Yellow Pages Limited Reports First Quarter 2019 Financial and Operating Results and Announces $90 Million Senior Secured Debt Repayment

Montreal (Quebec), May 15, 2019 — 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 ended March 31, 2019 and is announcing that the Company will make an aggregate redemption payment of $91.7 million composed of a $50.9 million mandatory redemption and $40.8 million optional redemption including accrued and unpaid interest of $0.9 million and an optional redemption premium of $0.8 million, on its senior secured notes on May 31, 2019 and June 13, 2019 respectively.

"After yet another quarter of strong cash generation, our net debt excluding lease obligations[1] is down to $154 million, a reduction of over $200 million since the end of 2017. We are benefiting from having shed non-synergistic and unprofitable business and having implemented efficiencies throughout the company. As we are now working hard to bend the revenue curve in our core business, we are pleased that we are able to make such strides in eliminating debt and maintain strong cash generation," 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)

	Three-month periods ended March 31,	
Yellow Pages Limited	**2019**	2018
Revenues	**$104,787**	$159,314
Adjusted EBITDA[2]	**$45,381**	$47,933
Adjusted EBITDA[2] margin	**43.3%**	30.1%
Net earnings (loss)	**$12,660**	($919)
Basic earnings (loss) per share	**$0.48**	($0.03)
Diluted earnings (loss) per share	**$0.45**	($0.03)
CAPEX[2]	**$2,624**	$5,395
Adjusted EBITDA less CAPEX[2]	**$42,757**	$42,538
Cash flow from operating activities	**$33,548**	$31,411

First Quarter 2019 Results

- Adjusted EBITDA less CAPEX increased $0.3 million year-over-year and amounted to $42.8 million despite a $54.5 million revenue decline mainly due to divestitures
- Net earnings increased to $12.7 million or $0.45 per diluted share
- The Company will make a mandatory redemption payment of $50.9 million on its 10.00% Senior Secured Notes, at par, including accrued and unpaid interest of $0.4 million, on May 31, 2019
- The Company will also make an optional redemption payment of $40.8 million, including accrued and unpaid interest of $0.5 million and an optional redemption price premium of $0.8 million on its 10.00% Senior Secured Notes on June 13, 2019.

Segmented Information

Following the organizational changes made throughout fiscal year 2018, including the disposal or liquidation of several affiliates, the Company made changes to how it manages its business to assess performance and allocate resources. The Company's operations have been 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 the 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.

The comparative figures have been restated to reflect the changes to the reportable segments. An overview of each segment and the performance of each segment for the three-month period ended March 31, 2019 can be found in the May 15, 2019 Management's Discussion and Analysis.

Financial Results for the First Quarter of 2019

Total revenues for the first quarter ended March 31, 2019 decreased by $54.5 million or 34.2% year-over-year and amounted to $104.8 million as compared to $159.3 million for the same period last year. The decline in total revenues for the three-month period ended March 31, 2019 was due mainly to the divestitures in the Other segment as well as lower revenues in the YP segment.

The YP segment revenues for the three-month period ended March 31, 2019 totalled $103.7 million compared to $127.8 million for the same period last year. The $24.1 million or 18.9% decrease for the three-month period ended March 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 decreased by 5.3% to $45.4 million in the first quarter ended March 31, 2019 relative to $47.9 million for the same period last year. The Company's Adjusted EBITDA margin for the first quarter of 2019 was 43.3% compared to 30.1% for the same period last year. 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. The increase in Adjusted EBITDA margin for the first quarter ended March 31, 2019 was 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 in the YP segment.

YP Segment Adjusted EBITDA for the first quarter ended March 31, 2019 totalled $45.1 million compared to $46.9 million for the same period last year as a result of lower overall revenues and pressures from the change in product mix. Despite these pressures, the Adjusted EBITDA margin for the YP segment for the first quarter of 2019 increased to 43.5% compared to 36.7% for the same period last year. The improvement in the YP segment was mainly due to an increased focus on the profitability of our products and services and reductions in both our cost of sales and other operating costs. The reductions in cost of sales were mainly due to workforce reductions primarily in non-customer facing areas in the first quarter of 2018, 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 mainly due to the employee attrition and previous year performances.

Adjusted EBITDA less CAPEX increased by $0.3 million to $42.8 million during the first quarter of 2019, compared to $42.5 million during the first quarter of 2018. The increase in Adjusted EBITDA less CAPEX for the three-month period ended March 31, 2019 was mainly impacted by decreased capital expenditures which offset the lower Adjusted EBITDA.

The Company recorded net earnings of $12.7 million during the first quarter of 2019 as compared to a net loss of $0.9 million during the first quarter of 2018. The improvement in profitability of $13.6 million for the three-month period ended March 31, 2019 is explained principally by lower depreciation and amortization expenses and a decrease in restructuring and other charges.

Cash flows from operating activities increased by $2.1 million to $33.5 million from $31.4 million for the first quarter ended March 31, 2018 due to lower Adjusted EBITDA of $2.6 million offset mainly by lower payments for restructuring and other charges of $1.7 million, lower funding of post-employment benefit plans of $1.5 million and lower interest paid of $0.7 million. Cash flows also benefited by an additional $1.5 million generated by the change in operating assets and liabilities.

Conference Call & Webcast
Yellow Pages Limited will hold an analyst and media call and simultaneous webcast at 8:30 a.m. (Eastern Time) on May 15, 2019 to discuss first quarter 2019 results. The call may be accessed by dialing 416-340-2216 within the Toronto area, or 1-888-273-9672 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, results of operations and businesses of the Company. These statements are forward-looking as they are based on our current expectations, as at May 15, 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 May 15, 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] **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

[2] **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 (loss). Adjusted EBITDA margin is defined as the percentage of Adjusted EBITDA to revenues. Adjusted EBITDA and Adjusted EBITDA 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 consolidated statements of income (loss), less CAPEX which we define as additions to intangible assets and additions to property and equipment less lease incentives received all 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 May 15, 2019 MD&A for a reconciliation of CAPEX.