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CORPORATE PROFILE

TVA Group Inc. (“TVA Group,” “TVA” 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 “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, mobile unit and production equipment rental services as well as postproduction, visual effects and distribution 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 2018 and major year-over-year changes. The Corporation’s condensed interim consolidated financial statements for the three-month and six-month periods ended June 30, 2018 and 2017 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, 2017 and in the Condensed Interim Consolidated Financial Statements dated June 30, 2018.

BUSINESS SEGMENTS

The Corporation’s operations consist of the following segments:

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

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

- The Film Production & Audiovisual Services segment (“MELS”), which through its subsidiaries Mels Studios and Postproduction G.P. and Mels Dubbing Inc. provides soundstage, mobile unit and production equipment rental services, as well as dubbing, postproduction, visual effects and distribution services.
HIGHLIGHTS SINCE END OF FIRST QUARTER 2018

• On June 21, 2018, the union representing TVA employees in Montreal filed a request with the Federal Mediation and Conciliation Service for conciliation assistance in the renewal of the collective agreement that expired on December 31, 2016.

• On May 16, 2018, an official application was filed with the Canadian Radio-Television and Telecommunications Commission (“CRTC”) for authorization to transfer ultimate effective control over the broadcasting undertakings Évasion and Zeste to the Corporation.

• On May 3, 2018, the Corporation announced that “TVA Sports” will be the official French-language broadcaster of the 2020 UEFA European Football Championship (Euro 2020). The agreement allows TVA Sports to broadcast all 51 games of the prestigious international soccer tournament, in which Europe’s 24 best national men’s teams will compete.

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 EBITDA (previously adjusted operating income or loss)

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

Table 1 below presents a reconciliation of adjusted EBITDA to net loss attributable to shareholders as disclosed in the Corporation’s condensed consolidated financial statements.
Table 1  
Reconciliation of the adjusted EBITDA 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></td>
<td>2018</td>
<td>2017</td>
</tr>
<tr>
<td>Adjusted EBITDA (negative adjusted EBITDA):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Broadcasting &amp; Production</td>
<td>$(8,345)</td>
<td>$5,076</td>
</tr>
<tr>
<td></td>
<td>$5,939</td>
<td>$5,733</td>
</tr>
<tr>
<td>Magazines</td>
<td>2,459</td>
<td>3,965</td>
</tr>
<tr>
<td></td>
<td>3,334</td>
<td>4,349</td>
</tr>
<tr>
<td>Film Production &amp; Audiovisual Services</td>
<td>1,984</td>
<td>2,031</td>
</tr>
<tr>
<td></td>
<td>996</td>
<td>396</td>
</tr>
<tr>
<td>Depreciation of property, plant and equipment and amortization of intangible assets</td>
<td>8,351</td>
<td>8,919</td>
</tr>
<tr>
<td></td>
<td>17,107</td>
<td>17,742</td>
</tr>
<tr>
<td>Financial expenses</td>
<td>682</td>
<td>637</td>
</tr>
<tr>
<td></td>
<td>1,269</td>
<td>1,272</td>
</tr>
<tr>
<td>Operational restructuring costs and others</td>
<td>832</td>
<td>4,118</td>
</tr>
<tr>
<td></td>
<td>936</td>
<td>4,950</td>
</tr>
<tr>
<td>Tax recovery</td>
<td>(3,655)</td>
<td>(595)</td>
</tr>
<tr>
<td></td>
<td>(5,378)</td>
<td>(3,197)</td>
</tr>
<tr>
<td>Share of income of associated corporations</td>
<td>(368)</td>
<td>(265)</td>
</tr>
<tr>
<td></td>
<td>(652)</td>
<td>(467)</td>
</tr>
<tr>
<td>Non-controlling interest</td>
<td>(38)</td>
<td>128</td>
</tr>
<tr>
<td></td>
<td>(194)</td>
<td>80</td>
</tr>
<tr>
<td>Net loss attributable to shareholders</td>
<td>$ (9,706)</td>
<td>$ (1,870)</td>
</tr>
<tr>
<td></td>
<td>$ (14,697)</td>
<td>$ (9,902)</td>
</tr>
</tbody>
</table>

ANALYSIS OF CONSOLIDATED RESULTS

2018/2017 second quarter comparison

Operating revenues: $140,190,000, a $12,352,000 (-8.1%) decrease.

- $8,752,000 (-7.5%) decrease in the Broadcasting & Production segment (Table 2) essentially due to a 9.3% decrease in TVA Network’s advertising revenues and a 15.1% decrease in the “TVA Sports” channel’s operating revenues.

- $3,582,000 (-15.1%) decrease in the Magazines segment (Table 2) due mainly to a 29.8% decrease in advertising revenues (due in part to the sale of The Hockey News magazine in the first quarter of 2018) and an 11.4% decrease in newsstand sales, on a comparable basis.

