

# Q2 2017 Results

20 | 07 | 17



## Cautionary note

Certain statements made in this presentation, including, but not limited to, statements relating to expected future events, financial and operating results, guidance, objectives, plans, strategic priorities and other statements that are not historical facts, are forward-looking. By their nature, forward-looking statements require Rogers' management to make assumptions and predictions and are subject to inherent risks and uncertainties, thus there is risk that the forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause actual future results and events to differ materially from that expressed in the forward-looking statements. Accordingly, our comments are subject to the disclaimer and qualified by the assumptions and risk factors referred to in Rogers' 2016 Annual Report as filed with securities regulators at [sedar.com](http://sedar.com) and [sec.gov](http://sec.gov), and also available at [rogers.com/investors](http://rogers.com/investors). The forward-looking statements made in this presentation and discussion describe our expectations as of today and, accordingly, are subject to change going forward. Except as required by law, Rogers disclaims any intention or obligation to update or revise forward-looking statements.

In addition, this presentation includes non-GAAP measures, including adjusted operating profit, adjusted net income, adjusted diluted EPS, adjusted net debt, debt leverage ratio (adjusted net debt/12 months trailing adjusted operating profit), and free cash flow. Descriptions of these measures and why they are used can be found in the disclosure documents referenced above.

# Strong foundation for growth



Highly  
committed and  
engaged team

Strong growth  
prospects in  
our core  
businesses

Good  
progress on  
customer  
churn

# Investing for sustainable growth and shareholder returns

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Create **best in class** customer experience

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Invest in our networks for **leading performance** and **reliability**

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Deliver **innovative** and **compelling** content and solutions

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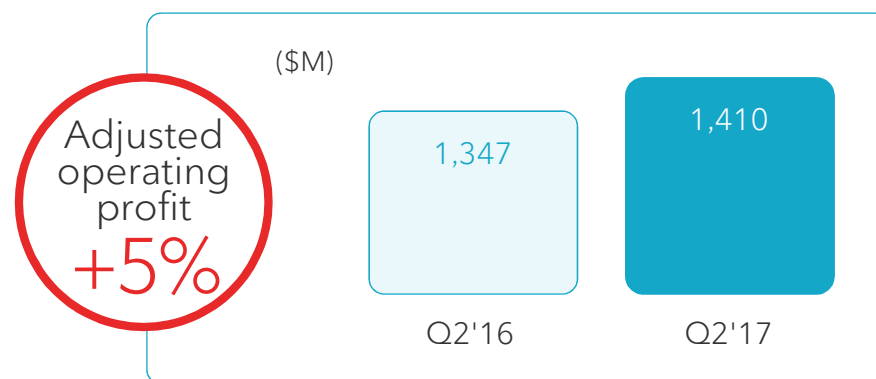
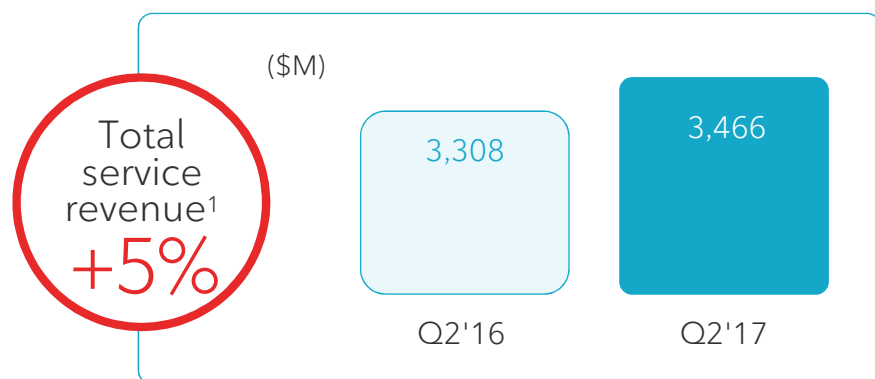
**Drive growth in the key markets we serve** – with a core focus on **cost management**

