

# Acquisition of Astral Analyst Conference Call

March 16, 2012

**Bell**



**astral**

# Safe harbour notice

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Certain statements made in this presentation including, but not limited to, statements relating to the proposed acquisition by BCE Inc. of all of the issued and outstanding shares of Astral Media Inc., certain strategic benefits and operational, competitive and cost efficiencies expected to result from the transaction, Bell Canada's expected level of pro forma net leverage ratio and other statements that are not historical facts, are forward-looking statements. Several assumptions were made by BCE Inc. in preparing these forward-looking statements and there are risks that actual results will differ materially from those contemplated by our forward-looking statements. As a result, we cannot guarantee that any forward-looking statement will materialize and you are cautioned not to place undue reliance on these forward-looking statements.

The completion of the above-mentioned proposed transaction is subject to customary closing conditions, termination rights and other risks and uncertainties including, without limitation, any required regulatory approvals, including approval by the CRTC, Competition Bureau and TSX. Accordingly, there can be no assurance that the proposed transaction will occur, or that it will occur on the terms and conditions contemplated in this presentation. The proposed transaction could be modified, restructured or terminated. There can also be no assurance that the strategic benefits and competitive, operational and cost efficiencies expected to result from the transaction will be fully realized.

The expected return within policy range by year-end 2014 of Bell Canada's pro forma net leverage ratio assumes the issuance of treasury shares under our employees' savings and dividend reinvestment plans as well as ongoing significant free cash flow generation which is subject to BCE Inc.'s risk factors disclosed in its 2011 Annual MD&A dated March 8, 2012 (included in the BCE 2011 Annual Report).

For additional information on assumptions and risks underlying certain of the forward-looking statements made in this presentation, please consult BCE Inc.'s press release dated March 16, 2012, announcing the proposed acquisition of Astral Media Inc., filed with the Canadian securities commissions and with the SEC and which is also available on BCE Inc.'s website. Forward-looking statements made in this presentation represent BCE Inc.'s expectations as of March 16, 2012, and, accordingly, are subject to change after such date. Except as may be required by Canadian securities laws, we do not undertake any obligation to update any forward-looking statement, whether as a result of new information, future events or otherwise.

# George Cope

President & Chief Executive Officer



# Transaction overview

- **Acquiring 100% of Astral for ~\$3.38B**
  - Class A shareholders to receive \$50 per share, representing a ~39% premium
  - Financed with combination of debt and equity
- **~10x 2012E EBITDA multiple**
- **Immediately EPS and FCF per share accretive**
- **Consistent with capital markets strategy**
  - Supports dividend growth model
  - Strong credit metrics maintained
- **Seasoned Québec media management team**
  - ~2,800 Astral team members joining Bell
- **Astral to become part of Bell Media**
- **Ian Greenberg to join BCE Board at closing**



**Acquiring Québec's largest independent media company**

# Strategic rationale: Advancing Bell's 6 Strategic Imperatives

<b>1</b>	<b>Expand Media Leadership</b>	<ul style="list-style-type: none"><li>• Accelerates Bell's French language media strategy</li><li>• Establishes Bell as both a French and English language media leader in Québec and Canada</li><li>• Enhances content for distribution across 4 screens</li></ul>
<b>2</b>	<b>Achieve a Competitive Cost Structure</b>	<ul style="list-style-type: none"><li>• Provides content cost certainty for Bell -- Astral represents Bell's single largest content cost</li><li>• Improves cost structure from combined media assets</li></ul>
<b>3</b>	<b>Accelerate Wireless</b>	<ul style="list-style-type: none"><li>• Enhances Bell's French and English mobile TV offerings</li></ul>
<b>4</b>	<b>Leverage Wireline Momentum</b>	<ul style="list-style-type: none"><li>• Allows us to further leverage content scale against U.S. OTT providers</li><li>• Improve competitiveness against OTT video products</li></ul>
<b>5</b>	<b>Invest in Broadband Networks &amp; Services</b>	<ul style="list-style-type: none"><li>• Drive TV and Internet subscriber acquisition and retention, particularly in Québec</li><li>• FCF accretion supports capital investment in broadband network development, particularly in Québec</li></ul>
<b>6</b>	<b>Improve Customer Service</b>	<ul style="list-style-type: none"><li>• Offer Canadians the best television service anywhere and anytime</li></ul>

