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MANAGEMENT DISCUSSION SECTION

Bob Z. Bek
Analyst, CIBC World Markets, Inc.

All right. Thank you, everybody, welcome back. Once again, I'm Bob Bek, media cable telecom analyst at CIBC. Happy to have you here today and happy to be hosting our next session with Rogers Communications. I'm sure all of you know Rogers, one of the leading communications, media companies in Canada, and pleased to have with us Joe Natale. Joe is President and Chief Executive Officer. Welcome Joe.

Joseph M. Natale
President, Chief Executive Officer & Director, Rogers Communications, Inc.

Hi, Bob. Good to be here.

QUESTION AND ANSWER SECTION

Bob Z. Bek
Analyst, CIBC World Markets, Inc.

Q

So, big picture question, just to start you off. I mean, you've been in the role April, March, I'm thinking.

Joseph M. Natale
President, Chief Executive Officer & Director, Rogers Communications, Inc.

A

Mid-April, yeah.

Bob Z. Bek
Analyst, CIBC World Markets, Inc.

Q

Mid-April. So, maybe some of the early thoughts on the priorities. I know you've been talking a bit about some of the focus that you've got coming in. And so, maybe just kind of give us a sense of that, and then we can dig into the segments from there?

Joseph M. Natale
President, Chief Executive Officer & Director, Rogers Communications, Inc.

A

Sure. I think first and foremost, we just came back from spending a couple of days in mid-August with our board talking about exactly this, so I can recount some of the things that were top of mind. First of all, our primary focus is on the core business. I think there was a belief in the past that somehow we were in the ninth inning of the cable business or we were in the severe kind of tail end of the wireless business, I'm being a bit extreme to make my point.

I fundamentally believe that we're maybe in the second or third inning of the Internet and connected home business. And I think that with the growth in penetration and the opportunity around 5G, what it means to Canada was even greater opportunity on the wireless front. So, a big part of the focus is really to stay on the core, focus on the things that are driving value and opportunity for the Rogers organization and continue to do so.

Second thing that's a key priority is our customer service. It's a very important opportunity for us. I think the team has done a good job of going after some of the low hanging fruit on customer service. I think things like Roam Like Home were a great new innovative idea for the industry, and it served us very well in terms of managing bill shock and creating loyalty around that one particular item.

I do think there is an even greater opportunity to look at end-to-end customer service, which will drive improvements in churn, which will drive an ability to expand margins, as we spend less money on the cost to serve, but have different and better results for it. And that's a big key theme that I've laid out for the organization.

Next is the view and the thought that we have cost management opportunities. As an organization we haven't really exercised what I would call a full cost management playbook. I think it's an opportunity to go after structural costs, to go after systemic parts of the business that can be rationalized. I think we've done a good job of [indiscernible] (02:59) driving out the sort of obvious trimming that goes on in most organizations. And you've heard me say that I believe we can get 150 basis points improvement in wireless margin over 2017 and 2018 and 100 basis points of improvement in cable margin over 2017 and 2018, and we won't stop there, we just keep going with it.

But those are the key elements, overall, that are the top of the priority list. Fundamental to it is driving the organization towards focus and accountability on the most important outcomes. I stepped in an organization that I have felt was too fragmented, too atomized in terms of accountability. We've collapsed the executive team from 13 to 9 people, consolidated a whole bunch of important functions in the organization, creating more end-to-end accountability for profit and loss, each of the key units, versus having to have every operational discussion, no matter how minute at the executive table.

Bob Z. Bek Q
Analyst, CIBC World Markets, Inc.

[indiscernible] (04:09). That's a great run through of your road map as well. So, maybe just in the wireless...

Joseph M. Natale A
President, Chief Executive Officer & Director, Rogers Communications, Inc.

Sure.

Bob Z. Bek Q
Analyst, CIBC World Markets, Inc.

...we'll begin there. So obviously it's been extremely good environment, in the last couple of years your comments are quite bullish about that continuing. So, maybe just your general thoughts on the potential for this growth both in subscriber or ARPU, obviously churn has been quite good, so.

Joseph M. Natale
President, Chief Executive Officer & Director, Rogers Communications, Inc.
A

Sure.

Bob Z. Bek
Analyst, CIBC World Markets, Inc.
Q

Some of those elements, your thoughts on how the industry can continue to be so robust?

