QUEBECOR

MANAGEMENT DISCUSSION AND ANALYSIS

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CORPORATE PROFILE

This Management Discussion and Analysis covers the main activities of Quebecor Inc. in the third quarter of 2019 and the major changes from the previous financial year. Quebecor Inc. is a holding company with an interest in Quebecor Media Inc., one of Canada's largest telecommunications and media groups. On June 22, 2018, Quebecor Media Inc. became a wholly owned subsidiary of Quebecor Inc.

Quebecor Media Inc. operates in the following business segments: Telecommunications, Media, and Sports and Entertainment. Quebecor Media Inc. is pursuing a convergence strategy that captures synergies among its properties and leverages the value of content for the benefit of multiple distribution platforms. Unless the context otherwise requires, "Quebecor" or the "Corporation" refers to Quebecor Inc. and its subsidiaries, and "Quebecor Media" refers to Quebecor Media Inc. and its subsidiaries.

On May 11 and June 22, 2018, Quebecor Media repurchased a total of 16,064,215 of its Common Shares held by CDP Capital d'Amérique Investissements inc. ("CDP Capital"), a subsidiary of the Caisse de dépôt et placement du Québec, for a total aggregate purchase price of $1.54 billion, paid in cash. On June 22, 2018, Quebecor purchased 1,564,696 Common Shares of Quebecor Media held by CDP Capital in consideration of the issuance of a convertible debenture in the principal amount of $150.0 million, convertible into Class B Subordinate Voting Shares ("Class B Shares") of Quebecor. Upon completion of these transactions, the Corporation's interest in Quebecor Media increased from 81.53% to 100.0%.

On January 1, 2019, the Corporation adopted on a fully retrospective basis the new rules under IFRS 16 which set out new principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract. The standard provides lessees with a single accounting model for all leases, with certain exemptions. In particular, lessees are required to report most leases on their balance sheets by recognizing right-of-use assets and related financial liabilities. Assets and liabilities arising from a lease are initially measured on a present value basis. The adoption of IFRS 16 had significant impacts on the consolidated financial statements since all of the Corporation's segments are engaged in various long-term leases relating to premises and equipment. Under IFRS 16, most lease charges are now expensed as a depreciation of the right-of-use asset, along with interest on the related lease liability. Since operating lease charges were recognized as operating expenses as they were incurred under the previous standard, the adoption of IFRS 16 has changed the timing of the recognition of these lease charges over the term of each lease. It has also affected the classification of expenses in the consolidated statements of income. Principal payments of the lease liability are now presented as financing activities in the consolidated statements of cash flows, whereas under the previous standard these payments were presented as operating activities. The impact of adoption of IFRS 16 on a fully retrospective basis is described under "Changes in Accounting Policies."

Table 2 provides a reconciliation of adjusted EBITDA to net income without restatement of comparative figures following adoption of IFRS 16, as permitted under International Financial Reporting Standards ("IFRS"). Form F1 in Canadian securities regulatory authorities' *Regulation 51-102 respecting Continuous Disclosure Obligations* stipulates that if a choice made in applying a change in accounting policies has a material effect, as is the case with IFRS 16, the Corporation may explain its choice and discuss the effect on its financial performance.

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, 2018. All amounts are stated in Canadian dollars ("CAN") unless otherwise indicated.

DISCONTINUED OPERATIONS

On January 24, 2019, Videotron Ltd. ("Videotron") sold its 4Degrees Colocation Inc. ("4Degrees Colocation") data centre operations for an amount of $261.6 million, which was fully paid in cash at the date of transaction. An amount of $0.9 million relating to a working capital adjustment was also paid by Videotron in the second quarter of 2019. The determination of the final proceeds from the sale is however subject to certain adjustments based on the realization of future conditions over a period of up to 10 years. Accordingly, a gain on disposal of $97.2 million, net of income taxes of $18.5 million, was accounted for in the first quarter of 2019, while an amount of $53.1 million from the proceeds received at the date of transaction was deferred in connection with the estimated present value of the future conditional adjustments. The results of operations and cash flows of these businesses were reclassified as discontinued operations in the consolidated statements of income and cash flows.

In this Management Discussion and Analysis, only continuing operating activities of Quebecor Media are included in the analysis of segment operating results.

HIGHLIGHTS SINCE END OF SECOND QUARTER 2019

- Quebecor's revenues totalled $1.07 billion in the third quarter of 2019, a $20.2 million (1.9%) increase from the same period of 2018.

Telecommunications

- The Telecommunications segment grew its revenues by $21.9 million (2.6%) and its adjusted EBITDA by $34.5 million (8.0%) in the third quarter of 2019. Without restatement of comparative figures following adoption of IFRS 16, adjusted EBITDA increased $44.2 million (10.4%).
- Videotron significantly increased its revenues from mobile telephony ($17.4 million or 12.6%), Internet access ($7.3 million or 2.7%) and customer equipment sales ($6.5 million or 10.3%) in the third quarter of 2019.
- Videotron's total average billing per unit ("ABPU") was $50.49 in the third quarter of 2019, compared with $49.70 in the same period of 2018, a $0.79 (1.6%) increase. Mobile ABPU was $53.28 in the third quarter of 2019, compared with $54.28 in the same period of 2018, a $1.00 (-1.8%) decrease due in part to the popularity of bring your own device ("BYOD") plans.
- There was a net increase of 53,300 revenue-generating units (RGUs) (0.9%) in the third quarter of 2019, including 56,800 connections to the mobile telephony service, 17,400 subscriptions to cable Internet access service, and 12,500 subscriptions to the Club illico over-the-top video service ("Club illico").
- On August 27, 2019, Videotron launched Helix, the new technology platform that will revolutionize entertainment and home management with voice remote, ultra-intelligent Wi-Fi, and, coming soon, support for home automation, all tailored to customer needs and preferences.

Financial transactions

- On October 8, 2019, Videotron issued $800.0 million aggregate principal amount of Senior Notes bearing interest at 4.5% and maturing on January 15, 2030, for net proceeds of $790.7 million, net of financing fees of $9.3 million. Videotron used the proceeds mainly to pay down a portion of the amount due under its secured revolving credit facility.
- On July 15, 2019, Quebecor Media prepaid the balance of its term loan "B" and settled the related hedging contracts for a total cash consideration of $340.9 million.

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 continuing operating activities, cash flows from segment operations and free cash flows from continuing operating activities of the Quebecor Media subsidiary, 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 (loss) on valuation and translation of financial instruments, restructuring of operations, litigation and other items, income taxes and income from discontinued operations. 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 other financial operating 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 uses adjusted EBITDA in order to assess the performance of its investment in Quebecor Media. 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 significant component of the Corporation's annual incentive compensation programs. A limitation of this measure, however, is that it does not reflect the periodic costs of tangible and intangible assets used in generating revenues in the Corporation's segments. The Corporation also uses other measures that do reflect such costs, such as cash flows from segment operations and free cash flows from continuing operating activities of the Quebecor Media subsidiary. The Corporation's definition of adjusted EBITDA may not be the same as similarly titled measures reported by other companies.

Table 1 provides a reconciliation of adjusted EBITDA to net income as disclosed in Quebecor's condensed consolidated financial statements.

Table 1
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	
	2019	2018	**2019**	2018
Adjusted EBITDA (negative adjusted EBITDA):				
Telecommunications	**$ 467.7**	$ 433.2	**$ 1,340.7**	$ 1,280.2
Media	**32.6**	30.9	**39.5**	31.5
Sports and Entertainment	**6.9**	8.5	**4.7**	7.2
Head Office	**2.1**	1.4	**0.1**	(3.1)
	509.3	474.0	**1,385.0**	1,315.8
Depreciation and amortization	**(187.0)**	(188.8)	**(564.1)**	(562.7)
Financial expenses	**(81.2)**	(86.8)	**(246.1)**	(245.6)
Gain (loss) on valuation and translation of financial instruments	**6.0**	54.5	**8.1**	(50.7)
Restructuring of operations, litigation and other items	**(1.2)**	(13.6)	**(27.0)**	(22.1)
Income taxes	**(63.2)**	(48.8)	**(145.4)**	(116.2)
Income from discontinued operations	**–**	0.9	**97.5**	2.7
Net income	**$ 182.7**	$ 191.4	**$ 508.0**	$ 321.2

Adjusted EBITDA without restatement of comparative figures

Table 2 provides a reconciliation of adjusted EBITDA to net income without restatement of comparative figures following adoption of IFRS 16.

