



Corus Entertainment Announces Fiscal 2017 First Quarter Results

- Consolidated revenues increased 105% for the quarter
- Consolidated segment profit⁽¹⁾ growth of 100% for the quarter
- Consolidated segment profit margin⁽¹⁾ of 41% for the quarter
- Net income attributable to shareholders of \$71.1 million (\$0.36 per share basic) for the quarter
- Adjusted basic earnings per share⁽²⁾ of \$0.41 per share for the quarter

(January 11, 2017 – Toronto, Canada) **Corus Entertainment Inc.** (TSX: CJR.B) announced its first quarter financial results today.

“We are off to a solid start to fiscal 2017 as we begin to realize the benefits of the Company's success in executing our integration strategy and advancing our strategic priorities,” said Doug Murphy, President and Chief Executive Officer. “Our Q1 results reflect meaningful improvements in our cost structure, with solid segment profit margins and subscriber revenue growth offset by transitional advertising revenue softness, as anticipated. In fiscal 2017, our resolute focus on deleveraging the balance sheet and delivering on our integration synergy goals will provide a strong value proposition to our shareholders.”

Financial Highlights

	Three months ended	
	November 30,	
(unaudited - in thousands of Canadian dollars except per share amounts)	2016	2015
Revenues		
Television	425,564	183,718
Radio	42,417	44,600
	467,981	228,318
Segment profit ⁽¹⁾		
Television	184,421	88,035
Radio	13,286	12,803
Corporate	(5,721)	(4,960)
	191,986	95,878
Net income attributable to shareholders	71,146	41,320
Adjusted net income attributable to shareholders ^{(1) (2)}	80,826	42,484
Basic earnings per share	\$ 0.36	\$ 0.47
Adjusted basic earnings per share ^{(1) (2)}	\$ 0.41	\$ 0.49
Diluted earnings per share	\$ 0.36	\$ 0.47
Free cash flow⁽¹⁾	33,909	34,537

⁽¹⁾ Segment profit, segment profit margin, adjusted net income attributable to shareholders, adjusted basic earnings per share, and free cash flow do not have standardized meanings prescribed by IFRS. The Company believes these non-IFRS measures are frequently used as key measures to evaluate performance. For definitions and explanations, see discussion under the Key Performance Indicators section of the Fiscal 2017 Report to Shareholders.

⁽²⁾ For the three months ended November 30, 2016, adjusted net income attributable to shareholders and adjusted basic earnings per share excludes business acquisition, integration and restructuring charges of \$13.2 million (\$0.05 per share). For the three months ended November 30, 2015, adjusted net income attributable to shareholders excludes business acquisition, integration and restructuring charges of \$2.4 million (\$0.03 per share) and includes notional amortization of certain Pay TV assets reclassified as held for disposal of \$1.4 million (\$0.01 per share).

Consolidated Results from Operations

Consolidated revenues for the three months ended November 30, 2016 were \$468.0 million, an increase of 105% from \$228.3 million last year. Consolidated segment profit was \$192.0 million, up 100% from \$95.9 million last year. Net income attributable to shareholders for the quarter ended November 30, 2016 was \$71.1 million (\$0.36 per share basic and diluted), as compared to \$41.3 million (\$0.47 per share basic and diluted) last year. Net income attributable to shareholders for the first quarter of fiscal 2017 includes business acquisition, integration and restructuring costs of \$13.2 million (\$0.05 per share). Adjusting for the impact of these items results in an adjusted net income attributable to shareholders of \$80.8 million (\$0.41 per share basic) in the quarter. Net income attributable to shareholders for the prior year quarter includes business acquisition, integration and restructuring costs of \$2.4 million (\$0.03 per share) and does not include amortization of certain assets reclassified as held for disposal of \$1.4 million (\$0.01 per share). Adjusting for the impact of these items result in an adjusted net income attributable to shareholders of \$42.5 million (\$0.49 per share) in the prior year quarter.

Commencing April 1, 2016, 100% of the operating results of Shaw Media Inc. ("Shaw Media"), as well as its assets and liabilities, were fully consolidated as a business combination in accordance with IFRS 3 – *Business Combinations* and, as a result, Shaw Media was accounted for by applying the acquisition method as of that date. Shaw Media was reported as part of the Television segment as of April 1, 2016 (further discussion is provided in note 27 of the Company's audited consolidated financial statements for the year ended August 31, 2016).

