

## **PRESS RELEASE**

### **THE BOARD OF DIRECTORS APPROVES RESULTS AS OF 31 MARCH 2009**

**REVENUES AND EBITDA SHOWED RESILIENCE DESPITE THE DIFFICULT ECONOMIC CONTEXT, THANKS TO THE GROWTH OF THE ONLINE BUSINESS AND EFFECTIVE COST CONTROL.**

- **Consolidated REVENUES** amounted to € 164.4 million, stable compared to the first quarter of 2008, thanks to the growth of the online business in Italy (+45% in the first quarter; about +30% in the period April 2008 – March 2009)
- **Consolidated EBITDA** amounted to € 15.8 million, up by € 5.6 million (+55%), thanks to the careful management of operating costs; operating **FREE CASH FLOW** was € 88.3 million
- **NET FINANCIAL DEBT** was € 3,053.2 million (cash inflows from share capital increase not included)
- **AVERAGE COST OF DEBT** was 5.43% (6.52% for Q1 2008) and net interest expense amounted to € 43 million, down 25% thanks to deleveraging and the effective debt management policy.

#### **OUTLOOK 2009**

- **Uncertainty still remains about revenues**, since the repercussions of the recent downward revision of Italian GDP estimates on the results of the second half of the year, cannot be fully forecast at present.
- **Despite the difficult media market situation**, in the first months of the year, Seat showed higher solidity compared to its competitors, thanks to its strong online positioning, which is expected to continue growing as a result of product innovation and print to online migration.
- **EQUITY STRUCTURE STRENGTHENED**, thanks to the fully underwritten **SHARE CAPITAL INCREASE** and completion of the financial covenant renegotiation.
- **EARLY REPAYMENT** of € 100 million on the senior debt for the instalments falling due in 2009, 2010 and 2011; in 2009, the € 110 million instalment due at June has already been paid (the remaining € 91 million for the year will fall due in December)
- **Overall, financial and business trends for the first months of the year**, taking into account a revenue slowdown in the second quarter, are consistent with the indications provided for 2009 on Group EBITDA and the reduction of **NET FINANCIAL DEBT**.

Milan, 12 May 2009 – The Seat Pagine Gialle S.p.A. Board of Directors, chaired by Enrico Giliberti, today approved the Interim Report on Operations as of 31 March 2009, prepared in accordance with Art. 154-ter of the Consolidated Finance Law and presented by Chief Executive Officer Alberto Cappellini.

## **CONSOLIDATED RESULTS AT 31 MARCH 2009**

*In light of the decision to dispose of 100% of the share capital in the German subsidiary WLW (transaction effective in December 2008), the operating results of the German Group for 2008 and the effects of the disposal were recognised in item "Net income (loss) from discontinued operations". As a result, the income statement and cash flow statement figures for the first quarter of 2008 were restated to make them comparable with those for the first quarter of 2009.*

### **Revenue Performance**

Revenues (€ 164.4 million for the first three months of 2009) were virtually stable compared to the same period of the previous year (€ 167.5 million for the first quarter of 2008, restated).

Before offsetting among the various Business Areas, revenues were broken down as follows:

- *Italian Directories (SEAT PG):* revenues amounted to € 107.7 million, down 2.5% compared to the same period of the previous year. This result reflects a solid performance of the core business (print, online and voice), up 2.8% thanks to the sharp growth of the online business, driven by product innovation. Also the first three months of 2009 saw an acceleration of the shift in the revenue mix from print to online products. Total revenues (print and online) increased 5.6% compared to the same period of the previous year. Similarly to prior quarters, revenues from tier 2 products decreased. However, it should be noted that the first quarter of the year is not representative of the expected performance for the whole year, due to the higher ratio of online to total revenues and the publication calendar of large town directories, which are not published in the first quarter.
- *UK Directories (Thomson Directories Group):* Revenues amounted to € 11.6 million in the first three months of 2009. The reduction (-27% compared to 1Q 2008, restated) is also attributable to the depreciation of the pound sterling against the euro. The decrease is lower (-13.2%), if the figures are analysed based on the local currency. The decrease in revenues reflected the sales difficulties experienced in the customer segment needing national coverage, especially financial institutions.
- *Directory Assistance (Telegate group and Prontoseat S.r.l.):* revenues amounted to € 45.0 million for the first quarter of 2009, up 6.4% compared to the same period of 2008, also due to the contribution of Telegate Media AG, which was included in the consolidation area as of 1 April 2008.
- *Other activities (On line Business to Business Directories and other activities on the Italian market):* revenues amounted to € 10.1 million, down compared to € 11.6 million for the first quarter of 2008, restated.

