



Joe Natale

Speech to Shareholders

Rogers Annual General Meeting

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Good morning and thank you Edward. It is a privilege to work with you, the RCI board, and the entire Rogers team.

As I thought about my remarks for today, I thought about our industry, and its role in shaping our society, and our economy. Very few industries play such a vital role in the livelihood of a nation, and its people. And that's what I would like to talk to you about today.

But first, let me make a few comments on our performance.

In 2018 we made meaningful progress toward our plan. We delivered on our key financial commitments.

We grew total revenue by 5% and adjusted EBITDA by 9%. We grew after-tax free cash flow by 5% and...we returned nearly one billion dollars in dividends to shareholders. Overall, we delivered industry-leading total shareholder return of 12.5%.

I am incredibly proud of our team and what we accomplished together.

Earlier today we reported our first quarter results and we delivered strong financials. We achieved the best postpaid churn in our company's history...a key milestone in our customer experience journey. We repurchased 155 million dollars' worth of shares, reflecting our underlying confidence in our long-term plan for growth. Overall, we remain on track to deliver our healthy financial outlook for 2019.

And we remain relentlessly focused on driving long-term shareholder value. At the same time, we continue to deliver more value for our customers and prices continue to go down. Over the past five years alone, the cost per gig of data in wireless has dropped 50%.

But these results are more than just numbers on a PowerPoint slide.

These numbers tell an important story – a story about how we are fuelling Canada's economic prosperity; a story about how we are driving Canada's innovation agenda.

And that story, our story, begins with Ted Rogers.

As Edward said, Ted started this company with one clear purpose – to honour his father's legacy, to restore his father's name.

And at the age of 27, Ted started our company with one radio station. It is from these modest beginnings that Rogers grew to become a great Canadian company. And Ted, a great Canadian entrepreneur.

But Ted built more than a great company. He built a foundation—a foundation upon which other great companies...and other great industries...were built.

From mining and manufacturing, to agriculture and automotive – today, more than ever, entire industries rely on our networks – to serve their customers, to grow their businesses, to help our country thrive.

Our economic impact is vast, and it is far reaching.

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A recent PWC study shows Rogers contributed 20 billion dollars to Canada's economic footprint last year. That's what it would cost to deliver the biggest transit asks, *collectively*, in Vancouver, Calgary, Edmonton, Toronto and Montreal.

We added 10 billion dollars to Canada's GDP. That's greater than the GDP of almost 50 countries world-wide.

We invested 679 million in Canadian content. Investment that created thousands of jobs for Canadian artists and producers, telling Canadian stories.

And we contributed \$65 million to our communities. Contributions that helped 225,000 young people achieve their dreams and aspirations.

We also employed 26,000 Canadians with high quality jobs. And through our supplier network, we supported an additional 44,000 Canadian jobs.

Today, 85% of our largest suppliers are Canadian or have significant operations here. And many are small and medium businesses, the heart of our economy and our local communities.

A good example is Integrated Tower Solutions from Saskatoon.

The company started in 2009. They build broadcasting and cell towers for our company in Western Canada. We were their first major customer.

The company started with 4 employees. And as our needs grew and expanded, they did too. The company now has 21 employees. And these employees fuel their local economy by paying their taxes, buying their groceries and raising their families.

Integrated Tower Solutions is just one of thousands of local Canadian companies that we work with. And we are proud to work with them to drive economic impact, to drive innovation.

When Ted started our wireless business, he faced many skeptics. In 1983 he asked our board for \$500,000 to seed this new technology.

Every board member voted against the idea. They said it was too risky. We were flat broke at the time. Back then, we were the little guy, the original new entrant, and we were competing against the big monopolies. In those days, we were called "Debt Soaked Rogers."

Yet despite the risk, and the lack of funds, Ted didn't give up. And in 1985, with one historic call, wireless services were launched in Canada.

Here's a short video to remind us of how far we have come.

While it's always fun to look back – especially at the hair and the fashion – we are always looking forward.

Over the past 35 years, we invested over 30 billion dollars in wireless. Taking risks. Making strategic bets.

For the first 25 years, we didn't make any cash profit. We didn't make one single penny. Yet this investment propelled Canada through the wireless revolution.

And just look at the transformation we have been through. 1G brought voice calls. 2G brought texting. 3G brought email and the Internet.

