*Press release pursuant to CONSOB Regulation 11971/1999, as subsequently amended*

# 9M14 CONSOLIDATED RESULTS APPROVED:

**CONSOLIDATED REVENUE €50.6 MN**
(€57.1 MN IN 9M13, MOSTLY DUE TO DISCONTINUITY IN THE PERFORMANCE ADVERTISING BUSINESS)

CORE BUSINESS REVENUE BASICALLY IN LINE WITH 9M13

**CONSOLIDATED EBITDA[1] €7.6 MN** (VS €8.1 MN IN 9M13)

**EBIT AND NET PROFIT €1.4 MN AND -€1.4 MLN** (VS €2.2 MN AND -€0.5 MN AT 30 SEPTEMBER 2013)

**NET FINANCIAL POSITION AT 30 SEPTEMBER 2014 -€32.9 MN (**-€30.9 MN AT 31 DECEMBER 2013**)**

**Florence, 12 November 2014 –** Today, the Board of Directors of DADA S.p.A., international leader in professional online presence and visibility services, approved the Dada Group's Consolidated Interim Management Report at 30 September 2014.

The period under review saw in particular:

- in the core business of professional services for online presence an increasing Company's attention on the improvement of service quality and before and after-sales assistance, with sharper focus on the SMEs segment at international level;
- a persisting climate of stronger competitive pressure across all the Group's relevant geographies.

NB: for the sake of clarity, changes in percentage and absolute terms appearing in this Press Release have been calculated using exact amounts.
[1] EBITDA is gross of impairment losses on receivables and non-recurring charges

## GROUP RESULTS IN 9M14

**In 9M14**, the DADA Group achieved **consolidated revenue** of €50.6 million, down 11% versus €57.1 million in 9M13:

i) revenue from the **Domain and Hosting** division, which accounted for approximately 87% of consolidated revenue over the period, amounted to €44 million, dropping by approximately 2% versus 9M13, mainly due to the negative trend of Simply (the online advertising product) (€1.4 million in 9M14 versus €2 million in 9M13) and the disposal in August 2013 of certain co-location services in the UK (which had contributed €0.4 million to the 2013 revenue). Net of these two effects, revenue from the core business was basically in line with the result in 9M13. Italy and the UK were the countries that contributed the most to consolidated revenue, with approximately 75% of the division's revenue, followed by France, Spain, Ireland, Portugal and the Netherlands.

ii) **Performance Advertising** contributed the remaining 13% of the Group's revenue, declining by 44% versus 9M13 (€6.6 million versus €11.7 million). Revenue was heavily impacted by the new procedures applies to advertisers to monetize traffic on the Google network, which have stifled the pace of growth ever since October 2012, and have further impacted on the revenue trend since January 2014, especially on the portion generated by traffic on mobile phones and tablets.

**Foreign-based activities** accounted for 61% of consolidated revenue in 9M14 (65% in 9M13), confirming the predominance of these activities in the overall development of the DADA Group, despite the discontinuity reported in the Performance Advertising division, whose turnover is entirely generated by foreign operations.

In 9M14, **consolidated EBITDA** came to €7.6 million, dropping from €8.1 million in 9M13, with margins on revenue increasing to 15% (14% in 9M13). Specifically:

✓ for **Domain and Hosting**, margins on revenue dropped to 15% from 16% in 9M13. Comparing 9M14 and 9M13, mention should also be made of:

- the duplication in the early months of the current year of certain operating costs (€0.6 million) associated with the new Datacenter in the UK, arising from the expenses incurred from the previous suppliers (whose contracts terminated in 1Q14), along with the operating costs for the new facility, fully operational from April this year;
- a different corporate cost allocation accounting method between the divisions, effective from 1 January 2014.

✓ for **Performance Advertising**, the drop in volumes also impacted on margins in 9M14, which fell to 9% of revenue from 14% in 9M13, owing mainly to a lower Gross Margin contribution to cover fixed costs, although an increasing GM incidence on the division's revenue.

In 9M14, service costs decreased in absolute terms (from €37.4 million in 9M13 to €30.9 million in 9M14) and as a percentage of consolidated revenue (from 66% to 61%), thanks also to the benefits from the start of the new datacenter. Labour costs increased in absolute terms (from €14.3 million in 9M13 to €14.8 million in 9M14) and as a percentage of revenue (from 25% to 29%), mostly due to the increase in the average number of employees (382.5 units at 30 September 2013 versus 385.5 units at 30 September 2014), to the effects of the adjustments provided for in the collective bargaining agreements, and to certain salary policies, with a view to retaining key resources. There were 376 employees at 30 September 2014, down versus 395 employees at 31 December 2013.

The item "change in inventories and increase in own work capitalized", related to the internal costs aimed at improving processes and optimizing the proprietary platforms used to provide DADA Group services, amounted to €2.8 million in 9M14 versus €2.7 million in 9M13.

