



Address by Pierre Dion

President and Chief Executive Officer

Quebecor

Quebecor Annual Meeting
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The Right Honourable Brian Mulroney,
Honoured directors,
Distinguished shareholders,
Colleagues and friends,

Good morning and welcome to the annual shareholders' meeting of Quebecor, a Corporation of which we are immensely proud.

When I appeared before you last year, I had just been appointed President and CEO of Quebecor. After a year in the job, I am more honoured, proud and motivated than ever to be leading this great Québec company.

2014 was an exceptional year, a year packed with accomplishments that will be of decisive importance for our future. Our achievements of 2014 all stem from our growth plan and our corporate mission of being a leader in telecommunications, media, entertainment and culture. This is a business model we have been developing for many years.

Our strategies are clear and closely aligned:

1. At Videotron, focus on mobility, Internet access and business solutions;
2. Leverage the power of our content and our brands;
3. Confirm and affirm our industry-leading position in digital in Québec;
4. Introduce new advertising models for our advertising partners;
5. Constantly seek promising new lines of business and invest in the Corporation's growth.

To support me throughout this first year, I had the great privilege of being able to count on the sound advice of the Right Honourable Brian Mulroney, Chairman of the Board of Quebecor. Mr. Mulroney is a mentor to us all, a man of wisdom who has been supporting Quebecor for more than 5 decades.

Mr. Mulroney, we are truly honoured to be able to rely on a man of your stature and experience. On behalf of the entire organization, I thank you for all that you have done.

For my first year as President and CEO, my team and I had set six objectives, which I would like to review now.

THE FIRST WAS ACTUALLY AN OBJECTIVE I HAD SET MYSELF: TO HAVE THE FULL SUPPORT OF A MANAGEMENT TEAM THAT IS HIGHLY MOTIVATED AND ENGAGED.

I must say that I am particularly fortunate to be surrounded by such a seasoned and experienced management team, a team made up of people who are passionate about what they do and devote themselves to their work with rare energy.

The members of the management team have an average 11 years' experience with Quebecor, providing stability and continuity. The speed of execution, agility and desire to win sparked by the team spirit we have built together translate into a clear competitive advantage.

During 2014 we revamped the Corporation's internal structure to align it still more closely with our mission.

As Mr. Mulroney mentioned, we reorganized our businesses into three segments: the Telecom Group, the Media Group and the Sports and Entertainment Group.

I am very proud to say that one of our team's strengths is that 50% of its members are women – women of talent and achievement who occupy some of the most strategic decision-making positions in the Corporation.

I would also like to pay tribute to all the women who sit on our various Boards of Directors. I am particularly grateful to Sylvie Lalande, Chairperson of the Board of TVA Group.

OUR SECOND OBJECTIVE WAS TO CONTINUE VIDEOTRON'S TREMENDOUS SUCCESS, PARTICULARLY IN MOBILITY, INTERNET ACCESS AND BUSINESS SOLUTIONS.

Obviously, we are very proud of Videotron's performance. Today, Videotron is Québec's telecommunications and entertainment leader. It remains the customer service champion, ranking as the most respected telecommunications company in Québec for the 10th consecutive year according to the annual Léger poll.

Videotron's growth has been driven in part by the remarkable gains we have made in Internet access services and particularly in mobile telephone services. During 2014, Videotron added an impressive 128,500 subscriber

connections to its mobile network, bringing the total to almost 633,000.

At this point, we can say that our move into the mobile market has been a resounding success.

Congratulations to Manon Brouillette. She and her team have played an instrumental role in Videotron's success for 11 years, during which, as you know, she worked closely with Robert Dépatie, who is here with us today. Every day, Manon's vision, talent and skill are leading us to new successes.

The progress we have made in mobile services has of course been propelled by the build-out of Videotron's network. We launched our LTE network on September 10, 2014, four years to the day after the launch of our original mobile network. Another major success!

The LTE network currently covers nearly 90% of Québec's population and supports speeds of up to 150 Mbps. With the acquisition of more spectrum, particularly the four 30 MHz licences in the AWS band that we acquired on March 6, the possibilities for network expansion are vast.

