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 2020 and the major changes from the previous financial year. Quebecor Media Inc., one of Canada's largest telecommunications and media groups, is 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, in this Management Discussion and Analysis, "Quebecor" and the "Corporation" refer to Quebecor Inc. and its subsidiaries, and "Quebecor Media" refers to Quebecor Media Inc. and its subsidiaries.

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, 2019. All amounts are stated in Canadian dollars ("CAN") unless otherwise indicated.

The COVID-19 pandemic is having a significant impact on the economic environment in Canada and around the world. On March 13, 2020, in order to limit the spread of the virus, the Québec government imposed a number of restrictions and special preventive measures, including the suspension of business activities deemed non-essential across Québec. Since then, the Québec government has gradually implemented a reopening plan, which was followed at the end of September by a second set of restrictions due to the second wave of the pandemic. This new plan includes regional restrictions according to the alert level of each region and remains subject to change as the pandemic evolves. This health crisis curtailed the operations of many of Quebecor's business partners and led to a significant slowdown in some of Quebecor's segments in the first nine months of 2020. Among other impacts, the first wave of measures to prevent the spread of the COVID-19 virus has led to a significant reduction in volume at Videotron Ltd.'s ("Videotron") retail outlets and delays in client migration to its new Helix entertainment and home management platform; lower advertising revenues, a significant decrease in sports events broadcast by the TVA Sports channel, and reduced film and audiovisual content activity in the Media segment; and cancellations of shows and events, and interruption of music and book distribution activities in the Sports and Entertainment segment. Activity has since partly resumed at some of Quebecor's affected business units by the health crisis, particularly those involved in retail sales and distribution, sports broadcasting and film and audio-visual content production. However, the business slowdown continues and the recovery remains very fragile, particularly with the pandemic entering its second wave. Quebecor has continued and will continue to provide essential telecommunications and news services during this health crisis, while safeguarding the health and safety of the public and its employees. Videotron and TVA Group Inc. ("TVA Group") also took a number of important initiatives to make life easier for their customers, such as temporarily suspending certain fees. Furthermore, Videotron's network has been able to handle the increase in traffic since the beginning of the health crisis, including the impact on network usage from the significant growth in teleworking, which demonstrates the soundness of its strategy of continuously adding capacity ahead of the curve. Because of the slowdown in the economy, approximately 10% of Quebecor's workforce has received benefits under the Corporation's assistance program while on stand-by. During the health crisis, this program provides financial assistance in addition to the Canada Emergency Wage Subsidy or Canada Emergency Response Benefit programs. Most of the business units in the Media segment and Sports and Entertainment segment have qualified for the Emergency Wage Subsidy, and provisions for subsidies were recorded in 2020 as a reduction in employee costs, including $25.6 million in TVA Group. As long as the uncertainty regarding the full extent and duration of the pandemic persists, the Corporation's Board of Directors and its executive management team are monitoring, on an ongoing basis, the impact of the health crisis on the Corporation's business units, employees, customers and business partners, as well as on the population of Québec, and are taking appropriate action, as needed, until the health crisis abates.

The impact of the COVID-19 health crisis on the operating results of the Corporation's business segments in the third quarter and first nine months of 2020 is analyzed in greater detail in the "Segmented Analysis" section below. It is difficult at this stage to foresee all the consequences of this crisis until the situation returns to normal. The health crisis could have a material adverse impact on the growth of the Corporation's operating results and cash flows in the short and medium terms. As a result, the growth recorded during the quarters preceding the health crisis may not be indicative of future growth.

The Corporation has reviewed the nature and definition of the financial measures not standardized under International Financial Reporting Standards (“IFRS”) that it uses. As a result, “cash flows from segment operations” has been abandoned and replaced by the new “cash flows from operations” metric. This metric will henceforth be used to measure the cash flows generated by the operations of all the business segments, on a consolidated basis, in addition to the cash flows from operations generated by each segment. Furthermore, calculation of this metric will henceforth be based on additions to property, plant and equipment and to intangible assets rather than cash flows used for additions to property, plant and equipment and to intangible assets. As well, the new metric is calculated without taking into account proceeds on disposals. The Corporation has also added the “consolidated net debt leverage ratio” measure. The consolidated net debt leverage ratio represents consolidated net debt excluding convertible debentures divided by the trailing 12-month adjusted EBITDA. Consolidated net debt excluding convertible debentures represents total long-term debt plus bank indebtedness, lease liabilities, the current portion of lease liabilities and liabilities related to derivative financial instruments, less assets related to derivative financial instruments and cash and cash equivalents. The consolidated net debt leverage ratio serves to evaluate the Corporation's financial leverage and is used by management and the Board of Directors in decisions on the Corporation's capital structure, including its financing strategy, and in managing debt maturity risks.

The definition of the new cash flows from operations is provided in the Cash flows from operations and free cash flows from continuing operating activities” section under “Non-IFRS Financial Measures” below. The definition of the new consolidated net debt leverage ratio is provided in the “Consolidated net debt leverage ratio” section under “Non-IFRS Financial Measures” below.

HIGHLIGHTS SINCE END OF SECOND QUARTER 2020

- Quebecor’s revenues totalled $1.11 billion in the third quarter of 2020, a $38.3 million (3.6%) increase from the same period of 2019.

Telecommunications

- The Telecommunications segment grew its revenues by $61.2 million (7.0%) and its adjusted EBITDA by $15.9 million (3.4%) in the third quarter of 2020.
- Videotron significantly increased its revenues from customer equipment sales ($60.9 million or 87.5%), mobile telephony ($12.7 million or 8.2%) and Internet access ($6.2 million or 2.2%) in the third quarter of 2020.
- Videotron’s total average billing per unit (“ABPU”) was $49.96 in the third quarter of 2020, compared with $50.49 in the same period of 2019, a $0.53 (-1.0%) decrease. Mobile ABPU was $50.98 in the third quarter of 2020, compared with $53.28 in the same period of 2019, a $2.30 (-4.3%) decrease due in part to a decrease in overage and roaming revenues due to the COVID-19 public-health crisis and the popularity of bring your own device (“BYOD”) plans.
- There was a net increase of 4,700 revenue-generating units (“RGUs”) (0.1%) in the third quarter of 2020, including 47,700 connections (3.4%) to the mobile telephony service and 20,500 subscriptions (1.2%) to the cable Internet access service.

Media

- On September 30, 2020, TVA Group announced that MELS Studios and Postproduction had obtained Dolby Atmos Home Entertainment 9.1.4 certification, a Canadian first. Dolby reserves this certification for companies that meet the highest standards in order to provide moviegoers around the world with optimal sound quality.
- According to the fall 2020 Vividata survey, *Le Journal de Montréal* and *Le Journal de Québec* remain Québec’s news leaders with more than $3.7 million readers per week on all platforms (print, mobile and Internet). TVA Group remains a leading player in the Canadian magazine industry with an average of more than 8.3 million readers on all platforms.

