August 2, 2018

For immediate release

TVA GROUP REPORTS $9.7 MILLION NET LOSS ATTRIBUTABLE TO SHAREHOLDERS IN Q2 2018

Montreal, Canada – TVA Group Inc. ("TVA Group" or the "Corporation") announced today that it recorded a net loss attributable to shareholders in the amount of $9.7 million or a loss of $0.22 per share in the second quarter of 2018, compared with a net loss attributable to shareholders of $1.9 million or a loss of $0.04 per share in the same quarter of 2017.

Second quarter operating highlights:

- Consolidated negative adjusted EBITDA[1] of $3,902,000 representing an unfavourable variance of $14,974,000 from the same quarter of 2017.
- $8,345,000 negative adjusted EBITDA[1] in the Broadcasting & Production segment representing an unfavourable variance of $13,421,000 due primarily to a 60% increase in the "TVA Sports" channel's negative adjusted EBITDA[1] and a 19% decrease in TVA Network's adjusted EBITDA.[1]
- $2,459,000 adjusted EBITDA[1] in the Magazines segment representing an unfavourable variance of $1,506,000 due mainly to a decrease in operating revenues, which was only partially offset by savings generated by staff and expense rationalization plans implemented in recent quarters.
- $1,984,000 adjusted EBITDA[1] in the Film Production & Audiovisual Services segment ("MELS") representing an unfavourable variance of $47,000 essentially due to lower volume of activities in visual effects, dubbing and subtitling services as well as in distribution services.

"Our financial results for the second quarter of 2018 were disappointing, especially in the Broadcasting & Production segment. Despite strong ratings for the NHL playoffs on 'TVA Sports,' the fact that the Montreal Canadiens failed to make the first round did negatively impact advertising revenues. TVA Network's financial performance declined again with a 9% decrease in advertising revenues in Q2 2018. We have made moves to cut operating expenses but the full effect of those initiatives was not yet felt in the second quarter.

TVA Network's market share was stable at 23.8%[2] while our specialty channels increased their combined market share by 0.5 points, led by 'LCN' which jumped 1.2 points to 5.7%[2]", commented France Lauzière, President of TVA Group.

"The Magazines segment's operating revenues were down 15% as a result of the sale and fewer issues of some titles, and reduced advertising revenues across the industry. Despite the decrease, we were able to keep our profit margin above 12% by implementing a series of initiatives to cut costs and improve operational efficiencies. Our brands remain immensely popular and TVA has held its position as the number one publisher of French-language magazines in Quebec. Our English-language titles have 6.2 million readers and our French-language titles 2.9 million", added Ms Lauzière.

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[1] See definition of adjusted EBITDA below.

[2] Numeris – French Quebec, April 1 to June 30, 2018, Mon-Sun, 2 a.m. - 2 a.m., t2+.

“Lastly, the Film Production & Audiovisual Services segment’s quarterly financial results held steady year over year. While its financial numbers were stable during the last quarter, we expect MELS to be a growth driver for the Corporation going forward. Bookings for our film facilities are optimal for the coming months and our postproduction services are increasingly popular with local and foreign producers alike,” concluded Ms. Lauzière.

Definition

Adjusted EBITDA (previously adjusted operating income or loss)

In its analysis of operating results, the Corporation defines adjusted EBITDA as net income (loss) before depreciation of property, plant and equipment, amortization of intangible assets, 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.

Conference call for investors

TVA Group will hold a conference call to discuss its second quarter 2018 results on August 3, 2018, at 10:00 a.m. EST. There will be a question period reserved for financial analysts. To access the call, please dial 1-877-293-8052, access code for participants 66581#. A tape recording of the call will be available from August 3 to September 3, 2018 by dialling 1-877-293-8133, conference number 1235042#, access code for participants 66581#.