- $282,000 (2.0%) increase in the Film Production & Audiovisual Services segment (Table 2) due to the addition of the mobile unit rental activities of “Mobilimage” and growth in revenues from postproduction and from soundstage and equipment rental, partially offset by decreased visual effects revenues.
Table 2
Operating revenues
(in thousands of dollars)

<table>
<thead>
<tr>
<th></th>
<th>Three-months ended June 30</th>
<th></th>
<th>Six-months ended June 30</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
<td>2017</td>
<td>2018</td>
<td>2017</td>
</tr>
<tr>
<td>Broadcasting &amp; Production</td>
<td>$108,500</td>
<td>$117,252</td>
<td>$215,651</td>
<td>$228,023</td>
</tr>
<tr>
<td>Magazines</td>
<td>20,127</td>
<td>23,709</td>
<td>38,607</td>
<td>45,158</td>
</tr>
<tr>
<td>Film Production &amp; Audiovisual Services</td>
<td>14,496</td>
<td>14,214</td>
<td>25,965</td>
<td>25,778</td>
</tr>
<tr>
<td>Intersegment items</td>
<td>(2,933)</td>
<td>(2,633)</td>
<td>(6,197)</td>
<td>(5,293)</td>
</tr>
<tr>
<td></td>
<td>$140,190</td>
<td>$152,542</td>
<td>$274,026</td>
<td>$293,666</td>
</tr>
</tbody>
</table>

Negative adjusted EBITDA: $3,902,000, a $14,974,000 unfavourable variance.

- $13,421,000 unfavourable variance in the Broadcasting & Production segment (Table 3) caused mainly by a 60.2% increase in negative adjusted EBITDA from the “TVA Sports” channel and an 18.9% decrease in TVA Network’s adjusted EBITDA.
- $1,506,000 unfavourable variance in the Magazines segment (Table 3), due mainly to the decrease in operating revenues, which was only partially offset by savings generated by the staff and expense rationalization plans implemented in recent quarters.
- $47,000 unfavourable variance in the Film Production & Audiovisual Services segment (Table 3), mainly because of lower volume of activities in visual effects, dubbing, subtitling and distribution. Those decreases were partially offset by increased adjusted EBITDA from soundstage, mobile unit and production equipment rental services, and the lower negative adjusted EBITDA generated by postproduction services.

Table 3
Adjusted EBITDA (negative adjusted EBITDA)
(in thousands of dollars)

<table>
<thead>
<tr>
<th></th>
<th>Three-months ended June 30</th>
<th></th>
<th>Six-months ended June 30</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
<td>2017</td>
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<td>$ (8,345)</td>
<td>$5,076</td>
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<td>$5,733</td>
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<tr>
<td>Magazines</td>
<td>2,459</td>
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<td>3,334</td>
<td>4,349</td>
</tr>
<tr>
<td>Film Production &amp; Audiovisual Services</td>
<td>1,984</td>
<td>2,031</td>
<td>996</td>
<td>396</td>
</tr>
<tr>
<td></td>
<td>$ (3,902)</td>
<td>$11,072</td>
<td>$ (1,609)</td>
<td>$10,478</td>
</tr>
</tbody>
</table>

Net loss attributable to shareholders: $9,706,000 (-$0.22 per basic and diluted share), compared with $1,870,000 (-$0.04 per basic and diluted share) in the same period of 2017.

- The $7,836,000 (-$0.18 per basic and diluted share) unfavourable variance was essentially due to:
  - $14,974,000 decrease in adjusted EBITDA;
  - partially offset by:
    - $3,286,000 favourable variance in operational restructuring costs and others; and
- $3,060,000 favourable variance in income tax recovery;
- $568,000 favourable variance in depreciation and amortization expenses.

- The calculation of loss per share was based on a weighted average of 43,205,535 outstanding diluted shares for the quarters ended June 30, 2018 and 2017.

**Depreciation of property, plant and equipment and amortization of intangible assets:** $8,351,000, a $568,000 decrease essentially caused by a decrease in the amortization charge due to the write-off of certain intangible assets in the third quarter of 2017.

**Financial expenses:** Relatively stable at $682,000.

**Operational restructuring costs and others:** $832,000 in the second quarter of 2018, compared with $4,118,000 in the same period of 2017.

- In the second quarter of 2018, the Corporation recorded $597,000 in operational restructuring costs in connection with the elimination of positions, including $336,000 in the Broadcasting & Production segment, $183,000 in the Magazines segment and $78,000 in the Film Production & Audiovisual Services segment.
- In the second quarter of 2017, the Corporation had 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 had recorded $483,000 in operational restructuring costs in connection with the 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.

**Income tax recovery:** $3,655,000 (effective tax rate of 26.5%) in the second quarter of 2018, compared with $595,000 (effective tax rate of 22.9%) in the same period of 2017.

- In the second quarter of 2018, the effective tax rate was slightly lower than the Corporation’s statutory tax rate of 26.7% because of, among other things, permanent differences related to non-deductible items.
- In the second quarter of 2017, the effective tax rate was lower than the Corporation’s statutory tax rate of 26.8%, also because of permanent differences related to non-deductible items.

