Corus Entertainment Announces Fiscal 2017 Third Quarter Results

- Consolidated revenues increased 28% for the quarter and 65% for the year-to-date [up 3% on a pro forma basis(1) for the quarter and down 2% for the year-to-date(1)]
- Consolidated segment profit(2) growth of 35% for the quarter and 54% for the year-to-date [up 14% on a pro forma basis(1) for the quarter and up 5% for the year-to-date(1)]
- Consolidated segment profit margin (2) of 38% for the quarter and 36% for the year-to-date
- Net income attributable to shareholders of $66.7 million ($0.33 per share basic) for the quarter and $162.7 million ($0.81 per share basic) for the year-to-date.
- Adjusted basic earnings per share(2)(3) of $0.35 per share for the quarter

TORONTO, June 27, 2017 – Corus Entertainment Inc. (TSX: CJR.B) announced its third quarter financial results today.

"Our Q3 results clearly demonstrate progress on our goal of returning Corus to growth", said Doug Murphy, President and Chief Executive Officer. "We were pleased to deliver solid revenue gains, double-digit segment profit growth and impressive margin expansion in the quarter. In addition, we reached a key leverage ratio milestone earlier than anticipated. As we head into a new broadcast year, we expect our powerful brands and content will position us for continued audience share gains, supported by our exciting fall schedule. This coupled with our improved cost structure and the unwavering commitment of our talented team gives us confidence that we remain on the right track to achieving our long-term goals".

Financial Highlights

	Three months ended	May 31,	Nine months ended	May 31,
(in thousands of Canadian dollars except per share amounts)	**2017**	2016	**2017**	2016
Revenues				
Television	**422,324**	321,176	**1,183,784**	668,326
Radio	**39,304**	39,648	**114,012**	118,521
	461,628	360,824	**1,297,796**	786,847
Segment profit (2)				
Television	**171,294**	127,968	**457,114**	297,408
Radio	**11,598**	9,665	**31,225**	27,650
Corporate	**(7,079)**	(7,447)	**(17,857)**	(19,415)
	175,813	130,186	**470,482**	305,643
Net income (loss) attributable to shareholders	**66,719**	(15,766)	**162,746**	127,786
Adjusted net income attributable to shareholders (2) (3)	**70,141**	52,950	**176,544**	116,378
Basic earnings (loss) per share	**$0.33**	$(0.10)	**$0.81**	$1.16
Adjusted basic earnings per share (2) (3)	**$0.35**	$0.34	**$0.88**	$1.05
Diluted earnings (loss) per share	**$0.33**	$(0.10)	**$0.81**	$1.15
Free cash flow (2)	**82,527**	67,947	**212,458**	126,768

(1) Pro forma results reflect the inclusion of Shaw Media and the exclusion of Pay TV in the three and nine month period ended May 31, 2016.

(2) 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.

(3) For the three months ended May 31, 2017, adjusted net income attributable to shareholders excludes business acquisition, integration and restructuring charges of $4.6 million ($0.02 per share). For the nine months ended May 31, 2017, adjusted net income attributable to shareholders excludes business acquisition, integration and restructuring charges of $18.7 million ($0.07 per share). For the three months ended May 31, 2016, adjusted net income attributable to shareholders excludes business acquisition, integration and restructuring charges of $29.3 million ($0.15 per share) and debt refinancing costs of $61.2 million ($0.29 per share). For the nine months ended May 31, 2016, adjusted net income attributable to shareholders represents net income attributable to shareholders adjusted to include amortization of disposed Pay TV programming assets of $15.6 million ($0.11 per share) and excludes business acquisition, integration and restructuring charges of $37.6 million ($0.29 per share), a gain on the disposal of the Pay TV disposal group of $86.2 million ($0.70 per share) and debt refinancing costs of $61.2 million ($0.41 per share).

