

# **Fiscal 2017** **Fourth Quarter and** **Year-End Earnings** **Conference Call**

Wednesday, October 18, 2017 | 8 a.m. ET



# Safe Harbour Disclosure Forward-looking Statements

This presentation contains forward-looking information and should be read subject to the following cautionary language:

To the extent any statements made in this presentation contains 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.

# Corus Announces Sale of Historia and Séries+

- Corus has entered into a transaction to sell its specialty television services Historia and Séries+ to Bell Media
- Transaction is subject to approval by CRTC and Competition Bureau
- Sale will assist Corus in achieving fiscal 2018 deleveraging target of 3.0 times net debt to segment profit



# Fiscal 2017 Highlights

- ✓ Completed integration of Shaw Media
- ✓ Captured cost synergies in excess of \$40-\$50 million target following close of Shaw Media acquisition
- ✓ Improved competitive share position and continued to advance strategic priorities
- ✓ Delivered strong free cash flow<sup>1</sup>
- ✓ Reduced leverage to 3.5x net debt to segment profit in Q3 Fiscal 2017 and captured \$20 million in annual interest expense savings for Fiscal 2018
- ✓ Maintained dividend of \$1.14 per Class B Share

<sup>1</sup> Free cash flow does not have a standardized meaning prescribed by IFRS. The Company believes this non-IFRS measure is frequently used as key measure to evaluate performance. For definitions and explanations, see discussion under the Key Performance Indicators section of the Fourth Quarter 2017 Report to Shareholders.

# Fiscal 2017 Operational Achievements

- Strengthened Corus' competitive audience share position across Television and Radio
- Delivered strong segment profit growth of 9% in Radio and increased number of duplicated local TV/Radio accounts
- Consistent sequential improvement in Television advertising revenue
- Significant progress made on Own and Control More Content Strategy
  - Recast Nelvana content slate and doubled episodes produced in the year
  - Established key strategic content relationships at Nelvana
    - Sesame Workshop
    - Discovery Communications
  - More than doubled Corus Studios' slate and expanded export of content to global market

# Fiscal 2017 Operational Achievements Cont'd

- Strategic Investments made to advance Data and Advanced Advertising Initiatives
  - Creation of dedicated data analytics and Ad Tech team
  - Investment in Ad Tech will be doubled in Fiscal 2018
  - Launched VOD Dynamic Ad Insertion program
  - Increased Advanced Audience Segmentation capabilities

# Fiscal 2017 Fourth Quarter and Year-End Results

- Consolidated revenues were down 1% for the quarter and up 43% for the year (down 2% on a pro forma basis for the year<sup>2</sup>)
- Consolidated segment profit<sup>1</sup> was up 2% for the quarter and 41% for the year (up 4% on a pro forma basis for the year<sup>2</sup>)
- Consolidated segment profit margin<sup>1</sup> of 28% for the quarter and 34% for the year
- Net income attributable to shareholders of \$28.9 million (\$0.14 per share basic) for the quarter and \$191.7 million (\$0.95 per share basic) for the year
- Adjusted basic earnings per share<sup>1,2</sup> of \$0.22 per share for the quarter and \$1.10 per share for the year
- Free cash flow of \$292.7 million for the year, up 55% from \$188.2 million last year

<sup>1</sup> Segment profit, segment profit margin, 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 Fourth Quarter 2017 Report to Shareholders.

<sup>2</sup> Pro forma results reflect the inclusion of Shaw Media and the exclusion of Pay TV for the year ended August 31, 2016.



# Fiscal 2017 Fourth Quarter and Year-End Results

## TELEVISION

- Segment revenues were flat in Q4 2017 and increased 51% for the year (down 2% on a pro forma basis<sup>1</sup> for the year)
- Advertising revenues increased 1% in Q4 2017 and 82% for the year (down 3% on a pro forma basis<sup>1</sup> for the year)
- Subscriber revenues decreased 1% in Q4 2017 and increased 25% for the year (up 3% on a pro forma basis<sup>1</sup> for the year)
- Merchandising, distribution and other revenues decreased 10% in Q4 2017 and 12% for the year (down 14% on a pro forma basis<sup>1</sup> for the year)
- Segment profit<sup>2</sup> was flat in Q4 2017 and increased 40% for the year (up 3% on a pro forma basis<sup>1</sup> for the year)
- Segment profit margin<sup>2</sup> of 31% in Q4 2017 and 37% for the year, compared to 31% and 40%, respectively, in the prior year comparable periods (35% for the prior year on a pro forma basis<sup>1</sup>)

<sup>1</sup> Pro forma results reflect the inclusion of Shaw Media and the exclusion of Pay TV for the full year ended August 31, 2016

<sup>2</sup> 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.



