August 1, 2019

For immediate release

TVA GROUP REPORTS CONSOLIDATED RESULTS FOR SECOND QUARTER 2019.

Montreal, Canada – TVA Group Inc. ("TVA Group" or the "Corporation") announced today that it recorded operating revenues in the amount of $146.0 million in the second quarter of 2019, a year-over-year increase of $5.8 million. The quarterly net loss attributable to shareholders was $6.2 million or $0.14 per share, compared with a net loss attributable to shareholders of $9.6 million or $0.22 per share in the same quarter of 2018.

Second quarter operating highlights:

- Consolidated adjusted EBITDA[1] of $3,764,000, representing a $6,576,000 favourable variance from the same quarter of 2018.

- $1,912,000 negative adjusted EBITDA[1] in the Broadcasting segment, a $6,220,000 favourable variance mainly attributable to the acquisition of the "Évasion" and "Zeste" channels, a 4.8% decrease in the negative adjusted EBITDA[1] of the "TVA Sports" channel, and an increase in the adjusted EBITDA[1] of the other specialty channels and TVA Network.

- $3,517,000 adjusted EBITDA[1] in the Magazines segment representing a $709,000 favourable variance due mainly to savings generated by continuation of staff and expense rationalization plans introduced in recent quarters, partially offset by a decrease in operating revenues.

- $1,837,000 adjusted EBITDA[1] in the Film Production & Audiovisual Services ("MELS") segment, a $675,000 unfavourable variance owing primarily to a decrease in adjusted EBITDA[1] from soundstage, mobile unit and equipment rental, partially offset by a decrease in negative adjusted EBITDA[1] from visual effects, which registered increased volume compared with the same period of 2018.

- $322,000 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 companies in the Incendo group.

"We are satisfied with our results for the second quarter of our financial year. Unfortunately, given the many challenges we face, TVA Group had to make deep budget cuts during the quarter to reduce the operating expenses of its business segments. Those moves had a positive impact on our financial results, although their full benefits have yet to be realized.

"There was a significant decrease in the Broadcasting segment's negative adjusted EBITDA[1]. Ongoing integration of the "Évasion" and "Zeste" channels into the segment continued to make a positive contribution to our specialty channel business, improving both our financial results and the range of our content offerings. Even though the Montreal Canadiens failed to advance to the first round of the Stanley Cup playoffs, "TVA Sports" registered a slight increase in market share and higher advertising revenues than in the same quarter of 2018.

---

[1] See definition of adjusted EBITDA below.

“While our specialty channels performed well and posted growth, it must be kept in mind that they have been short-changed for years on their fair market value. That is particularly true of “LCN” and “TVA Sports”. While “RDS”, owned by Bell, and “TVA Sports” are two comparable sports channels with the same audience share per subscriber, their subscription fees are far from comparable. Bell must acknowledge the issues facing our entire industry and recognize the fair value of our channels. Since the current system isn’t working, we will continue making our case to the regulatory and governmental authorities and calling for quick action to end this unfair treatment.

“TVA Group’s television market share increased 0.3 points to 40.5%.[2] TVA Network carried seven of the top 10 programs in Quebec during the second quarter of 2019;[2] once again, *La Voix* was a standout, holding on to the top spot with an average audience of more than 1.9 million,” commented France Lauzière, President and CEO of the Corporation.

“The Magazines segment’s operating revenues fell by 13.9%, reflecting the industry trend as well as discontinuation of some of its titles and reduced publication frequency for others. Despite the revenue decrease, we were able to increase our profit margin to more than 20% by taking initiatives to cut costs and improve operational efficiencies. Our brands continue to enjoy strong popularity. TVA Group held its position as the top publisher of French-language magazines in Quebec, according to the most recent Vividata survey,” added Ms. Lauzière.

“The Film Production & Audiovisual Services segment’s quarterly numbers were down year over year. While the acquisitions we made in recent quarters have generated increased volume and made a positive contribution to the segment, our soundstage and equipment rental business is suffering from the fact that Quebec’s tax credits are less generous than those of other provinces. As we have said on previous occasions, it is very important that the provincial government commit to maintaining and hopefully enhancing existing tax incentives if Quebec’s economy is to reap its share of the benefits generated by the film industry’s global growth. We expect MELS to be a growth driver for the Corporation going forward.