Speaking of spectrum, Serge Sasseville and his team have been busy indeed, not only with the various Industry Canada auctions but also the CRTC regulatory reviews. More and more, the CRTC is heading towards deregulation and greater competition, which is consistent with the positions Quebecor has been advocating for years. Great job Serge and your entire team.

Videotron Business Solutions, led by its President, Jean Novak, is an important growth driver for Videotron. It now serves more than 115,000 businesses in Québec and has a market share of more than 50%, quite a success story. Our acquisition of 4Degrees is a perfect fit for this growth sector.

Videotron's 2014 results also show a strong performance by our content strategy, under the inspired leadership of France Lauzière, Senior Vice-President, Quebecor Content.

I would like to say a few words about the strategic role played by Quebecor Content, whose mission is to create, develop, acquire and distribute unique, distinctive, convergent content for TVA Group's and Videotron's platforms.

A telling example of Quebecor Content's contribution is the success of Club illico, which set new records in 2014. The number of subscribers more than tripled in the space of one year, from 60,000 to 187,000. Club illico has also logged more than 54 million views since its launch. Myrienne Collin and her team have put together a selection of French-language content that remains unmatched in Québec and in Canada.

In 2014, Quebecor Content reached a number of agreements with prestigious players in the film and television industry. I am referring to the agreements Quebecor Content has signed with international studios such as Les Films Séville, MGM, NBCUniversal, Sony Pictures, Paramount Pictures, Viacom and Warner, as well as its partnerships with more than 20 Québec production houses, which enable us to showcase Québec talent at home and abroad.

The detective series *Mensonges*, which picked up 3 Gémeaux awards, including the award for best dramatic series, in 2014, is a case in point. *Mensonges* has become the first original series to be made available in full on Club illico before it airs on television.

While our Canadian competitors are only just beginning to develop subscription video-on-demand services, we have already nailed down a second original series, which will premiere on Club illico in 2016. Called *Blue Moon*, it is produced by Fabienne Larouche and features Karine Vanasse heading up an all-star cast.

This is Quebecor's answer to Netflix!

Another highlight of 2014 was the string of sales and acquisitions we carried out. In all, we made six transactions aimed at focusing our operations on our main growth businesses and laying firm foundations for success.

SO, OUR THIRD OBJECTIVE WAS FINALIZING AND WINNING APPROVAL FOR THOSE SIX TRANSACTIONS.

And that is done!

It should be noted that three of the transactions fit directly into the major trend towards consolidation that we are currently seeing in the traditional media industry. This process is inevitable in Canada as it is everywhere in the world.

Digital media and new technological platforms have disrupted the traditional media landscape, sparking unprecedented competition, which is now coming from major global players.

It was against this background that we closed the sale of our 74 community weeklies to TC Media on June 2, 2014. Then, on October 6, 2014, Sun Media Corporation announced the sale of its English-language newspapers and publications, 175 titles in all, to Postmedia Network. The \$316 million deal closed on March 25 after receiving Competition Bureau approval.

However, I can tell you right now that *Le Journal de Montréal* and *Le Journal de Québec* are not for sale. On the contrary! In print, on computer, on tablets and on smartphones, *Le Journal de Montréal* and *Le Journal de Québec* are here to stay, for they are central to our convergence strategy in Québec. Recently, the dailies made a splash by releasing J5, a fully customizable news app for mobile devices.

That innovation was accompanied by new websites which have been a resounding success. These are very strategic and very important results for our traditional media outlets.

We also announced the acquisition of 14 magazines from TC Media on November 17, 2014 and closed the deal on April 13, 2015.

TVA Publications remained the largest publisher of French-language magazines in Québec and in Canada in 2014, and the new titles further enhance its stable of magazine properties.

So becoming a consolidator in the magazine industry was a logical strategic move for Quebecor.

Another noteworthy strategic transaction was the sale of our Nurun subsidiary to Publicis Groupe on September 2, 2014 for \$132 million, reflecting our determination to concentrate on our core mission.

In another forward-looking move, TVA Group announced the acquisition of Vision Globale on November 13, 2014. The transaction closed on December 30, 2014. This acquisition diversifies our revenue streams by taking us into businesses that fit with and complement our experience in production and postproduction.

