Q1 2019 Results Conference Call

May 2, 2019

Bell

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The terms "adjusted EBITDA", "adjusted EBITDA margin", "adjusted EPS", "free cash flow" and "dividend payout ratio" 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 "Notes" in BCE's news release dated May 2, 2019 for more details.

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George Cope

President & Chief Executive Officer

Q1 overview

- Continued revenue momentum with 2.6% growth and IFRS 16 impact drove 6.9% higher adjusted EBITDA and 1.7 percentage point margin increase to 42.0%
- Positive adjusted EBITDA growth for all Bell operating segments excluding IFRS 16
- Strong wireless financial results with 4.5% revenue growth and 11.6% higher adjusted EBITDA
- Leading retail wireline broadband subscriber performance with 44k combined retail Internet and IPTV net additions, up 37.4% y/y
- Wireline adjusted EBITDA up 2.0% on 1.8% higher revenue, driven by positive top-line growth across all main units
- Higher TV advertising revenue and cost savings drove 26.9% media adjusted EBITDA growth
- 54 consecutive quarters of y/y consolidated adjusted EBITDA growth

6.9% consolidated adjusted EBITDA growth and declining capital intensity ratio drove 20% y/y increase in BCE free cash flow in Q1

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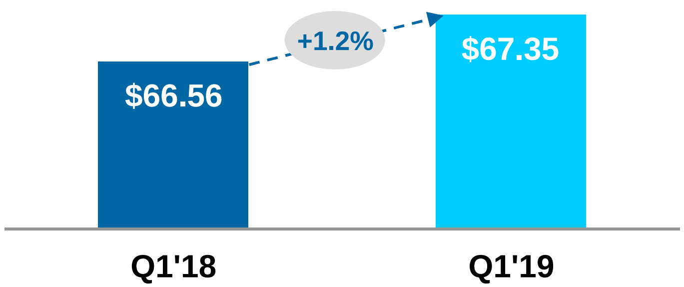
Wireless operating metrics

Subscriber metrics	Q1'19	Y/Y
Total gross additions	**410k**	1.4%
Postpaid net additions	**50k**	(26.7%)
Total net additions	**38k**	(13.7%)
Postpaid churn rate	**1.07%**	0.06 pts
Blended churn rate	**1.31%**	0.00 pts

Blended ABPU



- **50k postpaid net subscribers added in Q1**
  - Fewer y/y federal government contract customer additions as migration process near completion
  - Best Q1 postpaid churn performance in 15 years
  - Bell-branded postpaid churn of 0.98% in Q1
- **Blended ABPU increased 1.2% y/y to $67.35**
  - Excluding federal government contract and Q1 subscriber adjustments, blended ABPU was up 0.8%
- **Prepaid gross adds up 56.2% y/y, reflecting continued strong Lucky Mobile demand**
  - 12k net customer loss improved 50.6% y/y
  - Higher y/y churn, driven by change in deactivation policy and increased competitive intensity
  - Prepaid deactivation policy harmonized to 90 days across all brands
- **Dollarama appointed as distributor of Virgin and Lucky Mobile prepaid service**
  - Exclusive distribution agreement
  - 1,200 locations across Canada

Key wireless value drivers of postpaid churn and ABPU show strong y/y improvement in Q1

