CORUS ENTERTAINMENT

Moderator: John Cassaday
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7:30 am CT

Operator: Ladies and gentlemen, thank you for standing by. Welcome to the Corus Entertainment's First Quarter 2015 Analyst and Investor Call. During the presentation, all participants will be in a listen-only mode. Afterwards, we will conduct a question-and-answer for analysts. At that time, if you have a question, please press the 1 followed by the 4 on your telephone. If at any time during the conference you need to reach an operator, please press star 0.

As a reminder, this conference is being recorded, Tuesday, January 13, 2015. I would now like to turn the conference over to John Cassaday, President and Chief Executive Officer.

Please go ahead, sir.

John Cassaday: Thank you, Operator.

Good morning, everyone. I'm John Cassaday and welcome to Corus Entertainment's fiscal 2015 first quarter report and analyst call. Thank you for joining us today.

Before we read the cautionary statement, we would like to remind everyone that there are a series of PowerPoint slides that accompany this call. The slides can be found on our Web site in the Investor Relations section. And we'll now run through the standard cautionary statement.

This discussion contains forward-looking statements, which may involve risks and uncertainties. Additional information concerning factors that could cause actual results to materially differ from those in the forward-looking statements is contained in the company's filings with the Canadian Securities Administrators on SEDAR.

Now we would like to introduce you to the Corus Entertainment team. Joining me on the call today, we have Tom Peddie, our Executive Vice President and Chief Financial Officer; and Doug Murphy, Executive Vice President and Chief Operating Officer of Corus Entertainment.

Before we review our operating results, I would like to take just a moment to acknowledge the announcement issued yesterday regarding my retirement from Corus Entertainment at the end of my contract term and the appointment of Doug Murphy, currently Chief Operating Officer, as President and CEO effective March 30th.

This March marks my 25th year in broadcasting and my 15th year as the CEO of Corus Entertainment. As the founding President and CEO of Corus, I'm very proud of our company's accomplishments. Our balance sheet is strong, our brands are stronger than ever and our margins continue to lead the industry.

Since Corus's inception, our market cap has quadrupled, free cash flow has grown to be in excess of 175 million and the asset base has increased from 860 million to 2.8 billion.

Succession planning is an integral part of our business process at Corus and we have a strong successor with Doug who has been with us for over 10 years and has served as the Chief Operating Officer since 2013. As well, we have a very deep bench of extremely talented executives running our key business units and functional areas.

Over the past 15 years, we have created a strong Canadian media company and our story has just begun. I'm confident that Doug and the executive team will continue to grow the company and return value to our shareholders in the years ahead.

Now moving to Slide 3 and a review of our financial results for the first quarter of fiscal 2015, you will note that we achieved record high consolidated revenues and segment profit of 227 million and 93 million, respectively, for the quarter. As a reminder, in the comparative period, our first quarter of fiscal 2014 operating results included 100% of TELETOON as of September 1, 2013, but do not include the operating results of Historia and Séries+ and our two Ottawa radio stations, which were acquired in the second quarter of fiscal 2014.

Moving to Slide 4 and a review of the first quarter, while soft advertising markets continue, as outlined at our Investor Day in November, the company has delivered top and bottom line growth in the quarter, driven by gains and integration synergies realized from our newly-acquired assets as well as from our continued focus on cost control. Importantly, ongoing ratings strength in television, particularly on our women and family networks, continues to ensure we are well positioned to leverage any improvement in advertising demand as the year progresses.

Net income attributable to shareholders was $51.9 million. Adjusted basic earnings per share were 60 cents, which was down 8% for the quarter, and this was, of course, primarily due to a non-cash gain of 128 million in the prior year quarter, which was as a result of the re-measurement to fair value of the company’s original 50% interest in TELETOON.

Moving to Slide 5 and a review of our radio business, our revenues for the first quarter were soft as anticipated, in fact down 5%. This was primarily due to lower advertising demand related to ratings in certain large market radio stations, particularly our Toronto cluster, which offset incremental revenues generated from our new Ottawa radio station as well as revenue growth on a number of our stations in Alberta and Ontario.