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## Q2 Highlights

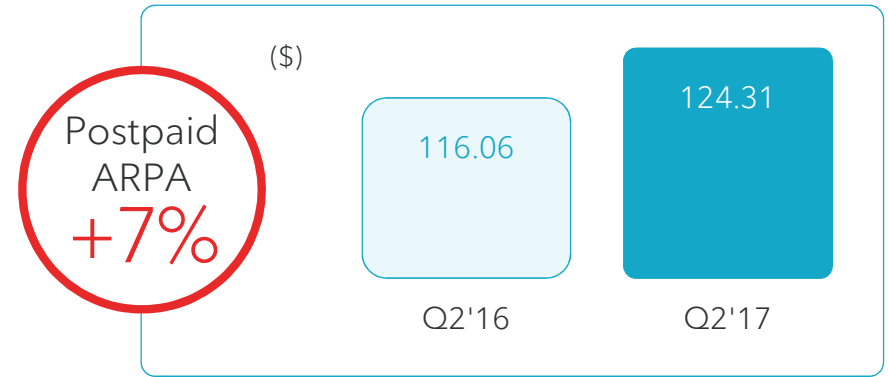
- Strong total service revenue and adjusted operating profit (AOP) growth driven by continued momentum in Wireless
- Delivered on all key financial, customer and operating metrics in Wireless
- Robust Cable AOP growth and expanded margins
- Acquired AWS-1 spectrum licence in key Toronto market at an attractive valuation
- Simplified organizational structure for deeper end-to-end accountability for the customer experience
- Appointed Chief Digital Officer to elevate the importance of digital roadmap



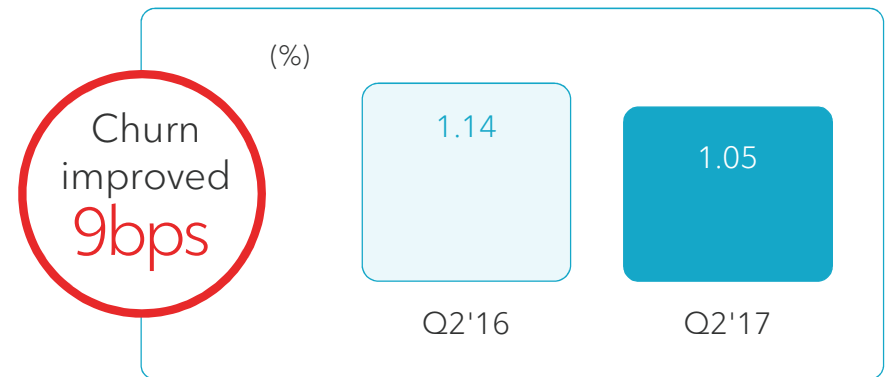
<sup>1</sup> Total service revenue is a key performance indicator and is total revenue excluding equipment revenue in Wireless, Cable, Business Solutions, and Corporate. See "Key Performance Indicators" in our Q2 2017 MD&A

# Wireless operating metrics

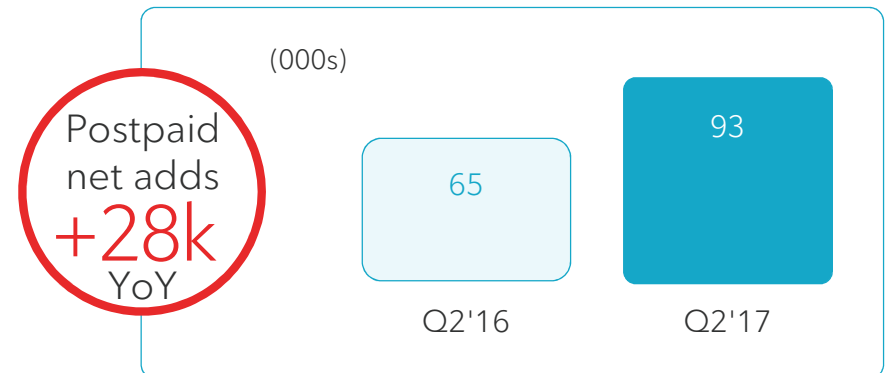
- Postpaid ARPA growth supported by continued adoption of higher value Share Everything plans
- Blended ARPU growth of 3%



