



## **Kew Media Group Releases Financial Results for Second Quarter of 2017**

*Results for quarter as expected and in line with previously provided guidance  
Company Remains on Track to Meet 2017 Adjusted EBITDA<sup>1</sup> Forecast of \$19.1 Million*

Toronto, ON, August 10, 2017 -- Kew Media Group Inc. (“Kew Media” or the “Company”) (TSX:KEW and KEW.WT) today released its financial results for the three and six months ended June 30, 2017 (“Q2 2017”). Kew Media’s unaudited condensed interim financial statements along with its Management’s Discussion and Analysis for the three and six-month periods ended June 30, 2017 are available on the Company’s website at <http://www.kewmedia.com/financialinfo.php> and under the Company’s profile at [www.sedar.com](http://www.sedar.com).

Kew Media was created as a special purpose acquisition corporation (“SPAC”) to acquire assets and operations in the entertainment production and distribution business. Pursuant to its Qualifying Acquisition (“QA”), Kew Media acquired all of the issued and outstanding shares of each of Content Media Corporation (“CMC”), Architect Films Inc., Bristow Global Media Inc., Frantic Films Corporation, Media Headquarters Film & Television Inc. and Our House Media Inc. for total consideration of approximately \$121.8 million, including the assumption of \$57.0 million of borrowings.

### **Q2 2017 Highlights**

Revenue:	\$41.5 million
Gross Profit:	\$9.5 million
Adjusted EBITDA <sup>1</sup> :	\$0.5 million
Net Loss:	\$1.1 million, or \$0.10 per share

Segmented Results:	<u>Production</u>	<u>Distribution</u>
Revenue:	\$35.0 million	\$6.5 million
Gross Profit:	\$7.6 million	\$1.9 million
Operating Profit:	\$3.0 million	(\$0.1) million

Overall, whilst the Production division has had a positive quarter, Kew Media’s Q2 2017 results reflect the seasonal nature of the Company’s business, under which the vast majority of revenue and profitability in the Distribution segment are generated in the first and fourth quarters. The Company believes this seasonality is typical of many production and distribution companies and not particular to Kew Media. This seasonality was disclosed in our 29 June 2017 news release and the trading results have met our

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<sup>1</sup> Adjusted EBITDA is EBITDA excluding certain items to better analyze trends in performance. These adjustments result in a truer economic representation on a comparative basis. Adjusted EBITDA is calculated as EBITDA excluding transaction costs, loss on change in fair value of financial liabilities and the proportion of Adjusted EBITDA attributable to non-controlling interests. See “Non-IFRS Measures” and “Forward-Looking Statements” below in this press release.

internal expectations.

Q2 2017 Production revenue of \$35.0 million was derived from Kew Media's broad portfolio of production companies and included contributions from the following titles:

- *Dance Moms* for A&E in the U.S.
- *Gladiators* for Nelonen in Finland
- *Home to Win* for Shaw in Canada
- *Canada: The Story of Us* for CBC in Canada
- *Hockey Wives* for W Network in Canada
- *Baroness von Sketch* for CBC in Canada

Distribution revenue of \$6.5 million in Q2 2017 was derived from Kew's broad portfolio of films and television shows for distribution including the following titles:

- *19-2*
- *Heartland*
- *Line of Duty*
- *Life at These Speeds*
- *The Truth is in the Stars*

Q2 2017 gross profit was \$7.6 million from Production and \$1.9 million from Distribution, with segment gross margin percentages of 21.8% and 29.5% respectively. These margins were consistent with management's expectations, given the broad portfolio in its Production segment and diverse products in its Distribution segment.

Q2 2017 Adjusted EBITDA<sup>1</sup> after non-controlling interests was \$0.5 million, and the net loss in the quarter was \$1.1 million, or \$0.10 per share.

The Company noted that its six-month financial results include the results from operations of the companies acquired pursuant to its QA from March 20, 2017, the date of completion of the QA, being a period of three months and eleven days only. Further the Company has noted in its MD&A a range of timing and seasonality issues related to its March and June Interim Financial Statements. Readers of the Interim Financial Statements and the MD&A are therefore cautioned about extrapolating the results for the March 31 quarterly period, and or the June 30 quarterly or six-month results, into annual expectations.

