



QUÉBEC'S ECONOMY AND PUBLIC FINANCES

NEW YORK, APRIL 2024

Québec 

PRIORITIES: HEALTH AND EDUCATION

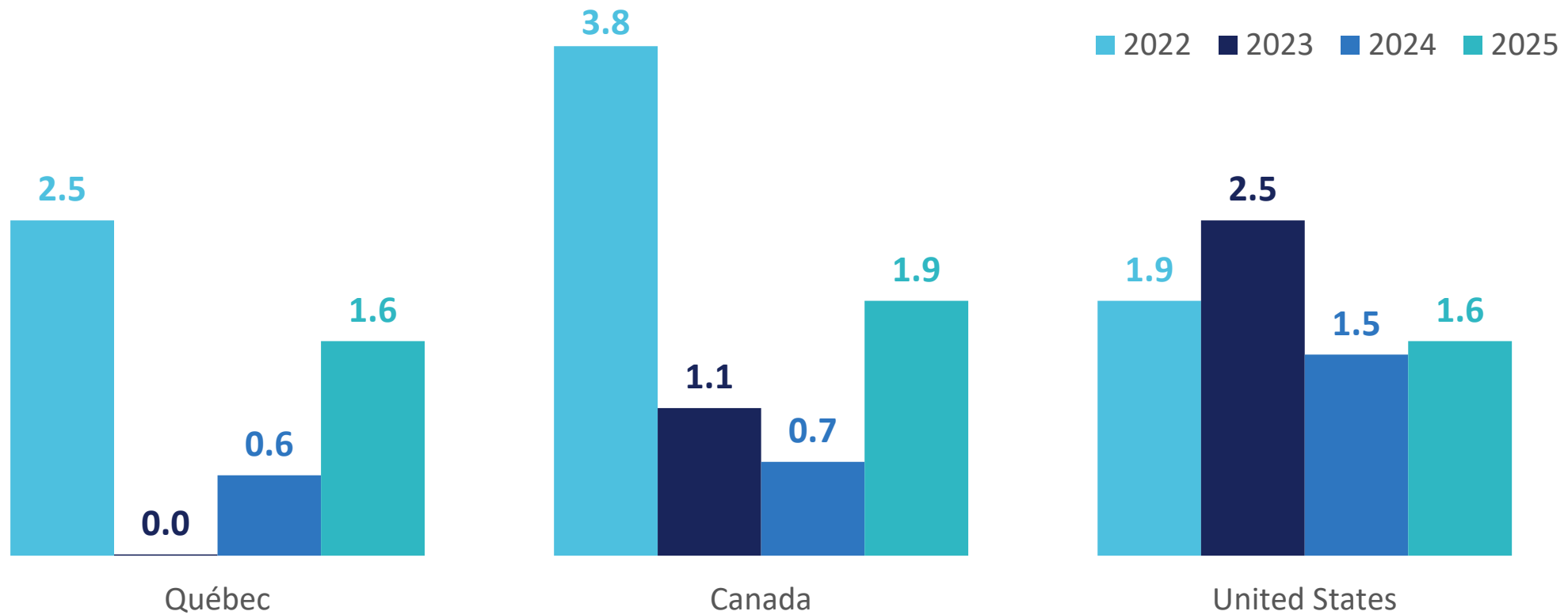
TABLE OF CONTENTS

- Economic situation
- Budget 2024-2025: \$8.8B for the benefit of Quebecers
- Financial situation
- Debt reduction
- Financing program

GROWTH IS EXPECTED AS OF THE 2nd QUARTER OF 2024

Economic growth

(real GDP, percentage change)



QUÉBEC'S COMPETITIVE ADVANTAGES

- Highest employment rate among 15- to 64-year-olds in 2023
- Strong, diversified and resilient economy
- Low-cost, clean energy
- Competitive operating costs
- Caisse de dépôt et placement du Québec and Investissement Québec
- Skilled labour pool
- Free trade agreements with 1.5 billion consumers in 51 countries

