CORUS ENTERTAINMENT

Moderator: Doug Murphy
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1:00 pm CT

Operator: Ladies and gentlemen, thank you for standing by and welcome to the Corus Entertainment Q4 and Year End 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 session. 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 the star 0. As a reminder, this conference is being recorded, Thursday, October the 22nd, 2015. I would now like to turn the conference over to Doug Murphy, President and CEO. Please go ahead, sir.

Doug Murphy: Thank you, operator, and good afternoon, everyone. I am Doug Murphy and welcome to Corus Entertainment’s fiscal 2015 fourth quarter and yearend analyst call. Tom Peddie, our executive vice president and chief financial officer is also on the call with me today. Before we read the cautionary statement, we’d like to inform everyone that there are a series of power point slides that accompany this call.

The slides can be found on our website at corusent.com in the Investor Relations section. We'll now run through the standard cautionary statements. This discussion contains forward-looking statements that may involve risks and uncertainties. Additional information concerning factors that could cause actual results to materially differ from those in our forward-looking statements is contained in the company’s filings with the Canadian Security Administrators on SEDAR.

Turning to slide 3 of the presentation, fiscal 2015 was a challenging year, but we have made great strides in the back half of the year, positioning our company to return to modest growth in fiscal 2016, and we are pleased to report that our free cash flow of 201 million was up 15% for the year, beating our guidance of $180 million. In addition through our ongoing focus on expense control, we were able to maintain our segment profit margins of 34% in the face of soft advertising revenues.

Consolidated revenues for the year were 815 million, down 2%, and consolidated segment profit was 277 million, down 4% from prior year. For the full year, net loss attributable to shareholders of 25 million or $0.29 per share includes a non-cash radio broadcast license and goodwill impairment charge of $130 million, restructuring cost of $19 million, and a programming rights and film investment write-down of $52 million.

On an adjusted basis, net income attributable to shareholders was 136 million or $1.57 per share, compared to 150 million or $1.77 per share in the prior year. Now I would like to make a few remarks on the fourth quarter. Our women and family vertical had a great quarter from both the ratings and revenue perspectives. The portfolio's strong range momentum was bolstered by our slate of high profile original programming, which drove increases in weeknight prime modest delivery across the portfolio.

Audiences lead revenues and with these impressive ratings, the women and family vertical posted double-digit ad revenue growth in the quarter. However, these gains were not enough to offset lower revenues elsewhere at Corus Television. We experienced an overall decline of 10% in specialty advertising for the quarter as a result of tough comparables at Telelatino with a broadcast of last year's FIFA World Cup and advertising softness from certain key categories such as theatrical film releases in our kids vertical, which is largely a timing issue.

Revenues in our pay TV business were essentially flat, down less than 1%. Movie Central saw a lift in subscribers in the last quarter, driven by new seasons of high profile HBO series like True Detective and targeted subscriber acquisition campaigns. At Nelvana, our merchandizing revenues once again posted growth, as the team concluded additional global (unintelligible) deals for the promising new properties in our pipeline.

And the turnaround in our radio division is starting to pick up. On the ratings front, our repositioning efforts are gaining traction, driving solid ratings improvements across the portfolio. However, from a revenue perspective, improved ratings have not yet translated into gains in a soft advertising environment resulting in revenue declines of 6% due largely to Toronto. Vancouver remains the bright spot in the portfolio.

This cluster is generating strong year-over-year revenue growth for a second consecutive quarter as our research driven programming changes take hold in large markets, which are coveted by our national radio advertisers. In fact the success in the Vancouver cluster has become a model for the division as we roll out similar repositioning initiatives in other markets.

Moving on to our outlook for Q1, the common themes negatively affecting the buoyancy of the advertising marketplace remain, namely the weaker Canadian dollar, a lack of advertiser confidence, and adjustments to the overall marketing mix with some share shifts from television to digital. However, as we approach calendar 2016, signs of improvement are beginning to emerge.

