Yellow Pages Limited Reports Significantly Improved Fourth Quarter and Full Year 2018 Financial and Operating Results

Montreal (Quebec), February 13, 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 and year ended December 31, 2018.

"This quarter, for the fourth quarter in a row, we are reporting significantly increased EBITDA less CAPEX, which is 25% higher than last year. For the full year 2018, EBITDA less CAPEX is 48% higher than the prior year. This reflects the continued alignment of our spending to the reality of our revenues and the shedding of unprofitable and non-synergistic business. And our debt[1], excluding lease obligations, net of cash at the end of the quarter is $182 million, which is less than 1x EBITDA, down by almost half since a year ago. Meanwhile, we have been laying the groundwork necessary for achieving real improvement in our revenue trends, including having completed the process of restructuring collective bargaining agreements covering virtually all of our sales professionals. The new agreements provide us with important new ability to manage and reward performance and with critical flexibility to respond to the shifting needs of our competitive landscape." said David A. Eckert, President and CEO of Yellow Pages Limited.

Financial Highlights

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

	For the three-month periods ended December 31,		For the years ended December 31,	
Yellow Pages Limited	**2018**	2017	**2018**	2017
Revenues	**$124,519**	$178,548	**$577,195**	$727,967
Adjusted EBITDA[2]	**$41,149**	$45,689	**$192,565**	$183,109
Adjusted EBITDA[2] margin	**33.0%**	25.6%	**33.4%**	25.2%
Net earnings (loss)	**$39,957**	$(584,602)	**$82,809**	$(594,482)
Basic earnings (loss) per share	**$1.51**	$(22.26)	**$3.13**	$(22.52)
Diluted earnings (loss) per share	**$1.28**	$(22.26)	**$2.78**	$(22.52)
CAPEX[2]	**$4,040**	$15,891	**$12,036**	$60,885
Adjusted EBITDA less CAPEX[2]	**$37,109**	$29,798	**$180,529**	$122,224
Cash flow from operating activities	**$41,782**	$24,009	**$134,659**	$116,577

Fourth Quarter 2018 Results

- Adjusted EBITDA less CAPEX[2] increased by $7.3 million, to $37.1 million, despite a $54.0 million revenue decline relative to the fourth quarter of 2017.
- Net earnings increased to $40.0 million or $1.28 per diluted share.

Segmented Information

The Company's operations are divided into the following four segments:

- YP – digital and traditional marketing solutions, including owned and operated media, provided to small and medium sized enterprises ("SMEs"). This segment included the operations of RedFlagDeals.com™, Canada's leading provider of online and mobile promotions, deals, coupons and shopping forums, until its sale on August 22, 2018.
- Agency – national advertising services to brands and publishers. The Agency segment no longer has operations as a result of the sale of Totem as of May 31, 2018, the sale of its JUICE assets for $1.0 million excluding working capital as of December 31, 2018 and through the liquidation of its Mediative division by January 31, 2019.
- Real Estate – media and expertise to help Canadians buy and sell their homes. As a result of the sale of ComFree/DuProprio (CFDP) as of July 6, 2018 and

Yellow Pages NextHome as of July 23, 2018, the Company divested all of the operations of its Real Estate segment.

- Other – 411.ca digital directory service and included local lifestyles magazines specific to the Western Canadian market until the divestiture of Western Media Group as of May 31, 2018.

An overview of each segment and the performance of each segment for the three-month period and for the year ended December 31, 2018 can be found in the February 13, 2019 Management's Discussion and Analysis.

Financial Results for the Fourth Quarter of 2018

For the three-month period ended December 31, 2018, total revenues amounted to $124.5 million as compared to $178.5 million for the same period last year representing a decrease of 30.3% year-over year or $54.0 million of which $16.2 million is attributable to divested businesses. Other than the decrease resulting from the divestitures, the decline in total revenues for the quarter ended December 31, 2018 was due to digital revenue decline in all segments and YP segment print revenue decline.

Adjusted EBITDA decreased by $4.5 million to $41.1 million during the fourth quarter ended December 31, 2018, compared to $45.7 million during the same period last year. Our Adjusted EBITDA margin for the fourth quarter of 2018 was 33.0% compared to 25.6% for the same period last year. The decrease in Adjusted EBITDA for the three-month period ended December 31, 2018 was impacted by lower overall revenues and unfavourable changes in product mix. However revenue pressures were mostly offset by an increase in Adjusted EBITDA margin as a percentage of revenues due to reductions in our cost structure including reductions in our workforce and associated employee costs, reductions in our office space footprint, and other spending reductions across the Company.

