INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS

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CORPORATE PROFILE

TVA Group Inc. ("TVA Group," "TVA" or the "Corporation"), a subsidiary of Quebecor Media Inc. ("QMI" or the "parent corporation"), is a communications company with operations in four business segments: Broadcasting, Magazines, Film Production & Audiovisual Services, and Production & Distribution. In the Broadcasting segment, the Corporation creates, broadcasts and produces entertainment, sports, news and public affairs programming and is engaged in commercial production. It operates North America's largest private French-language television network as well as nine specialty services, since acquiring effective control of the "Zeste" and "Évasion" channels on February 13, 2019. Prior to that date, it held a minority interest in the "Évasion" specialty service. In the Magazines segment, TVA Group publishes over 50 titles, making it Quebec's largest magazine publisher. The Film Production & Audiovisual Services segment provides soundstage, mobile unit and equipment rental services as well as postproduction and visual effects services. The Production & Distribution segment produces and distributes international television programs for the world market. The Corporation's Class B shares are listed on the Toronto Stock Exchange under the ticker symbol TVA.B.

This Interim Management's Discussion and Analysis covers the Corporation's main activities during the second quarter of 2019 and major year-over-year changes. The Corporation's condensed interim consolidated financial statements for the three-month and six-month periods ended June 30, 2019 and 2018 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), including in particular IAS 34, *Interim Financial Reporting.*

All amounts presented in this Management's Discussion and Analysis are in Canadian dollars. This report should be read in conjunction with the information in the annual Consolidated Financial Statements and Management's Discussion and Analysis for the year ended December 31, 2018 and in the Condensed Interim Consolidated Financial Statements dated June 30, 2019.

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. 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.

BUSINESS SEGMENTS

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. 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, 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**, which 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**, which 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 ("MELS")**, which 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**, which through the companies in the Incendo group produces and distributes internationally television shows, movies, television series and documentaries for the world market.

HIGHLIGHTS SINCE END OF FIRST QUARTER 2019

- On June 18, 2019, the Federal Court of Appeal agreed to hear TVA's appeal challenging the legality of the standstill rule on the basis of which the Canadian Radio-television and Telecommunications Commission ("CRTC") decided that TVA must continue providing the "TVA Sports" signal to Bell until the dispute in the royalty file is settled. On April 10, 2019, with negotiations deadlocked after numerous attempts to come to an agreement with Bell on royalties, the Corporation had decided to withdraw the "TVA Sports" signal from Bell. The agreements between the Corporation and Bell respecting carriage of TVA Group's specialty services expired on August 31, 2018 for "TVA Sports" and on August 31, 2017 for other channels. The Corporation is continuing its efforts to have the fair value of its specialty channels recognized.

- On June 16, 2019, Lise Croteau resigned as a Director of the Corporation. Following Ms. Croteau's departure, the Board of Directors set the number of members of the Board at eight.

- On June 5, 2019, the Corporation announced that, due to the challenging business environment, it needed to make deep budget cuts in order to reduce its operating expenses as well as eliminate 68 positions.

- During the second quarter, the Corporation discontinued publication of *ELLE Canada* and *ELLE Québec* magazines. The last issues were released in May 2019. The decision is consistent with TVA Group's strategy of focusing on its strong brands in order to increase their reach and ensure the Magazines segment's profitability.

- On April 1, 2019, the Corporation finalized an agreement reached on February 22, 2019 to acquire the companies in the Incendo group, a Montreal-based producer and distributor of television programs for international markets, for approximately $19,500,000, subject to certain adjustments.

NON-IFRS FINANCIAL MEASURES

To evaluate its financial performance, the Corporation uses certain measures that are not calculated in accordance with or recognized under IFRS. The Corporation's method of calculating non-IFRS financial measures may differ from the methods used by other companies and, as a result, the financial measures presented in this Management's Discussion and Analysis may not be comparable to other similarly titled measures reported by other companies.

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 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.

Table 1 below presents a reconciliation of adjusted EBITDA (negative adjusted EBITDA) to net loss attributable to shareholders as disclosed in the Corporation's condensed consolidated financial statements.

Table 1
Reconciliation of the adjusted EBITDA (negative adjusted EBITDA) used in this report to net loss attributable to shareholders measure used in the condensed consolidated financial statements
(in thousands of dollars)

	Three-months ended June 30		Six-months ended June 30	
	2019	2018	**2019**	2018
Adjusted EBITDA (negative adjusted EBITDA):				
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
Income tax recovery	**(2,245)**	(3,626)	**(4,637)**	(5,328)
Share of income of associated corporations	**(196)**	(368)	**(347)**	(652)
Non-controlling interest	**183**	(38)	**218**	(194)
Net loss attributable to shareholders	**$ (6,224)**	$ (9,629)	**$ (12,939)**	$ (14,558)

ANALYSIS OF CONSOLIDATED RESULTS

2019/2018 second quarter comparison

Operating revenues: $145,955,000, a $5,765,000 (4.1%) increase.

- $6,156,000 (5.7%) increase in the Broadcasting segment (Table 2) essentially due to a 14.0% increase in specialty channel revenues as a result of the addition of operating revenues from the “Évasion” and “Zeste” channels since their acquisition on February 13, 2019 and a 10.6% increase in the advertising revenues of the other specialty channels.

- $2,796,000 (-13.9%) decrease in the Magazines segment (Table 2) due mainly to 23.9%, 14.8% and 10.0% decreases in advertising revenues, subscription revenues and newsstand revenues respectively, on a comparable basis, and discontinuation of the publication of *ELLE Canada* and *ELLE Québec* magazines, the last issues of which were released in May 2019.

