Rogers Communications Inc.
Second Quarter 2025 Results
Conference Call Transcript

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Speakers:

Tony Staffieri
President, Chief Executive Officer

Glenn Brandt
Chief Financial Officer

Paul Carpino
Vice President, Investor Relations

Operator:
Welcome to the Rogers Communications Inc. Second Quarter 2025 Results Conference Call.

As a reminder, all participants are in listen-only mode and the conference is being recorded. Following the presentation, we'll conduct a question-and-answer session. To join the question queue, you may press star then one on your telephone keypad. Should you need assistance during the conference call, you may signal an Operator by pressing star then zero.

I would now like to turn the conference over to Paul Carpino, Vice President of Investor Relations with Rogers Communications. Please go ahead, Mr. Carpino.

Paul Carpino:
Thank you, Gaylene, and good morning, everyone, and thank you for joining us. Today I'm here with our President and Chief Executive Officer, Tony Staffieri, and our Chief Financial Officer, Glenn Brandt.

Today's discussion will include estimates and other forward-looking information from which our actual results could differ. Please review the cautionary language in today's earnings report and in our 2024 Annual Report regarding the various factors, assumptions and risks that could cause our actual results to differ.

With that, let me turn it over to Tony to begin.

Tony Staffieri:
Thank you, Paul, and good morning, everyone. Q2 was a significant quarter for Rogers. We delivered on major financial and strategic initiatives, and we delivered strong operating results. In the second quarter, we continued to execute with discipline in our core businesses and we maintained a consistent, disciplined approach in a highly competitive market. We delivered positive revenue and EBITDA growth in our wireless, cable and media businesses. Importantly, we returned to revenue growth in cable.

We made significant progress on our de-levering plans by completing the $7 billion equity investment for a minority stake in parts of our wireless network, and we became majority owner of MLSE with a 75% controlling interest. Rogers together with MLSE is now one of the most prestigious sports and media companies globally with terrific long term growth potential. With the inclusion of MLSE's financial results in our media segment going forward, we estimate that for this full calendar year, media revenue will be $3.9 billion and EBITDA $250 million. We also estimate the value of our sports and media assets now exceeding $15 billion, and we see significant opportunity to unlock this unrecognized value for shareholders. But to be clear, while we remain bullish on sports, we remain squarely focused on our wireless and cable businesses.

We ended the second quarter at 3.6 times leverage, bringing our leverage very close to where we were prior to the Shaw deal. We accomplished this nine months ahead of our initial plan. Our success in the second quarter clearly demonstrates our focus on investing in growth while maintaining an investment-grade balance sheet.

Turning to results, we delivered positive operating and financial results in wireless, cable and media. Consolidated service revenue and Adjusted EBITDA both grew 2%. We also posted strong margins and delivered strong free cash flow. In wireless, service revenue and Adjusted EBITDA each grew 1%, and while mobile markets continue to experience lower growth, we remain disciplined with 61,000 total subscriber net additions, including 35,000 postpaid.

In cable, we continue to see improved performance. Cable service revenue and Adjusted EBITDA were up 1% and 3% respectively. These are solid results in a challenging environment. We have successful returned to growth in cable. This was supported by another quarter of strong retail internet net additions of 26,000.

Media revenue was up 10% driven by expanded media content and strong viewership on Sportsnet during the hockey playoffs. I'm pleased with our efforts to deliver in our core business while making meaningful progress on longer term strategic initiatives.

We also continue to invest in the future. Twenty twenty-five marks 40 years of wireless service in Canada. Last week, Rogers launched satellite-to-mobile texting, the first and only Wireless provider to offer this groundbreaking new service to all Canadians. This is the next frontier in wireless connectivity, which is critical for a country as vast as Canada. Text messaging, including text to 911 is now available across millions of square kilometers, a huge swath of Canada not covered by traditional wireless networks. It's a simple, easy service that automatically means people can text friends and family or text 911 in an emergency. With Rogers satellite, Rogers now covers over 2.5 times more territory than any other Canadian wireless carrier. We're starting with a Beta trial for all Canadians at no cost, and like other carriers globally, we will expand to support apps, data and voice, including 911 voice services. Since launching the service one week ago, we've seen a terrific response from Canadians.

In another Canadian first, we also started deployment of 5G advanced network technology. This quarter, Rogers was also ranked Canada's most reliable 5G+ network by Umlaut. In Residential, we're seeing great traction with Rogers Xfinity as we roll out our road map and introduce new features and innovations. Rogers was the first Canadian internet provider to start rolling out Wi-Fi 7 nationally, starting in Calgary and Atlantic Canada. We have Canada's most reliable internet, and now we're leading the market to bring even better, more reliable Wi-Fi to more devices with the latest generation of Wi-Fi technology. Reliability matters most to our customers, and we're pleased to be the most reliable across our wireless and Wireline networks.

