



## Corus Entertainment Announces Fiscal 2015 First Quarter Results

- Record high consolidated revenues and segment profit for the quarter
- Annual dividend increased by \$0.05 per share
- Television revenues and segment profit up 2% for the quarter
- Net income attributable to shareholders of \$51.9 million for the quarter
- Adjusted basic earnings per share of \$0.60 per share, down 8% for the quarter

(January 13, 2015 – Toronto, Canada) **Corus Entertainment Inc.** (TSX: CJR.B) announced its first quarter financial results today.

“In the first quarter, the Company’s recent acquisitions drove consolidated revenue and segment profit growth in a soft advertising market. In addition, we continued to deliver strong ratings in Television, particularly on our Women’s and Family networks,” said John Cassaday, President and Chief Executive Officer of Corus Entertainment. “Looking forward, signs of a recovery in television advertising demand are materializing and we expect this to gain traction as the year progresses. We are also encouraged by our recent repositioning of key large market Radio stations, which is starting to translate into improved ratings, particularly in Toronto, Vancouver and Calgary. Importantly, we are making good progress on our key strategic priorities, which will further strengthen our business going forward.”

### Financial Highlights

(unaudited - in thousands of Canadian dollars except per share amounts)	Three months ended <b>November 30,</b>	
	<b>2014</b>	2013
Revenues		
Television	<b>181,490</b>	177,949
Radio	<b>45,621</b>	48,056
	<b>227,111</b>	226,005
Segment profit <sup>(1)</sup>		
Television	<b>83,779</b>	82,524
Radio	<b>12,820</b>	15,837
Corporate	<b>(3,323)</b>	(6,085)
	<b>93,276</b>	92,276
Net income attributable to shareholders	<b>51,906</b>	150,891
Adjusted net income attributable to shareholders <sup>(1) (2)</sup>	<b>51,906</b>	55,177
Basic earnings per share	<b>\$ 0.60</b>	\$ 1.78
Adjusted basic earnings per share <sup>(1) (2)</sup>	<b>\$ 0.60</b>	\$ 0.65
Diluted earnings per share	<b>\$ 0.60</b>	\$ 1.78
<b>Free cash flow <sup>(1)</sup></b>	<b>33,382</b>	49,636

<sup>(1)</sup> Adjusted net income attributable to shareholders, adjusted basic earnings per share, segment profit and free cash flow do not have standardized meanings prescribed by IFRS. The Company reports on segment profit and free cash flow because they are key measures used to evaluate performance. For definitions and explanations, see discussion under the Key Performance Indicators section of the 2015 Report to Shareholders.

<sup>(2)</sup> For the quarter ended November 30, 2013, excludes the impact of a \$127.9 million (\$1.51 per share) gain on remeasurement to fair value of the Company’s 50% interest in TELETOON which was held prior to consolidation on September 1, 2013, business acquisition, integration and restructuring costs of \$21.9 million (\$0.25 per share), an increase in the purchase price obligation of \$7.3 million (\$0.09 per share), and investment impairment related charges of \$3.3 million (\$0.04 per share).

## **Consolidated Results from Operations**

Consolidated revenues for the three months ended November 30, 2014 were \$227.1 million, up from \$226.0 million last year. Consolidated segment profit was \$93.3 million, up 1% from \$92.3 million last year. Net income attributable to shareholders for the quarter was \$51.9 million (\$0.60 per share basic and diluted), compared to net income attributable to shareholders of \$150.9 million (\$1.78 per share basic and diluted) last year. Net income attributable to shareholders for the prior year quarter includes charges related to a non-cash gain of \$127.9 million (\$1.51 per share) resulting from the remeasurement to fair value of the Company's 50% interest in TELETOON which was held prior to consolidation on September 1, 2013, business acquisition, integration and restructuring costs of \$21.9 million (\$0.25 per share), an increase in the purchase price obligation of \$7.3 million (\$0.09 per share) and investment impairment charges of \$3.3 million (\$0.04 per share). Removing the impact of these items results in an adjusted basic earnings per share of \$0.65 per share in the prior year.

