

23 July 2009

Yell Group plc financial report for the three months ended 30 June 2009

Revenue and EBITDA slightly ahead of guidance. Internet growth and strong cash generation continue.

- Revenue up 1.5% to £475.3 million; down 10.4% at constant exchange rates
- Online revenue up 21% at constant exchange rates to 21% of total revenue
- Adjusted EBITDA down 8.0% to £148.0 million; down 17.7% at constant exchange rates
- Operating cash flow up 27.6% to £205.1 million; up 10.9% at constant exchange rates. Cash conversion 138.6% (2008 – 99.9%)
- Free cash flow before payments of exceptionals was £129.6 million (2008 – £85.4 million)
- Adjusted diluted earnings per share down 43.2% to 4.6 pence; down 49.0% at constant exchange rates

Statutory results

Three months ended 30 June

£ millions, unless noted otherwise	2009	2008	Change %
Revenue	475.3	468.4	1.5
EBITDA *	148.0	154.8	(4.4)
Cash generated from operations	207.6	161.1	28.9
Free cash flow	118.6	74.9	58.3
Profit after tax**	14.9	36.2	(58.8)
Diluted earnings per share (pence)**	1.9	4.6	(58.7)

* EBITDA is reconciled to operating profit in note 3 to the financial information on page 16.

** Statutory earnings are reconciled to adjusted earnings in note 5 to the financial information on page 18. Differences arise from exceptional items and amortisation of acquired intangibles.

John Condron, Chief Executive Officer, said:

"In what remains a very difficult economic environment, our trading continues to outperform others in the media sector, reflecting the cost-effectiveness of our services in each of our channels.

Despite the recession, our internet usage and revenue continue to grow strongly, with the internet now 21% of our total Group revenue in the quarter with the UK even higher at 28%. We continue to drive traffic through search engine optimisation, marketing and enhanced service features.

In print, the economy is clearly placing pressure on customers' total spend but loyalty rates remain at a high level. We continue to expand our "proven value" programmes, demonstrating to customers the true benefit of using Yell's advertising channels.

Our relative resilience, increased market share and operating efficiency position us to benefit from economic recovery when it eventually arrives."

John Davis, Chief Financial Officer, said:

"We have delivered revenue and adjusted EBITDA marginally ahead of guidance and are seeing the expected benefit of last year's cost saving programme. The drop off in EBITDA results in a more pronounced decline in adjusted earnings per share.

Operating cash flow proved particularly strong, allowing us to maintain our covenant headroom at 16% and net debt at 4.7 times adjusted EBITDA. Net debt decreased by over £400 million to £3.8 billion, helped by the strengthening of sterling since the year end.

As announced at the end of June, the Group has embarked upon a process to comprehensively refinance its debt. This process is progressing as anticipated and is expected to take through to the autumn to complete."

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This news release contains forward-looking statements. These statements appear in a number of places in this news release and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, revenue, financial condition, liquidity, prospects, growth, strategies, new products, the level of new directory launches and the markets in which we operate. Readers are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and that actual results may differ materially from those in the forward-looking statements as a result of various factors. You should read pages 20 through 24 in Yell Group plc's annual report for the financial year ended 31 March 2009. We undertake no obligation publicly to update or revise any forward-looking statements, except as may be required by law.

A copy of this release can be accessed at:
www.yellgroup.com/announcements

Yell Group plc summary financial results (unaudited)

Three months ended 30 June	2009	2008	Change	
			Reporting currency	Constant currency ^(a)
£ millions, unless noted otherwise			%	%
Revenue ^(b)	475.3	468.4	1.5	(10.4)
Adjusted EBITDA ^{(b) (c)}	148.0	160.8	(8.0)	(17.7)
Margin	31.1%	34.3%		
Operating cash flow ^{(b) (d)}	205.1	160.7	27.6	10.9
Cash conversion ^{(b) (e)}	138.6%	99.9%		
Free cash flow, before exceptionals ^(f)	129.6	85.4	51.8	
Adjusted profit after tax ^(g)	36.6	62.9	(41.8)	(48.5)
Adjusted diluted earnings per share (pence) ^(g)	4.6p	8.1p	(43.2)	(49.0)
Effective average exchange rates:				
US Dollars: £1.00	\$1.57	\$1.97		
Euros: £1.00	€1.13	€1.26		

See end notes on page 8. End notes c through g provide an explanation of non-statutory figures along with references to where they are reconciled to statutory figures.

Group results

Overview

During this calendar year to date, the recession and associated uncertainty has markedly reduced the total volume of advertising spend across all media in each of the regions in which Yell operates. Despite our trading outperforming others in the media sector, this has inevitably continued to affect our revenues. Nevertheless, Yell delivered slightly ahead of guidance with revenue ^(b) at constant exchange rates down 10.4% and adjusted EBITDA ^{(b) (c)} at constant exchange rates down 17.7%. Strong cash management resulted in a 10.9% increase in operating cash flow ^{(b) (d)} at constant exchange rates.

Reported results reflect the benefit of the pound being weaker than it was during the first quarter last year. Revenue of £475.3 million was up 1.5%, adjusted EBITDA of £148.0 million was down 8.0% and operating cash flow of £205.1 million was up 27.6%.

Our internet businesses continued to grow, up 21% at constant exchange rates for the three months. Internet revenue accounted for 21% of our total revenues compared with 16% in the same period last year, albeit in a period when directories' revenues are relatively smaller than for the full year.

The cost savings from prior year efficiency programmes limited the EBITDA margin decrease to 3.2 percentage points, despite revenue declining 10.4%.

