SHAW COMMUNICATIONS INC
Form 6-K
October 26, 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

October 26, 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):

The information contained in this report on Form 6-K and any exhibits hereto shall be deemed filed with the Securities and Exchange Commission (SEC) solely for purpose of being and hereby are incorporated by reference into and as part of the Registration Statement on Form F-10 (File No. 333-209068) and the Registration Statement on Form F-3 (File No. 333-215151), each filed by the registrant under the Securities Act of 1933, as amended, and into each prospectus outstanding thereunder.

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.

Shaw Communications Inc.

Date: October 26, 2017

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

Table of Contents

Shaw Communications Inc.

MANAGEMENT S DISCUSSION AND ANALYSIS

For the three and twelve months ended August 31, 2017

October 26, 2017

Contents

Advisories

The following Management s Discussion and Analysis (MD&A), dated October 26, 2017, should be read in conjunction with the unaudited interim Consolidated Financial Statements and Notes thereto for the quarter ended August 31, 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 Communications Inc. 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

competitive strengths;

expected growth in subscribers and the products/services to which they subscribe;

cos of acquiring and retaining subscribers and deployment of new services; and

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

4

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;

subscriber growth;

pricing, usage and churn rates;

availability of devices;

content and equipment costs;

industry structure;

conditions and stability;

- government regulation;
- the completion of any pending transactions; 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 close any transactions;
- 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.

Table of Contents

Shaw Communications Inc.

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.

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

Our focus is connecting customers to the world through a best-in-class seamless connectivity experience and delivering long term sustainable growth for our shareholders. We are in the early stages of our journey and thrilled with the progress we made in fiscal 2017.   We are executing our strategic initiatives and in the year continued to optimize our mix of core assets with the sale of ViaWest, Inc. and the acquisition of 700 MHz and 2500 MHz spectrum licences in our core markets which will enable a richer customer experience over time. In fiscal 2017, we also set out to change the trajectory of our Consumer subscriber performance and achieved the desired results. We invested purposefully to enable this performance and all the while met our full year financial guidance commitments.

Fiscal 2017 performance

In Wireless, the Company continued to grow postpaid and prepaid wireless subscribers, gaining a combined 103,000 revenue generating units (RGUs) in the year and 41,000 in the quarter. An expanded handset lineup, simplified packaging and pricing on the new LTE-Advanced network, and targeted seasonal promotional activity helped drive sequential and year-over-year subscriber growth. We continued to improve our network performance with the rollout of Freedom Mobile s LTE-Advanced network to all our existing markets, on schedule and on budget, as of the end of fiscal 2017.

Furthermore, the deployment of Freedom Mobile s recently acquired 2500 MHz spectrum and refarming of a portion of its existing AWS-1 spectrum will enhance its customers   access to LTE data speeds. The work is already underway and expected to be completed through fiscal 2018. These network upgrades will make it easier for Canadians to bring their own devices to Freedom Mobile and enjoy the full benefit of our LTE   Advanced network. In particular, these enhancements will improve Freedom Mobile s LTE-Advanced network performance, especially in dense urban areas.

In our Wireline business, we successfully shifted to growth delivering a year-over-year turnaround in overall subscriber trends, including five consecutive quarters of robust net gains in Internet subscribers. The Consumer division added a net 25,000 RGUs in the year (21,000 in the quarter) representing a substantial turnaround over the 170,000 RGU loss in fiscal 2016. Net positive cable Video adds in fiscal 2017 represented a significant improvement over the 93,000 of losses in fiscal 2016.

Looking ahead to fiscal 2018

Our focus as we embark on fiscal 2018 is to execute on and invest in our strategic agenda of building a best-in-class converged network, with particular focus in our key markets. This includes investing to enable the recently acquired 700MHz and 2500MHz spectrum, leveraging the strength of our wireline infrastructure and continuing our targeted investments in fibre. In addition, our capital investments will support the continued evolution of our X1 product roadmap and enhanced back office capabilities. Our fiscal 2018 operating plan reflects a focus on balanced growth in both operating income before restructuring costs and amortization, and subscribers. Further, we will continue the pursuit of securing ongoing operational efficiencies within our business.

