COMUNICATO STAMPA

COMUNICAZIONE AI SENSI DEL REGOLAMENTO DEI MERCATI ORGANIZZATI E GESTITI DA BORSA ITALIANA ART. 2.6.2 NR. 15.

Torino, 12 ottobre 2012 – In data odierna la società di rating Standard & Poor's ha assunto la decisione di elevare di due notches il corporate rating di Seat da CCC a B- e il rating del debito Senior (Senior Secured Notes) da CCC+ a B. L'outlook è negativo.

(Per completezza d'informazione si allega il comunicato di Standard & Poor's)

****

Comunicazione Seat Pagine Gialle

Tel. +39.011.435.3030 – fax +39.011.435.3040
Comunicazione.stampa@seat.it

Investor Relations Seat Pagine Gialle +39.011.435.2600	Affari Societari Seat Pagine Gialle
Investor.relations@seat.it	ufficio.societario@seat.it

Barabino & Partners: Tel.+39 02 72.02.35.35 - Mob +39 331. 57.45.171
Federico Vercellino – f.vercellino@barabino.it

www.seat.it

STANDARD & POOR'S
RATINGS SERVICES

RatingsDirect®

Research Update:

SEAT PagineGialle Rating Raised To 'B-' From 'CCC' On Improved Financial Metrics After Restr ucturing; Outlook Negative

Primary Credit Analyst:
Carlo Castelli, CFA, London (44) 20-7176-3670; carlo_castelli@standardandpoors.com

Secondary Contact:
Melvyn Cooke, Paris (33) 1-4420-6783; melvyn_cooke@standardandpoors.com

Table Of Contents

Overview

Rating Action
Rationale

Outlook
Related Criteria And Research
Ratings List

Research Update:

SEAT PagineGialle Rating Raised To 'B-' From 'CCC' On Improved Financial Metrics After Restr ucturing; Outlook Negative

Overview

Italy-based classified directories publisher SEAT PagineGialle SpA (SEAT) has improved its financial metrics by significantly reducing its debt as part of its recent financial restructuring.

We are therefore raising our long-term corporate credit rating on the group to 'B-' from 'CCC' and removing it from CreditWatch positive.

The negative outlook reflects our view of a possible downgrade in the next 12 months if economic conditions continue to deteriorate, and management fails to stabilize operating performance, resulting in tightening covenant headroom.

Rating Action

On Oct. 12, 2012, Standard & Poor's Ratings Services raised to 'B-' from 'CCC' its long-term corporate credit rating on Italy-based classified directories publisher SEAT PagineGialle SpA (SEAT). The outlook is negative.

We also raised to 'B' from 'CCC+' our issue rating on SEAT's €750 million senior secured notes. The recovery rating on these notes is '2', indicating our expectation of substantial (70%-90%) recovery prospects in the event of a payment default.

At the same time, we removed the above corporate credit and issue ratings from CreditWatch, where they were placed with positive implications on Sept. 12, 2012.

In addition, we assigned our 'B' issue rating to SEAT's new €65 million senior secured notes and €686 million senior secured facilities (including a new €90 million revolving credit facility [RCF]). We have assigned a recovery rating of '2' to these notes and facilities, indicating our expectation of substantial (70%-90%) recovery prospects for creditors in the event of a payment default.

Rationale

The upgrade reflects our assessment of SEAT's improved financial metrics after the completion of its financial restructuring. The group has reduced its debt burden by approximately €1.3 billion (including accrued interest) through a

debt-to-equity swap on its existing subordinated notes as part of the restructuring. We now project Standard & Poor's-adjusted leverage of approximately 5x on Dec. 31, 2012 (after adjusting EBITDA for the nonrecurring positive impact of two counts of litigation with Deutsche Telekom AG), compared with 9x the prior year. As a result, we anticipate that the cost of debt will likely be reduced by approximately €85 million-€90 million per year. In addition, as part of the debt restructuring, covenant tests on SEAT's debt have also been reset to reflect the group's business plan, which it laid out in early 2012.

However, we think that SEAT's business will remain under pressure. We consider that secular declines in the print directories sector still present a significant business risk, and players face increasing competition as small business advertising expands across a greater number of online marketing channels.

We see increased business risk as the group strives to contain the pressure on its profit margin that will likely result from operating in a highly fragmented, competitive, and rapidly evolving market. In particular, over the medium term, SEAT's strategy is to generate about 80% of its sales from its online business. In this industry, we believe SEAT will have significantly less pricing power compared with its former leading position in the traditional classified directories business.

That said, our assessment of SEAT's business risk profile as "weak" is somewhat supported by its No. 1 position in the classified directories market in Italy, and by what we see as its good profit margin and still-high cash flow generation. Our business risk assessment assumes that the group's business strategy remains broadly unchanged, even after a new board and CEO are appointed in late October.

