

# FISCAL 2016

## FIRST QUARTER EARNINGS AND TRANSACTION CONFERENCE CALL

Wednesday, January 13, 2016

9 a.m. ET / 8 a.m. CT / 7 a.m. MT / 6 a.m. PT



ENTERTAINMENT

# SAFE HARBOUR DISCLOSURE FORWARD-LOOKING STATEMENTS

To the extent any statements made in this presentation contain information that is not historical; these statements are forward-looking statements within the meaning of applicable securities laws. These forward-looking statements relate to, among other things, our objectives, goals, strategies, intentions, plans, estimates and outlook 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 and actual results may differ materially from those expressed or implied in such statements. Important factors that could cause actual results to differ materially from these expectations include, among other things, our ability to attract and retain advertising revenues; audience acceptance of our television programs and cable networks; our ability to recoup production costs; the availability of tax credits and the existence of co-production treaties; our ability to compete in any of the industries in which we do business; the opportunities (or lack thereof) that may be presented to and pursued by us; conditions in the entertainment, information and communications industries and technological developments therein; changes in laws or regulations or the interpretation or application of those laws and regulations; our ability to integrate and realize anticipated benefits from our acquisitions and to effectively manage our growth; our ability to successfully defend ourselves against litigation matters arising out of the ordinary course of business; and changes in accounting standards. Additional information about these factors and about the material assumptions underlying such forward-looking statements may be found in our Annual Information Form. Corus cautions that the foregoing list of important factors that may affect future results is not exhaustive. When relying on our forward-looking statements to make decisions with respect to Corus, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Unless otherwise required by applicable securities laws, we disclaim any intention or obligation to publicly update or revise any forward-looking statements whether as a result of new information, events or circumstances that arise after the date thereof or otherwise.



# FISCAL 2016 FIRST QUARTER REVIEW

- Consolidated revenues up 1%
- Consolidated segment profit up 3%
- Net income attributable to shareholders of \$41.3 million (\$0.47 per share basic)
- Adjusted net income attributable to shareholders of \$42.5 million (\$0.49 per share basic)
- Consolidated segment profit margins of 42%

Segment profit and segment profit margin do not have standardized meanings prescribed by IFRS. The Company reports on segment profit because it is key measure used to evaluate performance. For definitions and explanations, see discussion under the Key Performance Indicators section of the 2016 Report to Shareholders.



# FISCAL 2016 FIRST QUARTER REVIEW

## TELEVISION

- Segment revenues increased 1%
- Specialty advertising revenues decreased 6%
- Subscriber revenues increased 2%
- Merchandising, distribution and other revenues increased 33%
- Segment profit<sup>(1)</sup> increased 5%
- Segment profit margin<sup>(1)</sup> of 48%

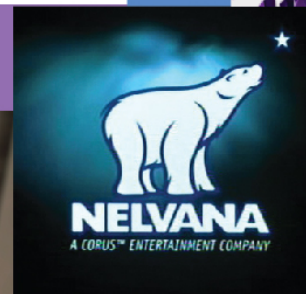
## RADIO

- Segment revenues decreased 2%
- Segment profit<sup>(1)</sup> in Q1 2016 was consistent with the prior year
- Segment profit margin<sup>(1)</sup> of 29%

<sup>(1)</sup> Segment profit and segment profit margin do not have standardized meanings prescribed by IFRS. The Company reports on segment profit and segment profit margin because they are key measures used to evaluate performance. For definitions and explanations, see discussion under the Key Performance Indicators section of the 2016 Report to Shareholders.







# DISCLAIMER

## Forward-Looking Information

This presentation contains “forward-looking information” within the meaning of applicable Canadian securities laws. This forward-looking information is presented for the purpose of providing disclosure of the current expectations of the future events or results of Corus Entertainment Inc. (the “Company” or “Corus”), having regard to current plans, objectives and proposals, including the intention to proceed with the acquisition described in this presentation (the “Acquisition”), and such information may not be appropriate for other purposes. Forward-looking information contained in this presentation includes, but is not limited to, statements relating to (i) the potential to create approximately \$40 to \$50 million of cost synergies in addition to immediate savings of approximately \$15 million in corporate overhead charges no longer allocated from Shaw Communications Inc.; (ii) the timing of realization of cost synergies and the areas from which cost synergies will be derived, such as from operational efficiencies, the consolidation of facilities, platforms and systems and programming expenditures and other savings; (iii) the fact that the Acquisition would be immediately accretive to Corus on an earnings per share and free cash flow per share basis; (iv) the manner in which the Acquisition will be financed, including the intention to replace the Company’s bridge loan facility with a private placement of senior unsecured notes and the intention to redeem the Company’s outstanding 4.25% senior unsecured notes at closing of the Acquisition; (v) that, following the Acquisition, Corus will maintain a strong balance sheet and financial profile, with approximately \$430 million of free cash flow on a combined basis; (vi) that Corus intends to maintain existing dividends of \$1.14 per Class B Share; (vii) the anticipated combined company’s pro forma total debt / LTM Adjusted EBITDA ratio and the fact that management is targeting to reduce this ratio to below 3.0 times by the end of fiscal 2018; (viii) the expected timing of closing of the Acquisition; (ix) the expectation that Corus’ acquisition of Shaw Media Inc. (“Shaw Media”) will create a powerful integrated media and content company, with the scale to compete, the brands to entice and the content to engage; (x) financial information relating to the combined company, such as the statement that the combined company would have approximately \$1.9 billion in revenue, \$619 million in Adjusted EBITDA and approximately \$430 million in free cash flow on a combined basis; and (xi) the highlights of the combined company, such as market share, audience reach and rankings of specialty channels.

