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FINANCIAL RESULTS FOR THE FIRST QUARTER ENDED MARCH 31, 2014

MESSAGE TO THE SHAREHOLDERS

Montreal, May 6, 2014

TVA Group Inc. (the "Corporation") recorded a net loss attributable to shareholders in the amount of $10.2 million, or $0.43 per share, in the first quarter of 2014, compared with a net loss attributable to shareholders of $5.9 million, or $0.25 per share, in the same quarter of 2013.

First quarter operating highlights:

- The consolidated adjusted operating loss[1] totalled $6,025,000, compared with adjusted operating income of $895,000 in the same quarter of 2013.

- The Television segment generated an adjusted operating loss of $8,211,000, an $8,951,000 unfavourable variance primarily due to:

    - decrease in TVA Network's adjusted operating income due to the combined impact of a 5.8% decrease in advertising revenues and higher content expenditures;

    partially offset by:

    - decrease in the adjusted operating loss of the specialty services, directly attributable to an 8.2% increase in subscription revenues.

- The Publishing segment generated adjusted operating income in the amount of $2,186,000, a $2,031,000 favourable variance due mainly to 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 volume and to the operating expense reduction plan implemented in the second quarter of 2013.

The Television segment's first quarter 2014 financial results fell short of our expectations. Advertising revenues are under heavy pressure despite strong ratings. TVA Group's total market shares for the period from January 1 to March 31, 2014 held steady at 32.8%, compared with 32.7% in the same period of 2013. In addition to the phenomenal success of *La Voix*, which drew an average of 2,644,000 viewers for the Sunday night shows, new TVA Network shows such as *Les Beaux Malaises*, *Les Jeunes loups* and *Destination Fort Boyard* achieved excellent ratings, with audiences of more than 1,500,000.

The Publishing segment registered healthy growth in adjusted operating income because of the inclusion of the results of our latest acquisition, *La Semaine* magazine, and 5.3% growth in newsstand sales of our other magazines. We also launched a new magazine, *Femmes etc…*, at the end of March. The first issue was so successful that we had to order a second print run to meet the demand.

Cash flows provided by operating activities totalled $4.9 million in the quarter; in the same quarter of 2013, operating activities used cash flows in the amount of $2.5 million. The $7.4 million increase was essentially due to favourable variance in accounts receivable, partially offset by the decrease in adjusted operating income.

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

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 is not intended to represent funds available for debt service, dividend payment, reinvestment or other discretionary uses, and should not be considered in isolation or as a substitute for other performance measures prepared in accordance with IFRS. Adjusted operating income (loss) is used by the Corporation because management believes it is a meaningful measure of performance.

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. Measurements such as adjusted operating income (loss) are also commonly used by the investment community to analyze and compare the performance of companies in the industries in which the Corporation is active. 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.

Pierre Dion
President and Chief Executive Officer

TVA GROUP INC.

Consolidated statements of loss and comprehensive loss

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

		Three-month periods ended March 31	
	Note	**2014**	2013
Revenues	3	**$ 105,321**	$ 111,070
Purchases of goods and services	4,10	**78,469**	75,093
Employee costs		**32,877**	35,082
Amortization of property, plant and equipment and intangible assets		**5,384**	5,088
Financial expenses	5	**1,120**	1,604
Operational restructuring costs, impairment of assets and other costs	6	**–**	952
Loss before tax recovery and share of loss of associated corporations		**(12,529)**	(6,749)
Tax recovery		**(4,147)**	(2,424)
Share of loss of associated corporations		**1,781**	1,563
Net loss and comprehensive loss attributable to shareholders		**$ (10,163)**	$ (5,888)
Basic and diluted loss per share attributable to shareholders	7 (c)	**$ (0.43)**	$ (0.25)

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 7)	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 loss	–	–	(5,888)	–	(5,888)
Balance as at March 31, 2013	98,647	581	182,049	(20,620)	260,657
Net income	–	–	21,634	–	21,634
Other comprehensive income	–	–	–	25,768	25,768
Balance as at December 31, 2013	98,647	581	203,683	5,148	308,059
Net loss	–	–	(10,163)	–	(10,163)
Balance as at March 31, 2014	**$ 98,647**	**$ 581**	**$ 193,520**	**$ 5,148**	**$ 297,896**

See accompanying notes to condensed consolidated financial statements.

