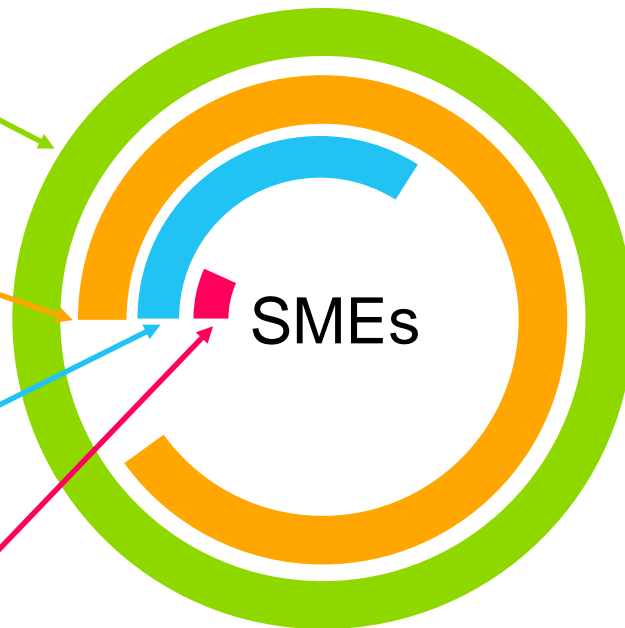
# Large and underserved market

3.7m All italian SMEs

88% No digital ADV

33% No website

7% iOL mkt share



Italian SMEs represent 68% of the total national added value<sup>1</sup>



In 2018-2019 ITA SMEs revenues are expected to grow<sup>2</sup> +4% YoY (avg.)

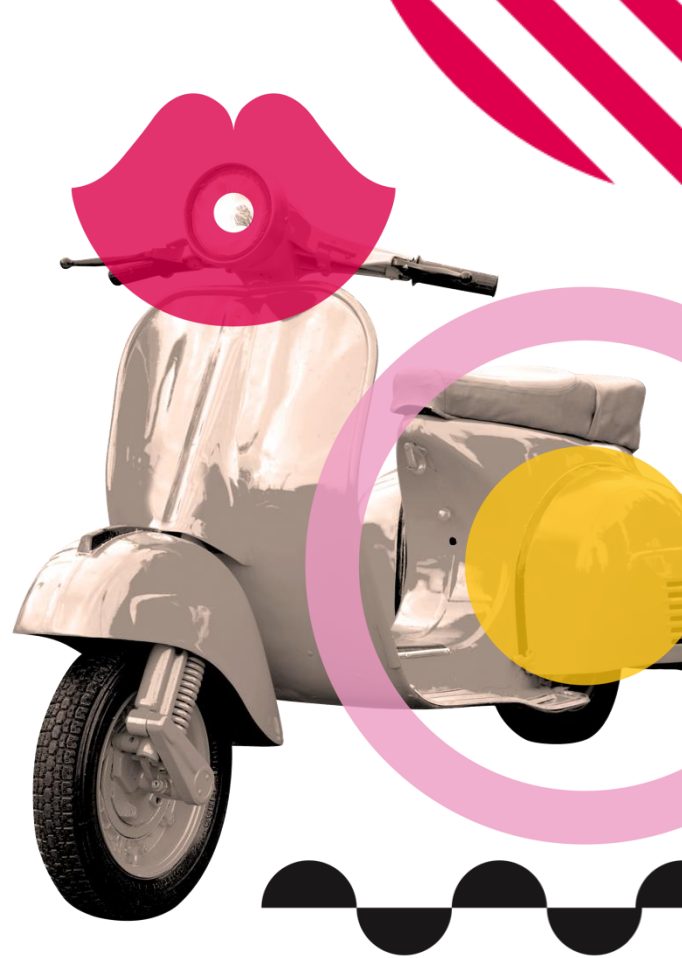


Significant market opportunity for iOL as SMEs have to expand their online presence

1.Sources: European Commission - SME Performance Review 2017 – Pragma CNR – Company Analysis

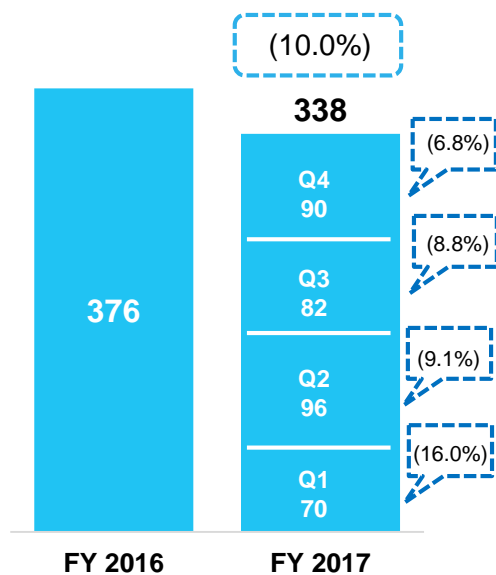
2.Cerved PMI 2017- figure refers to SMEs (9-50 employees)

