February 27, 2020

For immediate release

TVA GROUP REPORTS CONSOLIDATED RESULTS FOR Q4 2019

Montreal, Canada – TVA Group Inc. ("TVA Group," "TVA" or the "Corporation") announced today that it recorded operating revenues in the amount of $164.2 million in the fourth quarter of 2019, a year-over-year increase of $13.7 million. Net income attributable to shareholders was $16.0 million for earnings of $0.37 per share, compared with net income attributable to shareholders of $9.5 million for earnings of $0.22 per share in the same quarter of 2018.

Fourth quarter operating highlights:

- Consolidated adjusted EBITDA[1] of $33,568,000, representing a $7,667,000 (29.6%) favourable variance from the same quarter of 2018.
- $21,345,000 in adjusted EBITDA[1] in the Broadcasting segment, a $4,669,000 (28.0%) favourable variance mainly because of the acquisition of the "Évasion" and "Zeste" channels, a 24.6% increase in the adjusted EBITDA[1] of the other specialty channels, which benefited from a favourable retroactive adjustment in subscription revenues, and a 13.5% increase in the adjusted EBITDA[1] of the TVA Network.
- $1,983,000 in adjusted EBITDA[1] in the Magazines segment, a $1,260,000 (-38.9%) unfavourable variance mainly because of a decrease in operating revenues, which was partially offset by savings generated by the continuation of various staff and expense rationalization plans introduced in recent quarters.
- $7,828,000 in adjusted EBITDA[1] in the Film Production & Audiovisual Services ("MELS") segment, a $1,846,000 (30.9%) favourable variance due to the improved profitability of all of the segment's operations, including a 17.4% increase in adjusted EBITDA[1] from soundstage, mobile and equipment rental, and an 81.4% decrease in negative adjusted EBITDA[1] from visual effects.
- $2,198,000 in adjusted EBITDA[1] in the new Production & Distribution segment which since April l, 2019 includes the businesses acquired through the acquisition of the Incendo group companies.

"We are very satisfied with our results for the last quarter of our financial year. Despite the many challenges we faced, TVA Group grew its adjusted EBITDA[1] thanks to the various acquisitions made in recent months, the savings yielded by the budget cuts announced in the second quarter, and gains on the subscription fees for our specialty services.

"TVA Group's total market share increased by 0.2 points to 36.8%[2] in the fourth quarter of 2019. TVA Network's market share increased by 0.2 points, while our specialty channels held their combined market share at 13.5%.[2]

"In the Broadcasting segment, adjusted EBITDA[1] increased because of, among other things, the addition of the "Évasion" and "Zeste" channels as well as increased subscription revenues at all the other specialty services. In this regard, we are pleased to report that we have renewed most of our distribution agreements and those cable operators have recognized the fair market value of our channels. Now Bell must recognize the fair market value of "TVA Sports" and all the specialty services about which we are currently negotiating. We will continue making representations on this issue to regulatory and government authorities. We welcome the Canadian Radio-television and Telecommunications

[1] See definition of adjusted EBITDA below.

[2] Numeris – Quebec Franco, October 1st to December 31st, 2019, Mo-Su, 2a-2a, t2+

Commission decision in favour of TVA Group, which found that Bell had given undue preference to its sports channel. "TVA Sports" and "RDS" are two comparable services and must be treated equitably by Bell in its most popular package" commented France Lauzière, President and CEO of the Corporation.

"In the Magazines segment, the various rationalization plans implemented in recent quarters and various operational efficiency initiatives enabled the segment to continue generating positive adjusted EBITDA[1] and a 12.5% profit margin, despite a 23.9% decrease in operating revenues. Our priority is always to leverage our strong brands by maintaining rich, varied content to support their reach and popularity. Once again, we are pleased to report that TVA Publications held its position as the top publisher of French-language magazines in Quebec with more than 3.6 million[2] readers of its monthlies, while our English-language titles are read by more than 5.4 million[2] people" added Ms. Lauzière.

"The Film Production & Audiovisual Services segment's financial results improved in the fourth quarter of 2019, mainly because of the use of our soundstages and equipment by local and international producers, as well as higher volume of activities at all our other services, notably visual effects. At this time of proliferating dissemination platforms and strong demand for content production, MELS is well placed to sell its production services, which are gaining growing recognition beyond our borders. MELS remains a growth driver not only for the Corporation but for Quebec's cultural industries and economy as a whole. As we have said on previous occasions, tax incentives need to be increased in order to attract international producers and enable MELS to reap benefits from the film industry's global growth.