“Lastly, the new Production & Distribution segment made a positive contribution to our quarterly financial results. It will diversify our revenue streams and support the expansion of our international presence, particularly in English-language markets,” 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 others, income taxes and share of income of associated corporations. 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.

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

Conference call for investors

TVA Group will hold a conference call to discuss its second quarter 2019 results on August 2, 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 August 2 to September 2, 2019 by dialling 1-877-293-8133 and the 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 August 1, 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 six-month periods ended June 30, 2019, can be consulted on the Corporation's website at www.groupetva.ca.

Source:
Anick Dubois, CPA, CA
Vice-President Finance
(514) 598-3987

TVA GROUP INC.
Interim consolidated statements of loss and comprehensive loss

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

		Three-month periods ended June 30		Six-month periods ended June 30	
	Note	**2019**	2018 (restated, note 2)	**2019**	2018 (restated, note 2)
Revenues	3	**$ 145,955**	$ 140,190	**$ 280,096**	$ 274,026
Purchases of goods and services	4	**104,951**	105,336	**198,876**	198,635
Employee costs		**37,240**	37,666	**73,489**	74,862
Depreciation and amortization		**9,722**	9,125	**18,787**	18,611
Financial expenses	5	**1,047**	892	**2,004**	1,693
Operational restructuring costs and others	6	**1,477**	832	**4,645**	957
Loss before income tax recovery and share of income of associated corporations		**(8,482)**	(13,661)	**(17,705)**	(20,732)
Income tax recovery		**(2,245)**	(3,626)	**(4,637)**	(5,328)
Share of income of associated corporations		**(196)**	(368)	**(347)**	(652)
Net loss and comprehensive loss		**$ (6,041)**	$ (9,667)	**$ (12,721)**	$ (14,752)
Net (loss) income and comprehensive (loss) income attributable to:					
Shareholders		**$ (6,224)**	$ (9,629)	**$ (12,939)**	$ (14,558)
Non-controlling interest		**183**	(38)	**218**	(194)
Basic and diluted loss per share attributable to shareholders	8 c)	**$ (0.14)**	$ (0.22)	**$ (0.30)**	$ (0.34)

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	–	–	(14,558)	–	(194)	(14,752)
Balance as at June 30, 2018	207,280	581	35,791	2,975	936	247,563
Net income	–	–	23,615	–	30	23,645
Other comprehensive income	–	–	–	522	–	522
Balance as at December 31, 2018	207,280	581	59,406	3,497	966	271,730
Net (loss) income	–	–	(12,939)	–	218	(12,721)
Balance as at June 30, 2019	**$ 207,280**	**$ 581**	**$ 46,467**	**$ 3,497**	**$ 1,184**	**$ 259,009**

See accompanying notes to condensed interim consolidated financial statements.

TVA GROUP INC.
Interim consolidated balance sheets

(unaudited)
(in thousands of Canadian dollars)

	Note		June 30, 2019		December 31, 2018 (restated, note 2)		December 31, 2017 (restated, note 2)
Assets							
Current assets							
Cash		**$**	**3,850**	$	18,112	$	21,258
Accounts receivable			**155,614**		151,715		144,913
Income taxes			**10,225**		3,325		596
Programs, broadcast rights and inventories			**68,593**		78,483		79,437
Prepaid expenses			**6,751**		4,081		3,736
			245,033		255,716		249,940
Non-current assets							
Programs and broadcast rights			**52,514**		42,987		43,031
Investments			**10,753**		11,242		12,851
Property, plant and equipment			**179,035**		186,583		200,510
Right-of-use assets			**9,675**		9,694		10,922
Intangible assets	7		**30,411**		13,662		15,120
Goodwill	7		**27,437**		9,102		7,892
Defined benefit plan asset			**–**		–		2,873
Deferred income taxes			**15,899**		14,920		14,453
			325,724		288,190		307,652
Total assets		**$**	**570,757**	$	543,906	$	557,592

