BCE

BCE Q1 2023 Results Conference Call

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CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Certain statements made by BCE's President and Chief Executive Officer and Executive Vice President and Chief Financial Officer during BCE's Q1 2023 Results Conference Call, as reflected in this transcript, are forward-looking statements. These 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 2023 annualized common share dividend, BCE's planned capital expenditures for 2023, BCE's network deployment plans and anticipated capital expenditures as well as the benefits expected to result therefrom, expected stronger adjusted EBITDA growth trajectory from our Bell Communication and Technology Services (Bell CTS) segment for the balance of 2023, the proposed acquisition of FX Innovation and the benefits expected to result therefrom, 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 May 4, 2023 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. We regularly consider potential acquisitions, dispositions, mergers, business combinations, investments, monetizations, joint ventures and other transactions, some of which may be significant. Except as otherwise indicated by BCE, forward-looking statements do not reflect the potential impact of any such transactions or of special items that may be announced or that may occur after May 4, 2023. 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 Q1 2023 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.

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 the following:

Canadian Economic Assumptions
Our forward-looking statements are based on certain assumptions concerning the Canadian economy. In particular, we have assumed:

- *Slow economic growth, given the Bank of Canada's most recent estimated growth in Canadian gross domestic product of 1.4% in 2023, down from 3.4% in 2022*
- *Easing, but still elevated, consumer price index (CPI) inflation due to lower energy prices, improvements in global supply chains and moderating effects of high interest rates on demand for goods and services*
- *Ongoing tight labour market*
- *Slow growth in household spending as the effects of high interest rates work their way through the economy*
- *Slow growth in business investment due to slowing demand and high financing costs*
- *Prevailing high interest rates expected to remain at or near current levels*
- *Higher immigration*
- *Canadian dollar expected to remain 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.*

Canadian Market Assumptions
Our forward-looking statements also reflect various Canadian market assumptions. In particular, we have made the following market assumptions:

- *A higher level of wireline and wireless competition in consumer, business and wholesale markets*
- *Higher, but slowing, wireless industry penetration*

- *A shrinking data and voice connectivity market as business customers migrate to lower-priced telecommunications solutions or alternative over-the-top (OTT) competitors*
- *The Canadian advertising market is experiencing a slowdown consistent with trends in the global advertising market, with improvement expected in the medium term, although visibility to the specific timing and pace of recovery is limited*
- *Declines in broadcasting distribution undertaking (BDU) subscribers driven by increasing competition from the continued rollout of subscription video-on-demand (SVOD) streaming services together with further scaling of OTT aggregators*

Assumptions Concerning our Bell CTS Segment
Our forward-looking statements are also based on the following internal operational assumptions with respect to our Bell CTS segment:

- *Maintain our market share of national operators' wireless postpaid mobile phone net additions and growth of our prepaid subscriber base*
- *Increased competitive intensity and promotional activity across all regions and market segments*
- *Ongoing expansion and deployment of Fifth Generation (5G) and 5G+ wireless networks, offering competitive coverage and quality*
- *Continued diversification of our distribution strategy with a focus on expanding direct-to-consumer (DTC) and online transactions*
- *Moderating growth in mobile phone blended ARPU, driven by growth in 5G subscriptions, and increased roaming revenue from the easing of travel restrictions implemented as a result of the COVID-19 pandemic, partly offset by reduced data overage revenue due, among others, to the continued adoption of unlimited plans*
- *Accelerating business customer adoption of advanced 5G, 5G+ and Internet of Things (IoT) solutions*
- *Improving wireless handset device availability in addition to stable device pricing and margins*
- *Further deployment of direct fibre to more homes and businesses within our wireline footprint*
- *Continued growth in retail Internet and IPTV subscribers*
- *Increasing wireless and Internet-based technological substitution*
- *Continued aggressive residential service bundle offers from cable TV competitors in our local wireline areas, moderated by growing our share of competitive residential service bundles*
- *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 medium-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*
- *Increasing customer adoption of OTT services resulting in downsizing of TV packages*
- *Growing consumption of OTT TV services and on-demand video streaming, as well as the proliferation of devices, such as tablets, that consume large quantities of bandwidth, will require ongoing capital investment*
- *Realization of cost savings related to operating efficiencies enabled by a growing direct fibre footprint, changes in consumer behaviour and product innovation, digital adoption, product and service enhancements, expanding self-serve capabilities, new call centre and digital investments, other improvements to the customer service experience, management workforce reductions including attrition and retirements, and lower contracted rates from our suppliers*
- *No adverse material financial, operational or competitive consequences of changes in or implementation of regulations affecting our communication and technology services business*

Assumptions Concerning our Bell Media Segment
Our forward-looking statements are also based on the following internal operational assumptions with respect to our Bell Media segment:

- *Overall revenue expected to reflect continued scaling of our Strategic Audience Management (SAM) TV and demand-side platform (DSP) buying platforms, as well as DTC subscriber growth contributing towards the advancement of our digital-first media strategy*
- *Continued escalation of media content costs to secure quality programming*
- *Continued scaling of Crave through broader content offering, user experience improvements and expanded distribution*
- *Continued investment in Noovo original programming to better serve our French-language customers with a wider array of content on their preferred platforms*
- *Leveraging of first-party data to improve targeting, advertisement delivery and attribution*
- *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*
- *No adverse material financial, operational or competitive consequences of changes in or implementation of regulations affecting our media business*

Financial Assumptions Concerning BCE
Our forward-looking statements are also based on the following internal financial assumptions with respect to BCE for 2023:

- *An estimated post-employment benefit plans service cost of approximately $210 million*
- *An estimated net return on post-employment benefit plans of approximately $100 million*
- *Depreciation and amortization expense of approximately $4,900 million to $4,950 million*
- *Interest expense of approximately $1,375 million to $1,425 million*
- *Interest paid of approximately $1,400 million to $1,450 million*
- *An average effective tax rate of approximately 26%*
- *Non-controlling interest of approximately $65 million*
- *Contributions to post-employment benefit plans of approximately $60 million*
- *Payments under other post-employment benefit plans of approximately $75 million*
- *Income taxes paid (net of refunds) of approximately $800 million to $900 million*
- *Weighted average number of BCE common shares outstanding of approximately 914 million*
- *An annual common share dividend of $3.87 per share*