The impressive work we have done to optimize our powerful portfolio of kids' channels positions us well to increase our advertising revenue from family oriented advertisers. In fact we expect to realize meaningful demand creation opportunities across the key food, entertainment, and toy categories as well as emerging categories such as retail, government and financial services over the coming quarters.

The momentum established in our women and family vertical continues. New seasons of original hit series like W Network's Hockey Wives, Masters of Flip and Property Brothers are driving audience growth and in turn revenue gains for the portfolio. These factual reality shows offer coveted integrated advertising solutions for our clients and agencies. We're seeing strong growth in this area that has become a clear differentiator for us in a highly competitive market.

On the subscriber front, revenues will be up in Q1 fueled by the launch of the Disney channel. At Nelvana, we're expecting merchandizing revenue growth from our properties such as Little Charmers as we roll out a new line of toys leading into the holiday season. On the radio front, visibility while low, we are seeing some encouraging signs. In fact in nine of the last 13 weeks, radio bookings have exceeded the prior year.

Again audiences lead revenues and in Vancouver this has certainly played out as strong ratings and revenue momentum continues with Rock 101 and CFOX ranked among the top five stations with adults 25 to 54. In Toronto, ratings released in September indicate that repositioning efforts in this market are beginning to take hold. Q107 and 102.1 The Edge continue to maintain their number two position with their core demos, and in the key adult 25 to 54 demo, the Edge has moved up a ranking.

Even the Toronto Blue Jays fever dominating our fair city have yet to shake these ratings. Turn to slide 4 and our strategic priorities. This is an exciting time for us. We are extremely energized by our new strategic framework born of an extensive planning process and designed to address changes in the regulatory environment while leveraging new opportunities in the evolving media space.

This strategic plan marks an important shift for us as you begin the transformation of Corus from what I would describe as a traditional broadcast company to a future focused integrated media and content business. We moved quickly to establish our new executive leadership team who have a clear mandate and accountability for the year ahead. We have ensured that our strategic priorities are well understood throughout the entire organization and that we are all fully aligned to execute them flawlessly.

This is a transitional year for our company as implementation of these strategic priorities will take time to materialize. We will deliver modest earnings growth in F16 and will return our company to more steady growth in the years to follow. Let me take a moment to share with you Corus Entertainment’s three strategic priorities, namely one, own and control more content. Two, engage our audiences. Three, expand into new and adjacent markets.

How will we deliver on these priorities? We will do so by building scale through strong partnerships, by pursuing targeted M&A opportunities, and by focusing on best-in-class execution. This transformation is well underway. Our kids business is an excellent example of our ability to own more content and execute on our plan.

We saw a light coming out of the CRT regulatory changes where others saw dark and this more flexible environment we've strengthened our position in the kids and family space by entering into transformational partnerships with Nickelodeon and Disney to build scale in the markets in which we compete. On September 1, we launched the Disney channel with an exempt license, securing excellent channel placement and broad distribution in 10 million homes.

At the same time Corus media launched (unintelligible) Disney to service the French language market. Just six weeks into the launch, families are tuning in to the Disney channel, which for the first time in Canada mirrors the true Disney experience in the US. We're already seeing a significant share shift in audiences from the incumbent to the Corus networks. Once we become the exclusive home for all of the Disney channels and series this migration of audiences will only accelerate.

We've just scratched the surface of your engagement with this major world class brand in Canada and we're excited to see it take off. With the CRTC's elimination of the genre protection rules, we've redesigned our kids portfolio to optimize our offerings, giving our audiences a full suite of highly differentiated services targeting specific ages and stages of kids’ lives with more programming appeal for family viewing during prime time.

We moved the best of Teletoon Retro's content to Teleton and we used the Teletoon Retro channel slot to expand Cartoon Network's distribution to five million homes, including Rogers, Shaw and Shaw Direct subscribers for the first time. We aligned Cartoon Network's programming more closely with this iconic US brand and we're already seeing the benefits of this move.

