Yellow Pages Limited Reports Solid Financial and Operating Results in Third Quarter 2020 and Declares a Cash Dividend

Montreal (Quebec), November 12, 2020 — Yellow Pages Limited (TSX: Y) (the "Company"), a leading Canadian digital media and marketing company, released its operating and financial results today for the quarter and nine-month periods ended September 30, 2020.

"We are very pleased with our third quarter results and how our Company continues to cope with the COVID-19 pandemic and build for the future," said David A. Eckert, President and CEO of Yellow Pages Limited.

Eckert commented on the key developments for the quarter:

- **Cash continued to build.** "As of today, our cash on hand is approximately $137 million. This balance already significantly exceeds the $107 million principal amount of our Exchangeable Debentures, which are our only remaining debt, excluding lease obligations. As previously announced, we intend to fully pay off those Exchangeable Debentures, at par, on or around May 31, 2021."
- **Quarterly cash dividend[2] declared.** "Our Board has declared a cash dividend of $0.11 per common share, to be paid on December 15, 2020 to shareholders of record as of November 27, 2020."
- **Common stock NCIB effective.** "Under our NCIB program, at the end of the third quarter the Company had purchased 99,280 common shares for cash of $1.1 million. That program is continuing."
- **Modest effect of COVID-19 crisis on revenue.** "All of our operations have continued unabated since the COVID-19 crisis began. And the effect of the crisis on our revenues in the third quarter was again only a handful of percentage points. Bookings trends indicate only modest additional effects on our revenue curve over the next couple of quarters, as the sales levels already booked become reported revenue."
- **Progress on revenue initiatives.** "We are on track to double our tele-sales capacity by the end of the year, aimed at significantly ramping up our acquisition of new accounts. And we are executing on our programs to add to our strong product portfolio."
- **Solid quarterly earnings.** "Our Adjusted EBITDA[1] for the quarter was a healthy 34% of revenue, despite the COVID-19 crisis, our investments in revenue initiatives, and some 1-time expenses. We are committed to generating good cash and profitability, while making the targeted investments necessary to bend our revenue curve toward stability."

Financial Highlights

(In thousands of Canadian dollars, except percentage information and per share information)

Yellow Pages Limited	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2020	2019	**2020**	2019
YP Revenues	**$80,281**	$98,147	**$256,869**	$308,432
Other revenues and Intersegment Eliminations	**–**	–	**–**	1,274
Total revenues	**$80,281**	$98,147	**$256,869**	$309,706
Adjusted EBITDA[1]	**$27,312**	$37,786	**$101,803**	$126,589
Adjusted EBITDA margin[1]	**34.0%**	38.5%	**39.6%**	40.9%
Net earnings	**$9,041**	$13,839	**$43,483**	$41,072
Basic earnings per share	**$0.34**	$0.52	**$1.63**	$1.55
Diluted earnings per share	**$0.34**	$0.49	**$1.52**	$1.44
CAPEX[1]	**$1,340**	$2,351	**$4,099**	$7,757
Adjusted EBITDA less CAPEX[1]	**$25,972**	$35,435	**$97,704**	$118,832
Adjusted EBITDA less CAPEX margin[1]	**32.4%**	36.1%	**38.0%**	38.4%
Cash flows from operating activities	**$32,739**	$50,559	**$91,560**	$112,734

(1) Adjusted EBITDA is equal to Income from operations before depreciation and amortization and restructuring and other charges (defined herein as Adjusted EBITDA), as shown in Yellow Pages Limited's consolidated statements of income. Adjusted EBITDA, Adjusted EBITDA margin, CAPEX, Adjusted EBITDA less CAPEX, Adjusted EBITDA less CAPEX margin and Net debt excluding lease obligations are non-GAAP financial measures and do not have any standardized meaning under IFRS. Therefore, they are unlikely to be comparable to similar measures presented by other public companies. Refer to the section on Non-GAAP financial measures on page 4 of this document for more details.

(2) The dividend will be designated as an eligible dividend pursuant to subsection 89(14) of the Income Tax Act (Canada) and any applicable provincial legislation pertaining to eligible dividends.

Third Quarter of 2020 Results

- Adjusted EBITDA less CAPEX[1] totaled $26.0 million and the EBITDA less CAPEX margin[1] was 32.4%.
- Net earnings decreased by $4.8 million to $9.0 million, or $0.34 per diluted share.
- Cash position at the end of the period was $124.5 million and approximately $137.0 million as at November 11, 2020.

Segmented Information

The Company's operations are categorized into two reportable segments: YP and other.

- The YP segment provides small and medium-sized businesses across Canada digital and traditional marketing solutions, including online and mobile priority placement on Yellow Pages' owned and operated media, content syndication, search engine solutions, website fulfillment, social media campaign management and digital display advertising, video production and print advertising. This segment also includes the 411.ca digital directory service helping users find and connect with people and local businesses.
- The Other segment includes YP Dine digital property until its sale on April 30, 2019 and the Mediative division until its liquidation on January 31, 2019.

