# INTERIM MANAGEMENT’S DISCUSSION AND ANALYSIS

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CORPORATE PROFILE

TVA Group Inc. (“TVA Group” or the “Corporation”), a subsidiary of Quebecor Media Inc. (“QMI” or the “parent corporation”), is a communications company with operations in three business segments: Broadcasting & Production, Magazines, and Film Production & Audiovisual Services. In the Broadcasting & Production segment, the Corporation creates, produces and broadcasts entertainment, information and public affairs programming, distributes audiovisual products and films, and is engaged in commercial production. It operates North America’s largest private French-language television network as well as seven specialty services. TVA Group also holds a minority interest in the Canal Évasion specialty service. In the Magazines segment, TVA Group publishes over 50 titles, making it Quebec’s largest magazine publisher. The Film Production & Audiovisual Services segment provides soundstage and equipment rental as well as postproduction and visual effects services. The Corporation’s Class B shares are listed on the Toronto Stock Exchange under the ticker symbol TVA.B.

This Interim Management’s Discussion and Analysis covers the Corporation’s main activities during the second quarter of 2017 and the major changes from the previous financial year. The Corporation’s interim condensed consolidated financial statements for the three-month and six-month periods ended June 30, 2017 and 2016 have been prepared in accordance with International Financial Reporting Standards (“IFRS”), including in particular IAS 34, *Interim Financial Reporting*.

All amounts presented in this Management’s Discussion and Analysis are in Canadian dollars. This report should be read in conjunction with the information in the annual Consolidated Financial Statements and Management’s Discussion and Analysis for the financial year ended December 31, 2016 and in the Condensed Interim Consolidated Financial Statements as at June 30, 2017.

BUSINESS SEGMENTS

The Corporation’s operations consist of the following segments:

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

- **The Magazines segment**, which through its subsidiaries, notably TVA Publications inc. and Les Publications Charron & Cie inc., publishes magazines in various fields including the arts, entertainment, television, fashion, sports and decoration, markets digital products associated with the various magazine brands and provides custom publishing, print advertising production and premedia services.

- **The Film Production & Audiovisual Services segment** (“MELS”), which through its subsidiaries Mels Studios and Postproduction G.P. and Mels Dubbing Inc. provides soundstage and equipment rental, dubbing, postproduction and visual effects services.
HIGHLIGHTS SINCE END OF FIRST QUARTER 2017

- On August 4, 2017, the Corporation’s Board of Directors approved the plan to expand MELS Montreal studios to meet growing demand from international and local producers.

- On June 1, 2017, at the Gala des artisans Québec Cinéma 2017 awards for excellence in Quebec cinema, MELS professionals won the Iris award for Best Sound for their work on Two Lovers and a Bear.

- On May 15, 2017, the Canadian Radio-Television and Telecommunications Commission (“CRTC”) renewed the Corporation’s licences for all of TVA Network’s conventional television stations and the Corporation’s specialty services. The new licences are valid until August 31, 2022.

NON-IFRS FINANCIAL MEASURES

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

Adjusted operating income (loss) (“Adjusted operating results”)

In its analysis of operating results, the Corporation defines adjusted operating income (loss) as net income (loss) before depreciation of property, plant and equipment, amortization of intangible assets, financial expenses, operational restructuring costs and others, income taxes and share of income of associated corporations. Adjusted operating income (loss) as defined above is not a measure of results that is consistent with IFRS. Neither is it intended to be regarded as an alternative to other financial performance measures or to the statement of cash flows as a measure of liquidity. This measure should not be considered in isolation or as a substitute for other performance measures prepared in accordance with IFRS. This measure is used by management and the Board of Directors to evaluate the Corporation’s consolidated results and the results of its segments. This measure eliminates the significant level of impairment, depreciation and amortization of tangible and intangible assets and is unaffected by the capital structure or investment activities of the Corporation and its segments. Adjusted operating income (loss) is also relevant because it is a significant component of the Corporation’s annual incentive compensation programs. The Corporation’s definition of adjusted operating income (loss) may not be identical to similarly titled measures reported by other companies.

Table 1 below presents a reconciliation of adjusted operating income to net loss attributable to shareholders as disclosed in the Corporation’s condensed consolidated financial statements.
Table 1
Reconciliation of the adjusted operating income measure used in this report to the net loss attributable to shareholders measure used in the condensed consolidated financial statements
(in thousands of dollars)

<table>
<thead>
<tr>
<th></th>
<th>Three-months ended June 30</th>
<th>Six-months ended June 30</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted operating income (loss):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Broadcasting &amp; Production</td>
<td>$5,076</td>
<td>$(2,431)</td>
</tr>
<tr>
<td>Magazines</td>
<td>3,965</td>
<td>3,920</td>
</tr>
<tr>
<td>Film Production &amp; Audiovisual Services</td>
<td>2,031</td>
<td>938</td>
</tr>
<tr>
<td></td>
<td>11,072</td>
<td>2,427</td>
</tr>
<tr>
<td>Depreciation of property, plant and equipment and amortization of intangible assets</td>
<td>8,919</td>
<td>8,920</td>
</tr>
<tr>
<td>Financial expenses</td>
<td>637</td>
<td>866</td>
</tr>
<tr>
<td>Operational restructuring costs and others</td>
<td>4,118</td>
<td>708</td>
</tr>
<tr>
<td>Tax recovery</td>
<td>(595)</td>
<td>(2,126)</td>
</tr>
<tr>
<td>Share of income of associated corporations</td>
<td>(265)</td>
<td>(222)</td>
</tr>
<tr>
<td>Non-controlling interest</td>
<td>128</td>
<td>(43)</td>
</tr>
<tr>
<td>Net loss attributable to shareholders</td>
<td>$(1,870)</td>
<td>$(5,676)</td>
</tr>
</tbody>
</table>

ANALYSIS OF CONSOLIDATED RESULTS

2017/2016 second quarter comparison

Operating revenues: $152,542,000, an $8,313,000 (5.8%) increase.

