Q3 2016 Results Conference Call

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CAUTION CONCERNING FORWARD-LOOKING STATEMENTS
Certain statements made by BCE's President and Chief Executive Officer and Executive Vice-President and Chief Financial Officer during BCE's Q3 2016 Results Conference Call, as reflected in this transcript, are forward-looking statements. These forward-looking statements include, without limitation, statements relating to our 2016 financial guidance (including revenues, adjusted EBITDA, capital intensity, adjusted EPS and free cash flow), the expected timing and completion of BCE's proposed acquisition of all of the issued and outstanding shares of Manitoba Telecom Services Inc. (MTS), certain benefits expected to result from the acquisition of Q9 Networks Inc. (Q9), our network deployment plans and related capital investments, BCE's common share dividend policy, our business outlook, objectives, plans and strategic priorities, and other statements that are not historical facts. Forward-looking statements are typically identified by the words assumption, goal, guidance, objective, outlook, project, strategy, target and other similar expressions or future or conditional verbs such as aim, anticipate, believe, could, expect, intend, may, plan, seek, should, strive and will. All such forward-looking statements are made pursuant to the 'safe harbour' provisions of applicable Canadian securities laws and of the United States Private Securities Litigation Reform Act of 1995.

Forward-looking statements, by their very nature, are subject to inherent risks and uncertainties and are based on several assumptions, both general and specific, which give rise to the possibility that actual results or events could differ materially from our expectations expressed in or implied by such forward-looking statements and that our business outlook, objectives, plans and strategic priorities may not be achieved. As a result, we cannot guarantee that any forward-looking statement will materialize and we caution you against relying on any of these forward-looking statements. The forward-looking statements contained in this transcript describe our expectations as of November 3, 2016 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 or revise any forward-looking statements contained in this transcript, whether as a result of new information, future events or otherwise. Except as otherwise indicated by BCE, forward-looking statements do not reflect the potential impact of any special items or of any dispositions, monetizations, mergers, acquisitions, other business combinations or other transactions that may be announced or that may occur after November 3, 2016. The financial impact of these transactions and special items can be complex and depends on the facts particular to each of them. We therefore cannot describe the expected impact in a meaningful way or in the same way we present known risks affecting our business. Forward-looking statements were made during BCE's Q3 2016 Results Conference Call for the purpose of assisting investors and others in understanding certain key elements of our expected financial results, as well as our objectives, strategic priorities and business outlook, and in obtaining a better understanding of our anticipated operating environment. Readers are cautioned that such information may not be appropriate for other purposes. The forward-looking statements made during BCE's Q3 2016 Results Conference Call for periods beyond 2016 assume that economic, market, operational and financial assumptions as well as the material risk factors described in this transcript will remain substantially unchanged during such periods.

Material Assumptions
A number of economic, market, operational and financial assumptions were made by BCE in preparing certain forward-looking statements contained in this transcript, including, but not limited to:

Canadian Economic and Market Assumptions
- *Slow economic growth, given the Bank of Canada's most recent estimated growth in Canadian gross domestic product of 1.1% in 2016, down 20 basis points from an earlier estimate of 1.3%*
- *Sustained weak employment growth, as the overall level of business investment is expected to remain soft*
- *Interest rates to remain relatively stable for the remainder of 2016 after declining in the first half of the year*
- *Strengthened Canadian dollar since the beginning of the year to remain at or around near current levels. Further movements may be impacted by the degree of strength of the U.S. dollar, interest rates and changes in commodity prices.*
- *A sustained level of wireline and wireless competition in both consumer and business markets*
- *Higher but slowing wireless industry penetration and smartphone adoption*
- *Wireless industry pricing discipline maintained*
- *Soft advertising market expected due to variable demand, and escalating costs to secure TV programming*

Assumptions Concerning our Bell Wireless Segment
- *Maintain our market share of incumbent wireless postpaid subscriber activations*
- *Continued adoption of smartphone devices, tablets and data applications, as well as the introduction of more 4G LTE devices and new data services*
- *Earlier expiries under two-year contracts compared to three-year contracts, leading to an increase in the number of subscribers who are eligible for upgrades*
- *Higher subscriber acquisition and retention spending, driven by higher handset costs and more customer device upgrades, reflecting a higher number of off-contract subscribers due to earlier expiries under two-year contracts*

- *Higher blended ARPU, driven by a higher postpaid smartphone mix, increased data consumption on 4G LTE and LTE-A networks, and higher access rates from price increases*
- *Completion of the LTE network buildout to 98% of the Canadian population and expansion of the LTE-A network coverage to over 70% of the Canadian population*
- *Ability to monetize increasing data usage and customer subscriptions to new data services*
- *Ongoing technological improvements by handset manufacturers and from faster data network speeds that allow customers to optimize the use of our services*
- *No material financial, operational or competitive consequences of changes in regulations affecting our wireless business*

Assumptions Concerning our Bell Wireline Segment

- *Positive full-year adjusted EBITDA growth*
- *Positive full-year 2016 residential TV and Internet net customer additions*
- *Increasing wireless and Internet-based technological substitution*
- *Residential services household ARPU growth from increased penetration of multi-product households, promotion expiries and price increases*
- *Aggressive residential service bundle offers from cable TV competitors in our local wireline areas*
- *Continued large business customer migration to IP-based systems*
- *Ongoing competitive repricing pressures in our business and wholesale markets*
- *Continued competitive intensity in our small and mid-sized business markets as cable operators and other telecom competitors continue to intensify their focus on business customers*
- *Growing consumption of OTT TV services and on-demand streaming video, projected growth in TV Everywhere services, as well as the proliferation of devices, such as tablets, that consume vast quantities of bandwidth, will require considerable ongoing capital investment*
- *Limited downsizing of current TV packages by customers as a result of the implementation of TV unbundling*
- *Realization of cost savings related to management workforce attrition and retirements, lower contracted rates from our suppliers and reduction of traffic that is not on our network*
- *No material financial, operational or competitive consequences of changes in regulations affecting our wireline business*

Assumptions Concerning our Bell Media Segment

- *Positive full-year adjusted EBITDA growth driven by the national expansion of our TMN pay TV service, labour savings from workforce reductions in 2015, and CraveTV subscriber growth, more than offsetting higher TV programming and sports rights costs, continued CraveTV investment and the financial impact of TV unbundling*
- *Continued scaling of CraveTV, including a successful direct-to-consumer launch*
- *Ability to successfully acquire highly rated programming and differentiated content*
- *Building and maintaining strategic supply arrangements for content on all four screens*
- *TV unbundling and growth in OTT viewing expected to result in moderately lower subscriber levels for many Bell Media TV properties*
- *No material financial, operational or competitive consequences of changes in regulations affecting our media business*

