

# Q4 2017 Results

January 25, 2018



# Cautionary note

The following materials are for presentation purposes only. They accompany the discussions held during Rogers' investor conference call on January 25, 2018. These materials should be read both in conjunction with the disclosure documents referenced below and Rogers' Fourth Quarter 2017 Press Release, which was issued on January 25, 2018.

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, and Rogers' Fourth Quarter 2017 Press Release, as filed with securities regulators at [sedar.com](http://sedar.com) and [sec.gov](http://sec.gov), and also available at [investors.rogers.com](http://investors.rogers.com). 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.

This presentation includes non-GAAP measures, including adjusted operating profit, adjusted operating profit margin (calculated as a % of service revenue for Wireless), adjusted net income, adjusted EBITDA, 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. 2017 free cash flow for purposes of 2018 guidance has been adjusted to reflect the use of adjusted EBITDA on and after January 1, 2018.

This presentation discusses certain key performance indicators used by Rogers, including total service revenue (total revenue excluding equipment revenue in Wireless, Cable, Business Solutions, and Corporate), subscriber counts, subscriber churn, and total service units (TSUs). Descriptions of these indicators can be found in the disclosure documents referenced above



# Excellent 2017 financial and subscriber performance

- Best financial and subscriber performance in many years
- Strong growth in total service revenue, adjusted operating profit, margins and free cash flow
- Delivered on 2017 guidance and paid \$988 million in dividends to shareholders

## Consolidated

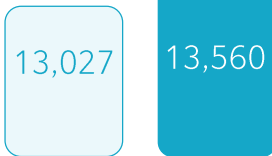
Total service revenue ..... **+4%**

Adjusted operating profit (AOP) ..... **+6%**

AOP margin ..... **+80 bps**

Free cash flow ..... **+2%**

(\$M)



2016 2017

(\$M)



2016 2017

(%)



2016 2017

(\$M)



2016 2017

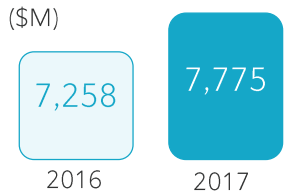


# 2017 overall performance largely driven by Wireless

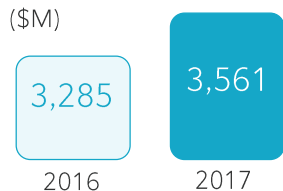
- Best Wireless financial results since 2009:
  - 2017 Wireless service revenue growth of 7% and AOP growth of 8%
  - 354,000 Wireless postpaid net subscriber additions with churn of 1.20% – best results since 2010

## Wireless

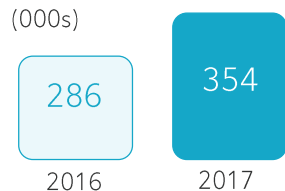
Service revenue ..... **+7%**



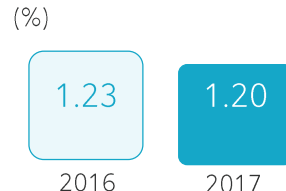
AOP ..... **+8%**



Postpaid net adds ..... **+68K**



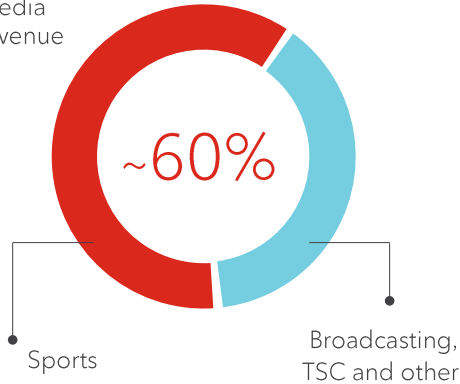
Postpaid churn ..... **-3 bps**



# 2017 Media performance

- 2017 revenue growth in each of sports, TV, radio and digital
- Remain focused on local content and live sports

