INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS

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CORPORATE PROFILE

TVA Group Inc. ("TVA Group" or the "Corporation"), a subsidiary of Quebecor Media Inc. ("QMI" or the "parent corporation"), is a communications company with operations in three business segments: Broadcasting & Production, Magazines, and Film Production & Audiovisual Services. In the Broadcasting & Production segment, the Corporation creates, produces and broadcasts entertainment, information and public affairs programming, distributes audiovisual products and films, and is engaged in commercial production. It operates North America's largest private French-language television network as well as eight specialty services. TVA Group also holds a minority interest in the Canal Évasion specialty service. In the Magazines segment, TVA Group publishes more than 50 titles, making it the largest magazine publisher in Canada. The Film Production & Audiovisual Services segment provides soundstage and equipment leasing as well as postproduction and special effects services. 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 third quarter of 2015 and the major changes from the previous financial year. The Corporation's interim condensed consolidated financial statements for the three- and nine-month periods ended September 30, 2015 and 2014 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), in particular International Accounting Standard 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 financial year ended December 31, 2014 and in the Interim Condensed Consolidated Financial Statements as at September 30, 2015.

BUSINESS SEGMENTS

At the beginning of 2015, the Corporation revised its business segments to better reflect changes in its operations and management structure following the acquisition of substantially all of the assets of Mels Studios and Postproduction G.P. ("MELS", formerly A.R. Global Vision Ltd., "Global Vision") on December 30, 2014. Accordingly, the new Film Production & Audiovisual Services segment was created.

In addition, since April 12, 2015, following the transaction with Transcontinental Inc. ("Transcontinental") described below, the operations of the acquired magazines have been included in the Magazines segment's results, while custom publishing operations have been included in the Broadcasting & Production segment's results.

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

- The **Broadcasting & Production segment,** which includes the operations of TVA Network (including the subsidiary and divisions TVA Productions Inc., TVA Nouvelles and TVA Interactif), specialty services, the marketing of digital products associated with the various televisual brands, the commercial production, dubbing, custom publishing and premedia services of TVA Accès Inc., and distribution of audiovisual products by the TVA Films division;

- The **Magazines segment,** which through its subsidiaries, notably TVA Publications Inc. and Les Publications Charron & Cie inc., publishes French- and English-language magazines in various fields such as the arts, entertainment, television, fashion, sports and decoration as well as the marketing of digital products associated with the various magazine brands;

- The **Film Production & Audiovisual Services segment,** which since December 30, 2014 has included the soundstage and equipment leasing, post-production and visual effects services provided by MELS.

HIGHLIGHTS SINCE END OF SECOND QUARTER 2015

- On October 15, 2015, the Supreme Court of Canada refused to hear an appeal from Bell ExpressVu Limited Partnership ("Bell ExpressVu"), a subsidiary of Bell Canada, against a Quebec Court of Appeal judgement in favour of Videotron Ltd. and TVA Group rendered on March 6, 2015. The ruling ordered Bell ExpressVu to pay TVA Group $665,000, including interest, for having failed to implement an appropriate security system in a timely manner to prevent piracy of its satellite television signals between 1999 and 2005, harming its competitors and broadcasters. The gain arising from the outcome of this legal dispute was recognized in the third quarter of 2015 ("Conclusion of legal dispute with Bell ExpressVu").

- In the third quarter of 2015, the Corporation reviewed its three-year business plan and the cash flow forecasts for its operations. In view of advertising revenue forecasts for the television industry, particularly over-the-air stations, the Corporation determined it would be appropriate to recognize a $60,107,000 non-cash charge in its Broadcasting & Production segment for impairment of a broadcasting licence.

- On September 9, 2015, the Corporation announced that the "TVA Sports" service will carry the 2016 World Cup of Hockey, to be held in Toronto from September 17 to October 1, 2016. As the official broadcaster of the international event, "TVA Sports" will carry all the games in the tournament.

- On August 26, 2015, TVA Group introduced a new brand image for Global Vision to support the promotion of its film and audiovisual services in Quebec and internationally. Henceforth, all the strengths and creative talents of Global Vision's teams will be brought together behind a brand that already enjoys a firmly established reputation in the industry: MELS.

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 measures with similar names reported by other companies.

Adjusted operating income (loss)

In its analysis of operating results, the Corporation defines adjusted operating income (loss) as net income (loss) before depreciation of property, plant and equipment, amortization of intangible assets, financial expenses, operational restructuring costs, impairment of assets and other costs, income taxes and share of loss (income) of associated corporations. Adjusted operating income (loss) as defined above is not a measure of results that is consistent with 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 operating income (loss) is also relevant because it is a significant component of the Corporation's annual incentive compensation programs. The Corporation's definition of adjusted operating income (loss) may not be identical to similarly titled measures reported by other companies.

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

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

	Three-months ended September 30		Nine-months ended September 30	
	2015	2014	**2015**	2014
Adjusted operating income:				
Broadcasting & Production	**$ 19,527**	$ 4,796	**$ 11,579**	$ 14,655
Magazines	**3,732**	2,842	**5,883**	7,957
Film Production & Audiovisual Services	**7,605**	–	**13,082**	–
	30,864	7,638	**30,544**	22,612
Depreciation of property, plant and equipment and amortization of intangible assets	**6,871**	5,870	**20,758**	16,571
Financial expenses	**1,009**	1,078	**3,814**	3,173
Impairment of a licence and goodwill	**60,107**	41,000	**60,107**	41,000
Operational restructuring costs, impairment of assets and other costs	**168**	109	**2,879**	109
Tax recovery	**(1,689)**	(6,176)	**(8,083)**	(6,695)
Share of loss of associated corporations	**449**	1,427	**4,559**	5,124
Non-controlling interest	**404**	–	**264**	–
Net loss attributable to shareholders	**$ (36,455)**	$ (35,670)	**$ (53,754)**	$ (36,670)

ANALYSIS OF CONSOLIDATED RESULTS

2015/2014 third-quarter comparison

Operating revenues: $138,523,000, a $43,998,000 (46.5%) increase.

