FORM 6-K

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

REPORT OF FOREIGN PRIVATE ISSUER

PURSUANT TO RULE 13a-16 OR 15d-16 OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE MONTH OF MAY 2019

Commission File Number: 333-13792

QUEBECOR MEDIA INC.

(Name of Registrant)

612 St-Jacques Street, Montreal, Canada, H3C 4M8
(Address of principal executive offices)

[Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.]

Form 20-F ☒ Form 40-F ☐

[Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g 3-2(b) under the Securities Exchange Act of 1934.]

Yes ☐ No ☒

[If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g 3-2(b): 82- .]

MANAGEMENT DISCUSSION AND ANALYSIS

CORPORATE PROFILE

Quebecor Media Inc., a wholly owned subsidiary of Quebecor Inc. (“Quebecor”) since June 22, 2018, is governed by the Business Corporations Act (Québec) and is one of Canada’s largest telecommunications and media corporations. Unless the context otherwise requires, “Quebecor Media” or the “Corporation” refers to Quebecor Media Inc. and its subsidiaries. Quebecor Media operates in the following business segments: Telecommunications, Media, and Sports and Entertainment. Quebecor Media is pursuing a convergence strategy that captures synergies among its properties and leverages the value of content for the benefit of multiple distribution platforms.

The following Management Discussion and Analysis covers the Corporation’s main activities in the first quarter of 2019 and the major changes from the previous financial year. All amounts are stated in Canadian dollars unless otherwise indicated. This report should be read in conjunction with the information in the Corporation’s Annual Report for the financial year ended December 31, 2018 (Form 20-F), which is available on the website of the U.S. Securities and Exchange Commission at <www.sec.gov>.

On January 1, 2019, the Corporation adopted on a fully retrospective basis the new rules under IFRS 16 which set out new principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract. The standard provides lessees with a single accounting model for all leases, with certain exemptions. In particular, lessees are required to report most leases on their balance sheets by recognizing right-of-use assets and related financial liabilities. Assets and liabilities arising from a lease are initially measured on a present value basis. The adoption of IFRS 16 had significant impacts on the consolidated financial statements since all of the Corporation segments are engaged in various long-term leases relating to premises and equipment. Under IFRS 16, most lease charges are now expensed as a depreciation of the right-of-use asset, along with an interest on the related lease liability. Since operating lease charges were recognized as operating expenses as they were incurred under previous standard, the adoption of IFRS 16 has changed the timing of the recognition of these lease charges over the term of each lease. It has also affected the classification of expenses in the consolidated statements of income. Principal payments of the lease liability are now presented as financing activities in the consolidated statements of cash flows, whereas under the previous standard these payments were presented as operating activities. The impact of adoption of IFRS 16 on a fully retrospective basis is described under “Changes in Accounting Policies.”

Table 2 provides a reconciliation of adjusted EBITDA to net income for the first quarter of 2019, compared with the first quarter of 2018, without restatement of comparative figures following adoption of IFRS 16, as permitted under International Financial Reporting Standards (“IFRS”). Form F1 in Canadian securities regulatory authorities’ *Regulation 51-102 respecting continuous disclosure obligations* stipulates that if a choice made in applying a change in accounting policies has a material effect, as is the case with IFRS 16, the Corporation may explain its choice and discuss the effect on its financial performance.

DISCONTINUED OPERATIONS

On January 24, 2019, Videotron Ltd. (“Videotron”) sold its 4Degrees Colocation Inc. (“4Degrees Colocation”) data centre operations for an amount of $261.6 million, which was fully paid in cash at the date of transaction. An amount of $0.9 million relating to a working capital adjustment was also payable by Videotron on March 31, 2019. The determination of the final proceeds from the sale is however subject to certain adjustments based on the realization of future conditions over a period of up to 10 years. Accordingly, a gain on disposal of $97.2 million, net of income taxes of $18.5 million, was accounted for in the first quarter of 2019, while an amount of $53.1 million from the proceeds received at the date of transaction was deferred in connection with the estimated present value of the future conditional adjustments. The results of operations and cash flows of these businesses were reclassified as discontinued operations in the consolidated statements of income and cash flows. The amount deferred is revaluated on a quarterly basis and any change is recorded in income from discontinued operations.

In this Management Discussion and Analysis, only continuing operating activities of Quebecor Media are included in the analysis of its segment operating results.

HIGHLIGHTS SINCE END OF 2018

- Quebecor Media's revenues totalled $1.03 billion in the first quarter of 2019, a $25.3 million (2.5%) increase from the same period of 2018.

- On January 7, 2019, Quebecor announced the following corporate management changes:

  - Mr. Jean-François Pruneau, previously Senior Vice-President and Chief Financial Officer of Quebecor and Quebecor Media, was appointed President and Chief Executive Officer of Videotron. Mr. Pruneau succeeds Ms. Manon Brouillette, who resigned as of December 31, 2018 and is a candidate for election to the Board of Directors at Quebecor's Annual Meeting of Shareholders, to be held on May 9, 2019. As well, Mr. Hugues Simard was appointed Chief Financial Officer of Quebecor and Quebecor Media on January 7, 2019.

  - Mr. Marc M. Tremblay was appointed Chief Operating Officer, Chief Legal Officer and Corporate Secretary of Quebecor and Quebecor Media. Mr. Tremblay was previously Senior Vice-President, Chief Legal Officer and Public Affairs, and Corporate Secretary of Quebecor and Quebecor Media.

Telecommunications

- The Telecommunications segment grew its revenues by $22.0 million (2.7%) and its adjusted EBITDA by $5.8 million (1.4%) in the first quarter of 2019, despite the $10.9 million favourable retroactive adjustment recorded in the Telecommunications segment in the first quarter of 2018 related to roaming fees following a Canadian Radio-television and Telecommunications Commission ("CRTC") decision, creating an unfavourable variance in the year-over-year comparison for the first quarter of 2019. Without restatement of comparative figures following adoption of IFRS 16, adjusted EBITDA increased by $15.1 million (3.7%).

- Videotron significantly increased its revenues from mobile telephony ($15.6 million or 12.4%), Internet access ($12.0 million or 4.6%) and customer equipment sales ($3.7 million or 8.1%) in the first quarter of 2019.

- Videotron's total average billing per unit ("ABPU") was $49.47 in the first quarter of 2019 compared with $48.82 in the same period of 2018, a $0.65 (1.3%) increase. Mobile ABPU was $52.50 in the first quarter of 2019 compared with $53.25 in the same period of 2018, a 0.75 $ (-1.4%) decrease due in part to the popularity of bring your own device ("BYOD") plans, multi-line plans and the impact of the launch of Fizz, the new advantageously priced, fully digital mobile brand.

- There was a net increase of 23,300 revenue-generating units ("RGUs") (0.4%) in the first quarter of 2019, including 39,800 connections (3.4%) to the mobile telephony service, 10,900 subscriptions (2.6%) to the Club illico over-the-top video service ("Club illico") and 6,300 subscriptions (0.4%) to cable Internet access service.

- On April 10, 2019, Quebecor announced the purchase by Videotron of 10 blocks of low-frequency spectrum in the 600 MHz band in Innovation, Science and Economic Development Canada's ("ISED Canada") latest commercial mobile spectrum auction. The licences covering Eastern, Southern and Northern Québec, as well as Outaouais and Eastern Ontario areas and were acquired for $256.0 million.

- Videotron received many honours in the first quarter of 2019. It ranked first in customer experience among Canadian mobile carriers for the 3rd consecutive year according to the Forrester Customer Experience Index and was rated the most respected telecommunications company in Québec for the 14th consecutive year in the 2019 Léger Reputation survey. Videotron was also the most influential telecommunications brand in Québec for the 6th consecutive year, according to the 2019 Ipsos *Infopresse* index. Finally, Videotron made its appearance on Media Corp. Canada's list of Canada's 70 greenest employers in 2019.

Media

- On April 1, 2019, TVA Group Inc. ("TVA Group") closed the acquisition, announced on February 22, 2019, of the companies in the Incendo Media Inc. group, a Montréal-based producer and distributor of television programs for international markets, for a cash consideration of $12.0 million and a balance payable of $7.5 million, subject to certain adjustments.

- On February 13, 2019, TVA Group closed the acquisition of the companies in the Serdy Média inc. group, which owns and operates the Évasion and Zeste specialty channels, along with the companies in the Serdy Video Inc. group, for a total consideration of $23.5 million, net of acquired cash of $0.5 million. Post-closing adjustments estimated at $1.9 million are also payable. The transaction was announced on May 1, 2018 and received CRTC approval on January 14, 2019.

- According to the spring 2019 Vividata survey, *Le Journal de Montréal, Le Journal de Québec* and the free daily *24 heures* remain Québec's news leaders with nearly 4.0 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 9.3 million readers on all platforms.

Financial transactions

- On February 15, 2019, Quebecor Media amended its $300.0 million secured revolving credit facility, extending its term to July 2022. Certain conditions were also amended.

- On February 13, 2019, TVA Group amended its $150.0 million secured revolving credit facility, extending its term to February 2020. Certain conditions were also amended.

