



## CORUS ENTERTAINMENT ANNOUNCES FISCAL 2018 THIRD QUARTER RESULTS

- Free cash flow<sup>(1)</sup> of \$87.8 million for the quarter and \$253.0 million for the year-to-date, up from \$82.5 million and \$212.5 million, respectively, last year
- Revised Capital Allocation Policy positions Corus for the future
- Consolidated revenues decreased 4% for the quarter and 2% for the year-to-date
- Consolidated segment profit<sup>(1)</sup> decreased 3% for the quarter and 2% for the year-to-date
- Consolidated segment profit margin<sup>(1)</sup> of 39% for the quarter and 36% for the year-to-date
- Net loss attributable to shareholders of \$935.9 million (\$4.49 loss per share basic) for the quarter and \$818.2 million (\$3.94 loss per share basic) for the year-to-date, which includes non-cash impairment charges related to broadcast licenses and goodwill of \$1,013.7 million
- Adjusted basic earnings per share<sup>(2)</sup> of \$0.37 per share for the quarter and \$0.96 per share for the year-to-date

**TORONTO, June 27, 2018 – Corus Entertainment Inc.** (TSX: CJR.B) announced its third quarter financial results today.

"We continue to advance our strategic priorities while contending with challenging television market conditions and exercising strong expense control, as reflected in this quarter's results. The net loss in Q3 was driven by non-cash impairment charges recorded in the period to adjust book value to current market value. Excluding these charges, adjusted earnings per share increased year-over-year," said Doug Murphy, President and Chief Executive Officer. "Recently, Corus debuted a strong fall line-up for Global and our specialty channels, and announced the successful beta launch of CYNCH, the first automated buying platform for television advertising in Canada. Our revenue diversification strategy is also progressing well, with the greenlight of a robust slate of new shows to drive audiences for our networks and grow our international owned content business. Finally, we have positioned Corus for the future with our revised Capital Allocation Policy. Our focus on deleveraging will ensure that we create the balance sheet strength to continue to make these important investments in support of the ongoing transformation of our business model."

### Financial Highlights

	Three months ended		Nine months ended	
	2018	May 31, 2017	2018	May 31, 2017
<small>(in thousands of Canadian dollars except per share amounts)</small>				
<b>Revenues</b>				
Television	402,990	422,324	1,154,676	1,183,784
Radio	38,420	39,304	113,587	114,012
	<b>441,410</b>	461,628	<b>1,268,263</b>	1,297,796
<b>Segment profit<sup>(1)</sup></b>				
Television	160,803	171,294	433,051	457,114
Radio	11,447	11,598	31,851	31,225
Corporate	(1,829)	(7,079)	(3,835)	(17,857)
	<b>170,421</b>	175,813	<b>461,067</b>	470,482
Net income (loss) attributable to shareholders	(935,899)	66,719	(818,184)	162,746
Adjusted net income attributable to shareholders <sup>(1)(2)</sup>	78,112	70,141	198,877	176,544
Basic earnings (loss) per share	(\$4.49)	\$0.33	(\$3.94)	\$0.81
Adjusted basic earnings per share <sup>(1)(2)</sup>	\$0.37	\$0.35	\$0.96	\$0.88
Diluted earnings (loss) per share	(\$4.49)	\$0.33	(\$3.94)	\$0.81
<b>Free cash flow<sup>(1)</sup></b>	<b>87,753</b>	82,527	<b>253,041</b>	212,458

<sup>(1)</sup> 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 Third Quarter 2018 Report to Shareholders.

<sup>(2)</sup> 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 May 31, 2018 were \$441.4 million, down 4% from \$461.6 million last year and consolidated segment profit was \$170.4 million, a decrease of 3% from \$175.8 million last year. Net loss attributable to shareholders for the quarter ended May 31, 2018 was \$935.9 million (\$4.49 loss per share basic and diluted), compared to net income attributable to shareholders of \$66.7 million (\$0.33 income per share basic and diluted) last year. Net loss attributable to shareholders for the third quarter of fiscal 2018 includes broadcast license and goodwill impairment charges of \$1,013.7 million (\$4.84 per share basic, net of income taxes), business acquisition, integration and restructuring costs of \$5.3 million (\$0.02 per share, net of income taxes). Adjusting for the impact of these items results in an adjusted net income attributable to shareholders of \$78.1 million (\$0.37 per share basic) in the quarter. Net income attributable to shareholders for the prior year quarter includes business acquisition, integration and restructuring costs of \$4.6 million (\$0.02 per share, net of income taxes). 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) for the prior year quarter.

