

- Vince: Good morning everybody. Thank you for joining us for our annual Telcom & Media Conference. Lots going on in Canadian Teleconference space this year, with leading the way has been Rogers who's been very busy. So we're thrilled to kick off our conference this year with the CEO and CFO of Rogers Communications. So Joe Natale and Tony Staffieri, thanks very much for joining us this morning guys.
- Joe: Morning Vince. Thanks for having us at the top of the hour.
- Tony: Good morning.
- Vince: So let's just kick it off with a general question, in case there's any updates you want to provide people. I mean you obviously got the favorable shareholder vote on the Shaw front last week. You got court approval yesterday. Anything new – and you gave the preferred share reduction notice as well. Anything you want new -- you want to provide investors with in terms of update on the timeframe or the process of the takeover?
- Joe: Thanks Vince. First of all, obviously very delighted with the degree of support we go, overwhelming support from shareholders and the courts as well. And we're now working through the various regulatory approvals with the Competition Bureau and the CRTC and ISSED. We're in the early stages of that. We don't anticipate anything, any major obstacles there from what we discussed last time.
- We still see this transpiring in the first half of 2022; and the team is well prepared and we've got a great set of facts and economic data to support our position on the deal as whole.
- Vince: And anything on the – that was sort of on the approval and timeframe – anything on the integration plans and synergies targets? Are you able to get in and do any more work since March, or do you sort of have to wait until the deal closes?
- Joe: It's a bit of an in between. We still operate very much as two separate companies. And if you look back at the plan of arrangement, there was a very specific and clear outline as to how we would interact/interface. We've set up an integration governance structure between ourselves and Shaw. We meet on a regular basis.
- We've dedicated a team of people fulltime to work on the integration across a whole number of workstreams. Bear in mind there are a lot of people inside of our organization who've been through some big integrations, some big mergers over the years. So we've got a good base of talent as to what's required to get this done.
- Our goal is pretty straightforward. And that is to work over the course of the next many months, so we have a very detailed playbook and integration plan across

every aspect of the business. So the minute we get regulatory approval, we hit the ground running. And bear in mind that the vast majority of our organization, 99.9% of the company is focused on the business; and the whole idea was to create a team of people devoted to the integration, led by the executive team, of course, and ready to kind of get going on every aspect of the synergies, from revenue to capex and opex.

Vince: Excellent. So let's turn back to that 99% and the focus on the core business. 5G has been a big push for you guys. It's a big push for most telcos, but you guys seem to have been out of the gates a bit faster than some of your peers in Canada. Can you give us some updates, in terms of how many customers are actually using 5G devices today and what type of usage and RPU profile you might see from that cohort of customers?

Joe: Well, it's early days to really look at 5G adoption in a broad way as a whole. But we were very clear and specific that we wanted to lead the market in this area. Bear in mind, we've got 2.6 million customers on Infinite plans. Every one of those customers has our 5G network available to them. And at last count, we are covering 173 cities in roughly 600 communities as a whole. And more to come on that front.

And we just got ranked having the highest amount of time on 5G. And this is still early days. We're really, of course, waiting for the next spectrum option. We'll continue to kind of invest in coverage and capacity on 5G. Our goal is very simply, as the economy opens up, as mobility becomes an even more important part of people's day-to-day lives, as restrictions and lockdowns come to conclusion, we think that there's going to be a surge in appetite for mobility services, and 5G will be front and center in that equation, especially as new handsets show up in the marketplace.

Vince: That's kind of the consumer side, Joe. How about on the enterprise and Internet of Things side? You have a lot of partnerships and ventures underway with the likes of RBC and Waterloo and Amazon Web Services. I think some mining companies as well. What are your latest thoughts on how material those enterprise IoT applications could be in the future and your latest thoughts on how soon we might actually start to see some noticeable revenue from those new services?

Joe: I'm very excited. I think over the course of the next 5 to 10 years, this will become the core of the B2B business as a whole. There won't be an application for a network opportunity that doesn't involve 5G in some way, shape or form. Just like a generation ago we were putting in wireline, high capacity, high-speed wireline networks that just became the mainstay of organizations like the very connection that we're on today, for example. I think it will be that pervasive as this ramps up.

