



Address by Hugues Simard  
Chief Financial Officer  
Quebecor Inc.

Annual General Meeting  
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*Check against delivery*

Thank you, Mr. Mulroney.

Good morning, ladies and gentlemen.

Allow me to present our 2022 financial review.

### **SUMMARY OF RESULTS**

Quebecor recorded total revenues of \$4.532 billion in fiscal 2022, a slight 0.5% decrease from 2021. Adjusted EBITDA was down 2.0% to \$1.935 billion.

Net income attributable to shareholders was \$600 million or \$2.55 per share, compared with \$578 million or \$2.38 per share in 2021.

Adjusting for all items not directly related to operations, such as unusual items and gains and losses on valuation of financial instruments, our adjusted income from continuing operating activities was \$625 million or \$2.66 per share, a 0.5% increase from \$622 million or \$2.55 per share in 2021.

I will now go into a little more detail, starting with a summary of the results of our main business segments.

## **REVENUE**

In a highly competitive environment for all our business segments, our revenues declined slightly by 0.5% in 2022. Our Telecommunications segment, which faced aggressive competition, posted a 0.4% decrease, mainly related to revenues from lower-margin wireline equipment. Our mobile services and equipment business remained our main growth driver, increasing its revenues by 11.5% or \$114 million. Our Internet access services also performed well, with a revenue increase of \$37 million or 3.1%.

Meanwhile, our Media segment's revenues were down 2.7%, mainly because of lower advertising revenues at TVA Group and the newspapers.

Our Sports and Entertainment segment grew its revenues by 14.1%, primarily as a result of higher revenues from concerts, music and hockey.

This morning we reported our first quarter 2023 results. Consolidated revenues were up 2.5% year over year to \$1.116 billion. In our Telecommunications segment, revenues were up 2.4% to \$925 million, driven by higher sales in mobile telephony services and equipment. First quarter revenues increased by 42.2% in the Sports and Entertainment segment and decreased by 6.1% in the Media segment.

## **ADJUSTED EBITDA**

We generated \$1.935 billion in adjusted EBITDA in 2022, a 2.0% decrease from the previous year.

Our Telecommunications segment grew its operating profit by \$37 million or 2.0% to generate \$1.913 billion in adjusted EBITDA. Videotron continued to increase its revenue-generating units in the highly competitive mobile telephony space, adding 108,500 subscriber connections in 2022. Its total revenue-generating units increased by 125,200 in 2022, including the addition of 57,000 VMedia RGUs. As of December 31, Videotron had 1,710,400 mobile subscriber connections and a total of 6,314,800 revenue-generating units.

Our Media segment's adjusted EBITDA was down \$58 million to \$25 million in 2022, mainly because of increased spending on the production of original, differentiated content, which enabled TVA Group to continue increasing its market share and remain Québec's television leader.

The Sports and Entertainment segment's adjusted EBITDA was down \$1 million to \$19 million in 2022, mainly as a result of decreased activity and hence revenues in the book publishing division.

Today we reported consolidated adjusted EBITDA of \$443 million for the first quarter of 2023, a 0.2% year-over-year increase. Our Telecommunications segment contributed significantly to this result with a \$14 million increase in adjusted EBITDA which was offset by an unfavourable variance of \$14 million in our Media segment, mainly at TVA Group. TVA Group's financial results were affected by increased investment in content production, which we weren't able to translate into a sufficient increase in revenues, given the competitive and challenging advertising market.

As well, TVA Group's film production and audiovisual services segment was affected by the absence of foreign blockbusters.

## **CASH FLOWS**

Adjusted cash flows from operations totalled \$1.440 billion in 2022 compared with \$1.382 billion in 2021. The \$58 million increase reflects our growing profitability and disciplined management of capital expenditures.

Business acquisitions totalled \$22 million in 2022, compared with \$21 million in 2021. In July 2022, the Telecommunications segment acquired VMedia, an independent telecommunications provider that is well established in the Canadian market. VMedia becomes a key partner that will enhance Quebecor's offerings across Canada by supporting attractive multiservice bundles that give Canadian consumers more choice at a better price.

On January 26, 2023, Videotron acquired spectrum in the 600 MHz band in Manitoba and the 3500 MHz band in Québec at a cost of close to \$10 million.

On April 3, 2023, Videotron acquired Freedom Mobile from Shaw Communications for a purchase price of \$2.85 billion. Videotron paid \$2.17 billion in cash and assumed certain liabilities, primarily lease obligations.

On the same date, Videotron entered into a new \$2.1 billion secured term credit facility with a syndicate of financial institutions, consisting of three equal tranches maturing in October 2024, April 2026 and April 2027.

## **NET DEBT LEVERAGE RATIO**

Throughout 2022, we maintained disciplined, rigorous management of our operations, our balance sheet and our investments, as evidenced by the stability of our key leverage metric. At December 31, 2022, our net debt leverage ratio, calculated on the ratio of net debt to adjusted EBITDA, held steady at 3.2x.

As of March 31, 2023, it had decreased to 3.1x. Pro forma the acquisition of Freedom Mobile, it would be approximately 3.8x.

## **DEBT MATURITIES**

During 2022, we amended and extended the credit facilities of Quebecor Media and Videotron until July 2025 and 2026 respectively. At the beginning of 2023, we increased Videotron's credit facility from \$1.5 billion to \$2.0 billion.

On January 17, 2023, Quebecor Media redeemed at maturity its 5.75% Senior Notes in aggregate principal amount of US\$850.0 million and unwound the related hedging contracts for a total cash consideration of \$830.9 million. Videotron's revolving credit facility was used to finance this redemption.

As I mentioned in connection with the Freedom Mobile transaction, on April 3, 2023, Videotron entered into a new \$2.1 billion secured term credit facility with a syndicate of financial institutions, consisting of three equal tranches maturing over a 4-year period.

Following the acquisition of Freedom Mobile, our balance sheet remains very strong with more than \$1.5 billion in available liquid assets, more than enough to finance our business plan and investment projects, and to meet our upcoming debt maturities.

Finally, the quarterly dividend on our Class A and Class B common shares stays at 30.0 cents per share, in accordance with our payout target of 30% to 50% of net cash flows from operations. Our dividend policy reflects the confidence that the Board and management have in our Corporation's current and future financial profile.

This completes our 2022 financial review. Thank you for your attention.