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FINANCIAL RESULTS FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2014

MESSAGE TO THE SHAREHOLDERS

Montreal, November 4, 2014

TVA Group Inc. (the "Corporation") recorded a net loss attributable to shareholders in the amount of $35.7 million, or $1.50 per share, in the third quarter of 2014, compared with net income attributable to shareholders of $6.3 million, or $0.27 per share, in the same quarter of 2013.

During the third quarter of 2014, the Corporation continued to be negatively affected by declining advertising revenues, particularly at its over-the-air television network. In view of observed trends in the television industry and in the media landscape in general, the Corporation reviewed its business plan and operating forecasts, particularly in the Broadcasting & Production segment. The Corporation concluded that the recoverable amounts were less than the carrying amounts of its broadcasting licence and goodwill. As a result, non-cash impairment charges of $32,462,000 and $8,538,000 respectively were recorded with respect to those assets.

<u>Third quarter operating highlights:</u>

- The consolidated adjusted operating income[1] totalled $7,638,000 compared with $18,401,000 for the same quarter of 2013.

- The Broadcasting & Production segment generate an adjusted operating income of $4,796,000, an $9,956,000 unfavourable variance primarily due to:

    - recognition in third quarter of 2013 of $6,841,000 in retroactive royalties on the retransmission of its television signals in markets located outside the local service areas of its over-the-air stations;

    - 7.6% decrease in advertising revenues at TVA Network;

    partially offset by:

    - decrease in the adjusted operating loss of the specialty services, directly attributable to the TVA Sports channel.

- The Magazines segment generated an adjusted operating income in the amount of $2,842,000, an $807,000 unfavourable variance due mainly to the 8.5% decrease in operating revenues exceeded the reduction in expenses resulting from volume-related cost savings.

As the entire media industry faces a challenging business environment, advertising revenues continued to decline during the third quarter of 2014 at both TVA Network and our specialty services.

However, we also achieved a noteworthy success during the quarter: TVA Sports' advertising revenues are soaring and its subscription revenues were up 104%. The response to National Hockey League games on TVA Sports has been enormously positive, with audiences of up to 1.4 million and a market share of more than 25%. Fan response to our multiplatform offering has also been very strong, with more than 100,000 downloads of our 'TVA Sports' and 'TVA Sports-Hockey' applications. Meanwhile, TVA Network continued scoring ratings successes: it had 19 of the top 30 shows during the last quarter. For example, TVA's new program *L'Été indien*, the first Quebec variety show to be aired in France and other countries, drew more than 1.7 million viewers in Quebec alone.

[1] See definition of adjusted operating income (loss) below.

The Magazines segment saw an across-the-board decline in operating revenues during the quarter. Among other things, advertising revenues were down 9.3%, excluding the magazines that ceased publication in the first quarter of 2014. Fortunately, the operating expense reduction plan instituted in 2013 and our decision to stop publishing certain titles in the first quarter of 2014 enabled us to maintain a 17.5% profit margin in the third quarter of 2014.

Cash flows provided by operating activities totalled $6.3 million in the quarter, compared with $13.0 million in the same quarter of 2013. The decrease was essentially due to the decline in adjusted operating income.

Definition

Adjusted operating income (loss)

In its analysis of operating results, the Corporation defines adjusted operating income (loss) as net income (loss) before amortization of property, plant and equipment and 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 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 business segments. This measure eliminates the significant level of impairment 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.

TVA Group

TVA Group Inc., a subsidiary of Quebecor Media Inc., is an integrated communications company engaged in the creation, production, broadcast and distribution of audiovisual products, and in magazine publishing. TVA Group Inc. is the largest broadcaster of French-language entertainment, information and public affairs programming in North America, the largest publisher of French-language magazines, and one of the largest private-sector producers of French-language content. The Corporation's Class B shares are listed on the Toronto Stock Exchange under the ticker symbol TVA.B.

Julie Tremblay
President and Chief Executive Officer

TVA GROUP INC.
Consolidated statements of (loss) income

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

	Note	Three-month periods ended September 30		Nine-month periods ended September 30	
		2014	2013	**2014**	2013
Revenues	3	**$ 94,525**	$ 102,217	**$ 309,546**	$ 324,794
Purchases of goods and services	4,12	**57,105**	52,051	**191,508**	183,966
Employee costs		**29,782**	31,765	**95,426**	100,592
Amortization of property, plant and equipment and intangible assets		**5,870**	5,494	**16,571**	15,956
Financial expenses	5	**1,078**	1,588	**3,173**	4,789
Impairment of a licence and goodwill	6	**41,000**	–	**41,000**	–
Operational restructuring costs, impairment of assets and other costs	7	**109**	875	**109**	3,874
(Loss) income before tax (recovery) expense and share of loss of associated corporations		**(40,419)**	10,444	**(38,241)**	15,617
Tax (recovery) expense		**(6,176)**	2,444	**(6,695)**	3,546
Share of loss of associated corporations		**1,427**	1,675	**5,124**	4,653
Net (loss) income attributable to shareholders		**$ (35,670)**	$ 6,325	**$ (36,670)**	$ 7,418
Basic and diluted (loss) earnings per share attributable to shareholders	9 c)	**$ (1.50)**	$ 0.27	**$ (1.54)**	$ 0.31

See accompanying notes to condensed consolidated financial statements.

TVA GROUP INC.
Consolidated statements of comprehensive (loss) income

(unaudited)
(in thousands of Canadian dollars)

	Three-month periods ended September 30		Nine-month periods ended September 30	
	2014	2013	**2014**	2013
Net (loss) income	**$ (35,670)**	$ 6,325	**$ (36,670)**	$ 7,418
Other comprehensive items that will not be reclassified to income:				
Defined benefit plans:				
Re-measurement gain	–	24,000	**–**	24,000
Deferred income taxes	–	(6,500)	**–**	(6,500)
	–	17,500	**–**	17,500
Comprehensive (loss) income attributable to shareholders	**$ (35,670)**	$ 23,825	**$ (36,670)**	$ 24,918

See accompanying notes to condensed consolidated financial statements.

TVA GROUP INC.
Consolidated statements of equity

(unaudited)
(in thousands of Canadian dollars)

	Equity attributable to shareholders				Total equity
	Capital stock (note 9)	Contributed surplus	Retained earnings	Accumulated other comprehensive (loss) income - Defined benefit plans	
Balance as at December 31, 2012	$ 98,647	$ 581	$ 187,937	$ (20,620)	$ 266,545
Net income	–	–	7,418	–	7,418
Other comprehensive income	–	–	–	17,500	17,500
Balance as at September 30, 2013	98,647	581	195,355	(3,120)	291,463
Net income	–	–	8,328	–	8,328
Other comprehensive income	–	–	–	8,268	8,268
Balance as at December 31, 2013	98,647	581	203,683	5,148	308,059
Net loss	–	–	(36,670)	–	(36,670)
Balance as at September 30, 2014	**$ 98,647**	**$ 581**	**$ 167,013**	**$ 5,148**	**$ 271,389**

See accompanying notes to condensed consolidated financial statements.

