

## **PRESS RELEASE**

### **THE BOARD OF DIRECTORS APPROVES THE HALF-YEAR REPORT AT 30 JUNE 2013**

- **Consolidated REVENUES** amounted to € 266.8 million, down 24.9% (24.3% based on a constant number of directories published).
- **SEAT Italy: REVENUES** amounted to € 254.5 million, down 24.7% based on a constant number of directories published.
- **Consolidated EBITDA** amounted to € 58.5 million, down 57.1% (56.7% based on a constant number of directories published). EBITDA of SEAT Italy amounted to € 61.7 million, down by 54.8% (54.3% based on a constant number of directories published).
- **Against the background of the shrinking Italian advertising market, operating results for the second half of the year are expected to be lower than those for the first half of the year, in line with the New Strategic Guidelines.**
- **OPERATING FREE CASH FLOW** totalled € 97.6 million.
- **NET FINANCIAL DEBT** at 30 June 2013 was € 1,409.4 million (€ 1,327.9 million at 31 December 2012). This figure does not include about € 85 million net financial assets of the Companies accounted for as discontinued operations and includes about € 62 million interest matured but not paid as part of the composition with creditors procedure.

*Turin, 6 August 2013* – Today, the Board of Directors of Seat Pagine Gialle S.p.A. approved the Half-year Report at 30 June 2013, prepared in accordance with Article 154-ter of Italy's Consolidated Law on Finance.

### **CONSOLIDATED RESULTS AT 30 JUNE 2013**

Taking into account the transnational merger of Lighthouse International Company S.A. into SEAT Pagine Gialle S.p.A., which took place in 2012 and qualified as reverse acquisition pursuant to IFRS 3, in order to provide IFRS-compliant information that is materially useful for an adequate analysis of the Group's profit and loss performance, the figures at 30 June 2012 have been restated on a comparable basis, adopting consistent accounting standards.



Moreover, SEAT Group's figures for the first half of 2012 were restated in light of the intention to dispose of the investments in the TDL Infomedia Group, the Telegate Group and Cipi S.p.A., in accordance with the new strategic guidelines on which the Plan and Proposal for composition with creditors are based. Under IFRS 5, the profit and loss account, statement of financial position and financial results of the TDL Infomedia Group and the Telegate Group for the first half of 2013 have been reclassified to "Non-current assets held for sale / Discontinued operations". Cipi S.p.A. has been classified as "Non-current assets held for sale", given that its figures of are not material to those of the SEAT Group.

### **Revenue Performance**

Consolidated revenues for the first half of 2013 amounted to € 266.8 million, decreasing by 24.9% compared to the first half of 2012, restated (down 24.3% based on a constant number of directories published).

Before the elimination among business area items, the breakdown of revenues was as follows:

- Italian Directories (SEAT Pagine Gialle S.p.A, SEAT Pagine Gialle Italia S.p.A. and Digital Local Services): in the first half of 2013, revenues amounted to € 254.5 million, down 24.7% compared to the first half of 2012, restated and based on a constant number of directories published, with a 24.6% decline in core revenues which impacted all three core product lines (Print-Online&Mobile-Voice).
- Directory Assistance (Prontoseat): revenues for the first half of 2013 amounted to € 2.8 million, down 34.9% compared to the same period of the previous year, restated (€ 4.3 million).
- Other activities (Europages, Consodata, CIPI): revenues amounted to € 15.4 million for the first half of 2013, down 24.5% compared to the same period of the previous year (€ 20.4 million), mainly attributable to the decline in revenues of Europages and Consodata.

### **GOP Performance**

In the first half of 2013, gross operating profit (GOP) amounted to € 81.0 million, decreasing by € 84.7 million compared to the first half of 2012, restated (€ 165.7 million). GOP margin for the first half of 2013 was 30.4% compared to 46.7% for the same period of the previous year, restated. Based on a constant number of directories published, GOP fell by € 83.3 million.

