



---

Q1 2017 Investor Presentation  
and Strategy Update  
May 10<sup>th</sup>, 2017



## Disclaimer

This presentation contains forward-looking statements about the objectives, strategies, financial condition, results of operations and businesses of Yellow Pages Limited. These statements are considered “forward-looking” because they are based on current expectations about our business and the markets we operate in, and on various estimates and assumptions. Our actual results could be materially different 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, we cannot guarantee that any forward-looking statements will materialize. Forward-looking statements do not take into account the effect that transactions or non-recurring items announced or occurring after the statements are made may have on our business.

We disclaim any intention or obligation to update any forward-looking statements, except as required by law, even if new information becomes available through future events or for any other reason.

Risks that could cause our actual results to differ materially from our current expectations are discussed in section 6 of our May 10<sup>th</sup>, 2017 Management's Discussion and Analysis.

# Agenda



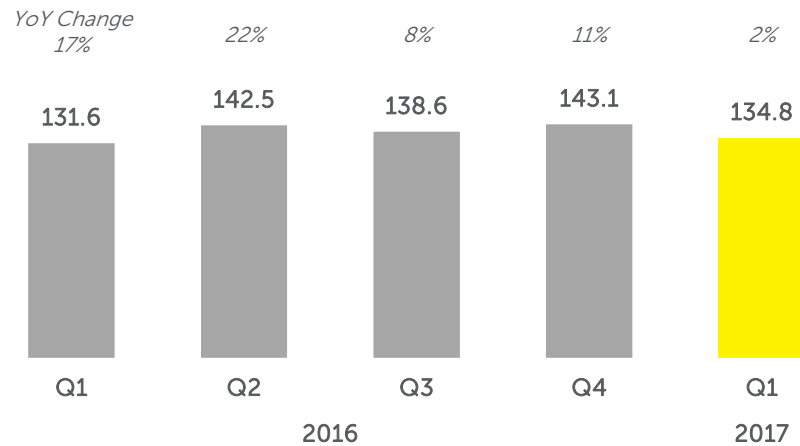
- ① Overview of Q1 2017 Financial and Operating Results
- ② Update on Corporate Strategy
- ③ Overview of the Market
- ④ Operational Plans
- ⑤ Outlook



