MEDIA GROUP

KEW MEDIA GROUP Reports Financial Results for Third Quarter of 2018

Adjusted Q3 EBITDA Margin of 12.1%
Reaffirms Full Year 2018 Adjusted EBITDA Outlook

Toronto, ON, November 13, 2018 – KEW MEDIA GROUP INC. ("KEW MEDIA", "KEW" or the "Company") (TSX:KEW and KEW.WT) today released its financial results for the three- and nine-month periods ended September 30, 2018 ("Q3 2018"). KEW MEDIA's unaudited interim financial statements along with its Management's Discussion and Analysis for Q3 2018 are available on the Company's investor relations website at http://www.kewmedia.com/corporate/investors and under the Company's profile at www.sedar.com. All financial results are reported in Canadian dollars unless otherwise stated.

Q3 2018 Financial Highlights

Revenue:	$52.8 million
Gross Profit:	$18.2 million
Adjusted EBITDA[1]:	$6.4 million
Net Loss:	$2.3 million, or ($0.18) per share
Adjusted Net Income[2]:	$4.4 million, or $0.34 per share

Segmented Results:	Production	Distribution
Revenue:	$35.8 million	$17.0 million
Gross Profit:	$10.5 million	$7.7 million
Operating Profit:	$4.2 million	$5.0 million

Steven Silver, Chief Executive Officer of KEW MEDIA, stated, "We are pleased with our third quarter performance. Our focus on quality of revenues has enhanced margins and profitability, delivering year-over-year margin improvement. We are seeing strong results in the first few weeks of the fourth quarter, particularly following sales momentum at the MIPCOM international market in October. In addition, our robust pipeline of product and acquisition targets supports our enthusiasm for growth in 2019."

[1] Adjusted EBITDA is EBITDA excluding certain items to better analyze trends in performance and after non-controlling interests. These adjustments result in a truer economic representation on a comparative basis. Adjusted EBITDA includes the add-backs made to calculate the Adjusted Net Income and additionally add-backs for interest expense, net of interest income, depreciation and any non-cash amortization (to the extent not added in to Adjusted Net Income). See "Non-IFRS Measures" and "Forward-Looking Statements" below in this press release.

[2] Adjusted Net Income is profit or loss before other items and income tax expenses, excluding certain items to better analyze trends in performance and present a truer economic representation on a comparative basis. Adjusted Net Income includes add-backs for items such as transaction costs, reorganization and non-recurring exceptional costs, stock-based compensation, non-cash other intangibles amortization and realized gain/loss on the change in fair value of financial liabilities. See "Non-IFRS Measures" and "Forward-Looking Statements" below in this press release.

Q3 2018's revenue of $52.8 million was comprised of $35.8 million from Production and $17.0 million from Distribution. Gross profit of $18.2 million included $10.5 million from Production and $7.7 million from Distribution. Gross margin percentage was 34.5%, with segmented gross margin percentage of 29.4% for Production and 45.5% for Distribution. Overall margins exceeded management's expectations. Production margin percentages were higher due to improved margins across our production segment in the quarter. Distribution margin percentages continued to exceed management's expectations as the Company executes on its strategy to drive higher margin sales into the Company's product mix, including more profitable earnings from in-house production companies. Adjusted EBITDA[1] was $6.4 million, which exceeded the Company's expectations due to the timing of production and distribution revenues. Q3 2018 Net Loss was $2.3 million, or ($0.18) per share. Adjusted Net Income[2] was $4.4 million, or $0.34 per share.

Balance Sheet and Net Debt

As of September 30, 2018, the Company had cash and cash equivalents of $22.9 million, approximately $6.2 million in loan availability and Net Debt[3] of $82.8 million.

Adjusted Net Debt[4], taking account of material foreign exchange movements since the beginning of the year and amounts expended by KEW treasury on interim production financing, was $71.9 million, an increase of $26.7 million for the quarter. The major reasons for this increase were the $19.5 million consideration paid to acquire Essential and a continuing increase in investment in new film and television rights.

This level of Adjusted Net Debt represents a ratio of 2.3:1 for Forecast Pro forma Adjusted EBITDA[5]/Adjusted Net Debt ("EBITDA to debt ratio"). Positive free cash flow is expected in Q4, arising from an uplift in profits driven by the delivery of a significant amount of content to our customers in both our Production and Distribution segments. Consequently, KEW anticipates that its EBITDA to debt ratio will reduce in Q4 and further into FY19 with an overall Group target of 2:1 or below.

