



SPAFID CONNECT

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H1 2018 RESULTS

Testo del comunicato

Vedi allegato.

PRESS RELEASE

THE BOD OF ITALIAONLINE APPROVES THE RESULTS AT 30 JUNE 2018

THE GROWTH OF DIGITAL REVENUES CONTINUES AT +7% YoY, SUPPORTED BY THE DIGITAL ADVERTISING SEGMENT (+26.4%)

TOTAL REVENUES AT € 157.4 MILLION, -5.4% PARTIALLY DUE TO DELAYS IN THE PUBLICATION OF SOME PRINTED DIRECTORIES, NET OF THESE DELAYS THE DROP IN REVENUES AMOUNTED TO -2.4%¹

EBITDA AT € 37.9 MILLION, UP +1.9% ON A SAME NUMBER OF PRINTED DIRECTORIES AND NET OF THE IFRS 16² EFFECTS

CASH HOLDINGS AT € 92.8 MILLION, +23.5% COMPARED TO 31 DECEMBER 2017

ITALIAONLINE CONFIRMS TO BE THE LARGEST ITALIAN DIGITAL COMPANY WITH A TOTAL DAILY AUDIENCE INCREASING BY +18% YoY

- **Digital revenues** in H1 2018 of € 120.8 million **+7%** YoY, driven by the **digital advertising** segment (**+26.4%** YoY). In **Q2**, digital revenues growth accelerates to **+8%** YoY, compared to + 6% for Q1 2018.
- Consolidated **revenues** in H1 2018 of € 157.4 million (€ 166.4 million H1 2017), -5.4% partially due to the **delay** in the publication of some printed directories related to the corporate reorganisation process. Net of these effects, which will **be recovered in Q3 2018**, consolidated revenues are down **2.4%**.
- **EBITDA**³ amounting to **€ 37.9** million (€ 36.1 million H1 2017), with an EBITDA margin of **24.1%** (21.7% H1 2017). This figure benefited from the adoption of IFRS 16 for € 4.5 million and was affected by delay in the publication of some printed directories which in H1 2017 had contributed € 3.3 million. Net of these effects, performance was **up 1.9%** YoY.
- **EBIT** was negative by € 10.4 million (positive by € 16.6 million in H1 2017), due to non recurring and restructuring costs linked to the corporate reorganization plan; positive by **€ 17.2** million before these effects⁴.
- **Net loss** of € 7.4 million compared to a profit of € 6.3 million in H1 2017, as a result of the charges connected with the corporate reorganisation plan.
- **Cash and cash equivalents**⁵ equal to **€ 92.8** million, **+23.5%** compared to € 75.1 million at 31 December 2017.
- **Positive Net Financial Position** (NFP) at **€ 55.9** million (€ 72.9 million at 31 December 2017) including € 36.9 million of financial liabilities due to the adoption of IFRS 16 starting from 1 January 2018.

¹ Performance calculated removing € 5.1m from H1 2017 revenues, equal to the contribution of directories not distributed in H1'18.

² The H1 2018 EBITDA net of the positive impact of € 4.5 million for the adoption of IFRS16 is € 33.5 million, the H1 2017 EBITDA net of the contribution (€ 3.3 million) of undistributed paper directories in H1 2018 is € 32.8 million, performance like for like +1.9%.

³ EBITDA net of write-down provisions, trade risks and other operating income and expenses and gross of non-recurring charges.

⁴ Non-recurring charges (€ 0.8 million) and net restructuring charges (€ 26.8 million).

⁵ Includes cash and cash equivalents and current financial receivables from third parties.

- **Audience**⁶ data (at March 2018, most recent month available | 12m average), confirms Italiaonline as the **leading Italian digital company** with the main audience figures growing on an annual basis:
 - + **18%** daily total digital audience;
 - + **13%** daily mobile audience;
 - + **3.6%** average daily time spent on Italiaonline's web properties.

"We are pleased with the digital revenues growth which in the first half of the year was +7%, supported by the increase of the 'digital advertising' segment (+26.4%) and by the gradual improvement of the trend in the 'presence' segment. In particular, the top line benefited from the double-digit growth of both the revenues of iOL Audience (a Digital Advertising offering targeted to SMEs), which in July we enhanced by launching the "custom" version, and of the revenues of the iOL Advertising agency, which were supported by the increase in audience data of the iOL properties. The growth in digital revenues does not yet offset the decline of the traditional segment, but the trend gives us hope for a progressive stabilisation of total turnover and a subsequent return to growth. The agreement reached with the Trade Unions allows us to perfect the integration between Italiaonline and the former Seat PG, extracting synergies from the merger of different experiences and improving the mix of skills in favour of digital ones."

