



PEANUTS & STRAWBERRY SHORTCAKE ACQUISITION, AND Q3 2017 EARNINGS WEBCAST

May 10, 2017

TSX: DHX.A, DHX.B NASDAQ: DHXM

DISCLAIMER

This press release contains “forward-looking statements” under applicable securities laws with respect to DHX Media including, without limitation, statements regarding the business strategies and operational activities of DHX Media and its subsidiaries, completion of the prospective acquisition, bank financing and private placement, the Company’s ability to secure financing to complete acquisitions, the expected benefits of the acquisition, the estimated cost synergies that may be generated and the Company’s future results of operations (including, without limitation, statements with respect to revenue, EBITDA and adjusted EBITDA), the redemption of the senior unsecured notes, regulatory approval, the timing of production schedules and deliveries, expectations regarding the growth and financial performance of WildBrain, the markets and industries in which the Company operates, including demand for and consumption of kids’ content, and the growth and financial and operating performance of DHX Media, its subsidiaries, and investments. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, such statements involve risks and uncertainties and are based on information currently available to the Company. Actual results or events may differ materially from those expressed or implied by such forward-looking statements. Factors that could cause actual results or events to differ materially from current expectations, among other things, include delivery and scheduling risk associated with production revenues, the Company’s ability to execute and close anticipated licensing transactions, risk related to regulatory approval and satisfaction of other conditions to closing the acquisition, DHX Media’s ability to complete the transaction, successfully integrate the acquired business and realize expected synergies, the ability to retain required employees and customer contracts, the accuracy of the assumptions upon which the expected synergies were estimated, market factors (including currency exchange and interest rate fluctuations), contract interpretation, application of accounting policies and principles, and other factors discussed in materials filed with applicable securities regulatory authorities from time to time including matters discussed under “Risk Factors” in the Company’s most recent Annual Information Form and annual Management Discussion and Analysis, which also form part of the Company’s annual report on Form 40-F filed with the SEC. These forward-looking statements are made as of the date hereof, and the Company assumes no obligation to update or revise them to reflect new events or circumstances, except as required by law.

ACQUIRING TWO OF THE WORLD'S LEADING CHILDREN'S & FAMILY BRANDS



PRODUCTION

2 ANIMATION STUDIOS
1 LIVE-ACTION STUDIO

DISTRIBUTION

500+ GLOBAL CUSTOMERS
12,500 HALF-HOURS OF CONTENT

WE HAVE SCALE

AVOD

360 CHANNELS
ON YOUTUBE

TV

4 LEADING
CHANNELS IN
CANADA

CONSUMER PRODUCTS

GLOBAL LICENSING AGENCY
30+ COUNTRIES

PEANUTS[®]

— by SCHULZ —

PREMIER GLOBAL FAMILY BRAND

media[™]
dhx



Sources: Iconix, The Licensing Letter

#1 ranked
TV specials

195 half-hours
of content

Distribution in
196 countries

45M comic strips
read daily

US \$1.3B
annual retail sales

~1,120
licensees



US \$4B GLOBAL SALES SINCE 2002¹



1. American Greetings

Evergreen
global girls' property

148 half-hours
of content

Distribution in **120**
countries

14
mobile apps

305
licensees

TRANSFORMATIONAL TRANSACTION

OVERVIEW

- ▶ Acquire entertainment division of Iconix Brand Group for US \$345M in cash
- ▶ 80% controlling interest in Peanuts & 100% of Strawberry Shortcake; 20% of Peanuts remains with Schulz family

FINANCIAL IMPACT (COMBINED PRO FORMA TTM 12/31/2016)¹

- ▶ Revenue \$443M; consumer products grows to 44%
- ▶ Adjusted EBITDA \$134M with additional expected near-term synergies
- ▶ Accretive to normalized cash EPS & FCF per share
- ▶ Enhances free cash flow to rapidly de-lever while still investing
- ▶ Target annual cost synergies of \$5M within first year (13% of TTM EBITDA); \$25M within 5 years