### **Net Adjustments and Risk provisions**

Net adjustments and risk provisions totalled € 21.8 million in the first half of 2013 (€ 27.3 million in the first half of 2012, restated). Net adjustments (€ 19.9 million in the first half of 2013) referred for € 19.6 million to the bad debt provision, which decreased compared to the same period of the previous year, though maintaining an adequate percent coverage of overdue receivables. The item also included net operating risk provisions amounting to € 1.9 million (€ 3.6 million in the first half of 2012, restated), down € 1.6 million mainly as a result of lower risk provisions of the Italian Directories.

### **EBITDA Performance**

Operating result before amortisation, depreciation, net non-recurring and restructuring charges (EBITDA) for the first half of 2013 amounted to € 58.5 million, down by 57.1% compared to the



same period of 2012, restated (€ 136.5 million). EBITDA margin was 21.9% (38.4% in the first half of 2012, restated). Based on a constant number of directories published, EBITDA fell by 56.7%.

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

In the first half of 2013, EBIT showed a loss of € 26.5 million (earnings of € 59.7 million in the first half of 2012, restated). EBIT reflects both the GOP and EBITDA performances, amortisation and impairments for € 43.6 million, and the effects of non-recurring and restructuring charges amounting to € 41.4 million for the first half of 2013, of which € 33 million concerned the provisions for estimated liabilities related to the implementation of the operations set out in the composition with creditors Plan.

### **Result for the Period**

The result for the first half of 2013 was a loss of € 101.4 million (a loss of € 45.9 million in the first half of 2012, restated).

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

Operating free cash flow generated in the first half of 2013 (€ 97.6 million) decreased by € 57.6 million compared to that generated in the first half of 2012 (€ 155.2 million). This reduction reflects the EBITDA performance, which decreased by € 78.0 million as a result of the difficult economic scenario, and the industrial investments increase of € 0.6 million (€ 14.5 million for the first half of 2013, € 13.9 million for the first half of 2012), partly offset by the positive contribution of the operating working capital amounting to € 17.8 million.

### **Net Financial Debt**

Net financial debt at 30 June 2013 amounted to € 1,409.4 million (€ 1,327.9 million at 31 December 2012). At 30 June 2013, the effect on net financial debt of the reclassification of the Telegate Group, TDL Group and CIPI S.p.A. to "Non-current assets held for sale/Discontinued operations", pursuant to IFRS 5, was about € 85 million, of which € 31 million relating to cash and cash equivalents.

## **ITALIAN DIRECTORIES**

Revenues from Italian directories amounted to € 254.5 million for the first half of 2013, down 24.7% compared to the first half of 2012, restated and based on a constant number of directories published.

Core revenues (Print-Online&Mobile-Voice) amounted to € 232.2 million for the first half of 2013, down 24.6% compared to the same period of the previous year, restated and based on a constant number of directories published. Core revenues are broken down as follows:

