First Quarter 2018 Report to Shareholders

For the Three Months Ended November 30, 2017 (unaudited)

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FINANCIAL HIGHLIGHTS

(These highlights are derived from the unaudited consolidated financial statements)

(in thousands of Canadian dollars except per share amounts)	Three months ended November 30, 2017	2016
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]	**78,885**	80,826
Basic earnings per share	**$0.38**	$0.36
Adjusted basic earnings per share [1]	**$0.38**	$0.41
Diluted earnings per share	**$0.38**	$0.36
Free cash flow [1]	**83,215**	33,909

[1] Segment profit, 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, explanations and reconciliations see discussion under the Key Performance Indicators section of the Fiscal 2018 Report to Shareholders.

SIGNIFICANT EVENTS IN THE QUARTER

- On September 10, 2017, the Company's Calgary radio station, COUNTRY 105 (CKRY-FM), was recognized as Radio Station of the Year (Large Market) at the 2017 Canadian Country Music Association Awards. The station also received the Slaight Music Humanitarian Award for their Caring for Kids Radiothon.
- On September 10, 2017, the Company's Edmonton radio station, 103.9 Country (CISN-FM), was recognized for the On-Air Personalities of the Year (Large Market) for the program, *CISN in the Mornings with Chris, Jack & Matt*.
- On September 22, 2017, the Company's Food Network Canada subsidiary announced a partnership with General Mills Canada on the first-ever, fully-integrated special for Pillsbury and Betty Crocker's online baking contest, *Bake it Possible*.
- On September 27, 2017, the Company's Nelvana subsidiary announced an exclusive partnership agreement with Macmillan Publishers and Imprint, a division of Macmillan Children's Publishing Group, to publish a series of novels based on Nelvana's original animated series, *Mysticons*. The action-fantasy series recently debuted in North America and was the #1 new animated series on YTV this Fall.
- On September 28, 2017, Federal Minister of Canadian Heritage, Melanie Joly, unveiled the results of her consultations on the Canadian culture sector. The Minister's policy vision entitled "Creative Canada" confirms reviews of the *Broadcast Act* and *Telecommunications Act* will proceed, beginning with a report by the Canadian Radio-television and Telecommunications Commission (the "CRTC") on the state of the broadcasting sector. That report must be completed by June 1, 2018, and will become the factual foundation for the Government to consider making changes to the *Broadcasting Act*. Further information on Creative Canada may be found at www.canada.ca/en/canadian-heritage/campaigns/ creative-canada.html.
- On September 29, 2017, the Company paid a monthly dividend of $0.094583 and $0.095 per share to holders of its Class A and Class B Shares, respectively.
- On October 11, 2017, the Company's Corus Studios subsidiary announced new international content sales for a number of original lifestyle series as follows: B*ackyard Builds*, *Save My Reno* and *Worst to First* have been sold to Australia's Nine Entertainment Co.'s Nine Network.; Subscription Video on Demand (SVoD) rights for *Cheer Squad* have been sold to Netflix in the United Kingdom and Latin America; Foxtel in Australia and One Africa's The Home Channel in South Africa has picked up Seasons 1 and 2 of *Home to Win*; *Masters of Flip* has been sold to Israel's Talit Communications; and MTV Finland for MTV3, Sub and Ava channels has acquired *My Baby's Having a Bab*y.
- On October 17, 2017, the Company announced it had reached an agreement to sell its French-language specialty channels Historia and Séries+ to Bell Media. The total value of the transaction is approximately $200 million CDN and is subject to customary price adjustments upon closing. The sale is pending approval by the CRTC and the Competition Bureau.
- On October 17, 2017, the Company's Nelvana subsidiary and Discovery Communications announced the formation of a venture to produce a new pipeline of content for the kids' market in Canada, Latin America and around the world. Based in Canada, the yet-to-be named venture operates independently of Corus, Discovery and Nelvana's other services, and is dedicated to the production of premium children's content across linear and digital platforms. The venture combines the strength of the hugely successful Discovery Kids business in Latin America, and Corus' high-ranking suite of kids' channels in Canada – both of whom will commission content from the new production company.
- On October 19, 2017, the Company, along with the Calgary Stampeders, announced an innovative partnership which will see its Global News Radio 770 CHQR broadcast games through to 2022. As well, Global Calgary will once again be the official community television partner of the Stampeders football club.
- On October 31, 2017, the Company paid a monthly dividend of $0.094583 and $0.095 per share to holders of its Class A and Class B Shares, respectively.
- On November 2, 2017, the Company's Kids Can Press subsidiary received the New York Times/New York Public Library Best Illustrated Children's Book Award for *The Way Home in the Night* by Akiko Miyakoshi.
- On November 7, 2017, the Company, for the fourth year in a row, was recognized as one of Canada's Top 100 Employers for 2018 by MediaCorp Canada Inc. and The Globe and Mail. This designation recognizes employers with exceptional human resources programs and forward-thinking workplace policies.
- On November 14, 2017, the Company's Nelvana subsidiary announced that its original animated comedy-adventure series *D.N.Ace* has been greenlit to start production.
- On November 23, 2017, the Company's Executive Vice President and Chief Operating Officer, Barbara Williams, was recognized by the Women's Executive Network (WXN) as one of Canada's Most Powerful Women: Top 100 for 2017 in the BMO Arts and Communications category. These awards celebrate the professional

achievements of one hundred strong female leaders across the country in the private, public and not-for-profit sectors.

- On November 28, 2017, the Company's Nelvana subsidiary announced a partnership with Round Room Presents to bring its original, hit preschool adventure series *Ranger Rob* to life on stage with a worldwide tour. Locations and dates will be announced in May 2018 with the first stops in Canada beginning fall 2018.
- On November 30, 2017, the Company completed an agreement to amend and extend the terms of its existing credit facility with its bank group, led by RBC Capital Markets and TD Securities. Pursuant to the amendment, the term facility under the credit facility was adjusted from $2.3 billion to $2.1 billion, reflecting principal repayments made since the facility was established, and the maturity dates were extended to November 2021 (tranche 2) and November 2022 (tranche 1). As well, the mandatory repayments for the term facility were fixed at 1.25% per quarter. The maturity date for the $300 million revolving facility has also been extended to November 2021. A copy of the amendment to the credit agreement has been filed on SEDAR at www.sedar.com.
- On November 30, 2017, the Company paid a monthly dividend of $0.094583 and $0.095 per share to holders of its Class A and Class B Shares, respectively.