Consolidated Results from Operations

Consolidated revenues for the three months ended May 31, 2017 were $461.6 million, an increase of 28% from $360.8 million last year. Consolidated segment profit was $175.8 million, up 35% from $130.2 million last year. Net income attributable to shareholders for the quarter ended May 31, 2017 was $66.7 million ($0.33 per share basic and diluted), as compared to a net loss of $15.8 million ($0.10 loss per share basic and diluted) last year. Net income attributable to shareholders for the third quarter of fiscal 2017 includes business acquisition, integration and restructuring costs of $4.6 million ($0.02 per share). Adjusting for the impact of this item results in an adjusted net income attributable to shareholders of $70.1 million ($0.35 per share basic) in the quarter. Net loss attributable to shareholders for the prior year quarter includes business acquisition, integration and restructuring costs of $29.3 million ($0.15 per share) and debt refinancing costs of $61.2 million ($0.29 per share). Adjusting for the impact of these items results in an adjusted net income attributable to shareholders of $53.0 million ($0.34 per share basic) for the prior year quarter.

Consolidated revenues for the nine months ended May 31, 2017 were $1,297.8 million, up 65% from $786.8 million last year and consolidated segment profit was $470.5 million, up 54% from $305.6 million last year. Net income attributable to shareholders for the nine months ended May 31, 2017 was $162.7 million ($0.81 per share), compared to $127.8 million ($1.16 per share) last year. Net income attributable to shareholders for the nine months ended May 31, 2017, includes business acquisition, integration and restructuring costs of $18.7 million ($0.07 per share). Adjusting for the impact of this item results in an adjusted net income attributable to shareholders of $176.5 million ($0.88 per share basic) for the current fiscal year-to-date. Net income attributable to shareholders for the nine months ended May 31, 2016 includes business acquisition, integration and restructuring costs of $37.6 million ($0.29 per share), debt refinancing costs of $61.2 million ($0.41 per share), a gain relating to the discontinuation of the Pay Television business and the disposal of certain assets of $86.2 million ($0.70 per share), and excludes amortization of disposed of Pay Television program and film rights of $15.6 million ($0.11 per share). Adjusting for the impact of these items results in an adjusted net income attributable to shareholders of $116.4 million ($1.05 per share) for the prior fiscal year-to-date.

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 annual 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 nine months ended May 31, 2016 was lower by $15.6 million, 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 a gain associated with this disposal group was recognized (further discussion is provided in note 27 of the Company's audited annual 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 three and nine months ended May 31, 2017, as the prior year includes the operating results of the Pay TV business up to the end of the second quarter of fiscal 2016 and only includes the operating results of Shaw Media for two months of the third quarter of fiscal 2016. In the prior year's quarter, Shaw Media generated revenues and segment profit of $275.4 million and $78.8 million, respectively. On a pro forma basis, including Shaw Media for the full three months in the third quarter of last year, for the three months ended May 31, 2017 total revenues increased 3%, while segment profit increased 14% compared to the prior year. Segment profit margin of 38% in the third quarter of fiscal 2017 was up from 36% in the prior year (as reported) and up from 34% on a pro forma basis. In the nine months ended May 31, 2016, Shaw Media generated revenues and segment profit of $797.4 million and $248.1 million, respectively, while Pay TV generated revenues and segment profit of $67.8 million and $49.3 million, respectively. On a pro forma basis, including Shaw Media and excluding Pay TV for the same period last year, for the nine months ended May 31, 2017 total revenues declined 2%, while segment profit increased 5% from the prior year. Segment profit margin of 36% for the nine months ended May 31, 2017 was down from 39% in the prior year (as reported) and up from 34% on a pro forma basis.