TVA GROUP INC.
Consolidated balance sheets

(unaudited)
(in thousands of Canadian dollars)

	Note	**March 31, 2014**	December 31, 2013
Assets			
Current assets			
Cash		**$ 3,560**	$ 7,717
Accounts receivable		**120,909**	136,408
Income taxes		**6,307**	124
Programs, broadcast and distribution rights and inventories		**52,151**	61,428
Prepaid expenses		**3,164**	2,380
		186,091	208,057
Non-current assets			
Broadcast and distribution rights		**36,262**	31,985
Investments		**14,462**	14,822
Property, plant and equipment		**100,749**	100,962
Licences and other intangible assets		**111,529**	112,566
Goodwill		**44,469**	44,536
Defined benefit plan asset		**10,283**	8,238
Deferred income taxes		**571**	885
		318,325	313,994
Total assets		**$ 504,416**	$ 522,051

TVA GROUP INC.
Consolidated balance sheets (continued)

(unaudited)
(in thousands of Canadian dollars)

	Note	March 31, 2014	December 31, 2013
Liabilities and equity			
Current liabilities			
Accounts payable and accrued liabilities		**$ 74,759**	$ 85,960
Income taxes		**353**	1,828
Broadcast and distribution rights payable		**24,380**	17,304
Provisions		**305**	645
Deferred revenues		**7,463**	9,302
Short-term debt		**74,691**	74,640
		181,951	189,679
Non-current liabilities			
Other liabilities		**3,958**	3,974
Deferred income taxes		**20,611**	20,339
		24,569	24,313
Equity			
Capital stock	7	**98,647**	98,647
Contributed surplus		**581**	581
Retained earnings		**193,520**	203,683
Accumulated other comprehensive income		**5,148**	5,148
Equity attributable to shareholders		**297,896**	308,059
Guarantees	10		
Total liabilities and equity		**$ 504,416**	$ 522,051

See accompanying notes to condensed consolidated financial statements.

On May 6, 2014, the Board of Directors approved the condensed consolidated financial statements for the three-month periods ended March 31, 2014 and 2013.

TVA GROUP INC.
Consolidated statements of cash flows

(unaudited)
(in thousands of Canadian dollars)

	Note	2014	2013
		Three-month periods ended March 31	
Cash flows related to operating activities			
Net loss		**$ (10,163)**	$ (5,888)
Adjustments for:			
Amortization		**5,435**	5,139
Impairment of assets	6	**–**	387
Share of loss of associated corporations		**1,781**	1,563
Deferred income taxes		**565**	1,024
		(2,382)	2,225
Net change in non-cash balances related to operating activities		**7,254**	(4,768)
Cash flows provided by (used in) operating activities		**4,872**	(2,543)
Cash flows related to investing activities			
Additions to property, plant and equipment		**(6,339)**	(5,312)
Additions to intangible assets		**(768)**	(584)
Net change in investments	9	**(1,421)**	799
Final adjustment to the cost of a business acquisition		**(501)**	–
Cash flows used in investing activities		**(9,029)**	(5,097)
Cash flows related to financing activities			
Net change in revolving credit facility		**–**	254
Cash flows provided by financing activities		**–**	254
Net change in cash		**(4,157)**	(7,386)
Cash at beginning of period		**7,717**	10,619
Cash at end of period		**$ 3,560**	$ 3,233
Interest and taxes reflected as operating activities			
Net interest (received) paid		**$ (82)**	$ 81
Income taxes paid (net of refunds)		**2,946**	1,968

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: Television and Publishing (note 11). 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 period ended March 31, 2013, have been reclassified to conform to the presentation adopted for the three-month period ended March 31, 2014.