# FY 2017 Financial Overview

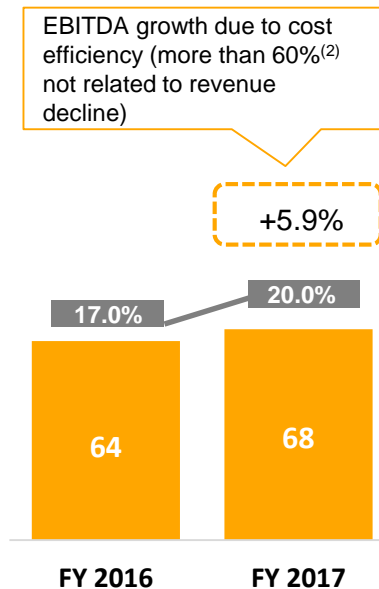


# FY 2017 | Profitability improved and revenues trend improved

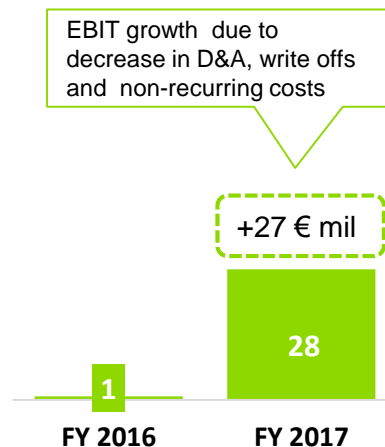
€ mln, except for percentages



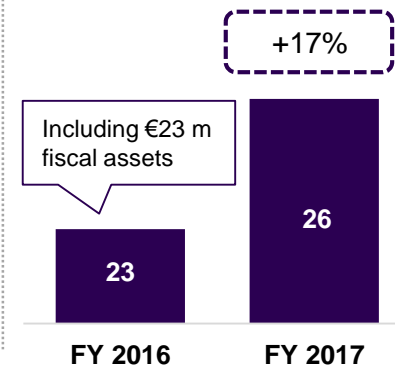
REVENUES<sup>1</sup>



EBITDA<sup>1</sup>



EBIT

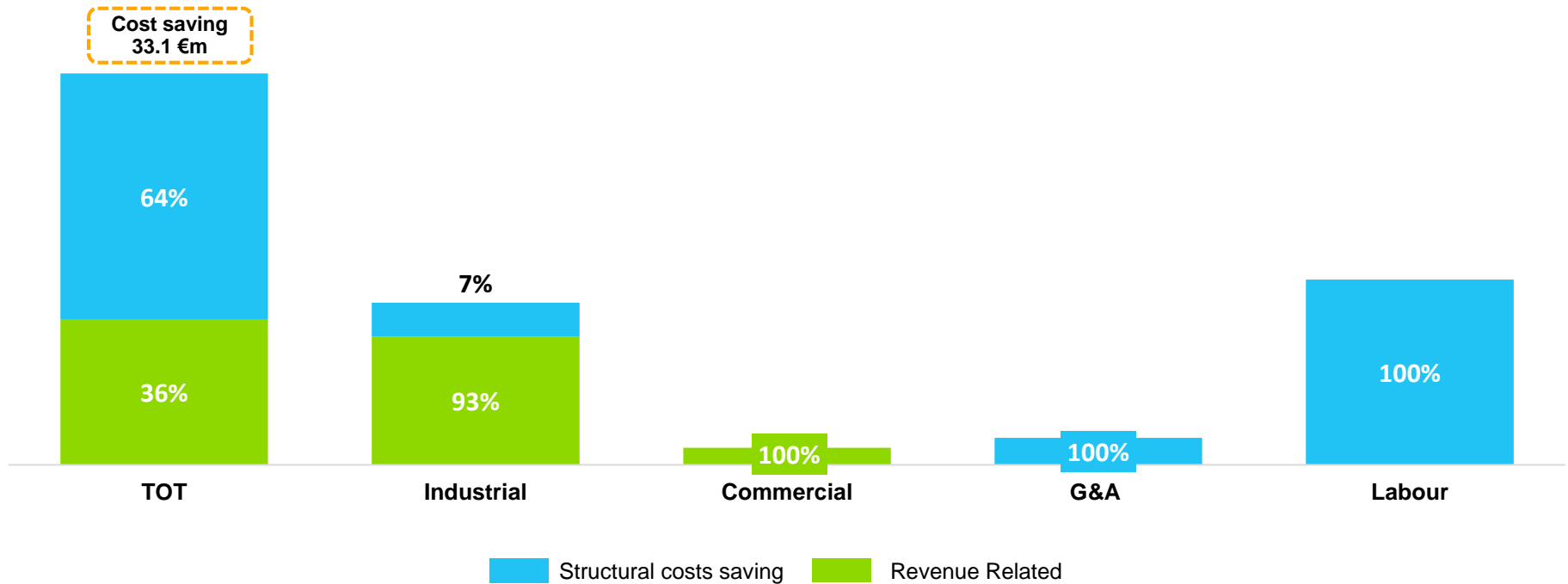


NET INCOME

(1) Revenues and EBITDA are pro forma figures, please refer to slide 2 for the details

