PRESS RELEASE

- **The new Board of Directors has completed a preliminary assessment of the business prospects of the Seat Group in the current market environment**
- **The document "2011-2013 Strategic Guidelines" approved in January 2012 in the context of the financial restructuring is now considered to be outdated**

Turin, 8 March 2013 – Reference is made to the press release issued by Seat Pagine Gialle S.p.A., on 5 February 2013, announcing:

- the outcome of the assessment of the business prospects of the Seat Group in light of the current market environment;
- the decision made by the new Board of Directors, in light of this assessment, to apply for admission to the composition with creditors procedure with a view to ensuring operational continuity; and
- the decision not to pay the semi-annual coupon due on 31 January 2013 on SEAT's outstanding secured bonds, and the interest instalment on the senior bank loan due on 6 February 2013.

More specifically, the assessment carried out by the new directors shows that, throughout 2012, and particularly in the third and fourth quarters of the year, the Seat Group's profit dropped significantly compared to the same period of the previous year, and differed significantly from the forecasts set forth in the 2011-2013 Strategic Guidelines approved in January 2012, following a lengthy process in the context of the financial restructuring.

In this regard, the Seat Group's consolidated preliminary figures for the year ended 31 December 2012 show the following:

Seat Group

Income Statement Line Items *euro mln*	**2012 Preliminary Figures(1)**	**2012 Strategic Guidelines (Jan. 2012)**	**2011 Results**
Revenues	843	949	957
GOP	330	375	411
EBITDA	323(2)	343	371

(1) Preliminary, unaudited figures, subject to change.
(2) Inclusive of a one-off payment of approximately €56 million, received by SEAT's subsidiary Telegate AG, pursuant to a final award of damages against Deutsche Telekom AG in a dispute which began in 2000. The related income was not contemplated in the Strategic Plan.

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The elements identified as primary drivers for the downturn in the Seat Group's results of operations are described below:

- **<u>Impact of the further deterioration of economic conditions in Italy</u>**
  The forecasts of GDP and advertising market trends which were available during the various phases of preparation of the 2011-2013 Strategic Guidelines have proved to be overestimated. More specifically:
  - ✓ in light of the most recent ISTAT figures, Italian GDP fell by 2.2% in 2012 and, according to the Bank of Italy, is expected to fall by a further 1.0% in 2013, compared to the estimated figures of -0.4% and +0.6%, respectively, which were used as the basis for the 2011-2013 Strategic Guidelines approved in January 2012;
  - ✓ the deepening recession has discouraged investments in advertising and communications services, particularly amongst small and medium-sized enterprises which are the Seat Group's main target customer-base in Italy. According to the most recent Nielsen figures, investments in advertising fell by 14.3% in 2012 (compared to an estimated reduction of 0.9%, which was used as the basis for the 2011-2013 Strategic Guidelines approved in January 2012), with a drop of 21% in the last quarter of the year, and a forecast of a further reduction of at least 20% in January 2013.

- **<u>Effects of previous sales policy</u>**
  - ✓ As part of the strategy aimed at migrating the business from the traditional print-based model to a multimedia business, in 2010 the Company started offering customers two-year contracts for bundled products, which led to a decrease in the churn rate in 2011. However, the decrease proved to be only temporary, as the resulting benefits were more than offset by the increase of the churn rate in 2012 sales cycle, which is expected to continue further in 2013.
  - ✓ Moreover, between mid-2011 and mid-2012, to meet the targets established under the 2011-2013 Strategic Guidelines despite the worsening market and economic environment, a series of sales policies were implemented to accelerate the collection of orders by offering discounts for the renewal of ongoing contracts a few months ahead of the relevant contractual expiry dates. However, the positive effect that this sales policy had on driving revenues ended after twelve months, leading to a further decrease of the year-end performance.
  - ✓ Furthermore, the accounting principles applied to revenues from print products (recognised at the time of publication of directories) and online products (generally recognised over a 12-month period), allowed for the processing of the related orders, on average, six to eight months after the orders were made. As a result, in 2012, the first and second quarters showed a limited reduction in revenues (-4% and -3%, respectively), significantly lower than the market performance, only to further worsen in the third and fourth quarters (-16% and -25%, respectively). In such regard, it is worth noting that in 2012, Italian media companies in general sustained significant contractions in revenues, albeit with less variation over the course of the various quarters of the year.

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- ✓ Finally, as a result of the growing emphasis on improving short-term performance during the restructuring process, in 2011 and 2012 the Company delayed in making the investments necessary to maintain and develop its business, particularly investments required to attract new customers.