In 9M14, **EBIT** came to a positive €1.4 million (3% on revenue) versus €2.2 million in 9M13 (4% on revenue).

EBIT's performance was mainly affected by:

- depreciation and amortization, amounting to €5.7 million, €2.8 million of which for property, plant and equipment, and €2.9 million for intangible assets versus €5.5 million in 9M13 (€2.6 million for property, plant and equipment and €2.9 million for intangible assets), increasing mostly due to the investments made for the creation of the datacenter in the UK;
- impairment losses, provisions and other non-recurring charges of €0.5 million (€0.4 million in 2013), mostly deriving from charges for the reorganization of a number of subsidiaries in Italy and abroad.

Overall **financial activities** of the Dada Group (the difference between financial income and charges) came to -€2.1 million in 9M14 versus -€2.2 million in 9M13 (improving by 8%), despite the increase in overall debt. This figure was largely impacted by: (i) financial charges of €1.3 million (€1.2 million in 9M13), whose main components were interest expense on bank loans (€0.8 million in 9M14 and 9M13); (ii) bank charges of €1.0 million, mostly from commissions on credit card payments (€0.7 million, in line with 9M13); (iii) the impact of forex in 9M14 came to approximately €0.2 million, improving versus -€0.2 million in 9M13, as a result of the positive trend of the Euro/Pound exchange rate (overall positive change of €0.4 million).

**Tax** in 9M14 came to -€0.8 million (-€0.5 million in 9M13), and reflects current tax of €0.5 million (the regional *IRAP* tax on some Italian companies and tax on foreign-based companies with positive pre-tax income), decreasing versus 9M13 (€0.9 million), and negative deferred tax of €0.3 million (versus the positive effect of €0.4 million at 30 September 2013).

In 9M14, **consolidated Net Profit** showed a loss of €1.4 million (a loss of €0.5 million at 30 September 2013).

## 3Q14 HIGHLIGHTS

In 3Q14, the Group achieved **consolidated revenue** of €15.7 million, down from €17.4 million in 3Q13.

**EBITDA** came to €2.4 million, up versus €1.8 million in 3Q13. **EBIT** came to €0.4 million (versus -€0.5 million in 3Q13), net of depreciation and amortization of €2.0 million (€1.9 million in 2013), while non-recurring items were basically neutral over the period (-€0.3 million in 2013).

**Net profit** amounted to -€0.5 million versus -€1.2 million in 3Q13, while tax amounted to -€0.3 million (-€0.1 million in 2013).

## GROUP BALANCE SHEET AND FINANCIAL POSITION AT 30 SEPTEMBER 2014

The total consolidated **Net Financial Position** at 30 September 2014 came to –€32.9 million versus -€30.9 million at 31 December 2013. During the first 9 months of 2014 this aggregate was impacted mainly by: (i) positive cash flows from operating activities following changes in net working capital, amounting to €5 million (€6.0 million in 9M13); (ii) investing activities amounting to -€4.5 million (-€7.8 million in 9M13). Investments over the period regarded intangible assets (€2.9 million versus €3.3 million in 9M13), mostly for the internal development of proprietary technology platforms - and tangible assets in technology for a total of €1.6 million, decreasing versus €4.4 million in 9M13, mostly for the Datacenter in the UK; (iii) to a lesser extent, by cash absorbed for financing and tax activities of -€2.3 million (-€2.5 million in 2013) and non-recurring charges of -€0.2 million (-€0.6 million in 9M13).

The total Net Financial Position at 30 September 2014 includes current debt of €15.5 million, non-current loans and other funding of €18.8 million and current accounts totaling €1.4 million.

## BUSINESS PERFORMANCE IN 9M14

Over the past few months, the **Domain and Hosting** market has shown signs of increasing pressure in most of the Group's countries of operation, mainly due to two reasons:

- on the one hand, fiercer competition, partly as a result of the entry of major international players, in terms of increased pressure on sales prices and far more aggressive sales campaigns than before;

- on the other, the slowdown trend in new registrations of domains and acquisition of new customers mainly in France and Spain and, to a lesser extent, in other countries.

Despite this scenario, the division confirmed its position among the top European players in the business of **professional services for the management of the online presence and visibility of both individuals and businesses,** offering an array of services ranging from **domain name registration, hosting, for the creation, management and visibility of web and e-commerce sites and for online brand protection.** DADA can currently boast a user base of over **520,000 business clients** and **over 1.7 million domains** managed in Europe.