**Acquisition of Astral establishes Bell as the leader in French-language media**

# Canada and Québec's largest independent media company

Astral operates the leading French language Specialty TV, Pay TV and radio platforms

## Television



- **16 specialty TV channels**, including 8 leading French-language channels
- **5 pay TV services**, including Super Écran and The Movie Network/HBO Canada
- **1 Pay-Per-View** channel

## Radio



- **84 radio stations** in 50 markets across Canada with 15M listeners each week
- Most sought-after French and English radio brands: NRJ, Rouge fm, Virgin Radio, EZ Rock and boom








## Out-of-Home



- **Over 9,500 strategically located advertising faces** in key markets of Québec, Ontario and BC
- Significant digital billboard footprint

**Diversified and profitable portfolio of assets and brands**

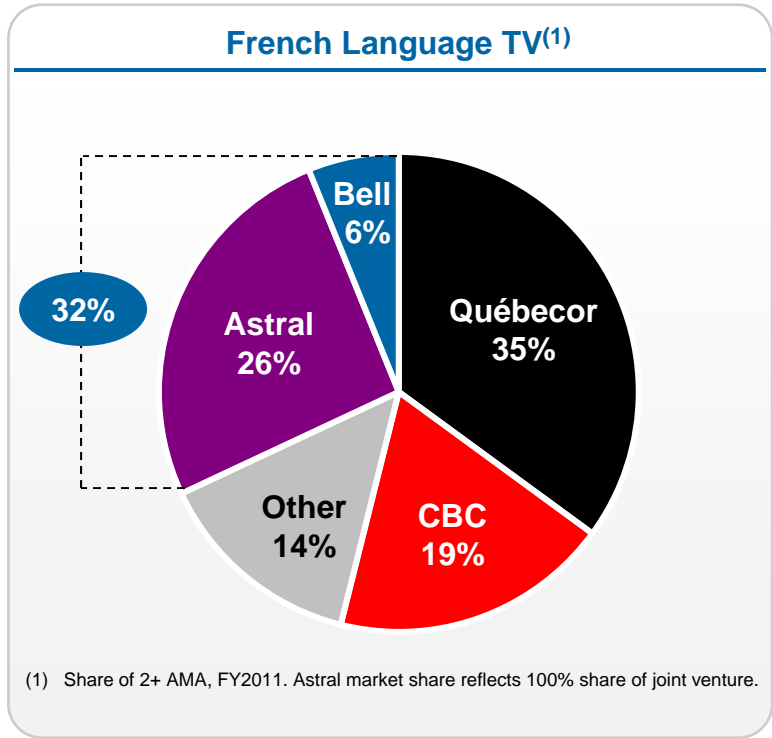
# Québec media landscape

								
TV	Conventional			✓	✓		✓	
	Specialty	Limited (Sports)	✓	✓	✓			
	Pay TV		✓					
Radio		Limited	✓		✓	✓		
Print				✓				✓
Online / Digital		✓	✓	✓	✓	✓	Limited	✓
Out-of-Home <sup>(1)</sup>			✓					✓
Distribution (TV, Internet, Wireless)		✓		✓		✓		

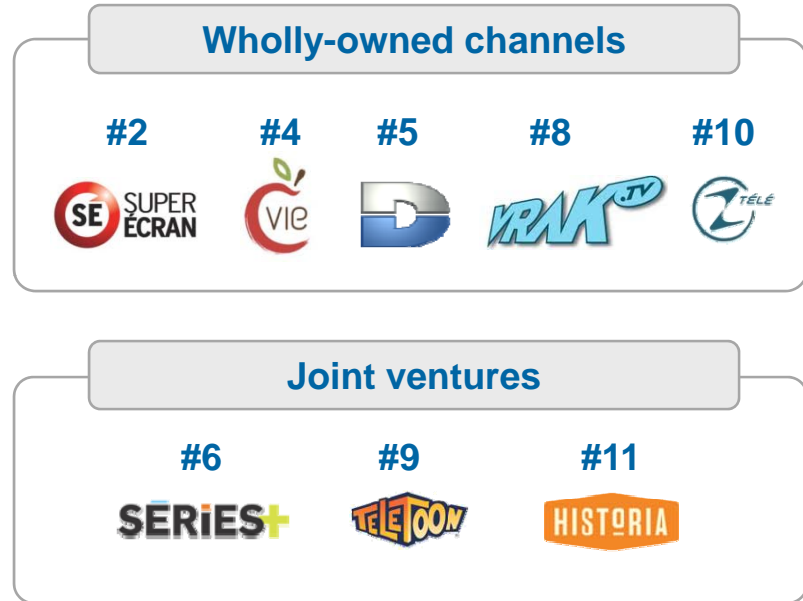
(1) Also includes CBS and Pattison Group