# Key Financial Metrics

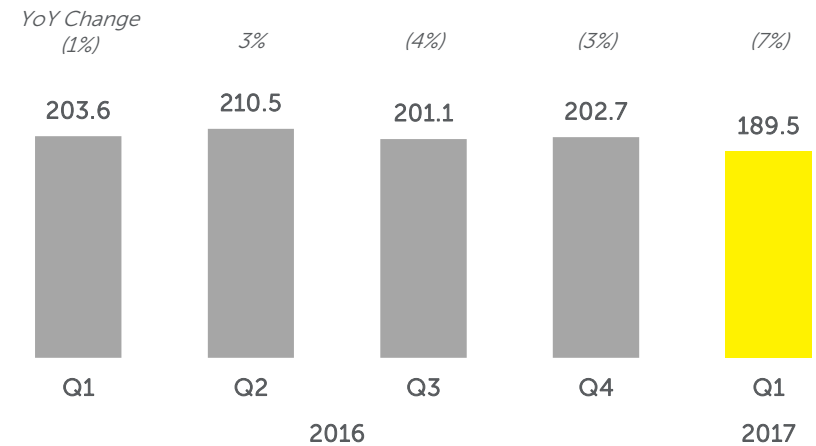
## Digital Revenues

in millions



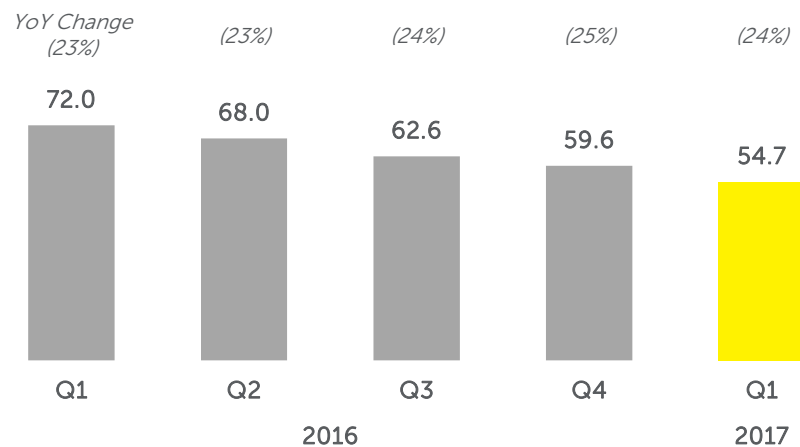
## Total Revenues

in millions



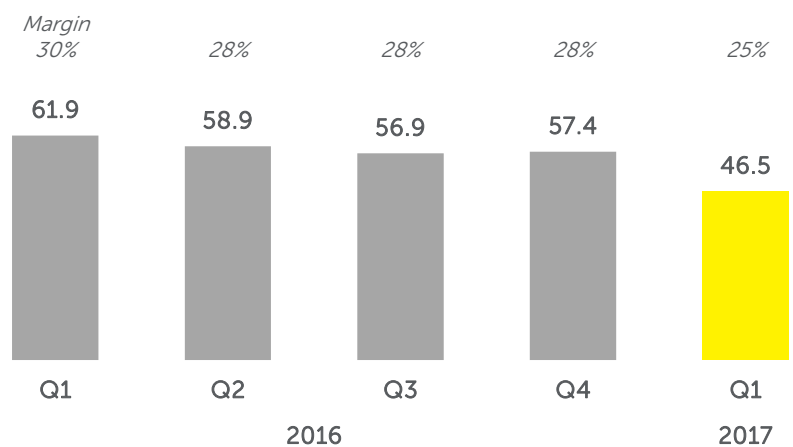
## Print Revenues

in millions



## Adjusted EBITDA

in millions

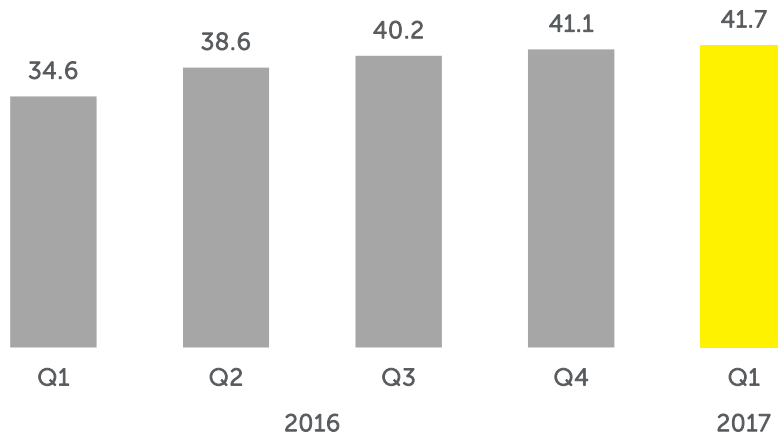




# Key Operational Metrics

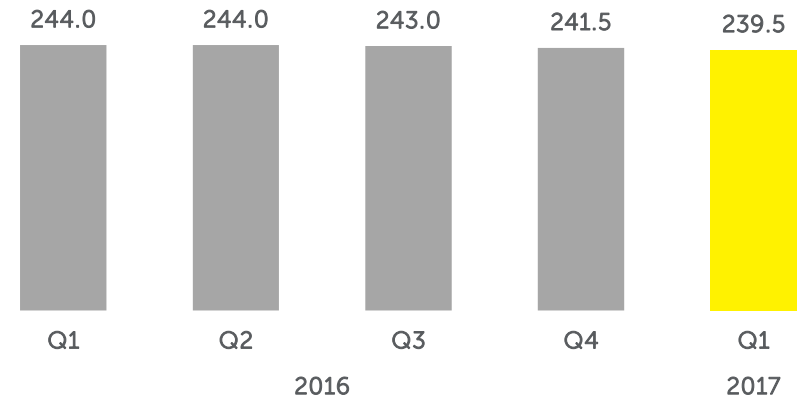
## Customer Acquisition

in thousands and on a trailing twelve month basis



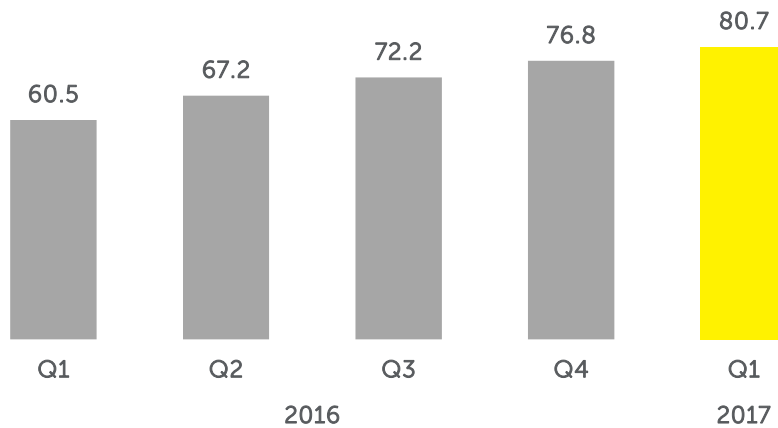
## Customer Count

in thousands and on a trailing twelve month basis



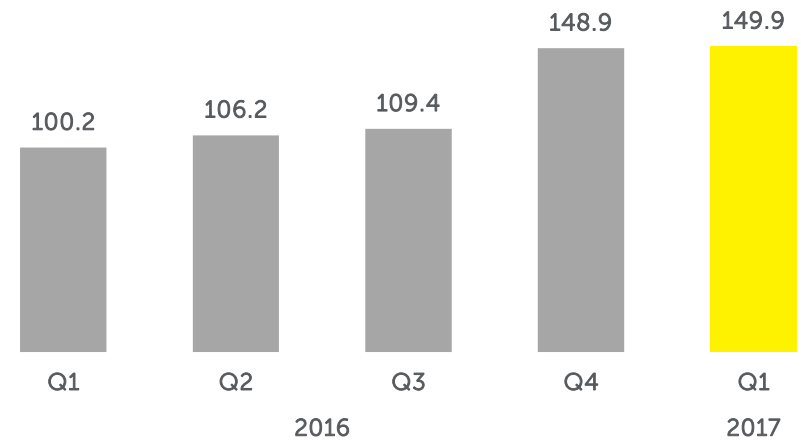
## Digital Only Customers

in thousands and on a trailing twelve month basis



## Total Digital Visits

in thousands and on a trailing twelve month basis





# Overview of Capital Structure and Net Debt

in millions, unless otherwise noted

	Dec. 31, 2012	Dec. 31, 2015	Dec. 31, 2016	March 31, 2017
Senior Secured Notes <sup>1</sup>	800	407	310	310
Exchangeable Debentures <sup>2</sup>	87	90	92	93
Obligations Under Finance Leases	2	1	0	0
<b>Total Debt</b>	<b>888</b>	<b>498</b>	<b>402</b>	<b>403</b>
Cash and Cash Equivalents	107	67	17	16
<b>Total Net Debt</b>	<b>782</b>	<b>431</b>	<b>385</b>	<b>387</b>
Total Equity	286	760	369	378
<i>Net Debt / Adjusted EBITDA</i>	<i>1.4x</i>	<i>1.7x</i>	<i>1.6x</i>	<i>1.8x</i>
<i>Average Interest Rate on Debt</i>	<i>9.0%</i>	<i>9.0%</i>	<i>8.9%</i>	<i>8.9%</i>

**\$490 million of Senior Notes has been repaid since issuance**

Note: The Company has in place a \$50 million Asset-Based Loan expiring in August 2018, which may be used for general corporate purposes

1 9.25% Senior Secured Notes due November 30, 2018

2 8.0% (or 12.0% paid in kind) Subordinated Unsecured Exchangeable Debentures due November 30, 2022



