



Press release pursuant to CONSOB Regulation 11971/199, as subsequently amended

## THE CONSOLIDATED RESULTS FOR THE FIRST 9 MONTHS OF 2011 APPROVED:

REVENUE MOUNT TO €59.4 MN (€54.0 mn in 9M2010)  
EBITDA<sup>1</sup> REACHES €6.6 MN (€2.0 mn in 9M2010)  
EBIT COMES IN AT -€1.9 MN AFTER NON-RECURRING CHARGES OF €2.9 MN (-  
€6.3 mn in 9M2010)  
NET LOSS OF -€2.9 MN (-€3.5 mn at 30 September 2010)  
NET FINANCIAL POSITION REDUCED FROM -€50.6 MN AT 31 DECEMBER 2010 TO -  
€27.1 MN

**Florence, 8 November 2011** - Today the Board of Directors of Dada S.p.A. examined and approved the Dada Group's Consolidated Interim Management Statement at 30 September 2011.

In the first nine months of 2011 the Dada Group's asset portfolio was significantly changed by the sale of the Dada.net Division. In line with Dada's previously announced strategy to focus its resources on the Domain and Hosting and Digital Advertising businesses, the transaction also helped to significantly reduce consolidated financial debt.

Following this transaction and the consequent application of International Financial Reporting Standard 5, relating to "non-current assets held for sale and discontinued operations," as of 1 January 2011 the income-related items of the company sold are shown in a single line of the income statement and its assets, liabilities and financial position in a single line of the balance sheet. For the sake of comparison, last year's income statement has been restated accordingly.

The Dada Group's reporting is now divided between the **Dada.pro Division** - professional domain registration and hosting services and advanced online advertising services - and the **Corporate Division** - chiefly the Parent Company Dada S.p.A. which mainly provides centralized services to its subsidiaries. The results of Clarence S.p.A. and Fueps S.p.A., which are outside the scope of the operations sold and marginal in the period under examination, have also been grouped in a third item.



## The Group's results in the first nine months of 2011

**Consolidated revenue** for the Dada Group in the first nine months of 2011 amounted to €59.4 million, an increase of approximately 10% with respect to the €54.0 million recorded in the same period 2010.

Foreign operations made up 67% of consolidated revenue, versus 50% in the first nine months of the prior year, confirming the ever increasing contribution of the international business to the Dada Group's overall growth. This aggregate was largely explained by the significant growth of the performance advertising business abroad and the shift away from the premium advertising concession business in Italy.

The **Dada.pro** Division recorded revenue of €58.6 million in the period, an increase of approximately 7% with respect to the prior year (€54.9 million); this growth is attributable to both businesses: i) **professional services for domain registration, hosting and online brand protection and visibility** represented approximately 77% of the division's revenue and posted significant growth in the Italian and UK markets, while less positive performances were recorded in the Iberian and French markets; ii) the **performance advertising** business, which increased by more than 50% with respect to the prior year, contributed the remaining 23% to the Division's revenue.

The **Corporate** Division contributed €3.8 million to consolidated revenue in the first nine months of 2011 (€3.5 million in 9M2010). Interdivisional revenue and adjustments affected the period results for €3 million overall.

**Consolidated EBITDA** for the first nine months of 2011 amounted to €6.6 million or 11% of revenue, an increase with respect to the same period in 2010 (which amounted to €2 million, due also to the net costs incurred to launch Fueps' gaming services).

Service costs as a percentage of consolidated revenue fell significantly in the period from 78% to 70%, and payroll costs - though slightly increasing in absolute terms - fell from 25% to 23% of consolidated revenue.

The Dada.pro Division's EBITDA in 9M2011 reached €8.2 million, an increase of approximately 11% with respect to the same period in the prior year (€7.4 million), or 14% of revenue thanks to the growing contribution of the digital advertising business, despite lower expenses capitalized incurred for the development of proprietary platforms.

The Group's **EBIT** in the first nine months of 2011 was a negative €1.9 million (-€6.3 million in 2010). The figure reflects, in particular, depreciation and



amortization of €5.6 million, a decrease with respect to the €5.8 million recorded in same period of the prior year, explained primarily by lower investments for internal development mentioned above, and non-recurring charges of approximately €2.9 million (€2.4 million in 2010), mostly relating to employee severance.

