



4 February 2010

Yell Group plc financial report for the nine months ended 31 December 2009

**Performance slightly ahead of expectations. Declines stabilising.
Very strong cashflow continues.**

- Revenue down 8.0% to £1,522.9 million; down 13.3% at constant exchange rates
- Online revenue up 13.5% at constant exchange rates to 20% of total revenue
- Adjusted EBITDA down 16.5% to £476.5 million; down 20.5% at constant exchange rates
- Operating cash flow up 11.1% to £567.4 million; up 3.8% at constant exchange rates. Cash conversion 119.1% (2008 – 89.5%)
- Free cash flow before payments of exceptionals was £336.3 million (2008 – £270.0 million)
- Adjusted diluted earnings per share down 53.7% to 11.3 pence

Statutory results (unaudited)

Nine months ended 31 December

£ millions, unless noted otherwise	2009	2008	Change
			%
Revenue	1,522.9	1,655.1	(8.0)
EBITDA *	476.5	518.7	(8.1)
Cash generated from operations	582.4	512.9	13.6
Free cash flow	293.1	231.5	26.6
Profit after tax**	47.6	124.8	(61.9)
Diluted earnings per share (pence)**	4.4	13.4	(67.2)

* 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 Condon, Chief Executive Officer, said:

“While the economic pressures remain, we continue to see early signs that the rate of revenue decline is stabilising and this quarter has again delivered revenue slightly above guidance. The fact that our usage and retention rates remain relatively resilient gives us confidence for the future and we continue to invest in our products and sales teams to ensure we are best placed to help our customers grow when the economy recovers.”

John Davis, Chief Financial Officer, said:

“Our focus on costs has enabled us to limit the full impact of the revenue decline and we continue to expect at least £600m of adjusted EBITDA for the full year, whilst still investing in the business. Our cash generation remains extremely strong, with free cash flow up almost 25% to £336 million before payment of exceptionals.”

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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. Readers are advised to 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)

Nine months ended 31 December			Change	
£ millions, unless noted otherwise	2009	2008	Reporting currency %	Constant currency ^(a) %
Revenue ^(b)	1,522.9	1,655.1	(8.0)	(13.3)
Adjusted EBITDA ^{(b) (c)}	476.5	570.5	(16.5)	(20.5)
Margin	31.3%	34.5%		
Operating cash flow ^{(b) (d)}	567.4	510.7	11.1	3.8
Cash conversion ^{(b) (e)}	119.1%	89.5%		
Free cash flow, before exceptionals ^(f)	336.3	270.0	24.6	
Adjusted profit after tax ^(g)	123.4	227.0	(45.6)	
Adjusted diluted earnings per share (pence) ^(g)	11.3	24.4	(53.7)	
Effective average exchange rates:				
US Dollars: £1.00	1.61	1.77		
Euros: £1.00	1.13	1.23		

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

Revenue^(b) was down 13.3% at constant exchange rates for the three months ended 31 December 2009, ahead of the 16% guided decline.

For the nine months, revenue at constant exchange rates was down 13.3% and adjusted EBITDA ^{(b) (c)} at constant exchange rates was down 20.5%. The EBITDA margin decreased by 3.2 percentage points to 31.3% as the benefit of our cost savings partially offset the declining revenue and continued investment for future recovery.

Our internet businesses continued to grow, up 13.5% at constant exchange rates for the nine months. Internet revenue accounted for 20% of our total revenues compared with 15% in the same period last year.

The release of working capital from the reduction in revenue coupled with good cash management has resulted in a 3.8% increase in operating cash flow ^{(b) (d)} at constant exchange rates, despite the lower adjusted EBITDA. Cash conversion ^{(b) (e)} was up 29.6 percentage points to 119.1%.

Our free cash flow^(f), after interest and tax payments and excluding payments of previously accrued exceptional items and exceptional interest incurred on refinancing, increased 24.6% to £336.3 million.

On 30 November 2009 the Group completed a firm placing and a placing and open offer of shares that raised net proceeds of £559 million to prepay those lenders who had agreed to a debt extension to 2014. More than 95% of lenders (by value) had agreed to the extension. The remaining lenders will be repaid in accordance with the original lending terms. The Group's net debt at £3.0 billion was down £1.2 billion from 31 March 2009 with strong cash generation and favourable foreign exchange rate movements adding to the £559 million net proceeds from raising equity.

Group financial outlook

We are beginning to see some confidence return in our current sales canvasses which will be reflected for the first time in our reported results for the three months ending 30 June 2010. Revenue in the three months ending 31 March 2010 is largely sold and we expect it to decline by 16% at constant currency, reflecting the traditionally slower relative growth of books in that quarter and continuing effect of the economic slowdown during the relevant selling period on both print and internet revenues. We expect EBITDA for the full year ending 31 March 2010 to be at least £600 million as we continue investing for future growth for when the economy in each of our markets begins to recover.