TVA GROUP INC.
Interim consolidated balance sheets (continued)

(unaudited)
(in thousands of Canadian dollars)

	Note		**June 30, 2019**		December 31, 2018 (restated, note 2)		December 31, 2017 (restated, note 2)
Liabilities and equity							
Current liabilities							
Bank overdraft		**$**	**4,656**	$	–	$	–
Accounts payable and accrued liabilities			**106,061**		100,306		104,568
Income taxes			**1,544**		782		6,314
Broadcast rights payable			**70,784**		70,145		69,244
Provisions			**7,514**		6,356		7,784
Deferred revenues			**12,618**		16,803		18,728
Current portion of lease liabilities			**3,410**		3,480		4,298
Current portion of long-term debt			**67,030**		52,849		9,844
			273,617		250,721		220,780
Non-current liabilities							
Long-term debt			**–**		**–**		52,708
Lease liabilities			**9,385**		10,123		11,226
Other liabilities	7		**22,982**		10,885		9,772
Deferred income taxes			**5,764**		447		791
			38,131		21,455		74,497
Equity							
Capital stock	8		**207,280**		207,280		207,280
Contributed surplus			**581**		581		581
Retained earnings			**46,467**		59,406		50,349
Accumulated other comprehensive income			**3,497**		3,497		2,975
Equity attributable to shareholders			**257,825**		270,764		261,185
Non-controlling interest			**1,184**		966		1,130
			259,009		271,730		262,315
Contingencies	11						
Total liabilities and equity		**$**	**570,757**	$	543,906	$	557,592

See accompanying notes to condensed interim consolidated financial statements.

On August 1, 2019, the Board of Directors approved the interim condensed consolidated financial statements for the three-month and six-month periods ended June 30, 2019 and 2018.

TVA GROUP INC.

Interim consolidated statements of cash flows

(unaudited)
(in thousands of Canadian dollars)

	Note	Three-month periods ended June 30		Six-month periods ended June 30	
		2019	2018 (restated, note 2)	**2019**	2018 (restated, note 2)
Cash flows related to operating activities					
Net loss		**$ (6,041)**	$ (9,667)	**$ (12,721)**	$ (14,752)
Adjustments for:					
Depreciation and amortization		**9,770**	9,175	**18,884**	18,710
Share of income of associated corporations		**(196)**	(368)	**(347)**	(652)
Deferred income taxes		**(506)**	(216)	**(573)**	(771)
Gain on disposal of assets	6	**–**	–	–	(1,000)
Others		**(26)**	10	**(115)**	10
		3,001	(1,066)	**5,128**	1,545
Net change in non-cash operating assets and liabilities		**14,684**	11,174	**7,714**	1,354
Cash flows provided by operating activities		**17,685**	10,108	**12,842**	2,899
Cash flows related to investing activities					
Additions to property, plant and equipment		**(3,069)**	(2,463)	**(6,951)**	(6,177)
Additions to intangible assets		**(833)**	(645)	**(2,156)**	(2,112)
Business acquisitions	7	**(11,036)**	–	**(34,505)**	(2,705)
Others		**–**	(98)	–	(698)
Cash flows used in investing activities		**(14,938)**	(3,206)	**(43,612)**	(11,692)
Cash flows related to financing activities					
Change in bank overdraft		**(4,219)**	–	**4,656**	–
Repayment of term loan		**(2,780)**	(2,334)	**(5,532)**	(4,726)
Net change in revolving credit facility		**6,371**	–	**19,721**	–
Repayment of lease liabilities		**(1,129)**	(1,163)	**(2,232)**	(2,368)
Others		**–**	–	**(105)**	–
Cash flows (used in) provided by financing activities		**(1,757)**	(3,497)	**16,508**	(7,094)
Net change in cash		**990**	3,405	**(14,262)**	(15,887)
Cash at beginning of period		**2,860**	1,966	**18,112**	21,258
Cash at end of period		**$ 3,850**	$ 5,371	**$ 3,850**	$ 5,371
Interest and taxes reflected as operating activities					
Net interest paid		**$ 1,018**	$ 811	**$ 1,779**	$ 1,489
Net income taxes paid		**1,117**	1,691	**2,773**	8,738

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 film production and audiovisual services, production and 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 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 financial statements.