EXPERT RECOMMENDATIONS – ECONOMIC POTENTIAL

- Simplifying the tax system
- Investing more in education and training
- Fostering a competitive business and regulatory environment
- Continuing to develop innovation zones
- Boosting productivity in both the private and public sectors

BUDGET 2024-2025: \$8.8B

Financial impact of the measures of Budget 2024-2025

(millions of dollars)

| | Total over 6 years |
|--|-----------------------|
| Funding health and social services, education and higher education | −4 916 |
| Supporting Quebecers and communities | −2 028 |
| Updating the Implementation Plan for the 2030 Plan for a Green Economy | — |
| Acting on economic priorities | −1 858 |
| Subtotal | −8 801 |
| Optimizing government action | 2 903 |
| TOTAL | −5 898 |

HEALTH CARE AND EDUCATION PRIORITIES

- \$1.8B: access to care and services and hospital fluidity
- \$1.1B: continuity and quality of care and services for seniors
- \$738M: social services for youth and vulnerable individuals
- \$819M: educational success of young people
- \$421M: success in higher education

INVESTMENT IN HR AND WORK ORGANIZATION

- Recognition of the seniority of the independent labour pool in the health care sector
- Implementation of self-managed schedules in health care
- Adjustment to bonuses in health care
- Support staff status review in schools

| | 2023-2024 | 2024-2025 | 2025-2026 | 2026-2027 | 2027-2028 | Total |
|-----------------|-----------|-----------|-----------|-----------|-----------|-------|
| Wage parameters | 6.0% | 2.8% | 2.6% | 2.5% | 3.5% | 17.4% |

ACTING ON ECONOMIC PRIORITIES

- \$443M: strategic sectors
- \$126M: labour and productivity in the construction industry
- \$889M: prosperity of the regions
- \$400M: immigrants' economic and social integration

FINANCIAL FRAMEWORK FOR 2024-2025

- Deficit after deposits in the Generations Fund: \$11B
 - Deficit from operations of \$8.8B or 1.5% of GDP after the contingency reserve
 - Contingency reserve: \$1.5B
 - Deposits in the Generations Fund: \$2.2B
- Return to a balanced budget by 2029-2030 at the latest
 - Presentation of the plan to return to a balanced budget in the 2025-2026 budget
- Net debt reduction by 2037-2038: 30% of GDP

ADJUSTMENTS SINCE THE FALL UPDATE

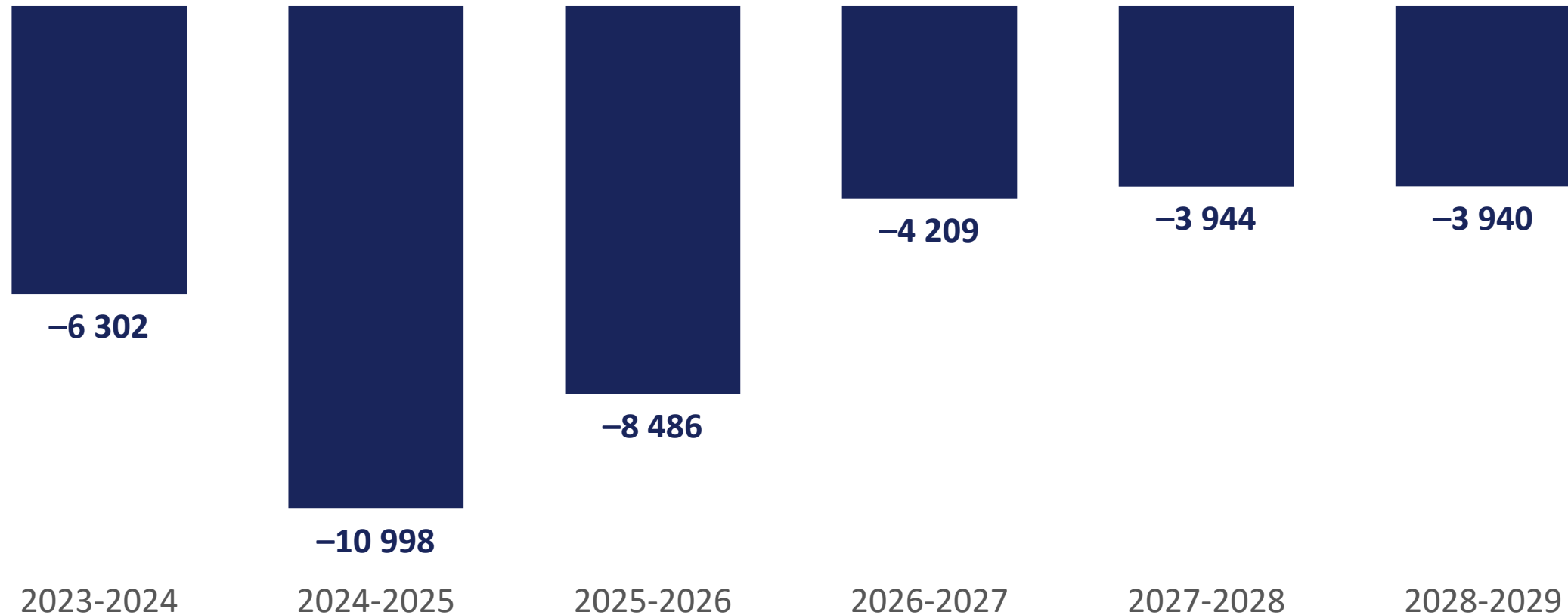
(millions of dollars)

