



PRESS RELEASE

- **THE BOARDS OF DIRECTORS OF SEAT PAGINE GIALLE S.p.A. AND SEAT PAGINE GIALLE ITALIA S.p.A. HAVE COMPLETED THE REVIEW OF THE COMPANIES' BUSINESS PROSPECTS IN LIGHT OF THE PRESENT ECONOMIC AND MARKET ENVIRONMENT.**
- **AGAINST THIS BACKGROUND, IT HAS BEEN DETERMINED THAT THE ECONOMIC AND FINANCIAL TARGETS SET OUT IN THE 2011-2013 STRATEGIC GUIDELINES AND 2015 PROJECTIONS UNDERLYING THE RECENT DEBT RESTRUCTURING ARE OUTDATED AND UNACHIEVABLE IN LIGHT OF PRESENT PERFORMANCE LEVELS AND PROJECTED MARKET TRENDS.**
- **ALTHOUGH THE GROUP HAS A SUBSTANTIAL CAPACITY OF GENERATING OPERATING PROFITS AND CASH FLOWS, THE FINANCIAL DEBT BURDEN IS NOT SUSTAINABLE, PARTICULARLY IN LIGHT OF EXPECTED PERFORMANCE LEVELS, AND, IN ADDITION, PREVENTS THE UNDERTAKING OF BUSINESS DEVELOPMENT OPTIONS.**
- **FINANCIAL COMMITMENTS FOR 2013 TOTAL € 200 MILLION, OF WHICH € 70 MILLION OF PRINCIPAL PAYMENTS AND € 130 MILLION OF INTEREST PAYMENTS DUE, AGAINST ESTIMATED GENERATION OF "CASH FLOW AVAILABLE FOR DEBT SERVICING" OF APPROXIMATELY € 50 MILLION AND AVAILABLE LIQUIDITY OF APPROXIMATELY € 100 MILLION.**
- **AS A RESULT, TAKING INTO CONSIDERATION THE SIGNIFICANT CHANGES COMPARED TO THE SITUATION UNDERLYING THE STRATEGIC PLAN THAT SERVED AS THE BASIS FOR THE RECENT RESTRUCTURING PROCESS, THE NEWLY APPOINTED DIRECTORS, IN AGREEMENT WITH THE MANAGEMENT, HAVE DETERMINED THAT THE FINANCIAL RESOURCES AVAILABLE ARE NOT SUFFICIENT TO DISCHARGE THE OBLIGATIONS DUE IN 2013 UNDER THE CURRENT DEBT STRUCTURE.**
- **THEREFORE, THE BOARDS HAVE DECIDED TO PRESERVE THE OPERATION OF THE BUSINESS WITH A VIEW TO SAFEGUARDING A PROMINENT AND LONG-STANDING ITALIAN COMPANY, WHICH, DESPITE A HEAVY DEBT BURDEN OVER THE PAST DECADE AND THE CURRENT, DIFFICULT ECONOMIC AND MARKET SCENARIO, IS STILL ABLE TO GENERATE PROFITS, MARGINS AND CASH FLOWS IN LINE WITH THE MAIN INDUSTRY PLAYERS. AT THE SAME TIME, THE BOARDS PROPOSE TO REDUCE INDEBTEDNESS TO SUSTAINABLE LEVELS ALSO IN THE MEDIUM TERM. IN PURSUIT OF THIS GOAL, THE COMPANIES WILL APPLY FOR THE COMPOSITION WITH CREDITORS PROCEDURE AND, PENDING PREPARATION OF THE PROPOSAL AND THE RELEVANT PLAN, THE BOARDS RESOLVED TO REQUEST THE SO-CALLED "BLANK OPTION" PROCEDURE WITHIN**



THE MEANING OF ARTICLE 161 PARAGRAPH 6 OF THE ROYAL DECREE 267/1942.

- **IN COMPLIANCE WITH THE PRINCIPLE OF EQUAL TREATMENT OF CREDITORS, THE COMPANIES HAVE DECIDED NOT TO PAY THE HALF-YEARLY INTEREST INSTALMENT DUE ON 31 JANUARY 2013 ON OUTSTANDING BONDS, AND THE INTEREST INSTALMENTS ON THE SENIOR BANK LOAN, FALLING DUE ON 6 FEBRUARY.**

Milan, 5 February 2013 – Reference is made to the press release issued on Monday, 28 January, by Seat Pagine Gialle S.p.A., whereby the Company announced the launching of an assessment of the Group's business prospects in light of the prevailing market environment, as well as the temporary suspension of payments of the half-yearly coupon falling due on Senior Secured Bonds on 31 January, pending the outcome of this assessment.