In addition, for fiscal 2016, certain of Corus' Pay Television business ("Pay TV") assets and liabilities were reclassified as held for disposal effective November 19, 2015 as a consequence of meeting the definition of assets held for sale under IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*. The disposal group, Pay TV, did not qualify for discontinued operations presentation and as a result, its operating results remained in continuing operations in the consolidated statement of income and comprehensive income for the year ended August 31, 2016. However, intangible assets classified as held for disposal ceased being amortized effective November 19, 2015 and as a consequence, amortization of program and film rights in the Television segment for the quarter ended November 30, 2015 was \$1.4 million lower than it would have been had amortization on these assets not ceased. On February 29, 2016, the Pay TV disposition was completed and the related proceeds and gain associated with this disposal group were recognized (further discussion is provided in note 27 of the Company's audited consolidated financial statements for the year ended August 31, 2016).

These transactions contributed to the significant year-over-year variances in the consolidated operating results for the first quarter of fiscal 2017, as the first quarter of the prior year includes the operating results of the Pay TV business but does not include the operating results of the Shaw Media business. In the prior year's quarter, the Shaw Media business generated revenues and segment profit of \$294.5 million and \$118.1 million, respectively, while the Pay TV business generated revenues and segment profit of \$31.4 million and \$15.3 million, respectively. On a pro forma basis, including Shaw Media and excluding Pay TV for the first quarter of last year, total revenues declined 5% and segment profit declined 3% compared to the prior year. Segment profit margin of 41% in the first quarter of fiscal 2017 is consistent with the prior year and up from 40% on a pro forma basis.

Operational Results - Highlights

Television

- Segment revenues increased 132% in Q1 2017 [down 5% on a pro forma basis⁽²⁾]
- Advertising revenues increased 269% in Q1 2017 [down 7% on a pro forma basis⁽²⁾]
- Subscriber revenues increased 45% in Q1 2017 [up 6% on a pro forma basis⁽²⁾]
- Merchandising, distribution and other revenues decreased 20% in Q1 2017 [down 33% on a pro forma basis⁽²⁾]
- Segment profit⁽¹⁾ increased 109% in Q1 2017 [down 3% on a pro forma basis⁽²⁾]

Radio

- Segment revenues decreased 5% in Q1 2017
- Segment profit⁽¹⁾ increased 4% in Q1 2017
- Segment profit margin⁽¹⁾ of 31% in Q1 2017, compared to 29% in Q1 2016

⁽¹⁾ Segment profit and segment profit margin do not have standardized meanings prescribed by IFRS. The Company reports on these because they are key measures used to evaluate performance. For definitions and explanations, see discussion under the Key Performance Indicators section of the 2017 Report to Shareholders.

⁽²⁾ Pro forma results reflect the inclusion of Shaw Media and the exclusion of the Pay TV business in Q1 2016.

Corus Entertainment Inc. reports in Canadian dollars.

The unaudited consolidated financial statements and accompanying notes for the three months ended November 30, 2016 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 January 11, 2017 at 9:00 a.m. ET. While this call is directed at analysts and investors, members of the media are welcome to listen in. The dial-in number for the conference call for local and international callers is 1.416.981.9009 and for North America is 1.800.945.8198. More information can be found on the Corus Entertainment website at www.corusent.com in the Investor Relations section.

Use of Non-IFRS Financial Measures

This press release includes the non-IFRS 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 ("IFRS") and may be different from non-IFRS measures used by other companies. In addition, these non-IFRS measures are not based on any comprehensive set of accounting rules or principles.

Non-IFRS financial measures should not be considered as a substitute for, or superior to, measures of financial performance prepared in accordance with IFRS. 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-IFRS financial measures are meant to supplement, and to be viewed in conjunction with, IFRS financial results. A reconciliation of the Company's non-IFRS 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, Corus disclaims 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. (TSX: CJR.B) is a leading media and content company that creates and delivers high quality brands and content across platforms for audiences around the world. The company's portfolio of multimedia offerings encompasses 45 specialty television services, 39 radio stations, 15 conventional television stations, a global content business, digital assets, live events, children's book publishing, animation software, technology and media services. The Corus roster of premium brands includes Global Television, W Network, OWN: Oprah Winfrey Network Canada, HGTV Canada, Food Network Canada, HISTORY®, Showcase, National Geographic, Q107, CKNW, Fresh Radio, Disney Channel Canada, YTV and Nickelodeon Canada. Visit Corus at www.corusent.com.

