

First Quarter 2017

Supplemental Disclosure

For the Period Ended March 31st, 2017



As filed on SEDAR on May 10th, 2017 (www.sedar.com)
This report is also available at www.corporate.yip.ca

Table of Contents

1. Financial Highlights	p. 2
2. Operational Key Performance Indicators	p. 3
3. Consolidated Capitalization and Credit Ratings	p. 4
4. Outlook	p. 5
5. Glossary	p. 6

This Supplemental Disclosure contains forward-looking statements about the objectives, strategies, financial condition, results of operations and businesses of Yellow Pages Limited. These statements are considered "forward-looking" because they are based on current expectations about our business and the markets we operate in, and on various estimates and assumptions. Our actual results could be materially different 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, we cannot guarantee that any forward-looking statements will materialize. Forward-looking statements do not take into account the effect that transactions or non-recurring items announced or occurring after the statements are made may have on our business. We disclaim any intention or obligation to update any forward-looking statements, except as required by law, even if new information becomes available through future events or for any other reason.

Risks that could cause our actual results to differ materially from our current expectations are discussed in Section 6 of our May 10, 2017 Management's Discussion and Analysis. This Supplemental Disclosure should be read in conjunction with the May 10, 2017 Management's Discussion and Analysis.

1. Financial Highlights

In thousands of Canadian dollars, except % of Revenues ("% of Rev."), Earnings per Share and Outstanding Share Data

	For the three-month periods ended March 31,			
	2017	% of Rev.	2016	% of Rev.
Print Revenues	54,720	28.9%	72,028	35.4%
Digital Revenues	134,788	71.1%	131,599	64.6%
Total Revenues	189,508		203,627	
Cost of Sales, Excluding Employee Benefits, Payroll Taxes and Incentives ⁽¹⁾	82,341		78,771	
Gross Profit	107,167	56.6%	124,856	61.3%
Information Systems and Information Technology, Excluding Employee Benefits, Payroll Taxes and Incentives	12,243		15,409	
Marketing, General and Administrative, Excluding Employee Benefits, Payroll Taxes and Incentives	32,144		29,135	
Employee Benefits, Payroll Taxes and Incentives	16,305		18,419	
Adjusted EBITDA	46,475	24.5%	61,893	30.4%
Net Earnings	658		13,151	
Basic Earnings per Share	0.02		0.49	
Diluted Earnings per Share	0.02		0.45	
Cash Flows from Operating Activities	13,782		24,248	
Change in Operating Assets and Liabilities	17,746		15,431	
Capital Expenditures	(14,858)		(15,425)	
Free Cash Flow ⁽²⁾	16,670		24,254	

Outstanding Share Data

	May 10, 2017	March 31, 2017	December 31, 2016
Common Shares Outstanding	28,075,306	28,075,306	28,075,304
Exchangeable Debentures Outstanding ⁽³⁾	5,624,422	5,624,422	5,624,422
Common Share Purchase Warrants Outstanding ⁽⁴⁾	2,995,486	2,995,486	2,995,488
Stock Options Outstanding ⁽⁵⁾	630,950	630,950	630,950

- (1) 2016 figures were reclassified to conform to the current period's presentation. These changes have no impact on the adjusted EBITDA, cash flows from operating activities or free cash flow for the period.
- (2) Free cash flow for the first quarter of 2016 has been restated to conform to this year's presentation, which includes an adjustment for 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.
- (3) As at May 10, 2017, the Company had \$107.1 million principal amount of Exchangeable Debentures outstanding, which amount is exchangeable into 5,624,422 common shares of Yellow Pages Limited at an exchange price of \$19.04, subject to adjustment for specified transactions pursuant to the indenture governing the Exchangeable Debentures.
- (4) Each Common Share Purchase Warrant entitles the holder to acquire, upon exercise, one Yellow Pages Limited common share at a price of \$28.16.
- (5) Included in the stock options outstanding balance of 630,950 as at May 10, 2017 and March 31, 2017 are 366,500 stock options exercisable as at those respective dates. Included in the stock options outstanding balance of 630,950 as at December 31, 2016 are 186,550 stock options exercisable as at that date.

2. Operational Key Performance Indicators

	2017 Q1	Q4	Q3	2016		Q4	2015 Q3	Q2
Digital Revenue Performance								
Digital Revenues (in millions of Canadian dollars)	134.8	143.1	138.6	142.5	131.6	129.2	127.8	116.4
Year-over-Year Digital Revenue Growth	2.4%	10.8%	8.4%	22.4%	16.6%	10.5%	12.5%	7.4%
Customer Metrics								
Customer Count	239,500	241,500	243,000	244,000	244,000	245,000	246,000	248,000
Net New Customers	(4,500)	(3,500)	(3,000)	(4,000)	(7,000)	(11,000)	(14,000)	(17,000)
Digital-Only Customers	34%	32%	30%	28%	25%	22%	20%	18%
Customer Penetration by Product Category								
Print	66%	68%	70%	72%	75%	78%	80%	82%
Owned and Operated Digital Media	70%	70%	69%	68%	67%	66%	65%	64%
Online Priority Placement	61%	61%	61%	62%	61%	61%	60%	60%
Mobile Priority Placement	26%	26%	26%	27%	27%	27%	27%	26%
Digital Services	11%	10%	10%	10%	10%	10%	10%	10%
Average Revenue per Customer (in Canadian dollars)								
	2,631	2,689	2,755	2,817	2,876	2,930	2,970	3,009
Consumer Metrics								
Total Digital Visits (in millions) ⁽¹⁾	149.9	148.9	109.4	106.2	100.2	118.2	124.1	116.4

Refer to Section 5 (Glossary) for definitions of the metrics listed above.