(2) Figure referred to IOL core business only

# FY 2017 | 64% of costs saving is structural

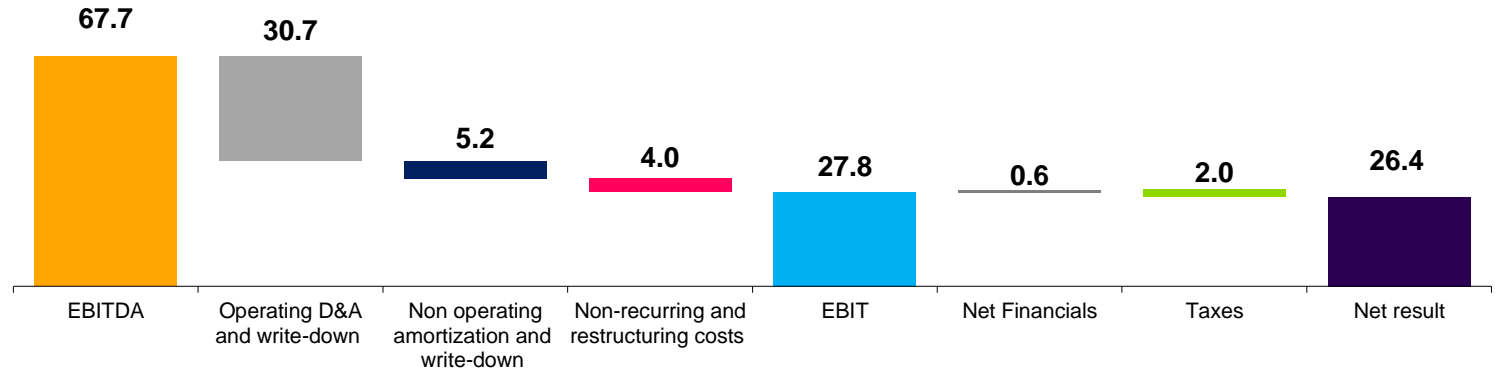


Note: Based on FY 2017 vs FY 2016 pro-forma figures referred to Core business costs only | Italiaonline+DLS+Moqu