Assumptions underlying expected reductions in contributions to our pension plans
Our forward-looking statements are also based on the following principal assumptions underlying expected reductions in contributions to our pension plans:

- *At the relevant time, our defined benefit (DB) pension plans will remain in funded positions with going concern surpluses and maintain solvency ratios that exceed the minimum legal requirements for a contribution holiday to be taken for applicable DB and defined contribution components*
- *No significant declines in our DB pension plans' financial position due to declines in investment returns or interest rates*
- *No material experience losses from other unforeseen events such as through litigation or changes in laws, regulations or actuarial standards*

The foregoing assumptions, although considered reasonable by BCE on May 4, 2023, 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 2023 financial guidance, are listed below. The realization of our forward-looking statements, including our ability to meet our 2023 financial guidance targets, 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 negative effect of adverse economic conditions, including a potential recession, and related inflationary cost pressures, higher interest rates and financial and capital market volatility; the negative effect of adverse conditions associated with geopolitical events and the COVID-19 pandemic; a declining level of business and consumer spending, and the resulting negative impact on the demand for, and prices of, our products and services; regulatory initiatives, proceedings and decisions, government consultations and government positions that affect us and influence our business including, without limitation, concerning mandatory access to networks, spectrum auctions, the imposition of consumer-related codes of conduct, approval of acquisitions, broadcast and spectrum licensing, foreign ownership requirements, privacy and cybersecurity obligations and control of copyright piracy; the inability to implement enhanced compliance frameworks and to comply with legal and regulatory obligations; unfavourable resolution of legal proceedings; the intensity of competitive activity and the failure to effectively respond to evolving competitive dynamics; the level of technological substitution and the presence of alternative service providers contributing to disruptions and disintermediation in each of our business segments; changing customer behaviour and the expansion of cloud-based, OTT and other alternative solutions; advertising market pressures from economic conditions, fragmentation and non-traditional/global digital services; rising content costs and challenges in our ability to acquire or develop key content; higher Canadian smartphone penetration and reduced or slower immigration flow; the inability to protect our physical and non-physical assets from events such as information security attacks, unauthorized access or entry, fire and natural disasters; the failure to implement effective data governance; the failure to evolve and transform our networks, systems and operations using next-generation technologies while lowering our cost structure; the inability to drive a positive customer experience; the failure to attract, develop and retain a diverse and talented team capable of furthering our strategic imperatives; the failure to adequately manage health and safety concerns; labour disruptions and shortages; the failure to maintain operational

networks; the risk that we may need to incur significant capital expenditures to provide additional capacity and reduce network congestion; the inability to maintain service consistency due to network failures or slowdowns, the failure of other infrastructure, or disruptions in the delivery of services; service interruptions or outages due to legacy infrastructure and the possibility of instability as we transition towards converged wireline and wireless networks and newer technologies; the failure by us, or by other telecommunications carriers on which we rely to provide services, to complete planned and sufficient testing, maintenance, replacement or upgrade of our or their networks, equipment and other facilities, which could disrupt our operations including through network or other infrastructure failures; events affecting the functionality of, and our ability to protect, test, maintain, replace and upgrade, our networks, information technology (IT) systems, equipment and other facilities; the complexity of our operations; the failure to implement or maintain highly effective processes and IT systems; 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; the failure of our vendor selection, governance and oversight processes, including our management of supplier risk in the areas of security, data governance and responsible procurement; the quality of our products and services and the extent to which they may be subject to defects or fail to comply with applicable government regulations and standards; reputational risks and the inability to meaningfully integrate environmental, social and governance (ESG) considerations into our business strategy and operations; the failure to take appropriate actions to adapt to current and emerging environmental impacts, including climate change; pandemics, epidemics and other health risks, including health concerns about radio frequency emissions from wireless communications devices and equipment; the inability to adequately manage social issues; the failure to develop and implement strong corporate governance practices; various internal and external factors could challenge our ability to achieve our ESG targets including, without limitation, those related to greenhouse gas (GHG) emissions reduction and diversity, equity, inclusion and belonging; the inability to access adequate sources of capital and generate sufficient cash flows from operating activities to meet our cash requirements, fund capital expenditures and provide for planned growth; uncertainty as to whether dividends will be declared by BCE's board of directors or whether the dividend on common shares will be increased; the inability to manage various credit, liquidity and market risks; the failure to reduce costs, as well as unexpected increases in costs; the failure to evolve practices to effectively monitor and control fraudulent activities; 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 impact on our financial statements and estimates from a number of factors; and pension obligation volatility and increased contributions to post-employment benefit plans.

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 2022 Annual MD&A dated March 2, 2023, BCE's 2023 First Quarter MD&A dated May 3, 2023 and BCE's news release dated May 4, 2023 announcing its financial results for the first quarter of 2023 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.

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PRESENTATION

Operator

Good morning ladies and gentlemen, and welcome to the BCE Q1 2023 Results Conference Call.

I would now like to turn the meeting over to Mr. Thane Fotopoulos. Please go ahead, sir.

Thane Fotopoulos, Investor Relations, BCE

Thank you, Maude. Good morning everyone and thank you for joining our call.

Today I'm here with Mirko Bibic, President and CEO of BCE, our current CFO, Glen LeBlanc, and our future incoming CFO and current Treasurer and SVP of Corporate Strategy, Curtis Millen.

You can find all our Q1 disclosure documents on the Investor Relations page of the bce.ca website, which we posted earlier this morning.

Before we begin, I want to draw your attention to our Safe Harbor statement on Slide 2, reminding you that today's slide presentation and remarks made during the call will include forward-looking information and therefore are subject to risks and uncertainties. Results could differ materially. We disclaim any obligation to update forward-looking statements except as required by law. Please refer to BCE's publicly filed documents for more details on our assumptions and risks.

With that, I'll turn the call over to Mirko.

Mirko Bibic, President, Chief Executive Officer, BCE

All right, thank you Thane. Good morning everyone.

The Bell team delivered operating results for Q1 that were in line with our planned performance for the quarter. We've been making some significant investments in the past three years and they are bearing fruit. You can see it in our continued operational momentum, and particularly this quarter, you can see it in our strong 3.5 percent consolidated revenue growth.