We're all placing different bets on it. Our view is a very simple one, is that our network becomes the treasurer or the capability that we will offer to various applications and various partners as a whole. There'll be a whole bunch of new currencies in that network. Currencies won't just be volumes of data, but there'll be currencies around latency, currencies around specific functionality for an application.

But one of the big bets we're placing down is on private networks, just to begin with private LTE networks which will make their way into private 5G networks. We launched the first one of those just in March of this year. And the idea is to give a slice of our network, or a piece of our network, to a particular organization so they can use it as a sort of capability that is just for them, without having to replicate infrastructure for their needs in that facility or that mine, to your question, Vince, or that manufacturing plant, etcetera. I think this sort of whole private network business will be a big part of that.

Then you add to that a number of industry vertical areas of focus. We think the first ones for us will include transportation, asset management, smart cities. And we're doing work in all of those right now. We struck partnerships with Roambee, for example. We struck partnerships with Fleet Complete and a few other organizations.

And then as you mentioned, we traded these innovation R&D groups at University of British Columbia, University of Calgary and the University of Waterloo. I mean the idea there is to get researchers together with business, together with the startup community and find ideas and applications that we can give life to, and help to stimulate the confidence in these ideas, but also help to stimulate the commercial scaling of the ideas as this happens.

So I'm quite excited about it. This will be evolutionary as it does take place, and we're going to be in the center of it. The opportunity for us as the largest wireless carrier; and the opportunity for us in terms of net-new growth into the enterprise space is critical to making sure that we do have a great set of capabilities on this front.

Vince: And will we see revenues like in 2022 or is it – should we think more '23, '24 before it starts to make any noticeable impact on the reported financials we see?

Joe: I mean we're seeing revenues right now, but it's not material at this stage. I would say it'll be '23 and '24 before it's sort of something we could call out specifically. We'll continue to give investors insights and a heads-up to key projects that are sort of the vanguard of what we're up do. But we think there's a material opportunity in our business in the next few years.

Vince: And philosophically maybe when you think about 5G, Joe, that most telcos seem to be thinking about it as network-as-a-service. And you may do private networks, but you won't actually be providing all of the software and applications. You'll leave that to the corporate entity to do or a third-party technology company.

At least one of your competitors thinks a bit differently and seems to want to become a software and application company. Where does Rogers see itself in that? Are you just an aggregator of other people's apps, or will you actually start investing in software to provide full end-to-end managed services as some point as well?

Joe: Well, our overall view is it's a managed services business. And at the very least, it's a managed network service opportunity capability. At the very best up that stack, we will have partnerships with globally-relevant organizations, that may have started in Canada, may have started somewhere else, that we believe has best-in-breed or best-in-class solutions for a particular application. Or maybe a couple of them in this specific space as a whole.

We may take some sort of investment in some of these companies that we believe that are really going to help drive growth and be a part of it. But I've been the down road before looking at – starting application or software businesses in Canada. And you quickly kind of get to a point where you realize you need global scale and global distribution. And you end up selling that asset to someone else who can do exactly that.

And our view is I'd rather form the right partnerships with people that have that capability. Fleet Complete's a good example. Fleet Complete is a fleet management, asset management business. It started in Canada and now has global scaling capability in a number of countries across the world.

And forming deep partnerships with organizations like that, where we get a piece of a pie, where we are part of the managed service offering that creates the lifetime value and the stickiness with an enterprise customer, is where we'd like to be.

I think the key is to pick certain verticals or horizontals that matter in Canada, because some of them are upscale in Canada; and some of them really are too small to have a focused business on in Canada. And that's why we picked asset tracking, transportation, smart cities, mining and resources as sort of the key areas of focus. We think those are substantial in nature and will help us drive the train in terms of revenue growth.

Vince: Excellent. So obviously, to make all of these services and networks work, you have to have spectrum. Rogers has some pretty enviable holdings in low and mid-band spectrum. You don't own any millimeter wave spectrum at this point, which nobody in Canada owns. Lots of debate in the US as to whether the millimeter wave is really worth what was paid for it and how integral it will be.

What's your thoughts? Do you have enough low and mid-band spectrum, maybe you can avoid this densification of cell sites that are needed for millimeter wave, or at least push that out for 10 years or more, or is millimeter wave in more the near-term thinking for you?

