



Yellow Pages Limited Reports Continued Strong Financial and Operating Results in First Quarter 2020 and Announces a Cash Dividend(1) Payment of \$0.11 per Common Share.

Montreal (Quebec), May 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 ended March 31, 2020. The Company also announced that its Board of Directors has adopted a dividend policy of paying a quarterly cash dividend¹ to its common shareholders of \$0.11 per share.

“We are very pleased with our first quarter results. Our Adjusted EBITDA less CAPEX margin² continued to be strong, at 35.5%. Supported by appropriate levels of investment in our business, our various initiatives to “bend the revenue curve” produced an improved year-on-year rate of revenue change in our YP segment for the fifth consecutive quarter. And as of quarter-end, we had a cash balance of \$70.9 million and had driven down our net debt excluding lease obligations² to only \$28.3 million.

“Beginning late in the first quarter, the covid-19 pandemic has created great anxiety across Canada and around the world, and we do expect a financial impact from it in future quarters, as we have experienced some decline in revenue “bookings.” However, we are well-positioned to weather the storm, as we expect more businesses will be looking for ways to successfully serve their local communities and we have been adapting quickly to the situation.

“We entered this period of uncertainty with high cash generation, much lowered debt, and a hefty cash balance. And every member of our team, all across the country and in every capacity, has continued working steadily to serve our customers, despite the obvious obstacles. As a result, we are announcing a first quarter regular dividend of \$0.11 per common share, to be paid on June 15, 2020, and we are reaffirming our intention to fully repay our remaining debt, our exchangeable debentures, on or shortly after May 31, 2021, at par. Also, we intend to double our current monthly contributions to the company’s Defined Benefit Pension Plan, beginning in June 2020 and extending through next year,” said David A. Eckert, President and CEO of Yellow Pages Limited.

Following the Corporation’s annual meeting of shareholders, the Board of Directors will formally declare a cash dividend¹ of \$0.11 per common share, payable on June 15, 2020 to shareholders of record as at May 29, 2020.

Financial Highlights

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

Yellow Pages Limited	For the three-month periods ended March 31,	
	2020	2019
YP Revenues	\$88,308	\$103,675
Other revenues and Intersegment Eliminations	–	1,112
Total revenues	\$88,308	\$104,787
Adjusted EBITDA ²	\$32,563	\$45,381
Adjusted EBITDA margin ²	36.9%	43.3%
Net earnings	\$12,403	\$12,660
Basic earnings per share	\$0.47	\$0.48
Diluted earnings per share	\$0.44	\$0.45
CAPEX ¹	\$1,231	\$2,624
Adjusted EBITDA less CAPEX ²	\$31,332	\$42,757
Adjusted EBITDA less CAPEX margin ²	35.5%	40.8%
Cash flows from operating activities	\$27,148	\$33,548

First Quarter of 2020 Results

- Adjusted EBITDA less CAPEX² totaled \$31.3 million and the EBITDA less CAPEX margin² was 35.5%.
- Net earnings remained relatively stable at \$12.4 million, or \$0.44 per diluted share.
- Cash at the end of the period stood at \$70.9 million.

(1) A portion of the dividends paid will not be eligible dividends as they come from earnings of acquired companies that were taxed at lower rates. Therefore, \$0.07 per share of the current dividend will not be designated as an eligible dividend while the balance of \$0.04 per share will be designated as an eligible dividend pursuant to subsection 89(14) of the Income Tax Act (Canada) and any applicable provincial legislation pertaining to eligible dividends.

(2) 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 4 of this document for more details.

Segmented Information

The Company's operations are categorized into two reportable segments: YP and other.

- 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 and 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 digital property until its sale on April 30, 2019 and the Mediative division until its liquidation on January 31, 2019.

An overview of each segment and the performance of each segment for the three-month periods ended March 31, 2020 and 2019 can be found in the May 12, 2020 Management's Discussion and Analysis.

