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RCI.B.TO - Rogers Communications Inc at CIBC Eastern Institutional Investor Conference

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PRESENTATION

Bob Bek - *CIBC World Markets - Analyst*

All right. Good morning. Thank you for coming back. Once again, my name is Bob Bek. I am the cable, media, and telecom analyst at CIBC. My pleasure to host our next session with Rogers Communications. I'm sure all of you are quite familiar with the Company, one of Canada's leading communications and media companies.

Again quite pleased to have with us this year, Guy Laurence. Guy is President and Chief Executive Officer. Thank you for joining us again.

Guy Laurence - *Rogers Communications Inc. - President and CEO*

My pleasure.

Bob Bek - *CIBC World Markets - Analyst*

So I thought I'd launch in with a bit of an overview kind of question, big picture, then we can kind of go into segments from there. But a year ago, we sat down and talked about some of the priorities for your transformational plan at Rogers for 2016. We're kind of three quarters of the way through it. Maybe just a bit of a recap as to where you see your priorities, and how you've kind of hit what you'd wanted to do through 2016 and maybe an inkling of what we can see rolling into 2017.

Guy Laurence - *Rogers Communications Inc. - President and CEO*

Okay, well morning, everyone. So we -- if you were here a year ago, we were mainly focused on restoring growth in wireless. We're well on course to do that. We've had a couple of good quarters under our belt. We're also hitting the ball out of the park on the Internet as well, which has been a key focus of us. I'm sure we'll talk about that a bit later on.

And then we also said that we had more work to do on our TV product and that's still the case. So nothing much has changed on that other than we're getting close to the launch of our new service. So that's upcoming and there's more upside there.

On the media side, quite a lot has changed since last year, actually, because the shift away from traditional advertising meant that all of the players in the industry have had to cut costs. In hindsight, perhaps we were a little slow to do that. But we did it at the start of this year, and so now we've got the media division back on track, and we are benefiting hugely from our strategy of focusing on sports.

So I'd say, in summary, we've made -- continue to make good progress on wireless, helped primarily by networks, by customer care, and by the value-added content that we sell. So we have a kind of strategy of selling those three things.

We continue to do very well on Internet. We've yet to improve on TV, but we are headed in the right direction quickly now.

And on media, now we had to readjust our cost base. But it's done, and you're seeing the benefits of that now, as well.



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Bob Bek - CIBC World Markets - Analyst

Great. Before we dig into the -- harder into the segments, part of your transformation in your Rogers 3.0 plan was a little on the softer side for culture and customer care and that. So maybe just a quick snippet as to how that's progressed. Because it is a key component for kind of turning the view from customers at Rogers.

Guy Laurence - Rogers Communications Inc. - President and CEO

Yes, well, I'm -- I think I'm on record thousand times as saying it's a journey, not a destination. And I'll continue to say that for the next 10 years. But we do continue to make progress on the customer care side.

And it's based largely around a couple of things. First of all, it's making each individual front-line person accountable. So we have a metric called Net Promoter Score. And every single person on the front line can measure their personal Net Promoter Score, so they can see how they're serving customers.

It's also on a huge drive towards self-serve. We were the first in the world to launch integration putting in Facebook Messenger and customer care. So you can literally use Facebook Messenger to talk to our call centers. And now it is tens of thousands of people who switched to doing that because it's so much more convenient.

Last week we launched integration with Twitter. We were amongst the first group of operators in the world to move into Twitter self-serve. And that is, at the end of the day, what people want. They want to be able to serve through things -- either self-serve on the Web and on mobile, or they want to be able to go in, live chat on social media. And that's where our thrust is going. And that's where you're seeing the churn come down, because happier customers don't tend to move operators.

Bob Bek - CIBC World Markets - Analyst

That's true. So let's dig into operations. Wireless obviously a key one for the Company. Q2 loading, quite a good quarter for yourselves. Quite a good quarter for your peers. I ask all of them, how come we've seen such a nice rebound in Q2? Everyone's answer is the same: we know why we did well; we don't know why everybody else did well.

Your thoughts on the market in general, and then from there we can step into the competitive commentary on where we stand in wireless.

