Yellow Pages Limited Reports Strong Fourth Quarter and Full Year 2019
Financial and Operating Results and Announces Intention to Repay All
Remaining Debt and Initiate Regular Stock Dividend

Montreal (Quebec), February 13, 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 year ended December 31, 2019.

“We continued our strong Adjusted EBITDA less CAPEX margin\(^1\) in the Fourth Quarter and for the
full year 2019. As we predicted last quarter, this allowed us to fully repay our notes on December
2, 2019, three years ahead of maturity. And today we announce our intention to make an optional
redemption payment of $107.1 million toward the principal amount to fully repay all of our
remaining debt, our exchangeable debentures, on or shortly after May 31, 2021, at par.

“We also intend to initiate a regular quarterly dividend of 11 cents per common share per quarter,
beginning in the second quarter of 2020.

“In addition, we continue to invest appropriately in our business, including significant expansion of
our tele-sales force to support further ‘bending of the revenue curve.’ We are heartened that,
including this most recent quarter, we produced an improved year-on-year rate of revenue change
in our YP segment for four consecutive quarters, as our various initiatives to ‘bend the revenue
curve’ continued to bear fruit,” said David A. Eckert, President and CEO of Yellow Pages Limited.

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

<table>
<thead>
<tr>
<th>Yellow Pages Limited</th>
<th>For the three-month periods ended December 31,</th>
<th>For the years ended December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
<td>2018</td>
</tr>
<tr>
<td>YP revenues</td>
<td>$93,507</td>
<td>$110,782</td>
</tr>
<tr>
<td>Other revenues and Intersegment Eliminations</td>
<td>–</td>
<td>13,737</td>
</tr>
<tr>
<td>Total revenues</td>
<td>$93,507</td>
<td>$124,519</td>
</tr>
<tr>
<td>Adjusted EBITDA(^1)</td>
<td>$34,756</td>
<td>$41,149</td>
</tr>
<tr>
<td>Adjusted EBITDA margin(^1)</td>
<td>37.2%</td>
<td>33.0%</td>
</tr>
<tr>
<td>Net earnings</td>
<td>$53,597</td>
<td>$39,957</td>
</tr>
<tr>
<td>Basic earnings per share</td>
<td>$2.02</td>
<td>$1.51</td>
</tr>
<tr>
<td>Diluted earnings per share</td>
<td>$1.70</td>
<td>$1.28</td>
</tr>
<tr>
<td>CAPEX(^1)</td>
<td>$1,981</td>
<td>$4,040</td>
</tr>
<tr>
<td>Adjusted EBITDA less CAPEX(^2)</td>
<td>$32,775</td>
<td>$37,109</td>
</tr>
<tr>
<td>Adjusted EBITDA less CAPEX margin(^1)</td>
<td>35.1%</td>
<td>29.8%</td>
</tr>
<tr>
<td>Cash flow from operating activities</td>
<td>$32,025</td>
<td>$41,782</td>
</tr>
</tbody>
</table>

Fourth Quarter of 2019 Results

- Despite revenue pressures, the Adjusted EBITDA less CAPEX margin\(^1\) increased to 35.1%
as compared to 29.8% for the same period last year as a result of the divestiture of
unprofitable or non-synergistic businesses and revenues as well as cost reductions in the
YP segment. Adjusted EBITDA less CAPEX\(^1\) decreased by $4.3 million year-over-year and amounted to $32.8 million.

- Net earnings increased by $13.6 million to $53.6 million, or $1.70 per diluted share.

- On December 2, 2019, as previously announced, the Company made a mandatory
redemption payment of $50.3 million toward the principal amount on its Senior Secured
Notes (the “Notes”). With this payment the Company has repaid the Notes in full.

---

\(^1\) 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 5 of this document for more details.
**Segmented Information**

The Company’s operations are categorized into two reportable segments:

- 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, 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 and Bookenda until their sale on April 30, 2019 and the Mediative division until its liquidation on January 31, 2019. The operations of the businesses sold in 2018 are also included in this segment until their respective disposal dates, namely: JUICE Mobile, RedFlagDeals.com™, Yellow Pages NextHome, ComFree/DuProprio, Totem and Western Media Group.

An overview of each segment and the performance of each segment for the three-month periods and years ended December 31, 2019 and 2018 can be found in the February 12, 2020 Management’s Discussion and Analysis.

**Financial Results for the Fourth Quarter of 2019**

Revenues for the YP segment for the fourth quarter of 2019 decreased by $17.3 million or 15.6% year-over-year and amounted to $93.5 million compared to $110.8 million for the same period last year. This compares to a decrease of $26.4 million or 19.2% for the fourth quarter of 2018 compared to the same period in 2017. The decrease for the quarter ended December 31, 2019 is mainly 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.

