



Rogers Communications Inc. Third 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. Third 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 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 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. It's been quite a week for our Toronto Blue Jays—American League Champions, so just wanted to say a few words about Canada's team. We're thrilled the Blue Jays are in the World Series, and it all starts north of the border tomorrow. As owner, our job is to give leadership the tools and resources to win, and as Canada's communications and entertainment company, we're about providing Canadians with the best sports and entertainment experiences. This is one of those moments, and this is what Rogers is all about.

Let me now turn to the quarter. Q3 was another strong quarter for Rogers. We delivered industry-best combined mobile phone and internet customer additions. We continued to grow our cable business anchored by Canada's most reliable internet. We again delivered the best wireless and cable margins in our sector, and we're seeing healthy revenue growth from our media operations through organic growth and through now including MLSE revenue in our results. Overall, we executed with discipline and a clear focus on driving growth across our three main businesses.

Let me start with wireless. In a highly competitive wireless market, we saw some pressure on service revenue and ARPU. Our priority continues to be on the consistent delivery of results. We added 111,000 total mobile phone net additions in Q3 and year-to-date we added 206,000 mobile subscribers, with the vast majority on the Rogers postpaid brand. We are leading the industry with innovative, transparent, feature-rich add-a-line plans. These plans meet the dual objective of providing customers with simple, value-add options while targeting revenue growth opportunities to support strategic investments in our network.

We are also leading the industry with satellite-to-mobile. This new groundbreaking technology connects Canadians in remote areas, and we now deliver three times more coverage than any other carrier in Canada. Since launching our beta trial in July, we have seen terrific response from both our customers and Canadians. We recently extended the beta trial and will launch even more capabilities in the coming months. The launch of satellite-to-mobile reinforces our 65-year history of leading the industry and innovating for Canadians.

Our customers are embracing this strategic approach. Our postpaid churn in the quarter was 0.99%, down 13 basis points year-on-year and the lowest churn in over two years. We are leading in innovation and delivering more value for our customers while maintaining industry-leading wireless margins of 67%.

In cable, growth remains positive, reflecting a clear reversal of the negative trends seen in previous years. Retail internet additions were 29,000 in the quarter and we have delivered approximately 80,000 new internet subscribers year-to-date across the country. This is in part driven by Rogers leading 5G home internet technology.

5G home internet is one of many areas where we're leading. With the Xfinity road map, we're rolling out new features and plans that drive value and deliver new innovations on our world-class entertainment platform. We've launched Rogers Xfinity StreamSaver to bring together popular streaming services at a price point that's attractive to the consumer. We've launched more smart home device and new features for Rogers Xfinity Self Protection. We were the first Canadian internet provider to introduce Wi-Fi 7, the latest generation of Wi-Fi technology. Our focus on execution, efficiency and discipline continues to drive industry-leading cable margins of 58%.

Finally in media, revenue growth was up 26%, driven by a strong Blue Jays regular season and the consolidation of MLSE results. We are in the early stages of transforming our sports and entertainment business into one of the best sports businesses globally. This is our third pillar of growth beyond wireless and cable and will be meaningful to Rogers over time. With the acquisition of the additional stake in MLSE, we have added revenue and profitability growth to our core business.

Taking a step back, in calendar 2025 we project media revenue and Adjusted EBITDA including MLSE for the full year to be \$4 billion and \$250 million, respectively. Our collection of sports and media assets has a value in excess of \$15 billion and is among the most impressive in the world. This value is not currently reflected in our share price. We are well positioned to surface this significant unrecognized value for Rogers shareholders over time. In 2026, we expect to acquire the outstanding minority stake in MLSE as part of this process, so more to come on this.

We are building a sports business at scale, and we are assessing multiple options to unlock additional value. We will take the time to be thoughtful, deliberate, and get it right. In the meantime, we will continue to operate with financial discipline while providing team leadership with the tool and resources to build championships.

Finally on balance sheet and capital spending, we are effectively managing to leverage down, even as we scale up our exceptional asset base. In Q3, we continued to execute on our commitment to maintain a strong balance sheet. We recorded a debt leverage ratio of 3.9 times. This was achieved after completing the acquisition of the additional stake in MLSE.

As you saw this morning, we now expect CapEx for the current year to come in at \$3.7 billion. This is below our previous target of \$3.8 billion and reflects the current regulatory environment. Free cash flow is now expected to be between \$3.2 billion and \$3.3 billion, higher than our previous target.