Joe: Well, first of all, we're really happy with the spectrum position we have already. And the mid-band spectrum that we have and what's to follow in the upcoming 3500, 3000 auctions -- we'll see how it will shake it -- will give us a lot of opportunity and capability, especially as it relates to densification, to your question, Vince.

Millimeter wave has its applications. It's a great spectrum band for fixed multipoint communication, especially in urban settings. So there's a use and a purpose for it. It'll be used for intel in certain urban settings, in building coverage or a particular kind of low geographical propagation coverage where you need ISP. So there's a use and a purpose for it.

And I think the way to look at it is each of the spectrum bands, low, medium and high frequency, millimeter wave, for that matter, has an opportunity to create network capability in the _____ that specific capability. It's when you try to substitute one for the other that the economics start to break down.

You need low-frequency spectrum for far-reaching geographic propagation. And hence, the position we took around 600 where we have about 80% of the 600 megahertz spectrum available to us. The mid-frequency spectrum will do a lot more in terms of speed and capacity over a narrower area.

And then as you look at applications in key cities, we may look at millimeter wave. I mean there's no question that some applications will require millimeter wave, but it will be on a bespoke application basis, as opposed to one of them is going to win over the other.

Vince: Segue a bit into your cable business. A bit of a transitory question is. On the regulatory front. We had the MB&O decision. I mean in my perspective it was a pretty balanced favorable decision for incumbents. At least upholding the facility's based philosophy. So feel free to comment on that if you want. It's already been talked about I think enough in the past. But I won't stop you if you want to give some comment on it.

But the question is, the PTIA decision, third-party internet access wholesale rates for people on the line – seems like it's coming out this week. Finally going to hear what the final rates are from the CRTC. Do you have any thoughts on what they might do on that file? And any, am I too optimistic to think they may think if facility-based works in wireless, and that's such the foundation of the regulatory philosophy, why not consider something closer to that in fixed like as well?

As opposed to letting people resell forever with no obligation to build their own network. So any comments on MB&O and then the upcoming PTIA decision would be great.

Joe: Thanks Vince. First of all, I would say the MBO decision above all else provides certainty and certainty is a thing that we've been after in the industry. And certainly that reinforces the importance of infrastructure investing and infrastructure investment-based competition. It's what has got us so this great point.

Canada has, as we've talked about many times, some of the very best networks in the world, ranked number one or number two in the world. And it's because of this regulatory policy that we stand in that place with that trophy. Especially when you consider the geographic expanse of Canada and the lower population density, it's a bit of a miracle that we got to that place. But it's only because of the regulatory environment that reinforced the need to build to the far corners of Canada.

One thing that COVID has taught us more than ever is that high-speed wireline infrastructure matters too in a big way. We have 2 million homes in Canada that don't have access to high-speed internet. And I don't know what's going to come out with the decision this week, but I really hope it reinforces the need for investment, the need for investment in making sure that every Canadian gets connected.

It's not a very complicated puzzle, and that is the harder the economics on the edge of urban and suburban Canada, the more difficult it is for anyone to build to those places. And if you have to get to a place where you have to resell your network at a loss the minute that you build the network, it doesn't take a lot of thinking to say you know what? Why would you do that?

Now to be fair, there are a number of broadband funds that will help to kind of bridge some of those economics. But we're hoping that the decision this week helps to reinforce the infrastructure mindset around wireline networks, which have become ever critically important for a new virtual world that has been accelerated through COVID. Whether it's working, learning or this conference,

for that matter, it's all happening more virtually. And as a result, the investment piece is even more critical.

Vince: And I have a question from the audience on cable as well. How do you compete with the big aggressive fiber to the home rollouts that are going on? How will you maintain your market share and how does coax hold up versus fiber?

Joe: Tony's here with me. Give him a chance to kind of jump into the conversation. But we've got a very clear path on that point, Vince. We think there's a lot of future roadmap in DOCSIS. And we're going to continue to kind of driving on that front as well, where it make sense, we're putting in fiber in GPON. We've been doing that in greenfield for years. So I'll pause there and give Tony a chance to jump in on this topic. Tony?

Tony: Sure, thanks Joe. To lead off with, we've been competing with one form of either fiber to the node and fiber to the home for well over 10 years. And it _____ with the momentum that our K business has gained over the years, and in particular, over the last few quarters. In the last quarter we saw revenue growth of 5% on the back of, despite the pandemic, some I think pretty solid numbers in terms of internet net ads of 14,000 higher than the year before. And our night TV net ads, 58,000 higher than the year before.

