Rogers Communications Inc.
Second Quarter 2026 Results Conference Call Transcript

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Time: 8:00 AM ET

Speakers:

Tony Staffieri
President and Chief Executive Officer

Glenn Brandt
Chief Financial Officer

Paul Carpino
VP Investor Relations

Operator:
Welcome to the Rogers Communications Inc. Second Quarter 2026 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 reach 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 2025 annual report regarding the various factors, assumptions, and risks that could cause actual results to differ.

With that, let me turn it over to Tony.

Tony Staffieri:
Thank you, Paul, and good morning, everyone.

In releasing our second quarter results this morning, I'm pleased to report that Rogers continued to deliver solid performance across our three lines of business. We remained focused on driving growth and delivering on our commitments.

Consolidated service revenue and Adjusted EBITDA were up 8% and 3%, respectively, despite an overall low-growth telecom market. In April, we updated our full-year 2026 guidance to reflect stronger free cash flow growth alongside a meaningful reduction in our capital spend. In Q2, we generated free cash flow of $1 billion, which was up 6% year-on-year. CapEx was down 16%. This reflects our commitment to adjust our spending given market realities and the current regulatory environment.

In the quarter, capital intensity improved a notable 350 basis points to 12.4%. This is the lowest capital intensity ratio Rogers has achieved since the first quarter of 2008. We expect free cash flow growth to further accelerate in the second half of the year, particularly as CapEx declines and capital intensity shows additional improvements. We are managing our capital prudently while investing to provide Canadians with the best network experience. Our network leadership was reaffirmed once again recently by Umlaut, ranking Rogers as Canada's best 5G Plus network and the country's most reliable Wireless network.

Turning to our telecom results, we continue to perform in a low-growth environment. Both Wireless and Cable delivered Adjusted EBITDA growth, underpinned by balanced and disciplined subscriber additions. In Wireless, total net additions were 40,000 customers. This was driven by our strong base management, combined with the popularity of our Rogers plans. We have increasingly looked to meaningful, sustainable value propositions for our customers and moved away from short-term promotional price discounting. We saw a similar trend overall in the marketplace in Q2 in terms of much-reduced promotional pricing activity. We remain focused on subscriber acquisition and retention that supports solid financial results.

You will have seen that yesterday we launched our back-to-school offers, consistent with this approach where we are leading with perks and partnerships that deliver more value for our customers. As we continue to focus our base management strategy, we were pleased to see post-paid mobile phone churn drop to 0.94% in the quarter, a solid improvement of six basis points from one year ago.

In Cable, we continue to grow and deliver on our commitments. Service revenue grew 1%. This is the fifth straight quarter of growth. Strong execution also drove disciplined loading. In Q2, we added 17,000 retail internet net additions.

Finally, our sports and media business delivered robust results. Revenue topped $1.2 billion, a 53% increase. More impressively, organic sports and media revenue, which excludes the impact of MLSE, grew an impressive 13%. Profitability was also strong, with Adjusted EBITDA improving $61 million year-over-year.

As you saw earlier this month, we signed an agreement to acquire the remaining 25% ownership stake in Maple Leaf Sports & Entertainment. When the acquisition closes, Rogers will be 100% owners of MLSE's iconic teams and assets. We are experienced sports and media operators with a successful track record spanning decades. The combined set of assets have scale and they are profitable. They have incredible national appeal and represent one of the top sports and media portfolios in the world.

Our full ownership of MLSE will bring together Canada's premier communications company with one of the world's premier sports and entertainment organizations. MLSE will add to our already deep sports, media, and entertainment portfolio. This includes the Toronto Blue Jays, the Rogers Centre, and SportsNet, the number one sports media brand in Canada. We are fans, owners, and broadcasters operating in one of the best cities and countries in the world.

Of course, winning is everything for fans and it's also good for business, so we plan to continue to invest in building championship caliber teams. But the strategic value of sports is not just about winning, the value is even greater when combined with our core connectivity business. This gives us a unique value proposition in a competitive telco marketplace. We will create more opportunities for fans to connect with the teams and artists they love, and we will invest to deliver unique rewards for our customers.

We remain committed to our plan to sell a minority stake in our consolidated sports, media, and entertainment assets after we become 100% owners of MLSE. We plan to surface value by monetizing our world-class sports and media portfolio. Importantly, as we complete this process, we remain committed to retaining our investment-grade balance sheet.

