

Q4 2019 Results &
2020 Financial Guidance Call

February 6, 2020



Bell

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Certain statements made in this presentation are forward-looking statements. These forward-looking statements include, but are not limited to, statements relating to BCE's financial guidance (including revenues, adjusted EBITDA, capital intensity, adjusted EPS and free cash flow), BCE's anticipated capital expenditures in 2020, BCE's 2020 annualized common share dividend and common share dividend payout policy, our network deployment and capital investment plans, expected growth in our postpaid wireless subscriber base, expected growth in our prepaid wireless, Internet and TV market shares, our expected cash pension funding, BCE's financial policy targets and our intended progress towards meeting those targets, BCE's business outlook, objectives, plans and strategic priorities, and other statements that are not historical facts. A statement we make is forward-looking when it uses what we know and expect today to make a statement about the future. 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*.

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The terms "adjusted EBITDA", "adjusted EBITDA margin", "adjusted EPS", "free cash flow", "dividend payout ratio", "net debt", "net debt leverage ratio" and "adjusted EBITDA to net interest expense 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 "Accompanying Notes" in BCE's Supplementary Financial Information – Fourth Quarter 2019 dated February 6, 2020 for more details.





Mirko Bibic

President & Chief Executive Officer

Bell

Bell's updated 6 Strategic Imperatives

1

Build the best networks

- Continued capital investment in all-fibre connections and enhanced rural connectivity
- Maintain LTE-A mobile leadership, while launching 5G

2

Drive growth with innovative services

- Offer the fastest Internet, best Wi-Fi and highest quality mobile services
- Grow range of next-generation IoT products, smart home services and business solutions

3

Deliver the most compelling content

- Engage and inform Canadians by delivering the content they want on the platforms of their choice
- Leverage our trusted media brands and content creation leadership and partnerships

4

Champion customer experience

- Simplify, personalize and improve end-to-end customer service
- Make it easier for customers to do business with Bell

5

Operate with agility and cost efficiency

- Continue cost transformation journey by putting in place tools to deliver operational efficiencies

6

Engage and invest in our people

- Recognize importance of our team to Bell's success
- Strengthen workplace culture with new technology and support resources

Well positioned with a strong foundation for continued growth and innovation leadership in a fast-changing communications marketplace



Overview

- **Grew wireless, retail Internet and IPTV market share in Q4 with 181k total net additions in an intensely competitive quarter**
- **Wireless adjusted EBITDA up 7.4%, while delivering highest-ever Q4 gross additions**
- **Wireline margin increased to 43.3% in Q4 on 1.5% adjusted EBITDA growth as focus remained on disciplined subscriber growth, broadband speed leadership and cost containment**
- **FTTP coverage at 53% of total broadband fibre footprint with over 5.1M locations passed; 250K locations in 226 rural communities now equipped with WTTP technology**
 - Pace of broadband Internet capex spending in 2020 similar to 2019 at ~\$2B
- **Continued media momentum with higher y/y revenue, adjusted EBITDA and cash flow**
- **Announcing launch of 5G with Nokia as first network equipment supplier**
 - 5G service in urban centres across Canada later this year as 5G smartphones come to market
 - Wireless CI ratio of ~9%-10% expected during 5G build cycle

**Strong operating profitability and declining capital intensity ratio drove
7.0% free cash flow growth in 2019**

Q4 operating highlights

Bell Wireless

- 122k postpaid net adds in Q4, up 21% y/y excluding GoC contract
 - 402k net adds in 2019
- Q4 prepaid net adds of 2k; 113k for FY2019, up 253% y/y
- 515k total net adds in 2019 — best annual result since 2005
- ABPU down only 0.4% despite unlimited plans impact
 - ABPU up 0.8% in 2019
- Bell ready to deliver initial 5G service in urban centres across Canada in 2020

Bell Wireline

- 36k retail Internet net adds in Q4, up 9.6% y/y
 - 136k net new subscribers added in 2019, up 16.5%
- Over 1.4M FTTH subscribers at end of 2019, up 20% y/y
- 22k net new IPTV subscribers added in Q4
- Total retail Internet and IPTV subscribers up 4.7% in 2019
- Q4 satellite TV net losses improved 7.0% y/y to 22k
- Retail residential NAS net losses in Q4 improved 3.2% y/y to 58k

