



Corus Entertainment Announces Fiscal 2013 Third Quarter Results

- Net income attributable to shareholders up 108% in the quarter
- Specialty advertising and subscriber revenues up 9% and 2%, respectively, in the quarter
- Consolidated merchandising, distribution and other revenues declined 23% in the quarter
- Consolidated segment profit down 10% in the quarter
- Free cash flow of \$128.0 million year-to-date

(July 11, 2013 – Toronto, Canada) **Corus Entertainment Inc.** (TSX: CJR.B) announced its third quarter and nine months year-to-date financial results today.

“The third quarter was challenging on a number of fronts, most notably, advertising softness in Radio continued and our merchandising, production and distribution businesses faced tough year-over-year comparatives,” said John Cassaday, President and Chief Executive Officer, Corus Entertainment. “We did deliver triple-digit growth in net income and earnings per share, and specialty advertising revenues increased by 9%, with growth in our key brands. Despite these impressive gains in our core television broadcast business, our expectations for a stronger back half have not materialized and we will miss the lower end of our segment profit guidance. Free cash flow guidance remains unchanged. Looking ahead, we are excited about the opportunity to expand our business through acquisitions that will enable us to enter the Ottawa radio and Quebec specialty television markets, subject to CRTC approval.”

Financial Highlights

(unaudited - in thousands of Canadian dollars except per share amounts)	Three months ended May 31,		Nine months ended May 31,	
	2013	2012	2013	2012
Revenues				
Television	152,982	154,749	470,228	503,075
Radio	47,078	49,329	139,679	143,577
	200,060	204,078	609,907	646,652
Segment profit ⁽¹⁾				
Television	61,816	66,732	192,310	207,648
Radio	14,874	16,151	43,484	42,432
Corporate	(8,464)	(7,227)	(20,227)	(20,963)
	68,226	75,656	215,567	229,117
Net income attributable to shareholders	89,913	43,221	148,016	125,340
Adjusted net income attributable to shareholders ^{(1) (2)}	34,519	43,221	111,110	125,340
Basic earnings per share	\$ 1.07	\$ 0.52	\$ 1.77	\$ 1.51
Adjusted basic earnings per share ^{(1) (2)}	\$ 0.41	\$ 0.52	\$ 1.33	\$ 1.51
Diluted earnings per share	\$ 1.07	\$ 0.51	\$ 1.76	\$ 1.50
Free cash flow ⁽¹⁾	44,573	55,354	128,432	130,185

⁽¹⁾ See definitions and discussion under Key Performance Indicators in MD&A.

⁽²⁾ Excludes the impact of \$25.0 million (\$0.22 per share) pre-tax debt refinancing costs and a gain on disposition of the Company's non-controlling interest in Food Network Canada of \$55.4 million (\$0.66 per share).

Consolidated Results from Operations

Consolidated revenues for the three months ended May 31, 2013 were \$200.1 million, down 2% from \$204.1 million last year. Consolidated segment profit was \$68.2 million, down 10% from \$75.7 million last year. Net income attributable to shareholders for the quarter was \$89.9 million (\$1.07 per share basic and diluted), up 108% compared to \$43.2 million (\$0.52 per share basic and \$0.51 per share diluted) last year. Net income for the quarter includes a gain related to the sale of the Company's non-controlling interest in Food Network Canada of \$55.4 million. Removing the impact of this item results in an adjusted net income attributable to shareholders of \$34.5 million (\$0.41 earnings per share basic) in the quarter.

Consolidated revenues for the nine months ended May 31, 2013 were \$609.9 million, down 6% from \$646.7 million last year. Consolidated segment profit was \$215.6 million, down 6% from \$229.1 million last year. Net income attributable to shareholders for the nine months was \$148.0 million (\$1.77 per share basic and \$1.76 per share diluted), up 18% compared to \$125.3 million (\$1.51 per share basic and \$1.50 per share diluted) last year. Year-to-date net income includes a pre-tax charge for debt refinancing of \$25.0 million and a gain related to the sale of the Company's non-controlling interest in Food Network Canada of \$55.4 million. Removing the impact of these items results in an adjusted net income attributable to shareholders of \$111.1 million (\$1.33 earnings per share basic) in the current year.