## Our Mission

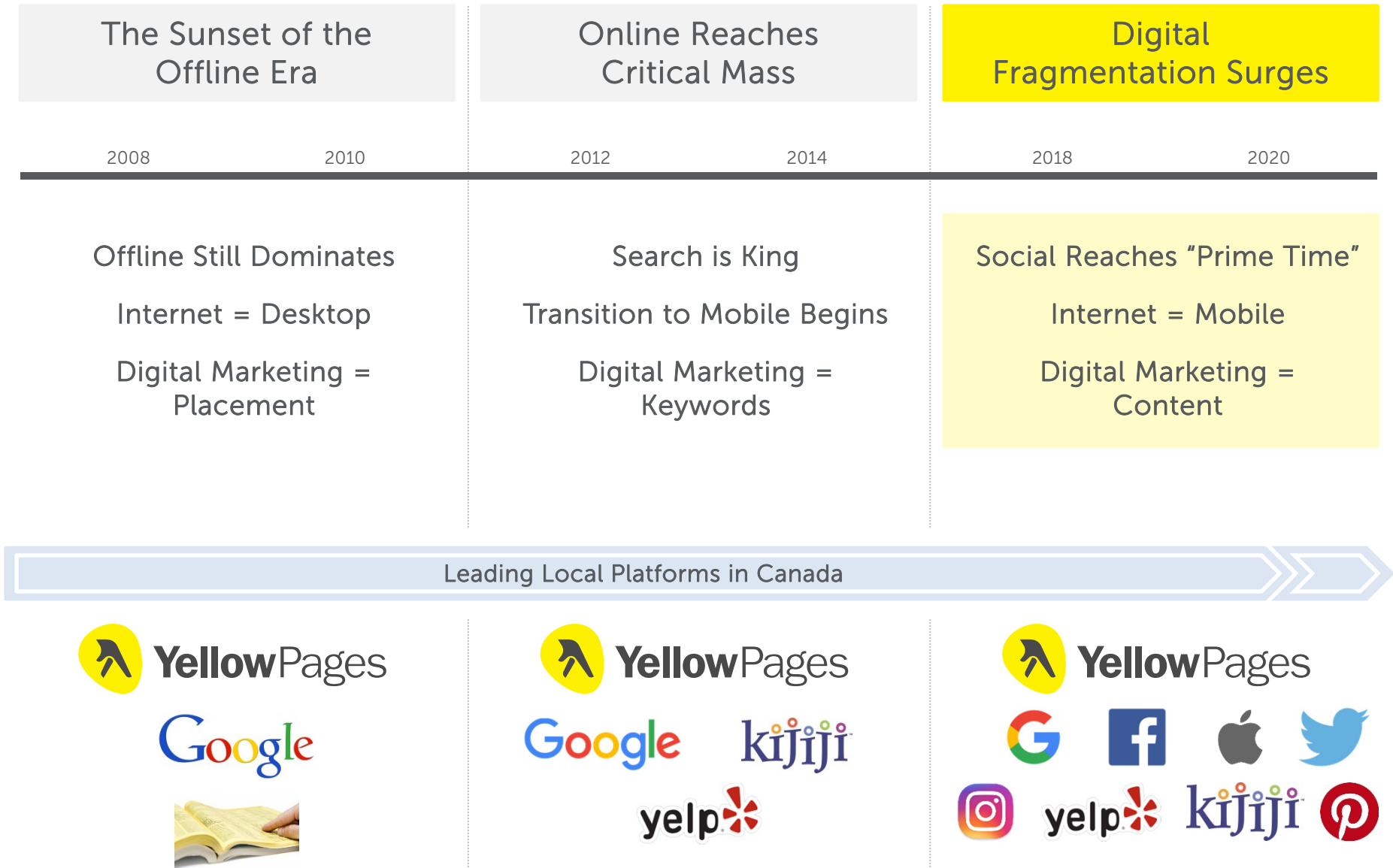
---



We create opportunities for buyers and sellers to discover, find, interact and transact in the local economy



# The Local Digital Marketing Ecosystem is Rapidly Evolving

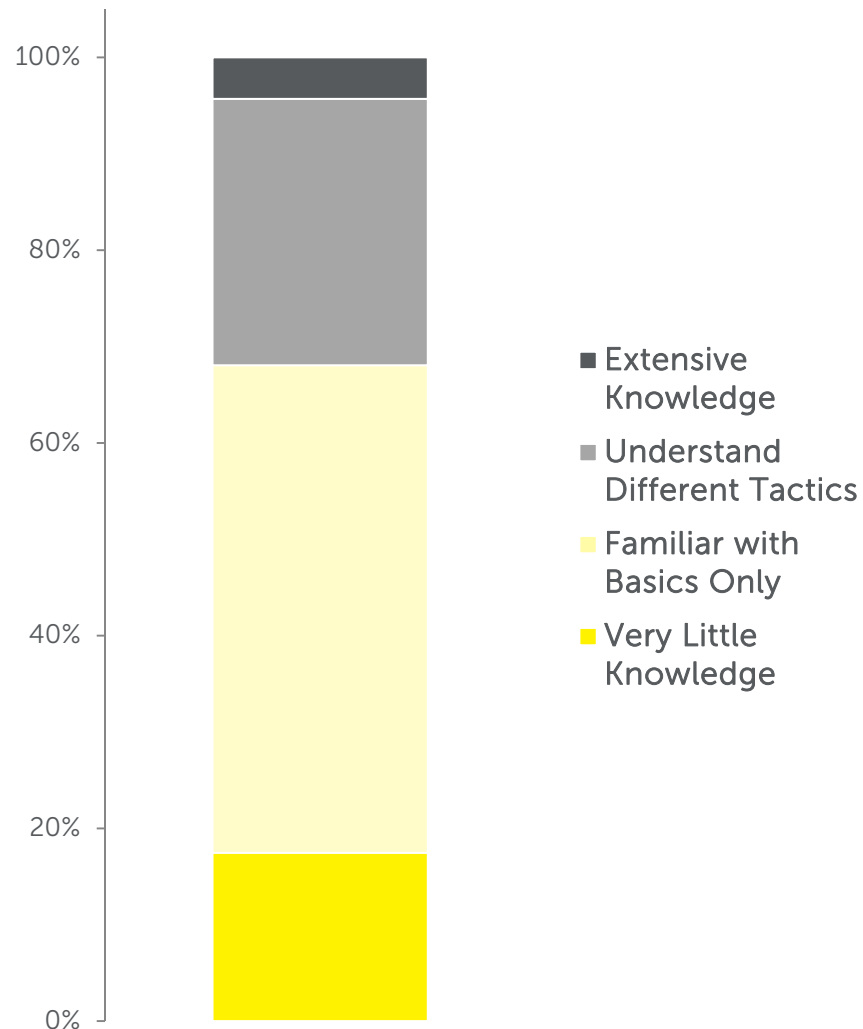






# SMEs Require Expertise & Lack Time and Resources

## Level of Digital Marketing Knowledge



"It would be nice to have an outside source to manage that side of the business for me"

"To be quite honest, I don't know enough about digital marketing"

"I don't have time to sit there and learn Google. I am a paralegal not a marketing guy"

"Should I go with something like AdWords or SEO? What is SEO?"