And we also bolstered Teletoon by introducing a new slate of series including modern reboots of one of others classics such as Scooby Dooby Doo and Marvel animation content. So we now have eight targeted kids and family friendly offerings in the market and two additional Disney brands to come in the second quarter, powerful world class brands that will win in this new regulatory environment and we didn't stop there.

Critical to our success was securing long-term carriage agreements with our distribution partners. This was a significant achievement that reinforces the value of our brands in this new regulatory environment. We've entered F16 with a Corus kid's portfolio that reaches nine out of 10 moms and their kids. We now have without a doubt front row seats in the highly sought after family room.

Not only do we have a coveted spot in the family room, the emergence of the TV Everywhere app provides a value opportunity for us to engage with our audiences wherever they are. In June we launched Treehouse Go and in September we rolled out YTV Go, Watch Disney and Nick Go. These apps designed for portability and convenience are a critical step to building two way relationships to engage our audiences as we transition from being a wholesaler to a retailer of channels and content.

These initiates will secure and strengthen our business domestically, which in turn will fund our investments and content for export internationally and ultimately drive our growth globally. As we focus on expanding our footprint in new markets, we are ramping up our production slate to meet the growing demand for kid's content from broadcasters and S Slot platforms around the world. This will increase our merchandising ad bets in the vast global consumer products marketplace.

Nelvana currently has a number of a new consumer products properties rolling out. The early read on our preschool brand Little Charmers is very promising with a major toy line from Spin Master hitting North American shelves this fall and Truck Town is set to launch a line of some master toys at mass retail this coming spring. At MIPCOM earlier this October there was great interest in our robust slate of properties including UG pets, Julia Andrews' Very Fairy Princess, and our girl's action series Mysticons.

In particular Hotel Transylvania, the series that we're developing with Sony based on the blockbuster feature film, created a lot of buzz and excitement at the market. The property comes loaded with strong brand equity and maybe equal or surpass $268 million US at the box office thus far worldwide. The excitement continues to build with multiple bidders looking to add this incredible franchise property to their programming lineup.

With the series slated to launch in 2017 we'll be announcing an international distribution deal shortly, which gives us a significant stake in the global success of this brand and is another great example of building scale through partnerships. Building strategic partnerships is in our DNA and is a critical component of our strategy to increase our presence internationally and to own and control more content.

Our multiyear co-development partnerships with LA based Bento box, the creative team behind Bob's Burgers and Seth Meyers' The Awesomes allows us to tap into the growing demand for primetime animation targeted to the coveted 18 to 34 year old demo. Production begins this fall on The Pandas, the first of a growing roster of projects on Bento Box Canada and more projects with A list Hollywood partners are on the horizon.

We are taking a unique position as an innovator broadcaster, distributor and producer of content what we call the Corus advantage and extending it into other areas of our business beyond kids. As MIPCOM we announced US deals for two of our growing slate of owned factual reality programs targeted to women and families, securing sales of Cheer Stars to ABC Family and Masters of Flip to Scripts Networks.

These early sales underscore the global appeal of factual reality content and represent the first in our growing slate of programming offerings that will be monetized both in Canada and in that large global content marketplace. We’ve also made progress in adjacent and unregulated markets by leveraging the extensive technical capabilities of our Corus key plant to grow our technology in media services arm key media services.

The recent acquisition of Fast File, one of Canada’s leading entertainment accessibility providers, give us access to the burgeoning closed caption, describe video, and subtitling businesses. This represents a domestic and international growth opportunity, a new revenue stream for the company. In summary, as we begin fiscal 2016, we want to assure our shareholders that we have great confidence in our future.

We have a strong, well-conceived plan to win. We have the right people in place. We are fully focused on executing our priorities. Our talented team is aligned and crystal clear on what we must do. We've accomplished a lot so far. We have the best must have content locked in and we've redesigned our kids portfolio to grow and monetize our audience, expanded into new areas of content with our first ever sale of factual reality programs.