That's built a lot of confidence in the execution in our cable business. And as Joe said, product superiority is more and more important. And today we offer one gig across our entire footprint and very _____ if we want 5 gigs. And the DOCSIS roadmap is extremely compelling, as you see, download and upload speeds continuing to increase. Importantly, well ahead of where market demand sits today. So if you look at the actual number of customers that are at one gig for us, it continues to be less than 10%.

And so I think it's important to highlight the competitiveness of our network. The last mile of coax is not only going to deliver at speeds ahead of market demand, but importantly, on a very cost-effective basis. And so we feel quite comfortable with the technology.

If we were to look at revenue increase on what's been contributing to it over the last little while, Q1 we had 5% increase on revenue. Really made up of the two parts. We're seeing good increase on average revenue per customer or per account. And that's really made up of two things. One, the customer up-tiering, either to a night(?) TV indoor, to higher internet speeds. And it's that natural inertia that's helping move ARPA up. We did have a price increase back in October and that contributed a portion of the ARPA help as well.

And then the second piece is really footprint expansion. Our market continues to grow, in roughly a 1 to 2% range during the pandemic. So a bit of a slowdown in construction and move-ins, but slowly picking up as the pandemic moves on. And so when you put that footprint expansion, combined with what we're seeing in RPA, we're quite confident with sustainability of our cable financials and revenue, in particular.

Vince: You mentioned the rate increases, Tony. And my perception has been, not just yourselves, but most of the wireline players in Canada, have announced rate increases almost every year for the past several years. But we don't see it translate into revenue growth as much as we might expect. It always seems to be promotional discounting off of those sort of base rate cards that eats up a lot of the rate increase.

So the 5% revenue growth you put up was really strong, in my mind, and it shows that more of that rate increase plus the up-tiering is starting to fall through to actual reported revenue. I'm wondering is there some credit here to be given to discipline by your competitors, your main competitor, to be clear?

It seems like 18 months ago it was just a heated battle between yourselves and Bell and tons of promotional scimmages. And we weren't seeing anywhere near this type of revenue growth in your cable business. Have things calmed down? And if so, do you think that they're sustainable?

Tony: Probably two factors that I'd point to contributing what we're seeing is fairer pricing in the marketplace. And one is, we've gotten a lot better at promotional discounting. And so when customers came on at 6 month, 12 month or even 2-year discount, it was really hard for the customer to move up to market rate pricing. And they have forgotten, for the most part, they were on a promotion. And so all of a sudden what they thought was market pricing, was an interim promotional – and it was a bad experience for everyone.

And so we got a lot better at managing those promotional periods, so much shorter periods of time. And when customers come off, doing a better job of getting them to market rate pricing and making sure they expected that. So from our end, we've gotten a lot better at that.

And then the second thing is I think the market realizes that with us as an industry getting better at service and getting installations a lot more efficiently and getting the customer, in our case, up and running within four hours with self-install, the ease of switching is higher than it's ever been. And so I think with that, I think there's a realization on our part that promotional discounting over a long period of time may not win the hearts of the customer, in terms of loyalty.

And somewhat related to that, we think more than ever, the customers really need reliability in the internet during these times. And so price becomes a secondary factor. And so while you always have promotions in and out of market, our sense is right now the customer is looking for the superior product.

Vince: Good stuff. I want to talk about business telecom within cable a bit as well. We don't hear much about that from Rogers. I know in the past I think it's been admitted by Rogers' management that you were a bit behind some of your peers in terms of gains in the SMB space and overall market share biz telecom. Are you making strides there? I know Dean Prevost has been running that business now for a while for you.

Is there more going on behind the scenes that we're just not hearing about? And can you give us any sense of the trajectory there?

Joe: Sure Vince. If you were to look inside our business, you would see that our wireline/cable fiber B2B business is the fastest growing part of Rogers. And inside some of those cable results are just that. We're seeing high single-digit, low double-digit growth in that area, just because we're focused on it for the first time, I think, in years. And we've got a suite of products that really is appealing.

Leveraging the cable footprint and leveraging the capability of cable by putting in some of the managed service aspects, the capability that businesses are looking for small and medium businesses, for that matter. But it will continue to be a growth opportunity for the Rogers' organization.