Overall, we're executing on our telecom priorities and sports monetization plan with discipline. We are doing what we said we would do and we're doing it ahead of schedule. We're doing this while maintaining a strong balance sheet during this period of investment. I want to thank our team for their strong execution, their commitment to Rogers, and to our customers.

I'll now turn the call over to Glenn for a few more highlights.

Glenn Brandt:
Thank you, Tony, and good morning, everyone. Thank you for joining us this morning.

I'm pleased to report that our second quarter results reflect continued strong execution and leading operating performance with substantial progress on several key initiatives. Most notably, 8% growth in consolidated service revenue and 3% growth in consolidated Adjusted EBITDA. Fifty-seven thousand combined net new mobile phone and retail internet customers added in the quarter with adjusted Wireless and Cable margins of 66% and 58% respectively, each up year-over-year. Fifty-three percent growth in media revenue, including 13% standalone organic growth in Rogers Sports and Media with an approximately eight and a half times increase in Adjusted EBITDA to $69 million.

Consolidated capital intensity ratio of 12%, our lowest level since first quarter of 2008, with consolidated free cash flow just shy of $1 billion for the quarter, which is up 6% year-over-year as a result. Finally, with our successful negotiations to purchase the final 25% of MLSE, we are now set to combine Rogers Sports and Media with MLSE and pursue the sale of a minority interest in our world-class sports, media, and entertainment assets. Importantly, each of our three businesses contributed positively to these results.

In Wireless, service revenue was stable year-over-year, and Adjusted EBITDA was up 1%. We added 40,000 subscribers in quarter, 22,000 of which were postpaid customers. Mobile phone nets are down 34% from the prior year, reflecting continued flat to declining overall population. While the Wireless market remains extremely competitive, we are seeing competition moving toward relative value and away from the aggressive discounting of premium services seen in the seasonally low first quarter.

Mobile phone ARPU was $54.25 for the quarter, down 2% from one year ago. Postpaid mobile phone churn performance was 0.94%, which is down six basis points versus prior year and reflects our focus on disciplined subscriber loading, careful base management, and our emphasis on value for premium services.

Moving to Cable now, once again, we delivered strong disciplined financial and operating performance, growing each of service revenue and Adjusted EBITDA by 1% and adding 17,000 internet subscribers. Our industry-leading 58% Cable margin is up 10 basis points over prior year, reflecting continued cost efficiencies and our ongoing emphasis on value for premium services. Notably, Cable's organic growth is roughly double our reported 1%. When adjusted to exclude the impact of our December 2025 sale of our hosted data center business, our Cable service revenue and Adjusted EBITDA were each up by 2% year-over-year.

Turning to Rogers Sports and Media, our operating and financial performance here is particularly noteworthy. Consolidation and control of MLSE has added a substantial growth opportunity, but we have also achieved significant organic growth of 13% on a standalone basis for Rogers Sports and Media revenue. Overall, media revenue of $1.2 billion for the quarter is up by $0.4 billion or 53% year-over-year, with approximately $0.3 billion of that increase coming from the consolidation of MLSE. The 13% standalone organic growth, roughly $100 million, was largely driven by higher Toronto Blue Jays related revenue, with over 95% near sell-out attendance for our home games at Rogers Centre, and by higher subscriber revenue from the 2025 launch of the Warner Brothers Discovery suite of channels.

Similarly, Media's Adjusted EBITDA was $69 million, up roughly 8.5 times from the $8 million reported one year ago. Rogers Sports and Media, combined with MLSE, creates a truly unique collection of sports teams, live sports and entertainment venues, and media properties, one of the best and most complete collections globally, and all in one of North America's largest metropolitan areas. Add to that the unique standing for Toronto Blue Jays and Toronto Raptors as the only national Canadian MLB and NBA franchises, and Toronto Maple Leaf’s, widely regarded as the NHL's most valuable franchise, and one of the original six teams. These are tremendous world-class sports and media assets, generating strong operating and financial results.

We remain firmly committed to realize on the very substantial, unrecognized value of these assets, and using the proceeds to strengthen our balance sheet. We expect to close on our purchase of the remaining 25% of MLSE in the fourth quarter, with timing subject to league approvals. As a result, we have recorded in other expense a $1 billion non-cash loss related to the negotiated purchase price and resulting settlement and termination of the MLSE put liability. This reflects the change in the fair value of the MLSE put liability from $3.3 billion established in July 2025 to the $4.35 billion negotiated transaction at June 30, 2026.

