MANAGEMENT DISCUSSION AND ANALYSIS

THIRD QUARTER 2024

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CORPORATE PROFILE

This Management Discussion and Analysis covers the main activities of Quebecor Inc. in the third quarter of 2024 and the major changes from the previous financial year. Quebecor Inc., one of Canada's largest telecommunications and media groups, operates in the following segments: Telecommunications, Media, and Sports and Entertainment. Unless the context otherwise requires, in this Management Discussion and Analysis, “Quebecor” and "the Corporation” refer to Quebecor Inc. and its subsidiaries.

A Canadian leader in telecommunications and media, Quebecor is expanding its geographic footprint in the Canadian telecom market through a strategy focused on increasing competition in mobile telephony, and is pursuing a convergence strategy to leverage the value of its content for the benefit of its various properties and multiple distribution platforms.

Videotron Ltd. (“Videotron”) acquired Freedom Mobile Inc. (“Freedom”) from Shaw Communications Inc. on April 3, 2023. Videotron paid $2.07 billion in cash and assumed certain liabilities, mainly lease obligations. The acquisition included the Freedom brand’s entire wireless and Internet customer base, as well as its owned infrastructure, spectrum and retail outlets.

This report should be read in conjunction with the information in the consolidated financial statements and Management Discussion and Analysis for the financial year ended December 31, 2023. All amounts are stated in Canadian dollars (“CAN”) unless otherwise indicated.

The Corporation uses financial measures not standardized under International Financial Reporting Standards (“IFRS”), such as adjusted EBITDA, adjusted income from operating activities, adjusted cash flows from operations, free cash flows from operating activities and consolidated net debt leverage ratio. It also uses key performance indicators, such as revenue-generating unit (“RGU”) and average monthly mobile revenue per unit (“mobile ARPU”). The Corporation discontinued the use of total ARPU as of the first quarter of 2024. With the evolution of the product mix as a result of the Corporation’s geographic diversification, total ARPU is no longer meaningful. Definitions of the non-IFRS measures and key performance indicators used by the Corporation are provided in the “Non-IFRS financial measures” and “Key performance indicators” sections.

HIGHLIGHTS

Third quarter 2024

Revenues: $1.39 billion, a $25.7 million (-1.8%) decrease.

Adjusted EBITDA:[1] $594.1 million, a $30.3 million (-4.9%) decrease, mainly due to the significant $25.8 million increase in the stock-based compensation charge.

Net income attributable to shareholders: $189.0 million ($0.81 per basic share), a decrease of $20.3 million ($0.10 per basic share).

Adjusted income from operating activities:[1] $192.2 million ($0.82 per basic share), a decrease of $10.1 million ($0.06 per basic share).

Adjusted cash flows from operations:[1] $435.3 million, a $47.1 million (-9.8%) decrease.

Cash flows provided by operating activities: $546.2 million, a $50.0 million (10.1%) increase.

Year to date

Revenues: $4.14 billion, a $209.9 million (5.3%) increase due to the contribution of Freedom.

Adjusted EBITDA: $1.78 billion, a $106.1 million (6.3%) increase, mainly due to the contribution of Freedom and also to the Media segment.

Net income attributable to shareholders: $569.8 million ($2.46 per basic share), an increase of $65.5 million ($0.28 per basic share).

Adjusted income from operating activities: $560.4 million ($2.42 per basic share), an increase of $39.8 million ($0.17 per basic share).

Adjusted cash flows from operations: $1.30 billion, a $20.3 million (1.6%) increase, including the contribution of the Freedom acquisition.

Cash flows provided by operating activities: $1.33 billion, a $200.1 million (17.8%) increase**.**

[1] See “Non-IFRS financial measures.”

Table 1
Consolidated summary of income, cash flows and balance sheet
(in millions of Canadian dollars, except per basic share data)

	Three months ended September 30		Nine months ended September 30	
	2024	2023	**2024**	2023
Income				
Revenues:				
Telecommunications	**$ 1,203.2**	$ 1,230.1	**$ 3,569.6**	$ 3,356.3
Media	**155.1**	166.0	**508.3**	517.1
Sports and Entertainment	**64.0**	59.7	**156.1**	157.0
Inter-segments	**(32.6)**	(40.4)	**(94.6)**	(100.9)
	1,389.7	1,415.4	**4,139.4**	3,929.5
Adjusted EBITDA (negative adjusted EBITDA):				
Telecommunications	**585.9**	589.5	**1,769.5**	1,671.3
Media	**14.7**	21.0	**16.9**	(5.9)
Sports and Entertainment	**11.7**	14.4	**16.6**	20.8
Head Office	**(18.2)**	(0.5)	**(24.5)**	(13.8)
	594.1	624.4	**1,778.5**	1,672.4
Depreciation and amortization	**(232.9)**	(238.8)	**(706.7)**	(677.9)
Financial expenses	**(100.6)**	(109.8)	**(317.6)**	(301.4)
Gain on valuation and translation of financial instruments	**–**	13.4	**15.5**	3.7
Restructuring, acquisition costs and other	**(5.1)**	(10.0)	**(14.3)**	(28.9)
Income taxes	**(65.6)**	(70.1)	**(191.3)**	(174.0)
Net income	**$ 189.9**	$ 209.1	**$ 564.1**	$ 493.9
Net income attributable to shareholders	**$ 189.0**	$ 209.3	**$ 569.8**	$ 504.3
Adjusted income from operating activities	**192.2**	202.3	**560.4**	520.6
Per basic share:				
Net income attributable to shareholders	**0.81**	0.91	**2.46**	2.18
Adjusted income from operating activities	**0.82**	0.88	**2.42**	2.25

Table 1 (continued)	Three months ended September 30		Nine months ended September 30	
	2024	2023	**2024**	2023
Capital expenditures:				
Telecommunications	**$ 148.8**	$ 135.7	**$ 443.8**	$ 376.3
Media	**8.2**	3.5	**25.4**	6.7
Sports and Entertainment	**1.5**	2.2	**4.8**	4.8
Head Office	**0.3**	0.6	**0.5**	0.9
	158.8	142.0	**474.5**	388.7
Acquisition of spectrum licences	**–**	–	**298.9**	9.9
Cash flows:				
Adjusted cash flows from operations:				
Telecommunications	**437.1**	453.8	**1,325.7**	1,295.0
Media	**6.5**	17.5	**(8.5)**	(12.6)
Sports and Entertainment	**10.2**	12.2	**11.8**	16.0
Head Office	**(18.5)**	(1.1)	**(25.0)**	(14.7)
	435.3	482.4	**1,304.0**	1,283.7
Free cash flows from operating activities[1]	**374.0**	356.2	**817.4**	726.1
Cash flows provided by operating activities	**546.2**	496.2	**1,326.6**	1,126.5

	Sept. 30, 2024	Dec. 31, 2023
Balance sheet		
Cash and cash equivalents	**$ 54.4**	$ 11.1
Working capital	**(18.7)**	(1,125.6)
Net assets related to derivative financial instruments	**33.1**	110.8
Total assets	**12,836.7**	12,741.3
Bank indebtedness	**12.6**	9.6
Total long-term debt (including current portion)	**7,565.1**	7,668.2
Lease liabilities (current and long term)	**393.2**	376.2
Convertible debentures, including embedded derivatives	**–**	165.0
Equity attributable to shareholders	**2,171.4**	1,726.9
Equity	**2,280.5**	1,837.7
Consolidated net debt leverage ratio[1]	**3.36x**	3.39x

[1] See “Non-IFRS financial measures.”

Telecommunications

- The Telecommunications segment's revenues decreased by $26.9 million (-2.2%) and its adjusted EBITDA decreased slightly by $3.6 million (-0.6%) in the third quarter of 2024.
- There was a net increase of 118,000 RGUs[1] (1.6%) in the third quarter of 2024, driven by an increase of 132,100 connections (3.4%) to the mobile telephony service and an increase of 11,800 subscriptions (0.7%) to Internet access services. The combined wireless customer base of the Videotron, Freedom Mobile and Fizz brands passed the 4,000,000-connection mark during the quarter. This significant milestone is indicative of the Corporation's continued growth and its strengthening position as Canada's fourth major telecommunications player.
- On September 26, 2024, Videotron announced the expansion of its wireless service area to the Gaspésie and Côte-Nord regions and the enlargement of its service area in the Bas-Saint-Laurent region. Residents of Sept-Îles, Baie-Comeau, Port-Cartier, Gaspé, Matane, Chandler, Rimouski, Amqui and Sayabec, among others, can now subscribe to Videotron wireless services.
- On September 5, 2024, Fizz announced the expansion of its footprint with the addition of new service areas in British Columbia, Alberta, Manitoba, Ontario and Québec, bringing Fizz's 100% digital universe to an additional 2.2 million Canadians.
- On August 29, 2024, Videotron announced that, according to a survey conducted by Léger between August 5 and 15, 2024, Quebecers again rated Videotron as the telecommunications company with the best customer service in 2024. Videotron was picked by almost twice as many respondents as its nearest rival, confirming its status as the leader in customer service.