Before I hand things over to Glenn, I want to take a step back for a moment. Rogers is a proud Canadian company with a record of investing in Canada to connect and entertain Canadians dating back 65 years. Last month, the CRTC issued a decision that allows the three largest providers to continue operating as resellers on the networks of their competitors outside their existing Wireline footprint. The CRTC ignored the views of almost the entire industry, including small and regional providers. The federal government is now reviewing the decision. The CRTC policy effectively provides subsidized access to well-capitalized corporations to use our balance sheet and capital. It stifles real competition based on real invested capital that drives investment, jobs, and a thriving economy. Canada needs to incent and reward companies that make big, bold bets. That's how Rogers was built, and now the federal government has a decision to make.

Let me be clear, if the current policy remains in place, it will force Rogers to cut capital programs and with it, network construction jobs. Billions of dollars in network investment in our sector are at risk. Canada needs government leadership now to drive economic resiliency, competitiveness and affordable access to next-generation technologies. The CRTC decision does the opposite. As a company with a 65-year record of investing in Canada, we ask the federal government to lead and direct the CRTC to do the right thing for Canada and for our economy.

Thank you, and let me now turn the call over to Glenn to take you through the quarter in more detail.

Glenn Brandt:
Thank you, Tony, and good morning, everyone. Thank you for joining us. We are proud to report that Rogers' second quarter results reflect continued leading operational and financial performance, combined with transformative progress on our major strategic initiatives of de-levering our balance sheet and moving forward on consolidating and monetizing our sports assets. Most critically, though, we have once again delivered disciplined leading financial and operating performance across all of our core businesses in a highly competitive marketplace.

In Wireless, we continued to deliver service revenue and EBITDA growth combined with industry-leading margins, solid market share, and lower churn. Wireless service revenue and Adjusted EBITDA each grew 1% year-over-year, driven primarily by subscriber additions, customer base management, and lower churn over the last 12 months. Our Wireless margin is up 10 basis points compared to the prior year at just over 65%, reflecting our sustained emphasis on driving efficiencies while balancing moderating subscriber and service revenue growth.

In the quarter, Rogers delivered a combined 61,000 net new Wireless subscribers, down from 162,000 last year, again reflecting the moderating market size associated with reduced immigration. Importantly, churn improved once more to 1%, reflecting continued improvement around base management. Blended mobile phone ARPU of $55.45 is down 3% from the prior year, reflecting continued competitive intensity but also affected by lower outbound roaming revenue, driven in part by reduced travel to the U.S. Also affecting ARPU this quarter, we have reversed or added back in the remaining prior year base adjustments for approximately 100,000 subscribers who have been retained and transitioned off discontinued plans.

Moving to our Cable business, service revenue is up 1% in the quarter, primarily reflecting steady retail internet subscriber growth and disciplined customer base management, including moderating losses of video subscribers. Modest price increases introduced in the quarter have also contributed. Cable Adjusted EBITDA is up 3% year-over-year driven by the flow through of 1% service revenue growth combined with a 3% decrease in operating costs from our ongoing cost efficiency initiatives. We delivered this increase even as we continued to invest in our advertising and marketing investments around our new Xfinity platform. As a result, Cable margins are just over 58%, a very substantial 150 basis point increase from the prior year.

Internet net additions of 26,000 are level with the prior year and our performance coast to coast remains solid in a highly competitive market across all regions.

Finally in Rogers Sports and Media, we delivered very strong revenue growth and improved EBITDA. Revenue was up 10% to just over $800 million for the quarter, driven in part by Sportsnet's success with the NHL playoffs combined with higher Toronto Blue Jays revenue, and a very competitive division-leading Toronto Blue Jays team is carrying that success into the third quarter. Additionally, Media saw higher year-over-year revenue growth associated with the launch of the Warner Bros. Discovery suite of channels.

Finally, Media EBITDA was up $5 million year-over-year. Operating costs were up 9% reflecting higher programming costs, most notably including those related to the launch of the Warner Bros. Discovery suite of channels and higher Toronto Blue Jays expenses, including player payroll and game day related costs. On consolidated revenue, service revenue and Adjusted EBITDA each grew by 2% respectively year-over-year.

Our drive to lower capital intensity while still investing in our network infrastructure and growth markets continued in the second quarter. Capital expenditures were $831 million, down 17% from $1 billion in the prior year, and consolidated capital intensity is down 370 basis points to 16% for the second quarter. Free cash flow of $925 million is up a very substantial 39% year-over-year driven by the higher Adjusted EBITDA, lower capital intensity, and lower interest paid.

Turning to the balance sheet at quarter end, we have delivered very significant de-levering while maintaining strong liquidity to fund our operating and strategic capital priorities. We ended the second quarter with just under $12 billion of available liquidity compared to $4.8 billion at December 31, 2024. This included $7 billion in cash and cash equivalents and $4.8 billion available under our bank and other credit facilities. The very substantial increase in our liquidity was driven by the late quarter closing of our previously announced $7 billion equity investment led by Blackstone and backed by leading Canadian institutional investors. We expect to distribute approximately $0.4 billion annually to the Blackstone-led fund over the first five years of investment, reflecting an effective cost to Rogers of roughly 6.25% over that period, with a substantial offset to that amount driven by the lower interest expense resulting from the debt repayments.