Now turning to our consolidated results and balance sheet, total service revenue was up 8% to $5.1 billion, and Adjusted EBITDA was up 3% to $2.4 billion. Capital expenditures declined to $0.7 billion, or down 16% as we execute on our new capital efficiency program announced in April. Our capital intensity improved a substantial 350 basis points to 12%, our lowest capital intensity ratio in more than 18 years. We anticipate further capital spend reductions in the third and fourth quarters, affirming our earlier 2026 guidance of $2.5 billion to $2.7 billion. As a result, free cash flow in the quarter increased by 6% to $1 billion.

Our liquidity remains strong at over $6 billion, and we continue to strengthen our balance sheet, with leverage at June 30 of 3.8 times, down from 4 times at December 31, 2025, with more to come as we complete our sports and media transactions and use our free cash flow to pay down debt. Our quarter-end liquidity included $1.7 billion in cash and cash equivalents, and $4.4 billion available under our bank and other credit facilities. As noted in our press release, we are reaffirming our 2026 outlook ranges associated with total service revenue growth, Adjusted EBITDA growth, capital expenditures, and free cash flow.

To summarize, we delivered strong and disciplined results across all three businesses, advanced our sports monetization strategy, strengthened our balance sheet, and reiterated our 2026 outlook. These are all excellent outcomes. We are completing an important and transformative period at Rogers, and once again, our team has delivered excellent results. I would like to thank the team for their disciplined approach and strong execution in the current environment.

I will now ask Gaylene to open the call for questions. Thank you very much.

Operator:
Thank you. 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.

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

Drew McReynolds:
Yeah, thanks very much, and good morning. Two questions from my end. First, on the outlook for network revenue growth, obviously the last four quarters, we've bumped in and around flattish. I think it's pretty widely known there's still Wireless market expansion of about 2%, Wireless ARPU down 2%, which kind of gets you to flattish. Just wondering, with all the puts and takes that go through network revenues, can you, Tony or Glenn, just point to what we should expect in the back half of 2026 and maybe some of the bigger deltas that you're looking to manage?

Then second, on the Cable revenue and EBITDA growth, Glenn, thanks for stripping out the data center impact. Just wondering, satellite TV presumably is under ongoing pressure, and that's not something that you report, but certainly in your numbers relative to peers. Can you perhaps isolate that impact as well for us? Thank you.

Tony Staffieri:
For the questions, Drew, I'll start with the first part in terms of revenue growth, and I take it your comments are really geared towards the Wireless side of the business. On the Cable side, we continue to be pleased with the growth that we're seeing there. As you heard in Glenn's opening comments, organic growth there of 2% on topline as well as on EBITDA, and so that business continues on a very solid trajectory.

On the Wireless side, as you point out, and we looked at the volumes for the second quarter, we continue to see growth in the range of 2%, as you highlight. We had previously said 2% to 2.5%. Our sense is it's at the lower end of that range, and so that's what we're seeing in the marketplace. To answer your question, it really is about ARPU and ARPU growth, frankly, for us and the industry. We were extremely pleased to see our strategy of focusing on other value propositions in our value plans resonating in the marketplace.

Just given the low growth of the industry, our view was, and you heard that coming out of Q1, intensive promotional price discounting wasn't a sustainable long-term economic way forward. We pivoted to a few other factors. We focused on our base first and foremost, and you saw that with not only a solid churn reduction performance, but also as we look to our base and how we think about ARPU upselling within our base, we like what we're seeing there. But importantly, for new customers, focusing on a value proposition that gives them value, that is much more sustainable and creates a better long-term customer economic value for us. That includes on certain plans, including satellite, certain plans, higher tier plans, including roaming, a number of initiatives that include savings on streaming applications.

We focused on Adeline pricing and providing value where more lines that come in, then there's more value savings for the customers. Discounting is pivoted to hardware discounting, and you saw that in the second quarter. As I mentioned in launching our back-to-school promotions yesterday, the hardware discounting is tied to the tiers that you see coming in. There's some additional ones for back-to-school, and those offers are largely funded by the OEMs. All of that points to, in our view, a strategy that we're following of focusing on initiatives that will drive ARPU growth. We were pleased to see in the second quarter that the market was much more muted in terms of promotional discounting. We think that's a good sign.