This presentation uses words such as “may”, “would”, “could”, “should”, “will”, “likely”, “expect”, “anticipate”, “believe”, “intend”, “plan”, “forecast”, “project”, “estimate” and similar expressions suggesting future outcomes or events to identify forward-looking information. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances may be considered forward-looking information. These statements are not guarantees of future performance and involve assumptions and risks and uncertainties that are difficult to predict. Therefore, actual results and outcomes may differ materially from those expressed or implied in such forward-looking information. Unless otherwise required by applicable securities laws, Corus does not intend, nor does Corus undertake any obligation, to update or revise any forward-looking information contained in this presentation to reflect subsequent information, events, results, circumstances or otherwise.

Whether actual results and developments will conform with the expectations and predictions contained in the forward-looking information is subject to a number of risks and uncertainties, many of which are beyond Corus’ control, and the effects of which can be difficult to predict. Certain material factors or assumptions are applied in making forward-looking statements. With respect to the Acquisition, these material factors or assumptions include, without limitation, factors and assumptions regarding completion of the Acquisition on terms set out in the Acquisition Agreement and in a manner consistent with management’s expectations, the timing of completion of the Acquisition, the accuracy of management’s assessment of the effects of the completion of the Acquisition, including the ability to generate synergies consistent with management’s expectations, maintenance by the Company’s board of directors of the dividend on the Class B Shares at its existing level and the ongoing performance of the businesses of Corus and Shaw Media. With respect to other forward-looking information, these material factors or assumptions include, 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: the ability of the Company to attract and retain advertising revenues; audience acceptance of the Company’s television programs and networks; the Company’s ability to recoup production costs; the availability of tax credits and the existence of co-production treaties; the Company’s ability to compete in any of the industries in which it does business; the opportunities (or lack thereof) that may be presented to and pursued by the Company; 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 or regulations; the Company’s ability to integrate and realize anticipated benefits from its acquisitions and to effectively manage its growth; the Company’s ability to successfully defend itself against litigation matters arising out of the ordinary course of business; and changes in accounting standards. Reference should be made to the risk factors described under the heading “Risk Factors” in the Company’s MD&A for the year ended August 31, 2015 that are available on the Company’s website at [www.corusent.com](http://www.corusent.com) as well as on SEDAR. Corus cautions that the foregoing list of important factors that may affect future results is non-exhaustive.

## Non-IFRS Measures

Corus and Shaw Media prepare and present their financial statements in accordance with IFRS. This presentation contains references to “Adjusted EBITDA” (also referred to by Corus as “segment profit” and by Shaw Media as “operating income before restructuring costs and amortization”), “free cash flow” and the ratio of “Pro forma Total Debt / LTM Adjusted EBITDA”. These measures do not have standardized meanings under IFRS as prescribed by the International Accounting Standards Board and are therefore not necessarily comparable to similar measures presented by other companies. These measures should not be considered in isolation nor as a substitute for net income or cash flow prepared in accordance with IFRS as issued by the International Accounting Standards Board. See “Non-IFRS Measures” of this presentation for additional information and a reconciliation of Adjusted EBITDA and free cash flow.