- $8,316,000 (10.5%) increase in the Broadcasting & Production segment (Table 2) essentially due to the significant revenue growth generated by the specialty services, particularly “TVA Sports,” which was partially offset by a 6.0% decrease in TVA Network’s revenues.

- $16,022,000 (98.6%) increase in the Magazines segment (Table 2) primarily due to the favourable impact of the acquisition of magazines from Transcontinental on April 12, 2015, which was partially offset by an 18.6% decrease in advertising revenues and a 6.8% decrease in newsstand revenues at the other magazines.

- $20,460,000 increase in the Film Production & Audiovisual Services segment (Table 2) due to the addition of operating activities related to the acquisition of substantially all of the assets of MELS on December 30, 2014 (“acquisition of MELS”).

Table 2
Operating revenues
(in thousands of dollars)

	Three-months ended September 30		Nine-months ended September 30	
	2015	2014	**2015**	2014
Broadcasting & Production	**$ 87,145**	$ 78,829	**$ 305,564**	$ 264,005
Magazines	**32,265**	16,243	**73,980**	47,339
Film Production & Audiovisual Services	**20,460**	–	**48,366**	–
Intersegment items	**(1,347)**	(547)	**(3,449)**	(1,798)
	$ 138,523	$ 94,525	**$ 424,461**	$ 309,546

Adjusted operating income: $30,864,000, a $23,226,000 (304.1%) favourable variance.

- $14,731,000 favourable variance in the Broadcasting & Production segment (Table 3) caused mainly by the increase in the adjusted operating results of the specialty services, primarily "TVA Sports," and the increase in TVA Network's adjusted operating income.

- $890,000 favourable variance in the Magazines segment (Table 3) primarily due to the addition of the adjusted operating results of the magazines acquired from Transcontinental on April 12, 2015.

- $7,605,000 favourable variance in the Film Production & Audiovisual Services segment (Table 3), directly attributable to the adjusted operating income generated by the operations integrated as a result of the acquisition of MELS.

Table 3
Adjusted operating income
(in thousands of dollars)

	Three-months ended September 30		Nine-months ended September 30	
	2015	2014	**2015**	2014
Broadcasting & Production	**$ 19,527**	$ 4,796	**$ 11,579**	$ 14,655
Magazines	**3,732**	2,842	**5,883**	7,957
Film Production & Audiovisual Services	**7,605**	–	**13,082**	–
	$ 30,864	$ 7,638	**$ 30,544**	$ 22,612

Net loss attributable to shareholders: $36,455,000 (-$0.84 per basic and diluted share), compared with a net loss attributable to shareholders of $35,670,000 (-$1.50 per basic and diluted share) in the same period of 2014.

- The $785,000 negative variance (favourable variance of $0.66 per basic and diluted share) was essentially due to:

    - $19,107,000 unfavourable variance caused by impairment of a licence and goodwill;

    - $4,487,000 unfavourable variance in income tax recovery;

    - $1,001,000 unfavourable variance in depreciation and amortization expenses;

    partially offset by:

    - $23,226,000 increase in adjusted operating income.

- The calculation of per-share results was based on a weighted average of 43,205,535 outstanding diluted shares for the quarter ended September 30, 2015, and 23,770,906 shares for the same period of 2014. The increase in the weighted average number of outstanding diluted shares was due to the issuance of 19,434,629 Class B shares on March 20, 2015 upon closing of a subscription rights offering to existing shareholders.

Depreciation of property, plant and equipment and amortization of intangible assets: $6,871,000, a $1,001,000 increase from the same quarter of 2014 due mainly to amortization of intangible assets acquired from MELS and in the transaction with Transcontinental.

Financial expenses: Relatively stable at $1,009,000, a $69,000 decrease from the same quarter of 2014.

Impairment of a licence and goodwill: $60,107,000 for the three-month period ended September 30, 2015, compared with $41,000,000 for the same period of 2014, a $19,107,000 unfavourable variance.

During the third quarter of 2015, the Corporation completed the annual update of its strategic plan for the next three years. Market conditions in the television industry, particularly the continuing pressure on advertising revenues, led the Corporation to perform an impairment test on its Broadcasting & Production cash-generating unit (“CGU”). The Corporation concluded that the recoverable amount, based on value in use, of the Broadcasting & Production CGU was less than its carrying amount. A $60,107,000 non-cash impairment charge was recorded with respect to the broadcasting licence, including $30,054,000 without any tax consequences ($32,462,000 in 2014, including $16,231,000 without any tax consequences). In 2014, an $8,538,000 non-cash goodwill impairment charge, without any tax consequences, was also recognized. The Corporation used an 11.10% pre-tax discount rate and a 0.0% perpetual growth rate to calculate the recoverable amount (11.08% pre-tax discount rate and 1.0% perpetual growth rate in 2014).

Operational restructuring costs, impairment of assets and other costs: $168,000 in the third quarter of 2015, compared with $109,000 in the same period of 2014.

- In the three-month period ended September 30, 2015, the Corporation recorded $880,000 in operational restructuring costs following the elimination of positions including $274,000 in the Broadcasting & Production segment, $602,000 in the Magazines segment, and $4,000 in the Film Production & Audiovisual Services segment.

- In the same period, the Corporation recorded a $680,000 gain, including interest, in connection with the conclusion of the legal dispute with Bell ExpressVu.

- Also during the quarter, the Corporation recorded a $32,000 net reversal of professional fees and integration costs in connection with the acquisition of MELS and the acquisition of magazines from Transcontinental.

- During the third quarter of 2014, the Corporation recorded $109,000 in operational restructuring costs, following the elimination of positions in the Broadcasting & Production segment.

