

Corus Entertainment Announces Fiscal 2015 Fourth Quarter and Year-End Results

- Record free cash flow of \$201.2 million, up 15% for the fiscal year
- Consolidated revenues down 4% for the quarter and down 2% for the fiscal year
- Consolidated segment profit down 5% for the quarter and down 4% for the fiscal year
- Net earnings attributable to shareholders of \$17.8 million for the quarter and loss of \$25.2 million for the fiscal year
- Adjusted basic earnings per share of \$0.28 per share for the quarter and \$1.57 for the fiscal year
- Consolidated segment profit margins of 34% for the fiscal year

(October 22, 2015 – Toronto, Canada) **Corus Entertainment Inc.** (TSX: CJR.B) announced its fourth quarter and year-end financial results today.

“We were very pleased to deliver record-breaking free cash flow and maintain our margins this year, despite soft advertising revenues,” said Doug Murphy, President and Chief Executive Officer, Corus Entertainment. “This is an exciting time for us. Our newly appointed Executive Leadership Team is fully focused on the successful execution of our strategic priorities, which are driving our transformation from a traditional broadcaster to an integrated media and content business. Though we are still in the early stages, we are confident that we have the right strategies in place and pleased with our progress to-date. The optimization of our premium portfolio of Kids brands, with the successful launch of Disney Channel (Canada) and rollout of our suite of innovative TV Everywhere apps, represents the first in a series of strategic steps we are taking to return the Company to growth.”

Financial Highlights

	Three months ended		Year ended	
	2015	August 31, 2014	2015	August 31, 2014
(unaudited - in thousands of Canadian dollars except per share amounts)				
Revenues				
Television	154,338	159,809	653,770	660,424
Radio	39,261	41,748	161,545	172,592
	193,599	201,557	815,315	833,016
Segment profit ⁽¹⁾				
Television	52,575	57,036	260,129	273,273
Radio	8,503	9,502	37,007	45,487
Corporate	(5,585)	(8,189)	(19,949)	(29,122)
	55,493	58,349	277,187	289,638
Net income (loss) attributable to shareholders	17,835	23,727	(25,154)	150,408
Adjusted net income attributable to shareholders ^{(1) (2)}	23,967	26,785	135,922	150,344
Basic earnings (loss) per share	\$ 0.21	\$ 0.28	\$ (0.29)	\$ 1.77
Adjusted basic earnings per share ^{(1) (2)}	\$ 0.28	\$ 0.31	\$ 1.57	\$ 1.77
Diluted earnings (loss) per share	\$ 0.21	\$ 0.28	\$ (0.29)	\$ 1.76
Free cash flow⁽¹⁾	45,170	(7,164)	201,213	175,276

⁽¹⁾ Adjusted net income (loss) 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.

⁽²⁾ For the three months ended August 31, 2015, excludes business acquisition, integration and restructuring charges of \$8.3 million (\$0.07 per share). For the year ended August 31, 2015, excludes radio broadcast license and goodwill impairment charges of \$130.0 million (\$1.44 per share), intangible impairment charges of \$51.8 million (\$0.44 per share), business acquisition, integration and restructuring charges of \$19.0 million (\$0.15 per share), offset by a gain on distribution of investment of \$17.0 million (\$0.17 per share). For the three months ended August 31, 2014, excludes business acquisition, integration and restructuring costs of \$5.6 million (\$0.04 per share) and investment impairment recovery of \$1.0 million (\$0.01 per share). For the year ended August 31, 2014, 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, radio broadcast license and goodwill impairment charges of \$83.0 million (\$0.92 per share), capital asset impairment charges of \$1.2 million (\$0.01 per share), business acquisition, integration and restructuring costs of \$46.8 million (\$0.51 per share), an increase in the purchase price obligation of \$3.3 million (\$0.04 per share), and investment impairment related charges of \$2.3 million (\$0.03 per share).

