October 31, 2019

For immediate release

TVA GROUP REPORTS CONSOLIDATED RESULTS FOR THIRD QUARTER 2019

Montreal, Canada – TVA Group Inc. ("TVA Group" or the "Corporation") announced today that it recorded operating revenues in the amount of $125.6 million in the third quarter of 2019, a year-over-year decrease of $1.8 million. Net income attributable to shareholders was $13.4 million for earnings of $0.31 per share, compared with net income attributable to shareholders of $14.1 million for earnings of $0.33 per share in the same quarter of 2018.

Third quarter operating highlights:

- Consolidated adjusted EBITDA[1] of $31,141,000, representing a $3,054,000 favourable variance from the same quarter of 2018.
- $21,458,000 in adjusted EBITDA[1] in the Broadcasting segment, a $4,534,000 favourable variance mainly attributable to the acquisition of the "Évasion" and "Zeste" channels and a 25.0% increase in the adjusted EBITDA[1] of the other specialty channels, including a 13.6% increase at "TVA Sports."
- $2,883,000 in adjusted EBITDA[1] in the Magazines segment, a $809,000 favourable variance due to savings generated by the continued implementation of staff and expense rationalization plans introduced in recent quarters, partially offset by a decrease in operating revenues.
- $6,482,000 in adjusted EBITDA[1] in the Film Production & Audiovisual Services ("MELS") segment, a $2,607,000 unfavourable variance essentially due to a decrease in adjusted EBITDA[1] from soundstage, mobile and equipment rentals, and a decrease in adjusted EBITDA[1] from postproduction, partially offset by the improved profitability of visual effects, which registered increased volume.
- $318,000 in adjusted EBITDA[1] in the Corporation's new Production & Distribution segment, which since April l, 2019 has included the businesses acquired through the acquisition of the Incendo group companies.

"We are pleased with our results for the third quarter of our financial year. Despite the many challenges we face, TVA Group grew its adjusted EBITDA[1] thanks to the various acquisitions made in recent months and the savings yielded by the budget cuts announced in the previous quarter.

"There was a significant increase in the Broadcasting segment's adjusted EBITDA[1] due mainly to the specialty channels. The addition of the "Évasion" and "Zeste" channels and the synergies captured as a result of the acquisition continued to make a positive contribution to our specialty channel business, in addition to expanding our content offerings. With operational integration now complete, we can realize the full potential of this transaction. "TVA Sports" continued to grow audience with a 0.4-point jump in market share during the quarter, clear evidence that viewers recognize the quality of its programming.

[1] See definition of adjusted EBITDA below.

"TVA Group's overall television market share increased 0.2 points to 38.3%.[1] The strong performance of our specialty channels, despite the fact that they have been short-changed for years on their fair market value, is worthy of note. The subscription fees for our channels ought to be fair and reflect their audience share per subscriber. Bell must acknowledge the issues facing our entire industry and recognize the fair value of our channels. We will continue making representations on this issue to regulatory and government authorities. We are pleased to report that we have renewed some distribution agreements with cable operators that recognize the fair market value of our channels," commented France Lauzière, President of TVA Group.

"Once again, the Magazines segment posted outstanding results given the downward revenue trend in the industry. Although this segment's operating revenues decreased by 20.5%, its profit margin rose from 11% to 20% between the third quarters of 2018 and 2019. The increase was the result of various cost reduction and operational efficiency initiatives, which protected the segment's profitability and refocused our efforts on our strong brands. The continuing appeal of those brands was confirmed by the latest Vividata survey, which showed that TVA Group has held its position as the top publisher of French-language magazines in Quebec," added the President of TVA Group.

"The Film Production & Audiovisual Services segment's quarterly numbers were down year-over-year due to cyclical demand for production services for blockbuster movies. At the same time, our other services, particularly visual effects, are increasingly known and recognized by local and international producers alike and are attracting growing business volume. MELS remains a growth driver not only for the Corporation but for Quebec's cultural industries and economy as a whole. As we have said on previous occasions, it is imperative that the provincial government commit to maintaining the existing tax incentives in order to attract international producers and enable all of us to reap the benefits generated by the film industry's global growth.

"Lastly, the new Production & Distribution segment, which includes the operations of the Incendo group companies, made a positive contribution to the Corporation's financial results for the second consecutive quarter. In addition to diversifying our revenue streams and expanding our international presence, this acquisition will enable us to capitalize on the current strong demand for the production of original content," concluded Ms. Lauzière.

Definition

Adjusted EBITDA (previously adjusted operating income (loss))

In its analysis of operating results, the Corporation defines adjusted EBITDA as net income (loss) before depreciation and amortization, financial expenses, operational restructuring costs and other, income taxes and share of loss (income) of associates. Adjusted EBITDA 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 EBITDA is also relevant because it is a significant component of the Corporation's annual incentive compensation programs. The Corporation's definition of adjusted EBITDA may not be identical to similarly titled measures reported by other companies.