As our customers spend more of their time in a digital environment, we are committed to meeting their demands and expectations for an always-on, seamless connectivity experience through the creation of a robust, best-in-class converged network. Our long-term growth-oriented strategy is built with our

7

Shaw Communications Inc.

customers needs at the heart of every decision we make and every point of execution is designed to serve the future connectivity needs of Canadians. We have the financial resources and balance sheet strength to continue to purposefully invest with the view to delighting our customers and delivering value for all our stakeholders while maintaining our commitment to investment grade.

Shaw s world-class converged network

Shaw s wireline 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 now available with the added benefit of unlimited data. The combination of the WideOpen Internet 150 offering with the tremendous value and pricing stability offered through value plans has had a positive impact on customer retention.

Shaw s wireline and wireless network roadmap continued to progress in the year. At the end of fiscal 2017, DOCSIS 3.1 ready infrastructure was running in Shaw s major systems. All remaining systems are expected to be running DOCSIS 3.1 ready infrastructure by the end of fiscal 2018. Our next generation mobile wireless network upgrade, LTE-Advanced, was completed in fiscal 2017 and available to customers in Ontario, Alberta and British Columbia. LTE-Advanced is the latest standard of cellular technologies available in the marketplace today.

Global technology leader

BlueSky TV is 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 global technology 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. Most recently, Shaw introduced the integration of Netflix into BlueSky TV s interface, a significant milestone in Shaw s next generation Video roadmap. Available only from Shaw, BlueSky TV customers who subscribe to Netflix can now watch Netflix content as easily as they watch live TV, and with BlueSky TV s voice remote, they can access all of their favourite Netflix or live TV programming in one place.

We are optimistic that BlueSky TV combined with WideOpen 150 and flexible TV packages will provide a compelling reason for consumers to switch and stay with Shaw.

Table of Contents

Shaw Communications Inc.

Selected financial and operational highlights

Basis of presentation

On August 1, 2017, the Company sold 100% of its wholly owned subsidiary ViaWest, Inc. (ViaWest), previously reported under the Business Infrastructure Services division, to an external party.

On May 31, 2017, the Company entered an agreement to sell a group of assets comprising the operations of Shaw Tracking, a fleet tracking operation reported within the Company s Business Network Services (BNS) segment, to an external party. The Company determined that the assets and liabilities of the Shaw Tracking business met the criteria to be classified as a disposal group held for sale for the period ended August 31, 2017. The transaction closed on September 15, 2017, subsequent to the reporting period.

On April 1, 2016, Shaw sold 100% of its wholly owned subsidiary Shaw Media Inc. to Corus Entertainment Inc.

Accordingly, the operating results and operating cash flows for the previously reported Business Infrastructure Services division, Shaw Tracking business (an operating segment within the Business Network Services divison) and Media division are presented as discontinued operations separate from the Company s continuing operations. The Business Infrastructure Services division was comprised primarily of ViaWest. The remaining operations of the previously reported Business Infrastructure Services segment and their results are now included within the Business Network Services segment. This MD&A reflects the results of continuing operations, unless otherwise noted.

Financial Highlights

	Three months ended August 31,			Year ended August 31		
(millions of Canadian dollars except per share amounts)	**2017**	2016	Change %	**2017**	2016	Change %
Operations:						
Revenue	**1,244**	1,212	2.6	**4,882**	4,518	8.1
Operating income before restructuring costs and amortization [(1)]	**479**	514	(6.8)	**1,997**	1,978	1.0
Operating margin [(1)]	**38.5%**	42.4%	(3.9pts)	**40.9%**	43.8%	(2.9pts)
Net income from continuing operations	**149**	145	2.8	**557**	487	14.4
Income (loss) from discontinued operations, net of tax	**332**	9		**294**	753	
Net income	**481**	154	>100.0	**851**	1,240	(31.4)
Per share data:						
Basic earnings per share						
Continuing operations	**0.30**	0.29		**1.12**	0.99	
Discontinued operations	**0.67**	0.02		**0.60**	1.52	
	0.97	0.31		**1.72**	2.51	

Diluted earnings per share						
Continuing operations	**0.30**	0.29		**1.11**	0.99	
Discontinued operations	**0.66**	0.02		**0.60**	1.52	
	0.96	0.31		**1.71**	2.51	
Weighted average participating shares outstanding during period (millions)	**495**	485		**491**	480	
Funds flow from continuing operations [2]	**382**	345	10.7	**1,530**	1,388	10.2
Free cash flow[1]	**2**	9	(77.8)	**438**	482	(9.1)

