



PRESS RELEASE

BANZAI: GMV and Turnover on the increase, net profit at Euro 2.96 million in 9M16

- **ePRICE: Gross Merchandise Volume (GMV)¹ up by +23.9% YoY to Euro 163.2 million.** Marketplace saw a strong increase (+130% YoY). Revenues +19.2% YoY to Euro 127.2 million.
- **Gross profit rose by 29% YoY**
- **Net profit Euro 2.96 million and Net cash position Euro 28.5 million as at 30 September**
- **Guidance 2016:**
 - GMV at +20-22%, Revenues at +15-17%
 - Improvement in the Gross margin compared to the 2015 pro-forma figures
 - Cash position at Euro 50-55 million and net profit in 2016

Milan, 9 November 2016

Today, the Board of Directors of Banzai, Italy's first national e-Commerce platform, listed on the STAR segment of the Italian Stock Exchange, has approved the results as at 30 September 2016.

*"We are happy with the growth of the ePRICE GMV¹ in the first 9M16, particularly in the electronic goods and domestic appliances segment, despite the negative impact of air conditioner sales and a market more problematic than expected in 3Q16, but showing signs of improvement in October", comments **Pietro Scott Jovane, Banzai's Chief Executive Officer**. "ePRICE's leadership is confirmed in the sale of durable goods, with a strong ticket and greater focus on service, also at the heart of the new TV campaign launched in September, which saw record page visits and unique weekly users, with the figure doubling for mobile app browsing. In the first 9M we refocused on ePRICE and obtained funding to enhance the growth process considerably and to focus strongly on innovation, particularly service, which lies at the core of our new strategic guidelines. The disposals also allow us to close 2016 with a profit, and a sound net cash, forecast to be around Euro 50-55 million."*

Consolidated results as at 30 September 2016

The results as at 30 September 2016 are recorded net of the Vertical Content Division and Saldiprivati, sold during the year and recognised among assets held for sale from 1 January 2016.

Revenues totalled Euro 127.2 million, up +19.2% compared to the 9M15 pro-forma figures, driven by ePRICE electronic goods and domestic appliance sales, +20.6% net of air conditioner sales as a result of the effects described below.

The **GMV¹** – which represents customers' spending, including the marketplace - grew by 23.9% compared to the 9M15 pro-forma figures, amounting to Euro 163.2 million, or +25.3% net of air conditioners. The weight of the Marketplace, launched in 2Q15, grew significantly (+130% compared to 9M15), and represented approximately 10% of the GMV¹ in the first 9 months. The number of marketplace merchants stands at 784 as at 30 September 2016.

ePRICE revenues and GMV in 9M16 were affected by the slowdown in the last quarter, due to an unfavourable comparison with 3Q15 as regards air conditioner sales (which brought revenue growth in 3Q16 down by around 3.4%) and to strong pressure from competition. In fact, in 3Q15 ePRICE had exceptionally benefited from sales in this category (+291% YoY for the quarter), associated with the extreme heat. In 3Q16 the category returned to its normal level (-55% YoY, but +75% vs. 2014). In addition, the market has seen strong competitive pressure during the last quarter, against which ePRICE maintained its focus on the goal of improving gross profit. The preliminary results for 4Q16 indicate a return two double-figure growth also for revenues.

¹Gross Merchandise Volume: actual expenditure measurement. It includes revenues from the sale of products, deliveries and the volume generated by the 3P Marketplace, net of returns and VAT included.

(Revenues and GMV performance)

(Euro million)	9M16	9M15 Pro-forma	% Change	9M15	% Change
Revenues	127.2	106.7	19.2%	152.3	<i>n.m.</i>
GMV¹	163.2	131.7	23.9%	169.3	<i>n.m.</i>

(Revenues and GMV by product type, compared to 2015 pro-forma figures)

Revenues (Euro million)	3Q16	3Q15	% Change	GMV (Euro million)	3Q16	3Q15	% Change
Electronic Goods and Domestic Appliances	38.2	36.1	5.7%	Electronic Goods and Domestic Appliances	52.0	46.7	+11.5%
Services	1.6	1.6	-3.4%	Services ²	1.3	1.5	-14.8%
Other	3.7	2.4	53.0%	Other	2.2	2.1	+2.9%
Revenues	43.0	40.2	8.2%	GMV	55.5	50.2	10.4%