Yell UK operating performance

Nine months ended 31 December (unaudited)

	2009	2008	Change %
Revenue (£million) ^(b)	446.6	507.7	(12.0)
Adjusted EBITDA (£million) ^{(b) (c)}	174.8	193.5	(9.7)
Margin (%)	39.1	38.1	
<hr/>			
Total live advertisers at period end (thousands) ^(h)	419	465	(9.9)
Printed directories			
Revenue (£million)	297.4	367.4	(19.1)
Unique advertisers (thousands) ⁽ⁱ⁾	247	287	(13.9)
Directory editions published	74	76	
Unique advertiser retention rate (%) ⁽ⁱ⁾	71	73	
Revenue per unique advertiser (£)	1,204	1,280	(5.9)
Internet			
Revenue (£million)	132.4	122.3	8.3
Searchable advertisers at period end (thousands) ^(k)	208	217	(4.1)
Unique users for the month of period end (millions) ^(l)	7.9	8.7	(9.2)
Annualised (LTM) revenue per average searchable advertiser (£) ^(m)	816	758	7.7

See end notes on page 8.

Economic pressures continue to affect both print and internet revenues as well as customer numbers. Print customer retention rates in the three months ended 31 December 2009 were broadly at the same level as the comparable period last year with the 2 percentage point reduction in the nine months occurring in the first half of this year. Loyalty rates and spend among new print customers have historically been lower than among customers who have been with Yell for some years. Therefore we have been intentionally acquiring fewer new customers, as we concentrate on core Yellow Pages advertisers.

Internet revenues continue to grow and represent almost 30% of total UK revenues compared to 24% last year. Our intentional focus on acquiring more relevant searches for our advertisers, at the expense of volume, caused unique internet users to fall in December.

The improved margin reflects our focus on cost management, which has enabled us to limit the full effect of the revenue decline on EBITDA.

Yellowbook operating performance

Nine months ended 31 December (unaudited)

	2009	2008	Change %
Revenue (\$million) ^(b)	1,213.8	1,399.0	(13.2)
Adjusted EBITDA (\$million) ^{(b) (c)}	324.1	403.8	(19.7)
Margin (%)	26.7	28.9	
Printed directories			
Revenue (\$million)	1,017.2	1,233.5	(17.5)
Unique advertisers (thousands) ⁽ⁱ⁾	414	484	(14.5)
Directory editions published	683	682	
Unique advertiser retention rate (%) ⁽ⁱ⁾	68	70	
Revenue per unique advertiser (\$)	2,457	2,549	(3.6)
Internet			
Revenue (\$million)	196.6	165.5	18.8
Searchable advertisers at period end (thousands) ^(k)	356	387	(8.0)
Unique visitors for month of period end (millions) ⁽ⁿ⁾	20.3	15.7	29.3
Annualised (LTM) revenue per average searchable advertiser (\$) ^(m)	698	527	32.4

See end notes on page 8.

The economic situation continues to put pressure on both our internet and print revenues and customer numbers. The reduction in our print customer retention rate slowed in the third quarter and, as in the UK, the declining customer base reflected the intentional acquisition of fewer new customers, as we concentrated on our core advertisers.

Internet revenues now represent over 16% of total US revenues up from 12% last year with future growth built on the foundation of continuing strong growth in unique visitors.

Our focus on cost management has enabled us to limit the full effect of the revenue decline on EBITDA.

Yell Publicidad operating performance

Nine months ended 31 December (unaudited)

	2009	2008	Change %
Revenue (€million) ^(b)	366.4	439.6	(16.7)
Adjusted EBITDA (€million) ^{(b) (c)}	113.5	181.4	(37.4)
Margin (%)	31.0	41.3	
Paginas Amarillas classified directories (Spain)			
Revenue (€million)	132.8	185.7	(28.5)
Unique advertisers (thousands) ⁽ⁱ⁾	196	223	(12.1)
Directory editions published	64	66	
Unique advertiser retention rate (%) ⁽ⁱ⁾	77	79	
Revenue per unique advertiser (€)	678	833	(18.6)
Internet (Spain)			
Revenue (€million)	43.2	36.3	19.0
Searchable advertisers at period end (thousands) ^(k)	146	107	36.4
Unique users for the month of period end (millions) ^(l)	5.8	5.4	7.4
Annualised (LTM) revenue per average searchable advertiser (€) ^(m)	452	261	73.2

See end notes to the above table on page 8.