- $12,191,000 (11.6%) increase in the Broadcasting & Production segment (Table 2) essentially due to a 77.6% increase in the “TVA Sports” channel’s advertising revenues, a 6.7% increase in TVA Network’s advertising revenues, and a 21.7% increase in the “TVA Sports” channel’s subscription revenues.

- $5,488,000 (-18.8%) decrease in the Magazines segment (Table 2) due mainly to 24.0% and 8.4% decreases in advertising and subscription revenues respectively for comparable magazines and the loss of operating revenues resulting from the discontinuation of some titles in 2016.

- $1,564,000 (12.4%) increase in the Film Production & Audiovisual Services segment (Table 2), essentially because of revenues from soundstage and equipment rental.
Table 2
Operating revenues
(in thousands of dollars)

<table>
<thead>
<tr>
<th></th>
<th>Three-months ended June 30</th>
<th>Six-months ended June 30</th>
</tr>
</thead>
<tbody>
<tr>
<td>Broadcasting &amp; Production</td>
<td>$117,252</td>
<td>$105,061</td>
</tr>
<tr>
<td>Magazines</td>
<td>23,709</td>
<td>29,197</td>
</tr>
<tr>
<td>Film Production &amp; Audiovisual Services</td>
<td>14,214</td>
<td>12,650</td>
</tr>
<tr>
<td>Intersegment items</td>
<td>(2,633)</td>
<td>(2,679)</td>
</tr>
<tr>
<td></td>
<td>$152,542</td>
<td>$144,229</td>
</tr>
</tbody>
</table>

Adjusted operating income: $11,072,000, an $8,645,000 increase.

- $7,507,000 favourable variance in the Broadcasting & Production segment (Table 3) caused mainly by a 30.2% decrease in the adjusted operating loss of “TVA Sports” due to the increase in advertising and subscription revenues.

- $45,000 favourable variance in the Magazines segment (Table 3) due primarily to the savings generated by the staff and expense rationalization plans implemented in recent quarters, which slightly exceeded the decrease in operating revenues.

- $1,093,000 favourable variance in the Film Production & Audiovisual Services segment (Table 3) due primarily to an increase in adjusted operating income from soundstage and equipment rental generated by higher volume of activities.

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

<table>
<thead>
<tr>
<th></th>
<th>Three-months ended June 30</th>
<th>Six-months ended June 30</th>
</tr>
</thead>
<tbody>
<tr>
<td>Broadcasting &amp; Production</td>
<td>$5,076</td>
<td>(2,431)</td>
</tr>
<tr>
<td>Magazines</td>
<td>3,965</td>
<td>3,920</td>
</tr>
<tr>
<td>Film Production &amp; Audiovisual Services</td>
<td>2,031</td>
<td>938</td>
</tr>
<tr>
<td></td>
<td>$11,072</td>
<td>$2,427</td>
</tr>
</tbody>
</table>

Net loss attributable to shareholders: $1,870,000 (-$0.04 per basic and diluted share), compared with $5,676,000 (-$0.13 per basic and diluted share) in the same period of 2016.

- The $3,806,000 ($0.09 per basic and diluted share) favourable variance was essentially due to:
  - $8,645,000 increase in adjusted operating income;
    - partially offset by:
      - $3,410,000 unfavourable variance in operational restructuring costs and others; and
      - $1,531,000 unfavourable variance in income tax recovery.
• The calculation of losses per share were based on a weighted average of 43,205,535 outstanding diluted shares for the quarters ended June 30, 2017 and 2016.

**Depreciation of property, plant and equipment and amortization of intangible assets:** Stable at $8,919,000.

**Financial expenses:** $637,000, a $229,000 decrease essentially due to:

  o recognition of a foreign exchange gain in the second quarter of 2017 compared with a foreign exchange loss in the same period of 2016; and
  o lower interest charges on the net defined benefit liability during the three-month period ended June 30, 2017 than in the same period of 2016.

**Operational restructuring costs and others:** $4,118,000 in the second quarter of 2017, compared with $708,000 in the same period of 2016.

• In the second quarter of 2017, the Corporation recorded a $3,663,000 allowance for onerous leases extending up to June 2022 for premises that are unused following implementation of rationalization plans in the Magazines segment.

• During the same period, the Corporation also recorded $483,000 in operational restructuring costs in connection with elimination of positions, including $219,000 in the Broadcasting & Production segment, $261,000 in the Magazines segment and $3,000 in the Film Production & Audiovisual Services segment.

• During the three-month period ended June 30, 2016, the Corporation recorded $498,000 in operational restructuring costs in connection with elimination of positions, including $404,000 in the Broadcasting & Production segment, $76,000 in the Magazines segment and $18,000 in the Film Production & Audiovisual Services segment.

• During the same period, the Corporation also recognized a $198,000 loss arising from the final adjustment to a contingent consideration related to the sale of the book publishing operations acquired from Transcontinental and simultaneously transferred to Sogides Group, a corporation under common control.

**Income tax recovery:** $595,000 (effective tax rate of 22.9%) in the second quarter of 2017, compared with $2,126,000 (effective tax rate of 26.4%) in the same period of 2016.

• In the second quarters of 2016 and 2017, the effective tax rate was lower than the Corporation’s statutory tax rate of 26.8% in 2017 and 26.9% in 2016 essentially because of permanent differences related to non-deductible items.

**Share of income of associated corporations:** $265,000 in the second quarter of 2017, compared with $222,000 in the same period of 2016; the $43,000 increase was essentially due to the improved financial results of a television company.

**Non-controlling interest:** $128,000 in the second quarter of 2017, compared with -$43,000 in the same period of 2016. The $171,000 difference was due to an improvement in the financial results of a corporation in which a subsidiary of the Corporation holds a 51% interest.

