



Address by Hugues Simard  
Chief Financial Officer  
Quebecor and Quebecor Media

Annual General Meeting  
May 12, 2022

*Check against delivery*

Thank you, Pierre Karl.

Good morning, ladies and gentlemen.

Allow me to present our 2021 financial review.

### **SUMMARY OF RESULTS**

Quebecor recorded total revenues of \$4.554 billion in fiscal 2021, up 5.5% from 2020.

Adjusted EBITDA increased by 1.1% to \$1.973 billion.

Net income attributable to shareholders was \$578 million or \$2.38 per share, compared with \$607 million or \$2.41 per share in 2020.

Adjusting for all items not directly related to operations, such as unusual items, gain on valuation of financial instruments and discontinued operations, our adjusted income from continuing operating activities was \$622 million or \$2.55 per share, a 4.6% increase from \$595 million or \$2.36 per share in 2020. The improvement was mainly due to the \$21 million increase in adjusted EBITDA.

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

### **REVENUE**

Despite the pandemic and the uncertain, fast-changing landscape, revenue was up in 2021 and we closed the year with a 5.5% increase. In an aggressively competitive environment, our Telecommunications segment posted 3.1% revenue growth. We continued increasing our market share in mobile telephony. After successfully launching its 5G network in Montréal in December 2020, Videotron announced the roll-out in

Québec City. Our mobile services and equipment business increased its revenues by 8.0% or \$73 million and remained our main growth driver. Our Internet access services also performed well, increasing their revenue by 6.2% or \$70 million.

Our Media segment's revenues were up 19.3%, mainly because of higher advertising revenues at TVA Group. Revenues from film production and audiovisual services also increased, primarily in the soundstage, mobile and equipment rental segment.

Our Sports and Entertainment segment grew its revenues by 5.7%, mainly because of higher revenues from book distribution, publishing and hockey.

This morning we reported our first quarter 2022 results. Consolidated revenues were down 0.3% year over year to \$1.88 billion. In the Telecommunications segment, revenues decreased 1.2% to \$903 million mainly reflecting lower sales volume for wireline telecommunications services. In the Media and Sports & Entertainment segments, quarterly revenues increased by 4.0% and 9.3% respectively.

### **ADJUSTED EBITDA**

In 2021, we generated \$1.973 billion in adjusted EBITDA, a 1.1% increase from the previous year.

Our Telecommunications segment grew its operating profit by \$12 million or 0.6% to generate \$1.876 billion in adjusted EBITDA. Videotron continued to increase its revenue-generating units in the highly competitive mobile telephony space, adding 120,800 subscriber connections in 2021. As of December 31, Videotron had 1,601,900 mobile subscriber connections and a total of 6,189,600 revenue-generating units, a net increase of 41,700 RGUs during the year.

Our Media segment's adjusted EBITDA was up by \$1 million or 1.5% to \$83 million in 2021. The increase was mainly due to the revenue growth, which was partially offset by additional spending on content to face growing competition, given the proliferation of content on both conventional and digital platforms.

The Sports and Entertainment segment's adjusted EBITDA increased by \$11 million to \$20 million in 2021, mainly because of the revenue increase I mentioned.

For the first quarter of 2022, we today reported consolidated adjusted EBITDA of \$442 million, a 2.3% year-over-year decrease. This result was mainly due to a \$13 million decline in adjusted EBITDA in our Media segment caused by increased spending on content production and acquisition by TVA Group in order to maintain our television market share lead in Québec. The Telecommunications segment posted an increase of \$9 million or 2,0% in adjusted EBITDA to \$460 million.

### **CASH FLOW**

In 2021, adjusted cash flows from operations totalled \$1.382 billion compared with \$1.312 billion in 2020. The \$70 million increase reflects our improved profitability and tight management of capital expenditures.

During the year, Videotron also purchased 294 blocks of spectrum in the 3500 MHz band across the country for \$830 million.

Business acquisitions totalled \$21 million in 2021, compared with \$47 million in 2020. The Sports and Entertainment segment acquired Les Disques Audiogramme inc., the largest independent French-language record label in North America, and Videotron acquired Cablovision Warwick Inc. and its network, serving the municipalities of Warwick, Kingsey Falls and Saint-Félix-de-Kingsey in the Centre-du-Québec region.

### **NET DEBT LEVERAGE RATIO**

Throughout 2021, we maintained our focus on sound management of our operations, our balance sheet and our investments, as evidenced by the stability of our key leverage metric. At December 31, 2021, our net debt leverage ratio, calculated on the ratio of net debt to adjusted EBITDA, stood at 3.2x. Excluding the \$830 million disbursed to acquire spectrum across the country, the ratio was 2.8x.

Our financial leverage held steady despite investments in our wireline and wireless infrastructure in 2021 and the repurchase of 8.9 million shares for \$282 million in cash under our normal course issuer bid. Since the bid was initially announced in 2011, a total of 50.5 million shares have been repurchased as of March 31, 2022 at a total cost of \$1.175 billion.

### **NOTE MATURITIES**

The financial markets continued to show strong confidence in our operations and our capital deployment strategy, as demonstrated by our continuing ability to access capital markets.

During the 2021 financial year, Videotron issued over \$2 billion in aggregate principal amount of Senior Notes bearing interest at the very attractive rates of 3.125% and 3.625%, confirming Videotron's status as an issuer of the first rank in both the Canadian and U.S. markets. Quebecor Media and Videotron used a portion of the proceeds from these issues to prepay Senior Notes bearing interest at 6.625% and 5%, for a total net disbursement of \$1.38 billion. These favourable financing transactions will generate annual savings of more than \$30 million in interest on the debt.

We had more than \$1.6 billion in available liquidity as of December 31, 2021, more than enough to finance our business plan and investment projects, and to meet our upcoming debt maturities.

In February, our Board of Directors approved a 9% hike in the quarterly dividend on our Class A and Class B common shares, from 27.5 cents to 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 2021 financial review. Thank you for your attention.