SIGNIFICANT EVENTS SUBSEQUENT TO THE QUARTER

- On December 5, 2017, the updated Group-Based Licensing applications for all major media groups were gazetted by the CRTC. The deadline for interventions is January 23, 2018 and replies are due February 2, 2018. For more details see http://crtc.gc.ca/eng/archive/2017/2017-428.htm and http://crtc.gc.ca/eng/archive/2017/2017-429.htm.
- On December 7, 2017, the Company's Treehouse direct-to-consumer app was featured in Apple's App Store Best of 2017. The Treehouse app retails for $4.99 per month and enables preschoolers and their families to watch Treehouse shows anywhere and anytime - with over 1,500 episodes of fantastic Treehouse shows including *The Wiggles*, *Dora the Explorer*, *Ranger Rob* and *Blaze and the Monster Machines*.
- On December 8, 2017, the Company, for the 8th consecutive year, was recognized as one of Greater Toronto's Top Employers for 2018 by MediaCorp Canada and The Globe and Mail. This designation recognizes Greater Toronto employers with exceptional human resources programs and forward-thinking workplace policies.
- On December 12, 2017, Bill S-228, an Act to amend the *Food and Drugs Act* (prohibiting food and beverage marketing directed at children), reached Second Reading in the House of Commons. Once debate concludes in early-mid 2018, it is expected to be referred to the House Standing Committee for Health.
- On December 18, 2017, the Company's Nelvana subsidiary announced a partnership with Chouette Publishing to bring Nelvana's original hit preschool adventure series *Ranger Rob* to the publishing world. Launching in April 2018, Chouette Publishing's territory will encompass Canada and the U.S. with both English and French rights.
- On December 19, 2017, the Company's Global Television subsidiary announced that its Global GO app is now available for Apple TV. As the first connected app for Global, the easy-to-navigate interface of Global GO allows viewers to live stream the network's full slate of original and acquired series, view full length episodes, clips and exclusives, as well as catch up on their favourite shows.
- On December 28, 2017, the Company paid a monthly dividend of $0.094583 and $0.095 per share to holders of its Class A and Class B Shares, respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis of the financial position and results of operations for the three months ended November 30, 2017 is prepared at December 31, 2017. The following should be read in conjunction with Management's Discussion and Analysis, consolidated financial statements and the notes thereto included in the Company's August 31, 2017 Annual Report and the consolidated financial statements and notes of the current quarter. The financial highlights included in the discussion of the segmented results are derived from the unaudited consolidated financial statements. All amounts are stated in Canadian dollars unless specified otherwise.

Corus Entertainment Inc. ("Corus" or the "Company") reports its financial results under International Financial Reporting Standards ("IFRS") in Canadian dollars. Per share amounts are calculated using the weighted average number of shares outstanding for the applicable period.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This document 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 this document 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.

For a discussion on the Company's results of operations for fiscal 2017, we refer you to the Company's Annual Report for the year ended August 31, 2017, filed on SEDAR on December 11, 2017.

OVERVIEW OF CONSOLIDATED RESULTS

REVENUES

Consolidated revenues for the first quarter of fiscal 2018 of $457.4 million decreased 2% compared to $468.0 million in the prior year. On a consolidated basis, merchandising, distribution and other revenues increased 4%, subscriber revenues were flat, while advertising revenues were down 3%. Revenues declined in Television and Radio by 2% and 1%, respectively, in the first quarter compared to the prior year.

Further analysis of revenues is provided in the discussion of segmented results.

DIRECT COST OF SALES, GENERAL AND ADMINISTRATIVE EXPENSES

Direct cost of sales, general and administrative expenses for the first quarter of fiscal 2018 of $279.5 million increased 1% from $276.0 million in the prior year. On a consolidated basis, direct cost of sales and other general and administrative expenses increased by 3% and 1%, respectively, while employee costs decreased by 1%. The increase in direct cost of sales resulted from an increase of 4% in program rights amortization, offset by lower direct cost of sales on amortization of film investments and other cost of sales.

Further analysis of expenses is provided in the discussion of segmented results.

SEGMENT PROFIT

Consolidated segment profit for the first quarter of fiscal 2018 was $177.9 million, a decrease of 7% from $192.0 million last year. Segment profit margin for the first quarter of fiscal 2018 was 39%, down from 41% in the prior year.

Further analysis is provided in the discussions of segmented results.

DEPRECIATION AND AMORTIZATION

Depreciation and amortization expense for the first quarter of fiscal 2018 was $20.8 million, a decrease from $22.5 million in the prior year. The decrease in the quarter arises primarily from lower capital spend associated with property, plant and equipment in the quarter.

INTEREST EXPENSE

Interest expense for the three months ended November 30, 2017 was $32.1 million down from $39.7 million in the prior year. The decrease in the quarter results from lower interest costs of $6.2 million due to lower interest rate margin, resulting from reduced leverage, and to lower bank debt in the current year. Imputed interest was also lower by $1.3 million than the prior year as a result of the reduction of long-term liabilities associated with program rights, trade marks, and Canadian Radio-television and Telecommunications Commission ("CRTC") benefit obligations.

The effective interest rate on bank loans for the three months ended November 30, 2017 was 3.8% compared to 4.7% in the prior year. The decrease in the effective rate for the first quarter results from a lower interest rate margin, resulting from reduced leverage.

BUSINESS ACQUISITION, INTEGRATION AND RESTRUCTURING COSTS

For the three months ended November 30, 2017, the Company incurred $1.6 million of business acquisition, integration and restructuring costs, compared to $13.2 million in the prior year. The current fiscal year costs were primarily attributable to restructuring costs associated with employee exits. The prior year costs were attributable to ongoing integration activities, as well as an onerous premise lease provision of approximately $8.0 million for the previous Shaw Media offices in Toronto, which were fully vacated during the first quarter of fiscal 2017. These costs are decreasing year-over-year as a result of completing significant integration and restructuring activities. These charges are excluded from the determination of segment profit.

OTHER EXPENSE, NET

Other expense for three month period ended November 30, 2017 was $7.5 million, compared to $6.8 million in the prior year. The increase in the quarter reflects a higher foreign exchange loss of $0.6 million, compared to the prior year primarily reflecting translation of USD denominated payables.

INCOME TAX EXPENSE

The effective income tax rate for the three months ended November 30, 2017 was 26.6% consistent with the Company's 26.5% statutory income tax rate. The effective income tax rate for the three months ended November 30, 2016 was consistent with the Company's statutory income tax rate.

NET INCOME ATTRIBUTABLE TO SHAREHOLDERS AND EARNINGS PER SHARE

Net income attributable to shareholders for the first quarter of fiscal 2017 was $77.7 million ($0.38 per share basic), as compared to $71.1 million ($0.36 per share) in the prior year. Net income attributable to shareholders for the current fiscal quarter includes business acquisition, integration and restructuring costs of $1.6 million ($nil per share). 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 loss attributable to shareholders for the prior year quarter includes business acquisition, integration and restructuring costs of $13.2 million ($0.05 per share). 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) in the prior year quarter.

The weighted average number of basic shares outstanding for the three months ended November 30, 2017 was 206,531,000 compared to 197,300,000 in the prior year for the same comparable period. The number of shares outstanding increased from the issuance of shares from treasury under the Company's dividend reinvestment plan.

OTHER COMPREHENSIVE INCOME (LOSS), NET OF INCOME TAX

Other comprehensive loss for the three months ended November 30, 2017 was $2.7 million, compared to income of $20.5 million in the prior year. For the three months ended November 30, 2017, comprehensive loss includes an actuarial loss on post-employment benefit plans of $2.7 million, an unrealized loss on the fair value of cash flow hedges of $0.4 million, offset by an unrealized gain from foreign currency translation adjustments of $0.4 million. The prior year comprehensive income includes an unrealized gain associated with remeasurement of fair value of cash flow hedges of $11.0 million, an actuarial gain on post-employment benefit plans of $9.1 million, and an unrealized gain from foreign currency translation adjustments of $0.4 million.

TELEVISION

The Television segment is comprised of 45 specialty television services, 15 conventional television stations and the Corus content business, which includes the production and distribution of films and television programs, merchandise licensing, book publishing, animation software and technology and media services.