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

Adjusted EBITDA

In its analysis of operating results, the Corporation defines adjusted EBITDA, as reconciled to net income under IFRS, as net income before depreciation and amortization, financial expenses, (loss) gain on valuation and translation of financial instruments, restructuring of operations 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 IFRS financial performance measures or to the statement of cash flows as a measure of liquidity. It should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. The Corporation 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 operations and free cash flows from continuing operating activities. 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	
	2020	2019	**2020**	2019
Adjusted EBITDA (negative adjusted EBITDA):				
Telecommunications	**$ 483.6**	$ 467.7	**$ 1,382.7**	$ 1,340.7
Media	**24.9**	32.6	**36.6**	39.5
Sports and Entertainment	**7.6**	6.9	**6.6**	4.7
Head Office	**(2.7)**	2.1	**(0.1)**	0.1
	513.4	509.3	**1,425.8**	1,385.0
Depreciation and amortization	**(195.9)**	(187.0)	**(589.7)**	(564.1)
Financial expenses	**(80.1)**	(81.2)	**(249.1)**	(246.1)
(Loss) gain on valuation and translation of financial instruments	**(18.6)**	6.0	**8.9**	8.1
Restructuring of operations and other items	**(18.9)**	(1.2)	**(33.1)**	(27.0)
Income taxes	**(56.4)**	(63.2)	**(147.7)**	(145.4)
Income from discontinued operations	**–**	–	**33.8**	97.5
Net income	**$ 143.5**	$ 182.7	**$ 448.9**	$ 508.0

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 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 2 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 2
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	
	2020	2019	**2020**	2019
Adjusted income from continuing operating activities	**$ 173.1**	$ 173.8	**$ 429.5**	$ 421.4
(Loss) gain on valuation and translation of financial instruments	**(18.6)**	6.0	**8.9**	8.1
Restructuring of operations and other items	**(18.9)**	(1.2)	**(33.1)**	(27.0)
Income taxes related to adjustments[1]	**4.5**	(0.1)	**7.0**	6.6
Net income attributable to non-controlling interest related to adjustments	**0.8**	–	**1.3**	1.1
Discontinued operations	**–**	–	**33.8**	97.5
Net income attributable to shareholders	**$ 140.9**	$ 178.5	**$ 447.4**	$ 507.7

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 operations and free cash flows from continuing operating activities

Cash flows from operations

Cash flows from operations represents adjusted EBITDA, less additions to property, plant and equipment and to intangible assets (excluding licence acquisitions and renewals). Cash flows from operations represents funds available for interest and income tax payments, expenditures related to restructuring programs, business acquisitions, licence acquisitions and renewals, payment of dividends, repayment of long-term debt and share repurchases. Cash flows from operations is not a measure of liquidity that is consistent with IFRS. It is not intended to be regarded as an alternative to IFRS financial performance measures or to the statement of cash flows as a measure of liquidity. Cash flows from operations is used by the Corporation's management and Board of Directors to evaluate cash flows generated by the operations of all of its segments. The Corporation's definition of cash flows from operations may not be identical to similarly titled measures reported by other companies.

Free cash flows from continuing operating activities

Free cash flows from continuing operating activities represents cash flows provided by continuing operating activities calculated in accordance with IFRS, less cash flows used for additions to property, plant and equipment and to intangible assets (excluding expenditures related to 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 Corporation's operations. Free cash flows from continuing operating activities represents available funds for business acquisitions, licence acquisitions and renewals, payment of dividends, 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 IFRS financial performance measures or to the statement of cash flows as a measure of liquidity. The Corporation's definition of free cash flows from continuing operating activities may not be identical to similarly titled measures reported by other companies.

Tables 3 and 4 provide a reconciliation of cash flows from operations and free cash flows from continuing operating activities to cash flows provided by continuing operating activities reported in the condensed consolidated financial statements.

Table 3
Cash flows from operations
(in millions of Canadian dollars)

	Three months ended September 30		Nine months ended September 30	
	2020	2019	**2020**	2019
Adjusted EBITDA (negative adjusted EBITDA)				
Telecommunications	**$ 483.6**	$ 467.7	**$ 1,382.7**	$ 1,340.7
Media	**24.9**	32.6	**36.6**	39.5
Sports and Entertainment	**7.6**	6.9	**6.6**	4.7
Head Office	**(2.7)**	2.1	**(0.1)**	0.1
	513.4	509.3	**1,425.8**	1,385.0
Minus				
Additions to property, plant and equipment:[1]				
Telecommunications	**(115.7)**	(114.8)	**(298.2)**	(332.0)
Media	**(3.2)**	(5.7)	**(6.7)**	(12.3)
Sports and Entertainment	**(0.1)**	(0.1)	**(0.2)**	(1.1)
Head Office	**(0.8)**	(0.1)	**(1.3)**	(1.3)
	(119.8)	(120.7)	**(306.4)**	(346.7)
Additions to intangible assets:[2]				
Telecommunications	**(42.0)**	(46.4)	**(133.3)**	(131.9)
Media	**(4.7)**	(9.1)	**(16.5)**	(19.3)
Sports and Entertainment	**(0.8)**	(0.8)	**(2.3)**	(3.0)
Head Office	**–**	0.1	**(0.1)**	(0.5)
	(47.5)	(56.2)	**(152.2)**	(154.7)
Cash flows from operations				
Telecommunications	**325.9**	306.5	**951.2**	876.8
Media	**17.0**	17.8	**13.4**	7.9
Sports and Entertainment	**6.7**	6.0	**4.1**	0.6
Head Office	**(3.5)**	2.1	**(1.5)**	(1.7)
	$ 346.1	$ 332.4	**$ 967.2**	$ 883.6

[1] **Reconciliation to cash flows used for additions to property, plant and equipment as per condensed consolidated financial statements**	Three months ended Sept. 30		Nine months ended Sept. 30	
	2020	2019	**2020**	2019
Additions to property, plant and equipment	**$ (119.8)**	$ (120.7)	**$** (306.4)	$ (346.7)
Net decrease in current accounts payable related to additions to property, plant and equipment	**(18.3)**	(1.9)	(18.4)	(30.6)
Cash flows used for additions to property, plant and equipment	**$ (138.1)**	$ (122.6)	**$** (324.8)	$ (377.3)

[2] **Reconciliation to cash flows used for additions to intangible assets as per condensed consolidated financial statements**	Three months ended Sept. 30		Nine months ended Sept. 30	
	2020	2019	**2020**	2019
Additions to intangible assets	**$ (47.5)**	$ (56.2)	**$ (152.2)**	$ (154.7)
Net increase (decrease) in current accounts payable related to additions to intangible assets	**13.2**	(10.2)	**(32.9)**	(14.0)
Disbursements for licence acquisitions	**–**	–	**–**	(255.8)
Cash flows used for additions to intangible assets	**$ (34.3)**	$ (66.4)	**$ (185.1)**	$ (424.5)

Table 4
Free cash flows from continuing operating activities and cash flows provided by continuing operating activities reported in the condensed consolidated financial statements.
(in millions of Canadian dollars)

	Three months ended September 30		Nine months ended September 30	
	2020	2019	**2020**	2019
Cash flows from operations from Table 3	**$ 346.1**	$ 332.4	**$ 967.2**	$ 883.6
Plus (minus)				
Cash portion of financial expenses	**(78.1)**	(79.1)	**(243.0)**	(240.0)
Cash portion related to restructuring of operations and other items	**(11.6)**	(1.2)	**(25.8)**	(8.2)
Current income taxes	**(60.7)**	(29.7)	**(181.0)**	(115.1)
Other	**1.1**	0.7	**3.5**	1.3
Net change in non-cash balances related to operating activities	**(23.3)**	(20.5)	**78.6**	(171.1)
Net decrease in current accounts payable related to additions to property, plant and equipment	**(18.3)**	(1.9)	**(18.4)**	(30.6)
Net increase (decrease) in current accounts payable related to additions to intangible assets	**13.2**	(10.2)	**(32.9)**	(14.0)
Free cash flows from continuing operating activities	**168.4**	190.5	**548.2**	305.9
Plus (minus)				
Cash flows used for additions to property, plant and equipment	**138.1**	122.6	**324.8**	377.3
Cash flows used for additions to intangible assets (excluding licence acquisitions and renewals)	**34.3**	66.4	**185.1**	168.7
Proceeds from disposal of assets	**(1.4)**	(0.5)	**(3.6)**	(3.2)
Cash flows provided by continuing operating activities	**$ 339.4**	$ 379.0	**$ 1,054.5**	$ 848.7

Consolidated net debt leverage ratio

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

Table 5 provides the calculation of consolidated net debt leverage ratio and the reconciliation to balance sheet items reported in Quebecor's condensed consolidated financial statements.