Table 2

Reconciliation of the adjusted EBITDA measure used in this report to the net income measure used in the condensed consolidated financial statements, without restatement of comparative figures following the adoption of IFRS 16

(in millions of Canadian dollars)

	Three months ended September 30		Nine months ended September 30	
	2019	2018	**2019**	2018
Adjusted EBITDA (negative adjusted EBITDA):				
Telecommunications	**$ 467.7**	$ 423.5	**$ 1,340.7**	**$** 1,251.1
Media	**32.6**	29.6	**39.5**	27.8
Sports and Entertainment	**6.9**	7.2	**4.7**	3.1
Head Office	**2.1**	2.8	**0.1**	0.1
	509.3	463.1	**1,385.0**	1,282.1
Depreciation and amortization	**(187.0)**	(180.5)	**(564.1)**	(538.0)
Financial expenses	**(81.2)**	(84.8)	**(246.1)**	(239.1)
Gain (loss) on valuation and translation of financial instruments	**6.0**	54.5	**8.1**	(50.7)
Restructuring of operations, litigation and other items	**(1.2)**	(13.6)	**(27.0)**	(22.1)
Income taxes	**(63.2)**	(48.6)	**(145.4)**	(115.5)
Income from discontinued operations	**–**	0.9	**97.5**	2.7
Net income	**$ 182.7**	$ 191.0	**$ 508.0**	**$** 319.4

Adjusted income from continuing operating activities

The Corporation defines adjusted income from continuing operating activities, as reconciled to net income attributable to shareholders under IFRS, as net income attributable to shareholders before gain (loss) on valuation and translation of financial instruments, restructuring of operations, litigation and other items, net of income tax related to adjustments and net income attributable to non-controlling interest related to adjustments, and before the income from discontinued operations attributable to shareholders. Adjusted income from continuing 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 continuing 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 continuing operating activities is more representative for forecasting income. The Corporation's definition of adjusted income from continuing operating activities may not be identical to similarly titled measures reported by other companies.

Table 3 provides a reconciliation of adjusted income from continuing operating activities to the net income attributable to shareholders' measure used in Quebecor's condensed consolidated financial statements.

Table 3

Reconciliation of the adjusted income from continuing 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	
	2019	2018	**2019**	2018
Adjusted income from continuing operating activities	**$ 173.8**	$ 141.5	**$ 421.4**	**$** 336.9
Gain (loss) on valuation and translation of financial instruments	**6.0**	54.5	**8.1**	(50.7)
Restructuring of operations and other items	**(1.2)**	(13.6)	**(27.0)**	(22.1)
Income taxes related to adjustments[1]	**(0.1)**	3.4	**6.6**	17.9
Net income attributable to non-controlling interest related to adjustments	**–**	0.4	**1.1**	1.8
Discontinued operations	**–**	0.9	**97.5**	2.4
Net income attributable to shareholders	**$ 178.5**	$ 187.1	**$ 507.7**	**$** 286.2

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

Cash flows from segment operations

Cash flows from segment operations represents adjusted EBITDA, less additions to property, plant and equipment and to intangible assets (excluding disbursements for licence acquisitions and renewals), plus proceeds from disposal of assets. The Corporation uses cash flows from segment operations as a measure of the liquidity generated by its segments. Cash flows from segment operations represents funds available for interest and income tax payments, expenditures related to restructuring programs, business acquisitions, licence acquisitions and renewals, payment of dividends, reduction of paid-up capital by Quebecor Media, repayment of long-term debt and purchase of non-controlling interest. Cash flows from segment operations is not a measure of liquidity that is consistent with IFRS. It is not intended to be regarded as an alternative to other financial operating performance measures or to the statement of cash flows as a measure of liquidity. Cash flows from segment operations is used by the Corporation's management and Board of Directors to evaluate cash flows generated by its segments' operations. The Corporation's definition of cash flows from segment operations may not be identical to similarly titled measures reported by other companies. Tables 8 and 9 provide a reconciliation of cash flows from segment operations to cash flows provided by continuing operating activities reported in Quebecor's condensed consolidated financial statements.

Free cash flows from continuing operating activities of the Quebecor Media subsidiary

Free cash flows from continuing operating activities of the Quebecor Media subsidiary represents cash flows provided by its continuing operating activities calculated in accordance with IFRS, less additions to property, plant and equipment and to intangible assets (excluding disbursements for licence acquisitions and renewals), plus proceeds from disposal of assets. Free cash flows from continuing operating activities is used by the Corporation's management and Board of Directors to evaluate cash flows generated by the operations of the Quebecor Media subsidiary. Free cash flows from continuing operating activities represents Quebecor Media's available funds for business acquisitions, licence acquisitions and renewals, payment of dividends, reduction of paid-up capital, repayment of long-term debt and share repurchases. Free cash flows from continuing operating activities is not a measure of liquidity that is consistent with IFRS. It is not intended to be regarded as an alternative to other financial operating performance measures or to the statement of cash flows as a measure of liquidity. The Corporation's definition of free cash flows from continuing operating activities may not be identical to similarly titled measures reported by other companies.

Table 9 provides a reconciliation of free cash flows from continuing operating activities of Quebecor Media to cash flows provided by continuing operating activities reported in Quebecor's condensed consolidated financial statements.

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, subscriptions to the cable Internet, cable television and Club illico services, and subscriber connections to the mobile telephony and cable telephony 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 billing per unit

The Corporation uses ABPU, an industry metric, as a key performance indicator. This indicator is used to measure monthly average subscription billing per RGU. ABPU is not a measurement that is consistent with IFRS and the Corporation's definition and calculation of ABPU may not be the same as identically titled measurements reported by other companies.

Mobile ABPU is calculated by dividing the average subscription billing for mobile telephony services 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.

Total ABPU is calculated by dividing the combined average subscription billing for cable Internet, cable television, Club illico, mobile telephony and cable telephony services by the total average number of RGUs from cable Internet, cable television, mobile telephony and cable telephony services during the applicable period, and then dividing the resulting amount by the number of months in the applicable period.

ANALYSIS OF CONSOLIDATED RESULTS OF QUEBECOR

2019/2018 third quarter comparison

Revenues: $1.07 billion, a $20.2 million (1.9%) increase.

- Revenues increased in Telecommunications ($21.9 million or 2.6% of segment revenues) and in Sports and Entertainment ($1.3 million or 2.4%).
- Revenues decreased in Media ($3.7 million or -2.2% of segment revenues).

Adjusted EBITDA: $509.3 million, a $35.3 million (7.4%) increase. Without restatement of comparative figures following adoption of IFRS 16, adjusted EBITDA increased $46.2 million (10.0%).

- Adjusted EBITDA increased $34.5 million (8.0%) in the Telecommunications segment. Without restatement of comparative figures following adoption of IFRS 16, the segment's adjusted EBITDA increased by $44.2 million (10.4%).
- Adjusted EBITDA increased in Media ($1.7 million or 5.5%).
- Adjusted EBITDA decreased in Sports and Entertainment ($1.6 million or -18.8%).
- The change in the fair value of Quebecor Media stock options resulted in a $0.1 million unfavourable variance in the stock-based compensation charge in the third quarter of 2019 compared with the same period of 2018. The change in the fair value of Quebecor stock options and in the value of Quebecor stock-price-based share units resulted in a $1.2 million favourable variance in the Corporation's stock-based compensation charge in the third quarter of 2019.

Net income attributable to shareholders: $178.5 million ($0.70 per basic share) in the third quarter of 2019, compared with $187.1 million ($0.80 per basic share) in the same period of 2018, a decrease of $8.6 million ($0.10 per basic share).

- The main unfavourable variances were:
  - $48.5 million unfavourable variance in gains and losses on valuation and translation of financial instruments, including $51.0 million without any tax consequences;
  - $14.4 million increase in the income tax expense.
- The main favourable variances were:
  - $35.3 million increase in adjusted EBITDA;
  - $12.4 million favourable variance in the charge for restructuring of operations, litigation and other items;
  - $5.6 million decrease in financial expenses.

Net income attributable to shareholders without restatement of comparative figures following adoption of IFRS 16 was $178.5 million in the third quarter of 2019, compared with $186.7 million in the same period of 2018, an $8.2 million decrease.

Adjusted income from continuing operating activities: $173.8 million ($0.68 per basic share) in the third quarter of 2019, compared with $141.5 million ($0.61 per basic share) in the same period of 2018, an increase of $32.3 million ($0.07 per basic share) or 22.8%.

Depreciation and amortization charge: $187.0 million in the third quarter of 2019, a $1.8 million decrease.

Financial expenses: $81.2 million in the third quarter of 2019, a $5.6 million decrease caused mainly by lower interest on the debentures as a result of the conversion of convertible debentures into shares in the principal amount of $362.5 million on October 12, 2018, by lower indebtedness, and by a lower average interest rate on the debt.

