



CORUS ENTERTAINMENT ANNOUNCES FISCAL 2018 FIRST QUARTER RESULTS

- Free cash flow⁽¹⁾ of \$83.2 million for the quarter, up from \$33.9 million last year
- Consolidated revenues decreased 2% for the quarter
- Consolidated segment profit⁽¹⁾ decreased 7% for the quarter
- Consolidated segment profit margin⁽¹⁾ of 39% for the quarter
- Net income attributable to shareholders of \$77.7 million (\$0.38 per share basic) for the quarter

TORONTO, January 10, 2018 – Corus Entertainment Inc. (TSX: CJR.B) announced its first quarter financial results today.

“Our first quarter results were below expectations, as gains in local Radio advertising and our Nelvana content business combined with better than expected subscriber revenues were more than offset by weak television advertising market conditions”, said Doug Murphy, President and Chief Executive Officer. “We remain committed to advancing our strategic priorities as Canada’s only pure play media and content company. Our ongoing financial discipline balanced with strategic growth investments in content and Advanced Advertising initiatives position us well over the longer term in a rapidly evolving media and content marketplace.”

Financial Highlights

	Three months ended	
	November 30,	
	2017	2016
<small>(in thousands of Canadian dollars except per share amounts)</small>		
Revenues		
Television	415,464	425,564
Radio	41,924	42,417
	457,388	467,981
Segment profit⁽¹⁾		
Television	168,602	184,421
Radio	13,521	13,286
Corporate	(4,236)	(5,721)
	177,887	191,986
Net income attributable to shareholders	77,673	71,146
Adjusted net income attributable to shareholders⁽¹⁾⁽²⁾	78,885	80,826
Basic earnings per share	\$0.38	\$0.36
Adjusted basic earnings per share⁽¹⁾⁽²⁾	\$0.38	\$0.41
Diluted earnings per share	\$0.38	\$0.36
Free cash flow⁽¹⁾	83,215	33,909

⁽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 First Quarter 2018 Report to Shareholders.

⁽²⁾ Refer to page 10 of this press release for details of adjustments to arrive at adjusted net income attributable to shareholders and adjusted basic earnings per share.

Consolidated Results from Operations

Consolidated revenues for the three months ended November 30, 2017 were \$457.4 million, down 2% from \$468.0 million last year and consolidated segment profit was \$177.9 million, down 7% from \$192.0 million last year. Net income attributable to shareholders for the quarter ended November 30, 2017 was \$77.7 million (\$0.38 per share basic and diluted), as compared to \$71.1 million (\$0.36 per share basic and diluted) last year. Net income attributable to shareholders for the first quarter of fiscal 2018 includes business acquisition, integration and restructuring costs of \$1.6 million (\$nil per share, net of income taxes). Adjusting for the impact of this item results in an adjusted net income attributable to shareholders of \$78.9 million (\$0.38 per share basic) in the quarter. Net income attributable to shareholders for the prior year quarter includes business acquisition, integration and restructuring costs of \$13.2 million (\$0.05 per share, net of income taxes). Adjusting for the impact of this item results in an adjusted net income attributable to shareholders of \$80.8 million (\$0.41 per share basic) for the prior year quarter.

Operational Results - Highlights

Television

- Segment revenues were down 2% in Q1 2018
- Advertising revenues decreased 4% in Q1 2018
- Subscriber revenues were flat in Q1 2018
- Merchandising, distribution and other revenues increased 7% in Q1 2018
- Segment profit⁽¹⁾ decreased 9% in Q1 2018
- Segment profit margin⁽¹⁾ of 41% in Q1 2018 compared to 43% in the prior year

Radio

- Segment revenues were relatively flat in Q1 2018
- Advertising revenues were down 1% in Q1 2018
- Segment profit⁽¹⁾ increased 2% in Q1 2018
- Segment profit margin⁽¹⁾ of 32% in Q1 2018 compared to 31% the prior year

Corporate

- Free cash flow⁽¹⁾ of \$83.2 million for the year, up from \$33.9 million in the prior year
- Net debt to segment profit⁽¹⁾ leverage at 3.5 times
- Consolidated segment profit margin in Q1 of 39%, down from 41% in the prior year

⁽¹⁾ Segment profit, segment profit margin, and free cash flow 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 2018 Report to Shareholders.

