SHAW COMMUNICATIONS INC
Form 6-K
April 12, 2018
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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, 2018

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):

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: April 12, 2018	By: /s/ Vito Culmone
	Name: Vito Culmone
	Title: Executive Vice President and Chief Financial Officer
	Shaw Communications Inc.

NEWS RELEASE

Shaw Announces Second Quarter and Year-To-Date Fiscal 2018 Results

Record Wireless subscriber performance highlighted by postpaid net additions of 93,500 driven by strong customer demand for the iPhone and Big Gig data plans

Consolidated revenue increased 12.4% year-over-year due to breakout performance in Wireless

Company reports second quarter restructuring charge of $417 million related to Total Business Transformation initiative

Calgary, Alberta (April 12, 2018) Shaw Communications Inc. announces consolidated financial and operating results for the quarter ended February 28, 2018. Revenue from continuing operations for the quarter of $1.36 billion increased 12.4% over the comparable period led by Wireless and Business results. Operating income before restructuring costs and amortization[1] for the quarter of $501 million was consistent with results in the second quarter of fiscal 2017.

Our strong second quarter results clearly show that Canadians have a demand for a truly competitive wireless option, said Brad Shaw, Chief Executive Officer. Our strategy to grow our Wireless business has been simple: create a wireless provider that offers fairness and value to Canadians and that respects people s desire to connect when they want, how much they want, and on the iconic devices they want.

We are successfully executing our Wireless plan. This quarter, which included a very busy holiday season, we set a record with more than 93 thousand net postpaid subscriber additions. The confidence that new and existing customers have in our service has only strengthened our resolve to continue investing in our network while growing our market share through pricing and packaging options, such as our Big Gig data plans, said Brad Shaw.

Shaw continues to improve the Wireless experience for its customers including an expanded distribution platform through our first agreement with a national retailer. Launching in April, Loblaws The Mobile Shop will sell Freedom Mobile handsets and service plans in approximately 100 of their locations across Canada. In addition, another significant network milestone has been achieved with the refarm of 10 MHz of AWS-1 spectrum now complete across Freedom Mobile s footprint. The Company continues to actively roll out its 2500 and 700 MHz spectrum which further improves the network quality and will enable additional features such as VoLTE.

Brad Shaw continued: We commend the federal government on its support for strong and sustainable competition, as reflected in the recent announcement of a set-aside for the upcoming 600 MHz auction. This decision will help ensure a future for wireless competition in Canada and is a significant win for all Canadians, who deserve more from their wireless services.

In the two years since we acquired our Wireless business, we have made significant investments and improvements to our network and our service. We are excited by the tremendous growth potential of this business, and, as shown by our results this quarter, we are committed to delivering a strong and competitive wireless alternative that will benefit all Canadians, said Brad Shaw.

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Selected Financial Highlights

	Three months ended February 28,			Six months ended February 28,		
(millions of Canadian dollars except per share amounts)	**2018**	**2017**	**Change%**	**2018**	**2017**	**Change%**
Revenue	**1,355**	1,206	12.4	**2,604**	2,422	7.5
Operating income before restructuring costs and amortization [1]	**501**	503	(0.4)	**982**	1,007	(2.5)
Operating margin [1]	**37.0%**	41.7%	(4.7pts)	**37.7%**	41.6%	(3.9pts)
Free cash flow [1]	**135**	147	(8.2)	**187**	305	(38.7)
Net income (loss) from continuing operations	**(164)**	150	(>100.0)	**(44)**	244	(>100.0)
Loss from discontinued operations, net of tax		(3)	>100.0	**(6)**	(7)	14.3
Net income (loss)	**(164)**	147	(>100.0)	**(50)**	237	(>100.0)
Diluted earnings (loss) per share	**(0.33)**	0.30		**(0.11)**	0.48	

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

Net loss for the quarter of $164 million compared to net income of $147 million in the second quarter of fiscal 2017. The decrease substantially reflects $417 million restructuring related costs recorded during the second quarter of 2018 in respect to the Total Business Transformation (TBT) initiative and related Voluntary Departure Program (VDP) accepted by eligible employees, as further described below.

Free cash flow[1] for the quarter of $135 million compared to $147 million in the prior year. The decrease for the quarter was largely due to planned higher capital spending.

Total Wireless revenue of $290 million improved 106% year-over-year as equipment revenue of $148 million compared to $24 million in the second quarter of fiscal 2017 and service revenue improved 21% to $142 million. Wireless operating income before restructuring costs and amortization of $36 million improved 24% year-over-year primarily due to the growth in subscribers and higher average revenue per unit (ARPU), partially offset by incremental costs from higher subscriber loading in the period and margin pressure from significantly higher equipment sales.