Media

- On October 2, 2024, Quebecor, through its Quebecor Out-of-Home division, acquired the Canada-wide out-of-home advertising business of Media Group Inc. (NEO-OOH) and integrated it into Québecor Affichage Neo Inc. The Corporation will be able to offer its advertising partners more than 17,000 advertising faces across Canada, forming a unified out-of-home platform with new reach and power to complement Quebecor's comprehensive multiplatform advertising offering.

Financing operations

- On November 4, 2024, Videotron announced the pricing of its US$700 million aggregate principal amount of 5.700% Senior Notes due January 15, 2035. The closing of the offering is expected on or about November 8, 2024. Videotron intends to use the net proceeds, together with drawings under its revolving credit facility, for repayment in full of its $700.0 million tranche A term loan due October 2025 and for the redemption in full of its $375.0 million 5.750% Senior Notes due 2026.

[1] See "Key performance indicators."

ANALYSIS OF CONSOLIDATED RESULTS OF OPERATIONS AND CASH FLOWS

2024/2023 third quarter comparison

Revenues: $1.39 billion, a $25.7 million (-1.8%) decrease.

- Revenues decreased in Telecommunications ($26.9 million or -2.2% of segment revenues) and in Media ($10.9 million or -6.6%).
- Revenues increased in Sports and Entertainment ($4.3 million or 7.2%).

Adjusted EBITDA: $594.1 million, a $30.3 million (-4.9%) decrease.

- Adjusted EBITDA decreased in Media ($6.3 million or -30.0% of segment adjusted EBITDA), Telecommunications ($3.6 million or -0.6%) and Sports and Entertainment ($2.7 million or -18.8%). There was also an unfavourable variance at Head Office ($17.7 million). The decreases were due to, among other things, a $25.8 million increase in the stock-based compensation charge related to a significant change in the fair value of Quebecor stock options and stock-price-based share units.

Net income attributable to shareholders: $189.0 million ($0.81 per basic share) in the third quarter of 2024, compared with $209.3 million ($0.91 per basic share) in the same period of 2023, a decrease of $20.3 million ($0.10 per basic share).

- The unfavourable variances were:
  - $30.3 million decrease in adjusted EBITDA;
  - $13.4 million unfavourable variance related to the gain on valuation and translation of financial instruments, including $13.1 million without any tax consequences.
- The main favourable variances were:
  - $9.2 million decrease related to financial expenses;
  - $5.9 million decrease in the depreciation and amortization charge;
  - $4.9 million decrease in the charge for restructuring, acquisition costs and other;
  - $4.5 million decrease in the income tax expense.

Adjusted income from operating activities: $192.2 million ($0.82 per basic share) in the third quarter of 2024, compared with $202.3 million ($0.88 per basic share) in the same period of 2023, a decrease of $10.1 million ($0.06 per basic share).

Adjusted cash flows from operations: $435.3 million, a $47.1 million (-9.8%) decrease in the third quarter of 2024 due to the $30.3 million decrease in adjusted EBITDA and the $16.8 million increase in capital expenditures.

Cash flows provided by operating activities: $546.2 million, a $50.0 million (10.1%) increase in the third quarter of 2024 due primarily to the favourable net change in non-cash balances related to operating activities and the decrease in the cash portion of financial expenses, partially offset by the decrease in adjusted EBITDA.

Depreciation and amortization charge: $232.9 million in the third quarter of 2024, a $5.9 million decrease due mainly to the slowdown in capital expenditures in recent years following the review of strategic priorities.

Financial expenses: $100.6 million in the third quarter of 2024, a $9.2 million decrease due primarily to the impact of lower average interest rates on long-term debt and lower average indebtedness.

Gain on valuation and translation of financial instruments: Nil in the third quarter of 2024, a $13.4 million unfavourable variance due primarily to the unfavourable variance, without any tax consequences, in the gain on embedded derivatives related to convertible debentures.

Charge for restructuring, acquisition costs and other: $5.1 million, a $4.9 million favourable variance.

In the third quarter of 2024, the Corporation recorded a $2.3 million charge in connection with cost-reduction measures in various segments ($0.7 million in 2023), and a $2.8 million net charge for other items ($9.3 million in 2023), including a $1.4 million asset impairment charge ($8.0 million in 2023).

Income tax expense: $65.6 million in the third quarter of 2024 (effective tax rate of 26.0%), compared with $70.1 million in the same period of 2023 (effective tax rate of 26.1%), a $4.5 million favourable variance caused mainly by the impact of the decrease in taxable income. The effective tax rates are calculated considering only taxable and deductible items.

2024/2023 year-to-date comparison

Revenues: $4.14 billion, a $209.9 million (5.3%) increase.

- Revenues increased in Telecommunications ($213.3 million or 6.4% of segment revenues), due primarily to the contribution of Freedom.
- Revenues decreased in Media ($8.8 million or -1.7%) and in Sports and Entertainment ($0.9 million or -0.6%).

Adjusted EBITDA: $1.78 billion, a $106.1 million (6.3%) increase.

- Adjusted EBITDA increased in Telecommunications ($98.2 million or 5.9% of segment adjusted EBITDA), mainly related to the contribution of Freedom. There was also a favourable variance in the Media segment ($22.8 million), due primarily to the $10.2 million favourable retroactive impact of an agreement on carriage fees for the LCN specialty channel combined with higher volume in film production and audiovisual services.
- Adjusted EBITDA decreased in Sports and Entertainment ($4.2 million or -20.2%). There was also an unfavourable variance at Head Office ($10.7 million), due mainly to an increase in the stock-based compensation charge.
- The change in the fair value of Quebecor stock options and share units resulted in a $15.3 million unfavourable variance in the Corporation's stock-based compensation charge in the first nine months of 2024 compared with the same period of 2023.

Net income attributable to shareholders: $569.8 million ($2.46 per basic share) in the first nine months of 2024, compared with $504.3 million ($2.18 per basic share) in the same period of 2023, an increase of $65.5 million ($0.28 per basic share).

- The favourable variances were:
  - $106.1 million increase in adjusted EBITDA;
  - $14.6 million favourable variance in the charge for restructuring, acquisition costs and other;
  - $11.8 million favourable variance related to the gain on valuation and translation of financial instruments, without any tax consequences.
- The unfavourable variances were:
  - $28.8 million increase in the depreciation and amortization charge;
  - $17.3 million increase in the income tax expense;
  - $16.2 million increase related to financial expenses;
  - $4.7 million favourable variance in non-controlling interests.

Adjusted income from operating activities: $560.4 million ($2.42 per basic share) in the first nine months of 2024, compared with $520.6 million ($2.25 per basic share) in the same period of 2023, an increase of $39.8 million ($0.17 per basic share).

Adjusted cash flows from operations: $1.30 billion, a $20.3 million (1.6%) increase due to the $106.1 million increase in adjusted EBITDA, partially offset by an $85.8 million increase in capital expenditures.

Cash flows provided by operating activities: $1.33 billion, a $200.1 million (17.8%) increase due primarily to the increase in adjusted EBITDA and the favourable net change in non-cash balances related to operating activities, partially offset by increases in current income taxes and the cash portion of financial expenses.

Depreciation and amortization charge: $706.7 million, a $28.8 million increase due primarily to the impact of the Freedom acquisition.

Financial expenses: $317.6 million, a $16.2 million increase due primarily to higher average indebtedness, including the impact of the financing of the Freedom acquisition, partially offset by the impact of lower average interest on long-term debt.

Gain on valuation and translation of financial instruments: $15.5 million, an $11.8 million favourable variance, without any tax consequences, in the gain on embedded derivatives related to convertible debentures.

Charge for restructuring, acquisition costs and other: $14.3 million, a $14.6 million favourable variance.

For the first nine months of 2024, the Corporation recorded a $7.9 million charge in connection with cost-reduction measures in various segments ($6.7 million in 2023), acquisition costs of $1.5 million ($14.7 million in 2023, including acquisition costs related to the Freedom transaction), an $11.8 million asset impairment charge ($8.0 million in 2023), and a $6.9 million net gain on other items, mainly in connection with the share of results of associates ($0.5 million in 2023).

Income tax expense: $191.3 million in the first nine months of 2024 (effective tax rate of 25.9%), compared with $174.0 million in the same period of 2023 (effective tax rate of 26.3%), a $17.3 million unfavourable variance caused mainly by the impact of the increase in taxable income. The effective tax rates are calculated considering only taxable and deductible items.

SEGMENTED ANALYSIS

Telecommunications

Third quarter 2024 operating results

Revenues: $1.20 billion in the third quarter of 2024, a $26.9 million (-2.2%) decrease.

