



February 18, 2021

For immediate release

TVA GROUP REPORTS Q4 2020 RESULTS

Montreal, Canada – TVA Group Inc. (“TVA Group” or the “Corporation”) announced today that it recorded operating revenues in the amount of \$147.6 million in the fourth quarter of 2020, a year-over-year decrease of \$16.6 million. Net income attributable to shareholders was \$27.4 million for earnings of \$0.63 per share, compared with net income attributable to shareholders of \$16,0 million for earnings of \$0.37 per share for the same quarter of 2019.

Fourth quarter operating highlights:

- Consolidated adjusted EBITDA¹ of \$46,070,000, a \$12,502,000 favourable variance from the same quarter of 2019.
- \$36,739,000 in adjusted EBITDA¹ in the Broadcasting segment, a \$15,014,000 favourable variance due to a 78.4% increase in the adjusted EBITDA¹ of the specialty channels, particularly that of “TVA Sports,” whose significant cost reductions were a reflection of the postponement of the start of the National Hockey League (“NHL”) 2020-2021 season, as well as a 62.0% increase in TVA Network’s adjusted EBITDA.¹
- \$7,453,000 in adjusted EBITDA¹ in the Film Production & Audiovisual Services segment (“MELS”), a \$375,000 unfavourable variance caused primarily by the decreased profitability of soundstage, mobile and equipment rental and visual effects services, while postproduction posted an increase in adjusted EBITDA.¹
- \$2,122,000 in adjusted EBITDA¹ in the Magazines segment, a \$519,000 favourable variance resulting largely from the additional government assistance received during the public health crisis, which offset the poorer performance of all titles.
- \$369,000 in negative adjusted EBITDA¹ in the Production & Distribution segment (“Incendo”), a \$2,567,000 negative variance, a direct result of the public health crisis, which caused a delay in distribution of films produced during the year.
- During the quarter, all of our segments again qualified for the Canada Emergency Wage Subsidy (“CEWS”). In all, \$3,300,000 was received to support employment levels in view of the almost 11% decrease in our consolidated revenues, which were still affected by the continuing public health crisis.

“Although growth in adjusted EBITDA¹ this quarter was mainly due to the exceptional situation at “TVA Sports,” as well as the various government assistance measures, it was also the result of efforts made at multiple levels to mitigate the major impacts of the crisis on the Corporation. That said, the COVID-19 pandemic continued to have impacts on our activities, including a decline in advertising revenues, a large reduction in the sporting events, a delay in our distribution activities and the need to continually adapt our work environments and methods in order to safeguard the health and safety of our employees and the public. Although all of our activities resumed during the fourth quarter, the volume in

¹ See definition of adjusted EBITDA below.

every segment continued to decrease significantly. Our ability to recover business volume over the coming quarters and the speed with which we can do so remain dependent on such factors as how the public health crisis evolves, the government measures implemented to control the spread of COVID-19 and the difficult situation faced by some of our customers and advertisers,” said France Lauzière, President and CEO of TVA Group.

“Despite the difficult conditions, TVA Group continues to evolve and adapt to the changing market. In this respect, I’m particularly proud of TVA’s strategic brand repositioning in the fall, as well as our new digital destination, TVA+, a new platform designed to reach even more Quebecers and attract them to the content that will be offered. Furthermore, our viewers continue to be loyal, as demonstrated by our consolidated market share, which reached 38.6%¹ for the fourth quarter of 2020, an increase of 1.8 points¹ over the same quarter of 2019. The growth is attributable to the 2.6-point¹ increase at “LCN,” which maintained its status as Quebec’s most-watched specialty channel with a 7.4% market share¹.

“In the Film Production & Audiovisual Services segment, the pandemic continues to affect the volume of business in most of the segment’s services. However, a full resumption of soundstage, mobile and equipment rental activities in the fourth quarter of 2020 made it possible to return to a near normal level of activity, as employees and customers were able to adjust to the new public health measures and work methods. The reopening also enabled the Disney team to complete filming *Home Alone* during the quarter, thus allowing another major production to start up in our facilities in early 2021. In addition, our new virtual stage service announced last quarter is generating a great deal of interest in the market and we have successfully initiated some productions using this technology,” continued the TVA Group president.

“In the Magazines segment, continued efforts to find operational synergies, combined with the additional government assistance received amid the ongoing pandemic, allowed this segment to continue delivering higher adjusted EBITDA² and a profit margin of 16%, despite a decrease in revenues. Once again, we are pleased to report that TVA held its position as the top publisher of French-language magazines in Quebec³ and the segment is making a positive contribution to the Corporation’s earnings.