Table 5
Consolidated net debt leverage ratio
(in millions of Canadian dollars)

	Sept. 30, 2020	Dec. 31, 2019
Total long-term debt[1]	**$ 5,952.1**	$ 5,986.1
Plus (minus)		
Lease liabilities	**133.7**	106.6
Current portion of lease liabilities	**34.3**	31.3
Bank indebtedness	**15.2**	29.4
Assets related to derivative financial instruments	**(800.2)**	(679.8)
Liabilities related to derivative financial instruments	**1.6**	2.1
Cash and cash equivalents	**(40.7)**	(14.0)
Consolidated net debt excluding convertible debentures	**5,296.0**	5,461.7
Divided by:		
Trailing 12-month adjusted EBITDA	**$ 1,920.3**	$ 1,879.5
Consolidated net debt leverage ratio	**2.76x**	2.91x

1 Excludes changes in the fair value of long-term debt related to hedged interest risk and financing fees.

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, television and Club illico over-the-top video ("Club illico") services, and subscriber connections to the mobile telephony and wireline 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, television, Club illico, mobile telephony and wireline telephony services by the total average number of RGUs from cable Internet, television, mobile telephony and wireline 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 OPERATIONS AND CASH FLOWS OF QUEBECOR

2020/2019 third quarter comparison

Revenues: $1.11 billion, a $38.3 million (3.6%) increase.

- Revenues increased in Telecommunications ($61.2 million or 7.0%).
- Revenues decreased in Media ($10.0 million or -6.0% of segment revenues) and in Sports and Entertainment ($7.3 million or -13.1%).

Adjusted EBITDA: $513.4 million, a $4.1 million (0.8%) increase.

- Adjusted EBITDA increased in Telecommunications ($15.9 million or 3.4% of segment adjusted EBITDA) and in Sports and Entertainment ($0.7 million or 10.1%).
- Adjusted EBITDA decreased in Media ($7.7 million or -23.6%), and there was an unfavourable variance at Head Office ($4.8 million) due mainly to an increase in the stock-based compensation charge.
- The change in the fair value of Quebecor Media stock options resulted in a $0.2 million favourable variance in the stock-based compensation charge in the third quarter of 2020 compared with the same period of 2019. The change in the fair value of Quebecor stock options and in the value of Quebecor stock-price-based share units resulted in a $4.2 million unfavourable variance in the Corporation's stock-based compensation charge in the third quarter of 2020.

Net income attributable to shareholders: $140.9 million ($0.56 per basic share) in the third quarter of 2020, compared with $178.5 million ($0.70 per basic share) in the same period of 2019, a decrease of $37.6 million ($0.14 per basic share).

- The main unfavourable variances were:
  - $24.6 million unfavourable variance in losses on valuation and translation of financial instruments, including $22.0 million without any tax consequences;
  - $17.7 million unfavourable variance in the charge for restructuring of operations and other items;
  - $8.9 million increase in the depreciation and amortization charge.
- The main favourable variances were:
  - $6.8 million decrease in the income tax expense;
  - $4.1 million increase in adjusted EBITDA.

Adjusted income from continuing operating activities: $173.1 million ($0.69 per basic share) in the third quarter of 2020, compared with $173.8 million ($0.68 per basic share) in the same period of 2019, a decrease of $0.7 million (increase of $0.01 per basic share).

Cash flows from operations: $346.1 million, a $13.7 million (4.1%) increase caused mainly by an $8.7 million decrease in additions to intangible assets and a $4.1 million increase in adjusted EBITDA.

Cash flows from continuing operating activities: $339.4 million, a $39.6 million decrease due primarily to an increase in current income taxes and an increase in the cash portion of the charge for restructuring of operations and other items.

Depreciation and amortization charge: $195.9 million in the third quarter of 2020, an $8.9 million increase due mainly to the impact of investments in property, plant and equipment and in intangible assets in the Telecommunications segment, including amortization of intangible assets related to investments in the Helix platform, partially offset by lower spending related to the leasing of set-top boxes.

Financial expenses: $80.1 million in the third quarter of 2020, a $1.1 million reduction caused mainly by lower average indebtedness and a favourable variance in the gain or loss on foreign currency translation of short-term monetary items. Increases in financial expenses were due primarily to higher average interest on the long-term debt.

Loss on valuation and translation of financial instruments: $18.6 million in the third quarter of 2020 compared with a $6.0 million gain in the same period of 2019. The $24.6 million unfavourable variance was due primarily to a $22.0 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: $18.9 million in the third quarter of 2020 compared with $1.2 million in the same period of 2019, a $17.7 million unfavourable variance.

- An $11.6 million charge was recognized during the third quarter of 2020 in connection with cost-reduction measures in the Corporation's various segments ($1.2 million in the third quarter of 2019). In the third quarter of 2020, a $7.3 million charge for impairment of assets was also recognized in connection with various restructuring initiatives.

Income tax expense: $56.4 million in the third quarter of 2020 (effective tax rate of 25.8%), compared with $63.2 million in the same period of 2019 (effective tax rate of 26.1%), a $6.8 million favourable variance caused essentially by the impact of the decrease in taxable income.

2020/2019 year-to-date comparison

Revenues: $3.17 billion, a $13.4 million (0.4%) increase.

- Revenues increased in Telecommunications ($109.9 million or 4.3%).
- Revenues decreased in Media ($65.3 million or -12.3% of segment revenues) and in Sports and Entertainment ($28.3 million or -20.6%).

Adjusted EBITDA: $1.43 billion, a $40.8 million (2.9%) increase.

- Adjusted EBITDA increased in Telecommunications ($42.0 million or 3.1% of segment adjusted EBITDA) and in Sports and Entertainment ($1.9 million or 40.4%).
- Adjusted EBITDA decreased in Media ($2.9 million or -7.3%).
- The change in the fair value of Quebecor Media stock options resulted in a $0.4 million favourable variance in the stock-based compensation charge in the first nine months of 2020 compared with the same period of 2019. The change in the fair value of Quebecor stock options and the value of Quebecor stock-price-based share units resulted in a $3.9 million favourable variance in the Corporation's stock-based compensation charge in the first nine months of 2020.

Net income attributable to shareholders: $447.4 million ($1.77 per basic share) in the first nine months of 2020, compared with $507.7 million ($1.98 per basic share) in the same period of 2019, a decrease of $60.3 million ($0.21 per basic share).

- The main unfavourable variances were:
  - $63.7 million decrease in income from discontinued operations;
  - $25.6 million increase in the depreciation and amortization charge;
  - $6.1 million unfavourable variance in the charge for restructuring of operations and other items;
  - $3.0 million increase in financial expenses;
  - $2.3 million increase in the income tax expense.
- The main favourable variances were:
  - $40.8 million increase in adjusted EBITDA.

Adjusted income from continuing operating activities: $429.5 million ($1.70 per basic share) in the first nine months of 2020, compared with $421.4 million ($1.65 per basic share) in the same period of 2019, an increase of $8.1 million ($0.05 per basic share).

Cash flows from operations: $967.2 million, an $83.6 million (9.5%) increase caused by a $40.8 million increase in adjusted EBITDA and by a $40.3 million decrease in additions to property, plant and equipment.

Cash flows from continuing operating activities: $1.05 billion, a $205.8 million increase due primarily to the favourable net change in non-cash balances related to operating activities and the increase in adjusted EBITDA, partially offset by the increase in current income taxes and the increase in the cash portion related to restructuring of operations and other items.

Depreciation and amortization charge: $589.7 million in the first nine months of 2020, a $25.6 million increase due essentially to the same factors as those noted above under "2020/2019 third quarter comparison."

Financial expenses: $249.1 million, a $3.0 million increase caused mainly by higher average interest on the long-term debt and by the unfavourable variance in the gain or loss on foreign currency translation of short-term monetary items. Reductions in financial expenses consisted mainly in lower average indebtedness.

Gain on valuation and translation of financial instruments: $8.9 million in the first nine months of 2020 compared with $8.1 million in the same period of 2019, a $0.8 million favourable variance.

Charge for restructuring of operations and other items: $33.1 million in the first nine months of 2020, compared with $27.0 million in the same period of 2019, a $6.1 million unfavourable variance.