We'll see how the market continues to evolve in the back-to-school period and certainly into the fall. Those are going to be key determinants for how ARPU behaves for us in the industry and ultimately to ARPU growth. It's a difficult one to predict because it is going to depend in large part on market conditions, but we think we've got the right strategy. It seems to be resonating, and you see that with what we think is fairly solid subscriber loading in the second quarter, notwithstanding that focus on price discipline. I hope that helps, Drew.

Glenn Brandt:
Then, Drew, just adding in on your question on satellite. I won't give you the detail on satellite, but I would say that it hasn't really changed from the last few years. What you've seen embedded in our results or reflected in our results, that is part of what we are offsetting in getting to the 2% organic growth, and it continues to be a fairly flat, steady rate.

Drew McReynolds:
Okay. Thank you both.

Glenn Brandt:
Thank you.

Paul Carpino:
Great. Next question, Gaylene.

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

Batya Levi:
Great. Thank you. As part of the driver of low return, are you also seeing a pickup in demand from converged offers? If you could maybe update us on what that stands for you in terms of what percent of your maybe Cable households also have Rogers Wireless? Just to follow up on the ARPU

commentary, I believe the lower or no activation fees kicked in mid-June. How do you anticipate to navigate that pressure in the second half? Thank you.

Tony Staffieri:
Thanks, Batya, for the question. I'll start with the first one. In terms of the churn tactics, if I understood your question and what we're seeing in that, certainly the lower promotional pricing activity drove less froth in the marketplace in the second quarter, and so part of the reduction in churn is certainly from that. But importantly, some of the other tactics that we're looking at and using with customers that is encouraging them to stay with us at better rates, we're pleased with the performance that we're seeing there. I can tell you that those tactics have moved well beyond additional promotional and extended discounting and instead providing other value services that the customers see value in. That's trending well.

Batya, if you could remind me the second part of your question relating to ARPU.

Batya Levi:
The impact from activation fees.

Tony Staffieri:
Yes. Actually, I'll let Glenn answer that one.

Glenn Brandt:
I think we're seeing a fairly minor effect in the second quarter. Obviously, it came in late in the quarter. We're looking at a number of options for some value-added fees for service with our customers, as I think you've probably seen. We're working on that together with price initiatives and, again, leaning in on our value for premium service emphasis rather than the discounting we saw in the first quarter to help sustain ARPU. We'll be leaning in on all of those different levers to offset not only the potential discounting through the holiday period and what have you, finding other value-added features to retain customers, but also pricing initiatives to help offset the fee impact.

Batya Levi:
Got it. Thank you.

Paul Carpino:
Thanks, Batya. 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 question. Let me just start with a follow-up to the last question with regard to the activation and cancellation fees. Glenn, based on your answer, is it fair to assume that we should expect maybe in terms of the shape for ARPU and service revenues that we should expect that there could be a bit of a dip in Q3 and then perhaps a recovery later on as some of your mitigating strategies play out? I was wondering if you can comment a bit further on that.

Then secondly, on the OpEx side, I know that last quarter you announced material reductions to CapEx. Perhaps talk to your ability to make sort of material cuts on the OpEx side. I know that that's been sort of an ongoing effort, but the prospect of perhaps a step change there. Any update would be helpful. Thank you.

Glenn Brandt:
Thank you, Aravinda. On the activation and cancellation fees, I'm not going to start guiding specifically for quarter-by-quarter. We are focused on, again, emphasizing our premium services and looking to provide value for fee service on whether it's phone setup or what have you and delivery charges and the like, which you've seen. We will continue to focus on price initiatives and providing fair value for service. We'll continue to manage that file. You've seen the ARPU trajectory over the last several quarters, and I don't anticipate a substantial change in that in the coming quarters. But it's block and tackle on several different initiatives to address the impact of the government decision.

On the OpEx side, we continue to focus on driving improved efficiencies, some coming from synergy opportunities with the combination of RSM, MLSE. That's still to be realized and in the early stages. You've seen the impact of that with the Shaw and Rogers transaction from a few years ago. We continue to see the benefits of that with continued strengthening on our margins. Again, it's a number of detailed initiatives rather than an overarching single lever that we're pulling on. We're looking at vendors. We're looking at either insourcing or outsourcing costs and changes to address the underlying operating costs of delivering our services, all while trying to drive improved value for our customers and improved premium features for our customers. You saw that with adding mobile-to-satellite backup coverage for our Wireless customers. We are adding features along the while of looking to try and reduce our operating costs and improve our margins. It's all a balance.