**Share of income of associated corporations:** $368,000 in the second quarter of 2018, compared with $265,000 in the same period of 2017; the $103,000 increase was essentially due to the improved financial results of an associated corporation.

**Non-controlling interest:** -$38,000 in the second quarter of 2018, compared with $128,000 in the same period of 2017. The -$166,000 difference was due to the lower financial results of a corporation in which a subsidiary of the Corporation holds a 51% interest.
2018/2017 year-to-date comparison

Operating revenues: $274,026,000, a $19,640,000 (-6.7%) decrease.

- $12,372,000 (-5.4%) decrease in the Broadcasting & Production segment (Table 2) essentially due to a 7.2% decrease in TVA Network’s advertising revenues and a 10.8% decrease in the “TVA Sports” channel’s operating revenues.
- $6,551,000 (-14.5%) decrease in the Magazines segment (Table 2) due mainly to a 28.1% decrease in advertising revenues (due in part to the sale of The Hockey News magazine in the first quarter of 2018) and a 13.1% decrease in subscription revenues, on a comparable basis.
- $187,000 (0.7%) increase in the Film Production & Audiovisual Services segment (Table 2) essentially due to a 20.3% increase in soundstage and equipment rental revenues and the addition of mobile unit rental activities in the first half of 2018, partially offset by a decrease in the combined revenues of the segment’s other services.

Negative adjusted EBITDA: $1,609,000, a $12,087,000 unfavourable variance.

- $11,672,000 unfavourable variance in the Broadcasting & Production segment (Table 3) caused mainly by a 31.7% decrease in TVA Network’s adjusted EBITDA resulting from lower revenues, and a 24.1% increase in the “TVA Sports” channel’s negative adjusted EBITDA.
- $1,015,000 unfavourable variance in the Magazines segment (Table 3), due mainly to the decrease in operating revenues, which outweighed the savings generated by staff and expense rationalization plans implemented in recent quarters.
- $600,000 favourable variance in the Film Production & Audiovisual Services segment (Table 3), due primarily to an increase in adjusted EBITDA from soundstage, equipment and mobile unit rental, partially offset by lower adjusted EBITDA from the segment’s other activities as a result of decreased volume of activities.

Net loss attributable to shareholders: $14,697,000 (-$0.34 per basic and diluted share) in the first six months of 2018, compared with $9,902,000 (-$0.23 per basic and diluted share) in the same period of 2017.

- The $4,795,000 (-$0.11 per basic and diluted share) unfavourable variance was essentially due to:
  - $12,087,000 decrease in adjusted EBITDA;
  - partially offset by:
    - $4,014,000 favourable variance in operational restructuring costs and others;
    - $2,181,000 favourable variance in income tax recovery; and
    - $635,000 favourable variance in depreciation and amortization expenses.
- The calculation of loss per share was based on a weighted average of 43,205,535 outstanding diluted shares for the six-month periods ended June 30, 2018 and 2017.

Depreciation of property, plant and equipment and amortization of intangible assets: $17,107,000, a slight $635,000 decrease essentially caused by a reduction in the amortization charge due to the write-off of certain intangible assets in the third quarter of 2017, partially offset by an increase in depreciation generated by new equipment acquired for rental purposes during the last year.

Financial expenses: Relatively stable at $1,269,000.
Operational restructuring costs and others: $936,000 in the first six months of 2018, compared with $4,950,000 in the same period of 2017.

- In addition to the factors noted in the 2018/2017 second-quarter comparison above, the Corporation recorded the following items in the first quarter of 2018:
  - $1,000,000 gain on the sale of The Hockey News magazine;
  - $877,000 in operational restructuring costs in connection with the elimination of positions, including $63,000 in the Broadcasting & Production segment, $708,000 in the Magazines segment, and $106,000 in the Film Production & Audiovisual Services segment ($752,000 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); and
  - $119,000 upward adjustment to the provision for onerous leases in the Magazines segment.

Income tax recovery: $5,378,000 (effective tax rate of 25.7%) in the first six months of 2018, compared with $3,197,000 (effective tax rate of 23.7%) in the same period of 2017.

- In the first half of 2018, the effective tax rate was lower than the Corporation’s statutory tax rate of 26.7%, mainly because of permanent differences related to non-deductible items.
- In the first half of 2017, the effective tax rate was lower than the Corporation’s statutory tax rate of 26.8%, also because of permanent differences related to non-deductible items.

Share of income of associated corporations: $652,000 in the first half of 2018, compared with $467,000 in the same period of 2017; the $185,000 increase was essentially due to the improved financial results of an associated corporation.