These distributions and the lower interest expense both commence from July 2025 and will be fully reflected in our third quarter reporting. We have also benefited from organic de-levering in the quarter from available free cash flow growth. As a result, our debt leverage improved to just over 3.5 times, roughly a full turn improvement since year end and essentially returning Rogers to our prevailing leverage prior to acquiring Shaw. With that, we have achieved our Shaw de-levering target of 3.5 times approximately nine months ahead of our initial three-year target, originally expected to be completed by the second quarter of 2026.

We remain firmly committed to maintaining our investment-grade balance sheet while investing in growth in our core markets. With the integration and de-levering of the Shaw transaction nearing completion, our focus now turns to the long term capital funding of the additional 37.5% ownership stake in MLSE, which closed effective July 1.

The $4.7 billion purchase price was primarily funded from bank credit facilities together with cash on hand, and we are now the largest owner and controlling shareholder of MLSE with a 75% controlling interest. As Tony has highlighted, Maple Leaf Sports and Entertainment operates a world-class collection of Toronto Sports teams and Entertainment assets, and is one of the largest and most significant Sports ownership organizations in the world.

Starting with our third quarter report, MLSE's financial results will be consolidated in with our Media reporting segment. To help clarify the impact from this transaction, our press release this morning includes a full year 2025 consolidated pro forma view of the total scale of Rogers sports and media operations. On this basis, we estimate Rogers pro forma calendar 2025 sports and Media revenue and Adjusted EBITDA would have been approximately $3.9 billion and $0.3 billion respectively, had we consolidated MLSE with our sports and media business from January 1.

Our focus now is on two key items in our sports and media strategy: de-levering our balance sheet following the MLSE purchase and pursuing all options as we look to monetize and surface the very substantial unrecognized market value of our Sports and Media assets, currently not at all reflected in Rogers stock price. We will provide updates on our progress, as appropriate.

Finally, moving to guidance, we have updated our 2025 outlook to reflect the consolidation of MLSE from July 1 as well as the completion of the equity investment for the remaining six months of 2025.

Total Service revenue is now expected to grow by 3% to 5% versus our prior outlook of zero percent to 3%. Adjusted EBITDA is unchanged at zero to 3%, which reflects the seasonality of MLSE results in the second half of the year versus the first half. As noted a moment ago, the full calendar year impact will be accretive to EBITDA in 2026. We expect capital expenditures for 2025 to be at the very low end of our guidance range of $3.8 billion to $4 billion. Finally, we anticipate free cash flow of $3 billion to $3.2 billion, unchanged, and this includes the distributions of the equity investment transaction.

Overall, Q2 represents a significant quarter of progress on our commitments, delivering strong and consistent financial and operating performance across each of our businesses combined with substantially reduced leverage at just over 3.5 times. We have transformed and strengthened our balance sheet with leverage restored back to where we were prior to our investment in the Rogers-Shaw transaction, and we now have full control of a leading world-class collection of Sports and Entertainment holdings. Our focus and priority now turns to the long term capital structure and monetization of those highly valuable assets in our Rogers share price.

We believe Rogers has the best team in our sector and the best set of assets for near term value creation. I want to join Tony in thanking our team of dedicated employees for their tremendous efforts and commitment to serving our customers and driving our long term strategy and success.

With that, Gaylene, may we please commence with the questions and answers. Thank you.

Operator:
Certainly. We'll now begin the question-and-answer session. To join the question queue, you may press star then one on your telephone keypad. You'll hear a tone acknowledging your request. If you're using a speakerphone, please pick up your handset before pressing any keys. To withdraw your question, please press star then two.

Our first question is from Drew McReynolds with RBC. Please go ahead.

Drew McReynolds:
Yes, thanks very much and good morning. First starting with you, Glenn, just on the updated 2025 guidance, certain we'll get the question, I'm assuming there's really no change to the core telecom outlook in that guidance, other than obviously hitting the lower end of the CapEx range?

Glenn Brandt:

I think that's right, Drew. We're pleased with where we are organically in the year. We're showing a return to growth for Cable, continued growth within Wireless, but they're within—when you roll them up, as well as success within Media, we are within the ranges initially given. The update really is for the inclusion of MLSE.

Drew McReynolds:

Okay, thank you. Then just two others for me. On MLSE, appreciate the pro forma 2025 figures and obviously the seasonality, and you're confirming EBITDA accretion for 2026. Can you at a high level—I'm assuming we're not going to get MLSE guidance here, it probably somewhat fluctuates year to year, but how normal, do you see MLSE's 2025 performance as we try and model this going forward?

Then second, switching gears to Wireless on network revenue growth, I think about 0.6% in Q2, how does that trend for Rogers as we get into the back half and into 2026? Thank you.

Glenn Brandt:

Sure, I'll start with the first question. On MLSE—well, on any of our operations, I'm not going to start guiding for '26 just yet, but in terms of scale and scope for the combined Rogers Sports and Media operations, including the consolidation of MLSE, the pro forma indication we've given for '25 is a—that's a clean aggregation of where we are this year, doesn't include anything aggressive in terms of synergies of anything like that, which you've seen us perform on synergies. But that is just the straight aggregation of the businesses—it's a clean aggregation.