We forge new partnerships to create content with creative studios such as Bento Box. We're deepening our engagement with ISS to our new apps and we're expanding into adjacent markets with key media services and we still have more to do. Our focus right now is on the successful execution of our plan. As a consequence we will be not be hosting an Investor Day in November and as previously mentioned, we will not provide specific financial guidance for fiscal 2015.

We remain committed to returning value to our shareholders by taking a balanced approach to maintain our dividend, pay down debt, and invest for growth. We hope you have found these comments helpful and we look forward to updating you on our progress in subsequent calls. We’re now happy to take your questions. Operator, over to you.

Operator: Thank you. 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.

And if you are using a speakerphone today, please lift your handset before entering your request. As a reminder please note that this call is being recorded. One moment please for first question. Our first question comes from the line of Paul Steep with Scotia Capital. Please go ahead.

Paul Steep: Great, Doug, maybe you could talk just a little bit about the Disney launch, the initial reaction and how it's gone so far?

Doug Murphy: Hey, Paul. Thank you, happy to. We're delighted with the launch. We've had nothing but enthusiastic reception on behalf of all our distribution partners over the summer as we were discussing the launch. We used the exempt licensing format as made possible by the recent CRTC regulations to launch as an exempt license which got us into 10 million homes, which is an extremely significant accomplishment.

We were very happy with our subscriber revenue deals we were able to negotiate with the distributors and we're delighted to see the audience shift start to meaningfully occur. Each week we're seeing significant growth in ISS moving over to the new Disney channel. We've launched the TV Everywhere app, which obviously is a companion value add for our subscribers and our BDU partners.

And we'll be launching Disney XD and Disney Junior before the end of this calendar. So I would like to thank our team for an extremely well-executed launch and I can say that we're delighted with the results and it's just the beginning of a very promising new branded service for us in our kid's space.

Paul Steep: Great, the second one I guess if we almost create a new category here, if we think about 2016 for program investment for owned content, how should we think about, and I know you're not given guidance, but in terms of either dollars or hours you've got a lot in the pipe. Maybe you can summarize as to what the summary would be in terms of what we'd expect to be produced or sort of spent out in '16, thanks.

Doug Murphy: I will, I'll give a sort of qualitative answer. Maybe if Tom wants to jump on the follow-up he is more than welcome to. We have tasked the leaders of our kids business Tom and Corus Kids and Scott Dyer at Nelvana to work with our existing team and content partners to meaningfully accelerate the output of episodic content out of Nelvana.

We have been running a certain baseline now for you know, three or four years and the challenge we have put to the team is to get us higher I would say in a meaningful manner over the next 24 to 36 months. So we can have more what I described in my remarks as risk and mitigated at best. So in a perfect world, I would like - I personally like to see more spend on owned content out of the kids business, but of course.

But you've got to remember is we're growing our revenues with the addition of the Disney Channel and so we have more investment funds to work with on the CPE basis given the commensurate revenue growth. So it's easily affordable within our Corus advantage model. Tom, do you want anything to add?

Tom Peddie: No I was just going to add exactly what you just said is that we're really going to fund it with CPE.

Operator: Thank you. Our next question comes from the line of Bob Bek with CIBC. Please go ahead.

Bob Bek: All right. Thanks, good afternoon, guys. Just to follow up a bit on that, now you talked about the double-digit growth at women’s and family and then obviously offset by some of the other areas. Can you give us a bit of a broad update as to where that vertical stands given the Disney launch, given the further Disney products that are coming down the pipe?

Just to get a sense as to how much of the platform has this strength behind it. And then secondly, I think you talked about the early success on the Disney on the subscriber side obviously and some advertiser buy in, but what was the timing to really kind of capture a lot of the advertising support? I mean, as you say if the revenues follow the - they'll follow the eyeballs and so at some point is it a Q2, is it Q3 where we think that the success from an eyeball perspective has a bigger revenue flow through?