**2017/2016 year-to-date comparison**

**Operating revenues:** $293,666,000, a $3,914,000 (1.4%) increase.

• $16,999,000 (8.1%) increase in the Broadcasting & Production segment (Table 2) due in large part to a 46.9% increase in the “TVA Sports” channel’s advertising revenues, essentially in the second quarter of 2017, and a 20.9% increase in its subscription revenues. A 5.0% increase in TVA Network’s advertising revenues also contributed to the increase. The positive factors were partially offset by lower revenues from content sales and from commercial production activities.
$11,526,000 (-20.3%) decrease in the Magazines segment (Table 2) due mainly to 26.7% and 9.5% decreases in advertising revenues and newsstand revenues respectively for comparable magazines and the loss of operating revenues resulting from the discontinuation of some titles in 2016.

$2,384,000 (-8.5%) decrease in the Film Production & Audiovisual Services segment (Table 2), essentially due to lower revenues from soundstage and equipment rental in the first quarter of 2017, partially offset by increased revenues from all of the segment’s other activities, including a 51.8% increase in visual effects revenues.

Adjusted operating income: $10,478,000, a $7,754,000 increase.

$12,048,000 favourable variance in the Broadcasting & Production segment (Table 3) caused mainly by a 31.0% decrease in the adjusted operating loss of the “TVA Sports” channel, as explained in the 2017/2016 second quarter comparison, and by a 7.4% increase in TVA Network’s adjusted operating income.

$1,630,000 unfavourable variance in the Magazines segment (Table 3), due mainly to the decrease in operating revenues, which outweighed the savings generated by the staff and expense rationalization plans implemented in recent quarters.

$2,664,000 unfavourable variance in the Film Production & Audiovisual Services segment (Table 3) due primarily to a decrease in adjusted operating income from soundstage and equipment rental in the first quarter of 2017, whereas in the same quarter of 2016 that line of business has benefited from the shooting of an American series at its facilities. That negative factor was partially offset by increased adjusted operating results from postproduction, asset management and distribution, dubbing and visual effects due to higher volume of activities.

Net loss attributable to shareholders: $9,902,000 (-$0.23 per basic and diluted share) in the first six months of 2017, compared with $13,065,000 (-$0.30 per basic and diluted share) in the same period of 2016.

The $3,163,000 ($0.07 per basic and diluted share) favourable variance was essentially due to:

- $7,754,000 increase in adjusted operating income; and
- $564,000 favourable variance in financial expenses;

partially offset by:

- $3,790,000 unfavourable variance in operational restructuring costs and others;
- $1,028,000 unfavourable variance in income tax recovery; and
- $388,000 unfavourable variance in depreciation and amortization expenses.

The calculation of losses per share were based on a weighted average of 43,205,535 outstanding diluted shares for the six-month periods ended June 30, 2017 and 2016.

Depreciation of property, plant and equipment and amortization of intangible assets: $17,742,000, a slight $388,000 increase due mainly to capital expenditures for facilities and high-definition production equipment at some local stations and for the new premises of TVA Network’s Quebec City station.

Financial expenses: $1,272,000, a $564,000 decrease mainly due to:

- recognition of a foreign exchange gain in the first half of 2017 compared with a foreign exchange loss in the same period of 2016; and
- lower interest charges on the net defined benefit liability during the six-month period ended June 30, 2017 than in the same period of 2016.
Operational restructuring costs and others: $4,950,000 in the first six months of 2017, compared with $1,160,000 in the same period of 2016.

- In addition to the factors noted in the 2017/2016 second-quarter comparison above, the Corporation recorded $752,000 in operational restructuring costs in connection with elimination of positions in the first quarter of 2017, including $472,000 in the Broadcasting & Production segment, $146,000 in the Magazines segment, and $134,000 in the Film Production & Audiovisual Services segment ($392,000 in the first quarter of 2016, including $314,000 in the Magazines segment and $78,000 in the Film Production & Audiovisual Services segment).

Income tax recovery: $3,197,000 (effective tax rate of 23.7%) in the first six months of 2017, compared with $4,225,000 (effective tax rate of 24.0%) in the same period of 2016.

- In the first half of 2017, the effective tax rate was lower than the Corporation’s statutory tax rate of 26.8%, mainly because of permanent differences related to non-deductible items.

- In the first half of 2016, the effective tax rate was lower than the Corporation’s statutory tax rate of 26.9% because of, among other things, permanent differences related to non-deductible items.

Share of income of associated corporations: $467,000 in the first half of 2017, compared with $328,000 in the same period of 2016; the $139,000 increase was essentially due to the improved financial results of a television company.

Non-controlling interest: $80,000 in the first half of 2017 compared with -$8,000 in the same period of 2016. The $88,000 difference was due to an improvement in the operating results of a corporation in which a subsidiary of the Corporation holds a 51% interest.
SEGMENTED ANALYSIS

Broadcasting & Production

2017/2016 second quarter comparison

Operating revenues: $117,252,000, a $12,191,000 (11.6%) increase due primarily to:

- 77.6% increase in the “TVA Sports” channel’s advertising revenues as a result of the Montreal Canadiens’ presence in the NHL playoffs and strong ratings for all the games;
- 21.7% increase in the “TVA Sports” channel’s subscription revenues;
- 6.7% increase in TVA Network’s advertising revenues; and
- 25.7% increase in commercial production revenues;

partially offset by:

- 37.2% decrease in the operating revenues of TVA Films, mainly because of decreased sales of foreign broadcast rights; and
- 7.9% decrease in revenues from content sales.