Consolidated revenues for the nine months ended May 31, 2018 were \$1,268.3 million, down 2% from \$1,297.8 million last year. Consolidated segment profit was \$461.1 million, down 2% from \$470.5 million last year. Net loss attributable to shareholders for the nine months ended May 31, 2018 was \$818.2 million (\$3.94 loss per share basic and diluted), compared to net income attributable to shareholders of \$162.7 million (\$0.81 income per share) last year. Net loss attributable to shareholders for the nine months ended May 31, 2018 includes broadcast license and goodwill impairment charges of \$1,013.7 million (\$4.87 per share basic, net of income taxes), business acquisition, integration and restructuring costs of \$9.4 million (\$0.03 per share, net of income taxes). Adjusting for the impact of these items results in an adjusted net income attributable to shareholders of \$198.9 million (\$0.96 per share basic) for the current fiscal year-to-date. 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, net of income taxes). 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 prior fiscal year-to-date.

## **Operational Results - Highlights**

### **Television**

- Segment revenues decreased 5% in Q3 2018 and 2% for the year-to-date
- Advertising revenues decreased 5% in Q3 2018 and 4% for the year-to-date
- Subscriber revenues decreased 1% in Q3 2018 and were flat for the year-to-date
- Merchandising, distribution and other revenues decreased 19% in Q3 2018 and were flat for the year-to-date
- Segment profit<sup>(1)</sup> decreased 6% in Q3 2018 and decreased 5% for the year-to-date
- Segment profit margin<sup>(1)</sup> of 40% in Q3 2018 and 38% for the year-to-date, compared to 41% and 39%, respectively, in the prior year comparable periods
- Non-cash goodwill impairment charge in Q3 2018 of \$1,000.0 million

### **Radio**

- Segment revenues decreased 2% in Q3 2018 and were flat for the year-to-date
- Segment profit<sup>(1)</sup> decreased 1% in Q3 2018 and increased 2% for the year-to-date
- Segment profit margin<sup>(1)</sup> of 30% in Q3 2018 and 28% for the year-to-date, compared to 30% and 27%, respectively, in the prior year comparable periods
- Non-cash broadcast license impairment charge in Q3 2018 of \$13.7 million

### **Corporate**

- Free cash flow<sup>(1)</sup> of \$87.8 million in Q3 2018 and \$253.0 million for the year-to-date, up from \$82.5 million and \$212.5 million, respectively, in the prior year
- Net debt to segment profit<sup>(1)</sup> leverage at 3.38 times
- Consolidated segment profit margin in Q3 2018 of 39% and 36% for the year-to-date, compared to 38% and 36%, respectively, in the prior comparable periods
- Revised Capital Allocation Policy positions Corus for the future

<sup>(1)</sup> 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 Third Quarter 2018 Report to Shareholders.

Corus Entertainment Inc. reports its financial results in Canadian dollars.

The unaudited consolidated financial statements and accompanying notes for the three and nine months ended May 31, 2018 and Management's Discussion and Analysis are available on the Company's website at [www.corusent.com](http://www.corusent.com) in the Investor Relations section.