Campfire Divestiture

On August 31, 2018, the Company sold its 51% equity interest in Campfire Film & Television ("Campfire") to the sole other equity holder, Campfire founder, Ross Dinerstein. KEW received consideration of $1.2 million (US$900,000) and will retain a minor interest in the possible future proceeds of a sale of Campfire if certain criteria are met. In FY17, Campfire contributed pro forma revenue of $30 million and Adjusted EBITDA of less than $0.5 million as it produced a number of high revenue, low margin films. In FY18 through August 31, 2018, Campfire contributed revenue of $4.7 million and Adjusted EBITDA of ($0.2) million. Going forward, KEW and Campfire expect to retain an ongoing working relationship.

The disposal of Campfire does not affect the Company's Adjusted EBITDA guidance.

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[3]Net Debt is debt less any cash and cash equivalent balances.

[4]Adjusted Net Debt is Net Debt less interim production loans provided by KEW treasury less effect of foreign exchange movements. See "Non-IFRS Measures" and "Forward-Looking Statements" below in this press release.

[5]Forecast Pro forma EBITDA is $31.5 million being the FY18 $26.5 million Adjusted EBITDA target plus an additional estimated $5 million, to reflect a full year's results of Essential Media Group that was acquired on July 24, 2018 (the $26.5 million target only includes approximately six months of trading). Refer also to the Company's press release dated April 30, 2018.

Purchase of Minority Stake in 4East Media

On September 28, 2018, KEW announced that it had purchased a minority stake in the recently formed production company 4East Media, to be managed by the Company's 100% owned subsidiary, Our House Media. The consideration paid for the investment was immaterial from KEW's perspective.

Outlook[6]

KEW MEDIA reaffirms its guidance for Adjusted EBITDA[1] of $26.5 million for the year ended December 31, 2018. KEW retains strong visibility through the end of 2018 in its production segment based on shows ordered and the expected dates of delivery, and in its distribution segment, based on contractual sales to date and the segment's slate of titles being delivered into the fourth quarter.

The Company is seeing a greater contribution of higher margin titles in the product mix of its revenues, and expects this to continue into the fourth quarter. The combined effect of the higher margin sales and the divestiture of Campfire will drive significantly higher percentage gross margins and Adjusted EBITDA/Revenue margins, albeit off a lower revenue base. Therefore, KEW expects pro-forma Adjusted EBITDA margins of approximately 11% for the year ended December 31, 2018.

KEW continues to make progress on its accretive acquisition strategy, which remains an important driver of overall ongoing growth.

Conference Call

KEW will host a conference call to discuss the third quarter 2018 financial results on Wednesday, November 14, 2018 at 9:00 a.m. ET. The conference call can be accessed live over the phone by dialing (877) 407-0784, or for international callers (201) 689-8560. A replay will be available from 12:00 p.m. ET on November 14, 2018 through November 21, 2018, and can be accessed by dialing (844) 512-2921, or for international callers (412) 317-6671. The replay passcode will be 13683894.

The call will also be webcast live from KEW's investor relations website at http://www.kewmedia.com/corporate/investors. Following completion of the call, a recorded replay of the webcast will be available on the website.

Forward-Looking Statements

This news release may include forward-looking statements. All such statements constitute forward looking information within the meaning of securities law and are made pursuant to the "safe harbour" provisions of applicable securities laws. Forward-looking statements may include, but are not limited to, statements about anticipated future events or results including comments with respect to the Company's objectives and priorities for 2018 and beyond, and strategies or further actions with respect to the Company, its business operations, financial performance and condition. Forward-looking statements are statements that are predictive in nature, depend upon or refer to future events or conditions and are identified by words such

[6] The statements set out in the Outlook section regarding KEW's Adjusted EBITDA[1] and Adjusted EBITDA margins in 2018, and the other noted assumptions contained in the section, are based on management's current strategies and assessment of the outlook for the business. These statements constitute forward-looking information for purposes of applicable Canadian securities legislation and readers are cautioned that KEW's actual result may vary from these forward-looking statements and that variation could be material. See "Forward Looking Statements" for a description of the assumptions and risks associated with these forward-looking statements.

as "will", "expects", "anticipates", "intends", "plans", "believes", "estimates" or similar expressions concerning matters that are not historical facts. Such statements are based on current expectations of the Company's management and inherently involve numerous risks and uncertainties, known and unknown, including economic factors.