## **Operational Results - Highlights**

### **Television**

- Specialty advertising revenues increased 1% in Q1 2015
- Subscriber revenues increased 8% in Q1 2015
- Merchandising, distribution and other revenues declined 14% in Q1 2015
- Segment profit<sup>(1)</sup> increased 2% in Q1 2015
- Segment profit margin<sup>(1)</sup> of 46% in Q1 2015

### **Radio**

- Segment revenues decreased 5% in Q1 2015
- Segment profit<sup>(1)</sup> decreased 19% in Q1 2015
- Segment profit margin<sup>(1)</sup> of 28% in Q1 2015

<sup>(1)</sup> Segment profit and segment profit margin do not have standardized meanings prescribed by IFRS. The Company reports on segment profit and segment profit margin because they are key measures used to evaluate performance. For definitions and explanations, see discussion under the Key Performance Indicators section of the 2015 Report to Shareholders.

Corus Entertainment Inc. reports in Canadian dollars.

The unaudited consolidated financial statements and accompanying notes for the three month period ended November 30, 2014 and Management's Discussion and Analysis are available on the Company's website at [www.corusent.com](http://www.corusent.com) in the Investor Relations section.

A conference call with Corus senior management is scheduled for January 13, 2015 at 8:30 a.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 local and international callers is 416.981.9030 and for North America is 1.800.768.2950. 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](http://www.corusent.com) in the Investor Relations section.

### **Use of Non-GAAP Financial Measures**

This press release includes the non-GAAP financial measures of adjusted net income attributable to shareholders, segment profit margin, adjusted basic earnings per share and free cash flow that are not in accordance with, nor an alternate to, generally accepted accounting principles ("GAAP") and may be different from non-GAAP measures used by other companies. In addition, these non-GAAP measures are not based on any comprehensive set of accounting rules or principles.

Non-GAAP financial measures should not be considered as a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP. They are limited in value because they exclude charges that have a material effect on the Company's reported results and, therefore, should not be relied upon as the sole financial measures to evaluate the Company's financial results. The non-GAAP financial measures are meant to supplement, and to be viewed in conjunction with, GAAP financial results. A reconciliation of the Company's non-GAAP measures is included in the Company's most recent Report to Shareholders which is available on Corus' website at [www.corusent.com](http://www.corusent.com) as well as on SEDAR.

### **Caution Concerning Forward-Looking Statements**

*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 relate 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.*

**About Corus Entertainment Inc.**

Corus Entertainment Inc. is a Canadian-based media and entertainment company that creates, broadcasts and licenses content across a variety of platforms for audiences around the world. The Company's portfolio of multimedia offerings encompasses specialty television and radio with additional assets in pay television, television broadcasting, children's book publishing, children's animation and animation software. Corus' brands include YTV, TELET00N, ABC Spark, W Network, OWN: Oprah Winfrey Network (Canada), HBO Canada, Historia and Séries+, as well as Nelvana, Kids Can Press, Toon Boom and 39 radio stations including CKNW AM 980, Rock 101, Country 105, 630 CHED, Fresh FM London, JUMP! 106.9, Q107 and 102.1 the Edge. A publicly traded company, Corus is listed on the Toronto Stock Exchange (CJR.B). Experience Corus on the web at [www.corusent.com](http://www.corusent.com).