# A POWERFUL INTEGRATED MEDIA AND CONTENT COMPANY



**Scale to Win**



**Brands to Entice**



**Content to Engage**



# COMPLEMENTARY COMBINATION WITH SCALE TO WIN



Specialty TV

Specialty TV & National Conventional

Radio

Local Conventional

Content Production and Distribution

Scale in Women's Lifestyle

Exceptional Management Team



# REDEFINING THE CANADIAN MEDIA LANDSCAPE

**\$1.9 Billion of Revenue**

In F2015

**~\$430 Million of Free Cash Flow<sup>1</sup>**

In F2015

**34.5% Market Share<sup>2</sup>**

English TV Viewership

**95% Reach**

Of English Canada TV on a Monthly Basis<sup>3</sup>

**Top 6**

Rated Specialty TV Channels Among Women<sup>4</sup>

**Iconic Global Television Network**

And 15 Conventional Stations Nationally

**39 Radio Stations**

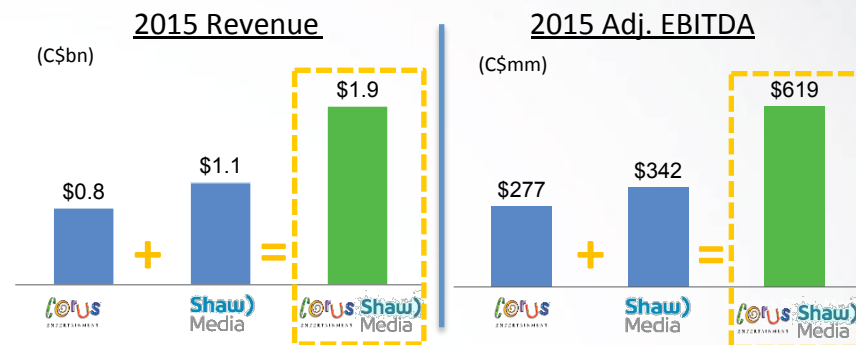
28 Stations in 9 of the Top 10 English Radio Markets<sup>5</sup>

**13,000+ Half Hr. Kid Episodes<sup>6</sup>**

4,200 owned for global distribution

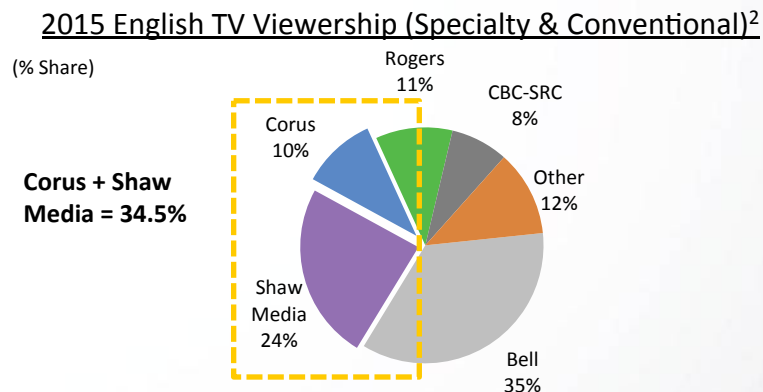
## Creating Scale

Financial



Source: Audited company financial reports.

Viewership



(1) Excludes impact of interest on incremental debt to finance acquisition

(2) Source: Numeris TV Meter – 2014/2015 Broadcast Year (weeks 1-52), Total Canada (English), Specialty and Conventional Channels, Monday – Sunday 2 am – 2 am, Audience Share %, Sum of Individuals ages 2+, % rounded to nearest whole number

(3) Source: Numeris TV Meter – 2014/2015 Broadcast Year (weeks 1-52), Total Canada excluding Quebec francophone market, Monday – Sunday 2 am–2 am, Average Monthly Reach %, Adults ages 25-54

(4) Source: Numeris TV Meter – Fall 2015 (8/31/2015 to 11/29/2015), Specialty Channels excluding Sports, Total Canada, Monday – Sunday, 2 am–2 am, Average Minute Audience,

(5) Source: Trans-Canada Radio Advertising by Market (TRAM) – Last 12 Months ended 11/29/2015, Total Canada excluding French Radio Markets, Market Size based on Total Revenue (\$ millions)

(6) 13,000+ Half Hour Kid Episodes Owned and/or Controlled in Canada, 4,200 half hour Kid Episodes Owned through Nelvana Studio for Global Distribution

