# Rogers Communications Inc.
# First Quarter 2025 Results
# Conference Call Transcript

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**Time:** 8:00 AM ET

**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. First 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.

As a reminder, we will be holding our AGM this morning at 11:00 am, and you can pick up that call through the Investor Relations website. This call will last approximately until 8:45, so we ask that you limit yourself to one question so we can accommodate as many questions as possible. We'll be happy to follow up with you later this morning on any other questions.

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.

**Tony Staffieri:**
Thank you Paul, and good morning everyone. This morning, we reported our first quarter results. As you saw, we continued to deliver growth, 2% growth in service revenue and 2% growth in Adjusted EBITDA, and we delivered strong margin improvements year-over-year on our already industry-leading margins. We also demonstrated our ability to execute on our de-levering plans while continuing to invest in our core businesses to drive long term growth.

These solid results come against a backdrop of slower growth in our sector, driven by lower immigration and a highly competitive market. Our results also demonstrate our clear focus on disciplined execution, profitable growth, and de-levering the balance sheet. These are our key areas of focus in a more cautious economic environment.

In cable and wireless, we delivered strong financials, profitable subscriber growth, and industry-leading margins. Despite a significantly slower rate of growth in the market, we delivered 57,000 wireless and internet net additions. Q1 typically represents about 10% of annual subscriber growth for the industry, and so as we worked through the quarter, we remained focused on price discipline and delivering profitable subscriber growth.

As I look to the year ahead, we'll continue to deliver the same industry-leading performance through four priorities: executing with discipline, delivering efficiencies across the Company, de-levering the balance sheet, and advancing our plan to surface value from our sports assets.

First on executing with discipline, our sector is adjusting to lower immigration. This change was reflected in our 2025 outlook. Our revenue and EBITDA growth profile remains positive for the year and our priority is to maintain solid financials. Financial discipline is key in this or any market environment. A good example is our focus on offering high value wireless and internet plans on the Rogers brand while delivering differentiated services, the most content, the best entertainment on Canada's most reliable networks. Disciplined execution with a strong value proposition remains our priority to ensure our financial performance is consistent with the capital spending we are making to improve and grow our networks.

Second on delivering efficiencies across the Company. In this more moderate growth environment, we will look to bring costs in line with revenue growth and to identify more efficiencies. This includes digital investments that both reduce costs and simplify and improve the customer experience. Our track record on driving efficiency has been notable and very effective over the past three years, and we expect continued strong performance in this area.

Third and importantly, our de-levering efforts remain a top priority. We have been making strategic long term investments for growth while also accelerating the de-levering of the balance sheet. Balancing both is key to our long term strategy. We made a clear commitment to de-lever when we merged with

Shaw, to return leverage to 3.5 times 36 months after closing. We've made very good progress on this priority. Since the start of the year, we have attracted an aggregate $9 billion of equity capital. Upon closing our structured equity transaction, our leverage will be down to 3.6 times. We will have gone from the highest leverage amongst the three major Canadian carriers to the lowest leverage within two years after closing the Shaw transaction. It is clear and also worth noting that both domestic and international investors remain confident in Rogers' strategy, asset base and investment-grade balance sheet, as reflected through these significant investments.

Our assets include Canada's most reliable networks with continuous industry-leading new innovations. Yesterday, we were awarded the Most Reliable 5G Wireless Network in Canada by Umlaut for the seventh straight year, solidifying our longstanding leadership in network reliability, and earlier this year Open Signal also recognized Rogers as Canada's most reliable wireless network and most reliable internet. We also started delivering 4 gig download and 1 gig upload speeds in select Calgary communities with the Rogers Xfiniti modem. This new technology supports multi-gig symmetrical speeds and includes Wi-Fi 7. We are the first internet provider to bring this next-gen Wi-Fi to Canadians.

