

Yellow Pages Limited Reports Second Quarter 2019 Financial and Operating Results and Plans \$30 Million Optional Senior Secured Debt Repayment

Montreal (Quebec), August 14, 2019 — 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 and six months ended June 30, 2019 and announces that the Company intends to make an additional optional redemption payment of \$30 million toward the principal amount of its Senior Secured Notes on November 1, 2019.

“We are very pleased with the Company results that we are reporting today. For the second quarter in a row, our Adjusted EBITDA margin was above 40%. Partly as a result of that, we are planning another optional, \$30 million payment on our Senior Secured Notes. That payment, on November 1, 2019, along with the estimated next mandatory payment on November 30, 2019, would leave only approximately \$10 million outstanding.

“And on the revenue front, our sales professionals, and our entire team, have been working very hard to ‘bend the revenue curve.’ We are now beginning to see progress. In our core, YP segment, today we report for the second quarter in a row an improved year-on-year rate of revenue change. And we are seeing further strengthening in our ‘bookings,’ which are a leading indicator of future reported revenue,” 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)

Yellow Pages Limited	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2019	2018	2019	2018
YP	\$106,610	\$129,339	\$210,285	\$257,173
Other and Intersegment Eliminations	162	33,873	1,274	65,353
Total revenues	\$106,772	\$163,212	\$211,559	\$322,526
Adjusted EBITDA ¹	\$43,422	\$57,222	\$88,803	\$105,155
Adjusted EBITDA margin ¹	40.7%	35.1%	42.0%	32.6%
Net earnings	\$14,573	\$16,646	\$27,233	\$15,727
Basic earnings per share	\$0.55	\$0.63	\$1.03	\$0.60
Diluted earnings per share	\$0.51	\$0.56	\$0.96	\$0.57
CAPEX ¹	\$2,782	\$416	\$5,406	\$5,811
Adjusted EBITDA less CAPEX ¹	\$40,640	\$56,806	\$83,397	\$99,344
Cash flow from operating activities	\$28,627	\$25,571	\$62,175	\$56,982

Second Quarter of 2019 Results

- Adjusted EBITDA less CAPEX¹ decreased by \$16.2 million year-over-year and amounted to \$40.6 million as a result of revenue pressures partially offset by cost reductions.
- Net earnings decreased by \$2.1 million to \$14.6 million, or \$0.51 per diluted share.
- The Company made a \$90 million principal repayment on its Senior Secured Notes.

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 and six-month periods ended June 30, 2019 can be found in the August 14, 2019 Management's Discussion and Analysis.

Financial Results for the Second Quarter of 2019

Total revenues for the three-month period ended June 30, 2019 decreased by \$56.4 million or 34.6% year-over-year and amounted to \$106.8 million as compared to \$163.2 million for the same period last year. The decline in total revenues for the three-month period ended June 30, 2019 was due to the divestitures in the Other segment as well as lower digital and print revenues in the YP segment.

Revenues for the YP segment for the second quarter of 2019 decreased by \$22.7 million or 17.6% year-over-year and amounted to \$106.6 million compared to \$129.3 million for the same period last year. The decrease for the quarter ended June 30, 2019 is mainly due to the decline of our higher margin YP digital media and print products and, to a lesser extent, our lower margin digital services products, thereby creating pressure on our gross profit margins.

Adjusted EBITDA decreased by \$13.8 million or 24.1% to \$43.4 million during the second quarter of 2019, compared to \$57.2 million during the second quarter of 2018. The Company's Adjusted EBITDA margin for the second quarter of 2019 was 40.7% compared to 35.1% for the second quarter of 2018. The decrease in Adjusted EBITDA was the result of the revenue pressures in the YP segment as well as the divestitures in the Other segment.

Adjusted EBITDA for the YP segment for the second quarter ended June 30, 2019 totalled \$43.4 million compared to \$53.3 million for the same period last year as a result of lower overall revenues and pressures from the change in product mix. The Adjusted EBITDA margin for the YP segment for the second quarter of 2019 was 40.7% compared to 41.2% for the second quarter of 2018. The slight decrease in Adjusted EBITDA margin for the second quarter is due to the revenue pressures being mostly 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.

Adjusted EBITDA less CAPEX decreased by \$16.2 million or 28.5% to \$40.6 million during the second quarter of 2019, compared to \$56.8 million during the second quarter of 2018 mainly due to lower Adjusted EBITDA partially offset by decreased spending on software development. Adjusted EBITDA less CAPEX was further negatively impacted by lease incentives received in 2018.

The Company recorded net earnings of \$14.6 million during the second quarter of 2019 as compared to net earnings of \$16.6 million during the second quarter of 2018. The decrease in net earnings in the second quarter of 2019 compared to the same period last year is mainly due to lower Adjusted EBITDA and the increase in restructuring charges as the restructuring charges in 2018 benefited from more favorable lease recoveries than anticipated. This was mostly offset by lower depreciation and amortization expenses mainly from lower software development expenditures and by lower financial charges from a reduced level of indebtedness.

Cash flows from operating activities increased by \$3.1 million to \$28.6 million from \$25.6 million for the three-month period ended June 30, 2019 mainly due to lower interest paid of \$7.8 million and lower payments for restructuring and other charges of \$7.0 million, partially offset by lower Adjusted EBITDA of \$13.8 million. Cash flows also benefited by an additional \$1.9 million generated by the change in operating assets and liabilities.

As at June 30, 2019, the Company had \$128.7 million of net debt excluding lease obligations², compared to \$182.2 million as at December 31, 2018.

Conference Call & Webcast

Yellow Pages Limited will hold an analyst and media call and simultaneous webcast at 8:30 a.m. (Eastern Time) on August 14, 2019 to discuss second 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.yip.ca/en/investors/financial-reports>.

The conference call will be archived in the Investors section of the site at:

<https://corporate.yip.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.yip.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 August 14, 2019, 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 August 14, 2019 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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¹ **Non-IFRS Measures**

In order to provide a better understanding of the results, the Company uses the terms Adjusted EBITDA and Adjusted EBITDA margin. Adjusted EBITDA is defined as revenues less operating costs, 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 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. The Company also uses Adjusted EBITDA less CAPEX, which is defined as Adjusted EBITDA, or revenues less operating costs, as shown in Yellow Pages Limited's interim consolidated statements of income, 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 interim condensed consolidated statements of cash flows. Adjusted EBITDA less CAPEX is a non-IFRS 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. We use Adjusted EBITDA less CAPEX 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 to evaluate the performance of a business. Refer to the August 14, 2019 MD&A for a reconciliation of CAPEX.

² **Net debt excluding lease obligations**

Net debt excluding lease obligations is comprised of Senior Secured Notes and Exchangeable debentures less Cash and restricted cash as presented in our Unaudited Interim Condensed Consolidated Statements of Financial Position.