



February 27, 2015

For immediate release

TVA GROUP REPORTS \$4.4 MILLION NET LOSS ATTRIBUTABLE TO SHAREHOLDERS IN FOURTH QUARTER ENDED DECEMBER 31, 2014.

Montreal, Canada – TVA Group Inc. (the “Corporation”) announces that it recorded a net loss attributable to shareholders in the amount of \$4.4 million, or \$0.19 per share, for the fourth quarter of 2014, compared with net income attributable to shareholders of \$8.3 million, or \$0.35 per share, in the same quarter of 2013.

Fourth quarter operating highlights:

- Consolidated adjusted operating income¹: \$6,814,000, a decrease of \$13,520,000 (-66.5%) compared with the same quarter of 2013.
- Broadcasting & Production segment’s adjusted operating income: \$5,073,000, an unfavourable variance of \$13,314,000 (-72.4%) due primarily to the following factors:
 - ⇒ 4.1% decrease in operating income at TVA Network, largely because of a 3.4% decrease in advertising revenues; and
 - ⇒ increase in the operating loss of the TVA Sports service as a result of increased in programming investments and the launch of TVA Sports 2.
- Magazines segment’s adjusted operating income: \$1,741,000, an unfavourable variance of \$206,000 (-10.6%) mainly because of an 8.3% decrease in advertising revenues and a 1.9% decrease in newsstand revenues.
- On December 30, 2014, the Corporation closed the acquisition of substantially all of the assets of Vision Globale A.R. ltée (“Vision Globale”) for a total purchase price of \$116,139,000 in cash. Vision Globale operates in the film and television industry, offering soundstage and equipment leasing, post-production and visual effects services.
- On November 17, 2014, the Corporation announced an agreement with Transcontinental Inc. to acquire 15 magazines for a cash consideration of \$55.5 million. The transaction is however subject to Competition Bureau approval.

“While the Broadcasting & Production segment’s advertising revenues fell short of our expectations in the fourth quarter of 2014, we are very pleased with the audience response to our new sports offering, which yielded a market share of nearly 2.0% for TVA Sports and TVA Sports 2, compared with 0.4% in the same quarter of 2013,” commented Julie Tremblay, President and CEO of the Corporation. “Naturally, the addition of extensive NHL coverage entailed significant investments in sports content, particularly in connection with the launch of TVA Sports 2, in September, 2014 and we are reaping the dividends at every level. For example, our advertisers have responded very positively and TVA Sports’ advertising revenues were up by several million dollars in the last quarter of 2014 compared with the same quarter of 2013. New contracts for carriage of TVA Sports and TVA Sports 2 generated a

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

62% overall increase in subscription revenues for our specialty services compared with the same quarter of 2013,” also commented Julie Tremblay.

“The Magazines segment put in a strong financial performance. Its operating margin was 11.4% of total revenues. A 3.3% reduction in the segment’s operating expenses enabled it to largely absorb a 4.2% quarter-over-quarter drop in its operating revenues. We are also very pleased with the agreement with Transcontinental. The transaction will add 15 prestigious titles to our stable and will position the Corporation to offer its advertisers a portfolio of complementary and diverse magazines, expand its online assets and enable it to compete more effectively with major media groups and digital rivals. We are awaiting Competition Bureau approval of the deal,” concluded Julie Tremblay.

Cash flows provided by operating activities totalled \$9.5 million for the quarter, compared with \$5.1 million in the same quarter of 2013. The \$4.4 million increase was essentially due to the favourable variance in non-cash items, particularly accounts payable, rights and accrued liabilities, which was partially offset by the decrease in adjusted operating income.