2. 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)

3. Revenues

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

	Three-month periods ended March 31	
	2014	2013
Services rendered	**$ 82,588**	$ 85,977
Product sales	**22,733**	25,093
	$ 105,321	$ 111,070

4. Purchases of goods and services

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

	Three-month periods ended March 31	
	2014	2013
Royalties, rights and production costs	**$ 57,022**	$ 48,988
Printing and distribution	**4,094**	4,598
Marketing, advertising and promotion	**4,241**	5,153
Building costs	**2,436**	2,183
Services rendered by parent corporation	**5,796**	5,935
Other	**4,880**	8,236
	$ 78,469	$ 75,093

5. Financial expenses

	Three-month periods ended March 31	
	2014	2013
Interest on long-term debt	**$ 1,122**	$ 1,122
Amortization of financing costs	**51**	51
(Revenues) interest expense on net defined benefit asset or liability	**(72)**	420
Other	**19**	11
	$ 1,120	$ 1,604

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

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

In the three-month period ended March 31, 2013, the Corporation had recorded operational restructuring costs in the amount of $565,000 for legal expenses in connection with a trial related to a legal dispute involving a former subsidiary. The Corporation had also recorded a $387,000 impairment charge related to its non-current distribution rights inventory following its decision to discontinue theatrical distribution of new Quebec films.

7. 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

		March 31, 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 per share attributable to shareholders

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

		Three-month periods ended March 31		
		2014		2013
Net loss attributable to shareholders	**$**	**(10,163)**	$	(5,888)
Weighted average number of basic and diluted shares outstanding		**23,770,906**		23,770,906
Basic and diluted loss per share attributable to shareholders	**$**	**(0.43)**	$	(0.25)

The diluted loss 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)

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

	Three-month period ended March 31, 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
Exercised	–	–	(21,375)	46.48
Balance as at March 31, 2014	**691,076**	**$ 16.54**	**310,032**	**$ 53.82**

Of the number of options outstanding as at March 31, 2014, 691,076 Corporation's Class B stock options at an average exercise price of $16.54 and 64,032 Quebecor Media stock options at an average price of $45.96 could be exercised.

During the three-month period ended March 31, 2014, 21,375 Quebecor Media stock options were exercised for a cash consideration of $352,000 (19,957 stock options were exercised for a cash consideration of $228,000 during the three-month period ended March 31, 2013).

During the three-month period ended March 31, 2014, the Corporation recorded a $31,000 compensation expense reversal ($52,000 compensation expense in the same period of 2013) in relation to the Corporation's Class B stock options and a compensation expense of $400,000 ($29,000 compensation expense reversal in the same period of 2013) in relation to Quebecor Media stock options.

9. Related party transactions

Capital contributions to SUN News

During the three-month period ended March 31, 2014, the partners in SUN News made a capital contribution of $2,900,000 (nil in 2013), including $1,421,000 from the Corporation and $1,479,000 from Sun Media Corporation, a company under common control.

10. 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 ended March 31, 2014.

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

11. Segmented information

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 Publishing segment are now part of the operations of TVA Accès inc. in the Television segment. Prior period disclosures have been restated to reflect this new presentation.

The Corporation's operations consist of the following segments:

– The **Television 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 home and online shopping services of the TVA Boutiques division up to the second quarter of 2013, and the distribution of audiovisual products by the TVA Films division.

– The **Publishing 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 March 31	
	2014	2013
Revenues		
Television	**$ 90,936**	$ 98,120
Publishing	**15,138**	13,913
Intersegment items	**(753)**	(963)
	$ 105,321	111,070
Adjusted operating (loss) income[1]		
Television	**(8,211)**	740
Publishing	**2,186**	155
	(6,025)	895
Amortization of property, plant and equipment and intangible assets	**5,384**	5,088
Financial expenses	**1,120**	1,604
Operational restructuring costs, impairment of assets and other costs	**–**	952
Loss before tax recovery and share of loss of associated corporations	**$ (12,529)**	$ (6,749)

11. 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.

