

Q2 2015 Results Conference Call

August 6, 2015



Bell

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Certain statements made in this presentation are forward-looking statements. These statements include, without limitation, statements relating to our 2015 financial guidance (including revenues, Adjusted EBITDA, capital intensity, Adjusted EPS and free cash flow), our business outlook, objectives, plans and strategic priorities, BCE's common share dividend policy, our network deployment plans including, without limitation, the Gigabit Fibe infrastructure buildout in Toronto and certain other cities in Canada and the related planned capital investment, the value of capital investments expected to be made by Bell Canada from 2015 to the end of 2020, and other statements that are not historical facts. 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*.

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The forward-looking statements contained in this presentation describe our expectations at August 6, 2015 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 presentation, whether as a result of new information, future events or otherwise.

The terms "Adjusted EBITDA", "Adjusted EBITDA margin", "free cash flow", "free cash flow per share" and "Adjusted EPS" 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 August 6, 2015 for more details.



George Cope

President & Chief Executive Officer

Q2 overview

- ✓ Consolidated Adjusted EBITDA up 2.5% y/y on solid organic growth across all segments
- ✓ Strong wireless execution drives 10.0% revenue growth with 5.3% higher Adjusted EBITDA
- ✓ 4th consecutive quarter of positive Wireline Adjusted EBITDA growth
- ✓ Solid total Internet and IPTV net adds of 69K in traditionally soft quarter for activations
- ✓ Media Adjusted EBITDA up 2.4% y/y in a tough advertising market
- ✓ Announced future roll-out of Bell Gigabit Fibe to 1.1M locations across City of Toronto
- ✓ Today announced availability of Bell Gigabit Fibe to 1.3M homes in Québec and Ontario as of August 10; Atlantic region launch by end of Q3; availability to 2.2M homes by end of 2015

Solid execution in Q2 across all operating segments delivering healthy organic growth in Adjusted EBITDA with higher y/y margin of 41.3%

Wireless operating metrics

| | Q2'15 | Y/Y |
|----------------------------------|---------|------------|
| Postpaid gross additions | 318k | 6.9% |
| Postpaid net additions | 61k | (10.2%) |
| Postpaid churn rate | 1.23% | (0.08 pts) |
| Blended ARPU | \$62.48 | 5.3% |
| COA (per gross addition) | \$434 | (7.7%) |
| Retention (% of service revenue) | 12.9% | (2.8 pts) |
| Smartphones (% of postpaid base) | 77% | 2 pts |
| Postpaid subscribers on LTE | 57% | 21 pts |
| LTE coverage (% of population) | 93% | 11 pts |

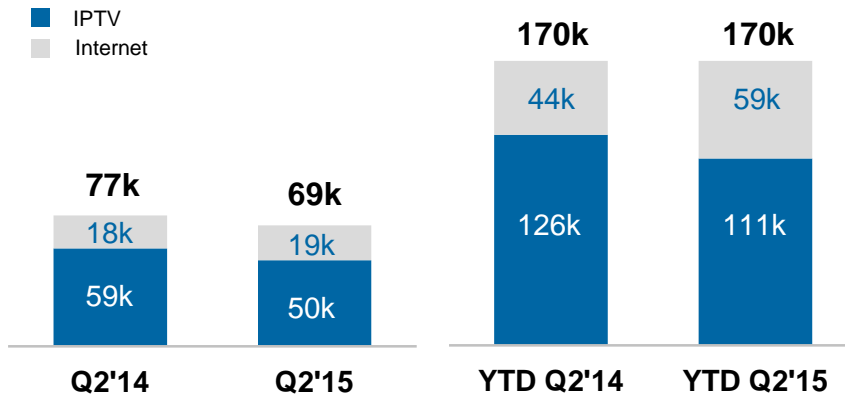
- Postpaid gross adds 6.9% higher y/y driven by increased market activity due to double cohort
- Postpaid net adds of 61k
 - Higher postpaid churn reflects heightened level of promotional activity with start of double cohort at beginning of June
- Sustained strong ARPU growth of 5.3%
 - 77% of postpaid subscribers on smartphones
 - Proportion of postpaid base on LTE up to 57%
- COA up 7.7% y/y on higher postpaid mix
- Retention spending increased to 12.9% on greater number of handset upgrades
- LTE network footprint now covers 93% of population
- Recent survey cited Bell as most improved in customer service among full-service carriers⁽¹⁾