FINANCIAL HIGHLIGHTS

	Three months ended	
	November 30,	
(thousands of Canadian dollars)	**2017**	2016
Revenues		
Advertising	**272,250**	283,209
Subscriber fees	**126,255**	126,464
Merchandising, distribution and other	**16,959**	15,891
Total revenues	**415,464**	425,564
Expenses	**246,862**	241,143
Segment profit [1]	**168,602**	184,421
Segment profit margin[1]	**41%**	43%

[1] As defined in the "Key Performance Indicators" section

Revenues were down 2% in the first quarter of fiscal 2018 as a result of a 4% decrease in advertising revenues and flat subscriber revenues, offset by a 7% increase in merchandising, distribution and other revenues. The decline in advertising revenues was largely driven by soft television advertising market conditions and lower than expected demand. Subscriber revenues were consistent with the prior year. The increase in merchandising, distribution and other revenues is primarily attributable to Nelvana, reflecting higher production and distribution revenues from increased deliveries and higher merchandising revenues.

Total expenses in the first quarter of fiscal 2018 increased by 2%. Direct cost of sales (which includes amortization of program rights and film investments, and other cost of sales) increased 3% from the prior year. Amortization of program rights increased in the current year, as anticipated, with the implementation of the Company's post-integration strategy. The amortization schedule for certain newer content is more front-end loaded as expense fluctuates with the delivery of new shows throughout the year. As a result, this translated to an increase of 4% in programming amortization expense in the first quarter of fiscal 2018, despite a reduction in program cash spend of 7%. General and administrative expenses increased 2% from the prior year primarily reflecting incremental investment in Advanced Advertising initiatives and higher costs for Global's morning shows, which were previously covered by CRTC benefit spending obligations that ceased as of August 31, 2017.

Segment profit[1] decreased 9% in the first quarter of fiscal 2018. Segment profit margin[1] for the quarter was 41% compared to the prior year at 43%.

In the quarter, Global maintained its ranker positions from last year with new series *Will and Grace*, *SWAT*, and *Seal Team* all ranking in the Top 20 shows nationally for Adults 25-54, along with returning shows *Bull, NCIS, MacGyver* and *Survivor* performing in the Top 20[2].

Corus' specialty channels ranked as 4 of the Top 5 Canadian Entertainment Specialty Stations and 7 of the Top 10 Canadian Entertainment Specialty stations for Adults 25-54, while the top networks for Women 25-54 were also Corus networks. Twelve of Corus' specialty programs are in the Top 20 for Adults 25-54, up from 10 in the Top 20 last Fall. The Top 5 Kids networks for children 2-11 this fall were Corus networks[2].

(1) As defined in the "Key Performance Indicators" section

(2) Based on Numeris TV Meter, Total Canada, Global Fall 2017 (Sep 11/17 – Nov 26,2017) excl. Sports stations and programs, Canadian Commercial Specialty networks Fall 2017 (Sep 11/17 – Nov 26,2017), ex. Sports stations and programs, Adults ages 25-54, Women ages 25-54, and Kids networks Fall 2017 (Sep 11/17 – Nov 26,2017), Canadian English Specialty stations only, Kids ages 2-11.

RADIO

The Radio segment is comprised of 39 radio stations situated primarily in high-growth urban centres in English Canada, with a concentration in the densely populated area of Southern Ontario. Corus is one of Canada's leading radio operators in terms of audience reach.

FINANCIAL HIGHLIGHTS

	Three months ended	
	November 30,	
(thousands of Canadian dollars)	**2017**	2016
Revenues	**41,924**	42,417
Expenses	**28,403**	29,131
Segment profit[1]	**13,521**	13,286
Segment profit margin[1]	**32%**	31%

(1) As defined in the "Key Performance Indicators" section

Revenues were relatively flat in the first quarter of fiscal 2018 compared to the prior year as gains in local sales were offset by some softness in national sales and digital revenues. Overall, the Ontario markets experienced a difficult quarter with Toronto bearing much of the national sales slowdown, offset by continued strong double-digit growth in Ottawa. In the West, Edmonton had a particularly strong performance as it benefitted from its sports properties, which was offset by softness in the Calgary market.

Direct cost of sales, general and administrative expenses decreased 2% in the first quarter of fiscal 2018. The decrease in general and administrative costs is mainly attributable to a continued focus on cost containment.

Radio's segment profit increased 2% in the first quarter of fiscal 2018. Segment profit margin for the quarter was 32% compared to 31% for the prior year.

Subsequent to the quarter, the Fall PPM audience ratings were released, with our stations' performance remaining solid. Highlights in the Adults 25-54 demographic segment since the Summer PPM ratings book include the following: in Calgary, Country 105 maintained its number one position and Q107 rose from number eight to number four; in Edmonton, although CISN Country 103.9 fell from its number three position to number seven, 630 CHED continued its rise in the rankings to number four; in Vancouver, Rock 101 and CFOX maintained their number three and four ranked positions respectively and; Toronto's Q107 fell from number four to number six, but 102.1 The Edge held steady in the number nine position.

CORPORATE

The Corporate results are comprised of the incremental cost of corporate overhead in excess of the amount allocated to the operating divisions.

FINANCIAL HIGHLIGHTS

	Three months ended	
	November 30,	
(thousands of Canadian dollars)	**2017**	2016
Share-based compensation	**1,051**	1,512
Other general and administrative costs	**3,185**	4,209
	4,236	5,721

Share-based compensation includes expenses related to the Company's stock options and other long-term incentive plans (such as Performance Share Units - "PSUs", Deferred Share Units – "DSUs", and Restricted Share Units – "RSUs"). The expense fluctuates with changes in assumptions, primarily regarding the Company's share price and number of units estimated to vest.

The decrease in share-based compensation expense in the first quarter of fiscal 2018 is due to a year-over-year decrease in share price.

Other general and administrative costs were lower in the first quarter of fiscal 2018, reflecting lower short-term compensation accruals.

QUARTERLY CONSOLIDATED FINANCIAL INFORMATION

SEASONAL FLUCTUATIONS

As discussed in Management's Discussion and Analysis for the year ended August 31, 2017, Corus' operating results are subject to seasonal fluctuations that can significantly impact quarter-to-quarter operating results. The Company's advertising revenues are dependent on general advertising revenues and retail cycles associated with consumer spending activity, accordingly the first and third quarter results tend to be the strongest and second and fourth quarter results tend to be the weakest in a fiscal year. The Company's merchandising and distribution revenues are dependent on the number and timing of film and television programs delivered as well as the timing and level of success achieved of associated merchandise licensed in the market, which cannot be predicted with certainty. Consequently, the Company's results may fluctuate materially from period-to-period and the results of any one period are not necessarily indicative of results for future periods.

The following table sets forth certain unaudited data derived from the Company's interim condensed consolidated financial statements for each of the eight most recent quarters ended November 30, 2017. In Management's opinion, these unaudited interim condensed consolidated financial statements have been prepared on a basis consistent with the audited consolidated financial statements in the Company's Annual Report for the year ended August 31, 2017.

