



Q2 2015-2016 FINANCIAL RESULTS – EXECUTIVE SUMMARY

TO:	Audit Committee/ Board of Directors
MEETINGS:	November 24 and 25, 2015
FROM:	Judith Purves, Executive Vice-President and Chief Financial Officer
PURPOSE:	To summarize the Corporation's results for quarter end September 30, 2015.
DATE:	November 13, 2015



Q2 2015-2016 FINANCIAL RESULTS

EXECUTIVE SUMMARY - REVENUE

s.18(a)
s.18(b)
s.68.1

Our revenue was higher by \$4M (3%) this quarter as we benefited from broadcasting Pan Am and Parapan Am Games partly offset by the absence of revenue from 2014 FIFA World Cup the Canadian TV advertising market

This increase was and LPIF (↓ \$5M), and the adverse effect of the persistent softening of

(in millions of Canadian dollars)

Advertising revenue

Q2 Events

* Absence of FIFA World Cup 2014 commercial revenue

* PanAm commercial revenue

Q2 ongoing activities

* Softness of TV advertising market

* Other small decreases

* Higher digital revenue

Total decrease explained

Subscriber fees

Financing and other income

Q2 events

* PanAm production revenue for hostbroadcasting services

* Absence of FIFA World Cup 2014 digital rights and production revenue

Q2 Ongoing activities

* End of LPIF contributions

* Retroactive retransmission rights recognized in 2014-2015

* Lower rental revenue

Total increase explained

TOTAL

N/M - Not meaningful

For the three months ended September 30				\$ Change Q2 15/16 vs. Q2 14/15
2015	2014	% change	\$ change	
55	65	-15%	(10)	Events
				Ongoing activities



Q2 2015-2016 FINANCIAL RESULTS

EXECUTIVE SUMMARY - EXPENSES

s.18(a)

This quarter, our expenses were up by \$11M (3%) mainly because this quarter's included more rights and production costs for providing host broadcasting services for the Pan Am Games. We continue to make significant progress in reducing our costs, with expenses for ongoing activities \$8M less than the second quarter last year, or \$14M less excluding the higher pension expense in 2015-2016.

(in millions of Canadian dollars)	For the three months ended September 30				\$ Change Q2 15/16 vs. Q2 14/15	
	2015	2014	% change	\$ change	Events	Ongoing activities
TV, radio and digital services costs	349	336	4%	13		
<u>Q2 events</u>						
* PanAm rights and production expenses						
* Production and rights costs for FIFA World Cup 2014						
<u>Q2 ongoing activities</u>						
* Higher pension expense						
* Lower workforce reduction expenses						
* Last year's settlement of Toronto real estate taxes						
* Effect of cost-reduction initiatives						
Total increase explained				13	19	(6)
Transmission, distribution and collection	17	18	-6%	(1)		(1)
Corporate Management	2	2	0%	0		
Other	6	7	-14%	(1)		(1)
TOTAL	374	363	3%	11	19	(8)

N/M - Not meaningful



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EXECUTIVE SUMMARY – GOVERNMENT FUNDING

This quarter, we drew down more funding as we invest in our strategic priorities. Government funding recognized was higher by \$115 million (90%). Our total government appropriations for 2015-2016 are not expected to change. This timing difference will reverse over the next 6 months.

(in millions of Canadian dollars)

	<u>2015</u>	<u>2014</u>	<u>% change</u>	<u>\$ change</u>
Government Funding	243	128	90%	115
Overall decrease in amount recognized due to:				
* Higher drawdowns during the period				116
* Lower amortization of capital funding into income				(1)



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s.18(a)

RECONCILIATION BETWEEN IFRS RESULTS, RESULTS ON A CURRENT OPERATING BASIS AND RESULTS ON A BUDGETARY BASIS

This chart reconciles our three measures of results. Our results under IFRS and our results on a Current Operating Basis are presented externally. Our results on a budgetary basis, as highlighted in orange, matches our management reporting and budgets. A comparison of our results against budget is summarized on the next slide.

<i>(in thousands of Canadian dollars)</i>	For the three months ended		For the six months ended	
	September 30		September 30	
	2015	2014	2015	2014
Revenue	142,357	138,129	260,878	330,721
Expenses	(373,958)	(362,923)	(738,766)	(832,444)
Government funding	242,790	128,177	411,953	375,932
Net results before non-operating items	11,189	(96,617)	(65,935)	(125,791)
Non-operating items	1,105	43,410	2,175	39,015
Net results for the period under IFRS	12,294	(53,207)	(63,760)	(86,776)
Items not generating or requiring funds from operations				
Employee future benefits	17,786	11,484	35,674	23,883 (1)
Depreciation, amortization and decommissioning expenses, net of amortization of deferred capital funding	5,440	6,045	10,534	11,122 (2)
Other provisions for non-cash items	(17,261)	(19,858)	(16,840)	(15,581) (3)
Results on a Current Operating Basis	18,259	(55,536)	(34,392)	(67,352)
Net position - Investments in ARTV and <i>documentary</i>	446	369	331	37
Gain on disposal of property and equipment	(1,105)	(9,862)	(2,175)	(5,467)
Results on a budgetary basis				

(1) Higher IFRS pension expense in 2015-2016 because a lower discount rate this year results in higher pension liabilities values applied to our plans. The expense is adjusted each year end.

(2) Depreciation and amortization of assets comparable with last year.

(3) Changes in timing relative to the same period last year for our other non-cash expenses and revenue.

(4) This is the result from our budget report. A comparison of our performance against our budget is summarized on the next slide.



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RESULTS ON A BUDGETARY BASIS

For the first half of the year, our budgetary results are **than originally anticipated in March 2015.** **than planned. By the end of the year, the net position is forecast to be**

	Comparison to Budget (April to September)			Annual Basis (April to March)		
	<u>2015/2016</u> Actuals	<u>2015/2016</u> Budget	Variance	<u>2015/2016</u> Forecast	<u>2015/2016</u> Budget	Variance
SOURCE OF FUNDS						
Government Funding and Carryover						
Parliamentary Appropriation						
Prior Year Carryover						
Total government Funding and carryover						
Revenues						
Advertising Revenues						
Miscellaneous Revenues						
Subscriber Revenues						
Total Revenues						
TOTAL SOURCE OF FUNDS						
APPLICATION OF FUNDS						
Expenditures						
English Services						
French Services						
Other Non-Media Services						
Committed Reserves						
TOTAL APPLICATION OF FUNDS						
NET POSITION - Before Downsizing Costs						
Downsizing costs						
NET POSITION						

Note :