Doug Murphy: Thanks, Bob. First question I believe you're referring to the women’s and family vertical.

Bob Bek: In general, yes just with the Disney contribution, how much of that you know, ballpark, how much of that for television really does...

Doug Murphy: Not - the women’s and family growth does not include the Disney channel.

Bob Bek: I understand that, but going forward just because it is already - okay, sorry.

Doug Murphy: No, no just I think I know going this one. So women’s and family growth is coming from WCMT and ABC Spark. All three of those services are posting some very strong audience growth and very firm. The Disney channel growth in the immediate term in subscribers you know, the advertising growth as we begin to hit critical mass, which we expect to occur as we look at the calendar year I think you'll see significant pick up in the back half of fiscal '16.

Bob Bek: Okay. Great. Okay, that's helpful, and going to next year or just on your investment in international content, you talked about build and/or buy in partnerships, is that primarily a build and partnerships or are there opportunities to buy and do you even want to pursue some opportunities to buy exclusively as opposed to just partnerships and building on your own?

Doug Murphy: I think it depends on the opportunity, Bob, to be honest to you. We like partnering with strong creative partners. We've done it obviously in a kid's world with the many mentioned Sony a moment ago, we've got others, Nickelodeon, you know. CPO, (unintelligible), Julie Andrews, the list goes on and on and on, Hasbro, etcetera. On the women's and family side, we have (Mark Brunette) working right now which is interesting.

Most of the ones that we're bringing to the market now are developed internally through our own original programming team. So you know, we may look to partner in a pitch that we like and bring our Corus advantage spending and investment capabilities and broadcast capabilities to bear. As far as M&A and content, we're looking at those files on a regular basis.

We do see opportunities potentially in the women's and family space, but at very small tuck in type bite size. As far as kids content, M&A opportunities, limited I would say there. Occasionally you get a kind of nice strong singular brand that comes by and we look at all those, but we've not seen and one of the reason we felt was the right valuation for us or that wasn't - that we didn't already have something in our library that would kind of equal it in terms of opportunity.

Bob Bek: Yes, that's helpful. Thanks. Just a quick question if I could, you've got a good view of the economic environment at West, any thoughts on the conditions as far as the Western ad sales, Western subscription, that kind of thing, Doug? That would be helpful.

Doug Murphy: Yes, well certainly I can tell you, Bob, that you know, the challenges in Alberta are showing up in some other radio clusters out there. That's not, that probably wouldn't be surprising to anybody. Luckily we've got some very highly rated stations in those markets and so our local sales team are redoubling their efforts to address opportunities with the local advertisers and we continue to work on you know, strengthening our relative rankings in those markets. But Western Canada is in a bit of soft spot at the moment I would say. Otherwise I have not seen anything in Western Canada on the subscription side of the business. Obviously it's mostly a radio issue.

Operator: Thank you. Our next question comes from the line of David McFadgen with Cormark Securities. Please go ahead.

David McFadgen: Yes, a couple of questions. So when you talked about modest earnings growth are you talking about the EPS lines or are you talking EBITDA line, if you can provide some clarity on that?

Tom Peddie: That would be EBITDA, David.

David McFadgen: Okay, and then this week there was news that Disney has launched its own over the top service in Europe. So I was wondering if you could provide some additional clarity on what rights you own in Canada with the Disney deal.

Doug Murphy: That was - we are protected in Canada with our Disney deal. You know, they will always look to exploit their content in any market where they feel there is a window that's available. In the UK market it's a kind of content assortment that includes you know, the equivalent of DVD box sets and library movies of the week and some branded content, but it's a library play for the most part.

When we were talking to Disney about our opportunity in Canada, you know, I know they were evaluating over the top strategies versus going with a partner such as us. They went with us. We have a longer term deal. We're very confident that what they're doing in foreign markets clearly is their strategy, but will not negatively impact us in Canada.