Vision Globale is a Canadian leader in film and television production services. It has more than 225,000 square feet of soundstages and also offers postproduction services that run the gamut from digital imaging to sound and special effects.

Then we carried out our sixth transaction, the purchase of the Québec Remparts hockey team, which begins playing its home games in the Videotron Centre in the 2015-2016 season. The Remparts will play the first hockey game in the venue's history on September 12, following a commemorative ceremony.

Two members of the management team orchestrated all of these transactions and I congratulate them for the colossal effort, which involved their teams and a number of other teams at Quebecor and TVA. So, a heartfelt thank-you to Jean-François Pruneau, Senior Vice-President and CFO of Quebecor, and to Marc Tremblay, Senior Vice-President,

Chief Legal Affairs and Public Affairs, and Corporate Secretary. Hats off to you both!

I am also very grateful to Isabelle Leclerc, Vice-President of Human Resources of Quebecor. As you can imagine, these transactions created major human resources challenges. Among other things, the transitioning of many employees had to be coordinated.

As we were carrying out all these transactions, we had to bring all of Quebecor's media properties together under one roof. **THAT WAS OUR FOURTH OBJECTIVE: TO CREATE MEDIA GROUP.**

Media Group includes eight complementary subsidiaries and business units: TVA Group, Sun Media Corporation, QMI Agency, Quebecor Out of Home, Messageries Dynamiques, Quebecor Printing, Quebecor Sales, and Quebecor's entire Books division.

To head this group, I placed my trust in Julie Tremblay. We are privileged to have the benefit of Julie's talents and leadership. She is a career woman who has been with us for more than 25 years and has always been solid as a rock. Thank you Julie!

Having set up Media Group, which pools the power of news, entertainment and culture, we are now able to combine our efforts in order to bring our content to all our platforms even more effectively than before, while maximizing our one-of-a-kind convergent offering.

Our sales teams, headed by Donald Lizotte, have been able to capitalize on the unique features of that offering, which extends the reach of our advertising services for the benefit of all our advertiser partners.

If there is an area in which our multiplatform content strategy has truly paid off, it is television. First of all, TVA, our over-the-air network, is number 1 in Québec. It is THE channel Quebecers turn to, 7 days a week, boasting 19 of the top 30 shows in Québec.

The high points of the year included *La Voix*, the Québec adaptation of *The Voice*, produced by Les Productions J. For the third year in a row, it broke its own ratings records, piling up average audience numbers that approached 3 million several times and capturing a market share of more than 60%, a unique achievement in the world!

The excitement surrounding the show also spread across social media, where *La Voix* generated more than a million Facebook and Twitter interactions, and 4.4 million video views during the season.

That is the perfect example of what our multiplatform content strategy can do by maximizing the 2nd screen and 3rd screen experience and conquering social media. We are equally proud of TVA News, which also topped the social media ratings charts in 2014.

I would now like to turn to our eight specialty channels. Our strategy is clearly paying off, producing substantial subscriber increases for all our specialty channels. In January, their combined subscriber base passed the 10-million mark. The growth yielded a 62% increase in

subscription fees in 2014 as well as higher advertising revenues. The channel that made the biggest gains is none other than TVA Sports, one of the pillars of our content strategy.

As you know, we signed an historic 12-year agreement making TVA Sports the official French-language broadcaster of the National Hockey League, including broadcast rights on all platforms. TVA Sports is now THE hockey destination in Québec.

Let me remind you that we are currently broadcasting the Stanley Cup playoffs on an EXCLUSIVE basis.

TVA Sports is here to stay. I repeat: TVA Sports is here to stay. Our ratings are well above expectations, our advertising revenues are beating our forecasts, our programming is solid, we have more than 2 million subscribers, and all this in just the first year of a 12-year deal.

All we need now is to get our fair share of the subscription fees. The CRTC says it is prepared to review the whole issue in the very near future.

I can tell you that we are setting new ratings records, drawing audiences of up to 2.5 million. Our ratings equal and often even exceed what RDS had last year. For the playoffs, we are currently getting a 10% market share – yes, 10% compared with 2% for RDS.