Gain on valuation and translation of financial instruments: $6.0 million in the third quarter of 2019 compared with $54.5 million in the same period of 2018. The $48.5 million unfavourable variance was essentially due to a $51.0 million unfavourable variance, without any tax consequences, in gains and losses on embedded derivatives related to convertible debentures.

Charge for restructuring of operations, litigation and other items: $1.2 million in the third quarter of 2019, compared with $13.6 million in the same period of 2018, a $12.4 million favourable variance.

- A $1.2 million net charge was recognized in the third quarter of 2019 in connection with cost-reduction initiatives in the Corporation's various segments.
- A $14.9 million charge for impairment of assets was recognized in the third quarter of 2018, primarily in the Telecommunications segment. A $1.3 million net gain was also recorded in the third quarter of 2018 in connection with disposal of assets and cost-reduction initiatives in the Corporation's various segments.

Income tax expense: $63.2 million in the third quarter of 2019 (effective tax rate of 26.1%), compared with $48.8 million in the same period of 2018 (effective tax rate of 26.5%), a $14.4 million unfavourable variance caused essentially by the impact of the increase in taxable income. The effective tax rate is calculated considering only taxable and deductible items.

2019/2018 year-to-date comparison

Revenues: $3.16 billion, a $63.7 million (2.1%) increase.

- Revenues increased in Telecommunications ($55.9 million or 2.2% of segment revenues) and in Sports and Entertainment ($8.9 million or 6.9%).
- Revenues decreased in Media ($0.6 million or -0.1%).

Adjusted EBITDA: $1.39 billion, a $69.2 million (5.3%) increase. Without restatement of comparative figures following adoption of IFRS 16, adjusted EBITDA increased $102.9 million (8.0%).

- Adjusted EBITDA increased in the Telecommunications segment by $60.5 million (4.7%). Without restatement of comparative figures following adoption of IFRS 16, the segment's adjusted EBITDA increased by $89.6 million (7.2%).
- Adjusted EBITDA increased in Media ($8.0 million or 25.4%).
- Adjusted EBITDA decreased in Sports and Entertainment ($2.5 million or -34.7%).
- There was a favourable variance at Head Office ($3.2 million) due to a decrease in the stock-based compensation charge.
- The change in the fair value of Quebecor Media stock options resulted in a $5.3 million favourable variance in the stock-based compensation charge in the first nine months of 2019 compared with the same period of 2018. The change in the fair value of Quebecor stock options and the value of Quebecor stock-price-based share units resulted in a $0.2 million favourable variance in the Corporation's stock-based compensation charge in the first nine months of 2019.

Net income attributable to shareholders: $507.7 million ($1.98 per basic share) in the first nine months of 2019, compared with $286.2 million ($1.22 per basic share) in the same period of 2018, an increase of $221.5 million ($0.76 per basic share).

- The main favourable variances were:
  - $94.8 million favourable variance in income from discontinued operations;
  - $69.2 million increase in adjusted EBITDA;
  - $58.8 million favourable variance in gains and losses on valuation and translation of financial instruments, including $56.3 million without any tax consequences;
  - $34.7 million favourable variance in non-controlling interest.
- The main unfavourable variances were:
  - $29.2 million increase in the income tax expense;
  - $4.9 million unfavourable variance in the charge for restructuring of operations, litigation and other items.

Net income attributable to shareholders without restatement of comparative figures following adoption of IFRS 16 was $507.7 million in the first nine months of 2019, compared with $284.7 million in the same period of 2018, a $223.0 million increase.

Adjusted income from continuing operating activities: $421.4 million ($1.65 per basic share) in the first nine months of 2019, compared with $336.9 million ($1.44 per basic share) in the same period of 2018, an increase of $84.5 million ($0.21 per basic share) or 25.1%.

Depreciation and amortization charge: $564.1 million in the first nine months of 2019, a $1.4 million increase.

Financial expenses: $246.1 million in the first nine months of 2019, a $0.5 million increase. Additions to financial expenses were caused mainly by higher average indebtedness as a result of debt financing a portion of the repurchase of the Quebecor Media shares held by CDP Capital in the second quarter of 2018 and lower interest revenues generated by liquidity. Reductions in financial expenses were caused mainly by lower interest on convertible debentures and a lower average interest rate on the debt.

Gain on valuation and translation of financial instruments: $8.1 million in the first nine months of 2019 compared with a $50.7 million loss in the same period of 2018. The $58.8 million favourable variance was due to a $56.3 million favourable variance, without any tax consequences, in gains and losses on embedded derivatives related to convertible debentures.

Charge for restructuring of operations, litigation and other items: $27.0 million in the first nine months of 2019, compared with $22.1 million in the same period of 2018, a $4.9 million unfavourable variance.

- An $8.2 million net restructuring charge was recognized in the first nine months of 2019 in connection with cost-reduction initiatives in the Corporation's various segments ($7.2 million in the first nine months of 2018). An $18.8 million charge for impairment of assets was also recognized in the first nine months of 2019, also in connection with restructuring initiatives ($14.9 million in the first nine months of 2018).

Income tax expense: $145.4 million in the first nine months of 2019 (effective tax rate of 26.5%), compared with $116.2 million in the same period of 2018 (effective tax rate of 24.0%), a $29.2 million unfavourable variance caused by the impact of the increase in taxable income and recognition of benefits arising from prior year tax losses in the first nine months of 2018. The effective tax rate is calculated considering only taxable and deductible items.

SEGMENTED ANALYSIS

Telecommunications

Third quarter 2019 operating results

Revenues: $876.7 million in the third quarter of 2019, a $21.9 million (2.6%) increase.

- Revenues from the mobile telephony service increased $17.4 million (12.6%) to $155.7 million, essentially due to an increase in the number of subscriber connections.
- Revenues from Internet access services increased $7.3 million (2.7%) to $279.3 million. mainly as a result of higher per-subscriber revenues, reflecting, among other things, the impact of increases in some rates and a favourable product mix, and an increase in the customer base, partially offset by a decrease in overage charges.
- Combined revenues from all cable television services decreased $5.4 million (-2.2%) to $242.2 million, due primarily to the impact of the net decrease in the customer base, partially offset by higher per-customer revenues resulting from, among other things, the impact of increases in some rates.
- Revenues from the cable telephony service decreased $6.6 million (-7.3%) to $84.4 million, mainly because of the impact of the net decrease in subscriber connections.
- Revenues from customer equipment sales increased $6.5 million (10.3%) to $69.6 million, mainly because of the impact of equipment sales related to the new Helix platform launched on August 27, 2019.
- Other revenues increased $2.7 million (6.3%) to $45.5 million, mainly reflecting revenue increases at Videotron Business and at Club illico.

ABPU: Videotron's total ABPU was $50.49 in the third quarter of 2019, compared with $49.70 in the same period of 2018, a $0.79 (1.6%) increase. Mobile ABPU was $53.28 in the third quarter of 2019 compared with $54.28 in the same period of 2018, a $1.00 (-1.8%) decrease due in part to the popularity of BYOD plans.

Customer statistics

RGUs – The total number of RGUs was 6,054,400 at September 30, 2019, an increase of 53,300 (0.9%) in the third quarter of 2019 (compared with an increase of 56,500 in the same period of 2018), and a 12-month increase of 98,500 (1.7%) (Table 4).

Mobile telephony service – The number of subscriber connections to the mobile telephony service stood at 1,288,700 at September 30, 2019, an increase of 56,800 (4.6%) in the third quarter of 2019 (compared with an increase of 41,500 in the same period of 2018), and a 12-month increase of 168,000 (15.0%) (Table 4).

Cable Internet access – The number of subscribers to cable Internet access services stood at 1,724,300 at September 30, 2019, an increase of 17,400 (1.0%) in the third quarter of 2019 (compared with an increase of 23,400 in the same period of 2018), and a 12-month increase of 26,800 (1.6%) (Table 4). As of September 30, 2019, Videotron's cable Internet access services had a household and business penetration rate (number of subscribers as a proportion of the total 2,940,400 homes and businesses passed by Videotron's network as of September 30, 2019, up from 2,900,200 one year earlier) of 58.6% compared with 58.5% a year earlier.

Cable television – The number of subscribers to cable television services stood at 1,545,200 at September 30, 2019, a decrease of 13,200 (-0.8%) in the third quarter of 2019 (compared with a decrease of 2,300 in the same period of 2018), and a 12-month decrease of 58,500 (-3.6%) (Table 4). At September 30, 2019, the cable television service had a household and business penetration rate of 52.6% versus 55.3% a year earlier.