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**CORUS ENTERTAINMENT INC.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(unaudited - in thousands of Canadian dollars)	As at November 30, 2014	As at August 31, 2014
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	27,840	11,585
Accounts receivable	216,887	183,009
Income taxes recoverable	—	9,768
Prepaid expenses and other	12,330	13,032
<b>Total current assets</b>	<b>257,057</b>	<b>217,394</b>
Tax credits receivable	30,764	29,044
Intangibles, investments and other assets	60,214	47,630
Property, plant and equipment	141,483	143,618
Program and film rights	348,790	330,437
Film investments	62,794	63,455
Broadcast licenses	979,984	979,984
Goodwill	934,859	934,859
Deferred tax assets	36,534	38,161
	<b>2,852,479</b>	<b>2,784,582</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	229,543	170,411
Income taxes payable	3,611	—
Provisions	3,644	5,314
<b>Total current liabilities</b>	<b>236,798</b>	<b>175,725</b>
Long-term debt	894,680	874,251
Other long-term liabilities	123,099	171,793
Deferred tax liabilities	253,877	252,687
<b>Total liabilities</b>	<b>1,508,454</b>	<b>1,474,456</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital	974,526	967,330
Contributed surplus	8,622	8,385
Retained earnings	341,803	313,361
Accumulated other comprehensive income	4,649	3,767
<b>Total equity attributable to shareholders</b>	<b>1,329,600</b>	<b>1,292,843</b>
Equity attributable to non-controlling interest	14,425	17,283
<b>Total shareholders' equity</b>	<b>1,344,025</b>	<b>1,310,126</b>
	<b>2,852,479</b>	<b>2,784,582</b>

**CORUS ENTERTAINMENT INC.**  
**CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME**

Three months ended  
**November 30,**

(unaudited - in thousands of Canadian dollars except per share amounts)	<b>2014</b>	2013
Revenues	<b>227,111</b>	226,005
Direct cost of sales, general and administrative expenses	<b>133,835</b>	133,729
Depreciation and amortization	<b>5,774</b>	5,735
Interest expense	<b>12,681</b>	9,270
Business acquisition, integration and restructuring costs	—	21,922
Gain on acquisition	—	(127,884)
Other expense, net	<b>1,806</b>	9,711
Income before income taxes	<b>73,015</b>	173,522
Income tax expense	<b>19,833</b>	21,180
<b>Net income for the period</b>	<b>53,182</b>	152,342
<b>Net income attributable to:</b>		
Shareholders	<b>51,906</b>	150,891
Non-controlling interest	<b>1,276</b>	1,451
	<b>53,182</b>	152,342
<b>Earnings per share attributable to shareholders:</b>		
Basic	<b>\$ 0.60</b>	\$ 1.78
Diluted	<b>\$ 0.60</b>	\$ 1.78
<b>Net income for the period</b>	<b>53,182</b>	152,342
<b>Other comprehensive income (loss), net of tax:</b>		
<b>Items that may be reclassified subsequently to income:</b>		
Unrealized foreign currency translation adjustment	<b>1,230</b>	375
Unrealized change in fair value of available-for-sale investments	<b>(310)</b>	74
Unrealized change in fair value of cash flow hedges	<b>(38)</b>	—
	<b>882</b>	449
<b>Comprehensive income for the period</b>	<b>54,064</b>	152,791
<b>Comprehensive income attributable to:</b>		
Shareholders	<b>52,788</b>	151,340
Non-controlling interest	<b>1,276</b>	1,451
	<b>54,064</b>	152,791

**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	Total equity attributable to shareholders	Non-controlling interest	Total equity
At August 31, 2014	967,330	8,385	313,361	3,767	1,292,843	17,283	1,310,126
Comprehensive income	—	—	51,906	882	52,788	1,276	54,064
Dividends declared	—	—	(23,464)	—	(23,464)	(4,134)	(27,598)
Issuance of shares under stock option plan	1,711	(292)	—	—	1,419	—	1,419
Issuance of shares under dividend reinvestment plan	5,485	—	—	—	5,485	—	5,485
Share-based compensation expense	—	529	—	—	529	—	529
<b>At November 30, 2014</b>	<b>974,526</b>	<b>8,622</b>	<b>341,803</b>	<b>4,649</b>	<b>1,329,600</b>	<b>14,425</b>	<b>1,344,025</b>
At August 31, 2013	937,183	7,221	256,517	1,653	1,202,574	18,259	1,220,833
Comprehensive income	—	—	150,891	449	151,340	1,451	152,791
Dividends declared	—	—	(21,602)	—	(21,602)	(4,068)	(25,670)
Issuance of shares under stock option plan	160	(24)	—	—	136	—	136
Issuance of shares under dividend reinvestment plan	5,860	—	—	—	5,860	—	5,860
Share-based compensation expense	—	457	—	—	457	—	457
At November 30, 2013	943,203	7,654	385,806	2,102	1,338,765	15,642	1,354,407