In particular, the statements set out in the Outlook section of this press release regarding our expected Adjusted EBITDA and Adjusted EBITDA margins for the year ending December 31, 2018 (including the contribution from Essential), our expected financial performance for the remainder of 2018 and our expectations regarding the performance of our production and distribution segments for the remainder of 2018, constitute forward-looking statements. These statements are based on management's current strategies, assumptions concerning growth and assessment of the outlook for the business. In particular, such statements assume that: (i) our production companies will continue to develop, produce and deliver successful productions in a manner consistent with past experience and on expected delivery schedules as outlined under "Outlook" in the press release; (ii) the product mix of the Company's revenues will continue to be skewed towards higher margin titles; (iii) we will continue to acquire and distribute content in a manner consistent with past experience; (iv) our operating and overhead costs will be within budget; and (v) that the companies we acquired on March 20, 2018 and since that date will meet or exceed our performance expectations. We consider the foregoing assumptions to be reasonable in the circumstances, given the time period for such outlook however, readers are cautioned that KEW's actual result may vary from these forward-looking statements and that variation could be material. The forward-looking information contained in this news release is presented for the purpose of assisting readers in understanding the Company's business and strategic priorities and objectives as at the periods indicated and may not be appropriate for other purposes. A number of risks, uncertainties and other factors may cause actual results to differ materially from the forward-looking statements contained in this news release, including, among other factors, those referenced in the section entitled "Risk Factors" in the Company's annual information form for the year ended December 31, 2017, a copy of which is available on the SEDAR website at www.sedar.com under the Company's profile. Forward-looking statements contained in this news release are not guarantees of future performance and, while forward-looking statements are based on certain assumptions that the Company considers reasonable, actual events and results could differ materially from those expressed or implied by forward-looking statements made by the Company. Readers are cautioned to consider these and other factors carefully when making decisions with respect to the Company and not place undue reliance on forward-looking statements. Circumstances affecting the Company may change rapidly. Except as may be expressly required by applicable law, KEW MEDIA does not undertake any obligation to update publicly or revise any such forward-looking statements, whether as a result of new information, future events or otherwise.

Non-IFRS Measures

This news release contains references to certain measures that do not have a standardized meaning under International Financial Reporting Standards ("IFRS") as prescribed by the International Accounting Standards Board and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement IFRS measures by providing a further understanding of operations from management's perspective. Accordingly, non-IFRS measures should not be considered in isolation nor as a substitute for analysis of financial information reported under IFRS. The Company believes that non-IFRS measures, specifically EBITDA *and Adjusted EBITDA, are frequently used by securities analysts, investors and other interested parties as measures of financial performance and to provide supplemental measures of operating performance and thus highlight trends that may not otherwise be apparent when relying solely on IFRS financial measures. Please see the Company's management's discussion and analysis for the three and nine months ended September 30, 2018 for a detailed description of these measures and a reconciliation of these measures to the nearest IFRS measure.*

About KEW MEDIA GROUP INC.

KEW MEDIA GROUP is a leading publicly-listed content company that produces and distributes multi-genre content worldwide. Companies included in the KEW family are the production companies: Architect Films, Awesome Media & Entertainment, Bristow Global Media, Collins Avenue Productions, Essential Media Group, 4East Media, Frantic Films, Jigsaw Productions, Media Headquarters, Our House Media, Sienna Films and Spirit Digital Media; and the distribution companies: Kew Media Distribution and TCB Media Rights.

With primary offices in London, Los Angeles, New York, Sydney and Toronto, the KEW MEDIA GROUP companies develop, produce and distribute more than 1,000 hours of content every year, as well as distribute a library of more than 13,000 hours, to almost every available viewing platform worldwide. KEW aspires to offer great content from all over the world to viewers of all ages and tastes. The Company promotes transparency, equality, respect, and inclusiveness and plans to grow with the benefit of people from a wide range of perspectives and backgrounds.

Source: KEW MEDIA GROUP INC.

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