



March 1st, 2018

For immediate release

TVA GROUP REPORTS \$9.2 MILLION NET INCOME ATTRIBUTABLE TO SHAREHOLDERS IN Q4 2017

Montreal, Canada – TVA Group Inc. (“TVA Group” or the “Corporation”) announced today that it recorded net income attributable to shareholders in the amount of \$9.2 million or \$0.21 per share in the fourth quarter of 2017, compared with net income attributable to shareholders of \$5.7 million or \$0.13 per share in the same quarter of 2016.

Fourth quarter operating highlights:

- Consolidated adjusted operating income¹ of \$22,968,000, a favourable variance of \$984,000 (4.5%) from the same quarter of 2016.
- \$16,232,000 adjusted operating income¹ in the Broadcasting & Production segment, an unfavourable variance of \$1,213,000 mainly because of a 9.5% decrease in the adjusted operating income¹ of TVA Network.
- \$2,482,000 adjusted operating income¹ in the Magazines segment, a favourable variance of \$343,000 (16.0%) mainly because of the implementation of rationalization plans in recent quarters and the discontinuation of some titles in 2016, partially offset by a decrease in operating revenues.
- \$4,254,000 adjusted operating income¹ in the Film Production & Audiovisual Services segment (“MELS”), a favourable variance of \$1,854,000 essentially because of an increase in adjusted operating income¹ from soundstage and equipment rental and a decrease in the adjusted operating loss¹ of visual effects, partially offset by lower adjusted operating income¹ from postproduction.

“We are satisfied with our results for the last quarter of our financial year. The Broadcasting & Production segment was impacted by a negative adjustment to the revenues of the Corporation’s specialty channels, notably an adjustment made following the CRTC decision on the rate payable by Bell for distribution of the “TVA Sports” channel. Nevertheless, our specialty channels’ advertising revenues continued to grow, increasing by 9.8% compared with the same quarter of 2016. TVA Group’s total market share rose 0.9 point to 36.4% in the fourth quarter of 2017, compared with 35.5% in the same period of 2016.² TVA Network had a 24.3% market share and 7 shows that attracted more than a million viewers, including the grand finale of *La Voix Junior* which peaked at 2,476,000³ viewers,” commented France Lauzière, President and CEO of the Corporation.

“The various rationalization plans implemented in recent quarters enabled the Magazines segment to grow its adjusted operating income¹ and post a 10.3% profit margin. During the last quarter, TVA Publications’ titles were honoured with six Canadian Online Publishing Awards. The recognition for *Coup de Pouce*, *Elle Québec*, *Elle Canada* and *Clin d’œil* confirmed the soundness of our approach to digital content,” added Ms. Lauzière.

¹ See definition of adjusted operating income (loss) below.

² Source: Numeris, French Quebec, October 1 to December 31, 2017, Mon-Sun, 2 am–2 am, t2+

³ Source: Numeris, French Quebec, Sunday, November 19, 2017, 7 pm–9 pm

“Lastly, the Film Production & Audiovisual Services segment’s financial results improved for the third consecutive quarter, mainly because of the use of our soundstages and equipment by local and international producers. As well, postproduction, visual effects and distribution services globally grew their adjusted operating results¹ compared with the same quarter of 2016. We are also very proud of the four Canadian Screen Awards nominations picked up by *Nous sommes les autres*, *Hochelaga*, *Land of Souls* and *All You Can Eat Buddha* for “Achievement in Visual Effects” and “Achievement in Overall Sound,” categories to which MELS contributed,” concluded Ms. Lauzière.