Economic pressures have severely affected the Spanish marketplace and have driven a significant reduction in print advertisers and yield. As in the UK and US however the deterioration in retention rates slowed during the third quarter. The negative effect on print revenues was partially offset by strongly improved internet revenues, which grew 19.0% as we more fully monetised the increasing internet usage and the benefits of the unbundling programme (whereby we are charging separately for our print and internet products).

Revenue from Latin America at €92.2 million decreased 5.6%, but increased 1.8% at constant exchange rates.

The adjusted EBITDA margin was down 10.3 percentage points on last year. This reflected a combination of declining revenue and increased investment in the nine months partially offset by the savings from cost cutting initiatives.

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 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) 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 22.
 - (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 22.
 - (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. The adjusted diluted earnings per share for the nine months ended 31 December 2008 have been restated and the adjusted diluted earnings per share for the nine months ended 31 December 2009 have been adjusted to reflect an adjustment to outstanding shares arising from the discount in the firm placing and the placing and open offer of shares on 30 November 2009 as though the adjustment was effective on 1 April 2008.
 - (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 31 December 2009 – 214,000; 31 December 2008 – 211,000.
 - Yellowbook.com 31 December 2009 – 377,000; 31 December 2008 – 381,000.
 - PaginasAmarillas.es 31 December 2009 – 126,000; 31 December 2008 – 183,000.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

Nine months ended 31 December

£ millions, unless noted otherwise	Notes	2009	2008
Revenue	2	1,522.9	1,655.1
Cost of sales		(661.5)	(699.9)
Gross profit		861.4	955.2
Distribution costs		(57.9)	(61.1)
Administrative expenses		(467.7)	(504.1)
Operating profit	3	335.8	390.0
Finance costs		(261.3)	(216.9)
Finance income		0.6	2.2
Net finance costs		(260.7)	(214.7)
Profit before taxation		75.1	175.3
Taxation	4	(27.5)	(50.5)
Profit for the financial period		47.6	124.8
Basic earnings per share (pence)	5	4.4	13.6
Diluted earnings per share (pence)	5	4.4	13.4

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Nine months ended 31 December

£ millions	Notes	2009	2008
Profit for the financial period		47.6	124.8
Exchange (loss) gain on translation of foreign operations		(75.2)	374.7
Actuarial loss on defined benefit pension schemes	17	(85.6)	(20.0)
Gain (loss) in fair value of financial instruments used as hedges		89.3	(116.3)
Tax effect of net (gains) losses not recognised in the income statement	4	(1.4)	28.7
Comprehensive (loss) income not recognised in the income statement		(72.9)	267.1
Total comprehensive (loss) income for the period		(25.3)	391.9

See notes to the financial information for additional details.

YELL GROUP PLC AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

Nine months ended 31 December

£ millions	Notes	2009	2008
Net cash inflow from operating activities			
Cash generated from operations		582.4	512.9
Interest paid		(238.3)	(201.8)
Interest received		0.6	2.2
Net income tax paid		(10.6)	(41.1)
Net cash inflow from operating activities		<u>334.1</u>	<u>272.2</u>
Cash flows from investing activities			
Purchase of software, property, plant and equipment	7	(41.0)	(40.7)
Purchase of subsidiary undertakings, net of cash acquired	8	(3.4)	(8.3)
Net cash outflow from investing activities		<u>(44.4)</u>	<u>(49.0)</u>
Cash flows from financing activities			
Net proceeds from share placing		634.9	-
Purchase of own shares		(5.3)	(7.7)
Net (payments) borrowings on revolving and other short-term credit facilities		(52.4)	(33.6)
Repayment of borrowings		(712.7)	(111.9)
Financing fees paid on refinancing		(58.4)	-
Financing fees paid on covenant reset		-	(23.7)
Dividends paid to company's shareholders		-	(44.3)
Net cash outflow from financing activities		<u>(193.9)</u>	<u>(221.2)</u>
Net increase in cash and cash equivalents		95.8	2.0
Cash and cash equivalents at beginning of the period		51.1	60.4
Exchange (losses) gains on cash and cash equivalents		(5.5)	10.0
Cash and cash equivalents at period end		<u>141.4</u>	<u>72.4</u>

CASH GENERATED FROM OPERATIONS

Profit for the period		47.6	124.8
Adjustments for:			
Tax		27.5	50.5
Finance income		(0.6)	(2.2)
Finance costs		261.3	216.9
Depreciation of property, plant and equipment and amortisation of software		45.6	38.4
Amortisation of other acquired intangibles		95.1	90.3
Changes in working capital:			
Inventories and directories in development		(7.3)	(28.7)
Trade and other receivables		124.9	71.7
Trade and other payables		(22.0)	(75.4)
Share based payments and other		10.3	26.6
Cash generated from operations	9	<u>582.4</u>	<u>512.9</u>

See notes to the financial information for additional details.