# FY 2017 | From EBITDA to Net Result

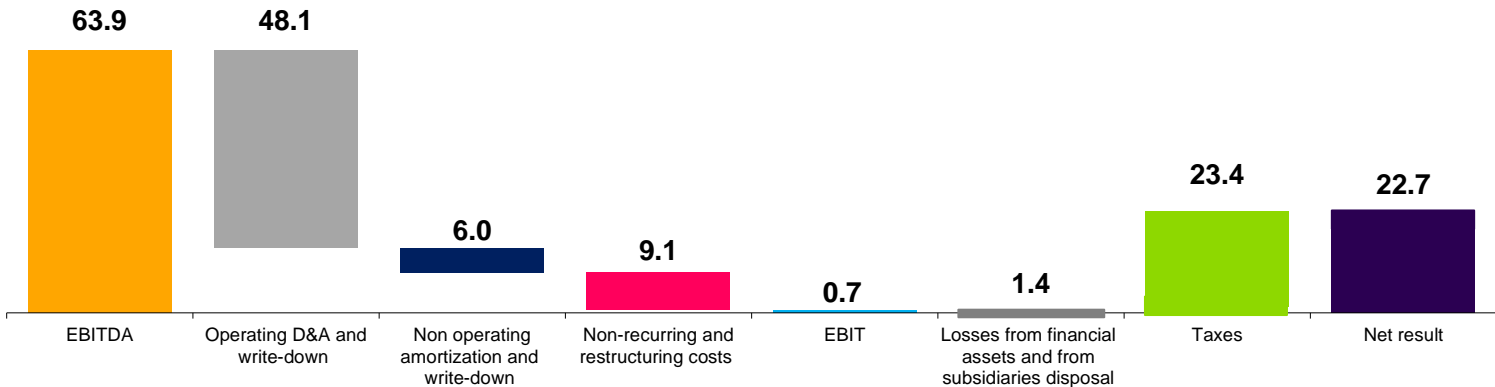
FY  
2017  
reported

€ MLN



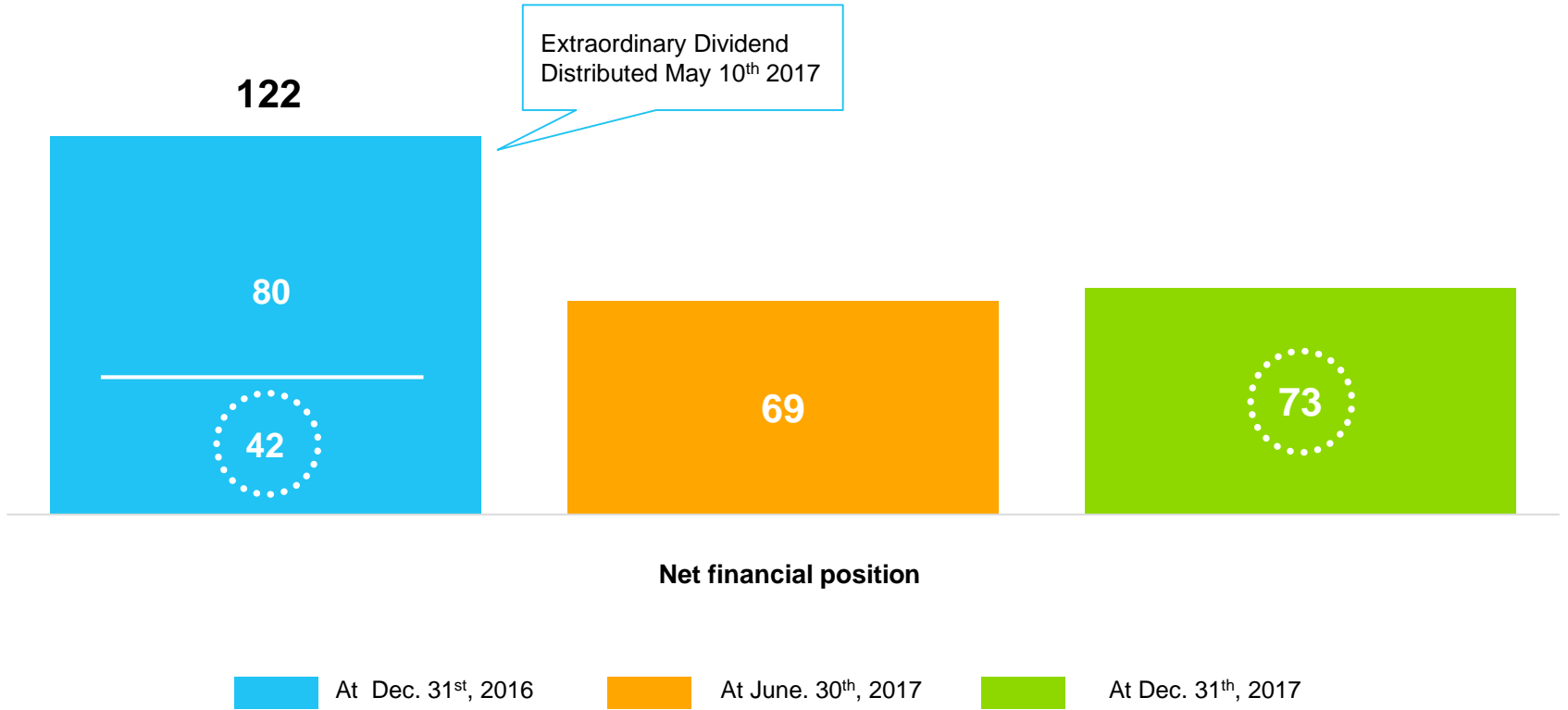
FY  
2016  
reported

€ MLN



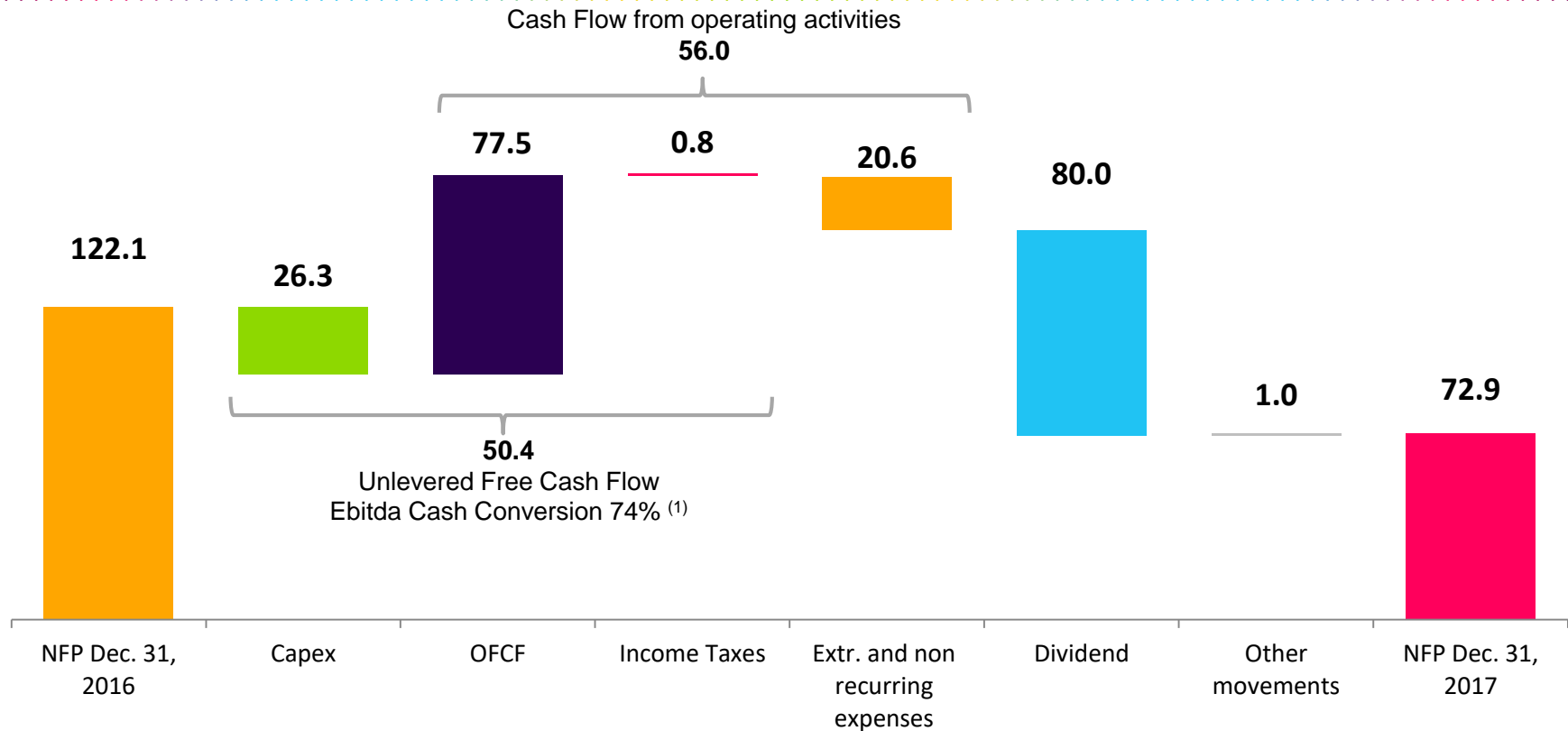
# FY 2017 | Positive Net Financial Position