(thousands of Canadian dollars, except per share amounts)					Earnings per share		
	Revenues	Segment profit [1]	Net income (loss) attributable to shareholders	Adjusted net income attributable to shareholders	Basic	Diluted	Adjusted basic
2018							
1st quarter	**457,388**	**177,887**	**77,673**	**78,885**	**$ 0.38**	**$ 0.38**	**$ 0.38**
2017							
4th quarter	381,212	107,601	28,919	43,944	$ 0.14	$ 0.14	$ 0.22
3rd quarter	461,628	175,813	66,719	70,141	$ 0.33	$ 0.33	$ 0.35
2nd quarter	368,187	102,683	24,881	25,577	$ 0.12	$ 0.12	$ 0.13
1st quarter	467,981	191,986	71,146	80,826	$ 0.36	$ 0.36	$ 0.41
2016							
4th quarter	384,467	105,371	25	14,535	$ —	$ —	$ 0.07
3rd quarter	360,824	130,186	(15,766)	52,950	$ (0.10)	$ (0.10)	$ 0.34
2nd quarter	197,705	79,579	102,232	20,944	$ 1.17	$ 1.17	$ 0.24

[1] As defined in "Key Performance Indicators".

SIGNIFICANT ITEMS CAUSING VARIATIONS IN QUARTERLY RESULTS

- Net income attributable to shareholders for the first quarter of fiscal 2018 was negatively impacted by business acquisition, integration and restructuring costs of $1.6 million ($nil per share)
- Net income attributable to shareholders for the fourth quarter of fiscal 2017 was negatively impacted by business acquisition, integration and restructuring costs of $13.3 million ($0.05 per share) and investment impairments of $5.3 million ($0.03 per share).
- Net income attributable to shareholders for the third quarter of fiscal 2017 was negatively impacted by business acquisition, integration and restructuring costs of $4.6 million ($0.02 per share).
- Net income attributable to shareholders for the second quarter of fiscal 2017 was negatively impacted by business acquisition, integration and restructuring costs of $0.9 million ($0.01 per share).
- Net income attributable to shareholders for the first quarter of fiscal 2017 was negatively impacted by business acquisition, integration and restructuring costs of $13.2 million ($0.05 per share).
- Net income attributable to shareholders for the fourth quarter of fiscal 2016 was negatively impacted by business acquisition, integration and restructuring costs of $19.6 million ($0.07 per share).
- Revenues, segment profit and net income attributable to shareholders for the third quarter of fiscal 2016 was positively impacted by the Acquisition and inclusion of its operating results effective April 1, 2016; however, it was negatively impacted by the shutdown of the Pay TV business effective February 29, 2016. Net income attributable to shareholders for the third quarter of fiscal 2016 was also negatively impacted by business acquisition, integration and restructuring costs of $29.3 million ($0.15 per share) and debt refinancing costs of $61.2 million ($0.29 per share).
- Net income attributable to shareholders for the second quarter of fiscal 2016 was positively impacted by a gain of $86.2 million ($0.87 per share) resulting from the disposition of assets relating to the Pay TV business, amortization ceasing on certain programming assets disposed of at the end of the quarter of $14.2 million ($0.12 per share), and negatively impacted by restructuring costs of $6.0 million ($0.06 per share).

RISKS AND UNCERTAINTIES

The significant risks and uncertainties affecting the Company and its business are discussed in the Company's August 31, 2017 Annual Report under the "Risks and Uncertainties" section. There have been no material changes in the risks or uncertainties facing the Company since the date of our Annual Report.

FINANCIAL POSITION

Total assets at November 30, 2017 remained consistent with August 31, 2017 at $6.1 billion. The following discussion describes the significant changes in the consolidated statements of financial position since August 31, 2017.

Current assets at November 30, 2017 were $611.8 million, up $86.4 million from August 31, 2017.

Cash and cash equivalents decreased by $10.2 million. Refer to the discussion of cash flows in the next section.

Accounts receivable increased $90.6 million from year end. The accounts receivable balance is subject to seasonal trends. Typically, the balance is higher at the end of the first and third quarters and lower at the end of the second and fourth quarters as a result of the broadcast revenue seasonality. The Company carefully monitors the aging of its accounts receivable.

Tax credits receivable decreased $1.2 million from year end as a result of tax credit receipts exceeding accruals related to film and interactive productions.

Investments and other assets decreased $22.4 million during the year, primarily as a result of monetizing unrealized gains on interest rate swaps which were terminated on November 28, 2017 and resulted in net cash proceeds of $24.6 million.

Property, plant and equipment decreased $12.9 million from year end, as a result of depreciation expense exceeding additions for the first three months of fiscal 2018.

Program and film rights decreased $21.5 million from year end, as additions of acquired rights of $111.9 million were offset by amortization of $133.4 million.

Film investments increased $2.5 million during the year, as film spending (net of tax credit accruals) of $5.1 million was offset by film amortization of $2.6 million.

Intangibles decreased $8.2 million during the year, primarily as a result of amortization of finite life intangibles exceeding additions. Goodwill remained unchanged from August 31, 2017.

Accounts payable and accrued liabilities increased $78.6 million during the year, as a result of higher accruals for program rights, trade mark liabilities, and dividends payable, offset by lower accrued liabilities and accruals for film production. The decrease in accrued liabilities relate primarily to the reduction in short-term compensation accruals and the short-term portion of tangible benefits, offset by other working capital accruals.

Provisions, including the long-term portion, at November 30, 2017 were $23.3 million compared to $27.5 million at August 31, 2017. The decrease of $4.2 million from August 31, 2017 is a result of restructuring related payments exceeding additions.

Long-term debt, including the current portion, as at November 30, 2017 was $2,062.5 million compared to $2,091.6 million as at August 31, 2017. As at November 30, 2017 the $106.4 million classified as the current portion of long-term debt reflects the mandatory repayment on the debt in the next twelve months. During the three months ended November 30, 2017, the Company repaid bank loans of $26.6 million, deferred $4.1 million of financing fees and amortized $1.5 million of deferred financing charges.

Other long-term liabilities decreased by $63.4 million from year end, primarily from decreases in long-term program rights payable, trade marks payable, long-term employee obligations, CRTC benefit obligations, and intangible liabilities, offset by an increase in registered and non-registered pension obligations, the fair value of the interest rate swaps, and unearned revenues.

Share capital increased $9.9 million, primarily as a result of the issuance of shares from treasury under the Company's dividend reinvestment plan. Contributed surplus increased $0.2 million due to share-based compensation expense.

LIQUIDITY AND CAPITAL RESOURCES

CASH FLOWS

Overall, the Company's cash and cash equivalents position decreased by $10.2 million in the first quarter of fiscal 2018. Free cash flow for the three months November 30, 2017 was $83.2 million compared to free cash flow of $33.9 million last year. A reconciliation of free cash flow to the consolidated statements of cash flows is provided in the Key Performance Indicators section.

Cash flow from operating activities for the three months ended November 30, 2017 was $85.7 million compared to $22.3 million in the prior year. The increase in the current quarter arises from higher cash flow from operations (adjusted for non-cash items) of $29.2 million which includes net proceeds of $24.6 million from termination of interest rate swaps, lower payments on program rights of $8.4 million, lower CRTC benefit payments of $4.2 million, and lower payments related to film investments of $2.0 million, and lower cash used in working capital of $19.6 million.

Cash used in investing activities for the three months ended November 30, 2017 was $1.9 million compared to $8.9 million in the prior year. The current year includes additions to property, plant and equipment of $1.6 million, offset by proceeds of $0.5 million on the disposal of redundant land, and net cash outflows for intangibles, investments and other assets of $0.9 million. The prior year includes additions to property, plant and equipment of $5.6 million, and net cash outflows for intangibles, investments and other assets of $3.3 million.