YELL GROUP PLC AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2009 and 31 March 2009		Unaudited	Audited
£ millions	Notes	December	March
Non-current assets			
Goodwill	10	3,102.5	3,329.2
Other intangible assets	11	1,271.7	1,423.5
Property, plant and equipment	12	100.9	119.8
Deferred tax assets	13	124.6	142.6
Investment and other assets		7.3	6.5
Financial assets – derivative financial instruments		0.7	-
Total non-current assets		4,607.7	5,021.6
Current assets			
Inventories		17.4	14.9
Directories in development		272.4	291.9
Trade and other receivables	14	932.7	1,132.8
Financial assets – derivative financial instruments		0.1	0.6
Cash and cash equivalents		141.4	51.1
Total current assets		1,364.0	1,491.3
Current liabilities			
Financial liabilities - loans and other borrowings	15	(41.1)	(381.7)
Financial liabilities – derivative financial instruments		(94.7)	(64.9)
UK Corporation and foreign income tax		(106.5)	(100.6)
Trade and other payables	16	(581.6)	(590.8)
Total current liabilities		(823.9)	(1,138.0)
Net current assets		540.1	353.3
Non-current liabilities			
Financial liabilities – loans and other borrowings	15	(3,138.1)	(3,876.6)
Financial liabilities – derivative financial instruments		(20.8)	(141.4)
Deferred tax liabilities	13	(577.2)	(624.8)
Retirement benefit obligations	17	(91.6)	(21.9)
Trade and other payables	16	(14.5)	(19.2)
Total non-current liabilities		(3,842.2)	(4,683.9)
Net assets		1,305.6	691.0
Capital and reserves attributable to equity shareholders			
Share capital		1,857.3	1,226.5
Other reserves		65.1	128.9
Accumulated deficit		(616.8)	(664.4)
Total equity		1,305.6	691.0

See notes to the financial information for additional details.

YELL GROUP PLC AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Nine months ended 31 December 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	-	-	47.6	47.6
Comprehensive loss not recognised in the income statement	-	(72.9)	-	(72.9)
Total recognised (loss) income for the nine months	-	(72.9)	47.6	(25.3)
Value of services provided in return for share based payments	-	10.3	-	10.3
Share placing	634.9	-	-	634.9
Own shares purchased by ESOP trust	(5.3)	-	-	(5.3)
Shares sold by SIP trust at a loss	1.2	(1.2)	-	-
	630.8	(63.8)	47.6	614.6
Balance at 31 December 2009	1,857.3	65.1	(616.8)	1,305.6

Nine months ended 31 December 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	-	-	124.8	124.8
Comprehensive income not recognised in the income statement	-	267.1	-	267.1
Total recognised income for the period	-	267.1	124.8	391.9
Value of services provided in return for share based payments	-	26.6	-	26.6
Treasury shares issued to employees	-	0.8	(0.8)	-
Own shares purchased by ESOP trust	(7.7)	-	-	(7.7)
Dividends paid to equity shareholders	-	-	(44.3)	(44.3)
	(7.7)	294.5	79.7	366.5
Balance at 31 December 2008	1,196.6	232.6	603.9	2,033.1

^(a) Cumulative foreign currency gains attributable to equity shareholders at 31 December 2009 are £292.1 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 the sale of advertising in, and publishing of, its print and online directory products and services in the United Kingdom, the United States, Spain and certain countries in Latin America.

This unaudited condensed set of financial statements for the nine months ended 31 December 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. 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.

The unaudited financial information contained herein does not constitute statutory financial statements within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 March 2009 were approved by the Board of Directors on 4 June 2009 and delivered to the Registrar of Companies. 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 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.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

YELL GROUP PLC AND SUBSIDIARIES

UNAUDITED NOTES TO THE FINANCIAL INFORMATION

1. Basis of preparation and consolidation (continued)

The financial statements for the year ending 31 March 2010 are not expected to be materially affected by implementation of new standards, amendments to standards, or interpretations, except for the following amendments to standards that are mandatory for the first time for the financial year beginning 1 April 2009:

IAS 1 (revised), Presentation of financial statements prohibits the presentation of items of income and expenses (that is 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All 'non-owner changes in equity' are required to be shown in a performance statement. The group has elected to present two statements: an income statement and a statement of comprehensive income. The interim financial statements have been prepared under the revised disclosure requirements.