### **GOP Performance**

Gross operating profit (GOP) amounted to € 31.7 million for the first quarter of 2009, up 21.7% (+ € 5.7 million) compared to the first quarter of 2008, restated, also thanks to the operating cost reduction (- € 8.7 million).

#### **EBITDA Performance**

Earnings before depreciation, amortisation, non-recurring and restructuring costs, net (EBITDA) for the first quarter of 2009 amounted to € 15.8 million, up by € 5.6 million compared to the first quarter of 2008, restated, thanks to the positive GOP level achieved.

#### **Performance of Operating Income (EBIT)**

Operating income (EBIT) was negative at € 44.4 million for the first quarter of 2009 (negative at € 42.2 million for Q1 2008, restated). This performance reflected the € 4.7 million increase in operating depreciation and amortisation due to significant investments made over the past few years.

#### **First Quarter Result**

The result for the period was a loss of € 62.4 million, virtually in line with Q1 2008 (a loss of € 65.3 million in Q1 2008).

#### **Operating Cash Flow Performance**

Operating free cash flow generated in the period was € 88.3 million, down by € 35.0 million compared to the first quarter of 2008, restated. This result reflects operating working capital, which decreased by € 86.3 million, a decrease which was € 39.9 million lower than that reported for the first quarter of 2008 (€ 126.2 million). In fact, the operating working capital performance for the first quarter of 2009 was impacted by delayed invoicing and collection of the relevant amounts, also due to the entry into operation of the SAP. Such delays were only attributable to the start-up phase of the platform and will be offset in the second half of the year.

#### **Net Financial Debt**

Net financial debt amounted to € 3,053.2 million at March 31, 2009 (€ 3,082.0 million at December 31, 2008), decreasing by € 28.8 million in the first quarter of 2009, thanks to the operating cash flow generation and the lower interest expense, and despite the above-mentioned delayed invoicing and collections.

**MAIN COMPANIES OF THE  
SEAT PAGINE GIALLE GROUP**

**SEAT PG S.p.A.**

Revenues of the Parent Company SEAT Pagine Gialle S.p.A. for the first three months of 2009 amounted to € 107.7 million, down 2.5% compared to the same period of the previous year, mainly due to tier 2 products, which are harder hit by the economic slowdown and the decreased sales focus.

- Core revenues amounted to € 85.1 million, up 2.8% compared to the first quarter 2008 (€ 82.8 million). In detail:
  - *Print*: revenues from print products amounted to € 44.4 million, down 12.0% compared to the same period of the previous year (€ 50.4 million) and 8.9% compared to the fourth quarter of 2008. In the first quarter of 2009, the impact of the deterioration of the economic context was mostly seen on high-spending advertisers.
  - *Online*: online revenues reached € 32.4 million, up 45.3% compared to the first quarter of 2008. The increase in revenues compared to the first quarter of 2008 was largely driven by new online services, whereas traditional products grew 10%. The introduction of Internet specialists to support the existing sales structure also had a positive impact, as did the transfer of several Local Sales agents to the online services sales structure. The Company made investments especially to increase the use of online services, with a view to improving its customers' visibility on the main search engines. Against this background, the Company signed an agreement with Google in March 2009, whereby SEAT S.p.A. became an Authorised Reseller of Google AdWords™ in Italy. The above-mentioned new online strategy led to a traffic increase for PAGINEGIALLE.it, which recorded about 36.9 million visits for the first quarter of 2009, up 69.9% compared to the first quarter of 2008.
  - *Voice*: revenues amounted to € 8.3 million, down by € 1.7 million compared to the first quarter of 2008. The results achieved for the 89.24.24 Pronto PAGINEGIALLE® service reflect the adoption of sales strategies that led to a gradual shift from a flat to pay-per-call service. The new variable offering is aimed at best satisfying advertisers' needs by linking the sales offer to performance.
- *Business to Business*: revenues from specialised BtoB products amounted to € 2.5 million, down by € 1.3 million compared to the same period of the previous year. The negative revenue performance was influenced by the salesforce's focus on core revenues and the revision of the range of products and services (from multimedia to online only), in line with the trends observed in the main B2B markets.
- *Other products*: revenues amounted to € 19.5 million, down by € 3.0 million compared to the first quarter of 2008.