Consolidated Results from Operations

Consolidated revenues for the three months ended August 31, 2015 were \$193.6 million, down 4% from \$201.6 million last year. Consolidated segment profit was \$55.5 million, down 5% from \$58.3 million last year. Net income attributable to shareholders for the quarter was \$17.8 million (\$0.21 per share basic and diluted), compared to \$23.7 million (\$0.28 per share basic and diluted) last year. Net income attributable to shareholders for the fourth quarter includes business acquisition, integration and restructuring costs of \$8.3 million (\$0.07 per share). Removing the impact of this item results in an adjusted net income attributable to shareholders of \$24.0 million (\$0.28 per share) in the quarter. Net income attributable to shareholders for the prior year quarter includes business acquisition, integration and restructuring costs of \$5.6 million (\$0.04 per share) and an investment impairment recovery of \$1.0 million (\$0.01 per share). Removing the impact of these items results in an adjusted net income attributable to shareholders of \$26.8 million (\$0.31 per share basic) for the prior year quarter.

Consolidated revenues for the year ended August 31, 2015 were \$815.3 million, down 2% from \$833.0 million last year. Consolidated segment profit was \$277.2 million, down 4% from \$289.6 million last year. Net loss attributable to shareholders for the year ended August 31, 2015 was \$25.2 million (\$0.29 loss per share basic and diluted) compared to net income attributable to shareholders of \$150.4 million (\$1.77 per share basic and \$1.76 per share diluted) last year. Net loss attributable to shareholders for the year ended August 31, 2015 includes Radio broadcast license and goodwill impairment charges of \$130.0 million (\$1.44 per share), intangible impairment charges of \$51.8 million (\$0.44 per share), and business acquisition, integration and restructuring costs of \$19.0 million (\$0.15 per share), offset by a gain on disposition of investment of \$17.0 million (\$0.17 per share). Removing the impact of these items results in an adjusted net income attributable to shareholders of \$135.9 million (\$1.57 per share) for the fiscal year. Net income attributable to shareholders for the year ended August 31, 2014 includes 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, radio broadcast license and goodwill impairment charges of \$83.0 million (\$0.92 per share), capital asset impairment charges of \$1.2 million (\$0.01 per share), business acquisition, integration and restructuring costs of \$46.8 million (\$0.51 per share), an increase in the purchase price obligation of \$3.3 million (\$0.04 per share) and investment impairment related charges of \$2.3 million (\$0.03 per share). Removing the impact of these items results in an adjusted net income attributable to shareholders of \$150.3 million (\$1.77 per share) for the prior year.

Operational Results - Highlights

Television

- Specialty advertising revenues decreased 10% in Q4 2015 and 6% for the year
- Subscriber revenues decreased 1% in Q4 2015, but increased 2% for the year
- Merchandising, distribution and other revenues increased 1% in Q4 2015 and 7% for the year
- Segment profit⁽¹⁾ decreased 8% in Q4 2015 and 5% for the year
- Segment profit margin⁽¹⁾ of 34% in Q4 2015 and 40% for the year

Radio

- Segment revenues decreased 6% in both Q4 2015 and for the year
- Segment profit⁽¹⁾ decreased 11% in Q4 2015 and 19% for the year
- Segment profit margin⁽¹⁾ of 22% in Q4 2015 and 23% for the year

Corporate

- Free cash flow⁽¹⁾ of \$201.2 million for the year exceeding guidance of \$180.0 million
- Debt repayment of \$75.0 million during the year
- Net debt to segment profit ratio reduced to 2.8 times

⁽¹⁾ Free cash flow, segment profit and segment profit margin do not have standardized meanings prescribed by IFRS. The Company reports on free cash flow, 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 months and year ended August 31, 2015 and Management's Discussion and Analysis are available on the Company's website at www.corusent.com in the Investor Relations section.

A conference call with Corus senior management is scheduled for October 22, 2015 at 2:00 p.m. ET. While this call is directed at analysts and investors, members of the media are welcome to listen in. The dial-in number for the conference call for local and international callers is 1.416.981.9080 and for North America is 1.800.697.8232. Power Point slides for the call will be posted 15 minutes prior to the start of the call and can be found on the Corus Entertainment website at www.corusent.com in the Investor Relations section.

