SHAW COMMUNICATIONS INC
Form 6-K
April 12, 2017
Table of Contents

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER

PURSUANT TO RULE 13a-16 OR 15d-16

UNDER THE SECURITIES EXCHANGE ACT OF 1934

April 12, 2017

Commission File Number: 001-14684

Shaw Communications Inc.

(Translation of registrant s name into English)

Suite 900, 630 3rd Avenue S.W., Calgary, Alberta T2P 4L4 (403) 750-4500

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Table of Contents

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: April 12, 2017

Shaw Communications Inc.

By:	/s/ Vito Culmone
Name:	Vito Culmone
Title:	Executive Vice President and Chief Financial Officer Shaw Communications Inc.

Table of Contents

NEWS RELEASE

Shaw Announces Second Quarter and Year-to-Date Results

Consumer division s best quarterly subscriber performance in 5 years

Company announces leadership transition and integration plans at Freedom Mobile

Calgary, Alberta (April 12, 2017) Shaw Communications Inc. today announced consolidated financial and operating results for the quarter ended February 28, 2017. Revenue from continuing operations for the quarter of $1.3 billion increased by 13.3% over the comparable period. Operating income before restructuring costs and amortization[1] for the quarter of $540 million improved 7.6% over the comparable period. Excluding the results of the Wireless division, acquired on March 1, 2016, revenue for the quarter from the combined Consumer, Business Network Services and Business Infrastructure Services divisions was up 1.1% and operating income before restructuring costs and amortization for the quarter increased 1.8% over the comparable period.

Chief Executive Officer, Brad Shaw said, The strength of our wireline service, particularly our attractive Internet offering, is reflected in our Consumer division s improved subscriber results. When combining our Internet offer with the new BlueSky TV experience, as well as our expanding wireless offering from Freedom Mobile, we are poised to create new value for our customers. Our strong quarterly financial and operating performance shows the resolve of our employees to deliver on Shaw s long-term key strategic initiatives and their focus on providing exceptional customer experiences.

Subscriber trends continued to improve this quarter. Consumer revenue generating units (RGUs) in the second quarter declined by just over 5,000, a significant improvement as compared to approximately 41,000 RGU losses in the second quarter of fiscal 2016. This quarter s Consumer RGU result represents the division s best since the second quarter of fiscal 2012. This trend of year-over-year improvement continues to be driven by strong Internet subscriber growth linked to the WideOpen Internet 150 value offering and by notable reductions in cable video and phone RGU losses attributed to strong bundle and value plan offerings.

The Company also reported significant improvements in Wireless postpaid and prepaid subscribers, adding over 33,000 RGUs as compared to nearly 10,000 RGUs gained in the first quarter of fiscal 2017. The growth demonstrates that Freedom Mobile s value proposition is resonating with value-conscious Canadians.

Selected Financial Highlights

	Three months ended			Six months ended		
(millions of Canadian dollars except per share amounts)	**February 28, 2017**	February 29, 2016	Change %	**February 28, 2017**	February 29, 2016	Change %
Revenue	**1,304**	1,151	13.3	**2,618**	2,295	14.1
Operating income before restructuring costs and amortization [1]	**540**	502	7.6	**1,079**	1,010	6.8

Operating margin [1]	**41.4%**	43.6%	(2.2pts)	**41.2%**	44.0%	(2.8pts)
Free cash flow [1]	**147**	119	23.5	**305**	291	4.8
Net income from continuing operations	**147**	116	26.7	**237**	254	(6.7)
Net income from discontinued operations, net of tax		48	(100.0)		128	(100.0)
Net income	**147**	164	(10.4)	**237**	382	(38.0)
Basic and diluted earnings per share	**0.30**	0.32		**0.48**	0.75	

(1) See definitions and discussion under Non-IFRS and additional GAAP measures in the accompanying MD&A .

Table of Contents

Operating income before restructuring costs and amortization for the three and six month periods of $540 million and $1.08 billion, respectively, compared to $502 million and $1.01 billion in fiscal 2016. The increase is attributed primarily to the added Wireless division, but also reflects growth in each of the Business Network Services and Business Infrastructure Services divisions.

The increase in free cash flow for the quarter was largely due to the higher operating income before restructuring costs and amortization, dividends received from our investment in Corus and lower cash taxes. These improvements were partially offset by the loss of free cash flow generated by the former Media division which was sold on April 1, 2016 and by higher planned capital expenditures from continuing operations including the addition of capital expenditures in the Wireless division.

Net income from continuing operations for the current quarter of $147 million increased $31 million relative to $116 million in the second quarter of fiscal 2016 mainly due to the addition of the Wireless division and equity income from our investment in Corus in the current year and non-operating costs incurred in the prior year.

We are pleased with the flexibility, cost efficiency and speed advantage that our broadband network strategy continues to deliver. The progress of our DOCSIS 3.1 upgrade is targeted for completion as planned by the end of fiscal 2017. Shaw s network strength continues to support the success of WideOpen Internet 150, the fastest widely available Internet speed provided in nearly every neighborhood across our wireline footprint. The combination of this exceptional service with the tremendous value and pricing stability offered through our value plans are providing a positive impact on customer retention, commented Mr. Shaw.

Mr. Shaw added, With BlueSky TV now available everywhere we offer cable video, we are thrilled to introduce to Western Canadians a revolutionary TV experience made possible by our strategic partnership with Comcast. The BlueSky TV experience is more than just a new guide and set-top-box, it is an elegant system that listens, learns and curates content to provide an exceptional viewing experience. We are optimistic that BlueSky TV combined with WideOpen 150 and flexible TV packages will provide a compelling reason for consumers to stay and switch to Shaw.

