Q3 2019 Results Conference Call

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CAUTION CONCERNING FORWARD-LOOKING STATEMENTS

Certain statements made by BCE's President and Chief Executive Officer, Chief Operating Officer and Executive Vice-President and Chief Financial Officer during BCE's Q3 2019 Results Conference Call, as reflected in this transcript, are forward-looking statements. These forward-looking statements include, without limitation, statements relating to BCE's financial guidance (including revenues, adjusted EBITDA, capital intensity, adjusted EPS and free cash flow), BCE's common share dividend payout policy, annualized common share dividend and expected dividend growth, anticipated ABPU levels, our network speeds, deployment plans and capital investment plans, the expected impact on our business of migration to wireless unlimited data and device financing plans, our expected future pension plan funding requirements, BCE's 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. These statements are not guarantees of future performance or events, 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 October 31, 2019 and, accordingly, are subject to change after such date. Except as may be required by applicable 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 October 31, 2019. 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 2019 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 2019 Results Conference Call for periods beyond 2019 assume that the 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

- *Higher economic growth, given the Bank of Canada's most recent estimated growth in Canadian gross domestic product of 1.5% in 2019, representing an increase from the earlier estimate of 1.3%*
- *Employment gains expected to continue in 2019, as the overall level of business investment is expected to grow but remain variable*
- *Interest rates expected to remain at or near current levels*
- *Canadian dollar expected to remain at 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 consistently high level of wireline and wireless competition in consumer, business and wholesale markets*
- *Higher, but slowing, wireless industry penetration and smartphone adoption*
- *Increased adoption of unlimited data plans and installment payment plans*
- *A shrinking data and voice connectivity market as business customers migrate to lower-priced traditional telecommunications solutions or alternative over-the-top (OTT) competitors*
- *Advertising market expected to be impacted by audience declines and variable demand*
- *Continued escalation of media content costs to secure TV programming*
- *Ongoing linear TV subscriber erosion, due to growing cord-cutter and cord-never customer segments*

Assumptions Concerning our Bell Wireless Segment

- *Maintain our market share of incumbent wireless postpaid net additions*
- *Higher prepaid customer net additions*
- *Continued adoption of smartphone devices, tablets and data applications, as well as the introduction of more Fourth Generation (4G) LTE and LTE-A devices and new data services*
- *Higher subscriber acquisition and retention spending, driven by higher handset costs*
- *Improving blended ABPU, driven by a higher postpaid smartphone mix, increased data consumption on 4G LTE and LTE-A networks, and higher access rates partly offset by the impact of a higher prepaid mix in our overall subscriber base and the impact from Bell Mobility's SSC contract*
- *Increased adoption of unlimited data plans and installment payment plans*
- *Expansion of the LTE-A network coverage to approximately 94% of the Canadian population, and continued Fifth Generation (5G) preparations with network technology trials, as well as the deployment of small cells and equipping all new sites with fibre*
- *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*
- *Continued growth in retail residential IPTV and Internet subscribers*
- *Increasing wireless and Internet-based technological substitution*
- *Residential services household average revenue per user growth from increased penetration of multi-product households and price increases*
- *Continued 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 telecommunications competitors continue to intensify their focus on business customers*
- *Traditional high-margin product categories challenged by large global cloud and OTT providers of business voice and data solutions expanding into Canada with on-demand services*
- *Accelerating customer adoption of OTT services resulting in downsizing of TV packages*
- *Further deployment of direct fibre to more homes and businesses within our wireline footprint and an acceleration in our fixed WTTH rural buildout*
- *Growing consumption of OTT TV services and on-demand streaming video, as well as the proliferation of devices, such as tablets, that consume large quantities of bandwidth, will require considerable ongoing capital investment*
- *Realization of cost savings related to management workforce reductions including attrition and retirements, lower contracted rates from our suppliers, operating efficiencies enabled by a growing direct fibre footprint, changes in consumer behaviour and product innovation, as well as the realization of additional synergies from the next phases of integration of Manitoba Telecom Services Inc.*
- *No material financial, operational or competitive consequences of changes in regulations affecting our wireline business*

Assumptions Concerning our Bell Media Segment

- *Revenue performance expected to reflect further Crave subscriber growth, flow-through of broadcasting distribution undertaking rate increases, and strategic pricing on advertising sales*
- *Operating cost growth driven by higher programming costs, excluding IFRS 16, mainly due to continued investment in Crave content*
- *Continued scaling of Crave and sports direct-to-consumer products*
- *Ability to successfully acquire and produce highly rated programming and differentiated content*
- *Building and maintaining strategic supply arrangements for content across all screens and platforms*
- *Monetization of content rights and Bell Media properties across all platforms*
- *TV unbundling and growth in OTT viewing expected to result in lower subscriber levels for many Bell Media video 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 2019:

- *Total post-employment benefit plans cost to be approximately $310 million to $330 million, based on an estimated accounting discount rate of 3.8%, comprised of an estimated above adjusted EBITDA post-employment benefit plans service cost of approximately $250 million to $260 million and an estimated below adjusted EBITDA net post-employment benefit plans financing cost of approximately $60 million to $70 million*
- *Depreciation and amortization expense of approximately $4,375 million to $4,475 million*
- *Interest expense of approximately $1,125 million to $1,150 million*
- *An effective tax rate of approximately 25%*
- *NCI of approximately $50 million*
- *Total cash pension plan funding of approximately $375 million*
- *Cash taxes of approximately $650 million to $700 million*
- *Net interest payments of approximately $1,125 million to $1,150 million*
- *Average BCE common shares outstanding of approximately 900 million*
- *An annual common share dividend of $3.17 per share*

The foregoing assumptions, although considered reasonable by BCE on October 31, 2019, 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 2019 financial guidance, are listed below. The realization of our forward-looking statements, including our ability to meet our 2019 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:

- *the intensity of competitive activity, including from new and emerging competitors, coupled with new product launches, and the resulting impact on the cost of retaining existing customers and attracting 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 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, and changes in, the advertising market*
- *competition with global competitors, in addition to traditional Canadian TV competitors, for programming content, which could drive significant increases in content acquisition costs and challenge our ability to secure key content*
- *the proliferation of content piracy impacting subscriber growth and our ability to monetize products and services, as well as creating bandwidth pressure*
- *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*
- *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, spectrum auctions, consumer-related codes of conduct, approval of acquisitions, broadcast licensing and foreign ownership requirements*
- *the inability to protect our physical and non-physical assets, including networks, IT systems, offices, corporate stores and sensitive information, from events such as information security attacks, unauthorized access or entry, fire and natural disasters*
- *the failure to optimize network and IT deployment and upgrade timelines, accurately assess the potential of new technologies, or invest and evolve in the appropriate direction*
- *the failure to continue investment in next-generation capabilities in a disciplined and strategic manner*
- *the inability to drive a positive customer experience in all aspects of our engagement with customers*
- *the complexity in our operations resulting from multiple technology platforms, billing systems, sales channels, marketing databases and a myriad of rate plans, promotions and product offerings*
- *the failure to maintain optimal network operating performance in the context of significant increases in capacity demands on our Internet and wireless networks*

- *the failure to implement or maintain highly effective IT systems supported by an effective governance and operating framework*
- *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 generate anticipated benefits from our corporate restructurings, system replacements and upgrades, staff reductions, 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*
- *our dependence on third-party suppliers, outsourcers and consultants to provide an uninterrupted supply of the products and services we need to operate our business, deploy new network and other technologies and offer new products and services, as well as to comply with various obligations*
- *changes to our base of suppliers or outsourcers that we may decide or be required to implement*
- *the failure of our vendor selection, governance and oversight processes established to seek to ensure full risk transparency associated with existing and new suppliers*
- *security and data leakage exposure if security control protocols affecting our suppliers are bypassed*
- *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 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, whether the dividend on common shares will be increased, or whether BCE's dividend payout 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*
- *new or 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*
- *unfavourable resolution of legal proceedings and, in particular, class actions*
- *new or 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 and equipment*
- *the inability to maintain customer service and our networks operational in the event of epidemics, pandemics or other health risks*
- *the failure to recognize and adequately respond to climate change concerns or public and governmental expectations on environmental matters*

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 2018 Annual MD&A dated March 7, 2019 (included in BCE's 2018 Annual Report), BCE's 2019 First, Second and Third Quarter MD&As dated May 1, 2019, July 31, 2019 and October 30, 2019, respectively, and BCE's news release dated October 31, 2019 announcing its financial results for the third quarter of 2019 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", "adjusted net earnings", "adjusted EPS", "free cash flow" and "dividend payout ratio" 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 "Notes" in BCE's news release dated October 31, 2019 for more details.

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PRESENTATION

Operator

Good morning, ladies and gentlemen. Welcome to the BCE Q3 2019 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, Donna, and good morning, everyone. Joining me for the call today are George Cope, BCE's President and CEO, Mirko Bibic, Bell's Chief Operating Officer, and our CFO, Glen LeBlanc, and as most of you know, this is George's last analyst conference call before he retires at the beginning of next year.

As a reminder, our Q3 results package and other disclosure documents, including today's slide presentation, are available on BCE's Investor Relations webpage.

However, before we get started, I want to draw your attention to our Safe Harbour statement 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.

These forward-looking statements represent our expectations as of today and, therefore, are subject to change. We disclaim any obligation to update forward-looking statements, except as required by law.

So, on that, let me hand over the call, for the last time, to George.

George Cope – President and CEO

Great. Good morning, Thane. Good morning, everyone. Thank you for joining us this morning. Let me turn to the highlights of the quarter, and then I'm going to turn it over to Mirko and Glen, and wrap up with a couple of comments, before we go to Q&A.

We clearly had a very, very strong third quarter from a Wireless perspective, our strongest third quarter on record, with net additions up 204,000 in the quarter, or approximately 15%. Also, importantly, in the competitor market, we saw a 1% increase in our average revenue per subscriber and we saw a decline in postpaid churn to 1.12%. Delivered strong revenue growth of 3.5% and, even with those strong gross additions and net additions, drove 7.9% EBITDA growth.

I also found it interesting that our service revenue in the traditional way, quarter-over-quarter, last year was about $70 billion, and this time about $91 billion, so really nice strong underlying core service revenue growth.

We saw, from a broadband perspective, overall growth of 294,000 subscribers, up 8.4% year-over-year.

Our fibre strategy continues to pay dividends for all our investors, where we saw 58,000 total Internet net additions, up approximately 10% on the year.

Also, important in that season, we saw positive RGU net additions delivery on the Wireline footprint.

I think we'd all agree Media had a very strong quarter, with higher revenue and adjusted EBITDA and cash flow, which Glen will talk to, and quite proud on my last call, it was our 56th consecutive quarter of year-over-year consolidated EBITDA growth, with 5.6% in the quarter.

Our product leaders' differentiation is truly paying off, enabling us to leverage the growing demands of the digital ecosystem. Our wireless network speed leadership is enabling us to take market share and not become a price shop. Our focused execution across all Bell segments, together with the declining capital intensity ratio, drove a strong 17.3% cash flow growth in the quarter.

With that, let me turn it over to Mirko to take you through the results, and Glen, and then I will wrap up with a few comments before we go to Q&A. Thank you.

Mirko Bibic – COO

Thank you, George, and good morning, everyone.

I'm going to start on slide 6, and as George mentioned, we had another excellent quarter of subscriber results for Bell Wireless. Total net additions of 204,000, up 15% over last year, and as George mentioned, a record number of new customer additions for our Q3 and best overall subscriber performance in almost 13 years. Although all our peers have not yet reported, we believe we led the Canadian industry in terms of market share of net customer additions. So, a great result for the Bell Wireless team that continues to execute at a high level quarter after quarter.