Comparative figures for the three-month and six-month periods ended June 30, 2018 have been restated to conform to the presentation adopted for the three-month and six-month periods ended June 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 establishes 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 generally required to report leases on their balance sheets by recognizing right-of-use assets and related financial liabilities. The assets and liabilities from leases are initially recognized at their discounted value.

(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 has had a material impact on the Corporation's consolidated financial statements since the Corporation has commitments under long-term leases for premises and equipment.

Under IFRS 16, lease charges are generally expensed as an amortization charge of the right-of-use asset, along with an interest charge on lease liabilities. As operating lease charges were previously recognized as purchases of goods and services as they were incurred, 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 statement of income (loss).

Lease-liability principal payments are shown under financing activities in the consolidated statements of cash flows, whereas these payments were previously shown under operating activities.

The retroactive adoption of IFRS 16 had the following impacts on the consolidated financial statements:

Interim consolidated statements of loss and comprehensive loss

Increase (decrease)		Three-months ended June 30, 2018		Six-months ended June 30, 2018
Purchases of goods and services	$	(1,090)	$	(2,138)
Depreciation and amortization		774		1,504
Financial expenses		210		424
Operational restructuring costs and others		–		21
Income tax recovery		(29)		(50)
Net loss and comprehensive loss	$	(77)	$	(139)

Consolidated balance sheets

Increase (decrease)		December 31, 2018		December 31, 2017
Right-of-use assets	$	9,161	$	10,922
Deferred 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)

(1) 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 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 a lease-obligation liability.

(i) IFRIC 23 – *Uncertainty Over Income Tax Treatments*

On January 1, 2019, the Corporation also adopted on a fully retrospective basis IFRIC 23, which 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 IFRIC 23 had no impact on the consolidated financial statements.

3. Revenues

	Three-month periods ended June 30		Six-month periods ended June 30	
	2019	2018	**2019**	2018
Advertising services	**$ 71,185**	$ 70,600	**$ 138,141**	$ 139,066
Royalties	**34,972**	31,394	**68,433**	62,965
Rental and postproduction services and other services rendered(1)	**21,368**	18,537	**36,682**	33,180
Product sales(2)	**18,430**	19,659	**36,840**	38,815
	$ 145,955	$ 140,190	**$ 280,096**	$ 274,026

(1) Revenues from rental of soundstages, mobile units, equipment and rental space amounted to $7,212,000 and $12,236,000 during the three-month and six-month periods ended June 30, 2019 respectively ($8,542,000 and $13,814,000 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 June 30		Six-month periods ended June 30	
	2019	2018 (restated, note 2)	**2019**	2018 (restated, note 2)
Rights and production costs	**$ 75,401**	$ 75,547	**$ 139,853**	$ 139,753
Printing and distribution	**5,580**	6,349	**10,963**	11,878
Services rendered by the parent corporation:				
- Commissions on advertising sales	**7,542**	7,331	**14,642**	14,478
- Others	**2,222**	2,298	**4,460**	4,595
Building costs	**4,238**	4,026	**8,817**	8,240
Marketing, advertising and promotion	**4,270**	4,079	**8,764**	8,120
Others	**5,698**	5,706	**11,377**	11,571
	$ 104,951	$ 105,336	**$ 198,876**	$ 198,635

5. Financial expenses

	Three-month periods ended June 30		Six-month periods ended June 30	
	2019	2018 (restated, note 2)	**2019**	2018 (restated, note 2)
Interest on long-term debt	**$ 811**	$ 603	**$ 1,501**	$ 1,189
Amortization of financing costs	**48**	50	**97**	99
Interest on lease liabilities	**175**	220	**344**	434
Interest expense on net defined benefit liability	**96**	35	**209**	85
Foreign exchange (gain) loss	**(45)**	6	**(39)**	1
Others	**(38)**	(22)	**(108)**	(115)
	$ 1,047	$ 892	**$ 2,004**	$ 1,693