4G brought the smartphone and with it, the on-demand economy. It fuelled the creation of new innovative companies. Companies like Amazon, Uber and AirBnB.

And it fuelled the transformation of entire sectors and industries -- from education, to e-commerce, to energy -- our networks have fuelled virtually every industry you can think of.

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Take banking for example.

Before the Internet, you had to wait in line to fill out a deposit slip, update your bank book, or speak with a teller. It was an activity you planned based on your schedule and your local branch hours.

If you didn't want to wait in line you could, of course, send a cheque through the mail, or make a payment at your retailer.

Now you can direct and monitor your investments, speak with an advisor and instantly send money to family and friends anywhere in the world.

Technology has truly transformed banking - moving it from a 9 to 5, Monday to Friday experience - to a 24 hour, seven day a week experience.

Now we are on the brink of 5G. And it will bring the real-time economy. An economy that will connect smart homes, cities, machines and vehicles. It will connect virtually everything in our lives. And after 5G, there will be 6G, 7G, and *many more G's after that*.

And that's just wireless. In Cable, we continue to invest in a state-of-the-art fibre-fed DOCSIS network. We continue to invest in world-class Connected Home technology. And we continue to invest in live sports and local programming to bind our nation...and celebrate our unique Canadian culture.

Standing back, it's clear this is a capital intensive business. It's a business that requires constant care and feeding.

Our networks are a living, breathing organism. And they need constant growth and investment.

Like local transit, you can't build a subway line and walk away. You need to keep up with capacity, you need to keep up with demand.

That is why we are always building. That is why we reinvest 80% of our profits back into our country each and every year.

We are making *generational investments* that will serve *generations* to come. And that is what makes us truly unique. We take a long-term view, a long-term perspective.

We are a proud Canadian company and we are here for the long haul. Just last week we made a \$1.7 billion investment to bring 5G spectrum to Canadians. We have invested billions to build Canada's communications industry, and we will invest billions more.

Because it takes billions. Canada is the second largest country in the world.

And it is one of the least densely populated. Yet we have the second fastest wireless networks in the world. And twice as fast as the US with LTE covering 99% of Canadians.

As a nation, we should be proud. We should hold our heads high. Despite our vast geography and our small population, we lead the world.

But this didn't just happen. It required the right policies. It required the right investments. It required a partnership between industry and government.

And this partnership is critical to our future. The race to 5G is not with other carriers, the race to 5G is with *other countries*. *And we want Canada to be one of the first*.

We are doing our part to make sure Canadians enjoy the very best of 5G. We are laying the tracks, we are building the foundation.

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But we cannot do this alone. We need the right regulation...and the right partnership with government. We got here because entrepreneurs like Ted Rogers were able to invest. We got here because regulatory policy supported investment.

Regulation will never be a substitution for innovation. At its best, it is a key to unlock Canada's digital future. At its worst, it is a barrier that stops innovation, and investment, in its tracks.

Let's look overseas. Take Europe for example.

In some markets the government backs companies that ride on the networks of other carriers, at a vastly discounted price. Companies who don't invest in their country's national infrastructure. This approach suppresses investment, it stifles innovation, and it sabotages network quality. In short, it stalls a nation's economic prosperity.

As we enter the world of 5G, it is more critical than ever, to invest. And it is more critical for Canada to invest given our sheer land mass and sparse population.

As a country, we need to spend significantly more than other G7 countries to lead the world. Looking at the G7, you could fit 5 Germanys into Canada -- plus 5 Japans, 5 Frances, 5 Italys and 5 United Kingdoms -- and Canada would still be bigger!

Canada is at a crossroads -- with an ambitious innovation agenda and a vision to lead in the digital economy -- we want to help make this vision a reality.

As a nation we need policy that spurs growth and innovation. We need policy that incents Canadian companies with a track record of investing. We need policy that ensures Canada can compete with global players.

We need policy that supports one of our nation's most precious resources...our network technology.

To quote our Innovation Minister; "we need to make sure Canadians and Canadian businesses benefit from the economic opportunities of today and tomorrow."

We could not agree more.

Technology is the backbone of the digital age.

And now more than ever, we must invest in this backbone. We must invest to ensure our citizens, our communities and our country benefit from this backbone for decades to come.

We owe it to our country, we owe it to our customers, to get it right.

Thank you.