Noteworthy new initiatives during the period under review:

- starting from February, when the **new gTLDs** (Generic Top Level Domains) were released on the market, Dada managed a steady rise in pre-registration and registration applications: the Group's stores have received so far[2] a total of about 10,000 registrations, mostly for .bio, .email and .photography. To date, about 300 extensions are ready for registration and over 2.5 million[3] registrations have been made worldwide. Meanwhile, the "watchlist" service continues for new domains. The service allows clients and non-clients to freely create interest lists of new domain extensions to be released over the next three years.
- with the primary goal of improving service quality, additional customer care initiatives have been stepped up in every country, through **live chats** on all websites, alongside the phone support service introduced in Italy some months ago and the dedicated service launched to assist clients in the development and management of their own website through custom content and design for our clients.
- the range of **Virtual Servers** has been further expanded and repositioned to enable users to manage their own websites on a fully virtualized and highly powerful server at affordable prices.
- starting from July, clients and users can also benefit from the full suite of cloud-based solutions of **Microsoft Office 365**, Office Online, Mobile & iPad Apps, Exchange Email, SharePoint and Lync Online.

The **Performance Advertising** division continued the strategy of international expansion of its web traffic monetization solutions, specifically through the development of its superEva.com job search vertical website, which counts about 350,000 users registered to its services. New methods are being tested to find different and more profitable ways of monetizing traffic generated through mobile devices and tablets, also in order to mitigate the drop in volumes versus the prior period following the changes in Google's global policies. The division aims on the one hand to access new sources of organic or third-party traffic, in order to rely as less as possible on Google, and on the other to retain the business's marginality.

## OUTLOOK FOR THE CURRENT YEAR

Early indications on the Group's performance in 9M14 basically confirm the previously announced forecasts for both business lines. Specifically:

- in the **Domain and Hosting** division, in the absence of any currently unforeseeable event at this time, and despite increasing competitive pressure, an annual "mid-single digit" average growth in revenue over the 2014-2016 period (on a like-for-

[2] At 23 October 2014.

[3] At 23 October 2014; with the exception of.xyz, .berlin domains (specific to Berlin) and domains with Chinese ideograms, which are not distributed in the Group's stores.

like basis and net of the negative contribution of Simply), with a stronger growth in the second part of the three-year period, and a more than proportional increase in profitability, thanks to further optimization of operating costs;

- in the **Performance Advertising** division, in light of the changes made over the past few months in Google's network, changes on a global scale cannot be ruled out and, therefore, it is not currently possible to estimate the medium/long term impact of these changes. Revenue and margins for the current year may, therefore, presumably end lower than the figures in 2013, in line with the amounts reported in the last quarter.

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## Statement by the Manager responsible for preparing the Company's Financial Reports

Mr. Federico Bronzi, the manager responsible for preparing the company's financial reports, declares pursuant to Art. 154 bis (2) of the Uniform Finance Act (Testo Unico della Finanza or TUF) that the financial information contained in this press release corresponds to the Company's records, ledgers and accounting entries.

The Consolidated Interim Financial Report of the DADA Group at 30 September 2014 will be made available to the public at the Company's registered office as well as on the Company's website www.dada.eu (Investor Relations/Financial Reports section) in accordance with the law.

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***DADA S.p.A.** - listed on the STAR segment of the Italian Stock Exchange – is an international leader in professional online presence services (domains, hosting, server, online brand protection) and in several advanced online advertising solutions.*
*With more than 520 thousand business clients and 1.7 million domains under management, DADA is one of the leading names in the European **Domain & Hosting** sector and is a key player in the markets where it is active: in Italy through its established brand Register.it, as well as in Spain, the UK, Ireland, France, Portugal and the Netherlands under the brands Nominalia, Namesco, PoundHost, Register365 and Amen. With regard to **online advertising**, Dada is active at an international level in the Performance Advertising business.*

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# ANNEXES

## DADA GROUP'S RECLASSIFIED CONSOLIDATED INCOME STATEMENT AT 30 SEPTEMBER 2014

| EUR/000 | 30-Sept-14 9 months | | 30-Sept-13 9 months | | DIFFERENCE | |
|---|---|---|---|---|---|---|
| | Amount | % | Amount | % | Absolute | % |
| | | | | | | |
| **Net revenue** | **50,572** | **100%** | **57,092** | **100%** | **-6,520** | **-11%** |
| Chg. in inventories & inc. in own wk. capitalized | 2,791 | 6% | 2,707 | 5% | 84 | 3% |
| Service costs and other operating expenses | -30,937 | -61% | -37,424 | -66% | 6,487 | -17% |
| Payroll costs | -14,815 | -29% | -14,301 | -25% | -514 | 4% |
| **EBITDA*** | **7,611** | **15%** | **8,074** | **14%** | **-463** | **-6%** |
| Depreciation and amortization | -5,696 | -11% | -5,442 | -10% | -254 | 5% |
| Non-recurring income/(charges) | -146 | 0% | -103 | 0% | -43 | 42% |
| Write-down of fixed assets | -23 | 0% | 0 | 0% | -23 | |
| Impairment losses and other provisions | -315 | -1% | -293 | -1% | -22 | 7% |
| **EBIT** | **1,432** | **3%** | **2,237** | **4%** | **-806** | **-36%** |
| Financial income | 579 | 1% | 376 | 1% | 203 | 54% |
| Financial charges | -2,638 | -5% | -2,613 | -5% | -24 | 1% |
| **Profit/(loss) before taxes** | **-627** | **-1%** | **0** | **0%** | **-627** | |
| Income taxes | -755 | -1% | -475 | -1% | -280 | 59% |
| **Group net profit/ (loss)** | **-1,382** | **-3%** | **-475** | **-1%** | **-907** | **n.m.** |