"Lastly, the new Production & Distribution segment, which includes the operations of the companies in the Incendo group, made a positive contribution to the Corporation's financial results since the acquisition. In addition to diversifying our revenue streams and expanding our international presence, this acquisition will enable us to capitalize on the current strong demand for the production of original content," concluded Ms. Lauzière.

Fiscal 2019 results

For the fiscal year ended December 31, 2019, the Corporation's consolidated adjusted EBITDA[1] was $72,440,000, compared with $54,517,000 in the previous year, a 32.9% increase. The Broadcasting and Magazines segments grew their adjusted EBITDA[1] by 52.6% and 9.9%, respectively, while the Film Production & Audiovisual Services segment posted a 4.9% decline. Subsequent to the acquisition of the companies in the Incendo group on April 1, 2019, the new Production & Distribution segment generated additional adjusted EBITDA[1] in the amount of $2,838,000.

The $14,777,000 favourable variance in the Broadcasting segment's adjusted EBITDA[1] was caused mainly by the acquisition of the "Évasion" and "Zeste" channels, a 21.1% decrease in the negative adjusted EBITDA[1] of the "TVA Sports" channel, and an 18.5% increase in the adjusted EBITDA[1] of the other specialty services. There was a $926,000 favourable variance in the Magazines segment's adjusted EBITDA,[1] due essentially to the savings generated by the continuation of staff and expense rationalization plans introduced in recent quarters, which outweighed the decrease in operating revenues. MELS' adjusted EBITDA[1] decreased by 4.9%, mainly because of a 22.4% decrease in adjusted EBITDA[1] from soundstage, mobile and equipment rental, partially offset by the increased profitability of all of the segment's other activities, particularly visual effects.

Consolidated operating revenues amounted to $569,910,000 in fiscal 2019, compared with $551,910,000 in the previous year, a 3.3% increase. The Corporation recorded net income attributable to shareholders in the amount of $16,452,000, for earnings per share of $0.38, compared with net income attributable to shareholders of $9,057,000 and earnings per share of $0.21 in 2018.

[1] See definition of adjusted EBITDA below.
[2] Vividata, Winter 2020, Total Canada, 14+, October 1, 2018 to September 30, 2019.

Definition

[1] *Adjusted EBITDA (previously adjusted operating income (loss))*

In its analysis of operating results, the Corporation defines adjusted EBITDA as net income (loss) before depreciation and amortization, financial expenses, operational restructuring costs and others, income taxes and share of income of associates. Adjusted EBITDA as defined above is not a measure of results that is consistent with International Financial Reporting Standards ("IFRS"). It is not intended to be regarded as an alternative to other financial operating performance measures or to the statement of cash flows as a measure of liquidity. This measure should not be considered in isolation or as a substitute for other performance measures prepared in accordance with IFRS. This measure is used by management and the Board of Directors to evaluate the Corporation's consolidated results and the results of its segments. This measure eliminates the significant level of impairment, depreciation and amortization of tangible and intangible assets and is unaffected by the capital structure or investment activities of the Corporation and its segments. Adjusted EBITDA is also relevant because it is a significant component of the Corporation's annual incentive compensation programs. The Corporation's definition of adjusted EBITDA may not be identical to similarly titled measures reported by other companies.

Earnings call

TVA Group will hold a conference call to discuss its fourth quarter and full-year 2019 results on February 28, 2020, at 10:00 a.m. EST. There will be a question period reserved for financial analysts. To access the call, please dial 1-877-293-8052, followed by access code for participants 66581#. A tape recording of the call will be available from February 28 to March 28, 2020 by dialling 1-877-293-8133 followed by conference access code 66581# and recording access code 66581#.

Forward-looking information disclaimer

The statements in this news release that are not historical facts may be forward-looking statements and are subject to important known and unknown risks, uncertainties and assumptions which could cause the Corporation's actual results for future periods to differ materially from those set forth in the forward-looking statements. Forward-looking statements generally can be identified by the use of the conditional, the use of forward-looking terminology such as "propose," "will," "expect," "may," "anticipate," "intend," "estimate," "plan," "foresee," "believe" or the negative of these terms or variations of them or similar terminology. Certain factors that may cause actual results to differ from current expectations include seasonality, operational risks (including pricing actions by competitors and the risk of loss of key customers in the Film Production & Audiovisual Services and Production & Distribution segments), programming, content and production cost risks, credit risk, government regulation risks, government assistance risks, changes in economic conditions, fragmentation of the media landscape, risk related to the Corporation's ability to adapt to fast-paced technological change and to new delivery and storage methods, and labour relation risks.

