



# SPAFID CONNECT

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30, 2019

*Testo del comunicato*

Vedi allegato.

## PRESS RELEASE

### THE BOARD OF DIRECTORS APPROVES THE RESULTS OF THE FIRST NINE MONTHS 2019

- **Digital revenues** at 30 September 2019 were equal to **€ 183.5** million +3.5% YoY. Growth continued in both the Advertising segment (+2.8% YoY) and the Presence segment (+4.2% YoY).
- **Consolidated revenues** at 30 September 2019 amounted to **€ 226.6** million (€ 236.2 million in 9M 2018), - 4.1% YoY.
- **EBITDA**<sup>1</sup> amounted to **€ 50.0** million (€ 60.2 million at 30 September 2018), with an EBITDA margin at 22.1% (25.5% in 9M 2018).
- **Normalised EBITDA**<sup>2</sup> amounted to **€ 47.7** million (€ 44.2 million at 30 September 2018), with a normalised EBITDA margin at 21.1% (normalised EBITDA margin 18.7% in 9M 2018).
- **EBIT** was **€ 18.0** million, up compared to first nine months 2018 figure of € 1.8 million.
- **Net Profit** positive by **€ 12.7** million up compared to € 3.8 million in the first nine months 2019.
- **Cash holdings** equal to **€ 123.9** million (€ 101.0 million at 31 December 2018).
- **Net Financial Position** (NFP) positive by **€ 96.9** million compared with € 67.0 million at 31 December 2018 (€ 88.6 million at 30 June 2019).
- **Audience Figures**<sup>3</sup>: Italiaonline confirmed once again its position as the **leading internet company in Italy**, thanks to an average daily audience of proprietary portals equal to 4.8 million unique users, including 3.3 million from smartphones. The sales house iOL Advertising is also the **leading Italian digital advertising sales house**, following its ability to reach a total of 8.5 million unique users per day, including 6.8 million from smartphones, thanks to the combination of its own and third-party audiences.

Assago, 04 November 2019 – The Board of Directors of **Italiaonline S.p.A.** (hereafter “Italiaonline”), a Company listed in the MTA of Borsa Italiana, leader on the Italian Internet market, has examined and approved, on today’s date, the quarterly periodic information at **30 September 2019**.

<sup>1</sup>EBITDA net of allocations to the allowance for doubtful debts and business risks and other operating income and expense, and gross of non-recurring expenses.  
<sup>2</sup>Normalised data are net of normalised items (items not deemed representative of the normal elements of the business and not considered for the purposes of a homogeneous comparison) mainly deriving from the release of provisions made in previous years in relation to the reorganisation process (equal to € 16.0 million in 9M 2018 and € 2.3 million in 9M 2019).

<sup>3</sup> Source: Audiweb 2.0, powered by Nielsen, July 2019 (latest figure available on today’s date) | TDA: Total Digital Audience, DAUs: Daily Active Users.

## CONSOLIDATED RESULTS

### REVENUES

At 30 September 2019 **revenues** were € 226.6 million (€ 236.2 million at 30 September 2018), -4.1% YoY. The evolution of the figure reflects, on the one side, the continuous development of **digital** revenues (+3.5% YoY), on the other, the continuation of the expected structural decline in traditional products such as telephone directories and telephony (-26.9%).

In the reporting period, **digital revenues** amounted to € 183.5 million, up +3.5% YoY, accounting for **81%** of total revenues, increasing by **+6.0 percentage points** compared to the same period in 2018 (75%).

The evolution of digital revenues in the first half reflects: i) both the continuous **expansion** of the **Advertising** segment (+2.8% YoY), ii) and the **growth** of the **Presence** segment (+4.2% YoY), which accounts for about **53%** of digital revenues.

The decline in **revenues of the traditional segment** (traditional & others) continues. In 9M 2019 this segment recorded a drop of 26.9%, accounting for 19% on consolidated revenues (25% in 9M 2018).

### OPERATING RESULTS AND NET PROFIT

It should be recalled that, starting from the approval of the results at 31 December 2018, Italiaonline deemed it appropriate to also highlight a **normalised vision** of **EBITDA**, **EBIT** and **Net Profit** (hereafter “normalised” data) in order to isolate the accounting effects of certain normalised items and provide evidence of the actual profitability of the Business<sup>4</sup>.

