

CORUS ENTERTAINMENT ANNOUNCES FISCAL 2017 SECOND QUARTER RESULTS

- Consolidated revenues increased 86% for the quarter and 96% for the year-to-date
- Consolidated segment profit⁽¹⁾ growth of 29% for the quarter and 68% for the year-to-date
- Consolidated segment profit margin⁽¹⁾ of 28% for the quarter and 35% for the year-to-date
- Net income attributable to shareholders of \$24.9 million (\$0.12 per share basic) for the quarter and \$96.0 million (\$0.48 per share basic) for the year-to-date
- Adjusted basic earnings per share⁽²⁾ of \$0.13 per share for the quarter and \$0.53 per share for the year-to-date

TORONTO, April 6, 2017 – Corus Entertainment Inc. (TSX: CJR.B) announced its second quarter financial results today.

“Corus delivered solid segment profit growth this quarter, driven by ongoing margin expansion,” said Doug Murphy, President and Chief Executive Officer. “As we celebrate our first year together, the continued momentum from our strong overall ratings performance, transformed cost structure and sequentially improving advertising revenue trends is further indication that Corus is right on track.”

Financial Highlights

(unaudited - in thousands of Canadian dollars except per share amounts)	Three months ended		Six months ended	
	February 28, 2017	February 29, 2016	February 28, 2017	February 29, 2016
Revenues				
Television	335,896	163,432	761,460	347,150
Radio	32,291	34,273	74,708	78,873
	368,187	197,705	836,168	426,023
Segment profit⁽¹⁾				
Television	101,399	81,405	285,820	169,440
Radio	6,341	5,182	19,627	17,985
Corporate	(5,057)	(7,008)	(10,778)	(11,968)
	102,683	79,579	294,669	175,457
Net income attributable to shareholders	24,881	102,232	96,027	143,552
Adjusted net income attributable to shareholders ⁽¹⁾⁽²⁾	25,577	20,944	106,403	63,428
Weighted average number of shares outstanding				
Basic	199,849	87,688	198,572	87,784
Diluted	200,155	87,688	198,743	87,901
Basic earnings per share	\$ 0.12	\$ 1.17	\$ 0.48	\$ 1.64
Adjusted basic earnings per share ⁽¹⁾⁽²⁾	\$ 0.13	\$ 0.24	\$ 0.53	\$ 0.72
Diluted earnings per share	\$ 0.12	\$ 1.17	\$ 0.48	\$ 1.63
Free cash flow⁽¹⁾	96,022	24,284	129,931	58,821

⁽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 Fiscal 2017 Report to Shareholders.

⁽²⁾ For the three months ended February 28, 2017, adjusted net income attributable to shareholders excludes business acquisition, integration and restructuring charges of \$0.9 million (\$0.01 per share). For the six months ended February 28, 2017, adjusted net income attributable to shareholders excludes business acquisition, integration and restructuring charges of \$14.1 million (\$0.05 per share). For the three months ended February 29, 2016, segment profit has been adjusted to include amortization of disposed Pay TV program rights of \$14.2 million (\$0.12 per share), while adjusted net income includes the preceding and excludes business acquisition, integration and restructuring charges of \$6.0 million (\$0.06 per share) and a gain on the disposal of the Pay TV disposal group of \$86.2 million (\$0.87 per share). For the six months ended February 29, 2016, segment profit has been adjusted to include amortization of disposed Pay TV assets of \$15.6 million (\$0.13 per share), while adjusted net income includes the preceding and excludes business acquisition, integration and restructuring charges of \$8.4 million (\$0.08 per share) and a gain on the disposal of the Pay TV disposal group of \$86.2 million (\$0.87 per share).

