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Communications and Media

Yellow Media Inc.

Quarterly Review

Q3 Misses Big, Organic Trends Worsen Q/Q, Print Erosion Now Jumping To High Teens

YLO (T)	$0.44
Stock Rating:	Underperform (unchanged)
Target:	$0.25 (unchanged)
Risk Rating:	Speculative (unchanged)
Est. Total Return	-43.2%

Stock Data:	
52-week High-Low (Canada)	$6.46 - $0.12
52-week High-Low (U.S.)	NA
Bloomberg/Reuters: Canada	YLO CN / YLO.TO
Bloomberg/Reuters: U.S.	NA

(FYE Dec. 31)	2010a	2011e	2012e
Revenue (mln)	$1 401.1	$1 325.1	$1 188.6
EBITDA (mln)	$805.6	$694.2	$612.7
FD EPS ex-items	$0.58	$0.18	$0.41
EV/EBITDA*	4.5	3.8	3.9
Free Cash (mln)	$554.8	$379.4	$236.7
Dividend	$0.80	$0.00	$0.00
Div/Yield	181.8%	0.0%	0.0%

*Assumes Pref Series 1 conversion to stock in 2012.

Financial Data (as at September 30, 2011):	
Shares Outstanding (mln)	520.4
Float (mln)	520.4
Market Capitalization (mln)	$229.0
Net Debt (mln)	$1 840.9
Preferred Shares Series 1 & 2 (mln)	$398.4
Pref Shares + NCI (3/5/7) (mln)	$328.9
Shareholders' Equity (mln)	$1 793.8
Net Debt to Capital	51.3%
Book Value/Price to BV	$4.08/0.1x
ROE 2011E	NM
Dividend/Yield	Nil/Nil

Industry Rating (Publishing): Underweight
(NBF Economics & Strategy Group)

Company Profile:

Yellow Media Inc. is the largest directories publisher in Canada. It sold the majority of its Vertical Media platform in a transaction announced on March 25, 2011 which closed on July 28.

YLO converted to a corporation on Nov. 1, 2010, with its dividend at $0.65 (down from $0.80) effective Jan. 1, 2011. On Aug. 4, 2011, it cut its annual dividend to $0.15/share and on Sep. 28, 2011 reduced it to zero.

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HIGHLIGHTS

- **Q3 results well below our and consensus expectations.** YLO's revenues fell 9.1% to $323.4 million. We'd forecast $338.7 million, with consensus at $339.8 million. Print pressures were only partly mitigated by 2010 M&A and what was disclosed as a 26.4% rise in online revenues to $87.3 million which reached 27% of revenues. We calculate organic online revenues as up 10.9%. Print revenues appeared to fall 17.7%, with results exacerbated by declines at Canpages and the U.S. operations. This compares with drops of 11.6% in Q2 and 6.4% in Q1. Of note, sequentially, print revenues declined 8.1% versus Q2 after a related q/q dip of 2.4% in Q2. EBITDA decreased 14.1% to $166 million as reported versus our estimate of $178.4 million and consensus of $176 million. EBITDA as reported fell 13.5% in Q2 and 4.3% in Q1.

- **Leverage down on Trader sale but moving higher.** YLO highlighted a leverage ratio of 2.5x in Q3 which excludes all of its Preferred shares as well as Q4/10 rebranding and conversion costs to calculate LTM EBITDA. Per covenant calculations, we have leverage at 2.4x at the end of 2011 and 2.6x in 2012. When we include the Series 1 and 2 Preferreds, these figures rise to 3x and 2.9x, respectively, given the assumption that the Series 1 is converted to stock at the end of next year. Including the Series 3, 5 and 7 Preferreds, leverage increases further to 3.5x and 3.4x, respectively.

- **Maintain Underperform and $0.25 target.** When looking at Torstar and Transcontinental which are trading at similar 2012E EV/EBITDA multiples to YLO but have stronger outlooks, lower leverage, and offer dividend yields in the range of 4%-5%, we find it hard to justify YLO at current levels as its performance continues to deteriorate.

Stock Performance (source: Thomson Reuters)

Q3 Materially Missed Our & Consensus Expectations As Was Case In H1

YLO's revenues fell 9.1% to $323.4 million. We'd forecast $338.7 million, with consensus at $339.8 million. Print pressures were only partly mitigated by 2010 M&A and what was disclosed as a 26.4% rise in online revenues to $87.3 million which reached 27% of total revenues. The company is only reporting one line for revenues and EBITDA, thus leaving us to try to extrapolate the print and online components of its historical Directories operations as well as acquisitions made over the past year or so. We calculate organic online revenues as up 10.9%.