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, cash flows from segment operations and free cash flows from continuing operating activities, 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 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 other financial operating 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's parent company, Quebecor, 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 its 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 Quebecor Media 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 segment 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 the Corporation'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 March 31	
	2019	**2018**
Adjusted EBITDA (negative adjusted EBITDA):		
Telecommunications	**$ 423.0**	$ 417.2
Media	**1.2**	0.1
Sports and Entertainment	**(0.7)**	(0.7)
Head Office	**(0.8)**	0.6
	422.7	417.2
Depreciation and amortization	**(188.7)**	(186.8)
Financial expenses	**(71.5)**	(71.2)
Loss on valuation and translation of financial instruments	**(0.7)**	(1.4)
Restructuring of operations and other items	**(8.5)**	(6.5)
Income taxes	**(40.8)**	(41.5)
Income from discontinued operations	**97.5**	0.7
Net income	**$ 210.0**	$ 110.5

Adjusted EBITDA without restatement of comparative figures

Table 2 provides a reconciliation of adjusted EBITDA to net income for the first quarter of 2019, compared with the first quarter of 2018, without restatement of comparative figures following adoption of IFRS 16.

Table 2
Reconciliation of the adjusted EBITDA measure used in this report to the net income measure used in the condensed consolidated financial statements, without restatement of comparative figures following the adoption of IFRS 16
(in millions of Canadian dollars)

	Three months ended March 31	
	2019	**2018**
Adjusted EBITDA (negative adjusted EBITDA):		
Telecommunications	**$ 423.0**	$ 407.9
Media	**1.2**	(1.1)
Sports and Entertainment	**(0.7)**	(2.1)
Head Office	**(0.8)**	0.2
	422.7	404.9
Depreciation and amortization	**(188.7)**	(178.0)
Financial expenses	**(71.5)**	(68.3)
Loss on valuation and translation of financial instruments	**(0.7)**	(1.4)
Restructuring of operations and other items	**(8.5)**	(6.5)
Income taxes	**(40.8)**	(41.3)
Income from discontinued operations	**97.5**	0.7
Net income	**$ 210.0**	$ 110.1

Cash flows from segment operations

Cash flows from segment operations represents adjusted EBITDA, less additions to property, plant and equipment and to intangible assets, plus proceeds from disposal of assets. The Corporation uses cash flows from segment operations as a measure of the liquidity generated by its segments. Cash flows from segment operations represents funds available for interest and income tax payments, expenditures related to restructuring programs, business acquisitions, licence acquisitions and renewals, payment of dividends, reduction of paid-up capital, repayment of long-term debt and repurchase of shares. Cash flows from segment operations is not a measure of liquidity that is consistent with 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. Cash flows from segment operations is used by the Corporation's management and Board of Directors to evaluate cash flows generated by its segments' operations. The Corporation's definition of cash flows from segment operations may not be identical to similarly titled measures reported by other companies. When cash flows from segment operations is reported, a reconciliation to adjusted EBITDA is provided in the same section of the report.

Free cash flows from continuing operating activities

Free cash flows from continuing operating activities consists of cash flows provided by continuing operating activities calculated in accordance with IFRS, less additions to property, plant and equipment and to intangible assets, plus proceeds from disposal of assets. The Corporation uses free cash flows from continuing operating activities as a measure of total liquidity generated on a consolidated basis. Free cash flows from continuing operating activities represents funds available for business acquisitions, licence acquisitions and renewals, payment of dividends, reduction of paid-up capital, repayment of long-term debt and repurchase of shares. 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 other financial operating 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.

Table 7 provides a reconciliation of free cash flows from continuing operating activities of the Corporation to cash flows provided by continuing operating activities reported in the condensed consolidated financial statements.

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, cable television and Club illico services, and subscriber connections to the mobile telephony and cable 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, cable television, Club illico, mobile telephony and cable telephony services, by the total average number of RGUs from cable Internet, cable television, mobile telephony and cable 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 QUEBECOR MEDIA

2019/2018 first quarter comparison

Revenues: $1.03 billion, a $25.3 million (2.5%) increase.

- Revenues increased in Telecommunications ($22.0 million or 2.7% of segment revenues) and in Sports and Entertainment ($3.2 million or 8.6%).

- Revenues decreased in Media ($0.5 million or -0.3%).

Adjusted EBITDA: $422.7 million, a $5.5 million (1.3%) increase. Without restatement of comparative figures following adoption of IFRS 16, adjusted EBITDA increased by $17.8 million (4.4%).

- Adjusted EBITDA increased in Telecommunications ($5.8 million or 1.4% of segment adjusted EBITDA, despite the $10.9 million favourable retroactive adjustment recorded in the Telecommunications segment in the first quarter of 2018 related to roaming fees following a CRTC decision, creating an unfavourable variance in the year-over-year comparison for the first quarter of 2019). Without restatement of comparative figures following adoption of IFRS 16, the Telecommunications segment's adjusted EBITDA increased by $15.1 million (3.7%).

- Adjusted EBITDA increased in Media ($1.1 million).

- Adjusted EBITDA was stable in Sports and Entertainment.

- There was an unfavourable variance at Head Office ($1.4 million) due to a higher stock-based compensation charge, as well as increased philanthropic expenses.

- The change in the fair value of Quebecor stock options and in the value of Quebecor stock-price-based share units resulted in a $1.4 million unfavourable variance in the Corporation's stock-based compensation charge in the first quarter of 2019 compared with the same period of 2018.

Net income attributable to shareholders: $212.1 million in the first quarter of 2019 compared with $112.2 million in the same period of 2018. The $99.9 million increase was due primarily to:

- $96.8 million favourable variance in income from discontinued operations;

- $5.5 million increase in adjusted EBITDA.

Net income attributable to shareholders without restatement of comparative figures following adoption of IFRS 16: $212.1 million in the first quarter of 2019 compared with $111.8 million in the same period of 2018, a $100.3 million increase.

Depreciation and amortization charge: $188.7 million in the first quarter of 2019, a $1.9 million increase.

Financial expenses: $71.5 million in the first quarter of 2019, a $0.3 million increase. The increases in financial expenses are mainly explained by higher average indebtedness as a result of debt financing a portion of the repurchase of the Quebecor Media shares held by CDP Capital d'Amérique Investissements inc. ("CDP Capital") in the second quarter of 2018 and lower interest revenues generated by liquidity. The decreases in financial expenses are explained by the impact of interest revenues from Quebecor under loan agreements made in the second quarter of 2018 and by the lower average interest rate on the debt.

Loss on valuation and translation of financial instruments: $0.7 million in the first quarter of 2019 compared with $1.4 million in the same period of 2018, a $0.7 million favourable variance.

Charge for restructuring of operations and other items: $8.5 million in the first quarter of 2019 compared with $6.5 million in the same period of 2018, a $2.0 million unfavourable variance.

- A $5.0 million net restructuring charge was recognized in the first quarter of 2019 in connection with cost-reduction initiatives in the Corporation's various segments ($6.5 million in the first quarter of 2018). A $3.5 million charge for impairment of assets was also recognized in the first quarter of 2019 in connection with various restructuring initiatives.

Income tax expense: $40.8 million in the first quarter of 2019 (effective tax rate of 26.6%) compared with $41.5 million in the same period of 2018 (effective tax rate of 27.4%), a $0.7 million favourable variance.

SEGMENTED ANALYSIS

Telecommunications

First quarter 2019 operating results

Revenues: $840.7 million in the first quarter of 2019, a $22.0 million (2.7%) increase.

- Revenues from the mobile telephony service increased $15.6 million (12.4%) to $141.4 million, essentially due to an increase in the number of subscriber connections.

- Revenues from Internet access services increased $12.0 million (4.6%) to $273.6 million, mainly as a result of higher per-subscriber revenues, reflecting, among other things, the favourable impact of the product mix and increases in some rates, as well as customer growth, partially offset by a decrease in overage charges.

- Combined revenues from all cable television services decreased $3.5 million (-1.4%) to $245.2 million, due primarily to the impact of the net decrease in the customer base, partially offset by higher per-customer revenues.

- Revenues from the cable telephony service decreased $7.9 million (-8.3%) to $87.3 million, mainly because of the impact of the net decrease in subscriber connections and lower revenues per connection.

- Revenues from customer equipment sales increased $3.7 million (8.1%) to $49.2 million, mainly because of higher mobile device revenues.

- Other revenues increased $2.1 million (5.0%) to 44.0 million, mainly reflecting a $1.8 million (16.2%) increase in the revenues of Club illico to $12.9 million.

Total ABPU: Videotron's total ABPU was $49.47 in the first quarter of 2019 compared with $48.82 in the same period of 2018, a $0.65 (1.3%) increase. Mobile ABPU was $52.50 in the first quarter of 2019 compared with $53.25 in the same period of 2018, a $0.75 (-1.4%) decrease due in part to the popularity of BYOD plans, multi-line plans and the impact of the launch of Fizz, the new advantageously priced, fully digital mobile brand.

Customer statistics

RGUs — The total number of RGUs was 6,013,600 at March 31, 2019, an increase of 23,300 (0.4%) in the first quarter of 2019 (compared with an increase of 19,300 in the same period of 2018), and a 12-month increase of 113,200 (1.9%) (Table 3).

Mobile telephony service — The number of subscriber connections to the mobile telephony service stood at 1,193,600 at March 31, 2019, an increase of 39,800 (3.4%) in the first quarter of 2019 (compared with an increase of 23,300 in the same period of 2018), and a 12-month increase of 146,300 (14.0%) (Table 3).