Our postpaid net additions totaled 127,000, which is a strong result, given that includes significantly fewer year-over-year customer additions from our long-term contract with the federal government, and if you normalize for that government contract, postpaid net additions were up nicely over last year. As George mentioned, this reflects our Bell Mobility network speed leadership, superior sales channel execution, and lower postpaid churn, even in the face of greater market activity driven by the introduction of unlimited data plans and new device financing options that we, of course, matched to remain competitive.

The important takeaway here for investors is that, with the harmonization and simplification of rate plans across all carriers, the key point of differentiation that customers are now focusing on is network performance, and on that front, we clearly come out ahead.

For prepaid, with the ongoing success of Lucky Mobile and our national retail distribution agreement with Dollarama, we continue to deliver excellent results. Our total prepaid net additions were 77,000 in the quarter, 81% higher than last year. Undoubtedly, we're taking market share in this segment and, over time, it will serve as a good source of postpaid subscriber growth as we convert customers over to postpaid service.

Lastly, again, as George mentioned, blended ABPU grew around 1% this quarter, even with the dilutive impact of the unlimited data plans. So, a rather noteworthy achievement that we maintain positive ABPU growth in the face of some of the most significant structural changes that have hit the Canadian Wireless industry in a number of years.

I'll turn over to slide 7, on Wireline. An excellent quarter for Internet, with more than 58,000 retail net additions, in what is typically a seasonally more active quarter for the industry, that number is 9% higher than last year, reflecting a record number of gross customer activations and lower churn.

As a direct result of our steadily growing fibre footprint, we added 78,000 new subscribers to our FTTH customer base. Our direct fibre footprint, which now encompasses more than 5 million homes and businesses, offers speeds of 1.5 Gbps, as you know, and I think you'd be hard pressed to find any other market anywhere that comes close to this. The footprint advantage that we're building positions us very well in our Consumer and Business segments over the long term to significantly grow broadband market share and Internet revenue, which you all know yields an EBITDA margin as high as voice.

On the IPTV front, we added 32,000 net new subscribers, which is a very solid result given the already high rate of customer penetration in our current fibre markets, relatively minimal new service footprint growth for TV, the increasing maturity of Alt TV, and continued over-the-top substitution.

Notwithstanding these healthy Internet and TV subscriber results, we continue to work aggressively to maintain product leadership in the home with more advanced features that keep us ahead of our competitors in the marketplace. For example, and most recently, we launched the second generation of our Whole Home Wi-Fi pods, that enable two times the speed of the previous model, while allowing for more devices to run simultaneously on a larger coverage radius. On the TV front, all our customers can now pause and rewind live TV on any device with the Fibe TV app. This new feature joins Download & Go, Restart and Wireless TV in a growing list of innovations that have helped make Bell the number one television provider in Canada.

I wanted to also call out what was really a good NAS result this quarter. Residential local line losses improved 10% over last year, as we cycled through the market shift from three-product to two-product service bundles that began mid last year.

So, to conclude on Wireline, a really strong quarter overall from an RGU perspective, with positive total retail net additions, including NAS and satellite TV delivered in our wireline footprint for the first time in nearly four years. Clearly, this is a testament to our broadband network investments and broadband leadership that continue to pay dividends for us.

I'll move to slide 8 now, on Media. Another stellar quarter for Bell Media, where our market-leading ratings and programming, together with a sharp focus on cost control, delivered improved operating profitability and, more importantly, strong cash flow generation.

We had continued leadership in terms of viewership for CTV, with the most top 10 shows nationally, including *The Amazing Race Canada*, the number one program of the summer and a top Canadian series of the 2018-2019 broadcast year. CTV is also off to a strong start for the important fall season, with the highest audience levels of any network during premiere week.

Turning to specialty, and TSN, in particular, it was once again the country's top specialty network, not just in the sports category, but also among all specialty channels overall for Q3. That speaks to the breadth and quality of our premium sports programming, which this past quarter included U.S. Open Tennis, with average audiences which were 71% higher than last year, thanks to the history-making performance of Bianca Andreescu. In fact, the Women's Final was the most watched tennis broadcast ever on TSN, averaging more than 2.6 million viewers, which was even higher than the 2019 Stanley Cup Final.

An equally strong performance in the quarter for our top-rated French language sports network, RDS, where viewership among total viewers was up 16% over last year.

For Bell Media's English entertainment specialty channels overall, they posted record audience growth in the latest broadcast year, with a 21% increase in viewership among adults aged 18 to 49. Most notably, when we talk about English entertainment specialty, The Comedy Network became Canada's most watched specialty service, finishing with a record 61% growth. Bravo grew its core audience by 26%, making it the most watched year on record for that channel, and Gusto had its best year on record, as well, reporting a 49% increase.

Lastly, you have seen from our press release yesterday that we announced that we've partnered with Warner Bros. International Television to bring HBO Max programming to Crave and CTV. This new long-term, exclusive deal, which extends our longstanding partnership with HBO, is the first agreement to distribute the highly anticipated new content outside of the U.S.

On that, I'll hand it over to Glen for a review of our financial results.

Glen LeBlanc – Executive Vice President and CFO

Thanks, Mirko, and good morning, everyone. I'll begin on slide 10, with consolidated results for Q3.

We posted another strong quarter of results, consistent with our guidance targets for 2019, reflecting positive top line growth and higher year-over-year operating profitability at all Bell operating segments.

Total BCE revenue was up 1.8% year-over-year, which, together with the favourable impact of IFRS 16 accounting and cost savings, delivered a healthy 5.6% increase in adjusted EBITDA and a 1.5% increase in margin.

Consistent with this EBITDA growth, as well as the net mark-to-market gain on equity derivative contracts attributable to the increase of BCE's share price in Q3, net earnings increased 6.3%.

Adjusted EPS was down $0.05, compared to last year, due to lower year-over-year tax adjustments, which I will detail later in my presentation.

Lastly, and perhaps most importantly for a dividend stock like BCE, free cash flow grew a strong 17.3% this quarter to approximately $1.2 billion, on positive and higher year-over-year contributions from all three Bell operating segments. This fully supported our more than $1 billion of capital spending in the quarter.