As expected and as we profiled internally in our quarterly budget for 2023, adjusted EBITDA decreased year-over-year due to a $67 million favourable one-time retroactive revenue adjustment at Bell Media in Q1 of last year and near term cost pressures from inflation, strategic initiatives, and the normalization of our cost structure to pre-pandemic levels.

In line with our accelerated capex program for 2023, we spent close to $1.1 billion in new capital in Q1, and that keeps us on pace to deliver another 650,000 new direct fibre connections and to grow our 5G service footprint to 85 percent of the country, and it will also enable standalone 5G+ service for almost half of Canadians by the end of the year.

The generational investments we're making to build the best networks are consistently being recognized by third parties for superior network quality and speed for our low latency and the best overall experience, and we're leveraging our world-leading broadband infrastructure, our focus on service excellence and customer value proposition to offer the best networks at affordable prices and to deliver economically accretive subscriber additions across all our products, and you can see that in our Q1 operating results.

In wireless, we grew our base of high value postpaid subscribers. We increased our cross-sell penetration of wireless and Internet households and we managed customer churn. Total mobile phone and connected device

net adds were up 20 percent over last year to 97,377, and that drove healthy service revenue growth of 5.4 percent. Going forward, we're seeing very good growth catalysts from accelerating immigration levels, penetration headroom, the ongoing transition of 5G. We're bundling wireless with Internet service as well as retail channel expansion with partners, including Staples, which we've talked about before, and most recently Air Canada, which we announced just a couple of days ago—or earlier this week, rather. Against this backdrop, we're expecting to use our proven execution and operating momentum to drive our fair share of customer growth in a competitive market.

On the fixed side of the business, fueled by our growing fibre footprint, we continue to gain a significant share of new Internet subscriber growth. We added 47,757 new net fibre-to-the-home customers in Q1, and that's up 24 percent over last year. This brings the total number of fibre subscribers to approximately $2.5 million or 57 percent of our total retail Internet customer base, and of these, close to 1.1 million are taking speeds of a gigabit or better, which contributed to Bell's industry-leading consumer Internet revenue growth of 10 percent this quarter. These results are a testament to the power of fibre-based Internet service that provides the fastest dedicated symmetrical speeds that cable just cannot match.

Bell has the broadest multi-gig footprint with 3 Gigabit per second or higher speeds now available to more than 5 million locations, and at the end of this year, 4 million of those will have access to symmetrical speeds of 8 Gigabit per second. It's a major competitive differentiator, and this will keep us sustainably ahead of any of our peers.

We also continue to advance our cloud capabilities through an expanded partnership with Palo Alto Networks for cloud security solutions and the acquisition of FX Innovation, which is a leading Quebec-based IT services and consulting company which has a specific expertise in digital workflow automation - we announced that today, and that will further accelerate our growing team of cloud-certified professional services employees. These developments are the latest building blocks in strengthening Bell's position as a tech services leader for enterprise customers.

Let me turn to Media now. Despite an advertising market that continues to face near term headwinds across the continent, digital ad revenue was up 4 percent over last year and that's a positive result, certainly, when you think about the current market backdrop generally.

On the customer experience front, we continue to focus on serving customers on their terms. We've introduced a self-serve WiFi optimization tool and we've improved the self-serve guides with step-by-step processes for same-day service activations, and we expanded our manager appointment application. Our customer-first approach is clearly making a difference and you can see that in the latest results from the CCTS.

That CCTS report that I'm referring to shows Bell as the only national service provider to experience a decrease in complaints with a 6 percent reduction, even as complaints were up 12 percent across the industry. In fact, Bell's share of complaints has decreased 16 percent over the past year and impressively 55 percent over the past five years - really, really proud of the team on this and of our progress generally.

We've achieved our financial and operating results against the backdrop of wireless prices that have remained essentially stable, even as the Canadian economy continues to face sustained inflation. If you refer to the latest StatsCan data, the price of all goods and services in aggregate has increased 4.3 percent over the past year, but if you look at the cost of cellular services, they've risen only 0.3 percent.

I want to highlight for you a few notable ESG accomplishments as well. You'll see that this was the first year that Bell issued an integrated annual report - it's a first for a major communications company in North America. We also ranked third among global telecom companies in Corporate Knights' 2023 Global 100 ranking of the Most Sustainable Corporations in the World, and we were rated highly in the sustainable investment category and that was driven by our investments in fleet electrification, electric vehicle charging stations, renewable energy alternatives, and energy savings.

Reflecting our ongoing efforts to engage and invest in our people, Bell was named by MediaCorp as a top family-friendly employer in Canada for the 11th consecutive year, as well as one of the Best Workplaces for Young People and Young Professionals, in recognition of our graduate leadership and internship programs.

I'll turn now—if you're following the slides, I'm going to turn now to Slide 6 to take a look at some of the operating metrics for Q1, and I'm going to start with wireless.

We added 43,289 new net postpaid mobile phone subscribers - that's up 26.5 percent from last year, pretty strong result in what is typically a seasonally slower quarter for acquisitions. This was a function of an 18 percent increase in gross activations, and that was driven by higher retail traffic as pandemic-related restrictions were still in place in the early stages of Q1 of 2022, population growth, continued 5G momentum, and healthy business customer demand.

Although customer churn increased year-over-year, which reflected greater overall market activity, it was still well below pre-pandemic levels at 0.9 percent.

Our ARPU was up 0.9 percent, and that's our eighth consecutive quarter of growth. This was supported by further roaming revenue improvement and now sits at 129 percent of pre-COVID levels and our continued focus on higher value subscriber loadings, and with only 44 percent of postpaid customers currently on 5G capable devices, the vast majority of which are subscribing to premium unlimited data plans, we're seeing good ARPU support going forward despite competitive pressures on base rate plan pricing and the financial impact of the ongoing shift to installment plans.

As for mobile connected devices, net adds were up 45 percent over last year to 70,742, and that was driven by continued strong customer demand for Bell's IoT solutions.

Let's turn to Wireline now. We added 27,274 total new net retail Internet customers, and that's up 5 percent versus last year, but that number includes the competitive loss of DSL subscribers in our non-fibre footprint; but as I already mentioned, fibre net subscriber additions were much stronger at 47,757. We also added around 11,000 net new IPTV subscribers - that's down slightly versus last year, but we expected this due primarily to higher customer deactivations on app streaming service post world cup. Satellite TV and home phone net losses both increased modestly compared to Q1 of last year due to a step-up in promotional offer intensity with a full return to pre-COVID levels of competition.