Non-controlling interest: -$194,000 in the first half of 2018 compared with $80,000 in the same period of 2017. The -$274,000 variance was due to the increased net loss of a corporation in which a subsidiary of the Corporation holds a 51% interest.
SEGMENTED ANALYSIS

Broadcasting & Production

2018/2017 second quarter comparison

Operating revenues: $108,500,000, an $8,752,000 (-7.5%) decrease due primarily to:

- 9.3% decrease in TVA Network’s advertising revenues;
- 35.7% decrease in the “TVA Sports” channel’s advertising revenues, in large part because the Montreal Canadiens were not in the National Hockey League (“NHL”) playoffs in the spring of 2018; and
- 3.6% decrease in the “TVA Sports” channel’s subscription revenues and 0.8% decrease in the subscription revenues of the other specialty channels;

partially offset by:

- 8.9% increase in the advertising revenues of the entertainment specialty channels and of “LCN.”

French-language audience share

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

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>French-language conventional broadcasters:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TVA</td>
<td>23.8</td>
<td>23.9</td>
<td>-0.1</td>
</tr>
<tr>
<td>SRC</td>
<td>11.5</td>
<td>11.1</td>
<td>0.4</td>
</tr>
<tr>
<td>V</td>
<td>5.6</td>
<td>6.1</td>
<td>-0.5</td>
</tr>
<tr>
<td></td>
<td>40.9</td>
<td>41.1</td>
<td>-0.2</td>
</tr>
<tr>
<td>French-language specialty and pay services:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TVA</td>
<td>16.4</td>
<td>15.9</td>
<td>0.5</td>
</tr>
<tr>
<td>Bell Media</td>
<td>12.7</td>
<td>13.4</td>
<td>-0.7</td>
</tr>
<tr>
<td>Corus</td>
<td>8.2</td>
<td>7.5</td>
<td>0.7</td>
</tr>
<tr>
<td>SRC</td>
<td>4.6</td>
<td>4.8</td>
<td>-0.2</td>
</tr>
<tr>
<td>Others</td>
<td>5.6</td>
<td>5.2</td>
<td>0.4</td>
</tr>
<tr>
<td></td>
<td>47.5</td>
<td>46.8</td>
<td>0.7</td>
</tr>
<tr>
<td>Total English-language channels and others:</td>
<td>11.6</td>
<td>12.1</td>
<td>-0.5</td>
</tr>
<tr>
<td>TVA Group</td>
<td>40.2</td>
<td>39.8</td>
<td>0.4</td>
</tr>
</tbody>
</table>

Source: Numeris, French Quebec, April 1 to June 30, Mon-Sun, 2:00a.m – 2:00a.m, All 2+.

TVA Group’s market share for the period of April 1 to June 30, 2018 was 40.2%, compared with 39.8% in the same period of 2017, a 0.4-point increase.
TVA Group’s specialty services had a combined market share of 16.4% in the second quarter of 2018, compared with 15.9% in the same period of 2017, a 0.5-point increase. The “LCN” news and public affairs channel, which rose an impressive 1.2 points, was mainly responsible for the increase. The “Prise 2” channel also gained 0.3 points and “AddikTV” and “Casa” 0.2 points each. Those increases were partially offset by “TVA Sports,” which was adversely affected by the fact that the Montreal Canadiens were not in the Stanley Cup playoffs and lost 1.1 points during the period.

TVA Network was relatively stable compared with the same period of 2017 at a 23.8% market share, more than its two main over-the-air rivals combined. TVA Network carried three of the top five programs in Quebec during the second quarter of 2018; once again, La Voix was a standout, occupying the top position with an average audience approaching 2.0 million.

Operating expenses: $116,845,000, a $4,669,000 (4.2%) increase due primarily to:

- 10.6% increase in the operating expenses of “TVA Sports” related mainly to programming costs and due essentially to recognition in income of broadcast rights to NHL games based on the broadcast schedule; and
- 22.9% increase in the operating expenses of “AddikTV” due to spending on programming;

partially offset by:

- 3.3% decrease in TVA Network’s operating expenses because of savings in variable costs related to lower advertising revenues and the favourable impact of various operating expense reduction initiatives.

Negative adjusted EBITDA: $8,345,000, a $13,421,000 unfavourable variance primarily due to:

- 60.2% increase in negative adjusted EBITDA from “TVA Sports”;
- 18.9% decrease in TVA Network’s adjusted EBITDA; and
- 13.0% decrease in adjusted EBITDA from the specialty channels other than “TVA Sports,” particularly “AddikTV.”

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) increased from 95.7% in the second quarter of 2017 to 107.7% in the same period of 2018. The “TVA Sports” channel was mainly responsible for the increase, as its operating revenues decreased while its operating expenses rose.