TVA GROUP INC.
Consolidated balance sheets

(unaudited)
(in thousands of Canadian dollars)

	Note	**September 30, 2014**	December 31, 2013
Assets			
Current assets			
Cash		**$ 10,279**	$ 7,717
Accounts receivable		**108,752**	136,408
Income taxes		**7,074**	124
Programs, broadcast and distribution rights and inventories	7	**61,781**	61,428
Prepaid expenses		**3,204**	2,380
		191,090	208,057
Non-current assets			
Broadcast and distribution rights	7	**36,296**	31,985
Investments		**14,246**	14,822
Property, plant and equipment		**103,310**	100,962
Licences and other intangible assets	6	**77,432**	112,566
Goodwill	6	**35,931**	44,536
Defined benefit plan asset		**14,515**	8,238
Deferred income taxes		**675**	885
		282,405	313,994
Total assets		**$ 473,495**	$ 522,051

TVA GROUP INC.
Consolidated balance sheets (continued)

(unaudited)
(in thousands of Canadian dollars)

	Note	September 30, 2014	December 31, 2013
Liabilities and equity			
Current liabilities			
Accounts payable and accrued liabilities		**$ 74,773**	$ 85,960
Income taxes		**468**	1,828
Broadcast and distribution rights payable		**20,629**	17,304
Provisions		**230**	645
Deferred revenues		**8,498**	9,302
Short-term debt	14	**74,791**	74,640
		179,389	189,679
Non-current liabilities			
Other liabilities		**6,732**	3,974
Deferred income taxes		**15,985**	20,339
		22,717	24,313
Equity			
Capital stock	9	**98,647**	98,647
Contributed surplus		**581**	581
Retained earnings		**167,013**	203,683
Accumulated other comprehensive income		**5,148**	5,148
Equity attributable to shareholders		**271,389**	308,059
Guarantees	12		
Event after the reporting period	14		
Total liabilities and equity		**$ 473,495**	$ 522,051

See accompanying notes to condensed consolidated financial statements.

On November 4, 2014, the Board of Directors approved the condensed consolidated financial statements for the three-month and nine-month periods ended September 30, 2014 and 2013.

TVA GROUP INC.
Consolidated statements of cash flows

(unaudited)
(in thousands of Canadian dollars)

	Note	Three-month periods ended September 30 2014	Three-month periods ended September 30 2013	Nine-month periods ended September 30 2014	Nine-month periods ended September 30 2013
Cash flows related to operating activities					
Net (loss) income		**$ (35,670)**	$ 6,325	**$ (36,670)**	$ 7,418
Adjustments for:					
Amortization		**5,920**	5,544	**16,722**	16,107
Impairment of a licence and goodwill	6	**41,000**	–	**41,000**	–
Impairment of assets	7	**–**	611	**–**	1,610
Share of loss of associated corporations		**1,427**	1,675	**5,124**	4,653
Deferred income taxes		**(5,129)**	339	**(4,168)**	1,248
		7,548	14,494	**22,008**	31,036
Net change in non-cash balances related to operating activities		**(1,292)**	(1,497)	**5,200**	(9,852)
Cash flows provided by operating activities		**6,256**	12,997	**27,208**	21,184
Cash flows related to investing activities					
Additions to property, plant and equipment		**(6,094)**	(4,642)	**(17,914)**	(14,190)
Additions to intangible assets		**(188)**	(773)	**(1,683)**	(1,695)
Business acquisition	8	**–**	(6,607)	**(501)**	(6,607)
Net change in investments	11	**(1,781)**	(1,477)	**(4,548)**	(2,148)
Cash flows used in investing activities		**(8,063)**	(13,499)	**(24,646)**	(24,640)
Net change in cash		**(1,807)**	(502)	**2,562**	(3,456)
Cash at beginning of period		**12,086**	7,665	**7,717**	10,619
Cash at end of period		**$ 10,279**	$ 7,163	**$ 10,279**	$ 7,163
Interest and taxes reflected as operating activities					
Interest paid		**$ 21**	$ 130	**$ 2,052**	$ 2,326
Income taxes paid (received)		**1,079**	(575)	**5,780**	814

See accompanying notes to condensed consolidated financial statements.

TVA Group Inc. ("TVA Group" or the "Corporation") is governed by the *Québec Business Corporations Act*. TVA Group is an integrated communications company with two operating segments: Broadcasting & Production and Magazines (note 13). The Corporation is a subsidiary of Quebecor Media Inc. ("Quebecor Media" or the "parent corporation") and the 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, among other factors, to seasonal advertising patterns and influences on people's viewing, reading and listening habits. 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 accordingly, they are condensed consolidated financial statements. These condensed consolidated financial statements should be read in conjunction with the Corporation's 2013 annual consolidated financial statements, which describe the accounting policies used to prepare these financial statements.

Comparative figures for the three-month and nine-month periods ended September 30, 2013 have been restated to conform to the presentation adopted for the three-month and nine-month periods ended September 30, 2014.

2. Change in accounting policies and recent accounting pronouncements

Change in accounting policies

On January 1, 2014, the Corporation adopted retrospectively IFRIC 21 – *Levies*, which clarifies the timing of accounting for a liability for outflow of resources that is imposed by governments in accordance with legislation, based on the activity that triggers the payment. The adoption of this interpretation did not have a material impact on the consolidated financial statements.

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

2. Change in accounting policies and recent accounting pronouncements (continued)

Recent accounting pronouncements

The Corporation has not yet completed its assessment of the impact of the adoption of these pronouncements on its consolidated financial statements.

i) IFRS 9 – *Financial Instruments* is required to be applied retrospectively, with early adoption permitted.

IFRS 9 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.

ii) IFRS 15 – *Revenue from Contracts with Customers* is required to be applied for periods beginning on or after January 1, 2017.

IFRS 15 specifies how and when an entity must 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.

3. Revenues

The breakdown of revenues between services rendered and product sales is as follows:

	Three-month periods ended September 30		Nine-month periods ended September 30	
	2014	2013	**2014**	2013
Services rendered[1]	**$ 70,023**	$ 77,711	**$ 238,735**	$ 250,555
Product sales	**24,502**	24,506	**70,811**	74,239
	$ 94,525	$ 102,217	**$ 309,546**	$ 324,794

[1] The Corporation collects royalties on the retransmission of its television signal in markets located outside the local service areas of its over-the-air stations. During the third quarter of 2013, the Copyright Board of Canada (the “Board”) completed its consultations on the issues surrounding an agreement on a new division of royalties between copyright collective societies for the 2009-2013 period, whereby the Corporation’s share of the royalties is significantly increased. The agreement was endorsed by the Board. Accordingly, based on the confirmed new information, the Corporation recorded in the third quarter of 2013 an amount to reflect the increase in its share of the royalties, of which $6,111,000 applied to the years 2009 to 2012 and $730,000 to the first two quarters of 2013.

(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 are as follows:

	Three-month periods ended September 30		Nine-month periods ended September 30	
	2014	2013	**2014**	2013
Royalties, rights and production costs	**$ 35,431**	$ 30,771	**$ 128,119**	$ 112,481
Printing and distribution	**4,194**	5,024	**12,694**	14,342
Marketing, advertising and promotion	**4,158**	3,972	**10,753**	12,512
Building costs	**2,118**	2,134	**6,798**	6,526
Services rendered by parent corporation	**5,465**	4,570	**16,908**	16,542
Other	**5,739**	5,580	**16,236**	21,563
	$ 57,105	$ 52,051	**$ 191,508**	$ 183,966

5. Financial expenses

	Three-month periods ended September 30		Nine-month periods ended September 30	
	2014	2013	**2014**	2013
Interest on long-term debt	**$ 1,125**	$ 1,139	**$ 3,370**	$ 3,387
Amortization of financing costs	**50**	50	**151**	151
(Revenues) interest expense on net defined benefit asset or liability	**(72)**	420	**(215)**	1,260
Other	**(25)**	(21)	**(133)**	(9)
	$ 1,078	$ 1,588	**$ 3,173**	$ 4,789

6. Impairment of a licence and goodwill

During the third quarter of 2014, the Corporation completed the annual update of its strategic plan for the next three years. Market conditions in the television industry 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 fair value less costs of disposal of the Broadcasting & Production CGU was less than its carrying amount. A $32,462,000 non-cash impairment charge with respect to the broadcasting licence and an $8,538,000 non-cash goodwill impairment charge were therefore recorded in the third quarter of 2014. The Corporation used a pre-tax discount rate of 11.08% and a perpetual growth rate of 1.0% to calculate the recoverable amount.

7. Operational restructuring costs, impairment of assets and other costs

In the three-month and nine-month periods ended September 30, 2014, the Corporation recorded $109,000 in operational restructuring costs in connection with the elimination of positions in the Broadcasting & Production segment. In the three-month period ended September 30, 2013, the Corporation recorded $138,000 in operational restructuring costs in connection with staff reductions, mainly in the Magazines segment ($1,784,000 for the nine-month period ended September 30, 2013, including $879,000 in the Broadcasting & Production segment and $905,000 in the Magazines segment).