Let's now turn to Bell Wireless financials on slide 11. Although George and Mirko have said this, I can't help but repeat. Simply put, another quarter of excellent results. Despite the dilutive impact of unlimited data plans, we enjoyed strong sequential quarterly revenue growth. Total revenue was up 3.5%, the result of industry-leading subscriber growth, higher year-over-year prepaid contribution, effective reprice management, as well as greater sales mix of higher valued smartphones and rate plans that drove a 6% increase in product revenue.

In terms of operating profitability, adjusted EBITDA grew 7.9%, even while Bell Mobility delivered its highest number of quarterly gross activations ever. This was driven by a high revenue flow-through to EBITDA, disciplined spending on promotional back-to-school offers, and the favourable cost benefit of IFRS 16.

On the capital spending front, although our capital intensity ratio remains low, we continue to invest in the deployment of small cells and fibre backhaul in preparation for 5G. Because of our significant wireline fibre investment, as well as our network sharing arrangement with Telus, we were able to maintain an industry-low wireless capital intensity of around 7%, which is contributing to a reduction in BCE's overall consolidated CI level.

Moving to Wireline, on slide 12, consistent with previous quarters, data service revenue grew 3.3% in the quarter. This was as a result of continued healthy residential Internet and TV revenue growth of around 3%, as well as increasing business customer demand for fibre and bandwidth that drove IP broadband connectivity and business services solutions revenue up 7% and 3%, respectively. However, total Wireline revenue growth moderated this quarter. This was the result of steeper year-over-year voice revenue decline of 7.1%, compared to around 5% in the first half of the year, a year-over-year decrease in low-margin business data equipment sales that can be rather lumpy from quarter-to-quarter, and the lapping of the Axia acquisition at the beginning of September.

With growing Broadband and Internet subscriber scale, improved operating profitability at Bell Business Markets, and lower year-over-year operating costs, Wireline EBITDA increased a healthy 1.4%, driving a 50-basis-point increase in margins to 44.2%. More impressively, this was achieved despite an acceleration in voice revenue erosion in the quarter and the storm-related costs we incurred because of hurricane Dorian in Atlantic Canada.

Turning to Bell Media, on slide 13, continued strong financial performance once again this quarter, as Mirko mentioned, total revenue up 2.7% year-over-year, in what is a seasonally low quarter in the media industry, in general. Subscriber revenue increased 7% year-over-year, the result of significant growth in Crave customer subscriptions over the past year and the flow-through of higher rates for our enhanced Crave streaming service launched last November.

Advertising revenue up 1.9% year-over-year, when you exclude the $10 million in non-recurring revenue generated in Q3 of 2018 from FIFA World Cup Soccer. This increase reflected stronger year-over-year conventional TV performance, which benefited from the federal election, as well as higher year-over-year revenues at specialty TV news services CP24 and Astral Out-of-Home.

Lastly, similar to previous quarters, adjusted EBITDA growth was exceptional, increasing 24.2%. This was driven by a flow-through of higher revenue and a 4.4% year-over-year reduction in operating costs that benefited from both the positive impact of IFRS 16, and programming cost savings, as last year's results included the sports broadcast, as I mentioned, of the FIFA World Cup.

Let's turn to adjusted EPS. Slide 14 summarizes the main components of adjusted EPS for Q3, which was $0.91 per share, down $0.05, compared to last year. Higher adjusted EBITDA drove $0.11 of year-over-year growth, but was largely offset by higher depreciation and net interest expense, due mainly to the adoption of IFRS 16 accounting. In aggregation, IFRS 16 had an approximate $0.01 unfavourable impact on EPS in the quarter. Also negatively impacting adjusted earnings this quarter was lower year-over-year tax adjustments, as last year's results included $0.08 of EPS from favourable resolution of uncertain tax positions related to our acquisition of MTS.

Lastly, as is typically the case in Q3, we picked up our share of operating losses from our minority interest equity position in MLSE, which, similar to last year, totaled $0.03 per share. This arises from the fact that Q3 is seasonally a low quarter at MLSE, as there are no gate or other game-related revenues generated during the summer off-season for hockey and basketball.

Let's turn to free cash flow on slide 15. We generated close to $1.2 billion of free cash flow this quarter, bringing year-to-date cash generation to more than $2.9 billion, or 15% higher than last year. This very strong growth was the result of higher adjusted EBITDA, lower cash taxes that reflect the timing of installment payments versus last year, as well as the favourable reversal of working capital from Q2 attributable to higher customer receivable collections. This quarter's results also reflected higher interest paid due to the imputed interest on the lease liabilities under IFRS 16.

Regarding financial activities in the quarter, we took advantage of a low interest rate environment to complete a 10-year $550 million Canadian public debt offering in September. At 2.9% coupon, this was the lowest financing rate we have ever achieved on a 10-year MTN issuance. This maintained our after-tax cost of debt at a historic low of 3.1%. This ensures good predictability in debt service costs, while helping to insulate against future interest rate volatility. More notably, we have no near-term financing requirements, as our next maturity only occurs in April of 2021.

Lastly, despite the unfavourable impact of the lower discount rate due to a declining treasury bond yield, the Bell Canada defined benefit pension plan remains fully funded at a solvency ratio of 102%. This has been enabled by a relatively high proportion of fixed income investments in the pension plan, which now represents 71% of our asset mix, and as a result, no special voluntary pension top-up contributions are expected to be made at the end of this year.

This is quite a shift that I was looking at yesterday. Less than eight years ago, our solvency ratio was sub-80%, at 79%. Over those eight years, we have had to put $3.5 billion in special deficit funding into the pension plan, and when I look out to the future, that is an incredible burden behind us on free cash flow. So, when I think about the future and the state of our pension plan, I'd like to think that that $3.5 billion is in the rear-view mirror and certainly not something we face in the future.

To wrap up, on slide 16, with three quarters of strong consolidated growth already reported, we remain firmly on track to deliver on the financial guidance targets that we provided at the beginning of the year. Entering Q4, we remain competitively well positioned, with strong operating momentum across our wireless and wireline broadband businesses, and market-leading Media assets that generate substantial cash flow for reinvestment in this business.