2014 results

For the fiscal year ended December 31, 2014, the Corporation’s consolidated adjusted operating income was \$29.4 million, compared with \$60.6 million in the previous year, a 51.4% decrease. Adjusted operating income decreased by 62.8% in the Broadcasting & Production segment and increased by 28.5% in the Magazines segment. The increase in the Magazines segment was due in part to the positive impact of the inclusion of the operating results of *La Semaine* magazine since July 18, 2013, the decrease in operating expenses at the other magazines, and the impact of savings generated by the expense reduction plan instituted in the second quarter of 2013. The decrease in the Broadcasting & Production segment’s adjusted operating income was due to the decline at TVA Network caused by the combined effect of lower advertising revenues, the favourable impact on 2013 operating revenues of recognition of retroactive royalties for retransmission of distant signals, higher content costs, and the increased adjusted operating loss of TVA Sports resulting directly from programming expenditures.

Consolidated operating revenues totalled \$439.3 million in fiscal 2014, compared with \$444.8 million in the previous year, a 1.2% decrease. During the same period, the Corporation recorded a net loss attributable to shareholders in the amount of \$41.1 million, or \$1.73 per share, compared with net income attributable to shareholders in the amount of \$15.7 million, or \$0.66 per share, in 2013.

In the third quarter of 2014, the Corporation reviewed its business plan and operating forecasts, particularly in the Broadcasting & Production segment. The Corporation concluded that the recoverable amounts were less than the carrying amounts of its broadcasting licence and goodwill. As a result, non-cash impairment charges of \$32,462,000 and \$8,538,000 respectively were recorded with respect to those assets.

Definition

Adjusted operating income (loss)

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, operational restructuring costs, impairment of assets and other costs, income taxes and share of loss (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 business 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.

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. Factors that may cause actual results to differ from current expectations include seasonality, operational risks (including pricing actions by competitors), programming, content and production cost risks, credit risk, government regulation risks, government assistance risks, changes in economic conditions, fragmentation of the media landscape, 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://groupetva.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, 2014.

The forward-looking statements in this news release reflect the Corporation's expectations as of February 27, 2015, 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 by the applicable securities laws.

TVA Group

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

The audited consolidated financial statements with notes and the annual Management's Discussion and Analysis can be consulted on the Corporation's website at <http://groupetva.ca>.

Information:

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TVA GROUP INC.

Consolidated statements of (loss) income

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

	Three-month periods ended December 31		Years ended December 31	
	2014	2013	2014	2013
Revenues	\$ 129,794	\$ 120,022	\$ 439,340	\$ 444,816
Purchases of goods and services	92,063	69,519	283,571	253,485
Employee costs	30,917	30,169	126,343	130,761
Depreciation of property, plant and equipment and amortization of intangible assets	5,533	5,474	22,104	21,430
Financial expenses	1,058	1,476	4,231	6,265
Operational restructuring costs, impairment of assets and other costs	3,485	991	3,594	4,865
Impairment of a licence and goodwill	—	—	41,000	—
(Loss) income before tax (recovery) expense and share of loss of associated corporations	(3,262)	12,393	(41,503)	28,010
Tax (recovery) expense	(2,058)	2,564	(8,753)	6,110
Share of loss of associated corporations	3,214	1,501	8,338	6,154
Net (loss) income attributable to shareholders	\$ (4,418)	\$ 8,328	\$ (41,088)	\$ 15,746
Basic and diluted earnings per share attributable to shareholders	\$ (0.19)	\$ 0.35	\$ (1.73)	\$ 0.66

TVA GROUP INC.

Consolidated statements of comprehensive (loss) income

(unaudited)
(in thousands of dollars)

	Three-month periods ended December 31		Years ended December 31	
	2014	2013	2014	2013
Net (loss) income	\$ (4,418)	\$ 8,328	\$ (41,088)	\$ 15,746
Other comprehensive items that will not be reclassified to income:				
Defined benefit plans:				
Re-measurement (loss) gain	(11,993)	11,304	(11,993)	35,304
Deferred income taxes	3,227	(3,036)	3,227	(9,536)
	(8,766)	8,268	(8,766)	25,768
Comprehensive (loss) income attributable to shareholders	\$ (13,184)	\$ 16,596	\$ (49,854)	\$ 41,514

TVA GROUP INC.