Operational Results - Highlights

Television

- Segment revenues decreased 1% in Q3 and 7% year-to-date
- Specialty advertising revenues increased 9% in Q3 and 1% year-to-date
- Subscriber revenues increased 2% for Q3 and were flat year-to-date
- Merchandising, distribution and other revenues declined 26% in Q3 and 31% year-to-date
- Segment profit⁽¹⁾ decreased 7% in Q3 and year-to-date
- Segment profit margin of 41% year-to-date
- Movie Central finished the quarter with 1,009,000 subscribers, up 33,000 year-to-date

Radio

- Segment revenues decreased 5% in Q3 and 3% year-to-date
- Segment profit⁽¹⁾ decreased 8% in Q3, but increased 2% year-to-date
- Segment profit margin of 31% year-to-date

Other

- Acquired the remaining 49% interest in ABC Spark and disposed of the Company's non-controlling interest in Food Network Canada in the quarter for a gain of \$55.4 million.
- Entered into agreements to establish Radio presence in Ottawa, consolidate ownership of TELETOON and acquire 100% of Historia and Séries+. These transactions are subject to CRTC approval.

⁽¹⁾ See definitions and discussion under Key Performance Indicators in MD&A.

Corus Entertainment Inc. reports in Canadian dollars.

About Corus Entertainment Inc.

Corus Entertainment Inc. is a Canadian-based media and entertainment company. Corus is a market leader in specialty television and radio with additional assets in pay television, television broadcasting, children's book publishing, children's animation and animation software. The Company's multimedia entertainment brands include YTV,

Treehouse, Nickelodeon (Canada), ABC Spark, W Network, OWN: Oprah Winfrey Network (Canada), Cosmopolitan TV, Sundance Channel (Canada), Movie Central, HBO Canada, Nelvana, Kids Can Press, Toon Boom and 37 radio stations including CKNW AM 980, 99.3 The FOX, Country 105, 630 CHED, Q107, and 102.1 the Edge. Corus creates engaging branded entertainment experiences for its audiences across multiple platforms. A publicly traded company, Corus is listed on the Toronto Stock Exchange (CJR.B). Experience Corus on the web at www.corusent.com.

The unaudited consolidated financial statements and accompanying notes for the three and nine months ended May 31, 2013 and Management's Discussion and Analysis are available on the Company's website at www.corusent.com in the Investor Relations section.

A conference call with Corus senior management is scheduled for July 11, 2013 at 2:00 p.m. ET. While this call is directed at analysts and investors, members of the media are welcome to listen in. The dial-in number for the conference call for North America is 1.800.732.6870 and for local/international callers is 416.620.9188. PowerPoint slides for the call will be posted 15 minutes prior to the start of the call and can be found on the Corus Entertainment website at www.corusent.com in the Investor Relations section.

This press release contains forward-looking information and should be read subject to the following cautionary language:

To the extent any statements made in this report contain information that is not historical, these statements are forward-looking statements and may be forward-looking information within the meaning of applicable securities laws (collectively, "forward-looking statements"). These forward-looking statements related to, among other things, our objectives, goals, strategies, intentions, plans, estimates and outlook, including advertising, distribution, merchandise and subscription revenues, operating costs and tariffs, taxes and fees, and can generally be identified by the use of the words such as "believe", "anticipate", "expect", "intend", "plan", "will", "may" and other similar expressions. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances are forward-looking statements. Although Corus believes that the expectations reflected in such forward-looking statements are reasonable, such statements involve risks and uncertainties and undue reliance should not be placed on such statements. Certain material factors or assumptions are applied in making forward-looking statements, including without limitation factors and assumptions regarding advertising, distribution, merchandise and subscription revenues, operating costs and tariffs, taxes and fees and actual results may differ materially from those expressed or implied in such statements. Important factors that could cause actual results to differ materially from these expectations include, among other things: our ability to attract and retain advertising revenues; audience acceptance of our television programs and cable networks; our ability to recoup production costs, the availability of tax credits and the existence of co-production treaties; our ability to compete in any of the industries in which we do business; the opportunities (or lack thereof) that may be presented to and pursued by us; conditions in the entertainment, information and communications industries and technological developments therein; changes in laws or regulations or the interpretation or application of those laws and regulations; our ability to integrate and realize anticipated benefits from our acquisitions and to effectively manage our growth; our ability to successfully defend ourselves against litigation matters arising out of the ordinary course of business; and changes in accounting standards. Additional information about these factors and about the material assumptions underlying such forward-looking statements may be found in our Annual Information Form. Corus cautions that the foregoing list of important factors that may affect future results is not exhaustive. When relying on our forward-looking statements to make decisions with respect to Corus, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Unless otherwise required by applicable securities laws, we disclaim any intention or obligation to publicly update or revise any forward-looking statements whether as a result of new information, events or circumstances that arise after the date thereof or otherwise.

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CORUS ENTERTAINMENT INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(unaudited - in thousands of Canadian dollars)	As at May 31, 2013	As at August 31, 2012
ASSETS		
Current		
Cash and cash equivalents	78,281	24,588
Accounts receivable	187,016	173,421
Promissory note receivable	47,759	—
Income taxes recoverable	—	9,542
Prepaid expenses and other	13,035	12,664
Total current assets	326,091	220,215
Tax credits receivable	51,796	43,865
Intangibles, investments and other assets	44,181	42,390
Property, plant and equipment	153,653	163,563
Program and film rights	267,500	271,244
Film investments	76,735	67,983
Broadcast licenses	569,505	569,505
Goodwill	674,393	674,393
Deferred tax assets	39,013	28,327
	2,202,867	2,081,485
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	196,649	185,991
Income taxes payable	3,554	—
Provisions	943	2,322
Total current liabilities	201,146	188,313
Long-term debt	538,462	518,258
Other long-term liabilities	89,712	87,853
Deferred tax liabilities	152,144	150,971
Total liabilities	981,464	945,395
SHAREHOLDERS' EQUITY		
Share capital	930,802	910,005
Contributed surplus	6,797	7,835
Retained earnings	265,560	198,445
Accumulated other comprehensive income (loss)	831	(812)
Total equity attributable to shareholders	1,203,990	1,115,473
Equity attributable to non-controlling interest	17,413	20,617
Total shareholders' equity	1,221,403	1,136,090
	2,202,867	2,081,485

CORUS ENTERTAINMENT INC.
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

(unaudited - in thousands of Canadian dollars except per share amounts)	Three months ended May 31,		Nine months ended May 31,	
	2013	2012	2013	2012
Revenues	200,060	204,078	609,907	646,652
Direct cost of sales, general and administrative expenses	131,834	128,422	394,340	417,535
Depreciation and amortization	6,926	6,339	20,872	19,231
Interest expense	10,456	13,190	35,859	40,027
Debt refinancing	—	—	25,033	—
Business acquisition, integration and restructuring costs	2,147	2,325	2,147	2,325
Gain on sale of associated company	(55,394)	—	(55,394)	—
Other (income) expense, net	82	(3,532)	162	(4,702)
Income before income taxes	104,009	57,334	186,888	172,236
Income tax expense	12,497	12,387	34,480	41,070
Net income for the period	91,512	44,947	152,408	131,166
Net income attributable to:				
Shareholders	89,913	43,221	148,016	125,340
Non-controlling interest	1,599	1,726	4,392	5,826
	91,512	44,947	152,408	131,166
Earnings per share attributable to shareholders:				
Basic	\$ 1.07	\$ 0.52	\$ 1.77	\$ 1.51
Diluted	\$ 1.07	\$ 0.51	\$ 1.76	\$ 1.50
Net income for the period	91,512	44,947	152,408	131,166
Other comprehensive income (loss), net of tax				
Items that may be reclassified subsequently to income:				
Unrealized foreign currency translation adjustment	204	1,434	1,685	1,971
Unrealized change in fair value of available-for-sale investments	(368)	(163)	(42)	(254)
	(164)	1,271	1,643	1,717
Comprehensive income for the period	91,348	46,218	154,051	132,883
Comprehensive income attributable to:				
Shareholders	89,749	44,492	149,659	127,057
Non-controlling interest	1,599	1,726	4,392	5,826
	91,348	46,218	154,051	132,883