YELL GROUP PLC AND SUBSIDIARIES

UNAUDITED NOTES TO THE FINANCIAL INFORMATION (continued)

2. Revenue

Nine months ended 31 December

£ millions, unless noted otherwise	2009	2008	Change	
			Reporting currency	Constant currency ^(a)
			%	%
Yell UK ^(b)	446.6	507.7	(12.0)	(12.0)
Yellowbook ^(b)	750.1	789.0	(4.9)	(13.2)
Yell Publicidad ^(b)	326.2	358.4	(9.0)	(15.0)
Group revenue	1,522.9	1,655.1	(8.0)	(13.3)

^(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)

Nine months ended 31 December

£ millions, unless noted otherwise	2009	2008	Change	
			Reporting currency	Constant currency ^(b)
			%	%
Yell UK ^(c)	174.8	193.5	(9.7)	(9.7)
Yellowbook ^(c)	200.3	228.6	(12.4)	(19.7)
Yell Publicidad ^(c)	101.4	148.4	(31.7)	(35.8)
Group adjusted EBITDA	476.5	570.5	(16.5)	(20.5)

^(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)

Nine months ended 31 December

£ millions, unless noted otherwise	2009	2008
Yell UK ^(b) operating profit	158.7	160.1
Depreciation and amortisation	<u>16.1</u>	<u>14.5</u>
Yell UK EBITDA	174.8	174.6
Exceptional items ^(b)	<u>-</u>	<u>18.9</u>
Yell UK adjusted EBITDA	174.8	193.5
<i>Yell UK adjusted EBITDA margin</i>	39.1%	38.1%
Yellowbook ^(b) operating profit	159.6	184.9
Depreciation and amortisation	<u>40.7</u>	<u>34.0</u>
Yellowbook EBITDA and adjusted EBITDA	200.3	218.9
Exceptional items ^(b)	<u>-</u>	<u>9.7</u>
Yellowbook adjusted EBITDA	200.3	228.6
<i>Yellowbook adjusted EBITDA margin</i>	26.7%	29.0%
Exchange impact ^(c)	<u>(16.8)</u>	-
Yellowbook EBITDA at constant exchange rate ^(c)	183.5	228.6
Yell Publicidad ^(b) operating profit	17.5	45.0
Depreciation and amortisation	<u>83.9</u>	<u>80.2</u>
Yell Publicidad EBITDA	101.4	125.2
Exceptional items ^(b)	<u>-</u>	<u>23.2</u>
Yell Publicidad adjusted EBITDA	101.4	148.4
<i>Yell Publicidad adjusted EBITDA margin</i>	31.1%	41.4%
Exchange impact ^(c)	<u>(6.1)</u>	-
Yell Publicidad adjusted EBITDA at constant exchange rate ^(c)	95.3	148.4
Group operating profit	335.8	390.0
Depreciation and amortisation	<u>140.7</u>	<u>128.7</u>
Group EBITDA	476.5	518.7
Exceptional items ^(b)	<u>-</u>	<u>51.8</u>
Group adjusted EBITDA	476.5	570.5
<i>Group adjusted EBITDA margin</i>	31.3%	34.5%
Exchange impact ^(c)	<u>(22.9)</u>	-
Group adjusted EBITDA at constant exchange rates ^(c)	453.6	570.5

^(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:

Nine months ended 31 December		
£ millions, unless noted otherwise	2009	2008
Profit before tax multiplied by the standard rate of corporation tax in the United Kingdom	21.0	49.1
Effects of:		
Adjustment in respect of prior years	(7.4)	(5.6)
Differing tax rates on foreign earnings	11.3	2.2
Decrease in tax benefits on share based payments	-	0.8
Other	2.6	4.0
Tax charge on profit before tax	27.5	50.5
Effective tax rate on profit before tax	36.6%	28.8%

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

Nine months ended 31 December		
£ millions	2009	2008
Current tax:		
Current year corporation tax	35.1	62.1
Adjustments in respect of prior years	(4.9)	1.1
	30.2	63.2
Deferred tax:		
Current year deferred tax	(0.2)	(6.0)
Adjustments in respect of prior years	(2.5)	(6.7)
Tax charge on profit before tax	27.5	50.5

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

Nine months ended 31 December		
£ millions	2009	2008
Deferred tax on actuarial losses	24.0	5.6
Deferred tax on fair valuations of financial instruments used as hedges	(25.4)	23.1
Total taxation recorded in equity	(1.4)	28.7