Financial Results for the First Quarter of 2020

Revenues for the YP segment for the three-month period ended March 31, 2020 totaled \$88.3 million compared to \$103.7 million for the same period last year. The \$15.4 million or 14.8% decrease for the three-month period ended March 31, 2020 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 three-month period ended March 31, 2020 totaled \$32.6 million compared to \$45.1 million for the same period last year. The Adjusted EBITDA margin for the YP segment for the first quarter of 2020 decreased to 36.9% compared to 43.5% for the same period last year. The decrease in Adjusted EBITDA and Adjusted EBITDA margins were mainly due to the revenue pressures, investments in customer care and in new customer acquisition and an increased bad debt provision related to the COVID-19 pandemic. These impacts were only partly offset by reductions in both our cost of sales and other operating costs including reductions in our workforce and associated employee expenses, reductions in the Company's office space footprint and other spending reductions across the segment. The first quarter of 2019 was also favorably impacted by an adjustment to the variable compensation expense due to employee attrition and previous year performances.

Total revenues for the first quarter ended March 31, 2020 of \$88.3 million decreased by 15.7% as compared to \$104.8 million for the same period last year. The decline in total revenue for the three-month period ended March 31, 2020 was due mainly to lower digital and print revenues in the YP segment.

Adjusted EBITDA decreased by 28.2% to \$32.6 million in the first quarter ended March 31, 2020, relative to \$45.4 million for the same period last year. The Company's Adjusted EBITDA margin for the first quarter of 2020 was 36.9% compared to 43.3% for the same period last year. The decrease in Adjusted EBITDA and Adjusted EBITDA margin was almost entirely due to the YP segment.

Adjusted EBITDA less CAPEX decreased by \$11.4 million to \$31.3 million during the first quarter of 2020, compared to \$42.8 million during the same period last year. The decrease in Adjusted EBITDA less CAPEX for the three-month period ended March 31, 2020 was mainly due to lower Adjusted EBITDA partially offset by lower capital expenditures due to decreased spending in software development in the YP segment.

Net earnings for the three-month period ended March 31, 2020, remained relatively stable at \$12.4 million as compared to net earnings of \$12.7 million for the same period last year, as lower Adjusted EBITDA was essentially offset by lower depreciation and amortization and lower financial charges.

Cash flows from operating activities decreased by \$6.4 million to \$27.1 million from \$33.5 million for the three-month period ended March 31, 2019 mainly due to lower Adjusted EBITDA of \$12.8 million partially offset by lower payments for restructuring and other charges of \$3.8 million and lower interest paid of \$0.5 million. Cash flows also benefited by a \$1.3 million improvement in the change in operating assets and liabilities.

As at March 31, 2020, the Company had \$157.7 million of total debt, compared to \$156.4 million as at December 31, 2019. As at March 31, 2020, the Company had \$28.3 million of net debt excluding lease obligations¹, compared to \$54.1 million as at December 31, 2019.

(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 4 of this document for more details including reconciliations to the most comparable IFRS financial measure.

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 13, 2020 to discuss first quarter 2020 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 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, including potential full repayment of the Company's remaining exchangeable debentures on or shortly after May 31, 2021, at par; to its common shareholders, a cash dividend payment of \$0.11 per share per quarter; and results of operations and businesses of the Company. These statements are forward-looking as they are based on our current expectations, as at May 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 May 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.

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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 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 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 as common measurement 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 as reported in the Investing Activities section of the Company's interim condensed 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-IFRS 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 cash generated from business activities. We believe that certain investors and analysts use Adjusted EBITDA less CAPEX and Adjusted EBITDA less CAPEX margin to evaluate the performance of businesses in our industry.

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 interim condensed consolidated statements of income. Refer to page 5 and page 10 of the May 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 Exchangeable debentures less 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 Audited consolidated financial statements for the years ended 2019 and 2018. The table below provides a reconciliation of total debt to net debt excluding lease obligations.

Net debt excluding lease obligations		
(In thousands of Canadian dollars)		
As at	March 31, 2020	December 31, 2019
Exchangeable debentures	\$ 99,173	\$ 98,537
Lease obligations	58,527	57,885
Total debt	\$ 157,700	\$ 156,422
Lease obligations	(58,527)	(57,885)
Cash	(70,864)	(44,408)
Net debt excluding lease obligations	\$ 28,309	\$54,129