During the three-month period ended September 30, 2013 the Corporation recorded an additional $611,000 inventory impairment charge in connection with the discontinuation of its TVA Boutiques division’s home shopping and online shopping operations. For the nine-month period ended September 30, 2013, the impairment charge related to the discontinuation of operations totalled $1,223,000 in addition to a $303,000 provision for operational restructuring costs.

During the nine-month period ended September 30, 2013, the Corporation also recorded a $387,000 impairment charge related to its long-term distribution rights inventory following its decision in the first quarter of 2013 to discontinue theatrical distribution of new Quebec films.

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

8. Business acquisition

On July 18, 2013, the Corporation acquired all of the issued and outstanding shares of Les Publications Charron & Cie inc., publisher of *La Semaine* magazine, for a total consideration of $7,701,000, including $501,000 in respect of acquired working capital items. As part of this transaction, the Corporation also acquired all of the issued and outstanding shares of Charron Éditeur inc., a publishing house, and simultaneously transferred its operations to Sogides Group, a corporation under common control, for the equivalent of the price paid, namely an agreed price of $219,000, net of transferred working capital items. The results of the new subsidiary, Les Publications Charron & Cie inc., have been included in the Corporation's consolidated results since July 18, 2013. The process of allocating the acquisition price was completed during the three-month period ended March 31, 2014.

The final allocation of the acquisition price of Les Publications Charron & Cie inc. is as follows:

		2013
Assets acquired		
Cash	$	**593**
Current assets		**1,127**
Non-current assets		**29**
Property, plant and equipment		**94**
Intangible assets		**3,030**
Goodwill		**4,688**
		9,561
Liabilities assumed		
Current liabilities		**(1,219)**
Deferred income taxes		**(641)**
		(1,860)
Net assets acquired at fair value	**$**	**7,701**
Consideration		
Cash		**7,200**
Liability related to the preliminary adjustment in working capital		**501**
	$	**7,701**

No goodwill is deductible for income tax purposes.

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

9. Capital stock

a) Authorized capital stock

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

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

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

b) Issued and outstanding capital stock

	September 30, 2014	December 31, 2013
4,320,000 Class A Common Shares	**$ 72**	$ 72
19,450,906 Class B shares	**98,575**	98,575
	$ 98,647	$ 98,647

c) (Loss) earnings per share attributable to shareholders

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

	Three-month periods ended September 30		Nine-month periods ended September 30	
	2014	2013	**2014**	2013
Net (loss) income attributable to shareholders	**$ (35,670)**	$ 6,325	**$ (36,670)**	$ 7,418
Weighted average number of basic and diluted shares outstanding	**23,770,906**	23,770,906	**23,770,906**	23,770,906
Basic and diluted (loss) earnings per share attributable to shareholders	**$ (1.50)**	$ 0.27	**$ (1.54)**	$ 0.31

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

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

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

	Nine-month period ended September 30, 2014					
	Corporation's Class B stock options			Quebecor Media stock options		
	Number		Weighted average exercise price	Number		Weighted average exercise price
Balance as at December 31, 2013	691,076	$	16.54	331,407	$	53.35
Granted	30,000		8.90	67,000		63.60
Exercised	–		–	(29,375)		49.52
Cancelled	(69,208)		15.32	(13,600)		57.64
Expired	(126,500)		20.75	–		–
Balance as at September 30, 2014	**525,368**	**$**	**15.25**	**355,432**	**$**	**55.44**

Of the number of options outstanding as at September 30, 2014, 495,368 Corporation's Class B stock options at an average exercise price of $15.63 and 67,432 Quebecor Media stock options at an average price of $46.55 could be exercised.

During the three-month period ended September 30, 2014, 8,000 Quebecor Media stock options were exercised for a cash consideration of $61,000 (no stock options were exercised in the same period of 2013). During the nine-month period ended September 30, 2014, 29,375 Quebecor Media stock options were exercised for a cash consideration of $413,000 (41,884 stock options were exercised for a cash consideration of $471,000 for the same period of 2013).

During the three-month period ended September 30, 2014, the Corporation did not record a compensation expense (a compensation expense reversal of $99,000 was recorded in the same period of 2013) in relation to the Corporation's Class B stock options. During the nine-month period ended September 30, 2014, the Corporation recorded a compensation expense reversal of $46,000 (compared with a compensation expenses reversal of $130,000 in the same period of 2013) in relation to those options. During the three-month and nine-month periods ended September 30, 2014, the Corporation also recorded compensation expense of $262,000 and $859,000 respectively (compared with compensation expense of $387,000 and $317,000 respectively in the same periods of 2013) in relation to Quebecor Media stock options.

11. Related party transactions

Capital contributions to SUN News

During the three-month period ended September 30, 2014, the partners in SUN News made a capital contribution of $4,100,000 ($4,500,000 in 2013), including $2,009,000 ($2,205,000 in 2013) from the Corporation and $2,091,000 ($2,295,000 in 2013) from Sun Media Corporation, a company under common control.

During the nine-month period ended September 30, 2014, the partners in SUN News made a capital contribution of $10,300,000 ($7,500,000 in 2013), including $5,047,000 ($3,675,000 in 2013) from the Corporation and $5,253,000 ($3,825,000 in 2013) from Sun Media Corporation.

12. 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 light of new developments in the first quarter of 2014, the liability risk under specific commitments, which totalled $4,700,000 as at December 31, 2013, was recognized in purchases of goods and services in the three-month period ending March 31, 2014.

13. Segmented information

During the third quarter of 2014, management changed the names of the Corporation's business segments to better reflect operational realities. The Television segment is now called Broadcasting & Production and the Publishing segment is now called Magazines.

Management made changes to the Corporation's management structure at the beginning of 2014. As a result of those changes, the custom publishing, commercial print production and premedia services previously provided by the TVA Studio division in the Magazines segment became part of the operations of TVA Accès inc. in the Broadcasting & Production segment. Prior period disclosures have been restated to reflect this new presentation.

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

13. Segmented information (continued)

The Corporation's operations consist of the following segments:

- The **Broadcasting & Production segment** includes the operations of TVA Network (including the subsidiaries and divisions TVA Productions Inc., TVA Sales and Marketing Inc., TVA Nouvelles and TVA Interactif), specialty services, the marketing of digital products associated with the various televisual brands, the commercial production and dubbing operations of TVA Accès Inc., the distribution of audiovisual products by the TVA Films division and the home and online shopping services of the TVA Boutiques division up to the second quarter of 2013.
- The **Magazines segment** includes the operations of TVA Publications Inc. and Les Publications Charron & Cie Inc., which publish French-language magazines in various fields such as the arts, entertainment, television, fashion and decoration, and market digital products associated with the various magazine brands.

	Three-month periods ended September 30		Nine-month periods ended September 30	
	2014	2013	**2014**	2013
Revenues				
Broadcasting and Production	**$ 78,829**	$ 85,195	**$ 264,005**	$ 281,237
Magazines	**16,243**	17,750	**47,339**	46,017
Intersegment items	**(547)**	(728)	**(1,798)**	(2,460)
	$ 94,525	$ 102,217	**$ 309,546**	$ 324,794
Adjusted operating income(1)				
Broadcasting and Production	**4,796**	14,752	**14,655**	34,636
Magazines	**2,842**	3,649	**7,957**	5,600
	7,638	18,401	**22,612**	40,236
Amortization of property, plant and equipment and intangible assets	**5,870**	5,494	**16,571**	15,956
Financial expenses	**1,078**	1,588	**3,173**	4,789
Impairment of a licence and goodwill	**41,000**	–	**41,000**	–
Operational restructuring costs, impairment of assets and other costs	**109**	875	**109**	3,874
(Loss) income before tax (recovery) expense and share of loss of associated corporations	**$ (40,419)**	$ 10,444	**$ (38,241)**	$ 15,617

13. Segmented information (continued)

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

(1) The Chief Executive Officer uses adjusted operating income (loss) as a measure of financial performance for assessing the performance of each of the Corporation's segments. Adjusted operating income (loss) is defined as net income (loss) before amortization of property, plant and equipment and 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.