In the quarter, the Company added approximately 89,700 net Wireless revenue generating units (RGUs) (postpaid +93,500/prepaid -3,800), an increase of more than 2.5 times the 33,400 net additions achieved in the second quarter of fiscal 2017. The increase in the customer base reflects customer demand for the iPhone combined with our device pricing and packaging options and the ongoing execution of our wireless growth strategy to improve the network and customer experience.

Second quarter Wireline revenue and operating income before restructuring costs and amortization of $1.07 billion and $465 million remained flat and declined 1.9%, respectively. While revenue held flat, the year-over-year decline in Wireline operating income before restructuring costs and amortization continues to be impacted by a challenging Consumer video environment, including a declining customer base and a general shift into lower priced video packages. The decline in Video and Phone subscribers more than offset the positive impact of continued Internet growth. Shaw Business delivered another solid quarter, with second quarter revenue up 5.3% year-over-year to $140 million.

Wireline RGUs declined by approximately 25,600 in the quarter compared to a loss of approximately 6,900 in the second quarter of 2017. Internet gains of approximately 5,500 in the quarter were more than fully offset by video, phone and satellite RGU losses.

In the quarter, the Company introduced TBT, a multi-year initiative designed to reinvent Shaw s operating model to better meet the evolving needs and expectations of consumers and businesses by reducing staff, optimizing the use of resources and maintaining and ultimately improving customer service. Three key elements of the transformation are to: 1) shift customer interactions to digital platforms; 2) drive more self-install and self-serve; and, 3) streamline the organization that builds and services the networks. As part of the TBT initiative, the Company also plans to reduce input costs, consolidate functions, and streamline processes, which is expected to create operational improvements across the business allowing it to evolve into a more efficient organization.

As a first step in the TBT, the VDP was offered to eligible employees. The outcome of the program had approximately 3,300 Shaw employees accepting the VDP package representing approximately 25% of all employees. As part of the program design, the majority of customer-facing employees (i.e., Customer Care, Retail, Sales) were not eligible to participate in the VDP. A large portion of employees who elected to participate in the VDP are in functions that will be addressed through the aforementioned key elements of the TBT and Shaw has control over the timing of employee departures across the Company through an actively managed, orderly transition over the next 18 months. In select functions, the Company determined that some employees will transition over a 24-month period, an extension from the 18-month period initially expected. Approximately 1,200 employees will be exiting before the end of fiscal 2018.

In connection with various TBT activities, including the VDP, Shaw has incurred a restructuring charge of $417 million in the second quarter of fiscal 2018, primarily related to severance and other employee related costs, as well as additional costs directly associated with the TBT initiative. While the restructuring charge has been recognized in the second quarter of fiscal 2018 results, the actual timing of employee payments related to the charge will occur over a 24-month period, starting March 29, 2018. The Company does not anticipate the full-year TBT restructuring costs to exceed $450 million.

The anticipated annualized savings, which include reductions in operating expenses and capital expenditures (i.e. labour costs that can be identified or associated with a capital project), related to the VDP, are expected to be approximately $215 million and will be fully realized in fiscal 2020. Shaw expects these cost reductions to be weighted 60% to operating expenses, being approximately $130 million, and 40% to capital expenditures, being approximately $85 million (compared to the $225 million equally weighted estimate of 50% operating expenses and 50% capital expenditures initially estimated at the end of the VDP). VDP related cost reductions in fiscal 2018 are expected to be approximately $48 million, of which approximately $40 million will be attributed to operating expenses and approximately $8 million attributed to capital expenditures. See also Introduction , Other Income and Expense Items , Caution Concerning Forward Looking Statements and Risks and Uncertainties in the accompanying Management s Discussion and Analysis (MD&A) for a discussion of the TBT, the VDP and the risks and assumptions associated therewith.

The Company confirms that it remains on track to meet 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[1] of approximately $375 million. Shaw s guidance confirmation includes assumptions related to cost reductions that will be achieved through TBT initiatives (specifically the VDP); roaming cost reductions of approximately $12 million expected to be realized in the third quarter of fiscal 2018 associated with the CRTC finalizing wholesale mobile wireless roaming rates; and short-term incremental costs associated with growth in Wireless handset sales. See also Caution Concerning Forward Looking Statements in the accompanying MD&A.