Cash conversion ^{(b) (e)} was up 38.7 percentage points to 138.6% reflecting good cash management, but also timing of payments and receipts around quarter end. Our free cash flow^(f), after all interest and tax payments and before payments of previously accrued exceptional items, increased 51.8% to £129.6 million, maintaining our net debt multiple at 4.7 times adjusted EBITDA when calculated at consistent exchange rates. Covenant headroom of 16% at 30 June 2009 reflected the particularly strong cash flows.

Group financial outlook

Yell is reiterating the guidance given on 30 June 2009. Yell's second quarter is historically a weaker quarter, with revenue growth typically between some 3 to 4 percentage points lower than the first quarter. Reflecting this and the reduction in total advertising market spend, at constant exchange rates, Yell expects revenues in the second quarter to be around 17% lower and EBITDA in the same period to be around 30% lower than the comparable period last year. Reported results will again reflect the benefit of the average exchange rates prevailing during the period. The average exchange rates during the three months ended 30 September 2008 were \$1.92:£1 and €1.26:£1. Covenant headroom at 30 September 2009 is expected to be around 7%.

Yell UK operating performance

Three months ended 30 June (unaudited)

	2009	2008	Change %
Revenue (£million) ^(b)	153.8	173.3	(11.3)
Adjusted EBITDA (£million) ^{(b) (c)}	60.4	68.8	(12.2)
Margin (%)	39.3	39.7	
<hr/>			
Total live advertisers at period end (thousands) ^(h)	444	480	(7.5)
Printed directories			
Revenue (£million)	105.2	127.3	(17.4)
Unique advertisers (thousands) ⁽ⁱ⁾	100	115	(13.0)
Directory editions published	29	29	
Unique advertiser retention rate (%) ⁽ⁱ⁾	71	73	
Revenue per unique advertiser (£)	1,052	1,107	(5.0)
Internet			
Revenue (£million)	42.8	39.4	8.6
Searchable advertisers at period end (thousands) ^(k)	215	210	2.4
Unique users for the month of period end (millions) ^(l)	10.4	9.0	15.6
Annualised (LTM) revenue per average searchable advertiser (£) ^(m)	785	712	10.3

See end notes on page 8.

Overall UK revenues were down by 11.3% in the quarter and EBITDA was down 12.2%. The adjusted EBITDA margin was relatively flat as the benefits of prior year efficiency programmes nearly offset the effect of declining revenue.

Driven by a 15.6% increase in unique users, Yell.com revenue grew by 8.6%. Internet revenues are now 28% of total UK revenues, up from 23% a year ago.

Printed directories revenue declined 17.4%. The acquisition of new print advertisers was not enough to offset those that were not retained. Overall printed directories' revenue per unique advertiser reflected cautious advertiser behaviour.

Yellowbook operating performance

Three months ended 30 June (unaudited)

	2009	2008	Change %
Revenue (\$million) ^(b)	368.5	400.7	(8.0)
Adjusted EBITDA (\$million) ^{(b) (c)}	106.9	117.6	(9.1)
Margin (%)	29.0	29.3	
Printed directories			
Revenue (\$million)	303.8	355.8	(14.6)
Unique advertisers (thousands) ⁽ⁱ⁾	141	164	(14.0)
Directory editions published	177	176	
Unique advertiser retention rate (%) ⁽ⁱ⁾	69	73	
Revenue per unique advertiser (\$)	2,155	2,170	(0.7)
Internet			
Revenue (\$million)	64.7	44.9	44.1
Searchable advertisers at period end (thousands) ^(k)	379	374	1.3
Unique visitors for month of period end (millions) ⁽ⁿ⁾	16.8	11.9	41.2
Annualised (LTM) revenue per average searchable advertiser (\$) ^(m)	650	366	77.6

See end notes on page 8.

The 8.0% revenue decline comprised:

- -7.8% organic; and
- -0.2% net rescheduling of publications.

The net organic decline of 7.8% comprised:

- +5.0% internet revenue, which grew 44.1%;
- +2.8% directory launches;
- -0.3% discontinued products; and
- -15.3% decline in same market print revenues.

Driven by a 41.2% increase in unique visitors, internet revenues grew by 44.1%. Internet revenues are 18% of total US revenues, up from 11% a year ago.

Print unique advertiser retention has come under pressure and the acquisition of new advertisers was not enough to offset those that were not retained. Average revenue per unique advertiser remained broadly flat with cautious advertiser behaviour being nearly offset by the retention of higher value advertisers.

The adjusted EBITDA margin was relatively flat compared with last year reflecting the decline in revenues, partially offset by the savings from prior year efficiency drives.

Yell Publicidad operating performance

Three months ended 30 June (unaudited)

	2009	2008	Change %
Revenue (€million) ^(b)	99.0	115.5	(14.3)
Adjusted EBITDA (€million) ^{(b) (c)}	22.4	40.6	(44.8)
Margin (%)	22.6	35.2	
Paginas Amarillas classified directories (Spain)			
Revenue (€million)	39.4	52.9	(25.5)
Unique advertisers (thousands) ⁽ⁱ⁾	69	78	(11.5)
Directory editions published	21	21	
Unique advertiser retention rate (%) ⁽ⁱ⁾	77	81	
Revenue per unique advertiser (€)	571	678	(15.8)
Internet (Spain)			
Revenue (€million)	13.5	11.8	14.4
Searchable advertisers at period end (thousands) ^(k)	126	173	(27.2)
Unique users for the month of period end (millions) ^(l)	6.6	5.7	15.8
Annualised (LTM) revenue per average searchable advertiser (€) ^(m)	392	179	119.0

See end notes to the above table on page 8.