Income tax recovery: $1,689,000 (effective tax rate of 4.5%) in the third quarter of 2015, compared with $6,176,000 (effective tax rate of 15.3%) in the same period of 2014.

- In the third quarter of 2015, the effective tax rate was lower than the Corporation's statutory tax rate of 26.9%, primarily because of the non-deductible portion of the licence impairment charge.

- In the third quarter of 2014, the effective tax rate was lower than the Corporation's statutory tax rate of 26.9%, primarily because of the non-deductible portion of the goodwill and licence impairment charges, partially offset by the Corporation's share of the tax savings generated by the losses of ROC Television G.P. ("ROC Television," formerly SUN News General Partnership) during the period.

Share of loss of associated corporations: $449,000 in the third quarter of 2015, compared with $1,427,000 in the same quarter of 2014. The $978,000 favourable variance was mainly due to a decrease in the Corporation's share of loss of ROC Television following the discontinuation of the operations of the "SUN News" specialty service on February 13, 2015.

Non-controlling interest: $404,000 in the third quarter of 2015, compared with nil in the same quarter of 2014.

Non-controlling interest consists in the minority shareholder's share of the net income of a corporation in which TVA Publications Inc. holds a 51% interest and which operates certain magazines acquired in the Transcontinental transaction.

2015/2014 year-to-date comparison

Operating revenues: $424,461,000, a $114,915,000 (37.1%) increase.

- $41,559,000 (15.7%) increase in the Broadcasting & Production segment (Table 2) essentially due to the significant revenue growth generated by the specialty services, particularly "TVA Sports," which was partially offset by a 7.4% decrease in TVA Network's revenues.

- $26,641,000 (56.3%) increase in the Magazines segment (Table 2) primarily due to the favourable impact of the acquisition of magazines from Transcontinental on April 12, 2015, which was partially offset by a 13.7% decrease in newsstand revenues and a 13.3% decrease in advertising revenues at the other magazines.

- $48,366,000 increase in the Film Production & Audiovisual Services segment (Table 2) due to the addition of operating activities related to the acquisition of MELS.

Adjusted operating income: $30,544,000, a $7,932,000 favourable variance.

- $3,076,000 unfavourable variance in the Broadcasting & Production segment (Table 3) caused mainly by the increase in the "TVA Sports" service's adjusted operating loss, partially offset by the 35.5% increase in the adjusted operating income of the other specialty services and the increase in TVA Network's adjusted operating income.

- $2,074,000 unfavourable variance in the Magazines segment (Table 3), mainly because the decrease in operating revenues for comparable magazines exceeded the reductions in expenses. That decrease was partially offset by the addition of the adjusted operating results of the magazines acquired from Transcontinental on April 12, 2015.

- $13,082,000 favourable variance in the Film Production & Audiovisual Services segment (Table 3), directly attributable to the adjusted operating income generated by the operations integrated as a result of the acquisition of MELS.

Net loss attributable to shareholders: $53,754,000 (-$1.44 per basic and diluted share) for the first nine months of 2015, compared with $36,670,000 (-$1.54 per basic and diluted share) in the same period of 2014.

- The $17,084,000 negative variance (favourable variance of $0.10 per basic and diluted share) was essentially due to:

    - $19,107,000 unfavourable variance in the impairment of a licence and goodwill;

    - $4,187,000 unfavourable variance in depreciation and amortization expenses;

    - $2,770,000 unfavourable variance in operational restructuring costs, impairment of assets and other costs;

    partially offset by:

    - $7,932,000 increase in adjusted operating income;

    - $1,388,000 favourable variance in income tax recovery.

- The calculation of per-share results was based on a weighted average of 37,368,027 outstanding diluted shares for the first nine months of 2015 and 23,770,906 for the same period of 2014. The increase in the weighted average number of outstanding diluted shares was due to the issuance of 19,434,629 shares, as described in the 2015/2014 third-quarter comparison above.

Depreciation of property, plant and equipment and amortization of intangible assets: $20,758,000, a $4,187,000 increase from the same period of 2014 caused by the same factors as those noted above in the 2015/2014 third-quarter comparison.

Financial expenses: $3,814,000, a $641,000 increase essentially due to recognition in the first quarter of 2015 of interest charges related to the $100,000,000 credit facility extended by QMI, the foreign exchange loss, and the interest expense related to pension plans. Those increases were partially offset by the better rates obtained on floating rate debt in the first nine months of 2015 compared with the fixed interest rates paid by the Corporation in the same period of 2014.

Impairment of a licence and goodwill: $60,107,000 for the nine-month period ended September 30, 2015 compared with $41,000,000 for the same period of 2014, because of the same factors as those noted above in the 2015/2014 third-quarter comparison.

Operational restructuring costs, impairment of assets and other costs: $2,879,000 in the first nine months of 2015, compared with $109,000 in the same period of 2014.

In addition to the factors noted in the 2015/2014 third-quarter comparison above, the Corporation recorded $2,080,000 in operational restructuring costs following the elimination of positions in the first half of 2015, including $465,000 in the Broadcasting & Production segment, $1,280,000 in the Magazines segment, and $335,000 in the Film Production & Audiovisual Services segment. In the same period, the Corporation recorded $631,000 in professional fees and integration costs in connection with the acquisition of MELS and the acquisition of magazines from Transcontinental.

Income tax recovery: $8,083,000 (effective tax rate of 14.2%) in the first nine months of 2015, compared with $6,695,000 (effective tax rate of 17.5%) in the same period of 2014.

- In the first nine months of 2015, the effective tax rate was lower than the Corporation’s statutory tax rate of 26.9%, mainly because of the non-deductible portion of the licence impairment charge, partially offset by the Corporation’s share of the tax savings generated by ROC Television’s losses for the period.