Financial Assumptions Concerning BCE
The following constitute BCE's principal financial assumptions for 2016:

- *total post-employment benefit plans cost to be approximately $300 million to $350 million, based on an estimated accounting discount rate of 4.2%, comprised of an estimated above adjusted EBITDA post-employment benefit plans service cost of approximately $230 million to $270 million and an estimated below adjusted EBITDA net post-employment benefit plans financing cost of approximately $70 million to $80 million*
- *depreciation and amortization expense of approximately $3,525 million to $3,575 million*
- *net interest expense of approximately $875 million to $925 million*
- *tax adjustments (per share) of approximately $0.05*
- *an effective tax rate of approximately 26%*
- *non-controlling interest (NCI) of approximately $40 million to $60 million*
- *total pension plan cash funding of approximately $400 million to $450 million*
- *cash taxes of approximately $675 million to $725 million*
- *net interest payments of approximately $875 million to $925 million*

- *other free cash flow items, which include working capital changes, severance and other costs paid, preferred share dividends and NCI paid, of approximately ($50) million to $25 million*
- *average BCE common shares outstanding of approximately 870 million*
- *an annual common share dividend of $2.73 per share*

The foregoing assumptions, although considered reasonable by BCE on November 3, 2016, may prove to be inaccurate. Accordingly, our actual results could differ materially from our expectations as set forth in this transcript.

Material Risks
Important risk factors that could cause our assumptions and estimates to be inaccurate and actual results or events to differ materially from those expressed in, or implied by, our forward- looking statements, including our financial guidance, are listed below. The realization of our forward-looking statements, including our ability to meet our financial guidance, essentially depends on our business performance which, in turn, is subject to many risks. Accordingly, readers are cautioned that any of the following risks could have a material adverse effect on our forward-looking statements. These risks include, but are not limited to:

- *regulatory initiatives, proceedings and decisions, government consultations and government positions that affect us and influence our business, including, in particular, those relating to mandatory access to networks, net neutrality, spectrum auctions, approval of acquisitions, broadcast licensing and foreign ownership requirements*
- *the intensity of competitive activity, including from new and emerging competitors, and the resulting impact on our ability to retain existing customers and attract new ones, as well as on our market shares, service volumes and pricing strategies*
- *the level of technological substitution and the presence of alternative service providers contributing to reduced utilization of our traditional wireline services*
- *the adverse effect of the emerging fundamental separation of content and connectivity, which is changing our TV and media ecosystems and may accelerate the disconnection of TV services and the reduction of TV spending, as well as the fragmentation of the advertising market*
- *competition with global competitors, in addition to traditional Canadian competitors, for programming content could drive significant increases in content acquisition costs and challenge our ability to secure key content*
- *adverse economic and financial market conditions, a declining level of retail and commercial activity, and the resulting negative impact on the demand for, and prices of, our products and services and the level of bad debts*
- *the inability to protect our assets, including networks, IT systems, offices and sensitive information, from events and attacks such as cyber threats, and damage from fire and natural disasters*
- *security and data leakage exposure if security control protocols applicable to our cloud-based solutions are bypassed*
- *the inability to drive a positive customer experience resulting, in particular, from the failure to embrace new approaches and challenge operational limitations*
- *the complexity in our operations resulting from multiple technology platforms, billing systems, marketing databases and a myriad of rate plans, promotions and product offerings*
- *the failure to optimize network and IT deployment and upgrading timelines, accurately assess the potential of new technologies, and invest and evolve in the appropriate direction*
- *the failure to continue investment in a disciplined and strategic manner in next-generation capabilities, including real-time information based customer service strategies*
- *the failure to maintain optimal network operating performance in the context of significant increases in capacity demands on our Internet and wireless networks*
- *the risk that we may need to incur significant capital expenditures beyond our capital intensity target in order to provide additional capacity and reduce network congestion*
- *the failure to implement or maintain highly effective IT systems supported by an effective governance and operating framework*
- *the failure to generate anticipated benefits from our corporate restructurings, system replacements and upgrades, process redesigns and the integration of business acquisitions*
- *events affecting the functionality of, and our ability to protect, test, maintain and replace, our networks, IT systems, equipment and other facilities*
- *in-orbit and other operational risks to which the satellites used to provide our satellite TV services are subject*
- *events affecting the continuity of supply of products and services that we need to operate our business from our third-party suppliers and outsourcers*
- *the failure of our procurement and vendor management practices to address risk exposures associated with existing and new supplier models*

- *the quality of our products and services and the extent to which they may be subject to manufacturing defects or fail to comply with applicable government regulations and standards*
- *the failure to attract and retain employees with the appropriate skill sets and to drive their performance in a safe and secure environment*
- *labour disruptions*
- *the inability to access adequate sources of capital and generate sufficient cash flows from operations to meet our cash requirements, fund capital expenditures and provide for planned growth*
- *uncertainty as to whether dividends will be declared by BCE's board of directors or whether BCE's dividend policy will be maintained*
- *the inability to manage various credit, liquidity and market risks*
- *pension obligation volatility and increased contributions to post-employment benefit plans*
- *higher taxes due to new tax laws or changes thereto or in the interpretation thereof, and the inability to predict the outcome of government audits*
- *the failure to reduce costs as well as unexpected increases in costs*
- *the failure to evolve practices to effectively monitor and control fraudulent activities, including unauthorized use of our content and the theft of our TV services*
- *unfavourable resolution of legal proceedings and, in particular, class actions*
- *unfavourable changes in applicable laws and the failure to proactively address our legal and regulatory obligations*
- *health concerns about radiofrequency emissions from wireless communications devices*
- *the inability to maintain customer service and our networks operational in the event of the occurrence of epidemics, pandemics and other health risks*
- *the failure to recognize and adequately respond to climate change concerns or public and governmental expectations on environmental matters*
- *the expected timing and completion of the proposed acquisition of MTS and of the proposed subsequent divestiture of certain postpaid wireless subscribers and dealer locations of MTS to TELUS Corporation are subject to closing conditions and other risks and uncertainties, and there can be no certainty that the anticipated benefits will be realized*

We caution that the foregoing list of risk factors is not exhaustive and other factors could also adversely affect our results. We encourage investors to also read BCE's 2015 Annual MD&A dated March 3, 2016 (included in the BCE 2015 Annual Report), BCE's 2016 First, Second and Third Quarter MD&As dated April 27, 2016, August 3, 2016 and November 2, 2016, respectively, and BCE's news release dated November 3, 2016 announcing its financial results for the third quarter of 2016 for additional information with respect to certain of these and other assumptions and risks, filed by BCE with the Canadian provincial securities regulatory authorities (available at Sedar.com) and with the U.S. Securities and Exchange Commission (available at SEC.gov). These documents are also available at BCE.ca.