David McFadgen: So you own the digital rights to all the new programming, right?

Doug Murphy: We own the rights as defined by the TV Everywhere rights definition in the US marketplace in Canada.

David McFadgen: Okay. And that would prevent them from offering an OTT service in Canada?

Doug Murphy: It does not prevent them from offering an OTT service in Canada. It prevents them from offering marketing an OTT service in Canada with the content we have on our branded venue of networks and the companion content that we have on our non-linear brands.

David McFadgen: Okay. So the content you have, you've got and they can't show it on an over the top service in Canada, correct.

Doug Murphy: That's correct

David McFadgen: Okay. So if the women's vertical was up double-digits, can you give us an idea how much the kids was down? Is it down double digit or high single digit?

Doug Murphy: It was down high single digit, David. It was - yes.

David McFadgen: Okay. And I seem to recall that ABC Spark is going to be rebranding in the US, not sure it that's true, but if it is I was wondering would you rebrand ABC Spark in Canada?

Doug Murphy: That's a good question and glad to see you're paying attention to the media trades. They're moving to a new brand called Freeform. We are evaluating whether or not that is a sensible move for us. There's merits to go day and date with them. There's also significant merits in staying with our brand as we currently have it. It's a successful brand. It's performing extremely well from advertisers and ratings growth. So it's currently a topic of discussion, but you're right, they are looking at rebranding ABC Family in the space around called Freeform.

David McFadgen: Okay. And then just lastly and I'll pass the line, so when you talked about you're see a significant share shift in into Disney channel, you're talking about a share shift from family channel to your new Disney channel, just want to clarify that?

Doug Murphy: That's correct.

Operator: Ladies and gentlemen, as a reminder, to register for a question today, please press 1 4 on your telephone. Our next question comes from the line of Haran Posner with RBC Capital Markets. Please go ahead.

Haran Posner: Yeah, thanks very much. Good afternoon, maybe, Doug, I can go back to your comments on the TV advertising piece, just to help us maybe model this out, the difference between women and family and then kids. Is there any way you can help us just breakout, call it the revenue contribution to advertising and television? How much of that is women and family? How much is kids and I don't know if you're including your French language channels in that or not?

Doug Murphy: Yes, and I can approximate that the - roughly speaking the women's - let's talk about the outlook for Q1 for example. I would say that it is approximately you know, 40 kids and 60 women's and family in Corus Media.

Haran Posner: Got it, okay. No, that's very helpful. Thanks for that. Going back to the Disney channel, you talked about good agreements with the BDUs. You seem to be happy, 10 million households is a lot. Do we do the simple math of 10 million times you know, let's say an affiliate fee that's presumably a bit higher than Teletoon? Would that be in the ballpark?

Doug Murphy: So the 10 million is inclusive of free preview. So we think that will settle down to be about 70% of that once that done and so I would model it on that number.

Haran Posner: Okay. And then in terms of your affiliate fee per month, if you look at some of the other kids channels, would that be in the ballpark or maybe Disney should get a bit of premium?

Doug Murphy: Well, I - obviously I'm not going to share with you the specifics of that, but you know, I think you can look at the range of brands and the relative values and use your own judgment as to where you put Disney in that context.

Operator: Thank you. Our next question comes from the line of Robert Peters with Credit Suisse. Please go ahead.

Robert Peters: Hi, thanks for taking my question. Just you know, maybe touching on Nelvana for a second, I was just wondering I believe at your last Investor Day and since we won't be having this one, you had given some color around the digital revenues that you were getting from Nelvana that's included in the merchandise distribution and other. I was just wondering if you have an update for that and kind of maybe how you see that kind of tracking into 2016.

Doug Murphy: I'll give you some qualitative comments on that, Robert. First off we continue to be really pleased with the growth in revenues on our YouTube services.