Forward-looking information disclaimer

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

Investors and others are cautioned that the foregoing list of factors that may affect future results is not exhaustive and that undue reliance should not be placed on any forward-looking statements. For more information on the risks, uncertainties and assumptions that could cause the Corporation’s actual results to differ from current expectations, please refer to the Corporation’s public filings, available at www.sedar.com and http://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, 2017 and the “Risk Factors” section in the Corporation’s 2017 annual information form.

The forward-looking statements in this news release reflect the Corporation’s expectations as of August 2, 2018 and are subject to change after this date. The Corporation expressly disclaims any obligation or intention to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required to do so by the applicable securities laws.

TVA Group

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

Source:
Denis Rozon, CPA, CA
Vice President and Chief Financial Officer
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TVA GROUP INC.
Interim consolidated statements of loss

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

	Note	Three-month periods ended June 30		Six-month periods ended June 30	
		2018	2017	**2018**	2017
Revenues	3	**$ 140,190**	$ 152,542	**$ 274,026**	$ 293,666
Purchases of goods and services	4	**106,426**	101,812	**200,773**	204,717
Employee costs		**37,666**	39,658	**74,862**	78,471
Depreciation of property, plant and equipment and amortization of intangible assets		**8,351**	8,919	**17,107**	17,742
Financial expenses	5	**682**	637	**1,269**	1,272
Operational restructuring costs and others	6	**832**	4,118	**936**	4,950
Loss before tax recovery and share of income of associated corporations		**(13,767)**	(2,602)	**(20,921)**	(13,486)
Tax recovery		**(3,655)**	(595)	**(5,378)**	(3,197)
Share of income of associated corporations		**(368)**	(265)	**(652)**	(467)
Net loss		**$ (9,744)**	$ (1,742)	**$ (14,891)**	$ (9,822)
Net loss attributable to:					
Shareholders		**$ (9,706)**	$ (1,870)	**$ (14,697)**	$ (9,902)
Non-controlling interest		**(38)**	128	**(194)**	80
Basic and diluted loss per share attributable to shareholders	8 c)	**$ (0.22)**	$ (0.04)	**$ (0.34)**	$ (0.23)

See accompanying notes to condensed interim consolidated financial statements.

TVA GROUP INC.
Interim consolidated statements of comprehensive loss

(unaudited)
(in thousands of Canadian dollars)

		Three-month periods ended June 30		Six-month periods ended June 30	
	Note	**2018**	2017	**2018**	2017
Net loss		**$ (9,744)**	$ (1,742)	**$ (14,891)**	$ (9,822)
Other comprehensive items that may be reclassified to income:					
Cash flow hedge:					
Gain on valuation of derivative financial instruments	10	**–**	65	**–**	110
Deferred income taxes		**–**	(17)	**–**	(29)
		–	48	**–**	81
Comprehensive loss		**$ (9,744)**	$ (1,694)	**$ (14,891)**	$ (9,741)
Comprehensive (loss) income attributable to:					
Shareholders		**$ (9,706)**	$ (1,822)	**$ (14,697)**	$ (9,821)
Non-controlling interest		**(38)**	128	**(194)**	80

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 (note 10)		
Balance as at December 31, 2016	$ 207,280	$ 581	$ 67,514	$ 2,010	$ 840	$ 278,225
Net (loss) income	–	–	(9,902)	–	80	(9,822)
Other comprehensive income	–	–	–	81	–	81
Balance as at June 30, 2017	207,280	581	57,612	2,091	920	268,484
Net (loss) income	–	–	(6,049)	–	210	(5,839)
Other comprehensive income	–	–	–	884	–	884
Balance as at December 31, 2017	207,280	581	51,563	2,975	1,130	263,529
Net loss	–	–	(14,697)	–	(194)	(14,891)
Balance as at June 30, 2018	**$ 207,280**	**$ 581**	**$ 36,866**	**$ 2,975**	**$ 936**	**$ 248,638**