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.groupetva.ca, including in particular the "Risks and Uncertainties" section of the Corporation's annual Management's Discussion and Analysis for the year ended December 31, 2019 and the "Risk Factors" section in the Corporation's 2019 annual information form.

The forward-looking statements in this news release reflect the Corporation's expectations as of February 27, 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, unless required to do so by the applicable securities laws.

TVA Group

TVA Group Inc., a subsidiary of Quebecor Media Inc., is a communications company engaged in the broadcasting, film production and audiovisual services, international production and distribution of television content, and magazine publishing industries. TVA Group Inc. is North America's largest broadcaster of French-language entertainment, information and public affairs programming and one of the largest private-sector producers of French-language content. It is also the largest publisher of French-language magazines and publishes some of the most popular English-language titles in Canada. The Corporation's Class B shares are listed on the Toronto Stock Exchange under the ticker symbol TVA.B.

The audited consolidated financial statements, with notes, and the annual Management's Discussion and Analysis, can be consulted on the Corporation's website at www.groupetva.ca.

Source:
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TVA GROUP INC.
Consolidated statements of income

(unaudited)
(in thousands of Canadian dollars, except per-share amounts)

	Three-month periods ended December 31		Years ended December 31	
	2019	2018 (restated)	**2019**	2018 (restated)
Revenues	**$ 164,196**	$ 150,466	**$ 569,910**	$ 551,910
Purchases of goods and services	**92,908**	88,552	**353,132**	353,037
Employee costs	**37,720**	36,013	**144,338**	144,356
Depreciation and amortization	**10,369**	10,591	**40,311**	38,619
Financial expenses	**850**	792	**3,892**	3,285
Operational restructuring costs and others	**853**	1,515	**5,890**	1,669
Income before tax expense and share of income of associates	**21,496**	13,003	**22,347**	10,944
Tax expense	**5,654**	3,492	**6,150**	2,735
Share of income of associates	**(193)**	(74)	**(485)**	(684)
Net income	**$ 16,035**	$ 9,585	**$ 16,682**	$ 8,893
Net income (loss) attributable to:				
Shareholders	**$ 16,030**	$ 9,525	**$ 16,452**	$ 9,057
Non-controlling interest	**5**	60	**230**	(164)
Basic and diluted earnings per share attributable to shareholders	**$ 0.37**	$ 0.22	**$ 0.38**	$ 0.21

TVA GROUP INC.
Consolidated statements of comprehensive income

(unaudited)
(in thousands of Canadian dollars)

	Three-month periods ended December 31		Years ended December 31	
	2019	2018 (restated)	**2019**	2018 (restated)
Net income	**$ 16,035**	$ 9,585	**$ 16,682**	$ 8,893
Other comprehensive items that will not be reclassified to income:				
Defined benefit plans:				
Re-measurement gain	**2,421**	710	**2,421**	710
Deferred income taxes	**(644)**	(188)	**(644)**	(188)
	1,777	522	**1,777**	522
Comprehensive income	**$ 17,812**	$ 10,107	**$ 18,459**	$ 9,415
Comprehensive income (loss) attributable to:				
Shareholders	**$ 17,807**	$ 10,047	**$ 18,229**	$ 9,579
Non-controlling interest	**5**	60	**230**	(164)

TVA GROUP INC.
Consolidated statements of equity

(unaudited)
(in thousands of Canadian dollars)

	Equity attributable to shareholders				Equity attributable to non-controlling interest	Total equity
	Capital stock	Contributed surplus	Retained earnings	Accumulated other comprehensive income — Defined benefit plans		
Balance as at December 31, 2017 as previously reported	$ 207,280	$ 581	$ 51,563	$ 2,975	$ 1,130	$ 263,529
Changes in accounting policies	–	–	(1,214)	–	–	(1,214)
Balance as at December 31, 2017 as restated	207,280	581	50,349	2,975	1,130	262,315
Net income (loss)	–	–	9,057	–	(164)	8,893
Other comprehensive income	–	–	–	522	–	522
Balance as at December 31, 2018	207,280	581	59,406	3,497	966	271,730
Net income	–	–	16,452	–	230	16,682
Other comprehensive income	–	–	–	1,777	–	1,777
Balance as at December 31, 2019	**$ 207,280**	**$ 581**	**$ 75,858**	**$ 5,274**	**$ 1,196**	**$ 290,189**