Adjusted EBITDA less CAPEX increased by $7.3 million to $37.1 million for the three-month period ended December 31, 2018 compared to $29.8 million during the same period in 2017. The increase in Adjusted EBITDA less CAPEX[1] for the three-month period ended December 31, 2018 was due to decreased spending on software development, office and computer equipment and leasehold improvements associated with office relocations partially offset by lower Adjusted EBITDA.

The Company recorded net earnings of $40.0 million and a net loss of $584.6 million during the fourth quarters of 2018 and 2017, respectively. The improvement in net earnings, notwithstanding the $507.0 million impairment charge recorded in the fourth quarter of 2017, is mainly due to decreased depreciation and amortization expenses, restructuring and other charges and a recovery of income taxes.

Cash flows from operating activities increased by $17.8 million to $41.8 million for the three-month period ended December 31, 2018 compared to the same period in 2017. Cash flows benefited by an additional $30.2 million generated by the change in operating assets and liabilities as well as $3.8 million lower funding of post-employment benefit plans in excess of costs partially offset by $8.9 million higher interest paid, $4.5 million lower Adjusted EBITDA and $4.2 million higher payments for restructuring and other charges payments. The restructuring and other charges relate to the workforce reductions, office closures, and asset impairments taken in 2018 and the higher interest paid is mainly due to the higher interest rate on the Senior Secured Notes.

Financial Results for the Year Ended December 31, 2018

For the year ended December 31, 2018, total revenues amounted to $577.2 million as compared to $728.0 million for the same period last year representing a decrease of 20.7% year-over year or $150.8 million of which $33.3 million is attributable to divested businesses. Other than the decrease resulting from the divestitures, the decline in total revenues for the year ended December 31, 2018 was due to digital revenue declines in all segments and YP segment print revenue decline.

For the year ended December 31, 2018, Adjusted EBITDA increased by $9.5 million or 5.2% to $192.6 million compared to $183.1 million for the same period last year. Adjusted EBITDA margin amounted to 33.4% for the year ended December 31, 2018 compared to 25.2% for the same period last year. The increase in Adjusted EBITDA and Adjusted EBITDA margin for the year ended December 31, 2018 were mainly the result of reductions in our cost structure including reductions in our workforce and associated costs, reductions in the Company's office space footprint, and other spending reductions across the Company.

For the year ended December 31, 2018, Adjusted EBITDA less CAPEX increased by $58.3 million or 47.7% to $180.5 million compared to $122.2 million for the same period last year. The increase in Adjusted EBITDA less CAPEX for the year ended December 31, 2018 was mainly impacted by the result of higher Adjusted EBITDA and decreased spending on software development, office and computer equipment and leasehold improvements associated with office relocations.

Net earnings increased to $82.8 million for the year ended December 31, 2018 from a net loss of $594.5 million for the same period last year. Notwithstanding the impairment charge of $507.0 million recorded in 2017, the improvement in net earnings is mainly due to higher Adjusted EBITDA, decreased depreciation and amortization expenses and restructuring and other charges, a gain on the sale of businesses and the recovery of income taxes.

Cash flows from operating activities increased by $18.1 million to $134.7 million for the year ended December 31, 2018 compared to the same period in 2017. Cash flows benefited by an additional $25.1 million generated by the change in operating assets and liabilities as well as $9.5 million higher Adjusted EBITDA and $7.0 million lower funding of post-employment benefit plans in excess of costs partially offset by $16.3 million higher payments for restructuring and other charges payments and $5.3 million higher interest paid. The restructuring and other charges relate to the workforce reductions, office closures, and asset impairments taken in 2018 and the higher interest paid is mainly due to the higher interest rate on the senior notes.

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, 2019 to discuss fourth quarter 2018 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 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, 411.ca and Bookenda.com. The Company also holds the YP, YP Shopwise, YP Dine, Canada411, 411, Bookenda, and 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 February 13, 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 February 13, 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] **Debt**
Debt is comprised of Senior Secured Notes, Exchangeable debentures and Lease obligations. Refer to page 27 of the February 13, 2019 MD&A.

[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 income from operations before depreciation and amortization, impairment of intangible assets and goodwill, and restructuring and other charges, or revenues less operating costs, as shown in Yellow Pages Limited's consolidated statements of income (loss). 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 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 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 February 13, 2019 MD&A for a reconciliation of CAPEX.