Cash used in financing activities in the three months ended November 30, 2017 was $94.0 million compared to $67.8 million in the prior year. In the current year, the Company decreased bank debt by $26.6 million, paid financing costs of $4.1 million to amend the credit facilities, paid dividends of $61.1 million, and made capital lease payments of $2.3 million. In the prior year, the Company decreased bank debt by $28.2 million, paid dividends of $39.4 million, and made capital lease payments of $0.2 million.

LIQUIDITY

The Company's capital management objectives are to maintain financial flexibility in order to pursue its strategy of organic growth combined with strategic acquisitions and to provide returns to its shareholders. The Company defines capital as the aggregate of its shareholders' equity and long-term debt less cash and cash equivalents.

The Company manages its capital structure in accordance with changes in economic conditions. In order to maintain or adjust its capital structure, the Company may elect to issue or repay long-term debt, issue shares, repurchase shares through a normal course issuer bid, pay dividends or undertake any other activities as deemed appropriate under the specific circumstances.

The Company monitors capital using several key performance metrics, including: net debt to segment profit ratio and dividend yield. The Company's stated long-term objectives are a leverage target (net debt to segment profit ratio) of 3.0 to 3.5 times, and to maintain a dividend yield in excess of 2.5%. In the short term, the Company may permit the long-term leverage range to be exceeded (for long-term investment opportunities), but endeavours to return to the leverage target range as the Company believes that these objectives provide a reasonable framework for providing a return to shareholders and is supportive of maintaining the Company's credit ratings. As at November 30, 2017, the Company's leverage ratio was 3.5 times net debt to segment profit. The Company is currently focused on deleveraging towards 3.0 times net debt to segment profit. However, the Company expects that this goal will not be reached by the end of fiscal 2018, as previously anticipated.

On November 30, 2017, the Company's credit facilities with a syndicate of banks was amended. The principal amendments were the extension of the maturity dates to November 30, 2021 for the Revolving Facility and Term Facility Tranche 2, November 30, 2022 for the Term Facility Tranche 1, and the fixing of mandatory repayments on the Term Facility to 1.25% per quarter. Interest rates on the Company's facilities fluctuate with Canadian bankers' acceptances and LIBOR.

As at November 30, 2017, the Company had available approximately $300.0 million under the Revolving Facility, all of which could be drawn, and was in compliance with all loan covenants. As at November 30, 2017, the Company had a net cash balance of $83.5 million. Management believes that cash flow from operations and existing credit facilities will provide the Company with sufficient financial resources for the next 12 months to fund its operations, including without limitation, for working capital, capital expenditures, acquisitions, future business opportunities and other general corporate purposes, as well as limiting the Company's ability to pay dividends at current levels.

For further details on the credit facilities amended on November 30, 2017 refer to note 9 of the Company's interim condensed consolidated financial statements in the First Quarter 2018 Report to Shareholders, filed on SEDAR at www.sedar.com.

NET DEBT TO SEGMENT PROFIT

As at November 30, 2017, net debt was $1,979.0 million, down from $1,997.9 million at August 31, 2017. Net debt to segment profit at November 30, 2017 remained at 3.5 times. Further discussion on this is contained in the Key Performance Indicators section.

TOTAL CAPITALIZATION

As at November 30, 2017, total capitalization was $4,599.9 million compared to $4,597.4 million, an increase of $2.5 million from August 31, 2017. The increase is attributable to lower net debt resulting from the repayment of debt of $26.6 million, the issuance of $9.8 million of shares from treasury under the Company's dividend reinvestment plan, offset by a reduction in cash of $10.2 million.

OFF-BALANCE SHEET ARRANGEMENTS AND DERIVATIVE FINANCIAL INSTRUMENTS

On November 28, 2017, the Company terminated the swap agreements that fixed the interest rate on an initial $457.0 million and $1,414.0 million of its outstanding term loan facilities at 1.076% and 1.195%, respectively plus applicable margins to February 28, 2019 and February 26, 2021. As a result, the Company received $24.6 million, net of interest, in cash upon settlement of these swaps.

On November 28, 2017, the Company entered into new interest swap agreements to fix the interest rate on the majority of its outstanding term loan facilities. The counter parties of the swap agreements are highly rated financial institutions and the Company does not anticipate any non-performance. The fair value of future cash flows of interest rate swap derivatives change with fluctuations in market interest rates. The estimated fair value of these agreements as at November 30, 2017 is $2.2 million, which has been recorded in the interim condensed consolidated statements of financial position in other long-term liabilities.

OUTSTANDING SHARE DATA

As at December 31, 2017, 3,421,792 Class A Voting Shares and 203,923,227 Class B Non-Voting Shares were issued and outstanding.

KEY PERFORMANCE INDICATORS

The Company measures the success of its strategies using a number of key performance indicators. These have been outlined in Management's Discussion and Analysis contained in the Annual Report for the year ended August 31, 2017, including a discussion as to their relevance, definitions, calculation methods and underlying assumptions.

Certain key performance indicators are not measurements in accordance with IFRS and should not be considered as an alternative to net income or any other measure of performance under IFRS. The following tables reconcile those key performance indicators that are not in accordance with IFRS measures:

FREE CASH FLOW

Free cash flow is calculated as cash provided by operating activities less cash used in investing activities, as reported in the consolidated statements of cash flows, and then adding back cash used specifically for business combinations and strategic investments and deducting net proceeds from dispositions. Free cash flow is a key metric used by the investing community that measures the Company's ability to repay debt, finance strategic business acquisitions and investments, pay dividends, and repurchase shares. Free cash flow does not have any standardized meaning prescribed by IFRS and is not necessarily comparable to similar measures presented by other companies. Free cash flow should not be considered in isolation or as a substitute for cash flows prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB").

	Three months ended **November 30,**	
(thousands of Canadian dollars)	**2017**	2016
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.

ADJUSTED NET INCOME AND ADJUSTED BASIC EARNINGS PER SHARE

In addition to disclosing results in accordance with IFRS as issued by the IASB, the Company also provides supplementary non-IFRS measures as a method of evaluating the Company's performance. Management uses adjusted net income and adjusted basic earnings per share as a measure of enterprise-wide performance.

Adjusted net income and adjusted basic earnings per share are defined as net income and basic earnings per share before items such as: non-recurring gains or losses related to acquisitions and/or dispositions of investments; costs of debt refinancing; non-cash impairment charges; and business acquisition, integration and restructuring costs. Management believes that adjusted net income and adjusted basic earnings per share are useful measures that facilitate period-to-period operating comparisons. Adjusted net income and adjusted basic earnings per share do not have any standardized meaning prescribed by IFRS and are not necessarily comparable to similar measures presented by other companies. Adjusted net income and adjusted basic earnings per share should not be considered in isolation or as a substitute for net income prepared in accordance with IFRS as issued by the IASB.

ADJUSTED NET INCOME AND ADJUSTED BASIC EARNINGS PER SHARE RECONCILIATION

	Three months ended	
		November 30,
(thousands of Canadian dollars, except per share amounts)	**2017**	2016
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

NET DEBT AND NET DEBT TO SEGMENT PROFIT

Net debt is calculated as long-term debt less cash and cash equivalents as reported in the consolidated statements of financial position. Net debt is an important measure as it reflects the principal amount of debt owing by the Company as at a particular date. Net debt to segment profit is an important measure of the Company's liquidity. Net debt and net debt to segment profit do not have any standardized meaning prescribed by IFRS and are not necessarily comparable to similar measures presented by other companies.