Aravinda Galappatthige:
Thank you.

Paul Carpino:
Thanks, Aravinda. Next question, Gaylene.

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

Stephanie Price:
Good morning. I wanted to focus on MLSE. In terms of the Kilmer MLSE acquisition, can you talk a little bit about the timeline to monetization of a stake in the combined Rogers MLSE business and what the key milestones investors should be expecting as we think about potentially a minority monetization there? Then related just on leverage post the Kilmer transaction, is the sale of a minority stake the major catalyst to reduce leverage or are there other options you're looking at? Thanks.

Glenn Brandt:
Thank you, Stephanie. In terms of timing on first closing the acquisition, it's subject to league approvals. We don't anticipate that to be an arduous exercise, but it will be subject to scheduling for the leagues. We are targeting fourth quarter, and you saw in the release, targeting October 1, but we are expecting to close in the fourth quarter the acquisition of that 25% interest. We'll follow, I would say as a fast follow, bringing to market first the combination of Rogers Sports and Media and MLSE from an administrative standpoint, bringing those business units together and then bringing that combined entity to market to sell down minority stake or minority stakes to investors.

I expect that to take several months to complete. We're targeting first half of 2027. We will be looking to close that as early as possible. That also will be subject to league approvals in terms of qualifying the terms of the minority interest stakes as well as the prospective investors and we'll complete that as quickly as we can. The proceeds from that will be used to pay down debt and to de-lever. The original closing of the acquisition of Kilmer will come from arranged bank credit facilities, bilateral facilities that we have added to our existing lines so that we have ample liquidity to run our operations while we bridge the minority interest sale.

Stephanie Price:
Thanks for the colour.

Glenn Brandt:
Thank you.

Paul Carpino:
Next question, Gaylene.

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

Maher Yaghi:
Great. Good morning. Thank you for taking my question. Just following up on MLSE, Glenn, I just wanted to ask you how should we think about the minority stake sale that you're planning to do? Should we think about the Kilmer price paid as a floor or are there meaningful differences between what you intend to sell in terms of minority stake versus the 25% that you just acquired in terms of how these ownerships are calculated or valued? The second question, are you looking for a strategic investor to come in or multiple potential minority shareholders? I have a follow up after on CapEx.

Glenn Brandt:
Sure. Thank you, Maher. On the valuation and the price of the transaction, I won't help our efforts at all if I try negotiating that here on the earnings call. We'll see when we approach investors and negotiate that valuation. I would say that these are premium assets. There is a tremendous amount of interest expressed from investors, private individuals as well as institutions. We've talked to several. We have several more to talk to. As we go through the exercise, I'm confident that we will be able to present that these are a very premium collection of assets and there are limited opportunities for buying in. You can tell from my comment, I do not expect discounts, and we will work hard to drive a strong evaluation as

we can drive in the transaction, but the market will determine what that is. I don't mean to sound cagey, but we'll work that through in the process.

In your question on whether or not we're looking for a strategic investor, we are well experienced in operating these businesses, both our media side of things as well as the sports franchise side of things in each of these leagues, operating the venues and finding the opportunities for working with vendors as well as providing additional value for our customers and our other telecom businesses. We're not looking for a strategic investor to assist with that. If one comes along with other opportunities, whether it's as a vendor or as a potential investor, of course we'll look at that. But the exercise here is to sell a non-voting minority interest in common equity of the combined entities and to participate in the growth opportunity for that investment. That is the objective here, rather than trying to find some other slot that fits. Does that help?

Maher Yaghi:
Yes, very much. Thank you for the detailed answer.

Glenn Brandt:
You mentioned a follow-up?

Maher Yaghi:
Yes, the follow-up is on CapEx. There are a few puts and takes in the CapEx reduction, small asset sales, but still a very strong reduction in CapEx Q2 already seen in the results boosting free cash flow. If we look at these levels of spending, do you believe these are sustainable CapEx run rates beyond ‘26? Given the ongoing regulatory environment, does it reinforce your view that lower capital intensity is the appropriate response in this environment?