Cable Internet access — The number of subscribers to cable Internet access services stood at 1,710,800 at March 31 2019, an increase of 6,300 (0.4%) in the first quarter of 2019 (compared with an increase of 8,100 in the same period of 2018), and a 12-month increase of 36,200 (2.2%) (Table 3). As of March 31, 2019, Videotron's cable Internet access services had a household and business penetration rate (number of subscribers as a proportion of the total 2,915,400 homes and businesses passed by Videotron's network as of March 31, 2019, up from 2,879,500 one year earlier) of 58.7% compared with 58.2% a year earlier.

Cable television — The number of subscribers to cable television services stood at 1,582,600 at March 31, 2019, a decrease of 14,700 (-0.9%) in the first quarter of 2019 (compared with a decrease of 15,000 in the same period of 2018), and a 12-month decrease of 42,900 (-2.6%) (Table 3). At March 31, 2019, the cable television service had a household and business penetration rate of 54.3% versus 56.5% a year earlier.

Cable telephony service — The number of subscriber connections to the cable telephony service stood at 1,094,900 at March 31, 2019, a decrease of 19,000 (-1.7%) in the first quarter of 2019 (compared with a decrease of 18,900 in the same period of 2018), and a 12-month decrease of 74,700 (-6.4%) (Table 3). At March 31, 2019, the cable telephony service had a household and business penetration rate of 37.6% versus 40.6% a year earlier.

Club illico — The number of subscribers to Club illico stood at 431,700 at March 31, 2019, an increase of 10,900 (2.6%) in the first quarter of 2019 (compared with an increase of 21,800 in the same period of 2018), and a 12-month increase of 48,300 (12.6%) (Table 3).

Table 3
Telecommunications segment quarter-end RGUs for the last eight quarters
(in thousands of units)

	March 2019	Dec. 2018	Sept. 2018	June 2018	March 2018	Dec. 2017	Sept. 2017	June 2017
Mobile telephony	**1,193.6**	1,153.8	1,120.7	1,079.2	1,047.3	1,024.0	990.3	953.3
Cable Internet	**1,710.8**	1,704.5	1,697.5	1,674.1	1,674.6	1,666.5	1,654.1	1,627.2
Cable television:	**1,582.6**	1,597.3	1,603.7	1,606.0	1,625.5	1,640.5	1,649.0	1,656.7
Cable telephony	**1,094.9**	1,113.9	1,131.1	1,148.2	1,169.6	1,188.5	1,205.4	1,221.0
Club illico	**431.7**	420.8	402.9	391.9	383.4	361.6	347.4	337.6
Total	**6,013.6**	5,990.3	5,955.9	5,899.4	5,900.4	5,881.1	5,846.2	5,795.8

Adjusted EBITDA: $423.0 million, a $5.8 million (1.4%) increase due primarily to:

- Impact of the net revenue increase;
- decreases in some operating expenses, including engineering, administrative and advertising expenses, partially offset by the unfavourable impact of start-up expenses for Fizz.

Partially offset by:

- $10.9 million favourable retroactive adjustment recorded in the Telecommunications segment in the first quarter of 2018 related to roaming fees following a CRTC decision, creating an unfavourable variance in the year-over-year comparison for the first quarter of 2019;
- Higher costs per mobile device sold.

Adjusted EBITDA without restatement of comparative figures following adoption of IFRS 16 increased by $15.1 million (3.7%).

Cost/revenue ratio: Operating costs for all Telecommunications segment operations, expressed as a percentage of revenues, were 49.7% in the first quarter of 2019 compared with 49.0% in the same period of 2018.

Cash flows from segment operations: $244.4 million in the first quarter of 2019 compared with $223.7 million in the same period of 2018 (Table 4). The $20.7 million increase was due to the $6.3 million decrease in additions to property, plant and equipment, mainly reflecting lower spending related to the leasing of digital set-top boxes and reduced investment in wired and wireless networks; a $6.4 million decrease in additions to intangible assets, due mainly to lower spending on the Internet Protocol television ("IPTV") project; and the $5.8 million increase in adjusted EBITDA.

Table 4: Telecommunications
Cash flows from operations
(in millions of Canadian dollars)

	Three months ended March 31	
	2019	2018
Adjusted EBITDA	**$ 423.0**	$ 417.2
Additions to property, plant and equipment	**(132.6)**	(138.9)
Additions to intangible assets	**(48.6)**	(55.0)
Proceeds from disposal of assets	**2.6**	0.4
Cash flows from segment operations	**$ 244.4**	$ 223.7

Media

Revenues: $172.7 million in the first quarter of 2019, a $0.5 million (-0.3%) decrease.

- Advertising revenues decreased by $2.5 million (-2.9%), mainly because of lower advertising revenues at the newspapers, TVA Network and the magazines, partially offset by higher advertising revenues at the specialty channels and Quebecor Out of Home.

- Subscription revenues increased by $0.7 million (1.4%), mainly because of higher subscription revenues at the specialty channels, partially offset by lower subscription revenues at the magazines.

- Other revenues increased by $1.3 million (3.5%), mainly because of higher revenues from film production and audiovisual services.

Adjusted EBITDA: $1.2 million in the first quarter of 2019, a $1.1 million favourable variance due primarily to:

- Decreases in some operating expenses, including labour and marketing expenses in the newspaper publishing business, subscription expenses at the magazines and content costs in the broadcasting business, partially offset by higher digital expenses.

Cost/revenue ratio: Employee costs and purchases of goods and services for all Media segment operations, expressed as a percentage of revenues, were 99.3% in the first quarter of 2019 compared with 99.9% in the same period of 2018. The reduction was mainly due to the decrease in operating expenses.

Cash flows from segment operations: Negative $7.1 million in the first quarter of 2019 compared with negative $6.4 million in the same period of 2018 (Table 5). The $0.7 million unfavourable variance was due to the $1.8 million increase in additions to property, plant and equipment and to intangible assets, partially offset by the $1.1 million increase in adjusted EBITDA.

Table 5: Media
Cash flows from operations
(in millions of Canadian dollars)

	Three months ended March 31	
	2019	**2018**
Adjusted EBITDA	**$ 1.2**	$ 0.1
Additions to property, plant and equipment	**(6.7)**	(5.0)
Additions to intangible assets	**(1.6)**	(1.5)
Cash flows from segment operations	**$ (7.1)**	$ (6.4)

Sports and Entertainment

Revenues: $40.4 million in the first quarter of 2019, a $3.2 million (8.6%) increase due mainly to higher revenues from book distribution.

Adjusted EBITDA: Negative $0.7 million in the first quarter of 2019, stable compared with the same period of 2018.

Cash flows from segment operations: Negative $2.2 million in the first quarter of 2019 compared with negative $1.9 million in the same period of 2018 (Table 6). The $0.3 million unfavourable variance was due to the increase in additions to property, plant and equipment.

Table 6: Sports and Entertainment
Cash flows from operations
(in millions of Canadian dollars)

	Three months ended March 31	
	2019	**2018**
Adjusted EBITDA	**$ (0.7)**	$ (0.7)
Additions to property, plant and equipment	**(0.5)**	(0.2)
Additions to intangible assets	**(1.0)**	(1.0)
Cash flows from segment operations	**$ (2.2)**	$ (1.9)

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

Cash flows provided by continuing operating activities: $203.3 million in the first quarter of 2019 compared with $304.4 million in the same period of 2018.

The $101.1 million decrease was mainly due to:

- $121.7 million unfavourable change in non-cash operating assets and liabilities, due primarily to the unfavourable variance in income tax payable in the Telecommunications segment.

Partially offset by:

- $14.2 million decrease in current income taxes;
- $5.8 million increase in the Telecommunications segment's adjusted EBITDA.

The unfavourable variance in income tax payable in the Telecommunications segment had an unfavourable impact on cash flows provided by continuing operating activities in the first quarter of 2019 compared with the same quarter of 2018, while the Telecommunications segment's increased profitability had a favourable impact.

Working capital: Negative $246.2 million at March 31, 2019 compared with negative $301.6 million at December 31, 2018. The $55.4 million favourable variance was due primarily to the decrease in accounts payable and accrued charges and in net income tax payable, partially offset by the decrease in net assets held for sale and in accounts receivable.

Investing activities

Additions to property, plant and equipment: $139.8 million in the first quarter of 2019 compared with $144.2 million in the same period of 2018. The $4.4 million decrease was due primarily to decreased spending related to the leasing of digital set-top boxes and decreased investment in wired and wireless networks in the Telecommunications segment.

Additions to intangible assets: $51.2 million in the first quarter of 2019 compared with $56.9 million in the same period of 2018. The $5.7 million decrease was due primarily to lower investment in the IPTV project in the Telecommunications segment.

Proceeds from disposal of assets: $2.6 million in the first quarter of 2019 compared with $0.4 million in the same period of 2018.

Business acquisitions: $23.5 million in the first quarter of 2019 compared with $2.7 million in the same period of 2018.

- In the first quarter of 2019, business acquisitions consisted of the acquisition of the companies in the Serdy Média inc. and Serdy Video Inc. groups in the Media segment.

Business disposals: $261.6 million in the first quarter of 2019, consisting of the sale of the operations of the 4Degrees Colocation data centres.

Loans to the parent company: $36.0 million in the first quarter of 2019.