As we begin to look out to 2020, BCE's cash flow remains strong and reliable, with growth opportunities ahead from fundamental business performance, continued capital spending and cost efficiency gains, cash tax benefits from accelerated depreciation, and a stronger pension solvency position. All of this well positioning us to deliver ongoing expansion of our leading broadband networks and continued dividend growth next year.

That concludes my remarks and I'd like to turn the call back over to George to make a few closing comments.

George Cope – President and CEO

Great. Thanks, Glen. We'll open up for questions in a moment, just a few final comments from me before we go to Q&A.

I actually believe this morning is actually my 100th investor call, and it will be my last as a public company CEO. My first was actually in 1994 for Clearnet, 25 years ago this month.

I'd like to thank all the investors and analysts from around the world who have supported the companies I have been CEO of. And, in particular, your unwavering support for the BCE turnaround in Canada. Your company, BCE, is in tremendous hands going forward, under Mirko's leadership, and a stable Executive Team, second to none in the world on telecom experience and expertise.

I plan to remain keenly interested, as a large shareholder, going forward. I believe there is no other telco in the world with an asset base better ready to deliver on all the promises of broadband 5G wireless and a fibre world, combined with an extraordinary and appropriately sized media asset going forward. Clearly, BCE is uniquely positioned to leverage the broadband digital ecosystem going forward for years to come.

With that, thank you all. Over to Thane.

Thane Fotopoulos – Vice President – IR

Thanks, George, and I just want to take the opportunity to say what an honour and pleasure it's been to work with you, as well, over the past 14 years.

Before we start the Q&A period, Donna, just to keep the call as efficient as possible, I'd ask that you limit yourselves to one question and a brief follow-up, so we can get to as many of you in the queue as possible in the time we have left.

So, with that, Donna, we're ready to take our first question.

QUESTION AND ANSWER SESSION

Operator

Thank you. If you have a question and you're using a speakerphone, please lift your handset before making your selection. If you have a question, please press star 1 on your telephone keypad. If you wish to cancel the question, please press the pound sign. Please press star 1 at this time if you have a question. There will be a brief pause while participants register. Thank you for your patience.

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

Richard Choe – J.P. Morgan – Analyst

Hi. George, I just wanted to ask a big-picture question for your last call, and you kind of mentioned it a little bit in your final remarks there, but as you look out going forward, in terms of the next few years, do you see more of an opportunity with 5G in the wireless business or with the fibre build, now that a lot of it has kind of come to fruition and you're going to being finishing up over the next few years?

George Cope – President and CEO

First of all, Richard, thanks for the question, and it's been tremendous working with you over the years.

My view on that is I don't know whether that's one or the other. I think I get equally excited on both. I mean, on the fibre side, we're more than 50% through the journey. We've probably found this is a clear strategic advantage. The speeds that Mirko talked about today just sets us up for the evolution of that growth. And, of course, with 5G, there's a whole other level of wireless. Every 10 years I've been in the industry, people talked about the maturing of the wireless industry, and then there'd be an evolution to the next level of technology and we saw another acceleration in growth. So, that opportunity going forward is probably the piece that I'm going to regret the most, not being a part of that journey. So, very positive on both.

Then, of course, I know investors know this, but I think the unique part of our asset, and I would have to say wasn't really quite foreshadowed, as it's turned out so positively, is everywhere we're building our wireless network, we have a fibre network, and so our overall transition costs to 5G, I think investors are going to be very pleasantly surprised how tight we can keep capital intensity going forward and make those happen.

So, I think we're positioned with both, and then I think they will actually come together more than ever before, and the integration of wireless and wireline at the network level and in the customer area will be quite different than it is today five years from now.

Thank you.

Richard Choe – J.P. Morgan – Analyst

And a quick follow-up for Mirko. How do you look at the transition in terms of the transition to unlimited plans and device financing, kind of what's your view on how you're going to manage that over the next few quarters?

Mirko Bibic – COO

First, thanks, Richard. We're always going to be competitive, so that's the first principle. What we're doing, as you see from the results, is there's a really strong focus on execution here on repricing, base management, so of course we have unlimited plans competitively matched for those who want them, but we also have a whole host of other types of plans, share plans or otherwise, unlimited and not unlimited, so that we can land customers on the right price point for them, but also for ourselves and our metrics. So, there's a difference between having unlimited plans to be competitively matched and have that for your subscribers. There's a difference between that and force migrating everyone to those plans as rapidly as possible. Key thing, effective base management, putting people on the right plans for them and for us.

On device financing, we mentioned in Q2 that we had some IT work to do to be in a better position competitively with those. We've gone through that work, and you will see, as we start Q4, that we're better competitively matched on device financing, and we will see a sales mix shift to those plans as we go along.

Richard Choe – J.P. Morgan – Analyst

Great, thank you.

Operator

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

Jeffrey Fan – Scotiabank – Analyst

Thanks. Good morning, and let me just—congrats, George, on a great career at Bell, and it's been an honour covering you all these years.

I want to just continue that line of questioning around the device subsidies. I think there is a bit of a debate going on in the market. I think some carriers want to just only offer installment plans and EIPs, whereas some carriers might be looking to either keep that option open or just maybe not shift to no subsidies as quickly. Can you talk about the choice that you want to continue to maintain in the market for consumers, are you thinking more about going all-in on the EIPs or will you continue to leave that option open?

Then, just a related follow-up to the unlimited. I guess one question for overage is, without having this forced migration and faster decline on overage, you do have a higher mix, I guess, relative to some of your peers. Is there a risk that we could see that fall faster for any reason, or do you see your ability to kind of manage that continue in the foreseeable future? Thanks.