- $248,000 (-1.7%) decrease in the Film Production & Audiovisual Services segment (Table 2), due primarily to an 18.0% decrease in revenues from soundstage, mobile unit and equipment rental, partially offset by revenue growth from postproduction and visual effects.

- $3,479,000 increase in the Production & Distribution segment following the acquisition of the companies in the Incendo group on April 1, 2019.

Table 2
Operating revenues
(in thousands of dollars)

	Three-months ended June 30		Six-months ended June 30	
	2019	2018	**2019**	2018
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

Adjusted EBITDA: $3,764,000, a $6,576,000 favourable variance.

- $6,220,000 favourable variance in the Broadcasting segment (Table 3) caused mainly by the acquisition of the "Évasion" and "Zeste" channels, a 4.8% decrease in the negative adjusted EBITDA of the "TVA Sports" channel, a 21.0% increase in the adjusted EBITDA of the other specialty channels, and a 20.6% increase in TVA Network's adjusted EBITDA.

- $709,000 favourable variance in the Magazines segment (Table 3) due primarily to the savings generated by the continuation of various staff and expense rationalization plans implemented in recent quarters. Those savings outweighed the decrease in the segment's operating revenues.

- $675,000 unfavourable variance in the Film Production & Audiovisual Services segment (Table 3), due primarily to a 38.2% decrease in adjusted EBITDA from soundstage, mobile unit and equipment rental, partially offset by a decrease in negative adjusted EBITDA from visual effects.

- $322,000 favourable variance in the Production & Distribution segment reflecting the addition of the adjusted EBITDA generated by the companies in the Incendo group.

Table 3
Adjusted EBITDA (negative adjusted EBITDA)
(in thousands of dollars)

	Three-months ended June 30		Six-months ended June 30	
	2019	2018	**2019**	2018
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

Net loss attributable to shareholders: $6,224,000 (-$0.14 per basic and diluted share), compared with $9,629,000 (-$0.22 per basic and diluted share) in the same period of 2018.

- The $3,405,000 ($0.08 per basic and diluted share) favourable variance was essentially due to:

    - $6,576,000 increase in adjusted EBITDA;

    partially offset by:

    - $1,381,000 unfavourable variance in income tax recovery;
    - $645,000 unfavourable variance in operational restructuring costs and others;
    - $597,000 unfavourable variance in depreciation and amortization expenses; and
    - $172,000 unfavourable variance in share of income of associated corporations.

- The calculation of loss per share was based on a weighted average of 43,205,535 outstanding diluted shares for the quarters ended June 30, 2019 and 2018.

Depreciation and amortization: $9,722,000, a $597,000 increase essentially caused by an increase in the charge for amortization of intangible assets resulting from business acquisitions and the launch of the TVA Sports Direct platform.

Financial expenses: $1,047,000, a $155,000 increase due mainly to a higher interest expense resulting from higher average indebtedness during the second quarter of 2019 than in the same period of 2018.

Operational restructuring costs and others: $1,477,000 in the second quarter of 2019, compared with $832,000 in the same period of 2018.

- In the second quarter of 2019, the Corporation recorded $1,117,000 in operational restructuring costs in connection with staff reductions, including $834,000 in the Broadcasting segment, $175,000 in the Magazines segment and $108,000 in the Film Production & Audiovisual Services segment ($597,000 in the three-month period ended June 30, 2018, including $336,000 in the Broadcasting segment, $183,000 in the Magazines segment and $78,000 in the Film Production & Audiovisual Services segment).

- During the second quarter of 2019, the Corporation also made a $373,000 upward adjustment to the provision for onerous leases in the Magazines segment ($58,000 upward adjustment in the second quarter of 2018).

Income tax recovery: $2,245,000 (effective tax rate of 26.5%) in the second quarter of 2019, compared with $3,626,000 (effective tax rate of 26.5%) in the same period of 2018.

- In the second quarters of 2019 and 2018, the effective tax rate was slightly lower than the Corporation's statutory tax rate of 26.6% and 26.7% respectively, mainly because of permanent differences related to non-deductible items.

Share of income of associated corporations: $196,000 in the second quarter of 2019, compared with $368,000 in the same period of 2018; the $172,000 unfavourable variance was essentially due to discontinuation of recognition of TVA Group's share of the income of an associated corporation in order to reflect the investment's fair value.

Non-controlling interest: $183,000 in the second quarter of 2019, compared with -$38,000 in the same period of 2018. The $221,000 difference was due to an improvement in the financial results of a corporation in which a subsidiary of the Corporation holds a 51% interest.

2019/2018 year-to-date comparison

Operating revenues: $280,096,000, a $6,070,000 (2.2%) increase.

- $6,920,000 (3.2%) increase in the Broadcasting segment (Table 2) essentially due to a 10.1% increase in specialty channel revenues as a result of the addition of operating revenues from the "Évasion" and "Zeste" channels, as well as increased combined revenues from the other channels. The favourable variance was partially offset by a 2.0% decrease in TVA Network's advertising revenues.

- $4,793,000 (-12.4%) decrease in the Magazines segment (Table 2) due mainly to 20.6%, 10.1% and 11.7% decreases in advertising revenues, newsstand revenues and subscription revenues respectively, on a comparable basis, discontinuation of the publication of *ELLE Canada* and *ELLE Québec* magazines, and the sale of *The Hockey News* magazine on January 26, 2018.

- $1,236,000 (4.8%) increase in the Film Production & Audiovisual Services segment (Table 2), essentially due to a 61.6% increase in revenues from postproduction activities resulting from the acquisition of Audio Zone on August 27, 2018 and increased volume of activities, as well as a 29.3% increase in revenues from visual effects, partially offset by a 14.1% decrease in revenues from soundstage, mobile unit and equipment rental.