- commented Antonio Converti, CEO of Italiaonline

⁶ Source: Audiweb Database, powered by Nielsen, average March 2018 - April 2017 | TDA: Total Digital Audience, DAUs: Daily Active Users. Performance vs average March 2017 – April 2016.

Assago, 2 August 2018 – The Board of Directors of **Italiaonline S.p.A.** (hereinafter "Italiaonline") reviewed and approved the half-yearly Financial Report at 30 June 2018.

CONSOLIDATED RESULTS

Consolidated **Revenues**⁷ at 30 June 2018 amounted to € 157.4 million (€ 166.4 million at 30 June 2017). On the one hand the performance of the turnover reflects the continuous growth of **digital revenues**, which **grew** by **+7%** YoY, supported by the double-digit increase in the **digital advertising** segment (**+26.4%**), and, on the other, the continuation of the expected and structural decline of traditional products, based on telephone directories and telephony.

It should be noted that the 5.4% negative change in consolidated revenues on an annual basis reflects delays in the publication of some printed directories, which in the first half of 2017 had contributed € 5.1 million, due to several days of work stoppage linked to the announcement of the corporate restructuring plan, which led to an agreement being reached with the Trade Unions on 2 July 2017. **Net of the delays described** above, which will be **recovered** in the **third quarter** of the year, the percentage performance of revenues would have been **-2.4%**.

Digital revenues in the reference period amounted to **€ 120.8** million, up **+7.0%** on an annual basis, accounting for **77%** of total revenues, up by **+9 percentage points** compared to the same period of 2017. In particular, there was an acceleration in the development of digital revenues which in Q2 2018 grew by **+ 8%** YoY vs + 6% and + 5% respectively in the first quarter of 2018 and in the fourth quarter of 2017.

The increase of digital revenues in the first half of the year benefited from the continued **double-digit growth** in the **digital advertising** segment (+26.4%) and from an improvement in the trend in the **presence** segment, which fell by -5.1% YoY in the first half of 2018, compared with the -8% reported in the first quarter of the year.

It should also be noted that in October 2017 the **evergreen** contract (with **automatic renewal**) for SME Customers was introduced. In the first half of 2018 **35%** of Customers (new and renewed in the period) signed this type of contract (called "**Facile**").

The decrease in the **traditional & others segment** continued, with a decline of -32% in the first half, -24% net of the delays above described, due to the corporate reorganisation.

EBITDA at 30 June 2018 was € **37.9** million (€ 36.1 million at 30 June 2017), the **EBITDA margin** was **24.1%** (21.7% at 30 June 2017). This figure benefited from the positive effects of the adoption, from 1 January 2018, of IFRS 16 (€ 4.5 million) and, on the other hand, was affected by the delay in the publication of some printed directories, which in the first half of 2017 had contributed € 3.3 million. Net of these effects, performance was **+1.9%** YoY.

EBIT in the first half of 2018 was negative by € 10.4 million compared to the positive figure of € 16.6 million in the same period of 2017, mainly due to non recurring and restructuring costs linked

⁷ IFRS 15: H1 2018 results incorporate the impact of the introduction of the IFRS 15 accounting standards (Revenue from Contracts with Customers and Amendments). The IFRS 15 had a negative impact of € 0.7 million on revenues and EBITDA for H1 2018. This impact is temporary and will be next to zero over the full year, thus it is not considered relevant.

IFRS 16: Italiaonline has chosen to early adopt the accounting standard IFRS 16 (Leases) from 01 January 2018. The IFRS 16 had the following impacts on the results as at 30 June 2018: i) positive effect of € 4.5 million on EBITDA, ii) recognition in the statement of financial positions of a financial liability, against the value in use of leased assets, which at 30 June 2018 amounted to € 37 million.

to the corporate reorganisation plan; without considering these effects (net restructuring charges for € 26.8 million and non-recurring charges for € 0.8 million) **EBIT** was positive at **€ 17.2 million**.