Finally, we'll continue to advance our strategy to surface value from our sports assets. The multi-billion value of our world-class sports assets is not reflected in our share price, and our priority is to change this. Earlier this month, we announced the renewal of our partnership with the NHL. These national media rights, now locked in until 2038, are the most valuable media rights in Canada. The first deal was profitable and successful for Rogers and Sportsnet, and we plan to build on this over the next 12 years.

On MLSE, we expect to close the transaction in mid-2025. Upon close, we will control 75% of one of the most prestigious sports and entertainment organizations in the world. Beyond the sporting franchises associated with this investment, we will also expand our revenue and EBITDA base. Our sports assets are unrivalled in Canada and our sports portfolio is one of the best in the world. Sports assets continue to appreciate significantly in value, and that's why investors remain very interested in holding a minority position in these appreciating assets. We continue to meet with external investors who recognize the opportunity with our sports portfolio. For now, we remain focused on closing our MLSE deal to become majority owners.

Overall, I'm pleased with our operating and financial performance in the first quarter and remain confident in our disciplined execution and steadfast focus to remain the leader in our sector. We will focus on a very clear set of priorities consistent with our strategic plan to drive growth and surface value to our shareholders.

I would like to thank our team for delivering on our priorities and continuing to execute with discipline in a competitive environment, as they consistently have over the past three years.

With that, over to you, Glenn.

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

We are proud to report that Rogers first quarter results reflect continued disciplined execution and strong performance in a highly competitive and slower growth market. Both revenue and Adjusted EBITDA are up year-over-year. Margins continue to lead our sector, and wireless and internet net additions were strong against this backdrop. Importantly, we are also delivering on our commitment to significantly reduce leverage and strengthen the balance sheet, protecting our investment-grade credit ratings.

In February, we completed a very successful $4 billion hybrid securities offering and we have recently announced our definitive agreement for a $7 billion equity investment led by Blackstone and backed by several leading Canadian institutional investors, which we expect will close shortly after all closing conditions are waived or satisfied. These combined transactions add $9 billion of equity capital to our balance sheet and substantially lower leverage from 4.5 times at 2024 year-end to 3.6 times as at March 31 on a pro forma basis. As a result, I am pleased to report that our balance sheet is sound and we are well positioned for the current business environment.

Let me start with some highlights from our first quarter results.

Wireless service revenue and Adjusted EBITDA each grew 2% year-over-year, primarily driven by subscriber growth over the last 12 months. Our wireless margin was up by 40 basis points compared to the prior year at just under 65%, reflecting our sustained emphasis on driving efficiencies while balancing subscriber growth with pricing and margins.

In the quarter, Rogers delivered a combined 34,000 net new wireless subscribers, down from 61,000 last year, reflecting the smaller market size due to reduced immigration. Importantly, we continue to drive a substantial share of net adds while improving churn, with postpaid mobile phone churn down 9 basis points year-over-year to 1%. Blended mobile phone ARPU of $57 was down just under 2% from $58 in the prior year, reflecting the competitive intensity and lower roaming revenue in the latest quarter, driven in part by reduced travel to the U.S. As we operate our wireless business in the current environment, Rogers remains focused on the value proposition for our premium plans. Our Rogers 5G plans emphasize more value and savings for families as they add lines on Rogers, consistent with our balanced approach to the market.

Moving to our cable business, service revenue was down 1% in the quarter, reflecting a combination of continued competitive promotional activity and customer churn in both satellite and video subscribers. Additionally, we are lapping prior year price adjustments that occurred in the first quarter last year and which were not repeated in this latest quarter. Cable’s Adjusted EBITDA was up 1% year-over-year driven by a 4% decrease in operating costs from our ongoing cost efficiency initiatives. This was partially offset by increased brand investment with the first quarter launch of our Rogers Xfiniti campaign.

Internet net additions were 23,000 compared to 26,000 in the first quarter last year, reflecting in part lower immigration activity. Wire line services remain highly competitive across all regions from coast to coast. Our balanced approach to subscriber additions has driven both competitive market share gains while sustaining cable margins at just over 57%, a 110 basis point increase from the prior year.