Adjusted EBITDA for the YP segment for the fourth quarter of 2019 totalled $34.8 million compared to $38.9 million for the same period last year. The decrease in Adjusted EBITDA is a result of lower overall revenues, pressures from the change in product mix and investments in customer care and investments in new customer acquisition. The Adjusted EBITDA margin for the YP segment for the fourth quarter of 2019 was 37.2% compared to 35.1% for the same period last year. The increase in Adjusted EBITDA margin for the fourth quarter is due to the revenue pressures, investments in customer care and investments in new customer acquisition being more than offset by an increased focus on the profitability of our products and services and reductions in both our cost of sales and other operating costs.

Total revenues for the three-month period ended December 31, 2019 decreased by $31.0 million or 24.9% year-over-year and amounted to $93.5 million as compared to $124.5 million for the same period last year. The decline in total revenues for the quarter ended December 31, 2019 was due to lower digital and print revenues in the YP segment as well as the divestitures in the Other segment.

Adjusted EBITDA decreased by $6.4 million to $34.8 million during the fourth quarter of 2019, compared to $41.1 million during the same period last year. The Company’s Adjusted EBITDA margin for the three-month period ended December 31, 2019 was 37.2% compared to 33.0% for the same period last year. The decrease in Adjusted EBITDA for the three-month period ended December 31, 2019 is the result of revenue pressures in the YP segment as well as the divestitures in the Other segment. The increase in Adjusted EBITDA margin is mainly due to reductions in both our cost of sales and other operating costs which fully offset the revenue pressures in the YP segment as well as the dilutive effect on profitability of the lower margin Other segment in 2018.

Adjusted EBITDA less CAPEX decreased by $4.3 million or 11.7% to $32.8 million during the fourth quarter of 2019 compared to $37.1 million during the same period in 2018. Adjusted EBITDA less CAPEX for the three-month period ended December 31, 2019 was mainly impacted by lower Adjusted EBITDA partially offset by decreased spending on software development.

We recorded net earnings of $53.6 million and $40.0 million during the three-month periods ended December 31, 2019 and 2018, respectively. The improvement in net earnings is mainly due to decreased depreciation and amortization expenses due to lower software development expenditures, lower financial charges from a reduced level of indebtedness and higher recovery of income taxes partially offset by lower Adjusted EBITDA and an increase in restructuring and other charges.
Cash flows from operating activities decreased by $9.8 million to $32.0 million for the three-month period ended December 31, 2019 from $41.8 million for the same period last year mainly due to a $17.1 million decrease in the change in operating assets and liabilities mainly from reduced receivables due to the divestitures.

As at December 31, 2019, the Company had $156.4 million of total debt, compared to $339.0 million as at December 31, 2018. As at December 31, 2019, the Company had $54.1 million of net debt excluding lease obligations\(^1\), compared to $182.2 million as at December 31, 2018.

**Financial Results for the Year Ended December 31, 2019**

Revenues for the YP segment for the year ended December 31, 2019 decreased by $83.7 million or 17.2% year-over-year and amounted to $401.9 million compared to $485.6 million for the same period last year. The decrease for the year ended December 31, 2019 is mainly 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.

Adjusted EBITDA for the YP segment for the year ended December 31, 2019 totalled $161.0 million compared to $185.0 million for the same period in 2018. The decrease in Adjusted EBITDA is a result of lower overall revenues, pressures from the change in product mix and investments in customer care. The Adjusted EBITDA margin for the YP segment for the year ended December 31, 2019 increased to 40.1% from 38.1% for the same period last year. The increase in Adjusted EBITDA margin for the year ended December 31, 2019 is due to the revenue pressures and investments in customer care and investments in new customer acquisition being fully offset by an increased focus on the profitability of our products and services and reductions in both our costs of sales and other operating costs. The decrease in cost of sales was mainly due to workforce reductions primarily in non-customer facing areas in the first quarter of 2018 and to call center consolidations and optimization of our servicing model in the second quarter of 2018. The decrease in other operating costs included reductions in our workforce and associated employee expenses, reductions in the Company’s office space footprint, other spending reductions across the segment as well as an adjustment to the variable compensation expense in the first quarter of 2019 mainly due to employee attrition and previous year performances.

Total revenues for the year ended December 31, 2019 decreased by $174.0 million or 30.1% year-over-year and amounted to $403.2 million as compared to $577.2 million for the same period last year. The decline in total revenues was due to the divestitures in the Other segment as well as lower digital and print revenues in the YP segment.