- *Print*: revenues from print products, including those generated by the two e-book applications Pagine Gialle and Pagine Bianche for i-Pad launched at the end of April 2011, equal to € 67.2 million for the first quarter of 2013, decreased by 27.9%, compared to the same period of the previous year, with a reduction both of PAGINEBIANCHE<sup>®</sup> and PAGINEGIALLE<sup>®</sup> revenues.
- *Online&Mobile*: Online&Mobile revenues amounted to € 154.7 million for the first half of 2013, down 22.3% compared to the same period of the previous year, restated, including the unbundling of the online revenues of PAGINEBIANCHE<sup>®</sup>, net of which the revenues from the traditional advertising business and online marketing fell by 19.9%. Online&Mobile products accounted for 60.8% of the total in the reporting period. The overall traffic performance, including visits to PAGINEGIALLE.it<sup>®</sup>, through both the online and mobile channels, as well as to customers' Web and mobile sites, totalled approximately 159.4 million visits in the first half of 2013, up by 16.1% compared the first half of 2012. There was a rise in visits to both PAGINEGIALLE.it<sup>®</sup> and PagineGialle Mobile (+13.8% to 108.9 million) and other Web and mobile sites created for SEAT customers (+21.3% to 50.5 million). Traffic on PAGINEBIANCHE.it<sup>®</sup> totalled approximately 81 million visits during the period, up by 6.6% compared to the same period of the previous year. With reference to the Mobile business, it should be noted that at the end of June SEAT's mobile applications exceeded the threshold of five million downloads (+69.9% compared to the same period of the previous year), considering both Apple-related apps and other main platforms, with over 2.5 million downloads (accounting for about 48% of total downloads) for PagineGialle Mobile, 1.7 million downloads (accounting for about 33% of total downloads) for PagineBianche Mobile, 0.2 million downloads for 89.24.24 Mobile and 0.7 million downloads for TuttoCittà Mobile.
- *Voice*: advertising revenues of the services 89.24.24 Pronto PAGINEGIALLE<sup>®</sup> and 12.40 Pronto PAGINEBIANCHE<sup>®</sup> amounted to € 10.3 million, decreasing by € 5.6 million (-35.1%) compared to the first half of 2012.

Revenues from other products amounted to € 22.3 million in the first half of 2013, decreasing by 25.2% compared to the same period of the previous year.

GOP amounted to € 83.5 million in the first half of 2013, decreasing by € 80.3 million compared to the same period of the previous year, restated and based on a constant number of directories published; GOP margin was 32.8%. The decline was attributable to the negative performance of revenues, only partially offset by operating cost savings.



EBITDA amounted to € 61.7 million for the first half of 2013, down € 73.3 million compared to the same period of the previous year, restated and based on a constant number of directories published, with a ratio to revenues of 24.2% (40.0% in the first half of 2012, restated). EBITDA margin essentially reflects the negative performance of the GOP, partly offset by lower bad debt and risk provisions.

## **Outlook**

Despite the difficult economic and market scenario, the first half of 2013 showed a performance essentially in line with that outlined in the New Strategic Guidelines approved by the Board of Directors on 27 June 2013 (for more in-depth information please refer to the Consolidated Annual Report and the Draft Annual Report of the Company as of 21 December 2012).

In this regard, it should be noted that in July the International Monetary Fund (IMF) has made a downward revision of the forecast for Italian growth, with GDP (Gross Domestic Product) expected to drop by 1.8%, 0.3pp more than its April forecasts.

For 2014, the IMF expects Italy to overcome its recessionary phase, with estimated GDP up by 0.7%, 0.2pp more than its April forecasts.

The Bank of Italy's July estimates were more pessimistic, as PIL is expected to decline by "close to two percentage points" for 2013 and grow "more than half a percentage point" for 2014. In detail, according to the Bank of Italy, "economic activity is likely to start expanding again at a moderate pace from the end of the year", although "there is a high level of uncertainty".

With reference to the current advertising market in Italy, the most recent Nielsen data show that the first half of 2013 ended with a -17.4% reduction in advertising investments (€ 3.35 billion) compared to the same period of 2012, which had reported a drop of -9.7%, significantly lower than expected by all year-start forecasts.

The reduction concerned all the media, with more or less marked losses, including the Online business where advertising investments slowed down in the past few months, showing a negative figure (-2.1% cumulative to June, -9.5% in June).

Against this background, the lack of visibility on the future trend of advertising investments and the uncertainty and instability in Italy do not allow us to make more precise forecasts on the business results outlook, and, in line with the New Strategic Guidelines, operating results for the second half of the year are expected to be lower than those for the first half.

However, the Company will constantly monitor the evolution of the economic and market context and will provide updates on the business growth prospects.