French-language audience share

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

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>French-language conventional broadcasters:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TVA</td>
<td>23.9</td>
<td>23.4</td>
<td>0.5</td>
</tr>
<tr>
<td>SRC</td>
<td>11.1</td>
<td>11.1</td>
<td>–</td>
</tr>
<tr>
<td>V</td>
<td>6.1</td>
<td>7.0</td>
<td>-0.9</td>
</tr>
<tr>
<td></td>
<td>41.1</td>
<td>41.5</td>
<td>-0.4</td>
</tr>
<tr>
<td><strong>French-language specialty and pay services:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TVA</td>
<td>15.9</td>
<td>12.9</td>
<td>3.0</td>
</tr>
<tr>
<td>Bell Media</td>
<td>13.3</td>
<td>14.6</td>
<td>-1.3</td>
</tr>
<tr>
<td>Corus</td>
<td>7.5</td>
<td>8.7</td>
<td>-1.2</td>
</tr>
<tr>
<td>SRC</td>
<td>4.8</td>
<td>5.2</td>
<td>-0.4</td>
</tr>
<tr>
<td>Others</td>
<td>5.2</td>
<td>4.9</td>
<td>0.3</td>
</tr>
<tr>
<td></td>
<td>46.7</td>
<td>46.3</td>
<td>0.4</td>
</tr>
<tr>
<td><strong>Total English-language channels and others:</strong></td>
<td>12.2</td>
<td>12.2</td>
<td>–</td>
</tr>
<tr>
<td>TVA Group</td>
<td>39.8</td>
<td>36.3</td>
<td>3.5</td>
</tr>
</tbody>
</table>

*Source: Numeris, French Quebec, April 1 to June 30, 2017, Mon-Sun, 2:00a.m – 2:00a.m, All 2+.*
TVA Group’s market share for the period of April 1 to June 30, 2017 was 39.8%, compared with 36.3% in the same period of 2016, a 3.5-point increase.

TVA Network grew its market share by 0.5 points from the same period of 2016 to 23.9%, more than its two main over-the-air rivals combined. The increase in TVA Network’s market share was due in large part to the Corporation’s programming strategy, which among other things shifted the broadcast of top-rated shows such as La Voix to later in the year. TVA Network carried 3 of the top 5 programs in Quebec during the second quarter of 2017; once again, La Voix distinguished itself by occupying the top 2 most-watched shows with audiences approaching 2.2 million.

TVA Group’s specialty services had a combined market share of 15.9% in the second quarter of 2017, compared with 12.9% in the same period of 2016, a 3.0-point increase. The “TVA Sports” channel accounted for the largest part of the increase. It grew its market share by 1.8 points, partly because of the Montreal Canadiens’ presence in the Stanley Cup playoffs. These games were among the top 5 shows in Quebec in the second quarter of 2017. “TVA Sports” set a new record by registering the best ratings for the Stanley Cup finals since 2008. The news and public affairs channel “LCN” grew its market share by 0.8 points to 4.5% and “Prise 2” increased its share by 0.7 points to nearly 2.0%.

Operating expenses: $112,176,000, a $4,684,000 (4.4%) increase due primarily to:

- 6.6% increase in TVA Network’s operating expenses, mainly because of higher content costs and higher operating expenses related to commercial production as a result of increased volume of activities;
- 3.8% increase in the operating expenses of “TVA Sports” resulting essentially from higher commissions on advertising sales, increased advertising and promotion costs, and increased production costs;
- 6.8% increase in the “LCN” channel’s operating expenses; and
- the operating expenses of the new TVA.ca platform, which went live in the fourth quarter of 2016; partially offset by:
  - decrease in the operating expenses of the TVA Films division, mainly because of lower variable costs related to sales of foreign broadcast rights.

Adjusted operating income: $5,076,000, a $7,507,000 favourable variance due primarily to:

- 30.2% decrease in the adjusted operating loss of “TVA Sports”;
- 38.1% increase in the adjusted operating income of the specialty services other than “TVA Sports” and “LCN”; and
- 3.7% increase in TVA Network’s adjusted operating income; partially offset by:
  - 21.7% decrease in the “LCN” channel’s adjusted operating income; and
  - the adjusted operating loss of the new TVA.ca platform.

Analysis of cost/revenue ratio: Employee costs and the cost of purchases of goods and services for the Broadcasting & Production segment’s activities (expressed as a percentage of revenues) decreased from 102.3% in the second quarter of 2016 to 95.7% in the same period of 2017. The “TVA Sports” channel accounted for the largest part of the decrease due to the aforementioned increase in its operating revenues.
2017/2016 year-to-date comparison

Operating revenues: $228,023,000, a $16,999,000 (8.1%) increase due primarily to:

- 46.9% increase in the “TVA Sports” channel’s advertising revenues, mainly in the second quarter of 2017;
- 12.2% increase in subscription revenues, excluding the “Argent” channel which was discontinued in April 2016; the “TVA Sports,” “MOI&cie” and “Casa” channels grew their subscription revenues by 20.9%, 7.9% and 4.2% respectively; and
- 5.0% increase in TVA Network’s advertising revenues;

partially offset by:

- 9.9% decrease in revenues from content sales; and
- 8.0% decrease in revenues from commercial production.

Operating expenses: $222,290,000, a $4,951,000 (2.3%) increase due primarily to:

- 3.7% increase in operating expenses at “TVA Sports,” essentially due to the same factors as those noted above in the 2017/2016 second quarter comparison;
- 1.8% increase in the operating expenses of TVA Network, mainly because of higher content costs;
- 5.3% increase in the “LCN” channel’s operating expenses; and
- the operating expenses of the new TVA.ca platform, which went live in the fourth quarter of 2016;

partially offset by:

- 7.5% decrease in the operating expenses of the specialty services other than “TVA Sports” and “LCN” caused primarily by the “Yoopa” channel and the discontinuation of the “Argent” channel in April 2016.

Adjusted operating income: $5,733,000, a $12,048,000 favourable variance due primarily to:

- 31.0% decrease in the adjusted operating loss of “TVA Sports” because the increase in its operating revenues exceeded the aforementioned increase in its operating expenses;
- 66.8% increase in the adjusted operating income of the specialty services other than “TVA Sports” and “LCN”; and
- 7.4% increase in TVA Network’s adjusted operating income;

partially offset by:

- adjusted operating loss of the new TVA.ca platform, which went live in the fourth quarter of 2016; and
- 15.6% decrease in the “LCN” channel’s adjusted operating income.