- During the first quarter of 2019, Quebecor made a drawdown of $36.0 million on its loan agreements with Quebecor Media.

Free cash flows from continuing operating activities of Quebecor Media

Free cash flows from continuing operating activities: $14.9 million in the first quarter of 2019 compared with $103.7 million in the same period of 2018 (Table 7). The $88.8 million decrease was primarily due to:

- $101.1 million decrease in cash flows provided by continuing operating activities.

Partially offset by:

- $10.1 million decrease in additions to property, plant and equipment and to intangible assets.

Table 7
Cash flows provided by continuing operating activities reported in the condensed consolidated financial statements and free cash flows from continuing operating activities
(in millions of Canadian dollars)

	Three months ended March 31	
	2019	**2018**
Adjusted EBITDA (negative adjusted EBITDA):		
Telecommunications	**$ 423.0**	$ 417.2
Media	**1.2**	0.1
Sports and Entertainment	**(0.7)**	(0.7)
Head Office	**(0,8)**	0.6
	422.7	417.2
Cash interest expense[1]	**(69.6)**	(69.5)
Cash portion related to restructuring of operations and other items[2]	**(5.0)**	(6.5)
Current income taxes	**(45.6)**	(59.8)
Other	**(1.6)**	(1.1)
Net change in non-cash balances related to operating activities	**(97.6)**	24.1
Cash flows provided by continuing operating activities	**203.3**	304.4
Additions to property, plant and equipment and to intangible assets, less proceeds from disposal of assets:		
Telecommunications	**(178.6)**	(193.5)
Media	**(8.3)**	(6.5)
Sports and Entertainment	**(1.5)**	(1,2)
Head Office	**—**	0.5
	(188.4)	(200.7)
Free cash flows from continuing operating activities	**14.9**	103.7

1 Interest on long-term debt, interest on lease liabilities, interest on net defined benefit liability, impact of foreign currency translation on short-term monetary items and other financial expenses (see note 5 to the condensed consolidated financial statements).
2 Restructuring of operations and other items (see note 6 to the condensed consolidated financial statements).

Financing activities

Consolidated debt (long-term debt plus bank indebtedness): $273.4 million reduction in the first quarter 2019; $114.0 million net unfavourable variance in assets and liabilities related to derivative financial instruments.

- Debt reductions in the first quarter of 2019 essentially consisted of:

    - $180.2 million net reduction in drawings on the revolving bank credit facilities of Videotron, TVA Group and Quebecor Media;

    - $96.6 million favourable impact of exchange rate fluctuations; the consolidated debt reduction attributable to this item was offset by the decrease in the asset (or increase in the liability) related to cross-currency swap agreements entered under "Derivative financial instruments."

- Assets and liabilities related to derivative financial instruments totalled a net asset of $773.0 million at March 31, 2019 compared with $887.0 million at December 31, 2018. The $114.0 million net unfavourable variance was mainly due to:

    - unfavourable impact of exchange rate fluctuations on the value of derivative financial instruments;

    - unfavourable impact of interest rate trends in Canada, compared with the United States, on the fair value of derivative financial instruments.

- During the first quarter of 2019, Quebecor made a drawdown of $36.0 million on the loan agreement with Quebecor Media. As of March 31, 2019, the outstanding balance on the various loans to the parent corporation was $632.1 million ($596.1 million as of December 31, 2018).

- On February 15, 2019, Quebecor Media amended its $300.0 million secured revolving credit facility, extending its term to July 2022. Certain conditions were also amended.

- On February 13, 2019, TVA Group amended its $150.0 million secured revolving credit facility, extending its term to February 2020. Certain conditions were also amended.

Financial position

Net available liquidity: $1.25 billion at March 31, 2019 for Quebecor Media and its wholly owned subsidiaries, consisting of $1.26 billion in available unused revolving credit facilities, less $5.8 million in bank indebtedness.

Consolidated debt (long-term debt plus bank indebtedness): $6.13 billion at March 31, 2019, a $273.4 million decrease compared with December 31, 2018; $114.0 million net unfavourable variance in assets and liabilities related to derivative financial instruments (see "Financing activities" above).

- Consolidated debt essentially consisted of Videotron's $3.96 billion debt ($4.23 billion at December 31, 2018); TVA Group's $72.3 million debt ($52.8 million at December 31, 2018); and Quebecor Media's $2.09 billion debt ($2.12 billion at December 31, 2018).

As at March 31, 2019, minimum principal payments on long-term debt in the coming years were as follows:

Table 8
Minimum principal payments on Quebecor Media's long-term debt
12-month periods ended March 31
(in millions of Canadian dollars)

2020	$ 67.2
2021	437.4
2022	—
2023	2,713.6
2024	532.8
2025 and thereafter	2,376.8
Total	**$ 6,127.8**

From time to time, Quebecor Media may (but is under no obligation to) seek to retire or purchase its outstanding Senior Notes 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 Media's consolidated debt was approximately 4.8 years as of March 31, 2019 (5.1 years as of December 31, 2018). As at March 31, 2019, after taking into account hedging instruments, the debt consisted of approximately 78.9% fixed-rate debt (76.2 % as of December 31, 2018) and 21.1 % floating-rate debt (23.8 % as of December 31, 2018).

The Corporation's management 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 dividends or distributions to shareholders in the future. The Corporation has access to cash flows generated by its subsidiaries through dividends (or distributions) and cash advances paid by its wholly owned subsidiaries. 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. The key indicators listed in those financing agreements include debt service coverage ratio and debt ratio (long-term debt over adjusted EBITDA). At March 31, 2019, the Corporation was in compliance with all required financial ratios.

Dividends declared and paid

- On March 12, 2019, the Board of Directors of Quebecor Media declared a dividend in the amount of $25.0 million, which was paid to shareholders on March 13, 2019.

- On May 8, 2019, the Board of Directors of Quebecor Media declared a dividend in the amount of $25.0 million, which was paid to shareholders on May 9, 2019.

600 MHz spectrum auction

On April 10, 2019, Quebecor announced the purchase by Videotron of 10 blocks of low-frequency spectrum in the 600 MHz band in ISED Canada's latest commercial mobile spectrum auction. The licences covering Eastern, Southern and Northern Québec, as well as Outaouais and Eastern Ontario areas and were acquired for $256.0 million.

Analysis of consolidated balance sheet as at March 31, 2019

Table 9
Consolidated balance sheet of Quebecor Media
Analysis of main differences between March 31, 2019 and December 31, 2018
(in millions of Canadian dollars)

	March 31, 2019	December 31, 2018	Difference	Main reasons for difference
Assets				
Accounts receivable	**$ 521.2**	$ 562.1	$ (40.9)	Impact of current variances in activity
Net assets held for resale[1]	**—**	88.4	(88.4)	Sale of 4Degrees Colocation
Property, plant and equipment	**3,381.2**	3,429.0	(47.8)	Depreciation for the period less additions to property, plant and equipment on an accrual basis
Loans to parent corporation	**632.1**	596.1	36.0	See "Investing activities"
Derivative financial instruments[2]	**773.0**	887.0	(114.0)	See "Financing activities"
Liabilities				
Accounts payable and accrued charges	**736.0**	820.5	(84.5)	Impact of current variances in activity
Income taxes[3]	**21.2**	114.4	(93.2)	Current disbursments less current income taxes for the period
Long-term debt, including short-term portion and bank indebtedness	**6,125.9**	6,399.3	(273.4)	See "Financing activities"
Other long-term liabilities	**266.4**	209.0	57.4	Contingent consideration related to the sale of 4Degrees Colocation.

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

ADDITIONAL INFORMATION

Contractual obligations

At March 31, 2019, material contractual obligations of operating activities included: capital repayment and interest payments on long-term debt 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 10 below shows a summary of these contractual obligations.

Table 10
Contractual obligations of Quebecor Media as of March 31, 2019
(in millions of Canadian dollars)

	Total	Under 1 year	1-3 years	3-5 years	5 years or more
Long-term debt[1]	**$ 6 127.8**	$ 67.2	$ 437.4	$ 3 246.4	$ 2 376.8
Interest payments on long-term debt[2]	**1 391.7**	214.3	560.1	386.6	230.7
Lease liabilities	**172.9**	38.2	48.1	29.2	57.4
Interest payments on lease liabilities	**59.1**	9.2	13.4	9.6	26.9
Additions to property, plant and equipment and other commitments	**1 722.2**	391.3	625.1	276.4	429.4
Derivative financial instruments[3]	**(800.6)**	0.3	(95.3)	(570.4)	(135.2)
Total contractual obligations	**$ 8 673.1**	**$ 720.5**	**$ 1 588.8**	**$ 3 377.8**	**$ 2 986.0**

1 The carrying value of long-term debt excludes adjustments to record changes in the fair value of long-term debt related to hedged interest rate risk and financing fees.
2 Estimated interest payable on long-term debt, based on interest rates, hedging of interest rates and hedging of foreign exchange rates as of March 31, 2019.
3 Estimated future receipts, net of future disbursements, on derivative financial instruments related to foreign exchange hedging.

Related party transactions

The following describes transactions in which the Corporation and its directors, executive officers and affiliates are involved. The Corporation believes that each of the transactions described below was on terms no less favourable to Quebecor Media than could have been obtained from independent third parties.