Bell Media

- CTV maintained viewership and ratings leadership in Q4
- TSN top sports and specialty TV channel in Q4 and 2019
- RDS viewership ~2x larger than any competitor in Q4⁽¹⁾
- 2.6M Crave subscribers
- Launched bilingual Crave and Super Écran DTC on Jan. 28th
- Supreme Court overturned CRTC decision banning simsub during Super Bowl
- Industry-leading financial results in 2019

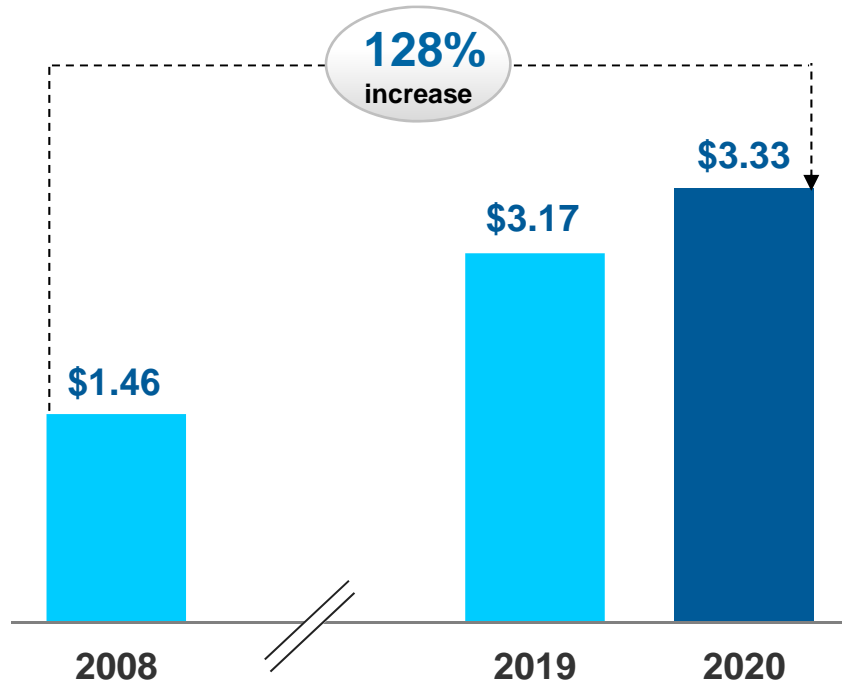
⁽¹⁾ Versus other French-language specialty TV competitors among adults aged 25-54

Strong Q4 execution and financial results with good operating momentum and leading broadband networks going into 2020



Increasing common dividend 5% in 2020

Annualized common dividend per share



- **Supported by healthy projected free cash flow growth in 2020**
 - Stable y/y absolute dollar capital spending
 - Pension plan in solvency surplus position
 - Continued cost structure discipline enabled by new technology and service improvements
- **Maintaining free cash flow payout ratio within 65% to 75% target range**
- **Higher dividend rate effective with Q1'20 payment on April 15, 2020**

12th consecutive year of consistent, steady dividend growth





Glen LeBlanc

EVP & Chief Financial Officer

Q4 financial review

(\$M) except per share data	Q4'19	Y/Y	2019	Y/Y
Revenue	6,316	1.6%	23,964	2.1%
Service	5,276	0.9%	20,737	1.4%
Product	1,040	5.7%	3,227	6.6%
Adjusted EBITDA	2,508	4.8%	10,106	6.0%
Margin	39.7%	1.2 pts	42.2%	1.6 pts
Net earnings	723	12.6%	3,253	9.4%
Statutory EPS	0.74	8.8%	3.37	8.7%
Adjusted EPS⁽¹⁾	0.88	(1.1%)	3.50	(0.3%)
Capital expenditures (capex)	1,153	(18.4%)	3,988	(0.4%)
Capital Intensity (CI)	18.3%	(2.6 pts)	16.6%	0.3 pts
Cash from operating activities	2,091	16.9%	7,958	7.8%
Free cash flow (FCF)⁽²⁾	894	(12.5%)	3,818	7.0%

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

- Revenue up 1.6% y/y
- Adjusted EBITDA up 4.8%, yielding 1.2-point higher margin on positive y/y growth across all Bell operating segments
- Net earnings in Q4 up 12.6% y/y
 - 2019 reflects lower y/y media impairment charge
- Adjusted EPS down 1¢ to \$0.88, reflecting higher number of common shares outstanding y/y
- FCF up 7.0% in 2019, driven by strong y/y contributions from all Bell segments
 - Q4 FCF of \$894M reflects increased capex in line with plan for the year and higher cash taxes