€ mln





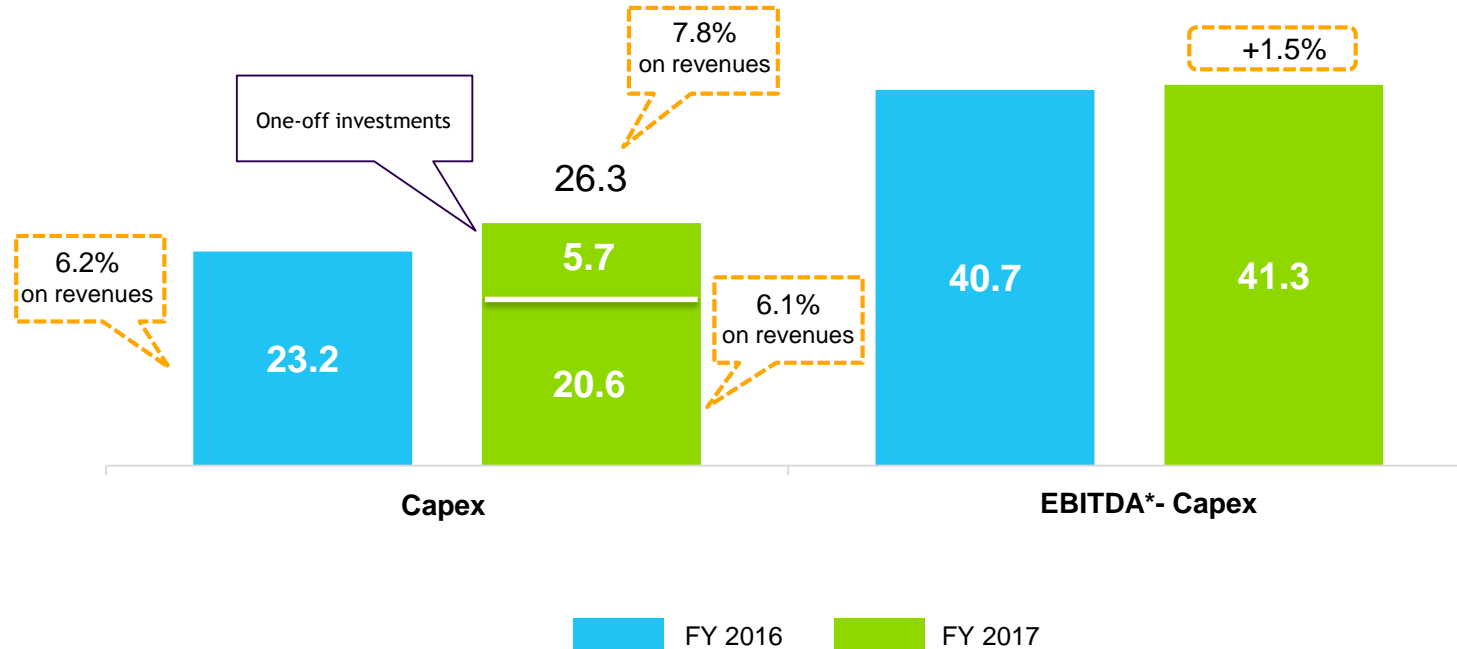
# FY 2017 | Change in Net Financial Position



(1) Cash conversion = Unl FCF / EBITDA Reported

# FY 2017 | Capital Expenditures & EBITDA

€ mln FY 2017 capex, net of one-off investments, amounted to €20.6m, down 11.1% YoY, at 6.1% of revenues  
We expect Capex to stabilize at about 6% of revenues



\* Ebitda FY 2016 pro-forma

# Tax assets update



**Tax Assets**  
would provide  
a **tax shield**  
in any M&A deals  
which involve the  
consideration of  
profits



Tax assets as of 31 Dec. 2017 about €799 m



# BUSINESS PLAN UPDATE 2018-2020



## DIGITAL ADVERTISING

- Consolidate **sales house** leadership and address growth through partnerships and/or acquisitions
- Further develop commercial and technical partnerships to strenghted leadership in **programmatic advertising**

## DIGITAL AGENCY

- Consolidation and optimization of current **Digital Local Services** (DLS) to guarantee proximity to Customers through a suite of digital off-the-shelf solutions
- Development of about 15 **Digital Agencies** to provide a 360 digital marketing services to the higher segment of SMEs
- Develop SME CB through **churn reduction**, Customer **win-back** and **upselling**

## TRADITIONAL BUSINESS

- Initiatives to manage the natural decline of the traditional **directory business** to reduce impact on marginality and accelerate full digital conversion of Customers

## OPERATIONAL TURNAROUND

- Turnaround of the **IT infrastructure** by adopting the Salesforce platform to support sales, CRM, production and Customer care
- Optimization and streamlining of the main company **processes** through automation, simplification of activity flows and extend the adoption of the “agile” methodology
- Improve the digital **workforce mix** through the recruitment of 100 highly skilled digital professionals and the reduction of about ~ 400 FTEs (o/w ~ 300 currently in CIGS)
- The outcome of the operational turnaround will greatly improve the **digital delivery capabilities** and **operational efficiency** of the company and bring a cumulated cost saving in the BP period (2018-2020) of about € 50 m

# Business plan 2018-2020 guidelines

	2018	2018-2020 GUIDANCE
Revenues	STABLE	CAGR [4% ÷ 6%]
EBITDA	Double digit increase	Ebitda Margin 2020 [23%÷25%]
CAPEX	< 7% of revenues	to stabilize at about 6% of revenues
Cash Generation	Double digit increase YE cash position	EBITDA to cash conversion [55%÷60%]

Notes:

- BP as approved by the BoD of March 15<sup>th</sup> 2018
- Adoption of new accounting standards (IFRS 15 and IFRS 16) from 1st January 2018

# M&A strategy to accelerate digital revenues growth



## CLOUD



## COMMERCE



## DIGITAL ADVERTISING

### TARGET

Applications and/or technology company to improve product portfolio for SMEs

e-commerce and marketplaces company

Digital content / Digital Advertising companies

### OBJECTIVE

Strengthen Italiaonline market position in digital offer for SMEs

- Develop the “*Made in Italy*” marketplace
- Improve local growth through switching and gig economy

- Increase market share and advertising inventory
- Acquire valuable customers’ segments

### RESULTS

Revenues increase and improve marginality through disintermediation and synergies