| | 2024-2025 |
|--|----------------------------|
| BUDGETARY BALANCE – NOVEMBER 2023 | –2 982 |
| Revenue | –1 753 |
| Expenditure | –2 994 |
| TOTAL ADJUSTMENTS TO THE ECONOMIC AND FINANCIAL SITUATION | –4 666¹ |
| TOTAL MARCH 2024 INITIATIVES | –1 937 |
| Contingency reserve | –1 500 |
| BUDGETARY BALANCE – MARCH 2024 | –10 998¹ |

1. The differences in the totals are explained by revisions to the deposits of dedicated revenues in the Generations Fund and by initiatives to optimize government action.

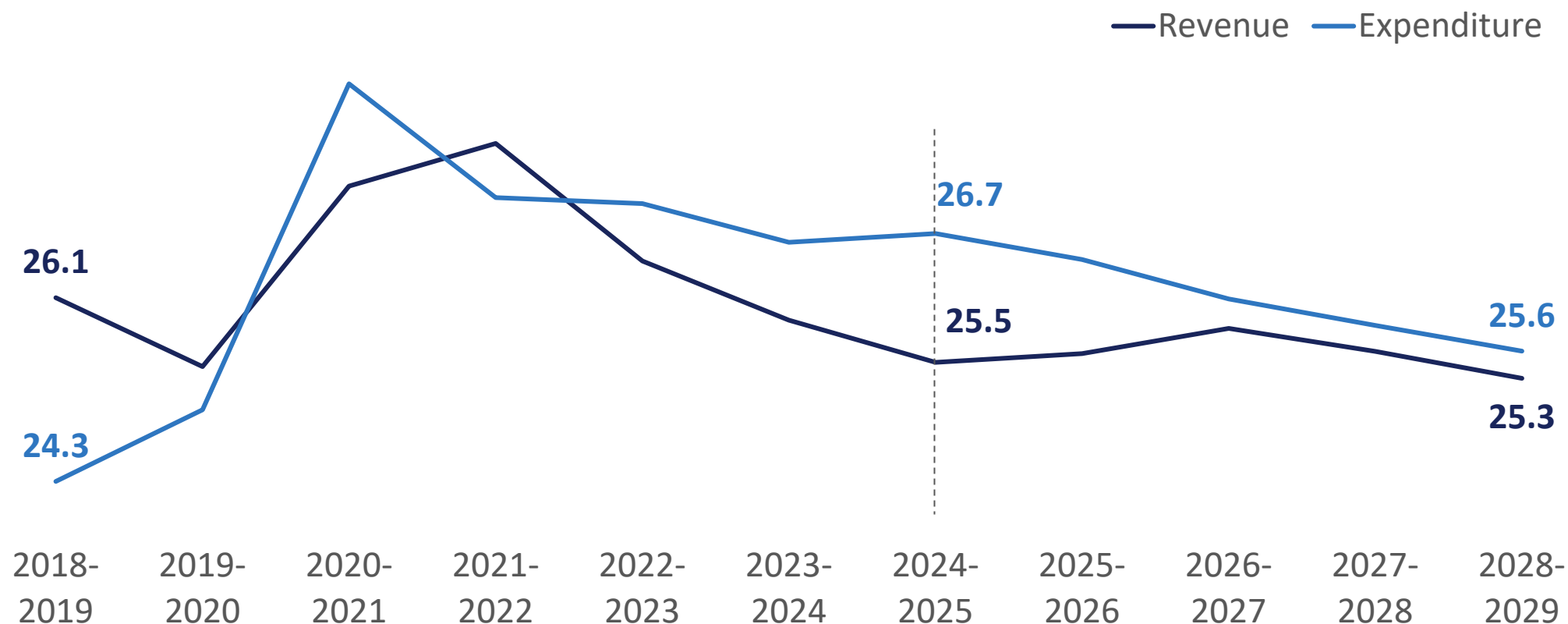