As Rogers and Shaw come together, there are a series of synergies on that front that we're quite excited about. One is Shaw has certainly done a very good job of growing their SMB capability in Western Canada with their suite of product offerings. And they've driven greater penetration to market share. I think we can leverage and bootstrap some of that product capability in Central and Eastern Canada, as an example.

But then the other big prize is the enterprise space. The enterprise space in Canada is worth 3 to 5 billion dollars in terms of revenue; and it's a de facto monopoly. Part of the last standing monopoly in the industry as a whole, in the Telco world. We just have not had the national footprint to make the economics work. And when you've got over half your network off net and you have to deal with off-net economics, in terms of leasing access points or leasing fiber, etcetera, to make it work, you kind of often cut yourself out of these large enterprise deals.

So we think there is a material opportunity for us as we combine companies to go after that space. We'll effectively have a very far-reaching wireline network in every province of the country, except Quebec. In Quebec we've got a decent fiber

footprint already. So I think it'll be a gamechanger for us on that front as well. And we're quite excited about both SMB and enterprise.

Vince: Any opportunities you think to partner with Quebec or Videotron on true national enterprise scale?

Joe: I think it'll be sort of opportunity specific. If there's an opportunity that has a deep footprint need in Quebec, then we'll certainly look for the right partner in Quebec around that. But I think no matter who you are in Canada to serve the enterprise space, there's always a part of the country where you end up leasing or trading facilities. It's just making that a minor piece of the equation, versus a major piece of the equation. That fundamentally shifts the economics in our favor.

Vince: Shift to the cost side. Been some impressive cost reduction and cost management, not just during the pandemic, but even the trends prior to. But in the past few quarters, the substantial cost reductions we've seen in both the cable and the wireless side, Tony, have you been able to identify at this point now how much of it is just pandemic related and how much of it might come back, things like retail stores, travel and entertainment, maybe a bit of return to physical office space? Can you segregate that a bit better for us these days or is it still too early to figure out what's transitory and what's permanent?

Tony: Yeah, as you say Vince, our focus has been on margin expansion over the last little while. So irrespective of the revenue profile that the pandemic throws at us, we have a cost structure that continues to deliver on EBITDA and margin improvements.

We do have a good line of sight as to what will pick up and what is sustainable. We've been focused on sort of more the structural pieces of it that I'll talk to in a moment. But there are things that will come back. In the cable side of things, very small in terms of what comes back. Selling cost is clearly one as you think about door to door in some of those channels, that'll certainly pick up. And similarly on the wireless side, as stores reopen and we continue to staff them, we'll see a pick up in costs.

And for the first little while, it'll be a bit disproportionate in that. If you open a store there's a certain amount of staffing and other costs you have in running the store, notwithstanding how many people may show up at the stores or at the malls. So there are going to be those costs, but notwithstanding that, we think the amount of structural reductions we've made should continue to offset that on the whole, as you look at it over several quarters.

So we're feeling good about the margin expansion. On the cable side specifically, one of our biggest costs are content costs. And trying to variabilize those costs has

been a focus for us. The most to digital, can't underestimate the cost savings that have resulted from that, in terms of everything from ordering costs, fulfillment, to installation. So we're quite pleased and expect to see continued solid margins over the coming quarter, both in terms of absolute percentages and figure(?) on the cable side year-on-year improvements.

Joe: Vince, sounds like you're on mute.

Vince: Yeah, thank you very much. Sorry, get a bit of feedback from Tony, so I keep going on mute. Tony, on the capex side in cable as well. I think it's a bit unfortunate for you guys that you said for years that you accelerated your node splitting and would see the benefit of that in capex coming down. We've seen capex come down substantially, but the pandemic hit at the same time. So I think some people think it's just pandemic benefits versus your long-term plan that you had already articulated.

So can you talk through that a bit more? Have there been some sort of splitting or other network project that had to get postponed for the pandemic? Is that really a big part of the capex reduction in cable? Or is it all just sort of the long-term plan and you can stay at 20 or 22% of revenue or even go lower, even once we're fully reopened as an economy?

Tony: Yeah, I'll start with where we're at and what we expect in terms of capital intensity for cable. As you said, we have been trending to the 20 or 22%, which had been our target. And we continue to expect to trend in that range. In any particular quarter you may see us go to 23%, depending on the timing of a particular build project. But we do see it's sustainable.