Print revenues appeared to fall 17.7%, with results exacerbated by declines at Canpages and the U.S. operations. This compares with drops of 11.6% in Q2 and 6.4% in Q1. Of note, sequentially, print revenues declined 8.1% versus Q2 after a related q/q dip of 2.4% in Q2.

We calculate that organic revenues fell 10.8% after drops of 7.7% in Q2 and 4.2% in Q1.

EBITDA decreased 14.1% to $166 million as reported versus our estimate of $178.4 million and consensus of $176 million, with margins contracting to 51.3% from 54.3%. Last year's results included $4.44 million in rebranding expenses. Excluding these items, EBITDA dropped 16% or 16.2% on an organic basis. Recall that EBITDA as reported fell 13.5% in Q2 and 4.3% in Q1, with our calculations pointing to organic declines of 15.4% and 7.9%, respectively, when also excluding one-time items in each year.

Putting Together The Pieces Of Q3 Revenues & EBITDA Growth ($ mln.)

(Component parts are all NBF estimates)	Q3/10	Q3/11	Y/Y%
REVENUES			
Directories			
Print	259.1	215.1	-17.0%
Online	59.8	69.2	15.7%
Core Directories	318.9	284.3	-10.9%
Print	18.0	12.8	
Online	5.1	5.6	
Canpages (acquired in June 2010)	23.1	18.4	
Enquiro, Ad Splash, UPTREND (acquired 10/26/10)		8.1	
Directories revenues	**342.1**	**310.8**	**-9.1%**
Vertical Media Stub (Ex Assets Divested)			
Print	9.7	8.3	-15.0%
Online	4.2	4.4	5.0%
Vertical Media revenues	**13.9**	**12.6**	**-9.0%**
Total Revenues	**355.9**	**323.4**	**-9.1%**
---Organic	**332.8**	**296.9**	**-10.8%**
EBITDA			
Directories			
Core Directories	184.7	157.9	-14.5%
% Margins	*57.9%*	*55.6%*	
Canpages (acquired in June 2010)	5.7	4.1	
Enquiro, Ad Splash, UPTREND (acquired 10/26/10)		1.0	
Directories EBITDA	190.4	163.0	-14.4%
% Margins	*55.6%*	*52.4%*	
Vertical Media Stub (Ex Assets Being Divested)	2.9	3.0	5.7%
Total EBITDA	193.2	166.0	-14.1%
% Margins	*54.3%*	*51.3%*	
Total EBITDA excluding rebranding last year	197.7	166.0	-16.0%
---Organic as now reported	187.5	161.0	-14.2%
---Organic excluding rebranding last year	192.0	161.0	-16.2%
FD EPS from Continuing Operations	$0.12	($5.52)	NM
Average Shares Outstanding - Basic	501.8	509.8	1.6%
Average Shares Outstanding - FD	666.1	509.8	-23.5%
Total Shares Outstanding	513.0	520.4	1.4%

Source: Yellow Media and National Bank Financial estimates for all segmented components.

Management noted on its Q3 call that declines in revenues at Ziplocal in the United States undermined print erosion and suggested that ex-Ziplocal print declines were closer to 15% versus 13% in Q2. It's expected that print erosion will step up to at least 17% in Q4 per management before any potential stability in this trend is achieved in 2012. Given what we've seen so far this year, greater prudence is probably warranted with respect to evolving secular print pressures.

The rollout of 360° Solution earlier this year was supposed to reaccelerate YLO's online growth and help slow print erosion, particularly in the back half of 2011. We've not seen much evidence of this occurring. That said, management continues to highlight that the shutdown of the Directory Plus offering has created a headwind that's likely to persist through most of next year.

Meanwhile, as secular print declines have steadily gained traction, management finds itself having to invest more heavily in its online and mobile products with this exacerbating material margin compression in 2011. Of note, the contraction in reported margins actually masks greater declines this year given the material level of rebranding and conversion costs that management highlighted in its results last year but have since been excluded from restated 2010 IFRS figures.

Balance Sheet Helped By Trader Sale, But Flexibility More Constrained

We outline below a snapshot of YLO's debt profile at the end of Q3, with net debt having declined just over $680 million on a sequential basis following the closing of the Trader sale at the end of July and the receipt of $708 million in proceeds.