Revenues (Euro million)	9M16	9M15	% Change	GMV (Euro million)	9M16	9M15	% Change
Electronic Goods and Domestic Appliances	112.4	94.2	19.3%	Electronic Goods and Domestic Appliances	152.8	121.7	25.5%
Services	4.8	4.8	-0.5%	Services	6.5	6.2	5.1%
Other	10.0	7.7	30.1%	Other	3.9	3.8	3.8%
Revenues	127.2	106.7	19.2%	GMV	163.2	131.7	23.9%

The 19.2% growth in revenues in 9M16 was mainly driven by sales of electronic goods and domestic appliances, boosted by expansion of the product range offered by ePRICE and by the development of premium services (delivery, installation and recycling), as well as by the marketplace (+130% compared to 9M15). Net of the previously mentioned “air conditioners” effect, the growth was 20.6%.

Transport service revenues - net of the free shipping and discount coupon promotion policies - benefited from developments and efficiency improvements in the Pick&Pay and Lockers network, which as at 30 September 2016 numbered 125 and 295, respectively (100 and 300 as at 31 December 2015).

In the areas covered by the new “Home Service” installation and delivery services, the growth in the segment for domestic appliances sold online, where ePRICE is the market leader, was much higher than the average, recording an NPS² of over 70.

In January, in fact, the new generation of customised delivery, installation and recycling services (Home Service) was launched, integrated with a proprietary mobile platform, accessible via app from smartphones, which enables our customers to have continuous interaction with ePRICE from the purchase phase through to installation in their homes. A total of 782 municipalities are now covered by the Home Service.

The Home Service is also at the heart of the new TV campaign “ePRICE Ti Serve”, aired from 23 September and broadcast on the Mediaset networks with significant prime time reaching an estimated audience of approximately 8 million during the launch period. The advertisement is in 30” and 15” formats, with a new 15” advertising version designed to enhance the ePRICE service and its full range of products and services in partnership with the top technology brands. The specific features of ePRICE, professionalism and customer-centric approach are represented in the video clip by a cheerful and determined qualified technician that helps a customer through the delivery, installation and recycling of her new washing machine. The initial feedback indicates a rise in traffic and users, with an average increase of 25% YoY and doubling of the mobile browsing figures.

The strong growth in the services category, which mainly includes B2B activities on behalf of business partners, marketplace commissions and infocommerce activities, is associated with the considerable development of the marketplace, as illustrated above, and of infocommerce.

² II Net Promoter Score is calculated by subtracting the number of net detractors from the number of net promoters.

Key Performance Indicators

Key Performance Indicators ³	3Q16	3Q15	% Change
Orders (thousand)	203	194	5%
AOV (Euro) ⁴	224	212	5%
Buyers (thousand) ⁵	153	144	6%

Key Performance Indicators ⁵	9M16	9M15	% Change
Orders (thousand)	630	524	20%
AOV (Euro)	212	206	9%
Buyers (thousand)	391	324	21%

In 9M16, ePRICE managed 630 thousand orders, up +20% compared with 9M15, with an average value (AOV⁵) of Euro 212, up 9%, mainly driven by the mix in favour of high-ticket categories (particularly Domestic Appliances), which more than offset the diluting effect of strong marketplace growth. Lastly, the number of buyers totalled 391 thousand, up around 21% on 9M15.

Gross Profit was Euro 19.5 million, +29.3% compared to Euro 15.1 million in 9M15, accounting for 15.3% of sales for the period compared to 14.1% in 9M15. Note that the gross profit does not include shipping and installation costs, which were instead correctly restated among fulfilment costs. The effect in terms of percentage impact on revenues was 4.0% in the first nine months of 2016 and 3.5% in the first 9 months of 2015.

Improved margins are one of the objectives disclosed to the market and is being achieved through the different sales mix, which sees a growing weight of Domestic Appliances, through the more significant contribution of the marketplace and the focus on more efficient leveraging of the price and promotional policies, as well as the one-off contribution from an infocommerce contract.