	As at November 30,	As at August 31,
(thousands of Canadian dollars)	**2017**	2017
Total bank loans, net of unamortized financing fees	**2,062,462**	2,091,580
Cash and cash equivalents	**(83,470)**	(93,701)
Net debt	**1,978,992**	1,997,879

NET DEBT TO SEGMENT PROFIT

Net debt to segment profit is calculated as net debt divided by segment profit. It is one of the key metrics used by the investing community to measure the Company's ability to repay debt through ongoing operations. Net debt to segment profit does not have any standardized meaning prescribed by IFRS and is not necessarily comparable to similar measures presented by other companies.

	As at November 30,	As at August 31,
(thousands of Canadian dollars)	**2017**	2017
Net debt (numerator)	**1,978,992**	1,997,879
Segment profit (denominator) [1]	**563,984**	578,083
Net debt to segment profit	**3.5**	3.5

[1] Reflects aggregate amounts for the most recent four quarters, as detailed in the table in the "Quarterly Consolidated Financial Information" section.

As at November 30, 2017, net debt was $1,979.0 million, down from $1,997.9 million as at August 31, 2017. Net debt to segment profit as at November 30, 2017 remained consistent with August 31, 2017 at 3.5 times. Segment profit for the net debt to segment profit calculation reflects aggregate amounts as reported by the Company for the most recent four quarters.

IMPACT OF NEW ACCOUNTING POLICIES

The International Accounting Standards Board ("IASB") continues to issue new and revised IFRS. A listing of the recent accounting pronouncements promulgated by the IASB and not yet adopted by the Company is included in note 3 in the Company's August 31, 2017 consolidated financial statements and note 3 in the Company's November 30, 2017 interim condensed consolidated financial statements.

CONTROLS AND PROCEDURES

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There were no changes in the Company's internal control over financial reporting that occurred in the three month period ended November 30, 2017 that have materially affected, or are likely to materially affect, the Company's internal controls over financial reporting.

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 (note 4)	**42,126**	64,559
Property, plant and equipment	**247,162**	260,068
Program rights (note 5)	**626,833**	648,346
Film investments (note 6)	**43,276**	40,728
Intangibles (note 7)	**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 (note 9)	**106,375**	172,500
Provisions (note 8)	**15,021**	15,791
Income taxes payable	**20,723**	—
Total current liabilities	**636,378**	603,952
Long-term debt (note 9)	**1,956,087**	1,919,080
Other long-term liabilities	**378,979**	442,349
Provisions (note 8)	**8,301**	11,707
Deferred income tax liabilities	**493,708**	491,235
Total liabilities	**3,473,453**	3,468,323
SHAREHOLDERS' EQUITY		
Share capital (note 10)	**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

See accompanying notes

CORUS ENTERTAINMENT INC.
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

(unaudited - in thousands of Canadian dollars, except per share amounts)	Three months ended November 30, 2017	2016
Revenues	**457,388**	467,981
Direct cost of sales, general and administrative expenses (note 11)	**279,501**	275,995
Depreciation and amortization	**20,758**	22,460
Interest expense (note 12)	**32,075**	39,720
Business acquisition, integration and restructuring costs	**1,608**	13,165
Other expense, net (note 13)	**7,554**	6,832
Income before income taxes	**115,892**	109,809
Income tax expense (note 14)	**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

See accompanying notes

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**
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

See accompanying notes

CORUS ENTERTAINMENT INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited - in thousands of Canadian dollars)	Three months ended November 30, 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 (note 5)	**133,383**	127,725
Amortization of film investments (note 6)	**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 (note 12)	**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

Supplemental cash flow disclosures (note 16)

See accompanying notes

1. CORPORATE INFORMATION

Corus Entertainment Inc. (the "Company" or "Corus") is a diversified Canadian communications and entertainment company. The Company is incorporated under the *Canada Business Corporations Act* and its Class B Non-Voting Shares are listed on the Toronto Stock Exchange (the "TSX") under the symbol CJR.B.

The Company's registered office is at 1500, 850 – 2nd Street SW, Calgary, Alberta, T2P 0R8. The Company's executive office is at Corus Quay, 25 Dockside Drive, Toronto, Ontario, M5A 0B5.

These interim condensed consolidated financial statements include the accounts of the Company and all its subsidiaries and joint ventures. The Company's principal business activities are: the operation of specialty television networks, conventional television stations; the operation of radio stations; and the Corus content business, which consists of the production and distribution of films and television programs, merchandise licensing, book publishing and the production and distribution of animation software.

2. STATEMENT OF COMPLIANCE

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB"). The accounting policies used in the preparation of these interim condensed consolidated financial statements conform with those in the Company's audited annual consolidated financial statements for the year ended August 31, 2017, except as described in note 3. These interim condensed consolidated financial statements do not include all the information and disclosures required in annual financial statements and, accordingly, should be read in conjunction with the Company's annual consolidated financial statements for the year ended August 31, 2017, which are available at www.sedar.com and on the Company's website at www.corusent.com.

These interim condensed consolidated financial statements of the Company for the three months ended November 30, 2017 were authorized for issue in accordance with a resolution of the Company's Board of Directors on January 9, 2018.

3. SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The interim condensed consolidated financial statements have been prepared on a cost basis, except for derivative financial instruments and certain available-for-sale financial assets, which have been measured at fair value. The interim condensed consolidated financial statements are presented in Canadian dollars, which is also the Company's functional currency, and all values are rounded to the nearest thousand, except where otherwise noted. Each entity consolidated by the Company determines its own functional currency based on the primary economic environment in which the entity operates.

CHANGES IN ACCOUNTING POLICIES

There are no changes in accounting policies in the current period.

PENDING ACCOUNTING CHANGES

IFRS 9 – *Financial Instruments: Classification and Measurement*

In July 2014, the IASB issued the final version of IFRS 9 – *Financial Instruments*, which reflects all phases of the financial instrument project and replaces IAS 39 – *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. The standard introduces new requirements for recognition and measurement impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, which will be September 1, 2018 for Corus, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before February 1, 2015. The Company is in the process of reviewing the standard to determine the impact on the consolidated financial statements.

(in thousands of Canadian dollars, except per share information)

IFRS 15 – *Revenue from Contracts with Customers*

In May 2014, the IASB issued IFRS 15 - *Revenue from Contracts with Customers*, which replaces IAS 18 – *Revenue* and covers principles for reporting about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. IFRS 15 is effective for annual periods beginning on or after January 1, 2018, which will be September 1, 2018 for Corus. The Company is in the process of reviewing the standard to determine the impact on the consolidated financial statements.

IFRS 16 – *Leases*

On January 13, 2016, the IASB published a new standard, IFRS 16 – *Leases*. The new standard will eliminate the distinction between operating and finance leases and will bring most leases on to the balance sheet for lessees. This standard is effective for annual reporting periods beginning on or after January 1, 2019, which will be September 1, 2019 for Corus and is to be applied retrospectively. The Company has not yet determined the impact on its consolidated financial statements.