GOP was € 26.6 million for the first quarter of 2009, an increase of € 2.3 million (+9.3%) compared to the same period of 2008 and with a 24.7% ratio to revenues (22.1% for the first quarter of 2008). The profitability improvement is mainly attributable to cost containment actions.

EBITDA for the first quarter of 2009 showed a trend similar to that of GOP, reaching € 12.3 million, up by € 2.6 million (+26.8%) compared to the same period of the previous year, with profitability of 11.4%, an increase compared to 8.8% for the first quarter of 2008. This result stemmed from an effective cost control policy, both through a program, which is still underway, aimed at reducing operating expenses based on a revision of current expenses and the revamping of the primary operating processes, as well as the transition underway. The resources freed up can therefore be devoted to strengthening the business (product innovation, promotion of new offerings and development of the sales force).

### **THOMSON**

Revenues amounted to € 11.6 million in the first quarter 2009 (GBP 10.5 million). The reduction (-27% compared to Q1 2008) is also attributable to the depreciation of the pound sterling against the euro. The decrease is lower (-13.2%) if the figures are analysed based on the local currency.

GOP was negative at € 3.6 million (negative at € 7.0 million Q1 2008), mainly thanks to increased efficiency.

Reflecting GOP performance, EBITDA was negative at € 4.0 million for the first quarter of 2009 (-€ 7.6 million for Q1 2008).

### **TELEGATE**

In the first quarter of 2009, revenues were € 42.3 million, up 6.5% compared to the same period of 2008, also thanks to the contribution of Telegate Media AG, which was included in the consolidated area in 2008, as of 1 April.

In all the countries where the Telegate Group operates, the directory assistance service market continued to decline, due both to the current economic crisis and the customers' lower advertising investments, which led to a significant reduction in the number of calls. To tackle the market decline, the German group started a project aimed at analysing its cost structure and enhancing internal efficiencies, whose results will start to show in the coming months.

GOP was € 10.7 million, up by € 1.1 million compared to the first quarter of 2008. This result reflects on the one hand lower advertising expenses and on the other an increase in personnel costs, mainly due to the inclusion of Telegate Media AG in the consolidation area.

EBITDA amounted to € 9.8 million in the first quarter of 2009, up 6.5% compared to the same period of the previous year, and reflecting GOP performance.

### **EUROPAGES**

Revenues for the first quarter of 2009 reached € 2.7 million, with an increase of about € 0.5 million compared to the first quarter of 2008, mainly thanks to the revenues generated in Italy. Traffic indicators for the portal were very positive: the number of unique users for the first quarter of 2009 increased to € 10.4 million (€ 3.8 million in Q1 2008).

EBITDA for the first quarter of 2009 was negative at € 1.2 million, with an improvement of € 0.7 million compared to the first quarter of 2008 thanks to the increase in revenues and operating cost efficiencies.

## **CONSODATA**

Revenues amounted to € 3.8 million in the first quarter of 2009, with a reduction of € 1.9 million compared to the same period of 2008, mainly due to the decrease in sales of theme publications and direct marketing products.