Revenue increase and complete offer for SMEs

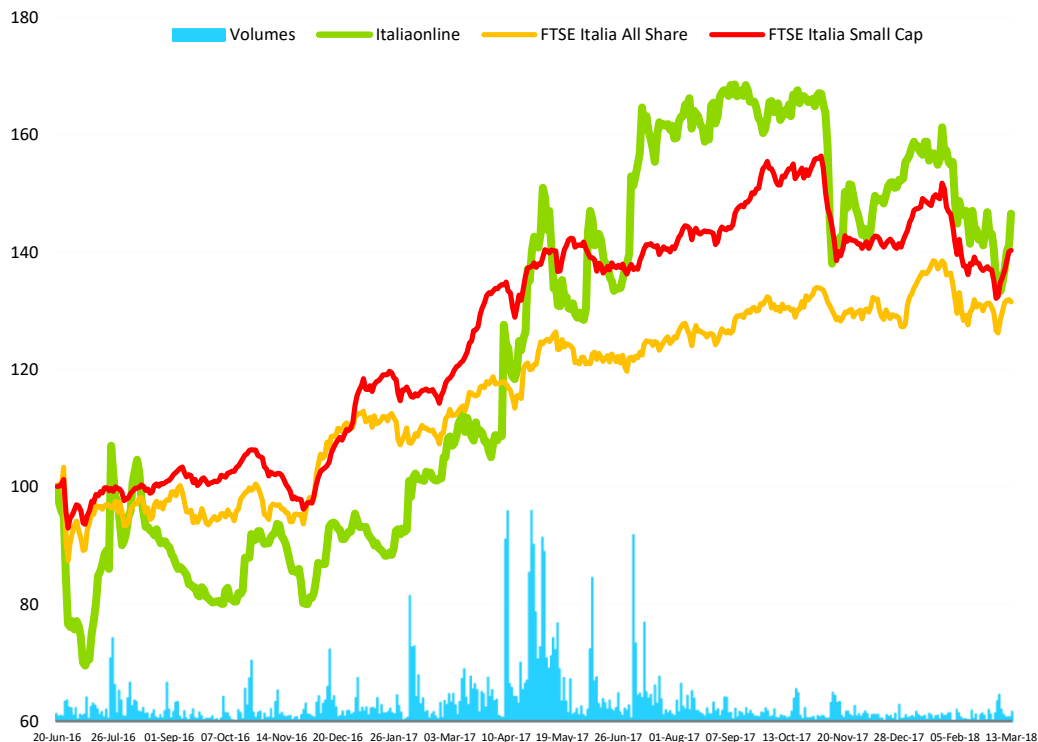
Revenues increase and improve growth speed

Available for M&A : 10% approved capital increase, cash and tax assets (up to € 799 m)



# Italiaonline Share

## IOL versus indices: June 20, 2016 – March 13, 2018

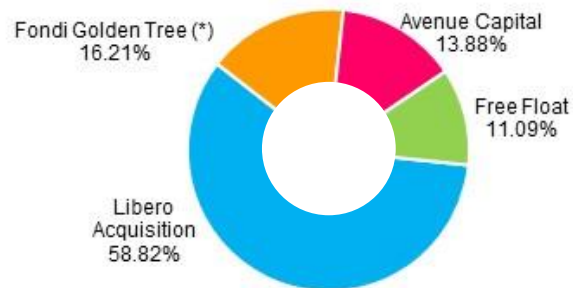


Source: Thomson Reuters EIKON



March 16, 2018

## Shareholders structure



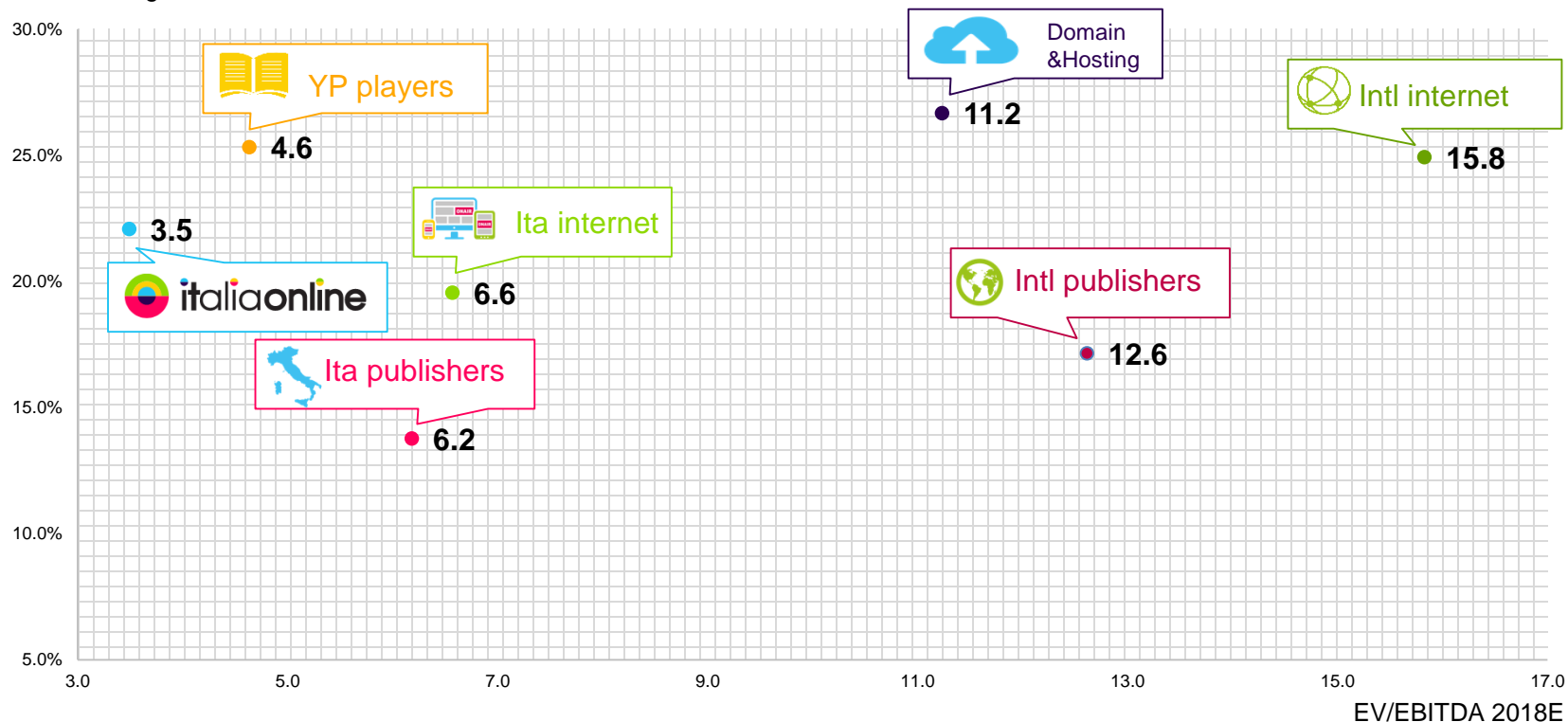
(\*) GoldenTree Asset Management Lux S.à r.l., GoldenTree SG Partners L.P., GT NM L.P. e San Bernardino County Employees Retirement Association