# A WINNING COMBINATION OF STRONG BRANDS

## 45 Specialty Channels

Women +  
Lifestyle



Kids + Family



General  
Entertainment



## 15 Conventional Channels



## 39 Radio Stations



## Original Content



NETWORK  
ORIGINALS



KIDS CAN PRESS

## Digital Everywhere



# COMBINING TOP MEDIA BRANDS

## 7 of the Top 10 Specialty Channels

Rank <sup>1</sup>	Station
1	
3	
4	
6	
7	
8	
10	

## Top 6 Specialty Channels Among Women

Rank <sup>2</sup>	Station
1	
2	
3	
4	
5	
6	

## 6 of the Top 10 Kids Channels

Rank <sup>3</sup>	Station
1	
2	
4	
6	
8	
9	

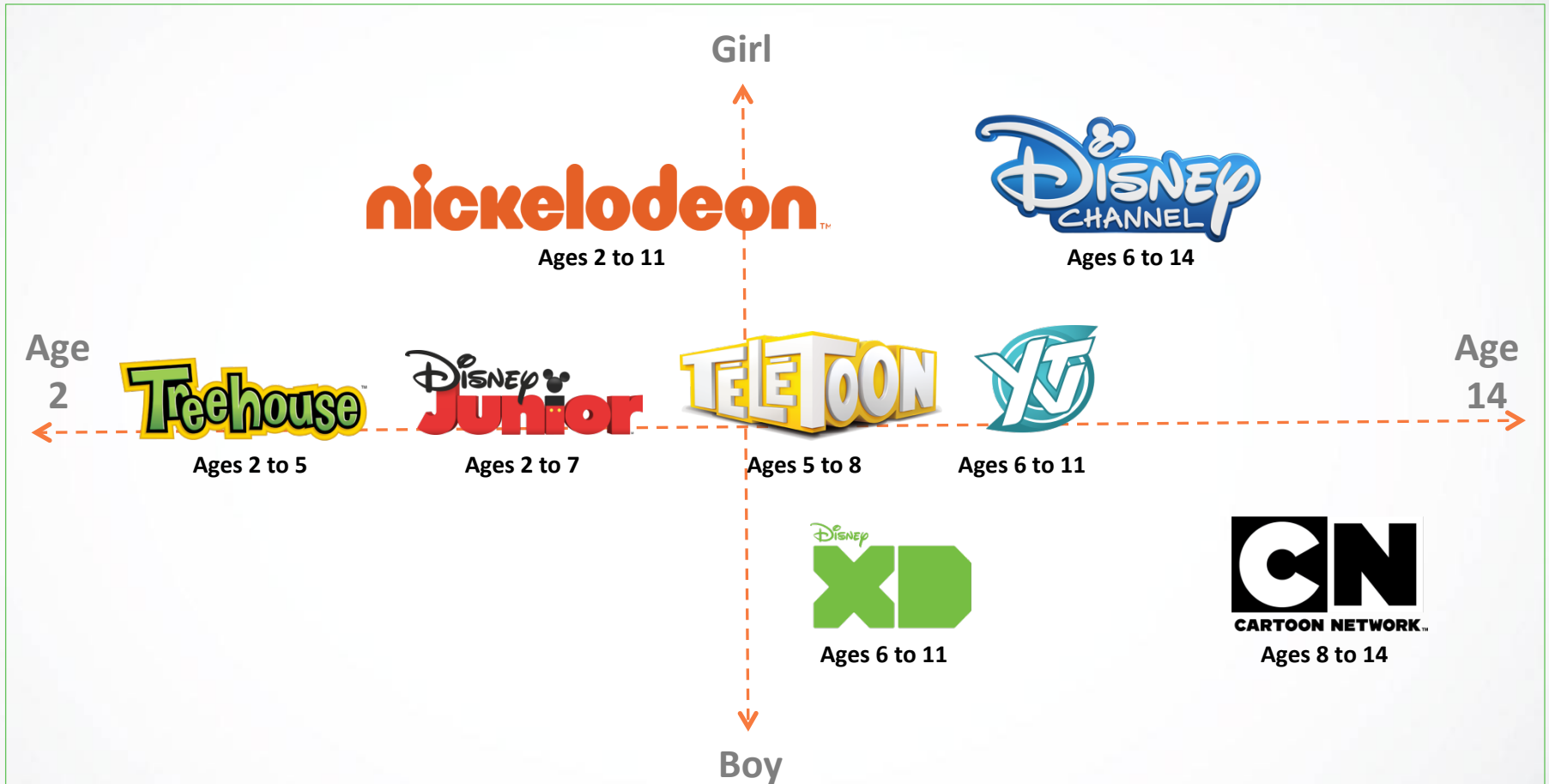
■ Disney Jr. and Disney XD launched December 1, 2015

Specialty Networks and Global Television Deliver a Winning Combination

11 (1) Ranking based on Numeris TV Meter – Fall 2015 (8/31/2015 to 11/29/2015), Specialty Channels ex. Sports, Total Canada, Monday – Sunday, 2 am–2 am, Average Minute Audience, Adults ages 25-54  
 (2) Ranking based on Numeris TV Meter – Fall 2015 (8/31/2015 to 11/29/2015), Specialty Channels ex. Sports, Total Canada, Monday – Sunday, 2 am–2 am, Average Minute Audience, Women ages 25-54  
 (3) Ranking based on Numeris TV Meter – Fall 2015 (8/31/2015 to 11/29/2015), Specialty Channels ex. Sports, Total Canada, Monday – Sunday, 2 am–2 am, Average Minute Audience, Kids ages 2-11