The **Net Result** at 30 June 2018 was a loss of € 7.4 million compared to a profit of € 6.3 million in the first half of 2017, as a result of the of the charges connected with the corporate reorganisation plan.

Investments (**Capex**) in the first half of the year totalled **€ 9.5 million** (6% of revenues), down **41.4%** from € 16.3 million (10% of revenues) in the first half of 2017.

The difference between **EBITDA and Capex**⁸ in the reference period was **€ 23.9 million**, up **20.2%** compared to the figure for the first half of 2017, when it was € 19.9 million.

The **Free Cash Flow (unlevered)**⁹ generated in the first half of 2018 was positive, at € 24.1 million (€ 36.9 million in the first half of 2017). The year-on-year trend is mainly due to a negative change in Net Working Capital of € 3.8 million compared to the positive change in the same period of 2017 (€ 18 million), which mainly reflects the slowdown in the fall in revenues, partially offset by lower investments. **Cash Conversion**¹⁰ of the **EBITDA** for the period was 64%.

Cash and cash equivalents⁵ at 30 June 2018 amounted to € 92.8 million, an increase of +23.5% compared to the figure at 31 December 2017 (€ 75.1 million).

The **Net Financial Position** at 30 June 2018 was positive for € 55.9 million (€ 72.9 million at 31 December 2017) and includes about € 36.9 million in financial liabilities due to the early adoption at 1 January 2018 of IFRS 16.

Shareholders' Equity at 30 June 2018 was € 313.6 million, compared to € 315.6 million at 31 December 2017.

Italiaonline **Audience data**² confirms that it is the leading Italian digital company (March 2018 data, last month available | 12 m average), with 5 million unique users on average per day (+18% on an annual basis). Also, in terms of mobile audience, Italiaonline ranked first, ahead of the other top players with over 2.4 million average daily unique users (+13% on an annual basis). Lastly, Audiweb data confirmed Italiaonline as the leading player in terms of time spent on the average day (11:05 min, +3.6% on an annual basis).

FORESEEABLE BUSINESS OUTLOOK

The results achieved in the first half of 2018 confirm the effectiveness of the choices underlying the 2018-2020 Business Plan approved on 15 March 2018.

The factors that sustained the performance of the Group's results in the first six months of the year are essentially attributable to cost reduction actions aimed at supporting the operating margin of the business and initiatives aimed at supporting the growth of the top line and, in particular, revenues in the digital segment, despite the difficult market context.

In terms of growth of the top line, digital revenues benefited, in particular, from the double-digit growth both of revenues from iOL Audience (a Digital Advertising offering aimed at SMEs) and revenues from iOL Advertising, the latter supported by an increase in audience figures for iOL properties, as

⁸ EBITDA H1 2018 net of IFRS 16 effects.

⁹ Unl. FCF: Operating FCF (EBITDA-Capex+ ΔNWC) adjusted taxes paid.

¹⁰ Calculated as (EBITDA-Capex+ ΔNWC) / EBITDA.



well as the launch, during the year, of strategic partnerships aimed at creating synergies in terms of publishing products and exclusive advertising sales by Italiaonline.

More in detail Italiaonline:

- in February, acquired the digital advertising dealer AdPulse Italia (the Adux unit specialised in digital advertising sales on behalf of leading national and international publishers) and became the digital partner of Primaonline.it (the online daily newspaper of Prima Comunicazione);
- in April, became the exclusive dealer for Dailymotion (the leading video platform for premium technology and content) in Italy;
- in May, ranked seventh in the Top 10 of digital properties in Italy, compiled on the basis of surveys by comScore, a ranking that saw confirmation in the top two places of Google and Facebook;
- in June, joined the Bing Partner Program to act as a trusted consultant to Microsoft for its growing client base seeking search advertising opportunities within the Bing network;
- lastly, in July it launched the custom version of iOL Audience, a media planning offer targeted to SMEs for marketing campaigns with a high conversion rate.

As to the initiatives implemented to support the operating model innovation project, on **2 July 2018** Italiaonline and the **Trade Unions** reached an **agreement** at the Ministry of Labour on the proposed **corporate reorganisation**, as set out in the 2018-2020 Business Plan.