GOP, which was influenced by revenue reduction, was negative at € 0.3 million (positive at € 1.0 million in 1Q 2008), as high structural costs limited the possibility of reducing operating costs.

## **OUTLOOK**

In 2009, SEAT Pagine Gialle S.p.A. will continue to invest in new initiatives aimed at strengthening its core business in Italy and ensuring a sustainable growth profile for the coming years by seeking to limit the negative impact on EBITDA caused by revenue pressure at this negative juncture in the economic cycle, as well as by business development costs, by taking structural action to cut operating costs.

In Italy, revenue performance could be affected by the downturn in the macroeconomic scenario following the recent lowering of GDP growth estimates for 2009 and the prediction that partial recovery will not occur until 2010. In further detail, while we continue to believe that the core business (print, online and voice) will remain substantially solid, the impact of the recession and the increased focus on the marketing of core products will have more pronounced effects on tier 2 products (including traffic revenue tied to directory assistance voice services). On the other hand, EBITDA performance will be guarded by more efficient cost management through a plan to cut operating costs, based on a revision of current expenses and a revamping of the main operating processes. This revamping work, launched in 2009, is drawing on the new SAP platform and the opportunities to simplify working methods afforded by the constantly increasing weight of online advertisers, which will allow the Company to overcome some of the restrictions historically imposed by operating a primarily print-based business. The resources freed up through cost-cutting will be devoted to strengthening the business, and, in particular, product innovation, the promotion of new offerings, and expanding, training and motivating the salesforce, thereby allowing the Company to maintain high operating margins as revenue declines.

Although operations outside of Italy will continue to be considered non-core, the Parent Company, as part of the implementation of the business plans of its various subsidiaries, will continue to provide increasingly closer and systematic attention to individual companies with the aim of protecting their value, in part through a greater focus on cost containment.

Uncertainty still remains about revenues, since the repercussions of the recent downward revision of Italian GDP estimates on the results of the second half of the year cannot be fully forecast at present.

Despite the difficult media market situation, in the first months of the year, Seat showed greater solidity compared to its competitors, thanks to its strong online positioning, which is expected to continue growing as a result of product innovation and print-to-online migration.

Overall, financial and business trends for the first months of the year, taking into account a revenue slowdown in the second quarter, are consistent with the indications on Group EBITDA and

the reduction of NET FINANCIAL DEBT, although it is still too early to make a full assessment of the impact of the deterioration of the economic scenario in the second half of the year.

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Following the full subscription of the Company's share capital increase, SEAT Pagine Gialle has made early repayment of € 100 million of the A tranche of the outstanding senior loan from the Royal Bank of Scotland – Milan branch.

The above payment marks the entry into force of the new financial covenant levels, which were agreed upon with the bank in December 2008 in the context of the initiatives undertaken by the Company in order to strengthen its equity structure and provide the flexibility required to achieve the goals set in the 2009-2011 strategic plan.

The above-mentioned payment of € 100 million will proportionately reduce the instalments scheduled to come due between December 2009 and December 2011.

On the basis of its positive cash flow situation, the Company has also made early repayment of the remaining € 60 of the instalment of € 110 million coming due in 2009. The Company had already made early repayment of € 50 million of this instalment in January of this year.

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*The manager responsible for preparing the Company's financial reports, Chief Financial Officer Massimo Cristofori declares, pursuant to paragraph 2 of Article 154-bis of Italy's Consolidated Law on Finance, that the accounting information contained in this press release corresponds to the documented results, books and accounting records.*

*Disclaimer*

*This press release contains forward-looking statements, especially in the "Outlook", referring to: investment plans, future management performances, growth objectives in terms of revenues and results, both globally and by business areas, net financial position and other aspects of the Group's activities. Forward-looking statements contain a risk and uncertainty factor, as they depend on possible future events and developments. Actual results may differ significantly from those announced due to different factors*

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**The Group's results for the first three months of 2009 will be presented by Chief Executive Officer Alberto Cappellini during the conference call that will be held today, Tuesday, 12 May, at 3:00 p.m.(CET)**

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