Joseph M. Natale
President, Chief Executive Officer & Director, Rogers Communications, Inc.
A

I think we're seeing continued growth in wireless penetration in Canada. In Canada, we sit at 86% penetration, the U.S. sits at 117%. For years I've kind of examined why are there those differences, and I always thought that there weren't any significant structural differences, more a question of timing around certain key behavioral dimensions. And those things have kindly come to fruition. I mean we're starting to see some of that growth.

In the last little while, we have seen between 4% and 5% penetration growth in Canada. I think we'll continue to see continued penetration growth on the road to U.S. levels of penetration. I think it's underpinned by a few very important phenomena. One is more than ever in Canada, we're seeing the appetite for having two devices in your pocket. A lot of corporations have kind of restructured their approach to offering their employee's mobile phones. A lot of individual employees have decided to have a work phone and a personal phone. That phenomenon has been in place in the States for years and now we're seeing that in Canada even more so.

The longer life of smartphones is creating a secondary market more than ever before. It's kind of a hand-me-down market or a kind of a used car kind of market of – when I got my iPhone 7, I gave my iPhone 6 to my daughter, as an example.

Bob Z. Bek
Analyst, CIBC World Markets, Inc.
Q

Yeah.

Joseph M. Natale
President, Chief Executive Officer & Director, Rogers Communications, Inc.
A

She really wanted the iPhone 7, but I said no, you can have the iPhone 6 and that's your phone if you like it.

And what we're seeing in that hand-me-down market is we're getting a category expansion. We're getting younger people getting a smartphone. We're getting an older generation getting a smartphone, again people that would normally have access to the phone take advantage of it, because it's available as a part of a share construct, and therefore has expanded the category as a whole.

I think the view around tablets and tablet proliferation being part of your mobile plan has also expanded the category. So, I think that's an important macro trend. When I look beneath that and look at our business more specifically, I believe we've got a strong distribution advantage. I think we have a superior distribution network in Canada. We've got almost a thousand points of exclusive distribution. We do very, very well in Best Buy, in Costco, in Walmart.

And let's look at our gross loading. Our gross loading has been trending towards a 38% to 40% share of postpaid. And I think if we can get our churn in a better place, we can become less reliant on gross loading to get the same amount of nets and get a better margin outcome as a result of that. That's part of the mindset in terms of driving churn as they get a better gross to net performance. We're seeing 28% to 30%, I'm talking about much the large carriers share of postpaid nets. So, I think we can get to the same sorts of outcomes with less investment and COA as a result.

I think there's still ARPU expansion opportunity. Data consumption is still doubling every 16 months to 18 months. And more than ever, there's an appetite for data. The average Canadian is on their phone three hours a day. It was only one hour a day a few years ago. So the phone in your pocket has really become – you've heard me say this before, Bob, the remote control for your life. And I joke inside the team, I say we compete with the toothbrush for what you reach for first thing in the morning and last thing at night.

So, I think there's opportunity on that front. I talked about the margin expansion piece of the equation. So, I'm very bullish around the wireless industry in where it's going. It's never been more competitively intense, but at the same time if you're willing to invest in brand, in distribution, in innovation, and in service, you can do well in this market.

Bob Z. Bek
Analyst, CIBC World Markets, Inc.

Q

So, that segues to my next question. I was going to talk about differentiation. And so, the last element there you mentioned service, and again, it was part of your preamble for your focus for you coming in. So, maybe just a bit more depth as to what in particular you can do from a service standpoint to really drive the differentiation between your – particularly on wireless with your competitors?

Joseph M. Natale
President, Chief Executive Officer & Director, Rogers Communications, Inc.

A

Sure. First of all, I think when it comes to service there is no sort of magic bullet. There's no sort of – if I just implement some big system, it will take care of everything. In fact, if anything – I'm of the belief that very large scale billing system implementations are really difficult and should be avoided at all costs.

I'm a big believer in going after the management methods and the blocking and tackling that leads to great customer service. And that comes in a few different flavors. I think first and foremost, it's important to go after the measurement approach. I've worked very hard to kind of redefine what people are incented by. I'm big believer in the old adage that what gets measured gets done. So, change in the comp system to be more reflective of customer service metrics from the CEO down to the frontline employee is very important. When people feel that a piece – a big important piece of their discretionary pay, their bonus is tied to driving those outcomes, behavior tends to really follow through very quickly. That's first and foremost.

