Address by Hugues Simard
Chief Financial Officer
Quebecor and Quebecor Media

Annual General Meeting
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*Check against delivery.*

Thank you, Pierre Karl.

Good morning, ladies and gentlemen.

Allow me to present our 2019 financial review.

***SUMMARY OF RESULTS***

During the year, Quebecor recorded revenues totalling $4.294 billion, up 2.7% from 2018. Adjusted EBITDA grew 5.8% to $1.88 billion.

Net income attributable to shareholders was $653 million or $2.55 per share, compared with $404 million or $1.69 per share in 2018.

Adjusting for all items not directly related to our operations, such as unusual items, loss on valuation of financial instruments and discontinued operations, our adjusted income from continuing operating activities was $581 million or $2.27 per share, a significant 24% increase from $470 million or $1.96 per share in 2018. This improvement was mainly due to $103 million in adjusted EBITDA growth.

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

***REVENUES***

As I mentioned before, our revenues increased by 2.7% in 2019, basically because of 2.9% revenue growth in our Telecommunications segment. This was driven by rising consumer demand for our mobile and Internet services due to the successful launch of Fizz, our new mobile phone and residential Internet service, and Helix, our entertainment and home management platform. Our mobile phone service, which increased its revenues by 12.4% or $66 million, remains our main growth driver. Our Internet access services also performed well, increasing their revenues by 3.2% or $35 million.

Meanwhile, our Media segment's revenues were up 1.3%. Notably, subscription revenues were up 4.4%, due in large part to specialty channels, including the impact of the acquisition of Évasion and Zeste on February 13, 2019. MELS and the audiovisual content production and distribution segment also turned in a noteworthy performance, with revenue climbing 23.6% thanks to growth in revenues from postproduction, visual effects, dubbing and subtitling, along with the acquisition of Incendo Media group companies on April 1, 2019.

Our Sports and Entertainment segment grew its revenues by 5.5%, mainly because of higher revenues from book distribution.

This morning we reported that our first quarter 2020 consolidated revenues were up 2.7% year over year to $1.56 billion. Our Telecommunications segment performed well again, growing its revenues by 4.0% to $875 million.

***ADJUSTED EBITDA***

In 2019, we generated $1.88 billion in adjusted EBITDA, a 5.8% increase from the previous year.

Our Telecommunications segment improved its operating profit by $87 million or 5.1% to generate $1.803 billion in adjusted EBITDA. Videotron's revenue-generating units increased by 86,000, propelled by the addition of 177,000 subscriber connections to its mobile telephony service, the best performance since the launch of its own wireless network in 2010. As of December 31, Videotron had 1,331,000 subscriber connections to its mobile service and a total of 6,076,000 revenue-generating units.

Our Media segment's adjusted EBITDA went up sharply in 2019, adding $15 million (or 24.7%) for a total of $75 million.

The Sports and Entertainment segment's adjusted EBITDA was down $3 million, for a total of $7 million.

For the first quarter of 2020, we reported consolidated adjusted EBITDA of $437 million, a 3.8% year-over-year increase, due in large part to our Telecom segment, which increased its adjusted EBITDA by 3.0% to $436 million.

***<u>CASH FLOWS</u>***

In 2019, cash flows from operating activities totalled $1.144 billion compared with $1.012 billion in 2018, up by $132 million. This gain is primarily due to adjusted EBITDA growth of $103 million and a decline in additions to property, plant and equipment and intangible assets of $29 million.

Over the year, Videotron also purchased 10 low-frequency blocks in the 600 MHz band for $256 million.

Business acquisitions totalled $36 million in 2019, compared with $10 million in 2018. In 2019, TVA completed its acquisition of the companies in the Serdy Média Inc. and Serdy Vidéo Inc. groups, including the Évasion and Zeste specialty channels. Finally, TVA completed its acquisition of the Incendo Media Inc. group, a producer and distributor of audiovisual content for international markets.

I’d also like to point out that Videotron made a $261 million gain with the disposal of the 4Degrees data centres in the first quarter of 2019. This is a tidy profit considering the operations were acquired just four years earlier, in 2015.

***<u>NET DEBT RATIO</u>***

We are continuing to take a conservative approach to managing our financial leverage, as shown by the extraordinary improvement in our key financial leverage indicator. In fact, our net debt ratio as expressed by the ratio of net debt to adjusted EBITDA, stood at 2.8x at December 31, 2019, versus 3.2x at December 31, 2018. The growth in our adjusted EBITDA and steady positive cash flows have helped reduce our net debt ratio over the years. This was accomplished despite investments of more than $2 billion in our wireless network and the series of repurchases of shares held by CDPQ totalling more than $3.7 billion.

***DEBT MATURITIES***

Financial markets still believe in the value of our operations and capital deployment strategy, as shown by the continued success of our financing activities.

Of these, I want to point out Videotron's issuance of senior notes in an aggregate principal amount of $800 million at a 4.5% interest rate. This was the largest transaction ever completed on the Canadian high-yield market, and it offered the lowest-ever coupon on 10-year notes. The sale of these notes helped Videotron repay some of the amounts outstanding on its credit facility.

We had more than $1.7 billion in available liquidity as of December 31, 2019, more than enough to finance our business plan and investment projects, and to meet our maturities.

Finally, in March, our Board of Directors approved a 78% increase in the quarterly dividend on the Class A and B common shares comprising our capital stock, from 11.25 cents to 20 cents per share. We are maintaining the target we established in 2018, which is to gradually achieve an annual payout of 30% to 50% of cash flows. Our dividend policy reflects the confidence that the Board and management have in our Corporation's current and future financial profile, especially since, following the buyout of CDPQ's interest in 2018, we now have access to all cash flows generated by our operations.

This completes our 2019 financial review. Thank you for your attention.