Yellow Pages Limited Reports First Quarter 2017 Financial Results and Provides Updated Corporate Strategy

Montreal (Quebec), May 10, 2017 — Yellow Pages Limited (TSX: Y) (the "Company"), a leading Canadian digital media and marketing company, released its operational and financial results today for the quarter ended March 31, 2017 and shared an updated corporate strategy.

Financial Highlights

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

	For the three-month periods ended March 31,	
Yellow Pages Limited	**2017**	2016
Revenues	**$189,508**	$203,627
Adjusted EBITDA[1]	**$46,475**	$61,893
Adjusted EBITDA[1] margin	**24.5%**	30.4%
Net earnings	**$658**	$13,151
Basic earnings per share	**$0.02**	$0.49
Cash flow from operating activities	**$13,782**	$24,248
Free cash flow[1]	**$16,670**	$24,254
Customer count[2]	**239,500**	244,000

First Quarter 2017 Results

- Digital revenues grew 2.4% year-over-year to $134.8 million, due to increased revenues from JUICE Mobile ("JUICE"). Digital revenues accounted for 71.1% of total revenues.
- EBITDA adjusted for restructuring and special charges ("Adjusted EBITDA") was $46.5 million, or 24.5% of revenues for the first quarter of 2017.
- Total digit visits ("TDV") to the Yellow Pages network of properties grew 49.7% year-over-year to 149.9 million.
- Customer count totalled 239,500 as at March 31, 2017, representing a net customer count decline of 4,500 year-over-year.
- The Company expects to pay down $15 million of its 9.25% Senior Secured Notes (the "Notes") on May 31, 2017.

Revenues for the quarter ended March 31, 2017 decreased 6.9% year-over-year to $189.5 million, mainly due to lower print revenues. Print revenues decreased 24% year-over-year to $54.7 million, as print customers continue to transition to digital advertising.

Net earnings for the first quarter 2017 were $0.7 million, compared to $13.2 million for the same period last year. The decrease was a result of lower Adjusted EBITDA and higher restructuring charges.

Free cash flow was $16.7 million for the first quarter of 2017, from $24.3 million for the same period last year due to lower cash flow from operating activities.

Net debt was stable and amounted to $386.9 million at March 31, 2017, up slightly from $384.9 million as compared to December 31, 2016 due mainly to the decline in cash.

"In Q1, we focused on driving digital revenues and managing product mix dynamics," said Julien Billot, President and CEO of Yellow Pages Limited. "Today, with over 70% of our revenue from digital sources, we have successfully completed the transformation from our legacy print business to a digital-first company."

"We are now shifting our strategy to move the company towards sustainability and growth of total revenue, profitability and free cash flow. We've built an operational plan to change how we sell, package and service digital marketing solutions to match critical customer needs in digital. We plan to blend our Owned and Operated media products and digital services, to create simple, affordable, content-driven solutions to meet the digital needs of Canada's local businesses," continued Billot.

Corporate Strategy

Yellow Pages (YP) business is focused on providing digital products and solutions to Canada's local businesses and to the global brands that serve local Canadian markets. The Company's updated corporate strategy aims to evolve its customer offering and capabilities in tandem with a changing digital market. Over the next 24-months, the Company will focus on implementing a growth-oriented corporate strategy with five key initiatives:

- **Reshape the customer value proposition**
- **Implement new ways of selling**
- **Redefine and improve the customer journey**
- **Continue growth in subsidiaries**
- **Build the future state of the business**

Key Initiatives

Reshape the customer value proposition
The goal of the new customer value proposition is to acquire, retain and strengthen our customer relationships. The Company will reshape its customer value proposition based on first-hand research conducted and input solicited from Canadian small and medium-sized enterprises (SME). The Company will structure its subsequent offering to directly address their critical needs in digital marketing.

YP's core offer will no longer be product-centric, but rather provide content-centric solutions for SMEs.

Due to fragmentation of the digital market, SMEs require synchronized content across more platforms to reach customers. The starting point is a basic business profile, including company name, expertise, address and contact information. From there, the SME can expand its business profile by adding more engaging content – description of services, hours of operation, photos, etc.

YP will act as the SME's content hub and then will syndicate that content across other large digital ecosystems (i.e. Facebook, Google, Apple).