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For further information, please contact:

Doug Murphy
President and Chief Executive Officer
Corus Entertainment Inc.
416.479.6649

John Gossling
Executive Vice President and Chief
Financial Officer
Corus Entertainment Inc.
416.479.6100

Dervla Kelly
Vice President, Communications
Corus Entertainment Inc.
416.934.7121

CORUS ENTERTAINMENT INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(unaudited - in thousands of Canadian dollars)	As at November 30, 2016	As at August 31, 2016
ASSETS		
Current		
Cash and cash equivalents	17,011	71,363
Accounts receivable	490,550	379,861
Prepaid expenses and other	23,364	18,835
Total current assets	530,925	470,059
Tax credits receivable	22,734	19,860
Investments and other assets	48,102	46,759
Property, plant and equipment	275,078	282,105
Program and film rights	705,795	682,268
Film investments	49,155	45,164
Intangibles	2,070,563	2,076,237
Goodwill	2,390,652	2,390,652
Deferred income tax assets	80,480	80,281
	6,173,484	6,093,385
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	472,385	393,367
Current portion of long-term debt	115,000	115,000
Provisions	16,262	21,390
Income taxes payable	10,067	1,982
Total current liabilities	613,714	531,739
Long-term debt	2,054,485	2,081,020
Other long-term liabilities	494,770	539,672
Deferred income tax liabilities	472,650	464,607
Total liabilities	3,635,619	3,617,038
SHAREHOLDERS' EQUITY		
Share capital	2,198,711	2,168,543
Contributed surplus	10,667	10,444
Retained earnings	165,998	142,499
Accumulated other comprehensive income (loss)	7,857	(3,569)
Total equity attributable to shareholders	2,383,233	2,317,917
Equity attributable to non-controlling interest	154,632	158,430
Total shareholders' equity	2,537,865	2,476,347
	6,173,484	6,093,385

CORUS ENTERTAINMENT INC.
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

	Three months ended	
	November 30,	
(unaudited - in thousands of Canadian dollars except per share amounts)	2016	2015
Revenues	467,981	228,318
Direct cost of sales, general and administrative expenses	275,995	132,440
Depreciation and amortization	22,460	11,002
Interest expense	39,720	18,890
Business acquisition, integration and restructuring costs	13,165	2,361
Other expense, net	6,832	3,925
Income before income taxes	109,809	59,700
Income tax expense	29,106	16,877
Net income for the period	80,703	42,823
Net income attributable to:		
Shareholders	71,146	41,320
Non-controlling interest	9,557	1,503
	80,703	42,823
Earnings per share attributable to shareholders:		
Basic	\$ 0.36	\$ 0.47
Diluted	\$ 0.36	\$ 0.47
Net income for the period	80,703	42,823
Other comprehensive income, net of income taxes:		
Items that may be reclassified subsequently to income:		
Unrealized foreign currency translation adjustment	392	299
Unrealized change in fair value of available-for-sale investments	—	(116)
Unrealized change in fair value of cash flow hedges	11,034	214
Actuarial gain on employee post-employment benefits	9,084	—
	20,510	397
Comprehensive income for the period	101,213	43,220
Comprehensive income attributable to:		
Shareholders	91,656	41,717
Non-controlling interest	9,557	1,503
	101,213	43,220

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, 2016	2,168,543	10,444	142,499	(3,569)	2,317,917	158,430	2,476,347
Comprehensive income	—	—	71,146	20,510	91,656	9,557	101,213
Dividends declared	—	—	(56,731)	—	(56,731)	(13,355)	(70,086)
Issuance of shares under dividend reinvestment plan	30,168	—	—	—	30,168	—	30,168
Actuarial gain transfer	—	—	9,084	(9,084)	—	—	—
Share-based compensation expense	—	223	—	—	223	—	223
At November 30, 2016	2,198,711	10,667	165,998	7,857	2,383,233	154,632	2,537,865

(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, 2015	994,571	9,471	191,182	7,353	1,202,577	17,334	1,219,911
Comprehensive income	—	—	41,320	397	41,717	1,503	43,220
Dividends declared	—	—	(24,928)	—	(24,928)	(4,149)	(29,077)
Issuance of shares under dividend reinvestment plan	3,573	—	—	—	3,573	—	3,573
Share-based compensation expense	—	267	—	—	267	—	267
At November 30, 2015	998,144	9,738	207,574	7,750	1,223,206	14,688	1,237,894