2018/2017 year-to-date comparison

Operating revenues: $215,651,000, a $12,372,000 (-5.4%) decrease due primarily to:

- 7.2% decrease in TVA Network’s advertising revenues;
- 27.7% decrease in the advertising revenues of “TVA Sports,” due in large part to its performance in the second quarter of 2018; and
- 3.0% decrease in the subscription revenues of “TVA Sports”;

partially offset by:

- 13.4% increase in the combined advertising revenues of the other specialty channels, including increases of 11.1% for “LCN” and 44.3% for “Prise 2.”
Operating expenses: $221,590,000, a $700,000 (-0.3%) decrease due primarily to:

- 1.6% decrease in TVA Network’s operating expenses caused by the following factors:
  - lower sales commissions as a result of decreased advertising revenues;
  - lower expenses related to commercial production due to lower volume of activities; and
  - operating cost savings; and

- 1.1% decrease in the operating expenses of “TVA Sports” related mainly to programming costs and due essentially to the NHL schedule, which contained fewer games in the first half of 2018 than in the same period of 2017;

  partially offset by:

- 6.7% increase in the operating expenses of the specialty channels other than “TVA Sports,” mainly because of higher program spending at the “AddikTV” and “MOI&cie” channels.

Negative adjusted EBITDA: $5,939,000, an $11,672,000 unfavourable variance primarily due to:

- 31.7% decrease in TVA Network’s adjusted EBITDA; and

- 24.1% increase in negative adjusted EBITDA from “TVA Sports” due to the significant decrease in its operating revenues.

Analysis of cost/revenue ratio: Employee costs and the cost of purchases of goods and services for the Broadcasting & Production segment’s activities (expressed as a percentage of revenues) increased from 97.5% in the first half of 2017 to 102.8% in the same period of 2018, essentially because of the decrease in the segment’s operating revenues and the difficulty of reducing operating expenses by the same proportion.

Magazines

2018/2017 second quarter comparison

Operating revenues: $20,127,000, a $3,582,000 (-15.1%) decrease due mainly to:

- 28.4% decrease in the magazines’ advertising revenues, on a comparable basis, essentially in the women’s magazines and in digital advertising, partly because of less frequent publication of some monthly titles;

- 11.4% decrease in the magazines’ newsstand revenues, on a comparable basis, mainly in the entertainment magazines; and

- the sale of The Hockey News magazine.

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 15.0% of the segment’s operating revenues for the three-month period ended June 30, 2018 (12.6% in the same period of 2017).
Readership and market share statistics

TVA Group is the top publisher of French-language magazines in Quebec with 2.9 million readers across all platforms for its French titles and a leading player in the Canadian magazine market with 9.1 million cross-platform readers. 7 Jours is the leading entertainment and celebrity news magazine with 512,000 readers on all platforms per week.

Canada’s lifestyle standard-setter Canadian Living has 3.7 million cross-platform readers. Its French-language counterpart Coup de pouce is the most-read French-language lifestyle magazine with 1.3 million readers on all platforms.

Elle Canada was the country’s top fashion and beauty magazine with 1.8 million readers on all platforms while Clin d’œil was Quebec’s most popular fashion and beauty magazine with 601,000 cross-platform readers.

Vividata, April 1, 2017 to March 31, 2018, Canada total, 14+, cross-platform readership.

Operating expenses: $17,668,000, a $2,076,000 (-10.5%) decrease due primarily to:

- cost savings resulting from both decreased volume of activities and the expense rationalization plans implemented in recent months;
- decrease in operating expenses resulting from the sale of The Hockey News magazine; and
- 10.8% decrease attributable to subscription cost savings, largely in distribution and in recruiting campaigns, on a comparable basis.

Adjusted EBITDA: $2,459,000, a $1,506,000 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) increased from 83.3% in the second quarter of 2017 to 87.8% in the same period of 2018, mainly because of the decrease in the segment’s operating revenues, which outweighed the decrease in operating expenses.

2018/2017 year-to-date comparison

Operating revenues: $38,607,000, a $6,551,000 (-14.5%) decrease due mainly to:

- 27.0% decrease in the magazines’ advertising revenues, on a comparable basis, essentially in the women’s magazines and in digital advertising, partly because of less frequent publication of some monthly titles;
- the sale of The Hockey News magazine;
- 13.1% decrease in the magazines’ subscription revenues, on a comparable basis, essentially in the women’s magazines, particularly Canadian Living; and
- 5.0% decrease in the magazines’ newsstand revenues, on a comparable basis.

Operating expenses: $35,273,000, a $5,536,000 (-13.6%) decrease due mainly to:

- savings generated by the decrease in volume of activities and the staff and expense rationalization plans implemented in recent quarters;
- decrease in operating expenses resulting from the sale of The Hockey News magazine; and
- 11.3% decrease attributable to subscription cost savings, largely in distribution and in recruiting campaigns, on a comparable basis.
Adjusted EBITDA: $3,334,000, a $1,015,000 unfavourable variance due mainly to the decrease in operating revenues, which outweighed the savings generated by 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 90.4% in the six-month period ended June 30, 2017 to 91.4% in the same period of 2018.

**Film Production & Audiovisual Services**

**2018/2017 second quarter comparison**

Operating revenues: $14,496,000, a $282,000 (2.0%) increase due primarily to:
- addition of mobile unit rental activities following the acquisition of Mobilimage in the first quarter of 2018;
- 3.2% increase in soundstage and production equipment rental revenues; and
- 13.3% growth in postproduction revenues, essentially due to increased volume of activities in the second quarter of 2018;

partially offset by:
- 45.5% decrease in visual effects revenues.