- Revenues from mobile telephony services increased $10.1 million (2.5%) to $422.0 million, mainly because of an increase in the number of subscriber connections, partially offset by lower average per-connection revenues.
- Revenues from Internet access services decreased $15.4 million (-4.8%) to $307.8 million, mainly because of a decrease in average per-subscriber revenues.
- Revenues from television services decreased $9.0 million (-4.5%) to $191.8 million, mainly because of decreases in the subscriber base and in average per-subscriber revenues.
- Revenues from wireline telephony services decreased $7.5 million (-10.9%) to $61.4 million, mainly because of decreases in the number of subscriber connections and in average per-connection revenues.
- Revenues from mobile equipment sales to customers increased $17.2 million (10.8%) to $177.1 million, mainly because of price increases, partially offset by a decrease in the number of mobile devices sold.
- Revenues from wireline equipment sales to customers decreased $17.8 million (-94.2%) to $1.1 million, essentially because of the availability of Helix equipment on a rental basis since the beginning of June 2024.
- Other revenues decreased $4.5 million (-9.7%) to $42.0 million, mainly reflecting lower revenues from over-the-top (”OTT”) video services and Videotron Business.

Mobile ARPU:[1] $35.31 in the third quarter of 2024 compared with $37.60 in the same period of 2023, a $2.29 (-6.1%) decrease, mainly attributable to higher promotional discounts, lower overage revenues and a change in the customer mix, including the dilutive effect of Freedom’s and Fizz’s prepaid services.

Customer statistics

Acquisition of Freedom

The acquisition of Freedom on April 3, 2023 was significantly accretive to growth in the Telecommunications segment, immediately adding 1,844,400 RGUs, consisting of 1,824,400 subscriber connections to the mobile telephony service and 20,000 subscriptions to the Internet access service.

Analysis of current business

RGUs – The total number of RGUs was 7,724,400 at September 30, 2024, an increase of 118,000 (1.6%) in the third quarter of 2024 (compared with an increase of 61,000 in the same period of 2023), and a 12-month increase of 249,900 (3.3%) (Table 2).

Mobile telephony – The number of subscriber connections to the mobile telephony service stood at 4,050,700 at September 30, 2024, an increase of 132,100 (3.4%) in the third quarter of 2024 (compared with an increase of 88,700 in the same period of 2023), and a 12-month increase of 351,900 (9.5%) (Table 2).

Internet access – The number of subscribers to the Internet access service stood at 1,734,300 at September 30, 2024, an increase of 11,800 (0.7%) in the third quarter of 2024 (compared with an increase of 4,500 in the same period of 2023), and a 12-month increase of 13,000 (0.8%) (Table 2).

Cable television – The number of subscribers to cable television services stood at 1,311,900 at September 30, 2024, a decrease of 10,000 (-0.8%) in the third quarter of 2024 (compared with a decrease of 12,000 in the same period of 2023), and a 12-month decrease of 50,600 (-3.7%) (Table 2).

Wireline telephony – The number of subscriber connections to wireline telephony services stood at 627,500 at September 30, 2024, a decrease of 15,900 (-2.5%) in the third quarter of 2024 (compared with a decrease of 20,200 in the same period of 2023), and a 12-month decrease of 64,400 (-9.3%) (Table 2).

[1] See “Key performance indicators.”

Table 2
Quarter-end RGUs for the last eight quarters
(in thousands of units)

	Sept. 2024	June 2024	Mar. 2024	Dec. 2023	Sept. 2023	June 2023	Mar. 2023	Dec. 2022
Mobile telephony	**4,050.7**	3,918.6	3,825.1	3,764.9	3,698.8	3,610.1	1,736.6	1,710.4
Internet access	**1,734.3**	1,722.5	1,721.1	1,727.6	1,721.3	1,716.8	1,691.5	1,682.7
Television	**1,311.9**	1,321.9	1,335.7	1,355.6	1,362.5	1,374.5	1,385.6	1,396.1
Wireline telephony	**627.5**	643.4	658.3	674.7	691.9	712.1	730.8	751.2
Total	**7,724.4**	7,606.4	7,540.2	7,522.8	7,474.5	7,413.5	5,544.5	5,540.4

Adjusted EBITDA: $585.9 million, a $3.6 million (-0.6%) decrease, mainly due to the impact of the decrease in revenues, partially offset by a decrease in operating expenses, despite the increase in the stock-based compensation charge, resulting from stringent cost control and synergies from the integration of Freedom.

Cost/revenue ratio: Employee costs and purchases of goods and services for all operations, expressed as a percentage of revenues, were 51.3% in the third quarter of 2024 compared with 52.1% in the same period of 2023.

Adjusted cash flows from operations: $437.1 million in the third quarter of 2024 compared with $453.8 million in the same period of 2023 (Table 11). The $16.7 million (-3.7%) decrease was mainly due to a $13.1 million increase in capital expenditures, mainly reflecting higher network investments.

Year-to-date operating results

Revenues: $3.57 billion in the first nine months of 2024, a $213.3 million (6.4%) increase due to the impact of the Freedom acquisition in April 2023 and the same factors as those noted above in the discussion of third quarter 2024 results.

- Revenues from mobile telephony services increased $226.8 million (22.4%) to $1.24 billion, due primarily to the contribution of Freedom.
- Revenues from Internet access services decreased $15.8 million (-1.6%) to $944.0 million.
- Revenues from television services decreased $16.5 million (-2.7%) to $586.9 million.
- Revenues from wireline telephony services decreased $22.3 million (-10.6%) to $188.9 million.
- Revenues from mobile equipment sales to customers increased $81.9 million (21.9%) to $456.0 million, mainly because of the contribution of Freedom.
- Revenues from wireline equipment sales to customers decreased $26.5 million (-50.2%) to $26.3 million.
- Other revenues decreased $14.3 million (-10.2%) to $126.1 million.

Mobile ARPU: $35.52 in the first nine months of 2024, compared with $37.92 in the same period of 2023, a $2.40 (-6.3%) decrease due primarily to the same factors as those noted above in the discussion of third quarter 2024 results.

Customer statistics

Analysis of current business

RGUs – 201,600 (2.7%) unit increase in the first nine months of 2024, compared with an increase of 89,700 in the same period of 2023.

Mobile telephony – 285,800 (7.6%) subscriber-connection increase in the first nine months of 2024, compared with an increase of 164,000 in the same period of 2023.

Internet access – 6,700 (0.4%) subscriber increase in the first nine months of 2024, compared with an increase of 18,600 in the same period of 2023.

Television – 43,700 (-3.2%) subscriber decrease in the first nine months of 2024, compared with a decrease of 33,600 in the same period of 2023.

Wireline telephony – 47,200 (-7.0%), subscriber-connection decrease in the first nine months of 2024, compared with a decrease of 59,300 in the same period of 2023.

Adjusted EBITDA: $1.77 billion, a $98.2 million (5.9%) increase, mainly due to the impact of the Freedom acquisition, as well as a decrease in operating expenses, on a same-store basis, as a result of stringent cost control, partially offset by the impact of lower revenues, on a same-store basis.

Cost/revenue ratio: Employee costs and purchases of goods and services for all operations, expressed as a percentage of revenues, were 50.4% in the first nine months of 2024, compared with 50.2% in the same period of 2023.

Adjusted cash flows from operations: $1.33 billion in the first nine months of 2024 compared with $1.30 billion in the same period of 2023 (Table 11). The $30.7 million (2.4%) increase was due to the $98.2 million increase in adjusted EBITDA, partially offset by a $67.5 million increase in capital expenditures, both of which were due primarily to the impact of the Freedom acquisition.

Media

Third quarter 2024 operating results

Revenues: $155.1 million in the third quarter of 2024, a $10.9 million (-6.6%) decrease.

- Advertising revenues decreased by $5.3 million (-8.1%), mainly in television and newspapers.
- Other revenues decreased by $5.1 million (-9.4%), mainly due to lower revenues at TVA Network and the digital marketing agency Elmire, partially offset by higher volume in film production and audiovisual services.

Adjusted EBITDA: $14.7 million in the third quarter of 2024, a $6.3 million decrease due mainly to the impact of the revenue decrease and the increase in the stock-based compensation charge, partially offset by decreases in some operating expenses, including content costs and cost savings resulting from various cost-reduction initiatives.

Cost/revenue ratio: Employee costs and purchases of goods and services for all operations, expressed as a percentage of revenues, were 90.5% in the third quarter of 2024 compared with 87.3% in the same period of 2023. The increase was mainly due to the fixed component of operating costs, which does not fluctuate in proportion to the decrease in revenues.

Adjusted cash flows from operations: $6.5 million in the third quarter of 2024 compared with $17.5 million in the same period of 2023 (Table 11). The $11.0 million decrease was due to the $6.3 million decrease in adjusted EBITDA and a $4.7 million increase in capital expenditures, including higher investment in technical equipment as a result of the reorganization plan for TVA Group Inc. ("TVA Group") announced in November of 2023.

Year-to-date operating results

Revenues: $508.3 million in the first nine months of 2024, an $8.8 million (-1.7%) decrease.