Use of Non-GAAP Financial Measures

This press release includes the non-GAAP financial measures of adjusted net income, 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 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 other 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 integrated media and content company that creates, broadcasts, licenses and delivers 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, animation software, and technology and media services. Corus' 30 television brands include ABC Spark, Cartoon Network (Canada), CMT (Canada), Disney Channel (Canada), HBO Canada, Movie Central, Nickelodeon (Canada), OWN: Oprah Winfrey Network (Canada), Teletatino, TELETOON, Treehouse, W Network, YTV, Historia, La chaîne Disney, Séries+ and TÉLÉTOON. Its 39 radio brands include CKNW AM 980, Rock 101, Country 105, 630 CHED, Fresh Radio, JUMP! 106.9, Q107 and 102.1 the Edge. The company also owns Nelvana, an internationally renowned animation production company, Kids Can Press, Toon Boom and Quay Media Services. A publicly traded company, Corus is listed on the Toronto Stock Exchange (CJR.B). Experience Corus on the web at www.corusent.com.

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CORUS ENTERTAINMENT INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(unaudited - in thousands of Canadian dollars)	As at August 31, 2015	As at August 31, 2014
ASSETS		
Current		
Cash and cash equivalents	37,422	11,585
Accounts receivable	164,600	183,009
Income taxes recoverable	12,439	9,768
Prepaid expenses and other	13,855	13,032
Total current assets	228,316	217,394
Tax credits receivable	25,958	29,044
Intangibles, investments and other assets	60,589	47,630
Property, plant and equipment	139,140	143,618
Program and film rights	315,899	330,437
Film investments	36,549	63,455
Broadcast licenses	956,984	979,984
Goodwill	827,859	934,859
Deferred tax assets	40,815	38,161
	2,632,109	2,784,582
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	210,971	170,411
Current portion of long-term debt	150,000	—
Provisions	8,930	5,314
Total current liabilities	369,901	175,725
Long-term debt	651,002	874,251
Other long-term liabilities	138,833	171,793
Deferred tax liabilities	252,462	252,687
Total liabilities	1,412,198	1,474,456
SHAREHOLDERS' EQUITY		
Share capital	994,571	967,330
Contributed surplus	9,471	8,385
Retained earnings	191,182	313,361
Accumulated other comprehensive income	7,353	3,767
Total equity attributable to shareholders	1,202,577	1,292,843
Equity attributable to non-controlling interest	17,334	17,283
Total shareholders' equity	1,219,911	1,310,126
	2,632,109	2,784,582

CORUS ENTERTAINMENT INC.
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

(unaudited - in thousands of Canadian dollars except per share amounts)	Three months ended August 31,		Year ended August 31,	
	2015	2014	2015	2014
Revenues	193,599	201,557	815,315	833,016
Direct cost of sales, general and administrative expenses	138,106	143,208	538,128	543,378
Depreciation and amortization	6,138	5,415	24,057	24,068
Interest expense	12,369	12,993	50,936	48,320
Broadcast license and goodwill impairment	—	—	130,000	83,000
Intangible impairment	—	—	51,786	—
Business acquisition, integration and restructuring costs	8,337	5,576	19,032	46,792
Gain on acquisition	—	—	—	(127,884)
Other (income) expense, net	2,574	(1,476)	(10,117)	5,740
Income before income taxes	26,075	35,841	11,493	209,602
Income tax expense	6,031	10,208	30,993	53,433
Net income (loss) for the period	20,044	25,633	(19,500)	156,169
Net income (loss) attributable to:				
Shareholders	17,835	23,727	(25,154)	150,408
Non-controlling interest	2,209	1,906	5,654	5,761
	20,044	25,633	(19,500)	156,169
Earnings (loss) per share attributable to shareholders:				
Basic	\$ 0.21	\$ 0.28	\$ (0.29)	\$ 1.77
Diluted	\$ 0.21	\$ 0.28	\$ (0.29)	\$ 1.76
Net income (loss) for the period	20,044	25,633	(19,500)	156,169
Other comprehensive income (loss), net of tax				
Items that may be reclassified subsequently to income:				
Unrealized foreign currency translation adjustment	1,148	100	4,158	1,720
Unrealized change in fair value of available-for-sale investments	(115)	(8)	(306)	446
Unrealized change in fair value of cash flow hedges	(3)	57	(266)	(52)
Actuarial (loss) gain on employee future benefits	686	(2,188)	686	(2,188)
	1,716	(2,039)	4,272	(74)
Comprehensive income (loss) for the period	21,760	23,594	(15,228)	156,095
Comprehensive income (loss) attributable to:				
Shareholders	19,551	21,688	(20,882)	150,334
Non-controlling interest	2,209	1,906	5,654	5,761
	21,760	23,594	(15,228)	156,095