Q4 results cap off a strong year of consolidated financial performance
All 2019 guidance targets achieved

⁽¹⁾ Before severance, acquisition and other costs, net mark-to-market (gains) losses on equity derivatives, net (gains) losses on investments, early debt redemption costs and impairment charges, net of tax and non-controlling interest; ⁽²⁾ Before BCE common share dividends and voluntary pension contributions



Wireless financials

(\$M)	Q4'19	Y/Y	2019	Y/Y
Revenue	2,493	3.6%	9,142	3.7%
Service	1,619	1.6%	6,476	2.5%
Product	874	7.4%	2,666	6.6%
Operating costs	1,549	(1.4%)	5,300	(0.1%)
Adjusted EBITDA	944	7.4%	3,842	9.1%
Margin (total revenue)	37.9%	1.4 pts	42.0%	2.1 pts
Capex	211	(58.6%)	697	(5.0%)
Capital intensity (CI)	8.5%	(3.0 pts)	7.6%	(0.1 pts)

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

- Q4 revenue up 3.6% on continued strong postpaid subscriber base growth, higher y/y prepaid revenue contribution and increased product sales of higher-value smartphones
- Strong adjusted EBITDA growth of 7.4% in a seasonally competitive fourth quarter
- 1.4-point margin increase in Q4 to 37.9% driven by high revenue growth flow-through, favourable impact of IFRS 16 and spending discipline during promotionally intense Q4 holiday sales period

Strong year for Bell Wireless as adjusted EBITDA grew 9.1% in 2019, while delivering highest ever annual gross activations



Wireline financials

(\$M)	Q4'19	Y/Y	2019	Y/Y
Revenue	3,138	0.0%	12,356	0.7%
Service	2,969	0.1%	11,788	0.4%
Product	169	(0.6%)	568	7.2%
Operating costs	1,779	1.1%	6,942	0.1%
Adjusted EBITDA	1,359	1.5%	5,414	1.7%
Margin	43.3%	0.6 pts	43.8%	0.4 pts
Capex	905	(11.9%)	3,183	0.3%
Capital intensity (CI)	28.8%	(3.0 pts)	25.8%	0.2 pts

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

- **Combined broadband Internet and TV revenue growth of ~2% in Q4**
- **Voice revenue down 5.8% in Q4 versus 3.8% last year**
- **Q4 revenue growth impacted by lower TV pay-per-view revenue, residential bundle discounts to match competitor promotions, lower business data product sales and lapping of Axia acquisition**
- **Improved y/y business markets operating profitability in Q4**
- **Adjusted EBITDA up 1.5% in Q4 with 0.6-point higher margin driven by 1.1% lower operating costs**

Generated adjusted EBITDA-capex of ~\$2.2B in 2019, up ~5% y/y, fully supporting fibre spending on next generation broadband networks



Media financials

(\$M)	Q4'19	Y/Y	2019	Y/Y
Revenue	879	3.4%	3,217	3.1%
Operating costs	674	0.0%	2,367	2.5%
Adjusted EBITDA	205	16.5%	850	22.7%
Margin	23.3%	2.6 pts	26.4%	4.2 pts
Capex	37	(15.6%)	108	5.3%
Capital intensity (CI)	4.2%	(0.4 pts)	3.4%	0.3 pts

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

- Total Q4 revenue 3.4% higher y/y
- Q4 advertising revenue stable y/y
 - Softer y/y conventional TV and radio performance offset by entertainment, sports and news specialty growth, and higher Out of Home revenue
- Subscriber revenue up ~10% in Q4, driven by Crave and BDU contract renewals
- Adjusted EBITDA grew 16.5% in Q4
 - Operating costs held steady y/y as higher sports broadcast rights costs and Crave content expansion offset by IFRS 16 cost benefit

Strong media revenue and adjusted EBITDA growth delivered in 2019, generating healthy cash flow contribution to consolidated BCE results



Financial targets for 2020

BCE

Revenue growth	1% to 3%
Adjusted EBITDA growth	2% to 4%
Capital intensity	~16.5%
Adjusted EPS ⁽¹⁾	\$3.50 to \$3.60
Free cash flow growth ⁽²⁾	3% to 7%
Annualized common dividend ⁽³⁾	\$3.33 per share
Dividend payout policy	65% to 75% of FCF