*Gross of impairment losses and other non-recurring items

# HIGHLIGHTS ON CONSOLIDATED RESULTS BY BUSINESS UNITS

| | 30-Sept-14 (9 months) | | | | | 30-Sept-13 (9 months) | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Segment** | **Revenue** | **EBITDA** | **Margin %** | **EBIT** | **Margin %** | **Revenue** | **EBITDA** | **Margin %** | **EBIT** | **Margin %** |
| | | | | | | | | | | |
| Domain and Hosting | 44,007 | 6,604 | 15% | 1,156 | 3% | 44,958 | 7,314 | 16% | 2,752 | 6% |
| Performance Adv. | 6,564 | 610 | 9% | 176 | 3% | 11,709 | 1,606 | 14% | 1,202 | 10% |
| Adjustments | - | 397 | n.m. | 99 | n.m. | 425 | -846 | n.m. | -1,717 | n.m. |
| | | | | | | | | | | |
| **Total** | **50,572** | **7,611** | **15%** | **1,432** | **3%** | **57,092** | **8,074** | **14%** | **2,237** | **4%** |

## DADA GROUP'S NET WORKING CAPITAL AND NET FINANCIAL POSITION AT 30 SEPTEMBER 2014

| EUR/000 | 30-Sept-14 | 31-Dec-13 | DIFFERENCE | |
|---|---|---|---|---|
| | | | Absolute | % |
| | | | | |
| **Fixed assets** | **96,074** | **93,981** | **2,093** | **2%** |
| Current operating assets | 14,337 | 16,335 | -1,998 | -12% |
| Current operating liabilities | -24,733 | -28,022 | 3,289 | -12% |
| **Net working capital** | **-10,396** | **-11,687** | **1,291** | **11%** |
| Provision for termination indemnities | -748 | -760 | 11 | -1% |
| Provision for risks and charges | -988 | -1,007 | 19 | -2% |
| **Net capital employed** | **83,942** | **80,527** | **3,414** | **4%** |
| Bank loans (due beyond one year) | -18,762 | -21,302 | 2,540 | -12% |
| **Shareholders' equity** | **-51,077** | **-49,664** | **-1,413** | **3%** |
| Current bank borrowings | -15,327 | -11,173 | -4,153 | 37% |
| Current financial receivables and derivatives | 0 | 0 | 0 | - |
| Current financial payables and derivatives | -176 | -47 | -129 | 274% |
| Cash and cash equivalents | 1,401 | 1,660 | -259 | -16% |
| **Current net financial position** | **-14,102** | **-9,561** | **-4,541** | **48%** |
| **Total net financial position** | **-32,864** | **-30,863** | **-2,001** | **6%** |

DOMAINS & ADVERTISING

# DADA GROUP'S RECLASSIFIED CONSOLIDATED STATEMENT OF CASH FLOWS AS OF SEPTEMBER, 30 2014

| EUR/000 | 30 September 2014 | 30 September 2013 |
|---|---|---|
| **Operating activities** | | |
| **Cash flow from operating activities before changes in working capital** | **7,218** | **7,343** |
| (Increase)/decrease in receivables | 2,264 | 2,258 |
| Increase /(decrease) in payables | -4,469 | -3,605 |
| **Cash flow from operating activities** | **5,013** | **5,997** |
| Income taxes paid | -493 | -558 |
| Interest (paid)/received | -1,805 | -1,960 |
| **Net cash flow from operating activities** | **2,715** | **3,478** |
| **Investing activities** | | |
| Purchase of property, plant and equipment | -1,556 | -4,445 |
| Disposal of fixed assets | 8 | - |
| Other changes in fixed assets | 5 | -1 |
| Purchase of intangible assets | -146 | -605 |
| Product development costs | -2,791 | -2,707 |
| **Net cash flow used in investing activities** | **-4,480** | **-7,758** |
| **Financing activities** | | |
| Change in loans | -2,540 | -2,910 |
| Other changes | -107 | 329 |
| **Net cash flow from/(used in) financing activities** | **-2,647** | **-2,581** |
| | | |
| **Net increase/(Decrease) in cash and cash equivalents** | **-4,412** | **-6,862** |