Cable telephony service – The number of subscriber connections to the cable telephony service stood at 1,052,700 at September 30, 2019, a decrease of 20,200 (-1.9%) in the third quarter of 2019 (compared with a decrease of 17,100 in the same period of 2018), and a 12-month decrease of 78,400 (-6.9%) (Table 4). At September 30, 2019, the cable telephony service had a household and business penetration rate of 35.8% versus 39.0% a year earlier.

Club illico – The number of subscribers to Club illico stood at 443,500 at September 30, 2019, an increase of 12,500 (2.9%) in the third quarter of 2019 (compared with an increase of 11,000 in the same period of 2018), and a 12-month increase of 40,600 (10.1%) (Table 4).

Table 4
Telecommunications segment quarter-end RGUs for the last eight quarters
(in thousands of units)

	Sept. 2019	June 2019	March 2019	Dec. 2018	Sept. 2018	June 2018	March 2018	Dec. 2017
Mobile telephony	**1,288.7**	1,231.9	1,193.6	1,153.8	1,120.7	1,079.2	1,047.3	1,024.0
Cable Internet	**1,724.3**	1,706.9	1,710.8	1,704.5	1,697.5	1,674.1	1,674.6	1,666.5
Cable television	**1,545.2**	1,558.4	1,582.6	1,597.3	1,603.7	1,606.0	1,625.5	1,640.5
Cable telephony	**1,052.7**	1,072.9	1,094.9	1,113.9	1,131.1	1,148.2	1,169.6	1,188.5
Club illico	**443.5**	431.0	431.7	420.8	402.9	391.9	383.4	361.6
Total	**6,054.4**	6,001.1	6,013.6	5,990.3	5,955.9	5,899.4	5,900.4	5,881.1

Adjusted EBITDA: $467.7 million, a $34.5 million (8.0%) increase due primarily to:

- decreases in operating expenses, including the impact of a one-time gain;
- impact of the net revenue increase.

Adjusted EBITDA without restatement of comparative figures following adoption of IFRS 16 increased $44.2 million (10.4%).

Cost/revenue ratio: Operating costs for all Telecommunications segment operations, expressed as a percentage of revenues, were 46.7% in the third quarter of 2019, compared with 49.3% in the same period of 2018, mainly because of the decrease in operating expenses, including the impact of a one-time gain, and the fixed component of costs, which does not fluctuate in proportion to revenue growth.

Year-to-date operating results

Revenues: $2.57 billion, a $55.9 million (2.2%) increase essentially due to the same factors as those noted above in the discussion of third quarter 2019 results.

- Revenues from the mobile telephony service increased $48.6 million (12.3%) to $443.5 million.
- Revenues from Internet access services increased $26.4 million (3.3%) to $831.6 million.
- Combined revenues from all cable television services decreased $12.8 million (-1.7%) to $734.9 million.
- Revenues from cable telephony service decreased $21.4 million (-7.7%) to $257.4 million.
- Revenues from customer equipment sales increased $7.6 million (4.7%) to $170.2 million.
- Other revenues increased $7.5 million (5.9%) to $134.2 million.

ABPU: Videotron's total ABPU was $49.98 in the first nine months of 2019, compared with $49.40 in the same period of 2018, a $0.58 (1.2%) increase. Mobile ABPU was $52.79 in the first nine-months of 2019 compared with $53.75 in the same period of 2018, a $0.96 (-1.8%) decrease, due essentially to the same factors as those noted above in the discussion of third quarter 2019 results.

Customer statistics

RGUs – 64,100 (1.1%) unit increase in the first nine months of 2019 compared with an increase of 74,800 in the same period of 2018 (Table 4).

Mobile telephony – 134,900 (11.7%) subscriber-connection increase in the first nine months of 2019 compared with an increase of 96,700 in the same period of 2018 (Table 4).

Cable Internet access – 19,800 (1.7%) customer increase in the first nine months of 2019 compared with an increase of 31,000 in the same period of 2018 (Table 4).

Cable television – 52,100 (-3.3%) decrease in the first nine months of 2019 compared with a decrease of 36,800 in the same period of 2018 (Table 4).

Cable telephony – 61,200 (-5.5%) subscriber connection decrease in the first nine months of 2019 compared with a decrease of 57,400 in the same period of 2018 (Table 4).

Club illico – 22,700 (5.4%) subscriber increase in the first nine months of 2019 compared with an increase of 41,300 in the same period of 2018 (Table 4).

Adjusted EBITDA: $1.34 billion, a $60.5 million (4.7%) increase due primarily to:

- impact of the net revenue increase;
- net decrease in operating expenses, including the impact of a one-time gain and lower engineering, administration and customer service expenses, partially offset by the unfavourable impact of start-up expenses for Fizz.

Partially offset by:

- $10.9 million favourable retroactive adjustment related to roaming fees following a Canadian Radio-television and Telecommunications Commission ("CRTC") decision, recognized in the first nine months of 2018 in the Telecommunications segment (creating an unfavourable variance in the first nine months of 2019 compared with the same period of 2018);
- higher costs of sales from mobile telephony and cable television equipments.

Adjusted EBITDA without restatement of comparative figures following adoption of IFRS 16 increased by $89.6 million (7.2%).

Cost/revenue ratio: Employee costs and purchases of goods and services for the Telecommunications segment's operations, expressed as a percentage of revenues, were 47.9% in the first nine months of 2019 compared with 49.1% in the same period of 2018, due mainly to the same factors as those noted above in the discussion of third quarter 2019 results.

Cash flows from operations

Quarterly cash flows from segment operations: $293.5 million compared with $276.2 million in the third quarter of 2018 (Table 5). The $17.3 million increase was due primarily to the $34.5 million increase in adjusted EBITDA and the $11.4 million decrease in additions to property, plant and equipment, mainly reflecting lower spending related to the leasing of digital set-top boxes, partially offset by the $28.1 million increase in additions to intangible assets, due mainly to spending on the Internet Protocol television ("IPTV") project.

Year-to-date cash flows from segment operations: $836.1 million compared with $772.8 million in the first nine months of 2018 (Table 5). The $63.3 million increase was due primarily to the $60.5 million increase in adjusted EBITDA and the $28.1 million decrease in additions to property, plant and equipment, mainly reflecting lower spending related to the leasing of digital set-top boxes, partially offset by the $25.8 million increase in additions to intangible assets, due mainly to spending on the IPTV project.

Table 5: Telecommunications
Cash flows from operations
(in millions of Canadian dollars)

	Three months ended September 30		Nine months ended September 30	
	2019	2018	**2019**	2018
Adjusted EBITDA	**$ 467.7**	$ 433.2	**$ 1,340.7**	$ 1,280.2
Additions to property, plant and equipment	**(117.4)**	(128.8)	**(361.2)**	(389.3)
Additions to intangible assets (excluding acquisition of spectrum licences)	**(57.2)**	(29.1)	**(146.5)**	(120.7)
Proceeds from disposal of assets	**0.4**	0.9	**3.1**	2.6
Cash flows from segment operations	**$ 293.5**	$ 276.2	**$ 836.1**	$ 772.8

Media

Third quarter 2019 operating results

Revenues: $167.2 million in the third quarter of 2019, a $3.7 million (-2.2%) decrease.

- Advertising revenues decreased by $4.1 million (-5.7%), mainly because of lower advertising revenues at the newspapers and magazines, partially offset by higher advertising revenues at the specialty channels, including the impact of the acquisition of the Évasion and Zeste specialty channels on February 13, 2019.
- Subscription revenues increased by $1.5 million (3.0%), mainly because of higher subscription revenues at the specialty channels, including Évasion and Zeste, partially offset by lower subscription revenues at the magazines.
- Other revenues decreased by $1.1 million (-2.3%), mainly because of lower revenues from film production and audiovisual services, partially offset by higher revenues from the production and distribution of audiovisual content following the acquisition of the companies in the Incendo Media inc. ("Incendo Media") group on April 1, 2019.

Adjusted EBITDA: $32.6 million in the third quarter of 2019, a $1.7 million (5.5%) favourable variance due primarily to:

- decreases in some operating expenses, reflecting in part the impact of the budget cuts announced in the second quarter of 2019, lower content costs in the broadcasting business, lower editorial, selling and administration costs in the newspaper publishing business, and lower subscription costs in the magazines business, combined with the contribution to EBITDA of the acquired businesses.

Partially offset by:

- impact of lower revenues, on a comparable basis;
- increased digital investments.

Cost/revenue ratio: Employee costs and purchases of goods and services for the Media segment's operations, expressed as a percentage of revenues, were 80.5% in the third quarter of 2019 compared with 81.9% in the same period of 2018. The reduction was mainly due to the contribution of business acquisitions and the decrease in operating expenses.

Year-to-date operating results

Revenues: $530.0 million in the first nine months of 2019, a $0.6 million (-0.1%) decrease.