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: Television and Publishing. In the Television 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 Publishing segment, TVA Group produces 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 first quarter of 2014, and the major changes from the previous financial year. The Corporation's condensed consolidated financial statements for the three-month periods ended March 31, 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 with the condensed consolidated financial statements for the three-month period ended March 31, 2014.

BUSINESS SEGMENTS

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 Publishing segment are now part of the operations of TVA Accès Inc. in the Television segment. Prior period disclosures have been restated to reflect this new presentation.

The Corporation's business segments are:

- The **Television 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 home and online shopping services of the TVA Boutiques division up to the second quarter of 2013, and the distribution of audiovisual products by the TVA Films division.

- The **Publishing 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 2013

- On April 28, 2014, Quebecor Inc. ("Quebecor") announced major management changes at the corporation and its subsidiaries. Pierre Dion, President and Chief Executive Officer of TVA Group, was appointed President and Chief Executive Officer of Quebecor and QMI, replacing Robert Dépatie who resigned as President and Chief Executive Officer of Quebecor, QMI and Videotron Ltd. for health reasons. Pierre Dion will continue to serve as President and Chief Executive Officer of TVA Group until his successor is named.

- On April 14, 2014, TVA Group announced an agreement with Telus to give Télé OPTIK subscribers on demand access to TVA content starting April 15. The Corporation and Telus also reached a new agreement for live distribution of the TVA Sports and TVA Sports 2 specialty services.

- On April 13, 2014, TVA Group announced that *La Voix* would be back for a third season in winter 2015.

- On March 27, 2014, TVA Publications launched *Femmes etc…* The magazine's first issue was so successful that a new print run had to be ordered to meet the demand.

- On March 10, 2014, TVA Group announced the appointment of Sylvie Lalande as Chairperson of the Board, replacing Pierre Karl Péladeau, who resigned as of March 9, 2014.

- During the first quarter, TVA Sports reached long-term agreements with prestigious properties such as Major League Baseball (MLB) (8-year agreement), the Canadian Hockey League (CHL) and the Quebec Major Junior Hockey League (QMJHL) (12-year agreement).

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, impairment of goodwill, gain on disposal of investments, income taxes, share of loss (income) of associated corporations and joint ventures, and net loss attributable to non-controlling interest. 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 is not intended to represent funds available for debt service, dividend payment, reinvestment or other discretionary uses, and should not be considered in isolation or as a substitute for other performance measures prepared in accordance with IFRS. Adjusted operating income (loss) is used by the Corporation because management believes it is a meaningful measure of performance. This measure is used by management and the Board of Directors to evaluate the Corporation's consolidated results and the results of its segments. Measurements such as adjusted operating income (loss) are also commonly used by the investment community to analyze and compare the performance of companies in the industries in which the Corporation is active. 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 (loss) income to net loss attributable to shareholders as disclosed in the Corporation's condensed consolidated financial statements.

Table 1
Reconciliation of the adjusted operating (loss) 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 March 31	
	2014	2013
Adjusted operating (loss) income:		
Television	**$ (8,211)**	$ 740
Publishing	**2,186**	155
	(6,025)	895
Amortization of property, plant and equipment and intangible assets	**5,384**	5,088
Financial expenses	**1,120**	1,604
Operational restructuring costs, impairment of assets and other costs	**–**	952
Tax recovery	**(4,147)**	(2,424)
Share of loss of associated corporations	**1,781**	1,563
Net loss attributable to shareholders	**$ (10,163)**	$ (5,888)

2014/2013 FIRST QUARTER COMPARISON

Analysis of consolidated results of TVA Group

Operating revenues: $105,321,000, a $5,749,000 (-5.2%) decrease.

- $7,184,000 (-7.3%) decrease in the Television segment (Table 2), due mainly to a 6.4% decrease in TVA Network's revenues and the discontinuation of the operations of TVA Boutiques in the third quarter of 2013. The decreases were partially offset by a 2.5% increase in revenues at the specialty services.