- Lowest postpaid churn rate since 2009



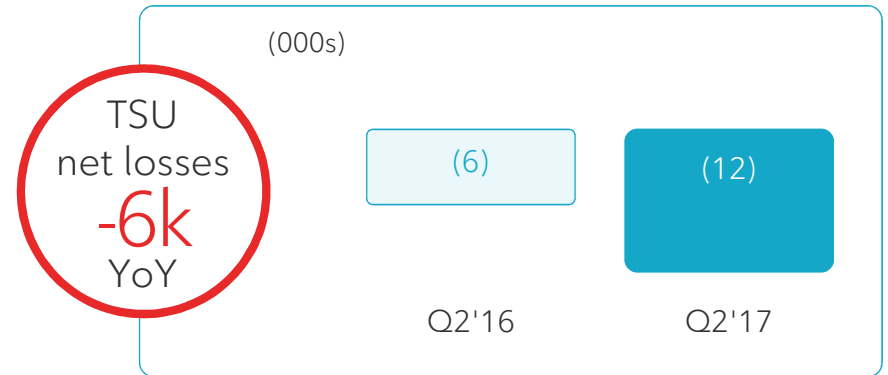
- 8<sup>th</sup> consecutive quarter of increased postpaid net additions year on year



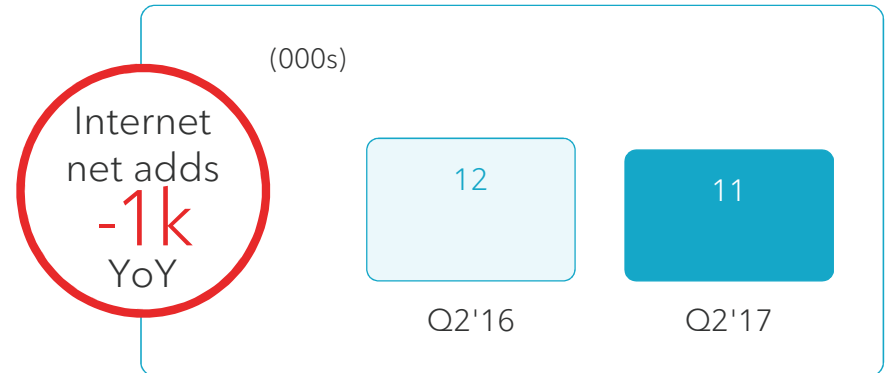
Subscriber counts, subscriber churn, postpaid ARPA, and blended ARPU are key performance indicators. See "Key Performance Indicators" in our Q2 2017 MD&A.

# Cable operating metrics

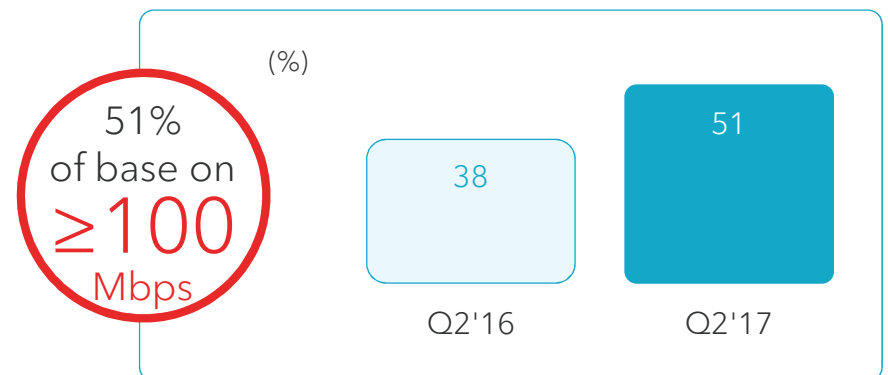
- Cable customer churn down year on year for 4<sup>th</sup> straight quarter



- Highly competitive environment with aggressive offers



- Ignite Gigabit Internet service available to our entire Cable footprint



Subscriber counts are key performance indicators.  
See "Key Performance Indicators" in our Q2 2017 MD&A.

# Enhancing Cable offerings with X1 IPTV platform

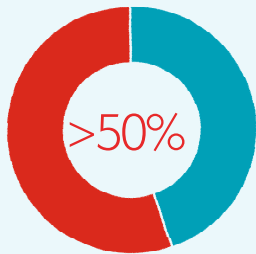


- Best-in-class next gen suite of residential services integrating choice for customers
- Continuous stream of innovations and natural language voice search
- State-of-the-art customer premise equipment
- Variable opex model and shifting capex to success-based investment



# Media focused on sports

- Sports represents more than half of Media revenue



- Sports
- Broadcasting, TSC and other



- #1 sports media brand in Canada for the second year in a row<sup>1</sup>
- Exclusive national 12-year licensing agreement
- Owner of the Toronto Blue Jays baseball club