RESTORING FISCAL BALANCE

Change in the budgetary balance
(millions of dollars)



SHARES OF REVENUE AND EXPENDITURE IN THE ECONOMY

Change in the shares of government revenue and expenditure in the economy
(percentage of GDP)

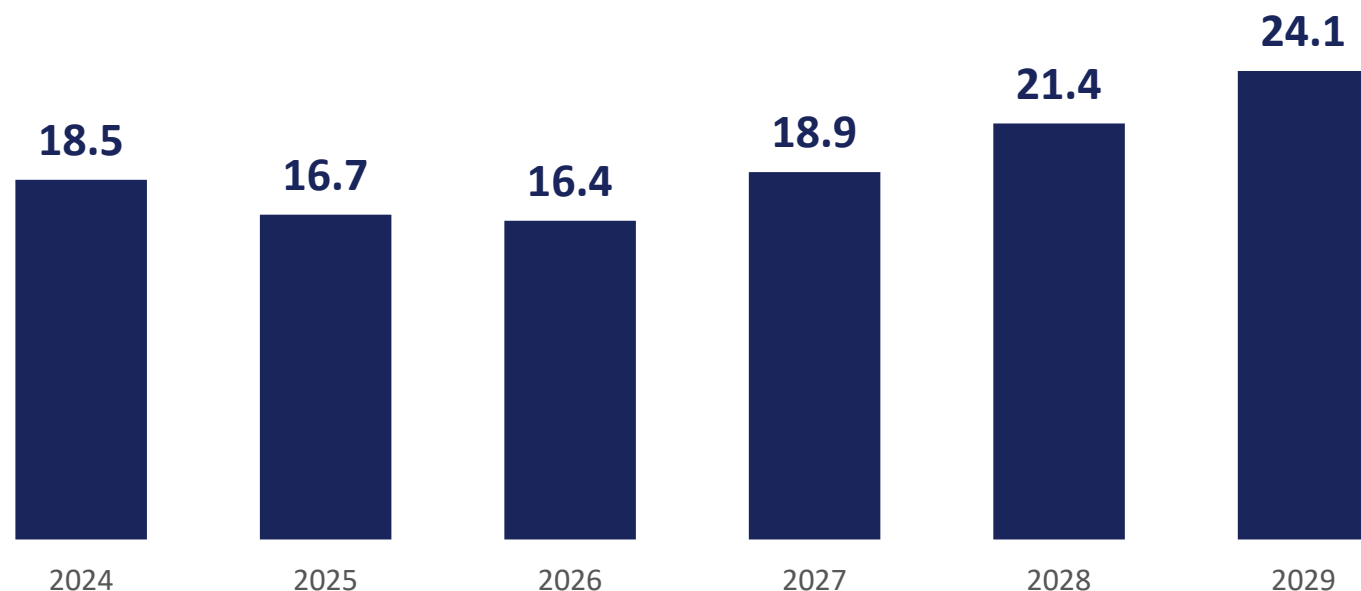


FOUR LEVERS TO RETURN TO A BALANCED BUDGET

1. Immediate steps to optimize government action
2. Review of tax and budgetary expenditures
3. Representations by the Québec government to the federal government to obtain its fair share of federal transfers
4. Wealth creation and increased economic potential