14. Event after the reporting period

On November 3, 2014, TVA Group changed the terms and conditions of its bank credit facilities to increase the size of its revolving credit facilities from $100 million to $150 million, to extend their term by two years until February 24, 2019, and to replace the existing $75-million term loan maturing on December 11, 2014 by a new term loan of an equivalent amount and maturing on November 3, 2019. Moreover, TVA Group granted a security on all of its movable assets and an immovable hypothec on its head-office building as part of the modification of the terms and conditions of its bank credit facilities.

CORPORATE PROFILE

TVA Group Inc. ("TVA Group" or the "Corporation"), a subsidiary of Quebecor Media Inc. ("QMI"), is a communications company with operations in two business segments: Broadcasting & Production and Magazines. 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 minority interests in the Évasion specialty service and in the English-language specialty service SUN News Network ("SUN News"). In the Magazines segment, TVA Group publishes over 50 titles, making it Quebec's largest publisher of French-language magazines. The Corporation's Class B shares are listed on the Toronto Stock Exchange under ticker symbol TVA.B.

This Interim Management's Discussion and Analysis covers the Corporation's main activities during the third quarter of 2014 and the major changes from the previous financial year. The Corporation's condensed consolidated financial statements for the three-month and nine-month periods ended September 30, 2014 and 2013 have been prepared in accordance with International Financial Reporting Standards ("IFRS").

All the 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, 2013 and in the condensed consolidated financial statements ended September 30, 2014.

BUSINESS SEGMENTS

During the third quarter of 2014, management changed the names of the Corporation's business segments to better reflect operational realities. The Television segment is now called Broadcasting & Production and the Publishing segment is now called Magazines.

Management also made changes to the Corporation's management structure at the beginning of 2014. As a result of those changes, the custom publishing, commercial print production and premedia services previously provided by the TVA Studio division in the Magazines segment became part of the operations of TVA Accès Inc. in the Broadcasting & Production segment. Prior period disclosures have been restated to reflect this new presentation.

The Corporation's business segments are:

- The **Broadcasting & Production segment** includes the operations of TVA Network (including the subsidiaries and divisions TVA Productions Inc., TVA Sales and Marketing Inc., TVA Nouvelles and TVA Interactif), specialty services, the marketing of digital products associated with the various televisual brands, the commercial production and dubbing operations of TVA Accès Inc., the distribution of audiovisual products by the TVA Films division, and the home and online shopping services of the TVA Boutiques division up to the second quarter of 2013.

- The **Magazines segment** includes the operations of TVA Publications Inc. ("TVA Publications") and Les Publications Charron & Cie Inc. ("Publications Charron"), which publish French-language magazines in various fields such as the arts, entertainment, television, fashion and decoration, and market digital products associated with the various magazine brands.

HIGHLIGHTS SINCE END OF SECOND QUARTER 2014

- On November 3, 2014, TVA Group changed the terms and conditions of its bank credit facilities to increase the size of its revolving credit facilities from $100 million to $150 million, to extend their term by 2 years until February 24, 2019, and to replace the existing $75 million term loan maturing on December 11, 2014 by a new term loan of an equivalent amount and maturing on November 3, 2019.

- On October 8, 2014, TVA Sports broadcast its first National Hockey League ("NHL") game, between the Montreal Canadiens and the Toronto Maple Leafs. The broadcast drew an audience of more than a million viewers, peaking at over 1.2 million and averaging 925,000, for a 25.5% market share. As previously reported, on July 1, 2014, TVA Sports became the official French-language broadcaster of the NHL for the next 12 years. TVA Sports will broadcast more than 275 NHL games per year, including Montreal Canadiens' Saturday night games, the playoffs, the Stanley Cup finals and major NHL events.

- On October 2, 2014, the Canadian Radio-television and Telecommunications Commission ("CRTC") announced its decision in the SUN News versus Rogers and Telus arbitration case concerning SUN News carriage fees. The CRTC ruled in favour of SUN News, a corporation in which TVA Group holds a 49% ownership, in its dispute with Telus. However, the CTRC ruled in favour of Rogers and granted a smaller increase than what SUN News initially asked for.

- During the third quarter of 2014, the Corporation continued to be negatively affected by declining advertising revenues, particularly at its over-the-air television network. The Corporation therefore reviewed its business plan and operating forecasts and recorded a non-cash charge totalling $41 million for impairment of a licence and goodwill in its Broadcasting & Production segment.

- On July 31, 2014, Quebecor announced the creation of Media Group, a new segment dedicated to entertainment, culture and news media. Media Group includes the activities of TVA Group, Sun Media Corporation, QMI Agency, QMI Out of Home, Quebecor Media Sales, Messageries Dynamiques, Sogides Group, CEC Publishing and Quebecor Media Printing Inc. Julie Tremblay was appointed President and CEO of the new business segment and President and CEO of TVA Group.

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 uses these non-IFRS financial measures because it believes that they are meaningful measures of its performance. 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 amortization of property, plant and equipment and 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 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) income 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) income attributable to shareholders measure used in the consolidated financial statements
(in thousands of dollars)

	Three-months ended September 30		**Nine-months ended September 30**	
	2014	2013	**2014**	2013
Adjusted operating income:				
Broadcasting and Production	**$ 4,796**	$ 14,752	**$ 14,655**	$ 34,636
Magazines	**2,842**	3,649	**7,957**	5,600
	7,638	18,401	**22,612**	40,236
Amortization of property, plant and equipment and intangible assets	**5,870**	5,494	**16,571**	15,956
Financial expenses	**1,078**	1,588	**3,173**	4,789
Impairment of a licence and goodwill	**41,000**	–	**41,000**	–
Operational restructuring costs, impairment of assets and other costs	**109**	875	**109**	3,874
Tax (recovery) expense	**(6,176)**	2,444	**(6,695)**	3,546
Share of loss of associated corporations	**1,427**	1,675	**5,124**	4,653
Net (loss) income attributable to shareholders	**$ (35,670)**	$ 6,325	**$ (36,670)**	$ 7,418

ANALYSIS OF CONSOLIDATED RESULTS

2014/2013 third quarter comparison

Operating revenues: $94,525,000, a decrease of $7,692,000 (-7.5%).

- $6,366,000 (-7.5%) decrease in the Broadcasting & Production segment (Table 2) due primarily to the decline in TVA Network's revenues resulting from recognition in the third quarter of 2013 of $6,841,000 in retroactive royalties for the retransmission of distant signals (see "Distant signal retransmission royalties" in the analysis of the Broadcasting & Production segment's results below) as well as a decrease in advertising revenues. The decrease at TVA Network was partially offset by a 22.3% increase in subscription revenues from the specialty services.

- $1,507,000 (-8.5%) decrease in the Magazines segment (Table 2), primarily due to a 13.0% decrease in advertising revenues, a 5.3% decrease in newsstand revenues and a 14.9% reduction in grant revenues.

Table 2
Operating revenues
(in thousands of dollars)

	Three-months ended September 30		Nine-months ended September 30	
	2014	2013	**2014**	2013
Broadcasting and Production	**$ 78,829**	$ 85,195	**$ 264,005**	$ 281,237
Magazines	**16,243**	17,750	**47,339**	46,017
Intersegment items	**(547)**	(728)	**(1,798)**	(2,460)
	$ 94,525	$ 102,217	**$ 309,546**	$ 324,794

Adjusted operating income: $7,638,000, a negative variance of $10,763,000.