## Brands that resonate

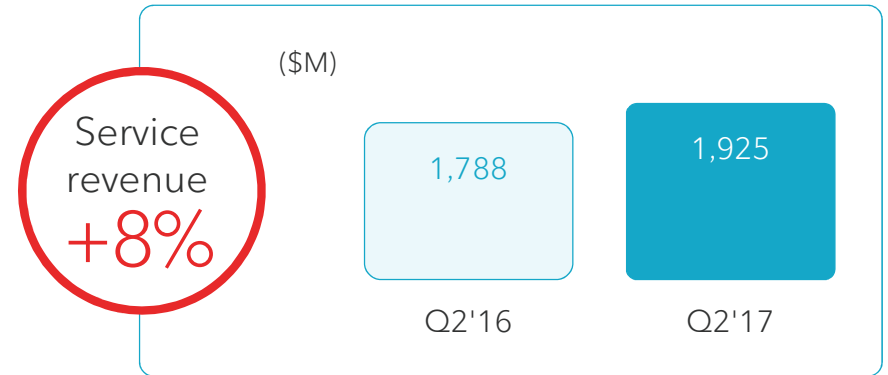


A close-up photograph of a person's hands holding a tablet computer. The person is wearing a dark long-sleeved shirt. The background is a blurred office environment with a computer monitor and papers. A red banner is overlaid on the left side of the image.

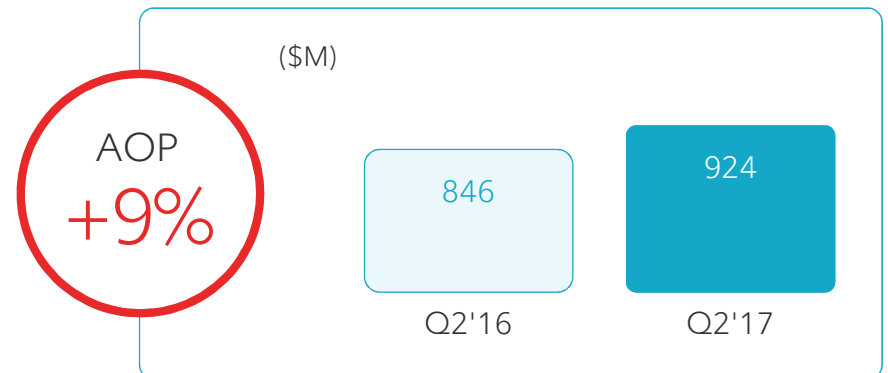
Financial performance

# Accelerated momentum in Wireless financials

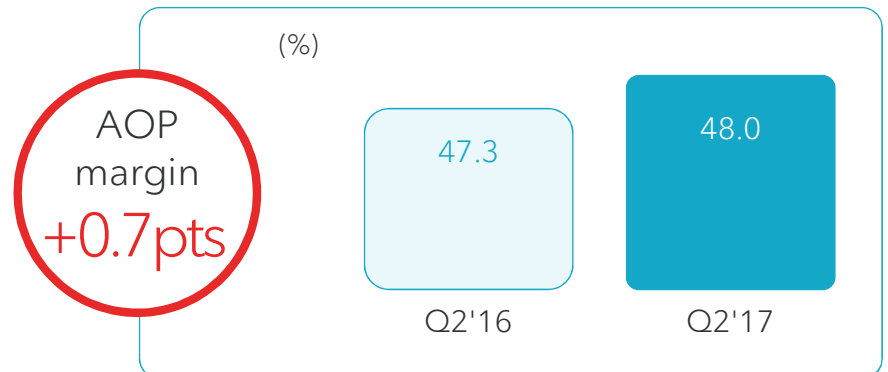
- Highest service revenue growth since 2009



- Strong flow through of top line growth to AOP
- Best growth rate since 2010



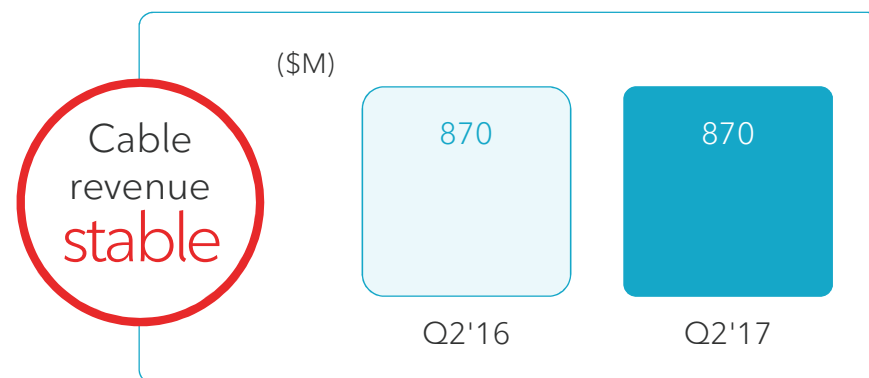
- Margin expansion on improved operating leverage