In Rogers sports and media, we delivered very strong revenue growth and improved EBITDA. Revenue was up 24% year-over-year driven by additional Toronto Blue Jays home games in the quarter and by additional advertising revenue from the Four Nations Hockey Tournament. Additionally, we have benefited from higher subscriber revenue with the launch of Warner Bros. Discovery’s suite of channels and content, and the flow-through from the higher revenue has translated into a $36 million improvement in EBITDA year-over-year.

On a consolidated level, service revenue and Adjusted EBITDA each grew by 2% respectively year-over-year, and consolidated operating margins were up slightly to just over 45%. We continue to find growth opportunities in tighter markets, having added over 400,000 wireless and over 100,000 internet customers over the last 12 months, driving service revenue and EBITDA growth and margin improvements.

Capital expenditures for the quarter were $978 million, down 8% from one year ago, and capital intensity was down 190 basis points. Free cash flow of $586 million was unchanged from the prior year, largely due to timing differences in cash taxes.

Turning to the balance sheet at quarter end, we had $7.5 billion of available liquidity, comprised of $2.7 billion in cash and short term deposits on hand and $4.8 billion available under our revolving credit facilities. Our weighted average cost of all borrowings was 4.7% and our weighted average term to maturity was just under 10 years.

We ended the quarter with a net debt leverage ratio of 4.3 times compared to 4.5 times at December 31, 2024, and down a full turn from the 5.3 times reported when we closed Shaw two years ago. The sequential in-quarter reduction was driven by the issuance of $4 billion in subordinated hybrid securities, which reduced leverage by 0.2 times. We intend to use these proceeds to repay debt and to fund a portion of our upcoming MLSE transaction.

As I'd indicated earlier, Rogers has now agreed to terms for a $7 billion equity investment with funds led by Blackstone and backed by several leading Canadian institutions. Rogers will retain a majority controlling interest in its new Canadian subsidiary which holds a regional portion of certain components of Rogers' wireless network. Rogers maintains full operational control of its network from end to end and will consolidate the subsidiary's financial results in its consolidated financial statements. The subsidiary is expected to distribute up to approximately CA $0.8 billion annually to Blackstone in the first five years post closing, after which Rogers average capital cost for the investment is expected to be approximately 7% per annum.

We intend to use the net proceeds from the transaction substantially to repay debt, and upon closing we expect our net debt leverage ratio to be approximately 3.6 times on a pro forma basis for the end of Q1. Each of these capital transactions are aligned and consistent with our priority commitment to maintain and strengthen our investment-grade credit rating and to de-levering back to the pre-Shaw transaction levels.

With these initiatives, we have removed the discount on our dividend reinvestment plan, or DRIP, effective from our next dividend payment in July, and we will be reverting to open market purchases to satisfy those shareholders opting to remain in the dividend reinvestment plan.

Finally, we continue to move forward on our agreement to buy the 37.5% additional ownership stake in MLSE for $4.7 billion. As we await league and regulatory approvals for the transaction, we have had significant interest from various institutional investors seeking to invest in our sports assets. Nothing further to add at this time, but we intend to continue to develop and explore opportunities and look forward to providing further information in due course.

Wrapping up then, we have once again delivered strong results in a competitive environment. We continue to execute well operationally while also substantially strengthening our balance sheet. We have very substantially lowered our debt, which positions us well for today's more uncertain market.

I would like to thank our employees for their consistent and dedicated execution across all of our businesses and for their success in once again delivering strong financial and operating performance during a period of major strategic investments.

Thank you for your time and attention this morning, and with that Gaylene, may we please commence with the questions and answers? Thank you.

**Operator:**
Certainly. 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 Batya Levi with UBS. Please go ahead.

**Batya Levi:**
Great, thank you. Can we start with what you are seeing—some colour in terms of your confidence you have in the annual outlook, given the macro backdrop and potential impacts from tariffs; and maybe another question on the cable trends. You mentioned the competitive environment. Do you expect the revenue decline to continue as you lap last year's adjustments, or maybe some monetization opportunities as you roll out Xfiniti? Thank you.

