Yellow Pages Limited Reports Strong Financial and Operating Results in Second Quarter 2020, Announces Major New Revenue Initiatives, Declares a Cash Dividend, and Announces Normal Course Issuer Bid (NCIB) to Repurchase Common Shares

Montreal (Quebec), August 6, 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 and six months ended June 30, 2020 and made a number of major announcements.

"We are very pleased with our second quarter results, and today we make a number of significant announcements," said David A. Eckert, President and CEO of Yellow Pages Limited.

Eckert commented on the major developments:

- **Adjusted EBITDA less CAPEX of 45.8%.** "Our Adjusted EBITDA less CAPEX margin[1] was an almost-unprecedented 45.8%, reflecting continued strength in our business."
- **Modest effect of COVID-19 crisis on revenue.** "When the COVID-19 crisis hit, virtually all of our employees were efficiently working from home within a week. And we retained virtually all of them, avoiding furloughs and layoffs, so that we could serve our customers and maintain our momentum. That allowed the downward effect of the crisis on our revenues in the quarter to be only a handful of percentage points."
- **Encouraging revenue outlook.** "The trends in our bookings, although suggesting a very modest additional hit to our revenue curve for another couple of quarters, are nearing pre-COVID levels. And our analysis suggests that the bulk of our COVID-related revenue declines are due to lower spending levels by individual customers, which we believe can be regained, rather than business closures or increased losses of accounts."
- **Net Debt extinguished.** "As of today, our cash on hand, approximately $110 million, exceeds our debt, so our net debt excluding lease obligations[1] is better than zero. And we recommit to fully paying off our Exchangeable Debentures, at par, on or around May 31, 2021."
- **Major new revenue initiatives.** "Over the next 120 days, we are phasing three exciting new products into our offering. Also, by year-end, we expect to have doubled our tele-sales capacity, to significantly ramp up our acquisition of new accounts. These moves, long in the making and testing, are carefully designed to further bend our revenue curve toward stability."
- **Quarterly dividend[2] declared.** "Our Board has declared a dividend of $0.11 per common share, to be paid on September 15, 2020 to shareholders of record as of August 28, 2020."
- **Doubling of contribution to pension plan.** "As we announced we would, we have begun doubling the currently required contributions to our Defined Benefit Pension Plan, for the benefit of our retirees."
- **Launching purchases of stock.** "Today we are also announcing an NCIB to repurchase shares of our common stock." Further detail on the NCIB is found below.

(1) 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 5 of this document for more details.

(2)The dividend 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.

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,	
	2020	2019	**2020**	2019
YP Revenues	**$88,280**	$106,610	**$176,588**	$210,285
Other revenues and Intersegment Eliminations	**–**	162	**–**	1,274
Total revenues	**$88,280**	$106,772	**$176,588**	$211,559
Adjusted EBITDA[1]	**$41,928**	$43,422	**$74,491**	$88,803
Adjusted EBITDA margin[1]	**47.5%**	40.7%	**42.2%**	42.0%
Net earnings	**$22,039**	$14,573	**$34,442**	$27,233
Basic earnings per share	**$0.83**	$0.55	**$1.29**	$1.03
Diluted earnings per share	**$0.73**	$0.51	**$1.17**	$0.96
CAPEX[1]	**$1,528**	$2,782	**$2,759**	$5,406
Adjusted EBITDA less CAPEX[1]	**$40,400**	$40,640	**$71,732**	$83,397
Adjusted EBITDA less CAPEX margin[1]	**45.8%**	38.1%	**40.6%**	39.4%
Cash flows from operating activities	**$31,673**	$28,627	**$58,821**	$62,175

Second Quarter of 2020 Results

- Adjusted EBITDA less CAPEX totaled $40.4 million and the EBITDA less CAPEX margin[1] was 45.8%.
- Net earnings increased by $7.4 million at $22.0 million, or $0.73 per diluted share.
- Cash position at the end of the period was $97.7 million and was $109.7 million as at August 5, 2020.

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 and six-month periods ended June 30, 2020 and 2019 can be found in the August 5, 2020 Management's Discussion and Analysis.

Financial Results for the Second Quarter of 2020

Revenues for the YP segment for the second quarter of 2020 decreased by $18.3 million or 17.2% year-over year and amounted to $88.3 million compared to $106.6 million for the same period last year. The decrease for the quarter ended June 30, 2020 is 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. Revenues for the second quarter of 2020 were also impacted by the COVID-19 pandemic which impacted customer spend and to a lesser extent customer renewal rates.

Adjusted EBITDA for the YP segment for the three-month period ended June 30, 2020 totaled $41.9 million or 47.5% of revenues compared to $43.4 million or 40.7% of revenues for the same period last year. The decrease in Adjusted EBITDA in the second quarter ended June 30, 2020 is the result of the revenue pressures in the YP segment partially offset by efficiencies in sales and operations from optimization and reductions in other operating costs including reductions in our workforce and associated employee expenses, reduction in the Company's office space footprint and other spending reductions across the segment which resulted in an increase in Adjusted EBITDA margin. For the second quarter of 2020, Adjusted EBITDA and Adjusted EBITDA margin also benefited from a $4.8 million emergency wage subsidy and paused spending. Modest additional effects on revenue of the COVID-19 pandemic, coupled with increased headcount in our salesforce, will create some pressure on margin in upcoming quarters.