Operational Results - Highlights

Television

- Segment revenues increased 31% in Q3 2017 and 77% for the year-to-date [up 3% on a pro forma basis(1) for the quarter and down 2% year-to-date(1)]
- Advertising revenues increased 33% in Q3 2017 and 130% for the year-to-date [flat on a pro forma basis(1) for the quarter and down 4% year-to-date(1)]
- Subscriber revenues increased 26% in Q3 2017 and 37% for the year-to-date [up 4% on a pro forma basis(1) for both the quarter and year-to-date]
- Merchandising, distribution and other revenues increased 47% in Q3 2017 and decreased 13% for the year-to-date [up 44% on a pro forma basis(1) and down 16% year-to-date(1)]
- Segment profit(2) increased 34% in Q3 2017 and 54% for the year-to-date [up 13% on a pro forma basis(1) and up 4% year-to-date(1)]
- Segment profit margin(2) of 41% in Q3 2017 and 39% for the year-to-date, compared to 40% and 45%, respectively, in the prior year comparable periods [37% for the quarter and 36% year-to-date on a pro forma basis (1)]

Radio

- Segment revenues were down 1% in Q3 2017 and decreased 4% for the year-to-date
- Advertising revenues were flat in Q3 2017 and decreased 3% for the year-to-date
- Segment profit(1) increased 20% in Q3 2017 and 13% for the year-to-date
- Segment profit margin(1) of 30% in Q3 2017 and 27% for the year-to-date, compared to 24% and 23%, respectively, in the prior year comparable periods

Corporate

- Reduction of net debt to segment profit leverage to 3.5 times
- Consolidated segment profit margin expansion in Q3 to 38%, up 400 basis points from 34% in the prior year, on a proforma basis

(1) Pro forma results reflect the inclusion of Shaw Media and the exclusion of Pay TV in the three months and year-to-date ended May 31, 2016

(2) 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.

Corus Entertainment Inc. reports in Canadian dollars.

The unaudited consolidated financial statements and accompanying notes for the three and nine months ended May 31, 2017 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 June 27, 2017 at 8:00 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 1.416.981.9013 and for North America is 1.800.786.0540. 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 include 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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CORUS ENTERTAINMENT INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(unaudited - in thousands of Canadian dollars)	As at May 31, 2017	As at August 31, 2016
ASSETS		
Current		
Cash and cash equivalents	**78,011**	71,363
Accounts receivable	**485,820**	379,861
Prepaid expenses and other assets	**22,921**	18,835
Total current assets	**586,752**	470,059
Tax credits receivable	**17,293**	19,860
Investments and other assets	**51,966**	46,759
Property, plant and equipment	**258,211**	282,105
Program rights	**687,892**	682,268
Film investments	**46,101**	45,164
Intangibles	**2,053,339**	2,076,237
Goodwill	**2,387,652**	2,390,652
Deferred income tax assets	**80,334**	80,281
	6,169,540	6,093,385
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	**482,513**	393,367
Current portion of long-term debt	**158,125**	115,000
Provisions	**15,737**	21,390
Income taxes payable	**22,641**	1,982
Total current liabilities	**679,016**	531,739
Long-term debt	**1,957,083**	2,081,020
Other long-term liabilities	**449,372**	530,767
Provisions	**11,124**	8,905
Deferred income tax liabilities	**487,739**	464,607
Total liabilities	**3,584,334**	3,617,038
SHAREHOLDERS' EQUITY		
Share capital	**2,260,779**	2,168,543
Contributed surplus	**11,076**	10,444
Retained earnings	**146,790**	142,499
Accumulated other comprehensive income (loss)	**6,627**	(3,569)
Total equity attributable to shareholders	**2,425,272**	2,317,917
Equity attributable to non-controlling interest	**159,934**	158,430
Total shareholders' equity	**2,585,206**	2,476,347
	6,169,540	6,093,385

CORUS ENTERTAINMENT INC.