- $3,479,000 increase in the Production & Distribution segment reflecting the acquisition of the companies in the Incendo group.

Adjusted EBITDA: $7,731,000, a $7,202,000 favourable variance.

- $5,574,000 favourable variance in the Broadcasting segment (Table 3) caused mainly by the acquisition of the "Évasion" and "Zeste" channels, a 4.1% decrease in the negative adjusted EBITDA of the "TVA Sports" channel, an 11.8% increase in the adjusted EBITDA of the other specialty channels, and a 7.9% increase in TVA Network's adjusted EBITDA.

- $1,377,000 favourable variance in the Magazines segment (Table 3) due primarily to the savings generated by the continuation of staff and expense rationalization plans implemented in recent quarters. Those savings outweighed the decrease in the segment's operating revenues.

- $71,000 unfavourable variance in the Film Production & Audiovisual Services segment (Table 3), due primarily to a 60.1% decrease in adjusted EBITDA from soundstage, mobile unit and equipment rental, largely offset by a favourable variance in the segment's other activities as a result of increased volume of activities.

- $322,000 favourable variance in the Production & Distribution segment reflecting the addition of the adjusted EBITDA of the companies in the Incendo group.

Net loss attributable to shareholders: $12,939,000 (-$0.30 per basic and diluted share) in the first six months of 2019, compared with $14,558,000 (-$0.34 per basic and diluted share) in the same period of 2018.

- The $1,619,000 ($0.04 per basic and diluted share) favourable variance was essentially due to:

    - $7,202,000 increase in adjusted EBITDA;

    partially offset by:

    - $3,688,000 unfavourable variance in operational restructuring costs and others;

    - $691,000 unfavourable variance in income tax recovery;

    - $412,000 variance in non-controlling interest;

    - $311,000 unfavourable variance in financial expenses; and

- $305,000 unfavourable variance in share of income of associated corporations.

- The calculation of loss per share was based on a weighted average of 43,205,535 outstanding diluted shares for the six-month periods ended June 30, 2019 and 2018.

Depreciation and amortization: $18,787,000, a slight $176,000 increase essentially due to the same factors as those noted above in the 2019/2018 second quarter comparison.

Financial expenses: $2,004,000, a $311,000 increase essentially due to higher average indebtedness in the first half of 2019 than in the same period of 2018, given recent acquisitions completed by the Corporation.

Operational restructuring costs and others: $4,645,000 in the first six months of 2019, compared with $957,000 in the same period of 2018.

- In the first half of 2019, the Corporation recorded $2,475,000 in operational restructuring costs in connection with staff reductions, including $1,147,000 in the Broadcasting segment, $1,217,000 in the Magazines segment and $111,000 in the Film Production & Audiovisual Services segment ($1,474,000 in the same period of 2018, including $399,000 in the Broadcasting segment, $891,000 in the Magazines segment and $184,000 in the Film Production & Audiovisual Services segment).

- In the first six months of 2019, the Corporation also recorded a $1,865,000 charge in connection with business acquisitions, primarily for investments in the Canadian broadcasting system to support French-language productions, as required by the CRTC as a condition of transferring the licences for the "Évasion" and "Zeste" channels to the Corporation.

- During the same period, the Corporation made a $397,000 upward adjustment to the provision for onerous leases in the Magazines segment ($198,000 upward adjustment in the same period of 2018).

- In the first half of 2018, the Corporation also recorded a $1,000,000 gain on the sale of *The Hockey News* magazine.

Income tax recovery: $4,637,000 (effective tax rate of 26.2%) in the first six months of 2019, compared with $5,328,000 (effective tax rate of 25.7%) in the same period of 2018.

- In the first half of 2019, the effective tax rate was lower than the Corporation's statutory tax rate of 26.6%, mainly because of permanent differences related to non-deductible items.

- In the first half of 2018, the effective tax rate was also lower than the Corporation's statutory tax rate of 26.7%, mainly because of permanent differences related to non-deductible items.

Share of income of associated corporations: $347,000 in the first half of 2019, compared with $652,000 in the same period of 2018; the $305,000 unfavourable variance was essentially due to the same factor as that noted above in the 2019/2018 second quarter comparison and the lower financial results of another associated corporation.

Non-controlling interest: $218,000 in the first half of 2019 compared with -$194,000 in the same period of 2018. The $412,000 favourable variance was due to the fact that a corporation in which a subsidiary of the Corporation holds a 51% interest recorded net income, whereas it had reported a net loss in the same period of 2018.

SEGMENTED ANALYSIS

Broadcasting

2019/2018 second quarter comparison

Operating revenues: $114, 656,000, a $6,156,000 (5.7%) increase due primarily to the addition of revenues from the "Évasion" and "Zeste" specialty channels following their acquisition on February 13, 2019 and, on a comparable basis:

- 10.6% increase in the combined advertising revenues of the specialty channels; and
- 7.2% increase in the subscription revenues of the entertainment specialty channels and of "LCN";

partially offset by:

- 3.2% decrease in the "TVA Sports" channel's subscription revenues.

French-language audience share

Table 4
French-language audience share
(Market share in %)

Second quarter 2019 vs Second quarter 2018			
	2019	**2018**	**Difference**
French-language conventional broadcasters:			
TVA	**23.5**	23.8	- 0.3
SRC	**10.3**	11.5	- 1.2
V	**5.1**	5.6	- 0.5
	38.9	40.9	- 2.0
French-language specialty and pay services:			
TVA	**17.0**	16.4	0.6
Bell Media	**13.9**	12.7	1.2
Corus	**7.0**	8.2	- 1.2
SRC	**5.2**	4.6	0.6
Others	**5.3**	5.6	- 0.3
	48.4	47.5	0.9
Total English-language channels and others:	**12.7**	11.6	1.1
TVA Group	**40.5**	40.2	0.3

Source: Numeris, French Quebec, April 1 to June 30, Mon-Sun, 2:00a.m – 2:00a.m, All 2+.