Over at Bell Media now; our advertising demand held up reasonably well under the current circumstances and comparatively better than our peers, and this was the result of our TV broadcast of World Junior Hockey and the Super Bowl, and it shows if you've got strong content that viewers flock to, it's going to deliver value to advertisers and advertisers are placing value on premium sporting events, and that also helped TSN and RDS maintain their number one rankings in Q1 and allowed us to continue to grow in digital advertising, which I mentioned before but it really does bear repeating.

Outlook - in terms of our outlook for the balance of 2023 for media, the ad recession should begin to stabilize and improve gradually later in the year.

Over at Crave, we continue to deliver with total subscribers up 6 percent over last year, and we're now more than 3.2 million subscribers. This was underpinned by a 24 percent increase in direct-to-consumer streaming subscribers, and we also recently launched our TSN+ streaming product which allows sports fans to access augmented feeds, multicasts and other featured content that's incremental to the premium sports content that we're delivering across the flagship TSN platform.

On the French language TV front, we once again led all competitors in Q1 in the specialty market, including news and sports, while continuing to grow viewership with buzz-worthy programming such as Survivor Quebec, which premiered in early April on Bell Media's conventional TV channel, Noovo.

Lastly, you will have seen a press release from us the other day announcing a landmark long term and exclusive licensing deal with Warner Brothers Discovery that builds on our previous agreement from 2019. The deal

ranges across many parts of their vast portfolio of content. It includes HBO and MAX Originals, the DC Universe, the Wizarding World of Harry Potter, new cable series, library TV series, pay and post-pay window rights for Warner Brothers films and library films, as well as French language rights across a wide range of content. Our valuable long term HBO deal basically just got longer and broader, and that's going to provide further compelling content supporting our made in Canada Crave TV service—streaming TV service, of course.

In summary, a solid start to the year with results directly on plan for Q1, and results that again reflect the Bell team's consistently strong execution. I'm confident that we'll further extend this proven track record throughout the remainder of 2023.

I'm going to hand it over to Glen in just a moment, but first, obviously I want to acknowledge the news we issued this morning that Glen will retire as CFO effective September 1.

Under Glen's leadership, as you all certainly know, Bell has attained a solid financial position with a robust balance sheet, substantial cash flow and pension solvency, and all of that has helped us accelerate Bell's capital expenditures to expand our fibre and wireless networks and position us competitively and strategically for years and years to come. On behalf of everyone, I personally want to thank you, Glen, for your exemplary leadership and your valuable contributions to the Company and to the Executive Team, and to me personally. Thank you.

Curtis, currently SVP Corporate Strategy and Treasurer, will be promoted to CFO effective September 1. Curtis has a deep background in the financial industry and strategic leadership here at Bell, and he's well positioned to take on the CFO role and work closely with Glen and with me during the remainder of 2023 and beyond to ensure a successful transition.

Glen, again a huge thank you to you, and of course you're not going very far, you'll be right back here with me in August and Curtis for our Q2 results, and Curtis congrats.

With that, over to you, Glen.

Glen LeBlanc, Chief Financial Officer, BCE

Thank you Mirko, and good morning everyone.

Before I get started, I want to express my gratitude to Mirko and the entire Bell team for 30 incredible years. As Mirko mentioned and I want to reinforce, Curtis is well positioned to take on the CFO role and is a strong leader who will guide Bell through the next generation. He and I will work closely together through the remainder of 2023 to ensure a smooth transition.

Now onto results. We had a positive start to the year with strong 3.5 percent consolidated revenue growth that was achieved despite lapping a one-time $67 million retroactive revenue adjustment at Bell Media and coping with the economic conditions that continue to impact media advertising and the B2B sector. Normalizing for this one-time revenue adjustment from Q1 2022, revenue was up nearly 5 percent this quarter, a very strong result driven by continued robust wireless and Internet growth and a notable recovery in the business data equipment sales.

While this revenue strength did not flow to the bottom line this quarter, our EBITDA results are very much expected and fully reflected in our internal forecast, given the aforementioned one-time revenue adjustment at Bell Media last year as well as the known near time incremental cost pressures from inflation or strategic initiatives, higher TV content and programming costs, and normalization of cost structure to pre-COVID levels. Adjusting for just the media one-timer then normalizing for the TV hockey schedules this year, underlying consolidated EBITDA growth in Q1 was close to 2 percent.

Net earnings and adjusted EPS were also down year-over-year, mainly the result of the lower expected EBITDA, increased interest expense due to higher rates, higher depreciation and amortization expense as more capital assets are being put into service consistent with our accelerated broadband network build-out plan. Our

net earnings results this quarter also included an asset impairment charge related to the consolidation of real estate space due to Bell's hybrid work policy.

As for free cash flow, our Q1 result was anticipated and right in line with our quarterly budget, reflecting the timing of working capital which will largely reverse out by the end of the year, higher interest paid, and the timing of tax installment payments as well as higher capex. On capex, the year-over-year increase was just timing related to the continued—related as we continue to project a $300 million-plus step down in 2023.

Turning to our new Bell CTS segment on Slide 9 that amalgamates our former wireless and wireline operations, service revenue grew 2.1 percent fueled mainly by continued strong mobile phone and internet—retail Internet subscriber growth, further roaming improvement, and an improved B2B performance trajectory. In fact, Q1 was Bell Business Markets' best quarterly service revenue performance since Q3 of 2020. The financial contribution from our acquisitions of Distributel and EBOX were largely offset in the quarter by lower sales of international wholesale long distance minutes, which can be quite lumpy, and the sale of Createch in March of last year.

On the product side, very strong growth with revenue up 24 percent year-over-year. This was attributable to higher business data equipment sales and improved product availability compared to the shortages we experienced last year, as well as a greater sales mix to higher value mobile phones and more overall contracted device transactions. Notwithstanding the close to 5 percent increase in total CTS revenues, Q1 EBITDA growth was more modest at 1.3 percent. This was the result of some near term expected cost pressures that I described earlier, which contributed to an 8.1 percent increase in operating costs this quarter. As we cycle through some of these added costs, we expect a stronger EBITDA growth trajectory for the balance of 2023, as was contemplated in our quarterly budget that we profiled for the year.