Adjusted EBITDA was Euro -6.9 million vs. Euro -4.4 million in the 9M15 pro-forma figures. The difference was mainly attributable to the growth of sales and marketing costs (+44.9% or +36% net of costs associated with the infocommerce transaction mentioned previously) and to higher fulfilment costs (+34.4%). In both cases the increase was aimed at sustaining the strong growth of ePRICE in terms of both customers and sales volumes, particularly in the Domestic Appliances category, and to a lesser extent to strong expansion of the Pick&Pay and Lockers network which is not yet fully operational.

EBITDA was Euro -7.6 million (Euro -5.2 million in 9M15) including non-recurring costs of Euro 0.66 million relating mainly to the Stock Option Plan.

EBIT amounted to Euro -10.5 million (Euro -7.1 million in 9M15) due to the lower EBITDA. Amortisation, depreciation and write-downs were equal to Euro 2.9 million, +51% vs. 9M15, due to investments made over the period.

The **EBT from operations** was equal to Euro -11 million (Euro -7.3 million in 9M15), after financial income and charges of Euro -0.04 million and write-downs of financial receivables of Euro 0.44 million.

Net Profit was Euro 2.96 million (a loss of Euro -8.9 million in 9M15), due to Euro 17.5 million in net profit from the disposal of the Vertical Content division in 2Q16 and approximately Euro 3.6 million associated with Saldiprivati business, now pending disposal.

The Group recorded a Net Cash Position of Euro 28.5 million as at 30 September 2016: the increase is the result of the resources obtained through the disposal of Banzai Media Holding for Euro 31.2 million, net of cash outflows for discontinued operations (Euro 5.5 million in 9M16), Group investments (Euro 6.8 million), cash outflows for operating activities (Euro 15 million) and buy backs for Euro 1.0 million. These outflows are associated with the Group strategy targeting a strong acceleration in revenues and market share through greater investments in marketing activities. This included around Euro 3.0 million, plus VAT, in advances to suppliers paid to the Mondadori Group to purchase advertising on Mediaset channels. Note that the net financial position as at 30 September, however, still does not include the amount collected on the disposal of Saldiprivati, which was finalised in 4Q16.

³Including the 3P marketplace.

⁴Average value of each purchase order (excluding VAT).

⁵Buyers who placed at least 1 order in the reference period.



Investments mainly targeted the purchase of hardware and equipment for the operational sites and the logistics hub, the development of the marketplace platform and the new ERP accounting and management system.

Main consolidated results of the third quarter of 2016

Revenues amounted to Euro 43.5 million, +8.2% vs. Euro 40.2 million in 3Q15. During the quarter, the 3P marketplace continued to expand and contributed to a further increase in **GMV²** of Euro 55.5 million, up 10.4% on 3Q15.

Net of air conditioner sales, which as reported previously were down -55% YoY compared to 3Q15 (but +75% vs 3Q14), the growth in revenues and GMV would be 11.4% and 13.8% YoY, respectively.

Gross Profit amounted to Euro 7.0 million, +21.3% compared with Euro 5.7 million in 3Q15. The impact on revenues was 16%, gradually recovering percentage points as described previously.

Adjusted EBITDA came in at Euro -2.3 million (Euro -1.3 million in 3Q15), mainly due to an increase in sales and marketing costs and fulfilment costs.

EBIT totalled Euro -3.8 million (Euro -2.1 million in 3Q15), after amortisation, depreciation and write-downs of Euro 1.1 million.

EBT amounted to Euro -3.9 million (Euro -2.2 million in 3Q15).



Other Events

Disposal of Saldiprivati

On 3 November, Banzai announced its finalisation of the disposal of Saldiprivati to the French group, Showroomprivé (Paris: SRP). The Enterprise Value was Euro 38 million, on a debt-free and cash-free basis, including an earn-out for Banzai of up to Euro 10 million if certain conditions associated with the 2018 results of the business activities sold should be met. The sale price includes an additional Euro 5 million if 2017 targets associated with the successful carve-out of Saldiprivati activities are reached. The transaction multiple was 0.9x EV/SALES 2016 LTM as at 30 June 2016, including earn-out.