George Cope – President and CEO

Yes, well, two comments I'll make. One, on the device financing versus subsidy, we'll meet the demands of the consumer and be competitive on whatever front. We're not passionate about either. We're passionate about what the customer wants, so that'll be our focus. I think there's some real merit on both approaches and we'll stay in the market. As Mirko said, we're making sure we're competitive across all of it, and we think there's a lot of intelligence in some of the concepts that are in the market, so we'll follow those, and we'll always stay competitive and don't have a passion on either, to be quite frank, where we make the most money, and our consumers and customers have the best choice, will be that focus. That's what Mirko is driving.

On the overage, I find it—it's one of the strangest questions I've had, is let's accelerate—the person who's accelerating the fastest, somehow that's a less risk approach. We've managed our bases, we think—I think our wireline, maybe, is where you ought to look, everyone, and look at our management of our NAS, and those things, over the years. We know we have to meet the customer demand, Mirko said we've got to be competitive, and we'll make sure consumers have maximum choice, so there are some plans that may be different. So, we'll just manage our business, and Mirko will as we always have, and we'll leave competitors to do what they think is right.

Jeffrey Fan – Scotiabank – Analyst

Thank you.

Operator

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

Aravinda Galappatthige – Canaccord Genuity – Analyst

Good morning, thanks for taking my question, and my best wishes to George, as well.

I wanted to touch on the regulatory side. Obviously, we have a couple of items still very much alive. On the wireless front, the prospect of MVNO-mandated access, if it's sort of pushed through, it would make Canada one of the very few countries with that kind of regulatory regime. When you kind of think about sort of the comments coming from the regulator, as well as on the political front, how do you see this playing out, and perhaps, and this might be a little bit premature, what are the options available to an incumbent, as you look to manage through a scenario like that? Thanks.

Mirko Bibic – COO

Thanks for the question. Our focus is going to be on the regulatory hearings coming up in the early part of next year, and, really, the approach going in is to focus on the facts. We just had a CRTC report a couple of months ago which found significant declines in mobile prices. That's on top of a recent StatsCan report that also found that prices had decreased quite significantly, by more than 50%. We all know, just from our price plans, ourselves, whether it's Bell or Virgin, that the data prices per gig have dropped dramatically over the last three/four years, and that's without even factoring in the price impacts of unlimited plans.

So, on pricing, huge movement being delivered by facilities-based competitors across the country, that's a fact, and that's a compelling fact, and from a policy point of view, we've just got to—it's not just about price, right, it's got to be about coverage and quality of networks, and we are at an important fork in the road here. We can't sacrifice coverage and quality by making the wrong regulatory decision, especially as we're on the cusp of 5G. It's unfortunate, we've seen some regulatory decisions over the summer that have gone too far and they've actually had direct impacts on capital investment by ourselves and—but not just ourselves, by our peers, as well, and we've heard some of the commentary from a couple of our peers just in the last week about how regulatory decisions have affected their investments. The Bureau's warned about this, if you go too far in a regulatory decision, it will impact investment, and that's not good for the country.

So, going into next year, those are the key points, positive movement for consumers on prices, and let's always be mindful about investment, because we want a lead in coverage and quality, as well.

George Cope – President and CEO

My only addition to it is the Canadian government and the CRTC policy directives have the concept that network infrastructure is critical to the country. We have four wireless infrastructure providers—possibly, at the end of this year, more than the United States has if there's a merger—and we're all on 5G build, and providing—other than one country in the world—the best 4G networks on the planet. The balance is correct, that'll be the position, and I'm highly confident the government will see that appropriately, given the competitive outcomes in the marketplace that we're seeing.

With that, next question.

Aravinda Galappatthige – Canaccord Genuity – Analyst

Thank you.

Operator

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

Vince Valentini – TD Securities – Analyst

Yes, thanks very much. Two things. One, Glen, the free cash flow growth, you're at 15% year to date, the guidance range is still only 7% to 12% growth for the year. Is it possible you're trending a bit ahead of your original plans or is there something you expect in Q4 in terms of lumpiness in working capital or capex, or something?

And the second question, for whoever wants it, can you give us any update on data usage trends on wireless on an overall basis, and if you care to, for customers who are migrating to unlimited plans, if you're seeing some benefits of people using their phones more? Thanks.

Glen LeBlanc – Executive Vice President and CFO

Hi, Vince, it's Glen, I'll jump in on the first. As I said, I reiterate guidance for all of our metrics, 7% to 12% on free cash flow. Remember in my opening remarks, I told you that there was a decrease in cash taxes paid, that we enjoyed in Q3. That was due to a timing of an installment. That's going to reverse itself out in Q4. Capex will pick up notably again, reconfirming where we think capex will land, it'll pick up in Q4, as we continue to expand our Fibre-to-the-Home and we continue to make investments in Wireless-to-the-Home, and our small cell deployment for 5G-readiness. So, sticking to the guidance. We're very, very pleased with the performance year to date and the 7% to 12% outlook for the year.

Mirko Bibic – COO

Vince, we are—it's Mirko—we are seeing data usage growing, including, of course, for those subscribers who are on unlimited plans.

Operator

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

Maher Yaghi – Desjardins Securities – Analyst

Thanks for taking my questions. George, I'm sure you'll be missing not being on the next conference call come February, but …

George Cope – President and CEO

I'll be really warm listening in. Go ahead.

Maher Yaghi – Desjardins Securities – Analyst

I'm sure. But, more seriously, we will miss your insight and vision for an industry. Talking about vision and insight, I wanted to maybe just ask you a big-picture question, as you are leaving the company. I'm hearing you guys talking about 2020 pre-emptively, about the dividend, and so forth, but I wanted to ask you maybe a little bit longer timeframe here. As you see some of the industry changing metrics in the wireless industry, changing with ARPU under pressure, you know, maturity in the sector, and also some maybe increased regulatory environment headwind, how confident are you that a company like BCE can sustain its 5% dividend growth model longer term?

I have another question to come, a more detailed question on the quarter.