Corus Entertainment Inc. reports in Canadian dollars.

The unaudited consolidated financial statements and accompanying notes for the three months ended November 30, 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 January 10, 2018 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 1.416.981.9027 and for North America is 1.800.734.8582. 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 Information

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 information"). 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 may be considered forward-looking information. Although Corus believes that the expectations reflected in such forward-looking information are reasonable, such information involves assumptions and risks and uncertainties and undue reliance should not be placed on such statements. Certain material factors or assumptions are applied with respect to the forward-looking information, including without limitation, factors and assumptions regarding the general market conditions and general outlook for the industry, interest rates, stability of the advertising, distribution, merchandise and subscription markets, operating and capital costs and tariffs, taxes and fees, our ability to source desirable content and our capital and operating results being consistent with our expectations. Actual results may differ materially from those expressed or implied in such information. 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 any forward-looking information may be found under the heading "Risks and Uncertainties" in the Management's Discussion and Analysis for the year ended August 31, 2017 and the first quarter ended November 30, 2017 and under the heading "Risk Factors" in our Annual Information Form. Corus cautions that the foregoing list of important assumptions and factors that may affect future results is not exhaustive. When relying on our forward-looking information to make decisions with respect to Corus, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Unless otherwise specified, all forward-looking information in this document speaks as of the date of this document. Unless otherwise required by applicable securities laws, Corus disclaims any intention or obligation to publicly update or revise any forward-looking information 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 November 30, 2017	As at August 31, 2017
ASSETS		
Current		
Cash and cash equivalents	83,470	93,701
Accounts receivable	499,017	408,443
Income taxes recoverable	—	1,388
Prepaid expenses and other assets	29,331	21,870
Total current assets	611,818	525,402
Tax credits receivable	16,937	18,172
Investments and other assets	42,126	64,559
Property, plant and equipment	247,162	260,068
Program rights	626,833	648,346
Film investments	43,276	40,728
Intangibles	2,037,575	2,045,813
Goodwill	2,387,652	2,387,652
Deferred income tax assets	80,950	77,104
	6,094,329	6,067,844
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	494,259	415,661
Current portion of long-term debt	106,375	172,500
Provisions	15,021	15,791
Income taxes payable	20,723	—
Total current liabilities	636,378	603,952
Long-term debt	1,956,087	1,919,080
Other long-term liabilities	378,979	442,349
Provisions	8,301	11,707
Deferred income tax liabilities	493,708	491,235
Total liabilities	3,473,453	3,468,323
SHAREHOLDERS' EQUITY		
Share capital	2,301,708	2,291,814
Contributed surplus	11,637	11,449
Retained earnings	130,411	114,492
Accumulated other comprehensive income	22,967	22,938
Total equity attributable to shareholders	2,466,723	2,440,693
Equity attributable to non-controlling interest	154,153	158,828
Total shareholders' equity	2,620,876	2,599,521
	6,094,329	6,067,844

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)	2017	2016
Revenues	457,388	467,981
Direct cost of sales, general and administrative expenses	279,501	275,995
Depreciation and amortization	20,758	22,460
Interest expense	32,075	39,720
Business acquisition, integration and restructuring costs	1,608	13,165
Other expense, net	7,554	6,832
Income before income taxes	115,892	109,809
Income tax expense	30,885	29,106
Net income for the period	85,007	80,703
Other comprehensive income (loss), net of income taxes:		
Items that may be reclassified subsequently to income:		
Unrealized foreign currency translation adjustment	438	392
Unrealized change in fair value of cash flow hedges	(409)	11,034
	29	11,426
Items that will not be reclassified to income:		
Actuarial gain (loss) on employee post-employment benefits	(2,739)	9,084
	(2,710)	20,510
Comprehensive income for the period	82,297	101,213
Net income attributable to:		
Shareholders	77,673	71,146
Non-controlling interest	7,334	9,557
	85,007	80,703
Comprehensive income attributable to:		
Shareholders	74,963	91,656
Non-controlling interest	7,334	9,557
	82,297	101,213
Earnings per share attributable to shareholders:		
Basic	0.38	0.36
Diluted	0.38	0.36