In order to give investors a better understanding of the Company's performance inclusive of the assets acquired in the QA, the Company also includes below unaudited pro forma results ("Pro Forma YTD Q2 2017") that include the pro-forma results of operations of these assets from 1 January 2017, and therefore for the six-month period ended June 30, 2017. These accumulated and constructed results are based in part on a news release dated 29 June 2017, which disclosed unaudited pro-forma results for the first quarter of 2017 and the disclosures below should be read in conjunction with that release.

**Pro Forma YTD Q2 2017 Highlights**

Revenue:	\$122.6 million
Gross Profit:	\$29.0 million

Adjusted EBITDA <sup>1</sup> :	\$10.6 million	
Net Loss:	\$5.8 million	
Segmented Results:	<u>Production</u>	<u>Distribution</u>
Revenue:	\$82.4 million	\$40.2 million
Gross Profit:	\$18.4 million	\$10.6 million
Operating Profit:	\$8.1 million	\$7.3 million

“In the second quarter, management was focused on setting up the company for future success,” said Steven Silver, Chief Executive Officer of Kew Media. “Internally, this meant the establishment of business practices and controls that enable us to monitor and maximize returns from our new assets. Externally, we are continuing to assess multiple opportunities to acquire further media assets that will generate accretive returns. Results in the first half of the year are consistent with the execution of the investment strategy outlined in our prospectus dated February 10, 2017, and we continue to expect pro forma 2017 Adjusted EBITDA<sup>1</sup> of approximately \$19.1 million on the same basis as disclosed in the prospectus.”

Kew Media’s balance sheet as at June 30, 2017 continued to be strong. The Company had approximately \$28.8 million in cash, with approximately \$21.5 million of available borrowings and shareholders’ equity of \$90.8 million. Subsequent to quarter-end, the Company closed a new five-year, US\$100 million credit facility, with an additional US\$25 million accordion feature. Accordingly, Kew Media is well positioned to strategically add to its asset base and continues to assess a steady pipeline of acquisition opportunities.

### **Conference Call**

A conference call for analysts and interested listeners will be held Friday, August 11 at 10:00 a.m. (ET). The dial-in numbers for participants are 416 981 9011 (from within Canada), 800 749 1342 (from within North America), and 0800 496 0823 (other international callers). In the event of difficulty in accessing the conference call with the above numbers, the backup numbers are 647 722 6867 in Canada and +44 203 300 0080 in the UK.

A replay of the call will be available until 11:59 pm ET, on September 10, 2017. To access the replay, call (416) 626 4100 or (800) 558 5253, and enter reservation number 21856800. A transcript of the call will be posted on the Company’s 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 2017 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 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. 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, 2016, a copy of which is available on the SEDAR website at [www.sedar.com](http://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 six months ended June 30, 2017 for a detailed description of these measures and a reconciliation of these measures to the nearest IFRS measure.*

#### **Accounting Constructs and Unaudited Status of Financial Information**

*The financial information included in this release related to the unaudited pro-forma results for the three months ended 31 March, 2017, and therefore incorporated into the unaudited pro-forma results for the six months ended 30 June, 2017, are not required for any regulatory purpose and are provided for additional shareholder guidance only. The financial information for the three months ended 31 March, 2017, is neither audited or IFRS audit reviewed. Where possible the information has been constructed by management from available audited or audit reviewed financial statements. Where no audited or audit reviewed information has been available, additional management accounting information has been utilised to construct the financial information.*

#### **About Kew Media Group Inc.**

Kew Media is an independent content company which recently acquired eleven best-in-class production

and distribution companies. With primary offices in London, Los Angeles, New York and Toronto, the Kew Media companies 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 and branded content. Kew Media currently owns over 6,500 hours of premium content sold in over 150 countries on almost every available viewing platform. For more information, please visit the Company's website at [www.kewmedia.com](http://www.kewmedia.com).

#### Contacts

Kew Media Group Inc.

Steven Silver, 416-530-2583

Chief Executive Officer & Director

[investors@kewmedia.com](mailto:investors@kewmedia.com)