**Tony Staffieri:**
Batya, thank you for the question. I'll start, and Glenn will add some detailed comments as well.

In terms of what we're seeing for the rest of the year, as both Glenn and I said in our comments, we took into account some of these macroeconomic issues that we're seeing in terms of slowdown in the economy into our outlook, and so we continue to forecast and see opportunities for growth in both revenue as well as EBITDA in each of our segments.

With respect to the second piece on cable, as Glenn highlighted, there were a few things, one related to timing of price adjustments and the second related to headwinds that we see from satellite and video losses. But notwithstanding that, internet and some of the additional products that we have on the Xfiniti platform will more than offset that, and you'll see that commencing in Q2 and for the rest of the year as you see cable revenue, which includes business as well, I should highlight, returning that segment to breakeven and growth in the back half of the year.

**Batya Levi:**
Thank you.

**Glenn Brandt:**
Nothing much further to add to that, Batya. I think on the cable side specifically, we will continue to find opportunities to grow subscribers through the year. That's a significant part of the year-over-year growth plan for the division, as well as ongoing work on our plans. I think the emphasis here is to restore the right side of zero. I'm not looking for very substantial growth but certainly expect for the year and the coming quarters, we will see a restoration of zero to positive growth.

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

**Operator:**
Certainly—yes, certainly. One moment please.

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

**Drew McReynolds:**
Yes, thanks very much. Good morning.

Just first, maybe a quick clarification on free cash flow guidance. Glenn, can you just remind us whether existing guidance included kind of the pro rata distribution on the structured equity investment or whether that will be updated when that deal closes?

Then more broadly, my real question just on wireless pricing, it seems like it's two steps forward, two steps back for the industry. We have all the operators saying the right things about acting differently in the market and trying to be disciplined, but we don't see it necessarily on the price plans and handset discounts, so just wanted to ask from Rogers' perspective, is this simply now just a new normal from here on in, or if not, what do you think needs to change here just to obviously instill a little bit more discipline and firm up what has been a meaningful decline in pricing that everyone's seen over the last couple years? Thank you.

**Glenn Brandt:**
Hi Drew, I'll start with the first question on the free cash flow guidance. The guidance we gave for the year was provided based on the balance sheet and capital structure as it existed; but I've said consistently and continue to say the transaction on the $7 billion structured equity will be reflected in our reporting going forward so people understand how it goes through and would not alter that guidance range, so it'll be part of our reporting going forward and no adjustment to guidance.

**Tony Staffieri:**
On the second part of your question, Drew, I think it's relevant to look at it in the context of the market dynamics. What we saw is a significant slowdown in the rate of growth in the market. If you were to look

at Q1, the decline in our net total mobile net additions year-on-year is roughly in line with what we think the market is declining, and so if you were to look at the postpaid market, our estimate is it's probably down for the total market in Q1 by about two-thirds, and in terms of total mobile, it's probably down by a third, is our estimate.

Against that backdrop, notwithstanding, we like to think that we were very price disciplined in the first quarter. Again, I'd reiterate first quarter is about 10% of total annual volumes, and so we thought it was a good opportunity to focus on the higher value segments with minimal discounting. We were disappointed to see the market still, as you mentioned, continuing with some discounts in the below-$40 price point, but we owe that to, we think, the market adjusting to a smaller size. As we look to the rest of the year, we see opportunities for growth in ARPU, frankly, and in price discipline.

You would have seen late in the quarter Rogers coming out with a revised wireless pricing plan that is much more simplified, much more focused on the added benefits in terms of the value proposition besides just the data bucket size, and also focused on multi-line consolidation. Relative to our U.S. peers, we're much more fragmented here in Canada in terms of multiple lines with multiple providers, and so we're focused on that strategy as well.