APPROVALS & TIMING

- ▶ Approved by Boards of Directors of DHX Media & Iconix, no shareholder approvals required
- ▶ Regulatory approval (HSR) & other customary closing conditions
- ▶ Anticipated closing on or around June 30, 2017

STRATEGIC RATIONALE

- ▶ Core to our strategic priorities of content creation, global distribution & consumer products
- ▶ Expands our scale by adding evergreen kids' brands to our owned IP portfolio
- ▶ Provides a “driver” with global appeal for our existing brands

VALUE CREATION

- ▶ Leverages our platform to rejuvenate & grow global family entertainment brands
- ▶ Leverages our global licensing agency (80 people in 12 offices covering 27 countries) for brand management & licensing alignment



SIGNIFICANTLY ACCRETIVE

**EARNINGS
PER SHARE
ACCRETION OF
6-10%¹**

**FREE CASH
FLOW PER
SHARE
ACCRETION OF
~25-30%¹**



WHY ACCRETIVE?

MAJOR SYNERGIES

- 1
COST
- 2
REVENUE
- 3
SCALE

1 COST SYNERGIES

Target \$5M annual cost synergies within 1st year increasing to \$25M within 5 years



AGENCY FEES

Leverage DHX's global licensing group to bring agency role in-house to reduce commissions in select territories

OVERHEAD & ADMIN

Consolidate admin. & IT functions

MARKETING

Coordinate marketing & trade show functions

2 REVENUE SYNERGIES - CONSUMER PRODUCTS

Extend global brand into new licensing opportunities & international markets



EARLY OPPORTUNITIES

Re-energize key categories, improve product mix

GLOBAL EXPANSION

Execute global strategy to be one-stop shop for licensees

GROW BRAND AWARENESS

Grow licensing in kids' apparel, toys, themed events & baby program

2 REVENUE SYNERGIES - CONTENT

Leverage classic titles & comic strips to create new content for on-demand market



SHORT FORM

Make new daily/
weekly doses for
YouTube & mobile

DIGITAL GROWTH

Develop longer form
content with digital
partners (SVOD)