⁽¹⁾ J.D. Power and Associates 2015 Canadian Wireless Customer Care Study

Focus on profitable postpaid subscriber acquisition driving continued strong ARPU and Adjusted EBITDA growth

Wireline subscriber metrics

IPTV and Internet net additions



- **19k total Internet net adds, up 1k y/y**
 - Ontario and Québec customer activations up y/y
 - Reduced promotional offer intensity in Atlantic
 - Higher y/y student deactivations in Q2'15 given strong back-to-school performance in Q3'14
 - Residential ARPU up ~10%

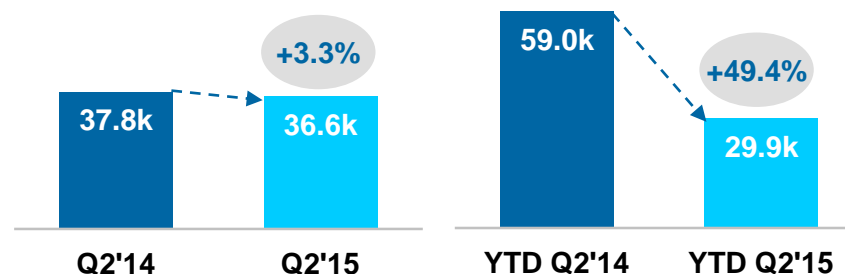
- **50k total IPTV net adds, down 9k y/y**
 - Less new footprint expansion compared to 2014

- **Satellite TV net loss of 34k, up 8k y/y**
 - 26k net loss in wireline footprint; 8k net loss outside
 - Aggressive cable conversion offers in non-IPTV footprint and net loss of wholesale subscribers

- **17k improvement in NAS line losses y/y**
 - Residential NAS losses down 12k y/y, reflecting continued effective pull-through from IPTV
 - Business NAS losses improve 5k y/y

Residential RGU net losses⁽¹⁾

⁽¹⁾ In BCE's wireline ILEC footprint



75% of new residential IPTV net customer additions in Q2'15 subscribed to a triple

Toronto high-speed fibre infrastructure project



- **\$1.14B capital investment in City of Toronto**
 - Part of broader commitment to invest \$20B in total capital expenditures by the end of 2020
- **Largest fibre build in any North American city**
- **Gigabit Fibe to enable fastest Internet service to 1.1M Toronto homes and businesses**
 - When Gigabit Fibe launches in Ontario and Québec on August 10, service will be available to 50k locations
- **Long-term agreement to use Toronto Hydro utility poles**
 - Significantly lowers costs and increases speed of deployment, enabling 70% of roll-out to be aerial