CORUS ENTERTAINMENT INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited - in thousands of Canadian dollars)	Three months ended November 30,	
	2016	2015
OPERATING ACTIVITIES		
Net income for the period	80,703	42,823
Adjustments to reconcile net income (loss) to cash provided by operating activities:		
Amortization of program and film rights	127,725	54,263
Amortization of film investments	4,027	3,331
Depreciation and amortization	22,460	11,002
Deferred income taxes	564	1,938
Venture fund distribution gain	—	(533)
Share-based compensation expense	223	267
Imputed interest	13,193	10,451
CRTC benefit payment	(6,158)	(2,328)
Other	567	198
Net changes in non-cash working capital		
balances related to operations	(86,107)	(29,825)
Payment of program and film rights	(124,099)	(45,129)
Net additions to film investments	(10,750)	(9,827)
Cash provided by operating activities	22,348	36,631
INVESTING ACTIVITIES		
Additions to property, plant and equipment	(5,626)	(2,703)
Net proceeds from assets held for disposal	—	21,100
Business acquisition costs paid in the period	—	(2,476)
Proceeds from disposition of investment	—	1,684
Net cash flows for intangibles, investments and other assets	(3,256)	(2,663)
Cash provided by (used in) investing activities	(8,882)	14,942
FINANCING ACTIVITIES		
Decrease in bank loans	(28,180)	(19,999)
Dividends paid	(26,060)	(21,298)
Dividends paid to non-controlling interest	(13,355)	(4,149)
Other	(223)	(1,379)
Cash used in financing activities	(67,818)	(46,825)
Net change in cash and cash equivalents		
during the period	(54,352)	4,748
Cash and cash equivalents, beginning of the period	71,363	37,422
Cash and cash equivalents, end of the period	17,011	42,170

**CORUS ENTERTAINMENT INC.
BUSINESS SEGMENT INFORMATION**

(unaudited - in thousands of Canadian dollars)

Three months ended November 30, 2016

	Television	Radio	Corporate	Consolidated
Revenues	425,564	42,417	—	467,981
Direct cost of sales, general and administrative expenses	241,143	29,131	5,721	275,995
Segment profit (loss)⁽¹⁾	184,421	13,286	(5,721)	191,986
Depreciation and amortization				22,460
Interest expense				39,720
Business acquisition, integration and restructuring costs				13,165
Other expense, net				6,832
Income before income taxes				109,809

Three months ended November 30, 2015

	Television	Radio	Corporate	Consolidated
Revenues	183,718	44,600	—	228,318
Direct cost of sales, general and administrative expenses	95,683	31,797	4,960	132,440
Segment profit (loss)⁽¹⁾	88,035	12,803	(4,960)	95,878
Depreciation and amortization				11,002
Interest expense				18,890
Business acquisition, integration and restructuring costs				2,361
Other expense, net				3,925
Income before income taxes				59,700

⁽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 2017 Report to Shareholders.

Revenues by type

	Three months ended	
	2016	November 30, 2015
Advertising	323,405	118,930
Subscriber fees	126,464	86,954
Merchandising, distribution and other	18,112	22,434
	467,981	228,318

Non-IFRS Financial Measures

	Three months ended	
	November 30,	
(unaudited - in thousands of Canadian dollars except per share amounts)	2016	2015
Adjusted Net Income Attributable to Shareholders		
Net income attributable to shareholders	71,146	41,320
Adjustments, net of income tax:		
Amortization of certain Pay TV assets	—	(1,029)
Business acquisition, integration and restructuring costs	9,680	2,193
Adjusted net income attributable to shareholders	80,826	42,484
Adjusted basic earnings per share	\$0.41	\$0.49
Free cash flow		
Cash provided by (used in):		
Operating activities	22,348	36,631
Investing activities	(8,882)	14,942
	13,466	51,573
Add back: cash provided from (used for) business combinations and strategic investments ⁽¹⁾⁽²⁾	20,443	(17,036)
Free cash flow	33,909	34,537

⁽¹⁾ Strategic investments are comprised of investments in venture funds and associated companies.

⁽²⁾ Adjusted to remove the impact of disposing the Pay TV business