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**EBITDA** at 30 September 2019 amounted to € **50.0** million (EBITDA margin 22.1%), compared to 30 September 2018 when it was € 60.2 million (EBITDA margin of 25.5%). The decrease mainly reflects the lower normalised items recorded in the reporting period compared to first nine months 2018.

**Normalised EBITDA** at 30 September 2019 amounted to € **47.7** million (normalised EBITDA margin 21.1%), up by 7.9% compared with 30 September 2018, when it was € 44.2 million (normalised EBITDA margin of 18.7%). The positive trend of the figure on an annual basis was due to the reduction in the main operating costs, which more than compensated for the fall in revenues.

At 30 September 2019 **EBIT** was € 18.0 million compared to the 9M 2018 figure of € 1.8 million, which was affected by non-recurring and restructuring charges (€ 27.9 million), mainly linked to the corporate reorganisation plan.

**Normalised EBIT** was € **19.4** million, compared to € 13.8 million at 30 September 2018. The evolution of the figure reflects, in addition to the normalised EBITDA trend, a reduction in depreciation and amortization.

At 30 September 2019, **Net Profit** was positive by € **12.7** million compared to 30 September 2018, when it was positive by € 3.8 million. Please note that the figure for 9M 2018 incorporated: i) the negative effects relating to non-recurring and restructuring charges equal to € 27.9 million and ii) the

<sup>4</sup> In particular, EBITDA 9M 2019 and 9M 2018 normalised data are net of normalised items (items not deemed representative of the normal elements of the business and not considered for the purposes of a homogeneous comparison) mainly deriving from the release of provisions made in previous years in relation to the reorganisation process (equal to € 16.0 million in 9M 2018 and € 2.3 million in 9M 2019). The normalised data relating to EBIT were calculated starting from the normalised EBITDA and do not include the non-recurring charges (equal to € 27.9 million in 9M 2018 and € 3.6 million in 9M 2019). The data relating to the Net Profit were calculated starting from the normalised EBIT, leaving the items included in the EBIT and Net Profit unchanged.

positive effects of the capital gain deriving from the disposal of the investment in 11.880 Solution Ag (for € 1.3 million) and the payment of the dividend deriving from the investment in Emittente Titoli S.p.A. (for about € 2 million).

**Normalised Net Profit** at 30 September 2019 was **€ 14.0** million compared to 9M 2018 figure equal to € 15.8 million.

## FINANCIAL RESULTS

**Capex** in 9M 2019 amounted to **€ 18.2** million (8.0% of revenues), up compared to € 14.1 million (6.0% of revenues) in 9M 2018. As already stated for the results at 30 June 2019, the increase mainly reflects higher one-off investments in IT infrastructure and the periodic renewal of software licenses for internal use.

The **unlevered Free Cash Flow**<sup>5</sup> generated during 9M 2019 was positive by € 59.2 million, (€ 29.8 million in 9M 2018). The year on year evolution also includes the extraordinary collection of a tax receivable equal to € 18 million.

**Cash holdings** at 30 September 2019 were € 123.9 million, compared to € 101 million at 31 December 2018 (€ 117.2 million at 30 June 2019). The positive development compared to 31 December 2018 figure, despite the expenditure connected to the finalisation of the personnel reorganisation plan, includes the collection of the tax receivable described above, in addition to the cash flow generated by the operating activities of the period.

**Net Financial Position** (NFP) at 30 September 2019 was positive by € 96.9 million (€ 67 million at 31 December 2018, € 88.6 million at 30 June 2019). The NFP at 30 September 2019 includes € 27.2 million in Financial Liabilities due to the adoption of IFRS 16.

**Audience Figures**<sup>6</sup>: Italiaonline confirmed once again its position as the **leading internet company in Italy**, thanks to an average daily audience of proprietary portals equal to 4.8 million unique users, including 3.3 million from smartphones. The sales house iOL Advertising is also the **leading Italian digital advertising sales house**, following its ability to reach a total of 8.5 million unique users per day, including 6.8 million from smartphones, thanks to the combination of its own and third-party audiences.

<sup>5</sup> Unl. FCF: Operating FCF (EBITDA-Capex+ ΔNWC) adjusted for the amount of income taxes paid.

<sup>6</sup> Source: Audiweb 2.0, powered by Nielsen, July 2019 (latest figure available on today's date) | TDA: Total Digital Audience, DAUs: Daily Active Users.