- In the first nine months of 2014, the effective tax rate was lower than the Corporation’s statutory tax rate of 26.9%, primarily because of the non-deductible portion of the goodwill and licence impairment charges, partially offset by the Corporation’s share of the tax savings generated by ROC Television’s losses during the period. As well, in light of developments in tax audits, jurisprudence and tax legislation, the Corporation reduced its deferred tax liabilities by $479,000.

Share of loss of associated corporations: $4,559,000 in the first nine months of 2015, compared with $5,124,000 in the same period of 2014. The $565,000 favourable variance was mainly due to a decrease in the Corporation’s share of loss of ROC Television following the discontinuation of the operations of the “SUN News” specialty service in the first quarter of 2015.

Non-controlling interest: $264,000 for the nine-month period ended September 30, 2015 compared with nil for the same period of 2014. The increase was due to the same factor as that noted above in the 2015/2014 third-quarter comparison.

SEGMENTED ANALYSIS

Broadcasting & Production

2015/2014 third-quarter comparison

Operating revenues: $87,145,000, an $8,316,000 (10.5%) increase, primarily due to:

- higher operating revenues at “TVA Sports,” which increased its advertising revenues by 91.9% and more than doubled its subscription revenues;
- 13.0% increase in the combined subscription revenues of the other specialty services, including “MOI&cie,” “Casa” and “addikTV,” which grew by 25.5%, 12.1% and 10.6% respectively;

partially offset by:

- 6.0% decrease in TVA Network’s revenues, mainly because of the following factors:
  - 48.9% decrease in commercial production revenues due to lower volume;
  - 2.2% decrease in advertising revenues;
  - decrease in revenues from the Local Programming Improvement Fund, which was terminated in September 2014.

French-language market ratings

TVA Group’s total market share increased from 31.6% to 32.3% (+0.7 percentage points) in the period of July 1 to September 30.

TVA Group’s specialty services had a combined market share of 10.0% in the third quarter of 2015, compared with 9.2% in the same period of 2014, a 0.8-point increase. The “TVA Sports” service continued to make gains, growing its market share by 0.5 points during the quarter. With a 3.4% share (+0.3 points), the 24-hour news channel “LCN” was ahead of its main rival, “RDI,” which had an average 3.2% share in the third quarter of 2015.

TVA Network maintained its lead among over-the-air channels with a 22.3% market share, more than its two main over-the-air rivals combined. TVA Network carried 18 of the 30 most-watched programs in Quebec during the third quarter of 2015, including *Le Banquier* and two new series, *Boomerang* and *Pour Sarah*, which were in the top 5 with more than 1.5 million viewers.

Table 4
French-language market ratings
(Market share in %)

Summer 2015 vs 2014			
	2015	**2014**	**Difference**
French-language conventional broadcasters:			
TVA	**22.3**	22.4	- 0.1
SRC	**11.2**	11.4	- 0.2
V	**6.8**	7.7	- 0.9
	40.3	41.5	- 1.2
French-language specialty and pay services:			
TVA	**10.0**	9.2	0.8
Bell Media	**18.6**	19.2	- 0.6
Corus	**8.9**	9.0	- 0.1
SRC	**4.8**	4.9	- 0.1
Other	**9.2**	8.0	1.2
	51.5	50.3	1.2
Total English-language channels and others:	**8.2**	8.2	–
TVA Group	**32.3**	31.6	0.7

Source: Numeris, French Quebec, July 1 to September 30, 2015, Mon-Sun, 2:00 – 2:00, All 2+.

Operating expenses: $67,618,000, a decrease of $6,415,000 (-8.7%), due primarily to:

14.2% decrease in operating expenses at TVA Network generated by the operating cost reduction plan, which lowered content costs and administrative expenses in particular. The Corporation also recorded reduced expenses related to commercial production due to lower volume and savings in variable costs, including commissions on advertising sales and rights.

Adjusted operating income: $19,527,000, a $14,731,000 favourable variance due primarily to:

- increase in adjusted operating results at "TVA Sports," essentially due to the above-noted significant increase in its operating revenues;
- 208.6% increase in adjusted operating income at the other specialty services, mainly reflecting higher subscription revenues;
- increase in adjusted operating income at TVA Network, mainly as a result of the significant reduction in operating expenses, which outweighed the revenue decrease.

Analysis of cost/revenue ratio: Employee costs and the cost of purchases of goods and services for the Broadcasting & Production segment's activities (expressed as a percentage of revenues) decreased from 93.9% in the third quarter of 2014 to 77.6% in the same period of 2015. The decrease was mainly due to the substantial increase in the operating revenues of "TVA Sports" combined with the decrease in TVA Network's operating expenses.

<u>2015/2014 year-to-date comparison</u>

Operating revenues: $305,564,000, a $41,559,000 (15.7%) increase, primarily due to:

- increase in the subscription revenues of "TVA Sports," which more than tripled;
- substantial increase in the advertising revenues of "TVA Sports";
- 8.3% increase in the combined subscription revenues of the other specialty services, including "MOI&cie," "Casa" and "addikTV," which grew by 27.9%, 12.4% and 11.0% respectively;

partially offset by:

- 7.4% decrease in TVA Network's revenues because of the following factors:
  - 5.7% decrease in advertising revenues;
  - decrease in commercial production revenues due to lower volume;
  - decrease in revenues from the Local Programming Improvement Fund, which was terminated in September 2014.

Operating expenses: $293,985,000, a $44,635,000 (17.9%) increase.

- The increase was due primarily to:
  - 227.2% increase in the operating expenses of "TVA Sports" as a result of increased spending on programming, largely related to the broadcast of National Hockey League ("NHL") games, including the Stanley Cup playoffs;

  partially offset by:

  - 12.7% decrease in operating expenses at TVA Network, due to the same factors as those noted above in the 2015/2014 third-quarter comparison. As well, during the first quarter of 2014, TVA Network absorbed additional costs generated by adjustments to certain prior-year broadcast licence costs and the provincial election.