# Strengthens Bell's Québec media strategy

## Aggregate Viewership Market Share



## Astral Specialty & Pay TV Rankings<sup>(1)</sup>



(1) Based on 2010 broadcast year revenues

- Astral is the leading French specialty and Pay TV provider in Canada

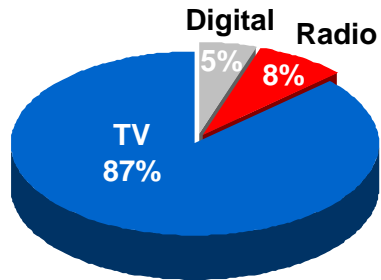
**Acquisition puts Bell on par with its largest media and BDU competitor in Québec**



# Creates Canada's leading national media company

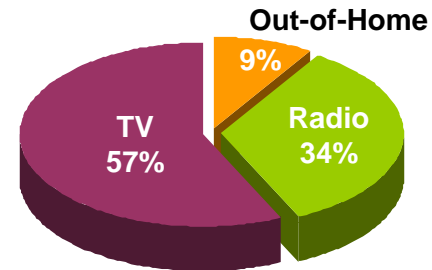
**Bell**Media

Annual revenue: ~\$2B



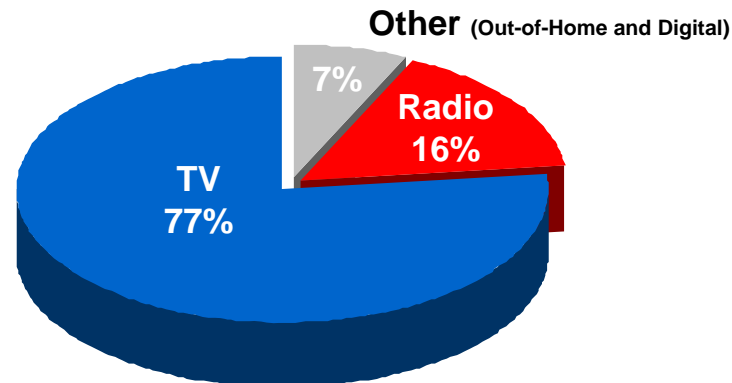
**a**stral

Annual revenue: ~\$1B



+

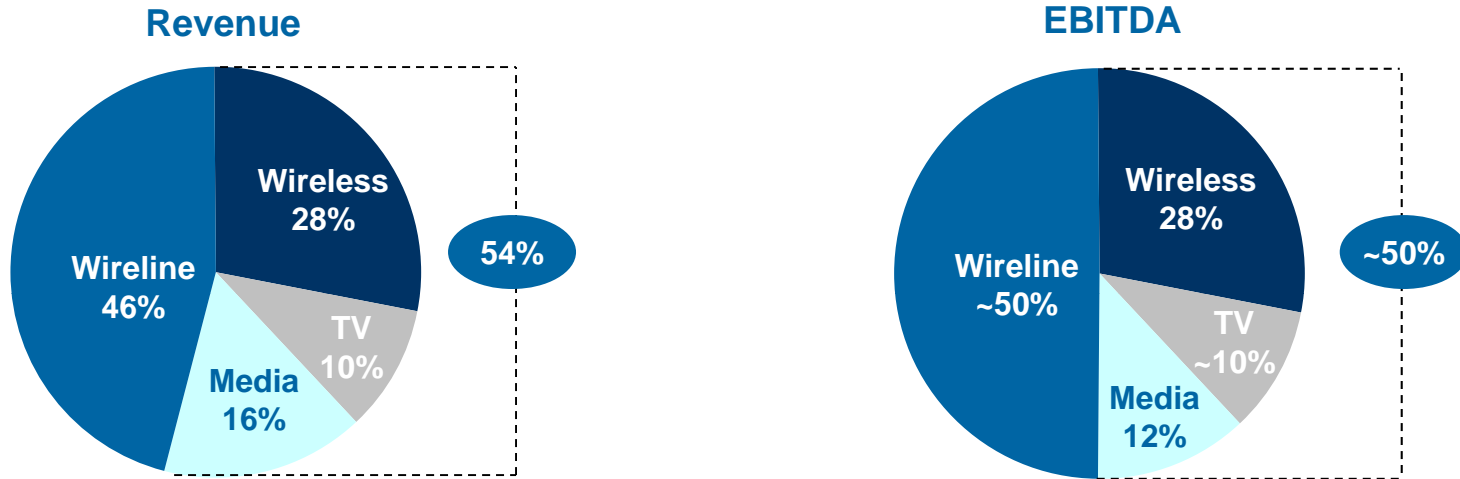
Combined annual revenue  
~\$3B



**\$3B national media company with annual EBITDA of ~\$850M**

# Improving Bell's mix of growth services

## Improved Bell's operating mix<sup>(1)</sup>



Acquisition improves Bell's overall revenue and EBITDA growth mix profile

- Increases media's contribution to Bell's total EBITDA
- Limited impact to Bell's EBITDA margin
- Provides good operating leverage given Astral's modest capital intensity

(1) Pro Forma Astral. Astral included in Bell Media segment.

**Wireless, TV and media will represent ~50% or more of Bell's revenue and EBITDA mix**



**Siim Vanaselja**

Chief Financial Officer

# Key transaction details

- **Total enterprise value of ~\$3.38B for 100% of Astral**
- **~10x 2012E EBITDA multiple**
  - Valuation in line with CTV acquisition as well as other recent media industry transactions
- **Consideration a combination of cash (75%) and BCE common equity<sup>(1)</sup> (25%)**
  - \$750M in BCE common stock to Astral shareholders