## MAIN CONSOLIDATED RESULTS AS AT 30 SEPTEMBER 2019

€ m	9M 2018	9M 2019	YoY % Change
Revenues	236.2	226.6	(4.1)%
o/w Digital revenues	177.2	183.5	3.5%
EBITDA	60.2	50.0	(16.9)%
<i>Ebitda margin</i>	25.5%	22.1%	(3.4) p.p.
EBITDA normalised	44.2	47.7	7.9%
<i>Ebitda normalised margin</i>	18.7%	21.1%	+ 2.3 p.p.
Net Result	3.8	12.7	n.m
Net Result normalised	15.8	14.0	(11.2)%
Unlevered FCF	29.8	59.2	98.9%
<i>EBITDA normalised cash conversion*</i>	67.3%	124.1%	+ 57 p.p.

\* FCF Unlevered / Ebitda Normalised

€ m	31 Dec. 2018	30-Sep-19	% Change
Cash Holdings	101.0	123.9	23%
Net Financial Position	67.0	96.9	45%

## OUTLOOK FOR THE CURRENT YEAR

As already stated on occasion of results at 30 June 2019, the management of Italiaonline is involved in initiatives aimed at supporting the top line and, in particular, the growth of revenues in the digital segment, based on the development drivers specified at the time of the approval of the Business Plan 2020 – 2022.

In particular these drivers imply:

- **for the business segment dedicated to SMEs:** i) enrichment of the digital offering dedicated to SMEs with a view to a partnership aimed at supporting them in the development and growth of their business; ii) renewal of Italiaonline Digital Directories through the development of vertical marketplaces with transactional features where SMEs and professionals can interact and deal directly with end consumers; iii) strengthening multi-channel market coverage; iv) improvement of the Customer Experience through a Customer-centric operating model;
- **for the Consumer business segment:** i) acceleration of the growth of the audience and traffic for properties managed by IOL to support leadership in the digital media area, through the development of new verticals and the improvement of content, to also attract younger generations; ii) to leverage unique IOL users in order to grow transactional services through the development of new businesses;
- **for the large account segment:** i) to expand the Digital Inventory managed in order to consolidate the leadership of IOL as a digital agency on the Italian market, through new partnerships and the development of new display network advertising services; ii) to maximise

the effectiveness of the monetisation of IOL properties by strengthening direct channel coverage.

The Management is also involved in the implementation of the operating model described at the time of the approval of the Business Plan 2020 – 2022, that provides for:

- the establishment of an organisation of Customer-centric activities to improve Customer Experience;
- the simplification and digitalisation of processes by implementing new CRM, ERP and HR management;
- the continuation of the process of cost regulation and productivity efficiency;
- the ongoing growth of Italiaonline's brand awareness;
- the training of staff and development of digital skills.

On the basis of the information available to date, for 2019 Italiaonline confirms the guidance already described at the time of the approval of the results at 30 June 2019. For the current year, in particular, it forecasts a slightly declining **top line** (low single digit) on a year on year basis, which reflects a mid-single digit growth in digital revenues that is able to almost completely offset the decline in the traditional business. Normalised **EBITDA** 2019 is expected to be substantially stable compared to the normalised figure of 2018. Finally, **cash holdings** at the end of the year are expected to increase by single-digits compared to the amount at 31 December 2018, net of the extraordinary collection of € 18 million linked to the successful conclusion of a pending issue with the Tax Authorities.

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

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#### **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., Francesco Guidotti, states that she certifies to the matching of the accounting results of the accounting information included in this press release.*

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## ITALIAONLINE

Italiaonline - a company listed on the electronic equity market (MTA) of Borsa Italiana - is the leading Italian Internet company with 4.8 million unique users\* that navigate its web property every day, of which 3.2 million from mobile devices, and with a 63%\*\* 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 sales house **iOL Advertising** and 55 media agencies scattered throughout the peninsula that with about 700 agents form the largest Italian network of services and products consultants for large and small enterprises.

ISIN code: IT0005187940 - MTA:IOL

\* Source: Audiweb 2.0, powered by Nielsen, TDA DAUs December 2018. \*\* Source: Audiweb 2.0, powered by Nielsen December 2018

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## 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 September 30, 2019 are reported below.