Tony Staffieri:
Thanks for the question on CapEx, Maher. I'll say a couple of things. We think about capital in two buckets, if I could be helpful. One is in sustaining our existing network infrastructure and our existing business. We're always looking at how do we do that more efficiently, and that's one of the big drivers that you see here. The second piece relates to what I would describe as network expansion, particularly on the wireline side. In those areas, we continue to reevaluate whether or not the payback economic models make sense. As we've said previously, in this regulatory environment, it's made it much more

difficult to boldly make some expansion capital investments. We'll continue to work with the government regulatory authorities to help shape policies that are going to be more conducive to a framework that incents capital investment, which the country needs in terms of digital infrastructure.

We'll continue to work on that front, but you ought to see those as separate in terms of capital that will bring forth future revenue streams. At the time we start to increase those types of investments, and it's difficult to predict when, then we'll parse those out. But as we look to our run rate on capital intensity, we think we're at a position and continue to find the right formula on looking for focus and efficiencies that allow us to continue to have the best networks from a competitive standpoint, as well as other infrastructure that we need to continue to run the business profitably and at a competitive advantage. We think we've got something that is sustainable on that front.

Maher Yaghi:
Thank you, Tony.

Paul Carpino:
Next question, Gaylene.

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

Tim Casey:
Thanks. Tony, one of the questions we seem to get with increasing frequency is the potential impact of Starlink and incursions into a traditional Wireless business. It's obviously much more of a front burner issue in the U.S. given spectrum ownership and whatnot, but can you frame for us your current thinking on that as a potential threat to the domestic Wireless business or another layer of competition down the road? How are you thinking about Starlink given you are doing business with them now, but they've got some ambitious plans?

Tony Staffieri:
It's a good question, Tim, and timely, certainly, as you look to many of the headlines, as you said, largely south of the border. Our view on this, and we've spent years in the making on this and working

with a few different satellite operators, and right now we're focused on SpaceX/Starlink as our partner, and that's the service that we're focused on deploying here in Canada.

Tim, I'll come at it this way. I don't want to turn this call into a technical dissertation on it, but I think there's a lot of good information out there. In terms of the ability of satellite services to replace Wireless, I think the general consensus amongst experts is it's a long way coming if and when it comes. There are certain things related to physics, in particular, just the amount of distance spectrum has to travel from Earth to satellites that create a number of issues. I'm not talking about latency, but with respect to the power of the cell phone, the antenna capacity of the cell phone, that is just going to, for a very long time, keep terrestrial cell service as the dominant technology.

I'll add to that just the implications that terrestrial has vis-a-vis satellite for in-building and lateral movement of spectrum. We continue to see a world, much like when, I hate to take us back 40, 50 years, but when Wireless came along and what it meant for wireline business, and what we see is an evolution that's much more complementary. The demands of the network continue to evolve, and they each play a complementary type of position. We see that playing out with satellite as well, and as that technology continues to evolve, we see it as a good complement to the Wireless and wireline. That will evolve, and as I said, we're doing that from our experience in working with SpaceX and the technology roadmap that we're working with them on that.

Tim Casey:
Great.

Paul Carpino:
Thanks, Tim. Next question, Gaylene.

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

Vince Valentini:
Hey, thanks very much. Just clarify a couple things that you've said already. CapEx for the back half of the year, if to get to the midpoint of your guidance, you'd have to drop from $695 million that you just spent in Q2 to an average of $549 million per quarter. Just want to make sure I'm understanding your

commentary that that is what you're talking about, because obviously it's another meaningful step down.

The second one to clarify, the timeframe, I'll be frank, I'm disappointed, but I want to make sure I understand what you're saying on the timeframe on sports. You can't start negotiating with new investors until after the Kilmer deal closes? I thought you had always talked about a parallel process, and it's a pretty simple thing.

Glenn Brandt:
Don't read into that. We can walk and chew gum at the same time. We're not going to come to market before we have completed the negotiation with Kilmer and have the value that we're going to be bringing to market to work off of and drive the combined assets and premium off of. We've done that. We are now working in earnest on a number of different files around this initiative, approaching the leagues for approval for the Kilmer deal, approaching investors, working with a few choice advisors to approach investors and bring to market. All of that will happen in turn.