Consolidated Results from Operations

Consolidated revenues for the three months ended February 28, 2017 were \$368.2 million, an increase of 86% from \$197.7 million last year. Consolidated segment profit was \$102.7 million, up 29% from \$79.6 million last year. Net income attributable to shareholders for the quarter ended February 28, 2017 was \$24.9 million (\$0.12 per share basic and diluted), as compared to \$102.2 million (\$1.17 per share basic and diluted) last year. Net income attributable to shareholders for the second quarter of fiscal 2017 includes business acquisition, integration and restructuring costs of \$0.9 million (\$0.01 per share). Adjusting for the impact of this item results in an adjusted net income attributable to shareholders of \$25.6 million (\$0.13 per share basic) in the quarter. Net income attributable to shareholders for the prior year quarter includes business acquisition, integration and restructuring costs of \$6.0 million (\$0.06 per share), a gain on the disposal of the Pay Television disposal group of \$86.2 million (\$0.87 per share), and excludes amortization of disposed of Pay Television program and film rights of \$14.2 million (\$0.12 per share). Adjusting for the impact of these items results in an adjusted net income attributable to shareholders of \$20.9 million (\$0.24 per share basic) for the prior year quarter.

Consolidated revenues for the six months ended February 28, 2017 were \$836.2 million, up 96% from \$426.0 million last year. Consolidated segment profit was \$294.7 million, up 68% from \$175.5 million last year. Net income attributable to shareholders for the six months ended February 28, 2017 was \$96.0 million (\$0.48 per share), compared to a \$143.6 million (\$1.64 per share) last year. Net income attributable to shareholders for the six months ended February 28, 2017, includes business acquisition, integration and restructuring costs of \$14.1 million (\$0.05 per share). Adjusting for the impact of this item results in an adjusted net income attributable to shareholders of \$106.4 million (\$0.53 per share basic) for the current fiscal year-to-date. Net income attributable to shareholders for the six months ended February 29, 2016 includes business acquisition, integration and restructuring costs of \$8.4 million (\$0.08 per share), a gain on the disposal of the Pay Television disposal groups of \$86.2 million (\$0.87 per share), and excludes amortization of disposed of Pay Television program and film rights of \$15.6 million (\$0.13 per share). Adjusting for the impact of these items results in an adjusted net income attributable to shareholders of \$63.4 million (\$0.72 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 quarter and year-to-date ended February 29, 2016 was lower by \$14.2 million and \$15.6 million, respectively, 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 gain associated with this disposal group were 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 second quarter and year-to-date of fiscal 2017, as the prior year includes the operating results of the Pay TV business but does not include the operating results of Shaw Media. In the prior year's quarter, Shaw Media generated revenues and segment profit of \$227.5 million and \$51.2 million, respectively, while Pay TV generated revenues and segment profit of \$36.4 million and \$34.1 million, respectively. On a pro forma basis, including Shaw Media and excluding Pay TV for the second quarter of last year, total revenues declined 5%, while segment profit increased 6% compared to the prior year. Segment profit margin of 28% in the second quarter of fiscal 2017 was down from 40% in the prior year (as reported) and up from 25% on a pro forma basis. In the six months ended February 29, 2016, Shaw Media generated revenues and segment profit of \$522.0 million and \$169.3 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, total revenues declined 5%, while segment profit remained consistent with the prior year. Segment profit margin of 35% for the six months ended February 28, 2017 was down from 41% in the prior year (as reported) and up from 34% on a pro forma basis.

Operational Results - Highlights

Television

- Segment revenues increased 106% in Q2 2017 and 119% for the year-to-date [down 5% on a pro forma basis⁽²⁾ for the quarter and year-to-date]
- Advertising revenues increased 330% in Q2 2017 [down 4% on a pro forma basis⁽²⁾] and 291% for the year-to-date [down 6% on a pro forma basis⁽²⁾]
- Subscriber revenues increased 40% in Q2 2017 [up 1% on a pro forma basis⁽²⁾] and 43% for the year-to-date [up 4% on a pro forma basis⁽²⁾]
- Merchandising, distribution and other revenues decreased 47% in Q2 2017 [down 44% on a pro forma basis⁽²⁾] and 36% for the year-to-date [down 39% on a pro forma basis⁽²⁾]
- Segment profit⁽¹⁾ increased 25% in Q2 2017 [up 3% on a pro forma basis⁽²⁾] and 69% for the year-to-date [down 1% on a pro forma basis⁽²⁾]
- Segment profit margin⁽¹⁾ of 30% in Q2 2017 and 38% for the year-to-date, compared to 50% and 49%, respectively, in the prior year comparable periods [28% and 36%, respectively on a pro forma basis⁽²⁾]

Radio

- Segment revenues decreased 6% in Q2 2017 and 5% for the year-to-date
- Segment profit⁽¹⁾ increased 22% in Q2 2017 and 9% for the year-to-date
- Segment profit margin⁽¹⁾ of 20% in Q2 2017 and 26% for the year-to-date, compared to 15% and 23%, respectively, in the prior year comparable periods

⁽¹⁾ 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.