TVA Group's market share for the period of April 1 to June 30, 2019 was 40.5%, compared with 40.2% in the same period of 2018, a 0.3-point increase.

TVA Group's specialty services had a combined market share of 17.0% in the second quarter of 2019, compared with 16.4% in the same period of 2018, a 0.6-point increase due in part to the acquisition of the "Évasion" and "Zeste" channels. The "TVA Sports" channel registered a slight 0.1-point increase in its market share even though the Montreal Canadiens failed to advance to the first round of the Stanley Cup playoffs. The news and public affairs channel "LCN" had a 5.5% share, more than its main rival, "RDI" and the over-the-air station V.

TVA Network maintained its lead among over-the-air channels with a 23.5% market share, more than its two main over-the-air rivals combined. TVA Network carried 7 of the top 10 programs in Quebec during the second quarter of 2019; once again, *La Voix* was a standout, holding the top position with an average audience of more than 1.9 million.

Operating expenses: $116,568,000, a $64,000 (-0.1%) decrease due primarily to:

- 5.9% decrease in TVA Network's operating expenses because of decreased content costs and the favourable impact of various operating expense reduction initiatives; and
- 1.2% decrease in the "TVA Sports" channel's operating expenses;

partially offset by:

- the addition of the operating expenses of the "Évasion" and "Zeste" specialty channels following their acquisition on February 13, 2019; and
- 2.8% increase in the operating expenses of the other specialty channels, caused mainly by higher spending to enhance programming on the "LCN" channel.

Negative adjusted EBITDA: $1,912,000, a $6,220,000 favourable variance primarily due to:

- 20.6% increase in TVA Network's adjusted EBITDA as a result of the above-noted decrease in operating expenses;
- acquisition of the "Évasion" and "Zeste" channels;
- 4.8% decrease in negative adjusted EBITDA from "TVA Sports"; and
- 21.0% increase in the adjusted EBITDA of the other specialty channels, particularly "LCN."

Analysis of cost/revenue ratio: Employee costs and the cost of purchases of goods and services for the Broadcasting segment's activities (expressed as a percentage of revenues) decreased from 107.5% in the second quarter of 2018 to 101.7% in the same period of 2019, mainly as a result of the increase in operating revenues.

<u>2019/2018 year-to-date comparison</u>

Operating revenues: $222,571,000, a $6,920,000 (3.2%) increase due primarily to the addition of the operating revenues of the "Évasion" and "Zeste" channels, and on a comparable basis:

- 6.5% increase in the combined advertising revenues of the specialty channels, including increases of 10.4% for "TVA Sports" and 22.7% for "Prise 2"; and
- 4.8% increase in the subscription revenues of the channels other than "TVA Sports";

partially offset by:

- 2.0% decrease in TVA Network's advertising revenues; and
- 2.0% decrease in the subscription revenues of "TVA Sports."

Operating expenses: $222,512,000, a $1,346,000 (0.6%) increase due primarily to:

- the addition of the operating expenses of the "Évasion" and "Zeste" channels; and
- 2.1% increase in the operating expenses of the entertainment specialty channels and "LCN" due to the same factors as those noted above in the 2019/2018 second quarter comparison;

partially offset by:

- o 2.8% decrease in TVA Network's operating expenses because of decreased content costs and the favourable impact of various operating expense reduction initiatives; and
- o 0.5% decrease in the "TVA Sports" channel's operating expenses.

Adjusted EBITDA: $59,000, a $5,574,000 favourable variance due primarily to:

- o acquisition of the "Évasion" and "Zeste" channels;
- o 4.1% decrease in the negative adjusted EBITDA of "TVA Sports";
- o 7.9% increase in TVA Network's adjusted EBITDA; and
- o 11.8% increase in the adjusted EBITDA of the other specialty channels.

Analysis of cost/revenue ratio: Employee costs and the cost of purchases of goods and services for the Broadcasting segment's activities (expressed as a percentage of revenues) decreased from 102.6% in the first half of 2018 to 100.0% in the same period of 2019, mainly because the increase in the operating revenues of the specialty channels exceeded the increase in their operating expenses.

Acquisition of the shares of the companies in the Serdy Média inc. group and the Serdy Vidéo inc. group ("Acquisition of Serdy")

On February 13, 2019, the Corporation acquired all of the shares of the companies in the Serdy Média inc. group, which owns and operates the "Évasion" and "Zeste" specialty channels, and the companies in the Serdy Vidéo inc. group, which is involved in television production, for a cash purchase price of $24,000,000, less $531,000 in acquired cash. 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. The results of operation of the "Évasion" and "Zeste" channels have been included in the Broadcasting segment's results, while the results of postproduction activities have been included in the Film Production & Audiovisual Services segment's results since the acquisition date. The acquisition is consistent with the Corporation's strategic objective of enhancing its array of television content for its viewers and advertisers.

Magazines

2019/2018 second quarter comparison

Operating revenues: $17,331,000, a decrease of $2,796,000 (-13.9%) due mainly to:

- o 23.9% decrease in the magazines' advertising revenues, on a comparable basis, mainly in the women's and decorating categories;
- o 14.8% decrease in the magazines' subscription revenues, on a comparable basis;
- o 10.0% decrease in the magazines' newsstand revenues, on a comparable basis, mainly in the entertainment and women's categories; and
- o the impact of the discontinuation of the publication of *ELLE Canada* and *ELLE Québec* magazines, the last issues of which were released in May 2019.