Media revenue



Sportsnet remains Canada's #1 sports media brand for third straight year



Exclusive national 12-year licensing agreement



Owner of the Toronto Blue Jays baseball club

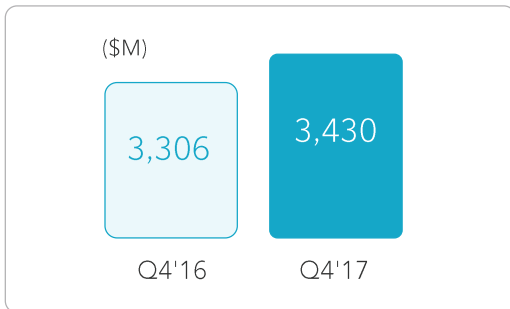


# Strong Q4 financial performance

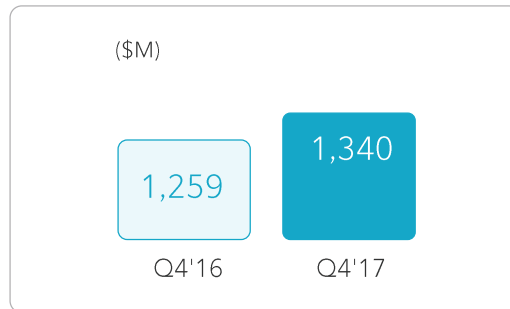
- Continued strong financial performance in the fourth quarter driven by growth in core business
- Growth in total service revenue of 4% and adjusted operating profit of 6%

## Consolidated

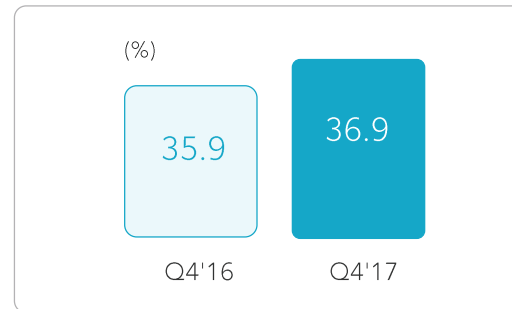
Total service revenue ..... **+4%**



AOP ..... **+6%**



AOP margin ..... **+100 bps**

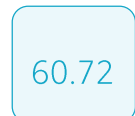


# Q4 Wireless and Cable performance

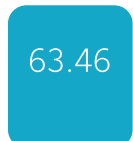
## Wireless

Blended ARPU ..... **+5%**

(\$)



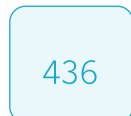
Q4'16



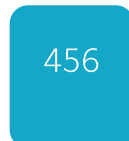
Q4'17

Postpaid gross adds ..... **+20k**

(000s)



Q4'16



Q4'17

Postpaid net adds

(000s)



Q4'16



Q4'17

Postpaid churn

(%)



Q4'16



Q4'17

## Cable

- Strong financials with revenue and profit growth
- Balanced subscriber additions with ARPU performance

Percentage of base on  $\geq 100$ MBps

(%)



Q4'16



Q4'17



# Accelerated momentum in 2018

2018 guidance reflects continued expected growth in revenue and accelerated growth in profit and free cash flow

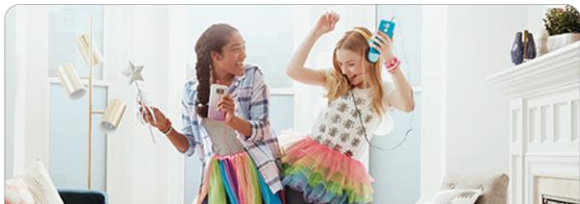
Revenue	3% - 5%
Adjusted EBITDA	5% - 7%
Capital expenditures	2,650 to 2,850 M
Free cash flow	3% - 5%

- Focused on growing the fundamentals –sustainable growth in revenue, profit, margins and free cash flow for strong returns on investment
- Consumer and business demand for data and wireless penetration rates continue to grow
- Healthy macroeconomic conditions in the markets we serve
- Our asset portfolio, strategic priorities and our team provide a strong foundation to achieve growth





# Focused on our six strategic priorities



Create **best-in-class customer experience** by putting customers first in everything we do



Invest in our networks and technology to deliver **leading performance and reliability**



Deliver **innovative solutions** and **compelling content** that our customers love



Drive **profitable growth** in all the markets we serve



Develop **our people** and a **high performance culture**



Be a **strong, socially responsible leader** in our communities across Canada



# Highlights from our 2018 plan



Create **best-in-class customer experience** by putting customers first in everything we do