Despite the significant debt reduction, we continue to assess SEAT's financial risk profile as "highly leveraged" because the group's gross indebtedness is still high at approximately €1.5 billion. Our financial risk assessment also reflects our uncertainty surrounding the timing and level of an inflection point in SEAT's revenues and earnings. If there is not a turnaround, covenant compliance could be an issue as early as the first half of 2014, according to our projections.

Under our base-case credit scenario, we anticipate a decline in SEAT's revenues of about 10% in the financial year ending Dec. 31, 2012, with EBITDA of approximately €340 million including the positive impact related to two counts of litigation recently won by the group's subsidiary Telegate AG versus Deutsche Telekom AG (BBB+/Stable/A-2). We also anticipate a mid-single-digit decline in revenues in 2013, with EBITDA (post operating restructuring costs) in the €280 million-€290 million range. Thanks to a lower interest burden--we estimate interest costs at about €120 million-€130 million per year--and our projection of investments broadly in line with previous years at about €50 million, we estimate that SEAT's free operating cash flow will improve to about €80 million in financial 2013, allowing the group to fund its debt

amortization requirement of €70 million in 2013. We project that adjusted funds from operations to debt will remain in the low-single-digit area in 2012 and 2013.

Liquidity

We assess SEAT's liquidity profile as "less than adequate" under our criteria. This is despite the fact that we assess the group's liquidity sources to exceed uses by 1.2x or more over the next 12 months.

We note that there is significant uncertainty and limited visibility surrounding the timing and level of the inflection point in SEAT's revenues and earnings, owing to the group's current weak operating performance and declining print directories business. These risks led to a capital restructuring that was completed in early September with more than €1.3 billion debt written off. Furthermore, we believe these risks could lead to further substantial volatility in the group's sources of liquidity, and could possibly jeopardize covenant headroom as early as 2014.

In our opinion, SEAT's EBITDA will benefit from the impact of Telegate's successful litigations with Deutsche Telekom, which will hold off tightening headroom in the next 12 months. Some further covenant relief could be provided by a carve-out option, which allows SEAT to remove some costs incurred for research and development expenses (up to €30 million in 2013, €25 million in 2014) from EBITDA for covenant calculation purposes. However, an inability to turn around operating performance would significantly reduce covenant headroom and result in possible covenant compliance issues as early as the first half of 2014. This could hinder SEAT's ability to refinance its 2015-2017 debt maturities.

That said, in our view, SEAT's liquidity is supported by our forecast that net sources of cash will remain positive, even if EBITDA declines by 20%. It also includes our projection of adequate (more than 15%) headroom under the maintenance financial covenants in the bank facilities documentation until at least September 2013. These covenants were reset as part of the restructuring, and in our view their somewhat loose definition allows some flexibility to cope with possible operating underperformance in the short term. In fact, in the next 12 months, we understand that the covenant test will not exclude any extraordinary profit above the EBITDA reported by Telegate due to successful litigations with Deutsche Telekom. The group expects to resolve a further, third bout of litigation with Deutsche Telekom in the fourth quarter of 2012 (although this is not part of our base-case scenario). In addition, SEAT could potentially remove up to €30 million of costs incurred for research and development in 2013 from EBITDA for covenant calculation purposes.

SEAT's liquidity is further supported by its manageable debt amortization requirements before the 2015-2016 debt maturities, and our projection of cash flow generation capacity thanks to SEAT's limited maintenance capital expenditures (capex) and reduced interest burden.

We assume that, under the scenario outlined above, SEAT's liquidity sources in the 12 months to Dec. 31, 2013, include:

Access to cash balances of about €160 million projected on Dec. 31, 2012 (including a fully drawn RCF and approximately €75 million-€80 million at subsidiaries Telegate and TDL Infomedia Ltd.); and

Positive operating cash flow generation. We estimate that this could reach about €130 million in financial 2013.

In our opinion, liquidity sources and cash flow generation are sufficient to cover liquidity uses comprising:

Capex of up to about €50 million; and

Debt amortization of €70 million in 2013.

We do not include in our liquidity assessment any possible further proceeds from the pending (third) litigation between Telegate and Deutsche Telekom.

Recovery analysis

We rate at 'B' SEAT's €750 million senior secured notes, €65 million new senior secured notes, and €686 million new senior secured facilities (including a new €90 million RCF). The recovery rating on these debt instruments is '2', indicating our expectation of substantial (70%-90%) recovery in the event of a payment default.

In order to determine recoveries, we simulate a hypothetical default scenario. In our hypothetical scenario, we assume continuing pressures on SEAT's revenues, earnings, and cash flow generation capacity resulting from a combination of a weak economic climate and continuing secular declines in the print directories business. Our recovery analysis is based on a valuation of the group on a going-concern basis, given the size of the group, its established brand, well-diversified customer base, and decent cash conversion.