Then on Wireless revenue growth, we've—with the 1% growth that we've reported, that reflects the competitive environment we operate in. We're pleased that we're still driving growth across the business. We are still leaning in on cost efficiencies throughout our organization. I think through the second half, I expect that some of the price initiatives that we've undertaken in the year, they will continue on through the second half as well as continuing to manage the customer base with uplifting and up-scaling customers through premium service plans. We'll continue to work those efforts through the second half of the year.

Drew McReynolds:

Okay, I'll leave it there. Thank you.

Glenn Brandt:

Thank you.

Paul Carpino:

Thanks, Drew. Just a reminder, if we could have just one question and one follow-up, just so we can get through as many questions as we can. Thanks. Next question, Gaylene?

Operator:

The next question is from Aravinda Galappatthige with Canaccord Genuity. Please go ahead.

Aravinda Galappatthige:

Good morning. Thanks for taking my questions. With respect to the monetization of your sports assets which you've alluded to in prior calls, is there any update in terms of how those discussions or thoughts are trending? I know there's a number of possibilities, a number of routes you could take. Is there anything incremental that you can sort of provide here, and I'll just—I'll wait for the answer and come back with the follow-up.

Tony Staffieri:

Aravinda, thanks for the question. In Sports and Media, it's clear that there is significant underlying value, and we are squarely focused as we put the assets together, and we've been very consistent on this, is monetizing it to strengthen—continue to strengthen our balance sheet, and the second part of our task is to surface the value for shareholders.

We continue to work through the various options, and the good news is we have very good options in front of us. We're not in a position today to share what those plans are, but to be clear, we know what the task is and we're focused on those, and at the right time we'll share obviously not only what we're doing but the timing related to that, but right now it's premature.

Aravinda Galappatthige:

Thanks. A quick follow-up on the cable EBITDA number. Obviously you've produced 3% EBITDA growth on fairly flat revenues. The sub trends seem to be holding up really well, especially when you consider the market backdrop. Any kind of commentary around the sustainability here, and maybe also just touch a little bit on the cost reductions that you are seeing there. Thanks.

Tony Staffieri:
Aravinda, I'll start with—I assume your comment related to both Revenue and EBITDA and cost, and so I'll start with the revenue piece and Glenn will speak to some of the efficiency initiatives that are driving fairly strong EBITDA growth in cable.

On the Revenue side, just to put it back in context, not too long ago this business was declining at a 4% year-on-year rate, and there were a number of things we said we would do and we've executed on that, and the team's done just a terrific job in moving us to slightly positive growth in Cable, and in particular in Service revenue with respect to Cable. That's really been on the back of a few key initiatives that we see continue. One is the size of the market continues to grow, the size of our footprint.

Notwithstanding the slowdown in home builds and construction, there's still quite a bit in the pipeline. If you were to look at home passed in the second quarter, it's close to 3% year-on-year, and against that backdrop we continue to have improving and continuing strong market share performance in internet net adds on the Wireline side, and so we like what we're seeing there and that's been one of the contributors, and we continue to see that. We do expect towards the back half of the year and into the first part of next year a slowdown in the number of homes passed, but you can expect us to continue to perform strongly in subscriber market share.

The second relates to the expansion into new territories with our 5G home internet product riding on our 5G+ Wireless network; that continues to perform strongly, and we now have the ability to have our Xfinity products on that platform, and it's been a terrific opportunity for us to enter new territories of almost 7 million homes passed with a bundled offering, particularly where we already have solid wireless market share.

We focused on moving customers to higher tiers. We have a terrific network coverage performance in terms of speeds and reliability that I've talked about in the opening comments, and that's resonating well with consumers, and we see them continually moving up to higher tiers and that's helping us with the revenue side of things as well. In small and mid-business, we continue to expand our presence nationally, and that's an opportunity that continues to be and deliver growth for us as part of cable.

Then finally when you look to the actual product set, and we always look to all of the four P's beyond just price in our value proposition, but as we expand the suite of products, things like storm ready, our home monitoring product, all of those are contributing to a value proposition, particularly when you combine it with the Xfinity video platform that leads the marketplace, and that's resonating with consumers and, in some cases, small businesses as well. It's all those factors that continue to give us confidence that we have a cable business that will continue, for this year, to post stable to modest growth, but sets us up well for the following few years.

Glenn Brandt:
Then the only thing I would add to all of that on the cost efficiency side, Aravinda, is there's no magic bullet here. It really is just attention to detail across the board on our costs, starting with trying to wring out some of the customer care costs with focusing on improved customer service, improved network reliability. It's the day-to-day block and tackle across the board that's driving the cost efficiencies, and then the flow through of the 1% revenue growth.

Aravinda Galappatthige:
Thank you.

Paul Carpino:
Thanks Aravinda. Next question, Gaylene?

Operator:
The next question is from Batya Levi with UBS. Please go ahead.

Batya Levi:
Great, thank you. Can you talk a little bit more about the competitive environment in Wireless? I think you mentioned we've seen some price-ups recently. Are there any early signs for back-to-school season, and maybe any change you're seeing in loading as you lap last year's impact from lower immigration? Thank you.