Freedom Mobile leadership transition and integration

Following a successful year of leading the transition of Freedom Mobile and laying the important groundwork for integrating the companies, Alek Krstajic has announced he will be stepping down as CEO, Freedom Mobile.

We thank Alek Krstajic for his leadership over this past year, Mr. Shaw said. During that time, Alek was instrumental in activating Freedom s LTE-Advanced network and in providing customers with the best value and an enhanced connectivity experience. With Alek s departure, we are pleased to welcome Paul McAleese as Chief Operating Officer, Freedom Mobile, who will guide the division s operations and continued growth. Paul has more than two decades of experience in mobile communications in the U.S., U.K., and Canada and is a proven wireless industry veteran. We look forward to his leadership in driving Freedom Mobile s continued success and his contributions as a member of our senior management team.

The integration of Freedom Mobile will enhance the development of Shaw as a world-class connectivity provider.

Our senior management team and all of our employees deserve tremendous credit for our successful pivot to becoming an enhanced connectivity company, Mr. Shaw said. As we continue the transition through our strategic plan, we will take bolder steps to unlock the power of a combined Shaw and Freedom Mobile to deliver greater value to customers and shareholders.

Table of Contents

Mr. Shaw concluded, In what has been a remarkably fast-paced and dynamic year of innovation, change and growth, we are excited by the potential reflected in the results we have seen so far across our entire business. Most importantly, we are encouraged by the commitment and inspiration that all of our employees have shown to execute on our longer term strategic initiatives and to serve our customers.

Shaw Communications Inc. is an enhanced connectivity provider. Our Consumer division serves consumers with broadband Internet, Shaw Go WiFi, video and digital phone. Our Wireless division provides wireless voice and data services through an expanding and improving mobile wireless network infrastructure. The Business Network Services division provides business customers with Internet, data, WiFi, telephony, video and fleet tracking services. The Business Infrastructure Services division, through ViaWest, provides hybrid IT solutions including colocation, cloud computing and security and compliance for North American enterprises.

Shaw is traded on the Toronto and New York stock exchanges and is included in the S&P/TSX 60 Index (Symbol: TSX - SJR.B, SJR.PR.A, SJR.PR.B, NYSE SJR, and TSXV SJR.A). For more information, please visit www.shaw.ca

The accompanying Management s Discussion and Analysis (MD&A) forms part of this news release and the Caution concerning forward-looking statements applies to all the forward-looking statements made in this news release.

Table of Contents

Shaw Communications Inc.

MANAGEMENT S DISCUSSION AND ANALYSIS

For the three month and six ended February 28, 2017

April 12, 2017

Contents

Advisories

The following Management s Discussion and Analysis (MD&A), dated April 12, 2017, should be read in conjunction with the unaudited interim Consolidated Financial Statements and Notes thereto for the quarter ended February 28, 2017 and the 2016 Annual Consolidated Financial Statements, the Notes thereto and related MD&A included in the Company s 2016 Annual Report. The financial information presented herein has been prepared on the basis of International Financial Reporting Standards (IFRS) for interim financial statements and is expressed in Canadian dollars unless otherwise indicated. References to Shaw , the Company , we , us or our mean Shaw Communicatio and its subsidiaries and consolidated entities, unless the context otherwise requires.

Caution concerning forward-looking statements

Statements included in this MD&A that are not historic constitute forward-looking statements within the meaning of applicable securities laws. Such statements include, but are not limited to:

statements about future capital expenditures;

asset acquisitions and dispositions;

cost efficiencies;

financial guidance for future performance;

business and technology strategies and measures to implement strategies;

statements about the Company s equity investments, joint ventures and partnership arrangements including any statements about write-downs, losses and liabilities;

competitive strengths; and

expansion and growth of the Company s business and operations and other goals and plans.

Table of Contents

Shaw Communications Inc.

They can generally be identified by words such as anticipate , believe , expect , plan , intend , target , goal and expressions (although not all forward-looking statements contain such words). All of the forward-looking statements made in this report are qualified by these cautionary statements.

Forward-looking statements are based on assumptions and analyses made by the Company in light of its experience and its perception of historical trends, current conditions and expected future developments as well as other factors it believes are appropriate in the circumstances as of the current date. The Company s management believes that its assumptions and analysis in this MD&A are reasonable and that the expectations reflected in the forward looking statements contained herein are also reasonable based on the information available on the date such statements are made and the process used to prepare the information. These assumptions, many of which are confidential, include but are not limited to:

- general economic conditions;
- interest;
- income tax and exchange rates;
- technology deployment;
- content and equipment costs;
- industry structure;
- conditions and stability;
- government regulation; and
- the integration of recent acquisitions.

You should not place undue reliance on any forward-looking statements. Many factors, including those not within the Company s control, may cause the Company s actual results to be materially different from the views expressed or implied by such forward-looking statements, including but not limited to:

general economic, market and business conditions;

changes in the competitive environment in the markets in which the Company operates and from the development of new markets for emerging technologies;

industry trends, technological developments, and other changing conditions in the entertainment, information and communications industries;

the Company s ability to execute its strategic plans and capital projects;

the Company s ability to achieve cost efficiencies;

technology, cyber security and reputational risks;

opportunities that may be presented to and pursued by the Company;

changes in laws, regulations and decisions by regulators that affect the Company or the markets in which it operates;

the Company s status as a holding company with separate operating subsidiaries; and

other factors described in this report under the heading Known events, trends, risks and uncertainties .

The foregoing is not an exhaustive list of all possible factors.

Should one or more of these risks materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results may vary materially from those described herein.