Canada Periodical Fund

The Government of Canada created the Canada Periodical Fund ("CPF") on April 1, 2010. The CPF provides financial assistance to the Canadian magazine and non-daily newspaper industries so they can continue to produce and distribute Canadian content. All assistance related to this program is fully recorded under operating revenues. It amounted to 17.2% of the segment's operating revenues for the three-month period ended June 30, 2019 (15.0% in the same period of 2018).

Readership and market share statistics

With nearly 3.8 million readers across all platforms for its French titles, TVA Group is the top publisher of French-language magazines in Quebec and a leading player in the Canadian magazine market with a total of more than 9.3 million cross-platform readers. *7 Jours* is Quebec's most popular entertainment and celebrity news magazine with 538,000 readers per week on all platforms.

Canada's lifestyle standard-setter *Canadian Living* reaches nearly 3.9 million cross-platform readers. Its French-language counterpart *Coup de pouce* is the most-read French-language lifestyle magazine with 1.4 million cross-platform readers.

Clin d'œil is the most popular fashion and beauty magazine in Quebec with 615,000 cross-platform readers.

Source: Vividata, Spring 2019, Total Canada, 14+, January 1, 2018 to December 31, 2018

Operating expenses: $13,814,000, a $3,505,000 (-20.2%) decrease due primarily to:

- subscription cost savings, largely in distribution and in recruiting campaigns;
- operating cost savings resulting from implementation of staff and expense rationalization plans in recent quarters; and
- decrease in operating expenses resulting from the discontinuation of the publication of *ELLE Canada* and *ELLE Québec* magazines, the last issues of which were released in May 2019.

Adjusted EBITDA: $3,517,000, a $709,000 favourable variance due mainly to the decrease in operating expenses, which outweighed the decrease in operating revenues.

Analysis of cost/revenue ratio: Employee costs and the cost of purchases of goods and services for the Magazines segment's activities (expressed as a percentage of revenues) decreased from 86.0% in the second quarter of 2018 to 79.7% in the same period of 2019, mainly because the decrease in the segment's operating expenses exceeded the decrease in its operating revenues.

2019/2018 year-to-date comparison

Operating revenues: $33,814,000, a $4,793,000 (-12.4%) decrease due mainly to:

- 20.6% decrease in the magazines' advertising revenues, on a comparable basis, mainly in the women's and decorating categories;
- 10.1% decrease in newsstand revenues on a comparable basis, mainly in the entertainment category;
- 11.7% decrease in the magazines' subscription revenues, on a comparable basis;
- discontinuation of the publication of *ELLE Canada* and *ELLE Québec* magazines since June May 2019; and
- the sale of *The Hockey News* magazine on January 26, 2018.

Operating expenses: $28,407,000, a $6,170,000 (-17.8%) decrease due mainly to:

- subscription cost savings, largely in distribution and in recruiting campaigns;
- operating cost savings resulting from implementation of staff and expense rationalization plans in recent quarters;
- the impact of the discontinuation of the publication of *ELLE Canada* and *ELLE Québec* magazines, the last issues of which were released in May 2019; and
- decrease in operating expenses resulting from the sale of *The Hockey News* magazine.

Adjusted EBITDA: $5,407,000, a $1,377,000 favourable variance due mainly to the decrease in operating expenses, which outweighed the decrease in operating revenues.

Analysis of cost/revenue ratio: Employee costs and the cost of purchases of goods and services for the Magazines segment's activities (expressed as a percentage of revenues) decreased from 89.6% in the six-month period ended June 30, 2018 to 84.0% in the same period of 2019, due to the same factor as that noted above in the 2019/2018 second quarter comparison.

Film Production & Audiovisual Services

2019/2018 second quarter comparison

Operating revenues: $14,248,000, a $248,000 (-1.7%) decrease due primarily to:

- 18.0% decrease in revenues from soundstage, mobile unit and equipment rental;

partially offset by:

- 38.0% increase in revenues from postproduction activities essentially resulting from the inclusion of the operations of Audio Zone since August 27, 2018 and increased volume in the second quarter of 2019; and
- 68.3% increase in visual effects revenues.

Operating expenses: $12,411,000, a $427,000 (3.6%) increase due primarily to:

- 47.1% increase in operating expenses related to postproduction activities as a result of higher volume of activities, as indicated above;

partially offset by:

- 6.8% decrease in operating expenses related to soundstage, mobile unit and equipment rental.

Adjusted EBITDA: $1,837,000, a $675,000 unfavourable variance mainly due to the 38.2% decrease in adjusted EBITDA from soundstage, mobile unit and equipment rental, partially offset by a decrease in negative adjusted EBITDA from visual effects.

Analysis of cost/revenue ratio: Employee costs and the cost of purchases of goods and services for the Film Production & Audiovisual Services segment's activities (expressed as a percentage of revenues) increased from 82.7% in the second quarter of 2018 to 87.1% in the second quarter of 2019, mainly because the decrease in operating revenue from soundstage, mobile unit and equipment rental significantly exceeded the decrease in operating expenses related to the service.

2019/2018 year-to-date comparison

Operating revenues: $27,201,000, a $1,236,000 (4.8%) increase primarily due to:

- 61.6% increase in revenues from postproduction activities essentially resulting from the inclusion of the operations of Audio Zone since August 27, 2018 and increased volume in the first half of 2019; and

- 29.3% increase in visual effects revenues;

partially offset by:

- 14.1% decrease in revenues from soundstage, mobile unit and equipment rental.

Operating expenses: $25,258,000, a $1,307,000 (5.5%) increase due primarily to:

- 48.8% increase in operating expenses related to postproduction activities as a result of higher volume of activities, as indicated above;

partially offset by:

- 3.9% decrease in operating expenses related to the segment's other activities.