⁽²⁾ Pro forma results reflect the inclusion of Shaw Media and the exclusion of Pay TV in the three months and year-to-date ended February 29, 2016.

Corus Entertainment Inc. reports in Canadian dollars.

The unaudited consolidated financial statements and accompanying notes for the three and six months ended February 28, 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 April 6, 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 1.416.359.3126 and for North America is 1.800.698.0339. 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 February 28, 2017	As at August 31, 2016
ASSETS		
Current		
Cash and cash equivalents	55,777	71,363
Accounts receivable	448,059	379,861
Prepaid expenses and other	23,765	18,835
Total current assets	527,601	470,059
Tax credits receivable	13,570	19,860
Investments and other assets	60,212	46,759
Property, plant and equipment	268,415	282,105
Program and film rights	690,173	682,268
Film investments	50,873	45,164
Intangibles	2,060,216	2,076,237
Goodwill	2,387,652	2,390,652
Deferred income tax assets	82,302	80,281
	6,141,014	6,093,385
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	484,261	393,367
Current portion of long-term debt	129,375	115,000
Provisions	14,152	21,390
Income taxes payable	14,435	1,982
Total current liabilities	642,223	531,739
Long-term debt	2,012,462	2,081,020
Provisions	14,146	8,905
Other long-term liabilities	437,647	530,767
Deferred income tax liabilities	483,380	464,607
Total liabilities	3,589,858	3,617,038
SHAREHOLDERS' EQUITY		
Share capital	2,228,846	2,168,543
Contributed surplus	10,898	10,444
Retained earnings	141,949	142,499
Accumulated other comprehensive income (loss)	9,960	(3,569)
Total equity attributable to shareholders	2,391,653	2,317,917
Equity attributable to non-controlling interest	159,503	158,430
Total shareholders' equity	2,551,156	2,476,347
	6,141,014	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		Six months ended	
	February 28, 2017	February 29, 2016	February 28, 2017	February 29, 2016
Revenues	368,187	197,705	836,168	426,023
Direct cost of sales, general and administrative expenses	265,504	118,126	541,499	250,566
Depreciation and amortization	23,093	10,606	45,553	21,608
Interest expense	38,957	18,487	78,677	37,377
Business acquisition, integration and restructuring costs	915	6,014	14,080	8,375
Gain on disposition	—	(86,151)	—	(86,151)
Other expense (income), net	(3,937)	5,129	2,895	9,054
Income before income taxes	43,655	125,494	153,464	185,194
Income tax expense	11,673	22,360	40,779	39,237
Net income for the period	31,982	103,134	112,685	145,957
Net income attributable to:				
Shareholders	24,881	102,232	96,027	143,552
Non-controlling interest	7,101	902	16,658	2,405
	31,982	103,134	112,685	145,957
Earnings per share attributable to shareholders:				
Basic	\$ 0.12	\$ 1.17	\$ 0.48	\$ 1.64
Diluted	\$ 0.12	\$ 1.17	\$ 0.48	\$ 1.63
Net income for the period	31,982	103,134	112,685	145,957
Other comprehensive income, net of income taxes:				
Items that may be reclassified subsequently to income:				
Unrealized foreign currency translation adjustment	(179)	167	213	466
Unrealized change in fair value of available-for-sale investments	—	(8)	—	(124)
Unrealized change in fair value of cash flow hedges	2,282	105	13,316	319
Actuarial gain on employee post-employment benefits	3,981	—	13,065	—
	6,084	264	26,594	661
Comprehensive income for the period	38,066	103,398	139,279	146,618
Comprehensive income attributable to:				
Shareholders	30,965	102,496	122,621	144,213
Non-controlling interest	7,101	902	16,658	2,405
	38,066	103,398	139,279	146,618