4. INVESTMENTS AND OTHER ASSETS

	Investments in associates	Other assets	Total
Balance - August 31, 2017	10,558	54,001	64,559
Decrease in investments	(307)	(22,126)	(22,433)
Balance - November 30, 2017	**10,251**	**31,875**	**42,126**

5. PROGRAM RIGHTS

Balance - August 31, 2017	648,346
Net additions	111,870
Amortization	(133,383)
Balance - November 30, 2017	**626,833**

6. FILM INVESTMENTS

Balance - August 31, 2017	40,728
Net change	5,074
Amortization	(2,526)
Balance - November 30, 2017	**43,276**

7. INTANGIBLES

	Broadcast licenses [1]	Other [2]	Total
Balance - August 31, 2017	984,889	1,060,924	2,045,813
Net additions	—	1,977	1,977
Amortization	—	(10,215)	(10,215)
Balance - November 30, 2017	**984,889**	**1,052,686**	**2,037,575**

[1] Broadcast licenses are located in Canada.

[2] Other intangibles are comprised of brands, trade marks and software.

(in thousands of Canadian dollars, except per share information)

8. PROVISIONS

The continuity of provisions is as follows:

	Restructuring	Onerous lease obligation	Asset retirement obligation	Other	Total
Balance - August 31, 2017	15,614	2,892	8,407	585	27,498
Additions	1,608	—	—	—	1,608
Interest	—	71	103	—	174
Payments	(5,254)	(704)	—	—	(5,958)
Balance - November 30, 2017	**11,968**	**2,259**	**8,510**	**585**	**23,322**
Current	9,405	2,259	2,772	585	15,021
Long-term	2,563	—	5,738	—	8,301
Balance - November 30, 2017	**11,968**	**2,259**	**8,510**	**585**	**23,322**

9. LONG-TERM DEBT

	November 30, 2017	August 31, 2017
Bank loans	**2,080,736**	2,107,299
Unamortized financing fees	**(18,274)**	(15,719)
	2,062,462	2,091,580
Less: current portion of bank loans	**(106,375)**	(172,500)
	1,956,087	1,919,080

Interest rates on the bank loans fluctuate with Canadian bankers' acceptances and/or LIBOR. As at November 30, 2017, the weighted average interest rate on the outstanding bank loans was 4.4% (2017 – 4.7%). Interest on the bank loans averaged 3.8% for the three months ended November 30, 2017 (2017 – 4.7%).

The banks hold, as collateral, a first ranking charge on all assets and undertakings of Corus and certain of Corus' subsidiaries as designated under the Amended and Restated Credit agreement dated April 1, 2016 (the "Facility"). Under the Facility, the Company has undertaken to comply with financial covenants regarding a minimum interest coverage ratio and a maximum debt to cash flow ratio. Management has determined that the Company was in compliance with the covenants provided under the bank loans as at November 30, 2017.

CREDIT FACILITIES

In connection with the closing of the acquisition of Shaw Media (the "Acquisition"), Corus established syndicated senior secured credit facilities in the aggregate amount of $2.6 billion consisting of $2.3 billion in term loans (the "Term Facility"), all of which was fully drawn at closing, and a $300.0 million revolving facility (the "Revolving Facility"), which was not drawn on as part of closing. The Term Facility and Revolving Facility replaced Corus' previous credit facilities and were established pursuant to a fourth amended and restated credit agreement dated as of April 1, 2016.

Effective November 30, 2017, the Company's credit agreement with a syndicate of banks was amended. The principal amendments effected were the extension of the maturity for the Revolving Facility and Term Facility Tranche 2 to November 30, 2021, for the Term Facility Tranche 1 to November 30, 2022, and fixing the mandatory repayment on the Term Facility to 1.25% per quarter effective November 30, 3017.

Term Facility

The Term Facility consists of two tranches, with the first tranche being in the amount of $700.3 million and having a maturity of November 30, 2022, and the second tranche being in the amount of $1,400.6 million and having a maturity of November 30, 2021.

Advances under the Term Facility may be outstanding in the form of either prime loans or bankers' acceptances and bear interest at the applicable reference rate plus an applicable margin depending on the type of advance and Corus' total debt to cash flow ratio.

Voluntary prepayments on the amount outstanding under the Term Facility are permitted at any time without penalty, subject to payment of customary breakage costs, if applicable, and provided that advances in the form of bankers' acceptances may only be paid on their maturity. Each tranche of the Term Facility will be subject to mandatory repayment equal to 1.25% per quarter at the end of each fiscal quarter of Corus.

Revolving Facility

The $300.0 million Revolving Facility matures on November 30, 2021. The Revolving Facility is available on a revolving basis to finance permitted acquisitions and capital expenditures and for general corporate purposes. Amounts owing under the Revolving Facility will be payable in full at maturity. The Revolving Facility permits full or partial cancellation of the facility and, if applicable, concurrent prepayment of the amounts drawn thereunder at any time without penalty, subject to payment of customary breakage costs, if applicable, and provided that advances in the form of bankers' acceptances may only be paid on their maturity.

Advances under the Revolving Facility may be drawn in Canadian dollars as either a prime rate loan, bankers' acceptance or Canadian dollar denominated letters of credit (to a sub-limit of $50.0 million total), or in U.S. dollars as either a base rate loan, U.S. LIBOR loan or U.S. dollar denominated letters of credit (to a sub-limit of $50.0 million total). Amounts drawn under the Revolving Facility will bear interest at the applicable reference rate plus an applicable margin depending on the type of advance and Corus' total debt to cash flow ratio. A standby fee will also be payable on the unutilized amount of the Revolving Facility. As at November 30, 2017, all of the Revolving Facility was available and could be drawn.

SWAP AGREEMENTS

On November 28, 2017, the Company terminated the May 31, 2016 Canadian interest rate swap agreements that fixed the interest rate on $457.0 million and $1,414.0 million of its outstanding term loan facilities at 1.076% and 1.195%, respectively, plus applicable margins to February 28, 2019 and February 26, 2021. As a result, the Company received a cash payment, net of interest of $24.6 million in settlement of these interest rate swaps.

On November 28, 2017, the Company entered into Canadian interest rate swap agreements to fix the interest rate on $1,101.0 million and $600.0 million of its outstanding term loan facilities at 1.947% and 2.004%, respectively, plus applicable margins to August 31, 2021 and August 31, 2022. The notional value of these swaps reduces concurrently with the mandatory repayments of the Term Facility. The counterparties of the swap agreements are highly rated financial institutions and the Company does not anticipate any non-performance. The fair value of Level 2 financial instruments such as interest rate swap agreements is calculated by way of discounted cash flows, using market interest rates and applicable credit spreads. The Company has assessed that there is no ineffectiveness in the hedge of its interest rate exposure. As an effective hedge, unrealized gains or losses on the interest rate swap agreements are recognized in other comprehensive income. The estimated fair value of these agreements as at November 30, 2017 is $2.2 million, which has been recorded in the consolidated statements of financial position as a long-term liability. The effectiveness of the hedging relationship is reviewed on a quarterly basis.

10. SHARE CAPITAL

AUTHORIZED

The Company is authorized to issue, upon approval of holders of no less than two-thirds of the existing Class A shares, an unlimited number of Class A participating shares ("Class A Voting Shares"), as well as an unlimited number of Class B non-voting participating shares ("Class B Non-Voting Shares"), Class A Preferred Shares, and Class 1 and Class 2 Preferred Shares.