As indicated at our Investor Day in November to address rating issues in certain major markets, we have conducted extensive research that has resulted in programming changes on many of our key stations. We also reorganized the business to leverage radio’s national and local sales opportunities more effectively and these programming and sales initiatives are starting to gain traction, which should translate into improved revenues in the back half of the year as the ratings recover. We will provide more detail on our progress in this area later in our comments.

While radio continues to do a good job controlling costs, which contributed to segment profit margins of 28%, this was not enough to offset the revenue shortfall, which resulted in segment profit declines of 19% for the quarter.

Turning to our television business, revenue and segment profit increased by 2% compared to prior year with specialty advertising and subscriber revenues up 1% and 8%, respectively, for the quarter. Our acquisitions drove the revenue gains, which were tempered by softer advertising demand despite the strong ratings on our women and family networks, which outperformed their competitive set in the quarter.

On the subscriber front, while our pay television business saw a year-over-year decline in subscribers in the quarter, subscriber revenue increased due to the impact of acquisitions. Merchandizing, distribution and other revenues declined 14% in the quarter as a result of lower merch revenues for some of our brands, which was partially offset by increases in distribution revenues and growth in our studio service work.

While total expenses were up 2% due to additional costs from the acquisition of Historia and Séries+, significant operating cost synergies were achieved. These synergies, coupled with the division's ongoing cost control initiatives, resulted in excellent segment profit margins of 46% for the business, which is, of course, consistent with our prior year results.

Moving ahead to Slide 6 and our outlook for the second quarter, as we mentioned at our Investor Day, we expected a slower start in the first quarter of our fiscal year due to a soft advertising market and demand challenges in the consumer packaged goods category. We also said that we were expecting the consumer packaged goods category to turn around in the new calendar year. As we begin 2015, we are seeing encouraging signs of renewed interest from this category.

With the addition of our new assets, ongoing ratings strength and our core television brand and rating improvements on our key large market radio stations, we believe we are well positioned to benefit from any gains in advertising demand as the year progresses. We are also making progress on the execution of our four strategic priorities: First, which is, of course, to own more content, second to grow our business organically, third to strengthen our key partnerships, and four, to expand into new principally unregulated markets. We believe these four priorities will strengthen our business going forward.

Turning to our outlook for radio, we are encouraged to see data released by Numeris, which is the former BBM Group, indicating that the recent repositioning of our large market stations is translating into improved ratings on a number of our stations. This quarter saw encouraging rating growth in Toronto, Vancouver and Calgary. After retooling our radio stations in Vancouver, great progress has been made in that market with rating improvements across our three legacy stations, Rock 101, CFOX and CKNW.

In Toronto, Q107's recent shift in programming to broaden its audience has been well received. As a result of these changes, the station share has improved, moving up in the rankings to the number four position with adults 25 to 54, while solidifying its position as the number one station with males 35 to 54.

With the new campaign now in market to promote the brand, we expect to see continued ratings improvement from this key station, which of course is an essential step towards our revenue recovery.

At the same time, radio is working to refine the programming mix on 102.1 the Edge to build ratings growth across the Toronto cluster.

Fall ratings also shined a light on Calgary and the strength of our country format with Calgary's Country 105 maintaining its leadership position in the market as number one with adults 25 to 54 and regaining its number one position with women 25 to 54.

Calgary's rock station Q107 is also seeing rating improvements following recent repositioning initiatives moving up two positions to rank number five with adults 25 to 54.

Moving to our newest radio market, we are starting to see a great story develop in Ottawa. Our recently rebranded station JUMP! 106.9 had a very strong debut, eclipsing its previous brand and driving big increases in audience numbers particularly among women 18 to 34.

On the cost front, in early December, we announced a sales restructuring designed to gain efficiencies and lower our cost, excuse me, our cost of sales moving key local agency accounts to Canadian broadcast sales.

We also created a new national sales position to work in conjunction with Canadian broadcast sales to better leverage all national agency opportunities and new initiatives. These changes, coupled with anticipated ad gains in certain markets including BC, Alberta and southwestern Ontario, should help drive business for the division as the year progresses. Our recent sales organization positions us well to lever our improved ratings when the economy turns.