(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 Year ended	
	August 31, 2017	August 31, 2016	**August 31, 2017**	August 31, 2016	**August 31, 2017**	August 31, 2016
Consumer						
Video Cable	**1,671,277**	1,671,059	**7,567**	(22,171)	**218**	(93,464)
Video Satellite	**773,542**	790,574	**(3,283)**	(6,332)	**(17,032)**	(21,414)
Internet	**1,861,009**	1,787,642	**22,045**	10,341	**73,367**	15,349
Phone	**925,531**	956,763	**(4,535)**	(18,942)	**(31,232)**	(70,503)
Total Consumer	**5,231,359**	5,206,038	**21,794**	(37,104)	**25,321**	(170,032)
Business Network Services						
Video Cable	**51,039**	61,153	**(2,483)**	(1,602)	**(10,114)**	(16,556)
Video Satellite	**31,535**	30,994	**544**	(448)	**541**	(441)
Internet	**170,644**	179,867	**(2,065)**	1,723	**(9,223)**	(381)
Phone	**327,199**	301,328	**7,562**	5,848	**25,871**	16,543
Total Business Network Services	**580,417**	573,342	**3,558**	5,521	**7,075**	(835)
Wireless						
Postpaid	**764,091**	667,028	**29,089**	27,031	**97,063**	667,028
Prepaid	**383,082**	376,260	**11,925**	12,788	**6,822**	376,260
Total Wireless	**1,147,173**	1,043,288	**41,014**	39,819	**103,885**	1,043,288
Total Subscribers	**6,958,949**	6,822,668	**66,366**	8,236	**136,281**	872,421

In the quarter, the Company continued its momentum of improving subscriber trends with consolidated RGU net gains of 66,366 and 136,281 for the full fiscal year highlighted by a second consecutive quarter of cable Video RGU growth and a year-over-year turnaround in overall RGU trends, including five consecutive quarters of robust net gains in Internet RGUs.

Shaw successfully shifted its core wireline business to growth. The Consumer division added a net 25,321 RGUs in the year representing a substantial turnaround over the 170,032 RGU loss in fiscal 2016. Net gains in the year included the addition of 73,367 Internet RGUs partially offset by net losses in phone of 31,232 and 17,032 in satellite Video RGUs.

In the quarter, the Consumer division added 21,794 RGUs as compared to the 37,104 RGU loss in the fourth quarter of fiscal 2016. Net gains in the quarter included the addition of 22,045 Internet RGUs, 7,567 cable Video RGUs partially offset by net losses in phone of 4,535 and 3,283 in satellite Video RGUs. The successful reversal of subscriber trends has been led by WideOpen Internet 150, our Video portfolio led by BlueSky TV, and compelling bundle and value plan offerings across all product lines.

In Wireless, the Company continued to grow postpaid and prepaid wireless subscribers, gaining a combined 103,885 RGUs in the year and 41,014 in the quarter. An expanded handset lineup, simplified packaging and pricing on the new LTE-Advanced network, and targeted seasonal promotional activity helped drive sequential and year-over-year subscriber growth while collectively contributing to the compelling value proposition of Freedom Mobile s offering to thousands of value-conscious Canadians.

Overview

Shaw delivered full year fiscal 2017 financial results that met its revised guidance. Operating income before restructuring costs and amortization of $1,997 million in fiscal 2017 was within the target range of $1,989 $2,014 million after adjusting for discontinued operations ($2,135 $2,160 million before adjustments for discontinued operations). Capital investments, adjusted to exclude capital investments from discontinued operations, of $1,225 million were in line with revised guidance of $1,236 million ($1,350 million before adjustments for discontinued operations) and free cash flow of $438 million

10

Table of Contents

Shaw Communications Inc.

exceeded the target of $400 million. For further discussion of divisional performance see Discussion of operations.

Highlights of the fourth quarter and fiscal 2017 financial results are as follows:

Revenue

Revenue for the **fourth quarter** of $1.24 billion increased $32 million or 2.6% from $1.21 billion for the fourth quarter of 2016, highlighted by the following:

- The year-over-year improvement in revenue was primarily due to growth in the Wireless division, contributing an incremental $24 million or 16.2% in revenue driven by higher postpaid and prepaid RGUs, increased handset sales and improved average revenue per unit (ARPU).

- The Business Network Services division contributed $9 million to the consolidated revenue improvements for the quarter driven primarily by customer growth.