(1) Excludes the impact from the ComFree/DuProprio Network. Total Digital Visits executed on the ComFree/DuProprio Network totalled 25.2M, 23.8M, 19.8M, 16.3M and 24.7M in Q1 2016, Q2 2016, Q3 2016, Q4 2016 and Q1 2017, respectively.

3. Consolidated Capitalization and Credit Ratings

In millions of Canadian dollars, unless otherwise noted

	As at	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016
9.25% Senior Secured Notes due November 30, 2018 ⁽¹⁾		310	310	371	371	407
Obligations Under Finance Leases		0	0	0	0	1
8% Exchangeable Debentures due November 30, 2022 ⁽²⁾		93	92	92	91	91
Total Debt		403	402	463	462	498
Cash		16	17	72	14	35
Total Net Debt		387	385	391	449	463
Equity		378	369	717	721	748
Total Capitalization		765	754	1,107	1,169	1,211
Net Debt / Latest Twelve-Month Adjusted EBITDA⁽³⁾		1.8x	1.6x	1.6x	1.8x	1.8x
Average Interest Rate on Debt at Period End		8.9%	8.9%	9.0%	9.0%	9.0%

Credit Ratings

	DBRS Limited	Standard and Poor's Rating Services
Issuer Rating / Corporate Credit Rating	B (high)	B - Stable Outlook
Rating for Senior Secured Notes	BB (low)	BB-
Rating for Exchangeable Debentures	B (low)	CCC+

- (1) Please refer to Note 5 of the interim condensed consolidated financial statements for the three-month periods ended March 31, 2017 and 2016. Interest on the Senior Secured Notes is payable in cash quarterly in arrears in equal installments at 9.25% per annum on the last day of February, May, August and November of each year.
- (2) Please refer to Note 6 of the interim condensed consolidated financial statements for the three-month periods ended March 31, 2017 and 2016. Interest on the Exchangeable Debentures is payable in cash at 8% or in additional debentures at 12% in the event that the company makes a Payment in Kind election to pay any interest in additional senior subordinated unsecured exchangeable debentures. Interest on the Exchangeable Debentures is payable semi-annually in arrears in equal installments on the last day of May and November of each year.
- (3) Latest Twelve-Month Adjusted EBITDA represents latest twelve-month income from operations before depreciation and amortization, impairment of intangible assets and restructuring and special charges.

4. Outlook

In millions of Canadian dollars

	2017E	2018E
Cash Outflows Expected from Income Taxes and Tax Assessments	-	-
Cash Funding of the Pension Solvency Deficit	13	14
Capital Expenditures, Net of Related Lease Incentives	65 ⁽¹⁾	45-50 ⁽²⁾

(1) Included in 2017E capital expenditures is \$18 million related to leasehold improvements associated with the relocation of the Montreal office.

(2) Included in 2018E capital expenditures is \$8 million related to leasehold improvements for later phases of the relocation of the Toronto office.

The information presented above is considered forward-looking because it is based on current expectations about our business and on various estimates, assumptions and regulations. Our actual results could be materially different from our expectations as known or unknown risks affect our business or if estimates and assumptions turn out to be inaccurate. As a result, we cannot guarantee that the information above will materialize.

5. Glossary

All definitions account for YP only - excludes the contribution of Mediative, JUICE Mobile, 411 Local Search Corp., Yellow Pages Homes Limited and the ComFree/DuProprio Network.

Customer Metrics

Customer Count	Number of customers advertising through one of our product groups as at the end of the reporting period.
Net New Customers	Net change in customer count on a year-over-year basis.
Digital-Only Customers	Percentage of customers purchasing only digital products.

Customer Penetration by Product Category

Owned and Operated Digital Media	Percentage of customers purchasing at least one Online Priority Placement, Mobile Priority Placement, NetSync, Content, Video and/or Legacy product.
Digital Services	Percentage of customers purchasing at least one Presence Extended, Website, SEO, SEM, Facebook Solution and/or Smart Digital Display product.

Average Revenue Per Customer	Revenue of the last twelve months divided by the average customer base during the last twelve months.
-------------------------------------	---

Consumer Metrics

Total Digital Visits	Number of visits made across the YP, YP Shopwise, YP Dine, RedFlagDeals, Canada411 and Bookenda online and mobile properties, as well as visits made across the properties of Yellow Pages Limited's application syndication partners.
----------------------	--