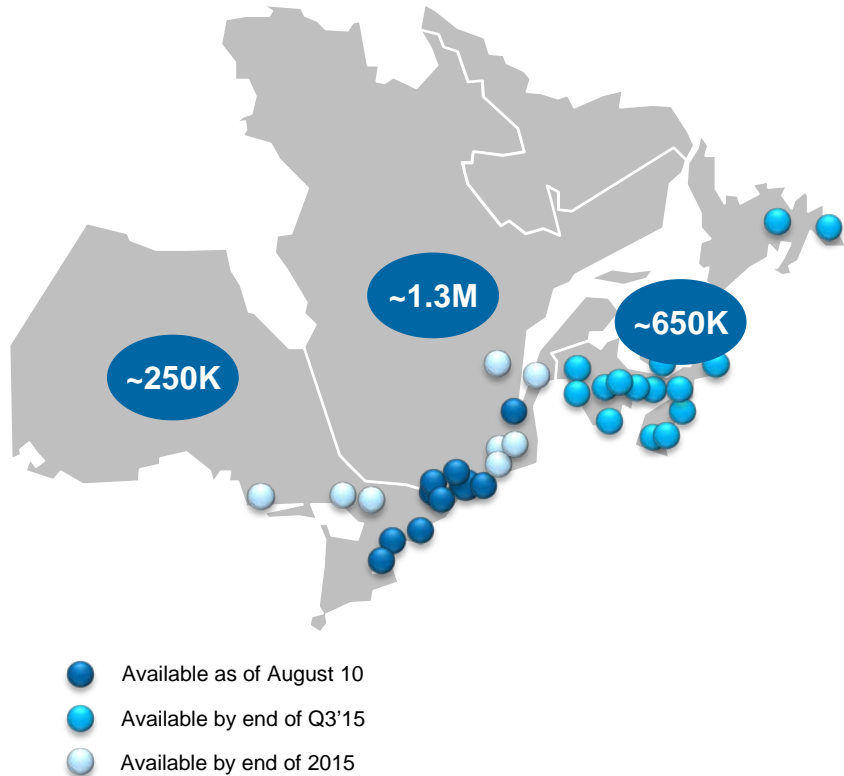


Majority of FTTP build out in Toronto to be completed by end of 2017

Bell Gigabit Fibe

Gigabit Fibe residential availability in 2015

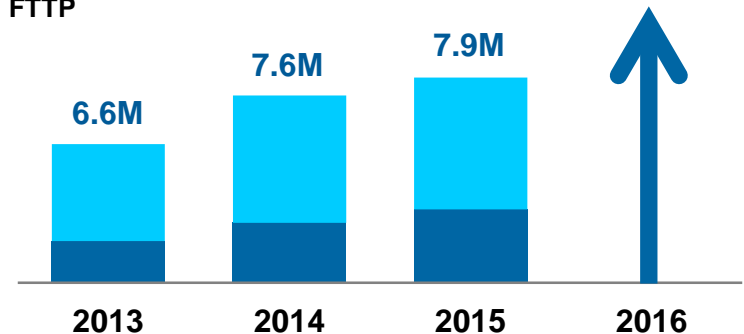
of homes



- **Gigabit Fibe service will be available to 2.2M homes by YE2015**
 - ~1.3M homes in Ontario and Québec on August 10
 - Atlantic region launch by end of Q3'15
- **Fibre footprint to cover more than 7.9M homes and businesses by end of 2015**
 - FTTP to represent ~30% of total customer locations
 - Going forward, virtually all network fibre footprint investment FTTP