- A $25.8 million charge was recognized during the first nine months of 2020 in connection with cost-reduction measures in the Corporation's various segments ($8.2 million in the first nine months of 2019). A $7.3 million charge for impairment of assets was also recognized in the first nine months of 2020 in connection with various restructuring initiatives ($18.8 million in the first nine months of 2019).

Income tax expense: $147.7 million in the first nine months of 2020 (effective tax rate of 26.7%), compared with $145.4 million in the same period of 2019 (effective tax rate of 26.5%), a $2.3 million unfavourable variance caused by the impact of the increase in taxable income.

SEGMENTED ANALYSIS

Telecommunications

Third quarter 2020 operating results

Revenues: $937.9 million in the third quarter of 2020, a $61.2 million (7.0%) increase.

- Revenues from the mobile telephony service increased $12.7 million (8.2%) to $168.4 million, due primarily to an increase in the number of subscriber connections, partially offset by a decrease in average per-subscriber revenues.
- Revenues from Internet access services increased $6.2 million (2.2%) to $285.5 million, due mainly to an increase in the customer base, partially offset by a decrease in average per-subscriber revenues.
- Total revenues from television services decreased $19.5 million (-8.1%) to $222.7 million, due primarily to the impact of a net decrease in the customer base and a decrease in average per-subscriber revenues.
- Revenues from the wireline telephony service increased $1.0 million (1.2%) to $85.4 million, mainly because of higher average per-connection revenues due in part to increases in some rates, partially offset by the impact of a net decrease in subscriber connections.
- Revenues from customer equipment sales increased $60.9 million (87.5%) to $130.5 million, mainly because of the impact of equipment sales related to the Helix platform launched on August 27, 2019 and higher sales of mobile devices.
- Other revenues decreased $0.1 million (-0.2%) to $45.4 million.

Total ABPU: Videotron's total ABPU was $49.96 in the third quarter of 2020, compared with $50.49 in the same period of 2019, a $0.53 (-1.0%) decrease. Mobile ABPU was $50.98 in the third quarter of 2020, compared with $53.28 in the same period of 2019, a $2.30 (-4.3%) decrease due in part to a decrease in overage and roaming revenues due to the COVID-19 public-health crisis and the popularity of BYOD plans.

Customer statistics

RGUs – The total number of RGUs was 6,111,800 at September 30, 2020, an increase of 4,700 (0.1%) from the end of the second quarter of 2020 (compared with an increase of 53,300 in the same period of 2019), and a 12-month increase of 57,400 (0.9%) (Table 6).

Mobile telephony – The number of subscriber connections to the mobile telephony service stood at 1,452,600 at September 30, 2020, an increase of 47,700 (3.4%) from the end of the second quarter of 2020 (compared with an increase of 56,800 in the same period of 2019), and a 12-month increase of 163,900 (12.7%) (Table 6).

Cable Internet access – The number of subscribers to cable Internet access services stood at 1,773,600 at September 30, 2020, an increase of 20,500 (1.2%) since the end of the second quarter of 2020 (compared with an increase of 17,400 in the same period of 2019), and a 12-month increase of 49,300 (2.9%) (Table 6). As of September 30, 2020, Videotron's cable Internet access services had a household and business penetration rate (number of subscribers as a proportion of the total 2,983,300 homes and businesses passed by Videotron's network as of September 30, 2020, up from 2,940,400 one year earlier) of 59.5% compared with 58.6% a year earlier.

Television – The number of subscribers to television services stood at 1,481,800 at September 30, 2020, a decrease of 15,500 (-1.0%) since the end of the second quarter of 2020 (compared with a decrease of 13,200 in the same period of 2019), and a 12-month decrease of 63,400 (-4.1%) (Table 6). As of September 30, 2020, the television service had a household and business penetration rate of 49.7% versus 52.6% a year earlier.

Wireline telephony – The number of subscriber connections to the wireline telephony service stood at 950,900 at September 30, 2020, a decrease of 28,700 (-2.9%) since the end of the second quarter of 2020 (compared with a decrease of 20,200 in the same period of 2019), and a 12-month decrease of 101,800 (-9.6%) (Table 6). As of September 30, 2020, the wireline telephony service had a household and business penetration rate of 31.9% versus 35.8% a year earlier.

Club illico – The number of subscribers to Club illico stood at 452,900 at September 30, 2020, a decrease of 19,300 (-4.1%) since the end of the second quarter of 2020 (compared with an increase of 12,500 in the same period of 2019), and a 12-month increase of 9,400 (2.1%) (Table 6).

Table 6
Telecommunications segment quarter-end RGUs for the last eight quarters
(in thousands of units)

	Sept. 2020	June 2020	Mar. 2020	Dec. 2019	Sept. 2019	June 2019	Mar. 2019	Dec. 2018
Mobile telephony	**1,452.6**	1,404.9	1,369.8	1,330.5	1,288.7	1,231.9	1,193.6	1,153.8
Cable Internet	**1,773.6**	1,753.1	1,735.9	1,727.3	1,724.3	1,706.9	1,710.8	1,704.5
Television	**1,481.8**	1,497.3	1,512.1	1,531.8	1,545.2	1,558.4	1,582.6	1,597.3
Wireline telephony	**950.9**	979.6	1,000.9	1,027.3	1,052.7	1,072.9	1,094.9	1,113.9
Club illico	**452.9**	472.2	471.7	459.3	443.5	431.0	431.7	420.8
Total	**6,111.8**	6,107.1	6,090.4	6,076.2	6,054.4	6,001.1	6,013.6	5,990.3

Adjusted EBITDA: $483.6 million, a $15.9 million (3.4%) increase due primarily to:

- impact of the net revenue increase.

Partially offset by:

- net increase in operating expenses, due mainly to increases in the cost of retail products and licences related to the popularity of the Helix platform, which continues to grow.

The unfavourable variance in the comparative results caused by recognition of a one-time gain in the third quarter of 2019 was offset by a favourable variance due to the updating of certain provisions in the third quarter of 2020.

Cost/revenue ratio: Employee costs and purchases of goods and services for the Telecommunications segment's operations, expressed as a percentage of revenues, were 48.4% in the third quarter of 2020 compared with 46.7% in the same period of 2019, mainly because of the net increase in operating expenses.

Cash flows from operations: $325.9 million in the third quarter of 2020 compared with $306.5 million in the same period of 2019 (Table 3). The $19.4 million increase was due primarily to the $15.9 million increase in adjusted EBITDA and the $4.4 million decrease in additions to intangible assets.

Year-to-date operating results

Revenues: $2.68 billion, a $109.9 million (4.3%) increase, essentially due to the same factors as those noted above in the discussion of third quarter 2020 results.

- Revenues from the mobile telephony service increased $44.8 million (10.1%) to $488.3 million.
- Revenues from Internet access services increased $7.5 million (0.9%) to $839.1 million.
- Total revenues from television services decreased $51.3 million (-7.0%) to $683.6 million.
- Revenues from wireline telephony service decreased $2.3 million (-0.9%) to $255.1 million.
- Revenues from customer equipment sales increased $110.3 million (64.8%) to $280.5 million.
- Other revenues increased $0.9 million (0.7%) to $135.1 million.

Total ABPU: Videotron's total ABPU was $49.80 in the first nine months of 2020, compared with $49.98 in the same period of 2019, an $0.18 (-0.4%) decrease. Mobile ABPU was $50.96 in the first nine months of 2020, compared with $52.79 in the same period of 2019, a $1.83 (-3.5%) decrease essentially due to the same factors as those noted above in the discussion of third quarter 2020 results.

Customer statistics

RGUs – 35,600 (0.6%) unit increase in the first nine months of 2020 compared with an increase of 64,100 in the same period of 2019.

Mobile telephony – 122,100 (9.2%) subscriber-connection increase in the first nine months of 2020 compared with an increase of 134,900 in the same period of 2019.

Cable Internet access – 46,300 (2.7%) customer increase in the first nine months of 2020 compared with an increase of 19,800 in the same period of 2019.

