

**Fiscal 2018**

**Second Quarter Earnings  
Conference Call**

Thursday, April 5, 2018 | 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 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 general market conditions and general outlook for the industry, interests 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 second quarter ended February 28, 2018 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 other should carefully consider the foregoing factors and other uncertainties and potential events. Unless otherwise specified, all forward-looking information in this presentation speaks as of the date of this presentation. 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.

# Q2 Fiscal 2018 Highlights

- Steady progress on financial and strategic objectives
- Taking steps to mitigate ongoing softness in Television advertising revenues
- Diversification of revenue sources is a key priority
- Transforming operating model and cost structure

# Q2 Fiscal 2018 Consolidated Results

- Consolidated revenues flat for the quarter
- Consolidated segment profit<sup>1</sup> up 10% for the quarter
- Consolidated segment profit margin<sup>1</sup> of 31% for the quarter
- Net income attributable to shareholders of \$40.0 million (\$0.19 per share basic) for the quarter
- Adjusted basic earnings per share<sup>1</sup> of \$0.20 per share for the quarter
- Free cash flow<sup>1</sup> of \$165.3 million for the year-to-date, up from \$129.9 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 Second Quarter 2018 Report to Shareholders.

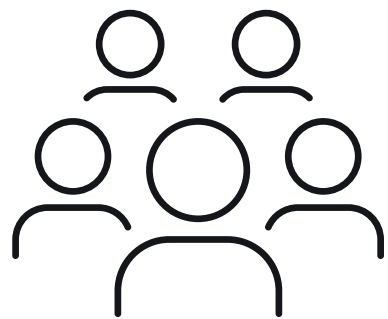
# Fiscal 2017 – 2018 Financial Objectives Recap

On April 1, 2016, Corus acquired Shaw Media and set three key financial objectives:

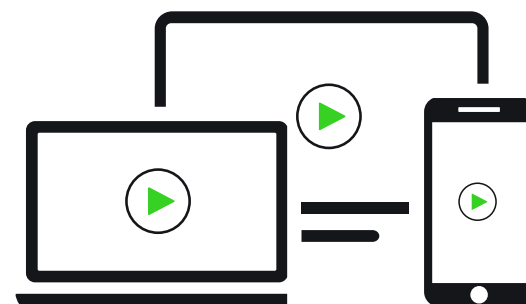
1. Achieve cost savings of \$40 to \$50 million within 24 months of the acquisition
  - Captured cost savings in excess of \$40 to \$50 million in 18 months
2. Maintain annual dividend of \$1.14 per Class B Share through fiscal 2018
  - We intend to achieve this objective
3. De-lever the balance sheet from 4.2x net debt to segment profit to 3.5x by the end of fiscal 2017 and to 3.0x by the end of fiscal 2018
  - Achieved 3.5x net debt to segment profit objective in Q3 Fiscal 2017, one quarter earlier than anticipated
  - Working towards 3.0x net debt to segment profit objective, but unlikely to achieve by the end of fiscal 2018

# Q2 Fiscal 2018 Key Priorities for Television

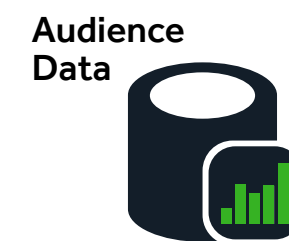
- 1 Grow our high-value audiences



- 2 Expand our reach to meet the growing appetite for on-demand content



- 3 Invest in technology to expand data-driven advanced advertising solutions



Automation and Artificial Intelligence



Targeting and Dynamic Ad Insertion

# Q2 Fiscal 2018 Growth in Local Radio & TV

Benefits realized from combination of Corus Radio and Global TV in large local markets

- Revenue growth
- Optimized cost structure
- Solid ratings





# Q2 Fiscal 2018 Content



Significant co-production partnerships with global leaders in Kids

- Nickelodeon
- Sesame Workshop
- Discovery Kids
- Sumitomo





# Q2 Fiscal 2018 Content



## Multi-Season Hits



Masters of Flip



Home to Win



Backyard Builds



\$ave My Reno

## Greenlit New Shows



Stitched



Island of Bryan



Rust Valley Restorers



Big Rig Warriors

# Q2 Fiscal 2018 Segmented Financial Results

## TELEVISION

- Segment revenues were flat in the quarter
- Advertising revenues decreased 3% in the quarter
- Subscriber revenues increased 1% in the quarter
- Merchandising, distribution and other revenues increased 28% in the quarter
- Segment profit<sup>1</sup> increased 2% in the quarter
- Segment profit margin<sup>1</sup> of 31% in the quarter

<sup>1</sup> Segment profit and segment profit margin 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 Second Quarter 2018 Report to Shareholders.

# Q2 Fiscal 2018 Segmented Financial Results

## RADIO

- Segment revenues increased 3% in the quarter
- Segment profit<sup>1</sup> increased 9% in the quarter
- Segment profit margin<sup>1</sup> of 21% in the quarter

<sup>1</sup> Segment profit and segment profit margin 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 Second Quarter 2018 Report to Shareholders.

# Q2 Fiscal 2018

## The Path Forward

- Focused on:
  - Maximizing audiences through smart investments in programming
  - Introducing innovative data-driven advertising solutions to the marketplace
- Continuing to diversify our revenue:
  - Within Canada, through Local TV and Radio advertising growth
  - Internationally, by leveraging the Corus Advantage to fund our "Own More Content" strategies
- Relentless commitment to efficiency as we continue to transform and improve our operating model and cost structure

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**Q&A**