Moving to our television business, on an industry-wide basis, we are pleased to see recent data confirm a positive trend in television viewing. According to Numeris, television viewing is not decreasing. On the contrary, overall viewership is growing, up 3% across the sector, underscoring the ongoing influence and impact of television in our lives. On Corus' networks, we are also seeing a positive trend in viewership with ongoing strong rating deliveries on our core brands led by our women and family channels, which we expect to continue to grow in the second quarter.

Building on a successful fall season, holiday programming has bolstered our networks' ratings with W Network, YTV and ABC Spark posting excellent audience numbers throughout the month of December, reinforcing W and YTV's position as leaders in their markets and number one with their audiences. We expect this ratings momentum on our flagship networks to continue.

January is off to a strong start across our networks with an exciting lineup of new and returning series launching this season, including the highly anticipated debut of a Canadian version of the hugely successful US franchise "Say Yes to the Dress," which is on our W Network, and the new YTV Nickelodeon co-developed teen drama "Open Heart" from the creators of Degrassi.

Given the current ratings strength of our core networks, the rebound in kid-targeted advertising and anticipated improvements in the consumer packaged goods category, we are forecasting specialty advertising revenues to strengthen in the balance of the year.

In our international business in Q2, we are anticipating growth on the merchandizing front as well as gains in production and distribution revenue driven by increased studio service work and higher international sales from our Nelvana content.

As part of our content strategy, our newest preschool property, Little Charmers, debut on Nickelodeon in the United States yesterday and will roll out worldwide in the coming months.

With the strong appeal of this series, as well as Spin Master on board as Master Toy Partner, we expect to see a lift from initial merchandizing advances this spring followed by the global rollout of this promising brand in the fall.

As part of our strategy to expand into new markets, we continue to actively pursue opportunities to exploit our library as demand for digital content continues to grow.

In Q2 and the back half of the year, we expect to drive revenues across linear and digital platforms with further sales of our kids content to over-the-top providers and SVOD distributors in Canada and internationally. The launch of new domestic SVOD streaming services has provided us with more digital licensing outlets for our content. In August, we concluded a deal with Show Me for a significant number of titles from Nelvana, YTV and Nickelodeon.

As part of our strategic plan to pursue new partnership and content opportunities, Corus Media recently completed an output deal with A&E for content from history channels catalogue of popular franchised series including Mountain Men, the Appalachian Outlaws and No Man’s Land. These hit series, which are set to launch on Historia in the coming weeks, are expected to drive audiences and further enhance the specialty networks leadership position in the Québec market.

On the subscriber front, we expect subscriber gains from our newly-acquired assets in the second quarter. As part of our subscriber acquisition and retention activities in Q1, we signed a landmark deal with HBO to upgrade our pay offering, making all past seasons of current HBO series available to our subscribers on demand.

In November, we launched this initiative rolling out back episodes of our current series, including Game of Thrones, Boardwalk Empire and True Detective, and supporting this launch with acquisition offers and a robust marketing campaign.

In our last call, we announced that as part of our growth strategy we had entered into a strategic partnership with the US digital media company Kin, which operates the number one female-focused lifestyle multichannel network on YouTube. This deal offers our advertisers greater scale with integrated campaigns that reach the highly coveted women's audience across broadcast and YouTube platforms. Since we made the announcement, we have developed a very healthy pipeline of prospects with Kin and expect to secure our first deals with several major national brands later this month.

We also continue to innovate with new offerings and brand extensions to stay in step with consumer needs. As part of our TV Everywhere initiatives, we are working with our cable satellite and telecom partners to launch branded apps for each of our core services beginning this spring with the Treehouse app, which will be released in April.

In conclusion, through the disciplined execution of our four strategic priorities and by staying focused on growing our audiences, we are confident that we are on track to achieve our segment profit results within our stated financial guidance range for fiscal 2015 and will deliver on our commitment to return value to our shareholders. As part of that commitment, we were pleased to announce today a 5-cent increase in our dividend which brings the dividend for our Corus Class B shares to $1.14 per share on an annual basis for a yield of approximately 5%.

We'll now be happy to take any questions that you may have. And, Operator, we'll turn the call back over to you.

Operator: Thank you. This question session is for analysts only. Ladies and gentlemen, if you would like to register a question, please press the 1 followed by the 4 on your telephone. You will hear a three-tone prompt to acknowledge your request.