YLO - Cash Interest Expense Components At Q3 2011 ($000s)

Debt Components	Balance	Interest Rate	Note
Medium Term Notes			
4 Yr Maturing July 10, 2013	130 000	6.50%	Fixed Rate
4.5 Yr Maturing December 3, 2013	125 000	6.85%	Fixed Rate
10 Yr Maturing April 21, 2014	254 733	5.71%	Fixed Rate
5 Yr Maturing February 2, 2015	138 100	7.30%	Fixed Rate
10 Yr Maturing February 15, 2016	319 877	5.25%	Fixed Rate
15 Yr Maturing November 18, 2019	121 219	5.85%	Fixed Rate
10 Yr Maturing March 2, 2020	300 000	7.75%	Fixed Rate
30 Yr Maturing February 15, 2036	16 576	6.25%	Fixed Rate
Fair Value Adjustment of Hedge Item	8 586		
Deferred financing costs	(10 017)		
Convertible Debentures	183 671	6.25%	Matures Oct. 1, 2017
Revolving Credit Facilities ($250MM tranche) Non-Revolving Credit Facilities ($250MM tranche)	266 000	BA +3.5% BA +3.5%	Drawings fluctuate, CP backstop, Feb. 18, 2013 Drawings fluctuates intra-quarter, Feb. 18, 2013
Commercial Paper Facility ($500MM limit)	35 000	BA + margin	CP balance fluctuates intra-quarter
Cash and ST Investment	(52 072)	Overnight/BA	Cash balance fluctuates intra-quarter
Capital Leases	4 226		
Net Debt	**$1 840 899**		
Preferred Shares			
Series 1	251 100	4.25%	YPG can redeem on/after 3/31/12, S/H option 12/31/12
Series 2	151 600	5.00%	YPG can redeem on/after 6/30/12, S/H option 6/30/17
Deferred financing costs & derivative	(4 257)		
Net Debt & Preferreds Series 1/2 (Ex-Series 3/5/7)	**2 239 342**		

Source: Company reports and National Bank Financial.

The company highlighted a leverage ratio of 2.5x in Q3 which excludes all of its Preferred shares as well as Q4/10 rebranding and conversion costs to calculate LTM EBITDA. Including the Series 1 and 2 Preferreds which can be redeemed for stock at the company's option, leverage rises to 3.1x and pushes to 3.5x when also including the Perpetual Preferred Series 3, 5 and 7 shares which the company treats as equity.

Recall that on Sept. 28, YLO telegraphed a goodwill impairment charge of $2.9 billion which materialized in Q3, eliminated its dividend completely, and announced amendments to its credit facilities triggered by S&P's downgrade in August. While the amended lines will still mature Feb. 18, 2013, the $750 million revolving term loan was reduced to $250 million, with the size of the non-revolving tranche unchanged at $250 million. The company, however, will be making quarterly payments of $25 million on the latter starting in January 2012.

Besides the halving of its credit lines, YLO's leverage covenant was reduced to 3.5x from 4.25x, while its Interest Coverage covenant remained at 3.5x. The leverage calculation

excludes all of the company's Preferred shares.

While the credit facilities, as noted above, mature in early 2013 and won't likely get renewed until next fall, YLO's next maturity is its Series 1 Preferreds which expire on Dec. 31, 2012. It's worth highlighting that on or after March 31, 2012 and prior to Dec. 31, 2012, YLO could, in theory, per its prospectus, give 30-60 days notice to Series 1 Preferred shareholders of its intention to exchange the Series 1 Preferreds for common stock. The redemption price, along with accrued and unpaid dividends, would occur at the greater of (a) $2 or (b) 95% of the weighted average trading price of the common stock for the 20 consecutive trading days on the TSX ending on the fourth day prior to exchange.

On its Q2 call, management had indicated its intention to deal with the Series 1 Preferreds through YLO's cash flow, with purchases made of the currently-discounted instruments in the open market over the course of the next six quarters. This is not allowed under the amended credit facility, with the company's options related to these Preferreds now being either the exchange for stock noted above or the use of proceeds from a potential future new financing which would have to have a maturity after February 2013. YLO need not show its hand in regards to how it might resolve this issue until later in Q4/12.