The terms "adjusted EBITDA", "adjusted EBITDA margin", "free cash flow" and "adjusted EPS" used in this transcript are non-GAAP financial measures and do not have any standardized meaning under IFRS. Therefore, they are unlikely to be comparable to similar measures presented by other issuers. Refer to the section "Non-GAAP financial measures and key performance indicators (KPIs)" in BCE's 2016 Third Quarter MD&A for more details.

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PRESENTATION

Operator

Good morning ladies and gentlemen. Welcome to BCE's Third Quarter 2016 Results conference call. I would now like to turn the meeting over to Mr. Thane Fotopoulos. Please go ahead, Mr. Fotopoulos.

Thane Fotopoulos – Vice President – IR

Thank you Valerie. Good morning to everyone on the call. Welcome to our Third Quarter Earnings conference call. With me here today as usual are George Cope, BCE's President and CEO, as well as our CFO, Glen LeBlanc. As a reminder, our Q3 results package and other disclosure documents including today's slide presentation are available on BCE's Investor Relations web page. An audio replay and transcript of this call will also be made available on our website. However, before we get started, I want to draw your attention to our Safe Harbor notice on slide 2.

Information in this presentation and remarks made by the speakers today will contain statements about expected future events and financial results that are forward-looking and therefore subject to risks and uncertainties. Results may differ materially. We disclaim any obligation to update forward-looking statements except as required by law. Factors that may affect future results are contained in BCE's filings with both the Canadian Securities Commission and the SEC and are also available on our corporate website.

So with that, I will turn the call over to George to begin the Q3 review.

George Cope – President and CEO

Great. Thank you Thane. Good morning and thank you for joining us. Let me begin by sharing a few highlights of this past quarter. BCE produced another quarter of consistent financial execution as total service revenue growth of 1.8% and continued cost control drove an increase in EBITDA of 2.2% and an expansion in the margin to 41.4%. Year-to-date, the Company's free cash flow has grown 10.6%.

Once again, the Bell team produced outstanding wireless subscriber and financial performance with strong net add momentum and ARPU growth, resulting in 5.7% service revenue growth and 5% EBITDA growth. Our broadband share of TV and Internet subscribers continue to grow as we added 76,000 net adds in the quarter. We concluded our ninth consecutive quarter of positive wireline EBITDA growth, while adding to our industry-leading wireline margin of 41.7%. The Media division continued its consistent performance and revenue growth of 3.5% producing EBITDA growth of 2.2% and an increase in contribution to BCE's cash flow of 3.8% in the quarter. The wireless network and fibre internet networks once again were confirmed as the fastest in Canada. Bell's network leadership is clearly beginning to resonate with Canadians in our results.

I am proud today also to announce that Bell has become the first major TV provider to offer its TV service on Apple TV. The Apple TV (4^{th} generation) product will be offered as a secondary set-top box in the home beginning next week. Our Bell Stores will be distributing the product beginning next week. This exciting development with Apple ensures Bell's Fibe TV continues its innovation leadership position in Canada. Our IPTV platform and development leadership has clearly been recognized by one of the world's leading technology companies, and we continue to stay ahead of our competitors with our TV service offering as second to none in the country.

BCE's track record of year-over-year EBITDA growth continues. We have now completed 44 quarters of uninterrupted EBITDA growth. Our shareholders are clearly seeing the benefit of a consistent and reliable execution. These results combined with our outlook in Q4, should position us well to continue our dividend growth framework in 2017.

Turning to Wireless results, on page 5, as I indicated, we had a very strong quarter, with gross adds up, postpaid net adds up 38%. Our network message as two times faster than our largest competitor is really resonating in the marketplace. We see it particularly in the type of customers who are attracting high usage customers. We saw an increase in usage year-over-year on the LTE network of 35% from our subscribers driving incremental ARPU of 3.7% year-over-year. Cost of acquisition was up slightly, driven principally by the weaker Canadian dollar and some advertising in the Olympics. The higher retention spend reflects increased mix of high-end devices but importantly our churn rate was down year-over-year and part of that of course a reflection of our investment.

Turning to Wireline, we added 39,000 Internet subs in the quarter. I thought it would be important to call out, we actually added 54,000 in our FTTX footprint, either FTTN or FTTH, and we saw a decline in that number of about 8,000 wholesale customers. So overall, fine results in the footprint that we are investing in.

IPTV was 36,000 in the quarter. We clearly had less mature footprint or new footprint this year and some of our promotions in the market were not as aggressive as they were last year in Q3. On the satellite side, I think we can do better outside our urban footprint with results and we will be working on that as we go forward to try to mitigate that pace of decline in satellite.

I already mentioned the announcement of the Apple TV to continue the positioning of Fibe TV. Local & access line was up slightly, most of that driven on the business side, particularly the election last year we lapped and we have put a number of lines on when there is a federal election that clearly are not available in this quarter.

Turning to Bell Media, continued consistent execution. As I indicated at the outset, strong leadership again from a ratings perspective. CTV continues to be the number one network for the 12th consecutive summer, three of the top five programs leading in premier week in September, five of the top 10 English entertainment and specialty services, five of the top French specialty and pay services. Contrary to some reports in other markets, the NFL ratings are up in Canada for the first month of the season and up actually 8% year-to-date. We surpassed a milestone on CraveTV of a million subscribers and our outdoor advertising business continues to grow with a 30,000 advertising faces and with real focus on the airports now that we are in six major Canadian airports.

A couple of comments on corporate developments before I turn it over to Glen. The MTS transaction continues to track towards a closing either at the end of this year or into early 2017. We continue to work through the regulatory process on that file. We also closed the Q9 transaction, bought out the remaining position and closed that transaction on October 3. The Q9 business would be roughly equal to the size of our own hosting business that we had. So combined, it gives us a strong position in that space. The real opportunity for us on the hosting business is we have about a 70% connectivity attach rate to our data hosting centres and it was about 20% of our connectivity attach rate on Q9. Our goal there of course will be to migrate that attach rate higher and not only drive the data hosting revenue but drive connectivity for our B2B business in the marketplace.

With that, let me now turn the presentation over to Glen. Thank you.

Glen LeBlanc – Executive Vice President and CFO

Thank you George, and good morning everyone. I will start with some high-level comments on our key financial highlights for Q3 on slide 10.