- $9,956,000 unfavourable variance in the Broadcasting & Production segment (Table 3) caused mainly by the 70.7% decrease in TVA Network's adjusted operating income (largely due to recognition in 2013 of retroactive royalties for distant signal retransmission), partially offset by a 51.2% decrease in the "TVA Sports" channel's adjusted operating loss.

- $807,000 unfavourable variance in the Magazines segment (Table 3), mainly because the decrease in operating revenues exceeded the reduction in expenses resulting from volume-related cost savings.

Table 3
Adjusted operating income
(in thousands of dollars)

	Three-months ended September 30		Nine-months ended September 30	
	2014	2013	**2014**	2013
Broadcasting and Production	**$ 4,796**	$ 14,752	**$ 14,655**	$ 34,636
Magazines	**2,842**	3,649	**7,957**	5,600
	$ 7,638	$ 18,401	**$ 22,612**	$ 40,236

Net loss attributable to shareholders: $35,670,000 (-$1.50 per basic and diluted share), compared with net income attributable to shareholders of $6,325,000 ($0.27 per basic and diluted share) in the same period of 2013.

- The negative variance of $41,995,000 (-$1.77 per basic and diluted share) was essentially due to:
    - o recognition of a $41,000,000 charge for impairment of goodwill and of a licence in the Broadcasting & Production segment;
    - o $10,763,000 decrease in adjusted operating income;

    partially offset by:

    - o $8,620,000 favourable variance in the income tax expense;
    - o $766,000 favourable variance in restructuring costs, impairment of assets and other costs; and
    - o $510,000 favourable variance in financial expenses.

- The calculation of earnings per-share was based on a weighted average of 23,770,906 outstanding diluted shares for the quarters ended September 30, 2014 and 2013.

Amortization of property, plant and equipment and intangible assets: $5,870,000, a $376,000 increase due primarily to an adjustment to the recording of the amortization of some real estate assets following a reassessment of their expected remaining life.

Financial expenses: $1,078,000, a $510,000 decrease caused essentially by the recording of pension plan-related interest revenues in the third quarter of 2014, compared with a pension plan-related interest expense in the same period of 2013.

Impairment of a licence and of goodwill: $41,000,000 for the three-month period ended September 30, 2014, compared with nil for the same period of 2013.

During the third quarter of 2014, the Corporation completed the annual update of its strategic plan for the next three years. Market conditions in the television industry 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 fair value less costs of disposal of the Broadcasting & Production CGU was less than its carrying amount. A $32,462,000 non-cash impairment charge with respect to the broadcasting licence and a $8,538,000 non-cash goodwill impairment charge were therefore recorded in the third quarter of 2014. The Corporation used a pre-tax discount rate of 11.08% and a perpetual growth rate of 1.0% to calculate the recoverable amount.

Operational restructuring costs, impairment of assets and other costs: $109,000 in the third quarter of 2014, compared with $875,000 in the same period of 2013.

- During the third quarter of 2014, the Corporation recorded $109,000 in operational restructuring costs, following staff reductions in the Broadcasting & Production segment.
- During the second quarter of 2013, the Corporation announced that the operations of its TVA Boutiques division would be discontinued. As a result of this repositioning, which was completed during the third quarter of 2013, a $611,000 inventory impairment charge was recognized.
- In the three-month period ended September 30, 2013, the Corporation recorded $138,000 in operational restructuring costs in connection with staff reductions, mainly in the Magazines segment.
- During the same period, the Corporation recorded professional fees totalling $126,000 in connection with the acquisition of Publications Charron and an appeal in a legal dispute related to a former subsidiary's production activities.

Income tax recovery: $6,176,000 (effective tax rate of 15.3%) in the third quarter of 2014, compared with a $2,444,000 income tax expense (effective tax rate of 23.4%) for the same period of 2013.

- 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 charge, partially offset by the Corporation's share of the tax savings generated by SUN News' losses for the period.

- In the third quarter of 2013, the effective tax rate was lower than the Corporation's statutory tax rate of 26.9%, mainly because of the Corporation's share of the tax savings generated by SUN News' losses for the period.

Share of loss of associated corporations: $1,427,000 in the third quarter of 2014, compared with $1,675,000 in the same quarter of 2013. The $248,000 favourable variance was mainly due to stronger operating results at SUN News during the period. The figures reflect retroactive application at May 20, 2014 of the rates set by the CRTC in the SUN News versus Rogers and Telus arbitration case.

2014/2013 year-to-date comparison

Operating revenues: $309,546,000, a decrease of $15,248,000 (-4.7%).

- $17,232,000 (-6.1%) decrease in the Broadcasting & Production segment (Table 2), due mainly to a 7.8% decrease in TVA Network's revenues and the discontinuation of the operations of TVA Boutiques in the third quarter of 2013. These declines were partially offset by a 7.6% increase in revenues from the specialty services.

- $1,322,000 (2.9%) increase in the Magazines segment (Table 2) primarily due to the favourable impact of the acquisition of *La Semaine* magazine on July 18, 2013. The increase was partially offset by a 20.1%[1] decrease in advertising revenues at the other magazines.

[1] *Excluding La Semaine magazine and the magazines that ceased publication in the first quarter of 2014.*

Adjusted operating income: $22,612,000, a negative variance of $17,624,000.

- $19,981,000 unfavourable variance in the Broadcasting & Production segment (Table 3), mainly because of the 57.6% decrease in TVA Network's adjusted operating income, partially offset by a 16.5% decrease in the "TVA Sports" channel's adjusted operating loss and a 37.5% decrease in the "MOI&cie" channel's adjusted operating loss.

- $2,357,000 favourable variance in the Magazines segment (Table 3) due mainly to the favourable impact of the inclusion of the operating results of *La Semaine* magazine since July 18, 2013 as well as lower expenses as a result of cost savings related to volumes and to the operating expense reduction plan instituted in the second quarter of 2013.

Net loss attributable to shareholders: $36,670,000 (-$1.54 per basic and diluted share) for the first nine months of 2014, compared with net income attributable to shareholders of $7,418,000 ($0.31 per basic and diluted share) in the same period of 2013.

- The negative variance of $44,088,000 (-$1.85 per basic and diluted share) was essentially due to:

  - recognition of a $41,000,000 charge for impairment of goodwill and a licence in the Broadcasting & Production segment;

  - $17,624,000 decrease in adjusted operating income;

  partially offset by:

  - $10,241,000 favourable variance in the income tax expense; and

  - $3,765,000 favourable variance in operational restructuring costs, impairment of assets and other costs.

- The calculation of earnings per-share is based on a weighted average of 23,770,906 outstanding diluted shares for the first nine months of 2014 and 2013.

Amortization of property, plant and equipment and intangible assets: $16,571,000, an increase of $615,000 (3.9%).

- The increase was mainly due to the commissioning of major technical and real estate projects in recent months, an adjustment to the amortization of certain real estate assets during the third quarter of 2014 and amortization of intangible assets acquired as part of the transaction with Publications Charron.

Financial expenses: $3,173,000, a decrease of $1,616,000, essentially due to the same factors as those noted above in the 2014/2013 third quarter comparison.

Impairment of a licence and of goodwill: $41,000,000 for the nine-month period ended September 30, 2014 compared with nil for the same period of 2013, because of the same factors as those noted above in the 2014/2013 third quarter comparison.

Operational restructuring costs, impairment of assets and other costs: $109,000 in the first nine months of 2014, compared with $3,874,000 in the same period of 2013.

- The positive variance of $3,765,000 was mainly due to:

  - $1,223,000 total inventory impairment charge and $303,000 charge for operational restructuring costs in connection with the discontinuation of tele-shopping operations recorded during the nine-month period ended September 30, 2013;

  - $1,784,000 in operational restructuring costs in connection with staff reductions in the Broadcasting & Production and Magazines segments during the same period of 2013;

  - $387,000 impairment charge related to the long-term distribution rights inventory following the announcement in the first quarter of 2013 that theatrical distribution of new Quebec films would be discontinued.

Income tax recovery: $6,695,000 (effective tax rate of 17.5%) for the first nine months of 2014, compared with a $3,546,000 income tax expense (effective tax rate of 22.7%) for the same period of 2013.