Guy Laurence - Rogers Communications Inc. - President and CEO

Well, I know why we did well. (laughter) I think actually just to try and broaden this out to help people, I don't think any of the operators actually know for certain why the market seems to be buoyant at the moment. I have a theory, and it's no more than that.

The theory is that I think the move socially to make the mobile phone your main communication device for messaging is shifting faster than it was before. So what's happening is although they are using PCs and tablets for video streaming, they are doing pretty much everything else on the mobile phone. So even when they've got a laptop in front of them and a mobile phone in front of them at the desk, if they need to do an email they will pick up their mobile phone. And in fact, actually, we see a move away from email and into things like WhatsApp and other messaging products. And therefore, that is even more [behooven] for them to use the mobile phone than it is the laptop.

Now when you get out of the house, therefore, this device is becoming more and more important to you; and therefore, having the right size memory, the right size device, the right size screen in particular. And we are seeing a move up in the size of the screen as well means that it's just -- I think that we've reached some kind of tipping point where it's now become de facto what you use for messaging. And the use case is you use

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for your laptop and tablets are very much now reserved for browsing on certain big websites like Amazon and things like that, and then also the consumption of video.

And I think the other thing is because of this shift, and then parents are getting more comfortable with giving their children a better phone earlier, you know, at an earlier age; and the whole thing has kind of shifted over silently during the last summer.

So whether this is a short-term phenomenon as that shift happens and then we go back to previous growth rates, or whether it continues, I don't think anyone knows. But that's at least my theory, looking at some of the traffic patterns that we see on different applications.

Bob Bek - CIBC World Markets - Analyst

That's very helpful. The quarter was particularly strong on the subscriber net add side. ARPU growth, Rogers has had a nice recovery from a strategy that sort of gave up a bit on growth over the last couple of years. Your thoughts on the ability to kind of, again, flowing through from your comments on how the wireless market has changed, your prospects for ARPU growth and the market's prospects for ARPU growth.

Guy Laurence - Rogers Communications Inc. - President and CEO

Well, one follows the other. If my theory is right, then ARPU growth will follow it. Because as you become more dependent on one device for a certain kind of -- certain use cases, so you use more data. And use more data, then you decide you want to pay more for that.

So it's not that we're charging more per megabyte. In fact, the cost per megabyte, if you look at the industry trend, is actually going down. But the consumption of megabytes is going up, and continues to grow; and, hey, long may it continue. (laughter)

Bob Bek - CIBC World Markets - Analyst

So we had your two peers and the big three yesterday, and both were making particular points about the strength of their wireless network. There's some various speed metrics, things like that. How would you respond to the -- given Rogers' network in those comparisons?

Guy Laurence - Rogers Communications Inc. - President and CEO

So I think there's an awful lot of corporate BS going around and around this whole thing. And I just -- I end up in hysterical laughter every time I see these claims about world-class networks and all the rest of it.

One of our competitors is headquartered here in this fair city. And interestingly, they don't run an LTE network in the downtown part of Montreal; they outsource it to another company who is based 4,800 kilometers away in Vancouver. Well, I don't know how that's called world-class.

And then you get one claiming that they're world-class; the other one is claiming they're world-class. They both use the same network. It's a bit of a joke, to be quite frank. So I think it's done for this audience. It's supposed to impress you. If you want to be impressed, that's up to you.

I think the quality of networks in Canada are exceptionally good, across the board. But at the end of the day, we believe we have the best network. And we run a national network, not a regional network like the other two do. And it's as simple as that. But I think to be quite frank, all of this stuff is mainly corporate BS for your benefit.



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Bob Bek - *CIBC World Markets - Analyst*

So underneath the network comments with respect to your positioning, Rogers has always been really aggressive in accumulating spectrum, making use of spectrum. So perhaps just kind of your thoughts on that position; and again we can roll that into a discussion perhaps on the 600, or other future spectrum coming down the pipe.

Guy Laurence - *Rogers Communications Inc. - President and CEO*

Sure, I mean we've -- Ted Rogers had a quote which was, he never met a megahertz he didn't like. So I have benefited, over the three years I've been here, from a good spectrum positioning we had originally. Probably the most important thing we did was to buy significant quantities of the 700 spectrum, the beachfront spectrum, which we've fully deployed apart from a couple of areas. And that is really helping us in shaping the network.