“Despite the accelerated resumption of its activities and the production of seven films over the last two quarters of the year, Incendo was unable to finalize the sale of those films in the current year, a direct result of the slowdown in activities caused by the public health crisis. As noted previously, Incendo has performed strongly by stepping up its production capacity, including the completion of two co-productions with New Zealand. This strategy puts us in a good position for the coming year to distribute our films and take advantage of the strong demand for original content, while continuing to diversify our revenue streams and expand our presence internationally.

“In closing, I want to underscore once again the hard work of all of our employees throughout Quebec. Their mobilization and ability to adapt and excel has allowed us to continue our mission to inform and entertain Quebecers. I want to thank them for their outstanding work during these unprecedented times,” concluded Ms. Lauzière.

¹ Source: Numeris – Quebec Franco, October 1 to December 31, 2020 and 2019, Mo-Su, 2a-2a, t2+

² See definition of adjusted EBITDA below.

³ Source: Vividata, Winter 2021, Total Canada, 14+, October 1, 2019 to September 30, 2020

Fiscal 2020 results

For the fiscal year ended December 31, 2020, the Corporation's consolidated adjusted EBITDA¹ was \$85,306,000, compared with \$72,440,000 for the previous year, a 17.8% increase. The Broadcasting and Magazines segments grew their adjusted EBITDA¹ by 37.0% and 0.4% respectively, while the Film Production & Audiovisual Services and Production & Distribution segments posted 13.4% and 59.4% decreases respectively, as activities shut down completely for the two segments in the second quarter. TVA Group has qualified for the CEWS since the outbreak of the public health crisis. An amount of \$28,958,000 is recorded as a reduction of operating expenses in our various segments.

The \$16,480,000 favourable variance in the adjusted EBITDA¹ in the Broadcasting segment was mainly attributable to "TVA Sports," which achieved significant one-time cost savings as a result of the reduction in sporting events broadcast by the channel. TVA Network, for its part, managed to increase its adjusted EBITDA¹ by 15.0% despite a 13.7% decrease in advertising revenues, thanks to lower labour costs due to temporary layoffs and recognition of the emergency wage subsidy, as well as savings on content costs. The strong performance was partially offset by the 11.5% decrease in adjusted EBITDA¹ at the other specialty channels.

MELS' adjusted EBITDA¹ decreased by 13.4%, mainly because of a 26.4% decrease in adjusted EBITDA¹ from soundstage, mobile and equipment rental, partially offset by the 107.5% increase in adjusted EBITDA¹ generated by dubbing and described video, in light of the growing demand and the regulatory requirements for the services.

The Magazines segment was able to maintain its adjusted EBITDA¹ with a slight favourable variance of \$36,000 despite an 18.2% decrease in revenues. The continued rationalization plans implemented in recent years and the additional government assistance available during the public health crisis allowed the segment to offset the entire decrease in its volume of activities.

The Production & Distribution posted a significant 59.4% decrease in its adjusted EBITDA¹, a direct result of the suspension of production activities last spring, which led to a delay in delivery of films produced during the year.

Consolidated operating revenues amounted to \$508,144,000 for fiscal 2020 compared with \$569,910,000 for the previous year, a 10.8% decrease. The Corporation recorded net income attributable to shareholders in the amount of \$32,317,000, for earnings per share of \$0.75, compared with net income attributable to shareholders of \$16,452,000 and earnings per share of \$0.38 for 2019.

Update on the COVID-19 situation

The annual results, including those of the fourth quarter, must be viewed in the context of the COVID-19 pandemic, an unprecedented situation with major consequences for Canadians and indeed the global economy. As an essential services provider, our priority is to continue our mission of informing and entertaining the public. We kept our 24/7 news services available to all on our various broadcasting platforms and provided free access to our "LCN" all-news specialty channel at critical points in the crisis. TVA Group has taken and will continue to take all necessary measures to safeguard its employees' health and safety by delivering services remotely whenever possible, applying physical distancing rules in the workplace, and implementing stringent health precautions at its facilities.

We expect the financial impacts of this crisis will continue to be felt in the coming quarters, including:

- significant variability in our revenues and content costs related to live broadcasts of sporting events organized by professional leagues, as they resume their activities while cancelling some events and making significant changes to formats and broadcast schedules;
- significant reduction in advertising revenues, which will inevitably affect the Broadcasting and Magazines segments;
- variance in the level of activity at MELS and in the Production & Distribution segment resulting from the stoppage or resumption of our content production activities due to factors such as the need to comply with health

¹ See definition of adjusted EBITDA below.

precautions and physical distancing rules on the set, the closing of borders with some countries, and production insurance challenges;

- possible reduction in the publication frequency of some periodicals, which would affect revenues in the Magazines segment.

Because of the slowdown in the economy, approximately 25% of TVA Group's workforce received benefits during the year 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. Many of the entities in the Corporation's various business segments qualified for the Emergency Wage Subsidy, enabling the Corporation to mitigate some of the impacts of the crisis.