George Cope – President and CEO

Okay, thanks for the light question, appreciate that. But, seriously, if you just step back for a minute and think of the last 10 years and what, under Mirko's leadership, we're going to see in the next 10 years, and when I look at it—first of all, Glen talked about—he gave you incremental money, but it was $4 billion that we—you know, $4 billion, $5 billion incremental dollars over the 10 years into the pension. That's not going to happen. So, we free up, for the business that's much larger than before, $5 billion of cash flow over the next 10 years that we had to incur the last 10 years.

We're halfway through the fibre journey. The cost for 5G for us will be remarkably lower than most, because of our fibre infrastructure. When you think about the industry structure going forward, at some point we hit an inflection point, and there's always, on the capex issue—and Mirko will take us through how that—you saw it creep down this year in our capital intensity, and under Glen and Mirko's leadership, we'll see how that evolves, but if you really model it out, it is clear that a lot of the significant investments on the fibre are behind us and the pension is behind us.

Then, your other comments about the maturing business, and what have you, as I said before, every 10 years of wireless, since I started, and most people on the call, but anyway, 1985, the day it started in Canada, people have talked about the evolution and the maturity of the industry, and then what happens is we move to the next level of technology, and now we're seeing 30% growth in usage again, and you get into autonomous vehicles, and what 5G is going to do, I'm, frankly, really optimistic. As I said, I'm going to be a really long-term shareholder on this story.

Maher Yaghi – Desjardins Securities – Analyst

Good to hear. My more short-term nature type question, when you are looking at this transition to unlimited, you're not seeing the same tremendous negative impact that other companies are seeing right now, but can you talk a little bit about what might occur during the next couple of quarters as you transition more and more of your customers to unlimited? I know you're working on base management and trying to bring in this transition slowly into your base, but if we're at, let's say, minus 1% ARPU right now in the third quarter, what is the outlook for ARPU growth in the next two to three quarters, and when do you think this decline will revert?

George Cope – President and CEO

Well, first of all, ARPU is irrelevant, right, it's ABPU that matters. That's the first point, because that's the real generation of that, that's the first point.

Secondly, I think we're—and Mirko will, obviously, take all this over and drive everyone going forward after this, but our very simple view on this is what we said on the last call. Whatever growth in ARPU we were going to see is obviously going to be moderated by this price change that we've seen in the market, and so you've seen a positive quarter from us on the ABPU, but not maybe at the rate we'd seen in the previous quarters. That's what the team will work very, very hard at doing going forward, and that's what we're going to try to manage through. We're also going to see increased usage and opportunities in the market from that, but increased usage can bring about capex, not revenue growth.

The real focus for us is to stay competitive, manage it appropriately, and I think our results for today speak for themselves, against our relative performance in a market that's now had unlimited pricing through that period, and we're obviously managing it differently. We don't know what our other major competitors report, so I don't think it's correct to say we've seen people with these declines, we've seen one so far on that front. We're just going to manage the business like we always have, with the focus on the cash flow, dividend and margins, and stay competitive.

Maher Yaghi – Desjardins Securities – Analyst

That's true, but the question I'm trying to get to—and this is what—the companies who are seeing this shift happening very quickly are saying that—or some investors are implying—that if you're not seeing it right now, this negative impact, you're going to see it, anyway, in the next couple of quarters. Is that a certainty?

George Cope – President and CEO

Well, what I would say with certainty, we are seeing clients migrate to unlimited. As a result, the moderation of ARPU, you are seeing it in the results, but our cost management expertise and our ability to focus, very carefully disciplinarily, and our network leadership, of course, makes clients move to us in this market. If you're going to go to unlimited data, you want to be on the network that's the fastest, and it's become a much less complicated sale, and we think our distribution strengths give us that positioning. So, the market will make its call. We're not going to do ARPU forecasts on a call. I think we try to be as transparent as we can. I would look at our history of managing ARPU, maybe, as an indicator of how, maybe, we'll manage it going forward.

Hopefully, that's helpful, and let's move on to the next question. Thanks for the questions, and thanks for the kind comments.

Maher Yaghi – Desjardins Securities – Analyst

Thank you, George.

Operator

Thank you. The next question is from David Barden from Bank of America Merrill Lynch. Please go ahead.

David Barden – Bank of America Merrill Lynch – Analyst

Hi. It's Matt sitting in for Dave. Thanks for taking the questions. I just wanted to ask about subsidies on the Wireless side. One of the kind of benefits that some hope for in this transition that we're going through is the ability to lower the device subsidy, and I was wondering if you guys see the same kind of opportunity on that front, in the way that you're managing the transition?

Separately, on the broadband side, the net additions were strong this quarter, helped by the Wireless-to-the-Home, and I was just wondering if you could add some colour to, maybe, the contribution between the Wireless-to-the-Home footprint versus the Fibre-to-the-Home, and what those customers, maybe, look like versus—between the two footprints.

Mirko Bibic – COO

Okay, it's Mirko. On the device financing versus subsidy, we do see—as we see the sales mix shift, migrate towards device financing across the industry, I think there will be success there in reducing handset subsidies, and that will be accretive to EBITDA and cash flow, of course.

On Wireless-to-the-Home, I'm not going to get into breaking down all the component parts here, for competitive reasons, but we're happy with the progress there. Our footprint continues to expand and we're very pleased with the penetration rates we're seeing when we open up a market, because, of course, there's untapped demand there. These are areas that either have no service at all or have low-speed DSL. So, when you come up with a service like this, that can offer next-generation speeds of 25 Mbps per second, or more, you can imagine that the customer take-up is quite strong. So, we're pleased with the progress on Wireless-to-the-Home. So far, we should be passing close to 200,000 households by the end of the year, and that trajectory is going to continue into next year.

David Barden – Bank of America Merrill Lynch – Analyst

All right, thanks.

Operator

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

Tim Casey – BMO Capital Markets – Analyst

Thanks. George, just curious, did you get one of those big, fancy rings the other night?

George Cope – President and CEO

Well, as I was handing them out, I put one in my pocket on the way through, yes.

Tim Casey – BMO Capital Markets – Analyst

A couple for me. One, on the progression of unlimited, are you willing to share how much of your base has transferred over already, and any indication of what you think that cadence will be like going forward?