Adjusted EBITDA: $1,943,000, a $71,000 unfavourable variance primarily due to:

- 60.1% decrease in adjusted EBITDA from soundstage, mobile unit and equipment rental;

partially offset by:

- favourable variance in the segment's other activities as a result of increased volume of activities and operational savings.

Analysis of cost/revenue ratio: Employee costs and the cost of purchases of goods and services for the Film Production & Audiovisual Services segment's activities (expressed as a percentage of revenues) were relatively stable, increasing from 92.2% in the first half of 2018 to 92.9% in the same period of 2019.

Acquisition of the assets of Mobilimage inc.

On January 22, 2018, Mels Studios and Postproduction G.P. acquired the assets of Mobilimage inc., consisting mainly 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 results of the HD and 4K mobile unit rental and operation business have been included in the Film Production & Audiovisual Services segment's results since the acquisition date. 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.

Acquisition of the shares of Audio Zone Inc.

On August 27, 2018, the Corporation acquired all shares of Audio Zone Inc., a sound postproduction company, 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. The purchase price allocation essentially includes accounts receivable, property, plant and equipment, a client list, a non-compete clause, goodwill, and accounts payable and accrued liabilities. The sound postproduction service's results have been included in the results of the Film Production & Audiovisual Services segment since the acquisition date. 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.

Production & Distribution

2019/2018 second quarter and year-to-date comparison

The acquisition of the companies in the Incendo group on April 1, 2019 gave rise to the following variances in operating results:

- $3,479,000 favourable variance in operating revenues;
- $3,157,000 unfavourable variance in operating expenses; and
- $322,000 favourable variance in adjusted EBITDA generated by the new segment.

Activities related to the distribution of films produced by Incendo accounted for 85.3% of the segment's operating revenues during the three-month and six-month periods ended June 30, 2019. The main projects delivered during the second quarter were thrillers. Operating results for the period were in line with the Corporation's projections.

Analysis of cost/revenue ratio: Employee costs and the cost of purchases of goods and services for the Production & Distribution segment's activities (expressed as a percentage of revenues) amounted to 90.7% during the three-month and six-month periods ended June 30, 2019.

Acquisition of the shares of the companies in the Incendo group ("Acquisition of 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, which is engaged in the production and international distribution of high-quality television programming for the worldwide marketplace 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. The preliminary purchase price allocation essentially includes accounts receivable, programs, intangible assets, goodwill, and accounts payable and accrued liabilities. Since the acquisition date, the acquired operation's results have been presented under a new business segment, the Production & Distribution segment.

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.

CASH FLOWS AND FINANCIAL POSITION

Table 5 below shows a summary of cash flows related to operating activities, investing activities and financing activities:

Table 5
Summary of the Corporation's cash flows
(in thousands of dollars)

	Three-months ended June 30		Six-months ended June 30	
	2019	2018	**2019**	2018
Cash flows related to operating activities	**$ 17,685**	$ 10,108	**$ 12,842**	$ 2,899
Additions to property, plant and equipment and intangible assets	**(3,902)**	(3,108)	**(9,107)**	(8,289)
Business acquisitions	**(11,036)**	–	**(34,505)**	(2,705)
Others	**(1,031)**	(1,311)	**(2,329)**	(3,165)
Reimbursement of (increase in) net debt	**$ 1,716**	$ 5,689	**$ (33,099)**	$ (11,260)

	June 30, 2019	December 31, 2018
At period end:		
Bank overdraft	**$ 4,656**	$ –
Short-term debt	**67,030**	52,849
Less: cash	**(3,850)**	(18,112)
Net debt	**$ 67,836**	$ 34,737

Operating activities

Cash flows provided by operating activities: $17,685,000 for the three-month period ended June 30, 2019, a $7,577,000 increase compared with the same period of 2018, due mainly to:

- $6,576,000 favourable variance in adjusted EBITDA; and
- $3,510,000 favourable net change in operating assets and liabilities, including favourable variances in accounts receivable, rights payable, and current tax assets and liabilities, partially offset by unfavourable variances in deferred revenues and in accounts payable and accrued liabilities;

partially offset by:

- $1,671,000 decrease in tax savings; and
- $645,000 increase in operational restructuring costs and others.

Cash flows provided by operating activities: $12,842,000 for the first half of 2019, a $9,943,000 increase compared with the same period of 2018, due mainly to:

- $7,202,000 favourable variance in adjusted EBITDA; and
- $6,360,000 favourable net change in operating assets and liabilities, including favourable variances in current tax assets and liabilities and in accounts receivable, partially offset by unfavourable variances in accounts payable and accrued liabilities, and in deferred revenues;

partially offset by:

- $3,688,000 increase in operational restructuring costs and others.

Working capital: Negative working capital of $28,584,000 as of June 30, 2019, compared with working capital of $4,995,000 at December 31, 2018. The $33,579,000 unfavourable variance was due primarily to a decrease in cash and an increase in short-term debt following the Acquisition of Serdy and the Acquisition of Incendo.

Investing activities

Additions to property, plant and equipment and to intangible assets: $3,902,000 in the second quarter of 2019 compared with $3,108,000 in the same period of 2018. The $794,000 (25.5%) increase was essentially due to spending on technology required for the integration of activities following the Acquisition of Serdy.

Additions to property, plant and equipment and to intangible assets: $9,107,000 for the first half of 2019 compared with $8,289,000 in the same period of 2018. The $818,000 (9.9%) increase was essentially due to the same factor as that noted above in the 2019/2018 second quarter comparison as well as spending on the TVA Sports Direct platform in the first quarter of 2019.