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

(unaudited - in thousands of Canadian dollars except per share amounts)	Three months ended May 31, 2017	2016	Nine months ended May 31, 2017	2016
Revenues	**461,628**	360,824	**1,297,796**	786,847
Direct cost of sales, general and administrative expenses	**285,815**	230,638	**827,314**	481,204
Depreciation and amortization	**23,390**	18,776	**68,943**	40,384
Interest expense	**39,918**	33,697	**118,595**	71,074
Debt refinancing	**—**	61,248	**—**	61,248
Business acquisition, integration and restructuring costs	**4,638**	29,264	**18,718**	37,639
Gain on disposition	**—**	—	**—**	(86,151)
Other (income) expense, net	**4,626**	(2,018)	**7,521**	7,036
Income (loss) before income taxes	**103,241**	(10,781)	**256,705**	174,413
Income tax expense	**27,551**	120	**68,330**	39,357
Net income (loss) for the period	**75,690**	(10,901)	**188,375**	135,056
Net income (loss) attributable to:				
Shareholders	**66,719**	(15,766)	**162,746**	127,786
Non-controlling interest	**8,971**	4,865	**25,629**	7,270
	75,690	(10,901)	**188,375**	135,056
Earnings (loss) per share attributable to shareholders:				
Basic	**$0.33**	$(0.10)	**$0.81**	$1.16
Diluted	**$0.33**	$(0.10)	**$0.81**	$1.15
Net income (loss) for the period	**75,690**	(10,901)	**188,375**	135,056
Other comprehensive income (loss), net of income taxes:				
Items that may be reclassified subsequently to income:				
Unrealized foreign currency translation adjustment	**191**	(527)	**404**	(61)
Unrealized change in fair value of available-for-sale investments	**(271)**	114	**(271)**	(10)
Unrealized change in fair value of cash flow hedges	**(3,253)**	(5,527)	**10,063**	(5,208)
Actuarial gain (loss) on employee post-employment benefits	**(3,756)**	1,970	**9,309**	1,970
	(7,089)	(3,970)	**19,505**	(3,309)
Comprehensive income (loss) for the period	**68,601**	(14,871)	**207,880**	131,747
Comprehensive income (loss) attributable to:				
Shareholders	**59,630**	(19,736)	**182,251**	124,477
Non-controlling interest	**8,971**	4,865	**25,629**	7,270
	68,601	(14,871)	**207,880**	131,747

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	—	—	162,746	19,505	182,251	25,629	207,880
Dividends declared	—	—	(172,264)	—	(172,264)	(27,125)	(199,389)
Issuance of shares under dividend reinvestment plan	92,236	—	—	—	92,236	—	92,236
Actuarial gain on post-retirement benefit plans	—	—	9,309	(9,309)	—	—	—
Share-based compensation expense	—	632	—	—	632	—	632
Reallocation of equity interest	—	—	4,500	—	4,500	3,000	7,500
At May 31, 2017	**2,260,779**	**11,076**	**146,790**	**6,627**	**2,425,272**	**159,934**	**2,585,206**

At August 31, 2015	994,571	9,471	191,182	7,353	1,202,577	17,334	1,219,911
Comprehensive income	—	—	127,786	(3,309)	124,477	7,270	131,747
Dividends declared	—	—	(115,152)	—	(115,152)	(13,002)	(128,154)
Issuance of shares under public equity offering	279,762	—	—	—	279,762	—	279,762
Issuance of shares to related party	833,541	—	—	—	833,541	—	833,541
Existing non-controlling ownership interest from acquisition	—	—	—	—	—	147,656	147,656
Issuance of shares under dividend reinvestment plan	30,292	—	—	—	30,292	—	30,292
Actuarial gain on post-retirement benefit plans	—	—	1,970	(1,970)	—	—	—
Share-based compensation expense	—	669	—	—	669	—	669
At May 31, 2016	2,138,166	10,140	205,786	2,074	2,356,166	159,258	2,515,424