- Advertising revenues decreased by $9.3 million (-3.7%), mainly because of lower advertising revenues at the newspapers, magazines and TVA Network, partially offset by higher advertising revenues at the specialty channels, NumériQ and Quebecor Out of Home.
- Subscription revenues increased by $4.8 million (3.2%), mainly because of higher subscription revenues at the specialty channels, partially offset by lower subscription revenues at the magazines.
- Other revenues increased by $3.9 million (3.1%), mainly because of by higher revenues from the production and distribution of audiovisual content, partially offset by lower revenues from film production and audiovisual services.

Adjusted EBITDA: $39.5 million in the first nine months of 2019, an $8.0 million (25.4%) favourable variance, due to the same factors as those noted above in the discussion of third quarter 2019 results.

Cost/revenue ratio: Employee costs and purchases of goods and services for the Media segment's operations, expressed as a percentage of revenues, were 92.5% in the first nine months of 2019 compared with 94.1% in the same period of 2018, due to the same factors as those noted above in the discussion of third quarter 2019 results.

Cash flows from operations

Quarterly cash flows from segment operations: $19.1 million compared with $25.4 million in the third quarter of 2018 (Table 6). The $6.3 million unfavourable variance was due to the $4.2 million increase in additions to property, plant and equipment and to intangible assets, mainly attributable to digital investments, and the $3.8 million decrease in proceeds from disposal of assets, partially offset by the $1.7 million increase in adjusted EBITDA.

Year-to-date cash flows from segment operations: $6.7 million compared with $12.9 million in the first nine months of 2018 (Table 6). The $6.2 million decrease was due to the $10.4 million increase in additions to property, plant and equipment and to intangible assets, mainly attributable to digital investments, and the $3.8 million decrease in proceeds from disposal of assets, partially offset by the $8.0 million increase in adjusted EBITDA.

Table 6: Media
Cash flows from operations
(in millions of Canadian dollars)

	Three months ended September 30		Nine months ended September 30	
	2019	2018	**2019**	2018
Adjusted EBITDA	**$ 32.6**	$ 30.9	**$ 39.5**	$ 31.5
Additions to property, plant and equipment	**(5.0)**	(8.2)	**(13.7)**	(18.8)
Additions to intangible assets	**(8.5)**	(1.1)	**(19.1)**	(3.6)
Proceeds from disposal of assets	**–**	3.8	**–**	3.8
Cash flows from segment operations	**$ 19.1**	$ 25.4	**$ 6.7**	$ 12.9

Sports and Entertainment

Third quarter 2019 operating results

Revenues: $55.8 million in the third quarter of 2019, a $1.3 million (2.4%) increase due mainly to higher revenues in the Music business.

Adjusted EBITDA: $6.9 million in the third quarter of 2019, a $1.6 million unfavourable variance due mainly to a decreased contribution to margin from book distribution and increased operating expenses for the Music business.

Year-to-date operating results

Revenues: $137.5 million in the first nine months of 2019, an $8.9 million (6.9%) increase due mainly to higher revenues from book distribution and the Music business.

Adjusted EBITDA: $4.7 million in the first nine months of 2019, a $2.5 million decrease due mainly to lower revenues from educational publishing, a decreased contribution to margin from book distribution and increased operating expenses for the Music business.

Cash flows from operations

Quarterly cash flows from segment operations: $6.1 million compared with $7.4 million in the third quarter of 2018 (Table 7). The $1.3 million unfavourable variance was due primarily to the $1.6 million unfavourable variance in adjusted EBITDA.

Year-to-date cash flows from segment operations: $0.8 million compared with $3.8 million in the first nine months of 2018 (Table 7). The $3.0 million unfavourable variance was mainly due to the $2.5 million unfavourable variance in adjusted EBITDA, combined with a $0.6 million increase in additions to property, plant and equipment and to intangible assets.

Table 7: Sports and Entertainment
Cash flows from operations
(in millions of Canadian dollars)

	Three months ended September 30		Nine months ended September 30	
	2019	2018	**2019**	2018
Adjusted EBITDA	**$ 6.9**	$ 8.5	**$ 4.7**	$ 7.2
Additions to property, plant and equipment	**(0.1)**	(0.2)	**(1.1)**	(0.7)
Additions to intangible assets	**(0.8)**	(0.9)	**(2.9)**	(2.7)
Proceeds from disposal of assets	**0.1**	–	**0.1**	–
Cash flows from segment operations	**$ 6.1**	$ 7.4	**$ 0.8**	$ 3.8

CASH FLOWS AND FINANCIAL POSITION

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

Operating activities

Third quarter 2019

Cash flows provided by continuing operating activities: $379.0 million in the third quarter of 2019 compared with $464.3 million in the same period of 2018.

The $85.3 million decrease was mainly due to:

- $147.7 million unfavourable change in non-cash operating assets and liabilities, due primarily to the unfavourable variance in income tax payable, and to an increase in inventory, a decrease in accounts payable and accrued liabilities, and a decrease in other operating liabilities in the Telecommunications segment.

Partially offset by:

- $34.5 million increase in the Telecommunications segment's adjusted EBITDA;
- $20.8 million decrease in current income taxes;
- $5.9 million decrease in the cash portion of financial expenses.

Year to date

Cash flows provided by continuing operating activities: $848.7 million in the first nine months of 2019 compared with $1.10 billion in the same period of 2018.

The $250.9 million decrease was mainly due to:

- $360.4 million unfavourable change in non-cash operating assets and liabilities, due primarily to the unfavourable variance in income tax payable, and to an increase in inventory, a decrease in accounts payable and accrued liabilities, and a decrease in other operating liabilities in the Telecommunications segment.

Partially offset by:

- $60.5 million and $8.0 million increases in adjusted EBITDA in the Telecommunications and Media segments respectively;
- $38.1 million decrease in current income taxes.

The unfavourable variance in income tax payable, increased inventory, and decreased accounts payable and accrued liabilities in the Telecommunications segment had an unfavourable impact on cash flows provided by continuing operating activities in the first nine months of 2019 compared with the same period of 2018, while increased profitability in the Telecommunications and Media segments had a favourable impact.

Working capital: Negative $188.2 million at September 30, 2019 compared with negative $325.1 million at December 31, 2018. The $136.9 million favourable variance was due primarily to the decreases in net income tax payable and in accounts payable and accrued charges, partially offset by the realization of net assets held for sale and the decrease in accounts receivable.

Investing activities

Third quarter 2019

Additions to property, plant and equipment: $122.6 million in the third quarter of 2019 compared with $137.9 million in the same period of 2018. The $15.3 million decrease was due primarily to decreased spending related to the leasing of digital set-top boxes in the Telecommunications segment.

Additions to intangible assets: $66.4 million in the third quarter of 2019 compared with $31.8 million in the same period of 2018. The $34.6 million increase was due primarily to investment in the IPTV project.

Proceeds from disposal of assets: $0.5 million in the third quarter of 2019 compared with $4.7 million in the same period of 2018.

Business acquisitions: $1.0 million in the third quarter of 2019 compared with $5.8 million in the same period of 2018.

- In the third quarter of 2018, business acquisitions consisted of the acquisition of LC Media and Audio Zone by the Media segment.

Year to date

Additions to property, plant and equipment: $377.3 million in the first nine months of 2019 compared with $414.9 million in the same period of 2018. The $37.6 million decrease was due to the same factors as those noted above in the discussion of third quarter 2019 additions to property, plant and equipment.

Additions to intangible assets: $424.5 million in the first nine months of 2019 compared with $127.3 million in the same period of 2018. The $297.2 million increase was due primarily to the acquisition of spectrum for $255.8 million and spending on the IPTV project.

Proceeds from disposal of assets: $3.2 million in the first nine months of 2019 compared with $6.4 million in the same period of 2018.

Business acquisitions: $35.6 million in the first nine months of 2019 compared with $7.2 million in the same period of 2018.

- In the first nine months of 2019, business acquisitions consisted of the acquisition of the companies in the Serdy Média inc. ("Serdy Media"), Serdy Video Inc. ("Serdy Video") and Incendo Media groups by the Media segment.
- In the first nine months of 2018, business acquisitions consisted of the acquisition of Mobilimage, LC Media and Audio Zone by the Media segment.

Business disposals: $260.7 million in the first nine months of 2019, consisting of the sale of the operations of the 4Degrees Colocation data centres.

Acquisition of non-controlling interest: $1.54 billion in the first nine months of 2018.

- On May 11 and June 22, 2018, Quebecor Media repurchased a total of 16,064,215 of its Common Shares held by CDP Capital for a total aggregate purchase price of $1.54 billion, paid in cash. Available cash and drawings on Videotron's secured revolving credit facility were used to finance the transaction.
- On June 22, 2018, the Corporation purchased 1,564,696 Common Shares of Quebecor Media held by CDP Capital in consideration of the issuance of $150.0 million aggregate principal amount of convertible debentures of Quebecor to CDP Capital.