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
Nine months ended 31 December 2009				
EBITDA	476.5	-	-	476.5
Depreciation and amortisation	(140.7)	-	95.1	(45.6)
Net finance costs	(260.7)	17.2	-	(243.5)
Group profit before tax	75.1	17.2	95.1	187.4
Taxation	(27.5)	(5.7)	(30.8)	(64.0)
Group profit after tax	47.6	11.5	64.3	123.4
Weighted average number of issued ordinary shares (millions) ^(b)	1,080.9			1,080.9
Basic earnings per share (pence)	4.4			11.4
Effect of share options (pence)	-			(0.1)
Diluted earnings per share (pence)	4.4			11.3
Nine months ended 31 December 2008				
EBITDA	518.7	51.8	-	570.5
Depreciation and amortisation	(128.7)	-	90.3	(38.4)
Net finance costs	(214.7)	-	-	(214.7)
Group profit before tax	175.3	51.8	90.3	317.4
Taxation	(50.5)	(10.6)	(29.3)	(90.4)
Group profit after tax	124.8	41.2	61.0	227.0
Weighted average number of issued ordinary shares (millions) restated ^(b)	920.2			920.2
Basic earnings per share (pence) restated^(b)	13.6			24.7
Effect of share options (pence) restated	(0.2)			(0.3)
Diluted earnings per share (pence) restated^(b)	13.4			24.4

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

^(b) The basic and diluted earnings per share reflect the firm placing of 785.9 million shares and the placing and open offer of 785.9 million shares on 30 November 2009. The basic earnings per share and adjusted diluted earnings per share for the nine months ended 31 December 2008 have been restated and the basic earnings per share and adjusted diluted earnings per share for the nine months ended 31 December 2009 have been adjusted to reflect an adjustment to outstanding shares arising from the discount in the firm placing and the placing and open offer of shares on 30 November 2009 as though the adjustment was effective on 1 April 2008. The balance of the equity raising was taken into account from 30 November 2009.

YELL GROUP PLC AND SUBSIDIARIES

UNAUDITED NOTES TO THE FINANCIAL INFORMATION (continued)

6. Exceptional items

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

Nine months ended 31 December

£ millions	2009	2008
Yell UK restructuring programme	-	14.2
Yellowbook restructuring programme	-	1.3
Yell Publicidad restructuring programme	-	22.0
Accelerated share plan costs	-	14.3
Costs of breaking interest rate hedge contracts to avoid overhedged position after refinancing	17.2	-
Net exceptional expenses in Group profit before tax	17.2	51.8
Net tax credit on items above	(5.7)	(11.4)
Decrease in tax benefits on share based payments	-	0.8
Net exceptional expenses in Group profit after tax	11.5	41.2

7. Capital expenditure

Nine months ended 31 December

£ millions	2009	2008
Capital expenditure on software, property, plant and equipment	38.4	37.2
Decrease in accrued capital expenditure	2.6	3.5
Cash paid for capital expenditure	41.0	40.7

Proceeds on the sale of property, plant and equipment were £nil in the nine months ended 31 December 2009 and 2008.

Capital expenditure committed at 31 December 2009 was £12.2 million (31 March 2009 - £11.8 million).

YELL GROUP PLC AND SUBSIDIARIES

UNAUDITED NOTES TO THE FINANCIAL INFORMATION (continued)

8. Acquisitions and disposals

Nine months ended 31 December 2009

In the nine months ended 31 December 2009, the Yell Group acquired an in-fill acquisition in the US for £3.0 million. Total costs were allocated to the acquired assets and liabilities as follows:

£ millions	Acquiree's carrying amount	Provisional fair value adjustments	Provisional fair value
Non current assets			
Other intangible assets	-	2.0	2.0
Total non current assets	<u>-</u>	<u>2.0</u>	<u>2.0</u>
Current assets			
Directories in development	0.7	0.9	1.6
Trade and other receivables	0.6	(0.2)	0.4
Total current assets	<u>1.3</u>	<u>0.7</u>	<u>2.0</u>
Current liabilities			
Trade and other payables	(2.5)	-	(2.5)
Total current liabilities	<u>(2.5)</u>	<u>-</u>	<u>(2.5)</u>
Identifiable net (liabilities) assets	<u>(1.2)</u>	<u>2.7</u>	<u>1.5</u>
Goodwill			<u>1.5</u>
Total cost			<u><u>3.0</u></u>

Goodwill of £1.5 million was attributable to the expected future synergies, the workforce acquired and expected future growth of the business.