Adjusted operating income: $11,579,000, a $3,076,000 unfavourable variance due primarily to:

- increase in the adjusted operating loss of “TVA Sports” because the channel has had to absorb the full cost of its new programming while the growth in the subscriber base has not yet reached its full potential;

partially offset by:

- increase in adjusted operating income at TVA Network, mainly as a result of lower content costs and the expense reduction plan introduced in the second quarter of 2015;

- 35.5% increase in adjusted operating income at the other specialty services, caused primarily by the increase in subscription revenues.

Analysis of cost/revenue ratio: Employee costs and the cost of purchases of goods and services for the Broadcasting & Production segment’s activities (expressed as a percentage of revenues) were relatively stable, increasing from 94.4% in the first nine months of 2014 to 96.2% in the same period of 2015.

Magazines

2015/2014 third-quarter comparison

Operating revenues: $32,265,000, a $16,022,000 (98.6%) increase primarily due to:

- addition of the revenues of the magazines acquired from Transcontinental on April 12, 2015;

partially offset by:

- 18.6%[1] decrease in advertising revenues, caused mainly by the following categories:
  - Women’s: : -36.4%[1];
  - Decorating/cooking: : -14.5%[1];
  - Entertainment: : -13.8%;

- 6.8%[1] decrease in newsstand revenues, mainly because of a 5.5% decline at the entertainment magazines.

[1] *Excluding the magazines acquired from Transcontinental.*

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 11.4% of the segment’s operating revenues for the three-month period ended September 30, 2015 (11.1% in the same period of 2014).

Readership and market share statistics

According to the new *Vividata* multiplatform readership metric, TVA Group is Canada's largest magazine publisher. Its French-language titles attract 3.2 million multiplatform readers per issue and its English-language titles more than 8.1 million multiplatform readers per issue.

The showbiz and celebrity news magazine *7 Jours* is the No. 1 weekly in Québec with nearly 600,000 multiplatform readers per week.

Among monthlies, *Coup de pouce* is the print magazine with the largest readership in Québec with over 1.1 million readers in print. It reaches a total of 1.4 million readers across all platforms.

On the English side, *Canadian Living* is Canada's most widely read English-language women's magazine with close to 3.2 million multiplatform readers, while *The Hockey News* is the top destination for Canadian sports fans with nearly 2.1 million multiplatform readers.

Source: Vividata, Q2 2015, Total Canada, 12+

Operating expenses: $28,533,000, an increase of $15,132,000 (112.9%) due mainly to:

- addition of operating expenses of the magazines acquired from Transcontinental on April 12, 2015;

partially offset by:

- 6.7%[1] decrease in the operating expenses of the other magazines reflecting both volume-related cost reductions and operating expense reduction efforts.

[1.] *Excluding the magazines acquired from Transcontinental.*

Adjusted operating income: $3,732,000, an $890,000 favourable variance due mainly to the addition of the operating results of the magazines acquired from Transcontinental, partially offset by the impact of the decrease in operating revenues, which exceeded the decrease in operating expenses in the segment, excluding the magazines acquired from Transcontinental.

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) were 88.4% in the third quarter of 2015, compared with 82.5% in the same period of 2014. Excluding the impact of the magazines acquired from Transcontinental, the increase was mainly due to the decrease in advertising revenues and newsstand revenues, which exceeded the decrease in operating expenses.

Acquisition of magazines from Transcontinental

On April 12, 2015, TVA Publications Inc. closed the acquisition of magazines from Transcontinental. In the transaction, it acquired 14 magazines, four of which are owned and operated in partnership, as well as three websites, custom publishing contracts and book publishing operations, for a purchase price of approximately $55,500,000 in cash. A $2,012,000 amount payable was also recorded in accounts payable and accrued liabilities as a preliminary adjustment based on a predetermined working capital target agreed to by the parties.

The 14 acquired titles include *Coup de pouce*, *Canadian Living*, *Décormag*, *Style at Home*, *Canadian Gardening* and *The Hockey News*. TVA Publications Inc. also acquired an effective 51% interest in Les Publications Groupe-TVA Hearst inc., giving it control of the titles *Elle Canada* and *Elle Québec*, as well as a 50% interest in Publications Sénior inc., which operates the *Le Bel Âge* and *Good Times* brands.

Integration of the acquired magazines into the Magazines segment's existing operations continued during the third quarter. The Corporation was able to realize the positive contribution of the newly acquired titles, although certain transitional operational costs remain high. Those costs should decrease in the coming quarters.

2015/2014 year-to-date comparison

Operating revenues: $73,980,000, a $26,641,000 (56.3%) increase primarily due to:

- addition of the revenues of the magazines acquired from Transcontinental on April 12, 2015;

partially offset by:

- 13.7%[1] decrease in newsstand revenues, mainly because of a 14.6% decrease at the entertainment magazines and a 12.9% decline at the women's magazines;
- 13.3%[1] decrease in advertising revenues, caused mainly by the following categories:
  - Women's: : -26.6%[1];
  - Decorating/cooking: : -19.3%[1];
  - Entertainment: : -13.8%.

[1.] *Excluding the magazines acquired from Transcontinental.*

Operating expenses: $68,097,000, an increase of $28,715,000 (72.9%) due mainly to:

- addition of operating expenses of the magazines acquired from Transcontinental on April 12, 2015;

partially offset by:

- 3.9% decrease in the operating expenses of the other magazines reflecting both volume-related cost reductions and operating expense reduction efforts.

Adjusted operating income: $5,883,000, a $2,074,000 unfavourable variance due mainly to the impact of the decrease in the segment's operating revenues, excluding the impact of the magazines acquired from Transcontinental.