Analysis of cost/revenue ratio: Employee costs and the cost of purchases of goods and services for the Broadcasting & Production segment’s activities (expressed as a percentage of revenues) decreased from 103.0% in the first half of 2016 to 97.5% in the same period of 2017. The “TVA Sports” channel accounted for the largest part of the decrease, mainly as a result of the increase in its operating revenues.
Magazines

2017/2016 second quarter comparison

Operating revenues: $23,709,000, a $5,488,000 (-18.8%) decrease due primarily to:

- 24.0% decrease in advertising revenues for comparable magazines, essentially in the women’s magazines and digital advertising categories;
- decreased revenues from custom publishing due to lower volume of activities;
- loss of operating revenues resulting from the discontinuation of some titles in 2016; and
- 8.4% decrease in subscription revenues for comparable magazines, essentially at the women’s magazines, particularly Canadian Living.

Canada Periodical Fund

The Government of Canada created the Canada Periodical Fund (“CPF”) on April 1, 2010. The CPF provides financial assistance to the Canadian magazine and non-daily newspaper industries so they can continue to produce and distribute Canadian content. All assistance related to this program is fully recorded under operating revenues. It amounted to 12.6% of the segment’s operating revenues for the three-month period ended June 30, 2017 (10.6% in the same period of 2016).

Readership and market share statistics

With 3.3 million readers across all platforms for its French titles, TVA Group is the top publisher of French-language magazines in Quebec and a leading player in the Canadian magazine market with a total of 10.1 million cross-platform readers. Its entertainment and celebrity news magazine 7 Jours leads with 621,000 readers on all platforms per week.

Canada’s lifestyle standard-setter Canadian Living is the most popular magazine among Canadian women and holds nearly 4.1 million readers on all platforms. Its French-language counterpart Coup de pouce is the leading French-language women’s magazine in print and reaches 1.5 million readers per month on all platforms.

Elle Canada was the country’s top fashion and beauty magazine with nearly 1.8 million readers on all platforms while Clin d’œil was Quebec’s most popular fashion and beauty magazine with 632,000 cross-platform readers.

Lastly, The Hockey News maintained its popularity among sports fans as the source of choice for nearly 1.5 million readers per issue.

Source: Vividata, Q1 2017, Total Canada, 12+

Operating expenses: $19,744,000, a $5,533,000 (-21.9%) decrease due primarily to:

- decrease in operating expenses caused by lower custom publishing volume of activities;
- elimination of operating expenses resulting from the discontinuation of some titles in 2016; and
- savings generated by the staff and expense rationalization plans implemented in recent quarters.

Adjusted operating income: $3,965,000, a slight favourable variance of $45,000 due mainly to the savings generated by the staff and expense rationalization plans, which slightly exceeded the decrease in operating revenues.

Analysis of cost/revenue ratio: Employee costs and the cost of purchases of goods and services for the Magazines segment’s activities (expressed as a percentage of revenues) decreased from 86.6% in the second quarter of 2016 to 83.3% in the same period of 2017, mainly as a result of the savings generated by the rationalization plans.
2017/2016 year-to-date comparison

Operating revenues: $45,158,000, an $11,526,000 (-20.3%) decrease due primarily to:

- 26.7% decrease in advertising revenues for comparable magazines, essentially in the women’s and entertainment magazines and digital advertising categories;
- loss of operating revenues resulting from the discontinuation of some titles in 2016;
- decreased custom publishing revenues due to lower volume of activities; and
- 9.5% decrease in newsstand revenues for comparable magazines, essentially at the entertainment magazines, particularly La Semaine and 7 Jours.

Operating expenses: $40,809,000, a $9,896,000 (-19.5%) decrease due primarily to:

- elimination of operating expenses resulting from the discontinuation of some titles in 2016;
- decrease in operating expenses caused by lower custom publishing volume of activities; and
- savings generated by the staff and expense rationalization plans implemented in recent quarters.

Adjusted operating income: $4,349,000, a $1,630,000 unfavourable variance due mainly to the decrease in operating revenues, which outweighed the savings generated by the staff and expense rationalization plans.

Analysis of cost/revenue ratio: Employee costs and the cost of purchases of goods and services for the Magazines segment’s activities (expressed as a percentage of revenues) were relatively stable, increasing from 89.5% in the six-month period ended June 30, 2016 to 90.4% in the same period of 2017.

2017/2016 second quarter comparison

Film Production & Audiovisual Services

Operating revenues: $14,214,000, a $1,564,000 (12.4%) increase due primarily to:

- 25.7% increase in revenues from soundstage and equipment rental due to shooting on MELS’ soundstages of the Hollywood production X-Men and the American television series The Bold Type, whereas filming of the American series Quantico ended at the beginning of the second quarter of 2016;
- 17.0% growth in dubbing revenues; and
- 34.9% growth in revenues from asset management and distribution;

partially offset by:

- 15.6% decrease in postproduction revenues due to lower volume of activities.

Operating expenses: $12,183,000, a $471,000 (4.0%) increase due primarily to:

- 37.0% increase in operating expenses related to visual effects; and
- 10.4% increase in operating expenses related to soundstage and equipment rental essentially due to higher volume of activities;

partially offset by:
14.9% decrease in operating expenses related to postproduction due primarily to lower volume of activities.

Adjusted operating income: $2,031,000, a $1,093,000 favourable variance due primarily to the increase in adjusted operating income resulting from higher volume of activities in soundstage and equipment rental, as noted above. Asset management and distribution operations and dubbing also contributed to the increase. The positive factors were partially offset by the higher adjusted operating loss of visual effects.

Cost/revenue ratio: Employee costs and the cost of purchases of goods and services for the Film Production & Audiovisual Services segment’s activities (expressed as a percentage of revenues) decreased from 92.6% in the second quarter of 2016 to 85.7% in the second quarter of 2017. The reduction was mainly due to the fact that the revenue increase exceeded the increase in expenses related to soundstage and equipment rental.

2017/2016 year-to-date comparison

Operating revenues: $25,778,000, a $2,384,000 (-8.5%) decrease due primarily to:

- 31.0% decrease in revenues from soundstage and equipment rental due to lower volume of activities in the first quarter of 2017;

  partially offset by:

  - increased revenues from all of the segment’s other lines of business due to higher volume of activities, particularly in visual effects, which grew its operating revenues by 51.8%.