Congratulations to Serge Fortin, Vice-President, TVA News and TVA Sports, for turning this dream into reality.

In late 2014, well before the playoffs, the completely revamped TVA Sports website was already registering phenomenal increases in traffic. And, after only six months, the TVA Sports HOCKEY mobile app had already been downloaded 150,000 times.

Having announced these results, I would like to take the opportunity to tip my hat to another important member of our management team, Caroline Roy, the head of Quebecor Digital, a key unit in our growth strategy.

However, Quebecor's sports strategy goes beyond this, **WHICH BRINGS ME TO OUR FIFTH OBJECTIVE: LAUNCHING THE SPORTS AND ENTERTAINMENT GROUP.**

The Sports and Entertainment Group, whose responsibilities include managing the Québec City arena, now known as the Videotron Centre, is destined to play a growing role within the Quebecor family.

Benoît Robert and his team have worked indefatigably in the past few months. Their mission includes:

- Launching the Videotron Centre's programming in September;
- Managing the Videotron Centre for the next 25 years;
- Promotion and production of major sporting and cultural events by GesteV;
- Managing our music division, which includes Musicor and Select;

- Responsibility for two major junior hockey teams, the Armada de Blainville-Boisbriand and the Remparts de Québec;
- And finally, bringing the Nordiques back to Québec City.

Congratulations are due to Benoît. The flurry of recent press releases surrounding the upcoming opening of the Videotron Centre has included a series of announcements of prestigious partnerships he has forged. I take this opportunity to welcome our new partner Labatt on board.

We are also very pleased to be working closely with two global partners when it comes to bookings at the venue, AEG and Live Nation. They are no less than the two largest promoters of shows and tours in the world!

By the way, the two Metallica concerts sold out in an hour! In all, more than 30,000 tickets to the two shows were snapped up. Similarly, the tickets to the Montréal Canadiens – Pittsburgh Penguins game sold out in a matter of minutes.

AND FINALLY OUR ULTIMATE OBJECTIVE AND OVERRIDING PRIORITY: CREATING SHAREHOLDER VALUE.

To our shareholders, I can say that we have one of the best-performing companies in the industry, a Corporation that has given ample proof of its ability to renew itself.

Our success in mobile telephony is one of the main reasons for the 25% increase in the value of Quebecor shares over the past 12 months. Since October 2012, when we began

the process of repurchasing shares from our main financial partner, the Caisse de dépôt et placement du Québec, the share price has more than doubled. So we are pleased to be able to present to our shareholders, year after year, a profitable Corporation that is able to create value and has enormous potential for the future.

In this connection, let me take a minute to talk about a man for whom I have enormous respect, Pierre Karl Péladeau.

Pierre Karl was a visionary and transformative manager for Quebecor. Under his leadership, our Corporation made a massive investment, nearly \$2 billion, which has flung open the doors of the mobile market to us.

I thank Pierre Karl Péladeau for leaving us a resolutely forward-looking company.

He transformed it from a vertically integrated company, with interests ranging from pulp and paper to newspaper publishing, magazines, and commercial printing, into the modern company we know today, a leader in telecommunications, media and digital.

A company with both feet in the new economy.

Like his father before him, Pierre Karl has left us an entrepreneurial culture whose salient features are a distinctive passion, agility and flair for innovation. This is a precious legacy for which we are all grateful.

In conclusion, I would like to thank, first of all, our directors for their tireless support and sound advice. They gave very generously of their time in connection with the many transactions we carried out.

I also pay tribute to all our employees for their passion and skill. We owe our success to their daily dedication. The entire management team is well aware of their work and deeply grateful.

And of course I thank our millions of customers for their patronage. In all our lines of business, they are our top priority.

I thank all our advertisers and business partners. Every day, we are focused on their satisfaction.

Finally, I would be remiss if I failed to express our gratitude to our longstanding financial partner, the Caisse de dépôt et placement du Québec and its President, Michael Sabia.

We will pursue our mission with determination, capitalizing on our strong leadership position, our passion and our agility. Those qualities make us number one in all our lines of business and are a great source of pride.

Thank you!