# MARKET LEADING KIDS PORTFOLIO

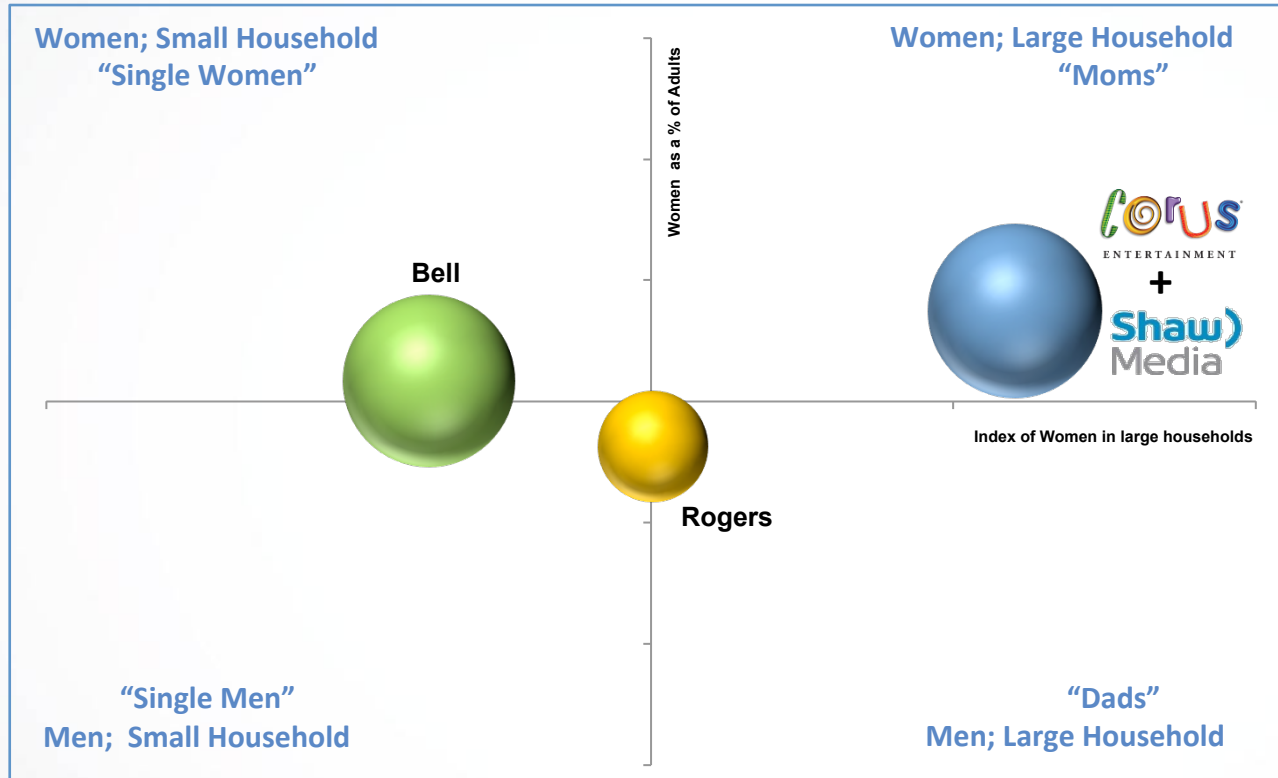
Offerings for Every Stage of a Kid's Life





# DIFFERENTIATED SCALE: DELIVERING COVETED AUDIENCES

## Canadian Television Mapping (Scale and Skew)



- ✓ Women are the CEOs of the Household
- ✓ Women influence and/or control ~90% of household spending
- ✓ Large Family Households Spend More
- ✓ Kids Have Significant Consumer Influence

## Combined Company Over-Indexes with Women in Large Households

<sup>13</sup> Source: Numeris TV Meter – Fall 2015 (8/31/2015 to 11/29/2015), Total Canada, Monday-Sunday 2am-2am. Female skew based on % of Female aged 25-54 of Adults aged 25-54. Bubble size based on Adults aged 25-54 Average Minute Audience. Horizontal axis position based on Females aged 25-54 in large households (5+) as a percentage of total Adults aged 25-54 audience indexed to the population base.

# TV HAS MASSIVE REACH WITH HIGHLY ENGAGED AUDIENCES

## Unparalleled Reach

**97%**

**Of Adults 25-54  
Watched TV on a  
Weekly Basis<sup>(1)</sup>**

## Engaged Audiences

**23 Hrs /  
Week**

**Average Time Spent  
Watching TV By  
Adults 25 – 54<sup>(1)</sup>**

## Massive Ad Market

**\$3.2 Bn**

**Size of TV Ad Market  
in 2015<sup>(2)</sup>**

14 (1) Source: Numeris TV Meter – 2014/2015 Broadcast Year (weeks 1-52), Total Canada excluding Quebec francophone market, Monday – Sunday 2 am–2 am, Average Weekly Reach %, Adults ages 25-54  
(2) Source: Television Bureau of Advertising (now known as Think TV) Time Sales Survey – 2014/2015 Broadcast Year (weeks 1-52), Total Canada, 12 month net revenue (\$ billions)

# FUTURE-FOCUSED ADVERTISING SOLUTIONS



## NEXT GEN ADVERTISING

THE POWER OF TV. THE INTELLIGENCE OF DATA.