This segment’s operations are heavily dependent on the availability of soundstages and equipment, and on the ability to meet producers’ needs in accordance with shooting schedules. In general, the first quarter of the year is traditionally a slow period, and soundstages and equipment are available. However, in the first quarter of 2016, the Corporation recorded strong results for that time of year because of the filming of the series *Quantico*.

As well, the major production *X-Men* currently shooting at our studios, which is using most of our facilities and a large portion of our equipment, started up later this year, contributing to the variance in the segment’s quarterly results.

Operating expenses: $25,382,000, a $280,000 (1.1%) increase due primarily to:

- 32.7% increase in operating expenses related to visual effects;

  partially offset by:

  - decreases of 4.8% and 3.2% respectively in operating expenses related to soundstage and equipment rental and postproduction.

Adjusted operating income: $396,000, a $2,664,000 unfavourable variance due primarily to:

- decrease in adjusted operating income from soundstage and equipment rental due to lower volume of activities;

  partially offset by:

  - increased adjusted operating results generated by higher volume of activities in asset management and distribution, postproduction, dubbing and visual effects.

Cost/revenue ratio: Employee costs and the cost of purchases of goods and services for the Film Production & Audiovisual Services segment’s activities (expressed as a percentage of revenues) increased from 89.1% in the first half of 2016 to 98.5% in the first half of 2017. The increase essentially resulted from a decrease in the segment’s operating revenues in the first half of 2017, compared with the same period of 2016, and the operating cost structure of the rental business, in which most costs are fixed and unaffected by quarterly volume of activities.
CASH FLOWS AND FINANCIAL POSITION

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

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

<table>
<thead>
<tr>
<th></th>
<th>Three-months ended</th>
<th></th>
<th></th>
<th>Six-months ended</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>June 30</td>
<td>2017</td>
<td></td>
<td>June 30</td>
<td>2017</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>2016</td>
<td></td>
<td></td>
<td>2016</td>
<td></td>
</tr>
<tr>
<td>Cash flows related to operating activities</td>
<td>$ 6,497</td>
<td>$ 7,540</td>
<td>$ (14,917)</td>
<td>$ 2,764</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Additions to property, plant and equipment and intangible assets</td>
<td>(5,836)</td>
<td>(3,852)</td>
<td>(11,924)</td>
<td>(17,242)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business disposal</td>
<td>–</td>
<td>222</td>
<td>–</td>
<td>–</td>
<td>222</td>
<td>–</td>
</tr>
<tr>
<td>Decrease in investments</td>
<td>57</td>
<td>293</td>
<td>57</td>
<td>293</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>15</td>
<td>1</td>
<td>10</td>
<td>22</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reimbursement of (increase in) net debt</td>
<td>$ 733</td>
<td>$ 4,204</td>
<td>$ (26,774)</td>
<td>$ (13,941)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

At period end:

|                                | June 30, 2017    |       |
|                                | December 31, 2016|       |
| Long-term debt                 | $ 64,817         | $ 62,561 |
| Derivative financial instrument| 133              | 322    |
| Short-term debt                | 8,437            | 6,562  |
| Bank overdraft                 | 6,631            | –      |
| Less: cash                     | (1,018)          | (17,219) |
| Net debt                       | $ 79,000         | $ 52,226 |

Operating activities

Cash flows provided by operating activities: $6,497,000 in the second quarter of 2017, a $1,043,000 decrease compared with the same period of 2016, due mainly to:

- unfavourable net variances of $25,117,000 in accounts receivable and $10,701,000 in rights payable;
  partially offset by:
  - favourable net variances of $16,172,000 in accounts payable and accrued liabilities, $7,103,000 in programs, broadcast rights and inventories, and $2,490,000 in prepaid expenses; and
  - $8,645,000 increase in adjusted operating income.

Cash flows provided by operating activities: $17,681,000 decrease for the six-month period ended June 30, 2017 compared with the same period of 2016, due mainly to:

- unfavourable net variances of $23,190,000 in accounts receivable and $17,109,000 in rights payable;
  partially offset by:
o $7,754,000 increase in adjusted operating income; and

o favourable net variances of $6,709,000 in deferred revenues, $5,487,000 in programs, broadcast rights and inventories, and $2,857,000 in current tax assets and liabilities.

Working capital: $10,202,000 as of June 30, 2017, compared with $12,899,000 as at December 31, 2016. The $2,697,000 unfavourable variance was mainly due to decreases in cash and in programs, broadcast rights and inventories, and an increase in the bank overdraft, partially offset by decreases in broadcast rights payable, in accounts payable and accrued liabilities, and in deferred revenues, and an increase in accounts receivable.

Investing activities

Additions to property, plant and equipment and to intangible assets: $5,836,000 in the second quarter of 2017, compared with $3,852,000 in the same period of 2016. The $1,984,000 (51.5%) increase was mainly due to the acquisition of equipment for rental in order to meet the needs of the producers currently using our soundstages and the acquisition of technical equipment to continue the conversion of all local stations to high definition.

Additions to property, plant and equipment and to intangible assets: $11,924,000 in the six first months of 2017 compared with $17,242,000 in the same period of 2016. The $5,318,000 (-30.8%) decrease mainly reflects particularly large capital expenditures in the first half of 2016 for technical equipment and new premises for TVA Network’s Quebec City station as well as the net change in additions to property, plant and equipment and intangible assets financed from accounts payable and accrued liabilities, which totalled $3,735,000 in the six-month period ended June 30, 2016 compared with $886,000 in the six-month period ended June 30, 2017.

During the six-month period ended June 30, 2017, the Corporation acquired equipment for rental, as discussed above, refurbished the ventilation system at one of its studio complexes and set up new premises to accommodate the expected growth in the postproduction and visual effects businesses. The Corporation also continued making capital expenditures related to facilities and high-definition production equipment at some local stations.