The Company provides certain financial guidance for future performance as the Company believes that certain investors, analysts and others utilize this and other forward-looking information in order to assess the Company s expected operational and financial performance and as an indicator of its ability to service debt and pay dividends to shareholders. The Company s financial guidance may not be appropriate for this or other purposes.

Table of Contents

Shaw Communications Inc.

Any forward-looking statement speaks only as of the date on which it was originally made and, except as required by law, the Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement to reflect any change in related assumptions, events, conditions or circumstances. All forward looking statements contained in this MD&A are expressly qualified by this statement.

Non-IFRS and additional GAAP measures

Certain measures in this MD&A do not have standard meanings prescribed by IFRS and are therefore considered non-IFRS measures. These measures are provided to enhance the reader s overall understanding of our financial performance or current financial condition. They are included to provide investors and management with an alternative method for assessing our operating results in a manner that is focused on the performance of our ongoing operations and to provide a more consistent basis for comparison between periods. These measures are not in accordance with, or an alternative to, IFRS and do not have standardized meanings. Therefore, they are unlikely to be comparable to similar measures presented by other entities.

Please refer to Non-IFRS and additional GAAP measures in this MD&A for a discussion and reconciliation of non-IFRS measures, including operating income before restructuring costs and amortization and free cash flow.

Table of Contents

Shaw Communications Inc.

Introduction

Strategic update

Shaw is focused to deliver long-term growth and connect customers to the world through a best-in-class seamless connectivity experience. In 2016, Shaw positioned itself as a leading enhanced connectivity provider through the acquisition of Freedom Mobile (formerly, WIND). The addition of a wireless business enabled the Company to combine the power of fibre, coax, Wi-Fi and wireless networks to deliver a seamless experience of anytime and anywhere enhanced connectivity within its operating footprint. In 2017, the Company continues to execute on its long-term strategic plan which is centred on delivering exceptional customer experiences by leveraging and further developing a world-class converged network and providing leading technology through best-in-class strategic partners.

Shaw s world-class converged network

Shaw s broadband network strategy provides flexibility, cost efficiency and a speed advantage that continues to support the success of its Internet offerings, including WideOpen Internet 150, the fastest widely available Internet speed provided in nearly every neighborhood across Shaw s wireline footprint. The combination of this exceptional service with the tremendous value and pricing stability offered through value plans have had a positive impact on customer retention. Shaw s wireline and wireless network roadmap continues to progress with the DOCSIS 3.1 and the LTE-Advanced upgrades targeted for completion, as planned, by the end of fiscal 2017.

Global technology leader

BlueSky TV is now available everywhere Shaw offers cable video. Western Canadians are now able to enjoy a revolutionary TV experience made possible by Shaw s strategic partnership with Comcast. The Company s partnerships with industry leaders such as Comcast will allow it to continue to access leading-edge technology in the global communications industry.

The BlueSky TV experience is more than just a new guide and set-top-box, it is an elegant system that listens, learns and curates content to provide an exceptional viewing experience. Shaw is optimistic that BlueSky TV combined with WideOpen 150 and flexible TV packages will provide a compelling reason for consumers to stay and switch to Shaw.

Freedom Mobile leadership transition and integration

Following a successful year of leading the transition of Freedom Mobile and laying the important groundwork for integrating the companies, Alek Krstajic has announced he will be stepping down as CEO, Freedom Mobile.

During his time, Mr. Krstajic was instrumental in activating Freedom Mobile s LTE-Advanced network and in providing customers with the best value and enhanced connectivity. With his departure, Shaw is welcoming Paul McAleese as Chief Operating Officer, Freedom Mobile, who will guide the division s operations and continued growth. Mr. McAleese has more than two decades of experience in mobile communications in the U.S., U.K., and Canada and is a proven wireless industry veteran.

The integration of Freedom Mobile will enhance the development of Shaw as a world-class connectivity provider.

Table of Contents

Shaw Communications Inc.

In what has been a remarkably fast-paced and dynamic year of innovation, change and growth, the Company is excited by the potential reflected in the first half results for fiscal 2017, including the continued improvements in the Consumer division s subscriber trend and the growth in Wireless subscribers. Shaw s employees have shown tremendous commitment and engagement to execute on the longer term strategic initiatives and to serve Shaw s customers.

Selected financial and operational highlights

Basis of presentation

On April 1, 2016, Shaw sold 100% of its wholly owned subsidiary Shaw Media Inc. to Corus Entertainment Inc. (Corus), a related party subject to common voting control, for $2.65 billion, comprised of $1.85 billion in cash and 71,364,853 Corus Class B non-voting participating shares. Accordingly, the operating results and operating cash flows for the previously reported Media division are presented as discontinued operations separate from the Company s continuing operations. This MD&A reflects the results of continuing operations, unless otherwise noted.

Financial Highlights

	Three months ended			Six months ended		
	February 28,	February 29,		**February 28,**	February 29,	
(millions of Canadian dollars except per share amounts)	**2017**	2016	Change %	**2017**	2016	Change %
Operations:						
Revenue	**1,304**	1,151	13.3	**2,618**	2,295	14.1
Operating income before restructuring costs and amortization (1)	**540**	502	7.6	**1,079**	1,010	6.8
Operating margin (1)	**41.4%**	43.6%	(2.2pts)	**41.2%**	44.0%	(2.8pts)
Net income from continuing operations	**147**	116	26.7	**237**	254	(6.7)
Income from discontinued operations, net of tax		48	(100.0)		128	(100.0)
Net income	**147**	164	(10.4)	**237**	382	(38.0)
Per share data:						
Basic and diluted earnings per share						
Continuing operations	**0.30**	0.24		**0.48**	0.52	
Discontinued operations		0.08			0.23	
	0.30	0.32		**0.48**	0.75	
Weighted average participating shares outstanding during period (millions)	**489**	477		**488**	476	
Funds flow from continuing operations (2)	**424**	363	16.8	**838**	710	18.0
Free cash flow(1)	**147**	119	23.5	**305**	291	4.8

(1) See definitions and discussion under Non-IFRS and additional GAAP measures .