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, 2017	2,291,814	11,449	114,492	22,938	2,440,693	158,828	2,599,521
Comprehensive income (loss)	—	—	77,673	(2,710)	74,963	7,334	82,297
Dividends declared	—	—	(59,015)	—	(59,015)	(12,009)	(71,024)
Issuance of shares under dividend reinvestment plan	9,809	—	—	—	9,809	—	9,809
Issuance of shares under stock option plan	85	—	—	—	85	—	85
Actuarial loss on post-retirement benefit plans	—	—	(2,739)	2,739	—	—	—
Share-based compensation expense	—	188	—	—	188	—	188
At November 30, 2017	2,301,708	11,637	130,411	22,967	2,466,723	154,153	2,620,876

(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 on post-retirement benefit plans	—	—	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

CORUS ENTERTAINMENT INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

Three months ended
November 30,

(unaudited - in thousands of Canadian dollars)

	2017	2016
OPERATING ACTIVITIES		
Net income for the period	85,007	80,703
Adjustments to reconcile net income to cash flow from operations:		
Amortization of program rights	133,383	127,725
Amortization of film investments	2,526	4,027
Depreciation and amortization	20,758	22,460
Deferred income taxes (recovery)	(169)	564
Share-based compensation expense	188	223
Imputed interest	11,867	13,193
Proceeds from termination of interest rate swap	24,644	—
Payment of program rights	(115,677)	(124,099)
Net spend on film investments	(8,748)	(10,750)
CRTC benefit payment	(1,987)	(6,158)
Other	426	567
Cash flow from operations	152,218	108,455
Net change in non-cash working capital balances related to operations	(66,541)	(86,107)
Cash provided by operating activities	85,677	22,348
INVESTING ACTIVITIES		
Additions to property, plant and equipment	(1,581)	(5,626)
Proceeds from sale of property	545	—
Net cash flows for intangibles, investments and other assets	(906)	(3,256)
Cash used in investing activities	(1,942)	(8,882)
FINANCING ACTIVITIES		
Decrease in bank loans	(26,562)	(28,180)
Deferred financing costs	(4,088)	—
Issuance of shares under stock option plan	85	—
Dividends paid	(49,048)	(26,060)
Dividends paid to non-controlling interest	(12,009)	(13,355)
Other	(2,344)	(223)
Cash used in financing activities	(93,966)	(67,818)
Net change in cash and cash equivalents during the period	(10,231)	(54,352)
Cash and cash equivalents, beginning of the period	93,701	71,363
Cash and cash equivalents, end of the period	83,470	17,011

CORUS ENTERTAINMENT INC.
BUSINESS SEGMENT INFORMATION

(unaudited - in thousands of Canadian dollars)

Three months ended November 30, 2017

	Television	Radio	Corporate	Consolidated
Revenues	415,464	41,924	—	457,388
Direct cost of sales, general and administrative expenses	246,862	28,403	4,236	279,501
Segment profit (loss)⁽¹⁾	168,602	13,521	(4,236)	177,887
Depreciation and amortization				20,758
Interest expense				32,075
Business acquisition, integration and restructuring costs				1,608
Other expense, net				7,554
Income before income taxes				115,892

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

⁽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 2018 Report to Shareholders.

REVENUES BY TYPE

	Three months ended	
	2017	2016
(unaudited - in thousands of Canadian dollars)		
Advertising	312,211	323,405
Subscriber fees	126,255	126,464
Merchandising, distribution and other	18,922	18,112
	457,388	467,981

NON-IFRS FINANCIAL MEASURES

	Three months ended	
	November 30,	
	2017	2016
<i>(unaudited - in thousands of Canadian dollars)</i>		
Adjusted Net Income Attributable to Shareholders		
Net income attributable to shareholders	77,673	71,146
Adjustments, net of income tax:		
Business acquisition, integration and restructuring costs	1,212	9,680
Adjusted net income attributable to shareholders	78,885	80,826
Basic earnings per share	\$0.38	\$0.36
Adjustments, net of income tax:		
Business acquisition, integration and restructuring costs	—	0.05
Adjusted basic earnings per share	\$0.38	\$0.41
Free cash flow		
Cash provided by (used in):		
Operating activities	85,677	22,348
Investing activities	(1,942)	(8,882)
	83,735	13,466
Add back: cash used for (provided from) business combinations and strategic investments ⁽¹⁾	(520)	20,443
Free cash flow	83,215	33,909

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