- **<u>The restructuring process</u>**
  - ✓ The time needed to implement the recent restructuring process rendered more complicated the commercial negotiations for sales agents, with frequent delays pending clarifications, and worsening relationships with several customers.
  - ✓ The substantial involvement in the restructuring process of CEO Alberto Cappellini, whose sudden demise on 24 March 2012, in the middle of the process which was not yet completed, led to a lack of leadership and lack of adequate attention to operating functions, resulting in difficulties in coping with the effects of the ongoing economic crisis.
  - ✓ The new management team, which took office only in November 2012, immediately started an in-depth assessment of the Group's actual performance and financial situation, with a particular view to identifying the actions to be taken relating to marketing policies and general guidelines in order to promote recovery of the business and achieve the financial restructuring required to overcome the current economic downturn.

In light of the foregoing, it being clear that the complexity of the Seat Group's business structure leaves no room for initiatives to resolve with immediate effects the issues discussed above, the Company deems that the forward-looking data and figures prepared by Seat Pagine Gialle S.p.A.'s previous Board of Directors, which were used as the basis of the recently concluded financial restructuring process, must be considered outdated as both revenues and profitability are expected to decrease. More specifically, as per the Strategic Guidelines approved in January 2012, revenues generated in the Italian market in 2013, were expected to remain substantially in line with forecasts for 2012 (which themselves overestimated the actual performance that was lower by about € 70 million).

<u>Italian Directories (including Seat Pagine Gialle S.p.A, Seat Pagine Gialle Italia S.p.A. and the Digital Local Services companies):</u>

Income Statement Line Items *euro mln*	**2012 Strategic Guidelines (Jan. 2012)**	**2012 Preliminary Figures(1)**	**2013 Strategic Guidelines (Jan. 2012)**	**2013 Estimated Projections(2)**
Revenues	729	661	728	488
EBITDA	320	253	320	102

(1) Preliminary, unaudited figures, subject to change.
(2) Unaudited forward-looking figures, subject to change, and generated on the basis of forecasts and estimates and which do not represent or constitute a New Strategic Plan.

Lastly, in light of the financial repercussions of the economic scenario outlined above, it is clear that while Seat PG Italia's operations continue to generate significant cash flows that are largely sufficient to cover its operating and management costs, tax burden and financial support to subsidiaries, it appears that the remaining cash flow (net of the foregoing costs of the core business operations) is insufficient to sustain the Seat Group's current financial structure. More specifically, estimates show that, against Seat PG Italia's available cash and cash equivalents of approximately € 100 million as at 31 December 2012:

- ✓ in 2013, cash flow from operating activities (net of taxes) is currently estimated at approximately € 70 million;
- ✓ also in 2013, the cash requirements to cover non-recurring charges and provide financial support to Seat PG Italia's subsidiaries is currently estimated at about € 35 million;
- ✓ as a result, given the initial available cash and cash equivalents, and without considering dividends from subsidiaries, in 2013 cash and cash equivalents available to cover Seat PG Italia's debt service payments are currently estimated at approximately € 135 million, whereas repayment obligations (by way of capital and interest) maturing during the same period will total € 200 million.

With regard to balance-sheet figures, the significant discrepancies detected by Seat Pagine Gialle S.p.A.'s current Board of Directors between unaudited preliminary figures and projected estimates for 2012-2013, on the one hand, and the assumptions adopted as the basis of the Strategic Guidelines prepared by the Company's previous management, on the other hand, entail the need for a significant restatement of the value of intangible assets which, in consolidated terms, amount to over € 2 billion, compared to a net book-value equity of less than € 700 million, as well as for a careful assessment of the resulting impact on the balance sheet of the Group as a whole.

The recent findings, in terms of the performance figures for 2012 and 2013, necessarily entail the drafting of a new Strategic Plan and the simultaneous implementation of a financial restructuring. The Company is committed to implementing the structural changes required to effectively respond to the crisis, and considers the year 2013 as the first of a five-year period of rigorous efforts aimed at recovering its historical role as a driving force for small and medium-sized companies in Italy.

With reference to the Company's decision to apply for the composition with creditors procedure with a view to ensuring ongoing operational continuity, on 26 February 2013, the Piedmont Regional Council delegated to its President and the Regional Government the task of "implementing all necessary measures to support the action undertaken by Seat, bearing witness, *inter alia*, to the soundness and entrepreneurial capacity of a true resource for the territory that is in constant evolution, and that will also lead to the protection of thousands of workers." The approved text highlights the Regional Council's conviction that recourse to the statutory procedure in question — Seat is one of the first Italian companies and the first ever *societá per azioni* to avail of this procedure — concretely reflects the Company's commitment to generating further resources and look ahead with optimism for the medium to long term. Moreover, by safeguarding the Company's operational continuity and, at the same time, allowing for its debt structure and financial commitments to be realistically realigned with market outlook, this procedure represents the best solution available at the present time, for protecting the interests of all stakeholders in general, and those of creditors, in particular. The Company is and remains, in terms of its business operations, fully capable of generating resources crucial for the development of ever better online, mobile, print and voice products and services, as well as services on new platforms that are currently being developed or launched, in the pursuit of its primary and central goal of maximising customer satisfaction.

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