And then of course, the Rubik's Cube deal we did between Mobilicity and Wind and all the rest of it then filled in other areas we needed to do so. So as we stand right now, we have a very good spectrum holding.

I'm actually in no hurry for the 600 auction, to be quite frank. And with my broadcasting hat on, I also have some concerns about how the government may run that auction. So with my wireless hat, on I don't need it. With my media hat on, I have some concerns about it. And I think it's going to take time for the negotiations about how the auction will run to be completed.

The US process has not been without its issues. And I think the government would be -- needs to be extremely careful about when and how they declare their hand on the 600. But I think it's more important for Canada, to be quite frank, that we get it right than we get it soon.

Bob Bek - *CIBC World Markets - Analyst*

I can probably guess your answer to this, but your views on set-asides at this point, given the competitive market out there -- do you still think the government will have a push to try to push some spectrum off to smaller players?

Guy Laurence - *Rogers Communications Inc. - President and CEO*

Well, I can't speak for the government. The intention of the previous administration was to get four national players. And actually we helped facilitate that through the Rubik's Cube deal with Mobilicity and Wind. So having satisfied that requirement that the government, previous government had, then we have to see what the new government's point of view on that is. But certainly in terms of the Harper administration, it was satisfied by the Rubik's Cube deal.

Bob Bek - *CIBC World Markets - Analyst*

Looking at some of the costs from the wireless side, COA, COR: a lot more on COR of late, as the industry has penetrated. But still COA is compelling. Where do you think the trends are currently? We've got a new iPhone out there that I know supply has been constrained in Canada. But obviously there's been some push in the US that is going to add to some costs on the COA or COR. Where do you think the industry stands here in Canada, and in particular, any comments on the iPhone effect?

Guy Laurence - *Rogers Communications Inc. - President and CEO*

Yes, so I think you are right; COR is really the issue. It will continue to climb, I think. I think it's the rate of climb that is the discussion point, rather than whether it will climb, because as handsets get more expensive than inevitably it is going to rise. And it's up to us to mitigate those with more efficiencies in other parts of the business.

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So there's a question -- I think there's two questions that should be going through your mind. One is the rate of climb; and then, secondly, can we mitigate those costs? And we are very focused on both of those.

With respect to the new iPhone, I think Apple did a good thing by actually stating from the get-go that supply would be limited; and therefore, queuing up -- the old days of the long queues around the block are over. And actually it's more about getting customer a handset at the time that they have stock available.

So we haven't seen the kind of chaotic circumstances in retail that we saw on previous launches. And I think that is a really a good step for the consumer. And people -- I think there is demand for the phone, there's no doubt about that. But let's see as the supply comes through.

We won't know, I think, before probably until the end of Q1, what the real demand for the iPhone 7 is. Because I think by the time that the supply chain at Apple has been worked through, we are through the Samsung issues that we've had --

Bob Bek - CIBC World Markets - Analyst

Right.

Guy Laurence - Rogers Communications Inc. - President and CEO

-- and so on and so forth. We won't get a clear picture until the end of Q1; and that's fine, actually. That's okay. So in customers because they're happy with their iPhone 5s and 6s, they're happy if they have to hang on to them for another 12 weeks, 16 weeks. It doesn't really matter anymore.

In the old days, you weren't cool if you didn't have the new iPhone within a day of it being released. And I think those days have somewhat passed. And hallelujah, because I didn't like having customers queuing up outside my stores, to be quite frank. I'd like to have customers, but not customer queues.

Bob Bek - CIBC World Markets - Analyst

Right. Another trend coming out of the US, I guess relates to the handsets is the moving away from the subsidy model to contract model. Canada is still very solidly in the existing model that we've had for many years. What are your thoughts on moving towards more of a US system, or whether or not this one works better for Canada?

Guy Laurence - Rogers Communications Inc. - President and CEO

I think just because the US does something, it's not a reason to do it in Canada. I don't have any plans to introduce it, and let's see what happens to the marketplace. But some trends translate from US to Canada; others don't. I mean it's just different markets.

Bob Bek - CIBC World Markets - Analyst

There's been -- the products are getting harder to differentiate between the operators at this point. You have the same handsets. The plans are similar. There's been some additional effort to put in some add-ons, some added benefits to subscribers. Maybe you'd just touch on what Rogers has done to kind of layer on additional value to wireless subs that perhaps differentiate from its competitors?