2017 financial year results

For the fiscal year ended December 31, 2017, the Corporation’s consolidated adjusted operating income¹ was \$66,381,000, compared with \$45,401,000 in the previous year, a 46.2% favourable variance. There was an 87.1% favourable variance in adjusted operating income¹ in the Broadcasting & Production segment and a 27.5% decrease in the Magazines segment, due mainly to the decrease in operating revenues. In the Film Production & Audiovisual Services segment, adjusted operating income¹ increased by 57.7%, mainly as a result of significantly higher volume of activities in soundstage and equipment rental. The Broadcasting & Production segment posted a \$19,488,000 favourable variance in adjusted operating income,¹ due primarily to a 55.8% reduction in the adjusted operating loss¹ of “TVA Sports,” a 4.3% increase in the adjusted operating income¹ of TVA Network, and a 7.8% increase in the adjusted operating income¹ of the other specialty services.

Consolidated operating revenues amounted to \$589,707,000 in fiscal 2017, compared with \$590,866,000 in the previous year, a slight 0.2% decrease. The Corporation’s net loss attributable to shareholders for the year totalled \$15,951,000 or \$0.37 per share, compared with \$39,855,000 or \$0.92 per share in 2016.

In the third quarter of 2017, the Corporation recognized a \$29,993,000 non-cash goodwill impairment charge in the Magazines segment, including \$1,489,000 without any tax consequences (\$40,100,000 without any tax consequences in 2016) and a \$12,412,000 non-cash charge for impairment of intangible assets, including \$3,103,000 without any tax consequences (nil in 2016).

Definition

¹ *Adjusted operating income (loss) (“Adjusted operating results”)*

In its analysis of operating results, the Corporation defines adjusted operating income (loss) as net income (loss) before depreciation of property, plant and equipment, amortization of intangible assets, financial expenses, impairment of goodwill and of intangible assets, operational restructuring costs and others, income taxes and share of income of associated corporations. Adjusted operating income (loss) as defined above is not a measure of results that is consistent with International Financial Reporting Standards (“IFRS”). Neither is it intended to be regarded as an alternative to other financial performance measures or to the statement of cash flows as a measure of liquidity. This measure should not be considered in isolation or as a substitute for other performance measures prepared in accordance with IFRS. This measure is used by management and the Board of Directors to evaluate the Corporation’s consolidated results and the results of its segments. This measure eliminates the significant level of impairment, depreciation and amortization of tangible and intangible assets and is unaffected by the capital structure or investment activities of the Corporation and its segments. Adjusted operating income (loss) is also relevant because it is a significant component of the Corporation’s annual incentive compensation programs. The Corporation’s definition of adjusted operating income (loss) may not be identical to similarly titled measures reported by other companies.

Conference call for investors

TVA Group will hold a conference call to discuss its fourth quarter and full-year 2017 results on March 2, 2018, at 10:00 a.m. EST. There will be a question period reserved for financial analysts. To access the call, please dial 1-877-293-8052, access code for participants 66581#. A tape recording of the call will be available from March 2 to June 2, 2018 by dialling 1-877-293-8133, conference number 1228603#, access code for participants 66581#.

Forward-looking information disclaimer

The statements in this news release that are not historical facts may be forward-looking statements and are subject to important known and unknown risks, uncertainties and assumptions which could cause the Corporation's actual results for future periods to differ materially from those set forth in the forward-looking statements. Forward-looking statements generally can be identified by the use of the conditional, the use of forward-looking terminology such as "propose," "will," "expect," "may," "anticipate," "intend," "estimate," "plan," "foresee," "believe" or the negative of these terms or variations of them or similar terminology. Certain factors that may cause actual results to differ from current expectations include seasonality, operational risks (including pricing actions by competitors and the risk of loss of key customers in the Film Production & Audiovisual Services segment), programming, content and production cost risks, credit risk, government regulation risks, government assistance risks, changes in economic conditions, fragmentation of the media landscape, risk related to the Corporation's ability to adapt to fast-paced technological change and to new delivery and storage methods, and labour relation risks.