Paginas Amarillas (our Spanish Yellow Pages directories) revenue declined 25.5% due to the economic pressures that led to a reduction in both retention and yield. This was partially offset by Spanish internet revenue, which grew 14.4% as we more fully monetised our strong usage. The unbundling programme (whereby we are charging separately for our print and internet products) has resulted in a significant increase in the annualised revenue per average searchable advertiser, which was partially offset by the decrease in searchable advertisers.

Revenue from Latin America at €14.1 million increased 19.5%, or increased 21.2% at constant exchange rates.

The adjusted EBITDA margin was down 12.6 percentage points on last year primarily reflecting the revenue decline, but also the increased investment in the quarter that was in excess of savings from prior year efficiency drives.

Statutory disclosures

A discussion of our risk management along with the principal risks and uncertainties that could affect our business activities or financial results is detailed on pages 20 - 24 of Yell Group plc's annual report for the financial year ended 31 March 2009, a copy of which is available on our website www.yellgroup.com.

End notes for pages 3 through 7.

- (a) Change at constant currency states the change in the current period compared with the previous period if the current period results were translated at the same exchange rates as those used to translate the results for the previous period.
 - (b) Revenue, adjusted EBITDA, operating cash flow and cash conversion are the key financial measures that we use to assess growth in the business and operational efficiencies.
 - (c) A reconciliation from operating profit to adjusted EBITDA is presented in note 3 to the financial information on page 16. Adjustments to EBITDA and profit after tax are explained in notes 5 and 6 to the financial information on pages 18 and 19. Adjustments to earnings per share are explained in note 5 to the financial information on page 18.
 - (d) Cash generated from operations before payments of exceptional costs, less capital expenditure. A reconciliation to cash generated from operations as presented in the cash flow statement is presented in note 9 on page 20.
 - (e) Operating cash flow as a percentage of adjusted EBITDA. A reconciliation to cash generated from operations as presented in the cash flow statement is presented in note 9 on page 20.
 - (f) Free cash flow is defined as operating cash flow less interest and tax payments.
 - (g) Adjusted profit after tax and adjusted diluted earnings per share are stated before exceptional items and amortisation of acquired intangibles, all net of related tax. A reconciliation to the related statutory figures is presented in note 5 to the financial information on page 18.
 - (h) The number of total live advertisers is a count of all unique advertisers at the date of the period end with a live advertisement, regardless of product. Total live advertisers cannot be used to calculate average revenue per advertiser, as the basis of measurement differs for each product and should not be aligned with revenue recognised in the current period.
 - (i) The number of unique advertisers in printed directories that were recognised for revenue purposes and have been billed. Unique advertisers are counted once only, regardless of the number of advertisements they purchase or the number of directories in which they advertise.
 - (j) Retention in the UK and Spain is based on the proportion of prior year unique advertisers who have renewed their advertising. In the US it is based on unique directory advertisers.
 - (k) Unique customers with a live contract at month end. These figures refer only to those advertisers for whom users can search. They exclude advertisers who purchase only products such as banners and domain names.
 - (l) The number of unique users who have visited Yell.com or PaginasAmarillas.es once or more often in the indicated month. Unique users are measured according to independently established industry standard measures.
 - (m) UK, US and Spain internet LTM revenue per average searchable advertiser is calculated by dividing the recognised revenue in the last twelve months by the average number of searchable advertisers in that period. The twelve month average numbers of searchable advertisers are as follows:
 - Yell.com 30 June 2009 – 214,000; 30 June 2008 – 207,000.
 - Yellowbook.com 30 June 2009 – 380,000; 30 June 2008 – 373,000.
 - PaginasAmarillas.es 30 June 2009 – 132,000; 30 June 2008 – 254,000.In the UK the revenue includes our netReach product, in the US our WebReach product, and in Spain our Europages product.
 - (n) The number of individuals who have visited the Yellowbook.com network at least once in the month shown. Our data provider, Comscore, counts individuals visiting all Yellowbook affiliated websites that display Yellowbook.com data.
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YELL GROUP PLC AND SUBSIDIARIES
UNAUDITED CONSOLIDATED INCOME STATEMENT

Three months ended 30 June

£ millions, unless noted otherwise	Notes	2009	2008
Revenue	2	475.3	468.4
Cost of sales		(198.5)	(192.3)
Gross profit		276.8	276.1
Distribution costs		(16.7)	(16.4)
Administrative expenses		(160.2)	(146.2)
Operating profit	3	99.9	113.5
Finance costs		(81.7)	(67.7)
Finance income		0.3	0.7
Net finance costs		(81.4)	(67.0)
Profit before taxation		18.5	46.5
Taxation	4	(3.6)	(10.3)
Profit for the financial period		14.9	36.2
Basic earnings per share (pence)	5	1.9	4.6
Diluted earnings per share (pence)	5	1.9	4.6

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Three months ended 30 June

£ millions	Notes	2009	2008
Profit for the financial period		14.9	36.2
Exchange loss on translation of foreign operations		(104.9)	(58.2)
Actuarial loss on defined benefit pension schemes	17	(78.6)	(50.4)
Gain in fair value of financial instruments used as hedges		22.7	89.7
Tax effect of net losses (gains) not recognised in the income statement	4	20.4	(15.4)
Comprehensive loss not recognised in the income statement		(140.4)	(34.3)
Total comprehensive (loss) income for the period		(125.5)	1.9

See notes to the financial information for additional details.