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) were 92.0% in the first nine months of 2015, compared with 83.2% in the same period of 2014. The increase was mainly due to the decrease in newsstand revenues and advertising revenues, excluding the impact of the magazines acquired from Transcontinental.

Film Production & Audiovisual Services

2015/2014 third-quarter comparison

The acquisition of MELS on December 30, 2014 gave rise to the following variances in operating results:

- $20,460,000 favourable variance in operating revenues;
- $12,855,000 unfavourable variance in operating expenses;
- $7,605,000 favourable variance in the adjusted operating income generated by the segment.

Soundstage and equipment leasing accounted for 74.7% of the segment's operating revenues during the three-month period ended September 30, 2015.

Adjusted operating results for the third quarter of 2015 were consistent with the Corporation's budget forecasts. The second and third quarters are traditionally busy periods, especially for soundstage and equipment leasing. The significant contribution from this business during the quarter was generated by major productions such as the Hollywood productions *Story of Your Love*, directed by Denis Villeneuve, and *X-Men*, as well as coproductions with France.

2015/2014 year-to-date comparison

The acquisition of MELS on December 30, 2014 gave rise to the following variances in operating results:

- $48,366,000 favourable variance in operating revenues;
- $35,284,000 unfavourable variance in operating expenses;
- $13,082,000 favourable variance in the adjusted operating income generated by the segment.

Soundstage and equipment leasing accounted for 63.7% of the segment's operating revenues during the nine-month period ended September 30, 2015.

Adjusted operating results for the first nine months of 2015 were consistent with the Corporation's budget forecasts. During the nine-month period ended September 30, 2015, the significant contribution of soundstage and equipment leasing operations was attributable to, in addition to the items noted in the 2015/2014 third-quarter comparison above, the productions *Race*, *Fallen* and *Versailles,* which will air on Netflix France. We project high utilization rates for all our film production facilities and equipment, and are still strong for the upcoming seasons.

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 September 30		Nine-months ended September 30	
	2015	2014	**2015**	2014
Cash flows related to operating activities	**$ 15,240**	$ 6,256	**$ 86,835**	$ 27,208
Issuance of share capital, net of transaction costs	**(92)**	–	**108,633**	–
Net business acquisitions	**(1,161)**	–	**(56,361)**	(501)
Additions to property, plant and equipment and intangible assets	**(6,180)**	(6,282)	**(19,173)**	(19,597)
Increase in investments	**–**	(1,781)	**(2,620)**	(4,548)
Other	**(228)**	(50)	**(725)**	(151)
Reimbursement of (increase in) net debt	**$ 7,579**	$ (1,857)	**$ 116,589**	$ 2,411

	September 30, 2015	December 31, 2014
At period end:		
Long-term debt	**$ 70,364**	$ 72,757
Derivative financial instrument	**920**	547
Short-term debt	**3,750**	938
Credit facility from parent corporation	**–**	100,000
Bank overdraft	**–**	4,486
Less : cash	**12,895**	–
Net debt	**$ 62,139**	$ 178,728

Operating activities

Cash flows provided by operating activities: $8,984,000 increase during the three-month period ended September 30, 2015, compared with the same period of 2014, due mainly to:

- $23,226,000 increase in adjusted operating income;

partially offset by:

- $12,300,000 unfavourable net change in non-cash balances related to operations, mainly because of the unfavourable variance in accounts payable and accrued liabilities, partially offset by a favourable variance in accounts receivable;

- $1,976,000 increase in income taxes payable.

Cash flows provided by operating activities: $59,627,000 increase during the nine-month period ended September 30, 2015, compared with the same period of 2014, due mainly to:

- $58,079,000 favourable net change in non-cash balances related to operations, mainly because of favourable variances in rights payable and in accounts payable and accrued liabilities, partially offset by an unfavourable variance in accounts receivable;

- $7,932,000 increase in adjusted operating income;

partially offset by:

- $3,089,000 increase in income taxes payable;

- $2,770,000 increase in operational restructuring costs, impairment of assets and other costs.

Working capital: $10,558,000 as of September 30, 2015, compared with negative working capital of $33,062,000 at December 31, 2014. The $43,620,000 improvement mainly reflects an increase in cash and repayment of the credit facility extended by the parent corporation following an issuance of shares upon closing of a subscription rights offering to existing shareholders in the first quarter of 2015, partially offset by an increase in accounts payable and accrued liabilities, an increase in broadcast and distribution rights payable, and an increase in deferred revenues.

Investing activities

Additions to property, plant and equipment and intangible assets: $6,180,000 in the third quarter of 2015, compared with $6,282,000 in the same period of 2014, a slight decrease of $102,000 (-1.6%).

Additions to property, plant and equipment and intangible assets: $19,173,000 in the first nine months of 2015, compared with $19,597,000 in the same period of 2014. The $424,000 (-2.2%) decrease was essentially due to delays in the startup of certain capital expenditure projects.

Business acquisitions: $1,161,000 in the three-month period ended September 30, 2015, reflecting a preliminary adjustment to the purchase price for the acquisition of MELS.

Business acquisitions: $56,661,000 in the nine-month period ended September 30, 2015. In addition to the above-noted preliminary adjustment to the purchase price for the acquisition of MELS, the Corporation acquired from Transcontinental, on April 12, 2015, 14 magazines, four of which it owns and operates in partnership, as well as three websites, custom publishing contracts and book publishing operations, for a total consideration of $57,512,000, including $55,500,000 in cash and a $2,012,000 adjustment contingent upon achievement of a predetermined working capital target.

As part of this transaction, the Corporation simultaneously transferred the acquired book publishing operations to Sogides Group Inc., a corporation under common control, for the equivalent of the price paid, namely an agreed price of $811,000, including $300,000 in cash and a $511,000 account receivable.