Free cash flows from continuing operating activities of the Quebecor Media subsidiary

Third quarter 2019

Free cash flows from continuing operating activities of Quebecor Media: $205.4 million in the third quarter of 2019 compared with $304.2 million in the same period of 2018 (Table 8). The $98.8 million decrease was mainly due to:

- $75.3 million decrease in cash flows provided by continuing operating activities;
- $34.6 million increase in additions to intangible assets.

Partially offset by:

- $15.3 million decrease in additions to property, plant and equipment.

Year to date

Free cash flows from continuing operating activities of Quebecor Media: $347.2 million in the first nine months of 2019 compared with $587.6 million in the same period of 2018 (Table 8). The $240.4 million decrease was primarily due to:

- $233.1 million decrease in cash flows provided by continuing operating activities;
- $41.4 million increase in additions to intangible assets, other than spectrum licences.

Partially offset by:

- $37.3 million decrease in additions to property, plant and equipment.

Table 8
Cash flows from segment operations and free cash flows from continuing operating activities of Quebecor Media
(in millions of Canadian dollars)

	Three months ended September 30		Nine months ended September 30	
	2019	2018	**2019**	2018
Cash flows from segment operations (negative cash flows from segment operations)				
Telecommunications	**$ 293.5**	$ 276.2	**$ 836.1**	$ 772.8
Media	**19.1**	25.4	**6.7**	12.9
Sports and Entertainment	**6.1**	7.4	**0.8**	3.8
Quebecor Media Head Office	**2.1**	(0.2)	**0.7**	(6.3)
	320.8	308.8	**844.3**	783.2
Cash interest expense	**(68.4)**	(73.2)	**(208.4)**	(212.5)
Cash portion related to restructuring of operations, litigation and other items	**(1.2)**	1.3	**(8.2)**	(7.2)
Current income taxes	**(29.7)**	(50.5)	**(115.1)**	(153.2)
Other	**0.4**	(2.7)	**(1.9)**	(4.8)
Net change in operating assets and liabilities	**(16.5)**	120.5	**(163.5)**	182.1
Free cash flows from continuing operating activities of Quebecor Media	**$ 205.4**	$ 304.2	**$ 347.2**	$ 587.6

Table 9
Free cash flows from continuing operating activities of Quebecor Media and cash flows provided by continuing operating activities of Quebecor
(in millions of Canadian dollars)

	Three months ended September 30		Nine months ended September 30	
	2019	2018	**2019**	2018
Free cash flows from continuing operating activities of Quebecor Media presented in Table 8	**$ 205.4**	$ 304.2	**$ 347.2**	$ 587.6
Quebecor Head Office cash flow items:				
Cash flows from segment operations	**–**	0.2	**(2.1)**	(3.2)
Cash interest expense	**(10.7)**	(11.8)	**(31.6)**	(27.8)
Other	**(0.2)**	–	**–**	–
Net change in operating assets and liabilities	**(4.0)**	6.7	**(7.6)**	7.2
	(14.9)	(4.9)	**(41.3)**	(23.8)
Plus additions to property, plant and equipment	**122.6**	137.9	**377.3**	414.9
Plus additions to intangible assets (excluding spectrum licences)	**66.4**	31.8	**168.7**	127.3
Minus proceeds from disposal of assets	**(0.5)**	(4.7)	**(3.2)**	(6.4)
Cash flows provided by continuing operating activities of Quebecor	**$ 379.0**	$ 464.3	**$ 848.7**	$ 1,099.6

Financing activities

Consolidated debt (long-term debt plus bank indebtedness): $274.0 million decrease in the first nine months of 2019. $141.0 million net unfavourable variance in assets and liabilities related to derivative financial instruments.

- Debt reductions in the first nine months of 2019 essentially consisted of:
  - Prepayment by Quebecor Media on July 15, 2019 of the balance of its US$350 million term loan "B" issued on August 1, 2013, bearing interest at the US London Inter-bank Offered Rate ("LIBOR") plus 2.25%, and maturing on August 17, 2020;
  - $131.5 million favourable impact of exchange rate fluctuations. The consolidated debt reduction attributable to this item was offset by the decrease in the asset (or increase in the liability) related to cross-currency swap agreements entered under "Derivative financial instruments";
  - $16.1 million decrease in the bank indebtedness of Quebecor Media;
  - Current payments totalling $9.9 million on the term loan facilities of TVA Group Inc. ("TVA Group") and Quebecor Media.
- Additions to debt in the first nine months of 2019 essentially consisted of:
  - $269.9 million increase in Videotron's drawings on its secured revolving credit facility;
  - $17.9 million increase in Videotron's bank indebtedness;
  - $9.4 million increase in Quebecor's debt;
  - $9.3 million increase in debt attributable to changes in fair value related to hedged interest risk.

- Assets and liabilities related to derivative financial instruments totalled a net asset of $746.0 million at September 30, 2019 compared with $887.0 million at December 31, 2018. The $141.0 million net unfavourable variance was mainly due to:
  - unfavourable impact of exchange rate fluctuations on the value of derivative financial instruments;
  - unwinding of Quebecor Media's hedges in an asset position in connection with prepayment on July 15, 2019 of its term loan "B" in the aggregate principal amount of US$350 million, bearing interest at LIBOR plus 2.25%.

  Partially offset by:
  - favourable impact of interest rate trends in Canada, compared with the United States, on the fair value of derivative financial instruments.
- On October 8, 2019, Videotron issued $800.0 million aggregate principal amount of Senior Notes bearing interest at 4.5% and maturing on January 15, 2030, for net proceeds of $790.7 million, net of financing fees of $9.3 million. Videotron used the proceeds mainly to pay down a portion of the amount due under its secured revolving credit facility.
- On February 15, 2019, Quebecor Media amended its $300.0 million secured revolving credit facility, to extend the maturity date to July 2022 and to change certain conditions and terms of the facility.
- On February 13, 2019, TVA Group amended its $150.0 million secured revolving credit facility to extend the maturity date to February 2020 and to change certain conditions and terms of the facility.

Financial position

Net available liquidity: $1.58 billion at September 30, 2019 for Quebecor Media and its wholly owned subsidiaries, pro forma the issuance by Videotron of Senior Notes in the aggregate principal amount of $800.0 million on October 8, 2019, the proceeds of which were used to reduce drawings on Videotron's secured revolving credit facility. Net available liquidity consisted of $1.59 billion in available unused revolving credit facilities, less $10.2 million in bank indebtedness.

Net available liquidity: $34.9 million as at September 30, 2019 for Quebecor at the corporate level, consisting of $36.0 million in available unused revolving credit facilities, less $1.1 million in bank indebtedness.

Consolidated debt (long-term debt plus bank indebtedness): $6.18 billion at September 30, 2019, a $274.0 million decrease compared with December 31, 2018; $141.0 million net unfavourable variance in assets and liabilities related to derivative financial instruments (see "Financing activities" above).

- Consolidated debt essentially consisted of Videotron's $4.45 billion debt ($4.23 billion at December 31, 2018); TVA Group's $45.8 million debt ($52.8 million at December 31, 2018); Quebecor Media's $1.62 billion debt ($2.12 billion at December 31, 2018); and Quebecor's $62.6 million debt ($53.2 million at December 31, 2018).

As at September 30, 2019, minimum principal payments on long-term debt in the coming years are as follows:

Table 10
Minimum principal payments on Quebecor's long-term debt
12-month periods ended September 30
(in millions of Canadian dollars)

2020	$	60.1
2021		1.4
2022		1,063.7
2023		2,680.0
2024		794.5
2025 and thereafter		1,569.5
Total	**$**	**6,169.2**

From time to time, Quebecor may (but is under no obligation to) seek to retire or purchase its outstanding securities, including debentures, 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.

Pro forma the issuance by Videotron of Senior Notes in the aggregate principal amount of $800.0 million on October 8, 2019 and the corresponding reduction in drawings on Videotron's secured revolving credit facility, the weighted average term of Quebecor's consolidated debt was approximately 5.4 years as of September 30, 2019 (5.1 years as of December 31, 2018). The debt was comprised of 91.9% fixed-rate debt as of September 30, 2019 (76.3% as of December 31, 2018) and 8.1% floating-rate debt (23.7% as of December 31, 2018).