- In the first nine months of 2014, the tax rate was lower than the Corporation’s statutory tax rate of 26.9%, mainly because of the non-deductible portion of the impairment charge recorded with respect to goodwill and the licence, partially offset by the Corporation’s share of the tax savings generated by SUN News’ losses for 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.

- In the first nine months of 2013, the tax rate was lower than the Corporation’s statutory tax rate of 26.9%, mainly because of the Corporation’s share of the tax savings generated by SUN News’ losses for the period, partially offset by permanent differences related to non-deductible items.

Share of loss of associated corporations: $5,124,000 in the first nine months of 2014, compared with $4,653,000 in the same period of 2013. The $471,000 unfavourable variance was mainly due to weaker operating results at SUN News during the period.

SEGMENTED ANALYSIS

Broadcasting & Production

2014/2013 third quarter comparison

Operating revenues: $78,829,000, a decrease of $6,366,000 (-7.5%), primarily due to:

- 15.5% decrease in the TVA Network's revenues, mainly because of recognition in the third quarter of 2013 of $6,841,000 in retroactive "Retransmission royalties" (see paragraph below) and a 7.6% decrease in advertising revenues in the third quarter of 2014 compared with the same period of 2013. These decreases were partially offset by higher volumes in commercial production;

- 7.9% decrease in advertising revenues at the specialty services other than "TVA Sports," which grew its advertising revenues by 71.0%;

partially offset by:

- 22.3% increase in subscription revenues at the specialty services:

  - 104.0% increase at "TVA Sports";

  - 22.1%, 15.9% and 8.5% increases at "MOI&cie," "Casa" and "addik^{TV}" respectively and 4.0% increases at "prise 2" and "LCN";

  - the "Yoopa" channel's subscription revenues decreased during the quarter following an adjustment related to a claim by a cable provider for the years 2012-2014.

Distant signal retransmission royalties ("Retransmission royalties")

The Corporation collects royalties on the retransmission of its television signal in markets located outside the local service areas of its over-the-air stations. During the third quarter of 2013, the Copyright Board of Canada (the "Board") completed its consultations on the issues surrounding an agreement on a new division of royalties between copyright collectives for the 2009-2013 period, whereby the Corporation's share of the royalties is significantly increased. The agreement was endorsed by the Board. Accordingly, based on the confirmed new information, the Corporation recorded in the third quarter of 2013 an amount to reflect the increase in its share of the royalties, of which $6,111,000 applied to the years 2009 to 2012 and $730,000 to the first two quarters of 2013.

French-language market ratings

During the period from July 1 to September 30, 2014, TVA Group held its market share at 31.6%, the same figure as in the same period of 2013.

TVA Group's specialty services had a combined market share of 9.2% in the third quarter of 2014, compared with 8.6% in the same period of 2013, a 0.6 point increase. The "addik^{TV}" channel continued to make gains, growing its market share by 0.4 points during the quarter. Most of the other specialty services also increased their market shares; "TVA Sports," "MOI&cie" and "prise 2" each gained 0.2 points, while "Casa" gained 0.1 points.

TVA Network remains in the lead with a 22.4% market share, more than its two main conventional rivals combined. TVA Network carried 19 of the 30 most-watched programs in Quebec during the third quarter of 2014, including *L'Été indien*, which drew 1.7 million viewers and was the first Quebec variety show to be broadcast in France and other countries.

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

Summer 2014 vs 2013			
	2014	**2013**	**Difference**
French-language conventional broadcasters:			
TVA	**22.4**	23.0	- 0.6
SRC	**11.4**	12.0	- 0.6
V	**7.7**	7.4	+ 0.3
	41.5	42.4	- 0.9
French-language specialty and pay services:			
TVA	**9.2**	8.6	+ 0.6
Bell Media	**19.2**	18.7	+ 0.5
Corus	**8.9**	9.4	- 0.5
SRC	**4.9**	5.0	- 0.1
Other	**8.1**	8.2	- 0.1
	50.3	49.9	+ 0.4
Total English-language channels and others:	**8.2**	7.7	+ 0.5
TVA Group	**31.6**	31.6	–

Source: BBM Ratings, French Quebec, July 1 to September 30, 2014, Mon-Sun, 2:00 – 2:00, All 2+.

Operating expenses: $74,033,000, an increase of $3,590,000 (5.1%).

- The increase was due primarily to:
  - 5.7% increase in operating expenses at TVA Network caused mainly by higher volume in commercial production;
  - 8.7% increase in operating expenses at the specialty services due to higher programming investments, particularly at "TVA Sports" and "addik^{TV}".

Adjusted operating income: $4,796,000, a $9,956,000 unfavourable variance due primarily to:

- decrease in TVA Network's adjusted operating income resulting from the favourable impact on the third quarter 2013 figures of recognition during that quarter of retroactive royalties for retransmission of distant signals, and lower advertising revenues;

partially offset by:

- decrease in adjusted operating losses at the specialty services, directly attributable to the "TVA Sports" channel.

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) increased from 82.7% in the third quarter of 2013 to 93.9% in the same period of 2014. Excluding the variance related to recognition in the third quarter of 2013 of retroactive royalties for retransmission of distant signals, the ratio increased from 89.9% to 93.9% as a result of the decrease in advertising revenues.

2014/2013 year-to-date comparison

Operating revenues: $264,005,000, a decrease of $17,232,000 (-6.1%), primarily due to:

- 7.8% decrease in TVA Network's revenues because of the following factors:
  - 5.3% decrease in advertising revenues;
  - decrease in retransmission royalty revenues due to recognition in the third quarter of 2013 of $6,841,000 in retroactive royalties; and
  - 44.8% decrease in revenues from the Local Programming Improvement Fund ("LPIF"), which is being phased out.
- loss of revenues resulting from the discontinuation of the operations of the TVA Boutiques division in the third quarter of 2013;

partially offset by:

- 14.2% increase in subscription revenues at the specialty services:
  - 43.9% increase at "TVA Sports," accounting for 70.6% of the total increase;
  - 22.0%, 15.2%, 11.0% and 7.2% increases at "MOI&cie," "Casa," "addik^{TV}" and "prise 2" respectively.

Operating expenses: $249,350,000, an increase of $2,749,000 (1.1%).

- The increase was due primarily to:
  - 5.2% increase in TVA Network's operating expenses due to higher content costs, reflecting higher programming expenditures, additional costs generated by the provincial election and adjustments made in the first quarter of 2014 to the cost of certain prior-year broadcast licences related to the indemnification clauses in the Corporation's guarantees, as reported in the financial statements dated December 31, 2013;
  - 2.7% increase in operating expenses at the specialty services as a result of increased spending on programming, particularly at "TVA Sports" and "addik^{TV}";

  partially offset by:

  - decrease in operating expenses related to the TVA Boutiques division following the discontinuation of its operations.

Adjusted operating income: $14,655,000, a $19,981,000 unfavourable variance due primarily to:

- decrease in TVA Network's adjusted operating income due to the combined effect of lower advertising revenues, the favourable impact on the 2013 figures of recognition of retroactive royalties for retransmission of distant signals and higher content expenditures;

partially offset by:

- decrease in the adjusted operating loss of the specialty services, particularly "TVA Sports" and "MOI&cie," directly attributable to higher subscription revenues.

Cost/revenue ratio: Excluding the impact of recognition in 2013 of retroactive royalties for retransmission of distant signals, employee costs and the cost of purchases of goods and services for the Broadcasting & Production segment's activities (expressed as a percentage of revenues) increased from 89.9% in the first nine months of 2013 to 94.5% in the same period of 2014, mainly as a result of the increase in content costs combined with the decrease in advertising revenues.