Service revenue was up 1.8%, our strongest quarterly performance in the past year, and this was driven by continued solid growth across our wireless, wireline residential and media operations. Low margin product revenues decreased 7% year-over-year. Once again, this was a result of the competitively driven wireless handset discounting and lower wireline business data equipment sales due to the soft economy and lower overall telecom spending by large enterprise customers.

Adjusted EBITDA increased a very solid 2.2% on a third consecutive quarter of positive year-over-year growth across all three Bell operating segments. Consistent with this EBITDA growth, as George mentioned, margin also improved, increasing 0.5% to an impressive 41.4%. Adjusted EPS of $0.91 was in line with our plan, but down from the $0.93 last year, mainly as a result of the $0.03 mark-to-market gain on equity derivatives due to a sharp increase in BCE's share price in the same quarter of 2015. Higher EBITDA was the main factor supporting free cash flow growth of 3.3% in the quarter, and this was achieved despite a $41 million in higher year-over-year capital spending.

So, overall, another very good quarter of consolidated financial performance consistent with our full year guidance targets, demonstrating yet again our clear focus on subscriber profitability and price discipline in the face of sustained market competition across all our customer and product segments.

Turning to slide 11, our Wireless segment, another excellent quarter of financial results with service revenues up 5.7%, driven by higher postpaid subscriber mix, data usage growth and a greater percentage of customers on two-year contracts, which collectively drove blended ARPU growth of 3.7%. Similar to the previous couple of quarters, product revenue decreased year-over-year as a result of lower average handset prices, as I referenced earlier, combined with fewer handset upgrades compared to last year.

Wireless Adjusted EBITDA was another financial highlight of the quarter, growing 5% year-over-year, which yielded a strong service revenue margin of 46.5%. More impressively, this was achieved even with a $47 million year-over-year increase in combined total spending on customer retention and COA, which resulted in a 38% increase in postpaid net adds.

Our Wireless segment also continued to contribute significantly to overall BCE free cash flow generation in Q3, which with growth in Adjusted EBITDA less capex of 4.7%, as we maintained a low and very capital efficient capital intensity ratio of 10.6%.

Moving to Bell Wireline on slide 12, Q3 service revenues was essentially flat year-over-year, decreasing a modest 0.3%, as we benefited from improved performance trajectory across our three key wireline units, residential, business and of course wholesale. This represents our best quarterly results of the year, significantly outpacing the 1.8% year-over-year decline we reported last quarter.

Overall, revenue growth was impacted by the sale of a call centre subsidiary in September of 2015, richer acquisition and retention discounts driven by competitors' aggressive back-to-school promotional offers, as well as reduced business data product sales to large enterprise customers. As a result, total Wireline revenue declined 0.8% year-over-year. Excluding the $10 million revenue loss in the call centre sale that I just mentioned, residential services revenue increased approximately 1% over last year. This was due largely to the strong growth in total combined Internet and TV revenues of approximately 6% in the quarter.

In business wireline, the rate of revenue and EBITDA decline improved year-over-year, supported by stronger IP connectivity and solutions growth as well as ongoing cost management action. Wireline Adjusted EBITDA increased 0.6% on a 1.7% reduction in operating cost, representing our ninth consecutive quarter of year-over-year growth. That drove a 0.6 percentage point improvement to margin to an industry best 41.7%, maintaining the lead over our closest North American peer by a wide margin, and providing us with ample operating leverage to self-fund continued significant investment in our strategic broadband fibre program going forward.

Turning to slide 13, Bell Media, overall, another solid set of in line results with positive revenue, Adjusted EBITDA and cash flow growth generated for the third consecutive quarter. Total revenue for Q3 was up a healthy 3.5% on the strength of higher year-over-year subscriber and outdoor advertising revenues. Subscriber revenues grew 14.6%, driven by the expansion of The Movie Network into Western Canada, as well as ongoing customer growth for CraveTV and our TV Everywhere on-demand GO product.

Consistent with our expectations, advertising revenue was down 3.7% in the quarter, as a result of year-over-year declines in conventional and specialty TV. The advertising market remains soft across the industry. More specific to Bell, advertising demand in Q3 was impacted by a shift in spending to the main broadcaster of the

Rio Summer Olympics and the non-recurrence of advertising dollars generated last year from the federal election. This was partly offset by strong year-over-year growth in our outdoor advertising.

From a profitability perspective, higher revenue and labour savings from workforce reductions that took place in Q4 of 2015, drove Adjusted EBITDA growth of 2.2%. This was achieved despite a 3.9% increase in operating cost that reflect the higher cost for sports broadcasting rights, new programming and the continued ramp-up in CraveTV content. Most importantly, Bell Media generated simple free cash flow of $475 million year-to-date, or 2.8% higher than last year, an impressive result when you take into account the operating losses we have absorbed in EBITDA from scaling up CraveTV which surpassed 1 million customers this past quarter.

Slide 14 provides the key components of adjusted EPS which was in line with our plan for Q3 at $0.91 per share, and as I mentioned, down about $0.02 compared to last year. Higher EBITDA accounted for $0.04 year-over-year increase in EPS. Other items that contributed positively to EPS this quarter included lower net pension financing cost, as well as higher year-over-year tax adjustments which amounted to $0.02 of EPS versus $0.01 last year, bringing total year-to-date tax adjustments of $0.04 per share. No further material tax recoveries are expected for the remainder of 2016. Despite these positive factors, as I referenced at the outset, EPS was negatively impacted this quarter by $0.03 per share non-cash mark-to-market gain on the equity derivative contracts recognized in Q3 of last year.

Additionally, total depreciation and amortization expense increased on a net basis over last year due mainly to more assets in service. This was expected given our higher planned capital spending this year.

Lastly, a year-over-year decrease in adjusted EPS also reflected a dilution of around $0.02 per share due to the higher number of outstanding common shares following our $863 million equity issuance last December.

Free cash flow, moving to slide 15, Q3 free cash flow was $951 million or 3.3% higher compared to last year, driven by higher EBITDA, an improvement in our working capital position, lower cash dividends paid to Bell Media's non-controlling interest due to the timing of the payment this year versus last and a year-over-year decrease in net interest paid.

We have taken advantage of favourable market conditions in a sustained low interest rate environment this past quarter to further bring down our weighted average cost of debt and achieve additional preferred share dividend savings. On August 12, we completed a $1.5 billion dual tranche public debt offering at a blended average coupon rate of 2.4%. Both new series of debentures represented the lowest coupon rates we ever achieved, reducing our after-tax cost of debt to 3.33%, while maintaining an average term to maturity of just over nine years. This has not only helped to drive our strongest interest rate coverage ratio of the past five years, which, at 9.21 times Adjusted EBITDA is significantly above our 7.5 times target policy, but also provides good predictability in our debt service cost as well as the protection from interest rate volatility going forward.