We can't go to the leagues with the prospective investors' approvals and the deal terms until we have a deal negotiated, and so that's a second step after seeking the approval for the initial purchase from Kilmer. That is a two-step exercise. But no, we don't have to sit on our hands now until the leagues approve, until we close, and then do the other. If I left that impression, I did not mean to.

Vince Valentini:
You kind of did, so I appreciate the clarification. It sounded like you said you can't really even start negotiating until after Kilmer is done. I appreciate that. Then just the CapEx.

Glenn Brandt:
On the CapEx, the thing to keep in mind is we announced that initiative in the third week of April. It takes time to pivot and adjust. It takes time to down-tool on some exercises, deferring and extending schedules. Some of that is also what you see reflected in, as Maher pointed out in his question as well, some of the offset. That's exiting some projects that we had underway and transferring them over to somebody else that we just view as no longer being a priority for us in terms of the economic realities of the marketplace and regulation.

There will be a little bit more of that as we exit some of those more marginal priorities. But the emphasis will be getting our capital spend program down to that $2.5 billion to $2.7 billion guidance in year, in 2026, and as Tony has said earlier, and that will be sustained for the coming years as well. That is our level of capital spend now that we are looking to operate within. We'll get down to that, as you say, roughly $550 million level or so to be inside our guidance. That's what we would need to get to the midpoint of the range, and we'll sustain that level and expect for the periods to come. Does that help?

Vince Valentini:
Very much. Thank you.

Glenn Brandt:
Good. Thanks, Vince.

Paul Carpino:
Next question, Gaylene.

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

Jerome Dubreuil:
Yes, thanks for taking my question. Good morning. A few quarters ago, you were highlighting network slicing as being an opportunity for you guys. Now, we have investors who are concerned that premium plans aren't sold at premium prices anymore, and I'm wondering if maybe network slicing could be a solution to this. Maybe you could be selling priority network access. Essentially, investors are looking for ways that the companies can avoid commoditization.

Tony Staffieri:
Thanks for the question, Jerome. It's a good question. It really relates to the construct of our value propositions. If you look to each of our tiers across our Rogers and Fido brands, what you see is as you move towards the higher tiers, we launched as you move up the tiers, then you have access to higher speeds for longer periods of time in terms of data usage without any throttling. There are other value-add propositions that I won't get into now, but as you described, network slicing does give us the opportunity to give customers priority access, whether it's video streaming or whether it's an experience

in stadium during a concert where there's a lot of heavy traffic. Those are things that we have utilized and I would say prototyped, tested our ability to have a differentiated network experience. You'll continue to see that, not unlike the U.S. market, us evolving our value proposition that's based on priority access and level of experience based on the tier that the customer is on. It certainly continues to be an opportunity and in play.

Jerome Dubreuil:
That's great. Second question for me, just maybe a clarification. Glenn, not sure if you mentioned that what we're going to see in terms of CapEx in the second half is what we should be using as a base level for next year or are we comparing more the full of '26 that is being the sustainable level?

Glenn Brandt:
Think of it as the full year guidance as being our expected run rate. If we can find more opportunity to bring that down, we will continue to look for efficiencies and look for opportunities to lower the intensity. I don't want to start guiding beyond 2026, other than to say, anticipate that to continue on for several periods at that level. If there's more opportunity, we'll clarify that as we move through and find it.

Jerome Dubreuil:
Perfect. Thank you.

Glenn Brandt:
Thank you, Jerome.

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

Operator:
Thank you. The next question is from Matthew Griffiths with Bank of America. Please go ahead.

Matthew Griffiths:
Hi, good morning. Thanks for taking the question. Just two questions, if I could. The first one on MLSE, maybe I'm splicing words too closely here, but Glenn, you mentioned stakes when you were talking about selling a minority interest. It made me think, are you referring to not just multiple minority partners

buying a stake in the combined RSM, or are you referring instead to potentially investors buying a stake in the Blue Jays or the Leaf’s or the Raptors or something more specific?

Glenn Brandt:
The former. We're looking to sell non-voting equity stakes in the holding company in the combined entity so that it would be a single category of capital, non-voting common shares in the holding company that we're looking to bring to market. That allows the investors to participate across the breadth of the Sports and Media operations and makes it just more straightforward in terms of operating.