The offering will blend Owned and Operated products and digital services into a staircase of offerings with varying service levels (basic, plus, premium). The entry point will consist of a simple, affordable, content-driven solution to establish, amplify and manage an SME's business identity online. Once this is in place, an SME will then unlock a range of scalable marketing solutions to boost their visibility and manage their reputation in social media, an arena where SMEs clearly identify a critical need for assistance.

Many digital services and certain digital products, as well as print, will now only be available as add-ons to the main customer offering, creating upsell and upgrade incentives. By offering blended, tiered solutions, profitability will be more stable and sustainable.

Implement new ways of selling
While YP has successfully shifted skillsets and knowledge base of its sales teams over the last three years to meet the needs of a digital environment, the Company must now review the structure of its salesforce. This currently remains aligned with legacy structures. YP requires greater flexibility to capture growth opportunities across customer segments, cost efficiencies and increase competitiveness. Additionally, the Company will place greater emphasis on acquiring and retaining high spend, high potential customers.

Redefine and improve the customer journey
As expectations of a digital customer are for simple and seamless interactions, this is the customer journey and experience YP will strive to create. The Company will align its tiered offering with five customer segments, divided by spend potential and critical marketing needs. Varying service models, product portfolios and touchpoints will be implemented for each customer segment, all with the goal of eliminating digital complexity and creating the customer experience that meets their critical needs. For low spend potential customers, YP will develop and implement an automation/self-serve model to offer greater flexibility for customers and allow the Company to place resources on high-spend, high-potential customers.

The Company will also introduce evergreen contracts, moving from an annual contract to a monthly subscription with minimum commitment necessary with add-on offers. This is more aligned with the expectations of simplicity and flexibility of digital customers. It will also create lower barriers to entry, facilitating customer acquisition.

Completion of the implementation of these initiatives is expected in 2018.

“While our customer-oriented initiatives will occupy most of our focus over the next two years, our subsidiary businesses continue to hold meaningful footprints in the digital space and are cradles for innovation in new digital offerings that we can scale selectively for global brands or broadly for SMEs. We will continue to support growth in these businesses as well,” stated Billot.

Continue growth in subsidiaries
JUICE will focus on expansion of its foothold in the U.S. market as well as evaluate the potential for expansion into markets outside North America in 2018. JUICE will also focus on developing new proprietary advertising technology addressing location data needs for marketers. The advertising technology company intends to monetize this technology by licensing it to digital marketing agencies as a SaaS (“software as a service”) product.

Mediative will focus on expanding the depth its existing managed service relationships. It will also seek to develop new relationships with major Canadian retailers looking to develop media monetization strategies on their e-commerce offerings.

ComFree/DuProprio will focus on diversifying revenues through new product launches in its home market of Quebec, as well as geographic expansion in Ontario and Western Canada.

Build the future state of the business
In the near term, YP will expand its customer offering to include services that facilitate commercial transactions to businesses, similar to the restaurant reservation capabilities in its YP Dine operations. YP will look to integrate transaction-oriented solutions across its customer base addressing needs such as appointment scheduling and payment, making these services easily accessible and affordable to SMEs in Canada.

Impact of strategy on financial performance
The Company expects to realize long term improvements in financial performance (including total revenues, Adjusted EBITDA and free cash flow) as a result of implementing the key initiatives described above. The Company may continue to experience downward pressure on these performance measures during the transition occurring over the next 18 to 24 months.

Outlook

For the year ending December 31, 2017, Yellow Pages anticipates:

- Total revenues between $770 million and $785 million;
- Digital revenue growth of approximately 4%;
- Adjusted EBITDA between $170 million and $180 million;
- Free cash flow between $50 million and $55 million;
- Customer count of approximately 240,000;
- Capital expenditures, net of related lease incentives, of approximately $65 million.