GENERATIONS FUND

**Growth in the book value of the Generations Fund
as at March 31**
(billions of dollars)

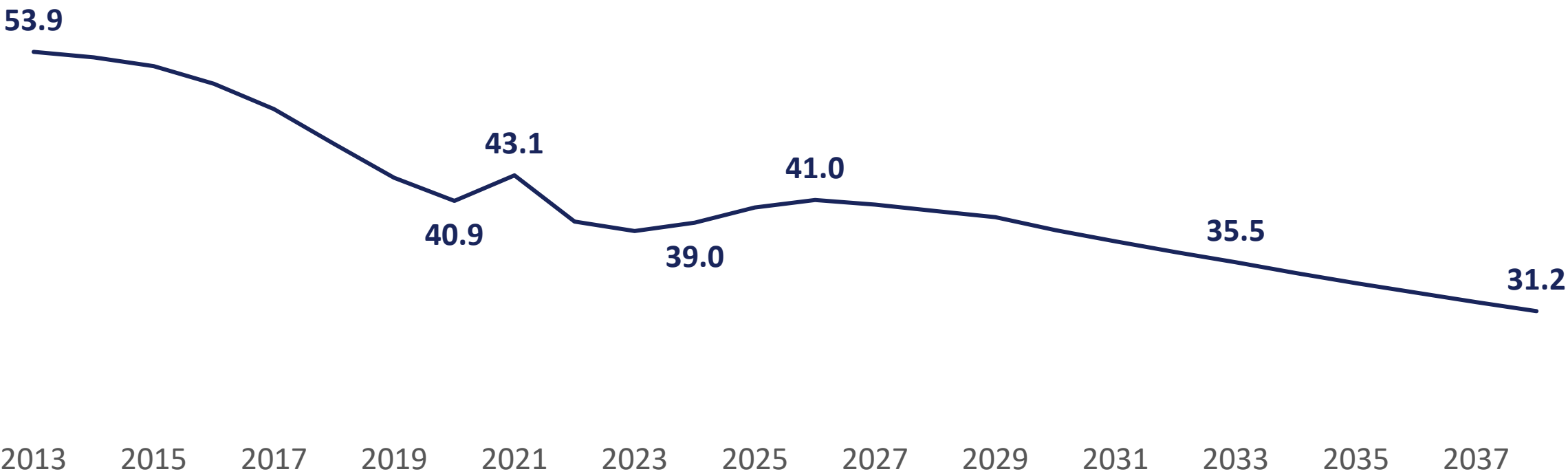


From 2024-2025 to 2028-2029, deposits in the Generations Fund are expected to average \$2.4B per year.

Withdrawals of \$2.5B in 2023-2024, \$4.4B in 2024-2025 and \$2.5B in 2025-2026 are planned to reduce the financing program and alleviate debt service.