Magazines

2014/2013 third quarter comparison

Operating revenues: $16,243,000, a decrease of $1,507,000 (-8.5%). In addition to the closure of the magazines *Star Inc.*, *Rénovation Bricolage* and *Option Réno* during the first quarter of 2014, the decrease was mainly due to:

- 9.3%[1] decrease in the magazines' combined advertising revenues, broken down as follows:
  - Decorating/cooking: -21.0%;
  - Entertainment: -13.1%[1];
  - Specialty: -7.5%[1];
  - Women's: -6.4%.
- 3.5%[1] decrease in newsstand revenues, mainly because of a 6.5%[1] decrease at the entertainment magazines;
- 14.9% decrease in grant revenues.

[1] *Excluding the magazines that ceased publication in the first quarter of 2014.*

Readership and market share statistics

- Together, TVA Group's magazines hold 53.3% of cumulative monthly Quebec French-language readership.
  - The weeklies reach more than 3 million[1] unique readers in Canada per year.
  - The showbiz and celebrity news magazine *7 Jours* alone has a weekly readership of 539,000 and remains the most widely read weekly magazine in Quebec.
  - *La Semaine* magazine, which carries family-oriented entertainment news, reaches 375,000 readers per week.

Source: PMB (Print Measurement Bureau) – Spring 2014, French Quebec 12+
[1] PMB Spring 2014, Canada Total 12+

Operating expenses: $13,401,000, a decrease of $700,000 (-5.0%) due mainly to:

- 4.8%[1] decrease in the operating expenses of the entertainment magazines as a result of lower production and printing costs, yielding savings mainly at *7 Jours* magazine;
- closure of some magazines in the first quarter of 2014.

[1] *Excluding the magazines that ceased publication in the first quarter of 2014.*

Adjusted operating income: $2,842,000, a $807,000 decrease due primarily to the decline in the segment's operating revenues.

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 82.5% in the third quarter of 2014, compared with 79.4% in the same period of 2013. The increase was mainly due to the decrease in advertising and newsstand revenues.

Acquisition of Publications Charron

On July 18, 2013, the Corporation acquired the magazine publisher Publications Charron, whose publications include the weekly *La Semaine.* The revenues and operating expenses generated by its operations have been included in the Magazines segment's results since the third quarter of 2013.

2014/2013 year-to-date comparison

Operating revenues: $47,339,000, an increase of $1,322,000 (2.9%) despite the closure of the magazines *Star Inc.*, *Rénovation Bricolage* and *Option Réno*. The increase was due primarily to:

- inclusion of the revenues of *La Semaine* magazine since July 18, 2013;
- 4.2%[1] increase in newsstand revenues;

partially offset by:

- 20.1%[1] decrease in the magazines' combined advertising revenues, broken down as follows:
  - Specialty: -33.4%[1];
  - Entertainment: -30.5%[1];
  - Decorating/cooking: -18.9%;
  - Women's: -13.6%.

Canada Periodical Fund

The Government of Canada introduced 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 the CPF is now fully recorded under operating revenues. It amounted to 11.8% of the segment's operating revenues for the nine-month period ended September 30, 2014 (11.0% in the same period of 2013).

Operating expenses: $39,382,000, a decrease of $1,035,000 (-2.6%). In addition to the closure of the magazines *Star Inc., Rénovation Bricolage* and *Option Réno*, the decrease was mainly due to:

- 13.6%[1] decrease in the operating expenses of the entertainment magazines as a result of lower printing and production costs, as well as production expenses, mainly at *7 Jours* magazine;
- 8.6% decrease in the operating expenses of the decorating and cooking magazines due to lower subscriber recruitment and management expenses, promotion costs and printing and production costs, mainly at *Chez Soi* magazine;

partially offset by:

- inclusion of the operating expenses of *La Semaine* magazine since July 18, 2013.

[1] *Excluding La Semaine magazine and the magazines that ceased publication in the first quarter of 2014.*

Adjusted operating income: $7,957,000, a $2,357,000 favourable variance due primarily to:

- positive impact of the inclusion of the operating results of *La Semaine* magazine since July 18, 2013; and
- decrease in the operating expenses of the other magazines, as detailed above, and the impact of savings related to the cost-reduction plan introduced in the second quarter of 2013.

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 83.2% in the first nine months of 2014, compared with 87.8% in the same period of 2013. The decrease was mainly due to the acquisition of *La Semaine* magazine, a strong monitoring of costs and the annualized impact of the operating expense reduction plan instituted in the second quarter of 2013.

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	
	2014	2013	**2014**	2013
Cash flows related to operating activities	**$ 6,256**	$ 12,997	**$ 27,208**	$ 21,184
Additions to property, plant and equipment and intangible assets	**(6,282)**	(5,415)	**(19,597)**	(15,885)
Net change in investments	**(1,781)**	(1,477)	**(4,548)**	(2,148)
Business acquisition	**–**	(6,607)	**(501)**	(6,607)
Other	**(50)**	(50)	**(151)**	(151)
(Increase in) reimbursement of net debt	**$ (1,857)**	$ (552)	**$ 2,411**	$ (3,607)

	September 30, 2014	December 31, 2013
At period end:		
Short-term debt	**$ 74,791**	$ 74,640
Less cash	**(10,279)**	(7,717)
Net debt	**$ 64,512**	$ 66,923

Operating Activities

Cash flows provided by operating activities: $6,741,000 decrease during the three-month period ended September 30, 2014 due mainly to:

- $10,763,000 decrease in adjusted operating income;

partially offset by:

- $3,152,000 decrease in income taxes; and

- $510,000 decrease in the cash portion of financial expenses.

Cash flows provided by operating activities: $6,024,000 increase in the first nine months of 2014 due to:

- $15,052,000 favourable net change in balances related to operations due mainly to a decrease in accounts receivable, partially offset by an unfavourable variance in current tax assets and liabilities;
- $4,825,000 favourable variance in income taxes;
- $2,155,000 decrease in the cash portion of operational restructuring costs;
- $1,616,000 decrease in the cash portion of financial expenses;

partially offset by:

- $17,624,000 decrease in adjusted operating income.

Working capital of TVA Group: $11,701,000 as at September 30, 2014, compared with $18,378,000 as at December 31, 2013. The $6,677,000 decrease was mainly due to the decrease in accounts receivable, partially offset by lower accounts payable and accrued liabilities, the increase in current income tax assets and increased cash.

Investing Activities

Additions to property, plant and equipment and intangible assets: $6,282,000 in the third quarter of 2014, compared with $5,415,000 in the same period of 2013. The $867,000 (16.0%) increase was caused mainly by expenditures for the installation of the technical infrastructure required for the launch of TVA Sports 2 following the acquisition of broadcast rights to NHL games.

Additions to property, plant and equipment and intangible assets: $19,597,000 in the first nine months of 2014, compared with $15,885,000 in the same period of 2013. The $3,712,000 (23.4%) increase was essentially due to the same factors as those noted above.

Net change in investments: $1,781,000 in the third quarter of 2014, compared with $1,477,000 in the same period of 2013**.** In the third quarter of 2014, the Corporation made a $2,009,000 capital contribution to SUN News ($2,205,000 in the third quarter of 2013) and received $228,000 related to a portfolio investment ($728,000 in the third quarter of 2013).

Net change in investments: $4,548,000 in the first nine months of 2014, compared with $2,148,000 in the same period of 2013. In addition to the above-noted factors, the Corporation made a $3,038,000 capital contribution to SUN News in the first half of 2014 ($1,470,000 in the first half of 2013) and received $271,000 related to a portfolio investment during the same period ($800,000 in the same period of 2013).

Financing Activities

Debt (excluding deferred financing costs): $75,000,000 as at September 30, 2014, unchanged from December 31, 2013.

On November 3, 2014, TVA Group changed the terms and conditions of its bank credit facilities to increase the size of its revolving credit facilities from $100 million to $150 million, to extend their term by two years until February 24, 2019, and to replace the existing $75-million term loan maturing on December 11, 2014 by a new term loan of an equivalent amount and maturing on November 3, 2019. Moreover, TVA Group granted a security on all of its movable assets and an immovable hypothec on its head-office building as part of the modification of the terms and conditions of its bank credit facilities.