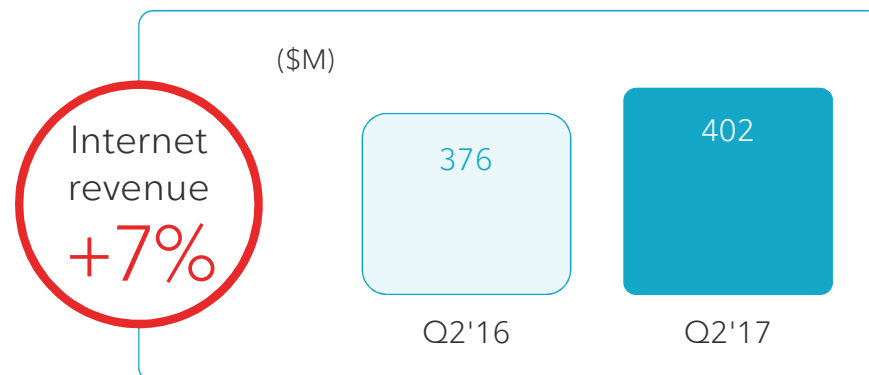
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# Robust Cable AOP growth

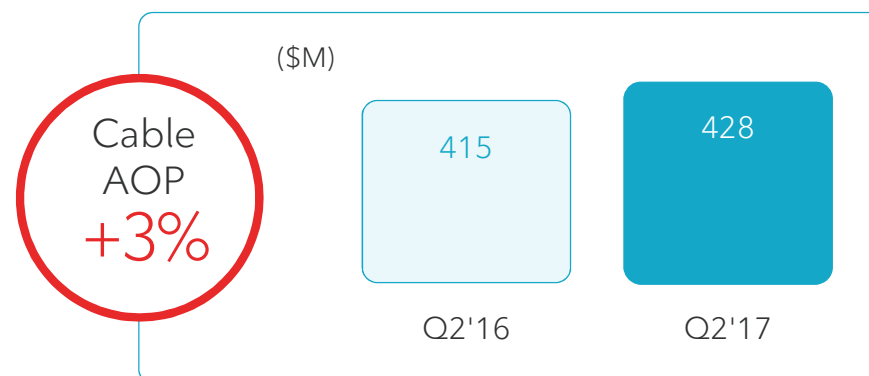
- Cable revenue supported by strong Internet revenue growth
- *1% Cable revenue growth excluding impact of lower wholesale revenue<sup>1</sup>*



- Internet revenue growth driven by subscriber growth and migration to higher speed and usage tiers
- *10% Internet revenue growth excluding impact of lower wholesale revenue<sup>1</sup>*



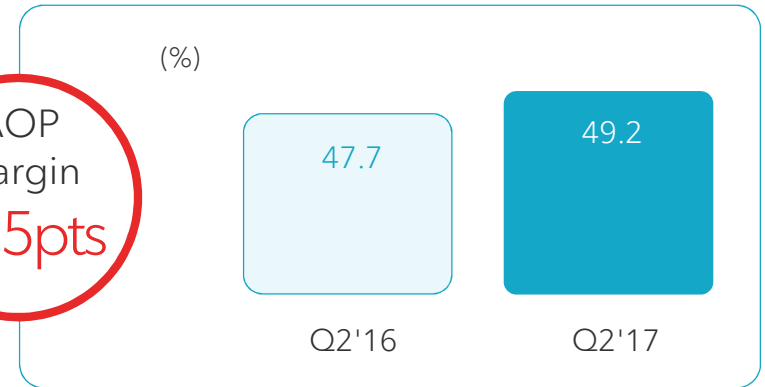
- Higher margin Internet and cost efficiencies contributing to strong AOP growth
- *6% Cable AOP growth excluding impact of lower wholesale revenue<sup>1</sup>*



