



Speaking notes for Pierre Karl Péladeau  
President and CEO of Quebecor

Annual General Meeting  
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*Check against delivery.*

Thank you, Mr. Mulroney,  
Good morning shareholders,  
Hello everyone,

I am very pleased to be here with you this morning.

This is my second AGM since I came back in February 2017 and I would like to take this opportunity to tell you how much I enjoy interacting on a daily basis with our employees, our terrific management team, our directors, our partners and, of course, our shareholders.

In addition to the human contact, I am particularly heartened by the way we are able to work together to pursue the mission of the company my father founded more than 50 years ago, which is an immense source of pride to my family and me.

We are accomplishing that mission in what has always been a constantly shifting environment. Technology is changing, consumer habits are changing, and the competitive landscape is in a permanent state of flux, creating both challenges and opportunities.

But despite the increased presence in our market of global giants of unprecedented scale and power, Quebecor's ability and determination to contribute to Québec's economic, cultural and technological development remain unchanged.

We succeed in doing so by means of a business strategy based on two pillars: innovation, which enables us to offer our customers constantly renewed products and experiences, and convergence, which yields increased operational efficiencies.

In 2017, the soundness of that two-pronged approach was again borne out by our results. The steady yearly increase in our revenues continued and adjusted operating income was up 6.6%, the largest increase since 2009.

So, as our Senior Vice President and Chief Operating Officer, Jean-François Pruneau, will tell you in greater detail in a few minutes, Quebecor's balance sheet, operating income and cash flows are now all strong and healthy.

In fact, I have the honour of reporting that our multiples are the best they have ever been since the creation of Quebecor Media in 2000.

It is thanks to its currently very favourable financial profile and the considerable liquidity it holds that Quebecor is now able to complete the buyback of Quebecor Media's capital stock that it began in 2012.

By gaining access to 100% of the cash flows it generates, Quebecor will be better able to seize business opportunities as they arise and to take full control of its destiny.

It also allows us to review our dividend policy for the benefit of our shareholders, as we announced this morning.

I thank the Caisse de dépôt et placement du Québec and its President, Michael Sabia, for having been at our side since the creation of Quebecor Media. The unwavering support of the Caisse and its management for our business strategies has helped Quebecor Media become a leader in telecommunications, entertainment, news media and culture.

And I'm confident that this is not the end. We plan to continue working with the Caisse to propel Quebecor and Québec still further.

Let me say a few words about the achievements that have yielded such strong performances in each of our lines of business.

### **Telecommunications**

Videotron passed an historic milestone in 2017 when it added the millionth subscriber connection to its mobile telephony service.

I am pleased to be able to say that our wireless strategy has proven successful and is increasingly being adopted by other telecoms. Over the past 10 years, the vast majority of cable companies in the West have embraced the convergence model. Our move into wireless 10 years ago has turned out to be the right strategy for addressing the trend towards cord-cutting, which is eroding our historical cable revenues. This way, when we lose a buck in cable, we are able to make it back, and maybe more, in mobile.

While we have equipped ourselves with the ways and means to offset it, cord-cutting continued to impact the entire industry this quarter. Bell and Rogers lost about 12,000 television subscribers each, while in the U.S. Verizon lost 22,000. It would have been delusional to think that we would be immune to this technological fact of life.

So our wireless strategy was far-sighted and well executed.

To carry it out, Videotron has spent more than \$2 billion to build out its network, created 1,000 jobs and spurred competition in wireless services. Videotron has been a constant driver of innovation, as is amply demonstrated by the success of its mobile service, an achievement of which we are justly proud.

We aren't the only ones who have noticed that success. Last month, in recognition of the positive impact of new players such as Videotron on Canada's entire mobile telephone services market, the Canadian government announced a set-aside for new market entrants in the upcoming 600 MHz spectrum auction. This move was essential to ensure all Canadians can continue accessing wireless services of the highest standard at a reasonable price, regardless of their carrier.

It is in Québec, where there is true competition, that customers have real bargaining power when it comes to prices. As a provider of four telecommunications services – cable TV, Internet, wireline telephone service and wireless communications – we are in a very strong position to continue growing our revenues and our income.