If your question has been answered and you would like to withdraw your registration, please press the 1 followed by the 3. If you're using a speakerphone, please lift your handset before entering your request.

One moment, please, for the first question. Our first question is coming from the line of Adam Shine with National Bank Financial. Please proceed with your question.

Adam Shine: Thanks a lot. Good morning.

Obviously, John, I wish you all the best in your retirement and congrats to Doug on your promotion.

John Cassaday: Thank you, Adam.

Adam Shine: John, as you look ahead through the rest of the year, are we expecting the possibility of resuscitation to positive organic trends or is this sort of a slow steady walk in terms of contraction of evolving negative trends?

John Cassaday: If you look at the markets on a macro basis, I think it's the former not the latter. So if you look at radio over the past two years, it surprisingly has continued to show growth.

We've looked at the last two years of radio markets growing at the 1% rate, which in light of the overall malaise and the advertising economy, we think that's a pretty commendable performance regrettably because of the ratings issues that we've had principally in Toronto and Vancouver. We've not benefitted from that. I think we built out the strong case for us being able to take advantage of continued strength in radio.

So I think that, you know, you start to see some good signs of growth out of the US. Ultimately, that will take hold in Canada and we're going to see radio build off an already strong base.

Television has been a little bit soft over the last two years with modest declines in TV in '13 and '14 of around 2%. But again, we're seeing signs of that particular segment continuing to grow. So our belief is and our forecast is that we will begin to see growth in our ad sales in Q3 and Q4 of this year. That's supported by that macro outlook and continued ratings strength on our key brands.

Adam Shine: That's great. Thanks for that. And maybe one more perhaps for Doug in the context of, you know, we're not seeing pay TV subscriber trends any more from you guys but can you speak to what might have happened in Q1 and obviously acknowledging that there's a bit more momentum sort of coming into the later part of the year obviously in the context of, you know, some of those additional initiatives with HBO?

Doug Murphy: Yes, we think we're offering a best ever value proposition to our subscribers - existing subscribers and very attractive new acquisition tool for perhaps watched or otherwise never-before subscribed with pay for us. So the offering now is that all the prior seasons of our in-season shows stacked and on-demand and we have acquisition offers in market now. Q1 was basically continuing sort of a bottoming process for us. We've kind of put the floor in, in our opinion, and we expect to see some growth starting to peg up from this quarter on.

Adam Shine: Great. Thanks a lot. Appreciate it.

Operator: Thank you.

Our next question is coming from the line of Paul Steep with Scotia Capital.

Please proceed with your question.

Paul Steep: Thanks. I'll echo my congratulations to both of you. And I guess for the first question maybe we can drill down a little bit into the TV subscriber side of things. How does 2015 stack up in terms of sort of BDO affiliation agreements? Is there anything - there's nothing unusual coming in terms of the subscription business this year, is there?

John Cassaday: No. We had the benefit of the addition of the new services last year but most of our contracts are in place through until the end of '15, the beginning of '16. So this is a really pivotal year for us in terms of our strategic planning and we're putting a lot of focus right now into preparing for these upcoming discussions. So what you're seeing right now is some evidence of some core shaving, which is not I think surprising to any of you on the call, certainly not surprising to us. The opportunity to sort of reboot here really will occur to us about a year out when these contracts come up for renewal.

Paul Steep: Right. And, John, just to close on that point, is there any thought - like are all the deals for the separate sales out of I guess the catalogue to Show Me and other elements, are those going to all get integrated into these deals this time out or is it still likely to stay separate for the foreseeable future?

John Cassaday: Well, I think that's to be determined. So far, we've been selling them on an ad hoc basis because we've been selling them in cycle. As we sit down and talk to our customers going forward, the approach that we've been talking about is what we're referring to as category management and thinking about these categories in a holistic basis and I'm quite sure that Doug and his team are going to want to package as much content as we can to enhance the value equation to its utmost potential.

And, of course, as you know, all of our customers are interested in reaching their subscribers on as many platforms as possible with as much content as they can get their hands on.

Paul Steep: Great. And then just two cleanups from me and I'll pass the line. The proceeds from the Steamboat investments, did that - Tom, did those hit I guess post quarter? Have you preceded those into Q2?

Tom Peddie: Paul, it's Tom. No, we've not received those. It could be a Q2 or possibly a Q3 item.

