

## KEW MEDIA GROUP ANNOUNCES PROPOSED ACQUISITIONS

### TO CREATE A GLOBAL MEDIA COMPANY

- Kew will acquire six leading content companies with a library of over 6,000 hours sold in over 150 countries.
- The resulting platform will include ten production companies, of which Kew will have a 100% interest in five and a controlling interest in the remaining five, as well as a 100% interest in a large international distributor.
- Kew will be one of the most significant independent content companies in the world, with primary offices in New York, Toronto, Los Angeles and London.
- These proprietary deals, comprising Kew's qualifying acquisition only seven months after its initial public offering ("IPO") on the Toronto Stock Exchange as a Special Purpose Acquisition Corporation ("SPAC"), demonstrate the exceptional depth of management's industry networks and relationships, and is consistent with the business strategy and industry focus outlined in Kew's IPO in June 2016.
- Vendors' receipt of approximately 68% of their upfront consideration in Kew shares reflects confidence in Kew's value proposition and strongly aligns with the company's performance.
- Kew is well-positioned to make further accretive acquisitions at attractive valuation multiples.
- Kew has secured a private placement of \$20 million from its current shareholders as well as new investors, to purchase shares at \$10.00 per share.
- Exceptional growth profile with pro forma revenue growing from \$171.3 million in fiscal 2015 to \$181.8 million for the 12 months ended September 30, 2016, and anticipated to grow to approximately \$218.3 million in fiscal 2017 (representing a 12.9% CAGR over 2015), and pro forma Kew Adjusted EBITDA growing from \$12.9 million in fiscal 2015 to \$16.0 million for the 12 months ended September 30, 2016, and anticipated to grow to approximately \$19.1 million in fiscal 2017 (representing a 21.5% CAGR over 2015).
- Kew's principals, Steven Silver and Peter Sussman, with a combined 55+ years of media experience, will continue to serve as Chief Executive Officer and Executive Chairman, respectively.
- Completion of the transaction is expected in March 2017.
- Investor conference call scheduled for Monday, February 6, 2017 at 11:00 am EST.

**Toronto, February 2, 2017** – Kew Media Group Inc. (TSX: KEW.A, KEW.WT) ("Kew" or the "Company") announces its proposed qualifying acquisition of 100% of six leading content companies (collectively, the "Acquisition") to create a global media platform:

- Content Media Corporation plc ("CMC")
- Architect Films Inc.
- Bristow Global Media Inc.
- Frantic Films Corporation
- Media Headquarters Film & Television Inc.
- Our House Media Inc.

The Kew platform will also include five companies controlled by CMC:

- Aito Media Oy
- Campfire Film & Television LLC
- Collins Avenue Productions LLC
- Jigsaw Productions LLC
- Spirit Digital Media Limited

“We are content guys, it’s what we love, it’s what we do,” said Steven and Peter. “There has never been a better time to be in the content business. We are incredibly excited by the companies we have brought together in Kew. It is a perfect platform for growth and further acquisitions.”

Kew will have primary offices in New York, Toronto, Los Angeles and London.

### **Significant Value Creation Potential**

The companies to be acquired by Kew develop, produce and distribute multi-platform, mass-audience, returnable content for the global market, across the following genres: factual, reality, lifestyle, drama, comedy, documentary, variety, digital and branded content. Together, these companies encompass over 6,000 hours of premium content sold in over 150 countries on almost every available viewing platform. The combination of CMC’s high-powered sales force with high-growth production companies that create and own superior intellectual property, will provide Kew with a proliferation of distribution and production opportunities.

Following the Acquisition, Kew will have more than 250 properties or ideas in development, representing hundreds of hours of producible content expected to be delivered over the next 12 to 24 months. The capacity to originate new content among a large and talented corporate base will also proliferate; companies that may not previously have had the capacity to execute on promising ideas or business relationships will now have Kew’s support and network. This should result in more content being developed, produced and distributed, with more favourable timelines and economics.

Kew expects to be a strategic acquirer for independent, niche media companies seeking to grow. By focusing on high-quality content, proven slates, quality brands and associated licensing, Kew intends to use organic growth and ongoing, disciplined acquisitions to expand its platform. Kew has identified a number of additional acquisition opportunities that would benefit from this strategic and robust platform, which the Company believes it will be able to acquire at attractive valuations.

### **The Acquisition**

The Acquisition reflects strong consolidated financial performance, with pro forma revenue growing from \$171.3 million in fiscal 2015 to \$181.8 million for the 12 months ended September 30, 2016, and anticipated to grow to approximately \$218.3 million in fiscal 2017 (representing a 12.9% CAGR over 2015), and pro forma Kew Adjusted EBITDA growing from \$12.9 million in fiscal 2015 to \$16.0 million for the 12 months ended September 30, 2016, and anticipated to grow to approximately \$19.1 million in fiscal 2017 (representing a 21.5% CAGR over 2015).