TVA GROUP INC.
Consolidated balance sheets

(unaudited)
(in thousands of Canadian dollars)

	December 31, 2019	December 31, 2018 (restated)	December 31, 2017 (restated)
Assets			
Current assets			
Cash	**$ 3,383**	$ 18,112	$ 21,258
Accounts receivable	**160,552**	151,715	144,913
Income taxes	**2,508**	3,325	596
Audiovisual content	**88,422**	78,483	79,437
Prepaid expenses	**3,105**	4,081	3,736
	257,970	255,716	249,940
Non-current assets			
Audiovisual content	**54,678**	42,987	43,031
Investments	**10,598**	11,242	12,851
Property, plant and equipment	**175,653**	186,583	200,510
Right-of-use assets	**8,530**	9,694	10,922
Intangible assets	**29,311**	13,662	15,120
Goodwill	**23,703**	9,102	7,892
Defined benefit plan asset	**–**	–	2,873
Deferred income taxes	**14,703**	14,920	14,453
	317,176	288,190	307,652
Total assets	**$ 575,146**	$ 543,906	$ 557,592

TVA GROUP INC.
Consolidated balance sheets (continued)

(unaudited)
(in thousands of Canadian dollars)

	December 31, 2019	December 31, 2018 (restated)	December 31, 2017 (restated)
Liabilities and equity			
Current liabilities			
Accounts payable and accrued liabilities	**$ 102,003**	$ 100,306	$ 104,568
Content rights payable	**83,244**	70,145	69,244
Provisions	**1,942**	6,356	7,784
Deferred revenues	**16,883**	16,803	18,728
Current portion of lease liabilities	**3,238**	3,480	4,298
Income taxes	**309**	782	6,314
Short-term debt	**44,846**	52,849	9,844
	252,465	250,721	220,780
Non-current liabilities			
Long-term debt	**–**	–	52,708
Lease liabilities	**7,978**	10,123	11,226
Defined benefit plan liability	**4,489**	4,258	–
Other liabilities	**13,587**	6,627	9,772
Deferred income taxes	**6,438**	447	791
	32,492	21,455	74,497
Equity			
Capital stock	**207,280**	207,280	207,280
Contributed surplus	**581**	581	581
Retained earnings	**75,858**	59,406	50,349
Accumulated other comprehensive income	**5,274**	3,497	2,975
Equity attributable to shareholders	**288,993**	270,764	261,185
Non-controlling interest	**1,196**	966	1,130
	290,189	271,730	262,315
Total liabilities and equity	**$ 575,146**	$ 543,906	$ 557,592

TVA GROUP INC.
Consolidated statements of cash flows

(unaudited)
(in thousands of Canadian dollars)