Leverages Massive Scale and Reach of TV



Powerful Combination of Consumer Insights and Data



Creates Advertiser Relevant Audience Segments

# GLOBAL TV AND CORUS RADIO – LOCAL SYNERGIES



Content Sharing



Cross-Promotion



Ad Bundling

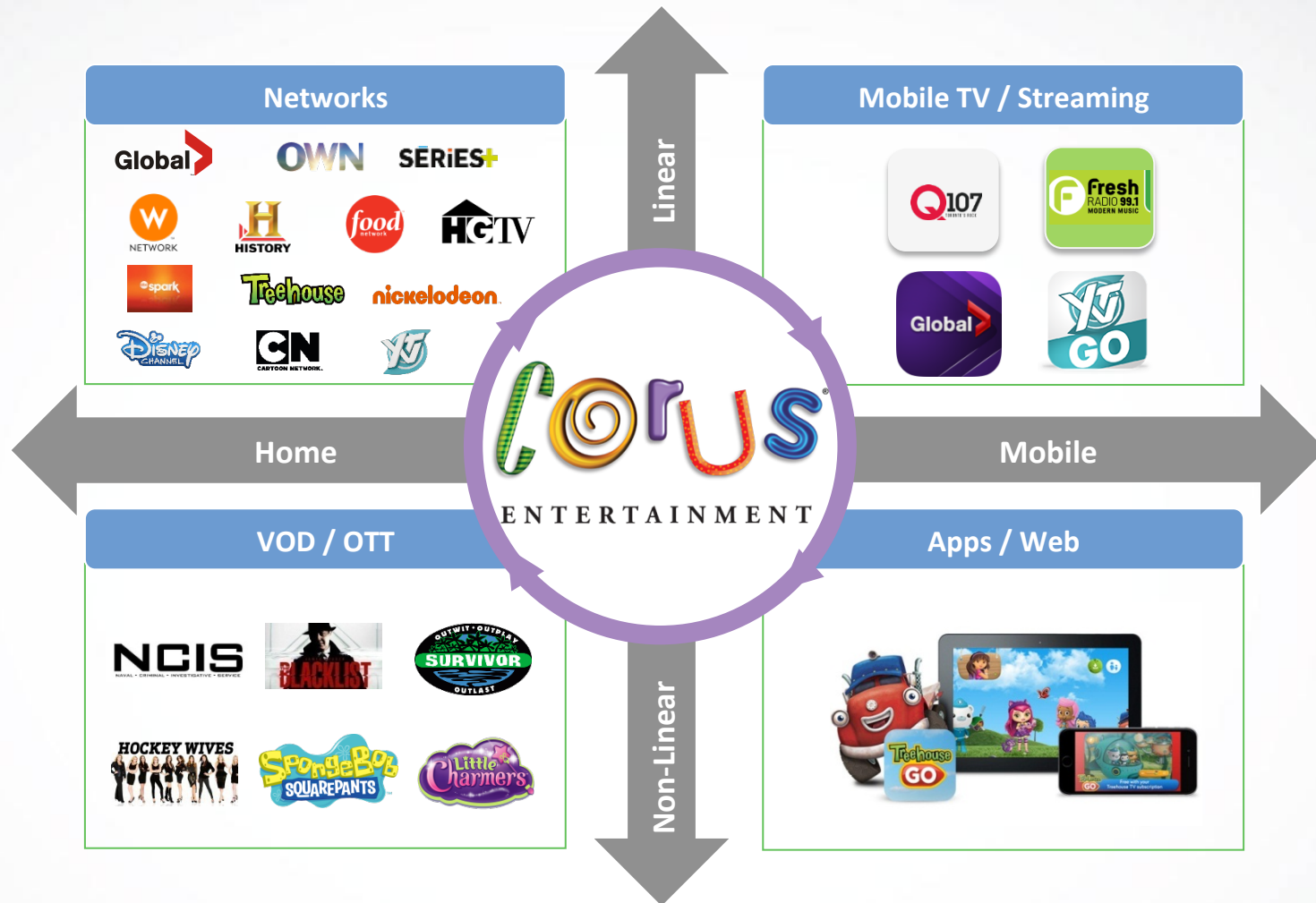


Denotes overlapping regions with Corus Radio and Global TV

16 (1) Global operates Kenora station which is owned by Shaw Communications but operated by Shaw Media  
Corus Radio stations in Ontario in Toronto, Barrie, Collingwood, Cambridge/Kitchener, Cornwall, Guelph, Hamilton, Peterborough London/Woodstock, Kingston & Ottawa



# ENGAGING OUR AUDIENCES EVERYWHERE



TV Scale Powers this Consumer-Centric Ecosystem

# TV FUELS INVESTMENT IN OWNED CONTENT

Corus Advantage...