Key factors underpinning our recovery ratings are the secured nature of the debt instruments, numerical coverage in a going-concern valuation, and our assessment of the most likely legal framework under which a restructuring would be implemented.

In our view, all of the secured debt instruments benefit from quite a comprehensive security package, including share pledges over operating companies and a pledge on material intellectual property. At our hypothetical point of default in 2015, we value the business at about €1.2 billion (representing a multiple of 5x on our estimated stressed EBITDA at approximately €240 million). Based on limited prior-ranking liabilities and assuming that senior secured bank facilities rank pari passu with the senior secured notes, we project numerical coverage in the low end of the 70%-90% range.

SEAT is mostly an Italian group (90% of EBITDA is generated in Italy), with an Italian domicile and Italian management. However, the recent restructuring has

been implemented under the U.K. scheme of arrangement. In our opinion, any possible second round of restructuring is likely to be implemented under similar conditions. SEAT is a sizable cross-border entity with a fairly complex capital structure as a listed entity with both senior secured bank facilities and senior secured notes. In our view, in a distressed situation, SEAT is likely to seek a consensual restructuring and benefit from using the U.K. scheme of arrangement, which allows the implementation of a financial restructuring with a lower creditor approval threshold (75%) than under the Italian framework. This could avoid a lengthy process that, given the hurdles to reach a unanimous consensus, could possibly lead to a liquidation scenario. In such scenario, which is not our base case, recovery prospects for creditors would be materially lower.

Given that we assess SEAT's centre of main interests (COMI) for restructuring purposes as the U.K., estimated recovery prospects of more than 70% trigger one notch of uplift to the issue rating from the corporate credit rating. If SEAT's COMI for a financial restructuring were Italy, which we consider provides relatively weak protection for creditors, an equivalent one-notch uplift would require numerical coverage of more than 90%.

We note that our choice of COMI is heavily influenced by the fact that SEAT has already completed a financial restructuring using the U.K. scheme of arrangement.

Outlook

The negative outlook reflects our view of the ongoing pressure on SEAT's operating performance. In particular, we believe that the structural decline in SEAT's business could affect covenant compliance and hinder its refinancing of 2015-2017 debt maturities.

We could lower the rating if it appears likely that the declines in advertising sales will continue and, consequently, that the group's profits will not at least stabilize above our €280 million-€290 million forecast range for 2013. This would negatively affect covenant compliance and further hamper the group's ability to refinance its 2015-2017 debt prior to maturity.

We could revise the outlook to stable if SEAT returned to marked nominal EBITDA growth, and maintained an "adequate" liquidity profile (including at least 15% headroom under its maintenance financial covenants). We believe this scenario would entail an increase in digital revenues, as we anticipate that trends in print advertising sales at small to midsize publishers will remain under significant structural pressure.

Related Criteria And Research

All articles listed below are available on RatingsDirect on the Global Credit Portal, unless otherwise stated.

Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings, Oct. 1, 2012
Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Sept. 28, 2011
Principles Of Credit Ratings, Feb. 16, 2011
Criteria Guidelines For Recovery Ratings On Global Industrial Issuers' Speculative-Grade Debt, Aug. 10, 2009
2008 Corporate Criteria: Analytical Methodology, April 15, 2008
2008 Corporate Criteria: Ratios And Adjustments, April 15, 2008

Ratings List

Upgraded; CreditWatch/Outlook Action

SEAT PagineGialle SpA

	To	From
Corporate Credit Rating	B-/Negative/--	CCC/Watch Pos/-
- Senior Secured Debt	B	CCC+/Watch Pos
Recovery Rating	2	2

New Rating

SEAT PagineGialle SpA
SEAT PagineGialle Italia SpA

Senior Secured Debt*
B Recovery Rating
2

*Guaranteed by SEAT PagineGialle SpA

Additional Contact:

Industrial Ratings Europe; CorporateFinanceEurope@standardandpoors.com

Complete ratings information is available to subscribers of RatingsDirect on the Global Credit Portal at www.globalcreditportal.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com. Use the Ratings search box located in the left column. Alternatively, call one of the following Standard & Poor's numbers: Client Support Europe (44) 20-7176-7176; London Press Office (44) 20-7176-3605; Paris (33) 1-4420-6708; Frankfurt (49) 69-33-999-225; Stockholm (46) 8-440-5914; or Moscow 7 (495) 783-4009.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.standardandpoors.com (free of charge), and www.ratingsdirect.com and www.globalcreditportal.com (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.standardandpoors.com/usratingsfees.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain nonpublic information received in connection with each analytical process.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw, or suspend such acknowledgement at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal, or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses, and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives.

No content (including ratings, credit-related analyses and data, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED, OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Copyright © 2012 by Standard & Poor's Financial Services LLC. All rights reserved.