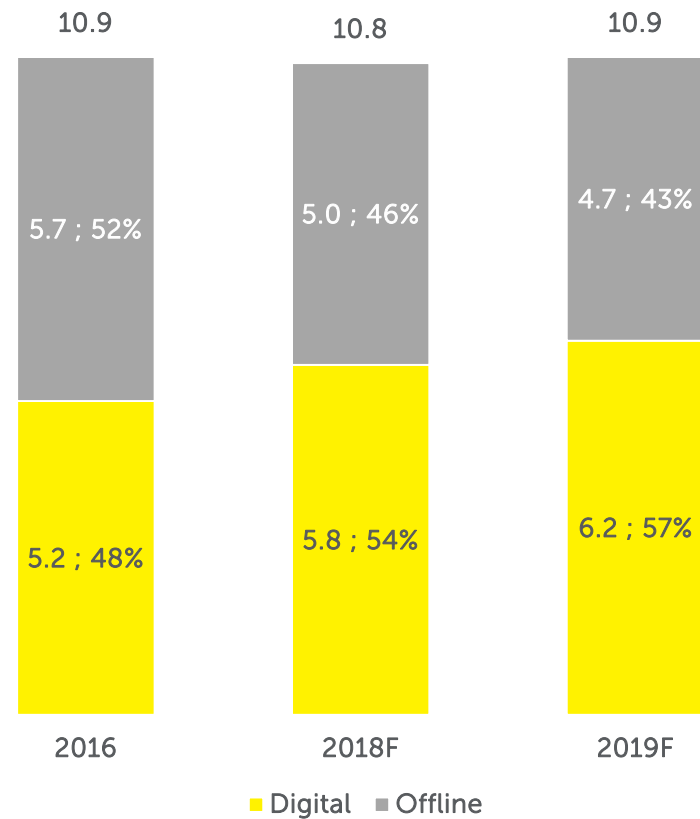
# Large Market Opportunity

1.165 Million SMEs in Canada

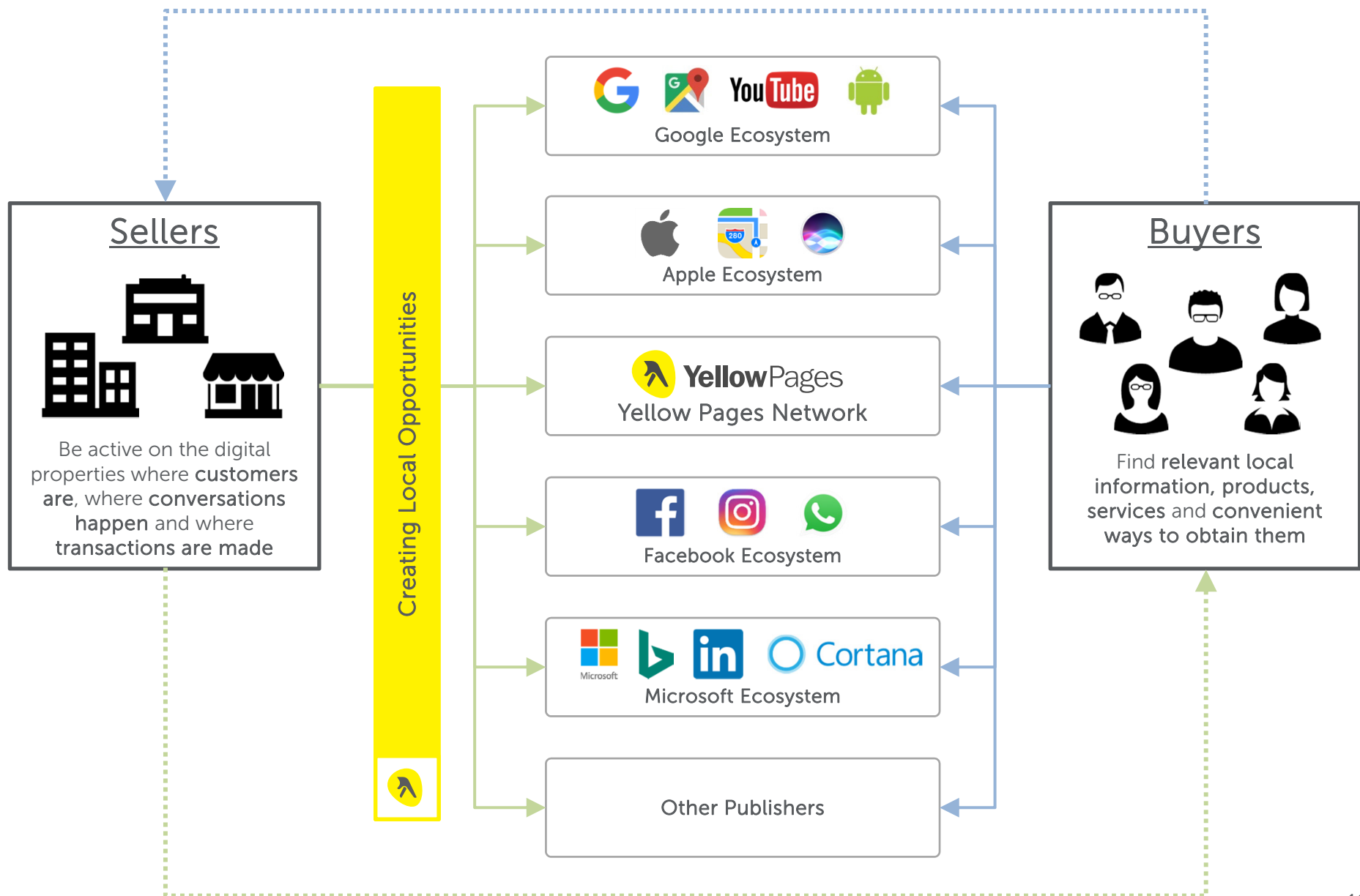


## Local Digital Advertising Spend to Grow by \$1 Billion in the Next Two Years

Total Canadian SME-marketing Spend  
(CAD Billions, estimates)



# Managing the SME "Digital Headache" by Offering Simple, Digital Solutions



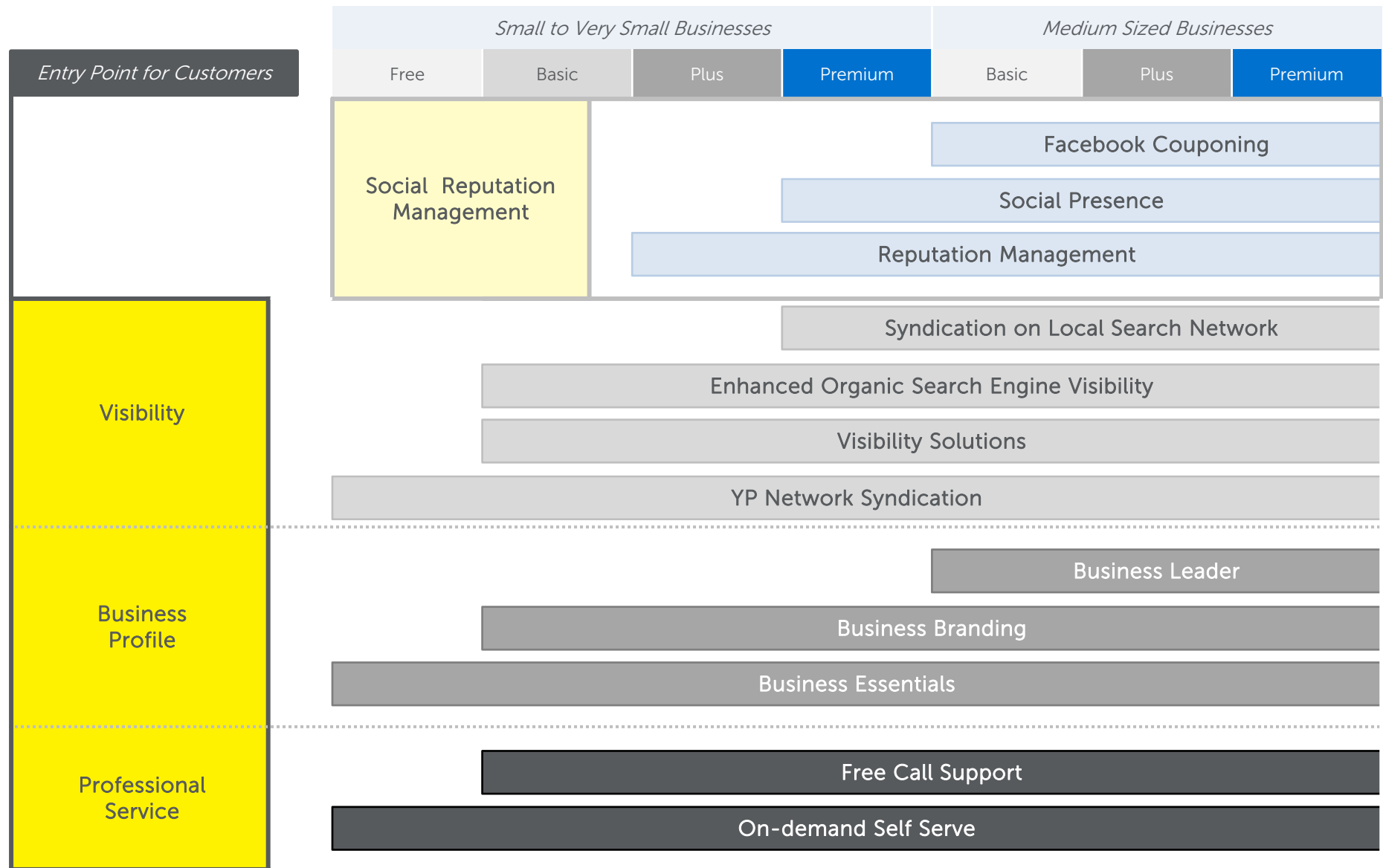


## Five Key Initiatives

- 1 Reshape the Customer Value Proposition
- 2 Implement New Ways of Selling
- 3 Redefine the Customer Journey
- 4 Continue Growth in Subsidiaries
- 5 Build the Future State of the Business