	Voting shares		Non-Voting shares		Total
	#	$	#	$	$
Balance - August 31, 2017	3,421,792	26,498	202,835,501	2,265,316	2,291,814
Issuance of shares under stock option plan	—	—	7,975	85	85
Issuance of shares under dividend reinvestment plan	—	—	823,427	9,809	9,809
Balance - November 30, 2017	**3,421,792**	**26,498**	**203,666,903**	**2,275,210**	**2,301,708**

EARNINGS PER SHARE

The following is a reconciliation of the numerator and denominator (in thousands) used for the computation of the basic and diluted earnings per share amounts:

	Three months ended **November 30,**	
	2017	2016
Net income attributable to shareholders (numerator)	**77,673**	71,146
Weighted average number of shares outstanding (denominator)		
Weighted average number of shares outstanding - basic	**206,531**	197,300
Effect of dilutive securities	**273**	126
Weighted average number of shares outstanding - diluted	**206,804**	197,426

The calculation of diluted earnings per share for the first quarter of fiscal 2018 excluded 3,878,401 (2017 – 2,636,573) weighted average Class B Non-Voting Shares issuable under the Company's Stock Option Plan because these options were not "in-the-money".

STOCK OPTION PLAN

Under the Company's Stock Option Plan (the "Plan"), the Company may grant options to purchase Class B Non-Voting Shares to eligible officers, directors and employees of or consultants to the Company. The number of Class B Non-Voting Shares which the Company is authorized to issue under the Plan is 10% of the issued and outstanding Class B Non-Voting Shares. All options granted are for terms not to exceed 10 years from the grant date. The exercise price of each option equals the closing market price on the TSX of the Company's stock on the trading date immediately preceding the date of the grant. Options vest 25% on each of the first, second, third and fourth anniversary dates of the date of grant.

The fair value of each option granted in fiscal 2018 was estimated on the date of the grant using the Black-Scholes option pricing model with the following assumptions:

(in thousands of Canadian dollars, except per share information)

Granted in the first quarter of fiscal 2018 and vesting in fiscal:	**2019**	**2020**	**2021**	**2022**
Fair value	$0.52	$0.52	$0.52	$0.52
Risk-free interest rate	1.8%	1.8%	1.8%	1.8%
Expected dividend yield	9.3%	9.3%	9.3%	9.3%
Expected share price volatility	21.8%	21.8%	21.8%	21.8%
Expected time until exercise (years)	6	6	6	6

SHARE-BASED COMPENSATION

The following table provides additional information on the employee stock options, Performance Share Units ("PSUs"), Deferred Share Units ("DSUs"), and Restricted Share Units ("RSUs") as at :

	November 30, 2017	August 31, 2017
Outstanding employee stock options	**6,419,275**	5,256,850
Exercisable employee stock options	**2,949,625**	2,282,125
Outstanding PSUs	**1,351,104**	1,236,831
Outstanding DSUs	**1,281,297**	1,141,741
Outstanding RSUs	**527,062**	406,700

Share-based compensation expense recorded for the first quarter of fiscal 2018 in respect of these plans was $1,051 (2017 – $1,512). As at November 30, 2017, the carrying value of the liability for PSU, DSU and RSU units was $19,396 (August 31, 2017 – $18,243).

11. DIRECT COST OF SALES, GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended	
		November 30,
	2017	2016
Direct cost of sales		
Amortization of program rights	**133,383**	127,725
Amortization of film investments	**2,526**	4,027
Other cost of sales	**6,023**	6,585
General and administrative expenses		
Employee costs	**78,411**	79,259
Other general and administrative	**59,158**	58,399
	279,501	275,995

12. INTEREST EXPENSE

	Three months ended	
		November 30,
	2017	2016
Interest on long-term debt	**19,837**	26,000
Imputed interest on long-term liabilities	**11,867**	13,193
Other	**371**	527
	32,075	39,720

(in thousands of Canadian dollars, except per share information)

13. OTHER EXPENSE, NET

	Three months ended **November 30,**	
	2017	2016
Foreign exchange loss	**6,954**	6,376
Equity loss of associates	**307**	508
Other expense (income)	**293**	(52)
	7,554	6,832

14. INCOME TAXES

The reconciliation of income taxes attributable to operations computed at the statutory rates to income tax expense for fiscal 2018 and 2017 is as follows:

	Three months ended November 30, 2017		Three months ended November 30, 2016	
	$	**%**	$	%
Income tax at combined federal and provincial rates	**30,734**	**26.5%**	29,179	26.6%
Differences from statutory rates relating to:				
Miscellaneous differences	**151**	**0.1%**	(73)	(0.1%)
	30,885	**26.6%**	29,106	26.5%

15. BUSINESS SEGMENT INFORMATION

The Company's business activities are conducted through two segments: Television and Radio.

TELEVISION

The Television segment is comprised of 45 specialty television networks, 15 conventional television stations, and the Corus content business, which includes the production and distribution of films and television programs, merchandise licensing, book publishing, animation software, and technology and media services. Revenues are generated from advertising, subscribers and the licensing of proprietary films and television programs, merchandise licensing, book publishing, animation software, and technology and media service sales.

RADIO

The Radio segment comprises 39 radio stations, situated primarily in high-growth urban centres in English Canada, with a concentration in the densely populated area of Southern Ontario. Revenues are derived from advertising aired over these stations.

Corporate results represent the incremental cost of corporate overhead in excess of the amount allocated to the other operating segments.

Management evaluates each division's performance based on revenues less direct cost of sales, general and administrative expenses. Segment profit excludes depreciation and amortization, interest expense, debt refinancing costs, business acquisition, integration and restructuring costs, impairments, gains or losses on dispositions, and certain other income and expenses.

(in thousands of Canadian dollars, except per share information)

The accounting policies of the segments are the same as those described in the summary of significant accounting policies of the most recent annual audited consolidated financial statements.

REVENUES AND SEGMENT PROFIT

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)	**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)	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

Revenues are derived from the following areas:

	Three months ended	
		November 30,
	2017	2016
Advertising	**312,211**	323,405
Subscriber fees	**126,255**	126,464
Merchandising, distribution and other	**18,922**	18,112
	457,388	467,981

(in thousands of Canadian dollars, except per share information)

16. CONSOLIDATED STATEMENT OF CASH FLOWS

Interest paid, interest received and income taxes paid and classified as operating activities are as follows:

	Three months ended	
	November 30,	
	2017	2016
Interest paid	**20,391**	26,565
Interest received	**158**	38
Income taxes paid	**7,746**	20,269

17. BUSINESS COMBINATIONS AND DIVESTITURES

Disposition of 29% interest in the Cooking Channel

On December 12, 2016, the Company sold a 29% interest in 7202377 Canada Inc. (the "Cooking Channel"), a subsidiary, to Scripps Network LLC for $7,500, the fair value at the date of the sale. Cash proceeds of $5,250 were received upon closing. Control of this subsidiary did not change, therefore a business combination did not occur. As such, the Company continues to consolidate the Cooking Channel, but the transaction did give rise to a non-controlling interest in the Cooking Channel. In accordance with IFRS 10 - *Consolidated Financial Statements*, an adjustment has been made to the carrying amounts of the non-controlling interests in these interim condensed consolidated financial statements related to the reallocation of equity interest to reflect the underlying carrying value of the net assets of the Cooking Channel.