- **Bell retains right to match any superior bid**
  - Break fee of \$100M payable to Bell if Bell does not match superior bid
- **Transaction subject to customary closing conditions, including regulatory approvals**
  - Reverse break fee of up to \$150M payable to Astral if no closing due to regulatory approvals
- **Ordinary course interim operating covenants**
  - No dividends payable to Astral shareholders post-announcement
  - Astral FCF post-announcement accrues to Bell

Astral	Class A	Class B
<b>Fully-diluted shares outstanding</b>	56M	2.8M
<b>Offer price</b>	\$50.00	\$54.83
<b>Total consideration</b>	~\$2,800M	~\$151M
<b>Special shares: \$50M total consideration</b>		

(1) At BCE's discretion, shares can be replaced with cash, in whole or in part, at closing

**Fairly valued and accretive transaction**

# Maintains strong balance sheet and credit profile

## Estimated financing structure (\$M)

### Uses

Debt repayments <sup>(1)</sup>	~380
Acquisition of shares	~3,000
<b>Total uses</b>	<b>~3,380</b>

### Funding

New bank debt	~2,630
BCE equity issuance <sup>(2)</sup>	~750
<b>Total funding</b>	<b>~3,380</b>

(1) Net of cash on hand and option proceeds

(2) At BCE's discretion, shares can be replaced with cash, in whole or in part, at closing

## Bell's credit profile

	Standalone	Pro Forma
<b>Net debt</b>	\$13.2B	~\$15.9B
<b>Net leverage<sup>(3)</sup></b>	2.0x	~2.25x
<b>Interest coverage</b>	9.1x	~8.5x
<b>Credit ratings</b>	A(low)/BBB+ /Baa1	A(low)/BBB+/ Baa1

(3) EBITDA is inclusive of Bell Aliant dividends to BCE. Pro Forma net leverage assumes \$750M BCE equity issuance.