Given the uncertainty surrounding the duration of the pandemic and its potential impacts, we are currently unable to predict the overall effect it will have on our operating and financial results. However, we believe that our current sound financial health, our strong balance sheet and the steps we have taken will enable us to continue to deliver positive cash flows.

The Corporation's executive management team and its Board of Directors are continuously monitoring the impact of the public health crisis on the Corporation's business segments, employees, customers and business partners, as well as on the population of Quebec, in order to take appropriate action to maintain business continuity and the pursuit of its long-term strategies.

Definition

Adjusted EBITDA

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 other, 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.

Conference call for investors

TVA Group will hold a conference call to discuss its fourth quarter 2020 results on February 19, 2021, at 9:00 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 #14876. A tape recording of the call will be available from February 19 to March 19, 2021 by dialling 1-877-293-8133 followed by conference access code #14876 and recording access code #14876.

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, labour relation risks, and the risks related to public health emergencies, including COVID-19, as well as any emergency measures implemented by government.

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.groupe TVA.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, 2020 and the "Risk Factors" section in the Corporation's 2020 annual information form.

The forward-looking statements in this news release reflect the Corporation's expectations as of February 18, 2021, 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.groupe TVA.ca.

Source:

Anick Dubois, CPA, CA
Vice-President Finance
(514) 598-3987

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	
	2020	2019	2020	2019
Revenues	\$ 147,618	\$ 164,196	\$ 508,144	\$ 569,910
Purchases of goods and services	70,049	92,908	319,772	353,132
Employee costs	31,499	37,720	103,066	144,338
Depreciation and amortization	8,204	10,369	33,330	40,311
Financial expenses	566	850	2,535	3,892
Operational restructuring costs and other	1,359	853	6,197	5,890
Income before income taxes and share of income of associates	35,941	21,496	43,244	22,347
Income taxes	9,095	5,654	11,845	6,150
Share of income of associates	(537)	(193)	(942)	(485)
Net income	\$ 27,383	\$ 16,035	\$ 32,341	\$ 16,682
Net income attributable to:				
Shareholders	\$ 27,380	\$ 16,030	\$ 32,317	\$ 16,452
Non-controlling interest	3	5	24	230
Basic and diluted earnings per share attributable to shareholders	\$ 0.63	\$ 0.37	\$ 0.75	\$ 0.38

TVA GROUP INC.

Consolidated statements of comprehensive income

(unaudited)

(in thousands of Canadian dollars)

	Three-month periods ended December 31		Years ended December 31	
	2020	2019	2020	2019
Net income	\$ 27,383	\$ 16,035	\$ 32,341	\$ 16,682
Other comprehensive items that will not be reclassified to income:				
Defined benefit plans:				
Re-measurement gain (loss)	6,515	2,421	(13,485)	2,421
Deferred income taxes	(1,751)	(644)	3,574	(644)
	4,764	1,777	(9,911)	1,777
Comprehensive income	\$ 32,147	\$ 17,812	\$ 22,430	\$ 18,459
Comprehensive income attributable to:				
Shareholders	\$ 32,144	\$ 17,807	\$ 22,406	\$ 18,229
Non-controlling interest	3	5	24	230

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 (loss) — Defined benefit plans		
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
Net income	—	—	32,317	—	24	32,341
Other comprehensive loss	—	—	—	(9,911)	—	(9,911)
Balance as at December 31, 2020	\$ 207,280	\$ 581	\$ 108,175	\$ (4,637)	\$ 1,220	\$ 312,619

TVA GROUP INC.

Consolidated balance sheets

(unaudited)
(in thousands of Canadian dollars)

	December 31, 2020	December 31, 2019
Assets		
Current assets		
Cash	\$ 2,838	\$ 3,383
Accounts receivable	154,060	160,552
Income taxes	1,391	2,508
Audiovisual content	112,982	88,422
Prepaid expenses	3,217	3,105
	274,488	257,970
Non-current assets		
Audiovisual content	57,245	54,678
Investments	11,238	10,598
Property, plant and equipment	165,247	175,653
Right-of-use assets	10,326	8,530
Intangible assets	25,028	29,311
Goodwill	21,696	21,696
Deferred income taxes	23,923	16,710
	314,703	317,176
Total assets	\$ 589,191	\$ 575,146

TVA GROUP INC.