Tony Staffieri:
Batya, thank you. There's two parts to it. I'll start with the second piece, which is your question on loading. It's probably worth giving you our perspective on size of the market. Certainly our expectation is in Q2, the size of the net add market is lower than last year as a result of largely the factors we've talked about on previous calls, which is the new-to-Canada category. As we enter the back half, we'll

start to lap the introduction of some of the government policies that slowed that rate of growth. We had previously indicated that we expected for the full year, the Wireless market to grow about 3%. We're still looking and on track to that, but keep in mind that's a rolling 12-month end of period to end of period.

If we were to look at the rate of growth and the pacing in the second quarter, our estimate is it's probably more in the 2.5% range, give or take a few basis points. It continues to trend down, but we continue to see growth in terms of penetration as being the biggest driver of continued growth. Against that backdrop, we're pleased with our performance in subscriber market share, and as we look to the back half of the year, you can expect us to continue to perform well on the subscriber front and continue growing subscribers.

The second piece of it relates to ARPU, and that really gets at your question in terms of competitive intensity. In the second quarter and particularly as we led off on the third quarter, we've been really trying to simplify our value proposition. We launched our simplified tiers with a better differentiation of the value proposition in each of them, and it's early days since the launch of that in June but it's resonating with the customers, and we like the base management moves as well as the new acquisition moves that we're seeing the marketplace. We've reduced the level of promotional activity as well as we look to other factors that prop up the value proposition, including most recently the launch of satellite. There are a number of other things that seem to resonate with customers that continue to help us improve our ARPU profile while still obtaining strong share.

Churn reduction has been a big factor in that in terms of overall subscriber net adds, and there's a number of factors for that as we continue to improve things for the customer and give them less reason to think about switching to a competitor.

Batya Levi:
Great, thank you.

Paul Carpino:
Thank you, Batya. Next question, Gaylene?

Operator:
The next question is from Stephanie Price with CIBC. Please go ahead.

Stephanie Price:
Hi, good morning. I'm curious how you're thinking about Wireless roaming here. You mentioned it as a headwind to service revenue in the quarter, and Rogers did recently announce a new suite of travel passes. I'm curious about the percentage of service revenue that's coming from roaming here and how you kind of think about the evolution of that roaming offering.

Glenn Brandt:
Thank you, Stephanie. I think the reference really was to the in-quarter substantial decline in travel. I expect travel through the summer months, as we complete the third quarter, will pick up. There is still a decline in travel for Canadians to the U.S., but much of that has been displaced by international travel, as well as just travel within Canada.

On the international travel, those roaming passes, early days but those are helping to compete better with some of the competitive offerings available both from Canadian operators as well as international SIMs, that we find the passes are serving to be very convenient for customers to keep their number, to keep their contact but manage the costs of roaming, early days. We expect it to be constructive and just part of the ongoing detail in managing ARPU and service revenue growth and meeting customer needs. Nothing more to add than that.

Stephanie Price:
Great, thank you. Then on the Cable side, hoping we could dig a little bit more into the out-of-footprint expansion here in fixed Wireless specifically. Just curious how much it's contributing to growth in the near term and how you think about the opportunity out of footprint longer term.

Tony Staffieri:
Stephanie, we're not disclosing the split between what I would call in-footprint versus out-of-footprint, but what I can tell you is that the product is resonating extremely well across the country, including places where we do have Wireline, and in some use cases it makes sense for consumers and small businesses to look to the flexibility and the mobility of the 5G HI product. As I said, the capability of the product continues to expand, network slicing has been a significant contributor to expand the use case

and the reliability of the product in certain instances, and then as I said in my earlier comments, expanding it to include the Xfinity suite of products has made it a very compelling value proposition.

It's still early days as we expand, as I said, the use case and the product set for it, but we continue to be pleased with its performance and remain optimistic about its ability to penetrate those new markets, particularly on a bundled basis.

Stephanie Price:
Great, thank you.

Paul Carpino:
Thank you Stephanie. Next question, Gaylene?

Operator:
The next question is from Vince Valentini with TD Cowen. Please go ahead.

Vince Valentini:
Hey, thanks very much. Hopefully these first two are just quick clarifications, as opposed to being Paul's question list, but you're giving us MLSE pro forma and adding it into your revenue and EBITDA, so that means you'll consolidate the debt as well. Glenn, is there any material debt we should be thinking about being added into Q3?

Glenn Brandt:
No, in fact it's generally offset by cash, depending upon the seasonality and where you are in the year. But no, nothing, even at its peak, it's inconsequential.

Vince Valentini:
Perfect. Second, the $400 million Blackstone minority interest payments, to be perfectly clear, when we see your free cash flow in Q3, that's going to be above the line of free cash flow? We're not going to find another minority interest line with $100 million going out the door below your definition of free cash flow?

Glenn Brandt:

We will make it very clear. It will either be embedded in that number or made apparent in that number calculation. We will make sure it's very transparent, Vince. We're not hiding any of that.

In a nutshell, it's roughly $0.4 billion of distributions out, and then the offsetting interest savings net, it's about $50 million a quarter of distributions over the interest—net interest savings, including the tax impact running through the year, roughly evenly through the year; $0.4 billion of savings and roughly—or of distributions, and roughly half of that in net savings on interest expense, net of the tax—loss of the tax shelter. Is that clear?