Paul Steep: Okay. And then finally I guess for anybody, what's the capacity look like in Corus Quay in terms of adding additional signals? Obviously, you went up another broadcaster at the end of last year. How much more capacity do you have at this point?

John Cassaday: We have considerably more capacity. We could I think certainly increase our capacity by 50%. That would be a conservative estimate.

Paul Steep: And efforts underway to sort of capture that or is it sort of ad hoc at this point?

John Cassaday: Yes. We've outlined in the events in the quarter and subsequent events of some success with clients like TVO and with the DHX services. And I think as other broadcasters out there look at the capital required to digitize their operations, the investment that we've already made in Corus Quay will be more appealing to them.

Certainly, we have the capacity and we've expressed our desire to be a partner with other broadcast to deploy this asset as efficiently as possible and we're getting some recognition of the investment that we've made as evidenced by the contracts we've signed with a couple of players already.

Paul Steep: Perfect. Thanks, guys.

Operator: Thank you. Our next question is coming from the line of Vince Valentini with TD Securities.

Please proceed with your question.

Vince Valentini: Thanks very much. And congratulations again, John, on the illustrious career and Doug on the promotion.

Doug, first question is for you. You talked a little bit about acquisitions being one of the things you won't look to in the future at the Investor Day. You've been an executive there for a long time. Is there any reason to think that you wouldn't just keep full speed ahead with the same strategy or do you think you need to take a little time as you take the CEO seat to digest the role and think about things before you get back on the acquisition trail?

Doug Murphy: Are you talking about M&A, Vince?

Vince Valentini: Yes.

Doug Murphy: I think we, you know, shared with you our four priorities and those remain those. And M&A is a key part of our growth thinking going forward. So we're continuing to assess a variety of potential targets and expect that to remain very much in the front as we continue to grow the business.

Vince Valentini: Okay, great. Second, the - sorry, I'm just getting feedback. I don't know if you're getting that as well.

John Cassaday: No, you're coming through clear, Vince. No problem here.

Vince Valentini: Okay. Have you reached a deal with the US broadcaster yet or can you give us an update there?

Doug Murphy: Not yet. Vince it's Doug. We're first in goal there but we haven't signed a broadcast deal at this point in time.

Vince Valentini: Okay, great. And last question, you talked a lot over the past year about the impact that the foreign exchange rate had on US CPG advertising. You seem to be indicating that those ad sales are improving but we're yet again right around the turn of the year seen a pretty dramatic escalation in the depreciation of the Canadian dollar versus the US. So do you have any sense of when those US companies put the pin in on their budget of what sort of exchange rate they're using and do you think there's a risk of history repeating itself this year if the US dollar continues to spike up?

John Cassaday: I'd have to say that risk does exist, Vince. You know, the bottom line is I think we demonstrated pretty conclusively the impact that it had last year. You'll recall at Investor Day we showed the impact of the dollar on the US CPG accounts versus the Canadian CPG accounts and nothing could have been a starker contrast and yet they're both reaching the same consumer. So clearly our hypothesis that currency was having an impact was valid. So here we are again. And as you say, the dollar has eroded even further.

So to answer your question specifically for most of our CPG customers on a calendar year, for most of them their planning would have been done in August-September with business plans presented to begin effect on January 1st. So I think probably they would have been looking at $1 in that August-September period and again depends on what their outlook was for the year. But I'm guessing probably most of them had it pegged at around 90 cents.

Tom Peddie: Maybe if I could just add to that, we, in December, we did see some pretty nice ad placement come in and it's a very encouraging sign. And given the volatility in exchange rate, things have slowed now. I guess one of the general characterizations of the ad economies would remain very low visibility and very lumpy in nature.

So, you know, I think John hit the nail on the head. There's still a risk in the kind of exchange rate implications for CPG. But, you know, that said, we did see some signs of life just as we were heading into the Christmas season.

Vince Valentini: Great. Thanks.

Operator: Thank you. Our next question is coming from the line of David McFadgen with Cormark Securities.

Please proceed with your question.

David McFadgen: Yes, hi. I also want to offer my congratulations to John and Doug. So a couple of questions. I noticed in the quarter the corporate costs were off quite a bit relative to the prior year. I'm just wondering is there any reason to that?