- Consumer division revenue for the period was materially flat compared to the fourth quarter of fiscal 2016, reflecting higher RGUs and rate increases fully offset by elevated promotional activity and Video product mix.

Compared to the third quarter of fiscal 2017, consolidated revenue for the quarter increased 2.3% or by $28 million. The increase in revenue over the prior quarter relates primarily to growth in the Wireless division driven by higher handset sales, added RGUs and slightly higher ARPU.

Revenue for the **twelve-month period** of $4.88 billion increased $364 million or 8.1% from $4.52 billion for the comparable period in fiscal 2016, highlighted by the following:

- The year-over-year improvement in revenue was primarily due to the Wireless division contributing revenues of $605 million for the twelve-month period in fiscal 2017 as compared to $280 million in the six-month period for fiscal 2016 following the acquisition of Freedom Mobile (formerly, WIND Mobile) on March 1, 2016.

- Excluding the results of the Wireless division, revenue for the twelve-month period from the combined Consumer and Business Network Services divisions was up $34 million or 0.8%. Customer acquisition was the primary driver of revenue growth in the Business Network Services division. The Consumer division s revenue was comparable to the prior year reflecting the impact of rate increases offset fully by elevated promotional activity and Video product mix.

Operating income before restructuring costs and amortization

Fourth quarter operating income before restructuring costs and amortization of $479 million decreased by $35 million or 6.8% from $514 million for the fourth quarter of 2016, highlighted by the following:

The combined year-over-year improvement from the Wireless and Business Network Services divisions of $9 million was more than fully offset by $44 million or 10.5% decrease from the Consumer division. In keeping with our fiscal 2017 strategic objectives, the decline in the Consumer division related primarily to elevated level of promotional activity and marketing investments, coupled with higher programming costs.

Compared to the third quarter of fiscal 2017, operating income before restructuring costs and amortization for the current quarter was down $32 million or 6.3% driven by decreases in the Consumer division, the result of higher programming costs, planned marketing investments, and in the Wireless division, commercial costs associated with onboarding new subscribers.

For the **twelve-month period**, operating income before restructuring costs and amortization of $2.0 billion increased $19 million or 1.0% from $1.98 billion for the comparable period, highlighted by the following:

Table of Contents

Shaw Communications Inc.

The year-over-year improvement was primarily due to the Wireless division contributing $133 million over the twelve-month period as compared to $59 million in fiscal 2016 over the six-month period following the acquisition of Freedom Mobile (formerly, WIND Mobile) on March 1, 2016.

The operating income before restructuring costs and amortization increase of $29 million for the twelve-month period in the Business Network Services division was more than fully offset by an $84 million decrease in the Consumer division. Rate increases and RGU growth led by Internet were more than fully offset by elevated promotional activity and Video product mix in addition to an increase in programming costs and higher planned marketing costs.

Free cash flow

Free cash flow in the **quarter** of $2 million decreased $7 million from $9 million in the fourth quarter of 2016, highlighted by the following:

Free cash flow decreased slightly in the quarter due to lower operating income before restructuring costs and amortization of $35 million and $61 million of higher planned capital expenditures nearly fully offset by $32 million lower cash taxes, $28 million higher free cash flow from discontinued operations and $24 million of lower pension funding.

For the **twelve-month period**, free cash flow of $438 million decreased $44 million from $482 million in fiscal 2016, highlighted by the following:

The year-to-date decrease in free cash flow was largely due to higher planned capital expenditures and by the loss of free cash flow generated in the prior year by the former Media division, which was sold on April 1, 2016, partially offset by lower cash taxes and higher dividends from equity accounted associates.

Net income

Net income of $481 million and $851 million for the three and twelve months ended August 31, 2017, respectively, compared to $154 million and $1.24 billion for the same periods in fiscal 2016. The changes in net income are outlined in the following table.

	August 31, 2017 net income compared to:		
	Three months ended		Year ended
(millions of Canadian dollars)	May 31, 2017	August 31, 2016	August 31, 2016
Increased (decreased) operating income before restructuring	(32)	(35)	19

costs and amortization [1]			
Decreased (increased) restructuring costs	42	1	(31)
Increased amortization	(9)	(23)	(103)
Decreased interest expense	1	1	10
Increased (decreased) equity income of an associate or joint venture	(15)	11	134
Change in net other gains/losses and other costs [2]	9	44	53
Decreased (increased) income taxes	(11)	5	(12)
Increased (decreased) income from discontinued operations, net of tax	363	323	(459)
	348	327	(389)

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

(2) Net other costs includes business acquisition costs, accretion of long-term liabilities and provisions, debt retirement costs, realized and unrealized foreign exchange differences and other losses as detailed in the unaudited Consolidated Statements of Income.