<u>Financial position as at September 30, 2014</u>

Net available liquid assets: $109,854,000, consisting of a $99,575,000 unused and available revolving credit facility and $10,279,000 in cash.

As of September 30, 2014, 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)

2015	$	75,000
2016		–
2017		–
2018		–
2019 and thereafter		–
Total	**$**	**75,000**

The weighted average term of TVA Group's debt was approximately 0.1 years as at September 30, 2014 (0.9 years as at December 31, 2013) and is therefore presented in its entirety under current liabilities at quarter's end. The debt consisted entirely of fixed-rate debt as of September 30, 2014 and December 31, 2013.

The Corporation also has a $100,000,000 revolving credit facility. At September 30, 2014, there were no drawings on the revolving credit facility.

The Corporation's management believes that the cash flows generated on an annual basis by continuing operating activities and by available sources of financing should be sufficient to meet future cash requirements in regard to capital investments, working capital, interest payments, 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, 2014, the Corporation was in compliance with all the terms of its credit agreements.

Analysis of consolidated balance sheet as at September 30, 2014

Table 7
Consolidated balance sheets of TVA Group
Analysis of main variances between September 30, 2014 and December 31, 2013
(in thousands of dollars)

		September 30, 2014		December 31, 2013		Difference	Main reasons for difference
Assets							
Accounts receivable	**$**	**108,752**	$	136,408	$	(27,656)	Impact of receipt of retroactive royalties for retransmission of distant signals and of amounts due under new agreements signed at the end of 2013, as well as current and seasonal variations in activities.
Current income taxes		**7,074**		124		6,950	Impact of income tax recoverable on deductible loss in third quarter 2014 and instalment payments.
Defined benefit plan assets		**14,515**		8,238		6,277	Impact of solvency contributions that were higher than the pension expense.
Licences and other intangible assets		**77,432**		112,566		(35,134)	Impact of impairment of a broadcasting licence recognized in the third quarter of 2014.
Goodwill		**35,931**		44,536		(8,605)	Impact of goodwill impairment recognized in the third quarter of 2014.
Liabilities							
Accounts payable and accrued liabilities	**$**	**74,773**	$	85,960	$	(11,187)	Impact of current and seasonal variations in activities.

ADDITIONAL INFORMATION

Contractual obligations

As of September 30, 2014, 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, 2014
(in thousands of dollars)

	Less than 1 year	1-3 years	3-5 years	More than 5 years	Total
Long-term debt	$ 75,000	$ –	$ –	$ –	$ 75,000
Payment of interest[1]	2,428	525	–	–	2,953
Broadcast and distribution rights	107,152	208,267	142,638	514,879	972,936
Other commitments	14,463	10,110	5,062	2,563	32,198
Total	**$ 199,043**	**$ 218,902**	**$ 147,700**	**$ 517,442**	**$ 1,083,087**

[1] *Interest is calculated on a constant debt level equal to that at September 30, 2014 and includes standby fees on the revolving credit facility.*

QMI has reached an agreement with Rogers Communications for French-language broadcast rights to NHL games. Pending finalization of agreements between QMI and TVA Group, total commitments related to this 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.

During the third quarter of 2014, the Corporation sold advertising space and content to, recognized subscription revenues from and provided production, postproduction and other services to corporations under common control and affiliated corporations for an aggregate amount of $18,913,000 ($17,188,000 in the third quarter of 2013).

In the third quarter of 2014, 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 totalling $8,332,000 ($7,421,000 in the third quarter of 2013).

The Corporation also recorded management fees to the parent corporation in the amount of $1,080,000 in the third quarter of 2014 ($1,080,000 in the third quarter of 2013).

During the first nine months of 2014, the Corporation sold advertising space and content to, recognized subscription revenues from and provided production, postproduction and other services to corporations under common control and affiliated corporations for an aggregate amount of $54,779,000 ($54,345,000 during the first nine months of 2013).

In the first nine months of 2014, 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 totalling $25,697,000 ($26,954,000 in the first nine months of 2013).

The Corporation also recorded management fees to the parent corporation in the amount of $3,240,000 in the first nine months of 2014 ($3,240,000 in the first nine months of 2013).

SUN News

The partners in SUN News made a $4,100,000 ($4,500,000 in the third quarter of 2013) capital contribution in the third quarter of 2014, including $2,009,000 ($2,205,000 in the third quarter of 2013) from the Corporation and $2,091,000 ($2,295,000 in the third quarter of 2013) from Sun Media Corporation.

During the nine-month period ended September 30, 2014, the partners in SUN News made a capital contribution of $10,300,000 ($7,500,000 in 2013), including $5,047,000 ($3,675,000 in 2013) from the Corporation and $5,253,000 ($3,825,000 in 2013) from Sun Media Corporation.

Capital stock

Table 9 below presents information on the Corporation's capital stock as at October 31, 2014. In addition, 525,368 Class B stock options and 355,432 QMI stock options were outstanding as of October 31, 2014.

Table 9
Number of shares outstanding as at October 31, 2014
(in shares and dollars)

	Issued and outstanding	Carrying amount
Class A common shares	4,320,000	$ 0.02
Class B shares	19,450,906	$ 5.07

Changes in accounting policies

On January 1, 2014, the Corporation adopted retrospectively IFRIC 21 – *Levies*, which clarifies the timing of accounting for a liability for outflow of resources that is imposed by governments in accordance with legislation, based on the activity that triggers the payment. The adoption of this interpretation did not have a material impact on the consolidated financial statements.

Recent accounting pronouncements

The Corporation has not yet completed its assessment of the impact of the adoption of these pronouncements on its consolidated financial statements.

i) IFRS 9 – *Financial Instruments* is required to be applied retrospectively, with early adoption permitted.

IFRS 9 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.

ii) IFRS 15 – Revenue from Contracts with Customers is required to be applied for periods beginning on or after January 1, 2017.

IFRS 15 specifies how and when an entity must 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.

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 three-month period ended September 30, 2014 that have materially adversely affected, or are reasonably likely to materially adversely affect, the Corporation's internal controls over financial reporting.

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 were made. Investors and others are cautioned that the foregoing list of factors that may affect future results is not exhaustive and that undue reliance should not be placed on any forward-looking statements.

For more information on the risks, uncertainties and assumptions that could cause the Corporation's actual results to differ from current expectations, please refer to the Corporation's public filings available at www.sedar.com and 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, 2013 and the "Risk Factors" section in the Corporation's 2013 annual information form.

The forward-looking statements in this Management's Discussion and Analysis reflect the Corporation's expectations as of November 4, 2014, 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 4, 2014

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

		2014						2013
		Sept. 30		June 30		March 31		Dec. 31
Operations								
Operating revenues	**$**	**94,525**	$	109,700	$	105,321	$	120,022
Adjusted operating income	**$**	**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

		2013						2012
		Sept. 30		June 30		March 31		Dec. 31 (restated)
Operations								
Operating revenues	$	102,217	$	111,507	$	111,070	$	127,004
Adjusted operating income	$	18,401	$	20,940	$	895	$	20,625
Net income (loss) attributable to shareholders	$	6,325	$	6,981	$	(5,888)	$	8,838
Basic and diluted per-share data								
Basic and diluted earnings (loss) per share	$	0.27	$	0.29	$	(0.25)	$	0.37
Weighted average number of outstanding shares (in thousands)		23,771		23,771		23,771		23,771

- Most of the Corporation’s operating revenues are derived from the sale of advertising or advertising services. These advertising revenues are usually seasonal and are impacted by the cyclical nature and economic character of the industry and of the markets in which the advertisers operate. The Corporation’s second and fourth quarters are customarily the most favourable periods for advertising revenues, especially from television.

- From a quarter to another, operating expenses in the Broadcasting & Production segment vary mainly as a result of programming costs, which are directly related to programming strategies, whereas in the Magazines segment, operating costs fluctuate according to the arrival of magazines on newsstands.