



Address by Hugues Simard  
Chief Financial Officer  
Quebecor Inc.

Annual General Meeting  
May 9, 2024

*Check against delivery*

Thank you Pierre Karl,  
Good morning, ladies and gentlemen.

Allow me to present our 2023 financial review.

## **SUMMARY OF RESULTS**

Quebecor recorded total revenues of \$5.434 billion in fiscal 2023, up 19.9% from 2022. Adjusted EBITDA was up 15.7% to \$2.238 billion.

Net income attributable to shareholders was \$651 million or \$2.82 per share, compared with \$600 million or \$2.55 per share in 2022.

After adjusting for all items not directly related to operations, such as unusual items and losses on valuation of financial instruments, our adjusted income from operating activities was \$688 million or \$2.98 per share, a 10.1% increase from \$625 million or \$2.66 per share in 2022.

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

## **REVENUE**

2023 was a watershed year for Quebecor. With the acquisition of Freedom in April 2023, we became Canada's fourth national wireless provider. We posted an excellent financial performance with a 19.9% increase in consolidated revenues in fiscal 2023.

Our Telecommunications segment grew its market share in Canada significantly with the acquisition of Freedom, resulting in a 25.2% increase in its revenues.

Despite the very competitive environment, our revenues from mobile services and equipment rose by \$932 million or 84.5%, driven by solid performances by our three brands: Videotron, Fizz and Freedom.

Our Internet access services also performed well, with a revenue increase of \$46 million or 3.7%.

Meanwhile, our Media segment's revenues were down 4.4%. Its 2023 results were severely impacted by the very challenging advertising market, which shows no signs of improving in the short term, a significant

drop in the soundstage rental business because of the actors' and writers' strikes in the U.S., and the unfavourable regulatory environment.

Our Sports and Entertainment segment grew its revenues by 12.0% on the strength of higher revenues from music, concerts and hockey.

This morning we reported our first quarter 2024 results. Consolidated revenues were up 22.2% year over year to \$1.363 billion. In our Telecommunications segment, revenues were up 27.5% to \$1.18 billion, mainly because of increased sales of mobile services and equipment as a result of the Freedom acquisition, as well as growth in Internet access services. First quarter revenues decreased by 1.2% in the Media segment and by 3.7% in the Sports and Entertainment segment.

## **ADJUSTED EBITDA**

In 2023, we generated adjusted EBITDA of \$2.238 billion, a 15.7% increase from the previous year.

Our Telecommunications segment grew its operating profit by \$317 million or 16.6% to generate \$2.23 billion in adjusted EBITDA.

Our Media segment's adjusted EBITDA was down \$17 million to \$8 million in 2023, mainly on account of industry-wide pressures, particularly on the broadcasting business which again experienced a significant drop in advertising revenues. Broadcasting continued to suffer from the proliferation of streaming services and competition from the Web giants.

The Sports and Entertainment segment's adjusted EBITDA increased by \$4 million to \$23 million in 2023.

Today we reported consolidated adjusted EBITDA of \$560 million for the first quarter of 2024, a 26.4% year-over-year increase. Our Telecommunications segment contributed significantly to this increase with the addition of Freedom's results. Reductions in some operating

expenses in the Media segment also contributed to this favorable variance.

## **CASH FLOWS**

Adjusted cash flows from operations totalled \$1.679 billion in 2023 compared with \$1.44 billion in 2022. The increase of more than \$239 million reflects, among other things, the impact of the Freedom acquisition, the growing profitability of Videotron's other activities, and our tight management of capital expenditures.

Business acquisitions totalled close to \$2.7 billion in 2023, compared with \$22 million in 2022. On April 3, 2023, Videotron acquired Freedom Mobile from Shaw Communications. Videotron paid \$2.07 billion in cash and assumed certain liabilities, primarily lease obligations.

On the same date, Videotron entered into a new \$2.1 billion secured term credit facility with a syndicate of financial institutions, consisting of three equal tranches maturing in October 2024, April 2026 and April 2027.

On January 26, 2023, Videotron acquired spectrum in the 600 MHz band in Manitoba and the 3500 MHz band in Québec for close to \$10 million. On November 30, 2023, Videotron announced the acquisition of spectrum in the 3800 MHz band across Canada for nearly \$300 million, payable in 2024.

## **NET DEBT LEVERAGE RATIO**

Throughout 2023, we maintained disciplined, rigorous management of our operations, our balance sheet and our investments, as evidenced by the improvement in our key leverage metric. Since acquiring Freedom in April 2023, we have paid down more than \$500 million of our net debt. As of March 31, 2024, net debt leverage ratio, as measured by net debt to adjusted EBITDA, stood at 3.3x, compared with 3.6x at the time of the Freedom acquisition.

We are on track to achieve our target leverage ratio of less than 3x.

## **DEBT MATURITIES**

On January 17, 2023, Quebecor Media redeemed at maturity its 5.75% Senior Notes in aggregate principal amount of US\$850.0 million and unwound the related hedging contracts for a total cash consideration of \$830.9 million. Videotron's revolving credit facility was used to finance this redemption. The facility had previously been increased from \$1.5 billion to \$2.0 billion.

Following the acquisition of Freedom Mobile, our balance sheet remains very strong with more than \$2.0 billion in available liquid assets as of March 31, 2024, more than sufficient to continue executing on our strategic priorities and improving our already healthy balance sheet

In February, our Board of Directors approved an 8% hike in the quarterly dividend on our Class A and Class B common shares, from 30.0 cents to 32.5 cents per share, in line with our payout target of 30% to 50% of net cash flows from operations. Our dividend policy reflects the confidence that the Board and management have in our Corporation's current and future financial profile.

Finally, I am proud to report that S&P announced, a few days ago, our long-awaited upgrade to Investment Grade status. We are very proud of this important achievement, a tribute to our long-standing operational excellence, financial discipline and strong balance sheet.

This concludes our 2023 financial review. Thank you for your attention.