Consolidated statements of equity

(unaudited)
(in thousands of dollars)

	Equity attributable to shareholders				Total equity
	Capital stock	Contributed surplus	Retained earnings	Accumulated other comprehensive (loss) income - Defined benefit plans	
Balance as at December 31, 2012	\$ 98,647	\$ 581	\$ 187,937	\$ (20,620)	\$ 266,545
Net income	–	–	15,746	–	15,746
Other comprehensive income	–	–	–	25,768	25,768
Balance as at December 31, 2013	98,647	581	203,683	5,148	308,059
Net loss	–	–	(41,088)	–	(41,088)
Other comprehensive loss	–	–	–	(8,766)	(8,766)
Balance as at December 31, 2014	\$ 98,647	\$ 581	\$ 162,595	\$ (3,618)	\$ 258,205

TVA GROUP INC.

Consolidated balance sheets

(unaudited)
(in thousands of dollars)

	December 31, 2014	December 31, 2013
Assets		
Current assets		
Cash	\$ —	\$ 7,717
Accounts receivable	136,811	136,408
Income taxes	5,256	124
Programs, broadcast and distribution rights and inventories	74,765	61,428
Prepaid expenses	3,734	2,380
	220,566	208,057
Non-current assets		
Broadcast and distribution rights	31,989	31,985
Investments	12,111	14,822
Property, plant and equipment	201,429	100,962
Licences and other intangible assets	83,647	112,566
Goodwill	48,266	44,536
Defined benefit plan asset	2,964	8,238
Deferred income taxes	1,060	885
	381,466	313,994
Total assets	\$ 602,032	\$ 522,051

TVA GROUP INC.

Consolidated balance sheets (continued)

(unaudited)
(in thousands of dollars)

	December 31, 2014	December 31, 2013
Liabilities and equity		
Current liabilities		
Bank overdraft	\$ 4,486	\$ —
Accounts payable and accrued liabilities	92,756	85,960
Income taxes	777	1,828
Broadcast and distribution rights payable	45,660	17,304
Provisions	321	645
Deferred revenues	8,690	9,302
Credit facility from parent corporation	100,000	—
Short-term debt	938	74,640
	253,628	189,679
Non-current liabilities		
Long-term debt	72,757	—
Other liabilities	9,967	3,974
Deferred income taxes	7,475	20,339
	90,199	24,313
Equity		
Capital stock	98,647	98,647
Contributed surplus	581	581
Retained earnings	162,595	203,683
Accumulated other comprehensive income (loss)	(3,618)	5,148
Equity attributable to shareholders	258,205	308,059
Total liabilities and equity	\$ 602,032	\$ 522,051

TVA GROUP INC.

Consolidated statements of cash flows

(unaudited)
(in thousands of dollars)

	Three-month periods ended December 31		Years ended December 31	
	2014	2013	2014	2013
Cash flows related to operating activities				
Net (loss) income	\$ (4,418)	\$ 8,328	\$ (41,088)	\$ 15,746
Adjustments for:				
Depreciation and amortization	5,604	5,525	22,326	21,632
Impairment of assets	832	483	832	2,093
Impairment of a licence and goodwill	–	–	41,000	–
Share of loss of associated corporations	3,214	1,501	8,338	6,154
Deferred income taxes	(5,670)	(86)	(9,838)	1,162
Cash flows from current operations	(438)	15,751	21,570	46,787
Net change in non-cash balances related to operating activities	9,916	(10,657)	15,116	(20,509)
Cash flows provided by operating activities	9,478	5,094	36,686	26,278
Cash flows related to investing activities				
Additions to property, plant and equipment	(4,244)	(2,055)	(22,158)	(16,245)
Additions to intangible assets	(806)	(1,308)	(2,489)	(3,003)
Business acquisition, net of cash	(116,115)	–	(116,616)	(6,607)
Net change in investments	(1,911)	(1,177)	(6,459)	(3,325)
Cash flows used in investing activities	(123,076)	(4,540)	(147,722)	(29,180)
Cash flows related to financing activities				
Bank overdraft	4,486	–	4,486	–
Increase in credit facility from parent corporation	100,000	–	100,000	–
Repayment of long-term debt	(75,000)	–	(75,000)	–
Increase in long-term debt	74,737	–	74,737	–
Financing costs	(904)	–	(904)	–
Cash flows provided by financing activities	103,319	–	103,319	–
Net change in cash	(10,279)	554	(7,717)	(2,902)
Cash at beginning of period	10,279	7,163	7,717	10,619
Cash at end of period	\$ –	\$ 7,717	\$ –	\$ 7,717
Interests and taxes reflected as operating activities				
Net interests paid	\$ 2,117	\$ 2,188	\$ 4,169	\$ 4,514
Income taxes paid, net of refunds	1,486	191	7,266	1,005