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

6. Operational restructuring costs and others

	Three-month periods ended June 30		Six-month periods ended June 30	
	2019	2018 (restated, note 2)	**2019**	2018 (restated, note 2)
Operational restructuring costs	**$ 1,496**	$ 655	**$ 2,896**	$ 1,672
Others	**(19)**	177	**1,749**	(715)
	$ 1,477	$ 832	**$ 4,645**	$ 957

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 six-month periods ended June 30, 2019 and 2018 is as follows:

	Three-month periods ended June 30		Six-month periods ended June 30	
	2019	2018 (restated, note 2)	**2019**	2018 (restated, note 2)
Broadcasting	**$ 834**	$ 336	**$ 1,147**	$ 399
Magazines	**554**	241	**1,638**	1,089
Film Production & Audiovisual Services	**108**	78	**111**	184
	$ 1,496	$ 655	**$ 2,896**	$ 1,672

Others

During the six-month period ended June 30, 2019, the Corporation recorded a $1,865,000 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).

In the first six 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 purchase price of $24,000,000. A $1,950,000 amount payable was also recorded in accounts payable and accrued liabilities as a preliminary adjustment contingent upon a predetermined working capital target agreed to by the parties, less acquired cash in the amount of $531,000.

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 others as an acquisition cost.

The Corporation measured the liability related to the acquired leases by discounting future payments related to the contracts to the acquisition date. The related rights-of-use were deemed to be equal to the liability.

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 intangible assets 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 $11,036,000 (net of cash acquired of $859,000) and a balance payable of $6,818,000, measured at fair value. An estimated amount of $910,000 related to post-closing adjustments is receivable on June 30, 2019. The purchase price is also subject to adjustments contingent upon achievement of financial targets over the next three years. The contingent consideration is valued at $1,739,000, based on the estimated present value of future contingent adjustments. The present value measurement is based on significant inputs that are not observable in the market, assumptions, and a range of probabilities of achieving financial targets.

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, its existing clients and expected future growth.

The Corporation measured the liability related to the acquired leases by discounting future payments related to the contracts to the acquisition date. The related rights-of-use were deemed to be equal to the liability.

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 assets 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 loss would have been $286,305,000 and $12,157,000 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	$ 12,073	$ 14,004	$ 26,077
Programs and broadcast rights	3,893	4,191	8,084
Property, plant and equipment	1,982	156	2,138
Intangible assets	9,651	8,600	18,251
Right-of-use assets	1,436	249	1,685
Goodwill(1)	6,265	12,070	18,335
	35,300	39,270	74,570
Liabilities assumed			
Current liabilities	5,695	17,341	23,036
Lease liabilities	1,436	249	1,685
Deferred income taxes	1,914	2,997	4,911
	9,045	20,587	29,632
Net assets acquired at fair value	$ 26,255	$ 18,683	$ 44,938
Consideration			
Cash	$ 23,469	$ 11,036	$ 34,505
Amount receivable	–	910	910
Amounts payable and contingent consideration(2)	1,950	8,557	10,507
Investment in Canal Évasion inc., 8.3% owned by the Corporation	$ 836	$ –	$ 836

(1) Goodwill is not tax deductible.

(2) The amount payable in connection with the acquisition of the Serdy groups is presented under "Accounts payable and accrued liabilities" and the amounts payable in connection with the acquisition of the Incendo group are presented under "Other liabilities" in 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 acquisition

(c) Mobilimage inc.

On January 22, 2018, the Corporation acquired the assets of Mobilimage inc., consisting essentially of mobile production vehicles 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 pre-established working capital target agreed to by the parties. The acquired company's mobile production vehicle and equipment rental activities were incorporated into the Film Production & Audiovisual Services segment's operations.

Final allocation of the purchase price was completed during the second quarter of 2018. The fair value of assets and liabilities related to the acquisition breaks down as follows:

Assets acquired		
Current assets	$	**141**
Property, plant and equipment		**1,980**
Goodwill		**642**
		2,763
Liabilities assumed		
Current liabilities		**58**
Net assets acquired at fair value	**$**	**2,705**
Consideration		
Cash	$	**2,705**

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.