Management of the Corporation believes that cash flows and available sources of financing should be sufficient to cover committed cash requirements for capital investments, working capital, interest payments, income tax payments, debt repayments, pension plan contributions, share repurchases, dividend payments to shareholders, and dividend payments (or distributions) to non-controlling interest. The Corporation believes it will be able to meet future debt 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. The key indicators listed in those financing agreements include debt service coverage ratio and debt ratio (long-term debt over adjusted EBITDA). At September 30, 2019, the Corporation was in compliance with all required financial ratios and restrictive covenants in its financing agreements.

Dividends declared

On November 6, 2019, the Board of Directors of Quebecor declared a quarterly dividend of $0.1125 per share on its Class A Multiple Voting Shares ("Class A Shares") and Class B Shares, payable on December 17, 2019 to shareholders of record at the close of business on November 22, 2019.

600 MHz spectrum auction

On April 10, 2019, Videotron purchased 10 blocks of low-frequency spectrum in the 600 MHz band in Science and Economic Development Canada's latest commercial mobile spectrum auction. The licences, covering Eastern, Southern and Northern Québec, as well as Outaouais and Eastern Ontario regions, were acquired for $255.8 million.

Analysis of consolidated balance sheet at September 30, 2019

Table 11
Consolidated balance sheet of Quebecor
Analysis of main differences between September 30, 2019 and December 31, 2018
(in millions of Canadian dollars)

	September 30, 2019	December 31, 2018	Difference	Main reasons for difference
Assets				
Accounts receivable	**$ 515.9**	$ 553.5	$ (37.6)	Impact of current variances in activity
Income taxes[1]	**5.5**	(114.4)	119.9	Current disbursements less current income taxes for the period
Net assets held for resale[1]	**–**	88.4	(88.4)	Sale of 4Degrees Colocation
Property, plant and equipment	**3,351.0**	3,467.3	(116.3)	Depreciation for the period, less additions to property, plant and equipment on an accrual basis
Intangible assets	**1,459.7**	1,135.3	324.4	Acquisition of spectrum licences and investment in the IPTV project by Videotron, less amortization for the period
Goodwill	**2,692.3**	2,678.3	14.0	Acquisition of the companies in the Incendo Media group, the Serdy Média group and the Serdy Video group
Derivative financial instruments[2]	**746.0**	887.0	(141.0)	See “Financing activities”
Liabilities				
Accounts payable and accrued charges	**742.0**	832.0	(90.0)	Impact of current variances in activity
Long-term debt, including short-term portion and bank indebtedness	**6,178.5**	6,452.5	(274.0)	See “Financing activities”
Deferred income taxes[3]	**780.4**	724.1	56.3	Impact of current variances in activity
Other long-term liabilities	**278.5**	235.7	42.8	Contingent consideration related to the sale of 4Degrees Colocation, minus the decrease in other operating liabilities

1 Current assets less current liabilities
2 Long-term assets less long-term liabilities
3 Long-term liabilities less long-term assets.

ADDITIONAL INFORMATION

Contractual Obligations

At September 30, 2019, material contractual obligations of operating activities included: capital repayment and interest on long-term debt; convertible debentures and lease liabilities; capital asset purchases and other commitments; and obligations related to derivative financial instruments, less estimated future receipts on derivative financial instruments. Table 12 below shows a summary of these contractual obligations.

Table 12
Contractual obligations of Quebecor as of September 30, 2019
(in millions of Canadian dollars)

	Total	Under 1 year	1-3 years	3-5 years	5 years or more
Long-term debt[1]	**$ 6,169.2**	$ 60.1	$ 1,065.1	$ 3,474.5	$ 1,569.5
Convertible debentures[2]	**150.0**	–	–	150.0	–
Interest payments on long-term debt and on convertible debentures[3]	**1,323.7**	220.0	595.6	335.2	172.9
Lease liabilities	**136.8**	31.8	40.4	21.6	43.0
Interest payments on lease liabilities	**44.6**	6.5	9.1	6.1	22.9
Additions to property, plant and equipment and other commitments	**1,643.2**	479.3	503.1	271.8	389.0
Derivative financial instruments[4]	**(671.5)**	1.5	(256.6)	(426.4)	10.0
Total contractual obligations	**$ 8,796.0**	**$ 799.2**	**$ 1,956.7**	**$ 3,832.8**	**$ 2,207.3**

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

2 Based on the market value at September 30, 2019 of a number of shares obtained by dividing the outstanding principal amount by the market price of a Quebecor Class B share at that date, subject to a floor price of $26.85 per share and a ceiling price of $33.5625. The Corporation may also redeem convertible debentures by issuing the corresponding number of its Class B Shares.

3 Estimated interest payable on long-term debt and convertible debentures, based on interest rates, hedging of interest rates and hedging of foreign exchange rates as of September 30, 2019.

4 Estimated future receipts, net of disbursements, related to foreign exchange hedging using derivative financial instruments.

Related party transactions

In the third quarter of 2019, the Corporation made sales to related parties in the amount of $1.5 million ($0.6 million in the same period of 2018) and purchases of $2.3 million from related parties (nil in the same period of 2018).

In the first nine months of 2019, the Corporation made sales to related parties in the amount of $3.2 million ($1.9 million in the same period of 2018) and purchases of $2.5 million from related parties (nil in the same period of 2018).

Capital stock

In accordance with Canadian financial reporting standards, Table 13 below presents information on the Corporation's capital stock as at October 24, 2019. In addition, 2,609,642 stock options were outstanding as of October 24, 2019.

Table 13
Capital stock
(in shares and millions of Canadian dollars)

	October 24, 2019		
	Issued and outstanding		**Book value**
Class A Shares	**77,226,644**	**$**	**8.6**
Class B Shares	**177,657,897**	**$**	**1,048.8**

On August 7, 2019, the Board of Directors of Quebecor authorized the renewal of its 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 4,000,000 Class B Shares, representing approximately 2.2% of issued and outstanding Class B Shares as of August 1, 2019. The purchases can be made from August 15, 2019 to August 14, 2020 at prevailing market prices on the open market through the facilities of the Toronto Stock Exchange or other alternative trading systems. All repurchased shares will be cancelled.

In the first nine months of 2019, the Corporation purchased and cancelled 2,672,056 Class B Shares for a total cash consideration of $80.5 million (7,535,300 Class B Shares for a total cash consideration of $186.3 million in the first nine months of 2018). The $64.8 million excess of the purchase price over the carrying value of the repurchased Class B Shares was recorded as an increase in the deficit ($171.9 million reduction in retained earnings in the first nine months of 2018).

In the first nine months of 2019, 180,000 Class B Shares of Quebecor were issued upon exercise of stock options for a cash consideration of $2.7 million (100,000 Class B Shares for a cash consideration of $1.3 million in the first nine months of 2018). Following this transaction, the contributed surplus was increased by $3.0 million ($1.2 million in the first nine months of 2018) and the stock option plan liability was reduced by the same amount.

On October 10, 2019, 500,000 Class B Shares of Quebecor were issued upon exercise of stock options for a cash consideration of $5.6 million.

Financial instruments

The Corporation uses a number of financial instruments, mainly cash and cash equivalents, accounts receivable, contract assets, long-term investments, bank indebtedness, trade payables, accrued liabilities, long-term debt, convertible debentures, 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 debts. 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 then settlement amount.

The carrying value and fair value of long-term debt, convertible debentures and derivative financial instruments as of September 30, 2019 and December 31, 2018 are as follows:

Table 14
Fair value of long-term debt, convertible debentures and derivative financial instruments
(in millions of Canadian dollars)

	September 30, 2019		December 31, 2018	
Asset (liability)	**Carrying value**	**Fair value**	Carrying value	Fair value
Long-term debt[1]	**$ (6,169.2)**	**$ (6,536.5)**	$ (6,461.7)	$ (6,444.9)
Convertible debentures[2]	**(149.2)**	**(149.2)**	(150.6)	(150.6)
Derivative financial instruments				
Foreign exchange forward contracts	**(0.3)**	**(0.3)**	6.7	6.7
Cross-currency interest rate swaps	**746.3**	**746.3**	880.3	880.3

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

2 The carrying value and fair value of convertible debentures consist of the initial capital investment and the value of the cap and floor conversion price features, recognized as embedded derivatives.

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 using 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 in 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 adjusted implicit interest rate and credit premium.

Gains and losses on valuation and translation of financial instruments for the third quarters and first nine months of 2019 and 2018 are summarized in Table 15.

Table 15
(Gain) loss on valuation and translation of financial instruments
(in millions of Canadian dollars)

	Three months ended September 30		Nine months ended September 30	
	2019	2018	**2019**	2018
(Gain) loss on embedded derivatives related to convertible debentures	**$ (4.2)**	$ (55.2)	**$ (7.0)**	$ 49.3
Other	**(1.8)**	0.7	**(1.1)**	1.4
	$ (6.0)	$ (54.5)	**$ (8.1)**	$ 50.7

Gains on cash flow hedges of $41.4 million and $71.6 million were recorded under "Other comprehensive income" in the third quarter and first nine months of 2019 respectively (losses of $0.4 million and $44.8 million in the third quarter and first nine months of 2018 respectively).