**CORUS ENTERTAINMENT INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(unaudited - in thousands of Canadian dollars)	Three months ended <b>November 30,</b>	
	<b>2014</b>	2013
<b>OPERATING ACTIVITIES</b>		
Net income for the period	<b>53,182</b>	152,342
Add (deduct) non-cash items:		
Depreciation and amortization	<b>5,774</b>	5,735
Amortization of program and film rights	<b>54,337</b>	50,531
Amortization of film investments	<b>6,921</b>	3,912
Deferred income taxes	<b>2,847</b>	2,455
Increase in purchase price obligation	—	7,344
Share-based compensation expense	<b>529</b>	457
Imputed interest	<b>3,496</b>	3,036
Tangible benefit obligation	—	20,023
Gain on acquisition	—	(127,884)
Other	<b>482</b>	1,255
Net change in non-cash working capital balances related to operations	<b>(26,449)</b>	(22,659)
Payment of program and film rights	<b>(50,417)</b>	(28,091)
Net additions to film investments	<b>(13,815)</b>	(10,066)
Increase in restricted cash	—	(6,407)
<b>Cash provided by operating activities</b>	<b>36,887</b>	51,983
<b>INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment	<b>(2,823)</b>	(1,936)
Net cash flows for intangibles, investments and other assets	<b>(15,161)</b>	(1,907)
Other	<b>(511)</b>	(67)
<b>Cash used in investing activities</b>	<b>(18,495)</b>	(3,910)
<b>FINANCING ACTIVITIES</b>		
Increase in bank loans	<b>19,791</b>	—
Issuance of shares under stock option plan	<b>1,419</b>	136
Dividends paid	<b>(17,919)</b>	(15,698)
Dividends paid to non-controlling interest	<b>(4,134)</b>	(4,068)
Other	<b>(1,294)</b>	(665)
<b>Cash used in financing activities</b>	<b>(2,137)</b>	(20,295)
Net change in cash and cash equivalents during the period	<b>16,255</b>	27,778
Cash and cash equivalents, beginning of the period	<b>11,585</b>	81,266
<b>Cash and cash equivalents, end of the period</b>	<b>27,840</b>	109,044



**CORUS ENTERTAINMENT INC.  
BUSINESS SEGMENT INFORMATION**

(unaudited - in thousands of Canadian dollars)

**Three months ended November 30, 2014**

	Television	Radio	Corporate	Consolidated
Revenues	181,490	45,621	—	227,111
Direct cost of sales, general and administrative expenses	97,711	32,801	3,323	133,835
<b>Segment profit (loss)<sup>(1)</sup></b>	<b>83,779</b>	<b>12,820</b>	<b>(3,323)</b>	<b>93,276</b>
Depreciation and amortization				5,774
Interest expense				12,681
Other expense, net				1,806
<b>Income before income taxes</b>				<b>73,015</b>

Three months ended November 30, 2013

	Television	Radio	Corporate	Consolidated
Revenues	177,949	48,056	—	226,005
Direct cost of sales, general and administrative expenses	95,425	32,219	6,085	133,729
<b>Segment profit (loss)<sup>(1)</sup></b>	<b>82,524</b>	<b>15,837</b>	<b>(6,085)</b>	<b>92,276</b>
Depreciation and amortization				5,735
Interest expense				9,270
Gain on acquisition				(127,884)
Business acquisition, integration and restructuring costs				21,922
Other expense, net				9,711
<b>Income before income taxes</b>				<b>173,522</b>

<sup>(1)</sup> Segment profit does not have a standardized meaning prescribed by IFRS. For definitions and explanations, see discussion under the Key Performance Indicators section of the 2015 Report to Shareholders.

**Revenues by type**

	Three months ended	
	2014	November 30, 2013
Advertising	120,966	123,372
Subscriber fees	85,414	79,115
Merchandising, distribution and other	20,731	23,518
	<b>227,111</b>	226,005