Vince Valentini:

Not really, because I mean, the interest savings are clear; they're going to be in your definition of free cash flow, because the interest is there.

Glenn Brandt:

The distributions will be as well.

Vince Valentini:

They will be? Perfect. That's what we needed to know. That's great. Then just call this more of a question, you mentioned synergies on MLSE. Are the synergies just naturally Rogers is a more efficient owner than the prior consortium of owners, or do the synergies only come if you merge MLSE with the Blue Jays and get rid of some redundant costs or benefits of scale or something, and therefore are you implying that that can happen sometime soon, to put those two organizations together, even though you only own 75%?

Glenn Brandt:

What I'm intending to convey is it's a straight aggregation today. Once we own, we will be able to drive revenue and cost synergies like we did with the Shaw transaction and look to find efficiencies. They perhaps do that already. I expect that as we roll in the Toronto Blue Jays, Rogers Centre with Scotiabank Arena and the other venues within MLSE and the Sports teams within MLSE, we will find revenue and cost synergies, but that is not part of the pro forming that we are providing for 2025, so that's really all I was intending to convey. It's a straight aggregation right now.

Vince Valentini:
Great, thank you.

Paul Carpino:
Yes, thanks Vince. Next question, Gaylene?

Operator:
The next question is from Tim Casey with BMO. Please go ahead.

Tim Casey:
Thanks. Just following up on that, Tony, I know you aren't going to give us any details in terms of the options you're pursuing, but can you give us an outline of timing? When should investors expect more clarity? Is this something that you think you'd be able to outline this calendar, or is that more kind of a 2026 story and maybe it actually happens in 2027? Is there anything you can sort of provide some guide rails for us on timing of when you'll have more fulsome disclosure on the plan?

Tony Staffieri:
The short answer, Tim, you're not going to like this, but it really is difficult to predict the timing on things, and we don't want to box ourselves into a timeline just for the sake of a timeline. We recognize the significance of the asset. I think we all recognize the alternatives available to us, and each of them are extremely attractive. The asset garners quite a bit of interest, as you would expect, as you've seen sales of interest in some of the Sports teams recently. It's clear that the demand, the interest in the asset is there and values continue to increase. We're toggling with the substantiveness of the asset, the fact that it's growing with us managing our balance sheet at the same time.

We're being very thoughtful about how and when. At the outside, I wouldn't say that this is necessarily 2027. I think something in the midterm is what you should expect to get clarity on, but there's not much more in terms of timing and the what that we can expand on right now.

Tim Casey:
Sorry, when you say it's not necessarily 2027, like, it could go later than that or did you mean that's a little far out?

Tony Staffieri:

No, I meant the opposite, Tim, that it'd be sooner than that.

Tim Casey:

Got it, got it.

Glenn Brandt:

We've got a year and a half before we get to the end of '26, and this is a priority for us but we need to get it right.

Tim Casey:

Got it, I appreciate that. Thank you.

Glenn Brandt:

Thanks, Tim.

Paul Carpino:

Thanks, Tim. Next question, Gaylene?

Operator:

The next question is from Maher Yaghi with Scotiabank. Please go ahead.

Maher Yaghi:

Great, thank you, and congratulations on closing both deals in the quarter. I wanted to ask you, Glenn, just on a pro forma basis, forward-looking leverage ratios, what would you say it is currently, including the transaction that you closed on Blackstone and MLSE, please?

Glenn Brandt:

If we factor in the $4.7 billion that we paid to pick up BCE, you go from roughly 3.5 times, or just over 3.5 times—and it is just over, to about 4 times when you factor in the $4.7 billion investment and consolidate the full-year EBITDA impact from MLSE. Going forward, there will be organic reduction in leverage through the balance of this year, as well as working over the next short to medium term, as Tony has said, working on the long term capital structure for Rogers sports and media, including MLSE.

Long term, I'm not going to start guiding for that, but expect to see continued emphasis on driving the de-levering just through organic growth we've seen as part of that. In July, we had a bond tender program that saw us repay from the proceeds of the Blackstone deal $3.1 billion face amount of securities long term, and they were trading below par. We would not ordinarily have taken those securities—repaid them early, but we don't need that portion of our debt long term because of the Blackstone funding, and we took that $3.1 billion down at a cash cost of roughly $2.85 billion, saving a quarter billion dollars of debt that effectively disappears from our balance sheet as a result of that repayment.

We are loathe to raise it because it's been a long time coming, but we are still working on real estate and other surplus assets, and I expect we'll have proceeds from those over the next half year. All that together with the organic growth. We're still working on the detail to de-lever, and that remains an emphasis.

Maher Yaghi:
Thank you. Just to follow up on Wireless, obviously we have seen some price increases lately. It's hard to know what's going to happen during back-to-school—but maybe thinking about the backdrop here going into 2026, I just want to get your impression about the pace of improvement in ARPU potentially as we cross the threshold of significant price disruption, moving into an environment where there's some more stability in the price in general.

Just to put this in context, the 3% decline in ARPU that you had in the quarter, how much of that is impacted by the reclassification on a prospective basis of your 96,000 postpaid subscribers; and second of all, as we look into 2026, Tony, how do you feel about the pace of improvement in ARPU? Thank you.