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

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

⁽³⁾ Increase to \$3.33 per share from \$3.17 per share effective with Q1 2020 dividend to shareholders of record on March 15, 2020 and paid on April 15, 2020

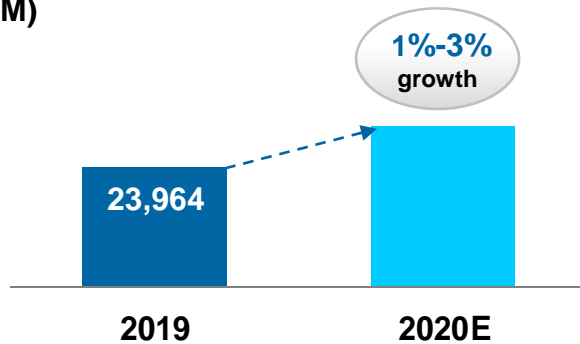
Financial guidance underpinned by strong operating fundamentals across all Bell operating segments, leading networks and product innovation with free cash flow growth fully supporting planned capital spending and 5% higher dividend for 2020



Revenue & adjusted EBITDA outlook

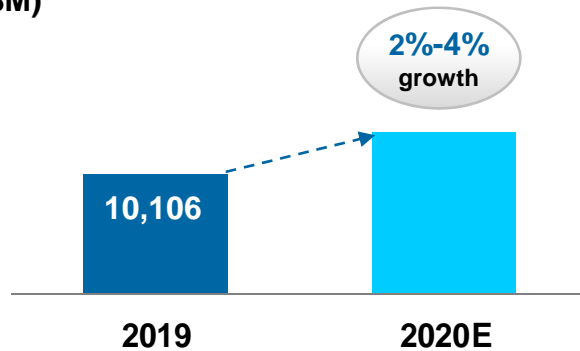
BCE revenue

(\$M)



BCE adjusted EBITDA

(\$M)



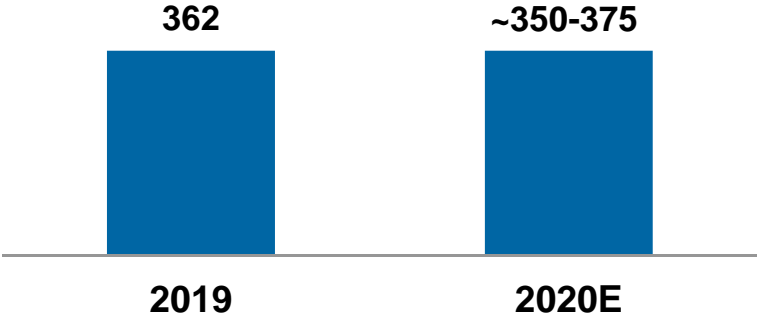
- **Revenue and adjusted EBITDA growth for 2020 consistent with historical rates**
 - Absorbing ~\$25M higher y/y non-cash pension current service costs within adjusted EBITDA in 2020
- **Continued strong contribution from Bell Wireless**
 - Reflects continued healthy postpaid growth and prepaid market share gain, while managing industry shift to unlimited and installment plans
- **Positive wireline financial growth profile**
 - Steady Internet & TV market share growth driven by ongoing FTTP/WTTP expansion and product leadership
 - Improving organic business markets operating profitability
 - Cost savings from technology changes and service improvement supporting stable y/y margin
- **Absorbing non-recurring 2019 revenue and further content cost growth at Bell Media in 2020**

Maintaining stable y/y consolidated adjusted EBITDA margin in 2020



Pension funding

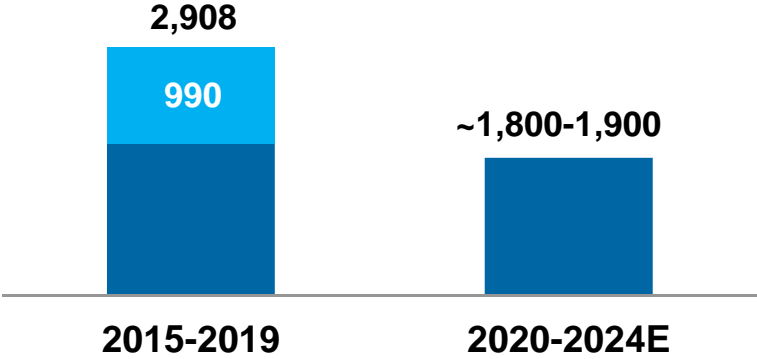
BCE cash funding (\$M)