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Guy Laurence - *Rogers Communications Inc. - President and CEO*

Yes, pretty much from me arriving, we had a strategy of basically network, customer care improvements, and content. And we stick to that. And to this day, we have huge amounts of our customers consuming content as part of their packages.

It has two benefits, from the way we look at it. One is that it's a differentiator at the point of purchase. So it plays into the consideration set of whether a customer comes with us or they go to a competitor.

And the second thing is because I've always condemned this currency we all use, which is megabytes. Nobody understands what a megabyte is. Nobody has a clue what a megabyte is. And therefore, actually if you say to them you can get hockey highlights on your phone, or you can get Spotify or you can get Netflix or Shomi whatever it is, then the fact is that people can relate to that.

So we continue to believe in our strategy of adding value through content. We've played with lots of different content. We've played with music; we've played with sports; we've played with video. And we find different cohorts like different things. We've found that some people are more attracted by having it included right the way through their contract but at a higher plot price. Other people like it included in their contract for the first six months with the option to then buy it.

So actually we continue to experiment with the market to see what appeals. But we are wedded to this approach, at least for the foreseeable future. Because if you look at the results, it's working.

Bob Bek - *CIBC World Markets - Analyst*

Yes, clearly. 5G, it's a very hot topic. We see Verizon in the US seemingly pushing the calendar ahead and ahead and ahead. They made some more comments this morning about even 2017, about some various parts of their test product rollout. And so what are your thoughts on 5G, the timing on trying -- if Verizon or others try to push it ahead into -- ahead of, say, 2020 or 2021, what are your thoughts on where Rogers stands on following, or on participating in 5G?

Guy Laurence - *Rogers Communications Inc. - President and CEO*

Well, I think this is the second heading that falls into the corporate BS department. I mean the global standards for 5G are several years away. And therefore, people are -- what you see is companies using 5G to justify other investments that they've got to do, like widespread rollout of fiber in residential areas when it's actually an urban play. And therefore, pretty much -- I think any problem you've got now, you should just say 5G, and then somehow magically it goes away.

So the industry standards are at least -- well, let me think -- they are now three-and-a-bit years away from being completed. I was in China a few weeks, in the labs, watching the pre-standards 5G and what it can do. We believe there is probably three use cases.

If you think of it as a three-lane highway, basically you've got sort of 10 gigabit space in the outside lane. You've got ultra low latency for things like automatic cars. And you've got the mass IoT for things like -- take a container port; you take a module on every single container coming through the port so you can actually monitor where it is, whether it's got perishable goods, all those kinds of things. And 5G basically handles all of those use cases in a software-defined network.

So it's very different to the kind of networks we run now. The standards are not defined. Several operators are trying to go ahead of the curve to grab mind share and market share from people like the automotive industry. They are using the moniker of 5G because they can. But we probably need to all kind of calm down a bit, and this will come over the fullness of time.

And I do think it will add another spurt of growth to the industry, but the costs are not fully understood yet. The revenue upside is not fully understood yet. And anyone who says different is smoking something.



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Bob Bek - CIBC World Markets - Analyst

Notwithstanding those comments, there has been increased discussion on the last mile, and 5G having a role at some point in the future on perhaps replacing wire for the last mile.

Guy Laurence - Rogers Communications Inc. - President and CEO

Yes. And it may happen. But to say that that justifies huge rollouts of fiber right now is just stretching the argument, I would say.

Bob Bek - CIBC World Markets - Analyst

Okay. You've got a relationship with Vodafone on the wireless side

Guy Laurence - Rogers Communications Inc. - President and CEO

Yes.

Bob Bek - CIBC World Markets - Analyst

Maybe just a bit of color on that, what that might bring to Rogers, or what the advantage of having that is?

Guy Laurence - Rogers Communications Inc. - President and CEO

So we -- the relationship we have with Vodafone is a purchasing relationship. So they are the largest -- outside of China, they are the largest operator in the world, and they buy at scale. And, therefore, what we use them for is actually to get the unit price down on hardware we are buying, primarily in wireless; to a smaller extent, in wireline.