In the coming quarters, we will maintain our laser-like focus on preserving a strong investment-grade balance sheet, even as we complete our transformational investments. As we pursue growth in our three core businesses, we will continue to align capital spending and free cash flow growth to the best growth opportunities and balance sheet deleveraging priorities. As we get ready for peak selling in the fourth quarter, we will remain focused on balancing execution discipline with revenue and subscriber growth.

Thank you to our exceptional team for their continued commitment to drive growth long term.

I will now turn the call over to Glenn.

Glenn Brandt:

Thank you, Tony, and good morning, everyone. Thank you for joining us. We are pleased to report that Rogers third quarter results reflect another quarter of strong, disciplined and leading financial and operating performance. Once again, we have delivered industry-leading margin performance in cable and wireless, and our wireless churn is the best we have seen in over two years. We have delivered positive cable revenue and Adjusted EBITDA growth, and we expect that our combined internet and wireless loading will once again lead our peers.

Media has once again delivered sector-leading growth driven by our added Warner Discovery media content and by our Toronto Blue Jays very strong regular season performance. As well, this is the first quarter in which MLSE results are now fully consolidated with our Rogers Sports & Media business segment; and we are pleased to report that Rogers is delivering solid results across all three core businesses against the backdrop of a competitive environment and slower growth economy.

Starting with Wireless, we continued to deliver solid market share supported by disciplined financials. Wireless service revenue was flat and Adjusted EBITDA was up 1% year-over-year, primarily reflecting the ongoing competitive intensity in the marketplace, continued lower immigration, and lower international roaming and wholesale revenue. Our sustained emphasis driving cost efficiencies has

moved our industry-leading Wireless margin to 67%, up 60 basis points against the prior year and near our all-time high of 68%. As well, we have maintained strong market share for mobile phone net additions, adding 111,000 net new subscribers consisting of 62,000 postpaid and 49,000 prepaid mobile customers.

Across the entire sector, Wireless subscriber additions continued lower versus prior year, reflecting continued lower immigration levels. Against this lower growth backdrop, we have added a sector-leading 206,000 net new mobile phone customers year-to-date, with the majority of these subscribers added on our feature-rich Rogers Premium service plans. Continued emphasis on responsive customer service and improved customer base management has lowered customer churn to a very strong 0.99%, our best churn performance in over two years. Blended mobile phone ARPU of \$56.70 is down 3% from the prior year, reflecting the ongoing impact from competitive intensity combined with lower international and wholesale roaming revenue, as mentioned earlier.

Moving to Cable. Cable service revenue has once again grown 1% year-over-year driven by retail internet subscriber growth combined with continued discipline in the face of ongoing market competition. Cable Adjusted EBITDA is up 2% year-over-year driven by the flow-through of modest service revenue growth combined with our ongoing cost efficiency initiatives. As a result, Cable margins have reached an industry-leading 58%, an increase of 70 basis points over the prior year.

Internet net additions of 29,000 customers reflect our continued success expanding subscribers throughout our national footprint and includes our continued success with 5G home internet, expanding our bundled service offerings into every region from coast to coast.

Finally, Rogers Sports & Media revenue of \$753 million was up by 26% over the prior year, reflecting the combined contributions of three key initiatives: our added Warner Discovery suite of media content, stronger results for Sportsnet and the Toronto Blue Jays, particularly through September to close out the regular season, and the consolidation of MLSE effective July 1.

Media EBITDA was \$75 million compared to \$136 million last year, reflecting both the positive flow-through of Warner Discovery and the Blue Jays regular season, offset by the seasonally low third quarter EBITDA loss for MLSE which is consolidated in 2025, but not in 2024. We expect MLSE will be substantially accretive to earnings in Q4 and for the second half of 2025. As well, the Blue Jays' very successful MLB playoffs and World Series run will provide further added growth in the fourth quarter.

In terms of unlocking additional value from our sports and media assets, let me recap our current view on process and timing. To be clear, we remain determined and committed to de-levering our balance sheet and to unlocking the significant unrecognized value in the RCI share price from these world-class sports assets. With a current estimated value of more than \$15 billion for our sports and media properties, we continue our work to identify and execute on the best long-term strategy to surface value. The way our Toronto Blue Jays World Series run is captivating this country is a very clear demonstration of the power of our iconic sports teams.