Tony Staffieri:
I'll start with the last part. As we look to—there's a couple things we look at, Maher. One is the value proposition, particularly for us on the Rogers brand and continuing to focus on that, and we're pleased with the gross adds as well as the base management tactics that we've employed to continue to move that in the right direction. We've made a number of pricing adjustments over the last month, as I said earlier, to simplify, strengthen and stabilize pricing for us and hopefully for the industry, and it's only been about a month. As we head into back-to-school, which sort of kicks off the busy period, we'll need

to assess the market dynamics but, as I said earlier, what we're seeing is less of a focus of the industry on volume, just given the reality of where the industry is at, and more focused on getting pricing and the value proposition right.

As we look to the things we're doing to make the value proposition of our higher tiers on the Rogers brand more compelling, we like the volume shift that we are seeing. We're seeing good opportunity to continue to strengthen ARPU in the back half and certainly into next year.

We touched on roaming, and obviously that's been a headwind. Roaming has been somewhat deflationary in the sense that, as Glenn mentioned earlier, there are alternative solutions for roaming, and part of our approach in that is how do we balance off pricing with volume, and we're hoping some of the more recent tactics that we've put in place give reason for our customers, once they travel to the U.S. or elsewhere, to actually continue to use the most convenient alternative they have and make that affordable for them and convenient for them. We expect volumes on the roaming front to pick up and reverse the trend that we've seen over the last little while, and that will continue to help as well.

With the launch of Satellite, while it's very new, we've priced it so that the value proposition for that particular add-on feature is easy and compelling, and we hope that—and expect that that will get widespread attraction and add-on to the plans.

I'll pause there. There are a number of other initiatives we continue to work on and that you'll see us launch in the marketplace, but I would say overall, laddering up to a continued focus on strengthening ARPU combined with strong subscriber leadership, and that will continue to propel overall wireless growth.

Glenn Brandt:
Then, Maher, on your question on the base adjustments, really the reference there on the roughly 100,000 subscribers that we've restored back into the customer base, those are now reflected back in all the calculations. It's now a clean calculation. Over the last several quarters, you would have been running your calculations with—generally running around a 1% bump in our reported churn impact from those base adjustments. Our reporting is now perfectly clean, there's no noise from the removal of any of those base adjustments.

Maher Yaghi:

Thank you very much.

Paul Carpino:

Great, thank you, Maher. Next question, Gaylene?

Operator:

The next question is from Jerome Dubreuil with Desjardins. Please go ahead.

Jerome Dubreuil:

Hey, good morning. Thanks for taking my question. I'm interested in the longer term CapEx profile of the Company, i.e. I recognize that there might be changes to the outlook with regards to upcoming regulatory decisions, but still there might be some potential for a cable CapEx reduction in light of the advancing integration of the Shaw assets. Any chance you can discuss about the potential for where cable CapEx could stand in a couple of years, maybe like what was done at a recent industry event? Thank you.

Glenn Brandt:

Thank you, Jerome. Similar to before, where I indicated I wasn't going to guide for '26, I won't guide for two years out either. But we've been clear in all of our commentary from approaching and then post closing of the Rogers-Shaw transaction that we do intend to drive lower capital intensity within cable. You're starting to see the effect of those efforts through calling down our capital spend to the very low end of guidance in this year. I expect those efforts to continue as we prioritize our investment and still driving growth, still investing in infrastructure, and that's why you heard in Tony's comments how important it is that the regulatory environment remains supportive of that, but our intention is to continue to invest in growth but that the capital intensity will lighten.

I'm not going to give you a specific number, other than to acknowledge that the cable capital intensity in particular is higher than it needs to be. Pleased with the progress through the second quarter on overall consolidated intensity, but we still have more work to do there in the coming years.

Jerome Dubreuil:

Okay, thank you.

Paul Carpino:

Thanks, Jerome. Next question, Gaylene?

Operator:

The next question is from Matthew Griffiths with Bank of America. Please go ahead.

Matthew Griffiths:

Hi, good morning. Thanks for taking the question. First on mobility, multi-line discounts aren't necessarily new, but I think they're more generous than they have been in the past. I was just curious to get your thoughts, if you can share them, on how you think that might impact ARPU going forward and how it might impact Service revenue, maybe in a different direction, going forward if they happen to be positive and have good churn reduction attributes.

Then secondly, synergies related to the MLSE deal have come up a number of times. Is there anything you can share on what near term expectations or near term timelines could be for synergy realization, whether it be on the cost side initially first, that we could expect you to execute on would be helpful. Thank you so much.

Tony Staffieri:

Thanks for the question. I'll start with the first one. We launched what I would call a robust multi-line strategy, and it's not dissimilar to what you saw in the U.S. market several years ago. If we were to look at lines per account, we're relatively under-penetrated here in Canada, and as we look to some of the market dynamics particularly in the $30 to $40 price points, what we do know is that many of those, a significant portion of those are second, third and fourth lines. What we've done is focused on tiering so that there are multi-line discounts. You should think about while in aggregate, certainly that's dilutive to ARPU, it is incremental service revenue. It's just something that we think makes sense. To the extent that we can get the right price points and make third and fourth lines very competitive in the $30 to $40 range, then we think it's a good strategy.