Net change in investments: Nil in the third quarter of 2015, compared with $1,781,000 in the same period of 2014. In the third quarter of 2014, the Corporation made a $2,009,000 capital contribution to ROC Television and received $228,000 related to a portfolio investment.

Net change in investments: $2,620,000 in the first nine months of 2015, compared with $4,548,000 in the same period of 2014. During the nine-month period ended September 30, 2015, the Corporation made a $2,891,000 capital contribution to ROC Television ($5,047,000 in the same period of 2014) and received $271,000 related to a portfolio investment ($499,000 in the same period of 2014).

Financing activities

Long-term debt (excluding deferred financing costs): $74,949,000 at September 30, 2015, compared with $74,737,000 at December 31, 2014, a slight $212,000 increase.

Financial position at September 30, 2015

Net available liquid assets: $162,470,000, consisting of a $149,575,000 unused and available revolving credit facility and $12,895,000 in cash.

As of September 30, 2015, minimum principal payments on debt in the coming 12-month periods were as follows:

Table 6
TVA Group minimum principal payments on debt
12-month periods ended September 30
(in thousands of dollars)

2016	$	3,750
2017		5,625
2018		9,375
2019		11,250
2020 and thereafter		44,949
Total	**$**	**74,949**

The weighted average term of TVA Group's debt was approximately 3.5 years as of September 30, 2015 (4.2 years as of December 31, 2014). The debt consisted entirely of floating-rate debt as of September 30, 2015 and December 31, 2014. The Corporation is using an interest rate swap to secure future interest expenses on a $39,875,000 portion of its $75,000,000 secured term loan, which bears interest at a floating rate.

The Corporation also has a $150,000,000 revolving credit facility ($150,000,000 at December 31, 2014), which was renewed on November 3, 2014 and matures on February 24, 2019. As at September 30, 2015, $425,000 was drawn on the revolving credit facility ($520,000 at December 31, 2014).

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, debt repayment, pension plan contributions 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 September 30, 2015, the Corporation was in compliance with all the terms of its credit agreements.

Analysis of consolidated balance sheet as of September 30, 2015

Table 7
Consolidated balance sheets of TVA Group
Analysis of main variances between September 30, 2015 and December 31, 2014
(in thousands of dollars)

	September 30, 2015	December 31, 2014	Difference	Main reasons for difference
Assets				
Broadcast and distribution rights	**$ 38,793**	$ 31,989	$ 6,804	Impact of current and seasonal variations in activities.
Licences and other intangible assets	**38,234**	83,647	(45,413)	Impact of the impairment of broadcasting licence in the third quarter of 2015, net of the intangible assets acquired in the transaction with Transcontinental (mainly customer lists and mastheads).
Goodwill	**83,082**	48,266	34,816	Impact of recognition of goodwill following the acquisition of magazines from Transcontinental.
Deferred income taxes	**7,669**	1,060	6,609	Impact of deferred income tax related to impairment of the broadcasting licence.
Liabilities				
Accounts payable and accrued liabilities	**$ 111,447**	$ 88,746	$ 22,701	Impact of current and seasonal variances in activities and strict cash management.
Broadcast and distribution rights payable	**88,947**	45,660	43,287	Impact of spending on programming for “TVA Sports.”
Deferred revenues	**21,156**	8,690	12,466	Impact of acquisition of magazines from Transcontinental.
Credit facility from parent corporation	**–**	100,000	(100,000)	Repayment of the credit facility from the proceeds generated by the subscription rights offering.

ADDITIONAL INFORMATION

Contractual obligations

As of September 30, 2015, material contractual commitments of operating activities included capital repayment and interest on debt, payments under broadcast and distribution rights acquisition contracts, and payments under other contractual commitments, such as operating leases for services and office space. These contractual obligations are summarized in Table 8.

Table 8
Material contractual obligations of TVA Group as of September 30, 2015
(in thousands of dollars)

	Less than 1 year	1-3 years	3-5 years	More than 5 years	Total
Long-term debt	$ 3,750	$ 15,000	$ 56,199	$ –	$ 74,949
Payment of interest[1]	3,097	5,296	2,032	–	10,425
Broadcast and distribution rights	211,984	181,803	141,881	409,206	944,874
Other commitments	12,273	14,203	5,652	2,320	34,448
Total	**$ 231,104**	**$ 216,302**	**$ 205,764**	**$ 411,526**	**$ 1,064,696**

[1] Interest is calculated on a constant debt level equal to that at September 30, 2015 on the revolving credit facility and includes standby fees on that facility.

In 2013, QMI and TVA Group reached a 12-year agreement with Rogers Communications Inc. for Canadian French-language broadcast rights to NHL games. Operating expenses related to this 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 recognized at the exchange amount agreed between the parties.

In the third quarter of 2015, the Corporation sold advertising space and content to, recognized subscription revenues from, and provided production, post-production and other services to corporations under common control and affiliated corporations in the aggregate amount of $23,186,000 ($18,913,000 in the third quarter of 2014).

In the third quarter of 2015, the Corporation recorded telecommunications service costs, advertising space acquisition costs, professional service fees and commissions on sales and news gathering services arising from transactions with corporations under common control and affiliated corporations in the aggregate amount of $6,656,000 ($8,332,000 in the third quarter of 2014).

The Corporation also recorded management fees to the parent corporation in the amount of $1,080,000 in the third quarter of 2015 ($1,080,000 in the third quarter of 2014).

During the first nine months of 2015, the Corporation sold advertising space and content, recorded subscription revenues and provided production, post-production and other services to corporations under common control and affiliated corporations in the aggregate amount of $74,965,000 ($54,779,000 during the first nine months of 2014).

In the first nine months of 2015, the Corporation recorded telecommunications service costs, advertising space acquisition costs, professional service fees and commissions on sales and news gathering services arising from transactions with corporations under common control and affiliated corporations in the aggregate amount of $27,682,000 ($25,697,000 in the first nine months of 2014).