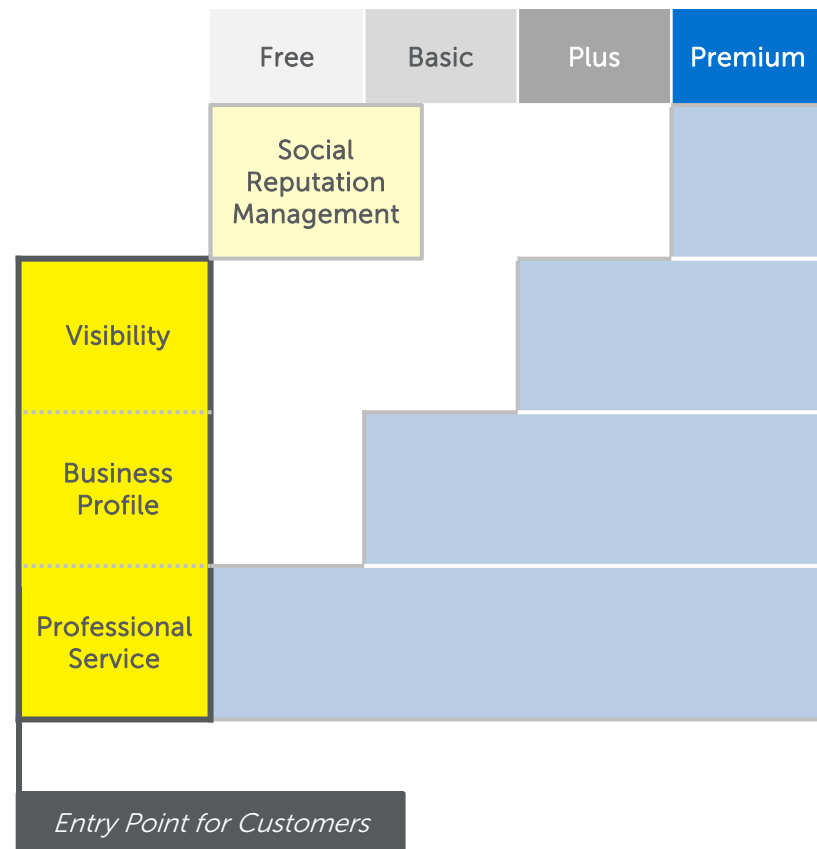
# Customer Value Proposition: Simpler, Content-Driven Offering



