



14 July, 2011

Yell Group plc ("Yell")

Yell announces new strategy From SME advertising provider to local eMarketplace leader

Following a rigorous six month strategic review, Yell today announces a detailed four year programme to transform the Group from being a leading supplier of print and online advertising for small and medium-sized enterprises (SMEs) to being the leader in the emerging local eMarketplace for consumers and SMEs. Yell will leverage its strong presence in the local market, providing a broad range of digital services that address the converging SME need to grow, to transact and to be efficient in the digital world and the consumer's need to be connected locally to the goods and services they want, to save time and money, and to move their lives forward.

- Increases available market 10 times from around £28 billion to around £280 billion between now and 2015:
 - Significant unmet needs among SMEs and consumers in the local eMarketplace.
 - Available market growing strongly with fragmented competition and significant market potential in digital solutions for SMEs and local ecommerce for consumers.
 - Only 1% share of expanded available market would deliver material growth.
- Four year programme to 2015 with five strategic initiatives:
 - Expand beyond advertising to become the leading provider of SME digital services (marketing services, co-branded affinity cards, payment services, business operations, government access services).
 - Establish the first local eMarketplace platform for consumers and SMEs to connect and transact locally (local ecommerce, coalition loyalty programs, concierge services).
 - Achieve leading share of attractive new customer segments (Latin markets, campus services, SME industry verticals).
 - Extend life of the print business, providing funds to invest in digital growth (Group wide best practices, entry into local newsletter market).
 - Deliver best-in-class customer experience with new digital brands (simplification of products, pricing and service delivery, new self-serve sales models).
- Supported by strategic partnerships which bring pace and breadth to the offer:
 - Three strategic partnerships announced this week with Microsoft, Znode and Bazaarvoice.
 - More partnerships under development.
- Underpinned by a smarter new Group operating model:
 - Lower unit cost achieved through global synergies and common IT platform.
 - Meets the needs of digital businesses beyond geographic boundaries.
 - Customer experience placed at the heart of the business.

- Return to growth, improved financial performance:
 - Revenue mix to change from 75% print and 25% digital to 25% print and 75% digital by 2015
 - Revenues, earnings and cash flow all return to growth by 2015.
 - £100m reduction in current fixed costs realised over FY12 and FY13
 - Required investment expected to be funded from operating cash flow.
 - Guidance for 2011/2012 financial results unchanged.

Mike Pocock, Chief Executive Officer of Yell Group said: "Yell has a strong position in the local market place. Our new strategy will leverage our assets and capabilities to capitalise on the convergence of consumer and SME needs in the digital world, becoming the leading SME digital services provider, establishing the first local eMarketplace for consumers and SMEs and returning the Group to profitable growth."

Current Trading

Current trading is in line with expectations and we will report our quarter 1 results next week. Our full year guidance on EBITDA is unchanged.

Ends

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About Yell

Yell Group is a leading provider of print and digital services within the emerging local eMarketplace for consumers and SMEs across its operations in the UK, US, Spain and some countries in Latin America.

Building on its strong presence in the local market through its current digital and print portfolio, Yell is developing a broad range of digital services tailored to the converging needs of SMEs and consumers.

These address both the SME need to grow, transact and be efficient in the digital world, and the consumers' need to connect locally to the goods and services they want, in a way which saves them time and money, and moves their lives forward.

In the year ended 31 March 2011, Yell Group had 1.3 million SME advertisers.

www.yellgroup.com