(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

	June 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) Loss per share attributable to shareholders

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

	Three-month periods ended June 30		Six-month periods ended June 30	
	2019	2018 (restated, note 2)	**2019**	2018 (restated, note 2)
Net loss attributable to shareholders	**$ (6,224)**	$ (9,629)	**$ (12,939)**	$ (14,558)
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	**$ (0.14)**	$ (0.22)	**$ (0.30)**	$ (0.34)

The 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

	Six-month period ended June 30, 2019	
	Number	Weighted average exercise price
Balance as at December 31, 2018	340,000	$ 2.99
Granted	290,000	2.05
Cancelled	(45,000)	4.77
Balance as at June 30, 2019	**585,000**	**$ 2.39**

Of the options outstanding as at June 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

	Six-month period ended June 30, 2019	
	Number	Weighted average exercise price
Balance as at December 31, 2018	66,850	$ 64.88
Exercised	(20,600)	58.44
Cancelled	(3,600)	68.20
Balance as at June 30, 2019	**42,650**	**$ 67.72**

Of the options outstanding as at June 30, 2019, 35,950 Quebecor Media stock options could be exercised at an average price of $67.34.

During the three-month period ended June 30, 2019, 19,600 Quebecor Media stock options were exercised for a cash consideration of $739,000 (during the three-month period ended June 30, 2018, 10,350 stock options were exercised for a cash consideration of $346,000).

During the six-month period ended June 30, 2019, 20,600 Quebecor Media stock options were exercised for a cash consideration of $782,000 (during the six-month period ended June 30, 2018, 18,850 stock options were exercised for a cash consideration of $649,000).

(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

	Six-month period ended June 30, 2019	
	Number	Weighted average exercise price
Balance as at December 31, 2018	250,000	$ 26.52
Granted	215,250	31.59
Cancelled	(20,000)	26.52
Balance as at June 30, 2019	**445,250**	**$ 28.97**

Of the options outstanding as at June 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 six-month period ended June 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	–	–	135	75
Redeemed	–	(89,389)	–	(16,078)
Cancelled	(13,051)	(17,403)	(2,670)	(2,969)
Balance as at June 30, 2019	**190,413**	**163,845**	**28,957**	**16,042**

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

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

During the six-month period ended June 30, 2019, 89,389 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 at June 30, 2019, the total number of DSUs outstanding under this plan was 197,539 (134,130 as at December 31, 2018).

(f) Stock-based compensation expense

During the three-month and six-month periods ended June 30, 2019, compensation expenses in the amount of $653,000 and $1,168,000 respectively were recorded in respect of all stock-based compensation plans ($538,000 and $1,322,000 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 unit and equipment rental services, as well as dubbing, postproduction and visual effects services;
- The **Production & Distribution segment** through the companies in the Incendo group, produces and distributes internationally television shows, movies, television series and documentaries 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 June 30		Six-month periods ended June 30	
	2019	2018 (restated, note 2)	**2019**	2018 (restated, note 2)
Revenues				
Broadcasting	**$ 114,656**	$ 108,500	**$ 222,571**	$ 215,651
Magazines	**17,331**	20,127	**33,814**	38,607
Film Production & Audiovisual Services	**14,248**	14,496	**27,201**	25,965
Production & Distribution	**3,479**	–	**3,479**	–
Intersegment items	**(3,759)**	(2,933)	**(6,969)**	(6,197)
	145,955	140,190	**280,096**	274,026
(Negative adjusted EBITDA) adjusted EBITDA(1)				
Broadcasting	**(1,912)**	(8,132)	**59**	(5,515)
Magazines	**3,517**	2,808	**5,407**	4,030
Film Production & Audiovisual Services	**1,837**	2,512	**1,943**	2,014
Production & Distribution	**322**	–	**322**	–
	3,764	(2,812)	**7,731**	529
Depreciation and amortization	**9,722**	9,125	**18,787**	18,611
Financial expenses	**1,047**	892	**2,004**	1,693
Operational restructuring costs and others	**1,477**	832	**4,645**	957
Loss before income tax recovery and share of income of associated corporations	**$ (8,482)**	$ (13,661)	**$ (17,705)**	$ (20,732)

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 others, income taxes and share of income of associated corporations. 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.