[1] Numeris – Quebec Franco, July 1 to September 30, 2019, Mo-Su, 2a-2a, t2+

Earnings call

TVA Group will hold a conference call to discuss its third quarter 2019 results on November 1, 2019, at 10:00 a.m. EDT. 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 November 1 to December 1, 2019 by dialling 1-877-293-8133 followed by conference code 66581# and 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 and Production & Distribution segments), 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 www.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, 2018 and the "Risk Factors" section in the Corporation's 2018 annual information form.

The forward-looking statements in this news release reflect the Corporation's expectations as of October 31, 2019, 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 production and audiovisual services, production and international distribution of television content, 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.

The condensed interim consolidated financial statements, with notes, and the interim Management's Discussion and Analysis for the three-month and nine-month periods ended September 30, 2019, can be consulted on the Corporation's website at www.groupetva.ca.

Source:
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TVA GROUP INC.
Interim consolidated statements of income (loss) and comprehensive income (loss)

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

	Note	Three-month periods ended September 30 2019	Three-month periods ended September 30 2018 (restated, note 2)	Nine-month periods ended September 30 2019	Nine-month periods ended September 30 2018 (restated, note 2)
Revenues	3	**$ 125,618**	$ 127,418	**$ 405,714**	$ 401,444
Purchases of goods and services	4	**61,348**	65,850	**260,224**	264,485
Employee costs		**33,129**	33,481	**106,618**	108,343
Depreciation and amortization		**11,155**	9,417	**29,942**	28,028
Financial expenses	5	**1,038**	800	**3,042**	2,493
Operational restructuring costs and other	6	**392**	(803)	**5,037**	154
Income (loss) before tax expense (recovery) and share of loss (income) of associates		**18,556**	18,673	**851**	(2,059)
Tax expense (recovery)		**5,133**	4,571	**496**	(757)
Share of loss (income) of associates		**55**	42	**(292)**	(610)
Net income (loss) and comprehensive income (loss)		**$ 13,368**	$ 14,060	**$ 647**	$ (692)
Net income (loss) and comprehensive income (loss) attributable to:					
Shareholders		**$ 13,361**	$ 14,090	**$ 422**	$ (468)
Non-controlling interest		**7**	(30)	**225**	(224)
Basic and diluted loss earnings (loss) per share attributable to shareholders	8 (c)	**$ 0.31**	$ 0.33	**$ 0.01**	$ (0.01)

See accompanying notes to condensed interim consolidated financial statements.

TVA GROUP INC.
Interim consolidated statements of changes in equity

(unaudited)
(in thousands of Canadian dollars)

	Equity attributable to shareholders				Equity attributable to non-controlling interest	Total equity
	Capital stock (note 8)	Contributed surplus	Retained earnings	Accumulated other comprehensive income – Defined benefit plans		
Balance as at December 31, 2017 as previously reported	$ 207,280	$ 581	$ 51,563	$ 2,975	$ 1,130	$ 263,529
Changes in accounting policies (note 2)	–	–	(1,214)	–	–	(1,214)
Balance as at December 31, 2017 as restated	207,280	581	50,349	2,975	1,130	262,315
Net loss	–	–	(468)	–	(224)	(692)
Balance as at September 30, 2018	207,280	581	49,881	2,975	906	261,623
Net income	–	–	9,525	–	60	9,585
Other comprehensive income	–	–	–	522	–	522
Balance as at December 31, 2018	207,280	581	59,406	3,497	966	271,730
Net income	–	–	422	–	225	647
Balance as at September 30, 2019	**$ 207,280**	**$ 581**	**$ 59,828**	**$ 3,497**	**$ 1,191**	**$ 272,377**

See accompanying notes to condensed interim consolidated financial statements.

TVA GROUP INC.
Interim consolidated balance sheets

(unaudited)
(in thousands of Canadian dollars)

	Note	**September 30, 2019**	December 31, 2018 (restated, note 2)	December 31, 2017 (restated, note 2)
Assets				
Current assets				
Cash		**$ 5,349**	$ 18,112	$ 21,258
Accounts receivable		**133,047**	151,715	144,913
Income taxes		**6,403**	3,325	596
Programs, broadcast rights and inventories		**78,424**	78,483	79,437
Prepaid expenses		**5,507**	4,081	3,736
		228,730	255,716	249,940
Non-current assets				
Programs and broadcast rights		**51,689**	42,987	43,031
Investments		**10,405**	11,242	12,851
Property, plant and equipment		**174,716**	186,583	200,510
Right-of-use assets		**9,072**	9,694	10,922
Intangible assets	7	**30,639**	13,662	15,120
Goodwill	7	**23,104**	9,102	7,892
Defined benefit plan asset		**–**	–	2,873
Deferred income taxes		**17,233**	14,920	14,453
		316,858	288,190	307,652
Total assets		**$ 545,588**	$ 543,906	$ 557,592