Thanks to the leadership of President and CEO Manon Brouillette and the hard work of her team, Videotron posted significant revenue growth again in 2017, increasing its sales by 4.2% to nearly \$3.3 billion. Congratulations to Manon and her entire team!

In an increasingly competitive environment, Videotron continues to stand out by virtue of its agility and its ability to continually renew its offerings, improve the customer experience and anticipate customers' future needs.

For example, five years ago, we launched Club illico. This year, we added wireless access to the Club via the illico mobile app. And we will continue innovating.

In another example, we have completed our exit from analog cable television and will now step up IPTV development under our agreement with the American cable giant Comcast. Ultimately, this partnership will enable us to provide a peerless television experience. Videotron customers will be able to perform searches and navigate an expansive selection of content simply and intuitively. But IPTV isn't just about TV. It will also support new applications related to home security, web searches, smart home capabilities and many other features.

We also continued the roll-out of our Giga Fibre Hybrid Internet service in 2017 in order to meet the growing demand that will be generated in the coming years by the Internet of Things, augmented reality, 4K video and cloud computing.

We maintained our participation in the Open-Air Smart Living Laboratory to help deliver the full benefits of these technological advances to society as a whole. The Lab was launched by Videotron, in partnership with the Quartier de l'innovation de Montréal, École de technologie supérieure and Ericsson, as a platform for the development of innovative projects and new 5G-based applications that promise to improve Quebecers' daily lives.

In all these initiatives, our efforts continue to revolve around the customer.

That customer focus is widely recognized and highly appreciated by our clients. For example, Videotron ranked as Québec's most respected telecommunications provider in the annual Léger – *Les Affaires* survey for the 13th consecutive year.

Videotron also placed at the top in two categories on the 2017 Ipsos-*Infopresse* index: Québec's most forward-thinking brand and most engaged brand.

Videotron Business, the one-stop shop for Internet, business telephony, mobile telephony, cable television, private network and data hosting solutions for Québec businesses of all sizes, also scores stellar customer satisfaction rates.

Our investing strategy, notably the acquisition of 4Degrees Colocation and Fibrenoire, paid off with a significant contribution to the Business segment's revenue increase in 2017.

## **Media**

In addition to its initiatives as a technology leader, Quebecor harnesses all its capabilities to produce high-quality original content, showcasing homegrown talent on all its platforms.

TVA Group spent more than \$260 million on homegrown programming in 2017 alone, carrying it to a record combined market share of 37.7% for TVA Network and the specialty channels.

I congratulate the entire TVA team on this remarkable performance, beginning with my colleague of the past 25 years, Julie Tremblay. From the bottom of my heart, I thank her for putting up with me for all these years.

Today, we continue to be surrounded by colleagues who, like Julie, are passionate about their work, about television, about showcasing Québec talent and the richness of our culture.

France Lauzière, the new President and CEO of TVA Group who was appointed in October 2017 but who has been with us for almost 18 years, has a clear vision and under her leadership TVA Group will hold its course and continue broadcasting shows that bring us together and tell our stories, such as the million-viewer programs *La Voix*, *La Voix Junior* and *L'Échappée*, and the smash hit of the winter season, *Fugueuse*.

Last Sunday, the grand finale of *La Voix* was watched by more than 2.1 million viewers, with peak viewership reaching as high as 2.5 million. That's a 59% market share – 63% at peak – among the highest ever seen in the West.

We also hope to be able to further enhance our selection of content in the near future by adding *Zeste* and *Canal Évasion* to our family of specialty channels.

To underscore its central role in Québec's cultural and economic life, TVA Group launched a campaign featuring many of its television personalities, artists and professionals in the fall of 2017 under the slogan *Pour notre culture, notre télé doit rester forte* (our television industry must remain strong to support our culture).

The impactful campaign pointed out the major economic contribution made by broadcasters such as TVA, compared with global giants such as Netflix which contribute little to the economy or, as we know, to the public coffers.

Nevertheless, the Government of Canada seems determined to give the global Web giants a totally unwarranted free pass, while burdening Canadian broadcasters and broadcasting distribution undertakings with every tighter and more restrictive regulations.