...Drives Content Creation

Kids



Women's Lifestyle

BUYING THE VIEW



Owned Content Drives Digital and International Revenues

# ACQUISITION ADVANCES CORUS' STRATEGIC PRIORITIES



## OWN AND CONTROL MORE CONTENT

- New partnerships and output deals
- Strengthened portfolio of premium brands
- Increased Canadian Programming Expenditures accelerates global scale in owned content
- Exclusive first run content



## ENGAGE OUR AUDIENCES

- Portfolio of best-in-class brands
- Huge cross promotional capabilities across TV, radio and digital
- Audience Intelligence Platform fueled by TV everywhere apps and enhanced digital reach



## EXPAND INTO NEW AND ADJACENT MARKETS

- National Conventional TV presence
- Next generation advertising
- Scale accelerates ownership of more Women, Kids and Family content for global distribution



### M&A

**Shaw)**  
Media



### Partnerships

 scrippsnetworks  
interactive

 NATIONAL  
GEOGRAPHIC

 A+E  
NETWORKS



### Execution

**\$40mm - \$50mm**  
of Cost Synergies

# TRANSACTION OVERVIEW





# TRANSACTION OVERVIEW

- Acquiring 100% of Shaw Media for \$2.65Bn
  - Shaw to receive ~\$1.85Bn of cash and ~71mm of Corus Class B shares
  - ~7.7x FY2015 Consolidated Reported Adjusted EBITDA multiple
  - \$40-\$50mm of cost synergies in addition to immediate savings of ~\$15mm in corporate overhead charges no longer allocated from Shaw Communications
- Immediately accretive to EPS and free cash flow per share
- Financed with a combination of debt and equity
- Corus will maintain a strong balance sheet and financial profile
  - ~\$430mm of combined annual free cash flow<sup>1</sup>
  - Maintain existing dividend of \$1.14 per Class B share
  - Pro forma Total Debt / LTM Adjusted EBITDA<sup>2</sup> of ~4.0x, expected to de-lever to below 3.0x by the end of FY18
- Transaction expected to close in Q3 of FY2016

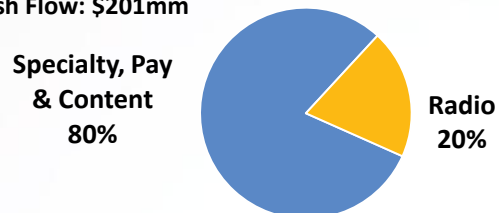
21 (1) Excludes impact of interest on incremental debt to finance acquisition

(2) LTM as of November 30, 2015

# CORUS + SHAW MEDIA: A WINNING COMBINATION

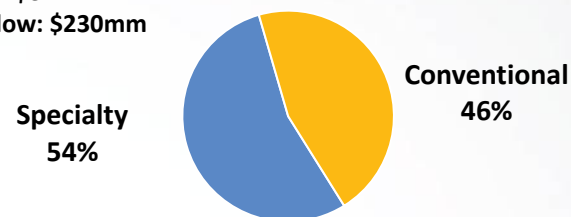
## Corus Revenue Split

F2015 Revenue: \$815mm  
F2015 Adj. EBITDA: \$277mm  
F2015 Free Cash Flow: \$201mm



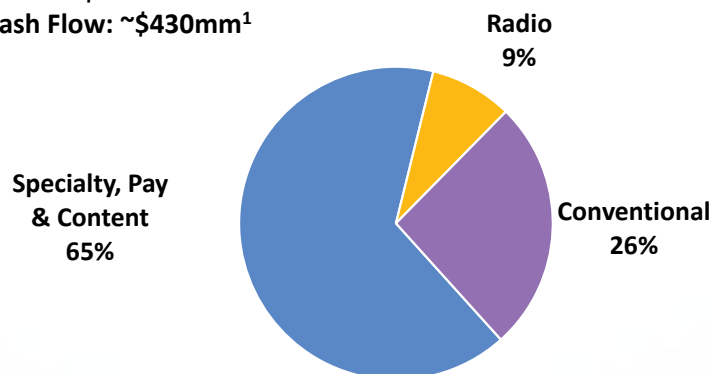
## Shaw Media Revenue Split

F2015 Revenue: \$1,080mm  
F2015 Adj. EBITDA: \$342mm  
F2015 Free Cash Flow: \$230mm