The second thing is to really take an end-to-end look at the business. As I said, we've gone after some of the low hanging fruit, but really driving and understanding of how something that happens in product management or marketing has an impact in the store, in the call center is something that hasn't been very automatic for the Rogers organization.

We take 47 million phone calls a year. At CAD 10 a phone call, that's a CAD 0.5 billion investment in answering the phone. If you look at those phone calls and why customers call us, a vast majority of those calls have to do with something that didn't go as planned upstream; a product that has certain features that weren't ready, a promotion that wasn't very clear for the channel or the telephone rep, all those things along the way.

So, by stitching those pieces back together again, and driving accountability from the front to the back, I think we can really drive a better customer experience, and we can harvest those savings for investing in other parts of the business and expanding margins. I said to the team, we're going to after a 10% to 15% call reduction year-after-year in perpetuity, and really kind of continue to drive that effort down, which will improve customer service, and will drive free cash flow growth as a result.

Another area that's important to us is taking a look at our frontline management, we really make sure that our frontline managers have the tools, the skills, the coaching to drive the right outcomes when it comes to the people who are facing the customer. Of 26,000 people at Rogers, half of them face the customer every day, right? The other half are really in the business of supporting the first half. And making sure they have the right tools and abilities and authorities to do so is fundamentally important.

We're going to invest heavily in our web channels and web capability. I think another way to serve the customer better and to drive a better margin outcome is to improve rogers.com., to improve [ph] fiber.ca (12:33), to improve the applications that reside on your phone that more importantly become the way people want to transact with us.

If I'm honest, I think those applications and services have certainly improved the last little while, but we got a long way to go. And there's an opportunity for us that is not just with respect to serving the customer, but again driving cost out of the organization, and driving margin expansion and the opportunity to reinvest in the future of the business.

So, to me, if it hasn't become apparent through some of my comments, Bob, I believe that customer service improvement and margin expansion go hand-in-hand. They're not mutually exclusive, they're not somehow disconnected, you actually can't do one without the other.

Bob Z. Bek — Q
Analyst, CIBC World Markets, Inc.

I've got a few sort of wireless specific questions. Let me just turn to the audience, while we're here, just anybody have a burning question at this point? You mentioned at one point 5G, so some of the technology developments coming in the wireless side. What's Rogers' position on that preparation for that? Where you think that might go, I know you've got some players in the U.S. that are looking at fixed...

Joseph M. Natale — A
President, Chief Executive Officer & Director, Rogers Communications, Inc.

Sure.

Bob Z. Bek — Q
Analyst, CIBC World Markets, Inc.

...wireless...

Joseph M. Natale — A
President, Chief Executive Officer & Director, Rogers Communications, Inc.

Fixed wireless, yeah.

Bob Z. Bek — Q
Analyst, CIBC World Markets, Inc.

... [ph] technology (13:42) perspective, so perhaps your opinion on that would be helpful?

Joseph M. Natale
President, Chief Executive Officer & Director, Rogers Communications, Inc.

A

5G is a very exciting in concept, but we're at a stage now where it's really on theory not necessarily in practice. There hasn't been a 5G standard set yet. There isn't any 5G equipment yet. And we're just starting to get our heads around what are the 5G used cases and the business economics around those used cases.

So, I think we'll be on a journey of discovery as an industry to try to figure out where 5G will land. I think it will vary by country. I think it will vary by provider overall. I think the most important prerequisite for 5G is a really strong, what I'm calling, 4.5G network, kind of LTE advanced in its full nature as the underpinning of that 5G network.

I think 5G will be evolutionary rather than a rip-and-replace kind of exercise as a whole. I think it will depend on kind of where you're at as to what you find most appealing. So, you've quoted Verizon; and Verizon is looking at last mile fixed wireless as an idea, as they've kind of exhausted their focus on Fios and where they've taken it. That becomes the gating factor for expanding their wireline network.

Other people are focused on IoT. The promise of 5G around IoT is near zero latency and much longer battery life for a kind of device that doesn't consume a lot of power and therefore applications in remote areas take on new meaning and opportunity because of that. Other people are focused around small cells and offloading the macro network and leveraging very high-frequency spectrum. I think those are all kind of great possibilities.

We've got a strong partnership with Vodafone. Vodafone is doing a lot of great experimental work on 5G. We're staying very close to them. We're looking across the globe for maturation of these ideas, so we can understand how they fit it into our scheme and our world.

