



Address by Hugues Simard
Chief Financial Officer
Quebecor and Quebecor Media

Annual General Meeting
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Thank you, Pierre Karl.

Good morning, ladies and gentlemen.

Allow me to present our 2020 financial review.

SUMMARY OF RESULTS

Quebecor recorded total revenues of \$4.318 billion in 2020, up 0.6% from 2019. Adjusted EBITDA grew 3.9% to \$1.953 billion.

Net income attributable to shareholders was \$607 million or \$2.41 per share, compared with \$653 million or \$2.55 per share in 2019.

Adjusting for all items not directly related to our operations, such as unusual items, losses or gains on valuation of financial instruments and discontinued operations, our adjusted income from continuing operating activities was \$595 million or \$2.36 per share, a 2.4% increase from \$581 million or \$2.27 per share in 2019. The improvement was mainly due to the \$73 million increase in adjusted EBITDA.

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

REVENUE

Despite the global challenges created by the COVID-19 pandemic and its impact on some of our businesses, we ended fiscal 2020 with a 0.6% increase in revenue. Our Telecommunications segment outperformed again with 4.1% revenue growth as a result of rising consumer demand for our mobile and Internet services, driven by the successful launch of Fizz, our new mobile phone and residential Internet service, and Helix, our home entertainment and management platform. Our mobile services and equipment, which increased its revenues by 10.4% or \$87 million, remains our main growth driver. Our Internet access services also performed well, increasing their revenues by 1.5% or \$17 million.

Our Media segment's revenues were down 11.9%, mainly because of a decrease in advertising revenue. Revenue from film production and audiovisual services was also down because of the suspension of film shoots due to the COVID-19 public-health crisis.

In our Sports and Entertainment segment, revenue was down 17.8% because of the cancellation or postponement of most shows and events, which was partially offset by higher revenue from book publishing and distribution.

We reported our first quarter 2021 results this morning. Consolidated revenues were up 3.4% year over year to \$1.091 billion. Our Telecommunications segment performed strongly again, growing its revenues by 4.5% to \$914 million.

ADJUSTED EBITDA

In 2020, we generated \$1.953 billion in adjusted EBITDA, a 3.9% increase from the previous year.

Our Telecommunications segment improved its operating profit by \$61 million or 3.4%, generating \$1.864 billion in adjusted EBITDA. Videotron added 71,700 revenue-generating units on the strength of a net increase of 150,600 subscriber connections to its mobile telephony service. As of December 31, Videotron had 1,481,100 mobile subscriber connections and a total of 6,147,900 revenue-generating units.

Our Media segment's adjusted EBITDA was up by \$7 million or 9.9% to \$82 million in 2020. TVA Group's adjusted EBITDA increased by \$13 million or 17.8% due to costs reductions resulting from the postponement of many sporting events and the various government assistance measures introduced in response to the COVID-19 crisis.

The Sports and Entertainment segment's adjusted EBITDA increased by \$2 million to \$9 million. The decrease in revenue was outweighed by a reduction in operating expenses resulting from lower labour costs and government assistance measures.

For the first quarter of 2021, we reported consolidated adjusted EBITDA of \$453 million, a 3.7% year-over-year increase, due in large part to our Telecommunications segment, which increased its adjusted EBITDA by 3.5% to \$451 million.

CASH FLOW

In 2020, cash flows from operations totalled \$1.312 billion compared with \$1.144 billion in 2019, up by \$168 million. The increase was primarily due to a \$95 million decrease in additions to property, plant and equipment and intangible assets, and the \$73 million increase in adjusted EBITDA.

Business acquisitions totalled \$47 million in 2020, compared with \$36 million in 2019. In 2020, Videotron acquired Télédistribution Amos inc. and the Sports and Entertainment Group acquired the Théâtre Capitole, a Québec City performance venue.

No proceeds from disposal were recorded in 2020, compared with \$261 million in 2019 from the sale of the operations of the 4Degrees data centres.

NET DEBT LEVERAGE RATIO

We continue to take a conservative approach to managing our financial leverage, as shown by the substantial improvement in our key financial leverage indicator. At December 31, 2020, our net debt leverage ratio, as expressed by the ratio of net debt to adjusted EBITDA, stood at 2.68x, compared with 2.91x at December 31, 2019. The growth in our adjusted EBITDA and steady positive cash flows contributed to the reduction in our net debt leverage ratio.

This was accomplished despite investments in our wireline and wireless infrastructure and the repurchase of 6.5 million shares for \$201 million in cash under our normal course issuer bid in 2020. Since the bid was initially announced in 2011, a total of 43.3 million shares have been repurchased as of March 31, 2021 at a total cost of \$951 million.

DEBT MATURITIES

The financial markets continued to show full confidence in our operations and our capital deployment strategy, as demonstrated by our continuing ability to access capital markets.

In January 2021, Videotron issued \$650 million notional amount of senior notes bearing interest at 3 1/8%, the lowest coupon rate on 10-year notes ever reached on the Canadian high-yield notes market.

We had \$2.6 billion in available liquidity as of December 31, 2020, pro forma the issuance of the notes in January 2021, more than enough to finance our business plan and investment projects, and to meet our next debt maturities.

In February, our Board of Directors approved a 38% hike in the quarterly dividend on our Class A and Class B common shares, from 20 cents to 27.5 cents per share, in accordance with our payout target of 30% to 50% of free cash flow. Our dividend policy reflects the confidence that the Board and management have in our Corporation's current and future financial profile.

This completes our 2020 financial review. Thank you for your attention.