**Net financial charges**, which amounted to a negative €2.3 million in the period (-€1.8 million in the first 9 months of 2010), are explained primarily by financial charges of €3.0 million (€2.7 million in 2010), attributable for €0.6 million to bank commissions on credit card payments and for €0.7 million to exchange losses: this result was largely influenced by the gradual increase in the interest rates applied by banks on the different forms of financing granted and to a lower financial income due primarily to a decrease in exchange gains with respect to the prior year.

**Tax** in the period totalled a negative €0.8 million (+€0.9 million in 9M2010) and reflects current tax of €1.1 million (IRAP or regional business tax relative to a few Italian companies and tax for the foreign companies which posted positive pre-tax income) and the recognition of deferred tax assets of €0.4 million relative to the partial recovery of tax losses recorded in prior years.

The **net profit attributable to assets held for sale** was a positive €2.3 million explained primarily by the total capital gain generated by the sale of Dada.net and the disposal of E-Box S.r.l. finalized during the first months of the year.

The **consolidated net loss** at 30 September 2011 amounted to €2.9 million, versus a net loss of €3.5 million at 30 September 2010.

### **Group Balance Sheet and Financial Position at 30 September 2011**

The **consolidated net financial position** at 30 September 2011 came in at a negative -€27.1 million versus a negative -€50.6 million at 31 December 2010: this aggregate was impacted, in particular, by the extraordinary transactions completed during the period which generated inflows of €26 million (related to the positive impact of the Dada.net sale mentioned above net of the repurchase of the Sony Music minority and the disposal of E-Box) which significantly reduced bank exposure. Operating activities generated cash of €4.4 million and investments totaling €4.8 million were made in property, plant and equipment and in intangible assets for the internal development of proprietary processes and platforms. Non-recurring charges of approximately €3.8 million were also recorded in the first nine months,



explained for €1.2 million by charges incurred for the extraordinary transactions and for €2.4 million by severance.

### **Business development**

In the first nine months of 2011 Dada strengthened its position in the professional domain registration and hosting services sector in Europe and now boasts over 480 thousand business clients and more than 1.7 million domains under management in Italy, the UK, France, Spain Portugal, the Netherlands and Ireland. Dada continued with the successful implementation of its goals to:

- i) integrate Poundhost's marketing tools and the dedicated and virtual hosting products with Namesco's platform in the UK, in order to take advantage of cost synergies and business opportunities;
- ii) expand the portfolio of services offered by launching new applications, which were well received by the market, like: "WebSite" and "E-commerce", which together provide a complete package of services for the creation of e-commerce sites, from the registration of domains and the customization of website graphics, to the management of online sales, orders and logistics; certified e-mail, a digital solution for the delivery of legally binding content which guarantees dispatch and delivery to the recipient, the adoption of which, moreover, is obligatory for all businesses, professionals and public entities in Italy as of 29 November.

Furthermore, in order to increase the online presence of Italian SMEs, the project "LaMialmpresaOnline.it" was launched. The purpose of the project, conceived in partnership with Google, Seat PG and PagineGialle.it, as well as Poste Italiane, is to provide small and medium sized businesses with the professional tools needed to create their own website and develop their businesses opportunities through the web: of the more than 27,000 companies who went online in the first six months of the project, approximately 11% activated Dada's e-commerce platform - more than double the national average of 5%<sup>2</sup>.

In online advertising, Dada.pro continued with its strategy to strengthen and internationally expand its performance advertising business thanks to the consolidation of the Peeplo service, the constant fine-tuning of proprietary algorithms, the close collaboration with the world's main Ad networks such as "Save n' Keep," and the new thematic portals like Sconti.it in Italy and OnlyTopDeals.co.uk in the UK.

### **Highlights of the results for third quarter 2011**



In third quarter 2011, the Group posted **consolidated revenue** of €19.2 million, an increase of 8% with respect to the €17.8 million recorded in third quarter 2010.

**EBITDA** amounted to €2.5 million, or 13% of revenue, versus -€0.1 million in third quarter 2010. **EBIT** reached €0.2 million (compared with -€2.6 million in the same period 2010) and reflects non-recurring charges of €0.6 million; amortization, depreciation and non-recurring charges decreased with respect to prior quarters.

The **consolidated net loss** for third quarter 2011 reached €0.7 million, versus a net loss of 1.8 million in third quarter 2010 (which also reflected the positive net contribution of assets held for sale for €1.3 million).