Tom Peddie: David, it's Tom. As we outlined in the shareholder's report, it was really stock-based compensation. We had lower performance units that we're vesting, a softer share price and softer accruals on short-term incentive plans.

David McFadgen: Okay. And then, John, you talked in your prepared remarks about the merchandizing business and the fact that you expect to pick up. Would we start to see that in Q3 or can you give us any specific timing?

John Cassaday: I'll let Doug handle that, David.

Doug Murphy: Thanks, John. Hi, David. Yes, we'll start to see that in the second quarter. We'll start seeing some final - I mean, like, we're all been waiting for that and it's one of the realities of the merchant business is it takes some time to get these property teed up and broadcast and launched but we expect to see that business begin to start paving more growth. Little Charmers, as John noted, launched on Nick yesterday. It launches in Treehouse shortly and we have tracked down performance extremely well in Canada. We launched that merchandize in the next few quarters.

So I think we're all pleased that we can finally begin to say that we're going to start to see some slow growth forward. We still have work to do to get back to the height of the Beyblade era but that's certainly our goal.

David McFadgen: Okay. And then just on the radio business, I think you indicated that you saw it in Q3 you would start to see the radio stabilize or grow. Is that accurate?

John Cassaday: Yes, it is. And it's really on the strength of Vancouver and Toronto. Vancouver has been a really, really pleasant surprise in terms of how quickly it's come back to life for us. And in Toronto again good strong results at Q107.

If you think about the issue that we had at the Edge, it was - you know, really there were two factors. One was the challenge that we had with our morning show and the change that required there - was required there. And then secondly, the arrival of a new competitor - direct competitor to that service. So there's been a lot of time spent on the development of talent there and on refining our music.

And, boy, we really believe that we're on the right track there and that the station sounds very good, so we're confident that we can get it back. But our success in radio, I would say going forward, is 90% dependent on seeing the recovery of the Edge to accompany the recovering Q107.

Doug Murphy: I'll add a comment a few on that one as well. You'll see now in Toronto some new marketing campaigns for Q107, so lots of billboards and buses and interesting sort of materials basically speak to the fact that we've really broadened our music recipe to include much more current rock and there's also going to be a companion television commercial, which will air locally in the GTA area. So we know we've got the music right and now we're going to, you know, scream from the mountain top that - tune in to Q107 and rediscover a great, you know, legacy station, so that's encouraging.

And then generally speaking across our other rock stations in Vancouver and Calgary particular, we're taking a lot from Toronto and tweaking the recipes and we've seen great successes, as John noted, in Vancouver with both Rock 101 and CFOX in the last book, so that's great. And we're making some more changes to Q107 in Calgary really leveraging, you know, some of the strategies and the materials that we've used in Toronto. So we're getting great synergies in that regard.

And then finally, just speaking at radio for a second, we continue to have an enviable position in the country format, which is a very, very strong format for women and for men. So we're going to continue to leverage our position in country and principally take advantage of our CMT television network, we increasingly are finding clever ways to, you know, basically twin those two properties in our media division to grow the respected businesses and that's a great opportunity.

Last note is on radio. Our work, you know, on programming is one piece of the puzzle. The second work is on sales. And we continue to look at ways to be the best salesforce in the marketplace. Our issue really on revenues is national, which is all a function of our ratings and our rankers on our stations. Our local sales are actually up a little bit from last year, so our local teams are doing a very good job. We just have to continue to focus on the CBS relationship continuing to do well with local and then, of course, a never-ending focus on making sure we're operating as efficiently as possible.

David McFadgen: Okay. And just one last question for Tom. At the Investor Day, you talked about getting some cash proceeds from some of your investments. Did they come in at the end of December?

Tom Peddie: No, they did not. I think that built on - I think it was a question that Vince asked or maybe it was Paul.

David McFadgen: Okay.

Tom Peddie: We would expect those probably in Q2 or Q3.

David McFadgen: Okay. And is that still in the magnitude of 25 million?

Tom Peddie: Yes.

David McFadgen: Okay. All right, thank you.

Operator: Thank you.

Before we take our next question, ladies and gentlemen, as a reminder, to register for a question, please press the 1 followed by the 4.