- Revised 2018 incentive plan to place 50% on customer measures
  - Simplifying products and processes
- Accelerating website, mobile and digital roadmaps



Invest in our networks and technology to deliver **leading performance and reliability**

## Wireless

- Well timed investment in latest generation equipment for better cost and spectral efficiency

## Cable

- Power of coax continues to deliver speed in capital efficient manner
- Transitioning over time to passive coax and Full Duplex DOCSIS, allowing for symmetrical speeds up to 10Gbps



Deliver **innovative solutions** and **compelling content** that our customers love

## Ignite TV

- All IPTV premium service, roadmap of continuous innovation
- Employee trials well underway
- Lower cost customer premise equipment



# Financial performance



# Q4 & 2017 financial performance

	Q4'17	%Chg	2017	%Chg
<b>Total revenue</b>	<b>3,632</b>	<b>3</b>	<b>14,143</b>	<b>3</b>
Wireless	2,189	6	8,343	5
Cable	871	2	3,466	-
Business Solutions	99	3	387	1
Media	526	(4)	2,153	-
<b>Total service revenue</b>	<b>3,430</b>	<b>4</b>	<b>13,560</b>	<b>4</b>
Wireless	1,990	7	7,775	7
<b>Adjusted operating profit</b>	<b>1,340</b>	<b>6</b>	<b>5,379</b>	<b>6</b>
Wireless	860	9	3,561	8
Cable	449	3	1,709	2
Business Solutions	32	7	128	4
Media	39	(20)	139	(18)
<b>Adjusted operating profit margin</b>	<b>36.9%</b>	<b>1.0 pts</b>	<b>38.0%</b>	<b>0.8 pts</b>
Wireless	43.2%	0.6 pts	45.8%	0.5 pts
Cable	51.5%	0.8 pts	49.3%	0.8 pts
Business Solutions	32.3%	1.0 pts	33.1%	1.1 pts
Media	7.4%	(1.5 pts)	6.5%	(1.4 pts)

Q4 and full-year continued strong service revenue growth; margin expansion reflects solid traction on cost reduction

Q4 Wireless revenue flow through rate to AOP of 52%, up from 34% YoY despite increased retention spend: Q4 subsidy costs +17% and device upgrades +7% YoY

Ongoing product mix shift to higher margin Internet

2018 Media margins expected to grow on higher revenue and improved cost structure



# Q4 & 2017 financial performance

	Q4'17	%Chg	2017	%Chg
Net income	419	not meaningful	1,711	105
Adjusted net income	455	19	1,821	23
Adjusted diluted EPS	\$0.88	19	\$3.52	23
Capital expenditures, net	841	39	2,436	4
Capital intensity	23.2%	6.0 pts	17.2%	-
Free cash flow	244	(38)	1,746	2

Full-year free cash flow growth in line with guidance; Q4 impacted by timing of capex programs

Q4 capex and capital intensity in line with updated 2017 guidance provided last quarter

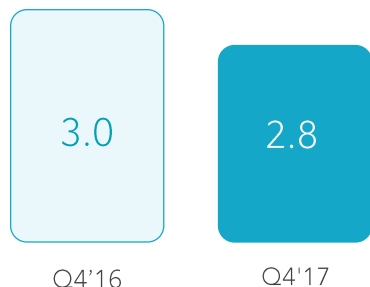
Q4 Wireless capex increased on accelerated ramp up to 4.5G network

Q4 Cable capex driven by Ignite TV integration costs and investments in latest network technologies



# Enhancing financial flexibility

## Debt Leverage Ratio



Strong AOP contributed to operating cash flow of \$1,142 million in Q4

Continue to focus on meaningful progress toward target debt leverage ratio of  $\leq 2.5$

Strong investment-grade debt ratings with stable outlooks

\$2.7 billion in available liquidity

Weighted average borrowing costs and average maturity term of 4.70% and 9.9 years, respectively



# 2018 guidance

	2017	2018 Guidance
Revenue	14,143	3% - 5% growth
Adjusted EBITDA	5,318	5% - 7% growth
Capital expenditures, net	2,436	2,650 to 2,850
Free cash flow	1,685	3% - 5% growth

(In millions of dollars, except percentages)

- Focused on driving sustainable growth in our core business including improving our overall cost structure



Q&A