In terms of handset discounts that you've talked about, we see the opportunity for the market here in Canada to probably move in line with where the U.S. is and promotional activity centered more around the handsets, while maintaining price discipline in the plans themselves, the monthly subscriber plans. Those are some of the dynamics we see, Drew, and so we are optimistic about our outlook and the industry's outlook to improve price discipline in the marketplace.

**Drew McReynolds:**
Thanks, great colour Tony. Thank you.

**Paul Carpino:**
Thanks Drew. Next question, Gaylene.

**Operator:**
Certainly, one moment please.

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

**Aravinda Galappatthige:**
Good morning. Thanks for taking my question.

On the cable side, Tony or Glenn, one thing that's sort of evident is that you're—even though it's slightly down year-over-year, the broadband net adds are holding up fairly well with respect to what we've seen and what we expect from peers. I wanted to get a sense of the level of contribution you're getting now from FWA and your reseller initiatives and how we should sort of parse that net adds number from that perspective. Thanks.

**Tony Staffieri:**
Thanks for the question, Aravinda. A couple things. Our focus is on growing net adds and revenue through all our technology sets. We continue to remain focused on net in both the east and the west, and we've seen good improvements on that, particularly when it comes to bundling. We've always had a strong position in the east and notwithstanding that continues to improve, but we're also seeing it in the west, so there's good progress there on net at very good incoming ARPUs as well.

In terms of our 5G wireless home modem, that continues to do well also. Some of the technology improvements we've done in terms of network slicing, but also upgrading the speeds - you would have seen us move up to 250 download speeds on FWA, and that's been successful across the nation, but in particular in places where we don't have wire line in Quebec and certain parts of southwest Ontario. As we look to launch our full suite of Xfiniti products on that wireless modem, we expect the penetration opportunity of that continues to grow, so we're pleased with that.

Then finally on the wholesale side of it, where it makes sense, we continue to deliver on that as well, but you ought to think about the relative breakdown as focused on net first, fixed wireless access, and then TPIA is sort of the third piece of it, so that's roughly the breakdown of those three technologies.

**Aravinda Galappatthige:**
Thank you, I'll pass the line.

**Paul Carpino:**

Thanks Aravinda. Next question, Gaylene.

**Operator:**

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

**Tim Casey:**

Yes, thanks. Could you clarify your expectations about MLSE equity? Glenn, in your prepared remarks, you indicated you are talking to investors, so I get it that you'll have control of another 37.5% of the equity, but should we expect you to own that, or should we expect there to be third party investors involved when you close?

**Glenn Brandt:**

My expectation on closing is that we will close the transaction with buying the BCE stake, and then on the other side of that, we continue to get substantial interest from institutional investors and so we will explore those opportunities with a very open mind. Nothing further to say at this point, Tim, but we are certainly engaging in those discussions.

**Tim Casey:**

And Glenn, what are the hurdles that you still have to go over to close the transaction? Are you seeing anything from the CRTC in terms of timing and from the leagues themselves?

**Glenn Brandt:**

No specific timing given. I don't expect any substantial hurdles. We're a known quantity to the leagues with our existing ownership interest, and it's a fairly straightforward transaction so the league approvals, I expect in due course, and the CRTC review, again I don't expect any substantial hurdles there but the CRTC needs time to run its review.

I think you heard our expectation on timing continues to be midyear. Nothing substantial or further to update from that.

**Tim Casey:**

Thank you.

**Glenn Brandt:**

Thank you Tim.

**Paul Carpino:**

Thanks Tim. Next question, Gaylene.

**Operator:**

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

**Vince Valentini:**

Yes, thanks very much. Sticking on that topic with my first question, do you hope that you can announce, not close because it takes a while for approvals, but announce a transaction with third part investors sometime this calendar year?

A second question, I'll throw it out first so Paul doesn't cut me off to get through the list, in terms of wireless sub adds, AT&T and Verizon have both signaled January and February as very weak, but they saw better adds in March. Can you give us any sense of the pacing through the quarter that you saw, and maybe some outlook on how Q2 and April has started? Are we seeing a bit of a recovery in what seemed like a very lackluster start to the year for wireless sub adds across—not just for Rogers, but the whole industry? Thank you.