Our next question coming from Tim Casey from BMO. Please proceed with your question.

Tim Casey: Thanks. A couple from me. First, I'm wondering can you comment...

John Cassaday: First of all, Tim, just a question for you. This is our 61st analyst call. How many have you been on?

Tim Casey: Sixty-one. And they've all been great.

John Cassaday: Attaboy.

Tim Casey: I just want to - can you comment at all on what you're seeing with respect to regional patterns given, you know, the dramatic drop in oil prices and we hear about job cuts and layoffs and whatnot in Alberta. Are you - you know, given that radio is such a barometer of local activity, are you starting to see any meaningful regional differences across the major markets yet?

John Cassaday: Well, we are sitting here in Calgary this morning and last night we had dinner with the Calgary team and I asked the very same question to the sales manager and his answer was that no, there are not seeing that yet that there is still strong retail performance here. Having said that, it seems, you know, that to me that undoubtedly there is going to be an impact as a result of the reduced spending in oil over the next little while because there's going to be a cascading effect I'm sure. But as of today, the sales team is reporting that continued - markets continue to be strong. But I think, Tim, it's inevitable if this continues -- and it seems it will -- for some period of time that we'll start to see some softness in Alberta.

Tim Casey: Conversely, John, any - are you getting the sense that you'll see any upticks in the heartland of Ontario with the weak Canadian dollar?

John Cassaday: Well, the Ontario radio market has been not too bad. We just haven't been able to grow with it. And as I said, and as Doug comment on with his, you know, expansive response to what's going on in radio, it's all about getting the ratings improved at the Toronto cluster. We're absolutely convinced that the radio sector has been amazingly resilient through some tough economic times which talks to the strength of that medium. But, you know, you still have to have your saw sharpened as it relates to ratings and we ended up in that rock downturn and we're just digging our way out of it right now.

You know, it's pretty encouraging news the big Linamar investment this week, so we're starting to see some good things finally happening in Ontario. And as a result of that dollar, you know, we've always benefitted from strong exports to the United States with a weak dollar. So I think Ontario is well poised to deliver good growth for us and, of course, that's where the bulk of our stations are.

Doug Murphy: Tim, it's Doug. If you look at - I'm just looking at our whole Ontario kind of station grouping here and, you know, we're having some nice performance in Southwestern Ontario. As you know we're extremely strong in the corridor down there. We've got new stations in Ottawa, which, you know, we posted some spectacular ratings increases and now we just have to get out there and monetize those results.

(Unintelligible) so I think Ontario - setting aside our Toronto challenges -- and that really is a challenge -- the rest of Ontario is performing extremely well versus last year. And so I think we're positioned well to take advantage of any growth that kind of comes back to the heartland, as you put it.

Tim Casey: Great, thanks for that. And, John, one last one for you. I just wanted to confirm that you are severing all ties with the company in March and I just wanted to give you an opportunity to comment on what you might think - what might be in store for you in your next gig.

John Cassaday: Well, I've been thinking about retirement now for five years, which has been indicated in our management information circular. There was thought put into the end date on my contract, as I said earlier it's my 25th year in broadcasting and 15th year here, and because of our succession planning process and our commitment to it, quite frankly, the only fair thing to do was to really give Doug the chance to assume the CEO role.

So I'm leaving with tremendous comfort that I've had a great run here and with the enthusiasm to do something new and exciting going forward. I have no idea what that's going to be but I am committed to continue to look for new opportunities to keep myself engaged and contributing to the management process in Canada in the future.

Tim Casey: Well, that's great. We look forward to following that. All the best.

John Cassaday: Thank you, Tim.

Operator: Thank you. Mr. Cassaday, there are no further questions at this time. I will now turn the call back to you.

John Cassaday: Well, thank you, everyone, for your participation in the call and both Doug and I thank you for your very positive comments about our respective changes. We've got a lot of work to do. As we all know, there's some headwinds but we really do feel that we have the company nicely positioned to take advantage of the opportunities that present themselves to us in the future and we continue to be optimistic. So we look forward to seeing and talking to you in the weeks to come.

Bye for now. Have a great day.

Operator: Ladies and gentlemen, that does conclude the conference for today. We thank you for your participation and ask that you please disconnect your lines. Have a great day.

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