YELL GROUP PLC AND SUBSIDIARIES

UNAUDITED NOTES TO THE FINANCIAL INFORMATION (continued)

8. Acquisitions and disposals (continued)

Nine months ended 31 December 2008

In the nine months ended 31 December 2008, the Yell Group acquired 100% of the Adworks businesses in the UK, US, Spain and India for £8.7 million, and an in-fill acquisition in the US for £0.2 million. Total costs were allocated to the acquired assets and liabilities as follows:

£ millions	Acquiree's carrying amount	Provisional fair value adjustments	Provisional fair value
Non current assets			
Other intangible assets	0.6	-	0.6
Property, plant and equipment	2.3	(0.1)	2.2
Total non current assets	<u>2.9</u>	<u>(0.1)</u>	<u>2.8</u>
Current assets			
Directories in development	0.1	-	0.1
Trade and other receivables	4.9	-	4.9
Cash and cash equivalents	1.7	-	1.7
Total current assets	<u>6.7</u>	<u>-</u>	<u>6.7</u>
Current liabilities			
Corporation tax	(0.2)	-	(0.2)
Trade and other payables	(5.3)	(0.4)	(5.7)
Total current liabilities	<u>(5.5)</u>	<u>(0.4)</u>	<u>(5.9)</u>
Identifiable net assets	<u>4.1</u>	<u>(0.5)</u>	<u>3.6</u>
Goodwill			<u>5.3</u>
Total cost			<u><u>8.9</u></u>

Goodwill of £5.3 million was attributable to the expected future synergies, the workforce acquired and 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:

Nine months ended 31 December

£ millions	2009	2008
Cost of acquisitions in the period	3.0	8.9
Less cash acquired	-	(1.7)
Payments in period for amounts deferred on prior period acquisitions	<u>0.4</u>	<u>1.1</u>
Net cash outflow in period	<u><u>3.4</u></u>	<u><u>8.3</u></u>

YELL GROUP PLC AND SUBSIDIARIES

UNAUDITED NOTES TO THE FINANCIAL INFORMATION (continued)

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.

Nine months ended 31 December		
£ millions, unless noted otherwise	2009	2008
Adjusted EBITDA	476.5	570.5
Net exceptional expenses in EBITDA	-	(51.8)
Working capital movements and non-cash charges	105.9	(5.8)
Cash generated from operations (see page 10)	582.4	512.9
Add back payments of exceptional costs included in cash generated from operations	26.0	38.5
Purchase of software, property, plant and equipment (see note 7)	(41.0)	(40.7)
Operating cash flow	567.4	510.7
Adjusted EBITDA	476.5	570.5
Cash conversion	119.1%	89.5%

Free cash flow before payment of exceptional items (defined as operating cash flow less interest and tax payments) was £336.3 million, up 24.6% compared with £270.0 million in the same period last year.

10. Goodwill

At 31 December 2009 and 31 March 2009		
£ millions	December	March
Opening net book value at 1 April 2009 and 2008	3,329.2	3,898.2
Acquisitions	1.5	5.7
Impairment	-	(1,272.3)
Currency movements	(228.2)	697.6
Net book value at period end	3,102.5	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.

YELL GROUP PLC AND SUBSIDIARIES

UNAUDITED NOTES TO THE FINANCIAL INFORMATION (continued)

11. Other non-current intangible assets

At 31 December 2009 and 31 March 2009		
£ millions	December	March
Opening net book value at 1 April 2009 and 2008	1,423.5	1,318.7
Acquisitions	2.0	1.9
Additions	27.2	32.9
Disposals and transfers	-	8.6
Amortisation	(117.5)	(152.0)
Currency movements	(63.5)	213.4
Net book value at period end	1,271.7	1,423.5

12. Property, plant and equipment

At 31 December 2009 and 31 March 2009		
£ millions	December	March
Opening net book value at 1 April 2009 and 2008	119.8	99.2
Acquisitions	-	2.2
Additions	12.3	32.2
Disposals and transfers	(0.4)	(8.8)
Depreciation	(23.2)	(25.0)
Currency movements	(7.6)	20.0
Net book value at period end	100.9	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 31 December 2009 and 31 March 2009		
£ millions	December	March
Tax effect of timing differences due to:		
Financial instruments	38.5	68.3
Bad debt provisions	29.9	30.0
Defined benefit pension scheme	25.7	6.2
Other allowances and accrued expenses	15.9	24.8
Depreciation	10.3	9.5
Share based payments	1.3	0.2
Other	3.0	3.6
Recognised deferred tax assets	124.6	142.6

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

At 31 December 2009 and 31 March 2009		
£ millions	December	March
Tax effect of timing differences due to:		
Intangible assets	509.2	551.0
Deferred directory costs	44.1	54.7
Unremitted earnings	9.6	10.4
Financial instruments	0.3	-
Other	14.0	8.7
Recognised deferred tax liabilities	577.2	624.8

14. Trade and other receivables

At 31 December 2009 and 31 March 2009		
£ millions	December	March
Net trade receivables ^(a)	857.2	1,017.2
Net accrued income ^(a)	29.2	53.2
Other receivables	26.2	28.2
Prepayments	19.7	21.2
Prepaid corporation tax	0.4	13.0
Total trade and other receivables	932.7	1,132.8

^(a) The Group's trade receivables and accrued income are stated after deducting a provision of £198.7 million (31 March 2009 - £205.4 million).