Finally, with respect to the company's Medium Term Notes which mature in 2013 ($130 million maturing July 10, 2013 and $125 million maturing Dec. 3, 2013), the amended credit agreement allows for up to $125 million of these instruments to be repurchased between now and 2013. YLO doesn't appear to be allowed to repurchase any longer-dated instruments. With respect to purchase of the 2013 notes these can only occur if leverage is at or below 3.25x, at least $75 million has been repaid on the credit facilities, and EBITDA isn't less than management's September 2011 projection which hasn't been disclosed – using the 3.25x max covenant metric, EBITDA can't fall below $566 million though to be clear this isn't necessarily the September 2011 projection which we'd assume is higher.

Per covenant calculations, we have leverage at 2.4x at the end of 2011 and 2.6x in 2012. When we include the Series 1 and 2 Preferreds, these figures rise to 3x and 2.9x, respectively, given the assumption that the Series 1 is converted to stock at the end of next year. Including the Series 3, 5 and 7 Preferreds, leverage increases further to 3.5x and 3.4x, respectively.

Reducing Forecast To Reflect Material Q3 Miss & Weakening Trends

We outline our updated forecast on the following page, as we reflect the Q3 performance.

In 2011, we've reduced revenues to $1.325 billion from $1.356 billion given the much weaker than expected H2 print trend, with EBITDA dropping to $694.2 million from $718.2 million.

In 2012, we've contracted revenues to $1.189 billion from $1.266 billion given the steeper declines in print, with EBITDA falling to $612.7 million from $660.3 million.

Recall that YLO noted with the reporting of its Q2 results this summer when it suspended its 2011 guidance that it expects its margins to move steadily down toward 50% in 2014. This points to evolving investments in the business and further margin pressure related to top-line declines that might slow post-2012 but shouldn't necessarily be taken as a given.

Assuming flat revenues from 2012 through 2014 which has a very low probability of occurring, an EBITDA margin of 50% would suggest EBITDA of just under $600 million in 2014. If, however, we assume annual declines post-2012 of 5% to 10%, then EBITDA three years from now might look more like $480 million to $535 million, a far cry from the $805.6 million in 2010 when adjusted IFRS figures exclude previously reported rebranding and conversion costs.

Maintain Underperform, Target Remains At $0.25

Assuming that the Series 1 Preferred shares are converted for stock at the end of 2012, we'd note that YLO is currently trading at EV/EBITDA multiples of 3.8x our revised 2011 estimates and 3.9x our 2012 estimates. Torstar Corp. (TS.B-TSX; rated Sector Perform), whose secularly challenged newspaper platform is complemented by a more stable book publishing operation and which has leverage of 0.5x and offers a dividend yield of 4.8%, trades at 4.1x and 3.9x, respectively. Transcontinental Inc. (TCL.A-TSX; rated Outperform) sits with leverage of 1.6x and offers a dividend yield of 4.3%, while currently trading at 4.6x and 3.8x, respectively. Given YLO's elevated leverage, no dividend, and deteriorating quarterly trends that keep missing

expectations, we're not convinced the stock should be trading close to a 4x multiple.

Yellow Media - Summary Breakdown of Forecast ($ Mln.)