YELL GROUP PLC AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

Three months ended 30 June

£ millions	Notes	2009	2008
Net cash inflow from operating activities			
Cash generated from operations		207.6	161.1
Interest paid		(73.4)	(63.8)
Interest received		0.3	0.7
Net income tax paid		(2.4)	(12.2)
Net cash inflow from operating activities		<u>132.1</u>	<u>85.8</u>
Cash flows from investing activities			
Purchase of software, property, plant and equipment	7	(13.5)	(10.9)
Purchase of subsidiary undertakings and minority interest shares, net of cash acquired	8	(0.4)	(0.6)
Net cash outflow from investing activities		<u>(13.9)</u>	<u>(11.5)</u>
Cash flows from financing activities			
Purchase of own shares		-	(0.6)
Net payments on revolving and other short-term credit facilities		(47.6)	(70.9)
Net cash outflow from financing activities		<u>(47.6)</u>	<u>(71.5)</u>
Net increase in cash and cash equivalents		70.6	2.8
Cash and cash equivalents at beginning of the period		51.1	60.4
Exchange losses on cash and cash equivalents		(6.6)	(3.8)
Cash and cash equivalents at period end		<u>115.1</u>	<u>59.4</u>
CASH GENERATED FROM OPERATIONS			
Profit for the period		14.9	36.2
Adjustments for:			
Tax		3.6	10.3
Finance income		(0.3)	(0.7)
Finance costs		81.7	67.7
Depreciation of property, plant and equipment and amortisation of software		16.0	11.9
Amortisation of other acquired intangibles		32.1	29.4
Changes in working capital:			
Inventories and directories in development		(17.5)	(29.1)
Trade and other receivables		114.6	63.4
Trade and other payables		(41.6)	(31.9)
Share based payments and other		4.1	3.9
Cash generated from operations	9	<u>207.6</u>	<u>161.1</u>

See notes to the financial information for additional details.

YELL GROUP PLC AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2009 and 31 March 2009		Unaudited	Audited
£ millions	Notes	June	March
Non-current assets			
Goodwill	10	3,049.6	3,329.2
Other intangible assets	11	1,274.4	1,423.5
Property, plant and equipment	12	106.2	119.8
Deferred tax assets	13	145.4	142.6
Investment and other assets		5.6	6.5
Total non-current assets		4,581.2	5,021.6
Current assets			
Inventories		17.7	14.9
Directories in development		275.9	291.9
Trade and other receivables	14	918.0	1,132.8
Financial assets – derivative financial instruments		-	0.6
Cash and cash equivalents		115.1	51.1
Total current assets		1,326.7	1,491.3
Current liabilities			
Financial liabilities - loans and other borrowings	15	(313.0)	(381.7)
Financial liabilities – derivative financial instruments		(88.1)	(64.9)
UK Corporation and foreign income tax		(90.7)	(100.6)
Trade and other payables	16	(519.1)	(590.8)
Total current liabilities		(1,010.9)	(1,138.0)
Net current assets		315.8	353.3
Non-current liabilities			
Financial liabilities – loans and other borrowings	15	(3,563.7)	(3,876.6)
Financial liabilities – derivative financial instruments		(93.9)	(141.4)
Deferred tax liabilities	13	(559.6)	(624.8)
Retirement benefit obligations	17	(94.0)	(21.9)
Trade and other payables	16	(16.2)	(19.2)
Total non-current liabilities		(4,327.4)	(4,683.9)
Net assets		569.6	691.0
Capital and reserves attributable to equity shareholders			
Share capital		1,226.5	1,226.5
Other reserves		(7.4)	128.9
Accumulated deficit		(649.5)	(664.4)
Total equity		569.6	691.0

See notes to the financial information for additional details.

YELL GROUP PLC AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Three months ended 30 June 2009

£ millions	Attributable to equity shareholders			Total
	Share capital	Other reserves	Accumulated deficit ^(a)	
Balance at 31 March 2009	1,226.5	128.9	(664.4)	691.0
Profit on ordinary activities after taxation	-	-	14.9	14.9
Comprehensive loss not recognised in the income statement	-	(140.4)	-	(140.4)
Total recognised loss for the three months	-	(140.4)	14.9	(125.5)
Value of services provided in return for share based payments	-	4.1	-	4.1
	-	(136.3)	14.9	(121.4)
Balance at 30 June 2009	1,226.5	(7.4)	(649.5)	569.6

Three months ended 30 June 2008

£ millions	Attributable to equity shareholders			Total
	Share capital	Other reserves	Retained earnings ^(a)	
Balance at 31 March 2008	1,204.3	(61.9)	524.2	1,666.6
Profit on ordinary activities after taxation	-	-	36.2	36.2
Comprehensive loss not recognised in the income statement	-	(34.3)	-	(34.3)
Total recognised (expense) income for the period	-	(34.3)	36.2	1.9
Value of services provided in return for share based payments	-	3.9	-	3.9
Own shares purchased by ESOP trust	(0.6)	-	-	(0.6)
	(0.6)	(30.4)	36.2	5.2
Balance at 30 June 2008	1,203.7	(92.3)	560.4	1,671.8

^(a) Cumulative foreign currency gains attributable to equity shareholders at 30 June 2009 are £262.4 million (31 March 2009 – £367.3 million gain).

See notes to the financial information for additional details.

YELL GROUP PLC AND SUBSIDIARIES

UNAUDITED NOTES TO THE FINANCIAL INFORMATION

1. Basis of preparation and consolidation

The principal activity of Yell Group plc and its subsidiaries is publishing classified advertising directories in the United Kingdom, the United States, Spain, and certain countries in Latin America.

This unaudited condensed set of financial statements for the three months ended 30 June 2009 has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRSs") as set out in our annual report for the year ended 31 March 2009 and in accordance with the Listing Rules of the Financial Services Authority.