A conference call with Corus senior management is scheduled for June 27, 2018 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 1.647.427.7450 and for North America is 1.888.231.8191. More information can be found on the Corus Entertainment website at [www.corusent.com](http://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](http://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 third quarter ended May 31, 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 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 44 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. Corus' roster of premium brands include Global Television, W Network, OWN: Oprah Winfrey Network Canada, HGTV Canada, FoodNetwork Canada, HISTORY®, Showcase, National Geographic, Q107, CKNW, Fresh Radio, Disney Channel Canada, YTV and Nickelodeon Canada. Visit Corus at [www.corusent.com](http://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, 2018	As at August 31, 2017
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	85,700	93,701
Accounts receivable	459,943	408,443
Income taxes recoverable	—	1,388
Prepaid expenses and other assets	26,454	21,870
<b>Total current assets</b>	<b>572,097</b>	<b>525,402</b>
Tax credits receivable	22,354	18,172
Investments and other assets	69,085	64,559
Property, plant and equipment	232,413	260,068
Program rights	565,675	648,346
Film investments	46,611	40,728
Intangibles	2,007,646	2,045,813
Goodwill	1,387,652	2,387,652
Deferred income tax assets	65,396	77,104
	<b>4,968,929</b>	<b>6,067,844</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	478,908	415,661
Current portion of long-term debt	106,375	172,500
Provisions	11,081	15,791
Income taxes payable	8,359	—
<b>Total current liabilities</b>	<b>604,723</b>	<b>603,952</b>
Long-term debt	1,903,577	1,919,080
Other long-term liabilities	306,503	442,349
Provisions	7,072	11,707
Deferred income tax liabilities	497,653	491,235
<b>Total liabilities</b>	<b>3,319,528</b>	<b>3,468,323</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital	2,321,084	2,291,814
Contributed surplus	11,956	11,449
Retained earnings (deficit)	(877,636)	114,492
Accumulated other comprehensive income	36,687	22,938
Total equity attributable to shareholders	1,492,091	2,440,693
Equity attributable to non-controlling interest	157,310	158,828
<b>Total shareholders' equity</b>	<b>1,649,401</b>	<b>2,599,521</b>
	<b>4,968,929</b>	<b>6,067,844</b>

**CORUS ENTERTAINMENT INC.**

**CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)**

	Three months ended		Nine months ended	
		May 31,		May 31,
(unaudited - in thousands of Canadian dollars except per share amounts)	2018	2017	2018	2017
Revenues	441,410	461,628	1,268,263	1,297,796
Direct cost of sales, general and administrative expenses	270,989	285,815	807,196	827,314
Depreciation and amortization	20,432	23,390	62,022	68,943
Interest expense	32,500	39,918	96,341	118,595
Broadcast license and goodwill impairment	1,013,692	—	1,013,692	—
Business acquisition, integration and restructuring costs	5,285	4,638	9,368	18,718
Other expense, net	1,002	4,626	5,083	7,521
Income (loss) before income taxes	(902,490)	103,241	(725,439)	256,705
Income tax expense	26,253	27,551	72,584	68,330
<b>Net income (loss) for the period</b>	<b>(928,743)</b>	<b>75,690</b>	<b>(798,023)</b>	<b>188,375</b>
<b>Other comprehensive income (loss), net of income taxes:</b>				
<b>Items that may be reclassified subsequently to income (loss):</b>				
Unrealized foreign currency translation adjustment	177	191	607	404
Unrealized change in fair value of available-for-sale investments	(118)	(271)	(118)	(271)
Unrealized change in fair value of cash flow hedges	(459)	(3,253)	13,260	10,063
	(400)	(3,333)	13,749	10,196
<b>Items that will not be reclassified to income (loss):</b>				
Actuarial gain (loss) on employee post-employment benefits	4,997	(3,756)	4,129	9,309
	4,597	(7,089)	17,878	19,505
<b>Comprehensive income (loss) for the period</b>	<b>(924,146)</b>	<b>68,601</b>	<b>(780,145)</b>	<b>207,880</b>
<b>Net income (loss) attributable to:</b>				
Shareholders	(935,899)	66,719	(818,184)	162,746
Non-controlling interest	7,156	8,971	20,161	25,629
	(928,743)	75,690	(798,023)	188,375
<b>Comprehensive income (loss) attributable to:</b>				
Shareholders	(931,302)	59,630	(800,306)	182,251
Non-controlling interest	7,156	8,971	20,161	25,629
	(924,146)	68,601	(780,145)	207,880
<b>Earnings (loss) per share attributable to shareholders:</b>				
Basic	(\$4.49)	\$0.33	(\$3.94)	\$0.81
Diluted	(\$4.49)	\$0.33	(\$3.94)	\$0.81