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, 2018	December 31, 2017
Assets			
Current assets			
Cash		**$ 5,371**	$ 21,258
Accounts receivable		**139,725**	144,913
Income taxes		**7,988**	596
Programs, broadcast rights and inventories		**56,326**	79,437
Prepaid expenses		**5,307**	3,736
		214,717	249,940
Non-current assets			
Broadcast rights		**49,268**	43,031
Investments		**13,503**	12,851
Property, plant and equipment		**193,865**	200,510
Intangible assets		**12,372**	15,120
Goodwill	7	**8,534**	7,892
Defined benefit plan asset		**1,115**	2,873
Deferred income taxes		**14,777**	14,015
		293,434	296,292
Total assets		**$ 508,151**	$ 546,232

TVA GROUP INC.
Interim consolidated balance sheets (continued)

(unaudited)
(in thousands of Canadian dollars)

	Note		**June 30, 2018**		December 31, 2017
Liabilities and equity					
Current liabilities					
Accounts payable and accrued liabilities		**$**	**99,514**	$	104,505
Income taxes			**411**		6,314
Broadcast rights payable			**68,142**		69,244
Provisions			**9,182**		8,937
Deferred revenues			**13,698**		18,728
Current portion of long-term debt			**10,781**		9,844
			201,728		217,572
Non-current liabilities					
Long-term debt			**47,144**		52,708
Other liabilities			**9,907**		11,632
Deferred income taxes			**734**		791
			57,785		65,131
Equity					
Capital stock	8		**207,280**		207,280
Contributed surplus			**581**		581
Retained earnings			**36,866**		51,563
Accumulated other comprehensive income	10		**2,975**		2,975
Equity attributable to shareholders			**247,702**		262,399
Non-controlling interest			**936**		1,130
			248,638		263,529
Event subsequent to balance sheet date	13				
Total liabilities and equity		**$**	**508,151**	$	546,232

See accompanying notes to condensed interim consolidated financial statements.

On August 2, 2018, the Board of Directors approved the condensed interim consolidated financial statements for the three-month and six-month periods ended June 30, 2018 and 2017.

TVA GROUP INC.

Interim consolidated statements of cash flows

(unaudited)
(in thousands of Canadian dollars)

	Note	Three-month periods ended June 30 2018	Three-month periods ended June 30 2017	Six-month periods ended June 30 2018	Six-month periods ended June 30 2017
Cash flows related to operating activities					
Net loss		**$ (9,744)**	$ (1,742)	**$ (14,891)**	$ (9,822)
Adjustments for:					
Depreciation and amortization		**8,401**	8,969	**17,206**	17,841
Share of income of associated corporations		**(368)**	(265)	**(652)**	(467)
Deferred income taxes		**(245)**	(1,061)	**(821)**	(2,753)
Gain on disposal of assets	6	**–**	–	**(1,000)**	–
Others		**10**	–	**10**	1
Cash flows (used in) provided by current operations		**(1,946)**	5,901	**(148)**	4,800
Net change in non-cash operating assets and liabilities		**10,891**	596	**769**	(19,717)
Cash flows provided by (used in) operating activities		**8,945**	6,497	**621**	(14,917)
Cash flows related to investing activities					
Additions to property, plant and equipment		**(2,463)**	(5,146)	**(6,177)**	(10,886)
Additions to intangible assets		**(645)**	(690)	**(2,112)**	(1,038)
Business acquisition	7	**–**	–	**(2,705)**	–
Change in investments	11	**(98)**	57	**(98)**	57
Others		**–**	–	**(600)**	–
Cash flows used in investing activities		**(3,206)**	(5,779)	**(11,692)**	(11,867)
Cash flows related to financing activities					
Change in bank overdraft		**–**	(583)	**–**	6,631
(Repayment of) increase in long-term debt		**(2,334)**	(1,266)	**(4,726)**	4,032
Others		**–**	(39)	**(90)**	(80)
Cash flows (used in) provided by financing activities		**(2,334)**	(1,888)	**(4,816)**	10,583
Net change in cash		**3,405**	(1,170)	**(15,887)**	(16,201)
Cash at beginning of period		**1,966**	2,188	**21,258**	17,219
Cash at end of period		**$ 5,371**	$ 1,018	**$ 5,371**	$ 1,018
Interest and taxes reflected as operating activities					
Net interest paid		**$ 600**	$ 645	**$ 1,063**	$ 1,225
Income taxes paid (received) (net of refunds or payments)		**1,691**	(104)	**8,738**	(830)

See accompanying notes to condensed interim consolidated financial statements.