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	—	—	96,027	26,594	122,621	16,658	139,279
Dividends declared	—	—	(114,142)	—	(114,142)	(18,585)	(132,727)
Issuance of shares under dividend reinvestment plan	60,303	—	—	—	60,303	—	60,303
Actuarial gain on post-retirement benefit plans	—	—	13,065	(13,065)	—	—	—
Share-based compensation expense	—	454	—	—	454	—	454
Reallocation of equity interest	—	—	4,500	—	4,500	3,000	7,500
At February 28, 2017	2,228,846	10,898	141,949	9,960	2,391,653	159,503	2,551,156

(unaudited - in thousands of Canadian dollars)	Share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive income	Total equity attributable to shareholders	Non-controlling interest	Total equity
At August 31, 2015	994,571	9,471	191,182	7,353	1,202,577	17,334	1,219,911
Comprehensive income	—	—	143,552	661	144,213	2,405	146,618
Dividends declared	—	—	(50,034)	—	(50,034)	(5,149)	(55,183)
Issuance of shares under dividend reinvestment plan	9,741	—	—	—	9,741	—	9,741
Share-based compensation expense	—	456	—	—	456	—	456
At February 29, 2016	1,004,312	9,927	284,700	8,014	1,306,953	14,590	1,321,543

CORUS ENTERTAINMENT INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited - in thousands of Canadian dollars)	Three months ended		Six months ended	
	February 28, 2017	February 29, 2016	February 28, 2017	February 29, 2016
OPERATING ACTIVITIES				
Net income for the period	31,982	103,134	112,685	145,957
Adjustments to reconcile net income to cash flow from operations:				
Amortization of program and film rights	126,686	43,990	254,411	98,253
Amortization of film investments	4,935	4,213	8,962	7,544
Depreciation and amortization	23,093	10,606	45,553	21,608
Deferred income taxes	6,650	(13,845)	7,214	(11,907)
Venture fund distribution gain	—	—	—	(533)
Share-based compensation expense	231	189	454	456
Imputed interest	12,560	10,780	25,753	21,231
Gain on disposition	—	(86,151)	—	(86,151)
Payment of program and film rights	(119,263)	(67,385)	(243,362)	(112,514)
Net additions to film investments	4,322	(8,854)	(6,428)	(18,681)
CRTC benefit payment	(5,814)	(1,952)	(11,972)	(4,280)
Other	775	3,031	1,342	3,229
Cash flow from operations	86,157	(2,244)	194,612	64,212
Net change in non-cash working capital balances related to operations	15,842	29,062	(70,265)	(763)
Cash provided by operating activities	101,999	26,818	124,347	63,449
INVESTING ACTIVITIES				
Additions to property, plant and equipment	(5,781)	(4,153)	(11,407)	(6,856)
Net proceeds from assets disposed of	—	188,374	—	209,474
Business combination	—	—	—	(2,476)
Proceeds from disposition of non-controlling interest	5,250	—	5,250	—
Net cash flows for intangibles, investments and other assets	(1,102)	(4,488)	(4,358)	(5,467)
Cash provided by (used in) investing activities	(1,633)	179,733	(10,515)	194,675
FINANCING ACTIVITIES				
Decrease in bank loans	(29,292)	(168,735)	(57,472)	(188,734)
Financing fees	—	(3,428)	—	(3,428)
Issue of subscription receipts	—	280,346	—	280,346
Dividends paid	(26,824)	(18,818)	(52,884)	(40,116)
Dividends paid to non-controlling interest	(5,230)	(1,000)	(18,585)	(5,149)
Other	(254)	(1,291)	(477)	(2,670)
Cash provided by (used in) financing activities	(61,600)	87,074	(129,418)	40,249
Net change in cash and cash equivalents during the period	38,766	293,625	(15,586)	298,373
Less: cash held in escrow	—	(280,346)	—	(280,346)
Cash and cash equivalents, beginning of the period	17,011	42,170	71,363	37,422
Cash and cash equivalents, end of the period	55,777	55,449	55,777	55,449