With respect to our preferred shares, we have reset the fixed dividend rate on four different series so far this year, with one additional reset coming on the first of December. These five share resets, which has a total face value of $1.8 billion in aggregate, are expected to bring the average dividend rate down from 4.1% to approximately 2.7%, resulting in an annualized savings of approximately $25 million.

This quarter free cash flow result also reflects higher planned capex investment, as I mentioned earlier, and a year-over-year step-up in cash taxes consistent with our guidance assumptions for the year. With strong year-to-date free cash flow growth of 10.6%, we remain comfortably on track to achieve our full year guidance target of 4% to 12%.

In closing, with three quarters of strong operational execution and healthy growth in consolidated financial results that demonstrate a clear focus on subscriber profitability and price discipline, we are well positioned to deliver on the guidance targets that we provided at the beginning of this year. Finally, we expect no impact on the 2016 financial guidance from our acquisition of Q9 Networks that was completed in early October. Given Q9's relative size in terms of revenue and EBITDA, it is not financially material to our overall wireline and consolidated results, nor does it impact BCE's leverage ratio meaningfully.

On that note, I will turn the call back over to Thane and the Operator to begin the Q&A portion of this morning's call.

Thane Fotopoulos – Vice President – IR

Thanks Glen. So before we get started with the Q&A period, given the number of questions in the queue and to keep the call as efficient as possible, please limit yourselves to one question and a brief follow-up. To the extent we have time, we will circle back at the end of the call. So Valerie, with that, we are ready to take our first question.

QUESTION AND ANSWER SESSION

Operator

Thank you Mr. Fotopoulos. We will now take questions from the telephone lines. If you have a question and you are using a speakerphone, please lift your handset before making your selection. If you have a question, please press star one on your telephone keypad. If at any time you wish to cancel your question, please press the pound sign. Please press star one at this time if you have a question. There will be a brief pause while the participants register for questions. Thank you for your patience.

Our first question is from Richard Choe with J.P. Morgan. Please go ahead.

Richard Choe – J.P. Morgan – Analyst

Great, thank you. Just wanted to get a little more colour on the service revenue growth. Can we continue to see ARPU move up at this rate and what is driving that?

George Cope – President and CEO

So on the Wireless ARPU specifically, I think that is what you are asking on. Service revenue growth it is clearly twofold. One is the growth in subscribers which has been stronger, I think, than we had even expected beginning of this year. Secondly, clearly it is to your point, in the average revenue per customer, and what we saw in the summer again and I would think we were also surprised given how strong ARPU growth was last year, as people might recall in this quarter, again as the growth—as people move to our LTE advanced network and the speeds that they are able to access, we saw an increase in usage of 35% year-over-year. So it is really the incremental usage that is driving some of the incremental average revenue that we are seeing. It is hard to know what will continue going forward, but certainly based on what we are seeing, the demand to use the network is growing as a result and that is giving us this significant top line revenue growth.

Richard Choe – J.P. Morgan – Analyst

In terms of hardware environment, has anything changed since the end of the quarter or is it still kind of heavily promotional on the handsets?

George Cope – President and CEO

It is aggressive—I do not know if it is more aggressive but we are coming into what is traditionally the most aggressive season and as we enter into November and December we would expect it to be as intense competitively as it always is given how important that quarter is from a sales perspective.

Richard Choe – J.P. Morgan – Analyst

Okay, thank you.

Operator

Thank you. Our next question is from Phillip Huang with Barclays. Please go ahead.

Phillip Huang – Barclays – Analyst

Hi, thanks. Good morning. A question on the postpaid net add side. It is nice to see the strong performance this quarter, particularly given the strong financials as well. I was wondering if you could provide some regional colour on the strong performance, where you have seen the strongest momentum? Is it Western Canada gaining momentum or pretty balanced overall?

George Cope – President and CEO

Actually it was balanced overall. I actually took a specific look at that over the last couple of weeks to see if there was one specific geography that we saw strengthening. I would say it was across the board. We clearly saw net adds in really every one of the markets. It was a very strong quarter clearly for what it looks like for the industry, although there is one quarter still to report, and so we were able to through our execution, we think in our specific case with the focus on the network's speed, with that advantage we now have in the market, it is really driving the incremental ARPU for us and a good market share of the net adds.

Phillip Huang – Barclays – Analyst

That is very helpful.

George Cope – President and CEO

It was across the board though.

Phillip Huang – Barclays – Analyst

Right. Very similar question on the fixed line side as well. Certainly your subscribers continue to reflect through continued intense competition in the market particularly for Fibe TV this quarter, but was wondering if you could similarly provide us with some regional colour. Are you seeing a bigger delta in competition whether it is in Ontario or Québec or Atlantic Canada? Thanks.

George Cope – President and CEO

I would think specifically in Southern Ontario was most aggressive on the pricing side as we have seen. We saw pretty aggressive pricing from one of our competitors there and that is in one sense reflected in the results and we are sticking to our discipline of growing the EBITDA and making sure we are driving through our IPTV product to pull the broadband subscribers through and that continues to be the strategy. It is probably one of the reasons on this call, we would not normally, we shared also the growth we saw where we have FTTN and FTTH from an internet perspective so that people get to see that there is some pretty strong underlying growth there where we are making those investments. But it was a particularly aggressive quarter in Southern Ontario.

Phillip Huang – Barclays – Analyst

Thanks George.

Operator

Thank you. Our next question is from Maher Yaghi with Desjardins Securities. Please go ahead.

Maher Yaghi – Desjardins Securities – Analyst

Yes, thank you. So I wanted to ask you about your go-to-market strategy. As you mentioned you have so far resisted the view of matching or going out and being aggressive and gaining market share, but when you look at the investments that you are making in fibre-to-the-home, how long—or let us say, in order to deliver financial results on those investments that you are making on fibre-to-the-home, traditionally, we would assume that you need to gain market share at a faster pace than what you are seeing right now. So I guess how long can a company continue to resist in order to protect profitability when the competition does not seem to be constrained in its promotional activity?

George Cope – President and CEO

That is a long question. I will try to answer the best I can. I think this Management's track record of finding the balance for our shareholders between subscriber growth, cash flow growth and EBITDA growth maybe is best shown in this quarter with our Wireless results relative to our number one peer where we are generating both financial strength and subscriber strength. So that probably speaks to our approach to the marketplace. I think also when I talk about our broadband internet net adds in the footprint that I have identified, that is not—part of that is intended to make sure investors understand just how well that strategy is executing for us. I think if people were to look at our IPTV net adds on TV against our competitors, we took significant share on the TV side in that footprint.