BCE's high-speed fibre deployment

■ FTTP
■ FTTN



Bell Gigabit Fibe launching on August 10



2015
ICE HOCKEY
WORLD
CHAMPIONSHIP
CZECH REPUBLIC
Prague - Ostrava

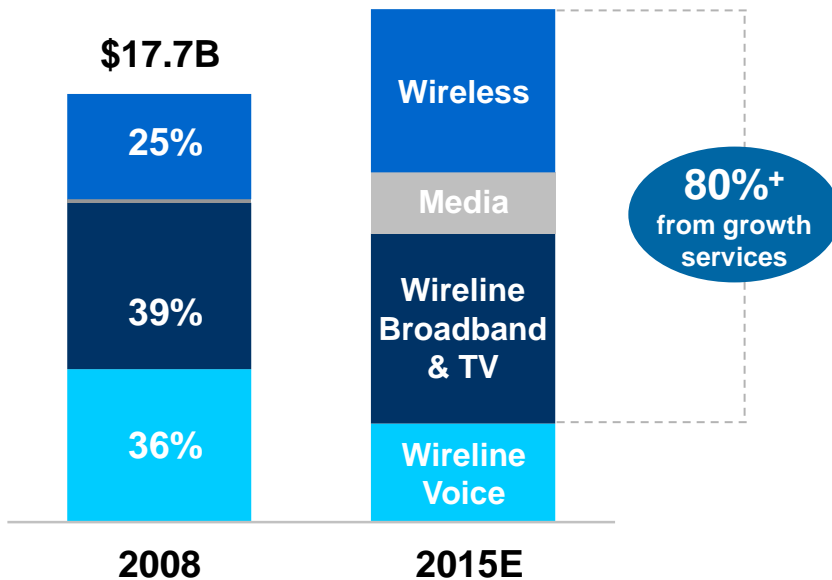


- **Delivered positive EBITDA growth in Q2**
- **CTV completes one of its best seasons ever**
 - 15 of top 20 programs in September-to-May 2014/2015 broadcast season, including 4 new series in the top 10
 - Only network to achieve core primetime audience growth over last year: 5% (A25-54); 9% (A18-34)
- **Stable y/y performance at TSN supported by deep portfolio of sports content**
 - Record viewing of FIFA Women's World Cup Soccer and IIHF Men's World Hockey Championship
- **CFL broadcast deal extended to end of 2021**
 - Exclusive TV rights for TSN and RDS include all regular season, playoff and Grey Cup games
 - CFL is 2nd most-watched sports entity in Canada
- **CraveTV to go direct to consumers on January 1st**
 - Leveraging CRTC's decision that allows for CraveTV content to be offered exclusively to Bell Fibe customers through TV set-top boxes in Bell's footprint
 - Includes HBO and SHOWTIME content
 - CraveTV currently being marketed to over 3.5M homes with 727k customers; extending availability to over 11M residential Internet customers in Canada on January 1st

**Leveraging our broad collection of leading media assets
in an evolving marketplace**

Focus on 6 Strategic Imperatives paying off with consistent and steady growth over past 8 years

BCE revenue mix



- **BCE growth services driving healthy organic growth in revenue and Adjusted EBITDA**
 - Total revenue from growth services up \$165M, or 4.0%, in Q2'15
- **Over 80% of revenues in 2015 from growth services, while maintaining EBITDA margin stable even as NAS continues to decline**
- **Positive Adjusted EBITDA-Capex contribution from all operating segments in Q2'15**
- **Dividend growth and payout supported by consistency of BCE's financial results and operating performance**
 - 39 consecutive quarters of uninterrupted y/y EBITDA growth
 - 11 common share dividend increases over past 6 years totalling 78%
 - 8 consecutive years of maintaining FCF dividend payout ratio within 65% to 75% target range, while maintaining steady capital intensity ratio

YTD results and outlook well position BCE to continue executing on its dividend growth model in 2016 within a conservative FCF payout ratio of 65% to 75%



Glen LeBlanc

EVP & Chief Financial Officer

Q2 financial review

| BCE | Q2'15 | Y/Y | YTD'15 | Y/Y |
|-----------------------------------|-----------------|----------------|------------------|---------------|
| Revenue | \$5,326M | 2.0% | \$10,566M | 2.4% |
| Service | \$4,925M | 2.0% | \$9,772M | 2.3% |
| Product | \$401M | 2.3% | \$794M | 3.9% |
| Adjusted EBITDA | \$2,197M | 2.5% | \$4,291M | 3.0% |
| Margin | 41.3% | 0.2 pts | 40.6% | 0.2 pts |
| Statutory EPS | \$0.90 | 15.4% | \$1.53 | (2.5%) |
| Adjusted EPS⁽¹⁾ | \$0.87 | 6.1% | \$1.71 | 4.9% |
| Capex | \$914M | 2.5% | \$1,741M | (4.5%) |
| Capital Intensity | 17.2% | 0.8 pts | 16.5% | (0.4 pts) |
| FCF⁽²⁾ | \$931M | 14.2% | \$1,162M | 7.9% |
| FCF per share | \$1.11 | 5.7% | \$1.38 | (0.7%) |

⁽¹⁾ Before severance, acquisition and other costs, net (gains) losses on investments and early debt redemption costs

⁽²⁾ Before BCE common share dividends and voluntary pension contributions. As of November 1, 2014, BCE's FCF includes 100% of Bell Aliant FCF rather than cash dividends received from Bell Aliant.