Operating expenses: $12,512,000, a $329,000 (2.7%) increase due primarily to:
- addition of mobile unit rental activities in the first quarter of 2018;

partially offset by:
- 13.3% decrease in operating expenses related to visual effects as a result of lower volume of activities; and
- 3.4% decrease in operating expenses related to soundstage and equipment rental, and 3.0% decrease in operating expenses related to postproduction, despite increased volume of activities in both areas.

Adjusted EBITDA: $1,984,000, a slight $47,000 unfavourable variance due mainly to an increase in negative adjusted EBITDA from visual effects and a decrease in adjusted EBITDA from dubbing. Those variances were partially offset by the increased profitability of soundstage, mobile unit and production equipment rental services and of postproduction services.

Analysis of 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) were relatively stable, increasing from 85.7% in the second quarter of 2017 to 86.3% in the second quarter of 2018.

**2018/2017 year-to-date comparison**

Operating revenues: $25,965,000, a $187,000 (0.7%) increase due mainly to:
- 20.3% increase in soundstage and production equipment rental revenues due to increased volume of activities in the first half of 2018; and
- addition of mobile unit rental activities since the first quarter of 2018;

partially offset by:
- 44.1% decrease in visual effects revenues due to lower volume of activities;
- 10.8% decrease in postproduction revenues due to lower volume of activities in the first quarter of 2018; and
- 8.9% decrease in dubbing and subtitling revenues.

**Operating expenses:** $24,969,000, a $413,000 (-1.6%) decrease due primarily to:
- 16.5% decrease in operating expenses related to visual effects;
- 8.4% decrease in operating expenses related to dubbing and subtitling; and
- 8.0% decrease in operating expenses related to postproduction;
  partially offset by:
  - addition of operating expenses related to mobile unit rental.

**Adjusted EBITDA:** $996,000, a $600,000 favourable variance due primarily to:
- increase in adjusted EBITDA from soundstage and equipment rental due to higher volume of activities;
  partially offset by:
  - decrease in adjusted EBITDA from the segment’s other activities due to lower volume of activities, particularly in visual effects.

**Analysis of 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 98.5% in the first half of 2017 to 96.2% in the first half of 2018. The reduction was due essentially to soundstage, mobile unit and production equipment rental activities.

**Acquisition of the assets of Mobilimage inc.**

On January 22, 2018, Mels Studios and Postproduction G.P. acquired the assets of Mobilimage inc., consisting mainly of mobile production vehicles and equipment, for a cash purchase price of $2,705,000, consisting of the agreed price of $2,750,000 less a $45,000 adjustment related to a pre-established working capital target agreed to by the parties. The results of the HD and 4K mobile unit rental and operation business have been included in the Film Production & Audiovisual Services segment’s results since the acquisition date. The acquisition was consistent with the Corporation’s strategic objective of offering an array of production equipment and services in order to meet producers’ needs and reduce the use of outsourced services for its own production needs.
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)

<table>
<thead>
<tr>
<th></th>
<th>Three-months ended June 30</th>
<th>Six-months ended June 30</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
<td>2017</td>
</tr>
<tr>
<td>Cash flows related to operating activities</td>
<td>$ 8,945</td>
<td>$ 6,497</td>
</tr>
<tr>
<td>Additions to property, plant and equipment and intangible assets</td>
<td>(3,108)</td>
<td>(5,836)</td>
</tr>
<tr>
<td>Business acquisition</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Change in investments</td>
<td>(98)</td>
<td>57</td>
</tr>
<tr>
<td>Others</td>
<td>(50)</td>
<td>15</td>
</tr>
<tr>
<td>Reimbursement of (increase in) net debt</td>
<td>$ 5,689</td>
<td>$ 733</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2018</th>
<th>December 31, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>At period end:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-term debt</td>
<td>$ 47,144</td>
<td>$ 52,708</td>
</tr>
<tr>
<td>Short-term debt</td>
<td>10,781</td>
<td>9,844</td>
</tr>
<tr>
<td>Less: cash</td>
<td>(5,371)</td>
<td>(21,258)</td>
</tr>
<tr>
<td>Net debt</td>
<td>$ 52,554</td>
<td>$ 41,294</td>
</tr>
</tbody>
</table>

**Operating activities**

**Cash flows provided by operating activities:** $8,945,000, a $2,448,000 increase in the three-month period ended June 30, 2018 compared with the second quarter of 2017, due mainly to:

- favourable net variances of $12,834,000 in rights payable and 4,908,000 in accounts receivable;

  partially offset by:

  - $14,974,000 decrease in adjusted EBITDA.