CORUS ENTERTAINMENT INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited - in thousands of Canadian dollars)	Three months ended May 31, 2017	Three months ended May 31, 2016	Nine months ended May 31, 2017	Nine months ended May 31, 2016
OPERATING ACTIVITIES				
Net income (loss) for the period	**75,690**	(10,901)	**188,375**	135,056
Adjustments to reconcile net income (loss) to cash flow from operations:				
Amortization of program rights	**136,598**	100,533	**391,009**	198,786
Amortization of film investments	**7,815**	6,346	**16,777**	13,890
Depreciation and amortization	**23,390**	18,776	**68,943**	40,384
Deferred income taxes	**8,584**	(10,450)	**15,798**	(22,357)
Share-based compensation expense	**178**	213	**632**	669
Imputed interest	**13,442**	11,675	**39,195**	32,906
Debt refinancing costs	**—**	61,248	**—**	61,248
Gain on disposition	**—**	—	**—**	(86,151)
Payment of program rights	**(132,557)**	(103,274)	**(375,919)**	(215,788)
Net additions to film investments	**(11,106)**	(13,021)	**(17,534)**	(31,702)
CRTC benefit payments	**(5,609)**	(4,247)	**(17,581)**	(8,527)
Other	**893**	1,447	**2,235**	4,143
Cash flow from operations	**117,318**	58,345	**311,930**	122,557
Net change in non-cash working capital balances related to operations	**(32,646)**	5,420	**(102,911)**	4,657
Cash provided by operating activities	**84,672**	63,765	**209,019**	127,214
INVESTING ACTIVITIES				
Additions to property, plant and equipment	**(2,160)**	(4,100)	**(13,567)**	(10,956)
Net proceeds from disposition	**—**	—	**—**	209,474
Business combinations, net of acquired cash	**3,000**	(1,836,847)	**3,000**	(1,839,323)
Proceeds from disposition of non-controlling interest	**—**	—	**5,250**	1,684
Net cash flows for intangibles, investments and other assets	**(383)**	(4,080)	**(4,741)**	(11,231)
Cash provided by (used in) investing activities	**457**	(1,845,027)	**(10,058)**	(1,650,352)
FINANCING ACTIVITIES				
Increase (decrease) in bank loans	**(28,144)**	2,176,029	**(85,616)**	1,987,295
Redemption of notes	**—**	(550,000)	**—**	(550,000)
Debt refinancing costs	**—**	(55,671)	**—**	(55,671)
Financing fees	**—**	(20,167)	**—**	(23,595)
Share subscription net of issuance costs	**—**	276,529	**—**	276,529
Dividends paid	**(25,716)**	(24,453)	**(78,600)**	(64,569)
Dividends paid to non-controlling interest	**(8,540)**	(7,853)	**(27,125)**	(13,002)
Other	**(495)**	(964)	**(972)**	(3,634)
Cash provided by (used in) financing activities	**(62,895)**	1,793,450	**(192,313)**	1,553,353
Net change in cash and cash equivalents during the period	**22,234**	12,188	**6,648**	30,215
Cash and cash equivalents, beginning of the period	**55,777**	55,449	**71,363**	37,422
Cash and cash equivalents, end of the period	**78,011**	67,637	**78,011**	67,637

CORUS ENTERTAINMENT INC.

BUSINESS SEGMENT INFORMATION

(unaudited - in thousands of Canadian dollars)

Three months ended May 31, 2017

	Television	Radio	Corporate	Consolidated
Revenues	**422,324**	**39,304**	**—**	**461,628**
Direct cost of sales, general and administrative expenses	**251,030**	**27,706**	**7,079**	**285,815**
Segment profit (loss)[1]	**171,294**	**11,598**	**(7,079)**	**175,813**
Depreciation and amortization				**23,390**
Interest expense				**39,918**
Business acquisition, integration and restructuring costs				**4,638**
Other expense, net				**4,626**
Income before income taxes				**103,241**

Three months ended May 31, 2016

	Television	Radio	Corporate	Consolidated
Revenues	321,176	39,648	—	360,824
Direct cost of sales, general and administrative expenses	193,208	29,983	7,447	230,638
Segment profit (loss)[1]	127,968	9,665	(7,447)	130,186
Depreciation and amortization				18,776
Interest expense				33,697
Debt refinancing costs				61,248
Business acquisition, integration and restructuring costs				29,264
Other income, net				(2,018)
Income before income taxes				(10,781)