### Net financial indebtedness of Italiaonline Group at June 30, 2019

(euro/thousand)		At 09.30.2019	At 12.31.2018	Change
A	Cash and cash equivalents	123,852	101,038	22,814
B	Other cash and cash equivalents	-	-	-
C	Trading securities	-	-	-
<b>D=(A+B+C)</b>	<b>Liquidity</b>	<b>123,852</b>	<b>101,038</b>	<b>22,814</b>
<b>E.1</b>	<b>Current financial receivables due from third parties</b>	<b>203</b>	<b>97</b>	<b>106</b>
<b>E.2</b>	<b>Current financial receivables due from related parties</b>	<b>-</b>	<b>-</b>	<b>-</b>
F	Current bank debt	-	-	-
G	Current portion of non-current debt	-	-	-
H.1	Other current financial debt to third parties	7,872	8,647	(775)
H.2	Other current financial debt due to related parties	-	-	-
<b>I=(F+G+H)</b>	<b>Current financial debt</b>	<b>7,872</b>	<b>8,647</b>	<b>(775)</b>
<b>J=(I-E-D)</b>	<b>Net current financial indebtedness</b>	<b>(116,183)</b>	<b>(92,488)</b>	<b>(23,695)</b>
K	Non-current bank debt	-	-	-
L	Bond issues	-	-	-
M.1	Other non-current loans due to third parties	19,309	25,499	(6,190)
M.2	Other non-current loans due to related parties	-	-	-
<b>N=(K+L+M)</b>	<b>Non-current financial debt</b>	<b>19,309</b>	<b>25,499</b>	<b>(6,190)</b>
<b>O=(J+N)</b>	<b>Net financial indebtedness (ESMA)</b>	<b>(96,874)</b>	<b>(66,989)</b>	<b>(29,885)</b>

The net financial indebtedness of the Italiaonline Group at September 30, 2019 is positive and amounted to € 96,874 thousand (of which € 88,439 thousand is related to Italiaonline S.p.A.); the change in the period reflects the financial outflows connected with the finalization of the personnel reorganization plan more than offset by the cash generation in the period.



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 September 30, 2019

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 September 30, 2019 were €14,243 thousand (of which €13,353 thousand related to Italiaonline S.p.A.), paid in October 2019 for € 10,764 thousand (of which €10,330 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 Italiaonline Group:

**ITALIAONLINE GROUP - INCOME STATEMENT 9 months 2019**

(euro/thousand)	Parent	Subsidiaries	Associates	Other related parties (*)	Total related parties
Other income	-	-	-	47	47
Costs for external services	-	-	-	(850)	(850)
Personnel expense	-	-	-	(3,208)	(3,208)
Non-recurring costs	-	-	-	(1,717)	(1,717)

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

**ITALIAONLINE GROUP - STATEMENT OF FINANCIAL POSITION at September 30, 2019**

(euro/thousand)	Parent	Subsidiaries	Associates	Other related parties (*)	Total related parties
<b>Assets</b>					
Right-of-use assets	-	-	-	5,688	5,688
Other current assets	90	-	-	37	127
<b>Liabilities</b>					
Non-current financial liabilities	-	-	-	3,778	3,778
Current financial liabilities	-	-	-	2,824	2,824
Trade payables	-	-	-	1,726	1,726
Liabilities for services to be provided and other current liabilities	-	-	-	242	242

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

## Status of implementation of strategic and financial plans

The results at 30 September 2019 are essentially in line with the 2019 guidance and the forecasts of the updated 2020-2022 Business Plan, approved by the Board of Directors on 9 July 2019.

On this point, please note that on 9 July 2019, the Board of Directors of Italiaonline S.p.A., guided by the new CEO Roberto Giacchi, examined and approved the Business Plan for 2020-2022. It is noted that on 19 March 2019 the BoD of Italiaonline, when approving the result at 31 December 2018, had approved a Technical Update of the previous Business Plan, updating the economic-financial objectives for 2019-2021, while waiting to draw up the 2020-2022 Business Plan, then approved on 9 July 2019.

The 2020-2022 Business Plan essentially confirms the economic-financial objectives already announced to the market on 19 March 2019, when the Technical Update of the previous Plan mentioned above was approved.

For further details, see the press release "The Board of Directors of Italiaonline approves the 2020-2022 Business Plan" available on Italiaonline's website [www.italiaonline.it](http://www.italiaonline.it) in the corporate/investor section.

Fine Comunicato n.0673-191

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