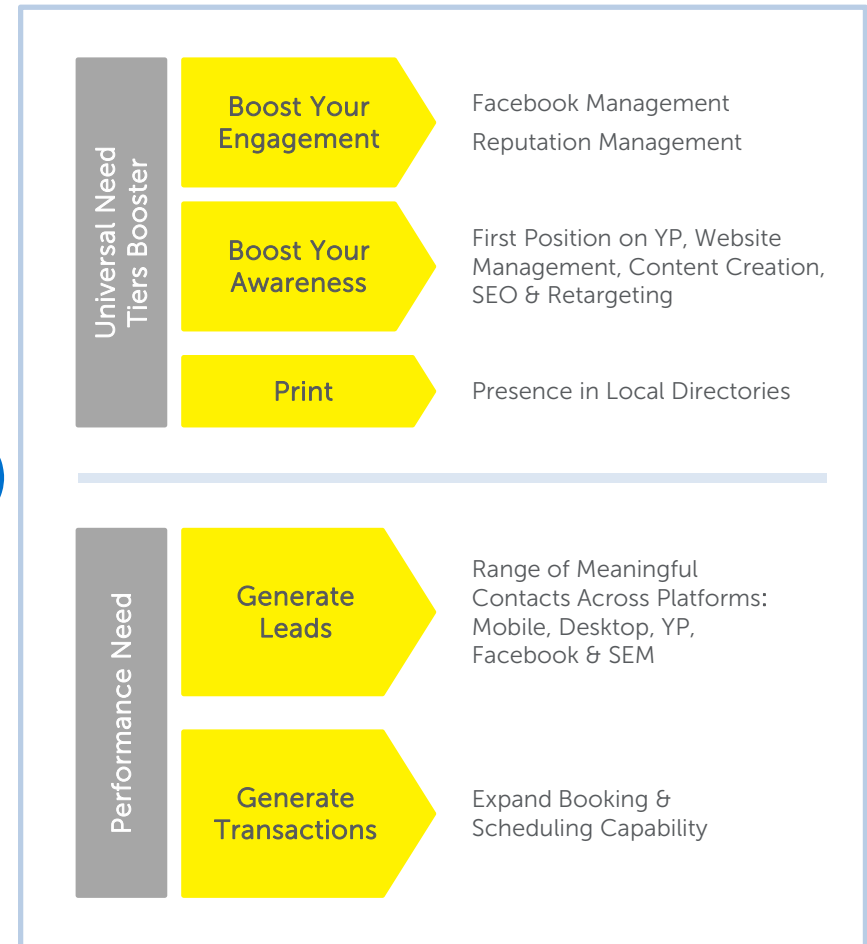


# Upsell Potential: Tiered Service Levels with Targeted Add-ons

## New Customer Value Proposition

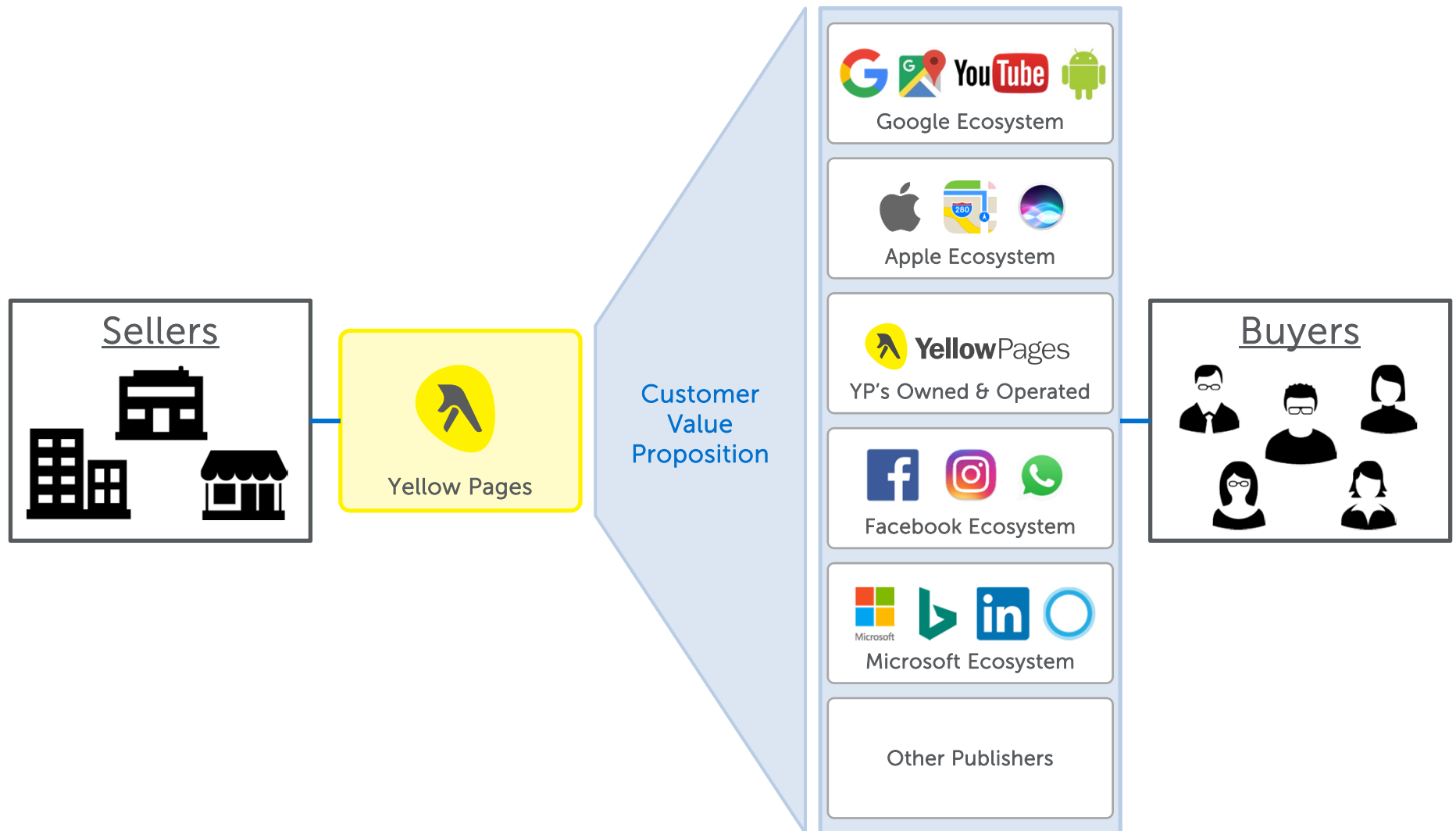


## Add-ons

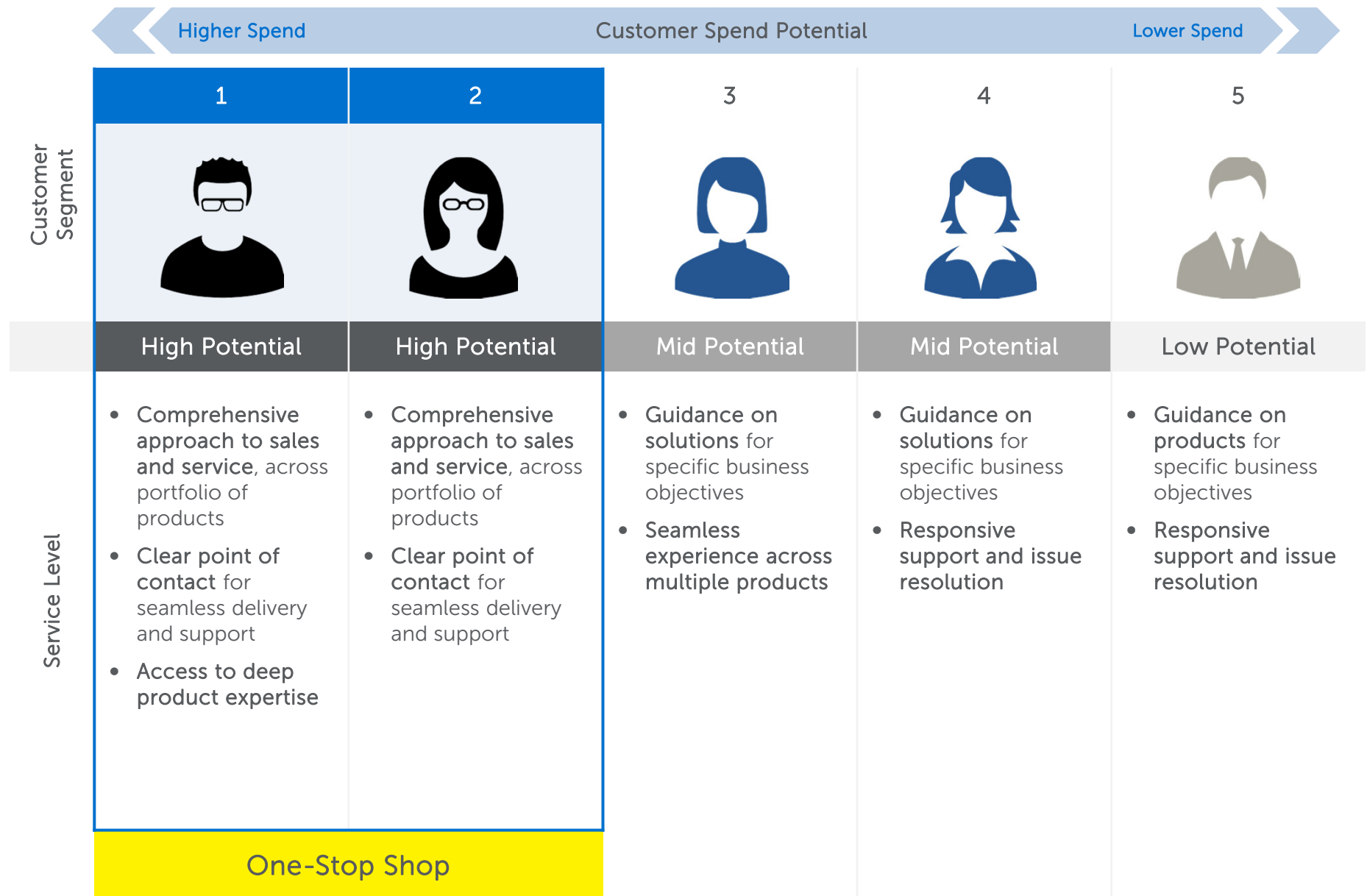




# YP Acts as SME's Hub and Plugs into Digital Ecosystems



# Implement New Ways of Selling: Sales Effort to Address Five Customer Segments



## Redefine the Customer Journey: Seamless Delivery and Flexible Relationships

---



Maximize  
Self-serve &  
Auto-fulfill

Provide a Seamless  
Product Delivery  
Experience

Evergreen  
Contracts,  
Monthly  
Subscriptions

## Continue Growth in Subsidiaries



- Growth potential in Canada with expansion plans for the US
- Self-serve platform for agencies, opening a new business line

## **MEDIATIVE**

- Focus on acquisition and retention of high-spend customers



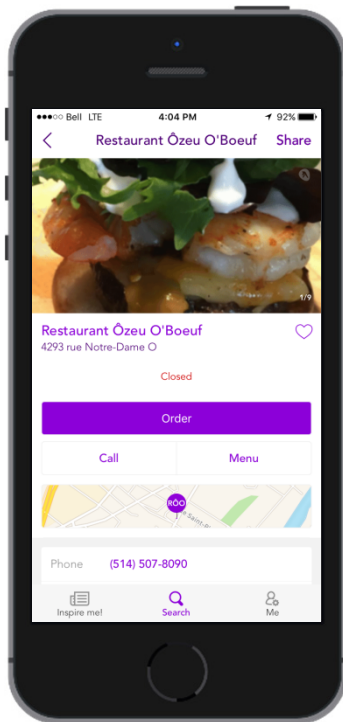
- New products offered in Quebec, with continued expansion to Ontario and Western Canada



