



# Supplemental **Disclosure**

For the period ended March 31, 2015

As filed on Sedar on May 8, 2015 ([www.sedar.com](http://www.sedar.com)). This report is also available at [www.corporate.yip.ca](http://www.corporate.yip.ca)

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This Supplemental Disclosure 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 8, 2015 Management's Discussion and Analysis. This Supplemental Disclosure should be read in conjunction with the May 8, 2015 Management's Discussion and Analysis.

## 1. Financial Highlights

In thousands of Canadian dollars, except % of Revenues ("% of Rev."), Earnings per Share and Share information

	Three-month periods ended March 31,			
	2015	% of Rev.	2014	% of Rev.
Print Revenues	93,027	45.2%	119,251	53.4%
Digital Revenues	112,875	54.8%	103,952	46.6%
<b>Total Revenues</b>	<b>205,902</b>		<b>223,203</b>	
Cost of Sales	75,432		74,137	
General and Administrative	59,684		54,445	
<b>Total Operating Costs</b>	<b>135,116</b>		<b>128,582</b>	
<b>EBITDA</b>	<b>70,786</b>	34.4%	<b>94,621</b>	42.4%
<b>Net Earnings</b>	<b>25,524</b>		<b>39,222</b>	
Basic Earnings per Share	0.95		1.43	
Diluted Earnings per Share	0.81		1.22	
Cash Flows from Operating Activities	62,834		10,910	
Capital Expenditures, Net of Lease Inducements	17,942		14,208	
<b>Free Cash Flow</b>	<b>44,892</b>		<b>(3,298)</b>	

Outstanding Share Data	May 8, 2015	March 31, 2015	December 31, 2014
Common Shares Outstanding	27,999,419	27,999,419	27,976,661
Exchangeable Debentures Outstanding <sup>(1)</sup>	5,624,422	5,624,422	5,624,422
Common Share Purchase Warrants Outstanding <sup>(2)</sup>	2,995,498	2,995,498	2,995,506
Stock Options Outstanding <sup>(3)</sup>	691,550	691,550	480,200

(1) As at May 8, 2015, Yellow Pages had \$107.1 million principal amount of Exchangeable Debentures outstanding, which amount is exchangeable into 5,624,422 common shares of Yellow Pages Limited at an exchange price of \$19.04.

(2) Each Warrant entitles the holder to acquire, on exercise, one Yellow Pages Limited common share at a price of \$28.16.

(3) Included in the stock options outstanding balance of 691,550 as at May 8, 2015 and March 31, 2015 are 142,500 stock options exercisable as at those same dates. There were no stock options exercisable as at December 31, 2014.

## 2. Operational Key Performance Indicators

	2015	2014				2013		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
<b>Digital Revenue Performance</b>								
Digital Revenues (in millions of Canadian dollars)	112.9	116.9	113.6	108.4	104.0	107.4	101.6	98.4
Year-over-Year Digital Revenue Growth	8.6%	8.9%	11.9%	10.1%	5.1%	7.7%	10.5%	9.7%
<b>Customer Metrics</b>								
Customer Count	251,000	256,000	260,000	265,000	270,000	276,000	283,000	291,000
Customer Acquisition (Trailing Twelve Months)	23,700	22,100	20,200	18,400	16,500	15,200	14,800	15,300
Customer Renewal	85%	84%	85%	85%	85%	85%	85%	85%
<u>Customer Penetration</u>								
YP 360° Solution	37.6%	36.6%	34.9%	32.9%	29.9%	27.1%	24.0%	21.1%
Print	84%	85%	87%	89%	90%	91%	92%	93%
Owned and Operated Digital Media	64%	63%	63%	62%	61%	61%	61%	60%
Online Priority Placement	58%	57%	55%	53%	50%	47%	43%	40%
Mobile Priority Placement	25%	24%	23%	21%	18%	15%	12%	10%
Legacy	3%	4%	6%	7%	10%	14%	18%	21%
Digital Services	10%	10%	10%	9%	9%	9%	8%	8%
<u>Spending Dynamics Among Renewing Customers</u>								
Increase in Spending								
Customer Distribution	35%	31%	27%	26%	26%	26%	30%	36%
% of Revenues	30%	30%	29%	29%	29%	29%	30%	32%
Stable Spending								
Customer Distribution	47%	51%	55%	55%	55%	55%	51%	45%
% of Revenues	30%	30%	29%	27%	27%	27%	25%	23%
Decrease in Spending								
Customer Distribution	18%	18%	18%	19%	19%	19%	19%	19%
% of Revenues	40%	40%	42%	44%	44%	44%	45%	45%
Average Revenue per Customer (in Canadian dollars) <sup>(1)</sup>	3,038	3,063	3,097	3,111	3,116	3,122	3,114	3,117
<b>Consumer Metrics</b>								
Total Digital Visits (in millions)	104.0	117.4	110.2	102.4	94.1	102.8	100.4	100.1

Refer to Section 5 (Glossary) to consult definitions for metrics listed above.