- Advertising revenues decreased by $17.8 million (-7.7%), mainly in television and newspapers.
- Subscription revenues increased $7.4 million (5.3%), mainly at the specialty channels, including the $10.2 million favourable retroactive impact of an agreement on carriage fees for the LCN channel.
- Other revenues increased by $1.6 million (1.1%), mainly because of increased volume in film production and audiovisual services, partially offset by a decrease in revenues from production and distribution, as well as from commercial production and custom publishing.

Adjusted EBITDA: $16.9 million in the first nine months of 2024, a favourable variance of $22.8 million due mainly to decreases in operating expenses, including content costs and cost savings resulting from various cost-reduction initiatives, partially offset by the impact of the revenue decrease.

Cost/revenue ratio: Employee costs and purchases of goods and services for all operations, expressed as a percentage of revenues, were 96.7% in the first nine months of 2024, compared with 101.1% in the same period of 2023. The reduction was mainly due to the decrease in operating expenses.

Adjusted cash flows from operations: Negative $8.5 million in the first nine months of 2024 compared with negative $12.6 million in the same period of 2023 (Table 11). The $4.1 million favourable variance was due to the $22.8 million favourable variance in adjusted EBITDA, partially offset by an $18.7 million increase in capital expenditures, including higher investment in technical equipment as a result of the reorganization plan for TVA Group announced in November of 2023.

Sports and Entertainment

Third quarter 2024 operating results

Revenues: $64.0 million in the third quarter of 2024, a $4.3 million (7.2%) increase due primarily to higher revenues from books, partially offset by lower revenues from concerts.

Adjusted EBITDA: $11.7 million in the third quarter of 2024, a $2.7 million decrease due mainly to the lower profitability of the music business and increases in some operating expenses, including the stock-based compensation charge, partially offset by the impact of the revenue increase.

Adjusted cash flows from operations: $10.2 million in the third quarter of 2024 compared with $12.2 million in the same period of 2023 (Table 11). The $2.0 million decrease was due primarily to the $2.7 million decrease in adjusted EBITDA.

Year-to-date operating results

Revenues: $156.1 million in the first nine months of 2024, a $0.9 million (-0.6%) decrease due primarily to lower revenues from music, concerts and hockey, partially offset by higher book revenues.

Adjusted EBITDA: $16.6 million in the first nine months of 2024, a $4.2 million decrease due mainly to the lower profitability of the music business, increases in some operating expenses, and the impact of the revenue decrease.

Adjusted cash flows from operations: $11.8 million in the first nine months of 2024 compared with $16.0 million in the same period of 2023 (Table 11). The $4.2 million decrease was due to an equal reduction in adjusted EBITDA .

CASH FLOWS AND FINANCIAL POSITION

This section provides an analysis of the Corporation's sources and uses of cash flows, as well as a financial position analysis as of the balance sheet date.

Operating activities

Third quarter 2024

Cash flows provided by operating activities: $546.2 million in the third quarter of 2024 compared with $496.2 million in the same period of 2023.

The $50.0 million (10.1%) increase was primarily due to:

- $75.9 million favourable net change in non-cash balances related to operating activities, due primarily to favourable variances in inventories, provisions for stock-based compensation plans, accounts receivable and contract assets, partially offset by unfavourable variances in accounts payable, accrued charges and provisions;
- $9.3 million decrease in the cash portion of financial expenses.

Partially offset by:

- $30.3 million decrease in adjusted EBITDA.

Year to date

Cash flows provided by operating activities: $1.33 billion in the first nine months of 2024 compared with $1.13 billion in the same period of 2023.

The $200.1 million (17.8%) increase was primarily due to:

- $106.1 million increase in adjusted EBITDA;
- $123.7 million favourable net change in non-cash balances related to operating activities, due primarily to favourable variances in income tax payable, inventories, accounts receivable and provisions for stock-based compensation plans, partially offset by unfavourable variances in accounts payable, accrued charges and provisions;
- $8.2 million decrease in the cash portion of the charge for restructuring, acquisition costs and other.

Partially offset by:

- $21.3 million increase in current income taxes;
- $15.3 million increase in the cash portion of financial expenses.

Compared with the first nine months of 2023, cash flows provided by operating activities were favourably impacted in 2024 by the Freedom acquisition (which accounted for a large portion of the increase in the Telecommunications segment's adjusted EBITDA), despite the financial expenses associated with the financing of this acquisition. In addition, the increase in the adjusted EBITDA of the Media segment also had a positive impact on cash flows provided by operating activities in the first nine months of 2024.

Working capital: Negative $18.7 million as at September 30, 2024, compared with negative $1.13 billion as at December 31, 2023. The favourable variance of $1.11 billion was mainly due to the redemption upon maturity by Videotron of the entirety of its Senior Notes in the aggregate principal amount of US$600.0 million, the redemption of all convertible debentures by conversion into shares, and the evolution of short- and long-term debt maturities.

Investing activities

Third quarter 2024

Cash flows used for capital expenditures: $172.2 million in the third quarter of 2024 compared with $140.0 million in the same period of 2023. The $32.2 million increase was due to a $16.8 million increase in capital expenditures, mainly in the Telecommunications segment, including increased investment in the network, and a $15.4 million unfavourable net change in current non-cash items.

Net subsidies used to finance capital expenditures: $5.4 million in the third quarter of 2023. This amount represents the use of subsidies received under the program to roll out high-speed Internet services, recorded as a reduction of capital expenditures.

Business acquisitions: $1.8 million in the third quarter of 2023.

Acquisition of investments and other: $17.6 million in the third quarter of 2024, compared with $2.8 million in the same period of 2023, mainly due to the acquisition of interest in associates.

Year to date

Cash flows used for capital expenditures: $509.7 million in the first nine months of 2024 compared with $401.2 million in the same period of 2023. The $108.5 million increase was due to an $85.8 million increase in capital expenditures, mainly in the Telecommunications segment, including the impact of the Freedom acquisition, and in the Media segment, and a $22.7 million unfavourable net change in current non-cash items.

Net subsidies received to finance capital expenditures: $37.0 million in the first nine months of 2024, compared with deferred subsidies of $39.3 million used in the same period of 2023. In the first nine months of 2024, a $37.0 million subsidy was received in advance as part of the Québec government's new initiative to improve wireless coverage in outlying regions of Québec. The amount for the first nine months of 2023 represents the use of subsidies received under the program to roll out high-speed Internet services, recorded as a reduction of capital expenditures.

Acquisitions of spectrum licences and other: $298.9 million in the first nine months of 2024 compared with $9.9 million in the same period of 2023. On May 29, 2024, Videotron acquired 305 blocks of spectrum in the 3800 MHz band across the country for a total price of $298.9 million.

Business acquisitions: $7.0 million in the first nine months of 2024 compared with $2.07 billion in the same period of 2023. The Telecommunications segment disbursed $2.07 billion to acquire Freedom in the first nine months of 2023.

Proceeds from disposal of assets: $0.5 million in the first nine months of 2024 compared with $0.8 million in the same period of 2023.

Acquisition of investments and other: $33.0 million in the first nine months of 2024, compared with $6.7 million in the same period of 2023, mainly due to the acquisition of interest in associates.

Free cash flows from operating activities

Third quarter 2024

Free cash flows from operating activities: $374.0 million in the third quarter of 2024 compared with $356.2 million in the same period of 2023 (Table 12). The $17.8 million increase was due mainly to a $50.0 million increase in cash flows provided by operating activities, partially offset by a $32.2 million increase in cash flows used for capital expenditures.

Year to date

Free cash flows from operating activities: $817.4 million in the first nine months of 2024 compared with $726.1 million in the same period of 2023 (Table 12). The $91.3 million increase was due mainly to a $200.1 million increase in cash flows provided by operating activities, partially offset by a $108.5 million increase in cash flows used for capital expenditures.

Financing activities

Consolidated debt (long-term debt plus bank indebtedness): $97.0 million decrease in the first nine months of 2024; $77.7 million net unfavourable variance in the net asset related to derivative financial instruments.

- Debt reductions in the first nine months of 2024 essentially consisted of:
  - redemption upon maturity by Videotron on June 17, 2024 of the entirety of its 5.375% Senior Notes in the aggregate principal amount of US$600.0 million;
  - $380.3 million decrease in total drawings on the revolving bank credit facilities of Videotron and Quebecor Media Inc. (”Quebecor Media”).
- Additions to debt in the first nine months of 2024 essentially consisted of:
  - issuance by Videotron on June 21, 2024 of $600.0 million aggregate principal amount of Senior Notes bearing interest at 4.650% and maturing on July 15, 2029, and $400.0 million aggregate principal amount of Senior Notes bearing interest at 5.000% and maturing on July 15, 2034, for total net proceeds of $992.6 million;
  - $104.1 million unfavourable impact of exchange rate fluctuations. The consolidated debt increase attributable to this item was offset by the increase in the net asset related to derivative financial instruments.
- Derivative financial instruments totalled a net asset of $33.1 million at September 30, 2024 compared with $110.8 million at December 31, 2023. The $77.7 million net unfavourable variance was mainly due to:
  - receipt of the $163.0 million asset related to the hedging contracts on the Senior Notes redeemed on June 17, 2024;
  - unfavourable impact of interest rate trends on the value of derivative financial instruments, mainly affecting interest rate swaps.