We anticipate a transaction could occur over the next 18 months or so, likely coincident with or subsequent to us acquiring the remaining 25% minority interest in MLSE. In the meantime as we assess multiple options, our Sports & Media operations remain highly successful. They operate at scale and are delivering sector-leading and growing financial results and investment returns.

Finally rounding out my comments on the third quarter, our consolidated service revenue is up by 4% to \$4.7 billion and Adjusted EBITDA is \$2.5 billion, down 1%. As mentioned earlier, the year-over-year changes in both service revenue and EBITDA reflect the flow-through of modest growth in wireless cable and media combined with consolidation of MLSE results starting this quarter.

Capital expenditures were \$964 million, which is relatively flat to last year even as we absorbed some additional capital spending from consolidating MLSE. Free cash flow of \$829 million was down 9% driven by increasing taxable income and the timing of tax installment payments. We continued to de-lever in Q3 even as we acquired our additional stake in MLSE for \$4.7 billion, roughly a half turn increase in leverage at acquisition. Immediate execution on driving operating synergies and MLSE EBITDA growth combined with ongoing application of free cash flow and capital initiatives to de-lever allowed us to close the quarter with debt leverage of 3.9 times, down roughly 10 basis points to 20 basis points in the first three months of the MLSE acquisition. Notwithstanding this notable progress, our third quarter leverage is up by 0.3 times as a result of the MLSE acquisition.

Here I will emphasize that we remain committed to strengthening our balance sheet further and to improving our investment-grade credit ratings. We are in regular contact with each of the credit rating agencies to communicate our plans and progress. This will be driven by continued prudent capital priorities together with earnings and free cash flow growth to pay down debt and lower leverage. Unlocking value from our Sports & Media holdings is a very substantial part of that exercise.

At quarter end, we maintained our very strong liquidity position with available liquidity of \$6.4 billion. This included \$1.5 billion in cash and cash equivalents and \$4.9 billion available under our bank and other credit facilities. As you have seen in our Q3 free cash flow statement issued today, we are now reporting distributions paid by subsidiaries to non-controlling interests, reflecting the distribution payment associated with the minority investment and a portion of our wireless network infrastructure.

The \$14 million amount reflects the prorated timing for the transaction, which closed in late June, and so the Q3 distribution is for a partial prior quarter. In our Q4 results and going forward, the full quarterly amount of the distribution will be reflected, which we anticipate will be approximately \$100 million per quarter. As we discussed last quarter, a very substantial portion of this quarterly distribution is offset by the lower interest expense generated from using the proceeds from this transaction to pay down debt.

The last piece I will touch on before we open up the call for Q&A is for affirmation and updates to our 2025 guidance, where we have improved our outlook for both capital expenditures and free cash flow for the rest of the year, reflecting our ongoing efforts to drive more efficient capital allocation and also reflecting the current regulatory environment. We now expect to end 2025 with capital expenditures of approximately \$3.7 billion, which is a further \$100 million reduction to our previous adjusted target of \$3.8 billion and a full \$300 million improvement from the previously anticipated high end of our guidance range announced in January, when we were targeting \$3.8 billion to \$4 billion.

Notably, we are improving our targeted capital outlook even as we absorb the additional capital expenditures associated with MLSE. We have driven careful prioritization of our capital investments in 2025 and you should expect this determined prioritization to continue in 2026. As well, we now expect our 2025 free cash flow to be in the range of \$3.2 billion to \$3.3 billion compared to the \$3.0 billion to \$3.2 billion range previously estimated at the beginning of the year. As we prepare for 2026 and beyond, you should expect that we will continue to drive more efficient capital investment, improve free cash flow, and further strengthen and de-lever the balance sheet.

In summary, our Q3 results demonstrate that Rogers continues to successfully execute on its core Wireless and Cable strategies. We have achieved consistent strong performance for almost four years now, and we will continue to build on this track record in the quarters and years ahead. In Sports & Media, we continue to make progress on our very unique opportunity to surface significant unrecognized value from these assets for our shareholders, and in the meantime, we continue to pursue sector-leading growth and improved profitability for Rogers Sports & Media.

Let me close by extending a very sincere and appreciative thank you to our employees who are the engine driving and sustaining our strong execution and who play a critical role in driving our future success. Thank you for your tremendous pride and determination.