	2007	2008	2009	Q1	Q2	Q3	Q4	2010	Q1-R	Q2-R	Q3-R	Q4-R	2010-R	Q1	Q2	Q3	Q4E	2011E	2012E
REVENUES									IFRS restatements drove changes to revenue assumptions										
YPG Directories																			
Print	$1 192.4	$1 211.6	$1 151.9	$271.2	$267.5	$258.9	$253.5	$1 051.0	$271.3	$269.9	$259.1	$252.5	$1 052.8	$243.9	$238.0	$215.1	$207.0	$904.0	$732.2
Online	106.7	152.9	203.0	54.1	61.4	62.5	60.8	238.8	54.2	61.9	59.8	60.6	236.6	67.7	69.3	69.2	70.3	276.5	320.8
Total	**1 299.1**	**1 364.5**	**1 354.9**	**325.3**	**328.8**	**321.4**	**314.3**	**1 289.8**	**325.5**	**331.9**	**318.9**	**313.1**	**1 289.4**	**311.6**	**307.2**	**284.3**	**277.3**	**1 180.5**	**1 053.0**
% Online	8.2%	11.2%	15.0%	16.6%	18.7%	19.4%	19.4%	18.5%	16.6%	18.7%	18.8%	19.4%	18.3%	21.7%	22.5%	24.4%	25.3%	23.4%	30.5%
YPG USA (part of Volt Assets)		12.3	47.8	11.0	1.8			12.8											
Canpages Directories																			
Print					6.7	21.2	16.1	44.1		9.0	18.0	9.8	36.9	10.4	9.6	12.8	8.1	40.9	33.1
Online					2.0	6.3	4.5	12.9		2.7	5.1	2.8	10.6	3.6	3.6	5.6	2.9	15.7	17.3
Total					**8.8**	**27.6**	**20.7**	**57.0**		**11.8**	**23.1**	**12.6**	**47.5**	**14.0**	**13.2**	**18.4**	**11.0**	**56.6**	**50.4**
% Online					23.0%	23.0%	22.0%	22.6%		23.0%	22.0%	22.0%	22.3%	25.7%	27.2%	30.4%	26.5%	27.7%	34.3%
Enquiro, Ad Splash, UPTREND																			
Online							5.6	5.6				5.0	5.0	10.0	8.0	8.1	8.1	34.2	36.9
Verticals																			
Print	266.0	226.8	146.4	27.5	36.7	32.7	29.8	126.7	9.8	11.6	9.7	10.3	41.3	8.8	9.2	8.3	8.7	35.0	28.0
Online	63.9	93.9	101.4	28.5	26.5	25.9	29.4	110.3	4.2	5.0	4.2	4.4	17.7	4.7	5.1	4.4	4.6	18.8	20.3
Dealer.com				15.9	17.8	21.0	23.0	77.7											
Total	**329.9**	**320.7**	**247.9**	**71.8**	**81.0**	**79.6**	**82.2**	**314.6**	**13.9**	**16.5**	**13.9**	**14.7**	**59.0**	**13.5**	**14.3**	**12.6**	**13.4**	**53.8**	**48.3**
% Online	19.4%	29.3%	40.9%	61.7%	54.7%	58.9%	63.8%	35.1%	30.0%	30.0%	30.0%	30.0%	30.0%	35.0%	35.3%	34.6%	34.6%	34.9%	42.0%
Total Revenues																			
Print	1 458.4	1 438.4	1 298.3	298.7	310.8	312.9	299.3	1 221.8	281.1	290.5	286.9	272.6	1 131.1	263.1	256.8	236.1	223.8	979.9	793.4
Online	170.6	246.8	304.4	98.4	107.7	115.7	123.4	445.2	58.4	69.6	69.066	72.8	269.8	86.1	85.9	87.3	85.9	345.2	395.2
YPG USA		12.3	47.8	11.0	1.8			12.8											
Total	**1 629.0**	**1 697.5**	**1 650.5**	**408.1**	**420.4**	**428.6**	**422.8**	**1 679.9**	**339.4**	**360.1**	**355.9**	**345.4**	**1 400.9**	**349.1**	**342.7**	**323.4**	**309.8**	**1 325.1**	**1 188.6**
% Online	10.5%	14.5%	18.4%	24.1%	25.6%	27.0%	29.2%	26.5%	17.2%	19.3%	19.4%	21.1%	19.3%	24.6%	25.1%	27.0%	27.7%	26.1%	33.3%
Growth Rates:																			
Directories (ex-YPG USA & CPG & 10/26/10 Purchases)																			
Print	8.5%	1.6%	-4.9%	-7.8%	-8.8%	-9.0%	-9.6%	-8.8%	-7.7%	-7.9%	-8.9%	-9.9%	-8.6%	-10.1%	-11.8%	-17.0%	-18.0%	-14.0%	-19.0%
Online	62.7%	43.3%	32.7%	15.3%	22.9%	18.9%	13.5%	17.6%	15.5%	24.0%	13.9%	13.1%	16.5%	25.0%	11.8%	15.7%	16.0%	15.8%	16.0%
Total	11.6%	5.0%	-0.7%	-4.6%	-4.1%	-4.6%	-5.9%	-4.8%	-4.5%	-3.3%	-5.4%	-6.2%	-4.8%	-4.3%	-7.4%	-10.9%	-11.4%	-8.5%	-10.8%
Revenues Total																			
Print	13.2%	-0.5%	-7.2%	-10.2%	-9.6%	-5.8%	-7.3%	-8.3%						-6.4%	-11.6%	-17.7%	-17.9%	-13.4%	-19.0%