**CORUS ENTERTAINMENT INC.**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

(unaudited - in thousands of Canadian dollars)	Share capital	Contributed surplus	Retained earnings (deficit)	Accumulated other comprehensive income (loss)	Total equity attributable to shareholders	Non-controlling interest	Total equity
As at August 31, 2017	2,291,814	11,449	114,492	22,938	2,440,693	158,828	2,599,521
Comprehensive income (loss)	—	—	(818,184)	17,878	(800,306)	20,161	(780,145)
Dividends declared	—	—	(178,073)	—	(178,073)	(21,729)	(199,802)
Issuance of shares under dividend reinvestment plan	29,185	—	—	—	29,185	—	29,185
Issuance of shares under stock option plan	85	—	—	—	85	—	85
Actuarial loss on post-retirement benefit plans	—	—	4,129	(4,129)	—	—	—
Share-based compensation expense	—	507	—	—	507	—	507
Funding of equity interest	—	—	—	—	—	50	50
<b>As at May 31, 2018</b>	<b>2,321,084</b>	<b>11,956</b>	<b>(877,636)</b>	<b>36,687</b>	<b>1,492,091</b>	<b>157,310</b>	<b>1,649,401</b>

**CORUS ENTERTAINMENT INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Three months ended		Nine months ended	
		May 31,		May 31,
(unaudited - in thousands of Canadian dollars)	2018	2017	2018	2017
<b>OPERATING ACTIVITIES</b>				
Net income (loss) for the period	(928,743)	75,690	(798,023)	188,375
Adjustments to reconcile net income (loss) to cash flow from operations:				
Amortization of program rights	134,259	136,598	393,334	391,009
Amortization of film investments	4,362	7,815	10,217	16,777
Depreciation and amortization	20,432	23,390	62,022	68,943
Broadcast license and goodwill impairment	1,013,692	—	1,013,692	—
Deferred income taxes	11,641	8,584	11,739	15,798
Share-based compensation expense	151	178	507	632
Imputed interest	10,452	13,442	33,330	39,195
Proceeds from termination of interest rate swap	—	—	24,644	—
Payment of program rights	(133,073)	(132,557)	(371,442)	(375,919)
Net spend on film investments	(10,646)	(11,106)	(30,927)	(17,534)
CRTC benefit payment	(376)	(5,609)	(1,273)	(17,581)
Other	(2,546)	893	(5,274)	2,235
<b>Cash flow from operations</b>	<b>119,605</b>	<b>117,318</b>	<b>342,546</b>	<b>311,930</b>
Net change in non-cash working capital balances related to operations	(26,658)	(32,646)	(77,420)	(102,911)
<b>Cash provided by operating activities</b>	<b>92,947</b>	<b>84,672</b>	<b>265,126</b>	<b>209,019</b>
<b>INVESTING ACTIVITIES</b>				
Additions to property, plant and equipment	(2,338)	(2,160)	(7,297)	(13,567)
Proceeds from sale of property	—	—	545	—
Business combinations, net of acquired cash	—	3,000	—	3,000
Proceeds from disposition of non-controlling interest	—	—	—	5,250
Net cash flows for intangibles, investments and other assets	(3,763)	(383)	(7,442)	(4,741)
<b>Cash (used in) provided by investing activities</b>	<b>(6,101)</b>	<b>457</b>	<b>(14,194)</b>	<b>(10,058)</b>
<b>FINANCING ACTIVITIES</b>				
Decrease in bank loans	(26,724)	(28,144)	(81,451)	(85,616)
Deferred financing costs	—	—	(4,088)	—
Issuance of shares under stock option plan	—	—	85	—
Dividends paid	(48,853)	(25,716)	(148,220)	(78,600)
Dividends paid to non-controlling interest	(5,541)	(8,540)	(21,729)	(27,125)
Other	(444)	(495)	(3,530)	(972)
<b>Cash used in financing activities</b>	<b>(81,562)</b>	<b>(62,895)</b>	<b>(258,933)</b>	<b>(192,313)</b>
Net change in cash and cash equivalents during the period	5,284	22,234	(8,001)	6,648
Cash and cash equivalents, beginning of the period	80,416	55,777	93,701	71,363
<b>Cash and cash equivalents, end of the period</b>	<b>85,700</b>	<b>78,011</b>	<b>85,700</b>	<b>78,011</b>