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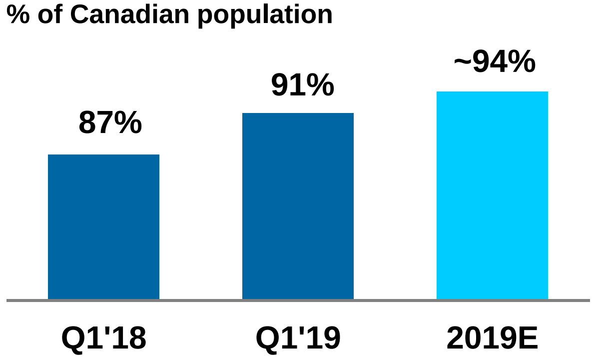
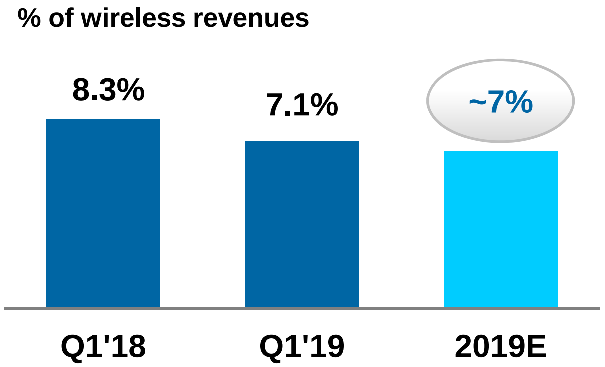
Wireless network leadership

LTE Advanced (LTE-A) coverage



Wireless capital intensity



- **LTE-A service available to ~91% of Canadians and expanding to ~94% by YE2019**
  - Average data speeds up to 260 Mbps[1]
- **Quad-band LTE-A footprint now covers ~25% of the population with speeds up to 750 Mbps[2]**
  - ~60% of Canadians to have access to speeds up to 750 Mbps in 2019
  - LTE-A provides peak theoretical mobile data access download speeds that exceed 1 Gbps[3]
- **Current wireline fibre investment significantly reducing future wireless 5G spend requirement**
  - 85% of total combined urban and rural cell sites with high-speed fibre backhaul by YE2019, representing approximately 90% of total capacity in use

(1) Expected average download speeds of 18 to 74 Mbps
(2) Expected average download speeds of 25 to 220 Mbps in select areas
(3) Currently offered in Kingston and Toronto, with more to come

Preparing for 5G, while maintaining LTE-A speed and coverage leadership as wireless capital intensity ratio declines to ~7% in 2019

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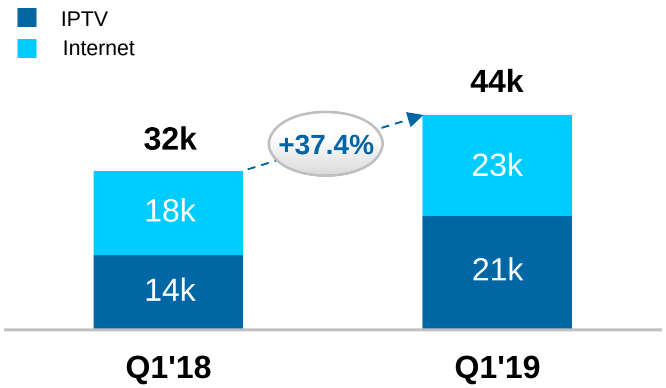
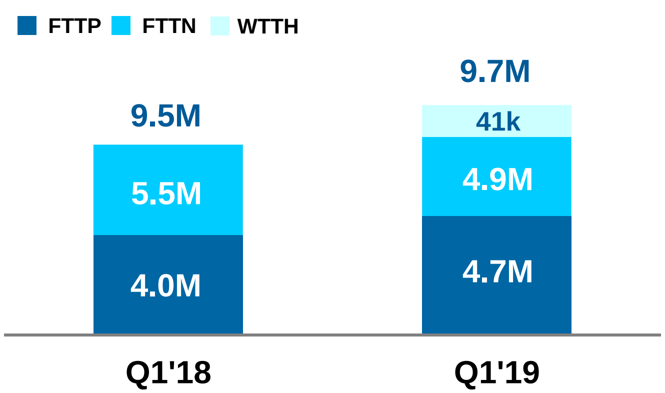
Wireline subscriber metrics