(2) Funds flow from operations is before changes in non-cash balances related to operations as presented in the unaudited interim Consolidated Statements of Cash Flows.

Table of Contents

Shaw Communications Inc.

Subscriber (or revenue generating unit (RGU)) highlights

			Change Three months ended		Change Six months ended	
	February 28, 2017	August 31, 2016	**February 28, 2017**	February 29, 2016	**February 28, 2017**	February 29, 2016
Consumer						
Video Cable	**1,650,789**	1,671,059	**(7,124)**	(25,782)	**(20,270)**	(43,811)
Video Satellite	**770,294**	790,574	**(4,611)**	(6,002)	**(20,280)**	(18,929)
Internet	**1,818,072**	1,787,642	**13,466**	4,335	**30,430**	13,768
Phone	**931,893**	956,763	**(7,025)**	(14,473)	**(24,870)**	(36,700)
Total Consumer	**5,171,048**	5,206,038	**(5,294)**	(41,922)	**(34,990)**	(85,672)
Business Network Services						
Video Cable	**53,475**	61,153	**(4,480)**	(13,572)	**(7,678)**	(16,443)
Video Satellite	**32,000**	30,994	**1,041**	2,442	**1,006**	2,741
Internet	**173,144**	179,867	**(3,856)**	(1,547)	**(6,723)**	(2,562)
Phone	**312,384**	301,328	**5,692**	3,104	**11,056**	5,601
Total Business Network Services	**571,003**	573,342	**(1,603)**	(9,573)	**(2,339)**	(10,663)
Wireless						
Postpaid	**714,917**	667,028	**33,582**		**47,889**	
Prepaid	**371,268**	376,260	**(155)**		**(4,992)**	
Total Wireless	**1,086,185**	1,043,288	**33,427**		**42,897**	
Total Subscribers	**6,828,236**	6,822,668	**26,530**	(51,495)	**5,568**	(96,335)

In the quarter, the Company continued its momentum of improving subscriber trends with consolidated RGU net gains of 26,530.

Consumer RGUs in the second quarter of fiscal 2017 declined by 5,294, a significant improvement over the 41,922 RGU losses in the second quarter of fiscal 2016. This quarter s Consumer RGU result represents the division s best performance since the second quarter of fiscal 2012. This trend of year-over-year improvement continues to be driven by strong Internet subscriber growth linked to the WideOpen Internet 150 value offering and by notable reductions in both cable video and phone RGU losses attributed mainly to strong bundle and value plan offerings.

The Company also reported significant improvements in Wireless postpaid and prepaid subscribers adding a combined 33,427 RGUs as compared to 9,470 RGUs gained in the first quarter of fiscal 2017, finishing the period with a total 1,086,185 RGUs. Strong RGU results in the quarter reflect the compelling value proposition of Freedom

Mobile s offering to thousands of value-conscious Canadians.

Table of Contents

Shaw Communications Inc.

Overview

Our fiscal 2017 second quarter financial results represent improvements in consolidated revenue and operating income before restructuring costs and amortization over the second quarter of fiscal 2016. For further discussion of divisional performance see Discussion of operations .

Highlights of the second quarter financial results are as follows:

Revenue

Revenue for the quarter of $1.30 billion increased $153 million or 13.3% from $1.15 billion for the second quarter of 2016.

The year-over-year improvement in revenue was primarily due to the acquisition of Freedom Mobile (formerly, WIND) on March 1, 2016, contributing Wireless revenues of $140 million.

Excluding the results of the Wireless division, revenue for the quarter from the combined Consumer, Business Network Services and Business Infrastructure Services divisions was up 1.1%.

The Business Network Services and Business Infrastructure Services divisions contributed a combined $11 million to the consolidated revenue improvements for the quarter driven primarily by customer growth. The Consumer division year-over-year revenue for the period was down $1 million.

Compared to the first quarter of fiscal 2017, consolidated revenue for the quarter decreased 0.7% or by $9 million. The decrease in revenue over the prior quarter relates to a lower revenue in the Consumer division offset by growth in each of the Business Network Services, Business Infrastructure Services and Wireless divisions.

Revenue for the six month period of $2.62 billion increased $323 million or 14.1% from $2.30 billion for the comparable period in fiscal 2016.

The year-over-year improvement in revenue was primarily due to the Wireless division contributing revenues of $279 million.

Excluding the results of the Wireless division, revenue for the six month period from the combined Consumer, Business Network Services and Business Infrastructure Services divisions was up 1.9%.

Customer acquisition was the primary driver of revenue growth in the Business Network Services and Business Infrastructure Services divisions, contributing a combined $36 million to consolidated revenue growth. The Consumer division s revenue increased by $2 million over the comparable prior year period due primarily to rate increases partially offset by RGU losses.

Operating income before restructuring costs and amortization

Second quarter operating income before restructuring costs and amortization of $540 million increased $38 million or 7.6% from $502 million for the second quarter of 2016.

The year-over-year improvement in operating income before restructuring costs and amortization was primarily due to contributions from the Wireless division of $29 million.

Excluding the results of the Wireless division, operating income before restructuring costs and amortization for the quarter increased 1.8% over the second quarter of fiscal 2016.

Table of Contents

Shaw Communications Inc.