Finally, go Jays!

I will now ask Gaylene to open the call for our Q&A session. Thank you.

Operator:

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

The first question is from Stephanie Price with CIBC. Please go ahead.

Stephanie Price:

Hi, good morning. I was hoping you could talk a little bit more on the Wireless competitive environment as we head into the holiday season and if you think the current pricing environment can be sustained here.

Tony Staffieri:

Morning Stephanie, thanks for the question. In terms of—we approached back-to-school with a view of having very simple redefined value propositions for the customer. We streamlined our price offerings; we made it more clear on the differentiation amongst the plans with features that are beyond just data bucket sizes, and what we found is it resonated well. We focused on add-a-line constructs so that we

could increase the number of lines per customer, and that's trending well for us as well; and we recently introduced tiered hardware promotional discounts so that the amount of discount on a hardware is graduated depending on the plan that the customer comes in on, or is on if they're currently customers today.

What we're finding is that's resonating extremely well with customers, and you're seeing that in our subscriber performance, and that's been continuing throughout October as well. We think we've got the right value proposition as we head into Black Friday and to the end of the year. That's what you should expect to see from us. We'll see how the marketplace responds, and to the extent we need to pivot based on the market dynamics, then we'll do so. But right now, we're feeling pretty good about the pricing constructs that we have in the marketplace.

Stephanie Price:

Thank you, and then maybe a follow-up on churn. Your churn has been down over the past two quarters—great to see, and hoping you can give us some thoughts on churn management and where there's further opportunities potentially.

Tony Staffieri:

What you're seeing is a very concerted effort. We've always focused on base management, but we've taken a much more holistic approach to base management and employing tactics that are resonating with customers in terms of what's important to them, drilling down on customers that we think might have a propensity to churn, and dealing with the issues in advance of them calling us.

There are a number of tactics that we've been going through and the team is executing extremely well in base management. We expect to continue to see good churn performance across our entire base.

Stephanie Price:

Thank you so much.

Paul Carpino:

Great, thanks Stephanie. Next question, Gaylene.

Operator:

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

Aravinda Galappaththige:

Good morning, thanks for taking my question. I wanted to start off with Wireless. Obviously, the lag effect of the historical promotional activity continues to show in the service revenue numbers, but just looking at the sequential trend in service revenue growth, wanted to sort of clarify whether there was items around roaming or external customers that would have an impact on that number.

Glenn Brandt:

Thanks Aravinda. Yes, the part of that decline really is lower roaming volumes, as well as a reference to some wholesale revenues that I'll shortcut and simply say moved to another carrier. You're seeing that roll through. That's a very substantial part of what you've seen in the revenue.

Aravinda Galappaththige:

Thanks. Maybe just a bigger picture question on operating leverage, with the progress that's made on the AI side of things, the latest generation being agentic AI and so forth, can you talk about the magnitude of the opportunities that you have to potentially deploy those technologies within the firm and potential drive streamlining efforts within Rogers, whether it's in CX or even on the network operations side, marketing, etc., just to get a sense of how material that could be from an operating leverage perspective to the Company?

Tony Staffieri:

Thanks for the question, Aravinda. Really good question, and something we've been spending quite a bit of time on, not just historically but as advancements in AI tools and technology continue to grow exponentially. We continue to look at ways to capitalize on it, and we see three main areas. One is the customer experience, as you indicated, combining with a completely digital experience, and that's the journey we're on. It's going to allow us to give the customer a more consistent streamlined experience to address whatever issue they have, and we're really looking forward to that on a much more cost-effective basis.

The second relates to efficiency and the ability of these AI tools to make us more efficient, and some of which you're seeing already in our industry-leading margins in both Wireless and Cable. Then the third really relates to security and the ability to continue to enhance security for our customers and for our own data, and it's all three of those categories that we're very much focused on and will continue to deploy.

The opportunity for this is significant for us and this sector, and we'll continue to follow in many ways the large players globally and the tools that they've deployed successfully, so that we're a fast follower in many of these areas and implementing them efficiently.

Aravinda Galappatthige:

Thank you, I'll pass the line.

Paul Carpino:

Thanks, Aravinda. Next question, Gaylene.