# Fiscal 2017 Fourth Quarter and Year-End Results

## RADIO

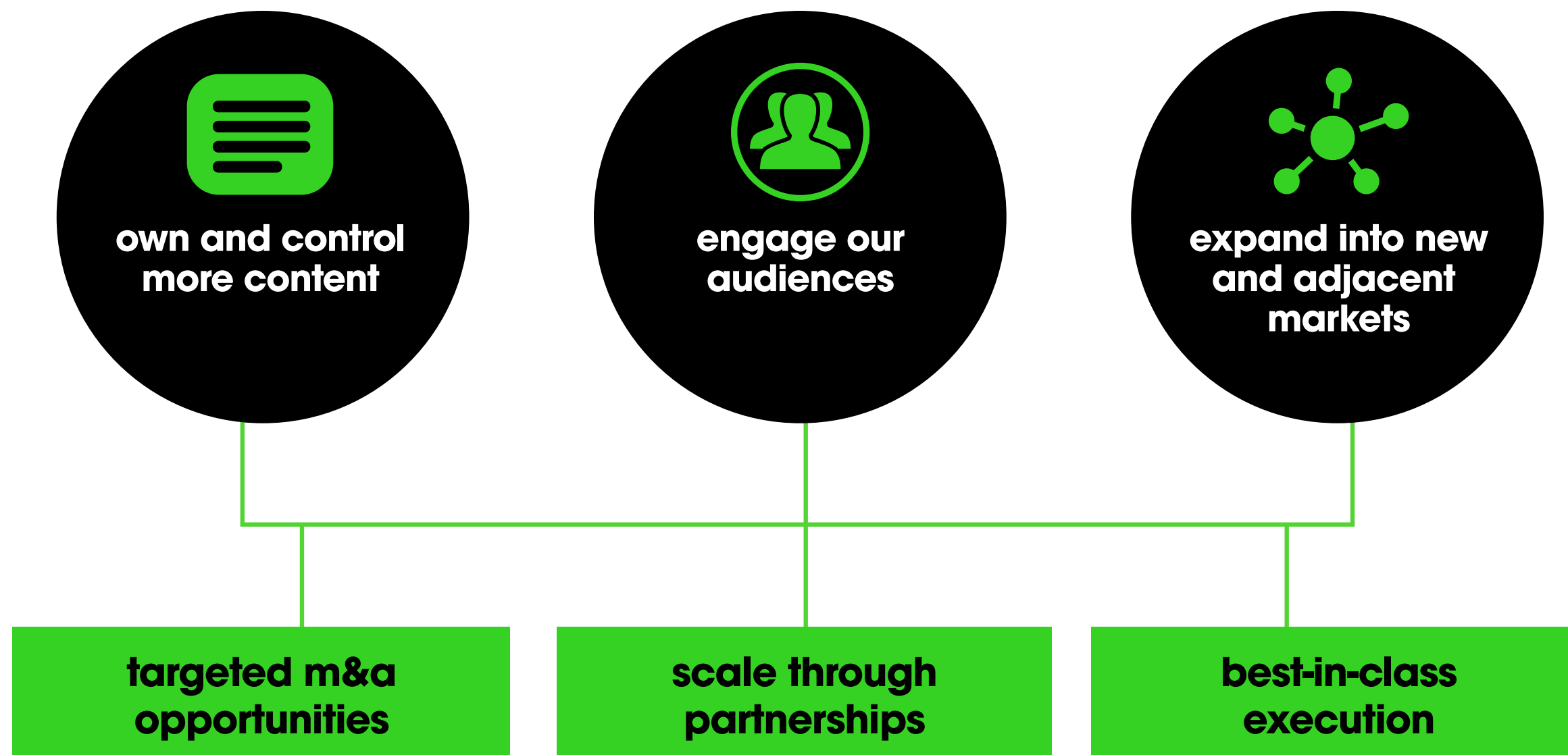
- Segment and advertising revenues were down 5% in Q4 2017 and 4% for the year
- Segment profit<sup>1</sup> decreased 2% in Q4 2017 and increased 9% for the year
- Segment profit margin<sup>1</sup> of 24% in Q4 2017 and 26% for the year, compared to 23% in both of the prior year comparable periods

<sup>1</sup> 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.

# Fiscal 2018 Financial Priorities

- Focus on deleveraging to 3.0 times net debt to segment profit by end of fiscal 2018 through diligent focus on increasing free cash flow
- Maintain dividend of \$1.14 per Class B Share
- Make targeted strategic investments to advance strategic priorities

# Fiscal 2018 Strategic Priorities



**Fiscal 2017**

**Fourth Quarter and Year-End  
Earnings Conference Call**

Wednesday, October 18, 2017 | 8 a.m. ET

**Q&A**