Brad Shaw concluded, Our company is at a pivotal moment and we are solidly committed to our long-term growth strategy to capitalize on efficiencies, streamline processes and improve our business through the Total Business Transformation initiative. Our teams of dedicated people are working every day to enhance our customers experiences by building on the strengths and potential of our Wireless operations while creating an operating model in our Wireline business that allows us to improve and streamline our service.

Shaw Communications Inc. is a leading Canadian connectivity company. The Wireline division consists of Consumer and Business services. Consumer serves residential customers with broadband Internet, Shaw Go WiFi, video and digital phone. Business provides business customers with Internet, data, WiFi,

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digital phone and video services. The Wireless division provides wireless voice and LTE-Advanced data services through an expanding and improving mobile wireless network infrastructure.

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 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.

For more information, please contact:

Shaw Investor Relations

Investor.relations@sjrb.ca

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

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Shaw Communications Inc.

MANAGEMENT S DISCUSSION AND ANALYSIS

For the three and six months ended February 28, 2018

April 12, 2018

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Advisories

The following Management s Discussion and Analysis (MD&A), dated April 12, 2018, should be read in conjunction with the unaudited interim Consolidated Financial Statements and Notes thereto for the quarter ended February 28, 2018 and the 2017 Annual Consolidated Financial Statements, the Notes thereto and related MD&A included in the Company s 2017 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 can generally be identified by words such as anticipate , believe , expect , plan , intend , target , goal and similar expressions (although not all forward-looking statements contain such words). Forward looking statements in this MD&A include, but are not limited to statements related to:

future capital expenditures;

proposed asset acquisitions and dispositions;

expected cost efficiencies;

financial guidance and expectations for future performance;

business and technology strategies and measures to implement strategies;

the Company s equity investments, joint ventures and partnership arrangements;

competitive strengths;

expected project schedules, regulatory timelines, completion/in-service dates for the Company s capital and other projects;

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- expected growth in subscribers and the products/services to which they subscribe;
- the cost of acquiring and retaining subscribers and deployment of new services;
- the restructuring charges (related primarily to severance and employee related costs) expected to be incurred and the timing of such charges in connection with the Company s Total Business Transformation (TBT) initiative;
- the anticipated annual cost reductions related to the Voluntary Departure Program (VDP) (including reductions in operating and capital expenditures) and the timing of realization thereof;
- the impact that the employee exits will have on Shaw s business operations;
- outcome of the TBT initiative, including the timing thereof and the total savings at completion; and
- expansion and growth of the Company s business and operations and other goals and plans.

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 management expectations with respect to:

- general economic, market and business conditions;
- future interest rates;
- previous performance being indicative of future performance;
- future income tax and exchange rates;

technology deployment;

future expectations and demands of our customers;

subscriber growth;

short-term incremental costs associated with growth in Wireless handset sales;

cost reductions associated with the CRTC finalizing wholesale mobile wireless roaming rates;

pricing, usage and churn rates;

availability of devices;

content and equipment costs;

industry structure, conditions and stability;

government regulation;

the completion of proposed transactions;

the TBT initiative being completed in a timely and cost-effective manner and yielding the expected results and benefits, including: (i) resulting in a leaner, more integrated and agile company with improved efficiencies and execution to better meet Shaw s consumers needs and expectations (including the products and services offered to its customers) and (ii) realizing the expected cost reductions;

the Company being able to complete the employee exits pursuant to the VDP with minimal impact on business operations within the anticipated timeframes and for the budgeted amount;

the cost estimates for any outsourcing requirements and new roles in connection with the VDP; and

the integration of recent acquisitions.

You should not place undue reliance on any forward-looking statements. Many risk 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:

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changes in general economic, market and business conditions;

changing interest rates, income taxes and exchange rates;

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

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

the Company s failure to execute its strategic plans and complete capital and other projects by the completion date;

the Company s failure to grow subscribers;

the failure to realize roaming cost reductions;

the Company s failure to close any transactions;

the Company s failure to achieve cost efficiencies;

the Company s failure to implement the TBT initiative as planned and realize the anticipated benefits therefrom, including: (i) the failure of the TBT to result in a leaner, more integrated and agile company with improved efficiencies and execution to better meet Shaw s consumers needs and expectations (including the products and services offered to its customers) and (ii) the failure to realize the expected cost reductions;

the Company s failure to complete employee exits pursuant to the VDP with minimal impact on operations;

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 MD&A under the heading Risks and Uncertainties and in the MD&A for the year ended August 31, 2017 under the heading Known events, Trends, Risks, and Uncertainties .