Over to Bell Media on Slide 10, as projected and in line with our budget, total revenue was down in Q1, decreasing 5.5 percent year-over-year despite the ongoing ad recession that's reflected global advertising markets—that's affecting global advertising markets, excuse me. Advertising revenue for Q1 held up better than we expected going into the quarter and much better than our peers. This can be attributed to a diverse asset mix and focused execution on our digital-first transformation strategy.

Subscriber revenue declined 4 percent due to the aforementioned one-time retroactive revenue adjustment that we lapped from last year, which was also a major contributor to the 36.5 percent decline in Bell Media's EBITDA this quarter. Normalizing for this one timer from Q1 '22, EBITDA was down only 6 percent - that's pretty good performance given the macroeconomic context and very much anticipated given the normalization of hockey schedules this year and the content cost inflation for premium sports and entertaining programming.

Turning to the balance sheet on Slide 11; our consistently strong operational and financial performance supports our robust balance sheet and liquidity position, which totaled $3.7 billion at the end of Q1. The debt maturity schedule remains very well structured with an average debt to maturity of around 13 years and a low after-tax cost of debt of just 2.9 percent. Additionally, our balance sheet strength is further enhanced by a sizeable pension solvency surplus amounting to $3.7 billion and substantial recurring free cash flow generation that is reliable and well protected from macro uncertainty.

Let's turn to Slide 12. BCE's fundamentals and competitive position remain as strong as ever. With the financial results we delivered in Q1, we are right on our internal plan, which may not have been obvious to the street as we don't provide quarterly guidance. Together with continued operating momentum across the business and our consistent proven execution in a competitive marketplace, I am re-confirming all of our guidance targets for 2023.

On that note, Thane, I'll turn it back over to you.

Thane Fotopoulos, Investor Relations, BCE

Okay great, thanks Glen.

Before we start the Q&A, I want to remind everyone that due to some time constraints this morning because of our AGM that's taking place right after this call, to please limit yourselves and ask your questions in the most efficient way possible so we can get to everybody in the queue.

On that, Maude, we're ready to take our first question.

QUESTION AND ANSWER SESSION

Operator

Thank you. We will now take questions from the telephone lines. (Operator Instructions)

Our first question is from Drew McReynolds from RBC Capital Markets. Please go ahead.

Drew McReynolds, RBC Capital Markets

Yes, thanks very much and good morning, and Glen, congratulations. It's been great working with you, and I'm sure everyone will share the same sentiment - you've been fantastic.

Glen LeBlanc, Chief Financial Officer, BCE

Thank you Drew.

Drew McReynolds, RBC Capital Markets

A couple of questions from me, and sorry - I missed some of the opening remarks. Just on the—I think the street was well aware of the slower start to the year, just given the tough comp on the EBITDA side. When you see it improving year-over-year for the remainder of the year, is that more or less a straight line improvement? Just trying to kind of make sure expectations are set.

Second question, I normally don't ask the performance of any company directly relative to competitors, but certainly the mobile postpaid net adds were notably in line with expectations but notably below what Rogers was able to put up in the quarter. Just wondering from your perspective what you thought the market dynamics were in the quarter, and with respect to Q2, just the overall strength of the wireless market, is it continuing. Thank you.

Glen LeBlanc, Chief Financial Officer, BCE

Thank you, Drew. I'll jump in on the first before Mirko gives his remarks.

I made it 30 years without giving quarterly guidance, so I guess I won't start now. What I would say is as I look out to the back half of the year or the back three quarters, we remain very confident of the guidance we've given for EBITDA. As I said in my opening remarks, we were lapping a pretty tough comp for Q1 due to that one-time retroactive adjustment and the normalization of hockey schedules. I normalize for those just sub 2 percent. I expect that to ramp each quarter go forward and quite confident, or very confident on the ability to deliver on the guidance provided.

Thank you for your comments, Drew.

Mirko Bibic, President, Chief Executive Officer, BCE

Yes, and on the second, Drew, I was really quite happy, actually, with our wireless results completely on plan and what we wanted, what we set out to achieve for the beginning part of the year. Q1 for us—generally speaking, but for us is a seasonally slower quarter, and we were closely watching promotional activity in Q1, in fact pulled back on hardware pricing in Q1 quite deliberately, and we're glad to see handset discounting come down in January generally and remain pretty manageable.

Again, I've talked about this over and over again since becoming CEO over three years ago, we watch closely our mix across the brand, the family of brands, and we had record Bell mix on gross adds and on net adds, and that's the right way to go because it drives organic revenue growth going forward. Again, just to point out, Q1 is always seasonally light, but really strong if you compare to our own prior Q1s - we're up 26.5 percent, so really happy with where we are. Eighth consecutive quarter of ARPU growth, which I pointed out in the opening remarks, you probably saw in our release, but certainly pointed that out in the opening remarks.

Thank you.

Drew McReynolds, RBC Capital Markets

Great colour, thank you.

Operator

Thank you. The following question is from Maher Yaghi from Scotiabank. Please go ahead.

Maher Yaghi, Scotiabank

Yes, good morning. Thank you for taking my questions, and Glen, it was great working with you, always very easy and meticulous on the financials, so you'll be missed.

Glen LeBlanc, Chief Financial Officer, BCE

Thank you.

Maher Yaghi, Scotiabank

I wanted to ask you a question. Now that the Rogers merger is complete, Mirko, what does the presence of a fourth player versus three previously mean for the long term market structure and health of the Canadian wireless industry in your view, as well as implications for regulatory policy?

Maybe I just wanted to ask you, when I look at your Internet subs, they're up 8 percent year-on-year but your wireline data revenue is only up 2.5 percent. It's a big divergence, and I'm trying to figure out what's going on because it's surprising since you—you know, a lot of the net adds that you're adding here are on new technology that was costly to implement, and I'm trying to figure out what's the pricing on new customers versus old customers and should we see that data revenue growth improve in the back half of the year. Thank you.

Mirko Bibic, President, Chief Executive Officer, BCE

Okay, thank you, Maher.