The Corporation also recorded management fees to the parent corporation in the amount of $3,240,000 in the first nine months of 2015 ($3,240,000 in the first nine months of 2014).

ROC Television

On February 13, 2015, Sun Media Corporation, a corporation under common control, announced the discontinuation of the operations of the "SUN News" specialty service. As at September 30, 2015, the Corporation's share of the "SUN News" specialty service's loss included costs related to the discontinuation of operations.

In a corporate reorganization carried out in April 2015, Sun Media Corporation was folded into QMI, which now holds 51% of SUN News General Partnership, the name of which was changed on September 30, 2015 to ROC Television G.P.

In 2015, the Corporation has continued making capital contributions to ROC Television and a $1,760,000 allowance was recorded under accounts payable and accrued liabilities as at September 30, 2015 to cover costs related to the discontinuation of operations.

During the third quarter of 2015, the partners in ROC Television made no capital contribution. In the same quarter of 2014, the partners in ROC Television made a capital contribution of $4,100,000, including $2,009,000 from TVA Group.

In the first nine months of 2015, the partners made a capital contribution of $5,900,000 ($10,300,000 in the same period of 2014), including $2,891,000 from TVA Group ($5,047,000 during the same period of 2014).

Off-balance sheet arrangements

Guarantees

In the normal course of business, the Corporation enters into indemnification agreements with third parties as part of certain transactions, including acquisition contracts for goods, service agreements and leases. These indemnification agreements require the Corporation to compensate the third parties for costs incurred as a result of specific circumstances. The terms of these indemnification agreements vary from transaction to transaction, based on the contract terms. The nature of these indemnification agreements prevents the Corporation from making a reasonable estimate of the maximum potential amount it could be required to pay to third parties for all of its commitments. In the first quarter of 2014, the liability risk under specific commitments, which totalled $4,700,000 at December 31, 2013, was recognized in purchases of goods and services.

Capital stock

Table 9 below presents information on the Corporation's capital stock as at October 23, 2015. In addition, 463,371 Class B Corporation stock options and 232,400 QMI stock options were outstanding as of October 23, 2015.

Table 9
Number of shares outstanding as at October 23, 2015
(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

On March 20, 2015, the Corporation completed a subscription rights offering to its shareholders, whereby the Corporation received gross proceeds totalling $110,000,000 from the issuance of 19,434,629 Class B non-voting shares.

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.

No changes to internal controls over financial reporting have come to the attention of management during the third quarter ended September 30, 2015 that have materially adversely affected, or are reasonably likely to materially adversely affect, the Corporation's internal controls over financial reporting for the Broadcasting & Production and Magazines segments.

On December 30, 2014, the Corporation closed the acquisition of MELS, the operations of which are presented in the Film Production & Audiovisual Services segment. As of September 30, 2015, management had completed its analysis of the design of internal controls over that segment's financial reporting. Management will be able to certify their effectiveness by the end of the year. Please see tables 1, 2 and 3 above for more financial information on the Film Production & Audiovisual Services segment. Tableau 10 also provides some additional financial information.

Table 10
Additional financial information – Film Production & Audiovisual Services
(in thousands of dollars)

		September 30, 2015
Current assets	$	21,444
Non-current assets		117,866
Current liabilities		7,588
Non-current liabilities		1,053

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), programming, content and production cost risks, credit risk, government regulation risks, government assistance risks, changes in economic conditions, fragmentation of the media landscape, and labour relation risks.

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 are 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 http://groupetva.ca, including, in particular, the "Risks and Uncertainties" section of the Corporation's annual Management's Discussion and Analysis for the year ended December 31, 2014 and the "Risk Factors" section in the Corporation's 2014 annual information form.

The forward-looking statements in this Management's Discussion and Analysis reflect the Corporation's expectations as of November 2, 2015, and are subject to change after this date. The Corporation expressly disclaims any obligation or intention to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by the applicable securities laws.

Montreal, Quebec

November 2, 2015

Table 11
SELECTED QUARTERLY FINANCIAL DATA
(in thousands of dollars, except for per-share data)

	2015			2014
	Sept. 30	June 30	March 31	Dec. 31
Operations				
Operating revenues	**$ 138,523**	$ 159,424	$ 126,514	$ 129,794
Adjusted operating income (loss)	**$ 30,864**	$ 7,371	$ (7,691)	$ 7,424
Net loss attributable to shareholders	**$ (36,455)**	$ (2,588)	$ (14,711)	$ (4,148)
Basic and diluted per-share data				
Basic and diluted loss per share	**$ (0.84)**	$ (0.06)	$ (0.57)	$ (0.19)
Weighted average number of outstanding shares (in thousands)	**43,206**	43,206	25,693	23,771

	2014			2013
	Sept. 30	June 30	March 31	Dec. 31
Operations				
Operating revenues	$ 94,525	$ 109,700	$ 105,321	$ 120,022
Adjusted operating income (loss)	$ 7,638	$ 20,999	$ (6,025)	$ 20,334
Net (loss) income attributable to shareholders	$ (35,670)	$ 9,163	$ (10,163)	$ 8,328
Basic and diluted per-share data				
Basic and diluted (loss) earnings per share	$ (1.50)	$ 0.39	$ (0.43)	$ 0.35
Weighted average number of outstanding shares (in thousands)	23,771	23,771	23,771	23,771

- 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 facilities 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.

- Operating expenses in the Broadcasting & Production segment vary, mainly as a result of programming costs, which are directly related to programming strategies and broadcast of live sports events, while in the Magazines segment operating costs fluctuate according to the arrival of magazines on newsstands, which may vary from quarter to quarter. In the Film Production & Audiovisual Services segment, operating expenses vary according to demand for production facilities from international and local producers.

Accordingly, the results of operations for interim periods may vary from one quarter to another.