## Share data as of March 13, 2018

MARKET	MTA
NOSH Ord (€mln)	114.8
PRICE (€)	3.0
MKT CAP Ord (€mln)	343
PERFORMANCE (from June 20, 2016)	+46.5%
RELATIVE PERF vs FTSE MIB (from June 20, 2016)	15.8%
AVG DAILY VOLUMES YTD (€)	256,351
Saving Share: NOSH 6.803   Closing Price (€) 294   Market Cap (€ mln) 2.0	

# IOL vs baskets of peers EV/EBITDA 2018E (average values)

EBITDA Margin 2018E



Source Thomson Reuters EIKON – data as of 13 March 2018 and company analysis

# Investment Case



# Investment Summary

1

## Leadership

- Top Italian digital company
- leading audience and the largest advertising inventory

2

## National Footprint

- Largest Italian sales network sales (~ 800 sales rep and 63 agencies)
- Unique capability to reach and support local business

3

## Unique & Integrated Business Model

- Complete product offering to digitize ITA companies and strategic partnerships
- High quality/diversified Customer base

4

## Large Market Opportunity

- Significant market opportunity as SMEs continue to expand their online presence.
- Act as consolidator (M&A) in a fragmented sector, thanks to strong financial profile

5

## Attractive Financial Profile

- Cash Flow generation ( $\approx$  74% EBITDA to cash conversion in 2017) and Positive NFP (€ 73 m)
- Improving profitability

6

## Best in class management

- Long standing experience in digital sector
- Solid track-record in M&A execution

# Appendix



# FY 2017 | Group Profit & Loss

(In millions of Euro)	FY 2017 reported	FY 2016 reported	Change	
			mln	%
<b>Revenues from sales and services</b>	<b>335.9</b>	<b>389.5</b>	<b>(53.6)</b>	<b>(13.7)%</b>
Costs	(258.0)	(303.7)	45.7	15.1%
<b>Gross operating profit (GOP)</b>	<b>77.9</b>	<b>85.7</b>	<b>(7.8)</b>	<b>(9.1)%</b>
<i>as % of revenues</i>	23.2%	22.0%		
Bad debt, risk provisions and others	(10.2)	(21.8)	11.6	53.0%
<b>EBITDA</b>	<b>67.7</b>	<b>63.9</b>	<b>3.7</b>	<b>5.8%</b>
<i>as % of revenues</i>	20.1%	16.4%		
Operating D&A and write-down	(30.7)	(48.1)	17.4	36.2%
Non operating amortization and write-down	(5.2)	(6.0)	0.8	13.0%
Non-recurring and restructuring costs, net	(4.0)	(9.1)	5.1	56.2%
<b>EBIT</b>	<b>27.8</b>	<b>0.7</b>	<b>27.0</b>	<b>n.s.</b>
<i>as % of revenues</i>	8.3%	0.2%		
Interest expense, net	0.7	0.1	0.6	n.s.
Value adjustments of financial assets and losses from subsidiaries disposal	0.0	(1.5)	1.5	100.0%
Net income from composition with creditors	0.0	0.0	0.0	n.s.
<b>Profit (Loss) before income taxes</b>	<b>28.4</b>	<b>(0.7)</b>	<b>29.1</b>	<b>n.s.</b>
Income taxes	(2.0)	23.3	(25.4)	n.s.
<b>Profit (loss) on continuing operations</b>	<b>26.4</b>	<b>22.7</b>	<b>3.8</b>	<b>16.6%</b>
Profit (loss) from non-current assets held for sale and discontinued operations	0.0	0.0	0.0	n.s.
<b>Profit (Loss) for the period</b>	<b>26.4</b>	<b>22.7</b>	<b>3.8</b>	<b>16.6%</b>
of which pertaining to the Group	26.4	22.7	3.8	16.6%
of which non-controlling interest	0.0	0.0	0.0	n.s.