An overview of each segment and the performance of each segment for the three and nine-month periods ended September 30, 2020 and 2019 can be found in the November 12, 2020 Management's Discussion and Analysis.

Financial Results for the Third Quarter of 2020

Revenues for the YP segment for the third quarter of 2020 decreased by $17.8 million or 18.2% year-over year and amounted to $80.3 million compared to $98.1 million for the same period last year. The decrease for the quarter ended September 30, 2020 is due to the decline of our higher margin YP digital media and print products and to a lesser extent to our lower margin digital services products, thereby creating pressure on our gross profit margins. Revenues for the third quarter of 2020 were also impacted by the COVID-19 pandemic which impacted customer spend and to a lesser extent customer renewal rates.

Adjusted EBITDA for the YP segment for the three-month period ended September 30, 2020 totaled $27.3 million or 34.0% of revenues compared to $37.8 million or 38.5% of revenues for the same period last year. The decrease in Adjusted EBITDA and Adjusted EBITDA margin in the third quarter ended September 30, 2020 is the result of the revenue pressures in the YP segment as well as certain one-time items partially offset by efficiencies in sales and operations from optimization and reductions in other operating costs including reductions in our workforce and associated employee expenses, reduction in the Company's office space footprint and other spending reductions across the segment. The one-time items include a $4.0 million increase for the expense related to the vesting of the CEO's long term incentive plan (LTIP) upon completion of his first contract term in the third quarter of 2020, resulting from the increase in the Company's share price, partially offset by a $1.2 million emergency wage subsidy received during the three-month period ended September 30, 2020. Continued modest effects on revenue of the COVID-19 pandemic, coupled with increased headcount in our salesforce, will create some pressure on margin in upcoming quarters.

Total revenues for the third quarter ended September 30, 2020 decreased by 18.2% year-over-year and amounted to $80.3 million as compared to $98.1 million for the same period last year.

Adjusted EBITDA[1] decreased by 27.7% to $27.3 million or 34.0% of revenues in the third quarter ended September 30, 2020, relative to $37.8 million or 38.5% of revenues for the same period last year.

Adjusted EBITDA less CAPEX decreased by $9.4 million to $26.0 million during the third quarter of 2020, compared to $35.4 million during the same period last year.

Net earnings for the three-month period ended September 30, 2020, amounted to $9.0 million as compared to net earnings of $13.8 million for the same period last year. The decrease in profitability of $4.8 million for the three-month period ended September 30, 2020, compared to the same period last year, is explained principally by lower Adjusted EBITDA and an increase in restructuring and other charges partially offset by decreases in financial charges and depreciation and amortization expenses.

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Cash flows from operating activities decreased by $17.9 million to $32.7 million for the three-month period ended September 30, 2020 from $50.6 million for the same period last year, mainly due to lower Adjusted EBITDA[1] of $10.5 and a reduction of $6.3 million from the change in operating assets and liabilities, as 2019 benefited by the collection of Juice and Mediative accounts receivable.

As at September 30, 2020, the Company had $153.9 million of total debt, compared to $156.4 million as at December 31, 2019. As at September 30, 2020, the Company had ($24.0) million net debt excluding lease obligations[1], compared to $54.1 million net debt excluding lease obligations as at December 31, 2019.

Conference Call & Webcast

Yellow Pages Limited will hold an analyst and media call and simultaneous webcast at 8:30 a.m. (Eastern Time) on November 12, 2020 to discuss third quarter 2020 results. The call may be accessed by dialing 416-695-6725 within the Toronto area, or 1-866-696-5910 outside of Toronto, Passcode # 8902057. Please be prepared to join the conference at least 5 minutes prior to the conference start time.

The call will be simultaneously webcast on the Company's website at:
https://corporate.yp.ca/en/investors/financial-reports.

The conference call will be archived in the Investors section of the site at:
https://corporate.yp.ca/en/investors/financial-events-presentations.

About Yellow Pages Limited

Yellow Pages Limited (TSX: Y) is a Canadian digital media and marketing company that creates opportunities for buyers and sellers to interact and transact in the local economy. Yellow Pages holds some of Canada's leading local online properties including YP.ca, Canada411 and 411.ca. The Company also holds the YP, Canada411 and 411 mobile applications and Yellow Pages print directories. For more information visit www.corporate.yp.ca.