CORUS ENTERTAINMENT INC.
BUSINESS SEGMENT INFORMATION

(unaudited - in thousands of Canadian dollars)

Three months ended February 28, 2017

	Television	Radio	Corporate	Consolidated
Revenues	335,896	32,291	—	368,187
Direct cost of sales, general and administrative expenses	234,497	25,950	5,057	265,504
Segment profit (loss)⁽¹⁾	101,399	6,341	(5,057)	102,683
Depreciation and amortization				23,093
Interest expense				38,957
Business acquisition, integration and restructuring costs				915
Other income, net				(3,937)
Income before income taxes				43,655

Three months ended February 29, 2016

	Television	Radio	Corporate	Consolidated
Revenues	163,432	34,273	—	197,705
Direct cost of sales, general and administrative expenses	82,027	29,091	7,008	118,126
Segment profit (loss) ⁽¹⁾	81,405	5,182	(7,008)	79,579
Depreciation and amortization				10,606
Interest expense				18,487
Business acquisition, integration and restructuring costs				6,014
Gain on disposition				(86,151)
Other expense, net				5,129
Income before income taxes				125,494

Six months ended February 28, 2017

	Television	Radio	Corporate	Consolidated
Revenues	761,460	74,708	—	836,168
Direct cost of sales, general and administrative expenses	475,640	55,081	10,778	541,499
Segment profit (loss)⁽¹⁾	285,820	19,627	(10,778)	294,669
Depreciation and amortization				45,553
Interest expense				78,677
Business acquisition, integration and restructuring costs				14,080
Other expense, net				2,895
Income before income taxes				153,464

Six months ended February 29, 2016

	Television	Radio	Corporate	Consolidated
Revenues	347,150	78,873	—	426,023
Direct cost of sales, general and administrative expenses	177,710	60,888	11,968	250,566
Segment profit (loss) ⁽¹⁾	169,440	17,985	(11,968)	175,457
Depreciation and amortization				21,608
Interest expense				37,377
Business acquisition, integration and restructuring costs				8,375
Gain on disposition				(86,151)
Other expense, net				9,054
Income before income taxes				185,194

⁽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

(unaudited - in thousands of Canadian dollars)

	Three months ended		Six months ended	
	February 28, 2017	February 29, 2016	February 28, 2017	February 29, 2016
Advertising	225,947	77,743	549,351	196,673
Subscriber fees	125,553	89,646	252,017	176,600
Merchandising, distribution and other	16,687	30,316	34,800	52,750
	368,187	197,705	836,168	426,023

Non-IFRS Financial Measures

(unaudited - in thousands of Canadian dollars)

	Three months ended		Six months ended	
	February 28, 2017	February 29, 2016	February 28, 2017	February 29, 2016
Adjusted Segment Profit				
Reported segment profit	102,683	79,579	294,669	175,457
Adjustments:				
Amortization not taken on Pay TV assets disposed of	—	(14,185)	—	(15,585)
Adjusted segment profit	102,683	65,394	294,669	159,872
Adjusted segment profit margin	28%	33%	35%	38%

Adjusted Net Income Attributable to Shareholders

Net income attributable to shareholders	24,881	102,232	96,027	143,552
Adjustments, net of income tax:				
Gain on disposal of Pay TV assets	—	(76,631)	—	(76,631)
Amortization of certain Pay TV assets	—	(10,426)	—	(11,455)
Business acquisition, integration and restructuring costs	696	5,769	10,376	7,962
Adjusted net income attributable to shareholders	25,577	20,944	106,403	63,428
Adjusted basic EPS	\$0.13	\$0.24	\$0.53	\$0.72

Free cash flow

Cash provided by (used in):				
Operating activities	101,999	26,818	124,347	63,449
Investing activities	(1,633)	179,733	(10,515)	194,675
	100,366	206,551	113,832	258,124
Add back: cash used in (provided by) business combinations and strategic investments ⁽¹⁾⁽²⁾	(4,344)	(182,267)	16,099	(199,303)
Free cash flow	96,022	24,284	129,931	58,821

⁽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