TVA Group Inc. ("TVA Group" or the "Corporation") is governed by the Quebec *Business Corporations Act*. TVA Group is a communications company engaged in the Broadcasting & Production, Film Production & Audiovisual Services, and Magazines businesses (note 12). 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, and demand for production services from international and local producers. 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 2017 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, 2017 have been restated to conform to the presentation adopted for the three-month and six-month periods ended June 30, 2018.

2. Changes in accounting policies

(i) IFRS 9 – *Financial Instruments*

On January 1, 2018, the Corporation adopted the new rules under IFRS 9, which simplifies the measurement and classification of financial assets by reducing the number of measurement categories in IAS 39, *Financial Instruments: Recognition and Measurement*. The new standard also provides for a fair value option in the designation of a non-derivative financial liability and its related classification and measurement, as well as for a new hedge accounting model more closely aligned with risk management activities undertaken by entities.

Under the new rules, financial assets and liabilities are now all classified as subsequently measured at amortized cost.

The Corporation also uses the expected credit losses method in IFRS 9 to estimate the allowance for expected credit losses on its financial assets.

The adoption of IFRS 9 by the Corporation had no impact on the consolidated financial statements.

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

2. Changes in accounting policies (continued)

(ii) IFRS 15 – *Revenue from Contracts with Customers*

On January 1, 2018, the Corporation also adopted on a fully retrospective basis the new rules under IFRS 15 which specifies how and when an entity should recognize revenue as well as requiring such entities to provide users of financial statements with more informative disclosures.

The standard provides a single, principles-based five-step model to be applied to all contracts with customers. Accordingly, the Corporation now recognizes a contract with a customer only when all of the following criteria are satisfied:

- the parties to the contract have approved the contract - in writing, orally or in accordance with other customary business practices - and are committed to performing their respective obligations;
- the entity can identify each party's rights regarding the goods or services to be transferred;
- the entity can identify the payment terms for the goods or services to be transferred;
- the contract has commercial substance (i.e. the risk, timing or amount of the entity's future cash flows is expected to change as a result of the contract); and
- it is highly probable that the entity will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

The adoption of IFRS 15 by the Corporation had no impact on the consolidated financial statements.

3. Revenues

The breakdown of revenues is as follows:

	Three-month periods ended June 30		Six-month periods ended June 30	
	2018	2017	**2018**	2017
Advertising services	**$ 70,600**	$ 81,393	**$ 139,066**	$ 154,472
Royalties	**31,394**	32,183	**62,965**	64,371
Rental and postproduction services and other services rendered	**18,537**	17,764	**33,180**	33,761
Product sales[1]	**19,659**	21,202	**38,815**	41,062
	$ 140,190	$ 152,542	**$ 274,026**	$ 293,666

[1] 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

The main components of purchases of goods and services were as follows:

	Three-month periods ended June 30		Six-month periods ended June 30	
	2018	2017	**2018**	2017
Rights and production costs	**$ 75,612**	$ 69,792	**$ 139,883**	$ 139,024
Printing and distribution	**6,349**	6,838	**11,878**	13,609
Services rendered by the parent corporation				
- Commissions on advertising sales	**7,331**	6,154	**14,478**	11,492
- Others	**2,298**	2,216	**4,595**	4,458
Building costs	**4,975**	4,706	**10,122**	10,565
Marketing, advertising and promotion	**4,079**	4,293	**8,120**	8,558
Others	**5,782**	7,813	**11,697**	17,011
	$ 106,426	$ 101,812	**$ 200,773**	$ 204,717