Investors and others are cautioned that the foregoing list of factors that may affect future results is not exhaustive and that undue reliance should not be placed on any forward-looking statements. For more information on the risks, uncertainties and assumptions that could cause the Corporation's actual results to differ from current expectations, please refer to the Corporation's public filings, available at www.sedar.com and <http://groupe TVA.ca>, including in particular the "Risks and Uncertainties" section of the Corporation's annual Management's Discussion and Analysis for the year ended December 31, 2017 and the "Risk Factors" section in the Corporation's 2017 annual information form.

The forward-looking statements in this news release reflect the Corporation's expectations as of March 1st, 2018 and are subject to change after this date. The Corporation expressly disclaims any obligation or intention to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required to do so by the applicable securities laws.

TVA GROUP

TVA Group Inc., a subsidiary of Quebecor Media Inc., is a communications company engaged in the broadcasting, film and audiovisual production, and magazine publishing industries. TVA Group Inc. is North America's largest broadcaster of French-language entertainment, information and public affairs programming and one of the largest private-sector producers of French-language content. It is also the largest publisher of French-language magazines and publishes some of the most popular English-language titles in Canada. The Corporation's Class B shares are listed on the Toronto Stock Exchange under the ticker symbol TVA.B.

Source:

Denis Rozon, CPA, CA
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TVA GROUP INC.

Consolidated statements of income (loss)

(unaudited)

(in thousands of Canadian dollars, except per-share amounts)

	Three-month periods ended December 31		Years ended December 31	
	2017	2016	2017	2016
Revenues	\$ 155,256	\$ 169,522	\$ 589,707	\$ 590,866
Purchases of goods and services	96,968	104,603	373,404	384,349
Employee costs	35,320	42,935	149,922	161,116
Depreciation of property, plant and equipment and amortization of intangible assets	8,365	9,639	34,874	35,961
Financial expenses	480	804	2,449	3,378
Impairment of goodwill and intangible assets	–	–	42,405	40,100
Operational restructuring costs and others	1,408	4,163	6,390	5,940
Income (loss) before tax expense (recovery) and share of income of associated corporations	12,715	7,378	(19,737)	(39,978)
Tax expense (recovery)	3,493	1,946	(3,631)	542
Share of income of associated corporations	(117)	(226)	(445)	(829)
Net income (loss)	\$ 9,339	\$ 5,658	\$ (15,661)	\$ (39,691)
Net income (loss) attributable to:				
Shareholders	\$ 9,210	\$ 5,717	\$ (15,951)	\$ (39,855)
Non-controlling interest	129	(59)	290	164
Basic and diluted income (loss) per share attributable to shareholders	\$ 0.21	\$ 0.13	\$ (0.37)	\$ (0.92)

TVA GROUP INC.

Consolidated statements of comprehensive income (loss)

(unaudited)
(in thousands of Canadian dollars)

	Three-month periods ended December 31		Years ended December 31	
	2017	2016	2017	2016
Net income (loss)	\$ 9,339	\$ 5,658	\$ (15,661)	\$ (39,691)
Other comprehensive items that may be reclassified to income:				
Cash flow hedge:				
Gain on valuation of derivative financial instruments	8	91	168	294
Deferred income taxes	(2)	(25)	(45)	(79)
Other comprehensive items that will not be reclassified to income:				
Defined benefit plans:				
Re-measurement gain	1,150	31,296	1,150	11,296
Deferred income taxes	(308)	(8,369)	(308)	(3,027)
	848	22,993	965	8,484
Comprehensive income (loss)	\$ 10,187	\$ 28,651	\$ (14,696)	\$ (31,207)
Comprehensive income (loss) attributable to:				
Shareholders	\$ 10,058	\$ 28,710	\$ (14,986)	\$ (31,371)
Non-controlling interest	129	(59)	290	164

TVA GROUP INC.