And the more we kind of learn about 5G, the more we'll incorporate it into our plans. I think what you're seeing right now is more headlines and experimentation...

Bob Z. Bek
Analyst, CIBC World Markets, Inc.

Q

Yeah.

Joseph M. Natale
President, Chief Executive Officer & Director, Rogers Communications, Inc.

A

...rather than substance.

Bob Z. Bek
Analyst, CIBC World Markets, Inc.

Q

Yeah. Okay. Just looking from a CapEx standpoint, your CapEx from Wireless in particular has been below longer-term averages. Obviously, the network quality is not an issue. Do you think this number would come higher going forward, I guess and kind of segue into a greater CapEx discussion across the firm as a whole...

Joseph M. Natale
President, Chief Executive Officer & Director, Rogers Communications, Inc.

A

Sure.

Bob Z. Bek
Analyst, CIBC World Markets, Inc.
Q

...like, do you think there's something there that might need to see us move back to perhaps longer-term averages which is a little higher?

Joseph M. Natale
President, Chief Executive Officer & Director, Rogers Communications, Inc.
A

So, let me take that in portions. On Wireless, we've been running about a 10% CapEx intensity. You've heard me say on calls and in previous sessions that really are going to be moving towards more of an industry peer average. For us, what does that mean? Somewhere in that 12% to 14% range of Wireless CapEx intensity. We are in the midst right now of a network upgrade program to launch the next set of ideas around LTE-Advanced. So, when it comes to four-carrier aggregation, when it comes to technologies like 4x4 MIMO, these are the capabilities that will add coverage and capacity for us. We're doing that now.

Some of our peers have already completed that work, we've just finished an exercise around procurement, and we're getting some great unit cost opportunities because the technology is a bit more mature right now, and the technology has better spectral efficiency. And we think now is a good time to step up the investment in Wireless and take the next step towards 4.5G.

And then you'll see us kind of stay in that zone because the free cash flow growth opportunities in Wireless are still very significant and worthy of that investment for a long period of time.

On the Cable side of the equation, we've been hovering circa 30% CapEx intensity. You will see that come down naturally over time. We think that our resting heart rate, I've been calling a resting heart rate around Cable CapEx intensity is somewhere in the low 20%-s, maybe 22% or so, somewhere in that zone without being too precise, but somewhere in that low 20%-s zone as a whole.

The path from here to there has a number of upticks and downticks. As we deploy the X1 Comcast platform, we're getting near the stage of employee trials and commercial release early next year and a lot of the one-time costs around that will subside. With X1 comes a much more efficient installation.

Today an installation for us in Cable is about CAD 1,100. In an X1 world we think it'd be close to CAD 400. It's a combination of the cost of CPE and the labor involved in the installation. An HD PVR box costs about CAD 400 today. A set-top box in an X1 world is closer to CAD 150 as a starting point, and we'll continue to drive economics from that point down. So that'll be a helpful down draft.

So, the question is what's the shape of that curve from 30% to low 20%-s. The one thing we are contemplating right now is what is the best approach to augmenting capacity as we see fit in the cable world. Our capacity augmentation is really success based in Cable. We've already deployed 1-gig capability across our entire cable footprint. We're running DOCSIS 3.1. We're having good success from it. Our Internet business is growing. It's growing in terms of double-digit revenue growth in Internet, in terms of loading Internet, in terms of ARPU growth in Internet. So we feel we have a very specific horsepower speed advantage right now and we can add capacity on a success basis.

The thing I'm contemplating with the team is, is there an opportunity to be more capital efficient around some of that work. In other words, we're going to go into a neighborhood and add more capacity, we're better off doing the neighborhoods next to that neighborhood in one construction effort, considering the fact that construction crews are busier than ever in many parts of Canada and that there are economies of scale and scope to be had by doing contiguous area altogether and keeping the marching – army marching, and also timing it more effectively around other reasons why the street might be – being torn up, right? There's a water main going in, it'd be nice to kind of tuck in behind that rather than have to go to the whole process on our own and deal through the municipal permitting efforts required to do so.

So, our thoughts are maybe we'll take more of a step function down towards that resting CapEx intensity rate by bundling some of these opportunities together. And if I can get CAD 1.20 worth of work done for CAD 1 worth of investment, I think it's worth the effort in taking through that. But there's no question that that's where we're headed.