TVA GROUP INC.
Interim consolidated balance sheets (continued)

(unaudited)
(in thousands of Canadian dollars)

	Note		September 30, 2019		December 31, 2018 (restated, note 2)		December 31, 2017 (restated, note 2)
Liabilities and equity							
Current liabilities							
Bank overdraft		**$**	**1,029**	$	–	$	–
Accounts payable and accrued liabilities			**92,724**		100,306		104,568
Income taxes			**1,325**		782		6,314
Broadcast rights payable			**70,897**		70,145		69,244
Provisions			**4,293**		6,356		7,784
Deferred revenues			**16,701**		16,803		18,728
Current portion of lease liabilities			**3,335**		3,480		4,298
Current portion of long-term debt			**44,775**		52,849		9,844
			235,079		250,721		220,780
Non-current liabilities							
Long-term debt			**–**		**–**		52,708
Lease liabilities			**8,717**		10,123		11,226
Other liabilities	7		**23,257**		10,885		9,772
Deferred income taxes			**6,158**		447		791
			38,132		21,455		74,497
Equity							
Capital stock	8		**207,280**		207,280		207,280
Contributed surplus			**581**		581		581
Retained earnings			**59,828**		59,406		50,349
Accumulated other comprehensive income			**3,497**		3,497		2,975
Equity attributable to shareholders			**271,186**		270,764		261,185
Non-controlling interest			**1,191**		966		1,130
			272,377		271,730		262,315
Contingencies	11						
Total liabilities and equity		**$**	**545,588**	$	543,906	$	557,592

See accompanying notes to condensed interim consolidated financial statements.

TVA GROUP INC.
Interim consolidated statements of cash flows

(unaudited)
(in thousands of Canadian dollars)

	Note	Three-month periods ended September 30		Nine-month periods ended September 30	
		2019	2018 (restated, note 2)	**2019**	2018 (restated, note 2)
Cash flows related to operating activities					
Net income (loss)		**$ 13,368**	$ 14,060	**$ 647**	$ (692)
Adjustments for:					
Depreciation and amortization		**11,203**	9,466	**30,087**	28,176
Share of loss (income) of associates		**55**	42	**(292)**	(610)
Deferred income taxes		**429**	(562)	**(144)**	(1,333)
Gain on disposal of assets	6	**–**	(2,936)	**–**	(3,936)
Impairment of assets	6	**–**	2,000	**–**	2,000
Other		**11**	(90)	**(104)**	(80)
		25,066	21,980	**30,194**	23,525
Net change in non-cash operating assets and liabilities		**7,776**	(746)	**15,490**	608
Cash flows provided by operating activities		**32,842**	21,234	**45,684**	24,133
Cash flows related to investing activities					
Additions to property, plant and equipment		**(2,399)**	(4,207)	**(9,350)**	(10,384)
Additions to intangible assets		**(1,486)**	(798)	**(3,642)**	(2,910)
Business acquisitions	7	**(972)**	(2,026)	**(35,477)**	(4,731)
Disposal of property, plan and equipment	6	**–**	3,723	**–**	3,723
Other		**293**	293	**293**	(405)
Cash flows used in investing activities		**(4,564)**	(3,015)	**(48,176)**	(14,707)
Cash flows related to financing activities					
Net change in bank overdraft		**(3,627)**	–	**1,029**	–
Repayment of term loan		**(2,582)**	(2,352)	**(8,114)**	(7,078)
Net change in revolving credit facility		**(19,721)**	–	**–**	–
Repayment of lease liabilities		**(849)**	(1,201)	**(3,081)**	(3,569)
Other		**–**	–	**(105)**	–
Cash flows used in financing activities		**(26,779)**	(3,553)	**(10,271)**	(10,647)
Net change in cash		**1,499**	14,666	**(12,763)**	(1,221)
Cash at beginning of period		**3,850**	5,371	**18,112**	21,258
Cash at end of period		**$ 5,349**	$ 20,037	**$ 5,349**	$ 20,037
Interest and taxes reflected as operating activities					
Net interest paid		**$ 619**	$ 737	**$ 2,398**	$ 2,226
Net income taxes paid		**873**	2,731	**3,646**	11,469

See accompanying notes to condensed interim consolidated financial statements.

TVA Group Inc. ("TVA Group" or the "Corporation") is governed by the Quebec *Business Corporations Act*. TVA Group is a communications company engaged in the broadcasting, film production & audiovisual services, production & international distribution of television content, and magazines businesses (note 10). The Corporation is a subsidiary of Quebecor Media Inc. ("Quebecor Media" or the "parent corporation") and its ultimate parent corporation is Quebecor Inc. ("Quebecor"). The Corporation's head office is located at 1600 de Maisonneuve Boulevard East, Montreal, Quebec, Canada.