Retail Internet and IPTV net additions



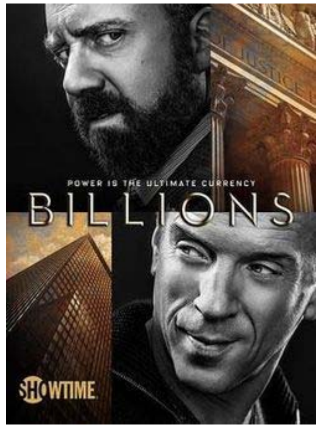
Bell broadband footprint (locations passed)



- **23k retail Internet net additions, up 24.9%, in seasonally slower quarter**
  - 51k new FTTH customers added in Q1, up 17.8% y/y
  - Speeds of 1.5 Gbps offered to all direct fibre customers
- **Combined FTTP and fixed wireless WTTH broadband footprints now cover 4.8M locations**
  - Expanding by ~700k homes and businesses to more than 5.3M locations in 2019, including ~200k rural households on WTTH
- **21k IPTV net additions, up 54.1% y/y, reflects continued strong Alt TV customer demand**
- **Retail satellite TV net losses improved 6.1% y/y to 22k**

Fibre investments driving leading retail wireline broadband subscriber performance

Bell Media



- **Leading TV viewership and ratings maintained**
  - 11 of top 20 programs for CTV in winter season
  - Viewership for English entertainment specialty TV properties up 27% in winter season
- **Game of Thrones premiere was most-watched broadcast in Canadian entertainment specialty and pay TV history with more than 3.3M viewers**
- **TSN was the top-rated Canadian sports network and specialty TV channel overall in Q1**
  - Regular season Raptors games on TSN up 50% y/y
  - RDS remains the leading French specialty TV channel for A25-54
- **Advertising sales strength and innovation**
  - Top 20 TV advertisers spent 14% more y/y in Q1
  - Entertainment specialty TV advertising up ~11% y/y
  - Launched SAM, an all-new proprietary strategic data-enabled TV sales tool

3rd consecutive quarter of y/y TV advertising growth for Bell Media

Glen LeBlanc

EVP & Chief Financial Officer

Q1 financial review

($M) except per share data	Q1'19	Y/Y
Revenue	**5,734**	**2.6%**
Service	5,045	1.6%
Product	689	10.1%
Adjusted EBITDA	**2,409**	**6.9%**
Margin	42.0%	1.7 pts
Net earnings	**791**	**11.6%**
Statutory EPS	**0.82**	**12.3%**
Adjusted EPS[(1)]	**0.77**	**(3.8%)**
Capital expenditures	**850**	**8.7%**
Capital Intensity (CI)	14.8%	1.9 pts
Cash from operating activities	**1,516**	**1.3%**
Free cash flow (FCF)[(2)]	**642**	**19.6%**

* **2019 operating results presented in accordance with IFRS 16 accounting standards**

(1) Before severance, acquisition and other costs, net mark-to-market (gains) losses on equity derivatives, net (gains) losses on investments, impairment charges and early debt redemption costs

(2) Before BCE common share dividends and voluntary pension contributions

- **New IFRS 16 accounting standard for operating leases effective January 1, 2019**
  - Prior periods not restated
- **Revenue up 2.6% on continued strong organic wireless and wireline growth**
- **Adjusted EBITDA up 6.9% y/y**
  - Excluding IFRS 16, adjusted EBITDA increase in Q1'19 in line with historical rate of 2% to 4%, reflecting positive y/y growth across all Bell operating segments
- **Net earnings increased 11.6% on higher y/y adjusted EBITDA and equity derivative gains**
- **Adjusted EPS down 3¢ y/y, due to incremental depreciation and interest expense from IFRS 16 and lower tax adjustments**
- **Capex down on slower construction activity this winter and reduced spending in line with plan for 2019**
- **FCF up 19.6% y/y in seasonally low Q1**

Strong Q1 revenue, adjusted EBITDA and FCF growth in line with FY2019 guidance targets