### • Transaction financing fully committed

- New 3-year committed credit facility of ~\$3.5B
- Astral shareholders to receive up to \$750M of BCE common shares
- \$2.5B permanent take-out financing to access long-term debt and preferred share markets
- Financing structure similar to CTV acquisition

### • No change to long-term financial policy

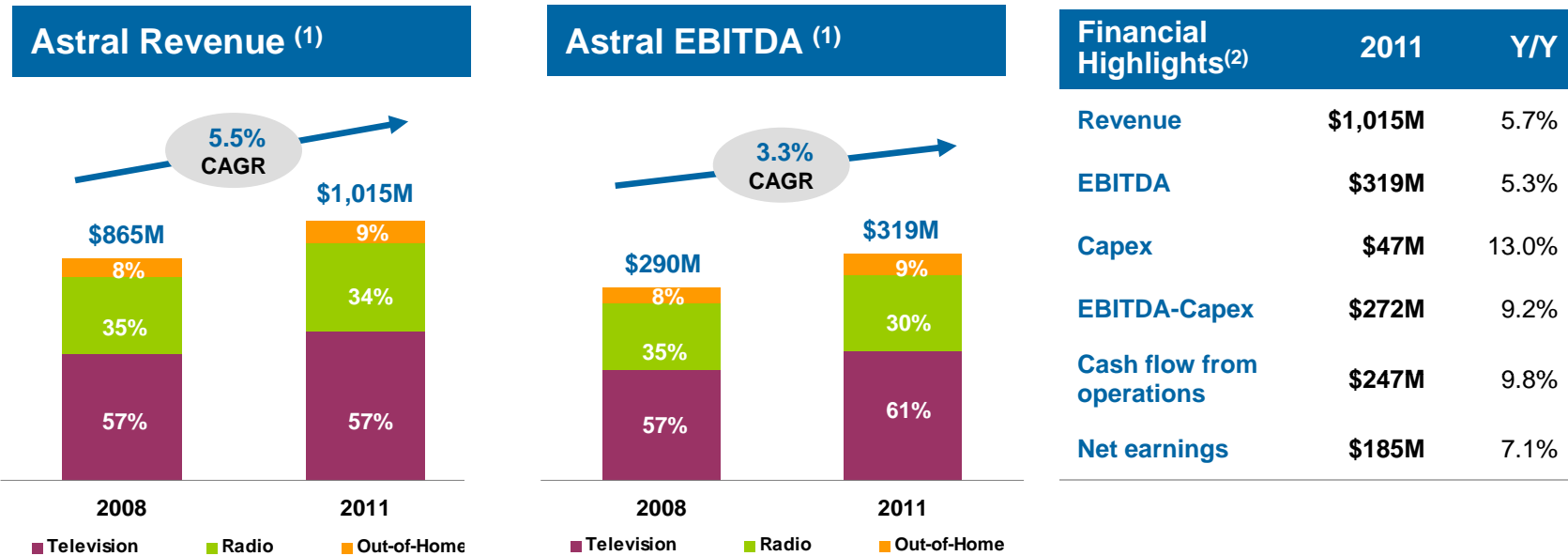
- Pro forma net leverage of ~2.25x at closing expected to return within policy range by YE2014
  - Strong FCF generation
  - Intention to issue Treasury shares for ESP and DRP programs at no discount to accelerate deleveraging

### • Strong credit profile maintained

- Preserves access to capital markets at attractive terms
- Financial flexibility maintained
- EPS and FCF profile enhanced

**Financing structure ensures strong liquidity position and financial flexibility**

# Consistently strong financial performance



Source: Company filings

(1) Reported figures under GAAP adjusted for one-time items (fiscal year as of August 31)

(2) Year ended August 31, 2011

- Astral has generated consistent revenue and EBITDA growth with solid margins, despite a weak economy
- Astral free cash flow supports BCE's capital structure and dividend growth objectives

**Transaction is immediately EPS and FCF per share accretive, before synergies and PPA, and supports dividend growth model**

# Summary

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- **Attractive transaction at a fair price for both BCE and Astral shareholders**
- **Accelerates expansion of media assets, particularly French language content in Québec**
- **Acquisition consistent with capital structure policy and dividend growth model**
- **Leading Canadian media executive, Ian Greenberg, to join BCE Board upon closing**