The aggregate upfront purchase price for the Acquisition is approximately \$104.1 million, representing 6.5x pro forma Kew Adjusted EBITDA of \$16.0 million over the 12 months ended September 30, 2016. Including potential deferred payments payable to vendors if certain 2017 financial targets are met, the aggregate purchase price for the Acquisition would increase to approximately \$115.4 million, which represents 6.0x anticipated 2017 pro forma Kew Adjusted EBITDA of \$19.1 million.

Kew will pay the vendors 68% of the consideration for their equity in Kew shares issued at \$10.00 per share, and the remaining 32% in cash, reflecting the vendors’ significant confidence in Kew’s strategy and potential for substantial value accretion, as well as strongly aligning them with company-wide performance. Approximately 94% of the share consideration will be subject to contractual lock-up restrictions after completion of the Acquisition, with 40% being released as to one-third after each of 12, 18 and 24 months, and 54% being released as to one-half after each of six and 12 months. The remaining 6% of the share consideration will be subject to a four month hold.

At its IPO price of \$10.00 per share, Kew is expected to have an aggregate enterprise value of approximately \$142 million. The Company believes that its ratio of enterprise value to anticipated 2017 pro forma Kew Adjusted EBITDA is at a significant discount to its peers.

### **Experienced and Committed Management Team and Board**

Following the Acquisition, Kew's current Chief Executive Officer, Steven Silver, and Executive Chairman, Peter Sussman, will continue to lead the business.

CMC's current management team will remain in place under CEO John Schmidt. CMC's Chief Financial Officer, Geoff Webb, will also serve as Kew's Chief Financial Officer and CMC's Head of Legal & Business Affairs, Erick Kwak, will also serve as Kew's EVP & Head of Business and Legal Affairs.

Following completion of the Acquisition, Kew's management, directors and other SPAC Founders are expected to collectively own approximately 23% of Kew's shares.

Kew will be guided by a highly capable and experienced board of directors:

- *Steven Silver* – Chief Executive Officer of Kew, Co-founder of the Blue Ice Group
- *Peter Sussman* – Executive Chairman of Kew, Co-founder of Aver Media Finance and former co-controlling shareholder of Alliance Atlantis Communications and Chief Executive Officer of its Entertainment Group
- *Julie Bristow* – Chief Executive Officer and President of BGM
- *Sara Curran* – Managing Director at Industry Media Ltd. and Group Legal and Business Affairs Director for the James Grant Group Ltd.
- *David Fleck* – Partner and Senior Vice President of C.A. Delaney Capital; Management Ltd.
- *Maurice Kagan* – President of the Canal Group of real estate companies
- *Patrice Merrin* – Non-Executive Director of Glencore plc, Stillwater Mining Corporation and Novadaq Technologies Inc.
- *Stephen Pincus* – Senior Partner, Goodmans LLP
- *Wayne Purboo* – Chief Executive Officer and founder of Quickplay Media Inc., now part of AT&T
- *John Schmidt* – Chief Executive Officer of CMC
- *Mark Segal* – Executive Vice President Finance and Chief Financial Officer of Spin Master Corp.
- *Les Sherman* – Senior Investment Advisor and Senior Vice President of Dundee Goodman Private Wealth
- *Neil Tabatnik* – Former Chairman and CEO of Genpharm Inc. and Arrow Canada, Co-founder of the Blue Ice Group
- *Nancy Tellem* – Former President of CBS Network Television Group and Executive Chairman and Chief Media Officer of Interlude Ltd.

Kew's directors and other SPAC Founders have participated in some of the most valuable content ever created, including top-rated shows for major networks, as well as innovative digital platforms and Oscar-winning films. Located in Canada, the U.S., and Europe, they are expected to leverage their extensive network of worldwide business relationships to help Kew initiate, facilitate, and successfully execute on local and cross-border business opportunities.

### **Transaction Details**

Kew has secured a private placement of \$20 million from its current shareholders and new investors to purchase shares at \$10.00 per share upon completion of the Acquisition, including \$2.1 million from Kew's sponsor, KMG Entertainment LP, as well as certain Founders, board members and vendors.

The Acquisition will constitute Kew's qualifying acquisition under the Toronto Stock Exchange rules governing Special Purpose Acquisition Corporations.

Completion of the Acquisition, which is expected to occur in March 2017, is subject to the satisfaction or waiver of certain closing conditions, including, among other things, the delivery of closing documentation and the receipt of required consents and authorizations, including regulatory and shareholder approvals.

In connection with the Acquisition, Kew will file an information circular and a long-form prospectus in each of the provinces and territories of Canada. The information circular, prospectus and material agreements relating to the Acquisition will contain further details of the terms and conditions of the transaction.

An investor presentation will be available today under Kew's profile on the SEDAR website at [www.sedar.com](http://www.sedar.com) and on Kew's website at [kewmedia.com](http://kewmedia.com). Kew's information circular, prospectus and other documents will also be filed on the SEDAR website under this profile once available.

Goodmans LLP is Kew's legal counsel. TD Securities Inc. is Kew's exclusive financial advisor for the Acquisition and sole agent on the private placement. Grant Thornton LLP, Industry Media Limited and Evra Media Solutions Inc. are also assisting Kew with the Acquisition. Stikeman Elliott LLP is legal counsel to TD Securities Inc.