Change in net other costs and revenue in the fourth quarter had a $9 million favourable impact on net income compared to the third quarter of fiscal 2017 primarily due to the impact of realized and unrealized foreign exchange gains.

Table of Contents

Shaw Communications Inc.

Change in net other costs and revenue in the fourth quarter had a $44 million favourable impact on net income compared to the fourth quarter of fiscal 2016 primarily due to a decrease in year-over-year non-operating costs including the following: i) prior year write-down of assets of $9 million, ii) prior year loss of $5 million on disposal of a private portfolio investment, and iii) prior year write-down of $4 million in respect of a private portfolio investment. Also, in the current quarter, the company recorded a $10 million provision reversal related to the wind down of shomi and a $11 million gain on foreign exchange.

Outlook

Shaw s focus in fiscal 2018 is to execute on and invest in its strategic agenda of building a best-in-class converged network, with particular focus in its key markets. This includes investing to enable the recently acquired 700MHz and 2500MHz spectrum, leveraging the strength of its wireline infrastructure and continue its targeted investments in fibre. In addition, Shaw s capital investments will support the continued evolution of the X1 product roadmap and enhanced back office capabilities. The Company s fiscal 2018 operating plan reflects a focus on balanced growth in both operating income before restructuring costs and amortization and subscribers while continuing the pursuit of securing ongoing operational efficiencies within the business.

Shaw is introducing its fiscal 2018 guidance, which includes consolidated operating income before restructuring costs and amortization growing to approximately $2.1 billion, an increase of approximately 5% over fiscal 2017; capital investments of approximately $1.38 billion; and free cash flow of approximately $375 million. The majority of the growth in consolidated operating income before restructuring costs and amortization is expected to occur in the back half of the fiscal 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.

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.

13

Table of Contents

Shaw Communications Inc.

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 August 31,		Year ended August 31,	
(millions of Canadian dollars)	**2017**	2016	**2017**	2016
Operating income from continuing operations	**232**	289	**999**	1,115
Add back (deduct):				
Restructuring costs		1	**54**	23
Amortization:				
Deferred equipment revenue	**(9)**	(11)	**(38)**	(52)
Deferred equipment costs	**30**	32	**122**	139
Property, plant and equipment, intangibles and other	**226**	203	**860**	753
Operating income before restructuring costs and amortization	**479**	514	**1,997**	1,978

Operating margin

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

	Three months ended August 31,			Year ended August 31,		
	2017	2016	Change %	**2017**	2016	Change %
Consumer	39.9%	44.6%	(4.7pts)	42.2%	44.4%	(2.2pts)
Business Network Services	51.1%	50.8%	0.3pts	50.7%	48.9%	1.8pts
Wireless	19.2%	19.6%	(0.4pts)	22.0%	21.0%	1.0pts

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 August 31, **2017**	2016	Year ended August 31, **2017**	2016
Income from discontinued operations, net of tax	**332**	9	**294**	753
Add back (deduct):				
Gain on divestiture, net of tax	**(330)**	(10)	**(330)**	(625)
Income taxes	**2**	(4)	**(4)**	49
Interest on long-term debt	**6**	8	**32**	33
Amortization:				
Property, plant and equipment, intangibles and other	**4**	30	**101**	129
Other non-operating items	**14**	2	**47**	26
Income from discontinued operations before restructuring costs, amortization, taxes and other non-operating items	**28**	35	**140**	365

Shaw Communications Inc.