### **Significant events**

On **22 September 2011**, following the resignation of Barbara Poggiali, the Chief Executive Officer and General Manager, as already and more in detail explained in the press release issued on that date, the Board co-opted Claudio Corbetta to act as a new Director of the Company, appointed him Chief Executive Officer of Dada S.p.A. and also appointed Director Lorenzo Lepri General Manager and Chief Financial Officer of Dada S.p.A.. The Board of Directors also resolved, in accordance with the Compensation Committee's recommendations, to submit the stock option plan for the period 2011-2013 (the "2011-2013 Incentive Plan") to the company's Shareholders' Meeting for approval. The Plan, for Dada Group employees, in particular executives and managers of Dada S.p.A. and/or its subsidiaries, is designed to motivate and ensure the retention of the beneficiaries by making them active participants in the Dada Group's growth and value creation process.

### **Subsequent events**

On **25 October 2011**, Shareholders of Dada S.p.A. meeting in ordinary session, appointed Claudio Corbetta, already co-opted by the Board of Directors during the meeting held on 22 September 2011, as a new director of the Company through the expiration of the current Board. In ordinary session Dada's shareholders also approved, pursuant to Art. 114-bis of Legislative Decree n. 58 of 24 February 1998, the stock option plan for the period 2011-2013.

In extraordinary session, Shareholders consequently granted the Board of Directors, in accordance with Art. 2443 of the Italian Civil Code, the powers, to be exercised within five years of the shareholders' resolution, to implement a paid-in share capital increase, in one or more tranches, excluding option rights, to service the 2011-2013 Incentive Plan, by a maximum amount of €85,000.00 through the issue of a maximum of 500,000 ordinary Dada shares with a nominal value of €0.17 each.



On **28 October 2011**, the Board of Directors of Dada S.p.A., pursuant to the powers granted by shareholders during the meeting held on 25 October 2011, executed the Stock Option Incentive Plan for the period 2011-2013 benefiting Dada Group employees, in particular executives and managers of Dada S.p.A. and/or its subsidiaries.

The Board, in accordance with the recommendations received from the Company's Compensation Committee, approved the Plan Regulations and the assignment of a total of 500,000 options on the same number of ordinary Dada shares at an exercise price of €2.356 per share, equal to the average price of Dada's ordinary shares recorded at the close of each Italian Stock Exchange trading session during the period between the grant date of the Options and the same day in the previous month. The assignees of options renounced any options already assigned under the Company's previous incentive plans.

The Board also established that the exercise of the vested Options is subject to a performance condition, meaning the Options may be exercised if the Dada Group achieves a minimum level of cumulative EBITDA in the three-year period 2011-2013 and may, by law, take place during predetermined exercise periods, subsequent to Company's Shareholders' approval of the Financial Statements for the year ended 31 December 2013 and, in any case, not later than 19 December 2016.

The Board, in accordance with Art. 2441, para. 8 of the Italian Civil Code, then approved a paid-in increase of the share capital, excluding option rights, of up to a total maximum nominal amount of €85,000 to service the Plan.

The Board confirmed Claudio Corbetta - appointed a Director of Dada S.p.A. by the Company's shareholders during the meeting held on October 25th, 2011 - as Chief Executive Officer with an organizational role as the Company's General Manager.

### Outlook for the current year

Following the rationalization of the asset portfolio, which substantially changed Dada's business and organizational structure, the current strategic priorities are the development of the core business and its consolidation in strategic markets through constant innovation, expansion of the range of products offered, improvement of the service and marketing initiatives designed to support the international growth of the customer base.

The steps taken to improve operating efficiency, as well as further optimize general expenses and structural costs, will continue to be carried out and are expected to improve profitability. As mentioned previously, the implementation, currently underway, of this efficiency plan requires some



measures which involves extraordinary costs, the larger part of which will be incurred this year.

In light of the overall reference scenario, the Group's performance in the first nine months of the year, the measures currently being implemented and in absence of any currently unforeseeable events, the Group's FY 2011 revenue and EBITDA are expected to increase, on a like-for-like basis, with respect to the prior year.

### Statement by the Financial Reporting Officer

The Financial Reporting Officer of Dada S.p.A., Federico Bronzi, declares pursuant to Art. 154 bis (2) of the Italian Finance Code (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.

1 EBITDA is gross of impairment losses on receivables and non-recurring charges.

2 Source: Eurisko "ICT Research 2010"

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The Consolidated Interim Management Statement at 30 September 2011, which will be made available to the public at the Company's registered office and via the Italian Stock Exchange (Borsa Italiana) NIS circuit, as well as on the company's website [www.dada.eu](http://www.dada.eu) in accordance with the law, is not subject to financial audit.

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