Television – 50,000 (-3.3%) decrease in the first nine months of 2020 compared with a decrease of 52,100 in the same period of 2019.

Wireline telephony service – 76,400 (-7.4%) subscriber-connection decrease in the first nine months of 2020 compared with a decrease of 61,200 in the same period of 2019.

Club illico – 6,400 (-1.4%) subscriber decrease in the first nine months of 2020 compared with an increase of 22,700 in the same period of 2019.

Adjusted EBITDA: $1.38 billion, a $42.0 million (3.1%) increase due primarily to:

- impact of the net revenue increase.

Partially offset by:

- net increase in operating expenses, due mainly to increases in the cost of retail products and licences related to the popularity of the Helix platform, which continues to grow, partially offset by the impact of prudent management of other costs, despite additional expenses related to the public-health crisis;

Cost/revenue ratio: Employee costs and purchases of goods and services for the Telecommunication segment's operations, expressed as a percentage of revenues, were 48.4% in the first nine months of 2020, compared with 47.9% in the same period of 2019.

Cash flows from operations: $951.2 million in the first nine months of 2020 compared with $876.8 million in the same period of 2019 (Table 3). The $74.4 million increase was due primarily to the $42.0 million increase in adjusted EBITDA and the $33.8 million decrease in additions to property, plant and equipment, mainly attributable to lower spending related to the leasing of set-top boxes and the postponement of some investments during the COVID-19 pandemic.

Media

Third quarter 2020 operating results

Revenues: $157.2 million in the third quarter of 2020, a $10.0 million (-6.0%) decrease.

- Other revenues decreased $6.9 million (-14.6%) due primarily to a decrease in revenues from film production and audiovisual services because of the suspension of film shoots during the COVID-19 public-health crisis.
- Subscription revenues decreased by $2.1 million (-4.0%), mainly because of lower subscription revenues at the newspapers and the magazines.
- Advertising revenues decreased by $1.0 million (-1.5%), mainly because of lower advertising revenues at TVA Network, the newspapers, and the magazines, partially offset by higher advertising revenues at the specialty channels, primarily TVA Sports.

Adjusted EBITDA: $24.9 million in the third quarter of 2020, a $7.7 million (-23.6%) decrease due primarily to:

- net impact of lower revenues.

Partially offset by:

- decreases in some operating expenses, including in labour costs, due to the impact of salary savings and the government measures introduced to deal with the COVID-19 pandemic, and in production and distribution costs, partially offset by increased content costs at the specialty channels.

Cost/revenue ratio: Employee costs and purchases of goods and services for the Media segment's operations, expressed as a percentage of revenues, were 84.2% in the third quarter of 2020 compared with 80.5% in the same period of 2019. The increase was mainly due to the large fixed component of operating costs, which does not fluctuate in proportion to the net decrease in revenues, as well as the increase in content costs at the specialty channels.

Cash flows from operations: $17.0 million in the third quarter of 2020 compared with $17.8 million in the same period of 2019 (Table 3). The $0.8 million decrease was due to the $7.7 million decrease in adjusted EBITDA, partially offset by the $6.9 million decrease in additions to property, plant and equipment and to intangible assets.

Year-to-date operating results

Revenues: $464.7 million in the first nine months of 2020, a $65.3 million (-12.3%) decrease.

- Advertising revenues decreased by $45.6 million (-18.7%), mainly because of lower advertising revenues at TVA Network, the newspapers, the magazines, Quebecor Out of Home and the specialty channels, partly reflecting the major impact of COVID-19.
- Other revenues decreased $13.5 million (-10.4%) due primarily to a decrease in revenues from film production and audiovisual services because of the suspension of film shoots during the COVID-19 public-health crisis, as well as the decrease in magazine distribution revenues.
- Subscription revenues decreased by $6.2 million (-4.0%), mainly because of lower subscription revenues at the magazines and the newspapers.

Adjusted EBITDA: $36.6 million in the first nine months of 2020, a $2.9 million (-7.3%) decrease. The impact of the net revenue decrease was largely offset by a decrease in labour costs due to the impact of salary savings and the government measures introduced to deal with the COVID-19 pandemic, decreases in broadcast content costs, and decreases in production, distribution, editorial and selling expenses.

Cost/revenue ratio: Employee costs and purchases of goods and services for the Media segment's operations, expressed as a percentage of revenues, were 92.1% in the first nine months of 2020, compared with 92.5% in the same period of 2019.

Cash flows from operations: $13.4 million in the first nine months of 2020 compared with $7.9 million in the same period of 2019 (Table 3). The $5.5 million increase was due primarily to a $5.6 million decrease in additions to property, plant and equipment and a $2.8 million decrease in additions to intangible assets, partially offset by the $2.9 million decrease in adjusted EBITDA.

Sports and Entertainment

Third quarter 2020 operating results

Revenues: $48.5 million in the third quarter of 2020, a $7.3 million (-13.1%) decrease due primarily to a decrease in revenues from music, from concerts at the Videotron Centre, and from sporting events due to the COVID-19 pandemic, partially offset by higher revenues from book distribution and from educational publishing.

Adjusted EBITDA: $7.6 million in the third quarter of 2020, a $0.7 million (10.1%) increase due primarily to decreases in some operating expenses, including labour costs as a result of the impact of salary savings and the government measures introduced to deal with the COVID-19 pandemic, and decreases in production costs, partially offset by the impact of the revenue decrease.

Cash flows from operations: $6.7 million in the third quarter of 2020 compared with $6.0 million in the same period of 2019 (Table 3). The $0.7 million increase was essentially due to the $0.7 million increase in adjusted EBITDA.

Year-to-date operating results

Revenues: $109.2 million in the first nine months of 2020, a $28.3 million (-20.6%) decrease due primarily to a decrease in revenues from music, from concerts at the Videotron Centre, from sporting events, from book distribution and from the hockey business, due in large part to the COVID-19 pandemic.

Adjusted EBITDA: $6.6 million in the first nine months of 2020, a $1.9 million (40.4%) increase due to the same factors as those noted above in the discussion of third quarter 2020 results.

Cash flows from operations: $4.1 million in the first nine months of 2020 compared with $0.6 million in the same period of 2019 (Table 3). The $3.5 million favourable variance was due primarily to the $1.9 million increase in adjusted EBITDA and a $1.6 million decrease in additions to property, plant and equipment and to intangible assets.

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 2020

Cash flows provided by continuing operating activities: $339.4 million in the third quarter of 2020 compared with $379.0 million in the same period of 2019.

The $39.6 million decrease was mainly due to:

- $31.0 million increase in current income taxes;
- $10.4 million increase in the cash portion of the charge for restructuring of operations and other items;
- $7.7 million decrease in the Media segment's adjusted EBITDA;
- $4.8 million unfavourable variance in adjusted EBITDA at Head Office.

Partially offset by:

- $15.9 million increase in the Telecommunications segment's adjusted EBITDA.

Year to date

Cash flows provided by continuing operating activities: $1.05 billion in the first nine months of 2020 compared with $848.7 million in the same period of 2019.

The $205.8 million increase was primarily due to:

- $249.7 million favourable net change in non-cash balances related to operating activities, due primarily to favourable variances in income tax payable and accounts payable and accrued charges, as well as decreased inventory, partially offset by an increase in accounts receivable;
- $42.0 million increase in the Telecommunications segment's adjusted EBITDA.

Partially offset by:

- $65.9 million increase in current income taxes;
- $17.6 million increase in the cash portion of the charge for restructuring of operations and other items.

The favourable net variance in income tax payable and in other non-cash items and the increase in the Telecommunications segment's profitability had a favourable impact on cash flows provided by continuing operating activities in the first nine months of 2020 compared with the same period of 2019.

Working capital: Negative $134.9 million at September 30, 2020 compared with negative $161.4 million at December 31, 2019, a $26.5 million favourable variance. The increase in accounts receivable and the decrease in accounts payable were partially offset by the unfavourable variance in income tax payable and a decrease in inventory.