The main elements of the Agreement are the following:

- Continued operations at the Turin office, with confirmation of 90 middle managers and employees in the Administration and Staff, Credit and Telephone Directory Management departments.
- Transfers from Turin to Assago for a total of 90 people.
- Investment in the Turin office, by creating a "Digital Factory", which involves the digital retraining of 70 people among those on CIGS, a special redundancy support fund, and their reinstatement in the Factory at the end of the specific training course.
- Reinstatement of an additional 55 people in other departments of the Company and Group companies, while 30 people will be trained to become exclusive agents of the Company.
- An early retirement incentive of 30 gross months was provided for the remaining 245 people involved in the process.
- The above measures will be handled during a final 6-month period of Cassa integrazione (wages guarantee fund), for a period of six months, until 11 January 2019.

Expected restructuring costs of approximately € 37 million.

On the basis of the information available to date, Italiaonline expects a slight decrease in consolidated revenues for FY 2018 compared to FY 2017, incorporating a delay in the digital transformation process of the SME sales network, however strongly improving compared with the performance of 2017. Italiaonline confirms the significant and progressive growth of digital revenues during the year. The 2018 EBITDA is confirmed in double-digit percentage growth compared to 2017 (including the positive effects from the application of the new IFRS 16 accounting standards). Finally, Italiaonline confirms that cash holdings at the end of the year is expected to increase double-digit compared to the amount at 31 December 2017.

SIGNIFICANT EVENTS DURING THE FIRST HALF OF 2018

Business Plan Update

On 15 March 2018 the BoD of Italiaonline SpA approved an update of the Business Plan (approved on 15 March 2017), extending its duration to 2020 and updating the economic and financial objectives for the 2018-2020 period (the Updated Plan). The Updated Plan is based essentially on the same value creation levers announced in the previous version of the Business Plan (approved on 15 March 2017) and incorporates the effects of the progress of the development initiatives undertaken during 2017, as well as changes in the market context. In addition, the Updated Plan includes new initiatives aimed at significantly improving the quality of sales and Customer service processes, as well as further optimising operating costs and accelerating the digital integration process undertaken following the merger with the former Seat PG.

For further details on the Updated Plan, refer to the press release of 15 March, available on the Investors section of the Company's website.

Ordinary and extraordinary shareholder's meeting of 27 April 2018

The Company's Ordinary and Extraordinary Shareholders' Meeting was held on 27 April 2018.

The **Ordinary** Shareholders' Meeting thus resolved:

- to approve the 2017 financial statements of Italiaonline S.p.A. (the draft of which had been approved by the Board of Directors on 15 March 2018) which closed with a net profit of € 23,923,126.16;
- to allocate the net profit of € 23,923,126.16 as follows: (i) to distribute to the savings shares a dividend per share of € 30 for FY 2017 for each of the savings shares outstanding, for a total of € 204,090.00, and (ii) to carry forward the residual profit of € 23,719,036.16. This preferred dividend was made payable on 9 May 2018, with coupon no. 2 payment date on 7 May 2018 and record date, pursuant to Article 83-terdecies of Legislative Decree no. 58 of 24 February 1998, on 8 May 2018;
- to determine the number of members of the Board of Directors to 11, setting their term in office as until the approval of the financial statements for the year ending 31 December 2020 and to set the annual remuneration for each director at € 75,000, as well as to authorise the stipulation, with costs borne by the Company, of a so-called D&O (Directors & Officers) insurance policy to cover the civil liability of directors, any general managers, and the manager in charge of preparing the company's financial reports at an annual premium of up to € 350,000, including the annual proportion of the cost of the potential runoff spread over the set duration of the board's mandate and to resolve, as per common practice, that this D&O may also extend to cover the Board of Statutory Auditors;
- to appoint as Directors, drawing them only from the list submitted to the Shareholders' Meeting by the shareholder Libero Acquisition S.à.r.l. and voted by the majority, Tarek Aboualam, Antonio Converti, Pierre de Chillaz, Vittoria Giustiniani, Cristina Finocchi Mahne, Onsi Naguib Sawiris, Hassan Abdou, Corrado Sciolla, Sophie Sursock and Fred Kooij;
- to appoint Arabella Caporello as further member of the Board of Directors, on the basis of the proposal made by the shareholder Libero Acquisition S.à r.l., pursuant to the penultimate sub

paragraph of art. 14 of the current articles of incorporation, to supplement the candidates on the aforementioned list;