Caution Concerning Forward-Looking Statements

This press release contains forward-looking statements about the objectives, strategies, financial conditions, including potential full repayment of the Company's remaining exchangeable debentures on or shortly after May 31, 2021, at par; to its common shareholders, a cash dividend payment of $0.11 per share per quarter; and results of operations and businesses of the Company. These statements are forward-looking as they are based on our current expectations, as at November 11, 2020, about our business and the markets we operate in, and on various estimates and assumptions. Our actual results could materially differ from our expectations if known or unknown risks affect our business, or if our estimates or assumptions turn out to be inaccurate. As a result, there is no assurance that any forward-looking statements will materialize. Risks that could cause our results to differ materially from our current expectations are discussed in section 5 of our November 11, 2020 Management's Discussion and Analysis. We disclaim any intention or obligation to update any forward-looking statements, except as required by law, even if new information becomes available, as a result of future events or for any other reason.

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Non-GAAP Financial Measures

Adjusted EBITDA and Adjusted EBITDA margin

In order to provide a better understanding of the results, the Company uses the terms Adjusted EBITDA and Adjusted EBITDA margin. Adjusted EBITDA is equal to Income from operations before depreciation and amortization and restructuring and other charges (defined herein as Adjusted EBITDA), as shown in Yellow Pages Limited's interim condensed consolidated statements of income. Adjusted EBITDA margin is defined as the percentage of Adjusted EBITDA to revenues. Adjusted EBITDA and Adjusted EBITDA margin are not performance measures defined under IFRS and are not considered an alternative to income from operations or net earnings in the context of measuring Yellow Pages performance. Adjusted EBITDA and Adjusted EBITDA margin do not have a standardized meaning under IFRS and are therefore not likely to be comparable to similar measures used by other publicly traded companies. Adjusted EBITDA and Adjusted EBITDA margin should not be used as exclusive measures of cash flow since they do not account for the impact of working capital changes, income taxes, interest payments, pension funding, capital expenditures, business acquisitions, debt principal reductions and other sources and uses of cash, which are disclosed on page 17 of this MD&A. Management uses Adjusted EBITDA and Adjusted EBITDA margin to evaluate the performance of its business as it reflects its ongoing profitability. Management believes that certain investors and analysts use Adjusted EBITDA and Adjusted EBITDA margin to measure a company's ability to service debt and to meet other payment obligations or as common measurement to value companies in the media and marketing solutions industry as well as to evaluate the performance of a business.

Adjusted EBITDA less CAPEX and Adjusted EBITDA less CAPEX margin

The Company also uses Adjusted EBITDA less CAPEX, which is defined as Adjusted EBITDA, as defined above, less CAPEX which we define as additions to intangible assets and additions to property and equipment as reported in the Investing Activities section of the Company's interim condensed consolidated statements of cash flows. Adjusted EBITDA less CAPEX margin is defined as the percentage of Adjusted EBITDA less CAPEX to revenues. Adjusted EBITDA less CAPEX and Adjusted EBITDA less CAPEX margin are non-IFRS financial measures and do not have any standardized meaning under IFRS. Therefore, are unlikely to be comparable to similar measures presented by other publicly traded companies. We use Adjusted EBITDA less CAPEX and Adjusted EBITDA less CAPEX margin to evaluate the performance of our business as it reflects cash generated from business activities. We believe that certain investors and analysts use Adjusted EBITDA less CAPEX and Adjusted EBITDA less CAPEX margin to evaluate the performance of businesses in our industry.

The most comparable IFRS financial measure to Adjusted EBITDA less Capex is Income from operations before depreciation and amortization and restructuring and other charges (defined above as Adjusted EBITDA) as shown in Yellow Pages Limited's interim condensed consolidated statements of income. Refer to page 5 and page 11 of the November 11, 2020 MD&A for a reconciliation of CAPEX and Adjusted EBITDA less CAPEX, respectively.

Net debt excluding lease obligations

Net debt excluding lease obligations is a non-GAAP financial measure and does not have any standardized meaning under IFRS. Therefore, it is unlikely to be comparable to similar measures presented by other publicly traded companies. Net debt excluding lease obligations is comprised of Exchangeable debentures less Cash as presented in our consolidated statements of financial position. We use net debt as indicator of the Company's ability to cover financial obligations and reduce debt and associated interest charge as it represents the amount of debt excluding lease obligations that is not covered by available cash. We believe that certain investors and analysts use net debt to determine a company's financial leverage.

The most comparable IFRS financial measure is total debt, as presented in the capital disclosures note on page 49 of our Audited consolidated financial statements for the years ended 2019 and 2018. The table below provides a reconciliation of total debt to net debt excluding lease obligations.

Net debt excluding lease obligations
(In thousands of Canadian dollars)

As at	**September 30, 2020**	December 31, 2019
Exchangeable debentures	**$ 100,433**	$ 98,537
Lease obligations	**53,507**	57,885
Total debt	**$ 153,940**	$ 156,422
Lease obligations	**(53,507)**	(57,885)
Cash	**(124,475)**	(44,408)
Net debt excluding lease obligations	**$ (24,042)**	$ 54,129