TVA GROUP INC.

Segmented information

(unaudited)

(in thousands of dollars)

In 2014, management changed the names of the Corporation's business segments to better reflect operational realities. The Television segment is now called Broadcasting & Production and the Publishing segment is now called Magazines.

Management also made changes to the Corporation's management structure at the beginning of 2014. As a result of those changes, the custom publishing, commercial print production and premedia services previously provided by the TVA Studio division in the Magazines segment became part of the operations of TVA Accès Inc. in the Broadcasting & Production segment. Prior period disclosures have been restated to reflect this new presentation.

The Corporation's operations consist of the following segments:

- The **Broadcasting & Production segment**, which includes the operations of TVA Network (including the subsidiaries and divisions TVA Productions Inc., TVA Sales and Marketing Inc., TVA Nouvelles, TVA Interactif), specialty services, the marketing of digital products associated with the various televisual brands, the commercial production and dubbing operations of TVA Accès Inc., the distribution of audiovisual products by the TVA Films division, the home and online shopping services of the TVA Boutiques division up to the second quarter of 2013, and the soundstage and equipment leasing and post-production services provided by Montréal Studios et Équipements s.e.n.c. since December 30, 2014.
- The **Magazines segment**, which includes the operations of TVA Publications Inc. and Les Publications Charron & Cie Inc., which publish French-language magazines in various fields such as the arts, entertainment, television, fashion and decoration, and market digital products associated with the various magazine brands.

	Three-month periods ended December 31		Years ended December 31	
	2014	2013	2014	2013
Revenues				
Broadcasting and Production	\$ 116,173	\$ 104,772	\$ 380,178	\$ 386,009
Magazines	15,275	15,947	62,614	61,964
Intersegment items	(1,654)	(697)	(3,452)	(3,157)
	129,794	120,022	439,340	444,816
Adjusted operating income⁽¹⁾				
Broadcasting and Production	5,073	18,387	19,728	53,023
Magazines	1,741	1,947	9,698	7,547
	6,814	20,334	29,426	60,570
Depreciation of property, plant and equipment and amortization of intangible assets	5,533	5,474	22,104	21,430
Financial expenses	1,058	1,476	4,231	6,265
Operational restructuring costs, impairment of assets and other costs	3,485	991	3,594	4,865
Impairment of a licence and goodwill	–	–	41,000	–
(Loss) income before tax (recovery) expense and share of loss of associated corporations	\$ (3,262)	\$ 12,393	\$ (41,503)	\$ 28,010

TVA GROUP INC.

Segmented information (continued)

(unaudited)

(in thousands of dollars)

The above-noted intersegment items represent the elimination of normal course business transactions between the Corporation's business segments regarding revenues.

- ⁽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 and amortization of intangible assets, financial expenses, operational restructuring costs, impairment of assets and other costs, income taxes and share of loss (income) of associated corporations. Adjusted operating income (loss) as defined above is not a measure of results that is consistent with IFRS.