NEW SERIES

Appeal to broader
audiences

3 SCALE SYNERGIES - DISTRIBUTION

Increase penetration of content to reach new audiences & territories



WILDBRAIN

Launch YouTube channels in key territories

SPECIALS

Re-introduce specials via increased digital & mobile following

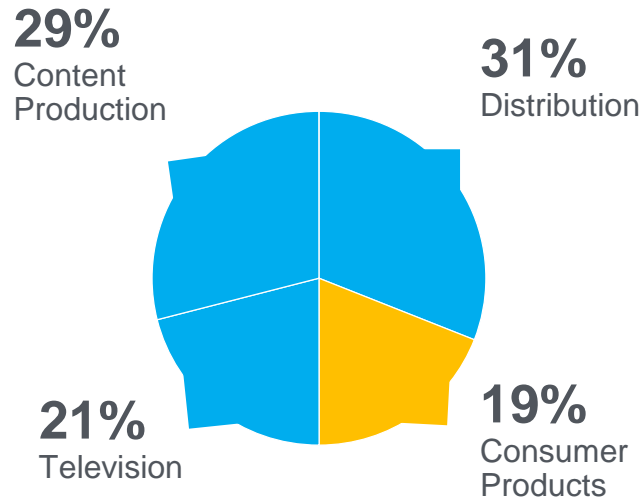
GLOBAL REACH

Deal bundling with Peanuts content into new territories & customers

GROWS OUR CONSUMER PRODUCTS BUSINESS

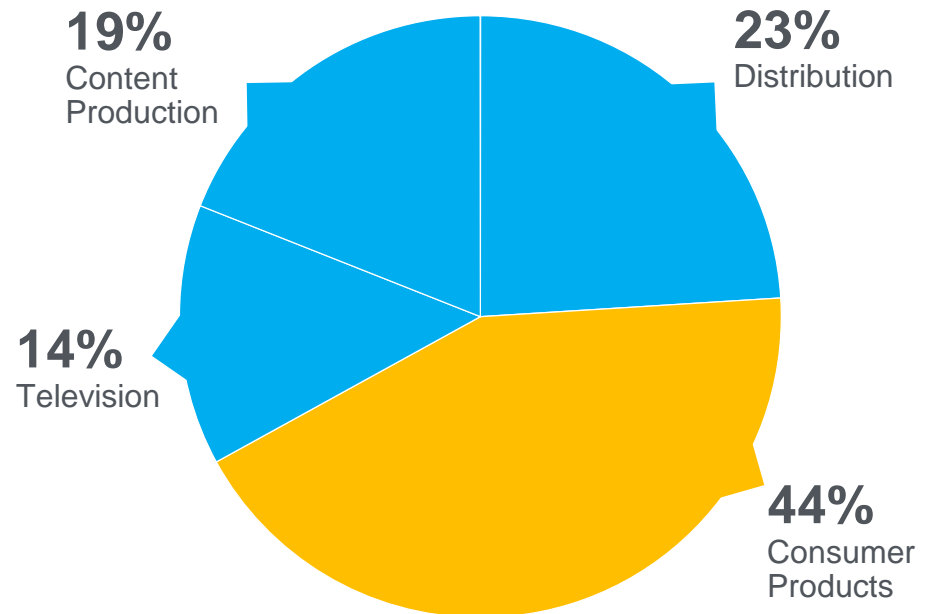
DHX MEDIA PRO FORMA – REVENUE BY DIVISION¹