And it's really made up of two parts when you look at the reduction. And one is, real efficiency saving. I mentioned self-install. Over 90% of our home installations are now self-install. And that's huge savings, as one example. We've also – quite a bit of progress on the procurement side, in terms of hardware. Like where that's going.

And that's offset with increase investment, actually, in terms of network, whether it's node splitting, whether it's expansion of the footprint. Some of that has slowed down. But behind the scenes there's a lot more investment into core network, sustainability, reliability and capacity than there has been in the past.

Vince: Good. About 10 minutes left. We haven't talked too much about just the current wireless business. We talked a bit about 5G in the future. Any updates you want to provide now that we're sort of mid Q2 on sort of trends with the pandemic impacts to subscriber growth, as well as sort of roaming and other factors that have been significantly impacted?

Joe: Why don't I start and then Tony, you can kick in as well? One thing we're seeing is that there's a lot of pent-up demand out there. And s you look at there's a period when stores were more open in the sort of March timeframe and we saw some of that pent-up demand. We also looked at some of the – I think Mastercard did a survey recently and said post-pandemic or pandemic recovery, what are your priorities in terms of where you spend your money? And of course, travel, etcetera, was on the list. But getting a new cell phone was right up there in the top few.

So we think there is a lot of pent-up demand. We do think as restrictions lift, we'll see those volumes continue to grow. We saw good volume growth as an industry in Q1. We think that'll continue into the rest of the year. And as we kind of get even better at flexing in and out of stores open, stores are restricted, stores closed, what we're learning is that we can work our way through that dynamic as things go on.

And that's what people largely staying at home, we're not traveling as much. We're not moving around as much. I think mobility will be an even more important critical tool for people that will drive the adoption. The penetration rates in Canada are still far below the US. And we see that as an opportunity.

Immigration has pretty much been halted and or so seriously curtailed. And as immigration resumes and students come into the country from other countries, people come to Canada on work visas, we'll see a lot of that growth come to the market as a whole.

And of course, the roaming question is a big one, where we're looking very carefully at what's happening in parts of the world. And in countries like Israel, etcetera, that are further ahead on the vaccination front and the kind of travel that's being opened up along the way. So at some point both business and consumer travel, we believe, will resume. It'll be on an incremental curve at first, but will resume because the pent-up demand I believe for both.

It's interesting to hear the commentary out of some of the big banks in Wall Street say you know what, we're tired of Zoom calls. It's time to get out there and meet our customers. And I think there's sort of a sentiment that is in that zone which we'll see an acceleration of that when it does become safe to do so. I'll pause there and throw it to Tony.

Tony: Yeah, just to pick up on that Joe, put some numbers around it. _____ net add growth in the first quarter for the industry was 70%. We're sort of honing in on closing the second quarter, two-thirds of the way through. Our sense is the market

continue to grow, if not at that pace, even more in the second quarter. Keep in mind last year Q2 was really the first quarter of the pandemic shutdown.

And so we really are going from not quite as standstill last year, but significant reduction in volumes. And so we are seeing that volume come through. And we're seeing that volume come through at healthy ARPU rates as well. When we look at the mix in terms of Flanker(?), as well as on the Rogers' brand, the unlimited, both continue to do well in terms of volume. And so a good balance mix of ARPU coming with that volume.

Vince: So trending perhaps a bit better than _____ you gave us on the first quarter call, Tony, or you still think that's reasonable?

Tony: No, I think on the first quarter call what you heard us talk about ARPU being roughly flat sequentially. And that's still the case, maybe just a bit better. Keep in mind it takes a while for incoming ARPU to have sufficient volume to sort of lick the average base. And so you'll see that improvement in subsequent quarters. So the guidance we provided or have provided for the second quarter, we continue to have high confidence around.

Vince: And in terms of the inbound ARPU being strong, it may answer this question, but let me ask it anyway. When we came out of the first lockdowns last summer in the August timeframe, it seemed like there was a tremendous rush to aggressive promotions across the wireless industry. Do you think that that could happen or is it starting to happen again this time? Or do you think there were some lessons learned that that's a bit of a race to the bottom? And yes, stores are open, but we don't want to load customers at any price. We still have to look for quality loading.