We've got seven or eight different library channels in foreign languages that we've launched now. The ones that are performing their best are the ones in Brazil. The Treehouse service in Brazil is an extremely strong service and we also have other languages which are doing well.

So its growing on a commensurate level as you're seeing YouTube grow, but then we're getting little bit more revenue because we're putting up more YouTube channels every quarter. So that remains a healthy growth area. The other comment I would make is that we have crossed the threshold where I would genuinely say that we have as many buyers for our animated content that are as wide players as we do big linear players.

Our interest we now have from Hulu and Amazon and Netflix in commissioning scripted kids animated content is absolutely fantastic and I would suspect in the coming quarters we'll be making announcements on significant sales of new episodic productions to those players. So they've definitely arrived as being not just library licensing entities, but those entities looking for more kind of great content that we produce out of our Nelvana studio.

Tom Peddie: Rob, its Tom. I don't have a specific number on that, but what we could say is that it's up low double digit from a percentage point of view.

Robert Peters: Perfect, thank you very much, and you know, I think you've given us some great color in terms of kind of how you see the Disney launch playing out over the course of the year. On the revenue side, I was wondering is there any kind of changing cadence on the cost side or should we expect it to kind of track similar to the revenues?

Tom Peddie: Well, I guess - it's Tom. I guess from a cost point of view is that I think initially the cost will be higher going back to you know, Doug's initial comment is that it you know, will take us a little longer to roll out the other two Disney channels. So as a result the revenue pacing will be behind, but you know, what we had said I think back in July and certainly in previous conversations on this subject is that we will show year-over-year growth for the year.

Operator: Thank you. Our next question comes from the line of Aravinda Galappatthige with Canaccord Genuity. Please go ahead.

Aravinda Galappatthige: Good afternoon, thanks for taking my questions. Doug, so just to follow-up on that last point that Tom made, you're still calling for sort of EBITDA accretion on the Disney Channel. Am I correct and if that's the case, is it fair to say based on further comments you made that the higher programming cost relatively speaking would mean that in the first half of the year, you know, it would be a bit of a drag on the overall results, but potentially offsetting in the back half? Is that sort of the cadence in terms of the EBITDA drag and then tailwind that we should be looking at?

Doug Murphy: That's a good characterization, yes.

Aravinda Galappatthige: Okay, good. And just maybe for Tom, Tom, just with respect to the strength in the free cash flow, one thing I've noticed is that you know, the ratio between the program amortization and the actual cash payment, that ratio seems to have shifted a little bit in 2015 in your favor, obviously helping the 2015 free cash flow numbers.

Should we think of that sort of new let's call it new ratio as a way that we should look at when we forecast beyond '15 because historically I know that the cash payments have been a bit higher than the amortization. In this case it was nearly one for one, in fact it was little bit less than one.

Tom Peddie: Okay, a couple of good questions there and a couple of comments is that I think one of the things that would have impacted us this year compared to last year from a free cash flow point of view is that some of our licenses were changing from a cash spend to an accrual spend. So in prior years we might have been putting more cash out of the door. This year we would have put a little less out the door.

As I look at it from a working capital point of view, if you look at our long term payables and our short term payables, the numbers are pretty comparable and that clearly we will have incremental program expenditures in the coming year because of the Disney and the Nick transactions. But as we said in our previous answer, our goal is to offset that with increased revenue. It will drag a bit in the first part of the year, but as we said hopefully it will catch up.

I mean, the challenge for us is to make sure that you know, our cash outflows kind of match the revenue inflows and therefore the real challenge for us is to manage our working capital for 2016. And I guess the other comment that I would make is that you know, we talked about the fact that we had our record free cash flow of $200 million, but as you say when we pull out the benefit of our gain on go pro, the number drops down to closer to $180 million.

And as we look at 2016, the other piece of information that we would provide you with is that our capital expenditures in 2016 will probably be in the 25 to $30 million range compared to $16 million this year. And then I guess the other part of the formula would be that we are looking for - our goal is to grow our revenue, or grow our EBITDA.