Wireless financials

($M)	Q1'19	Y/Y
Revenue	**2,112**	**4.5%**
Service	1,566	3.4%
Product	546	7.7%
Operating costs	**1,207**	**0.2%**
Adjusted EBITDA	**905**	**11.6%**
Margin (total revenue)	42.9%	2.8 pts
Capex	**151**	**9.6%**
Capital intensity (CI)	7.1%	1.2 pts

* **2019 operating results presented in accordance with IFRS 16 accounting standards**
* **The Source operating results now fully reported in Bell Wireless segment effective January 1, 2019. Prior year results have been restated for comparability.**

- **Revenue up 4.5%, driven by subscriber base growth and higher y/y product revenue**
  - Sequential improvement in service revenue trajectory
  - 7.7% increase in product revenue reflects greater sales mix of higher-priced premium handsets
- **Adjusted EBITDA up 11.6% on high service revenue flow-through and lower y/y operating costs due to IFRS 16**
  - Operating lease expenses now recorded as depreciation and interest expense rather than operating costs within adjusted EBITDA
  - Adjusted EBITDA up 9.7%, excluding $14M retroactive regulatory charge in Q1'18
- **Industry-leading capital efficiency with CI ratio of 7.1% in Q1**

Balancing subscriber growth with spending discipline to deliver strong Q1 financial results and higher consolidated FCF

Wireline financials

($M)	Q1'19	Y/Y
Revenue	**3,064**	**1.8%**
Service	2,920	1.1%
Product	144	20.0%
Operating costs	**1,725**	**(1.7%)**
Adjusted EBITDA	**1,339**	**2.0%**
Margin	43.7%	0.1 pts
Capex	**674**	**9.4%**
Capital intensity	22.0%	2.7 pts

* **2019 operating results presented in accordance with IFRS 16 accounting standards**
* **The Source operating results now fully reported in Bell Wireless segment effective January 1, 2019. Prior year results have been restated for comparability.**

- **1.8% revenue increase reflects positive y/y growth across Bell's residential, business and wholesale units**
- **Broadband Internet and TV revenue up ~4% y/y**
- **3rd consecutive quarter of business markets revenue growth driven by stronger economy and increasing demand for bandwidth**
  - IP broadband connectivity revenue up ~11% y/y
  - Data product sales higher y/y, driven by government year-end spending
- **Adjusted EBITDA up 2.0% y/y, yielding higher industry-leading margin of 43.7%**

Continued top-line strength underpinned by 3rd consecutive quarter of positive y/y growth across all main wireline units

Media financials

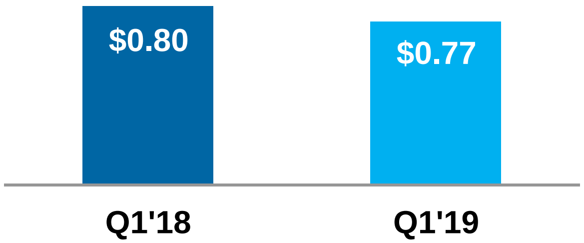
($M)	Q1'19	Y/Y
Revenue	**745**	**(0.5%)**
Operating costs	**580**	**6.3%**
Adjusted EBITDA	**165**	**26.9%**
Margin	22.1%	**4.7 pts**
Capital expenditures	**25**	**(25.0%)**
Capital intensity	3.4%	(0.7 pts)

- **Total revenue down 0.5% y/y**
- **Overall advertising revenue declined 1.3%**
  - TV advertising up ~1% driven by strong entertainment and news specialty performance
  - Conventional TV relatively stable y/y
  - Radio down y/y, reflecting continued market softness
- **Subscriber revenue up 0.1%**
  - Crave and sports OTT growth offset by impact of ongoing pay and specialty TV subscriber erosion
- **Adjusted EBITDA up 26.9% y/y**
  - 6.3% improvement in operating costs reflects IFRS 16 benefit and programming and production cost control

Favourable overall financial results delivered by Bell Media in Q1

Adjusted EPS

Adjusted EPS[1]