The financial information contained herein has been prepared on a going concern basis. The Group is currently in full compliance with the financial covenants contained in all of its borrowing agreements. However, as a consequence of the increasingly uncertain trading conditions there is a risk that the Group would need to reset its financial covenants with its lenders. Details of our covenants and our management of the risks associated with meeting those covenants are set out in our risk management disclosures in our 2009 annual report.

If the Group were required but not able to agree amendments to the covenants such that undertakings to the Group's lenders were breached, then the syndicate of lenders would have the right to demand immediate repayment of all amounts due to them, but only after a two-thirds majority vote for such action.

Whilst this eventuality would, if it arose, cast doubt on the future capital funding of the Group, the Group's cashflow forecasts show that in the remainder of this financial year interest payments will be fully met, with further cash generated to repay debt. For this reason the directors believe that adopting the going concern basis in preparing the consolidated financial statements is appropriate.

Nevertheless, the directors are making full disclosure, as required by accounting standards, to indicate the existence of a material uncertainty, which may cast significant doubt about the Group's ability to continue as a going concern. The financial information does not include the adjustments that would result if the Group were unable to continue as a going concern.

In the opinion of management, the financial information included herein includes all adjustments necessary for a fair presentation of the consolidated results, financial position and cash flows for each period presented.

YELL GROUP PLC AND SUBSIDIARIES

UNAUDITED NOTES TO THE FINANCIAL INFORMATION

1. Basis of preparation and consolidation (continued)

The unaudited financial information contained herein does not constitute statutory financial statements within the meaning of section 240 of the Companies Act 1985 (section 434 of the Companies Act 2006). The audit opinion on the statutory accounts for the year ended 31 March 2009 was unqualified, and contained an emphasis of matter paragraph on going concern. It did not contain any statement under section 237 of the Companies Act 1985 (section 498 of the Companies Act 2006).

The financial information herein should be read in conjunction with Yell's 2009 annual report published in June 2009, which includes the audited consolidated financial statements of Yell Group plc and its subsidiaries for the year ended 31 March 2009.

The preparation of the consolidated financial information requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial information and the reported amounts of income and expenditure during the period. Actual results could differ from those estimates. Estimates are used principally when accounting for doubtful debts, depreciation, retirement benefits, acquisitions and taxation.

YELL GROUP PLC AND SUBSIDIARIES

UNAUDITED NOTES TO THE FINANCIAL INFORMATION (continued)

2. Revenue

Three months ended 30 June

£ millions, unless noted otherwise	2009	2008	Change	
			Reporting currency	Constant currency ^(a)
			%	%
Yell UK ^(b)	153.8	173.3	(11.3)	(11.3)
Yellowbook ^(b)	234.2	203.5	15.1	(8.0)
Yell Publicidad ^(b)	87.3	91.6	(4.7)	(14.1)
Group revenue	475.3	468.4	1.5	(10.4)

^(a) Change at constant currency states the change in current period compared with the previous period as if the current period results were translated at the same exchange rates as those used to translate the results for the previous period.

^(b) Segments are determined by management reports used by the chief decision maker, which are based upon the location of responsible management.

3. Adjusted EBITDA and operating profit

Adjusted EBITDA ^(a)

Three months ended 30 June

£ millions, unless noted otherwise	2009	2008	Change	
			Reporting currency	Constant currency ^(b)
			%	%
Yell UK ^(c)	60.4	68.8	(12.2)	(12.2)
Yellowbook ^(c)	67.8	59.8	13.4	(9.1)
Yell Publicidad ^(c)	19.8	32.2	(38.5)	(45.3)
Group adjusted EBITDA	148.0	160.8	(8.0)	(17.7)

^(a) Adjusted EBITDA is a key income statement measure used by the chief decision maker to assess growth and operational efficiencies in the business.

^(b) Change at constant currency states the change in current period compared with the previous period as if the current period results were translated at the same exchange rates as those used to translate the results for the previous period.

^(c) Segments are determined by management reports used by the chief decision maker, which are based upon the location of responsible management.

YELL GROUP PLC AND SUBSIDIARIES

UNAUDITED NOTES TO THE FINANCIAL INFORMATION (continued)

3. Adjusted EBITDA and operating profit (continued)

Reconciliation of operating profit to adjusted EBITDA^(a)

Three months ended 30 June

£ millions, unless noted otherwise	2009	2008
Yell UK ^(b) operating profit	55.1	59.8
Depreciation and amortisation	<u>5.3</u>	<u>4.5</u>
Yell UK EBITDA	60.4	64.3
Exceptional items	<u>-</u>	<u>4.5</u>
Yell UK adjusted EBITDA	60.4	68.8
<i>Yell UK adjusted EBITDA margin</i>	39.3%	39.7%
Yellowbook USA ^(b) operating profit	54.1	49.2
Depreciation and amortisation	<u>13.7</u>	<u>10.6</u>
Yellowbook USA EBITDA	67.8	59.8
<i>Yellowbook USA EBITDA margin</i>	28.9%	29.4%
Exchange impact ^(c)	<u>(13.5)</u>	-
Yellowbook USA EBITDA at constant exchange rate ^(c)	54.3	59.8
Yell Publicidad ^(b) operating (loss) profit	(9.3)	4.5
Depreciation and amortisation	<u>29.1</u>	<u>26.2</u>
Yell Publicidad EBITDA	19.8	30.7
Exceptional items	<u>-</u>	<u>1.5</u>
Yell Publicidad adjusted EBITDA	19.8	32.2
<i>Yell Publicidad adjusted EBITDA margin</i>	22.7%	35.2%
Exchange impact ^(c)	<u>(2.2)</u>	-
Yell Publicidad adjusted EBITDA at constant exchange rate ^(c)	17.6	32.2
Group operating profit	99.9	113.5
Depreciation and amortisation	<u>48.1</u>	<u>41.3</u>
Group EBITDA	148.0	154.8
Exceptional items	<u>-</u>	<u>6.0</u>
Group adjusted EBITDA	148.0	160.8
<i>Group adjusted EBITDA margin</i>	31.1%	34.3%
Exchange impact ^(c)	<u>(15.7)</u>	-
Group adjusted EBITDA at constant exchange rates ^(c)	132.3	160.8

^(a) Adjusted EBITDA is a key income statement measure used by the chief decision maker to assess growth and operational efficiencies in the business.