Matthew Griffiths:
That's good clarification. Thank you. Secondly, just on CapEx, I just wanted to ask about the asset sales that they've served to marginally lower CapEx this quarter. Are there more of those that we should be expecting in the remainder of the year? The only reason I ask is with a mind to what the jump-off point would be for next year. If there are additional opportunities and the guidance incorporates these opportunities, then perhaps next year's CapEx, on a run rate basis, ex those, would be slightly higher but still a step down from what it previously was. Maybe you could help orient me there.

Glenn Brandt:
I'm not going to pre-announce anything. There are a couple of initiatives we're looking at as we look to reprioritize our capital initiatives and our build schedule for the year. There were some projects that were undertaken that are no longer as much priority. I'll put it that way. That doesn't mean it doesn't proceed, it doesn't go ahead, but in some cases, it means transferring those projects to another party potentially to complete. That's what you saw in the asset sales that you're referring to in the second quarter.

There are some other projects that have some potential, which, as I said, I'm not in a position to announce anything at this point, but there are some opportunities there to pass those along to somebody else that might have a different threshold, a different fact set than we have. But again, in terms of our level of spend, those are a portion of the initiatives we had undertaken in our initial guidance range that we released back in January. We've reset that range of priorities. That $2.5 billion to $2.7 billion guidance, I said back in April, and I'm reiterating here, that is our expected run rate for several quarters to come, not just in 2026 but out into subsequent years as well. We're not looking at this as being a temporary reduction in our capital intensity all along. We have been intending to drive a lower intensity level in our investing.

Keep in mind those projects that we're passing along would have come with spend initiatives that probably would have extended beyond 2026 into 2027. We're saving those 2027 expenditures by passing the projects along. No, this would be the run rate that I would expect going forward.

Matthew Griffiths:
Okay. Very helpful. Thank you so much.

Glenn Brandt:
Does that help?

Matthew Griffiths:
Yeah, thank you so much.

Glenn Brandt:
Thank you, Matt.

Paul Carpino:
Our last question, Gaylene.

Operator:
The last question is from David McFadgen with ATB Cormark. Please go ahead.

David McFadgen:
Great. I have two questions. First of all, just on Baja's satellite, are there really any substantial number of subscribers that are paying that extra $10 or $15 a month? Then secondly, just on the combination of the MLSE and your existing sports assets, in the past you indicated that you think you could get a valuation of $25 billion or potentially more. I was just wondering if you still believe that.

Tony Staffieri:

Thanks for the question, David. I'll start with the first one on satellite. We aren't disclosing subscriber numbers on that. But the one thing you should keep in mind is there is the option to pay on a monthly basis incrementally, and that's open to all Canadians. But some of our upper tier plans, as well as a promotional item, we include satellite service in some of the plans. More and more, what we're finding is it's not only the utility value of using it where there is no cell coverage on major highways and other areas, but it's also peace of mind in having a backup in addition to a conventional Wireless network. It's both of those sentiments that continue to drive consumers and businesses, importantly, to see the value in having satellite again as a primary when needed or as a backup in the event it's required.

Glenn Brandt:

Then, David, on your question on the value of our combined Sports and Media assets, we continue to be very optimistic around the strength of that collection of assets and the value for them. You've seen in all of the other comparable transactions with sports franchises, the asset values appreciate substantially year-over-year. It's a reflection of where the revenues have moved over the last several years and continue to grow. We saw that with the growth we've seen in our revenue and EBITDA within Rogers Sports and Media over the last year and a half, not just for the Toronto Blue Jays, but certainly predominantly for the Toronto Blue Jays.

We're confident with what we're bringing to market, the value they drive. You've heard us refer to an anticipation of assets that are worth $25 billion or more in the past. I'm not going to start an early round of negotiation on this call with where we're going to sell the minority stake. I anticipate that we are going to find strong support for the value of the assets, and we will drive a strong transaction as hard as we can, and more to come on what that value is. But through this exercise, there is nothing that we have seen that causes us to be modest about the strength of the assets we own and the strength of the proposal we're bringing to market. The market will determine what that valuation is. I'm optimistic.

David McFadgen:

Okay. All right. Thanks, guys.

Glenn Brandt:

Thank you, David.

Paul Carpino:

Thanks, everyone, for joining the call. If there's any follow-ups, please reach out to the IR team. Thank you.

Tony Staffieri:

Thank you all.

Glenn Brandt:

Thank you.

Operator:

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