Look, on the first one, you have—if you take a step back and you look at the industry in our country, we now have four well-capitalized, significant players with very strong wireline footprints and national or near-national wireless footprints, so that is very rare across the global footprint. I think if you're sitting there from a public policy position, I mean, having four players like that is quite significant and will enhance competition and consumer value. Look—and on the wireless side specifically, we are one of the very few countries with four players and probably the only with the convergence between wireline and wireless that I just mentioned, so we have four wireless players.

I think the job ought to be considered as being—having been done now on the wireless front from a public policy and regulatory perspective, and we're continuing to deliver value. In my opening remarks, I did take the time to point out how wireless pricing compares to broader inflation across the industry - it shows you that pricing is going down and value is going up, and let's not forget we have the lowest population density of pretty much any industrialized country. The G7 excluding Canada has over 200 people per square kilometre; in Canada, we have four – four – and it's not like inflation gives us a pass because we only have four people per square kilometer, so we still have to pay for all the input costs to build these incredible networks to 99 percent of the Canadian population. I'm not making a Bell point here, I'm making an industry point.

So increased value, improved networks, we're generating growth, we're delivering what consumers want. The U.S. doesn't have four, Australia doesn't have four, Germany doesn't have four, Finland doesn't have four, South Korea doesn't have four, and it could go on and on and on.

As far as the regulatory development scope, you asked me about that too, I'll just say we're closely watching regulatory developments and we're going to see how that's going to affect our investment decisions going forward.

For the rest, I turn it over to Glen.

Glen LeBlanc, Chief Financial Officer, BCE

Thanks Maher. To your question on data, let me remind you that consumer Internet is up 10 percent, and obviously data is more than just consumer Internet. It's really a product of legacy data and business service solutions that haven't recovered yet - satellite, but let me remind consumer Internet up 10 percent and total Internet up 8 percent, we're extremely pleased with the growth we're seeing in those products.

Maher Yaghi, Scotiabank

Okay, thank you.

Glen LeBlanc, Chief Financial Officer, BCE

Thank you.

Operator

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

Aravinda Galappatthige, Canaccord Genuity

Good morning, thanks for taking my question; and Glen, let me just add my congratulations as well on a tremendous run at Bell.

I just wanted to, maybe Mirko, sort of go back to the enterprise side of the business, Bell business. Maybe just touch on the backdrop of your FX acquisition, what you announced, I think last quarter with respect to Bell Ventures. Your plan to maybe get that back towards neutrality or some sort of growth, is that really a case of sort of maybe waiting for the IoT side of 5G to kind of develop to a certain level where you can see those tailwinds? How do you see the shape of recovery in that business over the next couple of years? Just wanted to get a high level sense of that.

Mirko Bibic, President, Chief Executive Officer, BCE

Thank you Aravinda. Just maybe a couple of sentences on the quarter and then looking forward on the strategy. It bears repeating what Glen said in his opening remarks, that on the enterprise side we had our best quarterly service revenue performance since the third quarter of 2020. I've been saying on these calls for the last few quarters that we haven't been seeing cancellation of projects, just pauses on new orders and pauses on our ability to complete projects given supply chain constraints. We're seeing signs of improvement in supply chains, and we saw that of course in the product sales in Q1 of this year, so all of that is quite positive, and I see some small tailwinds in the second half of 2023 as well.

Now, in terms of the strategy, we talked a lot over the last couple of years about how we're going to focus on IoT, private network, security, cloud and MEC, and quickly unpacking those. I think our IoT business continues to be strong and that will grow over the years. Private networks, we're seeing now the beginnings of some interest in that. I would have thought that would be slower than MEC, for example, but it's turning out that private networks may hunt first. On MEC, it still continues to be—you know, we're going to have to be more patient on MEC, and then that brings us to security and cloud.

We are quite a meaningful player in the security space, and I think that part, we're going to continue to grow and lean into. Then on cloud, we announced, I guess it was probably 18 months ago, the deal with AWS and Google Cloud, and now you're seeing the focus we're going to put in the cloud space. The FX Innovation deal shows that we are going to have a focus in cloud, particularly with FX on digital workflow automation, so enterprises who need assistance for—you know, professional and managed services as they digitize their workflows and their journeys to the cloud, we're going to go hunting there, and FX is very strong in that space.

Basically Aravinda, that's kind of in a nutshell the main areas that we're going to go hunting for growth in BBM, and now you're starting to see a sharper focus in some of those areas; and of course on the legacy side, I'll just complete the full answer, on the legacy side of our business or the more traditional side of our enterprise business is probably a better way to put it, although we're starting to see some improvement there, we're always going to be very, very diligent on the cost structure. We just have to make sure that the underlying cost structure across the entirety of Bell that supports the enterprise business is in line with the revenue profile of that more traditional business, while of course we go hunting for the growth I mentioned.

Aravinda Galappatthige, Canaccord Genuity

That's helpful, thank you Mirko. I'll pass the line.

Operator

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

Vince Valentini, TD Securities

Thanks very much. Two quick things. One, the recent Air Canada deal looks very impressive and interesting. I'm wondering if you can add any more colour on how much impact do you think that could have on your market share of the new immigration market to Canada, and maybe any comment on whether you think you haven't been punching to your proper weight in that space in the past few months.

Second on the regulatory front again, great comments, Mirko, and I couldn't agree more that the policy objective should be met here on wireless; but just to reinforce that even further, a lot of the pricing studies seem to focus on sort of advertised pricing as opposed to what the industry actually realizes in ARPU, and we've seen a move this morning by one of your competitors to just lower the advertised rate to $65 from—$85 for 25 Gigabits plan. I'm wondering what your thoughts are on that, I guess both from a competitive perspective, but also does it make more sense to have everyday pricing advertised at lower levels so the government sees that, as opposed to just discounting off those rates every time we get to back-to-school and Black Friday periods and end up at the same net point anyway?

Mirko Bibic, President, Chief Executive Officer, BCE

Yes, look, on the—thank you, Vince, it's Mirko. On our peer's announcement this morning, I guess it just further supports the point that I made and that you agree with - it's a competitive industry, isn't it, and we'll always be ready, and it shows—that announcement this morning also shows that the bundling value proposition really does matter in the marketplace to consumers and it's going to continue to be an important differentiator, and the players with the largest wireline bases, in my view, will do very well, and on that we cover 75 percent of the country with wireline infrastructure and increasingly fibre, as you know.