Consolidated statements of equity

(unaudited)
(in thousands of Canadian dollars)

	Equity attributable to shareholders				Equity attributable to non-controlling interest	Total equity
	Capital stock	Contributed surplus	Retained earnings	Accumulated other comprehensive (loss) income		
Balance as at December 31, 2015	\$ 207,280	\$ 581	\$ 107,369	\$ (6,474)	\$ 676	\$ 309,432
Net (loss) income	–	–	(39,855)	–	164	(39,691)
Other comprehensive income	–	–	–	8,484	–	8,484
Balance as at December 31, 2016	207,280	581	67,514	2,010	840	278,225
Net (loss) income	–	–	(15,951)	–	290	(15,661)
Other comprehensive income	–	–	–	965	–	965
Balance as at December 31, 2017	\$ 207,280	\$ 581	\$ 51,563	\$ 2,975	\$ 1,130	\$ 263,529

TVA GROUP INC.

Consolidated balance sheets

(unaudited)
(in thousands of Canadian dollars)

	December 31, 2017	December 31, 2016
Assets		
Current assets		
Cash	\$ 21,258	\$ 17,219
Accounts receivable	144,913	142,663
Income taxes	596	3,966
Programs, broadcast rights and inventories	79,437	77,628
Prepaid expenses	3,736	3,870
	249,940	245,346
Non-current assets		
Broadcast rights	43,031	44,684
Investments	12,851	12,756
Property, plant and equipment	200,510	205,843
Intangible assets	15,120	32,493
Goodwill	7,892	37,885
Defined benefit plan asset	2,873	4,250
Deferred income taxes	14,015	3,351
	296,292	341,262
Total assets	\$ 546,232	\$ 586,608

TVA GROUP INC.

Consolidated balance sheets (continued)

(unaudited)
(in thousands of Canadian dollars)

	December 31, 2017	December 31, 2016
Liabilities and equity		
Current liabilities		
Accounts payable and accrued liabilities	\$ 104,505	\$ 105,523
Income taxes	6,314	1,250
Broadcast rights payable	69,244	92,627
Provisions	8,937	6,638
Deferred revenues	18,728	19,847
Short-term debt	9,844	6,562
	217,572	232,447
Non-current liabilities		
Long-term debt	52,708	62,561
Defined benefit plan liability	1,686	1,904
Other liabilities	9,946	9,675
Deferred income taxes	791	1,796
	65,131	75,936
Equity		
Capital stock	207,280	207,280
Contributed surplus	581	581
Retained earnings	51,563	67,514
Accumulated other comprehensive income	2,975	2,010
Equity attributable to shareholders	262,399	277,385
Non-controlling interest	1,130	840
	263,529	278,225
Total liabilities and equity	\$ 546,232	\$ 586,608

TVA GROUP INC.

Consolidated statements of cash flows

(unaudited)
(in thousands of Canadian dollars)

	Three-month periods ended December 31		Years ended December 31	
	2017	2016	2017	2016
Cash flows related to operating activities				
Net income (loss)	\$ 9,339	\$ 5,658	\$ (15,661)	\$ (39,691)
Adjustments for:				
Depreciation and amortization	8,414	9,715	35,071	36,243
Impairment of goodwill and intangible assets	–	–	42,405	40,100
Share of income of associated corporations	(117)	(226)	(445)	(829)
Deferred income taxes	(206)	1,726	(12,024)	(494)
Others	(740)	1	(738)	303
Cash flows provided by current operations	16,690	16,874	48,608	35,632
Net change in non-cash balances related to operating activities	(14,317)	(11,603)	(15,319)	6,023
Cash flows provided by operating activities	2,373	5,271	33,289	41,655
Cash flows related to investing activities				
Additions to property, plant and equipment	(4,081)	(5,063)	(21,621)	(29,081)
Additions to intangible assets	(358)	(796)	(1,795)	(2,285)
Business disposal	–	–	–	222
Disposal of property, plant and equipment	740	–	740	–
Change in investments	–	–	350	(895)
Cash flows used in investing activities	(3,699)	(5,859)	(22,326)	(32,039)
Cash flows related to financing activities				
Repayment of long-term debt	(2,530)	(1,395)	(6,768)	(4,190)
Repayment of derivative financial instruments	(37)	(60)	(156)	(203)
Cash flows used in financing activities	(2,567)	(1,455)	(6,924)	(4,393)
Net change in cash	(3,893)	(2,043)	4,039	5,223
Cash at beginning of period	25,151	19,262	17,219	11,996
Cash at end of period	\$ 21,258	\$ 17,219	\$ 21,258	\$ 17,219
Interests and taxes reflected as operating activities				
Interests paid	\$ 493	\$ 766	\$ 2,315	\$ 2,570
Income taxes paid (received) (net of refunds or of payments)	413	277	(42)	(1,271)