(1) Restated to account for YP Core only - excludes the contribution of Mediative, 411 Local Search Corp. and Yellow Pages NextHome.

### 3. Consolidated Capitalization and Credit Ratings

In millions of Canadian dollars, unless otherwise noted

	March 31, 2015	December 31, 2014	September 30, 2014	June 30, 2014	March 31, 2014
9.25% Senior Secured Notes due November 30, 2018 <sup>(1)</sup>	507	507	573	573	647
Obligations Under Finance Leases	1	1	0	1	1
8% Exchangeable Debentures due November 30, 2022 <sup>(2)</sup>	89	89	89	88	88
<b>Total Debt</b>	<b>597</b>	<b>597</b>	<b>662</b>	<b>662</b>	<b>736</b>
Cash and Cash Equivalents	142	103	184	146	194
<b>Total Net Debt</b>	<b>455</b>	<b>494</b>	<b>478</b>	<b>516</b>	<b>541</b>
Equity	705	684	579	582	566
<b>Total Capitalization</b>	<b>1,160</b>	<b>1,178</b>	<b>1,058</b>	<b>1,097</b>	<b>1,107</b>
<b>Net Debt / EBITDA <sup>(3)</sup></b>	<b>1.6x</b>	<b>1.6x</b>	<b>1.4x</b>	<b>1.4x</b>	<b>1.4x</b>
<b>Average Interest Rate on Debt at Period End</b>	<b>9.0%</b>	<b>9.0%</b>	<b>9.1%</b>	<b>9.1%</b>	<b>9.1%</b>

#### Credit Ratings

	DBRS Limited	Standard and Poor's Rating Services
Issuer Rating / Corporate Credit Rating	B (low) - Positive Trend	B - Stable Outlook
Rating for Senior Secured Notes	B (low)	BB-
Rating for Exchangeable Debentures	CCC	CCC+

(1) Please refer to note 3 of the interim condensed consolidated financial statements for the three-month period ended March 31, 2015. Interest on the Senior Secured Notes is payable in cash quarterly in arrears in equal installments at 9.25% per annum on the last day of February, May, August and November of each year.

(2) Please refer to note 4 of the interim condensed consolidated financial statements for the three-month period ended March 31, 2015. Interest on the Exchangeable Debentures is payable in cash at 8% or in additional debentures at 12% in the event that Yellow Pages Limited makes a Payment in Kind election to pay any interest in additional senior subordinated unsecured exchangeable debentures. Interest on the Exchangeable Debentures is payable semi-annually in arrears in equal installments on the last day of May and November of each year.

(3) EBITDA represents latest twelve month income from operations before depreciation and amortization and restructuring and special charges.

## 4. Outlook

In millions of Canadian dollars

	2015E	2016E
<b>Cash Outflows (Inflows) Expected from Income Taxes and Tax Assessments</b>	(35)	10
<b>Total Pension Cash Funding</b>	47	47
Cash Funding of the Pension Solvency Deficit	32	32
<b>Capital Expenditures</b>	70 to 75	55 to 60

The information presented above is considered forward-looking because it is based on current expectations about our business and on various estimates, assumptions and regulations. Our actual results could be materially different from our expectations as known or unknown risks affect our business or if estimates and assumptions turn out to be inaccurate. As a result, we cannot guarantee that the information above will materialize.

## 5. Glossary

All definitions account for YP Core only - exclude the contribution of Mediative, 411 Local Search Corp. and Yellow Pages NextHome

### Customer Metrics

Customer Count	Number of customers advertising through one of our product groups as at the end of the reporting period.
Customer Acquisition	Number of customers acquired over the last twelve months.
Customer Renewal	Percentage of customers who advertised with YP in the previous period and have renewed their advertising in the current period.

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### Customer Penetration

YP 360° Solution	Percentage of customers purchasing three product categories or more.
Owned and Operated Digital Media	Percentage of customers purchasing at least one Online Priority Placement, Mobile Priority Placement, Virtual Business Profile, HD Video and/or Legacy product.
Digital Services	Percentage of customers purchasing at least one Website, SEO, SEM, Facebook Solution and/or Smart Digital Display product.

### Spending Dynamics Among Renewing Customers

Increase in Spending	Renewing customers experiencing an increase in spending of over 5%, on a year-over-year basis.
Stable Spending	Renewing customers experiencing an increase in spending between 0% and 5%, on a year-over-year basis.
Decrease in Spending	Renewing customers experiencing a decrease in spending, on a year-over-year basis.
Average Revenue Per Customer	Revenue of the last twelve months divided by the average customer base during the last twelve months.

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### Consumer Metrics

Total Digital Visits	Number of visits made across the YP, YP Shopwise, YP Dine, RedFlagDeals, Canada411, Bookenda and dine.TO online and mobile properties during the reporting period.
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