Consolidated balance sheets (continued)

(unaudited)

(in thousands of Canadian dollars)

	December 31, 2020	December 31, 2019
Liabilities and equity		
Current liabilities		
Bank overdraft	\$ 1,699	\$ –
Accounts payable, accrued liabilities and provisions	106,066	103,945
Content rights payable	62,252	83,244
Deferred revenues	14,077	16,883
Current portion of lease liabilities	3,001	3,238
Income taxes	8,415	309
Short-term debt	27,117	44,846
	222,627	252,465
Non-current liabilities		
Lease liabilities	9,148	7,978
Defined benefit plan liability	23,590	4,489
Other liabilities	14,633	13,587
Deferred income taxes	6,574	6,438
	53,945	32,492
Equity		
Capital stock	207,280	207,280
Contributed surplus	581	581
Retained earnings	108,175	75,858
Accumulated other comprehensive (loss) income	(4,637)	5,274
Equity attributable to shareholders	311,399	288,993
Non-controlling interest	1,220	1,196
	312,619	290,189
Total liabilities and equity	\$ 589,191	\$ 575,146

TVA GROUP INC.

Consolidated statements of cash flows

(unaudited)
(in thousands of Canadian dollars)

	Three-month periods ended December 31		Years ended December 31	
	2020	2019	2020	2019
Cash flows related to operating activities				
Net income	\$ 27,383	\$ 16,035	\$ 32,341	\$ 16,682
Adjustments for:				
Depreciation and amortization	8,204	10,369	33,330	40,311
Share of income of associates	(537)	(193)	(942)	(485)
Deferred income taxes	(1,383)	1,567	(3,503)	1,423
Gain on disposal of assets	(1)	–	(254)	–
Other	(315)	(31)	(327)	10
	33,351	27,747	60,645	57,941
Net change in non-cash balances related to operating items	(18,229)	(21,959)	(22,727)	(6,469)
Cash flows provided by operating activities	15,122	5,788	37,918	51,472
Cash flows related to investing activities				
Additions to property, plant and equipment	(4,229)	(4,819)	(13,475)	(14,169)
Additions to intangible assets	(599)	(985)	(2,669)	(4,627)
Business acquisitions	(3,519)	–	(3,519)	(35,477)
Disposal of property, plant and equipment	13	–	323	–
Other	–	–	362	293
Cash flows used in investing activities	(8,334)	(5,804)	(18,978)	(53,980)
Cash flows related to financing activities				
Net change in bank overdraft	(3,917)	(1,029)	1,699	–
Repayment of term loan	–	(44,825)	–	(52,939)
Net change in revolving credit facility	(2,123)	44,863	(17,737)	44,863
Repayment of lease liabilities	(835)	(959)	(3,394)	(4,040)
Other	–	–	(53)	(105)
Cash flows used in financing activities	(6,875)	(1,950)	(19,485)	(12,221)
Net change in cash	(87)	(1,966)	(545)	(14,729)
Cash at beginning of period	2,925	5,349	3,383	18,112
Cash at end of period	\$ 2,838	\$ 3,383	\$ 2,838	\$ 3,383
Interest and taxes reflected as operating activities				
Interest paid	\$ 641	\$ 571	\$ 1,920	\$ 2,969
Income taxes paid (net of refunds)	742	1,208	6,125	4,854

TVA GROUP INC.

Segmented information

(unaudited)

(in thousands of Canadian dollars)

Management made changes to the Corporation's management structure at the beginning of the year. As a result of those changes, the custom publishing, commercial print production and premedia services previously provided by the Magazines segment were combined with the Broadcasting segment's existing commercial production activities under the brand COLAB STUDIO Marketing Collaboratif. Financial information for comparative periods has been restated to reflect the new presentation.

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 services 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 and 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 unit and equipment rental services, as well as dubbing and described video, postproduction and visual effects;
- 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, and markets digital products associated with the various magazine brands;
- 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	
	2020	2019	2020	2019
Revenues				
Broadcasting	\$ 116,513	\$ 124,775	\$ 408,741	\$ 443,754
Film Production & Audiovisual Services	21,366	23,590	58,664	71,259
Magazines	13,419	13,694	46,318	56,598
Production & Distribution	1,926	6,795	11,432	13,371
Intersegment items	(5,606)	(4,658)	(17,011)	(15,072)
	147,618	164,196	508,144	569,910
Adjusted EBITDA⁽¹⁾ (negative adjusted EBITDA)				
Broadcasting	36,739	21,725	60,976	44,496
Film Production & Audiovisual Services	7,453	7,828	14,079	16,253
Magazines	2,122	1,603	8,675	8,639
Production & Distribution	(369)	2,198	1,153	2,838
Intersegment items	125	214	423	214
	46,070	33,568	85,306	72,440
Depreciation and amortization	8,204	10,369	33,330	40,311
Financial expenses	566	850	2,535	3,892
Operational restructuring costs and other	1,359	853	6,197	5,890
Income before income taxes and share of income of associates	\$ 35,941	\$ 21,496	\$ 43,244	\$ 22,347

⁽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 other, income taxes and share of income of associates. Adjusted EBITDA as defined above is not a measure of results that is consistent with IFRS.