- $1,225,000 (8.8%) increase in the Publishing segment (Table 2) primarily due to the favourable impact of the acquisition of *La Semaine* magazine on July 18, 2013, particularly on newsstand revenues, which rose 35.9%. The increase was partially offset by a 27.0% decrease in advertising revenues.

Table 2
Operating revenues
(in thousands of dollars)

	Three months ended March 31	
	2014	2013
Television	**$ 90,936**	$ 98,120
Publishing	**15,138**	13,913
Intersegment items	**(753)**	(963)
	$ 105,321	$ 111,070

Adjusted operating loss: $6,025,000, a negative variance of $6,920,000.

- $8,951,000 unfavourable variance in the Television segment (Table 3), mainly because of TVA Network's adjusted operating loss, partially offset by an 18.3% decrease in the adjusted operating loss of the specialty services.

- $2,031,000 favourable variance in the Publishing 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 volume and to the operating expense reduction plan implemented in the second quarter of 2013.

Table 3
Adjusted operating (loss) income
(in thousands of dollars)

	Three months ended March 31	
	2014	2013
Television	**$ (8,211)**	$ 740
Publishing	**2,186**	155
	$ (6,025)	$ 895

Net loss attributable to shareholders: $10,163,000 (-$0.43 per basic and diluted share), compared with a net loss attributable to shareholders of $5,888,000 (-$0.25 per basic and diluted share) in the same period of 2013.

- The negative variance of $4,275,000 (-$0.18 per basic and diluted share) was essentially due to:
  - $6,920,000 unfavourable variance in adjusted operating income;

  partially offset by:

  - $952,000 favourable variance in operational restructuring costs, impairment of assets and other costs; and
  - $1,723,000 increase in tax recovery.

- The calculation of per-share amounts was based on a weighted average of 23,770,906 outstanding diluted shares for the three-month periods ended March 31, 2014 and 2013.

Amortization of property, plant and equipment and intangible assets: $5,384,000, a $296,000 (5.8%) increase.

- The increase was mainly due to the commissioning of major technical and real estate projects in recent months, and accelerated recording of amortization of computer equipment and leasehold improvements following a reassessment of their expected useful lives.

Financial expenses: $1,120,000, a $484,000 decrease caused essentially by the recording of pension plan-related interest revenues in the first quarter of 2014, compared with a pension plan-related interest expense in the same period of 2013.

Operational restructuring costs, impairment of assets and other costs: nil in the first quarter of 2014, compared with $952,000 in the same period of 2013.

- In the three-month period ended March 31, 2013, the Corporation had recorded operational restructuring costs in the amount of $565,000 for legal expenses in connection with a trial related to a legal dispute involving a former subsidiary. The Corporation had also recorded a $387,000 impairment charge related to its long-term distribution rights inventory following its decision to discontinue theatrical distribution of new Quebec films.

Tax recovery: $4,147,000 (effective tax rate of 33.1%) in the first quarter of 2014, compared with $2,424,000 (effective tax rate of 35.9%) for the same period of 2013.

- In the first quarter of 2014, the effective tax rate was higher 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. As well, in light of developments in tax audits, jurisprudence and tax legislation, the Corporation reduced its deferred tax liabilities by $329,000. Excluding the latter tax savings, the effective tax rate for 2014 would have been 30.5%.

- In the first quarter of 2013, the effective tax rate was higher 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: $1,781,000 in the first quarter of 2014, compared with $1,563,000 in the same quarter of 2013. The $218,000 unfavourable variance was mainly due to weaker operating results at SUN News during the period.

SEGMENTED ANALYSIS

Television

2014/2013 first quarter comparison

Operating revenues: $90,936,000, a $7,184,000 (-7.3%) decrease primarily due to:

- 6.4% decrease in TVA Network's revenues due to a 5.8% decrease in advertising revenues and a 49.7% decrease in revenues from the Local Programming Improvement Fund ("LPIF"), which is being phased out;
- loss of revenues as a result of the discontinuation of the operations of the TVA Boutiques division in the third quarter of 2013;
- 7.7% decrease in advertising revenues at the specialty services, generated mainly by "LCN" and "TVA Sports";

partially offset by:

- 8.2% increase in subscription revenues at the specialty services:
  - the "TVA Sports" and "LCN" services accounted for 34.4% and 16.5% of the increase respectively;
  - the "MOI&cie," "Casa," "addik^{TV}" and "prise 2" services logged increases of 24.3%, 11.2%, 9.8% and 9.0% respectively.