# FY 2017 | Group Cash flow statement

<i>(In millions of Euro)</i>	FY 2017 reported	FY 2016 reported	Change	
			mln	%
<b>EBITDA</b>	<b>67.7</b>	<b>63.9</b>	<b>3.7</b>	<b>5.8%</b>
Decrease (increase) in operating working capital	11.7	15.4	(3.6)	(23.6)%
Capital expenditure	(26.3)	(23.2)	(3.2)	(13.7)%
Other changes and movements	(1.9)	(0.6)	(1.4)	n.s.
<b>Operating FREE CASH FLOW</b>	<b>51.2</b>	<b>55.6</b>	<b>(4.5)</b>	<b>(8.0)%</b>
Payment of income taxes	(0.8)	(1.1)	0.4	30.7%
<b>Unlevered FREE CASH FLOW</b>	<b>50.4</b>	<b>54.5</b>	<b>(4.1)</b>	<b>(7.5)%</b>
Cash-in of interest expense, net	0.4	1.9	(1.4)	(77.5)%
Payment of non-recurring and restructuring expense	(20.6)	(17.2)	(3.4)	(19.7)%
Payment of dividend	(80.0)	0.0	(80.0)	n.s.
Effect related to lease agreements	0.0	8.0	(8.0)	(100.0)%
Other movements	0.7	0.5	0.2	45.4%
<b>Change in NET FINANCIAL DEBT</b>	<b>(49.2)</b>	<b>47.6</b>	<b>(96.7)</b>	<b>n.s.</b>

# FY 2017 | Group Balance sheet

<i>(In millions of Euro)</i>	31/12/2017 reported	31/12/2016 reported	Change
Goodwill & marketing related intangible assets	272.5	277.7	(5.2)
Other non-current assets	73.4	77.6	(4.1)
Non-current liabilities	(50.4)	(59.8)	9.4
Working capital	(52.8)	(48.1)	(4.7)
Net non-current assets held for sale and discontinued operations	0.0	(2.1)	2.1
<b>Net invested capital</b>	<b>242.6</b>	<b>245.2</b>	<b>(2.6)</b>
Equity of the Group	315.6	367.3	(51.7)
Non-controlling interests	0.0	0.0	0.0
<b>Total equity (A)</b>	<b>315.6</b>	<b>367.3</b>	<b>(51.7)</b>
Current financial assets, cash and cash equivalent	75.1	122.2	(47.0)
Current financial debts	(2.2)	(0.1)	(2.1)
Non-current financial debts	0.0	0.0	0.0
<b>Net financial position (B)</b>	<b>72.9</b>	<b>122.1</b>	<b>(49.2)</b>
<b>Total (A-B)</b>	<b>242.6</b>	<b>245.2</b>	<b>(2.6)</b>



# FY 2017 | Core Business Revenue breakdown

<i>(In millions of Euro)</i>	FY 2017	FY 2016 reported	Change	
			mln	%
<b>Revenues</b>	<b>330.2</b>	<b>373.0</b>	<b>(42.8)</b>	<b>(11.5)%</b>
Digital <sup>(1)</sup>	228.2	240.2	(12.0)	(5.0)%
<i>as % total revenues</i>	<i>69.1%</i>	<i>64.4%</i>		
Traditional <sup>(2)</sup>	101.0	127.7	(26.7)	(20.9)%
<i>as % total revenues</i>	<i>30.6%</i>	<i>34.2%</i>		
Others <sup>(3)</sup>	1.1	5.1	(4.0)	(78.8)%
<i>as % total revenues</i>	<i>0.3%</i>	<i>1.4%</i>		

(1) Includes IOL Presence, IOL Website, IOL Audience, Custom Projects and IOL Advertising

(2) Includes Print, Voice and Third Party Products

(3) Includes other revenues

# FY 2017 | Core Business Cost breakdown

<i>(In millions of Euro)</i>	FY 2017	FY 2016 reported	Change	
			mln	%
<b>Revenues</b>	<b>330.2</b>	<b>373.0</b>	<b>(42.8)</b>	<b>(11.5)%</b>
<b>Costs</b>	<b>(249.0)</b>	<b>(288.2)</b>	<b>39.2</b>	<b>13.6%</b>
<i>as % revenues</i>	<i>75.4%</i>	<i>77.3%</i>		
Industrial costs	(95.8)	(112.0)	16.2	14.5%
<i>as % revenues</i>	<i>29.0%</i>	<i>30.0%</i>		
Commercial costs	(57.2)	(59.0)	1.7	2.9%
<i>as % revenues</i>	<i>17.3%</i>	<i>15.8%</i>		
General costs <sup>(1)</sup>	(28.4)	(31.2)	2.7	8.8%
<i>as % revenues</i>	<i>8.6%</i>	<i>8.4%</i>		
Labour costs <sup>(2)</sup>	(67.5)	(86.0)	18.5	21.5%
<i>as % revenues</i>	<i>20.5%</i>	<i>23.1%</i>		
<b>Gross operating profit (GOP)</b>	<b>81.2</b>	<b>84.8</b>	<b>(3.6)</b>	<b>(4.2)%</b>
<i>as % revenues</i>	<i>24.6%</i>	<i>22.7%</i>		
Bad debt, risk provisions and others	(11.7)	(17.8)	6.1	34.1%
<i>as % revenues</i>	<i>3.6%</i>	<i>4.8%</i>		
<b>EBITDA</b>	<b>69.5</b>	<b>67.0</b>	<b>2.5</b>	<b>3.7%</b>
<i>as % revenues</i>	<i>21.1%</i>	<i>18.0%</i>		

(1) Includes advertising costs

(2) Does not include capitalized labour costs



**Chiara Locati – IR Director**

*21 yrs of Experience*



**+ 39 349 8636553**

[chiara.locati@italiaonline.it](mailto:chiara.locati@italiaonline.it)