The Corporation's businesses experience significant seasonality due to, among other factors, seasonal advertising patterns, consumers' viewing, reading and listening habits, demand for production services from international and local producers, and demand for content from global broadcasters. Because the Corporation depends on the sale of advertising for a significant portion of its revenues, operating results are also sensitive to prevailing economic conditions, including changes in local, regional and national economic conditions, particularly as they may affect advertising expenditures. Accordingly, the results of operations for interim periods should not necessarily be considered indicative of full-year results.

1. Basis of presentation

These consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), except that they do not include all disclosures required under IFRS for annual consolidated financial statements. In particular, these consolidated financial statements were prepared in accordance with IAS 34, *Interim Financial Reporting*, and are therefore condensed consolidated financial statements. These condensed consolidated financial statements should be read in conjunction with the Corporation's 2018 annual consolidated financial statements, which describe the accounting policies used to prepare these condensed consolidated financial statements.

These condensed consolidated financial statements were approved by the Board of Directors of the Corporation on October 31, 2019.

Certain comparative figures for prior periods have been restated to conform to the presentation adopted for the three-month and nine-month periods ended September 30, 2019.

2. Changes in accounting policies

(i) IFRS 16 – *Leases*

On January 1, 2019, the Corporation adopted on a fully retrospective basis the new rules under IFRS 16, which set out new principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract. The standard provides lessees with a single accounting model for all leases, with certain exemptions. In particular, lessees are required to report most leases on their balance sheets by recognizing right-of-use assets and related financial liabilities. Assets and liabilities arising from a lease are initially measured on a present value basis.

(Tabular amounts are expressed in thousands of Canadian dollars, except per share and per option amounts)

2. Changes in accounting policies (continued)

(i) IFRS 16 – *Leases* (continued)

The adoption of IFRS 16 had significant impacts on the Corporation's consolidated financial statements since all segments of the Corporation are engaged in various long-term leases relating to premises and equipment.

Under IFRS 16, most lease charges are now expensed as a depreciation of the right-of-use asset, along with an interest on the related lease liability. Since operating lease charges were recognized as operating expenses as they were incurred under previous standard, the adoption of IFRS 16 has changed the timing of the recognition of these lease charges over the term of each lease. It also has affected the classification of expenses in the consolidated statements of income (loss).

Principal payments of the lease liability are now presented as financing activities in the consolidated statements of cash flows, whereas under the previous standard these payments were presented as operating activities.

The retrospective adoption of IFRS 16 had the following impacts on the comparative consolidated financial figures:

Interim consolidated statements of loss and comprehensive loss

Increase (decrease)	Three-months ended September 30, 2018	Nine-months ended September 30, 2018
Purchases of goods and services	$ (1,119)	$ (3,257)
Depreciation and amortization	815	2,319
Financial expenses	202	626
Operational restructuring costs and other	(24)	(3)
Tax recovery	(33)	(83)
Net loss and comprehensive loss	$ (93)	$ (232)

Consolidated balance sheets

Increase (decrease)	December 31, 2018	December 31, 2017
Right-of-use assets	$ 9,161	$ 10,922
Deferred income tax assets	170	438
Accounts payable and accrued liabilities	57	63
Provisions	(1,166)	(1,153)
Lease liabilities (1)	13,092	15,524
Other liabilities	(2,183)	(1,860)
Retained earnings	$ (469)	$ (1,214)

(i) The current portion of lease liabilities stood at $3,480,000 as at December 31, 2018 and $4,298,000 as at December 31, 2017.

(Tabular amounts are expressed in thousands of Canadian dollars, except per share and per option amounts)

2. Changes in accounting policies (continued)

(i) IFRS 16 – *Leases* (continued)

A $533,000 finance lease that was presented under property plant and equipment as at December 31, 2018 has been reclassified as a right-of-use asset, in accordance with the presentation adopted with the adoption of IFRS 16. The $511,000 liability related to this lease, which was presented under other liabilities, has been reclassified as lease liabilities.

(ii) IFRIC 23 – *Uncertainty over Income Tax Treatments*

IFRIC 23 provides guidance on how to value uncertain income tax positions based on the probability of whether or not the relevant tax authorities will accept the Corporation's tax treatments.

The adoption of IFRS 23 had no impact on the consolidated financial statements.