TVA GROUP INC.

Segmented information

(unaudited)

(in thousands of Canadian dollars)

Management made changes to the Corporation's management structure at the beginning of 2016. Some Broadcasting & Production segment operations formerly conducted by TVA Accès inc. (now Mels Dubbing Inc.) were transferred to other units of the Corporation. Commercial production remained in the Broadcasting & Production segment, while custom publishing, commercial print production and premedia services were integrated into the operations of the Magazines segment and dubbing became part of the Film Production & Audiovisual Services segment.

The Corporation's operations consist of the following segments:

- The **Broadcasting & Production segment** includes the operations of TVA Network (including the subsidiary and divisions TVA Productions Inc., TVA Nouvelles and TVA Interactif), specialty services, the marketing of digital products associated with the various televisual brands, commercial production services and distribution of audiovisual products.
- The **Magazines segment** through its subsidiaries, notably TVA Publications Inc. and Les Publications Charron & Cie inc., publishes magazines in various fields including the arts, entertainment, television, fashion, sports and decorating, markets digital products associated with the various magazine brands and provides custom publishing, commercial print production and premedia services.
- The **Film Production & Audiovisual Services segment** through its subsidiaries Mels Studios and Postproduction G.P. and Mels Dubbing Inc. provides soundstage and equipment rental, dubbing, postproduction, visual effects and distribution services.

TVA GROUP INC.

Segmented information (continued)

(unaudited)

(in thousands of Canadian dollars)

	Three-month periods ended December 31		Years ended December 31	
	2017	2016	2017	2016
Revenues				
Broadcasting & Production	\$ 117,016	\$ 128,194	\$ 439,149	\$ 427,627
Magazines	24,207	29,120	94,583	115,829
Film Production & Audiovisual Services	16,701	15,189	67,073	59,320
Intersegment items	(2,668)	(2,981)	(11,098)	(11,910)
	155,256	169,522	589,707	590,866
Adjusted operating income⁽¹⁾				
Broadcasting & Production	16,232	17,445	41,867	22,379
Magazines	2,482	2,139	10,020	13,830
Film Production & Audiovisual Services	4,254	2,400	14,494	9,192
	22,968	21,984	66,381	45,401
Depreciation of property, plant and equipment and amortization of intangible assets	8,365	9,639	34,874	35,961
Financial expenses	480	804	2,449	3,378
Impairment of goodwill and intangible assets	–	–	42,405	40,100
Operational restructuring costs and others	1,408	4,163	6,390	5,940
Income (loss) before tax expense (recovery) and share of income of associated corporations	\$ 12,715	\$ 7,378	\$ (19,737)	\$ (39,978)

⁽¹⁾ The Chief Executive Officer uses adjusted operating income (loss) as a measure of financial performance for assessing the performance of each of the Corporation's segments. Adjusted operating income (loss) is defined as net income (loss) before depreciation of property, plant and equipment, amortization of intangible assets, financial expenses, operational restructuring costs, impairment of assets and others, income taxes and share of income of associated companies. Adjusted operating income (loss) as defined above is not a measure of results that is consistent with IFRS.