Joe: I think, again, I certainly can't speak for all of our peers, but I would say from our perspective, there was a rush and somehow we had maybe a belief that we were coming out of COVID and we were just going to ramp back to normalcy. And then we saw, of course, second wave and then third wave. I think we're a lot smarter as an industry, in terms of understanding that today's promotions, today's ideas you have to live with, in terms of ARPU impact, for years to come.

And what they do to your base is especially important, because it's not just the promotion in the window, it's the person calling in saying why can't I get that deal that has the biggest sort of impact on ARPU as a whole. So I think that'll temper a bit. I think we've gotten a lot more sanguine around what COVID looks like and the trajectory coming out of it I think.

It wasn't long ago, but this time last year we were thinking, okay, a few more months of this and we're coming out of it. I mean that sounds so naïve at this

point. But the entire world believed that. Now we've got a lot more educated as we learned more about what it all means and how it might come back.

You add to that some of the chip shortages that are out there and the like and we feel comfortable with our inventory, but I think at the end of the day, people are going to be a lot more thoughtful around how they approach the summer selling season. And then the fall we'll get into will there be a new iPhone, not be a new iPhone? That'll drive a piece of sentiment.

But those are the regular cycles, Vince, that are going on. The important thing is, I think, but as it relates to equipment subsidy, we seem to have found a new rhythm in Canada as a whole. Gone are the days of discounting a thousand dollar smartphone completely. And we're realizing that as smartphones become more expensive, we actually create a problem with our customers by not being explicit around the cost of the phone and how it's being amortized, in terms of their bill, etcetera.

And we found that it's actually improved customer retention, improved customer satisfaction by putting the cost of the phone on the bill to be very explicit about it and financing it in and of itself. And I think that's good for us and good for the industry and it shows up in equipment margin, it shows up in many parts of the business, frankly.

Vince: Excellent. A questions from the audience again on something you touched on, Tony. It was the regional stores coming back and the cost to get them ramped up again. But is there an opportunity to perhaps come out of the pandemic with a lower retail store footprint than you had before, given how much the industry has learned about digital and online sales? Or do you expect to go back to the same number of stores eventually?

Tony: I think if we think about channel migration, it's going to be important that in our view we be very measured about disinvesting in any particular channel. I think what we want to do, especially in the near term is be flexible for the way the market wants to move. Clearly during the pandemic, digital has taken priority and we think that's great.

What we are seeing when things open up is more of an omni-channel approach by the customer where some of it's online, followed up by in-store, vice versa. And so that capability is going to be important. We invested a lot in our distribution franchise over the last 30 years and it's the leading franchise in the industry, in terms of retail points of distribution effectiveness. And so before we disinvest, we want to make sure that the data is clear, that that's what the customer wants.

Joe: The key I think Vince is to meet the customer where they want to be. We launched two capabilities during the pandemic that have really taken root. One is Pro-on-the-Go. I guess we launched it before the pandemic, we ramped it during the pandemic. Pro-on-the-Go where the phone gets delivered to you. And a qualified technician will help you set it up, transfer your data, etcetera, etcetera.

And the other one is curbside pickup, where you can order online and then someone will bring it out to your car. And these are all sort of modalities that have taken great root in the middle of COVID. I think those will persist. But the store, especially the mall store, or the high-traffic mainstream store, I think will continue to be an important fixture of our business.

Now wireless, especially, in the shopper category, people do get up and say you know what? I want to go see the new phone, whatever that phone might be, and they'll march through a mall or march through Main Street and kind of take a look at it. And if you're not there, you're not going to trap or intercept that traffic.

So of course we will augment it with digital, precision marketing and all those things I just talked about, but to Tony's to point, they'll be operating in an omni-channel capability. And if anything, we'll use it to shape channel mix. Because not all channels are created equal. Our own channels are the most efficient. But since we have to share a piece of the pie with a third party, of course, the economics of that particular sale or that particular transaction change.

So we have a great opportunity to change channel economics by shaping the mix through these multimodal experiences that I just described.

Vince: Excellent. Well, we've run out of time. I will leave it there and thank you very much Joe and Tony for joining us to kick off our conference and sharing your update insights and thoughts with us. Have a good day.

Joe: And before you go, Vince, one more thing. Go Leaps(?) go.

Vince: Thanks. Thanks for acknowledging my signage back there.

Tony: Thank you.

Vince: Take care.

END