  Partially offset by:
  - favourable impact of exchange rate fluctuations on the value of derivative financial instruments.
- On November 4, 2024, Videotron announced the pricing of its US$700 million aggregate principal amount of 5.700% Senior Notes due January 15, 2035. The closing of the offering is expected on or about November 8, 2024. Videotron intends to use the net proceeds, together with drawings under its revolving credit facility, for repayment in full of its $700.0 million tranche A term loan due October 2025 and for the redemption in full of its $375.0 million 5.750% Senior Notes due 2026.
- On June 13, 2024, Videotron amended its term credit facility by extending the maturity of the first tranche of $700.0 million from October 2024 to October 2025 and transitioning to the Canadian Overnight Repo Rate Average (CORRA).
- On June 13, 2024, following the new credit ratings obtained by Videotron in May 2024, all liens on Videotron's assets granted to bank lenders were terminated and all the related debt instruments (including derivative financial instruments) are now unsecured.

Financial position

Net available liquidity: $2.34 billion at September 30, 2024 for Quebecor and its wholly owned subsidiaries, consisting of $2.29 billion in available unused revolving credit facilities and $48.0 million in cash and cash equivalents.

Consolidated debt (long-term debt plus bank indebtedness): $7.55 billion at September 30, 2024, a $97.0 million decrease compared with December 31, 2023; $77.7 million net unfavourable variance in the net asset related to derivative financial instruments (see “Financing activities” above).

- Consolidated debt essentially consisted of Videotron’s $7.53 billion debt ($7.61 billion at December 31, 2023); TVA Group’s $10.2 million debt (nil at December 31, 2023); and Quebecor Media’s nil debt ($31.9 million at December 31, 2023).

As at September 30, 2024, minimum principal payments on long-term debt in the coming years were as follows:

Table 3
Minimum principal payments on Quebecor's long-term debt
12-month periods ended September 30
(in millions of Canadian dollars)

2025	$	400.0
2026		1,779.7
2027		1,510.8
2028		750.0
2029		1,275.9
2030 and thereafter		1,848.7
Total	**$**	**7,565.1**

From time to time, Quebecor may (but is under no obligation to) seek to retire or purchase its outstanding securities in open market purchases, privately negotiated transactions, or otherwise. Such repurchases, if any, will depend on its liquidity position and requirements, prevailing market conditions, contractual restrictions and other factors. The amounts involved may be material.

The weighted average term of Quebecor's consolidated debt was approximately 3.7 years as of September 30, 2024 (3.5 years as of December 31, 2023). After taking into account hedging instruments, the debt consisted of approximately 75.9% fixed-rate debt (67.7% at December 31, 2023) and 24.1% floating-rate debt (32.3% at December 31, 2023).

Management of the Corporation believes that cash flows and available sources of financing should be sufficient to cover committed cash requirements for capital expenditures, acquisitions of spectrum licences, working capital, interest payments, income tax payments, debt and lease repayments, share repurchases and dividend payments to shareholders. The Corporation believes it will be able to meet future debt and lease liability maturities, which are staggered over the coming years.

Pursuant to its financing agreements, the Corporation is required to maintain certain financial ratios and comply with certain financial covenants. At September 30, 2024, the Corporation was in compliance with all required financial ratios and restrictive covenants in its financing agreements.

Dividends declared

On November 6, 2024, the Board of Directors of Quebecor declared a quarterly dividend of $0.325 per share on its Class A Multiple Voting Shares ("Class A Shares") and Class B Shares, payable on December 17, 2024 to shareholders of record at the close of business on November 22, 2024.

Spectrum licences

On May 29, 2024, Videotron acquired 305 blocks of spectrum in the 3800 MHz band across the country for a total price of $298.9 million (of which $59.8 million was paid in January 2024 and $239.1 million in May 2024). Approximately 61% of the 305 blocks of wireless spectrum are located outside Québec, mainly in southern Ontario, Alberta and British Columbia.

Analysis of consolidated balance sheet

Table 4
Consolidated balance sheet of Quebecor
Analysis of main differences between September 30, 2024 and December 31, 2023
(in millions of Canadian dollars)

	Sept. 30, 2024[1]	Dec. 31, 2023	Difference	Main reasons for difference
Assets				
Cash and cash equivalents	**$ 54.4**	$ 11.1	$ 43.3	*See "Cash flow and financial position"*
Inventories	**394.1**	512.1	(118.0)	Impact of current variances in activities and Helix equipment rental offer in 2024
Property, plant and equipment	**3,369.0**	3,417.9	(48.9)	Depreciation for the period less acquisitions
Intangible assets	**3,615.5**	3,385.1	230.4	Acquisitions, including spectrum licences, less amortization for the period
Derivative financial instruments[2]	**33.1**	110.8	(77.7)	*See "Financing activities"*
Other assets	**709.0**	622.8	86.2	Gain on remeasurement of pension plans and the acquisition of interest in associates
Liabilities				
Accounts payable, accrued charges and provisions	**1,059.6**	1,185.9	(126.3)	Impact of current variances in activities
Convertible debentures	**–**	150.0	(150.0)	Redemption of all convertible debentures by conversion into shares
Long-term debt, including current portion and bank indebtedness	**7,545.0**	7,642.0	(97.0)	*See "Financing activities"*

1 The "restricted cash" and "deferred subsidies" line items are combined for the purposes of the analysis.

2 Current and long-term assets less long-term liabilities.

ADDITIONAL INFORMATION

Contractual obligations

At September 30, 2024, material contractual obligations of operating activities included: capital repayment and interest on long-term debt and lease liabilities; capital expenditures and other commitments, including mobile devices; and obligations related to derivative financial instruments, less estimated future receipts on derivative financial instruments. Table 5 below shows a summary of these contractual obligations.

Table 5
Contractual obligations of Quebecor as of September 30, 2024
(in millions of Canadian dollars)

	Total	Under 1 year	1–3 years	3–5 years	5 years or more
Long-term debt[1]	**$ 7,565.1**	$ 400.0	$ 3,290.5	$ 2,025.9	$ 1,848.7
Interest payments[2]	**1,217.7**	276.1	499.6	284.5	157.5
Lease liabilities	**393.2**	103.1	144.4	80.7	65.0
Interest payments on lease liabilities	**104.8**	26.7	37.9	21.5	18.7
Capital expenditures and other commitments	**2,388.8**	1,166.6	894.6	191.4	136.2
Derivative financial instruments[3]	**(75.5)**	2.3	(7.0)	(70.8)	–
Total contractual obligations	**$ 11,594.1**	**$ 1,974.8**	**$ 4,860.0**	**$ 2,533.2**	**$ 2,226.1**

1 The carrying value of long-term debt excluding financing costs.

2 Estimated interest payable on long-term debt, based on interest rates, hedging of interest rates and hedging of foreign exchange rates, as of September 30, 2024.

3 Estimated future receipts, net of future disbursements, related to foreign exchange hedging on the principal of U.S.-dollar-denominated debt using derivative financial instruments.

Related party transactions

In the third quarter of 2024, the Corporation incurred expenses to affiliated corporations in the amount of $35.7 million ($12.5 million in 2023), which are included in the purchase of goods and services, and made capital expenditures to affiliated corporations in the amount of $15.7 million ($1.7 million in 2023). The Corporation also made sales to affiliated corporations in the amount of $5.5 million ($2.5 million in 2023).

In the first nine months of 2024, the Corporation incurred expenses to affiliated corporations in the amount of $92.2 million ($61.0 million in 2023), which are included in the purchase of goods and services, and made capital expenditures to affiliated corporations in the amount of $26.5 million ($9.9 million in 2023). The Corporation also made sales to affiliated corporations in the amount of $12.2 million ($8.7 million in 2023).

These transactions were accounted for at the consideration agreed between parties.

Capital stock

In accordance with Canadian financial reporting standards, Table 6 below presents information on the Corporation's capital stock as at October 16, 2024. In addition, 12,609,126 share options of the Corporation were outstanding as of the same date.

Table 6
Capital stock
(in shares and millions of Canadian dollars)

	October 16, 2024	
	Issued and outstanding	Book value
Class A Shares	**76,692,135**	**$ 8.6**
Class B Shares	**156,744,692**	**1,040.7**

Repurchase of shares

On August 9, 2023, the Board of Directors of the Corporation authorized a normal course issuer bid for a maximum of 1,000,000 Class A Shares representing approximately 1.3% of issued and outstanding Class A Shares, and for a maximum of 2,000,000 Class B Shares representing approximately 1.3% of issued and outstanding Class B Shares as of August 1, 2023. The purchases could be made from August 15, 2023 to August 14, 2024, at prevailing market prices on the open market through the facilities of the Toronto Stock Exchange or other alternative trading systems in Canada. All repurchased shares were cancelled.