Operator:

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

Drew McReynolds:

Yes, thanks very much, and good morning. Maybe extending the network revenue question, I think from Aravinda. Glenn, can you talk about—just let's level-set expectations about how that trends just given all the moving parts, whether you want to talk about Q4 into 2026, just how are you thinking of the puts and takes and the trajectory.

Then second question—obviously going to fit in a Jays one here, on the sports assets, clearly incredible to see the whole country alive here. Maybe Tony, you've talked about how these three businesses have to stand on their own, but clearly there is a branding and cross-promotional aspect to this all. Just wondering if we would see or have seen direct impacts on your telecom business in terms of subscriber growth or benefits that are coming your way on the telecom side that we'd see in either Q3 or Q4, or just maybe longer term.

Glenn Brandt:

Thanks, Drew. Let me start with the first part of that. I'm not going to take the opportunity to start guiding for '26. I will say the trends you see, I'll say through the first three quarters of 2025 and the trajectory of hitting growth on the year for service revenue, we remain firmly committed to and expect, and so for the year you'll see positive service revenue growth for Wireless.

We all know the competitive framework that we operate in and the slower subscriber growth—that's why you see us leaning in on base management and churn improvement. That's a very efficient way of finding, if not revenue growth, certainly sustaining the base of operations, and so we remain committed to that. Q4, I expect you'll see strong execution. Part of our Q3 backdrop is we are lapping a very strong Q3 in the prior year, and we have sustained and held the very fast part of that growth that you saw in '24 through the first three quarters of '25; I'm pleased with that progress.

Q4 will be another strong quarter. I won't comment further on guiding for that or beyond in '26, but pleased with progress for sustaining that base management through the three quarters.

Tony Staffieri:

Drew, with respect to your second question, as you pointed out, we're looking to each one of our pillars of growth, being Wireless, Cable and now Sports and Entertainment, to stand on their own and drive value, profitability and growth in their own respect. But we also look to ensure that we're capitalizing on the cross-synergies amongst all our assets, and the run of the Toronto Blue Jays and heading into the World Series, you can see that in spades in terms of the ability to enhance our brand, the ability to showcase our cable and wireless products and services to viewers of the game, and we've seen that throughout the year.

If you think about some of the key events in 2025—Four Nations, the playoff run of the Toronto Maple Leafs and then the Toronto Blue Jays, and there are others as well, but you see the power of live sports, and it's good to see. It's been a benefit for us, as I said, in and of itself but also in terms of helping the broader Rogers.

Drew McReynolds:

Thank you.

Paul Carpino:

Thank you, Drew. Next question, Gaylene.

Operator:

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

Vince Valentini:

Hey, thanks very much. I assume you're getting a lot of favours and requests for tickets for the World Series. I'm wondering if you can compare that—how many requests are you getting for this versus the Taylor Swift concerts? You don't have to answer that.

Glenn Brandt:

These are the most World Series requests we've had in 32 years.

Vince Valentini:

Thanks, Glenn. A very accurate answer, as always. A more serious question—you've been asked this several times. I want to hit this head on. Given pricing is improving in Wireless, your front book is now above your back book and we've seen the CPI stats showed a material improvement in September to basically flat for Wireless pricing versus double-digit declines earlier in the year. All that should mean that Q3 is the trough quarter for Wireless ARPU at minus 3.2. Can you not confirm that, it won't get worse than that and should gradually get better over the next five quarters, six quarters?

Glenn Brandt:

Succinctly, I agree with your sentiment. I think we are seeing some strong initiatives around—a large number of initiatives to sustain the base low churn and sustain revenue. Broadly, yes, I think you are seeing us continue solid Wireless growth on a full year, as well as quarter to quarter. You saw a dip in the third quarter, but all of the elements that you've pointed out are true, Vince.

Vince Valentini:

Thank you. If I can just sneak in one more, Wireless Equipment margin was a pretty positive contributor to EBITDA again this quarter. In the past, it hasn't always been a positive. Has something changed in terms of handset subsidies and the amounts you're giving out to—or something changed with your deals with the vendors to allow that to be a sustainable source of positive EBITDA?

Tony Staffieri:

The driver for it in the third quarter was really our shift to the tiered promotional discounting that I spoke about. Although we implemented it later in the quarter, it came at a time with higher volumes with back to school, and so it was extremely and continues to be very effective in reducing our net hardware cost, but also in incenting the customer to move up-tier. When we look at our ARPU-in, we're really pleased with the effect that it's having. You see ARPU-in up very nicely year-on-year, we like what we see there. It is, we believe, the beginning of a trend in terms of net hardware cost for us.