Operating transactions

During the first quarter of 2019, the Corporation made sales to affiliated companies in the amount of $0.9 million ($0.7 million in the same period of 2018). The Corporation is also engaged in leases with its parent corporation. As of March 31, 2019, the lease liability with the parent corporation amounted to $34.4 million ($35.0 million as of December 31, 2018), while $0.6 million of interests were incurred during the three-month period ended March 31, 2019 ($0.7 million in the same period of 2018). These transactions were accounted for at the consideration agreed between the parties.

Management arrangements

The parent corporation has entered into management arrangements with the Corporation. Under these management arrangements, the parent corporation and the Corporation provide management services to each other on a cost-reimbursement basis. The expenses subject to reimbursement include the salaries of the Corporation's executive officers, who also serve as executive officers of the parent corporation.

During the first quarter of 2019, the Corporation received an amount of $0.6 million, which is included as a reduction in employee costs ($0.6 million in the same period of 2018), and incurred management fees of $0.6 million ($0.6 million in the same period of 2018) with shareholders.

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, 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 and derivative financial instruments as of March 31, 2019 and December 31, 2018 were as follows:

Table 11
Fair value of long-term debt and derivative financial instruments
(in millions of Canadian dollars)

	March 31, 2019		December 31, 2018	
Asset (liability)	**Carrying value**	**Fair value**	**Carrying value**	**Fair value**
Long-term debt[1]	**$ (6,127.8)**	**$ (6,334.3)**	$ (6,408.2)	$ (6,391.5)
Derivative financial instruments				
Foreign exchange forward contracts	**1.4**	**1.4**	6.7	6.7
Cross-currency interest rate swaps	**771.6**	**771.6**	880.3	880.3

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

The fair value of long-term debt 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 year-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 losses and gains on valuation and translation of financial instruments in the first quarters of 2019 and 2018 are summarized in Table 12.

Table 12
Loss (gain) on valuation and translation of financial instruments
(in millions of Canadian dollars)

	Three months ended March 31	
	2019	**2018**
Loss (gain) on the ineffective portion of fair value hedges	**$ 0.6**	$ (0.1)
Loss on the ineffective portion of cash flow hedges	**0.1**	1.5
	$ 0.7	$ 1.4

A $19.3 million loss was recorded under "Other comprehensive income" in the first quarter of 2019 in relation to cash flow hedging relationships ($43.1 million in the first quarter of 2018).

Contingencies and legal disputes

Lawsuits were brought by and against the Corporation in connection with business disputes between the Corporation and a competitor. At this stage in the proceedings, management of the Corporation does not expect their outcome to have a material effect on Corporation's results or financial position.

Changes in accounting policies

(i) IFRS 16 — *Leases*

On January 1, 2019, the Corporation adopted on a fully retrospective basis the new rules under IFRS 16 which set out new principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract. The standard provides lessees with a single accounting model for all leases, with certain exemptions. In particular, lessees are required to report most leases on their balance sheets by recognizing right-of-use assets and related financial liabilities. Assets and liabilities arising from a lease are initially measured on a present value basis.

The adoption of IFRS 16 had significant impacts on the consolidated financial statements since all of the Corporation segments are engaged in various long-term leases relating to premises and equipment.

Under IFRS 16, most lease charges are now expensed as a depreciation of the right-of-use asset, along with an interest on the related lease liability. Since operating lease charges were recognized as operating expenses as they were incurred under the previous standard, the adoption of IFRS 16 has changed the timing of the recognition of these lease charges over the term of each lease. It has also affected the classification of expenses in the consolidated statements of income.

Principal payments on the lease liability are also now presented as financing activities in the consolidated statements of cash flows, whereas under the previous standard these payments were presented as operating activities.

The retroactive adoption of IFRS 16 had the following impacts on the comparative consolidated financial figures:

Consolidated statements of income and comprehensive income

Increase (decrease)	Three months ended March 31, 2018
Purchase of goods and services	$ (12.3)
Depreciation and amortization	8.8
Financial expenses	2.9
Deferred income tax expense	0.2
Net income and comprehensive income attributable to shareholders	$ 0.4

Consolidated balance sheets

Increase (decrease)	December 31, 2018	December 31, 2017
Other current assets	$ (2.2)	$ (2.2)
Property, plant and equipment	15.5	15.5
Right-of-use assets	135.6	159.0
Provisions	(1.5)	(1.4)
Lease liabilities[1, 2]	179.5	205.2
Other liabilities	(4.3)	(3.4)
Deferred income tax liability	(6.5)	(7.4)
Deficit	18.1	20.3
Non-controlling interest	(0.2)	(0.4)

[1] The current portion of lease liabilities is $38.5 million as of December 31, 2018 and $42.0 million as of December 31, 2017.

[2] Includes a lease liability with the parent corporation of $35.0 million as of December 31, 2018 and $37.3 million as of December 31, 2017.

(ii) IFRIC 23 - *Uncertainty over Income Tax Treatments*

IFRIC 23 provides guidance on how to value uncertain income tax positions based on the probability of whether or not the relevant tax authorities will accept the Corporation's tax treatments.

The adoption of IFRIC 23 had no impact on the consolidated financial statements.

Cautionary statement regarding forward-looking statements

This report contains forward-looking statements with respect to the Corporation's financial condition, results of operations, business, and certain of its plans and objectives. These forward-looking statements are made pursuant to the "Safe Harbor" provisions of the United States *Private Securities Litigation Reform Act of 1995*. These forward-looking statements are based on current expectations, estimates, forecasts and projections about the industries in which the Corporation operates, as well as beliefs and assumptions made by its management. Such statements include, in particular, statements about the Corporation's plans, prospects, financial position and business strategies. Words such as "may," "will," "expect," "continue," "intend," "estimate," "anticipate," "plan," "foresee," "believe," or "seek," or the negatives of those terms or variations of them or similar terminology, are intended to identify such forward-looking statements. Although the Corporation believes that the expectations reflected in these forward-looking statements are reasonable, these statements, by their nature, involve risks and uncertainties and are not guarantees of future performance. Such statements are also subject to assumptions concerning, among other things: the Corporation's anticipated business strategies; anticipated trends in its business; anticipated reorganizations of any of its segments or businesses, and any related restructuring provisions or impairment charges; and its ability to continue to control costs. The Corporation can give no assurance that these estimates and expectations will prove to have been correct. Actual outcomes and results may, and often do, differ from what is expressed, implied or projected in such forward-looking statements, and such differences may be material. 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 Quebecor Media's Telecommunications, Media and Sports and Entertainment businesses;
- The intensity of competitive activity in the industries in which Quebecor Media 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 Media's business;
- Quebecor Media'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 cable television, Internet access, mobile and

cable telephony, and Club illico services, and its ability to protect such services against piracy, unauthorized access and other security breaches;

- Labour disputes or strikes;
- 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 Media’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 Quebecor Media’s interest payment requirements on long term debt.

The Corporation cautions investors and others that the above list of cautionary statements is not exhaustive. These and other factors are discussed in further detail in the Annual Report on Form 20-F under “Item 3. Key Information — B. Risk Factors.” Each of these forward-looking statements speaks only as of the date of this report. The Corporation disclaims any obligation to update these statements unless applicable securities laws require it to do so. The Corporation advises investors and others to consult any documents it may file with or furnish to the U.S. Securities and Exchange Commission.

QUEBECOR MEDIA INC.
CONSOLIDATED STATEMENTS OF INCOME

(in millions of Canadian dollars)
(unaudited)

	Note	Three months ended March 31 2019	Three months ended March 31 2018 (restated, note 2)
Revenues	3	**$ 1,027.3**	$ 1,002.0
Employee costs	4	**180.0**	179.1
Purchase of goods and services	4	**424.6**	405.7
Depreciation and amortization		**188.7**	186.8
Financial expenses	5	**71.5**	71.2
Loss on valuation and translation of financial instruments		**0.7**	1.4
Restructuring of operations and other items	6	**8.5**	6.5
Income before income taxes		**153.3**	151.3
Income taxes (recovery):			
Current		**45.6**	59.8
Deferred		**(4.8)**	(18.3)
		40.8	41.5
Income from continuing operations		**112.5**	109.8
Income from discontinued operations	14	**97.5**	0.7
Net income		**$ 210.0**	$ 110.5
Income (loss) from continuing operations attributable to			
Shareholders		**$ 114.6**	$ 111.5
Non-controlling interests		**(2.1)**	(1.7)
Net income (loss) attributable to			
Shareholders		**$ 212.1**	$ 112.2
Non-controlling interests		**(2.1)**	(1.7)

See accompanying notes to condensed consolidated financial statements.

QUEBECOR MEDIA INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in millions of Canadian dollars)
(unaudited)

	Three months ended March 31	
	2019	**2018** (restated, note 2)
Income from continuing operations	**$ 112.5**	$ 109.8
Other comprehensive loss:		
Items that may be reclassified to income:		
Cash flow hedges:		
Loss on valuation of derivative financial instruments	**(19.3)**	(43.1)
Deferred income taxes	**6.5**	3.8
	(12.8)	(39.3)
Comprehensive income from continuing operations	**99.7**	70.5
Income from discontinued operations	**97.5**	0.7
Comprehensive income	**$ 197.2**	$ 71.2
Comprehensive income (loss) from continuing operations attributable to		
Shareholders	**$ 101.8**	$ 72.2
Non-controlling interests	**(2.1)**	(1.7)
Comprehensive income (loss) attributable to		
Shareholders	**$ 199.3**	$ 72.9
Non-controlling interests	**(2.1)**	(1.7)

See accompanying notes to condensed consolidated financial statements.