	Three-month periods ended December 31		Years ended December 31	
	2019	2018 (restated)	**2019**	2018 (restated)
Cash flows related to operating activities				
Net income	**$ 16,035**	$ 9,585	**$ 16,682**	$ 8,893
Adjustments for:				
Depreciation and amortization	**10,369**	10,591	**40,311**	38,619
Share of income of associates	**(193)**	(74)	**(485)**	(684)
Deferred income taxes	**1,567**	(17)	**1,423**	(1,350)
Gain on disposal of assets	**–**	–	**–**	(3,936)
Impairment of assets	**–**	–	**–**	2,000
Others	**(31)**	1,101	**10**	1,169
	27,747	21,186	**57,941**	44,711
Net change in non-cash operating assets and liabilities	**(21,959)**	(15,386)	**(6,469)**	(14,778)
Cash flows provided by operating activities	**5,788**	5,800	**51,472**	29,933
Cash flows related to investing activities				
Additions to property, plant and equipment	**(4,819)**	(2,552)	**(14,169)**	(12,936)
Additions to intangible assets	**(985)**	(1,006)	**(4,627)**	(3,916)
Business acquisitions	**–**	(24)	**(35,477)**	(4,755)
Disposal of property, plant and equipment and intangible assets	**–**	–	**–**	3,723
Others	**–**	–	**293**	(405)
Cash flows used in investing activities	**(5,804)**	(3,582)	**(53,980)**	(18,289)
Cash flows related to financing activities				
Net change in bank overdraft	**(1,029)**	–	**–**	–
Repayment of term loan	**(44,825)**	(2,822)	**(52,939)**	(9,900)
Net change in revolving credit facility	**44,863**	–	**44,863**	–
Repayment of lease liabilities	**(959)**	(1,321)	**(4,040)**	(4,890)
Others	**–**	–	**(105)**	–
Cash flows used in financing activities	**(1,950)**	(4,143)	**(12,221)**	(14,790)
Net change in cash	**(1,966)**	(1,925)	**(14,729)**	(3,146)
Cash at beginning of period	**5,349**	20,037	**18,112**	21,258
Cash at end of period	**$ 3,383**	$ 18,112	**$ 3,383**	$ 18,112
Interest and taxes reflected as operating activities				
Net interest paid	**$ 571**	$ 701	**$ 2,969**	$ 2,927
Income taxes paid (net of refunds)	**1,208**	856	**4,854**	12,325

At the beginning of the second quarter of 2019, the Corporation reorganized its business segments to better reflect changes in its operations and management structure following the acquisition of the companies in the Incendo group on April 1, 2019. Accordingly, the new Production & Distribution segment was created.

As well, since February 13, 2019, following the acquisition of the companies in the Serdy Média inc. and Serdy Vidéo inc. groups, the activities of the "Évasion" and "Zeste" specialty channels have been included in the Broadcasting segment's results, while postproduction activities have been included in the Film Production & Audiovisual Services segment's results.

The Corporation's operations now consist of the following segments:

– The **Broadcasting segment**, which includes the operations of TVA Network, specialty services, the marketing of digital products associated with the various televisual brands, and commercial production services;

– The **Magazines segment**, which through its subsidiaries, notably TVA Publications inc. and Les Publications Charron & Cie inc., publishes magazines in various fields including the arts, entertainment, television, fashion and decorating; markets digital products associated with the various magazine brands; and provides custom publishing services;

– The **Film Production & Audiovisual Services segment**, which through its subsidiaries Mels Studios and Postproduction G.P. and Mels Dubbing Inc., provides soundstage, mobile and equipment rental services, as well as dubbing, postproduction and visual effects;

– The **Production & Distribution segment**, which through the companies in the Incendo group, produces and distributes television shows, movies and television series for the world market.

TVA GROUP INC.

Segmented information (continued)

(unaudited)
(in thousands of Canadian dollars)

	Three-month periods ended December 31		Years ended December 31	
	2019	2018 (restated)	**2019**	2018 (restated)
Revenues				
Broadcasting	**$ 122,611**	$ 113,259	**$ 436,161**	$ 417,597
Magazines	**15,858**	20,827	**64,191**	77,708
Film Production & Audiovisual Services	**23,590**	19,049	**71,259**	68,447
Production & Distribution	**6,795**	–	**13,371**	–
Intersegment items	**(4,658)**	(2,669)	**(15,072)**	(11,842)
	164,196	150,466	**569,910**	551,910
Adjusted EBITDA[(1)]				
Broadcasting	**21,345**	16,676	**42,862**	28,085
Magazines	**1,983**	3,243	**10,273**	9,347
Film Production & Audiovisual Services	**7,828**	5,982	**16,253**	17,085
Production & Distribution	**2,198**	–	**2,838**	–
Intersegment items	**214**	–	**214**	–
	33,568	25,901	**72,440**	54,517
Depreciation and amortization	**10,369**	10,591	**40,311**	38,619
Financial expenses	**850**	792	**3,892**	3,285
Operational restructuring costs and others	**853**	1,515	**5,890**	1,669
Income before tax expense and share of income of associates	**$ 21,496**	$ 13,003	**$ 22,347**	$ 10,944

(1) The Chief Executive Officer uses adjusted EBITDA as a measure of financial performance for assessing the performance of each of the Corporation's segments. Adjusted EBITDA is defined as net income before depreciation and amortization, financial expenses, operational restructuring costs and others, income taxes and share of income of associates. Adjusted EBITDA as defined above is not a measure of results that is consistent with IFRS.