NET DEBT IS LOWER THAN BEFORE THE PANDEMIC

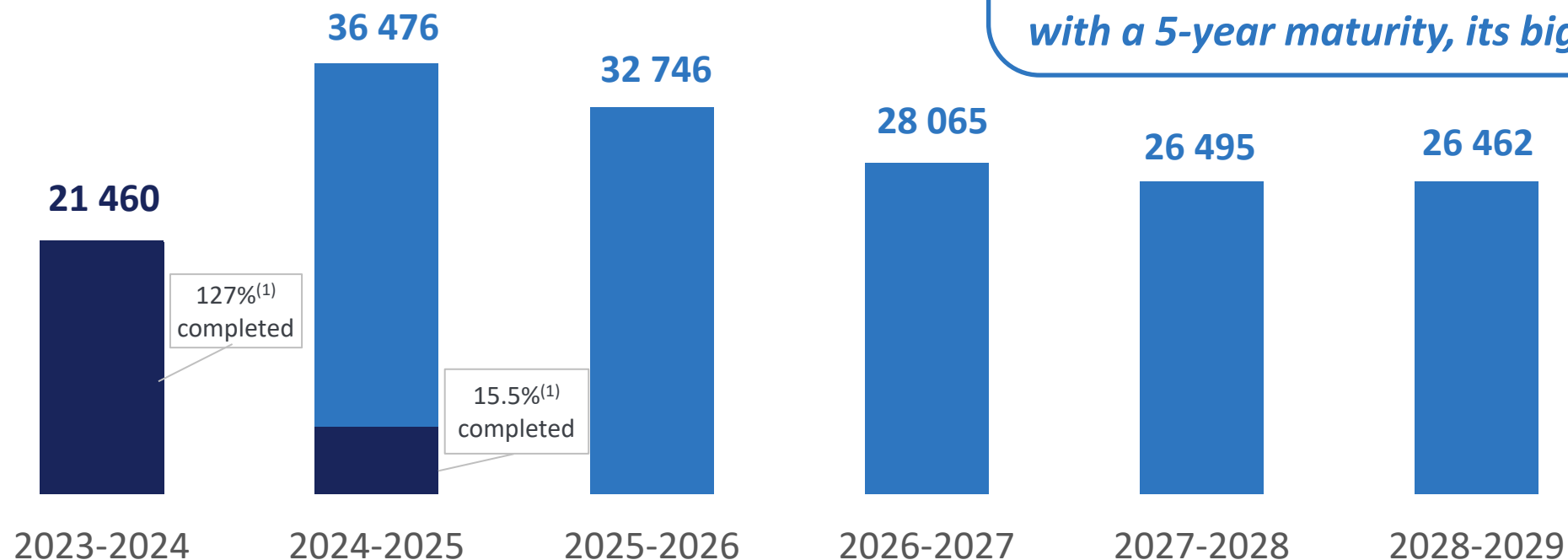
Net debt as at March 31
(percentage of GDP)



FINANCING PROGRAMS

Government's financing program

(millions of dollars)



In 2023-2024, 77% of borrowings contracted had a maturity of 10 years or more.

Last week, Québec issued a USD 3.75B benchmark with a 5-year maturity, its biggest borrowing ever.

Note : Fiscal year starts April 1.

(1) As at March 27, 2024.

QUÉBEC IS A FREQUENT ISSUER ON THE INTERNATIONAL MARKETS

45 benchmarks in US dollars and euros since 2001

| | EUROS | US\$ |
|------------------|--|---|
| 2024-2025 | | 3.75 B – April 2024 (5Y) |
| 2023-2024 | 2.25 B – March 2024 (10Y) | 1.50 B – September 2023 (10Y) 3.50 B – April 2023 (5Y) |
| 2022-2023 | 2.25 B – January 2023 (10Y) | |
| 2021-2022 | 2.25 B – January 2022 (10Y) 2.50 B – April 2021 (10Y) | 1.00 B – April 2021 (10Y) |
| 2020-2021 | 2.25 B – October 2020 (10Y) 1.60 B – April 2020 (5Y) | 3.25 B – July 2020 (5Y) 1.50 B – May 2020 (10Y) |

Québec is committed to offering liquid benchmarks on the international markets.

The USD and the euro each represent 10% of Québec's outstanding debt.

QUÉBEC'S CREDIT RATINGS

- Québec's credit ratings have improved over the years and are now at least "AA" with every rating agency.
- All outlooks are stable.

| Agency | Credit rating | Outlook |
|----------------------------------|---------------|---------|
| Moody's | Aa2 | Stable |
| Standard & Poor's (S&P) | AA– | Stable |
| Fitch Ratings | AA– | Stable |
| Morningstar DBRS | AA (low) | Stable |
| Japan Credit Rating Agency (JCR) | AAA | Stable |

Note : As at March 27, 2024.

BUDGET 2024-2025

CONCLUSION

- Québec is well positioned to begin a sustainable economic recovery
- Great ambitions
 - An education network that makes us proud
 - A humane and efficient health care system
 - An innovative economy
- Gradual approach to restore fiscal balance
- Accelerated catch-up of the wealth gap

THANK YOU!