You should expect, and one of the things we'll talk to in future quarters, is average number of lines per account and see how that evolves. It's still early days, but transparently, that's the rationale and the tactic for that.

The second piece relates to synergies, and Glenn's touched on it. Let me just start off by saying, before Glenn adds additional comments, it's early days and too early for us to talk about synergies. What I will tell you is we have a very good track record that you saw being executed in the Shaw transaction of identifying material synergies. We went into this transaction with a view that we could execute on very strong synergies across our sports and media properties and certain things that need to happen before we can execute on those, but the thinking, the planning is underway, and at the right time as we execute on those and/or are closer to executing on them, we can be more specific, but right now let's put it in perspective.

We just closed the BCE transaction in early Q3, and we've provided an initial view of what it means for this year to be helpful, but too soon to talk about specifics in terms of outer periods and synergy opportunities.

Glenn Brandt:
I have nothing to add to that. I think Tony's captured it all; it's premature.

Matthew Griffiths:
Okay, that's helpful. I just wanted to make sure we wouldn't be surprised in future quarters, and it sounds like we won't, I appreciate the colour. Thank you.

Paul Carpino:
Thanks, Matt. Gaylene, we have time for two more questions.

Operator:
The next question is from David McFadgen with Cormark Securities. Please go ahead.

David McFadgen:
Thank you. I had a couple questions, really related to Rogers Satellite. I was wondering if you could give us some idea on the product road map, like when you might be able to offer voice and data. Then secondly, I was just wondering what your thoughts are on the ability of the incremental revenue that you expect to drive from Rogers Satellite—it's potential to arrest the ARPU decline in wireless. Thanks.

Tony Staffieri:

Thanks for the question, David. I'll start with the first part in terms of the actual capability. That will be dependent on the satellite provider and the evolution of their satellite launches' capacity; but directionally, think about it as sometime later in 2026. Could be sooner, but that's sort of our estimate as we work with our satellite partners in terms of the technology and when voice and data could come on-stream.

Then the second part of your question relates to expected upside in revenue—too early to predict. When we went into this, we think the use case for Canadians is huge. We've launched it as a Beta product right now, not dissimilar to the way you've seen it launched in other parts of the world, and it's free and it's available to all Canadians. Once they sign up, they can start using the service now in terms of texting and 911 texting. In October, it will move to a pay for service. We've priced it at $15 per month, but customers who signed up for the Beta period, it will be $10, so they'll receive a $5 discount for a year. As I said, it's available to all Canadians, irrespective of which mobile provider they're on today.

We just think the significance of this technology—and this is big for a vast country like Canada—is something that more availability can only be better for us and for the nation, and so time will tell in terms of the take-up rates. It's still—we're only a week into it, but I will tell you for one week into it, the sign-up has been strong.

David McFadgen:

If I could just add a follow-up, can you give us—can you disclose who your partners are in this? I thought it was primarily Starlink. Are there others?

Tony Staffieri:

There are others. That's one of them, but we still have others we're working with. Clearly Starlink is a global leader on this frontier and that's what allowed us to bring it to market when we have, but we'll continue to work with our other partners. You would have seen a little while ago, we signed an MOU with Telesat, which is more of a Canadian solution, but they've got a ways to go to get to commercial launch. But as the industry in terms of satellite connectivity continues to evolve, you can expect Rogers to partner with whatever the best solution is and bring that to our customers and Canadians.

David McFadgen:
Okay, all right. Thank you.

Paul Carpino:
Thanks, David. One last question please, Gaylene.

Operator:
Certainly. Our last question is from Patrick Ho with Morgan Stanley. Please go ahead.

Patrick Ho:
Hey, guys, thanks for squeezing me in. Just two questions from me. On Cable, I noticed ARPA is down 3% for the quarter. Could you help us unpack what exactly drove this change within your different product segments within Cable and how we should think about this trending going forward? Then secondly, some of your competitors have been getting into the data centre space. Any plans for Rogers to expand its core business beyond just traditional Wireless and Cable and into data centres to drive further growth? Thank you.

Glenn Brandt:
On ARPA, there's nothing specific to call out. There is competitive forces ongoing. We have modest price initiatives that are helping to restore the overall revenue growth, but it's the traditional competitive forces combined with ongoing video trimming, of video subscribers. We've moderated that but it continues to decline, and it's a mix of what you've seen historically.

Within the core business, we have a Data Centre business. No secret we've been looking at potentially divesting that business. Those considerations are ongoing. There has been a number of reports in media of AI-related and data centre-related investments across the telecom sector. I'll just candidly and succinctly say, I have absolutely nothing to add in that regard. We continue to focus on our network infrastructure, wireless and Wireline, our Sports and Media business. They remain our core point of emphasis and concentration.

Paul Carpino:
Thank you, Patrick, and thank you all for joining us. IR is available for follow-ups as well. Have a great day.

Operator:

This brings to a close today's conference call. You may disconnect your lines. Thank you for participating and have a pleasant day.