On the pricing studies and the pricing discourse, let me say this: it's sadly unsophisticated, the discourse that we have on pricing. Comparing rack rates on a website and saying—and comparing those to prices around the world and saying that Canada is therefore significantly more expensive is so unsophisticated, it ignores so many things. It ignores really what the consumer is actually paying, and points in time matter.

If you look at rack rate pricing in Q1, it tells you nothing about what customers are actually paying because everybody who operates in the industry knows that the majority of sales are in the back half of the year - Q3 and Q4, back-to-school, Black Friday, the holiday season, and that's where the promotional intensity actually happens. That's when the majority of sales happen, and that's what most consumers in Canada are paying, so you've got to pay attention to typical buying patterns and typical competitive intensity patterns.

Then, you can't pretend that handsets don't cost over $1,000 and ignore that either, so again the pricing dialogue is unsophisticated, and maybe the move this morning by a competitor to kind of bring what was otherwise perhaps below-the-line pricing above the line will help that regulatory dialogue.

On Air Canada, we're so excited, like these are two great brands. The Aeroplan platform is extremely powerful. Our family of brands - Bell, Virgin, Lucky as well, and putting those two together is, I think, going to be a very powerful proposition for both companies, but first and foremost for consumers.

Yes, like 5G growth, a lot of wireless growth is going to come from—is coming and will continue to come from newcomers to Canada, and this allows us to speak directly to newcomers before they even enter the country on the airline that most newcomers use to make their new home in our country, so it's going to be powerful for both companies and for consumers.

Vince Valentini, TD Securities

But nothing on whether you can do better, and do you think the Company should be doing better in that square than it has been, Mirko, or are you still—this is just incremental, but you've already been satisfied with—?

Mirko Bibic, President, Chief Executive Officer, BCE

We need to do better, and this is going to be a big, big initiative to make sure we deliver on doing better.

Vince Valentini, TD Securities

Great, thank you.

Operator

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

Tim Casey, BMO Capital Markets

Thanks, good morning. Mirko, could you talk a little bit about how you're thinking about wireless and wireline and bundling, given you continue to roll out the fibre footprint, and as speeds with 5G converge or get closer to wireline, how you're thinking about addressing go-to-market strategies that may include a more holistic bundle, rather than just retention efforts and things like that at the call centres? Thanks.

Mirko Bibic, President, Chief Executive Officer, BCE

Yes, so we'll have to continue to monitor closely developments in wireless speeds and wireline speeds and holistic bundles, rather than necessarily a discounted price bundle if you buy two services. It may be where the world evolves, I don't think we're there yet.

But look, fundamentally wireless will never catch up to wireline speed, certainly not the wireline speeds that we're delivering today and will continue to deliver. The fibre advantage is profound, it's structural and it's fairly long term, and we're going to continue to lean heavily on that advantage to drive continued consumer Internet service revenue growth. These are still healthy revenues —there's still healthy revenue growth at 10 percent, it's quite sizable.

Look, I—if you look at those numbers and unpack them, the 47,700 fibre Internet net adds, up 24 percent, that's a big number; but you see that we are losing, continue to lose customers where we don't have fibre, so the strategy therefore speaks for itself.

It kind of also shows you, doesn't it, that our competitors who have cable infrastructure realize that they just can't compete where we have fibre, so they're going to go hunting where we don't - it makes total sense. But the bigger point is it just basically shows you fibre wins, so we're going to use the fibre pipe and then we have 5G. Our 5G networks are leading networks and we're going to continue to push on the areas of wireless growth, and we have—like I said in an earlier response, we have 75 percent of the country where we have wireline infrastructure, where we can do what I just said - that's an advantage.

Thanks for the question.

Tim Casey, BMO Capital Markets

Thank you.

Operator

Thank you. The following question is from Jerome Dubreuil from Desjardins Securities. Please go ahead.

Jerome Dubreuil, Desjardins

Good morning, and thanks for taking my questions, two for me.

First one, I think it's fair to say that last quarter, you made sure that investors understood your medium term capex plans. Now there's different messaging from Ottawa, so is it possible that these kind of couple of years capex plan might be changed, depending on the outcome of the reviews by Ottawa on the TPIA side?

Second question would be on the cost in the quarter, it might have been a bit higher than usual or you might have expected. You mentioned some tough comps, but are there actual costs in the quarter that you won't—that you anticipate won't be as present in the coming quarters? Thank you.

Mirko Bibic, President, Chief Executive Officer, BCE

Okay, so I'm going to keep my answer to your first question short, just so that the proper emphasis is placed on it. You asked me, can decisions from Ottawa affect our accelerated capex plans, and I'm going to answer very succinctly - yes.

Over to Glen.

Glen LeBlanc, Chief Financial Officer, BCE

Yes, there is some costs, as I mentioned in my opening remarks, in Q1 that we don't see repeating. The first one is the amortization of TV broadcast hockey schedules - that was fairly sizeable in the first quarter, and obviously that's normalized now. Labour inflation, we think we're starting to lap that as well as fuel inflation, so we feel that the worst is behind us and you'll see a more normalized cost structure into the future.

As always, I think we've proven time and time again that it's a core competency of BCE to take the necessary steps we need to right-size our cost structure, and I can assure you we're doing that. Matter of fact, you saw it in the impairment charge we took in Q1 as we continue to really push hard on real estate rationalization, and that's an opportunity for us.

Then the final thing, again said in my opening remarks, TV content, so all in all, we're in line with where we thought we'd be, and yes Jerome, we'll have better quarter-over-quarter comps on costs in the coming three quarters.

Jerome Dubreuil, Desjardins

Great, thank you. Congrats going on with your career, and also congrats to Curtis.

Glen LeBlanc, Chief Financial Officer, BCE

Thank you Jerome.

Operator

Thank you. The following question is from Matthew Griffiths from BofA Securities. Please go ahead.

Matthew Griffiths, Bank of America

Hi, good morning. Thanks for taking the question - it's Matt sitting in for Dave; and Glen, congratulations on the announcement and best of luck going forward.

Just two quick ones for me, focusing on really just the net adds. For wireless, is there any way to provide some colour on the strength coming from consumers versus business, business providing a second line to workers and so on and whether that has legs, because I think on the consumer side with population growth, I think everyone sees that as having the legs to continue being fairly strong.