- to appoint Tarek Aboualam as Chairman of the Board of Directors;
- to appoint as Standing Auditors, until the approval of the financial statements for the year ended 31 December 2020, Giancarlo Russo Corvace, Mariateresa Salerno and Felice De Lillo, and as Alternate Auditors Lucia Pagliari and Angelo Conte, also appointing Giancarlo Russo Corvace as Chairman of the Board of Statutory Auditors, setting the annual remuneration for the Chairman of the Board of Statutory Auditors at € 90,000 and the annual remuneration for each Standing Auditor at € 60,000. The Board of Statutory Auditors was appointed on the basis of the only list submitted for the Shareholders' Meeting, presented by the shareholder Libero Acquisition S.à r.l. and voted by the majority;
- to authorise (i) pursuant to and in accordance with article 2357 et seq. of the Italian Civil Code and article 132 of the Legislative Decree 58 of 24 February 1998, the purchase of the Company's treasury shares, in one or more tranches, for a period not exceeding 18 months up to a maximum amount not exceeding a total of one fifth of the Company's share capital, including any shares held by subsidiaries and (ii) the Board of Directors, pursuant to art. 2357-ter of the Italian Civil Code, to dispose in whole and/or in part, without time limits, of the treasury shares purchased even before the purchases have been completed;
- to approve the new "Performance Share Plan 2018-2021" share-based compensation plan reserved for executive directors and managers employed of Italiaonline S.p.A. and/or its subsidiaries (the "Performance Share Plan") vesting the Board of Directors with all the powers necessary or appropriate to implement the Performance Share Plan;
- to vote in favour of Section I of the Remuneration Report pursuant to art. 123-ter of Legislative Decree 58 of 24 February 1998.

Lastly, the **extraordinary** shareholders' meeting resolved:

- after revoking the authorisation to increase the share capital until 9 September 2018 as approved by the Extraordinary Shareholders' Meeting of 8 March 2016, to grant a proxy to the Board of Directors, to be exercised by 26 April 2021, to increase the share capital pursuant to Article 2443 of the Italian Civil Code, excluding option rights pursuant to Article 2441(4) of the Italian Civil Code. In particular, the share capital may be increased by a number of ordinary shares not exceeding 10% of the total number of ordinary shares outstanding at the date of any exercise of the proxy and in any case by a maximum of 11,476,122 ordinary shares (i) pursuant to Art. 2441, paragraph 4(1), of the Italian Civil Code, by conferring assets in kind relating to companies, business units or equity investments, as well as by conferring assets that contribute to the corporate purpose of the Company and to that of its subsidiaries and/or (ii) pursuant to Art. 2441, paragraph 4, second sentence, of the Italian Civil Code, if the newly issued shares are offered for underwriting to institutional investors and/or industrial and / or financial partners that the Board of Directors deems strategic for the Company's business, as well as
- after inclusion in the Articles of Incorporation the possibility pursuant to Article 2349 of the Italian Civil Code, to grant the Board of Directors, pursuant to Article 2443 of the Italian Civil Code, for a period of five years, the power to increase the share capital free of charge, even in several tranches, to service the implementation of the Performance Share Plan for a maximum nominal value of € 400,008.19, by issuing a maximum of 2,295,224 new ordinary shares without a face value indication, having the same characteristics as those outstanding.

Corporate positions

On 27 April 2018 the Company's Board of Directors confirmed Antonio Converti as Chief Executive Officer.

Manager in charge of preparing the Financial Statements

On 27 April 2018 the Company's Board of Directors resolved to appoint, subject to the favourable opinion of the Board of Statutory Auditors, Gabriella Fabotti, head of the Company's Finance, Administration and Control Department, as the new manager in charge of preparing the Company's financial statements, pursuant to Article 154-bis, CI, of Legislative Decree no. 58/98, with a term of office until the shareholders' meeting called to approve the financial statements as at 31 December 2020.

Internal committees

On 27 April 2018 the Board of Directors, after confirming the existence of the requisites of independence of the directors Arabella Caporello, Vittoria Giustiniani, Cristina Finocchi Mahne and Corrado Sciolla, also appointed for the 2018-2020 period:

- the Appointments and Remuneration Committee composed of the Directors Vittoria Giustiniani (Chairman), Cristina Finocchi Mahne and Corrado Sciolla;
- the Control and Risk Committee composed of the Directors Cristina Finocchi Mahne (Chairman), Arabella Caporello and Vittoria Giustiniani.