- Aggregate of all BCE pension plans in fully funded position at YE2019 with solvency ratio of ~100%
 - Bell Canada plan at ~102%
- 16% return on plan assets and ~70 bps decline in solvency discount rates in 2019
- Cash pension funding for 2020 stable y/y

Expected future cash funding (\$M)

■ Voluntary contribution
■ Normal course funding

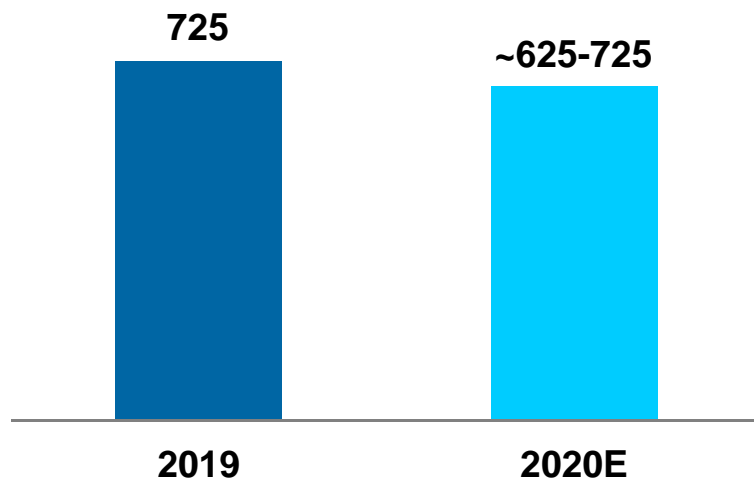


Over \$1B in lower cash pension funding requirements expected in next 5 years compared to previous 5 years



Tax outlook

BCE cash income taxes (\$M)



Income tax expense

- Statutory tax rate unchanged y/y at 27.0%
- Effective tax rate in line with statutory rate
 - No tax adjustments in 2020 vs. 7¢ per share in 2019

Cash income taxes

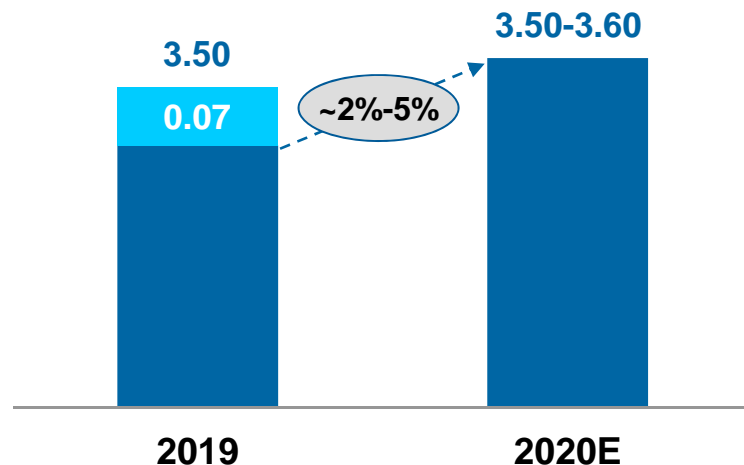
- Favourable y/y impact from MTS tax losses that are now fully utilized and accelerated capital cost allowance program

Cash income taxes paid stable to lower y/y in 2020

Adjusted EPS outlook

Adjusted EPS⁽¹⁾ (\$)