BEFORE



\$292M

AFTER



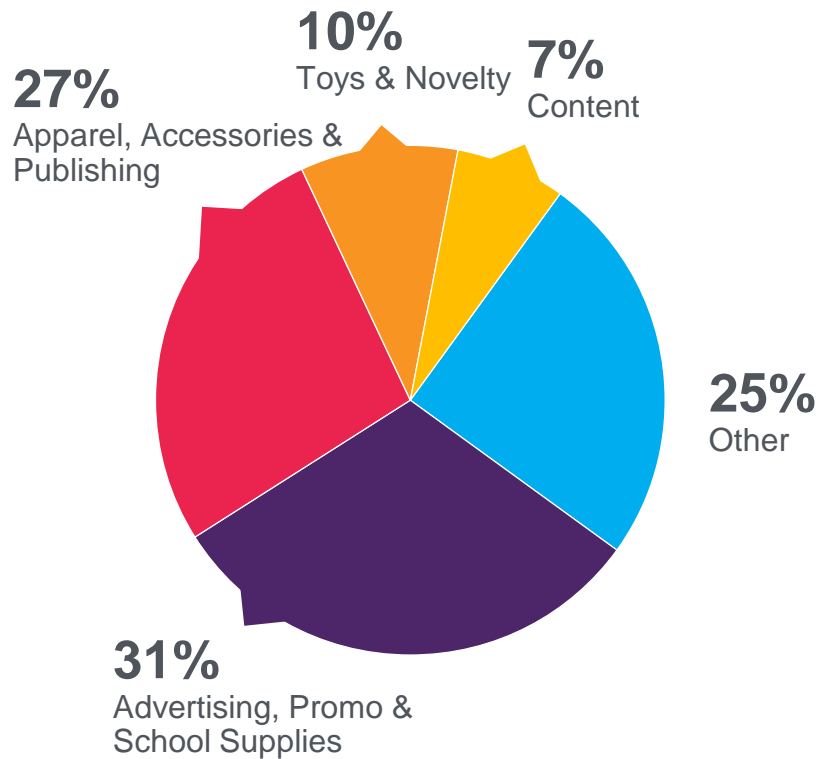
\$443M

**250% INCREASE IN CONSUMER PRODUCTS REVENUE
ENHANCES STABILITY OF FREE CASH FLOW GENERATION**

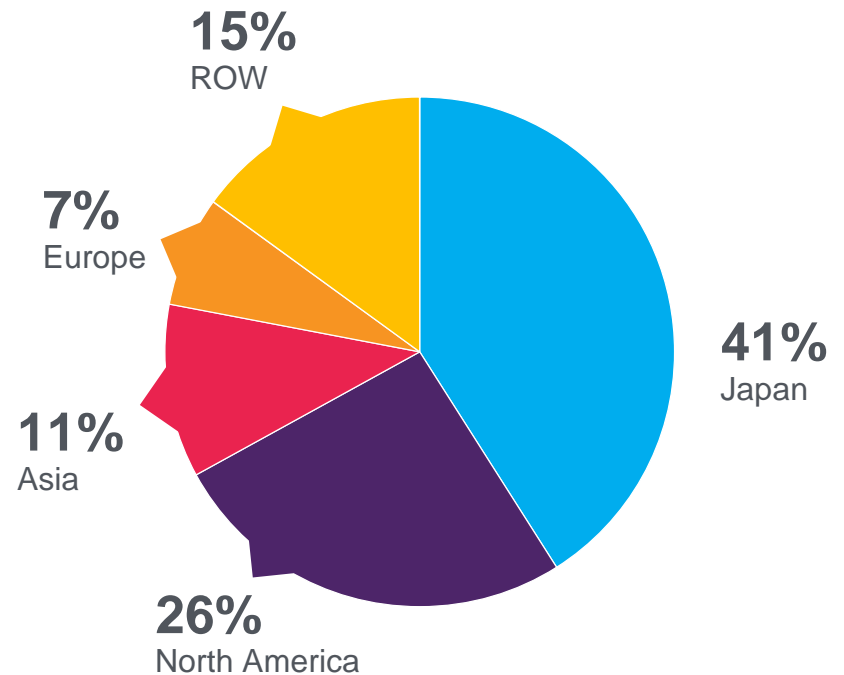
1. Based on last 12 months to Dec. 31, 2016

ENHANCES REVENUE & GEOGRAPHIC DIVERSIFICATION¹

PEANUTS REVENUE BY CATEGORY



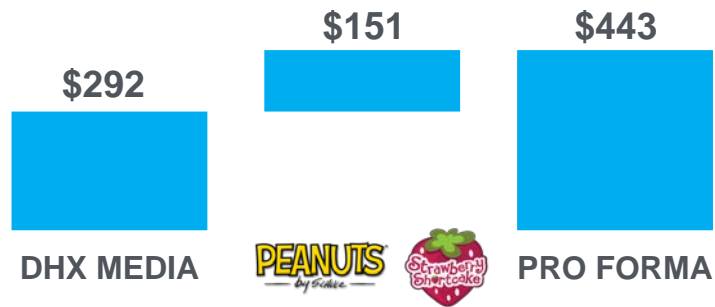
PEANUTS REVENUE BY TERRITORY



1. Based on last 12 months to Dec. 31, 2016

ACCRETIVE TO EPS & FREE CASH FLOW

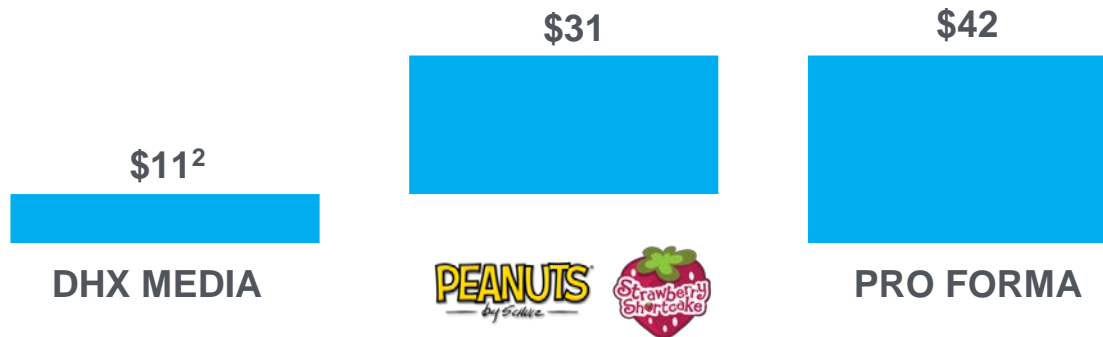
REVENUE - TTM¹
(\$ millions)