Adjusted EPS walk down ($)	Q1'18	Q1'19
Adjusted EBITDA	**1.83**	**1.95**
Depreciation & amortization	(0.80)	(0.89)
Net interest expense	(0.19)	(0.22)
Net pension financing cost	(0.01)	(0.01)
Tax adjustments	0.01	0.00
Other income	0.02	0.00
Preferred share dividends & NCI	(0.06)	(0.06)
Adjusted EPS	**0.80**	**0.77**

* **Q1'19 results presented in accordance with IFRS 16 accounting standards**

(1) Before severance, acquisition and other costs, net mark-to-market (gains) losses on equity derivatives, net (gains) losses on investments, impairment charges and early debt redemption costs

- **Adjusted EBITDA growth, including IFRS 16, contributed 12¢ increase to adjusted EPS**
- **Higher y/y depreciation and amortization expense reflects adoption of IFRS 16 accounting and higher capital asset base**
- **Net interest expense higher y/y, due mainly to impact of IFRS 16**
- **Lower y/y tax adjustments**
- **Other income down y/y on lower equity income pick-up from minority interest investments**
- **IFRS 16 resulted in ~1¢ overall negative impact on adjusted EPS in Q1**

Adjusted EPS of $0.77 in line with plan for Q1

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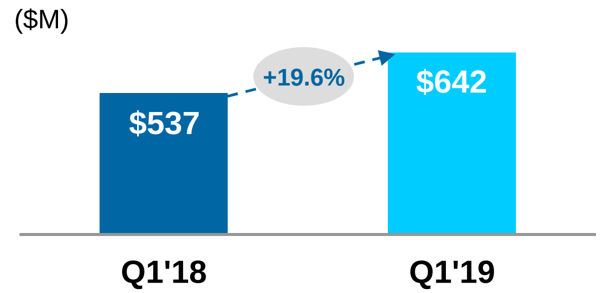
Free cash flow

FCF



FCF walk down ($M)	Q1'18	Q1'19
Adjusted EBITDA[1]	2,327	2,478
Capex	(931)	(850)
Adjusted EBITDA-Capex	**1,396**	**1,628**
Interest paid	(236)	(267)
Cash pension	(106)	(99)
Cash taxes	(284)	(289)
Severance and other costs	(35)	(66)
Working capital & other	(152)	(212)
Preferred share & NCI dividends	(46)	(53)
FCF[2]	**537**	**642**

(1) Before post-employment benefit plans service cost

(2) Free cash flow before BCE common share dividends and voluntary pension contributions

- **Adjusted EBITDA growth and lower planned capex generated $232M of incremental FCF y/y**
- **Higher interest paid due to imputed interest component on IFRS 16-designated leases**
- **Cash pension funding and cash taxes relatively stable y/y in line with plan**
- **Higher y/y severance paid due to management workforce reductions completed in Q4'18**
- **Reduction in working capital reflects timing of A/R collections**

FCF of $642M generated in Q1, up 19.6% y/y

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Outlook

2019 guidance[1]	February 7	May 2
Revenue growth	**1% to 3%**	**On track**
Adjusted EBITDA growth	**5% to 7%**	**On track**
Capital intensity	**~16.5%**	**On track**
Adjusted EPS[2]	**$3.48 to $3.58**	**On track**
Free cash flow (FCF)[3] Growth y/y	**$3,800M to $4,000M** 7% to 12%	**On track**
Dividend payout policy	**65% to 75%** of free cash flow	**On track**

(1) 2019 guidance targets have been prepared in accordance with IFRS 16 accounting standards. Excluding the impact of IFRS 16, adjusted EBITDA growth for 2019 is projected to be 2% to 4%; adjusted EPS $3.53 to $3.63; and free cash flow growth 3% to 7%

(2) Before severance, acquisition and other costs, net mark-to-market (gains) losses on equity derivatives, net (gains) losses on investments,, impairment charges and early debt redemption costs

(3) Before BCE common share dividends and voluntary pension contributions

Reconfirming all 2019 financial guidance targets

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