Vince Valentini:

Thank you.

Glenn Brandt:

Thank you, Vince.

Paul Carpino:

Thanks, Vince. Next question, Gaylene.

Operator:

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

Maher Yaghi:

Great, thank you for taking my question. Glenn, I just wanted to double-check on something. In the previous question, you said in your response that you agreed with all the assumptions based on the basis of the question, but I'd just be very specific: are you saying that you confirm that the back book of your Wireless service customers is below the current front book?

Glenn Brandt:

I'm answering from a general sentiment of whether or not we are trouging, whether or not Wireless service revenue is growing. I'm not getting into the detail of front or back book. You've heard me answer these questions consistently, Maher, when we're asked on what's ARPU trajectory. I focus on service revenue growth and EBITDA growth. On service revenue growth, I expect Wireless service revenue to grow each quarter and each year. We had a slight—and it's a very slight decline just below

zero, or flat in the third quarter. For the year, we'll be positive, and I expect we'll be positive going forward.

It's a mix of subscriber additions, pricing initiatives, service plan initiatives, simplifying our service plan offerings and trying to move customers up through premium plans. I could go on and on. I don't want to talk about front and back book because it makes it seem like there's a difference between new and longstanding customers. It's really working with our service plans and our initiatives all around that to drive service revenue and EBITDA growth. Don't read too much into that. I'm answering from a general sentiment. We expect Wireless service revenue to grow, period.

Maher Yaghi:

Perfect, thank you. Thank you for answering this question more precisely, because I think there's still some gap left to be closed, but I agree that...

Glenn Brandt:

Understood, yes.

Maher Yaghi:

There's upside for next year. Just wanted to ask you—It's not much visible in your results, and I'm not surprised because in Canada, we have a lag to the U.S. in terms of new product introduction, but results from AT&T yesterday and T-Mobile this morning are showing a significant increase in jump balls coming from customers looking to get their hands on the new iPhones. I wanted to just see if you are noticing thus far in Q4 a slight pick-up in jump balls in Canada yet, or if not, why not? How are you positioning yourselves for Q4 for—if we do see the same trend occurring in Canada, do you think handset subsidization will become a bigger factor in overall economics of floating customers in Q4 versus prior quarters?

Tony Staffieri:

There are a couple of things that you touched on, and I'll work backwards from your question. In terms of—in Q4, the demand for new devices and the subsidy and cost for us, what you see in market for us is how we intend to approach the marketplace in the fourth quarter. We think we have very good value proposition and our promotional incentives are really going to be centred around hardware rather than

rate plans, but we're also going to be very disciplined in the tiering constructs that I spoke about earlier, so that higher promotional discounts come with our more premium plans and vice versa.

In terms of, to use your term, jump ball that we're seeing with the launch of the new iPhone device, we've seen good demand for it. Our bigger constraint has been supply, frankly, on that front, and that's been the limiting factor for us but I would say at the margin, but we're seeing the same type of industry constructs for our business that you described.

Maher Yaghi:

Great, thank you for taking my questions.

Glenn Brandt:

Thank you, Maher.

Paul Carpino:

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 about the competitive environment in terms of if you're seeing any pick-up in go-to-market strategy with converged offers, and from your perspective, can you give us a sense of maybe what percent of your broadband pace takes the Rogers service for mobile, and what are some benefits you see beyond just churn reduction? Thank you.

Tony Staffieri:

Thanks, Batya, for the question. Converged offering is something that we've spoken about in previous calls and continues to be a competitive advantage for us, frankly, given our wire line and wireless converged footprint. Now with FWA, we're essentially converged on 100%, and so our go-to-market strategy has been to leverage our distribution channels, which are the strongest and, frankly, the best in the industry here in Canada, and leverage those to offer customers a converged home solution as well as their wireless products, and we're seeing good pick-up in that.

In terms of the percentage, we don't disclose that, but it continues to rise rather rapidly in customers looking for that solution. There are a number of benefits beyond—the converged offer is a bundled discount, a modest discount for it, but there are other benefits the customer sees in terms of simplified servicing, having to deal with only one provider, and the convergence of the technologies as that evolves, they see benefit in that.