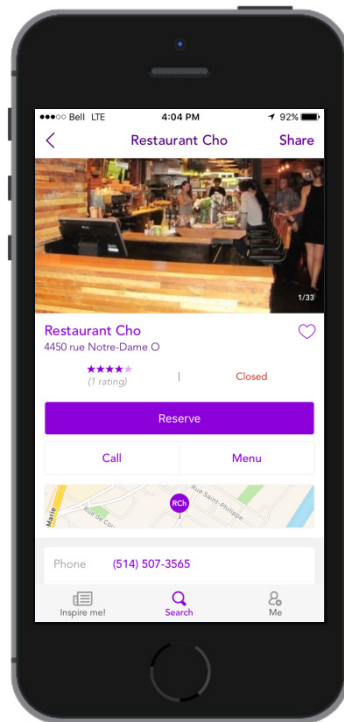
# Build the Future State of the Business: Transactional Offerings

## YP Dine

*Providing YP Dine Customers with Solutions to Interact & Transact with Customers*



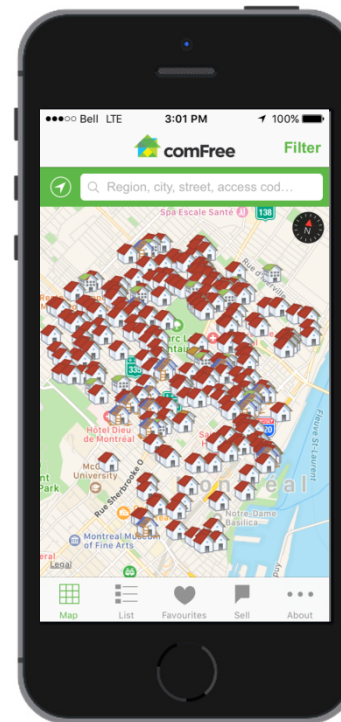
On Demand Ordering



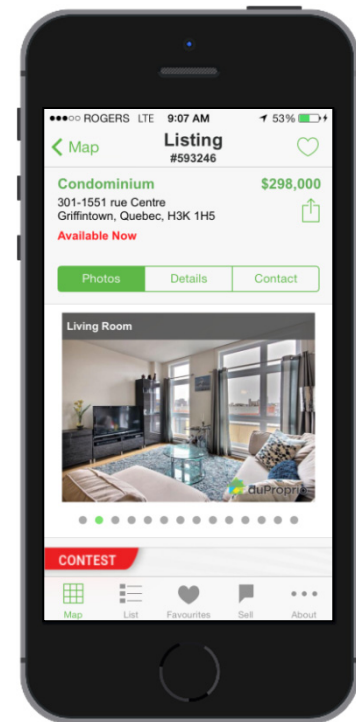
Integrated Booking Engine

## ComFree / DuProprio

*Access to a Proven C2C Marketplace*



*Connecting Buyers to Our Advertisers Directly*



Scheduling & customer relationship management software to be introduced shortly



## Operational Plan to Deliver

### Success Drivers

- Customer Count
- Customer Retention
- Grow Through Upsell
- Improve Customer Economics
- Improve Customer Experience and Referrals



- Organic Growth



- Sustainable Profitability



- Free Cash Flow Growth



# 2017 Operational & Financial Guidance



Total Revenues  
\$770 Million to \$785 Million

Customer Count  
240,000 Customers

Digital Revenues  
4% Growth Over 2016

CAPEX  
Approximately \$65 Million  
*Net of Related Lease Incentives*

Adjusted EBITDA  
\$170 Million to \$180 Million

Free Cash Flow  
\$50 Million to \$55 Million



---

## Appendix

# Competitive Advantages



## Unique Local Content

- Extensive information on 1.8 million Canadian businesses
- Natural partner for global technology leaders

## Broad Consumer Reach

- Reach via owned & operated digital media and third party platforms
- Single access point to critical online ecosystems (Google, Facebook, Apple, etc.)



## Nationwide Salesforce

- Large sales team (approximately 900 MACs)
- 239,500 local customers
- Strong ties to businesses in Canada