The Business Network Services and Business Infrastructure Services divisions contributed a combined $9 million to the consolidated increase in operating income before restructuring costs and amortization for the quarter driven primarily by customer growth. Consumer division year-over-year operating income before restructuring costs and amortization was comparable to the prior year quarter.

Operating margin for the second quarter of 41.4% was down from 43.6% in the second quarter of fiscal 2016 due primarily to the impact of the added lower Wireless operating margin of 20.7% in the period.

Compared to the first quarter of fiscal 2017, operating income before restructuring costs and amortization for the current quarter was up $1 million.

For the six month period, operating income before restructuring costs and amortization of $1.08 billion increased $69 million or 6.8% from $1.01 billion for the comparable period

The year-over-year improvement was due primarily to contributions from the Wireless division of $59 million.

Excluding the results of the Wireless division, operating income before restructuring costs and amortization for the six month period increased 0.8% over the comparable period.

The combined operating income before restructuring costs and amortization increase of $24 million for the six month period in the Business Network Services and Business Infrastructure Services divisions was partially offset by $14 million of lower operating income before restructuring costs and amortization in the Consumer division.

Free cash flow

Free cash flow for the second quarter of $147 million increased $28 million from $119 million for the second quarter of 2016.

Free cash flow increased in the quarter as a result of higher consolidated operating income before restructuring costs and amortization of $38 million, $22 million in dividends received from the investment in Corus and $20 million in lower cash taxes. The improvements were partially offset by higher planned capital expenditures in the amount of $23 million, reflecting the addition of the Wireless division capital expenditures, and the loss of free cash flow from discontinued operations in the amount of $29 million.

Shaw Communications Inc.

Net Income

Net income was $147 million and $237 million for the three and six months ended February 28, 2017, respectively, compared to $164 million and $382 million for the same periods in fiscal 2016. The changes in net income are outlined in the following table.

	February 28, 2017 net income compared to:		
	Three months ended		Six months ended
(millions of Canadian dollars)	November 30, 2016	February 29, 2016	February 29, 2016
Increased (decreased) operating income before restructuring costs and amortization [1]	1	38	69
Decreased (increased) restructuring costs	12		(12)
Increased amortization	(10)	(34)	(66)
Change in net other costs and revenue [2]	85	41	(18)
Decreased (increased) income taxes	(30)	(14)	10
Decreased income from discontinued operations, net of tax		(48)	(128)
	58	(17)	(145)

(1) See definitions and discussion under Non-IFRS and additional GAAP measures.

(2) Net other costs and revenue includes business acquisition costs, accretion of long-term liabilities and provisions, debt retirement costs, equity income and losses of an associate or joint venture and other losses as detailed in the unaudited Consolidated Statements of Income.

Change in net other costs and revenue in the second quarter had an $85 million favourable impact on net income compared to the first quarter of fiscal 2017 primarily due to a non-recurring provision recorded in the first quarter of $107 million related to the wind down of shomi offset partially by $17 million lower equity income from our investment in Corus in the second quarter.

Change in net other costs and revenue in the second quarter had a $41 million favourable impact on net income compared to the second quarter of fiscal 2016 primarily due to $9 million of equity income from our investment in Corus in the current quarter and prior year equity losses from the investment in shomi in the amount of $19 million and $8 million business acquisition costs related to the acquisition of Freedom Mobile (formerly, WIND).

Outlook

Shaw confirms at this time that there are no changes to our previously issued fiscal 2017 guidance. Operating income before restructuring costs and amortization is expected to range between $2.125 and $2.175 billion and free cash flow is expected to exceed $400 million. Consolidated capital investment targets also remain unchanged from previously provided guidance at $1.3 billion for the year.

See Caution concerning forward-looking statements .

Non-IFRS and additional GAAP measures

The Company s continuous disclosure documents may provide discussion and analysis of non-IFRS financial measures. These financial measures do not have standard definitions prescribed by IFRS and therefore may not be comparable to similar measures disclosed by other companies. The Company s continuous disclosure documents may also provide discussion and analysis of additional GAAP measures. Additional GAAP measures include line items, headings, and sub-totals included in the financial statements.

Table of Contents

Shaw Communications Inc.

The Company utilizes these measures in making operating decisions and assessing its performance. Certain investors, analysts and others utilize these measures in assessing the Company s operational and financial performance and as an indicator of its ability to service debt and return cash to shareholders. The non-IFRS financial measures and additional GAAP measures have not been presented as an alternative to net income or any other measure of performance required by IFRS.

Below is a discussion of the non-IFRS financial measures and additional GAAP measures used by the Company and provides a reconciliation to the nearest IFRS measure or provides a reference to such reconciliation.

Operating income before restructuring costs and amortization

Operating income before restructuring costs and amortization is calculated as revenue less operating, general and administrative expenses. It is intended to indicate the Company s ongoing ability to service and/or incur debt, and is therefore calculated before one-time items such as restructuring costs, amortization (a non-cash expense) and interest. Operating income before restructuring costs and amortization is also one of the measures used by the investing community to value the business.

	Three months ended		Six months ended	
(millions of Canadian dollars)	**February 28, 2017**	February 29, 2016	**February 28, 2017**	February 29, 2016
Operating income from continuing operations	**275**	271	**547**	556
Add back (deduct):				
Restructuring costs			**12**	
Amortization:				
Deferred equipment revenue	**(13)**	(17)	**(27)**	(36)
Deferred equipment costs	**33**	38	**67**	79
Property, plant and equipment, intangibles and other	**245**	210	**480**	411
Operating income before restructuring costs and amortization	**540**	502	**1,079**	1,010

Operating margin

Operating margin is calculated by dividing operating income before restructuring costs and amortization by revenue.