French-language market ratings

TVA Group's total market share for the period of January 1 to March 31, 2014 was 32.8%, slightly higher than the 32.7% share recorded in the same period of 2013.

TVA Group's specialty services had a combined market share of 8.6% in the first quarter of 2014, compared with 8.2% in the same period of 2013, a 0.4-point increase. "TVA Sports," which had excellent ratings during the Sochi Winter Olympic Games, registering a 3.8% market share during Olympics broadcast periods, accounted for the bulk of the increase. The market shares of the "Yoopa" and "Argent" specialty services were stable while "prise 2" and "LCN" grew their shares by 0.2 and 0.1 points respectively.

TVA Network remains in the lead with a 24.2% market share, more than its two main conventional rivals combined. TVA Network carried 20 of the 30 most-watched programs in Quebec during the first quarter of 2014, including 4 of the top 5: *La Voix* (average audience of 2.6 million for the Sunday evening shows), *Destination Fort Boyard*, *Les Beaux malaises* and *Les Jeunes loups*, all of which attracted more than 1,500,000 viewers.

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

Winter 2014 vs 2013			
	2014	**2013**	**Difference**
French-language conventional broadcasters:			
TVA	**24.2**	24.5	- 0.3
SRC	**15.5**	14.1	+ 1.4
V	**7.9**	8.6	- 0.7
	47.6	47.2	+ 0.4
French-language specialty and pay services:			
TVA	**8.6**	8.2	+ 0.4
SRC	**4.5**	4.5	–
Bell Media*	**17.2**	18.7	- 1.5
Others	**14.2**	14.7	- 0.5
	44.5	46.1	- 1.6
Total English-language and others:	**7.9**	6.7	+ 1.2
TVA Group	**32.8**	32.7	+ 0.1

Source: BBM Ratings, French Quebec, January 1 to March 31, 2014, Mon-Sun, 2:00 – 2:00, All 2+.

* Based on its properties following the Bell-Astral transaction completed on July 5, 2013.

Operating expenses: $99,147,000, a $1,767,000 (1.8%) increase.

- The increase was due primarily to:

  - 7.4% 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 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;

  partially offset by:

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

Adjusted operating loss: $8,211,000, an $8,951,000 unfavourable variance primarily due to:

- decrease in TVA Network’s adjusted operating income due to the combined impact of lower advertising revenues and higher content expenditures;

partially offset by:

- decrease in the adjusted operating loss of the specialty services, directly attributable to higher subscription revenues.

Cost/revenue ratio: Employee costs and the cost of purchases of goods and services for the Television segment's activities (expressed as a percentage of revenues) increased from 99.2% in the first quarter of 2013 to 109.0% in the same period of 2014, mainly as a result of the above-noted factors, particularly the decrease in advertising revenues and the increase in content costs.

Publishing

2014/2013 first quarter comparison

Operating revenues: $15,138,000, a $1,225,000 (8.8%) increase despite the closure of the magazines *Star Inc.*, *Rénovation Bricolage* and *Option Réno.* The increase was maily due to:

- positive impact of the inclusion of the revenues of *La Semaine* magazine since July 18, 2013;
- 5.3%[1] increase in newsstand revenues;
- 8.0%[1] increase in grant revenues;

partially offset by:

- 27.7%[1] decrease in the magazines' combined advertising revenues, broken down as follows:
    - Entertainment: -33.3%;
    - Decorating/cooking: -25.9%;
    - Women's: -21.2%;
    - Specialty: -54.1%.

[1] Excluding *La Semaine* magazine

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 this program is fully recorded under operating revenues. It amounted to 12.7% of the segment's operating revenues for the first quarter of 2014 (11.0% in the same period of 2013).