**Tony Staffieri:**

Vince, I'll start with the second part and then Glenn will come back to your question on MLSE investment timing.

In terms of the profile we saw in the first quarter, it's not dissimilar to what the others south of the border have communicated. It was a slow January-February, and somewhat typical, we see the uptake during March and March Break, and so that's the profile we saw. As we close out April, we see a continued pacing of good volume activity.

If we were to—having said that, we continue—you know, last year we would have had total wireless market growth of just over 4%. We indicated back in January, when we released our guidance, that we saw market growing for the full year at roughly 3%. We continue to see it as roughly 3%, give or take a little bit for the full year, and so a bit of a different dynamic from the U.S. in terms of where we were and they were. Hopefully that's helpful in terms of how we see the pacing.

**Vince Valentini:**
Yes.

**Glenn Brandt:**
And Vince, on your first question, we're in discussions with folks who are interested in the assets we own and are soon to acquire. It's premature for me to start speculating on when that might result in a transaction. I would say we are engaged in those conversations in earnest. We are more aware than the market is reflecting right now of the value of those assets on our balance sheet. We believe those assets to be worth something in the range of $15 billion once we close on the purchase of the additional interest in MLSE. Others talking to us also understand that value. We are engaged in those discussions, as I say, in earnest, and more to follow, but there's plenty of opportunity there, and we've been consistent in indicating that we are engaged in finding those opportunities.

**Vince Valentini:**
Very sorry, Paul - just to clarify, Glenn, $15 billion is what your estimate is…

**Glenn Brandt:**
Canadian.

**Vince Valentini:**
Yes, but with 75% ownership of MLSE, or that would be…

**Glenn Brandt:**
Yes. That's once we close. That's correct, yes.

**Vince Valentini:**
And 100% of the Jays, obviously?

**Glenn Brandt:**
Yes, and Rogers Centre. Yes.

**Vince Valentini:**

Okay, excellent.

**Paul Carpino:**

Thank you Vince.

**Glenn Brandt:**

Thank you Vince.

**Paul Carpino:**

Yes, 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. A longer term question on the satellite, on the mobile side, device-to-device. I understand there is really important limitations for this technology, so I don't think it's a near term threat at all, but interested in hearing you on if you think eventually satellite could compete with cell phones for mobile data transmission in urban areas. Thanks.

**Tony Staffieri:**

Thanks for the question, Jerome. As we've previously announced, we are working with a few satellite operators to bring that technology to Canada as quickly as we can. But, it is an emerging technology, as you said, so we're working very closely with the satellite owners. It's going to be a game changer. Today our wireless network, including those of competitors, cover about 12% of the land mass here in Canada, and so there's a real opportunity to cover the whole nation, particularly with respect to 911 and first responder emergency texting, which will be the first wave of it.

That will come in due course, so I don't want to say too much on timing with respect to that, but we don't see satellite necessarily replacing wireless. It's much like the wireless-wire line debate we had 20 years ago, as to whether wireless would supplant, and there's always an increasing demand for data latency and a whole bunch of other things, so it will be something—satellite will be something that augments wireless and wire line networks.

It does have limitations as well in terms of in-building, so you need to have some sort of direct satellite view, if you will, for it to operate. Certainly it's going to be a significant step up in coverage, but it will continue to evolve in terms of its capabilities, and so we don't see it as something that necessarily replaces terrestrial wireless.

**Jerome Dubreuil:**
Very clear, thank you.

**Paul Carpino:**
Thanks Jerome. 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.

Sorry, I have to ask a tariff question. Are you guys purchasing—does Rogers purchase handsets from Apple USA, and so anything that they do with tariffs with China, for instance, would influence your purchases of handsets, or are you going maybe directly to China and maybe bypassing any of the potential impacts that may or may not materialize?