Yesterday, at a meeting ended late in the evening, the Boards of Seat Pagine Gialle S.p.A. and Seat Pagine Gialle Italia S.p.A. acknowledged the severe contraction in advertising sales arising from the current economic and market environment, which has proven far more difficult than expected, especially as a result of the recession that affected Italy in 2012.

Seat Pagine Gialle Italia operates in the advertising and local communications services industry, marketing advertising space in its print and online directories, alongside communications services, a market that is particularly affected by the current drawn-out recession. Advertising and communications expenditures of small and medium-sized enterprises, which are Seat's target customers, are particularly sensitive to such trends.

As the current economic environment and the Italian economic situation are very different from the assumptions and forecasts relied upon in preparation of the 2011-2013 Strategic Guidelines and 2015 Projections, both of which served as the basis for the recently completed financial restructuring process, expected results for 2012 and the 2013 budget have been revised considerably downwards. The Strategic Guidelines were based on the assumption that the Italian economy would recover to attain growth of 1% of GDP, and that the advertising market would remain substantially stable: both these projections widely disregarded and the Company must now operate within a market featuring a 2.2% contraction in GDP and a 14% reduction in advertising investments.

The current situation is expected to continue at least through to the first half of 2013, during which GDP is expected to decline further by approximately 1%, with negative repercussions in terms of advertising investments by businesses. The first effects of the changed market environment have already become apparent in the Company's advertising sales, which declined significantly in the last months of 2012, and have so far shown no signs of meaningful im-



provement. The trend of orders received in the last months of 2012 and in early 2013 is expected to result in a further reduction in revenues and profit in 2013.

In consideration of the above, the financial resources available in 2013 - consisting of the SEAT PG Italia's cash balance of approximately € 100 million as at 31 December 2012, plus the cash flow expected to be available for debt service purposes - are not sufficient to cover the company's debt service of principal and interest payments falling due (amounting to approximately € 200 million in 2013). This has put the Seat Group in a situation of serious financial imbalance which is bound to negatively impact the group's capital structure.

In advance of determining the best course of action for ensuring the long-term financial stability and, therefore, the ongoing capacity to pursue new industrial and operating objectives, the Boards of Directors of Seat Pagine Gialle S.p.A. and Seat Pagine Gialle Italia S.p.A. have resolved to, *inter alia*, commence a composition with creditors procedure aimed at preserving the operation of the business of the Group, within the meaning of article 161 of the Royal Decree 267/1942. In connection therewith, the Companies will apply for the so-called "blank option" (or "pre-composition") procedure that, pursuant to paragraph 6 of article 161 of the Royal Decree 267/1942, may be launched before the proposed composition with creditors and the relevant plan are filed, and which enables the Companies to immediately benefit from all applicable statutory protections of company assets, to protect the interests of all stakeholders in general, employees in particular, as well as creditors.

In the context outlined above, and in compliance with the principle of the equal treatment of creditors, the Boards of Directors of the Companies have decided not to pay the half-yearly coupon maturing on Senior Secured Bonds on 31 January 2013, as well as the interest instalments maturing on senior bank loan falling due on 6 February.

The companies will draw up the plan for the fulfilment of the proposal for composition with creditors pursuant to the relevant procedure and in compliance with the deadlines to be established by the relevant court, with a view to ensuring operational continuity on the basis of a "strategic framework" that is both realistic and based on a normal and sustainable level of indebtedness, without the need for capital structure adjustments at Group level. The Boards of the Companies therefore approved the filing of the necessary application with the relevant judicial authorities, to be made as early as technically possible taking into account the activities involved in the preparation of such filing.

Under the procedure outlined above, the Company will be able to implement the actions necessary to focus on business development along the lines identified after the appointment of Vincenzo Santelia as CEO, and that the Board intends to continue to pursue with a view to preserving the Group business and its cash flow generation capacity, which is the main asset ensuring the protection of all stakeholders.



The Company intends to keep the market abreast of developments pertaining to the initiatives launched.

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