3. Revenues

	Three-month periods ended September 30		Nine-month periods ended September 30	
	2019	2018	**2019**	2018
Advertising services	**$ 49,360**	$ 50,173	**$ 187,501**	$ 189,239
Royalties	**34,048**	31,438	**102,481**	94,403
Rental and postproduction services and other services rendered(1)	**24,873**	26,847	**61,555**	60,027
Product sales(2)	**17,337**	18,960	**54,177**	57,775
	$ 125,618	$ 127,418	**$ 405,714**	$ 401,444

(1) Revenues from rental of soundstages, mobile units, equipment and rental space amounted to $11,652,000 and $23,888,000 during the three-month and nine-month periods ended September 30, 2019 respectively ($16,664,000 and $30,478,000 respectively during the same periods of 2018).

(2) Revenues from product sales include newsstand and subscription sales of magazines and sales of audiovisual content.

(Tabular amounts are expressed in thousands of Canadian dollars, except per share and per option amounts)

4. Purchases of goods and services

	Three-month periods ended September 30		Nine-month periods ended September 30	
	2019	2018 (restated, note 2)	**2019**	2018 (restated, note 2)
Rights and production costs	**$ 35,416**	$ 37,534	**$ 175,269**	$ 177,287
Printing and distribution	**4,629**	5,667	**15,592**	17,545
Services rendered by the parent corporation:				
- Commissions on advertising sales	**5,214**	5,262	**19,856**	19,740
- Other	**2,243**	2,303	**6,703**	6,898
Building costs	**4,294**	4,338	**13,111**	12,578
Marketing, advertising and promotion	**3,673**	4,242	**12,437**	12,362
Other	**5,879**	6,504	**17,256**	18,075
	$ 61,348	$ 65,850	**$ 260,224**	$ 264,485

5. Financial expenses

	Three-month periods ended September 30		Nine-month periods ended September 30	
	2019	2018 (restated, note 2)	**2019**	2018 (restated, note 2)
Interest on long-term debt	**$ 551**	$ 591	**$ 2,052**	$ 1,780
Amortization of financing costs	**48**	49	**145**	148
Interest on lease liabilities	**160**	208	**504**	642
Interest expense on net defined benefit liability	**97**	35	**306**	120
Foreign exchange loss (gain)	**22**	(17)	**(17)**	(16)
Other	**160**	(66)	**52**	(181)
	$ 1,038	$ 800	**$ 3,042**	$ 2,493

(Tabular amounts are expressed in thousands of Canadian dollars, except per share and per option amounts)

6. Operational restructuring costs and other

	Three-month periods ended September 30		Nine-month periods ended September 30	
	2019	2018 (restated, note 2)	**2019**	2018 (restated, note 2)
Operational restructuring costs	**$ 186**	$ 226	**$ 3,082**	$ 1,898
Other	**206**	(1,029)	**1,955**	(1,744)
	$ 392	$ (803)	**$ 5,037**	$ 154

Operational restructuring costs

The segment breakdown of the Corporation's operational restructuring costs in connection with the elimination of positions and the implementation of rationalization plans for the three-month and nine-month periods ended September 30, 2019 and 2018 is as follows:

	Three-month periods ended September 30		Nine-month periods ended September 30	
	2019	2018 (restated, note 2)	**2019**	2018 (restated, note 2)
Broadcasting	**$ 34**	$ 213	**$ 1,181**	$ 612
Magazines	**150**	(218)	**1,788**	871
Film Production & Audiovisual Services	**2**	231	**113**	415
	$ 186	$ 226	**$ 3,082**	$ 1,898

Other

During the nine-month period ended September 30, 2019, the Corporation recorded a $2,061,000 charge in respect of business acquisitions, including a $1,794,000 obligation to invest in the broadcasting system, in connection with the acquisition of the companies in the Serdy Média inc. and Serdy Vidéo inc. groups (note 7).

During the three-month period ended September 30, 2018, the Corporation closed the sale of a building in Quebec City for net proceeds on disposal of $3,528,000. The transaction gave rise to the recognition of a $2,936,000 gain on disposal.

In the same period, the Corporation recorded a $2,000,000 charge for impairment of its investment in an associate in the Magazines segment following revised guidance from that corporation's management and the continuing downward trend in operating revenues in the industry.

In the first nine months of 2018, the Corporation recorded a $1,000,000 gain on disposal of assets in connection with the sale of *The Hockey News* magazine.

7. Business acquisitions

2019 acquisitions

(a) Serdy

On February 13, 2019, the Corporation acquired the shares of the companies in the Serdy Média inc. and Serdy Vidéo inc. groups, including the "Évasion" and "Zeste" channels, for a total purchase price of $25,604,000, including a $1,604,000 adjustment based on a predetermined working capital target agreed to by the parties, less $519,000 in acquired cash.

The acquisition is consistent with the Corporation's strategic objective of enhancing its array of television content for its viewers and advertisers. The goodwill related to the acquisition arises mainly from the quality of the content and the expected synergies.