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 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), interest, 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 August 31,			Year ended August 31,		
(millions of Canadian dollars)	**2017**	2016	Change %	**2017**	2016	Change %
Revenue						
Consumer	**937**	938	(0.1)	**3,747**	3,752	(0.1)
Business Network Services	**141**	132	6.8	**554**	515	7.6
Wireless	**172**	148	16.2	**605**	280	116.1
	1,250	**1,218**	**2.6**	**4,906**	**4,547**	**7.9**
Intersegment eliminations	**(6)**	(6)		**(24)**	(29)	(17.2)
	1,244	1,212	2.6	**4,882**	4,518	8.1
Operating income before restructuring costs and amortization (1)						
Consumer	**374**	418	(10.5)	**1,583**	1,667	(5.0)
Business Network Services	**72**	67	7.5	**281**	252	11.5
Wireless	**33**	29	13.8	**133**	59	125.4
	479	514	(6.8)	**1,997**	1,978	1.0
Capital expenditures and equipment costs (net):(2)						
Consumer and Business Network Services	**319**	267	19.5	**970**	928	4.5
Wireless	**79**	70	12.9	**255**	121	110.7
	398	337	18.1	**1,225**	1,049	16.8
Free cash flow before the following	**81**	177	(54.2)	**772**	929	(16.9)
Less:						
Interest	**(63)**	(64)	(1.6)	**(256)**	(267)	(4.1)
Cash taxes	**(44)**	(76)	(42.1)	**(183)**	(263)	(30.4)
Other adjustments:						
Dividends from equity accounted associates	**23**	21	9.5	**88**	34	158.8
Non-cash share-based compensation	**1**	1		**3**	3	
Pension adjustment		(24)	(100.0)	**8**	(40)	(120.0)
Customer equipment financing	**2**	1	100.0	**8**	8	
Preferred share dividends	**(2)**	(3)	(33.3)	**(8)**	(13)	(38.5)

Free cash flow from continuing operations	**(2)**	33	(106.1)	**432**	391	10.5
Income from discontinued operations before restructuring costs, amortization, taxes and other non-operating items	**28**	35	(20.0)	**140**	365	(61.6)
Less:						
Capital expenditures	**(17)**	(49)	(65.3)	**(99)**	(147)	(32.7)
Interest	**(6)**	(8)	(25.0)	**(33)**	(32)	3.1
Cash taxes	**(1)**	(2)	(50.0)	**(2)**	(29)	(93.1)
Program Rights					(33)	(100.0)
CRTC benefit obligation funding					(11)	(100.0)
Non-controlling interests					(20)	(100.0)
Pension adjustment					(2)	(100.0)
Free cash flow from discontinued operations	**4**	(24)	116.7	**6**	91	(93.4)
Free cash flow	**2**	9	(77.8)	**438**	482	(9.1)

(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 August 31,			Year ended August 31,		
(millions of Canadian dollars)	**2017**	2016	Change %	**2017**	2016	Change %
Revenue	**937**	938	(0.1)	**3,747**	3,752	(0.1)
Operating income before restructuring costs and amortization [(1)]	**374**	418	(10.5)	**1,583**	1,667	(5.0)
Operating margin [(1)]	**39.9%**	44.6%	(4.7pts)	**42.2%**	44.4%	(2.2pts)

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

Consumer RGUs in the fourth quarter increased by 21,794, a substantial improvement over the 37,104 RGU loss in the fourth quarter of fiscal 2016. The successful reversal of subscriber trends has been led by WideOpen Internet 150, our cable Video portfolio led by BlueSky TV, and compelling bundle and value plan offerings across all product lines.

Revenue highlights include:

Consumer revenue for the fourth quarter of fiscal 2017 decreased slightly by 0.1% compared to the fourth quarter of fiscal 2016. Higher revenue generated by August 2017 rate increases and incremental RGUs were fully offset by the impact of overall year-over-year reductions to phone and satellite Video RGUs, elevated promotional activity and Video product mix.

As compared to the third quarter of fiscal 2017, the current quarter revenue increased $7 million or 0.8%. The quarter-over-quarter increase was primarily due to the impact of August 2017 rate increases.

Operating income before restructuring costs and amortization highlights include:

Operating income before restructuring costs and amortization for the quarter of $374 million was down 10.5% or $44 million from $418 million in the fourth quarter of fiscal 2016. Higher revenue from August 2017 rate increases and incremental RGUs was more than fully offset by elevated promotional activity and by higher operating expenses including increased programming costs and higher planned marketing investments.

As compared to the third quarter of fiscal 2017, operating income before restructuring costs and amortization for the current quarter was $27 million or 6.7% lower as the impact of increased Internet RGUs and rate increases in Internet, cable Video and phone were more than fully offset by programming costs and higher planned marketing investments.