## **Going Concern Assumption**

As done for the approval of the 2012 Annual Report, when approving this Half-year Report the Board of Directors was also required, pursuant to the joint Bank of Italy, CONSOB and ISVAP document No. 2 of 6 February 2009, to thoroughly verify whether the conditions had been satisfied for the application of the going-concern assumption. Such verification must take account of all available information regarding the foreseeable future. Such assessment should extend to at least 12 months from the reporting date, although, on a prudential basis, the Board of Directors deems it appropriate to consider a period of 18 months, i.e., until 31 December 2014.

In detail, at the date of approval of the Half-year Report, the members of the Board of Directors repeated the analysis on the existence of factors that contribute materially to the continuation of significant uncertainties about the possibility that the Company continues to operate in the foreseeable future; compared to the same analysis carried out for the approval of the 2012



Financial Statements, and with reference to the critical issues related to the development of the procedure, mentioned in the Annual Report at 31 December 2012, the analysis showed the positive solution of the uncertainty related to the admission of SEAT Pagine Gialle S.p.A. and SEAT Pagine Gialle Italia S.p.A. to the composition with creditors procedure and the absence of new uncertainty factors.

Taking everything into account, including all the activities carried out, the Board of Directors believes that in light of the expectations for a reasonably positive outcome of the Procedure (which also involves the non-application of Articles 2446 and 2447 of the Italian Civil Code, pursuant to Article 182-sexies of the Bankruptcy Law) the going concern assumption continues to apply, whence the possibility to proceed, as matters currently stand, to approve the Half-year Report at 30 June 2013 on a going-concern basis.

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This is also to announce that Attorney in Law Michaela Castelli, who had already been co-opted on 10 July and subsequently appointed Member of the Board of Directors during the General Shareholders' Meeting held on 25 July last, was confirmed as member of the Nomination and Remuneration Committee of Seat Pagine Gialle S.p.A. The Nomination and Remuneration Committee is thus composed of Directors Mauro Pretolani (Chairman), Michaela Castelli and Francesca Fiore.

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The manager responsible for preparing the Company's financial reports, 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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It should be noted that, according to the New Strategic Guidelines with the relevant Plan and proposal for composition with creditors are based on, it is intended that TDL Infomedia Group, Telegate Group and Cipi S.p.A. be disposed of. According to IFRS 5 the economic and financial results and position for the first half of 2013 were shown as “discontinued operations”; and the income statement and the statement of cash flows for the first half of 2012 have been restated accordingly. The figures of Cipi S.p.A. have been reclassified as “Non-current assets held for sale” because they are not material compared to these of SEAT Group; while the first half of 2012 figures of Cipi S.p.A. have not been restated.

## SEAT Pagine Gialle Group

### Reclassified Consolidated Statements of Operations

	1st half year	1st half year	Change	
	2013	2012	Absolute	%
<b>(euro/mIn)</b>		<i>restated</i>		
<b>Revenues from sales and services</b>	<b>266,8</b>	<b>355,2</b>	<b>(88,4)</b>	<b>(24,9)</b>
Materials and external services	(132,1)	(140,5)	8,4	
Salaries, wages and employee benefits	(53,7)	(49,0)	(4,7)	
<b>Gross operating profit (GOP)</b>	<b>81,0</b>	<b>165,7</b>	<b>(84,7)</b>	<b>(51,1)</b>
% on revenues	30,4%	46,7%		
Other valuation adjustments and provisions to reserves for risks and charges	(21,8)	(27,3)	5,5	
Other income (expenses)	(0,7)	(1,9)	1,2	
<b>Operating income before amortisation, depreciation, non-recurring and restructuring costs, net (EBITDA)</b>	<b>58,5</b>	<b>136,5</b>	<b>(78,0)</b>	<b>(57,1)</b>
% on revenues	21,9%	38,4%		
Operating amortisation, depreciation and write-down	(22,9)	(21,5)	(1,4)	
Non-operating amortisation and write-down	(20,7)	-	(20,7)	
Non-recurring and restructuring costs, net	(41,4)	(55,3)	13,9	
<b>Operating income (EBIT)</b>	<b>(26,5)</b>	<b>59,7</b>	<b>(86,3)</b>	<b>n.s.</b>
% on revenues	(9,9%)	16,8%		
Interest expense, net	(64,9)	(75,3)	10,4	
Gains (losses) on evaluation of investments accounted for at equity	-	-	-	
<b>Profit (Loss) before income taxes</b>	<b>(91,4)</b>	<b>(15,6)</b>	<b>(75,8)</b>	<b>n.s.</b>
Income taxes	(1,8)	(11,4)	9,6	
<b>Profit (Loss) on continuing operations</b>	<b>(93,2)</b>	<b>(27,0)</b>	<b>(66,2)</b>	<b>n.s.</b>
Profit (Loss) from non-current assets held for sale and discontinued operations	(9,1)	(19,1)	10,0	
<b>Profit (loss) for the period</b>	<b>(102,3)</b>	<b>(46,1)</b>	<b>(56,2)</b>	<b>n.s.</b>
of which pertaining to the Group	(101,4)	(45,9)	(55,5)	
of which non-controlling interests	(0,9)	(0,2)	(0,7)	