You tend to think of us is sort of operating at about a 16% overall CapEx intensity ratio. You might see us kind of harboring in that 17%, 18% zone on the way through the cycle.

Bob Z. Bek
Analyst, CIBC World Markets, Inc.

Q

Your main competitor is in the middle of another fiber build, getting quite aggressive in some parts of your market. Does that alter your thinking at all as far as this CapEx plan goes. I mean, your advantages to data there when they get fiber fully deployed, might be a little more questionable. So, what were your thoughts on their build?

Joseph M. Natale
President, Chief Executive Officer & Director, Rogers Communications, Inc.

A

I think it's important to unpack that a bit, Bob. Let's look at our footprint because a big portion of our footprint especially in the GTA that is condo buildings. We've been running fiber to the suite in condo buildings for almost 10 years. A big portion of the surrounding area around Toronto in the suburbs is greenfield subdivision development. We've been running fiber to the home in those neighborhoods for also about a decade.

And in those areas because of our relationship with developers, we've been getting very strong and meaningful majority market share. So, the question really comes down to brownfield operations. And brownfield operations that are in the Toronto area are largely buried facilities.

So, our competitor will spend quite a bit of time and money kind of expanding through those areas. We're not standing still in the meanwhile. We're going to be looking proactively to those neighborhoods looking at ways of inoculating those customers who've been long standing loyal Rogers customers.

We already have, as I said earlier, a horsepower advantage today with 1-gig capability. We're doing very well with one hand tied behind our backs. With the advent of X1. I really believe X1 is a compelling, exciting capability. If I could just give you a snapshot into the Rogers organization to hear the enthusiasm around that platform and where it's taking us. I think we have an opportunity to really fight with both hands at that point.

Just look closely at the Comcast results, the last number of years on that front, even if we get a fraction on those results, stemming video losses, growing video ARPU, improving churn, improving customer service. Couple that with the technology advantage that's hinged on success-based CapEx for us on Internet, I think it's a pretty powerful combination.

Bob Z. Bek
Analyst, CIBC World Markets, Inc.

Q

So, did you think there's at some point a fiber drop on some of these brownfield areas will be required? Do you think DOCSIS can keep up, [indiscernible] (24:04) DOCSIS for 10 more years or what do you think?

Joseph M. Natale
President, Chief Executive Officer & Director, Rogers Communications, Inc.
A

Our view is that we've got a lot of life left in the hybrid fiber and coax network. When we talk about what adding coverage and capacity, really talking about node-splitting.

Bob Z. Bek
Analyst, CIBC World Markets, Inc.
Q

Yeah.

Joseph M. Natale
President, Chief Executive Officer & Director, Rogers Communications, Inc.
A

Don't' see the advantage of replacing the last mile, coax from a physical property point of view, still has a lot of upside. Just the raw physics of that medium versus copper. And therefore, you'll see us go to a passive network, based on the combination of glass and coax. And we think that's most cost effective, and we think we can [ph] sweat (24:39) that technology for a decade or so, if not longer.

By then, there might other alternatives. By then, fixed wireless in a 5G world might be an alternative. So we don't see the value of replacing that coax and nor the reason for the expense.

Bob Z. Bek
Analyst, CIBC World Markets, Inc.
Q

So, backhauling for 5G at some point is the strength of your spectrum portfolio. How do you feel about that positioning and any thoughts on a 600-megahertz auction in the next couple of years, where Rogers stands?

Joseph M. Natale
President, Chief Executive Officer & Director, Rogers Communications, Inc.
A

We're very pleased with our current spectrum portfolio. I think we've done very well in the number of auctions over the years. We did very well in the most important of all the auctions, 700-megahertz auction a few years ago. And it's proven that spectrum's become very useful to us. Spectrum is the lifeblood of our business. If you gave an engineer the choice of spectrum versus cell site densification versus better electronics. I think they would always gravitate towards spectrum. There is an economic point at which you make those trade-offs and you find the mix of those three approaches to adding coverage and capacity as a whole, but spectrum will always continue to be important.

In terms of 600-megahertz, we're getting ready for the consultation right now that's upon us. We think the auction might be somewhere in the 2019 timeframe, maybe early 2020, we're not sure. You've heard me say in the past that we don't believe that there's a need to subsidize the kind of well healed vibrant cable operators that are looking for a cell site. We don't believe that there's a need for a cell site anymore in the current marketplace. We're all very capable competitors with strong balance sheets and it's time for the government to kind of let go of that notion, but we'll make our case around that. And at the end of the day, it'll be what it'll be. But we'll be there when it comes time to support the spectrum auction.