Batya Levi:

Got it, thank you. Just a quick follow-up on the lower CapEx for this year. Can you just provide a bit more colour on where it's coming from and also how we should think about the capital intensity going forward?

Tony Staffieri:

We've been very focused on efficiency throughout our operations. You've seen it and continue to see it in our operating margins across our Cable and Wireless businesses, and you'll see it in our Media business as well going forward at scale; but we've also continued to focus on capital efficiency, and that's what you're seeing play out there.

There are projects that we decided not to invest in as a result of a government decision on TPIA. Certain projects were just not viable and carried too much uncertainty, and it's disappointing. We're a company that wants to invest in this country and in infrastructure, and when faced with uncertainty that those types of decisions create for us, we have no choice but to pull back on capital investment, and you see that impacting the total dollars.

In terms of going forward, you should expect us to continue to look for improved efficiencies and ways of continuing to reduce our capital intensity across our businesses.

Batya Levi:

Got it, thank you.

Paul Carpino:

Thanks, Batya. Next question, Gaylene, please.

Operator:

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

Jerome Dubreuil:

Hey, good morning. Thanks for taking my question. The first one, I just want to hear maybe more about the financing plan for the Kilmer deal, which we understand is coming. Glenn, you mentioned that there's been credit agency discussion. I'm sure they're aware, but if you can comment on the plan maybe to bridge the gap, just so the market is ready and we don't have to start over with the balance sheet questions when the Kilmer deal comes.

Glenn Brandt:

What we're focused—thank you, Jerome. What we're focused on is, first, acquiring the remaining 25% minority stake, combining the operations and then proceeding with recapitalizing the combined Rogers Sports & Media, including MLSE and Blue Jays entity. That could happen very shortly on the heels of acquiring the minority stake or it could happen sometime following that, and we're guiding towards within the next 18 months. I do anticipate it could well be in 2026, which is just inside 18 months, now that we're standing in October, but it's over a time frame that is going to take some time to work through the acquisition of the 25% stake and over the course of that exercise, we are working with our analysis to figure out how best to capitalize that combined entity. It's going to depend upon the arrangements that we strike with the minority shareholder on buying out their stake and just when that comes.

Tremendous interest being expressed by institutional—potential institutional investors. They are an extremely attractive set of assets. We are working with the credit rating agencies so they are aware of our timing. You heard me mention on the second quarter call, critical for us was getting our arms around the Shaw de-levering at midyear before, and then embarking on this MLSE consolidation with RSM and recapitalization. That allows the calendar to be reset and gives us time to fill in those details.

I'll quickly draw to a conclusion then, Jerome, that I'm not going to give you the road map on exactly how much we're selling down and to whom, because we—I don't want to pre-announce. I don't have anything to pre-announce. I do know we have assets that are worth more than \$20 billion once we combine it all and tremendous interest in buying in. We have shown time and again, most recently with the Shaw acquisition, our ability to de-lever. We are absolutely focused on that exercise and we have a tremendous value of assets here to do that with, so I'm highly confident on our execution.

Jerome Dubreuil:

That's great, Glenn. If I can just go more specifically on this, if I can summarize there, is that credit rating agencies are aware, we're not going to need any equity to bridge the gap, probably. I know the answer to that question, but it would be great to have it out there.

Glenn Brandt:

Yes—succinctly, yes. They are aware. We have time to execute. They know we are committed to executing on this. I have been managing our credit ratings and our capitalization and capital structure and funding as a primary part of my role for coming up on 34 years now. I've been working with these credit rating agencies throughout that 34-year period. They're well aware of our intentions and our capabilities.

Jerome Dubreuil:

Thank you.

Glenn Brandt:

Thank you, Jerome.

Paul Carpino:

Great. 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:

Yes, hi. Thanks for taking the question. Just on the sports. In the past, if I'm not mistaken, it's been a priority to consider control of the assets following the transaction. That hasn't been brought up this morning, but I just wanted to see if that remains one of the priorities that you're factoring in, in addition to the shareholder return maximization from any potential deal 18 months down the road.

Then separately just on Wireless, on the cost side, in the release it was mentioned the satellite—launch of the satellite service was one of the items called out for increased cost. I just was curious if that was mostly a marketing-related comment or if it's related to the payment to the partner or a combination of

both. Just what exactly is that referring to? I know it's early days, so I just wanted some clarity, if it's possible. Thanks.

