COMUNICATO STAMPA

Torino, 1° febbraio 2013

Comunicazione ai sensi del Regolamento dei mercati organizzati e gestiti da Borsa Italiana art. 2.6.2 nr. 15.

In data odierna la società di rating Standard & Poor's ha assunto la decisione di modificare il corporate rating di Seat da CC a SD, e il rating del Senior Secured Notes da CC a D.

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

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Research Update:

Italy-Based Classified Directories Publisher SEAT Downgraded To 'SD' On Missed Interest Payment On Its 2017 Bonds

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Research Update:

Italy-Based Classified Directories Publisher SEAT Downgraded To 'SD' On Missed Interest Payment On Its 2017 Bonds

Overview

- We understand that Italy-based classified directories publisher SEAT PagineGialle SpA (SEAT) has missed the interest payment on its 2017 bonds, which was due on Jan. 31, 2013.
- Under our criteria, we consider the extension of a due payment of interest or principal as tantamount to a default if the payment falls later than five business days after the scheduled due date.
- We do not think that SEAT will make the interest payment in the next five business days because it is evaluating the sustainability of its capital structure following a reassessment of the business.
- We are therefore lowering our long-term corporate credit rating on SEAT to 'SD' (selective default) from 'CC'.

Rating Action

On Feb. 1, 2013, Standard & Poor's Ratings Services lowered to 'SD' (selective default) from 'CC' its long-term corporate credit rating on Italy-based classified directories publisher SEAT PagineGialle SpA (SEAT).

At the same time, we lowered to 'D' (default) from 'CC' our issue rating on SEAT's €750 million senior secured notes and €65 million new senior secured notes, both due in 2017. The recovery ratings on these instruments remain unchanged at '3', indicating our expectation of meaningful (50%-70%) recovery.

In addition, we affirmed our 'CC' issue rating on SEAT's €686 million new senior secured facilities (including a new €90 million revolving credit facility [RCF]). The recovery rating on the senior secured facilities remains unchanged at '3', indicating our expectation of meaningful (50%-70%) recovery in the case of a default.

Rationale

The downgrade follows SEAT's nonpayment of the €42.3 million of interest on its 2017 senior secured bonds. The payment was due on Jan. 31, 2013. Furthermore, we do not believe that the group will make the payment within the next five business days, because we understand that it is evaluating the sustainability of its capital structure as a result of a reassessment of the business.

Under our criteria, we consider the extension of a due payment of interest or principal as tantamount to a default if the payment falls later than five business days after the scheduled due date. (See "Timeliness of Payments: Grace Periods, Guarantees, And Use Of 'D' And 'SD' Ratings," published Dec. 23, 2010, on RatingsDirect on the Global Credit Portal). This is irrespective of any grace period stipulated in the debt documentation.

It is our understanding that SEAT is still up-to-date with its payments on its senior secured bank facilities. The next payment on these facilities is due on Feb. 6, 2013. We could lower the rating on SEAT to 'D' (default) if it fails to pay substantially all of its financial obligations on its outstanding debt when these fall due.

SEAT announced its decision to suspend its interest payments on the senior secured bonds on Jan. 28, 2013. The timing of SEAT's decision was unexpected. We believe that SEAT had sufficient liquidity to make the interest payment on its 2017 bonds on the due date with reported balance-sheet cash of approximately €200 million on Dec. 31, 2012. (More than €90 million of this cash is at SEAT's subsidiary Telegate AG and not immediately available for debt service). Nevertheless, we take a strict view of any payment deferral. We consider an extension of a due payment of interest or principal as equivalent to a debt restructuring below par by a distressed issuer, and therefore as tantamount to a default.

We see SEAT's decision not to pay its upcoming interest as an indication of a possible acceleration of further restructuring discussions only few months after the implementation of its first financial restructuring. SEAT's decision follows further deterioration in the operating environment in the fourth quarter of 2012. At this point, we consider that any assessment of SEAT's earnings in 2013 is premature. However the board's decision to accelerate a reassessment of the sustainability of the capital structure in our opinion points to a more material deterioration in revenues and earnings than we anticipated. (In November 2012, we forecasted EBITDA of about €280 million-€290 million in 2013). Consequently, we have revised downward our assessment of SEAT's business risk profile to "vulnerable" from "weak."

In our view, the recent events highlight a lack of clear management communication. Therefore, in our opinion SEAT's financial policy decisions point to increasing risks for all stakeholders and market participants.

Liquidity

We assess SEAT's liquidity as "weak" under our criteria. This primarily reflects the board's decision to delay interest payments on the group's senior secured bonds.

That said, we note that SEAT has material cash on the balance sheet of about €200 million. In our view, SEAT's liquidity profile would allow it to meet its short-term financial needs. In addition, despite the negative operating trend,

we believe that the group currently has sufficient headroom under its covenants. This is thanks to Telegate's successful litigation with Deutsche Telekom, and a carve-out option that allows SEAT to remove some research and development costs (up to €30 million in 2013) from EBITDA for covenant calculation purposes. That said, the board's decision to suspend interest payments on the bonds might imply materially weaker forecasts for 2013 operating trends and liquidity than we initially envisaged.

Recovery analysis

We rate at 'D' SEAT's €750 million senior secured notes and €65 million new senior secured notes. The recovery rating on these debt instruments is '3', indicating our expectation of meaningful (50%-70%) recovery in the event of a payment default. We estimate coverage at the low end of this range.

We rate at 'CC' SEAT's €686 million new senior secured facilities (€661 million after a voluntary €25 prepayment on Nov. 6, 2012). The latter facilities include a new €90 million RCF. The recovery rating on these debt instruments is '3', indicating our expectation of meaningful (50%-70%) recovery in the event of a payment default. We estimate coverage at the low end of this range.

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

We are lowering our stressed enterprise value to about €1 billion, from €1.2 billion previously, to reflect a lower valuation multiple of 4.5x from 5.0x and a potential deterioration in cash flow generation capacity in the context of SEAT's weakening business environment.

Ratings List

Downgraded; CreditWatch/Outlook Action

SEAT PagineGialle SpA

To	From	
Corporate Credit Rating	SD/--	CC/Negative/--
Senior Secured Bonds	D	CC
Recovery Rating	3	

Ratings Affirmed

SEAT PagineGialle Italia SpA

Senior Secured Facilities*	CC	CC
Recovery Rating	3	3

*Guaranteed by SEAT PagineGialle SpA.

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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.