Business disposal $222,000 in the three-month and six-month periods ended June 30, 2016. As part of the transaction closed with Transcontinental Inc. on April 12, 2015, the Corporation simultaneously transferred the acquired book publishing operations to Sogides Group, a corporation under common control, for the equivalent of the price paid, namely an agreed price of $720,000, including $300,000 in cash, and a contingent consideration receivable valued at $420,000 in the fourth quarter of 2015. During the three-month period ended June 30, 2016, the Corporation received a final contingent consideration of $222,000 and accordingly recorded a $198,000 loss under operational restructuring costs and others to reflect the change in value of that consideration.

Net change in investments: $57,000 in the second quarter and first half of 2017, compared with $293,000 in the same periods of 2016. In the second quarter and first half of 2017, the Corporation received $57,000 related to a portfolio investment, whereas in the same periods of 2016 the Corporation received $293,000 related to an investment in an associated corporation.

Financing activities

Long-term debt (excluding deferred financing costs): $73,639,000 as of June 30, 2017, compared with $69,607,000 as of December 31, 2016. The increase derives primarily from variances related to certain broadcast rights payments.

Financial position as at June 30, 2017

Net available liquid assets: $137,537,000, consisting of a $143,150,000 unused and available revolving credit facility and $1,018,000 in cash, less a $6,631,000 bank overdraft.

As at June 30, 2017, 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 June 30  
(in thousands of dollars)

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$ 8,437</td>
</tr>
<tr>
<td>2019</td>
<td>17,631</td>
</tr>
<tr>
<td>2020</td>
<td>47,571</td>
</tr>
<tr>
<td>Total</td>
<td><strong>$ 73,639</strong></td>
</tr>
</tbody>
</table>

The weighted average term of TVA Group’s debt was approximately 2.0 years at June 30, 2017 (2.4 years at December 31, 2016). The debt consisted entirely of floating-rate debt as of June 30, 2017 and December 31, 2016. The Corporation is using an interest rate swap to fix future interest expenses on a $30,250,000 tranche of its secured term loan, which bears interest at a floating rate.

The Corporation also has a $150,000,000 revolving credit facility, which was renewed on November 3, 2014 and matures on February 24, 2019. As of June 30, 2017, $6,850,000 was drawn on the revolving credit facility, compared with nil at December 31, 2016.

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 June 30, 2017, the Corporation was in compliance with all the terms of its credit agreements.
# Analysis of consolidated balance sheet as at June 30, 2017

**Table 7**<br>**Consolidated balance sheets of TVA Group**<br>**Analysis of main variances between June 30, 2017 and December 31, 2016**<br>(in thousands of dollars)

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2017</th>
<th>Dec. 31, 2016</th>
<th>Difference</th>
<th>Main reasons for difference</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$1,018</td>
<td>$17,219</td>
<td>$(16,201)</td>
<td>Impact of stringent cash management in late 2016 and of additional monthly broadcast rights payments.</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>153,642</td>
<td>142,663</td>
<td>10,979</td>
<td>Impact of increase in Broadcasting &amp; Production segment’s operating revenues.</td>
</tr>
<tr>
<td>Programs, broadcast rights and inventories</td>
<td>63,626</td>
<td>77,628</td>
<td>(14,002)</td>
<td>Impact of difference between broadcast rights payments and amount charged to income.</td>
</tr>
<tr>
<td><strong>Liability</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Broadcast rights payable</td>
<td>$79,029</td>
<td>$92,627</td>
<td>$(13,598)</td>
<td>Impact of additional monthly broadcast rights payments.</td>
</tr>
</tbody>
</table>
ADDITIONAL INFORMATION

Contractual obligations

As of June 30, 2017, material contractual commitments of operating activities included capital repayment and interest on debt, payments under broadcast 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 June 30, 2017
(in thousands of dollars)

<table>
<thead>
<tr>
<th></th>
<th>Less than 1 year</th>
<th>1-3 years</th>
<th>3-5 years</th>
<th>More than 5 years</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-term debt</td>
<td>$8,437</td>
<td>$65,202</td>
<td>$</td>
<td>$</td>
<td>$73,639</td>
</tr>
<tr>
<td>Payment of interest†</td>
<td>2,595</td>
<td>2,606</td>
<td>$</td>
<td>–</td>
<td>5,201</td>
</tr>
<tr>
<td>Broadcast rights</td>
<td>192,862</td>
<td>163,133</td>
<td>143,618</td>
<td>268,870</td>
<td>768,483</td>
</tr>
<tr>
<td>Other commitments</td>
<td>17,394</td>
<td>19,127</td>
<td>4,336</td>
<td>2,876</td>
<td>43,733</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$221,288</strong></td>
<td><strong>$250,068</strong></td>
<td><strong>$147,954</strong></td>
<td><strong>$271,746</strong></td>
<td><strong>$891,056</strong></td>
</tr>
</tbody>
</table>

† Interest is calculated on a constant debt level equal to that at June 30, 2017 on the revolving credit facility and includes standby fees on that facility.

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

Related party transactions

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

In the second quarter of 2017, the Corporation sold advertising space and broadcast rights to, recognized subscription revenues from, and provided production, postproduction and other services to corporations under common control and affiliated corporations in the aggregate amount of $26,042,000 ($22,521,000 in the second quarter of 2016).

In the second quarter of 2017, the Corporation recorded telecommunications service costs, advertising space acquisition costs, professional service fees and commissions on sales and newsgathering services arising from transactions with corporations under common control and affiliated corporations totalling $12,904,000 ($12,203,000 in the second quarter of 2016).

In the second quarter of 2017, the Corporation also billed management fees to corporations under common control in the amount of $1,015,000 ($1,095,000 in the second quarter of 2016). These fees are recorded as a reduction of operating expenses.

In the first six months of 2017, the Corporation sold advertising space and broadcast rights to, recognized subscription revenues from, and provided production, postproduction and other services to corporations under common control and affiliated corporations in the aggregate amount of $49,398,000 ($48,517,000 in the first six months of 2016).