### **Conference Call Information**

Senior management of Kew will host an investor conference call to allow shareholders an opportunity to hear from and ask questions of management.

*Please call in at least 10 minutes prior to the call to register.*

Date: Monday, February 6, 2017 at 11:00 am EST  
Dial: North America: 1 (800) 926-5197  
UK: 08004961078  
International: (416) 981-9013

A replay of the call will be available at:

Canada: 1 (800) 558-5253  
International: (416) 626-4100  
Passcode: 21843644

### **Cautionary Note Regarding Forward-Looking Statements**

This news release may contain forward-looking statements (within the meaning of applicable securities laws) which reflect Kew's current expectations regarding future events. Forward-looking statements are identified by words such as "believe", "anticipate", "project", "expect", "intend", "plan", "will", "may", "estimate", "seek", "continue" and other similar expressions. These statements are based on Kew's expectations, estimates, forecasts and projections and include, without limitation, statements concerning the completion and proposed terms of, and matters relating to, the Acquisition, the estimates of pro forma revenue and Kew Adjusted EBITDA for fiscal 2017, including that pro forma revenue will grow to \$218.3 in fiscal 2017 (representing a 12.9% CAGR from 2015 to 2017) and that Kew Adjusted EBITDA will grow to approximately \$19.1 million in fiscal 2017 (representing a 21.5% CAGR from 2015 to 2017), the expected operations, financial results and condition of Kew following closing of the Acquisition, Kew's future objectives and strategies to achieve those objectives, including, without limitation, its intention to use organic growth and ongoing, disciplined acquisitions to expand its platform, the expected benefits of the Acquisition to, and resulting treatment of, shareholders of Kew and the anticipated effects of the Acquisition.

The forward-looking statements in this news release are based on certain assumptions, including without limitation the receipt of any required regulatory and shareholder approvals, and the expected timing related thereto, the expected operations, financial results and condition of each of CMC, Architect, BGM, Frantic, MHQ and OHM following closing of the Acquisition, expectations regarding industry trends, overall market growth rates and Kew's growth rates, the expectation that no event, change or other circumstance will occur that could give rise to the

termination of any of the purchase agreements, that each of CMC, Architect, BGM, Frantic, MHQ and OHM is capable of meeting its respective future objectives and priorities, that each of CMC's, Architect's, BGM's, Frantic's, MHQ's and OHM's respective future projects and plans are achievable and will proceed as anticipated, as well as assumptions concerning general economic and industry growth rates, currency exchange and interest rates and competitive intensity. The forward-looking statements are not guarantees of future performance and involve risks and uncertainties that are difficult to control or predict. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to, the following risks: the Acquisition may not be completed as planned; CMC, Architect, BGM, Frantic, MHQ and/or OHM may not perform as expected and their respective financial results for 2017 and beyond may not meet expectations; and Kew may not succeed in becoming an 'acquirer-of-choice'. Readers, therefore, should not place undue reliance on any such forward-looking statements. Further, these forward-looking statements are made as of the date of this news release and, except as expressly required by applicable law, Kew assumes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

### *Non-IFRS Measures*

Compounded annual growth rate ("CAGR"), Normalised EBITDA and pro forma Kew Adjusted EBITDA, each of which is defined below, are not measures recognized under international financial reporting standards ("IFRS") and do not have standardized meanings prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Kew believes that CAGR, Normalised EBITDA and pro forma Kew Adjusted EBITDA may be useful to investors because they allow for greater transparency with respect to key metrics used by Kew in its respective financial and operational decision making, normalized for non-recurring events. Please see Kew's preliminary long form prospectus to be filed at [www.sedar.com](http://www.sedar.com) for a detailed description of these measures and a reconciliation of the measures to the nearest IFRS measure.

CAGR is a calculation of a performance measure at a point in time and the annualized increase of the performance measure to another point in time. Management considers this an important metric for revenue and for Kew Adjusted EBITDA as Kew begins executing its business strategy.

Pro forma Kew Adjusted EBITDA is Normalised EBITDA less amortization of library content and the proportion of the pro forma Kew Adjusted EBITDA attributable to non-controlling interests. CMC and Frantic have non-controlling interests that will not be acquired by Kew. Kew's management believes that the exclusion of the proportionate amount of such non-controlling interests from pro forma Kew Adjusted EBITDA more accurately reflects Kew's underlying business operations.

Normalised EBITDA means net income before interest, depreciation and amortization of property and equipment and provision for income taxes, adjusted for amortization of acquired libraries and library content, share-based compensation expense and certain one-time items that were deemed by management to not be recurring. These items have been confirmed by management and factored into the purchase price relating to the acquisition of each business comprising the Qualifying Acquisition. Each of CMC's, Architect's, BGM's, Frantic's, OHM's and MHQ's respective management believes that Normalised EBITDA is an important metric to evaluate the underlying business operations, as it removes certain one-time items that will not be recurring.

FOR FURTHER INFORMATION PLEASE CONTACT:

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