Bob Z. Bek
Analyst, CIBC World Markets, Inc.
Q

A couple of big picture questions too as we finish up M&A. What's the Joe Natale approach to M&A with this asset base that you have?

Joseph M. Natale
President, Chief Executive Officer & Director, Rogers Communications, Inc.
A

Well, we've got a great rich mix of assets that's for sure. I don't have anything big to buy right now. If you have any ideas, Bob, I'm open to them. So, there's nothing really on the M&A list of any substance. I might do some little things along the way, but nothing material from that perspective. The key for us is to make sure we maintain a strong balance sheet. We kind of started the year at about 3 times net-debt-to-EBITDA. We think just organically [indiscernible] (27:29), we'll get to 2.5 times in next couple of years, and below that even further down the road. And I think when the opportunities come along we'll be ready. We'll have the financial wherewithal, and we'll have certainly the appetite to make them happen.

Bob Z. Bek
Analyst, CIBC World Markets, Inc.
Q

So, on that front, I know it's board level decision, but your thoughts on restarting dividend growth from this point. I know there's a number of investors focused – you obviously have a lot of free cash coming in, what are your thoughts from your perspective?

Joseph M. Natale
President, Chief Executive Officer & Director, Rogers Communications, Inc.
A

We'll continue to focus on the fundamentals of operating profit growth and free cash flow growth. I have a number of conversations coming up with our board to talk about what is the dividend policy that we believe is the right one going forward, and we'll come back in due course with a more clear and thoughtful answer on that point. But at the end of the day, we're going to continue to drive the right free cash flow metrics that will give us and afford us all kinds of possibilities with that money.

Bob Z. Bek
Analyst, CIBC World Markets, Inc.
Q

Okay. I know media is a small part of your business – I wanted to [ph] sneak (28:31) this question. Obviously the last time we would've spoken like this media was not part of your portfolio. So, now that you're a big media owner what are your thoughts on the importance of that within the portfolio?

Joseph M. Natale
President, Chief Executive Officer & Director, Rogers Communications, Inc.
A

I really was hoping that [ph] Jays will make the playoffs (28:48), but you haven't asked that question.

Bob Z. Bek
Analyst, CIBC World Markets, Inc.
Q

Not yet.

Joseph M. Natale
President, Chief Executive Officer & Director, Rogers Communications, Inc.
A

No, I think overall a couple of things on media. I fundamentally believe that owning important media can really help drive the business. The thing I've talked about is renting media. I think if you're in the rights rental gain without any competitive position, you wind up in this margin squeeze.

You go to Hollywood, buy some great titles, you kind of distribute those titles, and then the next time around, those titles are more expensive and you're always kind of the intermediary. Where the competitive advantage is where there's rights ownership that you can deploy strategically. In our world, I think that's two areas. One is sports. Sports continues to be a very important content for Canadians. Just watch what's happened to the Sportsnet over [indiscernible] (29:45) Sportsnet has gone from being sort of more in the middle of the pack to the leading sports broadcaster in Canada, really on the basis of driving an audience around baseball and hockey. So, being able to kind of take those rights, they're really important and bringing to life for Canadians not only is good for the media business but I think it's good for the entirety of the portfolio.

The other place is content that I've been describing as being fiercely local. So, social media does its part in terms of a lot of great media content. Where there's a gap I think is what I'm calling a fiercely local content. So, for example, Student TV and Breakfast Television, one of the most watched shows in Canada, does a great job I think because of the nature of what's happening in Toronto kind of come to life or what's happening in that particular city.

Radio for us, people have long talked about the death of radio. Radio commands 14% of the Canadian audience share. And radio for us is a cash flow business that just keeps chugging out CAD 100 million of cash flow year-after-year because again, it's fiercely local. There's a companionship with that person, the celebrity on air that you're spending time with in the morning on your drive in, et cetera. So I think those types of media properties make sense. We'll continue to invest in them.

The other ones that don't make sense for us, Tony and I have a list of them or kind of making our way through them. We're trying to figure out what's the best way of servicing value.

Bob Z. Bek

Analyst, CIBC World Markets, Inc.

Right. Okay. Well, we're out of time. So, thanks very much, Joe, for sitting down with us today.