Online	68.7%	44.7%	23.3%	43.4%	43.2%	48.3%	49.4%	46.3%						47.4%	23.4%	26.4%	18.1%	27.9%	14.3%
Total	17.2%	4.2%	-2.8%	-1.3%	-0.2%	4.5%	4.2%	1.8%						2.9%	-4.8%	-9.1%	-10.3%	-5.4%	-10.3%
EBITDA																			
YPG Directories	**769.3**	**820.5**	**819.5**	**199.3**	**200.1**	**197.3**	**193.4**	**790.0**	**196.2**	**198.7**	**184.7**	**152.7**	**732.2**	**183.4**	**169.7**	**157.9**	**154.6**	**665.6**	**583.4**
% margin	59.2%	60.1%	60.5%	61.3%	60.8%	61.4%	61.53%	61.3%	60.3%	59.9%	57.9%	48.8%	56.8%	58.9%	55.2%	55.6%	55.7%	56.4%	55.4%
% growth	12.7%	6.7%	-0.1%	-4.1%	-1.5%	-4.8%	-4.0%	-3.6%	-5.6%	-2.2%	-10.9%	-24.2%	-10.7%	-6.5%	-14.6%	-14.5%	1.2%	-15.7%	-12.4%
Trader				14.6	21.1	17.2	19.3	72.2	2.4	3.5	2.9	3.2	12.0	2.8	3.1	3.0	3.2	12.2	12.8
Dealer.com				4.1	4.7	5.8	7.1	21.7											
Verticals	**101.8**	**108.2**	**71.5**	**18.7**	**25.7**	**23.0**	**26.4**	**93.9**	**2.4**	**3.5**	**2.9**	**3.2**	**12.0**	**2.8**	**3.1**	**3.0**	**3.2**	**12.2**	**12.8**
% margin	30.8%	33.7%	28.9%	26.0%	31.8%	28.9%	32.1%	29.8%	17.4%	21.2%	20.7%	21.8%	20.3%	21.0%	22.0%	24.0%	24.0%	22.7%	26.6%
% growth	55.0%	6.3%	-33.9%	16.4%	20.8%	27.4%	64.3%	31.2%											5.0%
YPG USA		**2.3**	**7.3**	**1.8**	**0.3**			**2.1**											
% margin		18.7%	15.3%	16.0%	15.9%			16.0%											
% growth																			
Canpages					**1.8**	**5.7**	**4.3**	**11.8**		**1.8**	**5.7**	**4.3**	**11.8**	**2.9**	**2.8**	**4.1**	**3.0**	**12.8**	**12.6**
% margin					20.5%	20.6%	20.7%	20.6%		15.3%	24.5%	33.9%	24.7%	21.0%	21.5%	22.0%	27.0%	22.6%	25.0%
% growth																			-1.5%
Enquiro, Ad Splash, UPTREND							**1.1**	**1.1**				**1.1**	**1.1**	**0.8**	**0.8**	**1.0**	**1.0**	**3.5**	**3.9**
% margin							20.0%	20.0%				20.0%	20.0%	8.0%	10.0%	12.0%	12.0%	10.4%	10.5%
% growth																			9.4%
Total EBITDA	**871.0**	**931.0**	**898.4**	**219.8**	**227.9**	**226.0**	**225.2**	**898.8**	**198.6**	**204.0**	**193.2**	**161.3**	**757.1**	**190.0**	**176.5**	**166.0**	**161.7**	**694.2**	**612.7**
% margin	53.5%	54.8%	54.4%	53.9%	54.2%	52.7%	53.3%	53.5%	58.5%	56.6%	54.3%	46.7%	54.0%	54.4%	51.5%	51.3%	52.2%	52.4%	51.5%
% growth	16.5%	6.9%	-3.5%	-2.7%	0.8%	-0.5%	2.7%	0.1%	-12.1%	-9.8%	-14.9%	-26.4%	-15.7%	-4.3%	-13.5%	-14.1%	0.2%	-8.3%	-11.7%
EBITDA Ex-rebranding & conversion costs									**202.2**	**211.9**	**197.7**	**193.8**	**805.6**						
% margin									59.6%	58.8%	55.5%	56.1%	57.5%						
% growth														-6.1%	-16.7%	-16.0%	-16.6%	-13.8%	

*In 2010, YLO reported segmented results ex-conversion/branding costs & in Q3/10 stopped adjusting for the elimination of the purchase accounting method (we restated our Q2/10 Directories EBITDA accordingly but not pre-2010).
Source: Company and National Bank Financial estimates.

Our $0.25 target implies EV/EBITDA multiples of nearly 3.7x our 2011 and 2012 estimates. At this point, we're talking nickels and dimes, but we'd highlight that our target was previously based on a multiple of 3.5x 2012E. Applying the latter to our updated forecast would point to a target closer to $0.10. We currently maintain our target.

We maintain our Underperform rating.

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