- **Service revenue up 2.0% y/y on strong Wireless and Wireline Residential growth**
 - 2.3% increase in product revenue reflects greater number of wireless customer upgrades y/y
- **Adjusted EBITDA up 2.5% y/y with positive growth across all operating segments**
- **Adjusted EPS growth of 6.1% driven by higher Adjusted EBITDA**
- **Capex in line with plan with spending focused on FTTP buildout and wireless LTE**
 - Capital intensity within guidance target of ~17%
- **Strong FCF generation of \$931M, up 14.2% y/y**

Solid set of financial results on track with 2015 guidance

Wireless financials

| (\$M) | Q2'15 | Y/Y | YTD'15 | Y/Y |
|------------------------------|--------------|----------------|--------------|----------------|
| Revenue | 1,697 | 10.0% | 3,334 | 9.9% |
| Service | 1,539 | 7.7% | 3,039 | 7.9% |
| Product | 149 | 41.9% | 276 | 38.7% |
| Operating costs | 980 | (13.7%) | 1,905 | (11.3%) |
| Adjusted EBITDA | 717 | 5.3% | 1,429 | 7.9% |
| Margin (service revenue) | 46.6% | (1.1 pts) | 47.0% | 0.0 pts |
| Capex | 188 | (11.9%) | 339 | (18.1%) |
| Capital intensity | 11.1% | (0.2 pts) | 10.2% | (0.7 pts) |
| Adjusted EBITDA-Capex | 529 | 3.1% | 1,090 | 5.1% |

- Double-digit revenue growth reflects continued strong postpaid subscriber momentum, 24.2% higher y/y data revenue and price discipline
- Solid Adjusted EBITDA growth of 5.3% yields healthy 46.6% service revenue margin, while absorbing ~\$64M in higher y/y costs from 20k more postpaid gross additions and increased retention spending to deal with double cohort
- Strong contribution to Q2 FCF with Adjusted EBITDA-Capex of \$529M, up 3.1% y/y

Financial impact of double cohort in Q2 manageable

Wireline financials

| (\$M) | Q2'15 | Y/Y | YTD'15 | Y/Y |
|------------------------------|--------------|---------------|--------------|---------------|
| Revenues | 3,042 | (0.2%) | 6,069 | 0.0% |
| Service | 2,789 | 1.1% | 5,547 | 0.9% |
| Product | 253 | (12.1%) | 522 | (8.2%) |
| Operating costs | 1,777 | 1.1% | 3,563 | 0.6% |
| Adjusted EBITDA | 1,265 | 1.0% | 2,506 | 1.0% |
| Margin | 41.6% | 0.5 pts | 41.3% | 0.4 pts |
| Capex | 696 | 5.6% | 1,352 | (1.4%) |
| Capital intensity | 22.9% | 1.3 pts | 22.3% | (0.3 pts) |
| Adjusted EBITDA-Capex | 569 | 10.3% | 1,154 | 0.4% |

- **Stronger service revenue growth trajectory in Q2'15 with growth of 1.1%, up from 0.7% in Q1'15**
- **Wireline Residential Services revenue up 4.0% y/y**
 - Combined Internet and TV revenues up 8.4%; higher ARPU across all residential services
- **Business Markets results continued to be impacted by a sustained slow pace of new business investment and repricing pressures**
 - Product sales revenue down 16% y/y in Q2'15
- **Adjusted EBITDA up 1.0% — 4th consecutive quarter of positive growth**
 - 0.5 point y/y margin increase to 41.6% supported by Bell Aliant integration savings and service improvement
- **Strong 10.3% y/y growth in Wireline cash flow provides support for continued fibre investments**