So I think we are on track. It is aggressive, and of course you always have to balance the question you asked. We hope we have that balance correct and we will continue every quarter to make those decisions about EBITDA growth and wireline, cash flow growth at 10% year-to-year and those strong overall subscriber results. So we are really pleased with the quarter on balance given the competitive dynamics.

Maher Yaghi – Desjardins Securities – Analyst

And just a follow-up. Thank you for that. In terms of in the territory that you have the footprint where you have fibre deployed, how much of the satellite losses are switching to your own Fibe TV or is it mainly going to other ISPs or I mean in terms of resellers?

George Cope – President and CEO

Yes. I think we talked about it in the past being we are 10% or so, but I think in the last quarter it was more about 6% in our footprint. So on the satellite side, one of the reasons I mentioned earlier we think outside of our IPTV footprint we can probably compete a little more aggressively on the satellite side in the markets where there is not the IPTV conversion market going on. So we will look to do that going forward in the marketplace but there is not a lot of conversion now from our satellite to IPTV because a lot of—we do not have as many subscribers left in that particular footprint.

Maher Yaghi – Desjardins Securities – Analyst

Thank you George.

George Cope – President and CEO

Thanks for your question.

Operator

Thank you. Our next question is from Jeffrey Fan with Scotiabank. Please go ahead.

Jeffrey Fan – Scotiabank – Analyst

Thanks. Good morning. One quick clarification and then a question about the TV market. On the clarification, George, you mentioned the—you broke down your adds related to—on internet related to FTTX and outside of FTTX. Wondering if there is any distinguished difference between what is going on inside your FTTH footprint versus just the FTTN footprint in terms of internet adds.

George Cope – President and CEO

Yes, better. It is where we have the—it is one of the reasons we continue to accelerate fibre. Overall, we wanted the FTTX number so people could understand the difference between the two because clearly in the footprint without FTTX—meaning, for investors on the line, FTTN or FTTH, when I do that, that is clearly where we do not have either of those footprints where we see in essence the decline in internet add subs. But yes, clearly where we have FTTH, it is where we see the strongest results and that is why we continue to make the investment and why we are going to do that over the next decade.

Jeffrey Fan – Scotiabank – Analyst

Then a question on TV. I mean Bell is obviously the leader in technology platform, functionality, user interface, etc. You guys continue to integrate with other platforms like Apple TV just announced today. But as you look ahead, is it—do you think customers or the market is shifting to a point where functionality and technology platform really makes the difference to drive better TV adds or do you think it requires a change in packaging and pricing of channels or where they are offering to the cord cutter market? I do not know if that is big enough right now for you to go after. I was wondering if you can give us your thoughts on that.

George Cope – President and CEO

Yes. Well first, I do not want to be too dismissive of the question because the question is an important one. It is a mix of all of those and we are having to as the industry is so competitive. Clearly we have to repackage based on the consumer preference and we have got to do that to drive the market share. The technology differentiation is our leader with IPTV but sometimes it stands up and gets the subscriber, other times it does not, so sometimes you even have to obviously do price packaging that might be more aggressive.

In terms of the OTT world, I think where we are most focused on at the moment is learning through our launch of the Crave product where really customers who want to subscribe to the service over the top can do that now with Crave. We think with a fairly competitive product we think the Canadian development recently probably positions that product a little stronger in the marketplace, and with some of the announcements you will see on Crave coming up, some of them referred to in our press release with some first run content on Crave, we think we are putting our foot into that marketplace to make sure we are trying to meet the demand there as we go forward. We are quite frankly learning as we go through the demands that the consumer wants to see from a product perspective.

Jeffrey Fan – Scotiabank – Analyst

Okay. Thanks George.

Operator

Thank you. Our next question is from Drew McReynolds with RBC Capital Markets. Please go ahead.

Drew McReynolds – RBC Capital Markets – Analyst

Thanks very much. Good morning. George, two questions for me and I will not have a follow-up, I am sure. Can you comment just two quarters into this uptick in wireless gross additions across the industry, can you just kind of comment again on kind of what you think the source of that is just because it is benefiting everyone that looks the market has expanded somehow. Then second one, just a big picture, when we look down in the U.S., we are obviously seeing Verizon and AT&T branch out into content and in some instances expand geographically and that is perceived to be due to just slowing core revenue growth in their core business, can you just talk about what you are seeing here in Canada in terms of that growth outlook and where you see new revenue opportunity? Thanks.

George Cope – President and CEO

Yes. So on the wireless subscriber side, I think it is fair to say the industry including the analysts we have all been pleasantly surprised by the strength in the industry and as we go forward here also learning just as to what or why is this demand accelerated so quickly and I think there are some things we are seeing. Clearly the expansion of these networks and our LTE advanced network does—brings product and broadband solutions that quite frankly could not imagine were going to be available on wireless and I think that is increasing in demand for our services. I think if we look at the new entrant market, they are doing fine, but the rapid growth they were seeing in the last few years is clearly not in their results and that seems to have leveled off so I think there is probably some market share change there. I think the second line addition in the marketplace that is happening in Canada possibly behind where the U.S. was a couple of years ago where the separation of people from their business line and the consumer line continues to grow in Canada and I think that that probably started in the U.S. earlier than it has happened in Canada. Then I also think just generally across the population these products become so important and there is probably some demographic that were probably moving down the age curve on this product and seeing that growth as we enter the fall every year as people return to school almost right at younger and younger ages and that is probably part of it. Then overall the immigration in the country. When we talk about 300,000 new Canadians a year clearly there are going to be subscribers to wireless services and that allows for some incremental growth as well.

I mean that is where we would generally frame it. Then I think probably a little stronger economy. People have talked about in some of the provinces where there is a lot of population, that cannot hurt the overall industry, it can only help it. That is our view.

Drew McReynolds – RBC Capital Markets – Analyst

That is great. Just on the big picture, kind of revenue growth outlook?

George Cope – President and CEO

Well we had a stronger quarter in the third quarter. We would hope it is an outlook that will have a stronger fourth quarter on our revenue across. I was pleased with the wireline revenue being a little bit up and I think Glen talked about that. So I mean our guidance is not changing this morning but certainly we feel better in the second half than we did in the first half on the overall revenue for the Company, and particularly with this underlying wireless growth that we are seeing here in the revenue side.