^(b) Segments are determined by management reports used by the chief decision maker, which are based upon the location of responsible management. Details of exceptional items are set out in note 6.

^(c) Constant exchange rate states current period results at the same exchange rates as those used to translate the results for the previous period. Exchange impact is the difference between the results reported at constant exchange rates and the results reported using current period exchange rates.

We do not allocate interest or taxation charges by product or geographic segment.

YELL GROUP PLC AND SUBSIDIARIES

UNAUDITED NOTES TO THE FINANCIAL INFORMATION (continued)

4. Taxation

The tax charge for the period is different from the standard rate of corporation tax in the United Kingdom of 28% (2008 – 28%). The differences are explained below:

Three months ended 30 June		
£ millions	2009	2008
Profit before tax multiplied by the standard rate of corporation tax in the United Kingdom	5.2	13.0
Effects of:		
Adjustment in respect of prior years	(6.8)	(5.5)
Deferred tax assets not recognised	5.3	-
Differing tax rates on foreign earnings	(2.5)	(3.7)
Decrease in tax benefits on share based payments	-	2.2
Other	2.4	4.3
Tax charge on profit before tax	3.6	10.3
Effective tax rate on profit before tax	19.4%	22.2%

The tax on the Group's profit before tax is analysed as follows:

Three months ended 30 June		
£ millions	2009	2008
Current tax:		
Current year corporation tax	11.5	26.9
Adjustments in respect of prior years	(6.9)	(6.9)
	4.6	20.0
Deferred tax:		
Current year deferred tax	(1.1)	(11.1)
Adjustments in respect of prior years	0.1	1.4
Tax charge on profit before tax	3.6	10.3

Taxation credited (charged) directly to equity is as follows:

Three months ended 30 June		
£ millions	2009	2008
Deferred tax on actuarial losses	22.0	14.1
Deferred tax on fair valuations of financial instruments used as hedges	(1.6)	(29.5)
Total taxation recorded in equity	20.4	(15.4)

YELL GROUP PLC AND SUBSIDIARIES

UNAUDITED NOTES TO THE FINANCIAL INFORMATION (continued)

5. Earnings per share

The calculation of basic and diluted earnings per share is based on the profit for the relevant financial period and on the weighted average share capital during the period.

£ millions unless noted otherwise	Statutory	Exceptional items^(a)	Amortisation of acquired intangibles	Adjusted
Three months ended 30 June 2009				
EBITDA	148.0	-	-	148.0
Depreciation and amortisation	(48.1)	-	32.1	(16.0)
Net finance costs	(81.4)	-	-	(81.4)
Group profit before tax	18.5	-	32.1	50.6
Taxation	(3.6)	-	(10.4)	(14.0)
Group profit after tax	14.9	-	21.7	36.6
Weighted average number of issued ordinary shares (millions)	773.4			773.4
Basic earnings per share (pence)	1.9			4.7
Effect of share options (pence)	-			(0.1)
Diluted earnings per share (pence)	1.9			4.6
Three months ended 30 June 2008				
EBITDA	154.8	6.0	-	160.8
Depreciation and amortisation	(41.3)	-	29.4	(11.9)
Net finance costs	(67.0)	-	-	(67.0)
Group profit before tax	46.5	6.0	29.4	81.9
Taxation	(10.3)	0.5	(9.2)	(19.0)
Group profit after tax	36.2	6.5	20.2	62.9
Weighted average number of issued ordinary shares (millions)	781.1			781.1
Basic earnings per share (pence)	4.6			8.1
Effect of share options (pence)	-			-
Diluted earnings per share (pence)	4.6			8.1

^(a) Details of exceptional items are set out in note 6.

YELL GROUP PLC AND SUBSIDIARIES

UNAUDITED NOTES TO THE FINANCIAL INFORMATION (continued)

6. Exceptional items

Exceptional items are transactions which, by virtue of their incidence, size or a combination of both, are disclosed separately. Exceptional items comprise the following.

Three months ended 30 June		
£ millions	2009	2008
Yell UK restructuring programme	-	4.5
Yell Publicidad restructuring programme	-	1.5
Net exceptional expenses in Group profit before tax	-	6.0
Net tax credit on items above	-	(1.7)
Decrease in tax benefits on share based payments	-	2.2
Net exceptional expenses in Group profit after tax	-	6.5

7. Capital expenditure

Three months ended 30 June		
£ millions	2009	2008
Capital expenditure on software, property, plant and equipment	11.6	8.1
Decrease in accrued capital expenditure	1.9	2.8
Cash paid for capital expenditure	13.5	10.9

Proceeds on the sale of property, plant and equipment were £nil in the three months ended 30 June 2009 and 2008.

Capital expenditure committed at 30 June 2009 was £8.6 million (2008 - £10.7 million).