**Cash flows provided by operating activities:** $621,000, a $15,538,000 increase in the six-month period ended June 30, 2018 compared with the first half of 2017, due mainly to:

- favourable net variances of $16,397,000 in accounts receivable and $10,918,000 in rights payable;

  partially offset by:

  - $12,087,000 decrease in adjusted EBITDA.
Working capital: $12,989,000 as of June 30, 2018, compared with $32,368,000 at December 31, 2017. The $19,379,000 unfavourable variance was mainly due to:

- decrease in cash resulting in part from repayment of a portion of the term loan; and
- decrease in programs, broadcast rights and inventories;

  partially offset by:

- decrease in accounts payable and accrued liabilities, current tax liabilities and deferred revenues.

Investing activities

Additions to property, plant and equipment and to intangible assets: $3,108,000 for the second quarter of 2018 compared with $5,836,000 in the same period of 2017. The $2,728,000 (-46.7%) decrease was essentially due to a decrease in budgeted capital projects for the current year.

During the three-month period ended June 30, 2018, the Corporation made investments in technical equipment, production equipment for rental, and its technological infrastructure.

Additions to property, plant and equipment and to intangible assets: $8,289,000 for the first half of 2018 compared with $11,924,000 in the same period of 2017. The $3,635,000 (-30.5%) decrease was essentially due to the same factor as the one noted above in the 2018/2017 second quarter comparison.

Business acquisition: $2,705,000 in the first half of 2018 (see “Acquisition of the assets of Mobilimage inc.” above).

Financing activities

Long-term debt (excluding deferred financing costs): $58,113,000 as of June 30, 2018, compared with $62,839,000 as of December 31, 2017. The difference is essentially due to capital repayments on the term loan in the last two quarters.

Financial position as at June 30, 2018

Net available liquid assets: $155,371,000, consisting of a $150,000,000 unused and available revolving credit facility and $5,371,000 in cash.

As at June 30, 2018, minimum principal debt payments in the coming 12-month periods were as follows:

<table>
<thead>
<tr>
<th>Table 6</th>
<th>TVA Group minimum principal payments on debt</th>
</tr>
</thead>
<tbody>
<tr>
<td>12-month periods ended June 30</td>
<td>(in thousands of dollars)</td>
</tr>
<tr>
<td>2019</td>
<td>10,781</td>
</tr>
<tr>
<td>2020</td>
<td>47,332</td>
</tr>
<tr>
<td>Total</td>
<td><strong>$ 58,113</strong></td>
</tr>
</tbody>
</table>

The weighted average term of TVA Group’s debt was approximately 1.2 years as of June 30, 2018 (1.6 years as of December 31, 2017). The debt consisted entirely of floating-rate debt as of June 30, 2018 and December 31, 2017.

The Corporation also has a $150,000,000 revolving credit facility, which was renewed on November 3, 2014 and matures on February 24, 2019. No amounts were drawn on the facility as of June 30, 2018 and December 31, 2017.
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, income tax payments, debt repayment, pension plan contributions, share redemptions 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, 2018, the Corporation was in compliance with all the terms of its credit agreements.

**Analysis of consolidated balance sheet as at June 30, 2018**

**Table 7**  
**Consolidated balance sheets of TVA Group**  
**Analysis of main variances between June 30, 2018 and December 31, 2017**  
(in thousands of dollars)

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2018</th>
<th>Dec. 31, 2017</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>$5,371</td>
<td>$21,258</td>
<td>$(15,887)</td>
<td>Impact of current and seasonal variations in activities and repayment of a portion of the term loan.</td>
</tr>
<tr>
<td>Programs, broadcast rights and inventories</td>
<td>56,326</td>
<td>79,437</td>
<td>(23,111)</td>
<td>Impact of difference between broadcast rights payments and amount charged to income.</td>
</tr>
<tr>
<td>Broadcast rights</td>
<td>49,268</td>
<td>43,031</td>
<td>6,237</td>
<td>Impact of current and seasonal variations in activities.</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>193,865</td>
<td>200,510</td>
<td>(6,645)</td>
<td>Impact of decreased investment in first half of 2018.</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income tax</td>
<td>411</td>
<td>6,314</td>
<td>(5,903)</td>
<td>Impact of payment of outstanding 2017 income tax balances.</td>
</tr>
<tr>
<td>Deferred revenues</td>
<td>13,698</td>
<td>18,728</td>
<td>(5,030)</td>
<td>Impact of current and seasonal variations in activities and sale of <em>The Hockey News</em> magazine.</td>
</tr>
</tbody>
</table>
ADDITIONAL INFORMATION

Contractual obligations

As of June 30, 2018, 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, 2018
(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>$10,781</td>
<td>$47,332</td>
<td>–</td>
<td>–</td>
<td>$58,113</td>
</tr>
<tr>
<td>Payment of interest¹</td>
<td>2,104</td>
<td>748</td>
<td>–</td>
<td>–</td>
<td>2,852</td>
</tr>
<tr>
<td>Broadcast rights</td>
<td>171,158</td>
<td>167,533</td>
<td>143,481</td>
<td>200,817</td>
<td>682,989</td>
</tr>
<tr>
<td>Other commitments</td>
<td>17,995</td>
<td>17,606</td>
<td>4,314</td>
<td>2,178</td>
<td>42,093</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$202,038</strong></td>
<td><strong>$233,219</strong></td>
<td><strong>$147,795</strong></td>
<td><strong>$202,995</strong></td>
<td><strong>$786,047</strong></td>
</tr>
</tbody>
</table>

¹ Interest is calculated on a constant debt level equal to that at June 30, 2018 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 2018, 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 associated corporations in the aggregate amount of $25,216,000 ($26,042,000 in the second quarter of 2017).