Readership and market share statistics

- Together, TVA Group's magazines hold 53.3% of cumulative monthly Quebec French-language readership, according to data compiled by the PMB (Print Measurement Bureau - Spring 2014).
- The weeklies reach more than 3 million unique readers in Canada per year according to PMB (Print Measurement Bureau - Spring 2014).
    - 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.

Operating expenses: $12,952,000, an $806,000 (-5.9%) decrease. In addition to the closure of the magazines *Star Inc.*, *Rénovation Bricolage* and *Option Réno*, the decrease was mainly due to:

- 22.8%[1] decrease in the operating expenses of the entertainment magazines as a result of lower printing and production costs, mainly at *7 Jours* magazine;

- 17.3% decrease in the operating expenses of the decorating and cooking magazines as a result of lower subscriber acquisition and promotion costs;

- 15.7% decrease in the operating expenses of the women's magazines as a result of a decrease in brand management activities, including non-renewal of the Rock & Rose event for 2014;

partially offset by:

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

[1] Excluding *La Semaine* magazine

Adjusted operating income: $2,186,000, a $2,031,000 favourable variance due primarily to:

- the positive impact of the inclusion of the operating results of *La Semaine* magazine since July 18, 2013;

- 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 Publishing segment's activities (expressed as a percentage of revenues) were 85.6% in the first quarter of 2014, compared with 98.9% in the same period of 2013. The decrease was essentially due to the above-noted factors.

<u>Acquisition of Publications Charron</u>

On July 18, 2013, the Corporation acquired the magazine publisher Publications Charron. Its publications include the weekly *La Semaine*, which has average weekly newsstand sales of 35,000 to 44,000 copies. The revenues generated by its operations have been included in the Publishing segment's results since the third 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 March 31		
		2014		2013
Cash flows related to operating activities	**$**	**4,872**	$	(2,543)
Additions to property, plant and equipment and intangible assets		**(7,107)**		(5,896)
(Increase) decrease in investments		**(1,421)**		799
Other		**(552)**		(51)
Increase in net debt	**$**	**(4,208)**	$	(7,691)

		March 31, 2014		Dec. 31, 2013
At period end:				
Short-term debt	**$**	**74,691**	$	74,640
Less cash		**(3,560)**		(7,717)
Net debt	**$**	**71,131**	$	66,923

Operating Activities

Cash flows provided by operating activities: $4,872,000 in the first quarter of 2014, compared with cash flows used in operating activities in the amount of $2,543,000 in the same quarter of 2013, a $7,415,000 increase.

The increase was essentially due to the favourable variance in accounts receivable, partially offset by the negative variance in adjusted operating income.

Working capital of TVA Group: $4,140,000 as at March 31, 2014, compared with $18,378,000 at December 31, 2013. The $14,238,000 decrease was mainly due to the decrease in accounts receivable, as well as the decline in programs, broadcast and distribution rights and inventories, partially offset by lower accounts payable and accrued liabilities.

Investing Activities

Additions to property, plant and equipment and intangible assets: $7,107,000 in the first three months of 2014, compared with $5,896,000 in the same period of 2013. The $1,211,000 (20.5%) increase was caused mainly by expenditures for the installation of the technical infrastructure required for launch of TVA Sports 2 in the fall of 2014, in view of the agreement with the NHL.

Net change in investments: $1,421,000 cash outflow during the first three months of 2014, compared with a $799,000 cash inflow in the same period of 2013. The net variance in investments in the first quarter of 2014 reflects a capital contribution to SUN News. In the same period of 2013, the Corporation received $799,000 related to a portfolio investment.

Financing Activities

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

Financial Position as at March 31, 2014

Net available liquid assets: $103,135,000, consisting of a $99,575,000 unused and available revolving credit facility and $3,560,000 in cash.