CORUS ENTERTAINMENT INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(unaudited - in thousands of Canadian dollars)	Share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss)	Total equity attributable to shareholders	Non-controlling interest	Total equity
At August 31, 2012	910,005	7,835	198,445	(812)	1,115,473	20,617	1,136,090
Comprehensive income	—	—	148,016	1,643	149,659	4,392	154,051
Dividends declared	—	—	(62,914)	—	(62,914)	(5,715)	(68,629)
Issuance of shares under stock option plan	1,155	(2,200)	—	—	(1,045)	—	(1,045)
Issuance of shares under dividend reinvestment plan	20,350	—	—	—	20,350	—	20,350
Shares repurchased	(708)	—	(756)	—	(1,464)	—	(1,464)
Share-based compensation expense	—	1,162	—	—	1,162	—	1,162
Acquisition of non-controlling interest	—	—	(17,231)	—	(17,231)	(1,881)	(19,112)
At May 31, 2013	930,802	6,797	265,560	831	1,203,990	17,413	1,221,403
At August 31, 2011	882,679	10,299	143,717	(1,075)	1,035,620	19,200	1,054,820
Comprehensive income	—	—	125,340	1,717	127,057	5,826	132,883
Dividends declared	—	—	(58,123)	—	(58,123)	(5,523)	(63,646)
Issuance of shares under stock option plan	13,669	(3,623)	—	—	10,046	—	10,046
Issuance of shares under dividend reinvestment plan	19,229	—	—	—	19,229	—	19,229
Shares repurchased	(2,110)	—	(1,778)	—	(3,888)	—	(3,888)
Share-based compensation expense	—	890	—	—	890	—	890
At May 31, 2012	913,467	7,566	209,156	642	1,130,831	19,503	1,150,334

CORUS ENTERTAINMENT INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited - in thousands of Canadian dollars)	Three months ended May 31,		Nine months ended May 31,	
	2013	2012	2013	2012
OPERATING ACTIVITIES				
Net income for the period	91,512	44,947	152,408	131,166
Add (deduct) non-cash items:				
Depreciation and amortization	6,926	6,339	20,872	19,231
Amortization of program and film rights	49,476	46,317	142,077	139,805
Amortization of film investments	7,691	4,002	17,399	21,949
Deferred income taxes	(3,250)	(51)	(9,976)	4,735
Share-based compensation expense	430	298	1,162	890
Imputed interest	2,526	2,894	7,679	8,904
Debt refinancing	—	—	25,033	—
Gain on sale of associated company	(55,394)	—	(55,394)	—
Gain on acquisition	—	(2,383)	—	(2,383)
Other	(404)	(2,000)	(118)	(2,790)
Net change in non-cash working capital balances related to operations	1,521	11,466	(8,025)	(9,260)
Payment of program and film rights	(38,895)	(44,841)	(106,327)	(131,267)
Net additions to film investments	(14,709)	(6,391)	(48,943)	(40,364)
Cash provided by operating activities	47,430	60,597	137,847	140,616
INVESTING ACTIVITIES				
Additions to property, plant and equipment	(2,856)	(5,501)	(10,328)	(13,585)
Business combination	—	(4,104)	—	(4,104)
Net cash flows for intangibles, investments and other assets	(2,321)	(4,868)	(9,287)	(3,859)
Other	(90)	(242)	(414)	(560)
Cash used in investing activities	(5,267)	(14,715)	(20,029)	(22,108)
FINANCING ACTIVITIES				
Decrease in bank loans	—	(40,103)	(29,925)	(74,777)
Issuance of notes	—	—	550,000	—
Redemption of notes	(500,000)	—	(500,000)	—
Financing fees	(18,125)	—	(26,732)	—
Issuance of shares under stock option plan	135	1,709	884	10,046
Shares repurchased	—	—	(1,464)	(3,888)
Dividends paid	(14,586)	(13,705)	(41,584)	(37,525)
Dividends paid to non-controlling interest	(599)	—	(5,715)	(4,423)
Other	(4,488)	(2,722)	(9,589)	(7,227)
Cash used in financing activities	(537,663)	(54,821)	(64,125)	(117,794)
Net change in cash and cash equivalents during the period	(495,500)	(8,939)	53,693	714
Cash and cash equivalents, beginning of the period	573,781	65,575	24,588	55,922
Cash and cash equivalents, end of the period	78,281	56,636	78,281	56,636