**CORUS ENTERTAINMENT INC.**  
**BUSINESS SEGMENT INFORMATION**

(unaudited - in thousands of Canadian dollars)

**Three months ended May 31, 2018**

	Television	Radio	Corporate	Consolidated
Revenues	402,990	38,420	—	441,410
Direct cost of sales, general and administrative expenses	242,187	26,973	1,829	270,989
<b>Segment profit (loss)<sup>(1)</sup></b>	<b>160,803</b>	<b>11,447</b>	<b>(1,829)</b>	<b>170,421</b>
Depreciation and amortization				20,432
Interest expense				32,500
Broadcast license and goodwill impairment				1,013,692
Business acquisition, integration and restructuring costs				5,285
Other expense, net				1,002
<b>Loss before income taxes</b>				<b>(902,490)</b>

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
<b>Segment profit (loss)<sup>(1)</sup></b>	<b>171,294</b>	<b>11,598</b>	<b>(7,079)</b>	<b>175,813</b>
Depreciation and amortization				23,390
Interest expense				39,918
Business acquisition, integration and restructuring costs				4,638
Other expense, net				4,626
<b>Income before income taxes</b>				<b>103,241</b>

**Nine months ended May 31, 2018**

	Television	Radio	Corporate	Consolidated
Revenues	1,154,676	113,587	—	1,268,263
Direct cost of sales, general and administrative expenses	721,625	81,736	3,835	807,196
<b>Segment profit (loss)<sup>(1)</sup></b>	<b>433,051</b>	<b>31,851</b>	<b>(3,835)</b>	<b>461,067</b>
Depreciation and amortization				62,022
Interest expense				96,341
Broadcast license and goodwill impairment				1,013,692
Business acquisition, integration and restructuring costs				9,368
Other expense, net				5,083
<b>Loss before income taxes</b>				<b>(725,439)</b>

<sup>(1)</sup> Segment profit (loss) 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.

(unaudited - in thousands of Canadian dollars)

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
<b>Segment profit (loss)<sup>(1)</sup></b>	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
<b>Income before income taxes</b>				256,705

<sup>(1)</sup> Segment profit (loss) 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		Nine months ended	
	2018	May 31, 2017	2018	May 31, 2017
(unaudited - in thousands of Canadian dollars)				
Advertising	291,040	304,550	824,914	853,901
Subscriber fees	126,164	127,539	379,427	379,556
Merchandising, distribution and other	24,206	29,539	63,922	64,339
	441,410	461,628	1,268,263	1,297,796

## NON-IFRS FINANCIAL MEASURES

	Three months ended		Nine months ended	
	2018	May 31, 2017	2018	May 31, 2017
(unaudited - in thousands of Canadian dollars, except per share amounts)				
<b>Adjusted Net Income Attributable to Shareholders</b>				
Net income (loss) attributable to shareholders	(935,899)	66,719	(818,184)	162,746
<b>Adjustments, net of income tax:</b>				
Broadcast license and goodwill impairment charges	1,010,061	—	1,010,061	—
Business acquisition, integration and restructuring costs	3,950	3,422	7,000	13,798
<b>Adjusted net income attributable to shareholders</b>	78,112	70,141	198,877	176,544
<b>Basic earnings (loss) per share</b>	(\$4.49)	\$0.33	(\$3.94)	\$0.81
<b>Adjustments, net of income tax:</b>				
Broadcast license and goodwill impairment charges	\$4.84	—	\$4.87	—
Business acquisition, integration and restructuring costs	\$0.02	\$0.02	\$0.03	\$0.07
<b>Adjusted basic earnings per share</b>	\$0.37	\$0.35	\$0.96	\$0.88

## Free Cash Flow

Cash provided by (used in):				
Operating activities	92,947	84,672	265,126	209,019
Investing activities	(6,101)	457	(14,194)	(10,058)
	86,846	85,129	250,932	198,961
Add back: cash used for (provided from) business combinations and strategic investments <sup>(1)</sup>	907	(2,602)	2,109	13,497
<b>Free cash flow</b>	87,753	82,527	253,041	212,458

<sup>(1)</sup> Strategic investments are comprised of investments in venture funds and associated companies.