Business acquisitions: $11,036,000 in the second quarter of 2019 (see "Acquisition of Incendo" above).

Business acquisitions: $34,505,000 in the first half of 2019 (see "Acquisition of Serdy" and "Acquisition of Incendo" above), compared with $2,705,000 in the first half of 2018 (see "Acquisition of the assets of Mobilimage inc." above).

Financing activities

Short-term debt (excluding deferred financing costs): $67,128,000 as at June 30, 2019, compared with $52,939,000 at December 31, 2018. The $14,189,000 increase essentially reflects drawings on the revolving credit to finance the Acquisition of Serdy and Acquisition of Incendo, less principal payments on the term loan for the last two quarters.

Financial position as at June 30, 2019

Net available liquid assets: $133,923,000, consisting of a $130,073,000 available revolving credit facility and $3,850,000 in cash.

As at June 30, 2019, the entire $67,128,000 in principal was payable on the debt during the next 12-month period.

The weighted average term of TVA Group's debt was approximately 0.4 years as of June 30, 2019 (0.8 years as of December 31, 2018). The debt consisted entirely of floating-rate debt as of June 30, 2019 and December 31, 2018.

The Corporation has a $150,000,000 revolving credit facility, which matures on February 24, 2020. As at June 30, 2019, borrowings under the revolving credit facility consisted of $14,971,000 in bankers' acceptances and advances in the amount of $4,750,000, in addition to outstanding letters of credit amounting to $177,000. At December 31, 2018, there were no drawings on the revolving credit facility.

The Corporation's management believes that the cash flows generated on an annual basis by continuing operating activities and by available sources of financing should be sufficient to meet future cash requirements in regard to capital investments, working capital, interest payments, income tax payments, debt repayment, pension plan contributions, share redemptions and dividend payments (or distribution of capital), and to meet its commitments and guarantees.

Under its credit agreements, the Corporation is subject to certain covenants, including maintenance of certain financial ratios. As at June 30, 2019, the Corporation was in compliance with all the terms of its credit agreements.

Analysis of consolidated balance sheet as at June 30, 2019

Table 6
Consolidated balance sheets of TVA Group
Analysis of main variances between June 30, 2019 and December 31, 2018
(in thousands of dollars)

	June 30 2019	Dec. 31, 2018	Difference	Main reasons for difference
Assets				
Cash	**$ 3,850**	$ 18,112	$ (14,262)	Impact of current and seasonal variations in activities, the Acquisition of Serdy and the Acquisition of Incendo.
Income tax	**10,225**	3,325	6,900	Impact of deferred non-capital losses in previous years.
Programs, broadcast rights and inventories	**68,593**	78,483	(9,890)	Impact of current and seasonal variations in activities, partially offset by the impact of the Acquisition of Serdy and Acquisition of Incendo.
Programs and broadcast rights	**52,514**	42,987	9,527	Impact of the Acquisition of Serdy and Acquisition of Incendo.
Property, plant and equipment	**179,035**	186,583	(7,548)	Impact of depreciation expense exceeding investments and the property, plant and equipment acquired in the Acquisition of Serdy.
Intangible assets	**30,411**	13,662	16,749	Impact of the Acquisition of Serdy and Acquisition of Incendo.
Goodwill	**27,437**	9,102	18,335	Impact of the Acquisition of Serdy and Acquisition of Incendo.
Liabilities				
Short-term debt	**$ 67,030**	$ 52,849	$ 14,181	Impact of the Acquisition of Serdy and Acquisition of Incendo.
Other liabilities	**22,982**	10,885	12,097	Impact of the Acquisition of Serdy and Acquisition of Incendo.

ADDITIONAL INFORMATION

Contractual obligations

As of June 30, 2019, material contractual commitments of operating activities included capital repayment and interest on debt and on lease liabilities, payments under broadcast rights acquisition contracts, and payments under other contractual commitments. These contractual obligations are summarized in Table 7.

Table 7
Material contractual obligations of TVA Group as at June 30, 2019
(in thousands of dollars)

	Less than 1 year	1-3 years	3-5 years	More than 5 years	Total
Long-term debt	$ 67,128	$ –	$ –	$ –	$ 67,128
Lease liabilities	3,410	5,391	2,314	1,680	12,795
Payment of interest[1]	2,212	733	302	106	3,353
Broadcast rights	181,849	173,747	141,664	132,500	629,760
Other commitments	11,375	8,297	2,333	176	22,181
Total	**$ 265,974**	**$ 188,168**	**$ 146,613**	**$ 134,462**	**$ 735,217**

[1] *Interest is calculated on a constant debt level equal to that as at June 30, 2019 on the revolving credit facility and includes standby fees on that facility and interest payable on lease-obligation liabilities.*

In 2013, QMI and TVA Group reached a 12-year agreement with Rogers Communications Inc. for Canadian French-language broadcast rights to National Hockey League games. Operating expenses related to that contract are recognized in the Corporation's operating expenses and total commitments related to the contract have been included in the Corporation's commitments.

Related party transactions

The Corporation entered into the following transactions with related parties in the normal course of business. These transactions were accounted for at the consideration agreed between parties.

During the second quarter of 2019, the Corporation sold advertising space and content to, recognized subscription revenues from, and provided production, postproduction and other services to corporations under common control and associated corporations in the aggregate amount of $25,780,000 ($25,216,000 in the second quarter of 2018).

In the second quarter of 2019, the Corporation recorded telecommunications service costs, advertising space acquisition costs, professional service fees, commissions on sales and newsgathering costs arising from transactions with corporations under common control and associated corporations totalling $14,611,000 ($14,756,000 in the second quarter of 2018).