## Corus + Shaw Media Revenue Split

Combined F2015 Revenue: \$1,895mm  
Combined F2015 Adj. EBITDA: \$619mm  
Combined F2015 Free Cash Flow: ~\$430mm<sup>1</sup>



**~\$1.9 Billion of Revenue, \$619 Million of Adj. EBITDA and ~\$430 Million of Free Cash Flow**

22

(1) Excludes impact of interest on incremental debt to finance acquisition

Note: Corus will discontinue Pay TV business in FY 2016

Note: revenue, adjusted EBITDA and free cash flow figures based on 2015A consolidated figures

Source: Audited company financial reports

# PRUDENT FINANCING STRUCTURE

## Fully committed financing to fund acquisition and refinance existing debt

- ~\$2.3Bn committed credit facilities from RBC Capital Markets
- ~\$560 bridge loan facility to be taken out with a combination of new senior unsecured notes and a potential offering of subscription receipts for Corus Class B Shares
- Intention to redeem \$550mm of outstanding 4.25% senior unsecured notes at close

## Strong commitment from Shaw Communications

- Corus shares issued to Shaw Communications subject to lock-up for up to 24 months post closing<sup>1</sup>
- 100% of shares under lock-up will participate in Corus' dividend reinvestment plan, until at least the end of FY2017

## Corus will maintain a strong balance sheet and financial profile

- Pro forma Total Debt / LTM Adjusted EBITDA<sup>2</sup> of ~4.0x, expected to de-lever to below 3.0x by the end of FY18
- Strong liquidity profile with ~\$300mm of revolving credit capacity and strong free cash flow

## Maintain existing dividend of \$1.14 per Class B Share

23 (1) 1/3 of Corus shares issued to Shaw Communications subject to 12 month lock-up, another 1/3 to 18 month lock-up and remainder to 24 month lock-up  
(2) LTM as of November 30, 2015

# **\$40 - \$50 MILLION OF ANNUAL COST SYNERGIES REALIZED WITHIN 24 MONTHS**



**Operational Efficiencies**



**Consolidation of Facilities, Platforms and Systems**



**Programming Expenditure and Other Savings**



# A WINNING COMBINATION: THE RIGHT DEAL, THE RIGHT TIME



## Financial

- ✓ **Significant Free Cash Flow Generation**
- ✓ **More than Doubling of Revenue and Adjusted EBITDA**
- ✓ **Stable Dividend**
- ✓ **Strong Balance Sheet**

## Strategic

- ✓ **Gain Differentiated Scale**
- ✓ **Own and Control More Content**
- ✓ **Engage Audiences Everywhere**
- ✓ **Diversify Revenue Streams**

# NON-IFRS MEASURES

This press release makes reference to certain non-IFRS measures. These non-IFRS measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Corus believes these non-IFRS measures provide additional information to complement IFRS measures by providing further understanding of operations from management's perspective. Accordingly, non-IFRS measures should never be considered in isolation or as a substitute for other financial measures determined in accordance with IFRS as issued by the International Accounting Standards Board. Corus presents non-IFRS measures, specifically EBITDA, adjusted EBITDA (which is also referred to by Corus as "segment profit" and by Shaw Media as "operating income before restructuring costs and amortization"), free cash flow and Pro forma Total Debt / LTM Adjusted EBITDA as it believes these non-IFRS measures are frequently used by securities analysts, investors and other interested parties as measures of financial performance and to provide a supplemental measure of operating performance and also to highlight trends that may not otherwise be apparent when relying solely on IFRS financial measures. The definitions of the non-IFRS measures contained in this press release are as follows:

EBITDA is calculated as net income before interest, income taxes, depreciation and amortization.

Adjusted EBITDA is calculated as EBITDA adjusted for items not indicative of Corus' core operating results, and not used in management's evaluation of the business segment's performance, such as: broadcast license and goodwill impairment; significant intangible asset impairments; debt refinancing; non-cash gains or losses and certain other income and expenses.

Free cash flow is calculated as cash provided by (used in) operating activities less cash used in investing activities, as reported in the consolidated statements of cash flows, and then adjusting for the following items: cash used for business combinations and strategic investments and; cash received from strategic divestments; and cash due to parent.

Pro forma Total Debt / LTM Adjusted EBITDA for Corus is calculated as the total debt of Corus to be assumed upon completion of the acquisition divided by the sum of the segment profit of Corus for the 12 months ended November 30, 2015, plus the operating income before restructuring costs and amortization of Shaw Media for the 12 months ended November 30, 2015.

# Q&A