As part of establishing the above guidance, the Company made the following assumptions:

- Economic conditions in Canada will not deteriorate beyond current levels;
- The decline in print revenues will remain at or below 25%;
- The Company will be able to introduce, sell and provision the new products and services that support our customer base and Average Revenue per Customer (ARPC) assumptions;
- The revenue mix between the Company's digital owned and operated, services and resale solutions will not materially change from anticipated levels;
- The Company will be able to further accelerate customer acquisition levels at currently anticipated ARPC and over time, retain and upsell newly acquired customers;
- Investments in marketing and branding will evolve legacy perceptions and boost awareness of our digital media platforms and marketing solutions; and
- The Company will be able to realize efficiency gains in its cost structure to support profitability and cash flow generation.
- Guidance is based on current accounting standards and policies.

The Company cautions that the assumptions used to prepare the guidance provided above, although currently reasonable, may prove to be incorrect or inaccurate. Accordingly, actual results may differ materially from expectations as set forth above. The guidance provided above should be read in conjunction with, and is qualified by, the section Forward-Looking Information beginning on page 1 of the May 10, 2017 Management's Discussion and Analysis.

Conference Call & Webcast

Yellow Pages Limited will hold an analyst and media call and simultaneous webcast at 8 a.m. (Eastern Time) on May 10, 2017 to discuss first quarter 2017 results and provide additional details on the updated corporate strategy. The call may be accessed by dialing 416-340-2219 within the Toronto area, or 1-800-478-9326 outside of Toronto.

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/.

A playback of the call can also be accessed between May 10 and June 10, 2017 by dialing 905-694-9451 within the Toronto area, or 1-800-408-3053 outside of Toronto and entering passcode **4181938**.

About Yellow Pages Limited

Yellow Pages Limited (TSX: Y) is a Canadian digital media and marketing company that creates local 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™, RedFlagDeals.com™, Canada411.ca, 411.ca, Bookenda.com, DuProprio.com, ComFree.com and YP NextHome. The Company also holds the YP, YP Shopwise, YP Dine, RedFlagDeals, Canada411, 411, Bookenda, DuProprio, ComFree and YP NextHome mobile applications and Yellow Pages™ print directories. In addition, Yellow Pages is a leader in national advertising through its divisions devoted to servicing the marketing needs of large North American brands, including Mediative and JUICE. 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, results of operations and businesses of the Company. These statements are forward-looking as they are based on our current expectations, as at May 10, 2017, 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 6 of our May 10, 2017 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-IFRS Measures[1]

In order to provide a better understanding of the results, the Company uses the term Adjusted EBITDA, defined as income from operations before depreciation and amortization, impairment of intangible assets and restructuring and special charges. Adjusted EBITDA is not a performance measure defined under IFRS and is not considered an alternative to income from operations or net earnings in the context of measuring Yellow Pages' performance. Adjusted EBITDA does not have a standardized meaning and is therefore not likely to be comparable to similar measures used by other publicly traded companies. Management uses Adjusted EBITDA to evaluate the performance of its business as it reflects its ongoing profitability. Management believes that certain investors and analysts use Adjusted EBITDA to measure a company's ability to service debt and to meet other payment obligations or to value companies in the media and marketing solutions industry as well as to evaluate the performance of a business.

As well, free cash flow is a non-IFRS measure generally used as an indicator of financial performance. It should not be seen as a substitute for cash flows from operating activities. Free cash flow is defined as cash flows from operating activities, adjusted for the change in operating assets and liabilities, less additions to intangible assets and additions to property and equipment. Free cash flow is not a standardized measure and is not comparable with that of other public companies. Management considers free cash flow to be an important indicator of the performance of its business as it reflects the Company's ability to generate overall cash earnings and reflects the net cash generated available for debt repayment, acquisitions or other activities. Management believes that certain investors and analysts use free cash flow to value a business and its underlying assets as well as to evaluate a company's performance. Free cash flow for comparative periods presented has been restated to conform to this year's presentation, which includes an adjustment for the change in operating assets and liabilities. The change to this measure has been made to remove the movements in working capital items to better reflect the underlying performance of the business.

Net debt is a non-IFRS measure and does not have any standardized meaning under IFRS. Therefore, it is unlikely to comparable to similar measures presented by other publicly traded companies. Net debt is defined as current portion of long-term debt plus long-term debt and exchangeable debentures, less cash. Management considers net debt to be an important indicator of its financial leverage as it represents the amount of debt that is not covered by available cash. Management believes that certain investors and analysts use net debt to determine a company's financial leverage.

[2] As at March 31.