Investing activities

Third quarter 2020

Cash flows used for additions to property, plant and equipment: $138.1 million in the third quarter of 2020 compared with $122.6 million in the same period of 2019. The $15.5 million increase was essentially due to a $16.4 million net unfavourable variance in current accounts payable.

Cash flows used for additions to intangible assets: $34.3 million in the third quarter of 2020 compared with $66.4 million in the same period of 2019. The $32.1 million reduction consists in $23.4 million attributable to the favourable net variance in current accounts payable and $8.7 million due to the postponement of some investments in the Telecommunications and Media segments because of the COVID-19 pandemic.

Proceeds from disposal of assets: $1.4 million in the third quarter of 2020 compared with $0.5 million in the same period of 2019.

Business acquisitions: $1.0 million in the third quarter of 2019.

Year to date

Cash flows used for additions to property, plant and equipment: $324.8 million in the first nine months of 2020 compared with $377.3 million in the same period of 2019. The $52.5 million reduction consists of $40.3 million due primarily to the decrease in investments related to set-top box rental and the postponement of some investments because of COVID-19, mainly in the Telecommunications segment, as well as $12.2 million due to a net favourable variance in current accounts payable.

Cash flows used for additions to intangible assets: $185.1 million in the first nine months of 2020 compared with $424.5 million in the same period of 2019. The $239.4 million decrease reflects in part the impact of the purchase by Videotron of spectrum licences in the 600 MHz band for $255.8 million in 2019, partially offset by an $18.9 million net unfavourable variance in current accounts payable.

Proceeds from disposal of assets: $3.6 million in the first nine months of 2020 compared with $3.2 million in the same period of 2019.

Business acquisitions: $10.8 million in the first nine months of 2020 compared with $35.6 million in the same period of 2019.

- Business acquisitions in the first nine months of 2020 consisted essentially of the acquisition of the Théâtre Capitole, a Québec City performance venue, in the Sports and Entertainment segment.
- In the first nine months of 2019, business acquisitions consisted of the acquisition of the companies in Serdy Média inc., Serdy Video Inc. and Incendo Media Inc. groups 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 Inc. ("4Degrees Colocation") data centres.

<u>Free cash flows from continuing operating activities</u>

Third quarter 2020

Free cash flows from continuing operating activities: $168.4 million in the third quarter of 2020 compared with $190.5 million in the same period of 2019 (Table 4).

The $22.1 million decrease was mainly due to:

- $39.6 million decrease in cash flows provided by continuing operating activities;
- $15.5 million increase in cash flows used for additions to property, plant and equipment.

Partially offset by:

- $32.1 million decrease in cash used for additions to intangible assets.

Year to date

Free cash flows from continuing operating activities: $548.2 million in the first nine months of 2020 compared with $305.9 million in the same period of 2019 (Table 4).

The $242.3 million increase was due primarily to:

- $205.8 million increase in cash flows provided by continuing operating activities;
- $52.5 million decrease in cash flows used for additions to property, plant and equipment.

Partially offset by:

- $16.4 million increase in cash flows used for additions to intangible assets (excluding spectrum licences).

Financing activities

Consolidated debt (long-term debt plus bank indebtedness): $32.3 million decrease in the first nine months of 2020; $120.9 million net favourable variance in assets and liabilities related to derivative financial instruments.

- Debt reductions in the first nine months of 2020 essentially consisted of:
  - $113.9 million net reduction in drawings on the secured revolving credit facility of Videotron, TVA Group and Quebecor Media;
  - $21.8 million decrease in the bank indebtedness of Quebecor Media;
  - $12.5 million decrease in Quebecor's debt.
- Additions to debt in the first nine months of 2020 essentially consisted of:
  - $91.9 million unfavourable impact of exchange rate fluctuations. The consolidated debt increase attributable to this item was offset by the increase in the asset (or decrease in the liability) related to cross-currency swap agreements entered under "Derivative financial instruments";
  - $9.9 million increase in debt attributable to changes in fair value related to hedged interest risk;
  - $8.2 million increase in the bank indebtedness of TVA Group and Videotron.
- Assets and liabilities related to derivative financial instruments totalled a net asset of $798.6 million at September 30, 2020 compared with $677.7 million at December 31, 2019. The $120.9 million net favourable variance was mainly due to:
  - favourable impact of exchange rate fluctuations on the value of derivative financial instruments;
  - favourable impact of interest rate trends in Canada, compared with the United States, on the fair value of derivative financial instruments.
- On February 21, 2020, TVA Group amended its secured revolving credit facility to extend its term from February 2020 to February 2021, lower the limit from $150.0 million to $75.0 million, and amend certain terms and conditions of the facility.

Financial Position

Net available liquidity: $1.83 billion at September 30, 2020 for Quebecor and its wholly owned subsidiaries, consisting of $1.80 billion in available unused revolving credit facilities and $26.1 million in cash and cash equivalents.

Consolidated debt (long-term debt plus bank indebtedness): $5.95 billion at September 30, 2020, a $32.3 million decrease compared with December 31, 2019; a $120.9 million net favourable variance in assets and liabilities related to derivative financial instruments (see "Financing activities" above).

- Consolidated debt essentially consisted of Videotron's $4.24 billion debt ($4.25 billion at December 31, 2019); TVA Group's $34.8 million debt ($44.9 million at December 31, 2019); Quebecor Media's $1.63 billion debt ($1.64 billion at December 31, 2019); and Quebecor's $46.2 million debt ($58.7 million at December 31, 2019).

Consolidated net debt leverage ratio: 2.76x at September 30, 2020 compared with 2.91x at December 31, 2019. The decrease was due primarily to net reductions in drawings by Videotron, TVA Group, Quebecor Media and Quebecor on their revolving credit facilities, using free cash flows from continuing operating activities, and the increase in the trailing 12-month adjusted EBITDA.

As of September 30, 2020, minimum principal payments on long-term debt in the coming years are as follows:

Table 7
Minimum principal payments on Quebecor's long-term debt
12-month periods ended September 30
(in millions of Canadian dollars)

2021	$	30.6
2022		1,066.9
2023		1,681.2
2024		799.2
2025		400.0
2026 and thereafter		1,974.2
Total	**$**	**5,952.1**

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.

The weighted average term of Quebecor's consolidated debt was approximately 4.5 years as of September 30, 2020 (5.2 years as of December 31, 2019). After taking into account hedging instruments, the debt consisted of approximately 96.1% fixed-rate debt (93.9% at December 31, 2019) and 3.9% floating-rate debt (6.1% at December 31, 2019).

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, and dividend payments to shareholders. 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, 2020, the Corporation was in compliance with all required financial ratios and restrictive covenants in its financing agreements.

Dividends declared

On November 4, 2020, the Board of Directors of Quebecor declared a quarterly dividend of $0.20 per share on its Class A Multiple Voting Shares ("Class A Shares") and Class B Shares, payable on December 15, 2020 to shareholders of record as of the record date of November 20, 2020.

Convertible debentures

In accordance with the terms of the trust indenture governing the convertible debentures, the quarterly dividend declared on March 11, 2020 on Quebecor Class B Shares triggered an adjustment to the floor price and ceiling price then in effect. Accordingly, effective March 26, 2020, the conversion features of the convertible debentures are subject to an adjusted floor price of approximately $26.57 per share (that is, a maximum number of approximately 5,644,430 Class B Shares corresponding to a ratio of $150.0 million to the adjusted floor price) and an adjusted ceiling price of approximately $33.22 per share (that is, a minimum number of approximately 4,515,544 Class B Shares corresponding to a ratio of $150.0 million to the adjusted ceiling price).