CORUS ENTERTAINMENT INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(unaudited - in thousands of Canadian dollars)	Share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss)	Total equity attributable to shareholders	Non-controlling interest	Total equity
At August 31, 2014	967,330	8,385	313,361	3,767	1,292,843	17,283	1,310,126
Comprehensive income (loss)	—	—	(25,154)	4,272	(20,882)	5,654	(15,228)
Actuarial loss transfer	—	—	686	(686)	—	—	—
Dividends declared	—	—	(97,711)	—	(97,711)	(5,603)	(103,314)
Issuance of shares under stock option plan	6,741	(1,090)	—	—	5,651	—	5,651
Issuance of shares under dividend reinvestment plan	20,500	—	—	—	20,500	—	20,500
Share-based compensation expense	—	2,176	—	—	2,176	—	2,176
At August 31, 2015	994,571	9,471	191,182	7,353	1,202,577	17,334	1,219,911

(unaudited - in thousands of Canadian dollars)	Share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss)	Total equity attributable to shareholders	Non-controlling interest	Total equity
At August 31, 2013	937,183	7,221	256,517	1,653	1,202,574	18,259	1,220,833
Comprehensive income (loss)	—	—	150,408	(74)	150,334	5,761	156,095
Actuarial gain transfer	—	—	(2,188)	2,188	—	—	—
Dividends declared	—	—	(91,376)	—	(91,376)	(6,737)	(98,113)
Issuance of shares under stock option plan	5,465	(862)	—	—	4,603	—	4,603
Issuance of shares under dividend reinvestment plan	24,682	—	—	—	24,682	—	24,682
Share-based compensation expense	—	2,026	—	—	2,026	—	2,026
At August 31, 2014	967,330	8,385	313,361	3,767	1,292,843	17,283	1,310,126