And it allows us to -- if you think of your CapEx as basically P times Q, price times quantity, it actually brings down the P significantly so we can increase the Q or we could take savings to the bottom line, one or the other. So what we've elected to do is to basically get the P down, allow us to buy more Q. And that allows us to roll out our networks faster, and that's what you'll see.

So basically, it's allowing us currently to roll out faster. You also see we are at the high water mark of CapEx at the moment. In fact, we're drifting down on CapEx. And some of that has come from the relationship with Vodafone.

The second area it gives us is an advantage on roaming, and you see that with the rollout of Roam like Home and things like that. Obviously, Vodafone has a huge amount of countries it operates in, and other relationships which we access.

And then the third area that actually helps us is on things, ironically, like 5G. So we are working with Vodafone on 5G. They obviously have to deploy it in a huge number of countries, and they have huge resources allocated to it. And we [have] sat in those meetings with them, and that's the relationship we have with them. And there's a number of other independent operators around the world that also have this relationship. We're not the only one. But we are certainly one of their larger customers.

Bob Bek - CIBC World Markets - Analyst

Very interesting. Before I move off to cable, I'll throw it out to the audience. Any lingering wireless questions I haven't touched on?



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Okay. You've referenced a couple times on competitors pushing fiber, having -- trying to try to catch up to what is distinctly a cable advantage on Internet being really the key product for now. Maybe your thoughts on the current dynamic on pricing. You've got this IGNITE product. You've got the ability for much higher throughputs than what your competitors can do, at this point. Everybody talks about 1 gigabit. But maybe just talk about the day-to-day realistic throughputs for a Rogers versus a competitor.

Guy Laurence - *Rogers Communications Inc. - President and CEO*

Sure. So we -- so first of all, by the end of this year, we will have completed the rollout of 1 gigabit capability to all of our footprint, which is what we said we would do a year ago, and we're well on track to deliver that. It's not that one people -- everyone's going to take 1 gig straightaway, just to be clear. But what you see is there's a real need for speed. And it's -- that need for speed is way in excess of what the competitors can provide.

So if they can provide 50 megabytes which is the equivalent of dinosaurs in terms of speeds. And what you see is that already most of our customers, our new customers are coming in at way over 100 megabits. So even amongst our base, 38.5% last quarter had already moved to 100 megabytes and above.

So it's not that they're going to go straight to 1 gig; it's the fact that the default now in your house needs to be at least -- I mean what have you got in your house?

Bob Bek - *CIBC World Markets - Analyst*

I've got 300 megabytes from you guys (laughter).

Guy Laurence - *Rogers Communications Inc. - President and CEO*

So that's my point. So to me, unless you're a hermit living by yourself, you need at least 100 megabits. And a lot of people, particularly high-end people like yourself, need far more than that. So what you're seeing is more than 50% are coming in well over 100 megs. And my base 38.5% last quarter was over 100 megs.

And as we fatten up the content on things like 4K and all the rest of it, and people consume those through all of these different devices so they will need more and more speed. So there is a clear path towards a 1 gigabit. It's not that they need it this second. We have a lot of customers on 1 gig, but it's not that they need it the one second. The point is, they need more than 50. Because 50 is history. Right?

Bob Bek - *CIBC World Markets - Analyst*

I agree. So you touched on the 4K. And maybe that's a good segue into some of the advanced cable products that are coming: the 4K, the ultra HD, and then we'll work that towards IPTV. So maybe that's a good segue.

Guy Laurence - *Rogers Communications Inc. - President and CEO*

So we focused on speed, we focused on 4K; we are the world's second-largest producer of 4K content now. We see it in the customer satisfaction, and that's where I'm most pleased. And we want to do more 4K production next year.

We also see that we've got a real expertise in it. We've had a lot of the US networks up, interestingly, asking us how to do it, because we've developed so much experience so quickly; because to be quite frank, I've had so much pressure on the team to get it out there. So will continue to roll that out. We are going to add HDR to that next year, which is high dynamic range.

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There's a bit of an industry bum fight going on over standards at the moment. So we're waiting for that to get cleared up. But we've been trialing HDR as well, and that pops the color on the picture; particularly good for sports, which is where we are focused.