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Total revenues for the second quarter ended June 30, 2020 of $88.3 million decreased by 17.3% as compared to $106.8 million for the same period last year. The decline in total revenue for the three-month period ended June 30, 2020 was due to the YP segment.

Adjusted EBITDA[1] decreased by 3.4% to $41.9 million or 47.5% of revenues in the second quarter ended June 30, 2020, relative to $43.4 million or 40.7% of revenues for the same period last year. The year over year results for the three-month period were attributable to the YP Segment.

Adjusted EBITDA less CAPEX[1] decreased by $0.2 million to $40.4 million during the second quarter of 2020, compared to $40.6 million during the same period last year. The decrease in Adjusted EBITDA less CAPEX for the three-month period ended June 30, 2020 was due to the YP segment.

Net earnings for the three-month period ended June 30, 2020, increased to $22.0 million as compared to net earnings of $14.6 million for the same period last year. The improvement in profitability of $7.4 million for the three-month period ended June 30, 2020, compared to the same periods last year, is explained principally by lower financial charges, lower depreciation and amortization expenses, and a decrease in restructuring and other charges partially offset by lower Adjusted EBITDA.

Cash flows from operating activities increased by $3.1 million to $31.7 million for the three-month period ended June 30, 2020 from $28.6 million for the same period last year, mainly due to lower interest paid of $10.6 million partially offset by a reduction of $8.9 million from the change in operating assets and liabilities.

As at June 30, 2020, the Company had $154.1 million of total debt, compared to $156.4 million as at December 31, 2019. As at June 30, 2020, the Company had $2.1 million of net debt excluding lease obligations[1], compared to $54.1 million as at December 31, 2019. As at August 5, 2020, the cash position was $109.7 million making the company debt free on a net debt excluding lease obligations[1] basis.

Common Share NCIB

The Toronto Stock Exchange (the "**TSX"**) has accepted a notice filed by the Company of its intention to make a Normal Course Issuer Bid (the "**Bid**") to be transacted through the facilities of the TSX or any alternative Canadian trading system. The notice provides that the Company may, during the twelve-month period commencing on August 10, 2020 and ending on August 9, 2021, purchase up to 1,403,765 common shares ("**Shares**"), being approximately 5% of the Company's 28,075,308 issued and outstanding common shares as of July 27, 2020. The price which the Company will pay for any such Shares will be the prevailing market price at the time of acquisition. The actual number of Shares which may be purchased pursuant to the Bid will be determined by management of the Company. All Shares will be purchased for cancellation. Notwithstanding the foregoing, the Company will limit the purchase of common shares to approximately $5.0 million until such time as the Subordinated Exchangeable Debentures are fully repaid.

Pursuant to TSX policies, the maximum amount of Shares that may be purchased in one day pursuant to the Bid will be approximately 2,510 Shares, representing 25% of 10,041 Shares, being the average daily trading volume of the Shares on the TSX for the six months ended July 31, 2020. In addition, the Company may make, once per week, a block purchase of Shares not directly or indirectly owned by insiders of the Company, in accordance with TSX policies.

In connection with the Bid, the Company entered into an automatic securities purchase plan ("**ASPP**") with a designated broker. The ASPP is intended to allow for the purchase of Shares when the Company would ordinarily not be permitted to purchase Shares due to regulatory restrictions and customary self-imposed blackout periods. Pursuant to the ASPP, before entering into a blackout period, the Company may, but is not required to, instruct the designated broker to make purchases under the Bid in accordance with the terms of the ASPP and TSX policies during the blackout period. Such purchases will be determined by the designated broker at its sole discretion based on purchasing parameters set by the Company in accordance with the rules of the TSX and any applicable alternative Canadian trading system, applicable securities laws and the terms of the ASPP. The ASPP will be in effect for the term of the bid. All purchases made under the ASPP will be included in computing the number of Shares purchased under the Bid.

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The Board of Directors of the Company (the "**Board**") believes that during the course of the Bid the market price of the Shares may not reflect the value of the Company's underlying business and the repurchase of Shares may be an attractive use of the Company's cash on hand and means of creating shareholder value. As a result, depending upon future price movements and other factors, the Board believes that the purchase of the Shares may be in the best interest of the Company and its shareholders. Furthermore, the purchases are expected to benefit all persons who continue to hold Shares by increasing their equity interest in the Company when the repurchased Shares are cancelled.

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 6, 2020 to discuss second quarter 2020 results. The call may be accessed by dialing 416-695-6725 within the Toronto area, or 1-866-696-5910 outside of Toronto, Passcode #7445874. 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 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, 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 August 5, 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 August 5, 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 11 of the August 5, 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 of 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	**June 30, 2020**	December 31, 2019
Exchangeable debentures	**$ 99,783**	$ 98,537
Lease obligations	**54,319**	57,885
Total debt	**$ 154,102**	$ 156,422
Lease obligations	**(54,319)**	(57,885)
Cash	**(97,691)**	(44,408)
Net debt excluding lease obligations	**$ 2,092**	$ 54,129