Business Network Services

	Three months ended August 31,			Year ended August 31,		
(millions of Canadian dollars)	**2017**	2016	Change %	**2017**	2016	Change %
Revenue	**141**	132	6.8	**554**	515	7.6
Operating income before restructuring costs and amortization [(1)]	**72**	67	7.5	**281**	252	11.5
Operating margin [(1)]	**51.1%**	50.8%	0.3pts	**50.7%**	48.9%	1.8pts

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

Revenue highlights include:

Revenue of $141 million for the quarter was up $9 million or 6.8% over the comparable period. The core business, excluding satellite services, increased 8.7% in the current quarter due to both continued growth in our customer base and additional services with our existing customers.

17

Table of Contents

Shaw Communications Inc.

Growth in small and medium size business was driven primarily by the continued success selling the Smart suite of products, specifically Smart WiFi and Smart Voice.

As compared to the third quarter of fiscal 2017, revenue was up $3 million reflecting continued organic customer growth and rate adjustments that came into effect in August 2017.

Operating income before restructuring costs and amortization highlights include:

Operating income before restructuring costs and amortization of $72 million for the quarter improved by $5 million or 7.5% over the comparable period. The improvements were primarily driven by customer growth and continued migration from legacy products to higher margin Smart suite products.

As compared to the third quarter of fiscal 2017, operating income before restructuring costs and amortization for the quarter increased by $3 million primarily driven by organic growth, rate adjustments and lower employee related costs.

Wireless

	Three months ended August 31,			Year ended August 31,		
(millions of Canadian dollars)	**2017**	2016	Change %	**2017**	2016	Change %
Revenue	172	148	16.2	605	280	>100.0
Operating income before restructuring costs and amortization [1]	**33**	29	13.8	**133**	59	>100.0
Operating margin [1]	**19.2%**	19.6%	(0.4pts)	**22.0%**	21.1%	0.9pts

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

The Wireless division added 41,014 RGUs in the quarter as compared to 39,800 RGUs gained in the fourth quarter of fiscal 2016. The continued trend of robust RGU growth was driven by an expanded handset lineup, simplified packaging and pricing on the new LTE-Advanced network, and targeted seasonal promotional activity

Revenue highlights include:

Revenue of $172 million for the quarter was up $24 million or 16.2% over the comparable period. The increase in revenue was driven primarily by year-over-year growth in both handset and service revenue. Service revenue grew as a result of increased postpaid and prepaid RGUs, and improved ARPU of $37.66 as compared to $37.40 in the fourth quarter of fiscal 2016.

As compared to the third quarter of fiscal 2017, revenue for the quarter increased by $18 million or 11.7% over the third quarter of fiscal 2017, the result of added RGUs and improved ARPU on higher rate plan mix as compared to $37.10 ARPU in the prior quarter.

Shaw Communications Inc.

Operating income before restructuring costs and amortization highlights include:

Operating income before restructuring costs and amortization of $33 million for the quarter improved by $4 million or 13.8% over the fourth quarter of fiscal 2016. The improvements were driven primarily by increased revenue offset partially by an increase in marketing, network, cell site rent and other commercial costs associated with onboarding new subscribers in the period.

As compared to the third quarter of fiscal 2017, operating income before restructuring costs and amortization decreased by $9 million or 21.4% due to an increase in expenses including advertising and commercial costs, and third party commissions.

Capital expenditures and equipment costs

	Three months ended August 31,			Year ended August 31,		
(millions of Canadian dollars)	**2017**	2016	Change %	**2017**	2016	Change %
Consumer and Business Network Services						
New housing development	**24**	26	(7.7)	**98**	105	(6.7)
Success based	**89**	75	18.7	**308**	278	10.8
Upgrades and enhancements	**157**	125	25.6	**432**	411	5.1
Replacement	**12**	13	(7.7)	**31**	43	(27.9)
Building and other	**37**	28	32.1	**101**	91	11.0
Total as per Note 4 to the unaudited interim consolidated financial statements	**319**	267	19.5	**970**	928	4.5
Wireless						
Total as per Note 4 to the unaudited interim consolidated financial statements	**79**	70	12.9	**255**	121	110.7
Consolidated total as per Note 4 to the unaudited interim consolidated financial statements	**398**	337	18.1	**1,225**	1,049	16.8

Fourth quarter capital investment was $398 million, a $61 million or 18.1% increase over the comparable period, driven by an incremental $22 million in network infrastructure and broadband capacity expansion expenditures, $14 million in success based customer equipment, $9 million in growth and upgrade equipment related to residential and business customer acquisition and $9 million in the Wireless division s LTE-Advanced network expansion.