ADJUSTED EBITDA - TTM¹
(\$ millions)



FREE CASH FLOW - TTM^{1, 2, 3}
(\$ millions)



ENHANCED FREE CASH FLOW GENERATION ALLOWS DEBT PAY-DOWN & POTENTIAL REINVESTMENT

1. Calendar year ended December 31, 2016, DHX Media's free cash flow defined as cash flows from operating activities less capital & intangible asset expenditures, plus or minus changes in interim production financing

2. Free cash flow (ex one-time content acquisition costs)
3. USD/CAD @ 1.3285

PRO FORMA CAPITALIZATION

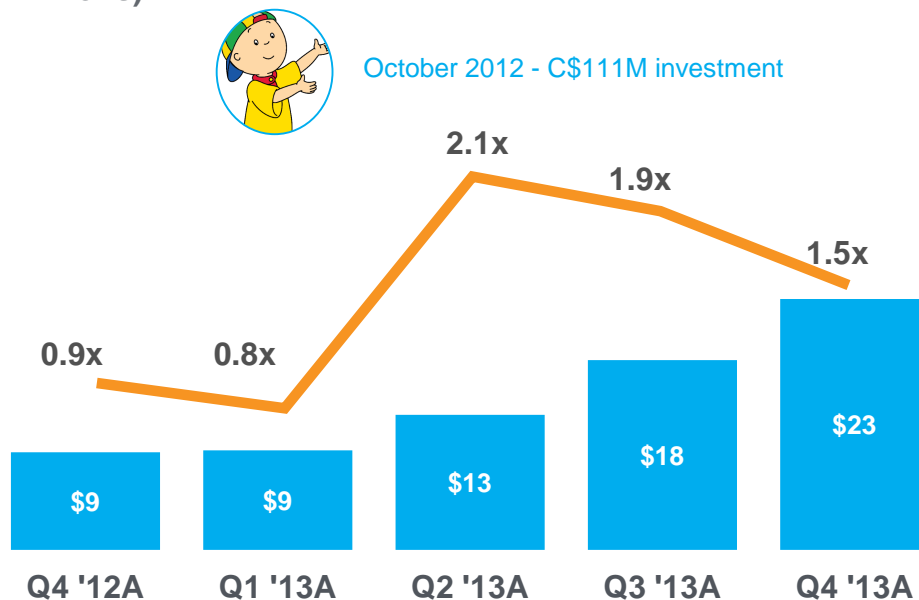
- ▶ Fully committed financing to underwrite purchase price & refinance substantially all of DHX Media's current indebtedness
- ▶ Financing at close includes a US \$30M revolver, US \$510M committed term facility & C \$100M senior unsecured convertible debentures
- ▶ Pro forma leverage at closing of 4.1x - 4.4x¹ (committed term facility); 0.6x - 0.7x¹ (senior unsecured convertible debentures)
- ▶ Targeting leverage to 3.0x¹ end of Fiscal 2019
- ▶ Primary use of significant pro forma free cash flow will be debt pay down

1. Closing assumed to be June 30, 2017. F2018 calculated using pro forma June 30, 2017, adjusted EBITDA expected to be US \$105M, and assumes a range of growth and first year synergies of US \$10-20M

SUCCESSFUL TRACK RECORD OF GROWTH & MANAGING LEVERAGE POST-ACQUISITION

COOKIE JAR ENTERTAINMENT ACQUISITION

Consolidated Adj. EBITDA¹ & Leverage Ratio²
(\$ millions)



- ▶ Leverage rose to 2.1x; reduced to 1.5x within 2 quarters
- ▶ Significantly enhanced scale of our library from 2,550 to >8,550 half-hours of kids' content
- ▶ Added globally recognized brands including Caillou, Johnny Test, Inspector Gadget