QUEBECOR MEDIA INC.
SEGMENTED INFORMATION

(in millions of Canadian dollars)
(unaudited)

	Three months ended March 31, 2019				
	Telecommunications	**Media**	**Sports and Entertainment**	**Head office and Inter-segments**	**Total**
Revenues	**$ 840.7**	**$ 172.7**	**$ 40.4**	**$ (26.5)**	**$ 1,027.3**
Employee costs	**103.7**	**57.5**	**9.7**	**9.1**	**180.0**
Purchase of goods and services	**314.0**	**114.0**	**31.4**	**(34.8)**	**424.6**
Adjusted EBITDA[1]	**423.0**	**1.2**	**(0.7)**	**(0.8)**	**422.7**
Depreciation and amortization					**188.7**
Financial expenses					**71.5**
Loss on valuation and translation of financial instruments					**0.7**
Restructuring of operations and other items					**8.5**
Income before income taxes					**$ 153.3**
Additions to property, plant and equipment	**$ 132.6**	**$ 6.7**	**$ 0.5**	**$ —**	**$ 139.8**
Additions to intangible assets	**48.6**	**1.6**	**1.0**	**—**	**51.2**

	Three months ended March 31, 2018 (restated, note 2)				
	Telecommunications	**Media**	**Sports and Entertainment**	**Head office and Inter-segments**	**Total**
Revenues	$ 818.7	$ 173.2	$ 37.2	$ (27.1)	$ 1,002.0
Employee costs	102.2	59.3	9.7	7.9	179.1
Purchase of goods and services	299.3	113.8	28.2	(35.6)	405.7
Adjusted EBITDA[1]	417.2	0.1	(0.7)	0.6	417.2
Depreciation and amortization					186.8
Financial expenses					71.2
Loss on valuation and translation of financial instruments					1.4
Restructuring of operations and other items					6.5
Income before income taxes					$ 151.3
Additions to property, plant and equipment	$ 138.9	$ 5.0	$ 0.2	$ 0.1	$ 144.2
Additions to intangible assets	55.0	1.5	1.0	(0.6)	56.9

[1] The Chief Executive Officer uses adjusted EBITDA as the measure of profit to assess the performance of each segment. Adjusted EBITDA is referred as a non-IFRS measure and is defined as net income before depreciation and amortization, financial expenses, loss on valuation and translation of financial instruments, restructuring of operations and other items, income taxes and income from discontinued operations.

See accompanying notes to condensed consolidated financial statements.

QUEBECOR MEDIA INC.
CONSOLIDATED STATEMENTS OF EQUITY

(in millions of Canadian dollars)
(unaudited)

	Equity attributable to shareholders				Equity attributable to non-controlling interests	Total equity
	Capital stock (note 10)	Contributed surplus	Deficit	Accumulated other comprehensive loss (note 12)		
Balance as of December 31, 2017 as previously reported	$ 3,630.8	$ 1.3	$ (1,113.0)	$ (60.4)	$ 86.3	$ 2,545.0
Changes in accounting policies (note 2)	—	—	(20.3)	—	(0.4)	(20.7)
Balance as of December 31, 2017, as restated	3,630.8	1.3	(1,133.3)	(60.4)	85.9	2,524.3
Net income (loss)	—	—	112.2	—	(1.7)	110.5
Other comprehensive loss	—	—	—	(39.3)	—	(39.3)
Dividends	—		(25.0)		(0.2)	(25.2)
Balance as of March 31, 2018	3,630.8	1.3	(1,046.1)	(99.7)	84.0	2,570.3
Net income	—	—	428.1	—	4.3	432.4
Other comprehensive income	—	—	—	18.4	0.2	18.6
Dividends	—	—	(75.0)	—	0.1	(74.9)
Repurchase of shares	(611.1)	—	(928.9)	—	—	(1,540.0)
Balance as of December 31, 2018	3,019.7	1.3	(1,621.9)	(81.3)	88.6	1,406.4
Net income (loss)	—	—	212.1	—	(2.1)	210.0
Other comprehensive loss	—	—	—	(12.8)	—	(12.8)
Dividends	—	—	(25.0)	—	—	(25.0)
Balance as of March 31, 2019	**$ 3,019.7**	**$ 1.3**	**$ (1,434.8)**	**$ (94.1)**	**$ 86.5**	**$ 1,578.6**

See accompanying notes to condensed consolidated financial statements.

QUEBECOR MEDIA INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions of Canadian dollars)
(unaudited)

	Note	Three months ended March 31 2019	2018 (restated, note 2)
Cash flows related to operating activities			
Income from continuing operations		$ **112.5**	$ 109.8
Adjustments for:			
Depreciation of property, plant and equipment		**150.6**	150.9
Amortization of intangible assets		**28.6**	26.2
Amortization of right-of-use assets		**9.5**	9.7
Loss on valuation and translation of financial instruments		**0.7**	1.4
Impairment of assets	6	**3.5**	—
Amortization of financing costs and long-term debt discount	5	**1.9**	1.7
Deferred income taxes		**(4.8)**	(18.3)
Other		**(1.6)**	(1.1)
		300.9	280.3
Net change in non-cash balances related to operating activities		**(97.6)**	24.1
Cash flows provided by continuing operating activities		**203.3**	304.4
Cash flows related to investing activities			
Business acquisitions	7	**(23.5)**	(2.7)
Business disposals	14	**261.6**	—
Additions to property, plant and equipment		**(139.8)**	(144.2)
Additions to intangible assets		**(51.2)**	(56.9)
Proceeds from disposal of assets		**2.6**	0.4
Loans to the parent corporation	8	**(36.0)**	—
Other		**(1.1)**	(0.6)
Cash flows provided by (used in) continuing investing activities		**12.6**	(204.0)
Cash flows related to financing activities			
Net change in bank indebtedness		**3.1**	—
Net change under revolving facilities		**(180.7)**	—
Repayment of long-term debt		**(3.7)**	(3.4)
Repayment of lease liabilities		**(10.5)**	(9.9)
Dividends		**(25.0)**	(25.0)
Dividends paid to non-controlling interests		**—**	(0.2)
Cash flows used in continuing financing activities		**(216.8)**	(38.5)
Net change in cash and cash equivalents		**(0.9)**	61.9
Cash flows (used in) provided by discontinued operations	14	**(2.3)**	2.2
Cash and cash equivalents at beginning of period		**21.0**	864.9
Cash and cash equivalents at end of period		$ **17.8**	$ 929.0
Cash and cash equivalents consist of			
Cash		$ **4.8**	$ 928.7
Cash equivalents		**13.0**	0.3
		$ **17.8**	$ 929.0
Interest and taxes reflected as operating activities			
Cash interest payments		$ **47.1**	$ 42.3
Cash income tax payments (net of refunds)		**138.7**	14.2

See accompanying notes to condensed consolidated financial statements.

QUEBECOR MEDIA INC.
CONSOLIDATED BALANCE SHEETS

(in millions of Canadian dollars)
(unaudited)

	Note	March 31 2019	December 31 2018 (restated, note 2)	December 31 2017 (restated, note 2)
Assets				
Current assets				
Cash and cash equivalents		**$ 17.8**	$ 21.0	$ 864.9
Accounts receivable		**521.2**	562.1	543.0
Contract assets		**147.1**	144.4	132.8
Income taxes		**9.5**	4.8	29.3
Inventories		**201.3**	186.3	188.1
Other current assets		**132.8**	118.2	117.5
Assets held for sale	14	**—**	95.0	—
		1,029.7	1,131.8	1,875.6
Non-current assets				
Property, plant and equipment		**3,381.2**	3,429.0	3,569.8
Intangible assets		**1,151.6**	1,135.3	983.1
Goodwill		**2,684.5**	2,678.3	2,695.8
Right-of-use assets		**130.6**	135.6	159.0
Derivative financial instruments		**779.7**	887.0	591.8
Deferred income taxes		**37.5**	51.8	33.2
Loans to the parent corporation	8	**632.1**	596.1	—
Other assets		**199.6**	201.5	185.0
		8,996.8	9,114.6	8,217.7
Total assets		**$ 10,026.5**	$ 10,246.4	$ 10,093.3
Liabilities and equity				
Current liabilities				
Bank indebtedness		**$ 27.4**	$ 24.3	$ —
Accounts payable and accrued charges		**736.0**	820.5	725.6
Provisions		**26.5**	27.0	24.0
Deferred revenue		**349.9**	340.7	346.8
Income taxes		**30.7**	119.2	13.3
Current portion of long-term debt	9	**67.2**	56.6	19.1
Current portion of lease liabilities		**38.2**	38.5	42.0
Liabilities held for sale	14	**—**	6.6	—
		1,275.9	1,433.4	1,170.8
Non-current liabilities				
Long-term debt	9	**6,031.3**	6,318.4	5,292.6
Derivative financial instruments		**6.7**	—	34.1
Lease liabilities		**134.7**	141.0	163.2
Deferred income taxes		**732.9**	738.2	716.7
Other liabilities		**266.4**	209.0	191.6
		7,172.0	7,406.6	6,398.2
Equity				
Capital stock	10	**3,019.7**	3,019.7	3,630.8
Contributed surplus		**1.3**	1.3	1.3
Deficit		**(1,434.8)**	(1,621.9)	(1,133.3)
Accumulated other comprehensive loss	12	**(94.1)**	(81.3)	(60.4)
Equity attributable to shareholders		**1,492.1**	1,317.8	2,438.4
Non-controlling interests		**86.5**	88.6	85.9
		1,578.6	1,406.4	2,524.3
Contingencies	15			
Subsequent events	16			
Total liabilities and equity		**$ 10,026.5**	$ 10,246.4	$ 10,093.3

See accompanying notes to condensed consolidated financial statements.