5. Financial expenses

	Three-month periods ended June 30		Six-month periods ended June 30	
	2018	2017	**2018**	2017
Interest on long-term debt	**$ 603**	$ 614	**$ 1,189**	$ 1,202
Amortization of financing costs	**50**	50	**99**	99
Interest expense on net defined benefit liability	**35**	25	**85**	49
Foreign exchange loss (gain)	**6**	(78)	**1**	(108)
Others	**(12)**	26	**(105)**	30
	$ 682	$ 637	**$ 1,269**	$ 1,272

(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	
	2018	2017	**2018**	2017
Operational restructuring costs	**$ 597**	$ 483	**$ 1,474**	$ 1,235
Others	**235**	3,635	**(538)**	3,715
	$ 832	$ 4,118	**$ 936**	$ 4,950

Operational restructuring costs

In the three-month and six-month periods ended June 30, 2018 and 2017, the Corporation recorded the following operational restructuring costs in connection with the eliminations of positions:

	Three-month periods ended June 30		Six-month periods ended June 30	
	2018	2017	**2018**	2017
Broadcasting & Production	**$ 336**	$ 219	**$ 399**	$ 691
Magazines	**183**	261	**891**	407
Film Production & Audiovisual Services	**78**	3	**184**	137
	$ 597	$ 483	**$ 1,474**	$ 1,235

Others

In the three-month and six-month periods ended June 30, 2018, the Corporation made upward adjustments in the amounts of $58,000 and $177,000 respectively ($3,663,000 for the three-month and six-month periods ended June 30, 2017) to the allowance for onerous leases extending up to June 2022 for premises left unused by the Magazines segment following implementation of rationalization plans.

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.

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

7. Business acquisitions

(a) 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 have been incorporated into the Film Production & Audiovisual Services segment's operations.

Final allocation of the purchase was completed during the current quarter. 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.

(b) Serdy Group

On April 30, 2018, the Corporation signed an agreement to acquire the companies in the Serdy Media Inc. group, which owns and operates the "Évasion" and "Zeste" specialty channels, and the companies in the Serdy Video Inc. group, for a total consideration of $24,000,000. The acquisition is subject to approval by the Canadian Radio-television and Telecommunications Commission ("CRTC").

(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, 2018	December 31, 2017
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	
	2018	2017	**2018**	2017
Net loss attributable to shareholders	**$ (9,706)**	$ (1,870)	**$ (14,697)**	$ (9,902)
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	**$ (0.22)**	$ (0.04)	**$ (0.34)**	$ (0.23)

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

During the three-month and six-month periods ended June 30, 2018, no stock options were granted. As of June 30, 2018 and December 31, 2017, 60,000 options with a weighted average exercise price of $6.85 were outstanding.

Of the options outstanding as at June 30, 2018, 36,000 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, 2018	
	Number	Weighted average exercise price
Balance as at December 31, 2017	66,900	$ 65.64
Options related to executives transferred to TVA Group	45,800	59.70
Exercised	(18,850)	61.54
Balance as at June 30, 2018	**93,850**	**$ 63.57**

Of the options outstanding as at June 30, 2018, 42,700 Quebecor Media stock options could be exercised at an average price of $64.33.

During the three-month period ended June 30, 2018, 10,350 Quebecor Media stock options were exercised for a cash consideration of $346,000 (during the three-month period ended June 30, 2017, 15,550 stock options were exercised for a cash consideration of $327,000).

During the six-month period ended June 30, 2018, 18,850 Quebecor Media stock options were exercised for a cash consideration of $649,000 (during the six-month period ended June 30, 2017, 21,350 stock options were exercised for a cash consideration of $378,000).

(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) 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.

There was no movement of Corporation DSUs and PSUs during the three-month and six-month periods ended June 30, 2018. As of June 30, 2018 and December 31, 2017, 203,464 DSUs and 270,637 PSUs were outstanding.