Then just if you could—is it possible to quantify the rolling impacts on ARPU in the quarter and where you see that going early on in Q2?  Thanks.

**Tony Staffieri:**
Matthew, I'll start with the first one and Glenn will talk to the second part with respect to roaming and ARPU. In terms the tariff impact, I should probably take a step back. Little to no impact on us directly, most of our suppliers are within Canada and the other pieces of it largely come from outside the U.S.,

and so the tariff issue is more, as we've said before, a concern around the macroeconomic impact for Canada and Canadians.

With respect to handsets specifically, I don't want to get into the details of exactly how we purchase. I will say that irrespective of how the legal structure of it is, it's still a bit of an unknown and a risk with respect to handsets, given comments made by the U.S. administration on the topic. We'll continue to watch that closely, and so we highlight it as a potential risk but we think it's unlikely.

**Glenn Brandt:**
In terms of your ask on roaming in the quarter, Matt, the roaming traffic was probably 15% or so, give or take, of the decline in ARPU. The rest of it was competitive intensity in the market.

**Matthew Griffiths:**
Really helpful, thank you so much.

**Glenn Brandt:**
Thank you.

**Paul Carpino:**
Thanks Matt. Gaylene, our last question, please.

**Operator:**
Certainly. The last question is from Maher Yaghi with Scotiabank. Please go ahead.

**Maher Yaghi:**
Great, thanks for squeezing me in. I wanted to ask you a question on—I'll go back to Drew's question on the deal, the backhaul deal. Glenn, your free cash flow definition does not include principal payments on lease liabilities, so I just wanted to make sure I understand. The free cash flow guidance that you gave for 2025, does it include the borrowing—the reduced interest cost on borrowings coming from this backhaul deal, which will lower your debt levels, or not, and if we include principal payments to look at cash on cash, real cash generation including the lower debt levels and increased principal payments from the lease liabilities, how will the free cash flow generation be impacted from this deal?

**Glenn Brandt:**
Thanks for the question, Maher. I think if you simplify it down to just the dollar flows, think of it more from the standpoint of the distributions that we make on the transaction net of the interest savings on the debt that is repaid. The full value of the distributions that get paid out, full value of the interest savings, net off the cash taxes that will go up a little bit for the fact that the interest creates a tax deductible expense. The distributions do not—the net of that dollar flow does not substantially alter where our free cash flow is. It would not have resulted in any difference in the guidance we gave on the year.

The distributions, as I've indicated, are about $0.4 billion a year. The interest savings on a $7 billion debt repayment, you can figure that out, we're not far off from that number. The interest shelter offsets it a little bit. You're not talking about a substantial difference in the cash costs that will go out on the distributions.

**Maher Yaghi:**
Okay, great. Just to follow up, just on the corporate line, the loss on the corporate line has been increasing lately. What is the outlook going forward on that line, including CapEx, because it has also increased year-on-year by about $35 million.

**Glenn Brandt:**
The CapEx, there's—there are some year-to-year variations and capital spend at the corporate level - some of it's real estate related, some of it systems related from year to year. That, I don't expect to be particularly material year to year. The corporate losses line, we have some investments in the start-up of Rogers Bank - it is still getting its—finding its scale, and so that runs through the corporate line. I would say that all of our corporate departments, along with our business departments have been a target of looking for efficiencies and driving those efficiencies. That continues to be a focus for us, and so nothing further to clarify there.

I think you've seen it rising in part as well as a result of just the changes that come from the acquisition of Shaw and the roll through of some of that integration. That is largely complete from an operational standpoint, but there are still some remaining investments on the CapEx side, as you say, in the systems as well as some people that are in some of those numbers as well. That is one of the areas of focus for us.

**Paul Carpino:**

That’s great, thank you Maher, and thank you everyone for joining us. We are happy to follow up if there’s any other questions.

**Glenn Brandt:**

Thank you everyone for your time and attention. Much appreciated.

**Operator:**

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