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

This MD&A provides certain future-oriented financial information or financial outlook (as such terms are defined in applicable securities laws), including the financial guidance and assumptions disclosed under Outlook , the expected annualized savings to be realized from the VDP and the anticipated TBT restructuring costs for fiscal 2018. Shaw discloses this information because it believes that certain investors, analysts and others utilize this and other forward-looking information in order to assess Shaw s expected operational and financial performance and as an indicator of its ability to service debt and pay dividends to shareholders. The Company cautions that such financial information 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.

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Shaw Communications Inc.

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.

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Shaw Communications Inc.

Introduction

In fiscal 2018, our team set out to reach several new milestones on the journey towards becoming a leading Canadian connectivity company. We have taken purposeful strides to evolve Shaw s value proposition of providing leading and innovative products and services, drive operational momentum and enhance our customers connectivity experience. From technology to network deployment, marketing to product pricing and packaging, and billing to service delivery, we are developing a connectivity experience made possible through converging platforms that are designed to meet the evolving demands of our customers.

In the quarter, the Company introduced TBT, a multi-year initiative designed to reinvent Shaw s operating model to better meet the changing tastes and expectations of consumers and businesses by reducing staff, optimizing the use of resources, and maintaining and ultimately improving customer service. Three key elements of TBT are to: 1) shift customer interactions to digital platforms; 2) drive more self-install and self-serve; and, 3) streamline the organization that builds and services the network. As part of the TBT initiative, the Company also plans to reduce input costs, consolidate functions, and streamline processes, which is expected to create operational improvements across the business allowing it to evolve into a more efficient organization.

As a first step in the TBT, the VDP was offered to eligible employees. The outcome of the program had approximately 3,300 Shaw employees accepting the offer representing approximately 25% of all employees. As part of the program design, the majority of customer-facing employees (i.e., Customer Care, Retail, Sales) were not eligible to participate in the VDP. A large portion of employees who elected to participate in the VDP are in functions that will be addressed through the aforementioned key elements of the TBT and Shaw has control over the timing of employee departures across the Company through an actively managed, orderly transition over the next 18 months. In select functions, the Company determined that some employees will transition over a 24-month period, an extension from the 18-month period initially expected. Approximately 1,200 employees will be exiting before the end of fiscal 2018.

In connection with various TBT activities, including the VDP, Shaw has incurred a restructuring charge of $417 million in the second quarter of fiscal 2018, primarily related to severance and other employee related costs, as well as additional costs directly associated with the TBT initiative. While the restructuring charge has been recognized in the second quarter of fiscal 2018 results, the actual timing of employee payments related to the charge will occur over a 24-month period, starting March 29, 2018. The Company does not anticipate full-year TBT restructuring costs to exceed $450 million.

The anticipated annualized savings, which include reductions in operating expenses and capital expenditures (i.e. labour costs that can be identified or associated with a capital project), related to the VDP, are expected to be approximately $215 million and will be fully realized in fiscal 2020. Shaw expects these cost reductions to be weighted 60% to operating expenses, being approximately $130 million, and 40% to capital expenditures, being approximately $85 million (compared to the $225 million equally weighted estimate of 50% operating expenses and 50% capital expenditures initially estimated at the end of the VDP). VDP related cost reductions in fiscal 2018 are expected to be approximately $48 million, of which approximately $40 million will be attributed to operating expenses and $8 million attributed to capital expenditures. See also Other Income and Expense Items , Caution Concerning Forward Looking Statements and Risks and Uncertainties for a discussion of the TBT, the VDP and the risks and assumptions associated therewith.

Shaw Communications Inc.

Wireless

In our Wireless business, our goal remains simple to provide Canadians with sustainable and exceptional value and choice in their wireless carrier. On the back of our robust LTE-Advanced network, which is continuously improving, our Big Gig data plans and the iPhone 8 and iPhone X experienced strong demand throughout the quarter.

We have a clear strategy for growing our Wireless business and our strong second quarter results are yet another indicator that we are successfully executing on our plan. During the quarter, which included a busy holiday season and official launch of the iPhone, we achieved a record quarter with net postpaid subscriber additions of over 93 thousand. Our Wireless network is continuously improving and we expect to profitably grow our market share through pricing and packaging options such as our Big Gig data plans.

Shaw continues to improve the Wireless experience for its customers including an expanded distribution platform through our first agreement with a national retailer. Launching in April, Loblaws The Mobile Shop will sell Freedom Mobile handsets and service plans in approximately 100 of their locations across Canada. In addition, another significant network milestone has been achieved with the refarm of 10 MHz of AWS-1 spectrum now complete across Freedom Mobile s footprint. The Company continues to actively roll out its 2500 and 700 MHz spectrum which further improves the network quality and will enable additional features such as VoLTE.