Note also that on 9 May 2018 the Board of Directors established the Strategic Committee, composed of the directors Tarek Aboualam (Chairman), Corrado Sciolla (independent director), Onsi Sawiris, Sophie Sursock and Pierre de Chillaz, with the task of supporting and assisting the Board of Directors' evaluations and decisions on issues of strategic importance with purely consultative functions.

CONFERENCE CALL

As already announced, the Company will present the results achieved as at 30 June 2018 to the financial community, during the conference call scheduled for tomorrow 03 August 2018 at 10:30 a.m. (Italian time). The presentation will be made available before the start of the conference call on the authorised storage facility eMarket STORAGE www.emarketstorage.com, managed by Spafid Connect S.p.A., and also on the website of the Company www.italiaonline.it (in the section Investor/Presentations). The conference call will take place in English. The phone numbers to call to take part in the conference call are:

ITALY:	+39 02 805 88 11
UK:	+ 44 121 281 8003
USA:	+1 718 7058794
STAMPA:	+39 02 805 88 27

This press release is also available on the Company's website www.italiaonline.it in the section [Italiaonline.it/en/investor/price-sensitive-press-releases/](http://italiaonline.it/en/investor/price-sensitive-press-releases/)

Disclaimer

This press release contains some forward looking statements that reflect the current opinion of Company management on future events and financial and operational results of the Company and of its subsidiaries. These forward looking statements are based on current expectations and assessments of Italiaonline S.p.A. regarding future events. Considering that these forward looking statements are subject to risk and uncertainty, the actual future results may considerably differ from what is indicated in the above forward looking statements as these differences may arise from several factors, many of which lie beyond Italiaonline S.p.A.'s ability to accurately check and estimate them. Amongst these - including but not limited to - there are potential changes in the regulatory framework, future developments in the market, price fluctuations and other risks. Therefore, the reader is asked to not fully rely on the content of the forecasts provided. They have been included only with reference up to the date of the above-mentioned press release. Italiaonline S.p.A. does not assume any obligation to publicly disclose updates or amendments of the forecasts included regarding events or future circumstances that occur after the date of the above-mentioned press release. The information contained in this press release is not meant to provide a thorough analysis and has not been independently verified by any third party.

This press release does not constitute a recommendation on the Company's financial instruments. Furthermore, this press release does not constitute an offer of sale or an invitation to purchase financial instruments issued by the Company or by its subsidiaries.

Pursuant to Art. 154-bis, paragraph 2 of the Consolidated Law on Finance of 24 February 1998, the Chief Financial Officer of Italiaonline S.p.A., Gabriella Fabotti, states that she certifies to the matching of the accounting results of the accounting information included in this press release.



ITALIAONLINE

Italiaonline - a company listed on the electronic equity market (MTA) of Borsa Italiana - is the leading Italian Internet company with 5.4 million unique users* that navigate its web property every day, of which 2.6 million from mobile devices, and with a 54% market reach. Italiaonline offers web marketing and digital advertising services, including management of advertising campaigns and the generation of leads through the social networks and search engines. The company's strategic objective is to consolidate its Italian leadership role in the market of digital advertising for large accounts and in local marketing services - with the mission of digitalising the country's SMEs. Italiaonline offers the SMEs - the country's real backbone - a portfolio complete with products integrated with the entire value chain of digital services, including online presence, digital advertising, web design, web marketing and cloud solutions.

Part of Italiaonline today are the portals Libero, Virgilio and superEva, the services for companies and citizens Pagine Gialle, Pagine Bianche and Tuttocittà, the online advertising agency iOL Advertising and over 60 media agencies scattered throughout the peninsula that with their more than 800 agents form the largest Italian network of services and products consultants for large and small enterprises, serving over 200,000 SMEs and 700 large Customers.

ISIN code: IT0005187940 - MTA:IOL

* Source: Audiweb Database, powered by Nielsen, TDA December 2017. The Audiweb Database data do not include Google, Facebook and Microsoft at the moment.

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The data at 30 June 2018 and the first half of 2018 include IFRS 15 and IFRS16 effects adopted from 1 January 2018.