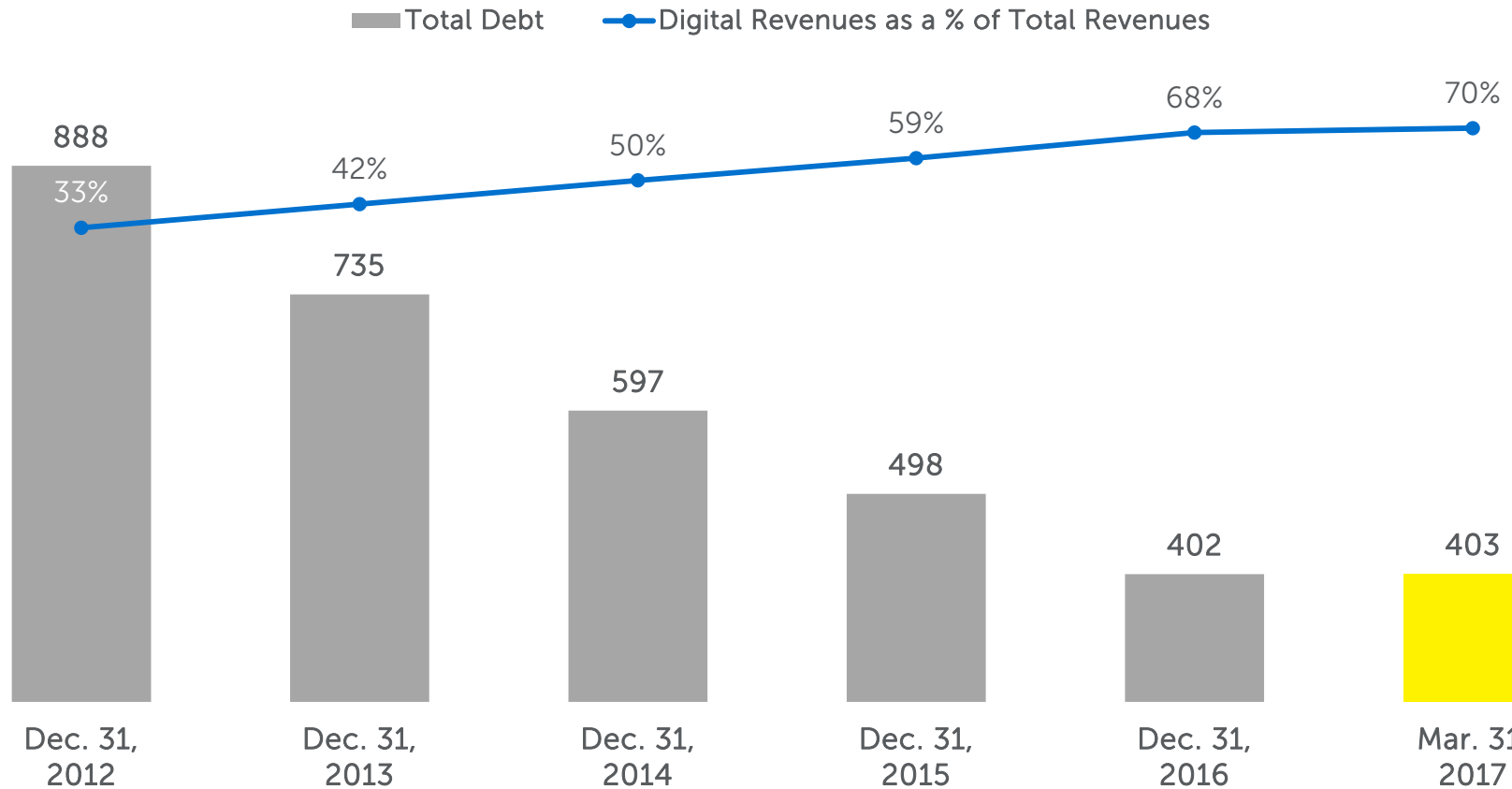
## Extensive Proprietary Data

- Data on advertising, search and purchase behaviours of Canadian SMEs, consumers and global brands



## YP's Path to a Digital-First Enterprise

in millions, digital revenues as a percentage of total revenues is on a trailing twelve month basis



Yellow Pages has established a digital business while reducing debt



# Owned & Operated Media Properties

## Business & People Search



**YP**  
Discover everything your local neighbourhood has to offer



**Canada411 & 411.ca**  
Network of Canada's most frequented and trusted online and mobile destinations for personal and local business information

## Real Estate



**ComFree / DuProprio Network**  
C2C marketplace offering homeowners a professional and cost effective service to market and sell their properties



**YP NextHome**  
Provides Canadians with valuable real estate information to help them make the right buying, selling, and/or renting decision

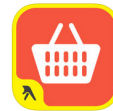
## Retail



**YP Shopwise**  
Everyday shopping app to help Canadians save time and money



**RedFlagDeals & RFD Forums**  
Canada's leading provider of online and mobile promotions, deals, coupons and shopping tools



**YP Grocery**  
Combs flyers and coupons to get Canadians the most savings on their grocery list

## Dining



**YP Dine**  
Discover, search for and book local restaurants based on time of day, mood and expert suggestions



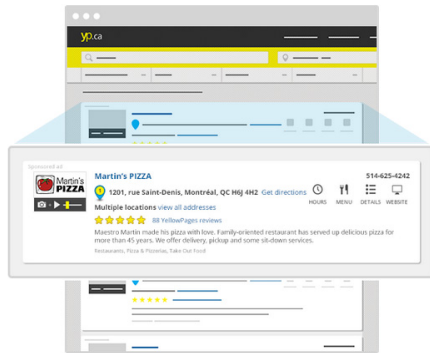
**Bookenda**  
Leading online transaction platform for users and merchants to easily interact and manage bookings





# Digital Marketing Solutions

## Mobile & Desktop Placement Advertising Across YP Network



## Content Syndication Across 25+ Search Partners



## Professional Website Fulfillment & Management



## Search Engine Optimization *Presence on SERPs*



## Digital Display Advertising Solutions



## Search Engine Marketing



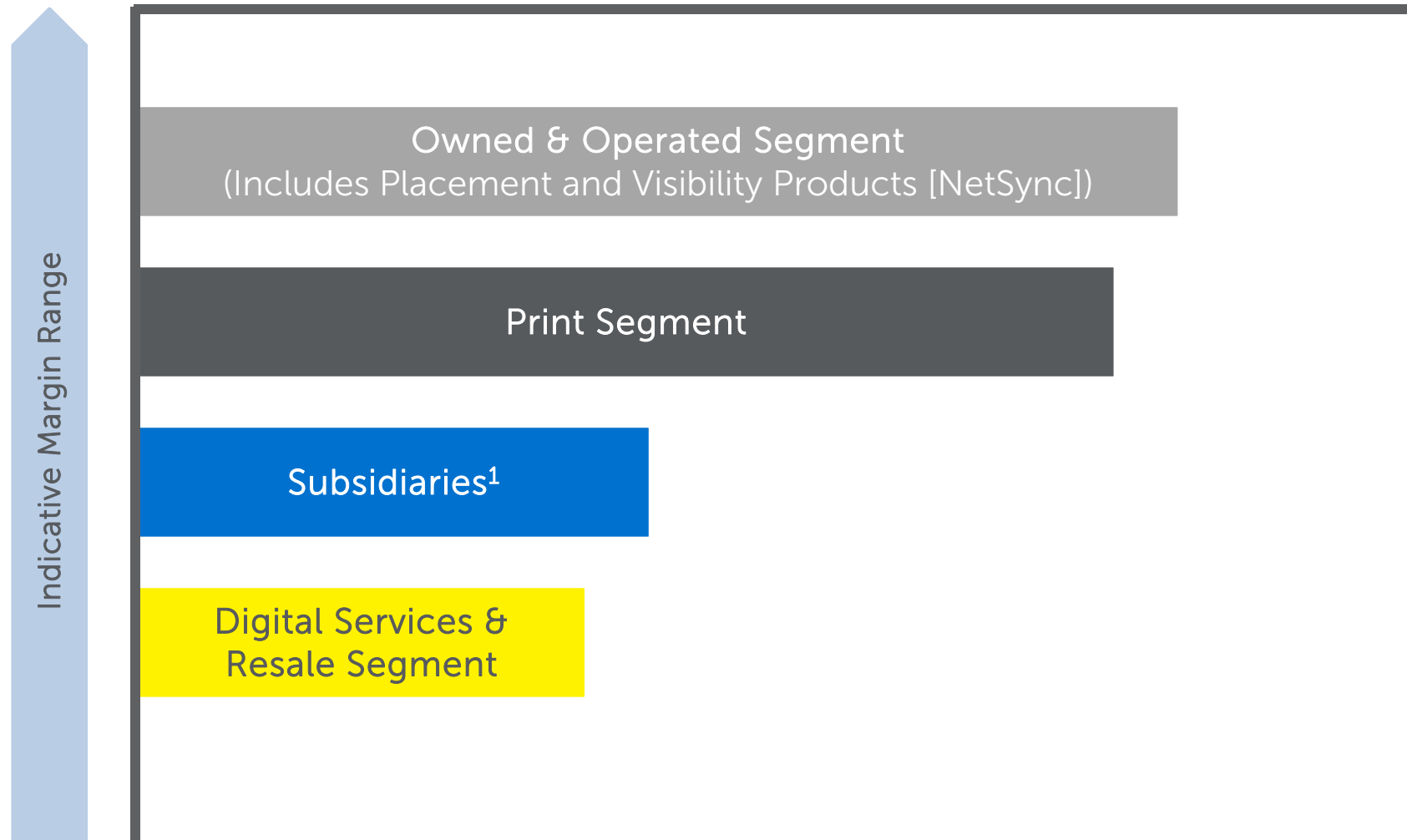
## Facebook Campaign Management





# Gross Profit Analysis by Business Segment

Gross Profit as a Percentage of Related Revenues



<sup>1</sup>Yellow Pages' subsidiaries include: Mediative, JUICE, ComFree / DuProprio, 411, YP NextHome, Western Media Group and Totem