	Three months ended	Six months ended

	February 28, 2017	February 29, 2016	Change %	**February 28, 2017**	February 29, 2016	Change %
Consumer	**43.2%**	43.1%	0.1pts	**43.0%**	43.8%	(0.8pts)
Business Network Services	**50.0%**	48.2%	1.8pts	**50.0%**	47.6%	2.4pts
Business Infrastructure Services	**38.5%**	37.1%	1.4pts	**37.0%**	35.8%	1.2pts
Wireless	**20.7%**		n/a	**21.1%**		n/a

Table of Contents

Shaw Communications Inc.

Income from discontinued operations before restructuring costs, amortization, taxes and other non-operating items

Income from discontinued operations before restructuring costs, amortization, taxes and other non-operating items is calculated as revenue less operating, general and administrative expenses from discontinued operations. This measure is used in the determination of free cash flow.

(millions of Canadian dollars)	Three months ended **February 28, 2017**	Three months ended February 29, 2016	Six months ended **February 28, 2017**	Six months ended February 29, 2016
Income from discontinued operations, net of tax		48		128
Add back (deduct):				
Gain on divestiture, net of tax				
Income taxes		18		47
Restructuring costs				
Amortization:				
Property, plant and equipment, intangibles and other		4		11
Other non-operating items		1		3
Income from discontinued operations before restructuring costs, amortization, taxes and other non-operating items		71		189

Free cash flow

The Company utilizes this measure to assess the Company s ability to repay debt and pay dividends to shareholders. Free cash flow is calculated as free cash flow from continuing operations and free cash flow from discontinued operations.

Free cash flow from continuing operations is comprised of operating income before restructuring costs and amortization adding dividends from equity accounted associates, changes in receivable related balances with respect to customer equipment financing transactions as a cash item and deducting capital expenditures (on an accrual basis and net of proceeds on capital dispositions) and equipment costs (net), interest, cash taxes paid or payable, dividends paid on the preferred shares, recurring cash funding of pension amounts net of pension expense and adjusted to exclude share-based compensation expense.

Free cash flow from continuing operations has not been reported on a segmented basis. Certain components of free cash flow from continuing operations, including operating income before restructuring costs and amortization continue to be reported on a segmented basis. Capital expenditures and equipment costs (net) are reported on a combined basis for Consumer and Business Network Services due to the common infrastructure and separately for Business Infrastructure Services and Wireless. Other items, including interest and cash taxes, are not generally directly attributable to a segment, and are reported on a consolidated basis.

Free cash flow from discontinued operations is comprised of income from discontinued operations before restructuring costs, amortization, taxes and other non-operating items after deducting capital expenditures (on an accrual basis and net of proceeds on capital dispositions), cash taxes paid or payable, program rights amortization on assets held for sale, cash amounts associated with funding CRTC benefit obligations related to media acquisitions, recurring cash funding of pension amounts net of pension expense and excludes non-controlling interest amounts that are included in the income from discontinued operations before restructuring costs, amortization, taxes and other non-operating items.

Table of Contents

Shaw Communications Inc.

Free cash flow is calculated as follows:

	Three months ended			Six months ended		
(millions of Canadian dollars)	**February 28, 2017**	February 29, 2016	Change %	**February 28, 2017**	February 29, 2016	Change %
Revenue						
Consumer	**933**	934	(0.1)	**1,880**	1,878	0.1
Business Network Services	**146**	137	6.6	**290**	273	6.2
Business Infrastructure Services	**91**	89	2.2	**181**	162	11.7
Wireless	**140**		n/a	**279**		n/a
	1,310	1,160	12.9	**2,630**	2,313	13.7
Intersegment eliminations	**(6)**	(9)	33.3	**(12)**	(18)	33.3
	1,304	1,151	13.3	**2,618**	2,295	14.1
Operating income before restructuring costs and amortization (1)						
Consumer	**403**	403		**808**	822	(1.7)
Business Network Services	**73**	66	10.6	**145**	130	11.5
Business Infrastructure Services	**35**	33	6.0	**67**	58	15.5
Wireless	**29**		n/a	**59**		n/a
	540	502	7.6	**1,079**	1,010	6.8
Capital expenditures and equipment costs (net):(2)						
Consumer and Business Network Services	**214**	234	(8.5)	**419**	449	(6.7)
Business Infrastructure Services	**30**	40	(25.0)	**51**	70	(27.1)
Wireless	**53**		n/a	**117**		n/a
	297	274	8.4	**587**	519	13.1
Free cash flow before the following	**243**	228	6.6	**492**	491	0.2
Less:						
Interest	**(75)**	(76)	1.3	**(147)**	(149)	1.3
Cash taxes	**(44)**	(64)	31.3	**(88)**	(132)	33.3
Other adjustments:						
Dividends from equity accounted associates	**22**		n/a	**43**		n/a
Non-cash share-based compensation	**1**		n/a	**2**	1	100.0

Pension adjustment	**1**	3	(66.7)	**4**	(20)	>100.0
Customer equipment financing	**1**	2	(50.0)	**3**	4	(25.0)
Preferred share dividends	**(2)**	(3)	33.3	**(4)**	(7)	42.9
Free cash flow from continuing operations	**147**	90	63.3	305	188	62.2
Income from discontinued operations before restructuring costs, amortization, taxes and other non-operating items		71			189	
Less:						
Capital expenditures		(3)			(4)	
Cash taxes		(9)			(39)	
Program Rights		(20)			(20)	
CRTC benefit obligation funding		(4)			(8)	
Non-controlling interests		(5)			(13)	
Pension adjustment		(1)			(2)	
Free cash flow from discontinued operations		29			103	
Free cash flow	**147**	119	23.5	**305**	291	4.8

(1) See definitions and discussion under Non-IFRS and additional GAAP measures .