On August 7, 2024, the Board of Directors of the Corporation authorized a normal course issuer bid for a maximum of 1,000,000 Class A Shares representing approximately 1.3% of issued and outstanding Class A Shares, and for a maximum of 5,000,000 Class B Shares representing approximately 3.2% of issued and outstanding Class B Shares as of August 1, 2024. The purchases can be made from August 15, 2024 to August 14, 2025, at prevailing market prices on the open market through the facilities of the Toronto Stock Exchange or other alternative trading systems in Canada. All repurchased shares will be cancelled.

On August 9, 2024, the Corporation entered into an automatic securities purchase plan (“the plan”) with a designated broker whereby shares may be repurchased under the plan at times when such purchases would otherwise be prohibited pursuant to regulatory restrictions or self-imposed blackout periods. The plan received prior approval from the Toronto Stock Exchange. It came into effect on August 15, 2024 and will terminate on the same date as the normal course issuer bid.

Under the plan, before entering a self-imposed blackout period, the Corporation may, but is not required to, ask the designated broker to make purchases under the normal course issuer bid. Such purchases will be made at the discretion of the designated broker, within parameters established by the Corporation prior to the blackout periods. Outside the blackout periods, purchases will be made at the discretion of the Corporation’s management.

In the first nine months of 2024, the Corporation purchased and cancelled 2,200,000 Class B Shares for a total cash consideration of $68.8 million (236,100 Class B Shares for a total cash consideration of $7.1 million in the first nine months of 2023).

Share issuance

On June 25, 2024, the Corporation redeemed all of its outstanding 4.0% convertible debentures in the aggregate principal amount of $150.0 million. Pursuant to the terms of the debentures, the Corporation elected to settle the redemption in shares and consequently issued and delivered 5,161,237 Class B Shares.

Financial instruments

The Corporation uses a number of financial instruments, mainly cash and cash equivalents, restricted cash, trade receivables, contract assets, long-term investments, bank indebtedness, trade payables, accrued liabilities, long-term debt, lease liabilities and derivative financial instruments.

In order to manage its foreign exchange and interest rate risks, the Corporation uses derivative financial instruments: (i) to set in CAN dollars future payments on debts denominated in U.S. dollars (interest and principal) and certain purchases of inventories and other capital expenditures denominated in a foreign currency; and (ii) to achieve a targeted balance of fixed- and floating-rate debt. The Corporation does not intend to settle its derivative financial instruments prior to their maturity as none of these instruments is held or issued for speculative purposes.

Certain cross-currency interest rate swaps entered into by the Corporation include an option that allows each party to unwind the transaction on a specific date at the settlement amount then in effect.

The carrying value and fair value of long-term debt, convertible debentures and derivative financial instruments as of September 30, 2024 and December 31, 2023 are as follows:

Table 7
Fair value of long-term debt, convertible debentures and derivative financial instruments
(in millions of Canadian dollars)

	September 30, 2024		December 31, 2023	
Asset (liability)	**Carrying value**	**Fair value**	Carrying value	Fair value
Long-term debt[1]	**$ (7,565.1)**	**$ (7,524.0)**	$ (7,668.2)	$ (7,391.0)
Convertible debentures[2]	**–**	**–**	(165.0)	(165.0)
Derivative financial instruments				
Foreign exchange forward contracts	**(0.3)**	**(0.3)**	(1.5)	(1.5)
Interest rate swaps	**(7.6)**	**(7.6)**	5.4	5.4
Cross-currency swaps	**41.0**	**41.0**	106.9	106.9

1 The carrying value of long-term debt excludes changes in the fair value of long-term debt related to hedged interest rate risk and financing costs.

2 The carrying value and fair value of convertible debentures consist of the principal amount and the value of the conversion features related to the floor and ceiling prices, recognized as embedded derivatives as at December 31, 2023.

The fair value of long-term debt and convertible debentures is estimated based on quoted market prices when available or on valuation models. When the Corporation uses valuation models, the fair value is estimated based on discounted cash flows using period-end market yields or the market value of similar instruments with the same maturity.

The fair value of derivative financial instruments recognized on the consolidated balance sheets is estimated as per the Corporation's valuation models. These models project future cash flows and discount the future amounts to a present value using the contractual terms of the derivative financial instrument and factors observable in external market data, such as period-end swap rates and foreign exchange rates. An adjustment is also included to reflect non-performance risk, impacted by the financial and economic environment prevailing at the date of the valuation, in the recognized measure of the fair value of the derivative financial instruments by applying a credit default premium, estimated using a combination of observable and unobservable inputs in the market, to the net exposure of the counterparty or the Corporation.

The fair value of embedded derivatives related to convertible debentures is determined by option pricing models using market inputs, including volatility, discount factors and the underlying instrument's implicit interest rate and credit premium.

Gains on valuation and translation of financial instruments for the third quarters and first nine months of 2024 and 2023 are summarized in Table 8.

Table 8
Gain on valuation and translation of financial instruments
(in millions of Canadian dollars)

	Three months ended September 30		Nine months ended September 30	
	2024	2023	**2024**	2023
Gain on embedded derivatives related to convertible debentures	**$ –**	$ (13.1)	**$ (15.5)**	$ (3.4)
Other	**–**	(0.3)	**–**	(0.3)
	$ –	$ (13.4)	**$ (15.5)**	$ (3.7)

Losses on cash flow hedges of $15.2 million and $21.0 million were recorded under "Other comprehensive income" in the third quarter and first nine months of 2024 respectively (gains of $20.3 million and $47.8 million in the third quarter and first nine months of 2023).

Non-IFRS financial measures

The financial measures not standardized under IFRS that are used by the Corporation to assess its financial performance, such as adjusted EBITDA, adjusted income from operating activities, adjusted cash flows from operations, free cash flows from operating activities and consolidated net debt leverage ratio, are not calculated in accordance with, or recognized by, IFRS. The Corporation's method of calculating these non-IFRS financial measures may differ from the methods used by other companies and, as a result, the non-IFRS financial measures presented in this document may not be comparable to other similarly titled measures disclosed by other companies.

Adjusted EBITDA

In its analysis of operating results, the Corporation defines adjusted EBITDA, as reconciled to net income under IFRS, as net income before depreciation and amortization, financial expenses, gain on valuation and translation of financial instruments, restructuring, acquisition costs and other, and income taxes. Adjusted EBITDA as defined above is not a measure of results that is consistent with IFRS. It is not intended to be regarded as an alternative to IFRS financial performance measures or to the statement of cash flows as a measure of liquidity. It should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. The Corporation's management and Board of Directors use this measure in evaluating its consolidated results as well as the results of the Corporation's operating segments. This measure eliminates the significant level of impairment and depreciation/amortization of tangible and intangible assets and is unaffected by the capital structure or investment activities of the Corporation and its business segments.

Adjusted EBITDA is also relevant because it is a component of the Corporation's annual incentive compensation programs. A limitation of this measure, however, is that it does not reflect the capital expenditures and acquisitions of spectrum licences needed to generate revenues in the Corporation's segments. The Corporation also uses other measures that do reflect capital expenditures, such as adjusted cash flows from operations and free cash flows from operating activities. The Corporation's definition of adjusted EBITDA may not be the same as similarly titled measures reported by other companies.

Table 9 provides a reconciliation of adjusted EBITDA to net income as disclosed in Quebecor's condensed consolidated financial statements.

Table 9
Reconciliation of the adjusted EBITDA measure used in this report to the net income measure used in the condensed consolidated financial statements
(in millions of Canadian dollars)

	Three months ended September 30		Nine months ended September 30	
	2024	2023	**2024**	2023
Adjusted EBITDA (negative adjusted EBITDA):				
Telecommunications	**$ 585.9**	$ 589.5	**$ 1,769.5**	$ 1,671.3
Media	**14.7**	21.0	**16.9**	(5.9)
Sports and Entertainment	**11.7**	14.4	**16.6**	20.8
Head Office	**(18.2)**	(0.5)	**(24.5)**	(13.8)
	594.1	624.4	**1,778.5**	1,672.4
Depreciation and amortization	**(232.9)**	(238.8)	**(706.7)**	(677.9)
Financial expenses	**(100.6)**	(109.8)	**(317.6)**	(301.4)
Gain on valuation and translation of financial instruments	**–**	13.4	**15.5**	3.7
Restructuring, acquisition costs and other	**(5.1)**	(10.0)	**(14.3)**	(28.9)
Income taxes	**(65.6)**	(70.1)	**(191.3)**	(174.0)
Net income	**$ 189.9**	$ 209.1	**$ 564.1**	$ 493.9

Adjusted income from operating activities

The Corporation defines adjusted income from operating activities, as reconciled to net income attributable to shareholders under IFRS, as net income attributable to shareholders before the gain on valuation and translation of financial instruments, and restructuring, acquisition costs and other, net of income tax related to adjustments and net income attributable to non-controlling interest related to adjustments. Adjusted income from operating activities, as defined above, is not a measure of results that is consistent with IFRS. It should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. The Corporation uses adjusted income from operating activities to analyze trends in the performance of its businesses. The above-listed items are excluded from the calculation of this measure because they impair the comparability of financial results. Adjusted income from operating activities is more representative for forecasting income. The Corporation's definition of adjusted income from operating activities may not be identical to similarly titled measures reported by other companies.