Drew McReynolds – RBC Capital Markets – Analyst

Okay, thank you.

George Cope – President and CEO

Thanks.

Operator

Thank you. Our next question is from Aravinda Galappatthige with Canaccord Genuity. Please go ahead.

Aravinda Galappatthige – Canaccord Genuity – Analyst

Good morning. Thanks for taking my question. George, I was wondering if you can expand a bit on the improvement that you alluded to on the B2B front. Obviously it is been in decline mode, albeit relatively steady for a while now. I mean is there any sign of a sustained improvement there or is that just the smaller segment that are kind of going in your favour?

George Cope – President and CEO

We did have a little better quarter year-over-year and one we will take it into—we hope it turns into a trend. I would also say on the—calling out our small business group is doing a little better year-over-year. We are probably competing there a little more aggressively but it is helping us maintain customers. On the B2B side, there have been some large wins and winbacks that we have which will help us actually into next year. So overall, that is not a, for investors, we are not positive yet on the revenue side, on the B2B side, but that decline was better quarter-over-quarter and of course if that stabilizes that helps the overall wireline story. But still lots of work there to do.

Aravinda Galappatthige – Canaccord Genuity – Analyst

Just as a follow-up to that, the declines on the business, you know, the NAS losses, that should not be seen as any kind of a lead indicator, would it?

George Cope – President and CEO

No, I would not. I mean when the federal elections there is a lot of lines that go in and out and we tried to call that out here and Thane is happy to take some of the folks through detail on that, but basically that is really what happened on the B2B side.

Aravinda Galappatthige – Canaccord Genuity – Analyst

Awesome. Thank you.

Operator

Thank you. Thank you. Our next question is from Batya Levi with UBS. Please go ahead.

Batya Levi – UBS – Analyst

Great. Thank you. On the wireless side you mentioned that upgrade activity was low in the quarter. Can you provide a bit of colour into 4Q? Do you anticipate that to pick up? Should we assume that the COA and retention was up year-over-year and whether that continues into the fourth quarter as well?

George Cope – President and CEO

Yes. I think on both COA and retention will be up a little bit year-over-year as it was in this quarter. The volume was down. Remember last year we were into the first full quarter of the double cohort, so volume was a little different but costs are up. Costs are really up in Canada on COA. One, the mix of customers who want the high-end smartphones and secondly the dollar working against us year-over-year is starting to impact as that goes through the financials and will have obviously an impact where the dollar is versus a year ago. So I would expect both COA and our cost of retention to be slightly up, but we will have to see. I mean frankly it can change so dramatically depending on the competitive intensity and you could end up as much as $10 a unit higher, you could end up $10 a unit lower, depending on what is happening in the market from an intensity perspective.

Batya Levi – UBS – Analyst

Got it, thanks. One follow-up on the wireline side, if I could. Can you provide a little bit more colour in terms of the specifics you are seeing on KPIs when you compare your fibre-to-the-home and fibre-to-the-node maybe in terms of ARPU or churn? I am assuming fibre-to-the-home is better but any numbers that you could put around that.

George Cope – President and CEO

I mean a couple I will just comment on. The churn rate is better. Our market share is better in markets that we have it and importantly for us the operating costs and so the callbacks, what we call truck rolls, visiting customers because of issues, are about a third less. So those are numbers we have. A lot of those come from the number of years we have operated in the Aliant footprint. As we begun to build out now the Ontario, Québec, and Québec has actually got a fairly significant fibre footprint and Ontario, thousands of folks in Toronto. So all the metrics that I have described tell us to continue with that investment knowing that ultimately the speed requirements in the home will only grow and the number of devices attached to the home are only going to grow. So that is why we continue with that investment.

Batya Levi – UBS – Analyst

Okay, thank you.

Operator

Thank you. Our next question is from Simon Flannery with Morgan Stanley. Please go ahead.

Simon Flannery – Morgan Stanley – Analyst

Great, thank you very much. George, I wonder if you could just give sort of a bit more of an update on the build plans for Fibe, for fibre-to-the-home, where are you currently and how is the pacing and the costing going versus your plans? We have seen Verizon and Google and others look a lot more closely at fixed wireless for that sort of last drop from the street to the home. How are you thinking about fixed wireless 5G in this context? Thanks.

George Cope – President and CEO

So FTTN and our FTTH in total is about 8.5 million. We are at about 2.8 million on fibre and that continues on the track that we have outlined. Our big focus this year and next year is in the 416 of Toronto and some other markets that we will be investing. So we will talk about guidance in February but somewhere between 500,000, 650,000 households a year is probably going to turn out to be our targeted roll-out and as I said we think that will run through for quite a period of time. Then on the 5G, I think that was the second part of your question, we are doing some trials and we think it is quite a ways away from an investment perspective and deployment, particularly what we are seeing with the road map we are on now and ultimately possibly our fibre road map in that we talked about getting to 80 to 85% of our footprint over time. Maybe at the end, it is not that extensive because some of those secondary markets can be supported by 5G, but at the end of the day, you are building the fibre literally to the premise with that structure anyway. So it will be an interesting decision we will have to make at that point in time. But for our investors we are perfectly positioned to move at the pace that requires and if turns out going right to that last premise in some of those secondary markets is more cost-effective with the technology that is not in the market today, at that time then we look at it then. But right now our core focus is we think fibre will still be the best avenue and 5G will be a layover for—overlay for wireless as the next evolution of speed for wireless.

Simon Flannery – Morgan Stanley – Analyst

Great. Thank you.

Operator

Thank you. Our next question is from Michael Rollins from Citi. Please go ahead.

Michael Rollins – Citi – Analyst

Hi. Thanks for taking the question. I was wondering if we can get an update on some of the key regulatory initiatives around the mobile side, the fibre wholesale side and any other key issues that you are watching out. Thanks.

George Cope – President and CEO

I think maybe the fibre wholesale where there are submissions going on now and then we will wait into next year as to what the pricing for that access to the fibre resale will be. So that is probably one file that we are watching carefully. On the wireless side there are always ongoing files. I think the major one for us would be this particular resale of what fibre will be and clearly we were disappointed in the recent decision on the FTTN pricing on a wholesale perspective. We do not think that was—it is certainly not positive for BCE and we will have to manage through that as we go forward into next year. Thank you.

Michael Rollins – Citi – Analyst

So just to follow-up on that real quick. So what would be your expectations for the outcome of the fibre wholesale proceeding?