In the first six months of 2017, the Corporation recorded telecommunications service costs, advertising space acquisition costs, professional service fees and commissions on sales and newsgathering services arising from transactions with
corporations under common control and affiliated corporations totalling $24,896,000 ($23,841,000 in the first six months of 2016).

In the first half of 2017, the Corporation also billed management fees to corporations under common control in the amount of $1,850,000 ($2,080,000 in the first half of 2016).

As well, the Corporation recorded management fees to the parent corporation in the amount of $1,710,000 in the first six months of 2017 ($1,910,000 in the first six months of 2016).

Capital stock

Table 9 below presents information on the Corporation’s capital stock. In addition, 252,717 Class B stock options of the Corporation were outstanding as of July 18, 2017.

Table 9
Number of shares outstanding as at July 18, 2017
(in shares and dollars)

<table>
<thead>
<tr>
<th></th>
<th>Issued and outstanding</th>
<th>Carrying amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class A common shares</td>
<td>4,320,000</td>
<td>$ 0.02</td>
</tr>
<tr>
<td>Class B shares</td>
<td>38,885,535</td>
<td>$ 5.33</td>
</tr>
</tbody>
</table>

Fair value of financial instruments

In accordance with IFRS 13, *Fair Value Measurement*, the Corporation has considered the following fair value hierarchy. This hierarchy reflects the significance of the inputs used in measuring the financial instruments accounted for at fair value on the consolidated balance sheets:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: Inputs that are not based on observable market data (unobservable inputs).

The fair value of long-term debt and of the derivative financial instrument are estimated based on a valuation model using Level 2 inputs. Fair value is based on discounted cash flows using period-end market yields or the market value of similar financial instruments with the same maturity.

The book value and fair value of long-term debt and the derivative financial instrument as at June 30, 2017 and December 31, 2016 are as follows:

Table 10
Fair value of financial instruments
(in thousands of dollars)

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2017</th>
<th>December 31, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Carrying amount</td>
<td>Fair value</td>
</tr>
<tr>
<td>Derivative financial instrument</td>
<td>$ 133</td>
<td>$ 133</td>
</tr>
<tr>
<td>Long-term debt¹</td>
<td>73,639</td>
<td>73,639</td>
</tr>
</tbody>
</table>

¹ The book value of long-term debt excludes deferred financing costs.
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. Management has identified no changes in internal control over financial reporting during the three-month period ended June 30, 2017 that have materially affected, or are reasonably likely to materially affect, the Corporation’s internal control 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 and the risk of loss of key customers in the Film Production & Audiovisual Services segment), programming, content and production cost risks, credit risk, government regulation risks, government assistance risks, changes in economic conditions, fragmentation of the media landscape, risk related to the Corporation’s ability to adapt to fast-paced technological change and to new delivery and storage methods, and labour relation risks.

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, 2016 and the “Risk Factors” section in the Corporation’s 2016 annual information form.

The forward-looking statements in this Management’s Discussion and Analysis reflect the Corporation’s expectations as of August 4, 2017, and are subject to change after that date. The Corporation expressly disclaims any obligation or intention to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required to do so by the applicable securities laws.

Montreal, Quebec
August 4, 2017
### Table 11
**SELECTED QUARTERLY FINANCIAL DATA**  
(in thousands of dollars, except for per-share data)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>June 30</td>
<td>March 31</td>
<td>Dec. 31</td>
<td>Sept. 30</td>
</tr>
<tr>
<td><strong>Operations</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating revenues</td>
<td>$ 152,542</td>
<td>$ 141,124</td>
<td>$ 169,522</td>
<td>$ 131,592</td>
</tr>
<tr>
<td>Adjusted operating income (loss)</td>
<td>$ 11,072</td>
<td>$ (594)</td>
<td>$ 21,984</td>
<td>$ 20,693</td>
</tr>
<tr>
<td>Net (loss) income attributable to shareholders</td>
<td>$ (1,870)</td>
<td>$ (8,032)</td>
<td>$ 5,717</td>
<td>$ (32,507)</td>
</tr>
<tr>
<td><strong>Basic and diluted per-share data</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic and diluted (loss) earnings per share</td>
<td>$ (0.04)</td>
<td>$ (0.19)</td>
<td>$ 0.13</td>
<td>$ (0.75)</td>
</tr>
<tr>
<td>Weighted average number of outstanding shares (in thousands)</td>
<td>43,206</td>
<td>43,206</td>
<td>43,206</td>
<td>43,206</td>
</tr>
</tbody>
</table>

**2016 2016 2015 2015**

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2016</th>
<th>2015</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>June 30</td>
<td>March 31</td>
<td>Dec. 31</td>
<td>Sept. 30</td>
</tr>
<tr>
<td><strong>Operations</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating revenues</td>
<td>$ 144,229</td>
<td>$ 145,523</td>
<td>$ 165,429</td>
<td>$ 138,523</td>
</tr>
<tr>
<td>Adjusted operating income</td>
<td>$ 2,427</td>
<td>$ 297</td>
<td>$ 16,846</td>
<td>$ 30,864</td>
</tr>
<tr>
<td>Net loss attributable to shareholders</td>
<td>$ (5,676)</td>
<td>$ (7,389)</td>
<td>$ (1,472)</td>
<td>$ (36,455)</td>
</tr>
<tr>
<td><strong>Basic and diluted per-share data</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic and diluted loss per share</td>
<td>$ (0.13)</td>
<td>$ (0.17)</td>
<td>$ (0.03)</td>
<td>$ (0.84)</td>
</tr>
<tr>
<td>Weighted average number of outstanding shares (in thousands)</td>
<td>43,206</td>
<td>43,206</td>
<td>43,206</td>
<td>43,206</td>
</tr>
</tbody>
</table>

- The Corporation’s businesses experience significant seasonality due to, among other factors, seasonal advertising patterns, consumers’ viewing, reading and listening habits, and the production needs of international and local producers. Because the Corporation depends on the sale of advertising for a significant portion of its revenues, operating results are also sensitive to prevailing economic conditions, including changes in local, regional and national economic conditions, particularly as they may affect advertising expenditures.

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

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