Quebecor Media Inc. ("Quebecor Media" or the "Corporation") is incorporated under the laws of Québec and, is a wholly owned subsidiary of Quebecor Inc. ("Quebecor" or the "parent corporation") since June 22, 2018. Unless the context otherwise requires, Quebecor Media or the Corporation refer to Quebecor Media and its subsidiaries. The Corporation's head office and registered office is located at 612 rue Saint-Jacques, Montréal (Québec), Canada.

The Corporation operates, through its subsidiaries, in the following industry segments: Telecommunications, Media, and Sports and Entertainment. The Telecommunications segment offers television distribution, Internet access, business solutions, cable and mobile telephony and over-the-top video services in Canada and is engaged in the rental of movies and televisual products through its video-on-demand service and video rental stores. The operations of the Media segment in Québec include the operation of an over-the-air television network and specialty television services, the operation of soundstage and equipment leasing and post-production services for the film and television industries, the printing, publishing and distribution of daily newspapers, the operation of Internet portals and specialized Web sites, the publishing and distribution of magazines, the distribution of movies, and the operation of an out-of-home advertising business. The activities of the Sports and Entertainment segment in Québec encompass the operation and management of the Videotron Centre in Québec City, show production, sporting and cultural events management, the publishing and distribution of books, the distribution and production of music, and the operation of two Quebec Major Junior Hockey League teams.

The Media segment experiences significant seasonality due, among other factors, to seasonal advertising patterns and influences on people's viewing, reading and listening habits. Because the Media segment depends on the sale of advertising for a significant portion of its revenue, operating results are also sensitive to prevailing economic conditions, including changes in local, regional and national economic conditions, particularly as they may affect advertising expenditures. Accordingly, the results of operations for interim periods should not necessarily be considered indicative of full-year results due to the seasonality of certain operations.

1. BASIS OF PRESENTATION

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), except that they do not include all disclosures required under IFRS for annual consolidated financial statements. In particular, these consolidated financial statements were prepared in accordance with IAS 34, *Interim Financial Reporting*, and accordingly, they are condensed consolidated financial statements. These condensed consolidated financial statements should be read in conjunction with the Corporation's 2018 annual consolidated financial statements, which contain a description of the accounting policies used in the preparation of these condensed consolidated financial statements.

These condensed consolidated financial statements were approved for issue by the Board of Directors of Quebecor Media on May 8, 2019.

Comparative figures for previous periods have been restated to conform to the presentation adopted for the three-month period ended March 31, 2019.

(tabular amounts in millions of Canadian dollars, except for option data)

2. CHANGES IN ACCOUNTING POLICIES

(i) IFRS 16 — *Leases*

On January 1, 2019, the Corporation adopted on a fully retrospective basis the new rules under IFRS 16 which set out new principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract. The standard provides lessees with a single accounting model for all leases, with certain exemptions. In particular, lessees are required to report most leases on their balance sheets by recognizing right-of-use assets and related financial liabilities. Assets and liabilities arising from a lease are initially measured on a present value basis.

The adoption of IFRS 16 had significant impacts on the consolidated financial statements since all of the Corporation segments are engaged in various long-term leases relating to premises and equipment.

Under IFRS 16, most lease charges are now expensed as a depreciation of the right-of-use asset, along with an interest on the related lease liability. Since operating lease charges were recognized as operating expenses as they were incurred under previous standard, the adoption of IFRS 16 has changed the timing of the recognition of these lease charges over the term of each lease. It has also affected the classification of expenses in the consolidated statements of income.

Principal payments of the lease liability are also now presented as financing activities in the consolidated statements of cash flows, whereas under the previous standard these payments were presented as operating activities.

The retroactive adoption of IFRS 16 had the following impacts on the comparative consolidated financial figures:

Consolidated statements of income and comprehensive income

Increase (decrease)	**Three months ended March 31, 2018**
Purchase of goods and services	$ (12.3)
Depreciation and amortization	8.8
Financial expenses	2.9
Deferred income tax expense	0.2
Net income and comprehensive income attributable to shareholders	$ 0.4

(tabular amounts in millions of Canadian dollars, except for option data)

2. CHANGES IN ACCOUNTING POLICIES (continued)

(i) IFRS 16 — *Leases* (continued).

Consolidated balance sheets

Increase (decrease)	**December 31, 2018**	**December 31, 2017**
Other current assets	$ (2.2)	$ (2.2)
Property, plant and equipment	15.5	15.5
Right-of-use assets	135.6	159.0
Provisions	(1.5)	(1.4)
Lease liabilities[1] [2]	179.5	205.2
Other liabilities	(4.3)	(3.4)
Deferred income tax liability	(6.5)	(7.4)
Deficit	18.1	20.3
Non-controlling interest	(0.2)	(0.4)

[1] The current portion of lease liabilities is $38.5 million as of December 31, 2018 and $42.0 million as of December 31, 2017.

[2] Include a lease liability with the parent corporation of $35.0 million as of December 31, 2018 and $37.3 million as of December 31, 2017.

(ii) IFRIC 23 - *Uncertainty over Income Tax Treatments*

IFRIC 23 provides guidance on how to value uncertain income tax positions based on the probability of whether or not the relevant tax authorities will accept the Corporation's tax treatments.

The adoption of IFRIC 23 had no impact on the consolidated financial statements.

(tabular amounts in millions of Canadian dollars, except for option data)

3. REVENUES

	Three months ended March 31	
	2019	**2018**
Telecommunications		
Internet	**$ 273.6**	$ 261.6
Cable television	**245.2**	248.7
Mobile telephony	**141.4**	125.8
Cable telephony	**87.3**	95.2
Equipment sales	**49.2**	45.5
Other	**44.0**	41.9
Media		
Advertising	**83.9**	86.4
Subscription	**50.8**	50.1
Other	**38.0**	36.7
Sports and Entertainment	**40.4**	37.2
Inter-segments	**(26.5)**	(27.1)
	$ 1,027.3	$ 1,002.0

4. EMPLOYEE COSTS AND PURCHASE OF GOODS AND SERVICES

	Three months ended March 31	
	2019	**2018 (restated, note 2)**
Employee costs	**$ 231.2**	$ 226.6
Less employee costs capitalized to property, plant and equipment and intangible assets	**(51.2)**	(47.5)
	180.0	179.1
Purchase of goods and services:		
Royalties, rights and creation costs	**169.3**	172.7
Cost of products sold	**93.0**	77.5
Service contracts	**37.5**	39.3
Marketing, circulation and distribution expenses	**23.2**	22.6
Other	**101.6**	93.6
	424.6	405.7
	$ 604.6	$ 584.8

(tabular amounts in millions of Canadian dollars, except for option data)

5. FINANCIAL EXPENSES

	Three months ended March 31	
	2019	2018 (restated, note 2)
Interest on long-term debt	$ **75.2**	$ 68.7
Amortization of financing costs and long-term debt discount	**1.9**	1.7
Interest on lease liabilities	**2.5**	2.9
Interest on net defined benefit liability	**1.7**	1.4
(Gain) loss on foreign currency translation on short-term monetary items	**(0.8)**	0.4
Interest from the parent corporation	**(8.6)**	—
Other	**(0.4)**	(3.9)
	$ **71.5**	$ 71.2

6. RESTRUCTURING OF OPERATIONS AND OTHER ITEMS

During the first quarter of 2019, a net charge of $5.0 million was recorded relating mainly to various cost reduction initiatives across the Corporation ($6.5 million in 2018). An impairment charge of $3.5 million was also recorded as a result of restructuring initiatives (none in 2018).

7. BUSINESS ACQUISITIONS

On February 13, 2019, TVA Group inc. ("TVA Group") acquired the companies in the Serdy Média Inc. and Serdy Video Inc. groups, including the Évasion and Zeste specialty channels, for a total cash consideration of $23.5 million, net of cash acquired of $0.5 million. An estimated amount of $1.9 million relating to certain post-closing adjustments is also payable as of March 31, 2019. The purchase price allocation was accounted for on a preliminary basis and will be finalized by the end of the year. The acquired assets consist mainly of productions in progress, intangible assets and goodwill.

8. LOANS TO THE PARENT CORPORATION

During the first quarter of 2019, Quebecor made a drawdown of $36.0 million on the loan agreements with Quebecor Media. As of March 31, 2019, the outstanding balance on the various loans to the parent corporation was $632.1 million ($596.1 million as of December 31, 2018).