CORUS ENTERTAINMENT INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited - in thousands of Canadian dollars)	Three months ended August 31,		Year ended August 31,	
	2015	2014	2015	2014
OPERATING ACTIVITIES				
Net income (loss) for the period	20,044	25,633	(19,500)	156,169
Adjustments to reconcile net income (loss) to cash provided by operating activities				
Depreciation and amortization	6,138	5,415	24,057	24,068
Broadcast license and goodwill impairment	—	—	130,000	83,000
Intangible asset impairment	—	—	51,786	—
Amortization of program and film rights	51,676	53,871	213,457	207,639
Amortization of film investments	9,441	6,552	27,851	19,808
Deferred income taxes	751	1,254	(2,970)	5,638
Increase in purchase price obligation	—	—	—	3,336
Share-based compensation expense	334	537	2,176	2,026
Imputed interest	3,567	3,713	14,620	14,698
Tangible benefit obligation	—	—	—	31,916
Gain on disposition of investment	—	—	(16,964)	—
Gain on acquisition	—	—	—	(127,884)
Other	1,795	502	5,360	2,402
Net change in non-cash working capital balances related to operations	29,980	19,632	18,183	22,945
Payment of program and film rights	(67,539)	(121,282)	(202,728)	(225,935)
Net additions to film investments	(252)	7,416	(34,965)	(25,349)
Cash provided by operating activities	55,935	3,243	210,363	194,477
INVESTING ACTIVITIES				
Additions to property, plant and equipment	(3,976)	(4,261)	(16,671)	(11,976)
Business combinations	—	(687)	—	(497,393)
Proceeds from disposition of investment	—	—	18,490	—
Net cash flows for intangibles, investments and other assets	(4,274)	(4,098)	(24,829)	(11,493)
Other	(2,515)	(5,061)	(5,905)	(5,384)
Cash used in investing activities	(10,765)	(14,107)	(28,915)	(526,246)
FINANCING ACTIVITIES				
Increase (decrease) in bank loans	(29,807)	142	(74,670)	333,243
Financing fees	—	—	(750)	(587)
Issuance of shares under stock option plan	—	3,144	5,651	4,603
Dividends paid	(20,227)	(17,158)	(76,228)	(65,474)
Dividends paid to non-controlling interest	(1,050)	(736)	(5,603)	(6,737)
Other	(512)	(1,179)	(4,011)	(2,960)
Cash provided by (used in) financing activities	(51,596)	(15,787)	(155,611)	262,088
Net change in cash and cash equivalents during the period	(6,426)	(26,651)	25,837	(69,681)
Cash and cash equivalents, beginning of the period	43,848	38,236	11,585	81,266
Cash and cash equivalents, end of the period	37,422	11,585	37,422	11,585

CORUS ENTERTAINMENT INC.
BUSINESS SEGMENT INFORMATION

(unaudited - in thousands of Canadian dollars)

Three months ended August 31, 2015

	Television	Radio	Corporate	Consolidated
Revenues	154,338	39,261	—	193,599
Direct cost of sales, general and administrative expenses	101,763	30,758	5,585	138,106
Segment profit (loss)⁽¹⁾	52,575	8,503	(5,585)	55,493
Depreciation and amortization				6,138
Interest expense				12,369
Business acquisition, integration and restructuring costs				8,337
Other expense (income), net				2,574
Income before income taxes				26,075

Three months ended August 31, 2014

	Television	Radio	Corporate	Consolidated
Revenues	159,809	41,748	—	201,557
Direct cost of sales, general and administrative expenses	102,773	32,246	8,189	143,208
Segment profit (loss)⁽¹⁾	57,036	9,502	(8,189)	58,349
Depreciation and amortization				5,415
Interest expense				12,993
Business acquisition, integration and restructuring costs				5,576
Other expense (income), net				(1,476)
Income before income taxes				35,841

Year ended August 31, 2015

	Television	Radio	Corporate	Consolidated
Revenues	653,770	161,545	—	815,315
Direct cost of sales, general and administrative expenses	393,641	124,538	19,949	538,128
Segment profit (loss)⁽¹⁾	260,129	37,007	(19,949)	277,187
Depreciation and amortization				24,057
Interest expense				50,936
Broadcast license and goodwill impairment				130,000
Intangible asset impairment				51,786
Business acquisition, integration and restructuring costs				19,032
Other expense (income), net				(10,117)
Income before income taxes				11,493

⁽¹⁾ 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.

Year ended August 31, 2014

	Television	Radio	Corporate	Consolidated
Revenues	660,424	172,592	—	833,016
Direct cost of sales, general and administrative expenses	387,151	127,105	29,122	543,378
Segment profit (loss) ⁽¹⁾	273,273	45,487	(29,122)	289,638
Depreciation and amortization				24,068
Interest expense				48,320
Broadcast license and goodwill impairment				83,000
Gain on acquisition				(127,884)
Business acquisition, integration and restructuring costs				46,792
Other expense (income), net				5,740
Income before income taxes				209,602

⁽¹⁾ 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		Year ended	
	2015	August 31, 2014	2015	August 31, 2014
Advertising	78,052	85,063	377,375	404,344
Subscriber fees	85,379	86,075	340,320	335,274
Merchandising, distribution and other	30,168	30,419	97,620	93,398
	193,599	201,557	815,315	833,016