George Cope – President and CEO

Well the outcome of it will be what is the resale price and we will be hopeful that that resale price is set in a way that ensures that Canadians can continue to see broadband investment by large companies with an infrastructure project like ours and the cable operators and that will have to be reflected in the wholesale pricing, otherwise those type of investments can be curtailed. Particularly in the secondary markets which is not something we want to see happen, nor would anyone in Canada want to see happen. So we just have to see how that process unfolds and what those pricings are and we will have to obviously of course adjust depending on the outcome of that process.

Michael Rollins – Citi – Analyst

Thanks very much.

Operator

Thank you. The next question is from Greg MacDonald with Macquarie Capital Markets. Please go ahead.

Greg MacDonald – Macquarie Capital Markets – Analyst

Thanks. Good morning guys. George, quick question on the descriptors that you gave for the gross adds in the industry. Those were quite interesting actually and all of the ones that you indicated seem to me to be sustainable trends. Would you agree with that and have you seen evidence in the 4Q and are your expectations for 2017 are they all that—you will continue to see growth—a positive impact on gross adds for the industry next year, that would be helpful. I have a quick follow-up. Thanks.

George Cope – President and CEO

You know, Greg, I think it is too early to make that call. I think as all the analysts on the call will know and you will know, I mean this is two quarters of strong numbers but I think, all of us, until we get underneath completely, what is driving it, it is hard to turn this into an outlook for the next 15 months. What we are really pleased with though is from an investment perspective is the underlying use of our product by our entire base arguably is driving as much revenue growth as the net adds. The continual focus on net adds is important but the real focus and where the significant money in the industry is coming from is the increased usage of these products because of our networks which are—I talked about it a lot I know but being rated as the fastest in the world almost in terms of our wireless service, certainly in North America. What we will be doing next year with carrier aggregation and taking it to another level, again with speed, we think that is going to continue to drive the revenue growth in the industry, and then net adds are a secondary part of that. But boy, it is early to make a call on next year. At least certainly too early for us to...

Greg MacDonald – Macquarie Capital Markets – Analyst

Okay, I can appreciate that. So the follow-on's related to what your descriptor just was. So we have seen some evidence from Rogers that they are looking to advertise a product that allows small business customers to drop their land line and go more for business line and I am getting the sense that that is at least part of what we are seeing on the gross add front on wireless. Are the economics attractive enough for the industry and for you in particular to take that type of approach as well because we are seeing systemic declines on the access line for business as well. If you cannot beat them, join them, I guess is the question. Are the economics attractive enough to do that?

George Cope – President and CEO

Well I would say the amount of wireless substitution for small business is actually fairly small. We will see how our competitor does in the marketplace but we believe our wireline products are vastly superior to anything the wireless industry is offering for small business on the wireline side and that is our focus. There are those that have total mobile business which is clearly wireless and we are in that space, but we do not think that is had literally any impact on us at all in our Company.

Greg MacDonald – Macquarie Capital Markets – Analyst

Okay. All right, thanks.

Operator

Thank you. Our next question is from Tim Casey with BMO Capital Markets. Please go ahead.

Tim Casey – BMO Capital Markets – Analyst

Thanks. George, could you flesh out a bit more what you are seeing on the competitive side on wireline in terms of the nature of the customers you are getting? You stressed that obviously wherever you deploy fibre you are seeing better share. I am just wondering, your primary wireline competitors have responded with aggressive internet offers and I am just wondering what you are seeing in terms of your ability to compete with that. Is it still the functionality on the video side or are you having to match on pricing on internet? Thanks.

George Cope – President and CEO

Yes, it is a good question. I have to be careful on the competitive questions on a conference call obviously, Tim. I would say our focus continues to be for us that we know we have a vastly superior video product in the marketplace and that is our lead product and the pull through from our broadband shows up in our numbers. Where we secondarily have FTTH built out, clearly there, we have the superior internet product second to none in the world. In that case we can push both those products and we can even lead with FTTH and that will of course evolve as we add more footprint. So it is a combined solution. You are right, for the consumer it is an aggressive market that has been and everyone is trying to get their fair share of the growth in the industry and we think we are achieving that balance and we will continue with that to make sure we are competitive though. It changes market by market, province by province and city by city it seems every quarter and as I mentioned I think it is been particularly aggressive in Southern Ontario.

Tim Casey – BMO Capital Markets – Analyst

Thank you.

Operator

Thank you. Our next question is from Vince Valentini with TD Securities. Please go ahead.

Vince Valentini – TD Securities – Analyst

Yes, thanks very much. George, you mentioned that the FTTN internet resale decision would be negative for you. I assume it has not been your focus in the last 15 hours, but Cogeco did lower their guidance by $20 million partly due to that decision. Is there any way you can quantify that. I have got to imagine BCE's exposure is quantums of what Cogeco's is on an absolute basis.

George Cope – President and CEO

Yes. I think what I would say is our guidance has not changed for this year and the impact of that will be in our guidance for 2017 in total but also I think very important overall for BCE's scale for our shareholders we believe our fourth quarter execution position us well to continue our capital market strategy. Having said that, on that very specific file, yes it is not a positive decision. We think it has the risk of mitigating investment in broadband and so obviously we are following that. It is interesting, I was not aware of that change from one of our competitors, but I can imagine because overall for everyone it is a reprice on wholesale on the FTTN side.

Vince Valentini – TD Securities – Analyst

Thank you.

Thane Fotopoulos – Vice President – IR

Valerie, seeing as we are headed towards the end of our hour, this will be our last question.

Operator

Certainly. Our last question is from Robert Peters with Credit Suisse. Please go ahead.

Robert Peters – Credit Suisse – Analyst

Thanks for squeezing me on. Just a question on data and looking at the IPTV side with Fibe app being available on Apple TV, is that going to account against household data cap as they use that as a second cable box? Then any kind of—or sorry, IPTV box. Then any colour around how that might be considered given the current differentiated pricing practices here and going on at the CRTC right now?

George Cope – President and CEO

Yes. We would anticipate the customers will subscribe to unlimited internet packages which we offer in the marketplace to leverage that product which for us drives incremental revenue for our investors on the line and for our customers a pretty unique experience and is the only one in the marketplace that has the Apple TV capability with our Fibe app. So we are really excited about that positioning and I think most excited is getting that recognition from I think as clearly everyone would know one of the world leading technology companies recognizing our leadership in TV and that is probably one of the real proud moments for us this morning. So with that, thank you.

Thane Fotopoulos – Vice President – IR

That is it. Okay, great. So thank you to everybody on the call this morning who participated. As usual, I will be available throughout the day for clarifications and follow-ups. On that, thanks to everybody again and have a great day.

Operator

Thank you gentlemen. The conference has now ended. Please disconnect your lines at this time and we thank you for your participation.