Table 10 provides a reconciliation of adjusted income from operating activities to the net income attributable to shareholders' measure used in Quebecor's condensed consolidated financial statements.

Table 10
Reconciliation of the adjusted income from operating activities measure used in this report to the net income attributable to shareholders measure used in the condensed consolidated financial statements
(in millions of Canadian dollars)

	Three months ended September 30		Nine months ended September 30	
	2024	2023	**2024**	2023
Adjusted income from operating activities	**$ 192.2**	$ 202.3	**$ 560.4**	$ 520.6
Gain on valuation and translation of financial instruments	**–**	13.4	**15.5**	3.7
Restructuring, acquisition costs and other	**(5.1)**	(10.0)	**(14.3)**	(28.9)
Income taxes related to adjustments[1]	**1.5**	1.3	**5.2**	6.4
Non-controlling interest related to adjustments	**0.4**	2.3	**3.0**	2.5
Net income attributable to shareholders	**$ 189.0**	$ 209.3	**$ 569.8**	$ 504.3

[1] Includes impact of fluctuations in income tax applicable to adjusted items, either for statutory reasons or in connection with tax transactions.

Adjusted cash flows from operations and free cash flows from operating activities

Adjusted cash flows from operations

Adjusted cash flows from operations represents adjusted EBITDA, less capital expenditures (excluding spectrum licence acquisitions). Adjusted cash flows from operations represents funds available for interest and income tax payments, expenditures related to restructuring programs, business acquisitions, acquisitions of spectrum licences, payment of dividends, repayment of long-term debt and lease liabilities, and share repurchases. Adjusted cash flows from operations is not a measure of liquidity that is consistent with IFRS. It is not intended to be regarded as an alternative to IFRS financial performance measures or to the statement of cash flows as a measure of liquidity. Adjusted cash flows from operations is used by the Corporation’s management and Board of Directors to evaluate the cash flows generated by the operations of all of its segments, on a consolidated basis, in addition to the operating cash flows generated by each segment. Adjusted cash flows from operations is also relevant because it is a component of the Corporation’s annual incentive compensation programs. The Corporation’s definition of adjusted cash flows from operations may not be identical to similarly titled measures reported by other companies.

Free cash flows from operating activities

Free cash flows from operating activities represents cash flows provided by operating activities calculated in accordance with IFRS, less cash flows used for capital expenditures (excluding spectrum licence acquisitions), plus proceeds from disposal of assets. Free cash flows from operating activities is used by the Corporation’s management and Board of Directors to evaluate cash flows generated by the Corporation’s operations. Free cash flows from operating activities represents available funds for business acquisitions, acquisitions of spectrum licences, payment of dividends, repayment of long-term debt and lease liabilities, and share repurchases. Free cash flows from operating activities is not a measure of liquidity that is consistent with IFRS. It is not intended to be regarded as an alternative to IFRS financial performance measures or to the statement of cash flows as a measure of liquidity. The Corporation’s definition of free cash flows from operating activities may not be identical to similarly titled measures reported by other companies.

Tables 11 and 12 provide a reconciliation of adjusted cash flows from operations and free cash flows from operating activities to cash flows provided by operating activities reported in the condensed consolidated financial statements.

Table 11
Adjusted cash flows from operations
(in millions of Canadian dollars)

	Three months ended September 30		Nine months ended September 30	
	2024	2023	**2024**	2023
Adjusted EBITDA (negative adjusted EBITDA)				
Telecommunications	**$ 585.9**	$ 589.5	**$ 1,769.5**	$ 1,671.3
Media	**14.7**	21.0	**16.9**	(5.9)
Sports and Entertainment	**11.7**	14.4	**16.6**	20.8
Head Office	**(18.2)**	(0.5)	**(24.5)**	(13.8)
	594.1	624.4	**1,778.5**	1,672.4
Minus				
Capital expenditures:[1]				
Telecommunications	**(148.8)**	(135.7)	**(443.8)**	(376.3)
Media	**(8.2)**	(3.5)	**(25.4)**	(6.7)
Sports and Entertainment	**(1.5)**	(2.2)	**(4.8)**	(4.8)
Head Office	**(0.3)**	(0.6)	**(0.5)**	(0.9)
	(158.8)	(142.0)	**(474.5)**	(388.7)
Adjusted cash flows from operations				
Telecommunications	**437.1**	453.8	**1,325.7**	1,295.0
Media	**6.5**	17.5	**(8.5)**	(12.6)
Sports and Entertainment	**10.2**	12.2	**11.8**	16.0
Head Office	**(18.5)**	(1.1)	**(25.0)**	(14.7)
	$ 435.3	$ 482.4	**$ 1,304.0**	$ 1,283.7

[1] **Reconciliation to cash flows used for capital expenditures as per condensed consolidated financial statements:**

	Three months ended September 30		Nine months ended September 30	
	2024	2023	**2024**	2023
Capital expenditures	**$ (158.8)**	$ (142.0)	**$ (474.5)**	$ (388.7)
Net variance in current operating items related to capital expenditures (excluding government credits receivable for major capital projects)	**(13.4)**	2.0	**(35.2)**	(12.5)
Cash flows used for capital expenditures	**$ (172.2)**	$ (140.0)	**$ (509.7)**	$ (401.2)

Table 12
Free cash flows from operating activities and cash flows provided by operating activities reported in the condensed consolidated financial statements
(in millions of Canadian dollars)

	Three months ended September 30		Nine months ended September 30	
	2024	2023	**2024**	2023
Adjusted cash flows from operations from Table 11	**$ 435.3**	$ 482.4	**$ 1,304.0**	$ 1,283.7
Plus (minus)				
Cash portion of financial expenses	**(98.2)**	(107.5)	**(310.5)**	(295.2)
Cash portion of restructuring, acquisition costs and other	**(4.6)**	(1.4)	**(13.5)**	(21.7)
Current income taxes	**(55.3)**	(55.7)	**(202.1)**	(180.8)
Other	**(0.4)**	1.7	**2.4**	4.0
Net change in non-cash balances related to operating activities	**110.6**	34.7	**72.3**	(51.4)
Net variance in current operating items related to capital expenditures (excluding government credits receivable for major capital projects)	**(13.4)**	2.0	**(35.2)**	(12.5)
Free cash flows from operating activities	**374.0**	356.2	**817.4**	726.1
Plus (minus)				
Cash flows used for capital expenditures (excluding spectrum licence acquisitions)	**172.2**	140.0	**509.7**	401.2
Proceeds from disposal of assets	**–**	–	**(0.5)**	(0.8)
Cash flows provided by operating activities	**$ 546.2**	$ 496.2	**$ 1,326.6**	$ 1,126.5

Consolidated net debt leverage ratio

The consolidated net debt leverage ratio represents consolidated net debt, excluding convertible debentures, divided by the trailing 12-month adjusted EBITDA. Consolidated net debt, excluding convertible debentures, represents total long-term debt plus bank indebtedness, lease liabilities and liabilities related to derivative financial instruments, less assets related to derivative financial instruments and cash and cash equivalents. The consolidated net debt leverage ratio serves to evaluate the Corporation’s financial leverage and is used by management and the Board of Directors in its decisions on the Corporation’s capital structure, including its financing strategy, and in managing debt maturity risks. The consolidated net debt leverage ratio excludes convertible debentures because, subject to certain conditions, those debentures can be repurchased at the Corporation’s discretion by issuing Quebecor Class B Shares. Consolidated net debt leverage ratio is not a measure established in accordance with IFRS. It is not intended to be used as an alternative to IFRS measures or the balance sheet to evaluate the Corporation’s financial position. The Corporation’s definition of consolidated net debt leverage ratio may not be identical to similarly titled measures reported by other companies.

Table 13 provides the calculation of consolidated net debt leverage ratio and the reconciliation to balance sheet items reported in Quebecor's condensed consolidated financial statements.