Glenn Brandt:

Thank you, Matt. Let me start with the sports side of it. I'll answer it quickly with just a reference back to the asset value within our sports holdings is, as I've said, somewhere in the range of once we own 100% of everything Blue Jays and RSM operations today plus MLSE. We've indicated we think the value of that is over \$20 billion. If we were to sell a majority stake, that would be raising north of \$10 billion. I don't need \$10 billion of equity improvement in the RCI balance sheet, so I do expect we will maintain control simply because the exercise is not that large and these assets are very valuable.

We do anticipate we will control these assets.

Tony Staffieri:

On the second part of your question, Matt, in terms of our Wireless operating costs, you're referring to the comments made in the press release. Year-on-year, we've had a very modest increase in operating costs, and you see it in the disclosures, of about \$8 million. It's a combination of several factors. One of those factors that is described is the satellite-to-mobile initiative, and as you rightly point out, it does encompass both the marketing as well as the fee paid for the service under our contract. We are currently in the beta trial mode. We've extended the beta trial mode to allow the commercial launch to be coincident with the launch of new feature capabilities of the satellite. Right now, it is just texting, but very soon we're pleased to announce and see that it will include data as well, and that's the reason for extending the beta trial before we get to commercial launch. You don't see any of the revenue pick-up in our Q3 results and you won't see it until we move to commercial launch.

Jerome Dubreuil:

Thanks, Tony. Thanks so much.

Glenn Brandt:

Thank you, Matt.

Paul Carpino:

Final question please, Gaylene.

Operator:

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

David McFadgen:

Great, thanks for squeezing me in. Maybe just following on the Rogers satellite for a second, right now there's texting and you expect that data—that would be a light data plan, and then do you have any ideas when you'll be able to offer text, voice and slow data?

Tony Staffieri:

Thanks for the question, David. On launch, again to reiterate, it was texting, including 911 texting, in terms of capability. We are extremely pleased with the advancement of the road map. Data wasn't going to come until next year and voice was planned for the year after that. As a result of the work that our partner has been doing at a very rapid pace, we're pleased that this quarter, what we will have for our customers is the ability to use data and apps.

As you describe, it will be somewhat light data. We'll see the capability in terms of bandwidth once it's into production, but we're really excited about that, and then the next to follow is voice. We don't have something we can disclose on that, but you should expect it at some point in 2026.

David McFadgen:

Okay. Then can you give us any idea on the number of people that have signed up for the trial so far?

Tony Staffieri:

It's received terrific demand from our customers and Canadians broadly in signing up for it. As you can imagine, just given our topography and landscape here in Canada, there are significant areas that weren't covered by any wireless network, including some major highways. The use case for it is significant. What we're seeing is very good pick-up; it's a material amount. What I can tell you, it's over a million, but we're not disclosing the specific number because we don't want to get too far ahead of ourselves in trying to extrapolate what kind of revenue that means.

Glenn Brandt:

One of the real opportunities here for us, David, is that it covers the very remote regions of the country. It covers virtually every road and highway, and so there's the individual Canadians that are signing up the enablement of this for businesses is tremendous, and the opportunity for us is tremendous.

David McFadgen:

Well, the fact that you've had over a million sign up, that's pretty darn good. Then just one—if I could squeeze in one more, just on the Wireless side. If we don't see any change in immigration, immigration stays at the current levels, do you think your wireless net adds would be similar next year, or higher or lower?

Glenn Brandt:

I think—let me avoid guiding for next year, but I would say if I look at 2025, even with very, very low immigration, our growth is in the range of 3% for the sector, for the industry, and 3% growth is roughly a million adds for the industry. I would expect that to continue until immigration turns up again. It will at some point—I don't expect that in '26, would be wonderful if it did, but it will come back at some point. We will look to growing the population again, I expect—that's a key part of economic growth for any country, but 3% growth in the base is certainly something we can still build on.

David McFadgen:

Okay. Okay, thanks a lot.

Glenn Brandt:

Thank you, David.

Paul Carpino:

Thanks, David, and thanks, everyone, for joining us. If there is any follow-up, please feel free to reach out, and have a great day.

Glenn Brandt:

Thank you all. Go, Jays!

Operator:

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