■ Tax adjustments



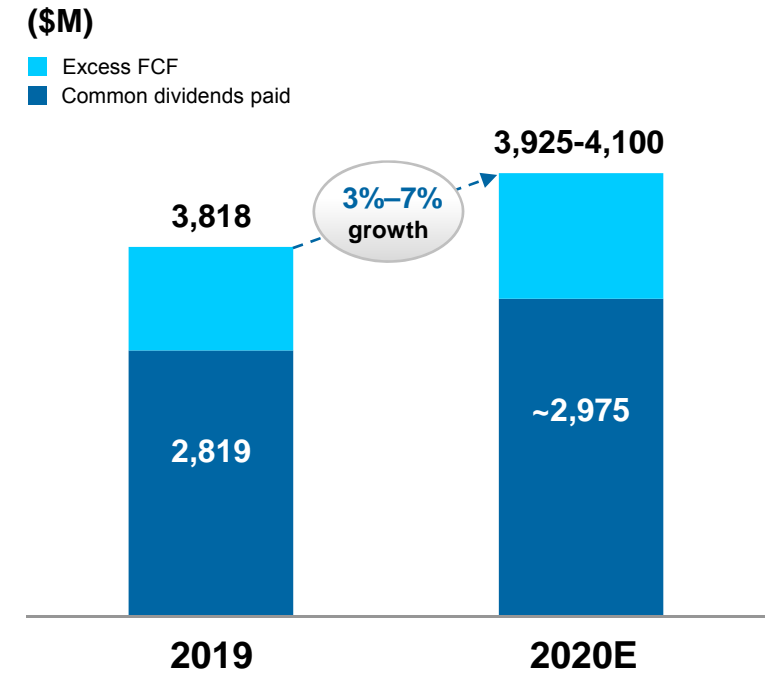
⁽¹⁾ Before severance, acquisition and other costs, net mark-to-market (gains) losses on equity derivatives, net (gains) losses on investments, early debt redemption costs and impairment charges, net of tax and non-controlling interest

- Adjusted EBITDA growth remains key driver of adjusted earnings in 2020
- Higher y/y depreciation & amortization expense reflects ongoing investment in next generation wireless and wireline broadband networks
- Net interest expense down slightly y/y
- Total non-cash pension expense stable y/y
- No tax adjustments in 2020 driving y/y earnings pressure of ~7¢ per share

Adjusted EPS growth of ~2% to 5% in 2020 excluding tax adjustments

Free cash flow growth outlook

Free cash flow⁽¹⁾



⁽¹⁾ Free cash flow is before BCE common share dividends and voluntary pension contributions

- **2020 free cash flow growth of 3% to 7%**
 - Strong flow-through of higher y/y adjusted EBITDA reflecting positive growth across all Bell segments
 - Capital intensity ratio ~16.5%
 - Steady cash pension funding, while maintaining cash taxes stable to lower y/y
- **FCF growth in 2020 consistent with 2019 guidance range excluding IFRS 16 impact**
- **5.0% common share dividend increase for 2020**
 - 12th consecutive year of 5% or higher increase within FCF payout of 65%-75%
- **Over \$1B of excess FCF after payment of common share dividends expected in 2020**

Strong and consistent free cash flow growth supports execution of business plan and 5% higher common share dividend for 2020 within payout ratio of 65% to 75%

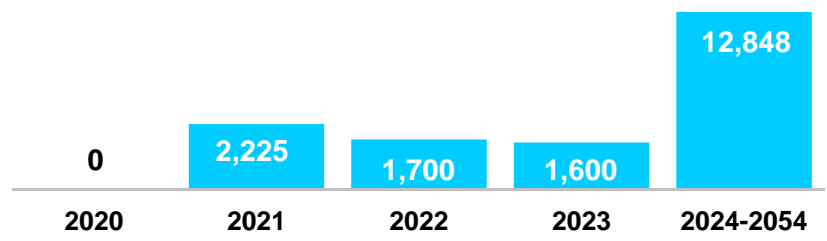


Strong capital structure

Credit profile ⁽¹⁾	Target	12/31/2019
Net debt leverage ratio	2.00x-2.50x	2.79x
Adj. EBITDA/Net Interest	>7.5x	8.54x

⁽¹⁾ Net debt includes leases, 50% of preferred shares and A/R securitization. Net interest includes 50% of preferred share dividends and A/R securitization costs.

Public debt maturities



BCE liquidity position (\$M)

Cash balance (12/31/2019)	145
Committed credit facilities	4,000
Commercial paper utilization	(1,951)
A/R securitization capacity	400
Available liquidity	2,594

Investment grade ratings with stable outlook

- Net debt leverage ratio in 2020 to reflect 3.5 GHz wireless spectrum purchases
- Deleveraging towards higher end of target ratio beyond 2020 through adjusted EBITDA growth and using excess FCF

Favourable long-term debt maturity schedule

- No maturities until Q2 2021
- Low after-tax cost of public debt of 3.1% with average term to maturity of 11.5 years

Strong liquidity position

- ~\$2.6B of available liquidity at YE2019
- DB pension plans in surplus position
- US\$ spending economically hedged into 2021

Healthy balance sheet together with strong FCF generation fully support dividend increase and significant capital spending in 2020