YELL GROUP PLC AND SUBSIDIARIES

UNAUDITED NOTES TO THE FINANCIAL INFORMATION (continued)

8. Acquisitions and disposals

Three months ended 30 June 2009

In the three months ended 30 June 2009, the Yell Group did not make any acquisitions.

Three months ended 30 June 2008

In the three months to 30 June 2008, the Yell Group paid £0.2 million for an in-fill acquisition in the US. Substantially the entire purchase price was allocated to goodwill, representing the value of expected future synergies, the workforce acquired and the expected future growth of the business.

Cash flow

A reconciliation of cash paid on acquisitions, including deferred payments for prior period acquisitions, to the cash flow on page 10 is as follows:

Three months ended 30 June		
£ millions	2009	2008
Cost of acquisitions in the period	-	0.2
Less cash acquired	-	-
Payments in period for amounts deferred on prior period acquisitions	<u>0.4</u>	<u>0.4</u>
Net cash outflow in period	<u>0.4</u>	<u>0.6</u>

9. Operating cash flow

The following table reconciles EBITDA, operating cash flow and cash conversion to cash generated from operations as presented on the cash flow statement on page 10.

Three months ended 30 June		
£ millions, unless noted otherwise	2009	2008
Adjusted EBITDA	148.0	160.8
Net exceptional expenses in EBITDA	-	(6.0)
Working capital movements and non-cash charges	<u>59.6</u>	<u>6.3</u>
Cash generated from operations (see page 10)	207.6	161.1
Add back payments of exceptional costs included in cash generated from operations	11.0	10.5
Purchase of software, property, plant and equipment (see note 7)	<u>(13.5)</u>	<u>(10.9)</u>
Operating cash flow	205.1	160.7
Adjusted EBITDA	<u>148.0</u>	<u>160.8</u>
Cash conversion	<u>138.6%</u>	<u>99.9%</u>

Free cash flow before payment of exceptional items (defined as operating cash flow less interest and tax payments) was £129.6 million, up 51.8% compared with £85.4 million in the same period last year.

YELL GROUP PLC AND SUBSIDIARIES

UNAUDITED NOTES TO THE FINANCIAL INFORMATION (continued)

10. Goodwill

At 30 June 2009 and 31 March 2009

£ millions	June	March
Opening net book value at 1 April 2009 and 2008	3,329.2	3,898.2
Acquisitions	-	5.7
Impairment	-	(1,272.3)
Currency movements	(279.6)	697.6
Net book value at period end	3,049.6	3,329.2

Goodwill is not amortised but is tested for impairment at least annually. During the year ended 31 March 2009, impairment losses of £1,103.9 million, £120.1 million, £40.8 million and £7.5 million on goodwill in relation to its operations in Spain, Chile, Argentina and Peru, respectively, were recorded. The goodwill in the UK and the US was not written down, because estimated recoverable amounts continued to be in excess of carrying values.

11. Other non-current intangible assets

At 30 June 2009 and 31 March 2009

£ millions	June	March
Opening net book value at 1 April 2009 and 2008	1,423.5	1,318.7
Acquisitions	-	1.9
Additions	7.0	32.9
Disposals and transfers	-	8.6
Amortisation	(39.9)	(152.0)
Currency movements	(116.2)	213.4
Net book value at period end	1,274.4	1,423.5

12. Property, plant and equipment

At 30 June 2009 and 31 March 2009

£ millions	June	March
Opening net book value at 1 April 2009 and 2008	119.8	99.2
Acquisitions	-	2.2
Additions	4.6	32.2
Disposals and transfers	(0.2)	(8.8)
Depreciation	(8.2)	(25.0)
Currency movements	(9.8)	20.0
Net book value at period end	106.2	119.8

YELL GROUP PLC AND SUBSIDIARIES

UNAUDITED NOTES TO THE FINANCIAL INFORMATION (continued)

13. Deferred tax assets and liabilities

The elements of deferred tax assets recognised in the accounts were as follows:

At 30 June 2009 and 31 March 2009		
£ millions	June	March
Tax effect of timing differences due to:		
Financial instruments	61.0	68.3
Defined benefit pension scheme	26.4	6.2
Bad debt provisions	25.0	30.0
Other allowances and accrued expenses	19.3	24.8
Depreciation	9.6	9.5
Share based payments	0.5	0.2
Recognised tax net operating losses	0.1	0.2
Other	3.5	3.4
Recognised deferred tax assets	145.4	142.6

The elements of deferred tax liabilities recognised in the accounts were as follows:

At 30 June 2009 and 31 March 2009		
£ millions	June	March
Tax effect of timing differences due to:		
Intangible assets	498.5	551.0
Deferred directory costs	46.2	54.7
Unremitted earnings	8.9	10.4
Financial instruments	0.1	-
Other	5.9	8.7
Recognised deferred tax liabilities	559.6	624.8

14. Trade and other receivables

At 30 June 2009 and 31 March 2009		
£ millions	June	March
Net trade receivables ^(a)	849.7	1,017.2
Net accrued income ^(a)	26.7	53.2
Other receivables	23.3	28.2
Prepayments	17.0	21.2
Prepaid corporation tax	1.3	13.0
Total trade and other receivables	918.0	1,132.8

^(a) The Group's trade receivables and accrued income are stated after deducting a provision of £173.1 million (March - £205.4 million).