# Cable margin expansion

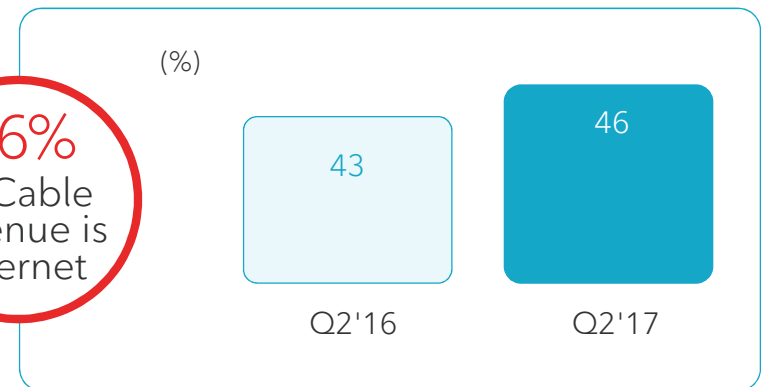
- Meaningful Cable AOP growth and substantial margin improvement

AOP margin  
+1.5pts



- Higher margin Internet revenue represents nearly half of total Cable revenue

46%  
of Cable  
revenue is  
Internet



# Media revenue growth driven by sports

## Sports

- Revenue growth primarily driven by Toronto Blue Jays and higher NHL advertising revenue
- AOP largely impacted by higher Toronto Blue Jays salaries (including higher US foreign exchange) and lower print revenue following our restructuring announced in late 2016



## Digital

- Shifting from print to digital media to keep pace with changing audience demands

# Q2 financial performance

	Q2'17 <sup>1</sup>	% Chg
<b>Total revenue</b>	<b>3,592</b>	<b>4</b>
<b>Total service revenue<sup>2</sup></b>	<b>3,466</b>	<b>5</b>
<i>Wireless</i>	1,925	8
<i>Cable</i>	869	-
<i>Business Solutions</i>	94	(1)
<i>Media</i>	637	4
<b>Adjusted operating profit</b>	<b>1,410</b>	<b>5</b>
<i>Wireless</i>	924	9
<i>Cable</i>	428	3
<i>Business Solutions</i>	32	3
<i>Media</i>	63	(30)
<b>Adjusted net income</b>	<b>514</b>	<b>20</b>
<b>Adjusted diluted EPS</b>	<b>\$1.00</b>	<b>20</b>
<b>Capital expenditures, net</b>	<b>451</b>	<b>(30)</b>
<b>Capital intensity</b>	<b>12.6%</b>	<b>(6.1pts)</b>
<b>Free cash flow</b>	<b>626</b>	<b>26</b>
<b>Net income</b>	<b>531</b>	<b>35</b>

Continued revenue growth on high quality mix of assets

Strong AOP growth driven by healthy flow through and cost efficiencies

Capital intensity lower largely on timing of capex spend

AOP growth and lower capex drove higher free cash flow

<sup>1</sup> Figures in \$ millions, except per share amounts

<sup>2</sup> Total service revenue is a Key Performance Indicator and is total revenue excluding equipment revenue in Wireless, Cable, Business Solutions, and Corporate. See "Key Performance Indicators" in our Q2 2017 MD&A

# Enhancing financial flexibility

- Continue to focus on meaningful progress toward target debt leverage ratio of  $\leq 2.5$
- Held debt leverage ratio stable sequentially despite the acquisition of the AWS-1 spectrum licence
- Strong investment-grade debt ratings with stable outlooks
- \$2.0 billion in available liquidity
- Weighted average borrowing costs and maturity term of 4.55% and 10.0 years, respectively

Debt leverage ratio<sup>1</sup>

3.1

Q2'16

3.0

Q2'17

<sup>1</sup> Debt leverage ratio is adjusted net debt / 12 months trailing adjusted operating profit



# Maintaining strong growth outlook in 2017

	2016 Actuals	2017 Guidance
Revenue	13,702	3% - 5% growth
Adjusted operating profit	5,092	2% - 4% growth
Capital expenditures <sup>1</sup>	2,352	2,250 to 2,350
Free cash flow	1,705	2% - 4% growth

(In millions of dollars, except percentages)

- Building on momentum in Wireless and our Cable competitive advantage
- Focused on further improving customer experience and capturing cost efficiencies to translate top-line growth to higher margins, AOP and free cash flow

<sup>1</sup> Includes additions to property, plant and equipment for the Wireless, Cable, Business Solutions, Media, and Corporate segments net of proceeds on disposition, but does not include expenditures for spectrum licences.

# Q&A