YELL GROUP PLC AND SUBSIDIARIES

UNAUDITED NOTES TO THE FINANCIAL INFORMATION (continued)

15. Loans and other borrowings, net debt

At 31 December 2009 and 31 March 2009		
£ millions	December	March
Amounts falling due within one year		
Term loans under senior credit facilities ^(a)	14.4	299.7
Revolving loan under credit facilities (committed until April 2014)	-	40.3
Net obligations under finance leases and other short term borrowings	26.7	41.7
Total amounts falling due within one year	41.1	381.7
Amounts falling due after more than one year		
Term loans under senior credit facilities ^(a)	3,138.1	3,876.6
Net loans and other borrowings	3,179.2	4,258.3
Cash and cash equivalents	(141.4)	(51.1)
Net debt at end of period	3,037.8	4,207.2

^(a) Balances are shown net of deferred financing fees of £88.2 million (31 March 2009 - £48.9 million).

The movement in net debt for the nine months ended 31 December 2009 arose as follows:

Net debt	
Nine months ended 31 December	
£ millions	2009
At 31 March 2009	4,207.2
Currency movements	(269.9)
Operating cash flow	(567.4)
Interest and tax payments	248.3
Net proceeds of share placing	(634.9)
Purchase of own shares	5.3
Cash payments of exceptional costs	26.0
Purchase of subsidiary undertakings, net of cash acquired	3.4
Amortisation of financing fees paid in previous periods	19.8
At 31 December 2009	3,037.8

Our new bank facilities became effective on 30 November 2009 and are committed until 2014.

Our old and new facilities 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 does not fall below specific threshold ratios at specific test dates. The debt cover covenant requires that the ratio of net debt, excluding deferred financing fees, at the testing date to adjusted EBITDA for the latest 12 month period should not exceed specific threshold ratios at specific test dates.

We operated within our debt covenants for all periods presented in this financial information.

YELL GROUP PLC AND SUBSIDIARIES

UNAUDITED NOTES TO THE FINANCIAL INFORMATION (continued)

16. Trade and other payables

At 31 December 2009 and 31 March 2009		
£ millions	December	March
Amounts falling due within one year		
Trade payables	76.4	77.6
Other taxation and social security	17.0	18.4
Accruals and other payables	170.6	224.0
Deferred income	317.6	270.8
Trade and other payables falling due within one year	581.6	590.8
Amounts falling due after more than one year		
Trade payables	10.8	13.0
Accruals and other payables	3.7	6.2
Trade and other payables falling due after more than one year	14.5	19.2
Total trade and other payables	596.1	610.0

17. Retirement benefits

At 31 December 2009 and 31 March 2009		
£ millions	December	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)	(85.6)	(31.6)
Contributions in excess of (less than) charges	15.9	(4.3)
Net movement in retirement benefits obligation	(69.7)	(35.9)
Net retirement benefits obligation at period end	(91.6)	(21.9)

^(a) The loss in the nine months ended 31 December 2009 was largely due to a decrease in real interest rates partially offset by an increase in asset values, 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. Financial commitments, litigation and contingent liabilities

A lawsuit filed by Verizon against Yellowbook 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, we accrued \$45 million as an 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 by 30 June 2007. With resolution of these appeals, Yellowbook was able to reassess the likely costs of the settlement, and we 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 31 December 2009, the remaining \$4.2 million of accrued settlement obligation represented our best estimate of the remaining amounts to be settled.

We also have £23.2 million of restructuring provisions expensed but not yet paid at 31 December 2009 as our best estimate of remaining amounts to be settled.

There are no contingent liabilities or guarantees other than those referred to above and those arising in the ordinary course of the Group's business.

No material losses are anticipated on liabilities arising in the ordinary course of business.

FINANCIAL CALENDAR

Financial year ending

31 March 2010

Full year results

18 May 2010

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* Calls to these numbers are charged at 8p per minute from a BT landline. Other telephony providers' costs may vary.

NOTES TO EDITORS

Yell Group

Yell is a leading international classified advertising publisher operating 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 provider in the classified advertising market, it served 390,000 unique advertisers. In the United States, where it is the largest independent classified directory publisher, 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 118 24 7; in the United States - Yellowbook and Yellowbook.com; and in Spain - Paginas Amarillas and PaginasAmarillas.es.