Nine months ended May 31, 2017

	Television	Radio	Corporate	Consolidated
Revenues	**1,183,784**	**114,012**	**—**	**1,297,796**
Direct cost of sales, general and administrative expenses	**726,670**	**82,787**	**17,857**	**827,314**
Segment profit (loss)[1]	**457,114**	**31,225**	**(17,857)**	**470,482**
Depreciation and amortization				**68,943**
Interest expense				**118,595**
Business acquisition, integration and restructuring costs				**18,718**
Other expense, net				**7,521**
Income before income taxes				**256,705**

[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.

Nine months ended May 31, 2016

(unaudited - in thousands of Canadian dollars)	Television	Radio	Corporate	Consolidated
Revenues	668,326	118,521	—	786,847
Direct cost of sales, general and administrative expenses	370,918	90,871	19,415	481,204
Segment profit (loss)[1]	297,408	27,650	(19,415)	305,643
Depreciation and amortization				40,384
Interest expense				71,074
Gain on disposition				(86,151)
Debt refinancing costs				61,248
Business acquisition, integration and restructuring costs				37,639
Other expense, net				7,036
Income before income taxes				174,413

[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		Nine months ended	
		May 31,		**May 31,**
(unaudited - in thousands of Canadian dollars)	**2017**	2016	**2017**	2016
Advertising	**304,550**	238,895	**853,901**	435,568
Subscriber fees	**127,539**	100,949	**379,556**	277,549
Merchandising, distribution and other	**29,539**	20,980	**64,339**	73,730
	461,628	360,824	**1,297,796**	786,847

NON-IFRS FINANCIAL MEASURES

Adjusted segment profit				
Reported segment profit	**175,813**	130,186	**470,482**	305,643
Adjustments:				
Amortization not taken on Pay TV assets disposed of	**—**	—	**—**	(15,585)
Adjusted segment profit	**175,813**	130,186	**470,482**	290,058
Adjusted Net Income Attributable to Shareholders				
Reported net income (loss) attributable to shareholders	**66,719**	(15,766)	**162,746**	127,786
Adjustments, net of income tax:				
Gain on disposal of Pay TV assets	**—**	—	**—**	(76,631)
Amortization of Pay TV assets disposed of	**—**	—	**—**	(11,455)
Business acquisition, integration and restructuring costs	**3,422**	23,699	**13,798**	31,661
Debt refinancing costs	**—**	45,017	**—**	45,017
Adjusted net income attributable to shareholders	**70,141**	52,950	**176,544**	116,378
Basic earnings (loss) per share	**$0.33**	$(0.10)	**$0.81**	$1.16
Adjustments, net of income tax:				
Gain on disposal of Pay TV assets	**—**	—	**—**	(0.70)
Amortization of Pay TV assets disposed of	**—**	—	**—**	(0.11)
Business acquisition, integration and restructuring costs	**0.02**	0.15	**0.07**	0.29
Debt refinancing costs	**—**	0.29	**—**	0.41
Adjusted basic earnings per share	**$0.35**	$0.34	**$0.88**	$1.03

(unaudited - in thousands of Canadian dollars)	Three months ended May 31, 2017	2016	Nine months ended May 31, 2017	2016
Free cash flow				
Cash provided by (used in):				
Operating activities	**84,672**	63,765	**209,019**	127,214
Investing activities	**457**	(1,845,027)	**(10,058)**	(1,650,352)
	85,129	(1,781,262)	**198,961**	(1,523,138)
Add back: cash provided from (used for) business combinations and strategic investments [1][2]	**(2,602)**	1,849,209	**13,497**	1,859,380
Deduct: net proceeds from disposition	**—**	—	**—**	(209,474)
Free cash flow	**82,527**	67,947	**212,458**	126,768

[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