Italiaonline Group

Reclassified consolidated income statement

(euro/ln)	1st half year 2018	1st half year 2017	Change	
			Absolute	%
Revenues from sales and services	157.4	166.4	(9.0)	(5.4)
Materials and external services	(81.7)	(84.3)	2.6	
Salaries, wages and employee benefits	(34.2)	(40.1)	6.0	
MOL	41.6	42.0	(0.4)	(1.0)
<i>% on revenue</i>	26.4%	25.2%		
Net valuation adjustments and accruals to provisions for risks and charges	(3.0)	(6.1)	3.1	
Other net operating income (expenses)	(0.7)	0.2	(0.9)	
EBITDA	37.9	36.1	1.8	5.0
<i>% on revenue</i>	24.1%	21.7%		
Operating amortization, depreciation and impairment losses	(18.1)	(16.5)	(1.6)	
Non-operating amortization, depreciation and impairment losses	(2.6)	(2.6)		
Net non-recurring and restructuring expense	(27.6)	(0.4)	(27.2)	
EBIT	(10.4)	16.6	(27.0)	n.s.
<i>% on revenue</i>	(6.6%)	10.0%		
Interest expense, net	2.2	0.7	1.5	
Impairment losses recognised on financial assets and income from subsidiaries disposal	1.2	-	1.2	
Profit (Loss) before income taxes	(7.0)	17.3	(24.3)	n.s.
Income taxes	(0.4)	(10.9)	10.5	
Profit (loss) for the period	(7.4)	6.3	(13.7)	n.s.
- of which attributable to the owners of the parent	(7.4)	6.3	(13.7)	
- of which attributable to non-controlling interest	-	-	-	

Italiaonline Group

Consolidated statement of comprehensive income

(euro/mIn)	1st half year 2018	1st half year 2017
Profit (loss) for the period	(7.4)	6.3
<i>Other comprehensive income (expense) that will not be reclassified subsequently to profit or loss:</i>		
Actuarial gain (loss)	0.1	0.5
<i>Total other comprehensive income (expense) that will not be reclassified subsequently to profit or loss</i>	<i>0.1</i>	<i>0.5</i>
<i>Other comprehensive income (expense) that will be reclassified subsequently to profit or loss:</i>		
Total other comprehensive income (loss), net of tax effect	0.1	0.5
Total comprehensive income (loss) for the period	(7.3)	6.8
- of which attributable to the owners of the parent	(7.3)	6.8
- of which attributable to non-controlling interests	-	-

Italiaonline Group
Reclassified consolidated statement of financial position

(euro/mln)	At 06.30.2018	At 12.31.2017	Change
Goodwill and marketing related intangibles assets	270.5	272.5	(2.0)
Other non-current assets (*)	101.8	73.4	28.4
Non-current liabilities	(50.2)	(50.5)	0.3
Working capital	(64.4)	(52.8)	(11.6)
Net invested capital	257.7	242.6	15.1
Equity attributable to the owners of the parent	313.6	315.5	(1.9)
Equity attributable to non-controlling interests	-	-	-
Total equity (A)	313.6	315.5	(1.9)
Net financial position (B)	(55.9)	(72.9)	17.0
Total (A+B)	257.7	242.6	15.1

(*) This item includes available for sale financial assets, as well as non-current financial assets.

Italiaonline Group

Consolidated cash statement of cash flows

(euro/mln)	1st half year 2018	1st half year 2017	Change
EBITDA	37.9	36.1	1.7
Net interest income (expense) from discounting of operating assets/liabilities and stock options	(0.1)	0.3	(0.4)
Decrease (increase) in operating working capital	(3.8)	18.0	(21.8)
(Decrease) increase in operating non-current liabilities (*)	(0.5)	(0.9)	0.4
Capital expenditure	(9.5)	(16.3)	6.8
Operating free cash flow - OCF	24.0	37.2	(13.2)
Income taxes	0.1	(0.3)	0.4
Unlevered free cash flow	24.1	36.9	(12.8)
Collection of interest and financial expense, net	0.1		0.1
Payment of non-recurring and restructuring expense	(6.2)	(10.9)	4.7
Dividend distribution	(0.2)	(80.0)	79.8
IFRS 6 effect	(36.8)	-	(36.8)
Other charges	2.0	0.7	1.3
Change in net financial position	(17.0)	(53.3)	36.3

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

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

Pursuant to the request sent by Consob of July 22, 2016, file no. 0067885/16, pursuant to Article 114 of Legislative Decree No. 58/1998, regarding the request to add some information to the annual and interim financial reports as from the interim financial report started from the first half report at June 30, 2016 as well as the press releases concerning the approval of the above mentioned financial report, in lieu of the disclosure requirements provided with the request of 7 September 2011, file no. 11076499, the additional information related to June 30, 2018 are reported below.