Analysis of consolidated balance sheet

Table 8
Consolidated balance sheet of Quebecor
Analysis of main differences between September 30, 2020 and December 31, 2019
(in millions of Canadian dollars)

	Sept. 30, 2020	Dec. 31, 2019	Difference	Main reasons for difference
Assets				
Cash and cash equivalents	**$ 40.7**	$ 14.0	$ 26.7	Impact of current variances in activity
Accounts receivable	**596.1**	548.0	48.1	Impact of current variances in activity
Inventories	**211.4**	240.4	(29.0)	Impact of current variances in activity
Property, plant and equipment	**3,281.4**	3,415.9	(134.5)	Depreciation for the period less additions to property, plant and equipment
Intangible assets	**1,509.9**	1,444.0	65.9	Additions to intangible assets less amortization for the period
Financial instruments instruments[1]	**798.6**	677.7	120.9	See “Financing Activities”
Other current assets	**289.0**	248.7	40.3	Impact of current variances in operating and investing activities
Liabilities				
Accounts payable and accrued charges	**$ 784.2**	$ 809.6	$ (25.4)	Impact of current variances in activity
Income taxes[2]	**72.5**	(14.9)	87.4	Current income taxes for the period less current disbursements
Long-term debt, including short-term portion and bank indebtedness	**5,954.6**	5,986.9	(32.3)	See “Financing Activities”
Deferred income tax[3]	**779.6**	828.0	(48.4)	Impact of variances in activity on statement of income and consolidated statements of comprehensive income
Other liabilities	**423.9**	371.2	52.7	Loss on remeasurement of defined benefit plans, partially offset by an adjustment on the contingent consideration related to the sale of 4Degrees Colocation

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

ADDITIONAL INFORMATION

Contractual Obligations

At September 30, 2020, 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 9 below shows a summary of these contractual obligations.

Table 9
Contractual obligations of Quebecor as of September 30, 2020
(in millions of Canadian dollars)

	Total	Under 1 year	1-3 years	3-5 years	5 years or more
Long-term debt[1]	**$ 5,952.1**	$ 30.6	$ 2,748.1	$ 1,199.2	$ 1,974.2
Convertible debentures[2]	**150.4**	–	–	150.4	–
Interest payments[3]	**1,264.4**	207.8	517.8	282.3	256.5
Lease liabilities	**168.0**	34.3	51.1	29.2	53.4
Interest payments on lease liabilities	**46.8**	7.1	10.5	7.0	22.2
Additions to property, plant and equipment and other commitments	**1,475.4**	368.8	482.9	283.3	340.4
Derivative financial instruments[4]	**(700.4)**	1.6	(570.4)	(136.9)	5.3
Total contractual obligations	**$ 8,356.7**	**$ 650.2**	**$ 3,240.0**	**$ 1,814.5**	**$ 2,652.0**

1 The carrying value of long-term debt excludes 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, 2020 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 approximately $26.57 per share and a ceiling price of approximately $33.22. 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, 2020.

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

Table 10 presents lease liabilities by segment at September 30, 2020 and December 31, 2019:

Table 10
Lease liabilities by segment
(in millions of Canadian dollars)

	Sept. 30, 2020	Dec. 31, 2019
Telecommunications	**$ 135.9**	$ 114.2
Media	**14.9**	13.5
Sports and Entertainment	**44.6**	40.8
Head Office	**(27.4)**	(30.6)
Total	**$ 168.0**	$ 137.9

Related party transactions

In the third quarter of 2020, the Corporation made sales to related parties in the amount of $1.0 million ($1.5 million in the same period of 2019) and purchases of $2.4 million from related parties ($2.3 million in the same period of 2019).

In the first nine months of 2020, the Corporation made sales to related parties in the amount of $2.7 million ($3.2 million in the same period of 2019) and purchases of $8.1 million from related parties ($2.5 million in the same period of 2019).

Capital stock

In accordance with Canadian financial reporting standards, Table 11 below presents information on the Corporation's capital stock as at October 22, 2020. In addition, 3,745,959 share options were outstanding as of October 22, 2020.

Table 11
Capital stock
(in shares and millions of Canadian dollars)

	October 22, 2020		
	Issued and outstanding		**Book value**
Class A Shares	**77,099,234**	**$**	**8.6**
Class B Shares	**172,534,207**	**$**	**1,017.8**

On August 7, 2019, the Corporation filed a normal course issuer bid for a maximum of 1,000,000 Class A Shares representing approximately 1.3% of issued and outstanding Class A Shares, and for a maximum of 4,000,000 Class B Shares representing approximately 2.2% of issued and outstanding Class B Shares as of August 1, 2019. The purchases could 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 ("TSX") or other alternative trading systems. All repurchased shares were cancelled.

On May 27, 2020, the Toronto Stock Exchange authorized the Corporation to amend its normal course issuer bid to increase the maximum number of Class B Shares that it may repurchase to 6,000,000, representing approximately 3.4% of issued and outstanding Class B Shares as of August 1, 2019. The other terms and conditions of the bid remained unchanged.

On August 5, 2020, the Corporation authorized a normal course issuer bid for a maximum of 1,000,000 Class A Shares representing approximately 1.3% of issued and outstanding Class A Shares, and for a maximum of 6,000,000 Class B Shares representing approximately 3.5% of issued and outstanding Class B Shares as of July 31, 2020. The purchases can be made from August 15, 2020 to August 14, 2021, at prevailing market prices on the open market through the facilities of the Toronto Stock Exchange or other alternative trading systems. All shares purchased under the bid will be cancelled.

On August 7, 2020, the Corporation announced that it had entered into an automatic securities purchase plan ("the plan") with a designated broker whereby shares may be repurchased under the plan at times when such purchases would otherwise be prohibited pursuant to regulatory restrictions or self-imposed blackout periods. The plan received prior approval from the TSX. It came into effect on August 15, 2020 and terminates on the same date as the normal course issuer bid.

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

In the first nine months of 2020, the Corporation purchased and cancelled 4,695,800 Class B Shares for a total cash consideration of $143.4 million (2,672,056 Class B Shares for a total cash consideration of $80.5 million in the same period of 2019). The $115.7 million excess of the purchase price over the carrying value of the repurchased Class B Shares was recorded as a reduction in retained earnings ($64.8 million increase in the deficit in the same period of 2019).

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

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, lease liabilities and derivative financial instruments.

In order to manage its foreign exchange and interest rate risks, the Corporation uses derivative financial instruments: (i) to set in CAN dollars future payments on debts denominated in U.S. dollars (interest and principal) and certain purchases of inventories and other capital expenditures denominated in a foreign currency; and (ii) to achieve a targeted balance of fixed- and floating-rate 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, 2020 and December 31, 2019 were as follows:

Table 12
Fair value of long-term debt, convertible debentures and derivative financial instruments
(in millions of Canadian dollars)

	September 30, 2020		December 31, 2019	
Asset (liability)	**Carrying value**	**Fair value**	Carrying value	Fair value
Long-term debt[1]	**$ (5,952.1)**	$ **(6,328.1)**	$ (5,986.1)	$ (6,376.2)
Convertible debentures[2]	**(153.2)**	**(153.2)**	(162.0)	(162.0)
Derivative financial instruments:				
Foreign exchange forward contracts	**(1.6)**	**(1.6)**	(2.1)	(2.1)
Cross-currency interest rate swaps	**$ 800.2**	$ **800.2**	$ 679.8	$ 679.8

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

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

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 2020 and 2019 are summarized in Table 13.

Table 13
Loss (gain) on valuation and translation of financial instruments
(in millions of Canadian dollars)

	Three months ended September 30		Nine months ended September 30	
	2020	2019	**2020**	2019
Loss (gain) on embedded derivatives related to convertible debentures	**$ 17.8**	$ (4.2)	**$ (9.4)**	$ (7.0)
Other	**0.8**	(1.8)	**0.5**	(1.1)
	$ 18.6	$ (6.0)	**$ (8.9)**	$ (8.1)

A $25.0 million loss and $18.9 million gain on cash flow hedges were recorded under "Other comprehensive income" in the third quarter and first nine months of 2020 respectively (gains of $41.4 million loss and $71.6 million in the third quarter and first nine months of 2019).

Contingencies and legal disputes

In the context of disputes between the Corporation and a competitor, legal proceedings have been initiated by the Corporation and against the Corporation. At this stage of proceedings, management of the Corporation is in the opinion that the outcome is not expected to have a material adverse effect on the Corporation's results or on its financial position.