As a condition of approval of the transaction, the Canadian Radio-television and Telecommunications Commission required the Corporation to make investments with tangible benefits in the order of $1,794,000, specifically investments in the Canadian broadcasting system to support French-language productions. This obligation was recognized in operational restructuring costs and other as an acquisition cost.

The purchase price allocation was recorded on a preliminary basis and will be finalized by the end of the financial year, once measurement of the deferred taxes arising from the transaction has been completed.

(b) Incendo

On April 1, 2019, the Corporation closed an agreement reached on February 22, 2019 to acquire the shares of the companies in the Incendo Media Inc. group for a cash consideration of $10,392,000 (net of $859,000 in acquired cash and a $644,000 reimbursement due to an adjustment based on a predetermined working capital target agreed to by the parties) and a balance payable at fair value of $6,818,000 as of the acquisition date. The purchase price is also subject to adjustments related to the achievement of financial conditions in the next three years. The fair value of the conditional consideration was estimated at $1,739,000 at the same date, according to the net present value method, which uses significant inputs not based on observable market data, the range of probabilities for the achievement of financial conditions, and other assumptions.

This acquisition is in keeping with the Corporation's strategy of diversifying its revenue streams and expanding its international footprint, especially in English-language markets. The goodwill associated with this acquisition arises primarily from the organization's expertise and expected future growth.

The purchase price allocation was recorded on a preliminary basis and will be finalized by the end of the financial year, once measurement of the deferred taxes arising from the transaction has been completed.

(Tabular amounts are expressed in thousands of Canadian dollars, except per share and per option amounts)

7. Business acquisitions (continued)

2019 acquisitions (continued)

The Corporation's consolidated pro forma revenues and consolidated pro forma net income for the first nine-months of 2019 would have been $411,923,000 and $468,000 respectively had the acquisitions of the Serdy Média inc., Serdy Vidéo inc. and Incendo Media Inc. groups occurred at the beginning of the financial year.

The preliminary breakdown of the fair value of assets and liabilities related to these acquisitions is as follows:

	Serdy	Incendo	Total
Non-cash assets acquired			
Current assets	$ 11,997	$ 14,004	$ 26,001
Programs and broadcast rights	3,893	4,191	8,084
Property, plant and equipment	1,720	156	1,876
Intangible assets	8,661	12,575	21,236
Right-of-use assets	1,469	249	1,718
Deferred income taxes	515	–	515
Goodwill(1)	4,539	9,463	14,002
	32,794	40,638	73,432
Liabilities assumed			
Current liabilities	5,404	17,390	22,794
Lease liabilities	1,469	249	1,718
Deferred income taxes	–	4,050	4,050
	6,873	21,689	28,562
Net assets acquired at fair value	$ 25,921	$ 18,949	$ 44,870
Consideration			
Cash	$ 25,085	$ 10,392	$ 35,477
Amounts payable and contingent consideration(2)	–	8,557	8,557
Investment in Canal Évasion inc., 8.3% owned by the Corporation	$ 836	$ –	$ 836

(1) Goodwill is not tax deductible.

(2) The amounts payable and the contingent consideration in connection with the acquisition of the Incendo group are presented under "Other liabilities" on the interim consolidated balance sheet.

(Tabular amounts are expressed in thousands of Canadian dollars, except per share and per option amounts)

7. Business acquisitions (continued)

2018 acquisitions

(c) Mobilimage inc.

On January 22, 2018, the Corporation acquired the assets of Mobilimage inc., consisting essentially of mobile units and equipment, for a cash purchase price of $2,705,000, consisting of the agreed price of $2,750,000 less a $45,000 adjustment related to a predetermined working capital target agreed to by the parties. The acquired company's mobile unit and equipment rental activities were incorporated into the Film Production & Audiovisual Services segment's operations.

The acquisition was consistent with the Corporation's strategic objective of offering an array of production equipment and services in order to meet producers' needs and reduce the use of outsourced services for its own production needs. The goodwill related to the acquisition arises mainly from expected synergies.

(d) Audio Zone Inc.

On August 27, 2018, the Corporation acquired all shares of Audio Zone Inc. for a total cash purchase price of $2,050,000 consisting of the agreed price of $2,024,000 and assumption of a $26,000 bank overdraft. This purchase price includes a $24,000 adjustment based on a predetermined working capital target agreed to by the parties, which was paid in the fourth quarter of 2018. The acquired sound postproduction activities have been incorporated into the Film Production & Audiovisual Services segment's operations.

The acquisition was consistent with the Corporation's strategic objective of offering an array of production services that meet the needs of producers and customers. The goodwill related to the acquisition arises mainly from expected synergies.