The amount collected on closing is Euro 29.5 million, before non-recurring selling costs, of which Euro 2.5 million as guarantee deposit. The disposal of Saldiprivati will give the brand a gross capital gain of around Euro 7.5 million at consolidated level, before overall costs and non-recurring selling costs.

New ePRICE TV campaign

23 September saw the launch of the new TV campaign “ePRICE Ti Serve”, broadcast on Mediaset networks with significant prime time to reach an audience estimated at around 8 million during the launch period. The advertisement is in 30” and 15” formats, with a new 15” advertising version designed to enhance the full range of products and services in partnership with the top technology brands.

Buy Back Programme

Banzai has launched a Buy Back programme. Treasury shares held totalled 640.330 as at 10 November, equal to approximately 1.56% of the share capital.

The Executive Officer in charge of preparing the corporate accounting documents, Emanuele Romussi, declares, pursuant to Article 154-bis, paragraph 2 of the Consolidated Finance Act, that the accounting information contained in this press release is in keeping with the underlying accounting documents, records and accounting entries.

The press release is available on the websites www.banzai.it and www.1info.it

Banzai is the leading e-Commerce platform in Italy. Founded by Paolo Ainio and listed on the STAR segment of the Italian Stock Exchange since 2015, Banzai is one of the leading Internet companies in Italy with revenues of Euro 168 million and a GMV⁶ (Gross Merchandise Volume) of Euro 207 million in 2015, up 24% YoY in the 9M 2016. ePRICE is one of the main online stores in Italy specialized in high-tech products (electronic goods) and is the Italian e-Commerce leader in the segment of large domestic appliances. ePRICE launched in 2016 the Home Service Mobile Platform to manage premium delivery and installation services, which covers around 14 millions Italians. ePRICE has a network of 125 Pick&Pay locations in 109 cities, which combine the advantages of buying online and the convenience and security of a proximity shop.

⁶Gross Merchandise Volume: it includes revenues from the sale of products, deliveries and the volume generated by the 3P Marketplace, net of returns and VAT included.



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Banzai Group Reclassified Income Statement

<i>(In thousands of Euros)</i>	30 September 2016	% of total revenues	30 September 2015	% of total revenues	% Change
Total revenues	127.199	100,00%	106.721	100,00%	19,2%
Cost of sales ⁷	(107.717)	-84,68%	(91.655)	-85,88%	17,5%
Gross profit⁸	19.482	15,32%	15.066	14,12%	29,3%
Sales and marketing costs	(7.095)	-5,58%	(4.896)	-4,59%	44,9%
Logistics costs	(12.324)	-9,69%	(9.169)	-8,59%	34,4%
IT costs	(1.014)	-0,80%	(751)	-0,70%	35,0%
General and administrative expenses	(5.979)	-4,70%	(4.647)	-4,35%	28,7%
Adjusted EBITDA	(6.930)	-5,45%	(4.397)	-4,12%	57,6%
Non-recurring costs and Stock Option Plan	(657)	-0,52%	(835)	-0,78%	-21,3%
EBITDA	(7.587)	-5,96%	(5.232)	-4,90%	45,0%
Depreciation, amortisation and write-downs	(2.886)	-2,27%	(1.906)	-1,79%	51,4%
EBIT	(10.473)	-8,23%	(7.138)	-6,69%	46,7%
Net financial expenses	39	0,03%	(23)	-0,02%	-269,6%
Share of the result pertaining to associates	(82)	-0,06%	(161)	-0,15%	-49,1%
Write-downs on financial assets	(439)	-0,35%	0		N/A
NET PROFIT (LOSS) FROM CONTINUING OPERATIONS	(10.955)	-8,61%	(7.322)	-6,86%	49,6%
Net profit (loss) from discontinued operations	13.911		-1.591		N/A
NET PROFIT (LOSS)	2.956		-8.913		N/A

⁷ The **Cost of sales** mainly includes the purchase cost of goods and the cost of some services, the cost of collection fees..