**CORUS ENTERTAINMENT INC.
BUSINESS SEGMENT INFORMATION**

(unaudited - in thousands of Canadian dollars)

Three months ended May 31, 2013

	Radio	Television	Corporate	Consolidated
Revenues	47,078	152,982	—	200,060
Direct cost of sales, general and administrative expenses	32,204	91,166	8,464	131,834
Segment profit (loss)⁽¹⁾	14,874	61,816	(8,464)	68,226
Depreciation and amortization				6,926
Interest expense				10,456
Business acquisition, integration and restructuring costs				2,147
Gain on sale of associated company				(55,394)
Other expense, net				82
Income before income taxes				104,009

Three months ended May 31, 2012

	Radio	Television	Corporate	Consolidated
Revenues	49,329	154,749	—	204,078
Direct cost of sales, general and administrative expenses	33,178	88,017	7,227	128,422
Segment profit (loss)⁽¹⁾	16,151	66,732	(7,227)	75,656
Depreciation and amortization				6,339
Interest expense				13,190
Business acquisition, integration and restructuring costs				2,325
Other income, net				(3,532)
Income before income taxes				57,334

Nine months ended May 31, 2013

	Radio	Television	Corporate	Consolidated
Revenues	139,679	470,228	—	609,907
Direct cost of sales, general and administrative expenses	96,195	277,918	20,227	394,340
Segment profit (loss)⁽¹⁾	43,484	192,310	(20,227)	215,567
Depreciation and amortization				20,872
Interest expense				35,859
Debt refinancing				25,033
Business acquisition, integration and restructuring costs				2,147
Gain on sale of associated company				(55,394)
Other expense, net				162
Income before income taxes				186,888

Nine months ended May 31, 2012

	Radio	Television	Corporate	Consolidated
Revenues	143,577	503,075	—	646,652
Direct cost of sales, general and administrative expenses	101,145	295,427	20,963	417,535
Segment profit (loss)⁽¹⁾	42,432	207,648	(20,963)	229,117
Depreciation and amortization				19,231
Interest expense				40,027
Business acquisition, integration and restructuring costs				2,325
Other income, net				(4,702)
Income before income taxes				172,236

⁽¹⁾ See definitions and discussion under Key Performance Indicators in MD&A.

Revenues by type

	Three months ended		Nine months ended	
	May 31,		May 31,	
	2013	2012	2013	2012
Advertising	99,040	97,076	297,440	300,395
Subscriber fees	75,924	74,285	224,703	224,350
Merchandising, distribution and other	25,096	32,717	87,764	121,907
	200,060	204,078	609,907	646,652