The final allocation of the purchase prices of the businesses acquired in 2018 is as follows:

	Mobilimage	Audio Zone	Total
Non-cash assets acquired			
Current assets	$ **141**	$ **336**	$ **477**
Property, plant and equipment	**1,980**	**450**	**2,430**
Intangible assets	**–**	**1,256**	**1,256**
Goodwill(1)	**642**	**568**	**1,210**
	2,763	**2,610**	**5,373**
Liabilities assumed			
Current liabilities	**58**	**212**	**270**
Deferred income taxes	**–**	**348**	**348**
	58	**560**	**618**
Net assets acquired at fair value	$ **2,705**	$ **2,050**	$ **4,755**
Consideration			
Cash	$ **2,705**	$ **2,024**	$ **4,729**
Assumed bank overdraft	$ **–**	$ **26**	$ **26**

(1) Goodwill in the amount of $642,000 is deductible for tax purposes for the acquisitions made in 2018.

(Tabular amounts are expressed in thousands of Canadian dollars, except per share and per option amounts)

8. Capital stock

(a) Authorized capital stock

An unlimited number of Class A common shares, participating, voting, without par value.

An unlimited number of Class B shares, participating, non-voting, without par value.

An unlimited number of preferred shares, non-participating, non-voting, with a par value of $10 each, issuable in series.

(b) Issued and outstanding capital stock

	September 30, 2019	December 31, 2018
4,320,000 Class A common shares	**$ 72**	$ 72
38,885,535 Class B shares	**207,208**	207,208
	$ 207,280	$ 207,280

(c) Earnings (loss) per share attributable to shareholders

The following table shows the computation of earnings (loss) per basic and diluted share attributable to shareholders:

	Three-month periods ended September 30		Nine-month periods ended September 30	
	2019	2018 (restated, note 2)	**2019**	2018 (restated, note 2)
Net income (loss) attributable to shareholders	**$ 13,361**	$ 14,090	**$ 422**	$ (468)
Weighted average number of basic and diluted shares outstanding	**43,205,535**	43,205,535	**43,205,535**	43,205,535
Basic and diluted loss per share attributable to shareholders	**$ 0.31**	$ 0.33	**$ 0.01**	$ (0.01)

The earnings (loss) per diluted share calculation does not take into consideration the potential dilutive effect of stock options of the Corporation because their impact is non-dilutive.

(Tabular amounts are expressed in thousands of Canadian dollars, except per share and per option amounts)

9. Stock-based compensation and other stock-based payments

(a) Class B stock option plan for officers

	Nine-month period ended September 30, 2019	
	Number	Weighted average exercise price
Balance as at December 31, 2018	340,000	$ 2.99
Granted	290,000	2.05
Cancelled	(65,000)	3.93
Balance as at September 30, 2019	**565,000**	**$ 2.40**

Of the options outstanding as at September 30, 2019, 28,000 Corporation Class B stock options could be exercised at an average price of $6.85.

(b) Quebecor Media stock option plan

	Nine-month period ended September 30, 2019	
	Number	Weighted average exercise price
Balance as at December 31, 2018	66,850	$ 64.88
Exercised	(31,650)	60.20
Cancelled	(3,600)	68.20
Balance as at September 30, 2019	**31,600**	**$ 69.19**

Of the options outstanding as at September 30, 2019, 25,900 Quebecor Media stock options could be exercised at an average price of $68.89.

During the three-month period ended September 30, 2019, 11,050 Quebecor Media stock options were exercised for a cash consideration of $580,000 (during the three-month period ended September 30, 2018, 19,000 stock options were exercised for a cash consideration of $845,000).

During the nine-month period ended September 30, 2019, 31,650 Quebecor Media stock options were exercised for a cash consideration of $1,362,000 (during the nine-month period ended September 30, 2018, 37,850 stock options were exercised for a cash consideration of $1,494,000).

(Tabular amounts are expressed in thousands of Canadian dollars, except per share and per option amounts)

9. Stock-based compensation and other stock-based payments (continued)

(c) Quebecor stock option plan

	Nine-month period ended September 30, 2019	
	Number	Weighted average exercise price
Balance as at December 31, 2018	250,000	$ 26.52
Granted	215,250	31.59
Cancelled	(36,500)	28.81
Balance as at September 30, 2019	**428,750**	**$ 28.87**

Of the options outstanding as at September 30, 2019, no Quebecor Media stock options could be exercised.

(d) Deferred stock unit ("DSU") and performance stock unit ("PSU") plans

TVA Group has a DSU plan and a PSU plan for some management employees based on TVA Group Class B Non-Voting Shares ("TVA Group Class B Shares"). Quebecor also has DSU and PSU plans for its employees and those of its subsidiaries, based on, among other things, Quebecor Class B Shares. Under these plans, the DSUs vest over six years and will be redeemed for cash only upon the participant's retirement or cessation of employment, as the case may be. The PSUs vest over three years and will be redeemed for cash at the end of that period, subject to achievement of financial targets. Under the TVA Group plan, holders of DSUs and PSUs are entitled to receive dividends on TVA Group Class B Shares in the form of additional units. Under the Quebecor plan, holders of DSUs and PSUs are entitled to receive dividends on Quebecor Class B Shares in the form of additional units.