So those would be some of the factors that you would be looking at in our free cash flow. We you know, we said that we're not providing specific guidance on EBITDA or free cash flow, but what you can be assured of is that you know, the company will continue to generate strong free cash flow as we deliver against the strategic priorities that Doug outlined in his comments.

Operator: Thank you. Our next question comes from the line of Vince Valentini with TD Securities. Please go ahead.

Vince Valentini: Yes. Hi, thanks guys. Couple questions, one, radio, is it unrealistic to expect just to get back to flatter positive revenue growth in the first quarter given you had a couple of consecutive books of better ratings?

Tom Peddie: I think I wouldn’t expect revenue growth in the first quarter. I would expect revenue growth in the fiscal year. That is our objective. Thank you for noting our nice books we have had. We're very pleased with the results thus far, but we’re still hitting a bit of a soft patch.

And then you know, in Toronto despite a lift in ratings, we've you know, got our fantastic blue jays just driving a lot of media consumption and stocking up lots of ad dollars right now. So I wouldn’t want to wish that to change just for the moment to be perfectly honest with you. So I think it's more like a Q2, Q3, Q4 story for radio.

Vince Valentini: Okay. And a separate question, you just had to go through these negotiations with the BDUs over the Disney channel. I’m wondering if that’s given any insight into how the world’s going to unfold with pick and pay. Did you factor into those discussions what the current rate is as Disney is sold this part of a bundle in most cases versus what it will change to if a year, a year and a half from now people think Disney as their only channel?

Doug Murphy: We - that’s a good question and I might take the liberty of maybe answering a different question, but it gets at the same answer. What became really evident when we sat down to negotiate the Disney channel with our BDU partners was the level of analytical rigor that they're bringing to the assessment of any channel in this new world.

And what is true is that the BDU system, our partners recognize two things when it comes to subscriber negotiations for channels. First they recognized audience delivery. So the extent to which your top ranked channel like a W for example, we've enormous confidence that when it comes time to negotiate W in the future with any BDU the bias will be to reward those services that drive the most audiences and that’s pretty logical.

But it’s being seen now on a - in a new level of fact based analytics. The second thing I’d add is that in the Disney Channel case, all the BDUs were thrilled to be able to bring a brand that heretofore had not lived as its own channel in Canada to the audiences. They acknowledged the investment that we had made to bring that brand into our portfolio.

They recognize that the another outcome might have been that that brand might have ended up within over the top strategy for a call question we had earlier, and so there was a mutual understanding that there was a commensurate rate that we should receive for that investment.

Vince Valentini: So sorry if I missed it a little bit, Doug, but just to be clear, do you have any increased confidence now that this analytical rigor at the BDUs will allow for some volume lost in a pick and pay world to be offset by higher rates per signal or is that, I know you can't give specifics, but directionally you have some increased confidence now?

Doug Murphy: Directionally I do, yes and directionally I would say the other thing is when - remember now the - we have a March date where the BDUs have to offer bundles of 10 services and then they have to offer a la carte in December of '16. And the - what we've done in our kids portfolio I think is completely emblematic of one of our you know, key priorities is you know, executional excellence in the sense that we've repositioned you know, Teletoon Retro to Cartoon Network.

We moved around content to make that Cartoon Network brand be analogous to the US service, which is extremely strong. We also strengthened the Teletoon brand and so we believe that as a result of those decisions that portfolio both as a bundle and as an a la carte will have great value and is in the best position possible in this regulatory environment.

Operator: Thank you. Mr. Murphy, there are no further questions at this time.

Doug Murphy: Well thank you, operator and thank you everyone for your interest and your questions and your support for Corus Entertainment. I want to take this moment to thank the team here at Corus. Everybody’s completely focused on execution and will continue to deliver against these priorities that we talked about today. We look forward to talking to you again in future and until then go Jays. Thank you.

Tom Peddie: Bye, bye

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

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