(2) Per Note 4 to the unaudited interim Consolidated Financial Statements.

Table of Contents

Shaw Communications Inc.

Discussion of operations

Consumer

	Three months ended			Six months ended		
(millions of Canadian dollars)	**February 28, 2017**	February 29, 2016	Change %	**February 28, 2017**	February 29, 2016	Change %
Revenue	**933**	934	(0.1)	**1,880**	1,878	0.1
Operating income before restructuring costs and amortization [1]	**403**	403		**808**	822	(1.7)
Operating margin [1]	**43.2%**	43.1%	0.1pts	**43.0%**	43.8%	(0.8pts)

[1] See definitions and discussion under Non-IFRS and additional GAAP measures .

Consumer RGUs in the second quarter declined by 5,294, a significant improvement over the 41,922 RGU loss in the second quarter of fiscal 2016. This quarter s Consumer RGU result represents the division s best since the second quarter of fiscal 2012. This trend of year-over-year improvement continues to be driven by strong Internet subscriber growth linked to the WideOpen Internet 150 value offering and by notable reductions in both cable video and phone RGU losses attributed mainly to strong bundle and value plan offerings.

The Company s network strength continues to support the success of WideOpen Internet 150, the fastest widely available Internet speed provided in nearly every neighbourhood across Shaw s wireline footprint. The combination of this exceptional service with the tremendous value and pricing stability offered through value plans are providing a positive impact on customer retention.

Revenue

Consumer revenue for the second quarter of fiscal 2017 decreased slightly compared to the second quarter of fiscal 2016. Higher revenue generated by August 2016 rate increases, added Internet RGUs and the favourable impact of changes in promotional offers through value plans was fully offset by the impact of reduced phone and cable video RGUs.

As compared to the first quarter of fiscal 2017, the current quarter revenue decreased $14 million or 1.5%. The quarter-over-quarter decrease was primarily due to the impact of increased promotional discounts and due to slightly lower RGUs.

Operating income before restructuring costs and amortization

Operating income before restructuring costs and amortization for the quarter of $403 million and operating margin of 43.2% were consistent with the second quarter of fiscal 2016. Increased revenue from August 2016 rate increases and the favourable impact of changing promotional offers was fully offset by the impact of RGU losses and higher programming costs.

As compared to the first quarter of fiscal 2017, operating income before restructuring costs and amortization for the current quarter was $1 million higher as an increase in promotional discounts was almost fully offset by a decrease in seasonal programming costs.

Table of Contents

Shaw Communications Inc.

Business Network Services

	Three months ended			Six months ended		
(millions of Canadian dollars)	**February 28, 2017**	February 29, 2016	Change %	**February 28, 2017**	February 29, 2016	Change %
Revenue	**146**	137	6.6	**290**	273	6.2
Operating income before restructuring costs and amortization (1)	**73**	66	10.6	**145**	130	11.5
Operating margin (1)	**50.0%**	48.2%	1.8pts	**50.0%**	47.6%	2.4pts

(1) See definitions and discussion under Non-IFRS and additional GAAP measures .

Revenue

Revenue of $146 million for the quarter was up $9 million or 6.6% over the comparable period. The core business, excluding satellite services, increased revenues 8.6% in the current quarter primarily due to continued growth across the entire customer base and an August 2016 rate increase for video, Internet and phone products.

As compared to the first quarter of fiscal 2017, revenue increased by $2 million or 1.4% reflecting organic customer growth.

Operating income before restructuring costs and amortization

Operating income before restructuring costs and amortization of $73 million for the quarter improved by $7 million or 10.6% over the comparable period. The improvements were due primarily to customer growth, including the continued customer shift from legacy to the Smart suite of products.

As compared to the first quarter of fiscal 2017, operating income before restructuring costs and amortization for the quarter was comparable. Increased revenue was offset by higher seasonal and sales related employee costs.

Business Infrastructure Services

	Three months ended			Six months ended		
(millions of Canadian dollars)	**February 28, 2017**	February 29, 2016	Change %	**February 28, 2017**	February 29, 2016	Change %
Revenue	**91**	89	2.2	**181**	162	11.7
Operating income before restructuring costs and amortization (1)	**35**	33	6.1	**67**	58	15.5
Operating margin (1)	**38.5%**	37.1%	1.4pts	**37.0%**	35.8%	1.2pts

(1) See definitions and discussion under Non-IFRS and additional GAAP measures .

Growth in the Business Infrastructure Services division remained steady, driven by new and existing customer installations. The quarter and year-to-date results highlight the division s positive impact to the Company s free cash flow(1) driven by continued growth in operating income before restructuring costs and amortization and lower year-over-year capital investment.

<u>Revenue</u>

Revenue for the quarter increased $2 million or 2.2% over the second quarter of fiscal 2016. Excluding the effect of foreign exchange, revenue for the U.S. based operations increased by 7.7% to US$69 million for the three month period primarily due to continued organically generated customer growth.

As compared to the first quarter of fiscal 2017, revenue for the quarter increased slightly by $1 million or 1.1%. Excluding the effect of foreign exchange, revenue in the second quarter of fiscal 2017 for the U.S. based operations increased by 2.2% over the first quarter of fiscal 2017.

Table of Contents

Shaw Communications Inc.

Operating income before restructuring costs and amortization

Operating income before restructuring costs and amortization for the quarter improved $2 million or 6.1% over the comparable period. Excluding the effect of foreign exchange, operating income before restructuring costs and amortization for the U.S. based operations increased by 11.4% to US$27 million for the three month period. Year-over-year improvements were due to customer growth and a slight increase in operating margin.