The following table shows changes in outstanding DSUs and PSUs during the nine-month period ended September 30, 2019:

	Outstanding units			
	Corporation stock units		Quebecor stock units	
	DSU	PSU	DSU	PSU
Balance as at December 31, 2018	203,464	270,637	31,492	35,014
Granted	–	–	235	130
Redeemed	–	(109,462)	–	(16,078)
Cancelled	(18,929)	(25,240)	(2,670)	(2,969)
Balance as at September 30, 2019	**184,535**	**135,935**	**29,057**	**16,097**

9. Stock-based compensation and other stock-based payments (continued)

(d) Deferred stock unit ("DSU") and performance stock unit ("PSU") plans (continued)

During the nine-month period ended September 30, 2019, 109,462 PSUs were redeemed under the Corporation's plan and 16,078 PSUs were redeemed under the Quebecor plan for cash considerations of $125,000 and $579,000 respectively.

(e) Deferred stock unit ("DSU") plan for directors

As of September 30, 2019, the total number of DSUs outstanding under this plan was 243,082 (134,130 as of December 31, 2018).

(f) Stock-based compensation expense

During the three-month and nine-month periods ended September 30, 2019, compensation expenses in the amount of $302,000 and $1,470,000 respectively were recorded in respect of all stock-based compensation plans ($455,000 and $1,777,000 in the same periods of 2018).

10. Segmented information

At the beginning of the second quarter of 2019, the Corporation reorganized its business segments to better reflect changes in its operations and management structure following the acquisition of the companies in the Incendo group on April 1, 2019 (note 7). Accordingly, the new Production & Distribution segment was created.

As well, since February 13, 2019, following the acquisition of the companies in the Serdy Média inc. and Serdy Vidéo inc. groups (note 7), the activities of the "Évasion" and "Zeste" specialty channels have been included in the Broadcasting segment's results, while postproduction activities have been included in the Film Production & Audiovisual Services segment's results.

The Corporation's operations now consist of the following segments:

- The **Broadcasting segment** includes the operations of TVA Network, specialty services, the marketing of digital products associated with the various televisual brands, and commercial production services;
- 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 and decorating; markets digital products associated with the various magazine brands; and provides custom publishing services;
- The **Film Production & Audiovisual Services** segment through its subsidiaries Mels Studios and Postproduction G.P. and Mels Dubbing Inc., provides soundstage, mobile and equipment rental services, as well as dubbing, postproduction and visual effects;
- The **Production & Distribution** segment through the companies in the Incendo group produces and distributes television shows, movies and television series for the world market.

(Tabular amounts are expressed in thousands of Canadian dollars, except per share and per option amounts)

10. Segmented information (continued)

	Three-month periods ended September 30		Nine-month periods ended September 30	
	2019	2018 (restated, note 2)	**2019**	2018 (restated, note 2)
Revenues				
Broadcasting	**$ 90,979**	$ 88,687	**$ 313,550**	$ 304,338
Magazines	**14,519**	18,274	**48,333**	56,881
Film Production & Audiovisual Services	**20,468**	23,433	**47,669**	49,398
Production & Distribution	**3,097**	–	**6,576**	–
Intersegment items	**(3,445)**	(2,976)	**(10,414)**	(9,173)
	125,618	127,418	**405,714**	401,444
Adjusted EBITDA(1)				
Broadcasting	**21,458**	16,924	**21,517**	11,409
Magazines	**2,883**	2,074	**8,290**	6,104
Film Production & Audiovisual Services	**6,482**	9,089	**8,425**	11,103
Production & Distribution	**318**	–	**640**	–
	31,141	28,087	**38,872**	28,616
Depreciation and amortization	**11,155**	9,417	**29,942**	28,028
Financial expenses	**1,038**	800	**3,042**	2,493
Operational restructuring costs and other	**392**	(803)	**5,037**	154
Income (loss) before tax expense (recovery) and share of loss (income) of associates	**$ 18,556**	$ 18,673	**$ 851**	$ (2,059)

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

(1) The Chief Executive Officer uses adjusted EBITDA as a measure of financial performance for assessing the performance of each of the Corporation's segments. Adjusted EBITDA is defined as net income (loss) before depreciation and amortization, financial expenses, operational restructuring costs and other, income taxes and share of loss (income) of associates. Adjusted EBITDA as defined above is not a measure of results that is consistent with IFRS.

11. Contingencies

Lawsuits were brought by and against the Corporation, and against Quebecor and some of its subsidiaries, in connection with business disputes with a broadcasting distribution undertaking. At this stage in the proceedings, the management of the Corporation does not expect their outcome to have a material effect on the Corporation's results or on its financial position.