We have denounced this situation at every opportunity, together with a collection of allies and competitors who are rarely seen seated at the same table. Backed by this near-unanimous consensus, we intend to continue decrying this injustice until the government listens to reason and recognizes the true worth of our immense contribution to both our economy and the vitality of our culture.

We also plan to continue our efforts to make sure TVA Sports is valued based on its true scale and receives the fair treatment to which it is entitled.

After very substantial outlays, TVA Sports now airs top-quality programming that is watched and enjoyed by a very large audience.

Despite this, the CRTC chose, in a recent decision, to ignore its own precedents and reward a company that enjoyed a monopoly for more than 20 years instead of supporting a new player that is bringing choice and competition to the market.

This approach could wipe out years of effort to give television viewers more choice. It is imperative that the CRTC change its thinking about Canada's broadcasting system in this new landscape created by the invasion of over-the-top services such as Netflix. If the CRTC continues thinking and acting as it has done for the past 20 years, it is more than likely to accelerate the decline of our television industry.

But at Quebecor we know we can't look to government for all the solutions. First and foremost, we have to seize business opportunities as they arise.

That's what we've done with Club illico, which now has more than 360,000 subscribers and has become the most popular French-language subscription video-on-demand service in Québec.

In collaboration with Quebecor Content, Club illico brought its subscribers four original Québec productions in 2017: *Victor Lessard*, season 2 of *Blue Moon*, the teen series *L'Académie*, and Club illico's first original documentary, *Pablo Escobar raconté par son fils*. Quebecor's stature also makes it possible to disseminate our content outside Québec. For example, *Victor Lessard* and *Mensonges* are in development for English Canada and the U.S., while *Pablo Escobar raconté par son fils* has been sold to major broadcasters in some 20 countries.



We recently announced that Quebecor Content and Club illico will invest in the production of Québec films. Starting this year, they will initiate the development of at least three feature films. Our goal is to quickly bring this new content to Québec audiences on all of our platforms, with premieres on Club illico.

MELS is another important component of Quebecor's international footprint. The outstanding quality of its sound editing and visual effects design services have earned it numerous awards.

Quebecor is also a leader in news media, music production and distribution, and book publishing.

Our newspapers, magazines and websites are powerful platforms for delivering an abundance of high-quality content, videos and exclusive reports to our audiences.

*Le Journal de Montréal* and *Le Journal de Québec*, the foundations on which Quebecor was built, held their number 1 positions in their markets in 2017.

*Le Journal de Québec* marked its 50th birthday during the year. With the free newspaper *24 heures*, Quebecor's three dailies reach more than 55% of Québec's population on all platforms combined.

One of the factors in their ongoing success is the considerable resources that have been devoted to strengthening our Investigative Bureau and our parliamentary bureaus. With this renewed focus on investigative journalism, we are now positioned to provide Quebecers with the best coverage of issues of public concern.

At a time when the magazine industry is stagnating, TVA Publications' magazines increased their readership in 2017, led by category leaders such as *ELLE Canada*, *ELLE Québec*, *Clin d'œil*, *Coup de pouce* and *Style at Home*.

In 2017, Quebecor launched a digital offensive with, among other things, new online brands targeted at a younger, more digitally oriented audience.

The websites of Quebecor's media outlets far outpace their rivals, logging a combined total of more than 7.2 million unique visitors per month.

Our music and books segments are also important lines of business for us, reflecting the scope of our attachment to the development of Québec culture.

Disques Musicor released close to 20 albums and DVDs in 2017 and signed a string of prominent artists, including Lara Fabian, Alex Nevsky, Corneille, Charles Kardos, Geneviève Leclerc and TiBZ, cementing its position as a Québec music industry leader.

Sogides Group's publishing houses, the largest family of general literature publishers in Québec, and leading educational publisher CEC Publishing, released more than 310 new titles, including 7 of the 20 bestselling books in Québec in 2017.

In short, Quebecor's media businesses are mighty dissemination vehicles that are bringing our artists, our creators, and Québec culture to a wider audience than ever before.