Delivered 4th consecutive quarter of positive Adjusted EBITDA growth with industry-leading margin of 41.6%

Media financials

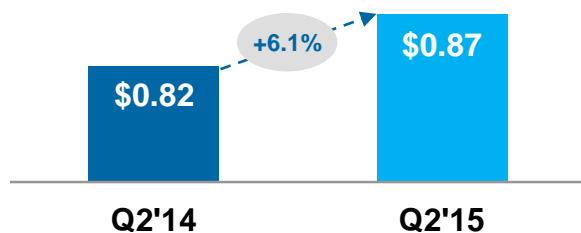
| (\$M) | Q2'15 | Y/Y | YTD'15 | Y/Y |
|-----------------------|-------|---------|--------|-----------|
| Revenues | 740 | (2.8%) | 1,466 | (1.1%) |
| Operating costs | 525 | 4.7% | 1,110 | 1.2% |
| Adjusted EBITDA | 215 | 2.4% | 356 | (1.1%) |
| Margin | 29.1% | 1.5 pts | 24.3% | 0.0 pts |
| Capex | 30 | 6.3% | 50 | (8.7%) |
| Capital intensity | 4.1% | 0.1 pts | 3.4% | (0.3 pts) |
| Adjusted EBITDA-Capex | 185 | 3.9% | 306 | (2.5%) |

- Total revenues down 2.8% y/y in a generally soft advertising market
- Advertising revenues down 4.4%
 - Decline in sports specialty TV due to loss of NHL playoff broadcast rights
 - Record ratings for FIFA Women's World Cup and y/y audience growth at Space and Discovery
- Subscriber revenues up 1.4% on CraveTV and TV Everywhere growth
- Operating costs improved 4.7% y/y

Bell Media Adjusted EBITDA in Q2 up 2.4% y/y

Adjusted EPS

Adjusted EPS⁽¹⁾



(1) Before severance, acquisition and other costs, net (gains) losses on investments and early debt redemption costs

- Healthy organic Adjusted EBITDA growth across all segments drove 5¢ increase in Adjusted EPS
- Lower D&A expense due to increase in useful lives of certain software assets in Q3'14
- Lower y/y tax adjustments
 - Tax recoveries of 1¢ per share in Q2'15 vs. 2¢ in Q2'14
 - YTD'15 tax adjustments of 4¢ per share vs. 5¢ in 2014
 - No further material tax adjustments expected for 2015
- Lower Bell Aliant NCI offset by impact of Bell Aliant privatization share issuance

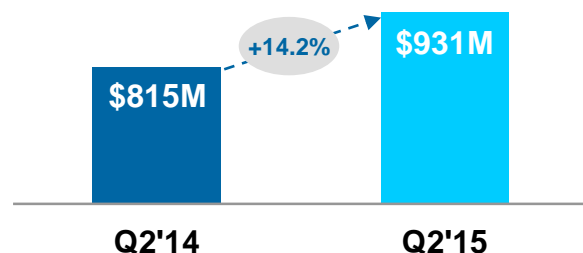
Adjusted EPS walk down (\$)

| | Q2'14 | Q2'15 |
|---|-------------|-------------|
| Adjusted EBITDA | 2.02 | 2.07 |
| Depreciation & amortization (D&A) | (0.83) | (0.81) |
| Net interest expense | (0.22) | (0.22) |
| Net pension finance cost | (0.03) | (0.03) |
| Tax adjustments | 0.02 | 0.01 |
| Preferred share dividends & NCI | (0.13) | (0.07) |
| Share issuance on Bell Aliant privatization | -- | (0.07) |
| Other | (0.01) | (0.01) |
| Adjusted EPS | 0.82 | 0.87 |