## SEAT Pagine Gialle Group

### Consolidated Statements of comprehensive income

<i>(euro/mIn)</i>		1st half year 2013	1st half year 2012 <i>restated</i>
<b>Profit (loss) for the period</b>	<b>(A)</b>	<b>(102,3)</b>	<b>(46,1)</b>
<i>Other comprehensive income (loss) without future effect on profit/(loss):</i>			
Actuarial gain (loss)		0,4	(3,7)
Other Profit (loss)		-	-
<i>Total Other comprehensive income (loss) without future effect on profit/(loss)</i>	<b>(B1)</b>	0,4	(3,7)
<i>Other comprehensive income (loss) with future effect on profit/(loss):</i>			
Profit (loss) for "cash flow hedge" instruments		-	1,6
Profit (loss) for foreign exchange adjustments		0,4	(0,8)
<i>Total Other comprehensive income (loss) with future effect on profit/(loss)</i>	<b>(B2)</b>	0,4	0,8
<b>Total other comprehensive income (loss), net of tax effect</b>	<b>(B) = (B1 + B2)</b>	<b>0,8</b>	<b>(2,9)</b>
<b>Total comprehensive income (loss) for the period</b>	<b>(A + B)</b>	<b>(101,5)</b>	<b>(49,0)</b>
- of which pertaining to the Group		(100,6)	(48,8)
- of which non-controlling interests		(0,9)	(0,2)

## SEAT Pagine Gialle Group

### Reclassified Consolidated Statements of Financial Position

	At 06.30.2013	At 31.12.2012	Change
<b>(euro/mIn)</b>			
Goodwill and marketing related intangibles assets	211,4	252,2	(40,8)
Other non-current assets (*)	198,4	256,4	(58,0)
Non-current liabilities	(87,9)	(125,5)	37,6
Working capital	(95,6)	(23,0)	(72,6)
Non-current assets held for sale and discontinued operations	113,5	(0,3)	113,8
<b>Net invested capital</b>	<b>339,8</b>	<b>359,8</b>	<b>(20,0)</b>
Equity of the Group	(1.097,0)	(996,4)	(100,6)
Non-controlling interests	27,4	28,3	(0,9)
<b>Total equity</b>	<b>(A) (1.069,6)</b>	<b>(968,1)</b>	<b>(101,5)</b>
<b>Net financial debt</b>	<b>(B) 1.409,4</b>	<b>1.327,9</b>	<b>81,5</b>
<b>Total</b>	<b>(A+B) 339,8</b>	<b>359,8</b>	<b>(20,0)</b>

(\*) Includes financial assets available for sale and non current financial assets.