### **Sports and Entertainment**

The vitality of our culture is also evident on the stage and at live events. This is where Quebecor Sports and Entertainment Group makes an important contribution.

In August 2017, Martin Tremblay was appointed Chief Operating Officer of Quebecor Sports and Entertainment Group. His responsibilities include the Videotron Centre, one of Canada's top five arenas by ticket sales in 2017, according to *Pollstar* magazine.

In addition to many corporate events and Québec Remparts games, 48 major cultural and sporting events were held at the venue, including headliners such as Ed Sheeran, Bruno Mars, Katy Perry, Iron Maiden, Maroon 5, Keith Urban, The Lumineers, Paul Piché, Roger Waters and Green Day.

Quebecor is also a leading player in the organization of cultural and sporting events. Events produced by GesteV in 2017 included the FIS Cross-Country World Cup races in Québec City, where Alex Harvey was crowned the sprint champ. That meet drew 60,000 spectators.

I also want to mention GesteV's acquisition of the Wasabi experiential marketing agency, which will help it better serve its growing customer base in Montréal.

### **Board of Directors**

Quebecor's history is a story of success, self-assertion and progress. It has been fashioned, day by day, by thousands of employees who excel at what they do and care about fulfilling the expectations of the Corporation's customers, business partners and shareholders.

The Board of Directors also plays a critical role in the Corporation's continued success. Since our last AGM, there have been two departures from the Board, Jean La Couture and Pierre Dion. Meanwhile, Andrea C. Martin and Chantal Bélanger have joined the Board, and Sylvie Lalande has been named Vice Chair of the Board.

The stronger female representation on the Board comes in addition to the presence of Manon Brouillette and France Lauzière at the head of two of our largest subsidiaries, Videotron and TVA Group, and of Lyne Robitaille and Anne Vivien on our Executive Committee.

I would also like to express my gratitude to our Chairman of the Board, Brian Mulroney, for his support and sound advice. There are many companies would like nothing better than to have the benefit of the expertise and experience of a man of Mr. Mulroney's calibre. Thank you, Mr. Mulroney.

## **Philanthropy**

In keeping with the philanthropic tradition of its founder, Pierre Péladeau, Quebecor remains present and deeply involved in the community.

Last year, we supported more than 400 organizations. Of that number, I would like to give you two examples that illustrate the role a Québec-based business such as Quebecor can play in the community. We came through with special assistance for the Festival en chanson de Petite-Vallée after the fire at the Théâtre de la Vieille Forge, and we secured the future of the Imperial Theatre, one of Montréal's oldest and finest theatres.

That's in addition to the \$15 million donation Quebecor made earlier this year to the Fondation du CHUM, which Mr. Mulroney mentioned. My family and I are very proud that the future auditorium at the new hospital will bear my father's name, in recognition of the donation.

Let me take this opportunity to mention the presence of my brothers, Érik and Jean, here today.

Finally, regulars at our AGM will have noticed that the usual announcement of the recipients of the Pierre Péladeau Bursaries isn't on the agenda this year. Let me assure you that it is only because we plan to celebrate the Bursaries' 20th anniversary in style later this year.

## **Conclusion**

Quebecor's success reflects, in large part, the vitality of Québec culture.

In 2017, culture was often in the news, and as in years past Quebecor was an active participant in the debate.

Pierre Péladeau was deeply attached to Québec and its culture. He would be proud to see Quebecor matching business success with the vigorous promotion of homegrown content and culture 20 years after his passing.

Our partnership with the Caisse de dépôt has been an unqualified success. It enabled Quebecers to keep control of their society's technological and cultural levers and yielded significant economic benefits for our entire community.

What does it mean, in practical terms, to have kept Quebecor's head office in Montréal?

First of all, it means 4,000 new jobs created by Videotron over the past 15 years. It means \$2 billion invested in wireless in order to give Québec consumers more choice and better prices. And it means more original productions and more news about what's happening here.

I thank everyone who has contributed to this success: all our shareholders, directors, customers, partners and talented employees.

A new chapter is opening today for Quebecor, one in which we will have full control over our destiny and enjoy all the fruits of our efforts.

It's good news for Quebecor and excellent news for our shareholders.

I thank you all for your attention.