Under the Quebecor plan, 83 DSUs and 96 PSUs were granted during the three-month and six-month periods ended June 30, 2018. As of June 30, 2018, 31,383 DSUs and 34,891 PSUs were outstanding (31,300 DSUs and 34,795 PSUs at December 31, 2017).

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

As of June 30, 2018, the total number of DSUs outstanding under this plan was 96,287 (78,012 as of December 31, 2017).

(e) Stock-based compensation expense

During the three-month and six-month periods ended June 30, 2018, compensation expenses in the amount of $538,000 and $1,322,000 respectively were recorded in respect of all stock-based compensation plans ($842,000 and $1,244,000 in the same periods of 2017).

10. Accumulated other comprehensive income

	Cash flow hedge	Defined benefits plans	Total
Balance as at December 31, 2016	$ (123)	$ 2,133	$ 2,010
Other comprehensive income	81	–	81
Balance as at June 30, 2017	(42)	2,133	2,091
Other comprehensive income	42	842	884
Balance as at December 31, 2017 and June 30, 2018	**$ –**	**$ 2,975**	**$ 2,975**

11. Related party transactions

ROC Television G.P. ("ROC Television," formerly SUN News General Partnership)

Since the announcement on February 13, 2015 of the discontinuation of the "SUN News" specialty service, operated by ROC Television, in which TVA Group holds a 49% interest, the Corporation has made capital contributions to ROC Television to cover its operating losses up to the closure date as well as costs related to the discontinuation of operations.

In the second quarter of 2018, the partners made a capital contribution of $200,000, including $98,000 from TVA Group to cover costs for which an allowance had already been made at the end of fiscal 2017. Following that contribution, the balance of the allowance recorded in accounts payable and accrued liabilities to cover future payments was $100,000 as of June 30, 2018 ($198,000 at December 31, 2017).

12. Segmented information

The Corporation's operations consist of the following segments:

– The **Broadcasting & Production segment**, which includes the operations of TVA Network (including the TVA Productions Inc. subsidiary and the TVA Nouvelles division), specialty services, the marketing of digital products associated with the various televisual brands, commercial production services and distribution of audiovisual products.

– 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, commercial print production and premedia services.

– The **Film Production & Audiovisual Services segment**, which through its subsidiaries Mels Studios and Postproduction G.P. and Mels Dubbing Inc. provides soundstage, mobile unit and production equipment rental services, as well as dubbing, postproduction, visual effects and distribution services.

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

12. Segmented information (continued)

	Three-month periods ended June 30		Six-month periods ended June 30	
	2018	2017	**2018**	2017
Revenues				
Broadcasting & Production	**$ 108,500**	$ 117,252	**$ 215,651**	$ 228,023
Magazines	**20,127**	23,709	**38,607**	45,158
Film Production & Audiovisual Services	**14,496**	14,214	**25,965**	25,778
Intersegment items	**(2,933)**	(2,633)	**(6,197)**	(5,293)
	140,190	152,542	**274,026**	293,666
Adjusted EBITDA (negative adjusted EBITDA)[1]				
Broadcasting & Production	**(8,345)**	5,076	**(5,939)**	5,733
Magazines	**2,459**	3,965	**3,334**	4,349
Film Production & Audiovisual Services	**1,984**	2,031	**996**	396
	(3,902)	11,072	**(1,609)**	10,478
Depreciation of property, plant and equipment and amortization of intangible assets	**8,351**	8,919	**17,107**	17,742
Financial expenses	**682**	637	**1,269**	1,272
Operational restructuring costs and others	**832**	4,118	**936**	4,950
Loss before tax recovery and share of income of associated corporations	**$ (13,767)**	$ (2,602)	**$ (20,921)**	$ (13,486)

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 of property, plant and equipment, amortization of intangible assets, 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.

13. Event subsequent to balance sheet date

In July 2018, the Corporation closed the sale of a building in Quebec City for an amount of $3,600,000. The transaction will give rise to a gain on disposal of approximately $2,900,000 in the third quarter of 2018.