As at March 31, 2014, minimum principal debt payments in the coming 12-month periods were as follows:

Table 6
TVA Group minimum principal payments on debt
12-month periods ended March 31
(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 0.6 year as at March 31, 2014 (0.9 year 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 March 31, 2014 and December 31, 2013. The Corporation plans to open discussions with its banking partners on renewal of long-term debt before the maturity date and foresees no difficulty in this regard.

The Corporation also has a $100,000,000 revolving credit facility, which was renewed on February 24, 2012 for a five-year term. At March 31, 2014, there were no drawings on the revolving credit facility. The Corporation could also use its unused revolving credit facility to repay its long-term debt maturing on December 11, 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 March 31, 2014, the Corporation was in compliance with all the terms of its credit agreements.

Analysis of consolidated balance sheet as at March 31, 2014

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

		March 31, 2014		December 31, 2013		Difference	Main reasons for difference
Assets							
Accounts receivable	**$**	**120,909**	$	136,408	$	(15,499)	Impact of receipt of retroactive royalties for retransmission of distant signals and of amounts due under new agreements signed at the end of 2013.
Income taxes	**$**	**6,307**	$	124	$	6,183	Impact of income tax recoverable on deductible loss in first quarter 2014 and instalment payments.
Programs, broadcast and distribution rights and inventories	**$**	**52,151**	$	61,428	$	(9,277)	Impact of current and seasonal variations in activities.
Liabilities							
Accounts payable and accrued liabilities	**$**	**74,759**	$	85,960	$	(11,201)	Impact of current and seasonal variations in activities.
Broadcast and distribution rights payable	**$**	**24,380**	$	17,304	$	7,076	Increased investment in content.

ADDITIONAL INFORMATION

Contractual obligations

As of March 31, 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 at March 31, 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]	4,505	700	–	–	5,205
Broadcast and distribution rights	100,564	159,663	138,634	510,923	909,784
Other commitments	14,198	9,666	4,870	3,111	31,845
Total	**$ 194,267**	**$ 170,029**	**$ 143,504**	**$ 514,034**	**$ 1,021,834**

[1] *Interest is calculated on a constant debt level equal to that at March 31, 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

During the first quarter of 2014, 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.

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 $17,377,000 ($19,025,000 in the first quarter of 2013).

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 $9,755,000 ($10,754,000 in the first quarter of 2013).

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

SUN News

The partners in SUN News made a $2,900,000 capital contribution in the first quarter of 2014 (nil in the first quarter of 2013), including $1,421,000 from the Corporation and $1,479,000 from Sun Media Corporation.

Capital stock

Table 9 below presents information on the Corporation's capital stock as at April 30, 2014. In addition, 691,076 Class B stock options and 375,032 QMI stock options were outstanding as of April 30, 2014.

Table 9
Number of shares outstanding as at April 30, 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

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.

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 March 31, 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 May 6, 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

May 6, 2014

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

	2014	2013		
	Mar. 31	Dec. 31	Sept. 30	June 30
Operations				
Operating revenues	**$ 105,321**	$ 120,022	$ 102,217	$ 111,507
Adjusted operating (loss) income	**$ (6,025)**	$ 20,334	$ 18,401	$ 20,940
Net (loss) income attributable to shareholders	**$ (10,163)**	$ 8,328	$ 6,325	$ 6,981
Basic and diluted per-share data				
Basic and diluted (loss) earnings per share	**$ (0.43)**	$ 0.35	$ 0.27	$ 0.29
Weighted average number of outstanding shares (in thousands)	**23,771**	23,771	23,771	23,771

	2013	2012		
	Mar. 31	Dec. 31 (restated)	Sept. 30 (restated)	June 30 (restated)
Operations				
Operating revenues	$ 111,070	$ 127,004	$ 97,171	$ 113,509
Adjusted operating income	$ 895	$ 20,625	$ 10,341	$ 18,522
Net (loss) income attributable to shareholders	$ (5,888)	$ 8,838	$ 1,539	$ 23,088
Basic and diluted per-share data				
Basic and diluted (loss) earnings per share	$ (0.25)	$ 0.37	$ 0.06	$ 0.97
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 for the Television segment.

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