⁸ **Gross profit** is represented by net revenues minus cost of sales and is a management accounts indicator used by the Issuer to monitor and evaluate sales performance. Gross profit is not identified as an accounting measure either under the scope of Italian Accounting Principles or under IFRS (International Financial Reporting Standards) and, therefore, it should not be considered as an alternative measure for evaluating the performance of the Group's gross margin. Since the composition of gross profit is not regulated by the reference accounting standards, the calculation criterion applied by the Group may not be the same as that used by others and, as such, may not be comparable. The Group calculates gross profit as a percentage of revenues as the ratio of gross profit to total net revenues.

Banzai Group Income Statement

<i>(In thousands of Euros)</i>	30 September 2016	30 September 2015*
Revenues	132.263	111.169
Other income	825	863
Costs for raw materials and goods for resale	(106.796)	(91.023)
Costs for services	(27.156)	(20.321)
Personnel expenses	(6.242)	(5.383)
Depreciation, amortisation and write-downs	(2.886)	(1.906)
Other charges	(481)	(537)
Operating profit (loss)	(10.473)	(7.138)
Financial expenses	(114)	(191)
Financial income	153	168
Share of the result pertaining to associates	(82)	(161)
Write down on financial assets	(439)	-
Profit (loss) from continuing operations	(10.955)	(7.322)
Net profit (loss) from discontinued operations	13.911	(1.591)
Profit (loss) for the period	2.956	(8.913)

Banzai Group Reclassified Statement of Assets and Liabilities

<i>(thousands of Euros)</i>	30 September 2016	30 September 2015	31 December 2015 Proforma ⁹
ASSETS			
Net Working Capital ¹⁰	4.608	776	(3.504)
Fixed Assets ¹¹	32.480	55.648	35.175
Long Term Assets ¹²	10.011	12.120	9.892
Personnel fund	(2.161)	(3.741)	(1.984)
Long Term Liabilities ¹³	(28)	(3.876)	-
Assets from discontinued operations	13.292	-	-
NET INVESTED CAPITAL¹⁴	58.202	60.927	39.578
EQUITY AND LIABILITIES			
Net Liquidity/Net Financial Debt	28.269	23.205	-
Shareholders' equity	(86.471)	(84.133)	-
TOTAL EQUITY AND LIABILITIES	(58.202)	(60.927)	(39.578)

⁹ Excludes the assets and liabilities allocable to Vertical Content (sold during the year) and Saldiprivati.

¹⁰ Net working capital is calculated as the sum of inventories, trade receivables and other non-financial current assets excluding trade payables and other current liabilities, with the exception of financial assets and liabilities. Net working capital is not identified as an accounting measure either under the scope of Italian Accounting Principles or IFRS.

¹¹ Fixed assets are the total of plant and equipment, intangible assets, equity investments in associates and non-current financial assets.

¹² Long-term assets comprise other non-current assets and deferred tax assets. Long-term liabilities comprise deferred tax liabilities and provisions for risks and charges.

¹³ Long-term liabilities comprise deferred tax liabilities and provisions for risks and charges.

¹⁴ Net invested capital is calculated as the sum of net working capital, fixed assets and other long-term assets, excluding personnel funds, provisions for risks and charges and deferred tax liabilities. Net invested capital is not identified as an accounting measure either under the scope of Italian Accounting Principles or IFRS.