In the second quarter of 2019, the Corporation also billed management fees to corporations under common control in the amount of $1,676,000 ($2,760,000 in the second quarter of 2018). These fees are recorded as a reduction of operating expenses.

The Corporation also assumed management fees of the parent corporation in the amount of $855,000 in the second quarter of 2019 ($855,000 in the second quarter of 2018).

In the first six months of 2019, the Corporation sold advertising space and content to, recognized subscription revenues from, and provided production, postproduction and other services to corporations under common control and associated corporations in the aggregate amount of $50,246,000 ($51,060,000 in the first six months of 2018).

In the first six months of 2019, the Corporation recorded telecommunications service costs, advertising space acquisition costs, professional service fees, commissions on sales and newsgathering costs arising from transactions with corporations under common control and associated corporations totalling $30,114,000 ($29,756,000 in the first six months of 2018).

In the first half of 2019, the Corporation also billed management fees to corporations under common control in the amount of $3,255,000 ($5,453,000 in the first half of 2018).

As well, the Corporation assumed management fees of the parent corporation in the amount of $1,710,000 in the first six months of 2019 ($1,710,000 in the first six months of 2018).

Capital stock

Table 8 below presents information on the Corporation's capital stock. In addition, 585,000 Class B stock options of the Corporation were outstanding as at July 19, 2019.

Table 8
Number of shares outstanding as at July 19, 2019
(in shares and dollars)

	Issued and outstanding	Carrying amount
Class A common shares	4,320,000	$ 0.02
Class B shares	38,885,535	$ 5.33

Contingencies and legal disputes

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.

Changes in accounting policies

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.

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
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 of December 31, 2018 and $4,298,000 as of December 31, 2017.*

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 by the Corporation had no impact on the consolidated financial statements.

Disclosure controls and procedures

The purpose of internal controls over financial reporting is to provide reasonable assurance as to the reliability of the Corporation’s financial reporting and the preparation of its financial statements in accordance with IFRS.

For the Broadcasting, Magazines and Film Production & Audiovisual Services segments, management has identified no changes in internal control over financial reporting during the three-month period ended June 30, 2019 that have materially affected, or are reasonably likely to materially affect, the Corporation’s internal control over financial reporting.

On April 1, 2019, the Corporation closed the acquisition of the companies in the Incendo group, the operations of which are presented in the new Production & Distribution segment. Given the brief interval between the acquisition date and the attestation date of June 30, 2019, management was unable to complete its analysis of internal controls over that segment’s financial reporting. In the coming months, management will complete its analysis of internal controls over financial reporting with respect to the newly acquired operations. Please see Tables 1, 2 and 3 above for more financial information on the Production & Distribution segment. Table 9 also provides supplementary financial information.

Table 9
Supplementary financial information – Production & Distribution

		June 30, 2019
Current assets	$	13,345
Non-current assets		5,403
Current liabilities		9,516
Non-current liabilities		993

Additional information

The Corporation is a reporting issuer under the securities acts of all the provinces of Canada. It is therefore required to file financial statements, an information circular and an annual information form with the various securities regulatory authorities. Copies of those documents are available free of charge from the Corporation on request, and on the Web at www.sedar.com.

Forward-looking information disclaimer

The statements in this Management's Discussion and Analysis 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 or by forward-looking terminology such as "propose," "will," "expect," "may," "anticipate," "intend," "estimate," "plan," "foresee," "believe" or the negative of those 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.

The forward-looking statements in this document are made to give investors and the public a better understanding of the Corporation's circumstances and are based on assumptions it believes to be reasonable as of the day on which they were made. 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 Management's Discussion and Analysis reflect the Corporation's expectations as at 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.

Montreal, Quebec

August 1, 2019

Table 10
SELECTED QUARTERLY FINANCIAL DATA
(in thousands of dollars, except for per-share data)

	2019		2018	
	June 30	March 31	Dec. 31	Sept. 30
Operations				
Operating revenues	**$ 145,955**	$ 134,141	$ 150,466	$ 127,418
Adjusted EBITDA	**$ 3,764**	$ 3,967	$ 25,900	$ 28,088
Net (loss) income attributable to shareholders	**$ (6,224)**	$ (6,715)	$ 9,524	$ 14,091
Basic and diluted per-share data				
Basic and diluted (loss) earnings per share	**$ (0.14)**	$ (0.16)	$ 0.22	$ 0.33
Weighted average number of outstanding shares (in thousands)	**43,206**	43,206	43,206	43,206

	2018		2017	
	June 30	March 31	Dec. 31	Sept. 30
Operations				
Operating revenues	$ 140,190	$ 133,836	$ 155,256	$ 140,785
(Negative adjusted EBITDA) adjusted EBITDA	$ (2,812)	$ 3,341	$ 24,025	$ 33,993
Net (loss) income attributable to shareholders	$ (9,629)	$ (4,929)	$ 10,318	$ (15,159)
Basic and diluted per-share data				
Basic and diluted (loss) earnings per share	$ (0.22)	$ (0.11)	$ 0.24	$ (0.35)
Weighted average number of outstanding shares (in thousands)	43,206	43,206	43,206	43,206

- 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, demand for content from global broadcasters, and the related delivery schedules. 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.

- Operating expenses in the Broadcasting segment vary, mainly as a result of programming costs, which are directly related to programming strategies and to live sports broadcasts, while in the Magazines segment operating costs fluctuate according to publication schedules, which may vary from quarter to quarter. In the Film Production & Audiovisual Services segment, operating expenses vary according to demand for production services from international and local producers. In the Production & Distribution segment, operating expenses vary according to delivery schedules and estimated future revenues.

Accordingly, adjusted EBITDA for interim periods may vary from one quarter to the next.