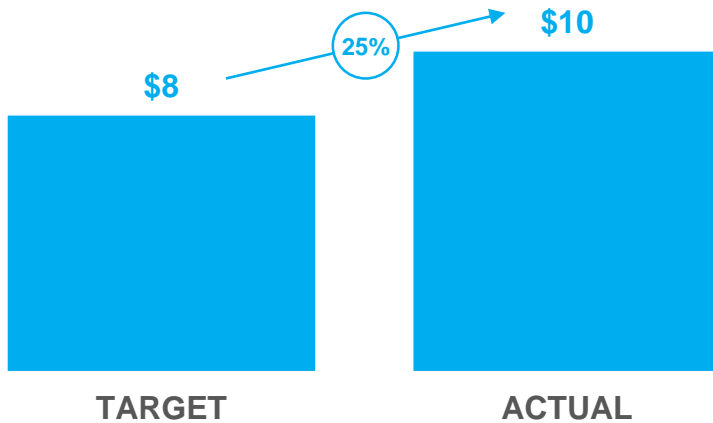
1. Consolidated Adj. EBITDA based on a rolling TTM basis. Calculated as earnings (loss) before interest, taxes, depreciation, amortization, share-based compensation expense, finance expense (income), development expense, & impairment of certain investments in film & television programs; includes adjustments for other identified charges. Amortization includes amortization of property & equipment, expense of acquired libraries, & intangible assets. Prior to Q2'13, consolidated adj. EBITDA is equivalent to EBITDA.

2. Leverage Ratio calculated on a rolling TTM basis. Defined as funded debt (total of all obligations for borrowed money which bear interest or imputed interest, excl. interim production financing, all capital lease obligations, & any contingent liabilities) ("Funded Debt") to consolidated adjusted EBITDA (rolling consolidated adj. EBITDA (pro-forma last 12 months) less foreign exchange gains or losses on intercompany debt, production-related EBITDA & certain acquisition costs) for all remaining quarters shown.

SYNERGY CAPTURE TRACK RECORD

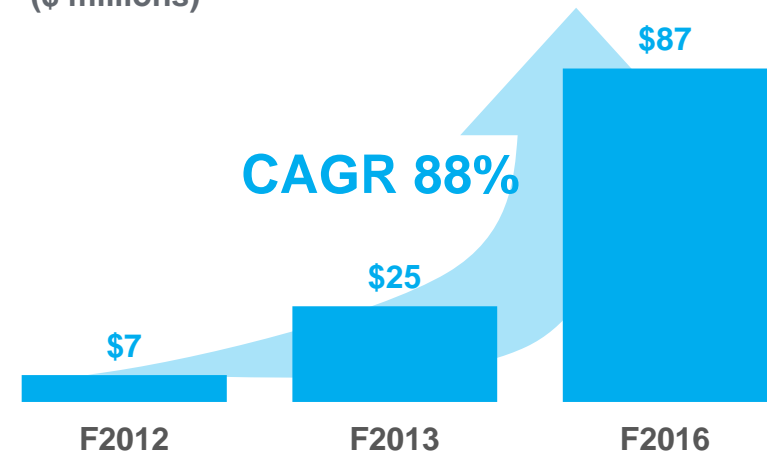
COOKIE JAR ENTERTAINMENT ACQUISITION

Cost Synergies Achieved in One Year
(\$ millions)



- ▶ Digital and TV sales dept. integrated into a unified sales team
- ▶ Merged Toronto and LA offices
- ▶ Centralized back office and admin functions in Toronto

Growth in Distribution Revenue
(\$ millions)



- ▶ Leveraged increased scale in library to drive growth in distribution revenue

Q3 FISCAL 2017 FINANCIAL RESULTS

- ▶ Delivering on our strategic priorities of content creation, distribution and consumer products
- ▶ A ‘one-stop’ supplier of kids’ content to leading streaming and broadcast customers worldwide
- ▶ Building new online audiences through WildBrain on YouTube
- ▶ Rebooting classic kids’ brands for multiple revenue streams

PERFECT FIT FOR DHX MEDIA