On the broadband side, mostly focusing on the DSL footprint that you still have, I think you alluded to higher intensity from cable in those areas, but also I wanted to see if you could provide any colour on if you're seeing these subsidized builds that the government is focusing on to extend networks further out where the service is generally limited for high-speed connections, whether that's having an impact or if you anticipate that will have an impact on subscriber losses in the DSL footprint going forward. Thanks.

Mirko Bibic, President, Chief Executive Officer, BCE

Well, on the second one on—we are also a significant player in securing subsidies, so actually that allows us to accelerate our fibre footprint in a way that we otherwise wouldn't be able do commercially in those areas, so I think it ends up being fairly kind of neutral if you consider the share of subsidy we get, compared to what others get. In some geographies, we actually get more of the subsidy and therefore cover more of a subsidized footprint than our competitors, so I wouldn't say that's going to be a driving factor in this, Matt.

Then on wireless postpaid, I'm quite happy with the strength in all the segments, whether or not it's consumer, and we talk a lot about consumer or enterprise or small and medium business. Like I said in my— probably answering the first question, we're really happy with the strength of the Bell mix for both gross sales and the mix in the 43,000 net adds - you know, high preponderance of Bell brand mix on both those, sales and mix.

Matthew Griffiths, Bank of America

Thank you so much, guys.

Thane Fotopoulos, Investor Relations, BCE

Thanks Matt.

Operator

Thank you. The following question is from Stephanie Price from CIBC World Markets. Please go ahead.

Stephanie Price, CIBC World Markets

Good morning, and congrats Glen.

Glen LeBlanc, Chief Financial Officer, BCE

Thank you.

Stephanie Price, CIBC World Markets

Just wanted to circle back on the free cash flow in the quarter. Just curious if you could give us some more colour on what's driving the working capital changes and if you've seen any changes to bad debts, and how we should kind of think about that working capital reversal through the year.

Glen LeBlanc, Chief Financial Officer, BCE

Yes, first the latter - bad debts, no change. We're not seeing any increase in days sales outstanding or anything like that. Fingers crossed that that will continue through the calendar year.

Look - if you look at free cash flow, fourth quarter was one of the highest spending capital quarters in the history of BCE. Obviously, the payables of that would have been recorded in Q1. Secondly, if you look at where we are for capital spending in Q1, we are actually up over $100 million—I think $127 million, if memory serves correct, year-over-year in Q1, which when you consider that for the full year, we've given guidance that will be $300 million under.

What really happened in the quarter is that you make hay when the sun shines, and the weather allowed us to get out and do fibre construction earlier than we envisioned and planned, and the earlier you build it, the more customers we can load, so we've done that, but of course that affects working capital. Then we had some timing of tax installments I was completely planning on, but they can be lumpy from year-to-year and we've incurred them early this year, so Stephanie, that's the kind of unpacking of why the consensus on free cash flow versus what we delivered is so different, yet I remain so confident in the delivery of the annual free cash flow guidance.

Stephanie Price, CIBC World Markets

That's helpful colour, thank you, and then just one more from me. I'm just curious on the integration of Distributel, whether you've migrated the subs to BCE network where that's possible, and how we should kind of think about the potential for margin improvement from that tuck-in.

Mirko Bibic, President, Chief Executive Officer, BCE

Strategically in terms of Distributel and EBOX, where we have fibre network and a Distributel subscriber is currently on the cable platform, we will migrate them over to fibre over time, and note here that Distributel is a brand of Bell Canada, so there is no separate legal entity Distributel any longer. It's part of Bell Canada and it remains a brand, so we're going to move Distributel-branded Bell subscribers to Bell Fibre footprint where we can over time.

Stephanie Price, CIBC World Markets

Thanks so much.

Operator

Thank you. The following question is from Sebastiano Petti from J.P. Morgan. Please go ahead.

Sebastiano Petty, J.P. Morgan

Hi, thank you for taking the question. Just wanted to see if you can update us on the competitive environment in wireless and wireline thus far in the second quarter. Obviously you talked about a little bit more of a, I think normalization in 1Q trends. What are you seeing thus far?

Then secondly, looking across your perhaps maybe sports asset holdings, obviously headlines about the Ottawa Senators perhaps setting a record for NHL sale, it's not as though leverage is maybe a major concern or access to the capital markets, but how are you evaluating perhaps monetization or the long term strategic value of some of your sports holdings? Thank you.

Glen LeBlanc, Chief Financial Officer, BCE

Good morning Sebastian, it's Glen on the second question, and Mirko will handle the first one. On the sports assets, we are very comfortable with the assets we have. We feel that the value they deliver continues, and we have no intention of doing anything with the sports assets in the near term.

Mirko Bibic, President, Chief Executive Officer, BCE

Yes, and on the early signs for Q2, I would say generally in line with what we saw in Q1, where you—you know, there was typically—a typical seasonal slowdown compared to Q4 of last year.

Generally speaking, I think at the flanker brand level, you see higher competitive intensity generally, but nothing out of the ordinary or nothing that we didn't expect, and I think as always, we have to carefully watch to see how the dynamic is going to evolve. We're going to have to assess this morning's announcement by one of our competitors, and watching these kinds of things is definitely top of mind in everything we do.

But bottom line is this: there is a lot of growth in the wireless industry still, a lot of growth for all industry participants, whether or not it's immigration newcomers to Canada, which we've talked about, or people moving from LTE to 5G, or greater store traffic, return of business activity etc., etc., so I think that growth will float all boats and we're ready to compete.

Sebastiano Petty, J.P. Morgan

Great.

Thane Fotopoulos, Investor Relations, BCE

As we're approaching the 9:00 a.m. end time, this will be our last question, Maude.

Operator

Perfect, thank you. I would now like to turn the meeting back over to you.

Thane Fotopoulos, Investor Relations, BCE

Great, so thank you all for your participation this morning. As per usual, I will be available along with Richard Bengian to answer any questions and clarifications that you may have as a result of our announcements this morning. On that, thank you very much and have a great day.

Glen LeBlanc, Chief Financial Officer, BCE

Thank you everyone.

Mirko Bibic, President, Chief Executive Officer, BCE

Thank you.

Operator

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