Consumer and Business Network Services highlights include:

Success based capital for the quarter of $89 million was $14 million higher than in the fourth quarter of fiscal 2016. The increase was driven by purchases and deployment of advanced Internet Wi-Fi modems, partially offset by a reduction in Video equipment unit costs.

For the quarter, investment in the combined upgrades and enhancement, and replacement categories was $169 million, a $31 million or 22% increase over the prior year driven by higher planned spend on network upgrades in support of enhanced broadband capacity and DOCSIS 3.1 infrastructure.

Buildings and other increased $9 million over the comparable quarter driven by continued investment in customer service automation and hardware upgrades.

Wireless highlights include:

Capital investment of $255 million for the year and $79 million in the fourth quarter related primarily to investment for the continued improvement in network infrastructure, specifically the completion of the LTE-Advanced network rollout.

19

Table of Contents

Shaw Communications Inc.

Discontinued operations

ViaWest, Inc.

On August 1, 2017, Shaw sold 100% of its wholly owned subsidiary ViaWest, Inc to an external party for net cash proceeds of $1.90 billion (US$1.53 billion net of transaction costs and other closing adjustments). Accordingly, the operating results and operating cash flows for the previously reported Business Infrastructure Services segment relating to ViaWest are presented as discontinued operations separate from the Company s continuing operations. The remaining operations of the previously reported Business Infrastructure Services segment and their results are now included within the Business Network Services segment.

	Three months ended August 31,		Year ended August 31,	
(millions of Canadian dollars)	**2017**	2016	**2017**	2016
Revenue	**61**	86	**336**	334
Eliminations[1]			**(2)**	(2)
	61	86	**334**	332
Operating, general and administrative expenses				
Employee salaries and benefits	**13**	22	**80**	84
Purchases of goods and services	**22**	31	**124**	123
	35	53	**204**	207
Eliminations[1]			**(2)**	(2)
	35	53	**202**	205
Amortization	**5**	30	**103**	121
Interest on long-term debt	**6**	8	**32**	33
Amortization of transaction costs	**11**	1	**12**	2
Other losses		1		5
Income (loss) from discontinued operations before tax and gain on divestiture	**4**	(7)	**(15)**	(34)
Income taxes	**2**	(4)	**(6)**	(11)
Income (loss) from discontinued operations, net of tax, before gain on divestiture	**2**	(3)	**(9)**	(23)
Gain on Divestiture, net of tax	**330**		**330**	
Income (loss) from Discontinued Operations, Net of Tax	**332**	(3)	**321**	(23)

(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.

Shaw Tracking

On May 31, 2017, the Company entered an agreement to sell a group of assets comprising the operations of Shaw Tracking, a fleet tracking operation reported within the Company s Business Network Services segment. The Company determined that the assets and liabilities of the Shaw Tracking business met the criteria to be classified as a disposal group held for sale. Accordingly, the assets and liabilities of the Shaw Tracking business are classified in the consolidated statement of financial position at August 31, 2017 as current assets held for sale or current liabilities held for sale, respectively, as the sale of these assets and liabilities is expected to be completed within one year. In addition, the operating results and operating cash flows of the business are presented as discontinued operations separate from the Company s continuing operations. The transaction closed on September 15, 2017, subsequent to year end.

Table of Contents

Shaw Communications Inc.

(millions of Canadian dollars)	Three months ended August 31, **2017**	2016	Year ended August 31, **2017**	2016
Revenue	**8**	8	**33**	33
Operating, general and administrative expenses				
Employee salaries and benefits	**2**	2	**7**	7
Purchases of goods and services	**4**	4	**18**	17
	6	**6**	**25**	**24**
Restructuring	**3**		**3**	
Amortization	**(1)**		**(2)**	(3)
Impairment of goodwill/disposal group			**32**	17
Income (loss) from discontinued operations before tax		2	**(25)**	(5)
Income taxes			**2**	3
Income (loss) from discontinued operations, net of tax		2	**(27)**	(8)

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 August 31, **2017**	2016	Year ended August 31, **2017**	2016
Revenue				610
Eliminations [(1)]				(46)
				564
Operating, general and administrative expenses				
Employee salaries and benefits				109
Purchases of goods and services				272

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