## SEAT Pagine Gialle Group

### Consolidated cash statement of cash flows

<b>(euro/mIn)</b>	<b>1st half year 2013</b>	<b>1st half year 2012 <i>restated</i></b>	<b>Change</b>
Operating income before amortisation, depreciation, non-recurring and restructuring costs, net (EBITDA)	58,5	136,5	(78,0)
Gains (losses) from discounting operating assets and liabilities	(0,4)	(1,1)	0,7
Decrease (increase) in operating working capital	54,8	37,0	17,8
(Decrease) increase in operating non-current liabilities (*)	(0,8)	(3,3)	2,5
Capital expenditure	(14,5)	(13,9)	(0,6)
<b>Operating free cash flow</b>	<b>97,6</b>	<b>155,2</b>	<b>(57,6)</b>
Payment of interest expense, net	0,7	1,4	(0,7)
Payment of income taxes	(0,3)	(1,7)	1,4
Payment of non-recurring and restructuring expense	(13,9)	(26,1)	12,2
Distribution of dividends	-	(1,5)	1,5
Net cash flow from non-current assets held for sale and discontinued operations	(15,5)	(4,4)	(11,1)
Foreign exchange adjustments and other movements	(64,5)	(63,3)	(1,2)
<b>Change in net financial debt before the reclassification to D.O./Held for sale</b>	<b>4,1</b>	<b>59,6</b>	<b>(55,5)</b>
Net financial debt of the Companies reclassified to D.O./Held for sale	(85,5)	-	(85,5)
<b>Change in net financial debt</b>	<b>(81,4)</b>	<b>59,6</b>	<b>(141,0)</b>

(\*) The changes don't include the non cash effects arising from profit and losses recognised to equity.

## SEAT Pagine Gialle Group

### Information for Business Areas

(euro/mIn)		Italian Directories	Directory Assistance	Other Activities	Aggregate Total	Eliminations and other adjustments	Consolidated Total
Revenues from sales and services	1st half year 2013	254,5	2,8	15,4	272,7	(5,9)	266,8
	1st half year 2012 restated	340,6	4,3	20,4	365,3	(10,1)	355,2
Gross operating profit (GOP)	1st half year 2013	83,5	(0,2)	(2,4)	80,9	0,1	81,0
	1st half year 2012 restated	165,2	0,3	0,2	165,7	-	165,7
Operating income before amortisation, depreciation, non-recurring and restructuring costs, net (EBITDA)	1st half year 2013	61,7	(0,3)	(2,8)	58,6	(0,1)	58,5
	1st half year 2012 restated	136,4	0,3	(0,2)	136,5	-	136,5
Operating income (EBIT)	1st half year 2013	(9,3)	(0,4)	(16,8)	(26,5)	-	(26,5)
	1st half year 2012 restated	62,3	0,2	(2,7)	59,8	(0,1)	59,7
Total assets	At June 30, 2013	900,7	4,4	26,5	931,6	196,2 (*)	1.127,8
	At June 30, 2012	2.750,8	3,7	41,7	2.796,2	172,4 (*)	2.968,6
Total liabilities	At June 30, 2013	2.090,3	2,1	27,0	2.119,4	78,0 (*)	2.197,4
	At June 30, 2012 restated	3.476,8	2,4	25,2	3.504,4	69,8 (*)	3.574,2
Net invested capital	At June 30, 2013	214,6	1,0	6,1	221,7	118,1 (*)	339,8
	At June 30, 2012 restated	1.977,6	0,1	15,4	1.993,1	59,1 (*)	2.052,2
Capital expenditure	1st half year 2013	12,0	-	2,5	14,5	-	14,5
	1st half year 2012 restated	11,6	-	2,3	13,9	-	13,9
Average workforce	1st half year 2013	1.399	146	296	1.841	-	1.841
	1st half year 2012 restated	1.065	210	335	1.610	-	1.610
Sales agents (average number)	1st half year 2013	1.122	-	46	1.168	-	1.168
	1st half year 2012 restated	1.196	-	51	1.247	-	1.247

(\*) Includes the figures of TDL Group and Telegate Group, following the reclassification to discontinued operations.