Net financial indebtedness of Italiaonline Group at June 30, 2018

(euro/thousand)		At 06.30.2018	At 12.31.2017	Change
A	Cash and cash equivalents	92,071	74,476	17,595
B	Other cash and cash equivalents	-	-	-
C	Trading securities	-	-	-
D=(A+B+C)	Liquidity	92,071	74,476	17,595
E.1	Current financial receivables due from third parties	764	666	98
E.2	Current financial receivables due from related parties	-	-	-
F	Current bank debt	-	-	-
G	Current portion of non-current debt	-	-	-
H.1	Other current financial debt to third parties	8,919	2,195	6,724
H.2	Other current financial debt due to related parties	-	-	-
I=(F+G+H)	Current financial debt	8,919	2,195	6,724
J=(I-E-D)	Net current financial indebtedness	(83,916)	(72,947)	(10,969)
K	Non-current bank debt	-	-	-
L	Bond issues	-	-	-
M.1	Other non-current loans due to third parties	27,989	-	27,989
M.2	Other non-current loans due to related parties	-	-	-
N=(K+L+M)	Non-current financial debt	27,989	-	27,989
O=(J+N)	Net financial indebtedness (ESMA)	(55,927)	(72,947)	17,020

The net financial indebtedness of the Italiaonline Group at June 30, 2018 is positive and amounted to € 55,927 thousand (of which € 50,404 thousand is related to Italiaonline S.p.A.) and includes € 36,8 million of financial debt which represent the present value of future rents against the inclusion in the assets of the "right to use the asset leased" as required by accounting standard IFRS 16 adopted early January 1, 2018.

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

Group overdue debt positions as of June 30, 2018

The breakdown of overdue accounts payable of the Parent and the Group according to their nature (financial, trading, tax, social security and to employees) and the related creditors' response initiatives (reminders, injunctions, suspension to supply, etc.) is provided below:

- overdue trade payables to suppliers as at June 30, 2018 were € 8,911 thousand (of which € 8,451 thousand related to Italiaonline S.p.A.), paid in July 2018 for € 2,961 thousand (of which € 2,914 thousand related to Italiaonline S.p.A.);
- there were no overdue financial liabilities or social security charges payable;
- overdue tax liabilities are of small amounts and, as such, do not affect the ordinary course of business.

This situation is deemed normal under the usual commercial relationships with the Group's suppliers. There were no significant actions by creditors that may affect the course of ordinary business.

Related party transactions

The related party transactions carried out by the companies of the Italiaonline group, including intra-group transactions, were all part of ordinary business and settled at market conditions or according to specific regulatory provisions. There were no atypical and / or unusual transactions, nor potential conflicts of interest. There were no changes or developments in the related party transactions described in the last approved financial statements that had a material effect on the financial position or results, of operations of the Group and Italiaonline S.p.A..

The following tables provide information on the related party transactions of the Parent:

ITALIAONLINE GROUP - INCOME STATEMENT 6 months 2018

(euro/thousand)	Parent	Subsidiaries	Associates	Other related parties (*)	Total related parties
Other income	-	-	-	44	44
Costs for external services	-	-	-	(333)	(333)
Personnel expense	-	-	-	(2,404)	(2,404)

(*) "Other related parties" include Directors, statutory auditors, key management personnel

ITALIAONLINE GROUP - STATEMENT OF FINANCIAL POSITION at June 30, 2018

(euro/thousand)	Parent	Subsidiaries	Associates	Other related parties (*)	Total related parties
Assets					
Property, plant and equipment	-	-	-	8,613	8,613
Other current assets	90	-	-	64	154
Non-current financial debts	-	-	-	6,677	6,677
Liabilities					
Current financial debts	-	-	-	2,406	2,406
Trade payables	-	-	-	1,745	1,745
Liabilities for services to be provided and other current liabilities	-	-	-	242	242

(*) "Other related parties" include Directors, statutory auditors, key management personnel

Status of implementation of strategic and financial plans

Based on the data available for H1 2018 compared to the forecasts included in the Business Plan 2018-2020, at Group level revenues are slightly lower while Ebitda is substantially in line.

Fine Comunicato n.0673-52

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