Contingencies and legal disputes

Lawsuits were brought by and against the Corporation in connection with business disputes between the Corporation and a competitor. At this stage in the proceedings, management of the Corporation does not expect their outcome to have a material effect on Corporation’s results or financial position.

On August 15, 2019, the CRTC issued an order finalizing the rates, retroactively to March 31, 2016, by which the large cable and telephone companies provide aggregated wholesale access to their high-speed Internet networks. The interim rates in effect since 2016 have been invoiced to resellers and accounted for in the Corporation’s consolidated financial statements. The new proposed rates are substantially lower than interim rates and could represent a reduction in earnings of approximately $22.0 million (before income taxes) in 2019 and approximately $30.0 million (before income taxes) from March 31, 2016 to December 31, 2018. On September 13, 2019, a coalition of cable companies (including Videotron) and Bell Canada filed separate appeals of the CRTC’s order with the Federal Court of Appeal arguing, among other things, that the order is marked by numerous errors of law and jurisdiction resulting in wholesale rates that are unreasonably low. The cable companies and Bell Canada also filed separate requests to stay the implementation of the order pending disposition of their appeals. On September 27, 2019, the Federal Court of Appeal granted an interim stay of the CRTC’s order. Accordingly, at this stage of these proceedings, the Corporation still estimates that the interim rates are the appropriate basis to account for its wholesale Internet access revenues.

Changes in Accounting Policies

(i) IFRS 16 – *Leases*

On January 1, 2019, the Corporation adopted on a fully retrospective basis the new rules under IFRS 16 which set out new principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract. The standard provides lessees with a single accounting model for all leases, with certain exemptions. In particular, lessees are required to report most leases on their balance sheets by recognizing right-of-use assets and related financial liabilities. Assets and liabilities arising from a lease are initially measured on a present value basis.

The adoption of IFRS 16 had significant impacts on the consolidated financial statements since all of the Corporation's segments are engaged in various long-term leases relating to premises and equipment.

Under IFRS 16, most lease charges are now expensed as a depreciation of the right-of-use asset, along with interest on the related lease liability. Since operating lease charges were recognized as operating expenses as they were incurred under the previous standard, the adoption of IFRS 16 has changed the timing of the recognition of these lease charges over the term of each lease. It has also affected the classification of expenses in the consolidated statement of income.

Principal payments on the lease liability are now presented as financing activities in the consolidated statements of cash flows, whereas under the previous standard these payments were presented as operating activities.

The retrospective adoption of IFRS 16 had the following impacts on the comparative consolidated financial figures:

Consolidated statements of income and comprehensive income

Increase (decrease)	Three months ended September 30, 2018	Nine months ended September 30, 2018
Purchase of goods and services	$ (10.9)	$ (33.7)
Depreciation and amortization	8.3	24.7
Financial expenses	2.0	6.5
Deferred income tax expense	0.2	0.7
Net income and comprehensive income	$ 0.4	$ 1.8
Net income and comprehensive income attributable to:		
Shareholders	$ 0.4	$ 1.5
Non-controlling interests	–	0.3
Earnings per share attributable to shareholders	$ –	$ –

Consolidated balance sheets

Increase (decrease)	December 31, 2018	December 31, 2017
Other current assets	$ (2.2)	$ (2.2)
Property, plant and equipment	15.5	15.5
Right-of-use assets	112.6	133.5
Provisions	(1.5)	(1.4)
Lease liabilities[1]	144.4	167.9
Other liabilities	(4.3)	(3.4)
Deferred income tax liability	(3.3)	(4.3)
Deficit	9.2	7.2
Non-controlling interests	(0.2)	(4.8)

[1] The current portion of lease liabilities was $36.0 million as of December 31, 2018 and $39.8 million as of December 31, 2017.

(ii) IFRIC 23 - *Uncertainty over Income Tax Treatments*

IFRIC 23 provides guidance on how to value uncertain income tax positions based on the probability of whether or not the relevant tax authorities will accept the Corporation's tax treatments. The adoption of IFRIC 23 had no impact on the consolidated financial statements.

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, 2019 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, and on the Web at <www.sedar.com>.

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 Media'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 Media's newspapers, television outlets and other media properties;
- the intensity of competitive activity in the industries in which Quebecor operates;
- fragmentation of the media landscape;
- new technologies that might change consumer behaviour with respect to Quebecor Media's product suites;
- unanticipated higher capital spending required for developing Quebecor Media'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;
- disruptions to the network through which Quebecor Media provides its digital cable television, Internet access, mobile and cable telephony, and Club illico services, and its ability to protect such services against piracy, unauthorized access and other security breaches;
- labour disputes or strikes;
- changes in Quebecor Media'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 Media's licences or markets, or in an increase in competition, compliance costs or capital expenditures;
- Quebecor Media'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 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.sedar.com> and <www.quebecor.com>, including, in particular, the "Risks and Uncertainties" section of the Corporation's Management Discussion and Analysis for the year ended December 31, 2018.

The forward-looking statements in this Management Discussion and Analysis reflect the Corporation’s expectations as of November 6, 2019 and are subject to change after that 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, 2019

QUEBECOR INC.

SELECTED QUARTERLY FINANCIAL DATA

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

	2019			2018				2017
	Sept. 30	**June 30**	**March 31**	Dec. 31[1]	Sept. 30[1]	June 30[1]	March 31[1]	Dec. 31[1]
Revenues	**$ 1,073.4**	**$ 1,056.9**	**$ 1,027.3**	$ 1,087.1	$ 1,053.2	$ 1,038.7	$ 1,002.0	$ 1,059.5
Adjusted EBITDA	**509.3**	**455.0**	**420.7**	460.5	474.0	425.9	415.9	428.7
Contribution to net income attributable to shareholders:								
Continuing operating activities	**173.8**	**136.2**	**111.4**	133.4	141.5	105.9	89.5	83.9
Gain (loss) on valuation and	**-**							
translation of financial instruments	**5.6**	**16.3**	**(14.4)**	(11.5)	54.9	(75.7)	(29.1)	(7.8)
Unusual items	**(0.9)**	**(12.3)**	**(5.5)**	(5.5)	(10.2)	10.8	(3.8)	(5.6)
Discontinued operations	**-**	**-**	**97.5**	1.1	0.9	1.0	0.5	0.5
Net income attributable to shareholders	**178.5**	**140.2**	**189.0**	117.5	187.1	42.0	57.1	71.0
Basic data per share								
Contribution to net income attributable to shareholders:								
Continuing operating activities	**$ 0.68**	**$ 0.53**	**$ 0.44**	$ 0.53	$ 0.61	$ 0.45	$ 0.38	$ 0.35
Gain (loss) on valuation and translation of financial instruments	**0.02**	**0.07**	**(0.06)**	(0.05)	0.24	(0.33)	(0.12)	(0.03)
Unusual items	**-**	**(0.05)**	**(0.02)**	(0.02)	(0.05)	0.05	(0.02)	(0.03)
Discontinued operations	**-**	**-**	**0.38**	0.01	-	0.01	-	-
Net income attributable to shareholders	**0.70**	**0.55**	**0.74**	0.47	0.80	0.18	0.24	0.29
Weighted average number of shares outstanding (in millions)	**255.6**	**255.9**	**256.0**	255.1	232.8	233.5	235.9	239.7
Diluted data per share								
Contribution to net income attributable to shareholders:								
Continuing operating activities	**$ 0.67**	**$ 0.52**	**$ 0.43**	$ 0.51	$ 0.55	$ 0.40	$ 0.34	$ 0.32
Dilution impact	**-**	**-**	**0.01**	0.01	-	0.05	0.04	0.03
Gain (loss) on valuation and translation of financial instruments	**-**	**-**	**(0.06)**	(0.05)	-	(0.33)	(0.12)	(0.03)
Unusual items	**-**	**(0.05)**	**(0.02)**	(0.02)	(0.04)	0.05	(0.02)	(0.03)
Discontinued operations	**-**	**-**	**0.38**	0.01	-	0.01	-	-
Net income attributable to shareholders	**0.67**	**0.47**	**0.74**	0.46	0.51	0.18	0.24	0.29
Weighted average number of diluted shares outstanding (in millions)	**261.7**	**262.1**	**256.5**	255.5	268.8	239.4	236.3	240.0

[1] Comparative numbers have been restated to reflect the adoption of IFRS 16, *Leases.*