The second one, on the fixed side, we've seen an acceleration of cord-cutting in the U.S., and you're obviously well positioned for that given the variety of products you have, but I'm just wondering how your thinking and expectations on cord-cutting are evolving as we get a number of streaming options coming online over the next little while. Thanks.

George Cope – President and CEO

Well, the first answer is no, we don't share competitive intelligence on pricing in the marketplace, our results speak for themselves. We won't be sharing how that mix is changing.

Then, on the Broadband side, wireless versus wireline substitution, in the evolving ecosystem that we've got between the two, if you look at the Canadian marketplace and our fibre at 1.5 Gbps into the home, that move into Wi-Fi in the home is going to continue, because those speeds are still dramatically ahead of where we are in wireless, and as we evolve even to 5G, very different than our neighbours south, where's there's clearly a more cable dominance on one side and the 5G is the strategy on the other, I think 5G will be complementary to broadband, not a substitute in the marketplace to what's going on in the home, simply because of what our peer Telus has done in the West and what we're doing here to kind of put Canada at the forefront from a fibre perspective.

There will always be some cannibalization to some extent over time, simply as we move to these programs, but in terms of superior speed and access to the digital video content that people want, and physical locations, it's hard to imagine people not accessing what Mirko's team is going to lead out, from 1.5 Gbps to 5 Gbps to 10 Gbps services.

Tim Casey – BMO Capital Markets – Analyst

Thank you.

Operator

Thank you. The next question is from Adam Ilkowitz from Citi. Please go ahead.

Adam Ilkowitz – Citi – Analyst

Hi, good morning, thanks for taking the questions, and, George, it's been a pleasure to get to know the Canadian market with you over the years.

Two questions. One is, as credit financing becomes more popular, how do you plan, Glen, on managing the costs of financing those handsets for your customers?

Then, secondly, for Mirko, as you look at the asset base you have, that you're inheriting from George, it's obviously quite complete within the market. Is there any chance to monetize any non-core assets or look at the wireline business in a different way that could perhaps improve the growth rate or improve efficiencies in a more rapid fashion?

Glen LeBlanc – Executive Vice President and CFO

I'll jump in first on the first question, Adam, on managing the costs of moving to the installments. Look, I spoke earlier about what we've done and how opportunistic we've approached the market, how we continue to do long-term financing at what are historic low rates. No one's balance sheet in this industry is any larger and stronger than ours. So, we do not see this as a challenge. We will absolutely move with the market and ensure that we have offers in place that are competitive, and as far as the ability to manage the costs, as I say, look at our balance sheet and track record on being opportunistic.

Mirko Bibic - COO

In terms of the assets, to answer your question, I think back to George's previous answer—I think it was in response to Maher, about looking forward—when you think about the tremendous opportunities this company has looking ahead, it's because of the asset base that we have, that we're so well positioned to capitalize on those in the future, so I'm quite happy with the asset base we have, and we're going to continue on some of the things that you already know about, including the fibre footprint and Wireless-to-the-Home.

Look, we're always looking constantly to surface value, so we're going to continue to do that in Corporate Development, but I'm really happy with the asset base, and that's how I'd answer your question right now.

Adam Ilkowitz – Citi – Analyst

Great, thanks so much.

Operator

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

Drew McReynolds – RBC Capital Markets – Analyst

Thanks very much. Good morning. For the second consecutive quarter, George, just congrats on just a phenomenal run.

Two questions for me. First, maybe, can you provide an update on Wireless market expansion in Canada in perspective, obviously, out of the gate with a soft Q1, but it certainly looks like the market has come back from that perspective.

Then, secondly, either for you, George, or Mirko, big picture. When does it become more obvious to most folks that the wireline asset that you have is really kind of a big asset here, relative to your peers? Is it an application or use case of 5G? Do you change up the commercialized offers out there? I know, George, you've talked about capex efficiency that may surprise people. I'd just love that big-picture perspective at this point. Thank you.

George Cope – President and CEO

On the market expansion, I thought one of the real interesting things for our international investors, who maybe not have seen it, is the population growth we saw in the country. It surpasses, I think, the G7 or G20, between our immigration policies and organic population growth, when you see 450,000, 500,000 in our country, and as we all know, that's all, from a wireless perspective, additional subscriber opportunities. That, I think, absolutely is what makes this country so unique from a telecom perspective, one of the advantages.

Then, of course, in our world, the housing starts are just as important, and now that our wireline footprint is 75% of the country, we see that benefit from our broadband side. So, across the board, we continue to see that acceleration in growth. Of course, we weren't in all the segments, or the prepaid one, that Mirko talked about, because that's another space where we were late to the party, and now, obviously, that's truly paying off.

Then, on the fibre leverage, it's interesting, I think we're seeing it—I mean, I hope the investors think we're seeing it. We were not leading from a broadband perspective in market share. You know we had accumulative market share that was well under 40%, I think 35%. We just have a fundamental belief—and this isn't a new theory, everyone on the line knows this, because it's clearly the most superior technology in the world, that over time, as people move—and on average, they move about every seven years—people are going to make those purchases and know that they want glass to their premises, and, ultimately, we should see ourselves at improved market share. In every market we've done fibre, our market share has improved over time, and I think that's leveraging that asset, and I hope someone's not thinking we're not.

Then, of course, on 5G, we've talked about it, and way more to come on that under Mirko's leadership than mine.

I hope that's helpful.

Drew McReynolds – RBC Capital Markets – Analyst

Yes, thank you.

Operator

Thank you. There are no further questions at this time. I'd like to turn the call back over to Mr. Fotopoulos.

Thane Fotopoulos – Vice President – IR

Okay, great. Thank you, everybody, for your participation today. As usual, I'm available for follow-ups and clarifications throughout the day. So, on that, thank you very much, and all the best to George.

George Cope – President and CEO

Thanks, everyone.

Glen LeBlanc – Executive Vice President and CFO

Thank you.

Operator

Thank you. The conference has now ended, please disconnect your lines at this time, and thank you for your participation.