On August 15, 2019, the Canadian Radio-television and Telecommunications Commission ("CRTC") issued an order finalizing the rates, retroactively to March 31, 2016, at 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 the interim rates and could represent a reduction in earnings of approximately $30.0 million (before income taxes) for the year 2020 and a retrospective reduction of approximately $52.0 million (before income taxes) from March 31, 2016 to December 31, 2019. On September 28, 2020, the CRTC approved a request from a coalition of cable companies (including Videotron) to stay the implementation of the order pertaining to final rates pending its final determination on the review and vary requests. 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.

Risks and Uncertainties Update

The COVID-19 pandemic continues to evolve rapidly. The extent to which it may impact the Corporation's business and activities is highly uncertain and cannot be predicted with precision, and will depend on future developments such as the spread of the virus, the duration of the outbreak, the risks associated with subsequent waves of the virus, its impact on consumer spending, labour shortages due to the virus, the resulting disruption in the supply chain, and the effectiveness of the actions taken by the federal and Québec governments to manage the pandemic. Public and private sector regulations, policies and other measures aimed at reducing the spread of COVID-19 include the suspension of business activities deemed non-essential, if necessary, the promotion of social distancing, lockdown orders, and the adoption of work-from-home and online education by companies, schools and institutions.

Potential adverse impacts of the COVID-19 pandemic include, but are not limited to:

- a reduction in demand for the Corporation's products or services, or an increase in delinquent or unpaid bills due to job losses and associated financial hardship;
- a decline in the Corporation's revenues as a result of services provided at no cost to customers;
- a reduction in the value of broadcast and distribution rights due to the postponement or cancellation of sporting events and a corresponding decline in subscription revenues;
- customers downgrading or cancelling their services;
- issues delivering the Corporation's products and services;
- lost revenue due to the significant economic challenges that small and medium-sized business customers are facing;

- lower advertising revenues and reduced film and audiovisual content activity in the Media segment;
- delays or cancellations of shows and events, and interruption of music and book distribution activities in the Sports and Entertainment segment;
- uncertainty associated with the costs and availability of resources required to provide appropriate levels of service to customers;
- additional capital expenditures and the availability of resources required to maintain, upgrade or expand Quebecor Media's network in order to accommodate increased network usage;
- uncertainty associated with costs, delays and availability of resources required to complete major maintenance and expansion projects;
- the ability of certain suppliers and vendors to provide products and services to the Corporation;
- the impact of legislation, regulations and other government interventions in response to the COVID-19 pandemic;
- the negative impact on global credit and capital markets; and
- the ability to access capital markets at a reasonable cost.

Any of these risks and uncertainties could have a material adverse impact on the business, prospects, results of operations and financial condition of the Corporation.

This update to the Corporation's Risks and Uncertainties should be read in conjunction with the "Risks and Uncertainties" section in the Corporation's annual Management Discussion and Analysis for the financial year ended December 31, 2019, which is available on the Corporation's website at <www.quebecor.com> and on the SEDAR website at <www.sedar.com>.

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, 2020 that have materially affected, or are reasonably likely to materially affect, the Corporation's internal controls over financial reporting.

Additional information

The Corporation is a reporting issuer subject to the securities laws of all Canadian provinces and is therefore required to file financial statements, a proxy circular and an annual information form with the various securities commissions. Copies of those documents are available free of charge from the Corporation on request at <www.quebecor.com> and on the SEDAR website at <www.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 television, Internet access, mobile and wireline telephony and Club illico services, and its ability to protect such services against piracy, unauthorized access and other security breaches;
- labour disputes or strikes;
- service interruptions resulting from equipment breakdown, network failure, the threat of natural disaster, epidemics, pandemics and other public-health crisis, including the COVID-19 pandemic, and political instability in some countries;
- impact of emergency measures implemented by various governments;
- 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 a portion of Quebecor's interest payment requirements on long-term debt.

The forward-looking statements in this document are made to provide investors and the public with a better understanding of the Corporation's circumstances and are based on assumptions it believes to be reasonable as of the day on which they are made. Investors and others are cautioned that the foregoing list of factors that may affect future results is not exhaustive and that undue reliance should not be placed on any forward-looking statements. For more information on the risks, uncertainties and assumptions that could cause the Corporation's actual results to differ from current expectations, please refer to the Corporation's public filings, available at <www.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, 2019 and the "Risks and uncertainties update" section above.

The forward-looking statements in this Management Discussion and Analysis reflect the Corporation's expectations as of November 4, 2020, and are subject to change after this date. The Corporation expressly disclaims any obligation or intention to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable securities laws.

Montréal, Québec

November 4, 2020

QUEBECOR INC.

SELECTED QUARTERLY FINANCIAL DATA

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

	2020			2019				2018
	Sept. 30	**June 30**	**March 31**	Dec. 31	Sept. 30	June 30	March 31	Dec. 31
Revenues	**$ 1,111.7**	**$ 1,003.8**	**$ 1,055.5**	$ 1,136.2	$ 1,073.4	$ 1,056.9	$ 1,027.3	$ 1,087.1
Adjusted EBITDA	**513.4**	**475.7**	**436.7**	494.5	509.3	455.0	420.7	460.5
Cash flows from operations	**346.1**	**326.1**	**295.0**	260.5	332.4	274.9	276.3	180.3
Contribution to net income attributable to shareholders:								
Continuing operating activities	**173.1**	**144.9**	**111.5**	159.6	173.8	136.2	111.4	132.9
(Loss) gain on valuation and translation of financial instruments	**(18.3)**	**4.5**	**21.7**	(13.6)	5.6	16.3	(14.4)	(11.5)
Unusual items	**(13.9)**	**(7.0)**	**(2.9)**	(0.9)	(0.9)	(12.3)	(5.5)	(5.0)
Discontinued operations	**-**	**32.5**	**1.3**	-	-	-	97.5	1.1
Net income attributable to shareholders	**140.9**	**174.9**	**131.6**	145.1	178.5	140.2	189.0	117.5
Basic data per share								
Contribution to net income attributable to shareholders:								
Continuing operating activities	**$ 0.69**	**$ 0.57**	**$ 0.44**	$ 0.63	$ 0.68	$ 0.53	$ 0.44	$ 0.52
(Loss) gain on valuation and translation of financial instruments	**(0.07)**	**0.02**	**0.08**	(0.05)	0.02	0.07	(0.06)	(0.05)
Unusual items	**(0.06)**	**(0.03)**	**(0.01)**	(0.01)	-	(0.05)	(0.02)	(0.02)
Discontinued operations	**-**	**0.13**	**0.01**	-	-	-	0.38	0.01
Net income attributable to shareholders	**0.56**	**0.69**	**0.52**	0.57	0.70	0.55	0.74	0.46
Weighted average number of shares outstanding (in millions)	**250.5**	**252.8**	**254.0**	254.8	255.6	255.9	256.0	255.1
Diluted data per share								
Contribution to net income attributable to shareholders:								
Continuing operating activities	**$ 0.68**	**$ 0.57**	**$ 0.42**	$ 0.62	$ 0.67	$ 0.52	$ 0.43	$ 0.51
Dilution impact	**0.01**	**-**	**-**	0.01	-	-	0.01	0.01
(Loss) gain on valuation and translation of financial instruments	**(0.07)**	**-**	**-**	(0.05)	-	-	(0.06)	(0.05)
Unusual items	**(0.06)**	**(0.03)**	**(0.01)**	(0.01)	-	(0.05)	(0.02)	(0.02)
Discontinued operations	**-**	**0.12**	**0.01**	-	-	-	0.38	0.01
Net income attributable to shareholders	**0.56**	**0.66**	**0.42**	0.57	0.67	0.47	0.74	0.46
Weighted average number of diluted shares outstanding (in millions)	**250.7**	**258.6**	**259.9**	255.0	261.7	262.1	256.5	255.5