(tabular amounts in millions of Canadian dollars, except for option data)

9. LONG-TERM DEBT

Components of long-term debt are as follows:

	March 31, 2019	December 31, 2018
Long-term debt	**$ 6,127.8**	$ 6,408.2
Change in fair value related to hedged interest rate risk	**5.1**	2.5
Financing fees, net of amortization	**(34.4)**	(35.7)
	6,098.5	6,375.0
Less current portion	**(67.2)**	(56.6)
	$ 6,031.3	$ 6,318.4

On February 13, 2019, TVA Group amended its $150.0 million secured revolving credit facility to extend the maturity date to February 2020 and to change certain conditions and terms of the facility.

On February 15, 2019, Quebecor Media amended its $300.0 million secured revolving credit facility to extend the maturity date to July 2022 and to change certain conditions and terms of the facility.

(tabular amounts in millions of Canadian dollars, except for option data)

10. CAPITAL STOCK

(a) Authorized capital stock

An unlimited number of Common Shares, without par value;

An unlimited number of non-voting Cumulative First Preferred Shares, without par value; the number of preferred shares in each series and the related characteristics, rights and privileges are determined by the Board of Directors prior to each issue:

- An unlimited number of Cumulative First Preferred Shares, Series A ("Preferred A Shares"), carrying a 12.5% annual fixed cumulative preferential dividend, redeemable at the option of the holder and retractable at the option of the Corporation;

- An unlimited number of Cumulative First Preferred Shares, Series B ("Preferred B Shares"), carrying a fixed cumulative preferential dividend, generally equivalent to the Corporation's credit facility interest rate, redeemable at the option of the holder and retractable at the option of the Corporation;

- An unlimited number of Cumulative First Preferred Shares, Series C ("Preferred C Shares"), carrying an 11.25% annual fixed cumulative preferential dividend, redeemable at the option of the holder and retractable at the option of the Corporation;

- An unlimited number of Cumulative First Preferred Shares, Series D ("Preferred D Shares"), carrying an 11.0% annual fixed cumulative preferential dividend, redeemable at the option of the holder and retractable at the option of the Corporation;

- An unlimited number of Cumulative First Preferred Shares, Series F ("Preferred F Shares"), carrying a 10.85% annual fixed cumulative preferential dividend, redeemable at the option of the holder and retractable at the option of the Corporation;

- An unlimited number of Cumulative First Preferred Shares, Series G ("Preferred G Shares"), carrying a 10.85% annual fixed cumulative preferential dividend, redeemable at the option of the holder and retractable at the option of the Corporation;

An unlimited number of non-voting Preferred Shares, Series E ("Preferred E Shares"), carrying a non-cumulative dividend subsequent to the holders of Cumulative First Preferred Shares, redeemable at the option of the holder and retractable at the option of the Corporation.

(b) Issued and outstanding capital stock

	Common Shares	
	Number	Amount
Balance as of December 31, 2018 and March 31, 2019	79,377,062	$ 3,019.7

(tabular amounts in millions of Canadian dollars, except for option data)

11. STOCK-BASED COMPENSATION PLANS

Stock option plans

The following table provides details of changes to outstanding options in the principal stock-based compensation plans in which management of the Corporation and its subsidiaries participates, for the three-month period ended March 31, 2019:

	Outstanding options	
	Number	Weighted average exercise price
Quebecor		
As of December 31, 2018	1,562,892	$ 23.40
Transferred [1]	290,000	13.24
Exercised	(90,000)	15.12
Cancelled	(70,000)	26.52
As of March 31, 2019	**1,692,892**	**$ 21.97**
Vested options as of March 31, 2019	**500,000**	**$ 11.11**
Quebecor Media		
As of December 31, 2018	318,400	$ 64.61
Exercised	(66,950)	61.69
Cancelled	(36,600)	69.82
As of March 31, 2019	**214,850**	**$ 64.64**
Vested options as of March 31, 2019	**140,400**	**$ 63.27**
TVA Group		
As of December 31, 2018	340,000	$ 2.99
Cancelled	(45,000)	4.77
As of March 31, 2019	**295,000**	**$ 2.72**
Vested options as of March 31, 2019	**28,000**	**$ 6.85**

[1] These options were transferred from the parent corporation. The fair value of the liability at the transfer date will continue to be assumed by the parent corporation, while subsequent changes in the fair value will be assumed by the Corporation.

During the three-month period ended March 31, 2019, 90,000 Class B shares of Quebecor were issued upon exercise of stock options of Quebecor (none in 2018) and 66,950 stock options of Quebecor Media were exercised for a cash consideration of $3.3 million (38,500 stock options for $1.1 million in 2018)

(tabular amounts in millions of Canadian dollars, except for option data)

11. STOCK-BASED COMPENSATION PLANS (continued)

Deferred share unit and performance share unit plans

The deferred share unit ("DSU") and performance share unit ("PSU") plans are based either on Quebecor Class B Shares and on TVA Group Inc. Class B Non-Voting Shares ("TVA Group Class B Shares"). The DSUs vest over six years and will be redeemed for cash only upon the participant's retirement or termination of employment, as the case may be, and the PSUs vest over three years and will be redeemed for cash at the end of this period subject to the achievement of financial targets. DSUs and PSUs entitle the holders to receive additional units when dividends are paid on Quebecor Class B Shares or TVA Group Class B Shares. As of March 31, 2019, 154,958 DSUs based on Quebecor Class B Shares, 235,720 DSUs based on TVA Group Class B Shares, 107,909 PSUs based on Quebecor Class B Shares and 135,935 PSUs based on TVA Group Class B Shares were outstanding under these plans. During the first quarter of 2019, a cash consideration of $5.2 million was paid for the PSUs redeemed.

Stock-based compensation expense

For the three-month period ended March 31, 2019, a consolidated charge related to all stock-based compensation plans was recorded in the amount of $4.8 million ($3.4 million in 2018).

12. ACCUMULATED OTHER COMPREHENSIVE LOSS

	Cash flow hedges	Defined benefit plans	Total
Balance as of December 31, 2017	$ (14.5)	$ (45.9)	$ (60.4)
Other comprehensive loss	(39.3)	—	(39.3)
Balance as of March 31, 2018	(53.8)	(45.9)	(99.7)
Other comprehensive income (loss)	23.5	(5.1)	18.4
Balance as of December 31, 2018	(30.3)	(51.0)	(81.3)
Other comprehensive loss	(12.8)	—	(12.8)
Balance as of March 31, 2019	**$ (43.1)**	**$ (51.0)**	**$ (94.1)**

No significant amount is expected to be reclassified in income over the next 12 months in connection with derivatives designated as cash flow hedges. The balance is expected to reverse over a 8-year period.

(tabular amounts in millions of Canadian dollars, except for option data)

13. FAIR VALUE OF FINANCIAL INSTRUMENTS

In accordance with IFRS 13, *Fair value measurement*, the Corporation considers the following fair value hierarchy which reflects the significance of the inputs used in measuring its financial instruments:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: inputs that are not based on observable market data (unobservable inputs).

The fair value of long-term debt is estimated based on quoted market prices when available or on valuation models using Level 1 and Level 2 inputs. When the Corporation uses valuation models, the fair value is estimated using discounted cash flows using year-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 instruments and factors observable in external market data, such as period-end swap rates and foreign exchange rates (Level 2 inputs). 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 (Level 3 inputs), to the net exposure of the counterparty or the Corporation. Derivative financial instruments are classified as Level 2.

The carrying value and fair value of long-term debt and derivative financial instruments as of March 31, 2019 and December 31, 2018 are as follows:

	March 31, 2019		December 31, 2018	
Asset (liability)	**Carrying value**	**Fair value**	**Carrying value**	**Fair value**
Long-term debt[1]	**$ (6,127.8)**	**$ (6,334.3)**	$ (6,408.2)	$ (6,391.5)
Derivative financial instruments				
Foreign exchange forward contracts	**1.4**	**1.4**	6.7	6.7
Cross-currency interest rate swaps	**771.6**	**771.6**	880.3	880.3

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

14. DISCONTINUED OPERATIONS

On January 24, 2019, Videotron Ltd. (Videotron") sold its 4Degrees Colocation Inc. data centers operations for an amount of $261.6 million, which was fully paid in cash at the date of transaction. An amount of $0.9 million relating to a working capital adjustment is also payable by Videotron as of March 31, 2019. The determination of the final proceeds from the sale is however subject to certain adjustments based on the realization of future conditions over a period of up to 10 years. Accordingly, a gain on disposal of $97.2 million, net of income taxes of $18.5 million, was accounted for in the first quarter of 2019, while an amount of $53.1 million from the proceeds received at the date of transaction was deferred in connection with the estimated present value of the future conditional adjustments. The amount deferred is revaluated on a quarterly basis and any change is recorded in income from discontinued operations.

15. CONTINGENCIES

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

16. SUBSEQUENT EVENTS

On April 1, 2019, TVA Group acquired the Incendo Media Inc. group, a Montreal-based producer and distributor of television programs for international markets, for a cash consideration of $12.0 million and a balance payable of $7.5 million. The purchase price is also subject to adjustments relating to the achievement of future conditions. The acquired assets consist mainly of production rights, intangible assets and goodwill.

On April 10, 2019, Videotron acquired ten 600 MHz spectrum licences covering Eastern, Southern and Northern Québec, as well as Outaouais and Eastern Ontario regions for a total price of $256.0 million.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

QUEBECOR MEDIA INC.

By: /s/ Hugues Simard

Hugues Simard

Chief Financial Officer

Date: May 14, 2019