Banzai Group Statement of Assets and Liabilities

<i>(In thousands of Euros)</i>	30 September 2016	31 December 2015
NON-CURRENT ASSETS		
Plant and equipment	3.048	3.113
Intangible assets	26.278	49.475
Investments in associates	1.776	1.114
Non-current financial assets	1.378	1.946
Other non-current assets	269	214
Deferred tax assets	9.742	11.906
TOTAL NON-CURRENT ASSETS	42.491	67.768
CURRENT ASSETS		
Inventories	16.603	24.425
Trade and other receivables	7.802	17.081
Other current assets	9.625	7.594
Cash and cash equivalents	27.570	33.543
TOTAL CURRENT ASSETS	61.600	82.643
Assets from discontinued operations	20.572	-
TOTAL ASSETS	124.663	150.411
SHAREHOLDERS' EQUITY AND LIABILITIES		
SHAREHOLDERS' EQUITY		
Share capital	821	821
Reserves	82.694	94.068
Profit (loss) for the period	2.956	(10.756)
TOTAL SHAREHOLDERS' EQUITY	86.471	84.133
NON-CURRENT LIABILITIES		
Payables to banks and other lenders	154	6.691
Personnel funds	2.161	3.741
Other non-current liabilities	28	3.876
TOTAL NON-CURRENT LIABILITIES	2.343	14.308
CURRENT LIABILITIES		
Trade and other payables	24.352	39.121
Payables to banks and other lenders	109	4.385
Other current liabilities	4.108	8.464
TOTAL CURRENT LIABILITIES	28.569	51.970
Liabilities from discontinued operations	7.280	-
TOTAL LIABILITIES	38.192	66.278
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	124.663	150.411

Banzai Group Net Financial Position

<i>(thousands of Euros)</i>	30 September 2016	31 December 2015
(A) Cash	(122)	(109)
(B) Other cash and cash equivalents	(27.448)	(33.434)
(C) Securities held for trading	-	-
(D) Liquidity (A)+(B)+(C)	(27.570)	(33.543)
(E) Current financial receivables	(962)	(738)
(F) Current financial payables	-	3.081
(G) Current portion of non-current debt	-	1.250
(H) Other current financial payables	109	54
(I) Current financial debt (F)+(G)+(H)	109	4.385
(J) Liquidity/net current financial debt (D)+(E)+(I)	(28.423)	(29.896)
(K) Non-current bank payables	-	6.619
(L) Bonds issued	-	-
(M) Other non-current payables	154	72
(N) Non-current financial debt (K)+(L)+(M)	154	6.691
(O) (Liquidity)/net financial debt (J)+(N) of continuing activities	(28.269)	(23.205)
(P) Liquidity/net financial debt of discontinued activities	(246)	-
(Q) (Liquidity)/net financial debt (O)+(P)	(28.515)	(23.205)

Banzai Group Financial Statement

<i>(In thousands of Euros)</i>	30 September 2016	30 September 2015 ¹⁵
NET CASH FLOW FROM OPERATIONS		
Net profit (loss) from operations	(10.955)	(7.322)
Depreciation and amortisation	2.886	1.896
Employee benefit fund provisions	383	314
Inventory write-downs	85	(23)
Change in employee benefit fund	(210)	(98)
Change in deferred tax assets and liabilities	(2)	4
Share of the profit (loss) pertaining to associates	82	138
Write down on non-current assets	439	-
Change in other non-current liabilities	28	-
Other non-monetary changes	446	41
Change in inventories	(1.173)	(4.198)
Change in trade receivables	(2.636)	(428)
Change in other current assets	(4.563)	(1.285)
Change in trade payables	(258)	840
Change in other payables	432	361
Cash flow from discontinued operations	(4.782)	(420)
NET CASH FLOW GENERATED (ABSORBED) BY OPERATIONS	(19.798)	(10.180)
NET CASH FLOW FROM INVESTMENT ACTIVITIES		
Acquisition of tangible assets	(1.162)	(985)
Change in other non-current assets	(116)	(77)
Acquisition of intangible assets	(4.645)	(4.765)
Provision of loans	(100)	(400)
Acquisition of associates	(796)	(311)
Cash flow from discontinued operations	30.443	(4.608)
NET CASH FLOW GENERATED (ABSORBED) BY INVESTMENT ACTIVITIES	23.624	(11.146)
CASH FLOW FROM FINANCING ACTIVITIES		
Financial payables	(8.512)	(3.931)
Capital increase	-	48.631
Current financial receivables	(224)	(462)
Treasury shares	(1.059)	-
Cash flow from discontinued operations	(4)	(3.979)
NET CASH FLOW ABSORBED BY FINANCING ACTIVITIES	(9.799)	48.121
(Decrease)/Increase in cash and cash equivalents	(5.973)	26.795
CASH AND CASH EQUIVALENTS AT THE START OF THE PERIOD	33.543	9.379
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	27.570	36.174

¹⁵ restated pursuant to IFRS 5