YELL GROUP PLC AND SUBSIDIARIES

UNAUDITED NOTES TO THE FINANCIAL INFORMATION (continued)

15. Loans and other borrowings, net debt

At 30 June 2009 and 31 March 2009		
£ millions	June	March
Amounts falling due within one year		
Term loans under senior credit facilities ^(a)	281.4	299.7
Revolving loan under credit facilities (committed until April 2011)	-	40.3
Net obligations under finance leases and other short term borrowings	31.6	41.7
Total amounts falling due within one year	313.0	381.7
Amounts falling due after more than one year		
Term loans under senior credit facilities ^(a)	3,563.7	3,876.6
Net loans and other borrowings	3,876.7	4,258.3
Cash and cash equivalents	(115.1)	(51.1)
Net debt at end of period	3,761.6	4,207.2

^(a) Balances are shown net of deferred financing fees of £39.8 million (March - £48.9 million).

The movement in net debt for the three months ended 30 June 2009 arose as follows:

Net debt

Three months ended 30 June

£ millions	2009
At 31 March 2009	4,207.2
Currency movements	(336.5)
Operating cash flow	(205.1)
Interest and tax payments	75.5
Cash payments of exceptional costs	11.0
Purchase of subsidiary undertakings and minority interests, net of cash acquired	0.4
Amortisation of financing fees	9.1
At 30 June 2009	3,761.6

Our bank facilities are committed until 2011 and 2012 and contain covenants over net cash interest cover and debt cover. The net cash interest cover covenant requires that the ratio of adjusted EBITDA for the latest 12 month period to net cash interest payable for the latest 12 month period not fall below specific threshold ratios at specific test dates. The debt cover covenant requires that the ratio of net debt at the testing date to adjusted EBITDA for the latest 12 month period not exceed specific threshold ratios at specific test dates.

We operated within our debt covenants for the three months ended 30 June 2009 with headroom of 16% and 16% on the net cash interest cover ratio and debt cover ratio, respectively. Drawings on our £400 million revolving credit facility and other short term lines totalled £28.6 million at 30 June 2009.

Under the Articles of Association, the directors are required to ensure that the total of all amounts borrowed by group companies do not exceed five times capital and reserves. This ratio is currently exceeded following the significant goodwill impairment during the previous year. Resolutions to authorise the exceeding of this restriction in the Articles will be put to shareholders at the Annual General Meeting on 24 July 2009.

YELL GROUP PLC AND SUBSIDIARIES

UNAUDITED NOTES TO THE FINANCIAL INFORMATION (continued)

16. Trade and other payables

At 30 June 2009 and 31 March 2009

£ millions	June	March
Amounts falling due within one year		
Trade payables	68.7	77.6
Other taxation and social security	15.4	18.4
Accruals and other payables	189.9	224.0
Deferred income	245.1	270.8
Trade and other payables falling due within one year	519.1	590.8
Amounts falling due after more than one year		
Trade payables	10.8	13.0
Accruals and other payables	5.4	6.2
Trade and other payables falling due after more than one year	16.2	19.2
Total trade and other payables	535.3	610.0

17. Retirement benefits

At 30 June 2009 and 31 March 2009

£ millions	June	March
Net retirement benefits		
(obligation) surplus at 1 April 2009 and 2008	(21.9)	14.0
Net actuarial loss on defined benefit pension schemes ^(a)	(78.6)	(31.6)
Contributions in excess of (less than) charges	6.5	(4.3)
Net movement in retirement benefits obligation	(72.1)	(35.9)
Net retirement benefits obligation at period end	(94.0)	(21.9)

^(a) The loss in the three months ended 30 June 2009 was largely due to a decrease in real interest rates, and in the year ended 31 March 2009 was largely the result of the effect of increased mortality rates and decreased asset values net of the effect of increased real interest rates and decreased number of active members.

YELL GROUP PLC AND SUBSIDIARIES

UNAUDITED NOTES TO THE FINANCIAL INFORMATION (continued)

18. Litigation

A lawsuit filed by Verizon was settled in October 2004. Yellowbook was later served with complaints filed as class actions in five US states and the District of Columbia. In these actions, the plaintiffs alleged violations of consumer protection legislation and placed reliance on findings of the court in the settled Verizon suit. These class actions were consolidated into a single class action before a New Jersey state court. In the year ended 31 March 2005, Yell Group accrued \$45 million as a prudent estimate of the likely costs arising from the class action.

On 26 August 2005, the New Jersey court approved a comprehensive national settlement, with no admission of liability. However, several appeals were subsequently lodged against the approved settlement, the most significant of which were resolved as of 30 June 2007. With resolution of these appeals, Yellowbook was able to reassess the likely costs of the settlement, and Yell Group reversed \$23.6 million (£11.8 million) of the originally accrued settlement obligation as an exceptional credit through the income statement in the year ended 31 March 2008.

We reversed a further \$12.7 million (£8.9 million) of the obligation as an exceptional credit in the year ended 31 March 2009.

At 30 June 2009, we have remaining \$4.6 million of accrued settlement obligation representing our best estimate of the remaining amounts to be settled.

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NOTES TO EDITORS

Yell Group

Yell is a leading international directories business operating in classified advertising markets in the UK, US, Spain and certain countries in Latin America through printed, online and telephone-based media.

In the year ended 31 March 2009, Yell published 113 directories in the United Kingdom, 996 in the United States, and 89 Paginas Amarillas directories in Spain. In the United Kingdom, where it is a leading player in the classified advertising market, it served 390,000 unique advertisers. In the United States, where it is the leading independent directories business, it served 634,000 unique advertisers. In Spain, the Paginas Amarillas directories served 285,000 unique advertisers.

Yell's principal brands include: in the United Kingdom - Yellow Pages, Yell.com and Yellow Pages 118 24 7; in the United States - Yellowbook and Yellowbook.com; and in Spain - Paginas Amarillas and PaginasAmarillas.es. All these brands are trade marks.