As compared to the first quarter of fiscal 2017, operating income before restructuring costs and amortization for the current quarter was up 9.4% or $3 million driven by increased revenue and the impact of higher seasonal costs incurred in the first quarter of fiscal 2017.

Wireless

(millions of Canadian dollars)	Three months ended **February 28, 2017**	Six months ended **February 28, 2017**
Revenue	**140**	**279**
Operating income before restructuring costs and amortization [(1)]	**29**	**59**
Operating margin [(1)]	**20.7%**	**21.1%**

(1) See definitions and discussion under Non-IFRS and additional GAAP measures .

Wireless added 33,427 revenue generating units (RGUs) as compared to 9,470 RGUs gained in the first quarter of fiscal 2017, reflecting the compelling value proposition of Freedom Mobile s offering to thousands of value-conscious Canadians.

Revenue

Wireless revenue for the quarter increased by $2 million or 1.5% over the first quarter of fiscal 2017, the result of 33,427 RGUs gained in the quarter partially offset by a decrease in average revenue per unit (ARPU) from $36.84 to $36.44.

Operating income before restructuring costs and amortization

Operating income before restructuring costs and amortization was comparable to the first quarter of fiscal 2017 as the increase in revenue was offset by higher seasonal commercial costs, costs associated with the branding transition to Freedom Mobile and other promotional related costs.

Capital expenditures and equipment costs

	Three months ended			Six months ended		
(millions of Canadian dollars)	**February 28, 2017**	February 29, 2016	Change %	**February 28, 2017**	February 29, 2016	Change %
Consumer and Business Network Services						
New housing development	**25**	27	(7.4)	**47**	50	(6.0)
Success based	**60**	68	(11.8)	**141**	141	
Upgrades and enhancements	**103**	104	(1.0)	**174**	197	(11.7)
Replacement	**7**	8	(12.5)	**13**	18	(27.8)
Building and other	**19**	27	(29.6)	**44**	43	2.3
Total as per Note 4 to the unaudited interim consolidated financial statements	**214**	234	(8.5)	**419**	449	(6.7)
Business Infrastructure Services						
Total as per Note 4 to the unaudited interim consolidated financial statements	**30**	40	(25.0)	**51**	70	(27.1)
Wireless						
Total as per Note 4 to the unaudited interim consolidated financial statements	**53**		n/a	**117**		n/a
Consolidated total as per Note 4 to the unaudited interim consolidated financial statements	**297**	274	8.4	**587**	519	13.1

Table of Contents

Shaw Communications Inc.

Capital investment of $297 million and $587 million in the three month and six month periods, respectively, increased 8.4% and 13.1% over the comparable prior year periods. The increases were driven primarily by the added capital expenditures from the Wireless division partially offset by reductions in each the combined Consumer and Business Network Services divisions and the Business Infrastructure Services division.

Consumer and Business Network Services

For the three month period, the $8 million or 11.8% decrease in success based capital was driven primarily by lower advanced Internet Wi-Fi modem purchases and reduced installation costs on all product lines.

The $8 million or 29.6% decreased investment in buildings and other in the current quarter related to lower refurbishment expenditures in corporate facilities as compared to the prior year.

For the six month period, the combined Consumer and Business Network Services divisions investment in capital of $419 million was $30 million or 6.7% lower than the prior year comparable period primarily due to lower planned capital spend on plant upgrades and enhancements.

Business Infrastructure Services

Capital investment of $30 million and $51 million for the three and six month periods decreased 25% and 27%, respectively, over the comparable prior year periods. The decreases reflect prior year investment in U.S. infrastructure expansion and the data centre in Calgary, Alberta. Current year investment primarily relates to customer installations in existing facilities.

Wireless

Capital investment of $53 million and $117 million for the three and six month periods, respectively, relate primarily to investment for the continued improvement in the network infrastructure of the LTE-Advanced core and the radio network rollout readiness project across the network in addition to capital investments relating to the upgrade of back office systems.

Discontinued operations Shaw Media

On April 1, 2016, Shaw sold 100% of its wholly owned subsidiary Shaw Media Inc. to Corus, a related party subject to common voting control for $2.65 billion, comprised of $1.85 billion in cash and 71,364,853 Corus Class B non-voting participating shares. Accordingly, the operating results and operating cash flows for the previously reported Media division are presented as discontinued operations separate from the Company s continuing operations.

(millions of Canadian dollars)	Three months ended February 28, 2017	February 29, 2016	Six months ended February 28, 2017	February 29, 2016
Revenue		227		522
Eliminations[1]		(20)		(39)
		207		483
Operating, general and administrative expenses				
Employee salaries and benefits		47		93
Purchases of goods and services		109		240
		156		333
Eliminations[1]		(20)		(39)
		136		294
Amortization		4		11
Accretion of long-term liabilities and provisions		1		2
Other losses				1
Income from discontinued operations before tax and gain on divestiture		66		175
Income taxes		18		47
Income (loss) from discontinued operations, net of tax		48		128

Table of Contents

Shaw Communications Inc.

(1) Eliminations relate to intercompany transactions between continuing and discontinued operations. The costs are included in continuing operations as they are expected to continue to be incurred subsequent to the disposition.

Supplementary quarterly financial information

Quarter	Revenue	Operating income before restructuring costs and amortization (1)	Net income from continuing operations attributable to equity shareholders	Net income attributable to equity shareholders	Net income (2)	Basic and Diluted earnings per share from continuing operations	Basic and Diluted earnings per share
(millions of Canadian dollars except per share amounts)							
2017							
Second	1,304	540	147	147	147	0.30	0.30
First	1,313	539	89	89	89	0.18	0.18
2016							