For the year ended December 31, 2019, Adjusted EBITDA decreased by $31.2 million or 16.2% to $161.3 million, compared to $192.6 million for the same period last year. The Company's Adjusted EBITDA margin amounted to 40.0% for the year ended December 31, 2019 compared to 33.4% for the same period last year. The decrease in Adjusted EBITDA was the result of revenue pressures in the YP segment as well as the divestitures in the Other segment. The increase in Adjusted EBITDA margin for the year ended December 31, 2019 is mainly due to the dilutive effect on profitability of the lower margin Other segment in 2018 and reductions in both our cost of sales and other operating costs. The reductions fully offset the revenue pressures in the YP segment for the year ended December 31, 2019.

For the year ended December 31, 2019, Adjusted EBITDA less CAPEX decreased by $28.9 million or 16.0% to $151.6 million compared to $180.5 million for the same period last year. Adjusted EBITDA less CAPEX for the year ended December 31, 2019 was mainly impacted by lower Adjusted EBITDA partially offset by decreased spending on software development and was further negatively impacted by lease incentives received in 2018.

The Company recorded net earnings of $94.7 million for the year ended December 31, 2019 as compared to $82.8 million for the same period last year. The increase in net earnings for the year ended December 31, 2019 compared to the same period last year is mainly due to the lower depreciation and amortization expenses and lower financial charges from a reduced level of indebtedness due to repayment of the Senior Secured Notes partially offset by lower Adjusted EBITDA and lower recovery of income taxes.

---

\(^1\) 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 public companies. Refer to the section on Non-GAAP financial measures on page 5 of this document for more details including reconciliations to the most comparable IFRS financial measure.
The Company recorded net earnings of $94.7 million for the year ended December 31, 2019 as compared to $82.8 million for the same period last year. The increase in net earnings for the year ended December 31, 2019 compared to the same period last year is mainly due to the lower depreciation and amortization expenses and lower financial charges from a reduced level of indebtedness due to repayment of the Senior Secured Notes partially offset by lower Adjusted EBITDA and lower recovery of income taxes.

Cash flows from operating activities increased by $10.1 million to $144.8 million from $134.7 million for the year ended December 31, 2019 mainly due to lower payments for restructuring and other charges of $18.4 million, lower interest paid of $20.3 million due to a lower level of indebtedness due to repayments of the Senior Secured Notes and lower funding of post-employment benefit plans of $1.4 million, mainly offset by lower Adjusted EBITDA of $31.2 million.

Conference Call & Webcast

Yellow Pages Limited will hold an analyst and media call and simultaneous webcast at 8:30 a.m. (Eastern Time) on February 13, 2020 to discuss fourth quarter 2019 results. The call may be accessed by dialing 416-340-2216 within the Toronto area, or 1-800-273-9672 outside of Toronto. 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.ca 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 repayment of the Company’s exchangeable debentures in full on or shortly after May 31, 2021, at par, the initiation of a quarterly common share dividend of $0.11 per common share beginning in the second quarter of 2020, results of operations and businesses of the Company. These statements are forward-looking as they are based on our current expectations, as at February 12, 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 February 12, 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.

Contacts:

Investors
Franco Scianamblo
Senior Vice-President and Chief Financial Officer
investors@yp.ca

Media
John Ireland
Senior Vice-President, Organizational Effectiveness
communications@yp.ca
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 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. 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 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 less lease incentives received as reported in the Investing Activities section of the Company’s 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-GAAP 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 its ongoing profitability. We believe that certain investors and analysts use Adjusted EBITDA less CAPEX and Adjusted EBITDA less CAPEX margin to evaluate the performance of a business.

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 consolidated statements of income. Refer to page 5 and page 12 of the February 12, 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 Senior Secured Notes (including current portion) and Exchangeable debentures less Cash and restricted 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 in our annual consolidated financial statements. The table below provides a reconciliation of total debt to net debt excluding lease obligations.

<table>
<thead>
<tr>
<th>Net debt excluding lease obligations</th>
</tr>
</thead>
<tbody>
<tr>
<td>(In thousands of Canadian dollars)</td>
</tr>
<tr>
<td>As at</td>
</tr>
<tr>
<td>Senior Secured Notes</td>
</tr>
<tr>
<td>Exchangeable debentures</td>
</tr>
<tr>
<td>Lease obligations</td>
</tr>
<tr>
<td>Total debt</td>
</tr>
<tr>
<td>Lease obligations</td>
</tr>
<tr>
<td>Cash and restricted cash</td>
</tr>
<tr>
<td>Net debt excluding lease obligations</td>
</tr>
</tbody>
</table>