In the second quarter of 2018, the Corporation recorded telecommunications service costs, advertising space acquisition costs, professional service fees, commissions on sales and newsgathering costs arising from transactions with corporations under common control and associated corporations totalling $14,838,000 ($12,904,000 in the second quarter of 2017).

In the second quarter of 2018, the Corporation also billed management fees to corporations under common control in the amount of $2,760,000 ($1,015,000 in the second quarter of 2017). These fees are recorded as a reduction of operating expenses.

The Corporation also recorded management fees to the parent corporation in the amount of $855,000 in the second quarter of 2018 ($855,000 in the second quarter of 2017).

In the first six months of 2018, 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 associated corporations in the aggregate amount of $51,060,000 ($49,398,000 in the first six months of 2017).

In the first six months of 2018, the Corporation recorded telecommunications service costs, advertising space acquisition costs, professional service fees, commissions on sales and newsgathering costs arising from transactions with
corporations under common control and associated corporations totalling $29,919,000 ($24,896,000 in the first six months of 2017).

In the first half of 2018, the Corporation also billed management fees to corporations under common control in the amount of $5,453,000 ($1,850,000 in the first half of 2017).

As well, the Corporation recorded management fees to the parent corporation in the amount of $1,710,000 in the first six months of 2018 ($1,710,000 in the first six months of 2017).

**ROC Television**

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

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

**Capital stock**

Table 9 below presents information on the Corporation’s capital stock. In addition, 60,000 Class B stock options of the Corporation were outstanding as of July 18, 2018.

**Table 9**

**Number of shares outstanding as at July 18, 2018**

<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>

**Changes in accounting policies**

**IFRS 9 – Financial Instruments**

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

Under the new rules, financial assets and liabilities are now all classified as subsequently measured at amortized cost. The Corporation also uses the expected credit losses method in IFRS 9 to estimate the allowance for expected credit losses on its financial assets.

The adoption of IFRS 9 by the Corporation had no impact on the consolidated financial statements.
IFRS 15 – Revenue from Contracts with Customers

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

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

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

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

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, 2018 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, 2017 and the “Risk Factors” section in the Corporation’s 2017 annual information form.

The forward-looking statements in this Management’s Discussion and Analysis reflect the Corporation’s expectations as of August 2, 2018, 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 2, 2018
### Table 10
**SELECTED QUARTERLY FINANCIAL DATA**
(in thousands of dollars, except for per-share data)

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>June 30</td>
<td>March 31</td>
</tr>
<tr>
<td><strong>Operations</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating revenues</td>
<td>$140,190</td>
<td>$133,836</td>
</tr>
<tr>
<td>(Negative adjusted EBITDA) adjusted EBITDA</td>
<td>$3,902</td>
<td>$2,293</td>
</tr>
<tr>
<td>Net (loss) income attributable to shareholders</td>
<td>$(9,706)</td>
<td>$(4,991)</td>
</tr>
<tr>
<td><strong>Basic and diluted per-share data</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic and diluted (loss) earnings per share</td>
<td>$(0.22)</td>
<td>$(0.12)</td>
</tr>
<tr>
<td>Weighted average number of outstanding shares (in thousands)</td>
<td>43,206</td>
<td>43,206</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>June 30</td>
<td>March 31</td>
</tr>
<tr>
<td><strong>Operations</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating revenues</td>
<td>$152,542</td>
<td>$141,124</td>
</tr>
<tr>
<td>Adjusted EBITDA (negative adjusted EBITDA)</td>
<td>$11,072</td>
<td>$(594)</td>
</tr>
<tr>
<td>Net (loss) income attributable to shareholders</td>
<td>$(1,870)</td>
<td>$(8,032)</td>
</tr>
<tr>
<td><strong>Basic and diluted per-share data</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic and diluted (loss) earnings per share</td>
<td>$(0.04)</td>
<td>$(0.19)</td>
</tr>
<tr>
<td>Weighted average number of outstanding shares (in thousands)</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 demand for production services from international and local producers. Because the Corporation depends on the sale of advertising for a significant portion of its revenues, operating results are also sensitive to prevailing economic conditions, including changes in local, regional and national economic conditions, particularly as they may affect advertising expenditures.

- 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 publication schedules, which may vary from quarter to quarter. In the Film Production & Audiovisual Services segment, operating expenses vary according to demand for production services from international and local producers.

Accordingly, adjusted EBITDA for interim periods may vary from one quarter to the next.