



Q1 2015-2016 FINANCIAL RESULTS – EXECUTIVE SUMMARY (REVISED)

TO:	Audit Committee/ Board of Directors
MEETINGS:	August 20, 2015
FROM:	Judith Purves, Executive Vice-President and Chief Financial Officer
PURPOSE:	To summarize the Corporation's results for quarter end June 30, 2015.
DATE:	Updated - August 18, 2015



Q1 2015-2016 FINANCIAL RESULTS

EXECUTIVE SUMMARY - REVENUE

Our revenue was lower by \$75 million (39%) mainly because last year's advertising income benefited from broadcasting NHL hockey playoffs () and the 2014 FIFA World Cup (). In addition, advertising revenue this quarter continued to be affected by a weaker advertising market ().

(in millions of Canadian dollars)

	For the three months ended June 30			
	2015	2014	% change	\$ change
Advertising revenue	57	128	-55%	(71)
Overall decrease due to:				
* Absence of NHL playoffs commercial revenue in 2015/16				
* Absence of FIFA World Cup commercial revenue in 2015/16				
* Effect of softness of advertising market (French Services)				
Total decrease explained by main advertising revenue drivers				(71)
Subscriber fees	33	34	-2%	(1)
Small decrease due to:				
* Effect of the cord-cutting trend, particularly on CBCNN				(1)
Financing and other income	28	31	-10%	(3)
Overall decrease due to:				
* Digital & production revenue - Absence of NHL playoffs in 2015/16				
* Digital & production revenue - Absence of FIFA World Cup in 2015/16 and host broadcasting revenue for the FIFA U-20 Women's World Cup				
* LPIF - End of LPIF contributions				
And partly offset by:				
* Contra revenue - Contract with Rogers for the ongoing coverage of NHL				
* Other revenue - Small increases				
Total decrease explained by main other income drivers				(3)
TOTAL	118	193	-39%	(75)



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EXECUTIVE SUMMARY - EXPENSES

This quarter, our expenses were down by \$105 million (22%) mainly because last year's included more production and right costs for sporting events (). Cost reduction initiatives have also lowered our operating costs. Finally, last year's expenses also included restructuring expenses of

(in millions of Canadian dollars)	For the three months ended June 30			
	2015	2014	% change	\$ change
TV, radio and digital services costs	339	453	-25%	(114)
Overall decrease due to:				
* Absence of NHL playoffs production and rights costs in 2015/16				
* Absence of FIFA World Cup production and rights costs in 2015/16				
* Higher workforce reduction expenses in 2014/15				
* Cost-reduction initiatives and other				
And partly offset by:				
* Rogers NHL contract costs				
Total decrease explained by main expense drivers				(114)
Transmission, distribution and collection	17	17	0%	-
Corporate Management	3	3	0%	-
Other	6	(3)	n/m	9
Overall increase in other expenses due to:				
* Payment of a special dividend from SiriusXM in 2014/15 (\$10.4m)				9
TOTAL	365	470	-22%	(105)



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EXECUTIVE SUMMARY – GOVERNMENT FUNDING

This quarter, we drew down less funding due to a higher starting cash position. Government funding recognized was lower by \$79 million (32%). Our total government appropriations are not expected to change. This timing difference will reverse over the next 9 months as our working capital requirements increase.

Government Funding	169	248	-32%	(79)
<i>Overall decrease in amount recognized due to:</i>				
* Delay in drawdowns until later this fiscal year				(76)
* Lower amortization of capital funding into income				(3)



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RESULTS ON A CURRENT OPERATING BASIS

Results on a Current Operating Basis is a non-IFRS measure we use to help monitor our performance and manage resources. This measure removes non-cash expenses and revenues if they will not require cash or provide cash in the next year. Results of a Current Operating Basis reconciles to Net results under IFRS as follows:

(in millions of Canadian dollars)

For the three months ended June 30

	<u>2015</u>	<u>2014</u>	<u>% change</u>	<u>\$ change</u>	
Net results under IFRS for the period	(76)	(33)	N/M	(43)	
Items not generating or requiring funds from operations					
Pension and other employee future benefits	18	12	50%	6	Higher IFRS pension expense this quarter due to the performance of the plan and changes in actuarial assumptions of future liabilities.
Depreciation, amortization and decommissioning expenses, net of amortization of deferred capital funding	5	5	0%	-	Depreciation and amortization of assets comparable with last year.
Other provisions for non-cash items	-	9	-100%	(9)	Changes in timing relative to the same period last year for our other non-cash expenses and revenue.
Results on a current operating basis	(53)	(7)	N/M	(46)	

N/M = not meaningful