Table 13
Consolidated net debt leverage ratio
(in millions of Canadian dollars)

	Sept. 30, 2024	Dec. 31, 2023
Total long-term debt[1]	**$ 7,565.1**	$ 7,668.2
Plus (minus)		
Lease liabilities[2]	**393.2**	376.2
Bank indebtedness	**12.6**	9.6
Derivative financial instruments[3]	**(33.1)**	(110.8)
Cash and cash equivalents	**(54.4)**	(11.1)
Consolidated net debt excluding convertible debentures	**7,883.4**	7,932.1
Divided by:		
Trailing 12-month adjusted EBITDA[4]	**$ 2,343.9**	$ 2,337.1
Consolidated net debt leverage ratio[4]	**3.36x**	3.39x

1 Excluding changes in the fair value of long-term debt related to hedged interest rate risk and financing costs.

2 Current and long-term liabilities.

3 Current and long-term assets less long-term liabilities.

4 On a pro forma basis as at December 31, 2023, using Freedom's trailing 12-month adjusted EBITDA.

Key performance indicators

Revenue-generating unit

The Corporation uses RGU, an industry metric, as a key performance indicator. An RGU represents, as the case may be, subscriber connections to the mobile and wireline telephony services and subscriptions to the Internet access and television services. RGU is not a measurement that is consistent with IFRS and the Corporation's definition and calculation of RGU may not be the same as identically titled measurements reported by other companies or published by public authorities.

Average monthly mobile revenue per unit

The Corporation uses mobile ARPU, an industry metric, as a key performance indicator. This indicator is calculated by dividing mobile telephony revenues by the average number of mobile RGUs during the applicable period, and then dividing the resulting amount by the number of months in the applicable period. Mobile ARPU is not a measurement that is consistent with IFRS and the Corporation's definition and calculation of mobile ARPU may not be the same as identically titled measurements reported by other companies.

Controls and procedures

The purpose of internal controls over financial reporting is to provide reasonable assurance as to the reliability of the Corporation's financial reporting and the preparation of its consolidated financial statements in accordance with IFRS.

There have not been any changes in internal controls over financial reporting during the three months ended September 30, 2024 that have materially affected, or are reasonably likely to materially affect, the Corporation's internal controls over financial reporting.

Additional information

The Corporation is a reporting issuer subject to the securities laws of all Canadian provinces and is therefore required to file financial statements, a proxy circular and an annual information form with the various securities commissions. Copies of those documents are available free of charge from the Corporation on request at www.quebecor.com and on the SEDAR+ website at www.sedarplus.ca.

Cautionary statement regarding forward-looking statements

The statements in this report that are not historical facts are forward-looking statements and are subject to significant known and unknown risks, uncertainties and assumptions that could cause the Corporation's actual results for future periods to differ materially from those set forth in forward-looking statements. Forward-looking statements may be identified by the use of the conditional or by forward-looking terminology such as the terms “plans,” “expects,” “may,” “anticipates,” “intends,” “estimates,” “projects,” “seeks,” “believes,” or similar terms, variations of such terms or the negative of such terms. Some important factors that could cause actual results to differ materially from those expressed in these forward-looking statements include, but are not limited to:

- Quebecor’s ability to continue successfully developing its network and the facilities that support its mobile services;
- general economic, financial or market conditions and variations in the businesses of local, regional and national advertisers in Quebecor’s newspapers, television outlets and other media properties;
- the intensity of competitive activity in the industries in which Quebecor operates;
- Quebecor’s ability to penetrate new, highly competitive markets, and the accuracy of the estimated size of potential markets;
- fragmentation of the media landscape;
- new technologies that might change consumer behaviour with respect to Quebecor’s product suites;
- unanticipated higher capital spending required for developing Quebecor’s network or to address the continued development of competitive alternative technologies, or the inability to obtain additional capital to continue the development of Quebecor’s business;
- Quebecor’s ability to implement its business and operating strategies successfully and to manage its growth and expansion;
- risks relating to the acquisition of Freedom and the strategy for expanding outside Québec, including Quebecor’s ability to successfully integrate Freedom’s operations and to capture synergies, and potential unknown liabilities or costs associated with the acquisition of Freedom;
- the anticipated benefits and effects of the acquisition of Freedom, which may not be realized in a timely manner or at all, and ongoing operating costs and capital expenditures, which could be different than anticipated, as well as unanticipated litigation or other regulatory proceedings associated with the acquisition of Freedom, which could result in changes to the parameters of the transaction;
- the impacts of the significant and recurring investments that will be required in the new markets of Freedom and Videotron as mobile virtual network operators (MVNOs) and other markets for development and expansion and to compete effectively with the incumbent local exchange carriers (ILECs) and other current or potential competitors in these markets, including the fact that the post-acquisition Videotron business will continue to face the same risks that Videotron currently faces, but will also face increased risks relating to new geographies and markets;
- disruptions to the network through which Quebecor provides its television, Internet access, mobile and wireline telephony and OTT services, and its ability to protect such services against piracy, unauthorized access and other security breaches;
- labour disputes or strikes;
- service interruptions resulting from equipment breakdown, network failure, the threat of natural disasters, epidemics, pandemics and other public-health crises and political instability in some countries;
- impact of emergency measures that have been or may be implemented by various levels of government;
- changes in Quebecor’s ability to obtain services and equipment critical to its operations;
- changes in laws and regulations, or in their interpretations, which could result, among other things, in the loss (or reduction in value) of Quebecor’s licences or markets, or in an increase in competition, compliance costs or capital expenditures;
- Quebecor’s ability to successfully develop its Sports and Entertainment segment and other expanding lines of business in its other segments;
- Quebecor’s substantial indebtedness, the tightening of credit markets, and the restrictions on its business imposed by the terms of its debt; and
- interest rate fluctuations that could affect a portion of Quebecor’s interest payment requirements on long-term debt.

The forward-looking statements in this document are made to provide investors and the public with a better understanding of the Corporation’s circumstances and are based on assumptions it believes to be reasonable as of the day on which they are made. Investors and others are cautioned that the foregoing list of factors that may affect future results is not exhaustive and that undue reliance should not be placed on any forward-looking statements. For more information on the risks, uncertainties and assumptions that could cause the Corporation’s actual results to differ from current expectations, please refer to the Corporation’s public filings, available at www.sedarplus.ca and www.quebecor.com, including, in particular, the “Trend Information” and “Risks and Uncertainties” sections of the Corporation’s Management Discussion and Analysis for the year ended December 31, 2023.

The forward-looking statements in this Management Discussion and Analysis reflect the Corporation’s expectations as of November 6, 2024, and are subject to change after this date. The Corporation expressly disclaims any obligation or intention to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable securities laws.

Montréal, Québec

November 6, 2024

QUEBECOR INC.

SELECTED QUARTERLY FINANCIAL DATA

(in millions of Canadian dollars, except per share data)

	2024			2023				2022
	Sept. 30	**June 30**	**March 31**	Dec. 31	Sept. 30	June 30	March 31	Dec. 31
Revenues	**$ 1,389.7**	**$ 1,386.9**	**$ 1,362.8**	$ 1,504.8	$ 1,415.4	$ 1,398.5	$ 1,115.6	$ 1,185.0
Adjusted EBITDA	**594.1**	**624.9**	**559.5**	565.4	624.4	605.2	442.8	483.0
Adjusted cash flows from operations	**435.3**	**449.7**	**419.0**	395.7	482.4	455.3	346.0	359.4
Contribution to net income attributable to shareholders:								
Operating activities	**192.2**	**205.1**	**163.1**	167.5	202.3	182.3	136.0	159.4
Gain (loss) on valuation and translation of financial instruments	**-**	**5.7**	**9.7**	(8.7)	13.1	1.8	(11.4)	(16.3)
Unusual items	**(3.2)**	**(3.2)**	**0.4**	(12.6)	(6.1)	(10.0)	(3.7)	(0.6)
Net income attributable to shareholders	**189.0**	**207.6**	**173.2**	146.2	209.3	174.1	120.9	142.5
Basic data per share								
Contribution to net income attributable to shareholders:								
Operating activities	**$ 0.82**	**$ 0.89**	**$ 0.71**	$ 0.73	$ 0.88	$ 0.79	$ 0.59	$ 0.69
Gain (loss) on valuation and translation of financial instruments	**-**	**0.02**	**0.04**	(0.04)	0.06	0.01	(0.05)	(0.07)
Unusual items	**(0.01)**	**(0.01)**	**-**	(0.06)	(0.03)	(0.05)	(0.02)	-
Net income attributable to shareholders	**0.81**	**0.90**	**0.75**	0.63	0.91	0.75	0.52	0.62
Weighted average number of shares outstanding (in millions)	**234.3**	**230.8**	**230.7**	230.7	230.9	230.9	230.9	231.4
Diluted data per share								
Contribution to net income attributable to shareholders:								
Operating activities	**$ 0.82**	**$ 0.89**	**$ 0.70**	$ 0.72	$ 0.87	$ 0.78	$ 0.58	$ 0.68
Dilution impact	**-**	**-**	**-**	0.01	-	-	0.01	0.01
Gain (loss) on valuation and translation of financial instruments	**-**	**0.02**	**-**	(0.04)	-	-	(0.05)	(0.07)
Unusual items	**(0.01)**	**(0.01)**	**-**	(0.06)	(0.03)	(0.05)	(0.02)	-
Net income attributable to shareholders	**0.81**	**0.90**	**0.70**	0.63	0.84	0.73	0.52	0.62
Weighted average number of diluted shares outstanding (in millions)	**234.7**	**231.1**	**236.0**	230.9	236.2	236.2	231.2	231.5