Adjusted EPS growth of 6.1% in Q2 on track with FY2015 guidance

Free cash flow

FCF



| FCF walkdown (\$M) | Q2'14 | Q2'15 |
|---------------------------------|------------|------------|
| Adjusted EBITDA ⁽¹⁾ | 1,883 | 2,265 |
| Capex | (791) | (914) |
| Net interest paid | (211) | (230) |
| Cash pension | (86) | (110) |
| Cash taxes | (88) | (119) |
| Severance and other costs | (33) | (52) |
| Working capital & other | 125 | 135 |
| Preferred share & NCI dividends | (32) | (44) |
| Bell Aliant dividend | 48 | 0 |
| FCF⁽²⁾ | 815 | 931 |

⁽¹⁾ Adjusted EBITDA before post-employment benefit plans service cost

⁽²⁾ Free cash flow before BCE common share dividends and voluntary pension contributions. As of November 1, 2014, BCE's FCF includes 100% of Bell Aliant FCF rather than cash dividends received from Bell Aliant.

- All FCF components in Q2'15 include 100% of Bell Aliant FCF
 - No Bell Aliant dividend received in Q2'15 due to privatization that was completed on October 31, 2014
- FCF up 14.2% y/y reflecting growth in Adjusted EBITDA⁽¹⁾ and a positive change in working capital
- Higher net interest paid due to higher long-term debt outstanding from Bell Aliant privatization
- Higher cash pension and cash taxes consistent with FY2015 guidance assumptions

YTD FCF generation of \$1,162M in line with plan and accelerating in second half of 2015

Outlook

| 2015 guidance | February 5 | August 6 |
|---------------------------------------|---|----------|
| Revenue growth | 1% to 3% | On track |
| Adjusted EBITDA growth | 2% to 4% | On track |
| Capital intensity | approx. 17% | On track |
| Adjusted EPS ⁽¹⁾ Growth | \$3.28 to \$3.38 approx. 3% to 6% | On track |
| FCF ⁽²⁾ Growth | \$2,950M to \$3,150M approx. 8% to 15% | On track |

- Ongoing strong wireless contribution to overall revenue growth and profitability
 - Sustained high level of retention spending expected in 2H'15
- Positive wireline Adjusted EBITDA growth projected for 2H'15
- Media financial results will continue to be impacted by rising content costs and a tough advertising market in 2H'15
- Strong FCF generation supports strategic broadband network capital programs and dividend growth structure going forward

⁽¹⁾ Before severance, acquisition and other costs, net (gains) losses on investments and early debt redemption costs

⁽²⁾ Before BCE common share dividends and voluntary pension contributions. As of November 1, 2014, BCE's FCF includes 100% of Bell Aliant FCF rather than cash dividends received from Bell Aliant.

**2015 financial plan comfortably on track
Reconfirming all 2015 financial guidance targets**

Key financial assumptions for 2015

| BCE | February 5 | April 30 | August 6 |
|---|--------------------------|----------------|-----------------------|
| Employee benefit plans service cost (above Adjusted EBITDA) | approx. \$260M | No change | No change |
| Net employee benefit plans financing cost (below Adjusted EBITDA) | approx. \$110M | No change | No change |
| Depreciation & amortization | approx. \$3,425M | No change | No change |
| Interest expense | approx. \$970M | approx. \$940M | No change |
| Tax adjustments (per share) | approx. \$0.02 | approx. \$0.03 | approx. \$0.04 |
| Effective tax rate | approx. 26% | No change | No change |
| Non-controlling interest (P&L) | approx. \$50M | No change | No change |
| Cash pension funding | approx. \$400M | No change | No change |
| Cash taxes | approx. \$750M | No change | No change |
| Net interest payments | approx. \$925M | No change | No change |
| Working capital changes, severance & other costs | approx. \$125M to \$225M | No change | No change |
| Average shares outstanding | approx. 845M | No change | No change |