In the two years since we acquired our Wireless business, we have made significant investments and improvements to our network and our service. We are excited by the tremendous growth potential of this business, and, as shown by our results this quarter, we are committed to delivering a strong and competitive wireless alternative that will benefit all Canadians.

Wireline

The value of our Internet service is reflected in outstanding results strong cumulative net gains in Internet subscribers over the last seven quarters. Continued investment in our extensive hybrid co-axial broadband network enables us to offer WideOpen Internet 150 across 99% of our Western Canadian cable footprint. We believe Canadians should not have limitations on how much they use the Internet by offering our flagship WideOpen Internet 150 plan with unlimited data, we are providing customers peace of mind in knowing they can stream, download and browse without any overage charges for going over monthly data limits.

In a challenging Consumer Video environment, including a declining customer base and a general shift into lower priced video packages, Shaw s BlueSky TV has helped moderate the impacts of the evolving cable video market. The launch of Shaw s BlueSky TV in mid-2017 provided a new future for our cable video operations, delivering a new premium television product to Canadians. Powered by Comcast s next generation X1 platform, Shaw BlueSky TV leverages the strength of our network to make this new television experience possible for our customers. Integrated with Netflix and featuring benefits like voice-controlled remote and advanced search, Shaw BlueSky TV has given customers an elevated video and entertainment experience.

On the shoulders of its Smart suite of products, Shaw Business continues to grow at a steady pace despite recent years of economic challenges experienced in parts of Western Canada. Highlighted by growth in the small and medium-sized business markets, the Business division continues to consistently increase its customer base, revenue and profitability. In December 2017, Shaw Business launched its fourth product under this portfolio Smart Surveillance, a cloud-based security camera system which, when paired with Smart Security, provides the optimum level of physical security for small businesses.

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Shaw Communications Inc.

Selected financial and operational highlights

Effective September 1, 2017, and as a result of the restructuring undertaken in fiscal 2017, the Company reorganized and integrated its management structure, previously separated in the Consumer and Business Network Services segments, into a combined Wireline segment, as management and costs became increasingly inseparable between the previously reported segments. There was no change to the Wireless operating segment.

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 Wireline segment, to an external party. The transaction closed on September 15, 2017.

Accordingly, the operating results and operating cash flows for the previously reported Business Infrastructure Services division and the Shaw Tracking business (an operating segment within the Wireline 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 Wireline segment. This MD&A reflects the results of continuing operations, unless otherwise noted.

Financial Highlights

	Three months ended February 28,			Six months ended February 28,		
(millions of Canadian dollars except per share amounts)	**2018**	2017	Change %	**2018**	2017	Change %
Operations:						
Revenue	**1,355**	1,206	12.4	**2,604**	2,422	7.5
Operating income before restructuring costs and amortization [1]	**501**	503	(0.4)	**982**	1,007	(2.5)
Operating margin [1]	**37.0%**	41.7%	(4.7pts)	**37.7%**	41.6%	(3.9pts)
Net income (loss) from continuing operations	**(164)**	150	(>100.0)	**(44)**	244	(>100.0)
Income (loss) from discontinued operations, net of tax		(3)	>100.0	**(6)**	(7)	14.3
Net income (loss)	**(164)**	147	(>100.0)	**(50)**	237	(>100.0)
Per share data:						
Basic and diluted earnings per share						
Continuing operations	**(0.33)**	0.31		**(0.10)**	0.49	
Discontinued operations		(0.01)		**(0.01)**	(0.01)	
	(0.33)	0.30		**(0.11)**	0.48	

Weighted average participating shares outstanding during period (millions)	**500**	489		**499**	488	
Funds flow from continuing operations [2]	**(26)**	397	(>100.0)	**358**	786	(54.5)
Free cash flow[1]	**135**	147	(8.2)	**187**	305	(38.7)

(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.

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Subscriber (or revenue generating unit (RGU)) highlights

			Change Three months ended		Change Six months ended	
	February 28, 2018	August 31, 2017	**February 28, 2018**	February 28, 2017	**February 28, 2018**	February 28, 2017
Wireline Consumer						
Video Cable	**1,635,554**	1,671,277	**(17,715)**	(7,124)	**(35,723)**	(20,270)
Video Satellite	**748,736**	773,542	**(4,301)**	(4,611)	**(24,806)**	(20,280)
Internet	**1,884,179**	1,861,009	**5,476**	13,466	**23,170**	30,430