And then in terms of our cable product, as I said, our cable product is the last of the three product sets, with wireless and Internet being the other two that we need to address. And we've been working on a new IPTV product which we are on schedule to roll out towards the end of the year. And it's kind of [beater] format. But as I've said before, if I'm not happy with it, we'll roll it out slightly later.

So we showed it to some of the people in this room a few weeks ago. I think the reception was very good. It was very good again at the second demo that we did two weeks ago. And I've got 3,500 of my staff using it every day to actually iron out all the wrinkles. And like all our scaled technical deployments, there will be wrinkles. But nevertheless, there's a huge amount of buzz within the company. It looks spectacular. So we're in the countdown.

Bob Bek - *CIBC World Markets - Analyst*

Maybe you can [run it], for those that are not as familiar, what are some of the benefits or advantages to a customer with the IPTV in?

Guy Laurence - *Rogers Communications Inc. - President and CEO*

Yes. So the biggest change in what's happening in TV viewing -- and you should recognize this, just being human -- is that in the old days, you used to turn on a TV set, then you'd find a channel, and then you'd find a program. And that's the way you were wired in the old days.

If you actually look at how you're wired now is you actually get home and you think, I want to watch Game of Thrones, or I want to watch Modern Family, or I want to watch a film. You don't actually think channel first. You think programming first.

So the problem is is that the way that TV is wired is it's not meant -- it wasn't thought that way. Well, we've changed that construct. So what happens is that the TV, the way that the programming is set up is it leads with the programming first that you actually like watching. So it has a recommendation engine built into it, and it actually presents programming we know you like watching.

It also has a whole stack of other facilities, like restart and a whole bunch of things that some of the competitors have launched. So it matches all of their set, and then it has incremental capability on top. But it's very much designed around the user. We are all humans. And I'll give you another use case.

You all know that you lose the remotes. None of you are willing to admit it to your spouse. But you know that you lose the remotes because it gets buried in that crack in the couch and you can't find it. So we've put a button on the set-top box that when you press it, it rings the remote and it tells you where it is. So you don't look stupid when your spouse says, can we change to another channel, please?

So we've incorporated a whole kind of bunch of things that will address real human needs. They're not life-and-death product features. They're kind of fun features that just help you get through a pleasant evening of viewing.

Bob Bek - *CIBC World Markets - Analyst*

I wanted to get to one media question, just -- I know it's a small part of the business. You talked about the cost-cutting. And you've also talked about the 4K, and sports in particular being a key feature there. Maybe this segue for the Blue Jays playoff run, kind of the benefits that that has played out. A year ago, we were kind of in the pre-playoff excitement --

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Guy Laurence - *Rogers Communications Inc. - President and CEO*

We still are.

Bob Bek - *CIBC World Markets - Analyst*

We still are; it just seems (laughter) less about it. But what that's done to -- we were talking earlier about how that has kind of flowed through into 2016, the success from last year, and so --.

Guy Laurence - *Rogers Communications Inc. - President and CEO*

Yes, well, I think -- I'll answer your question, but I think you need to broaden it out to our overall media strategy, which is primarily based around pushing sports. I mean we do have some good assets in other areas of media but we're really focused on sports.

And the thing about sports is it will always be a portfolio play. So it's never going to be about one particular sport or team, although we do love our Blue Jays. So we are -- we had a good run with the Raptors this year. I am personally -- and it's probably very unpopular in this room -- a keen believer that the Leafs will be back within the next couple of seasons. Yes, I hear the derision here. I'll make you eat your pencil in a few years' time -- but anyway.

And the Jays are doing -- they are having a good season, but there's no doubt that we are holding our breath a little bit. I was with Mark Shapiro two nights ago, and we were discussing this. And we agreed that the tension as to whether we'll make the playoffs is fantastic for Sportsnet, and lousy for his and mine heart. (laughter) So, we'll see what happens.

But I think that from your perspective, when you're looking at the Company, first of all you have to keep media in context. It's a relatively modest part of our Company. It's an important and well-loved one, but it's modest. And secondly, that it will always be a portfolio play.

So we had the situation where the Canadian hockey teams didn't do well last season, which is -- last time was, I don't know, 1960s. So you have to take -- you have to roll with the punches in sport, literally and metaphorically. And it will always be the portfolio effect that we are looking for.

So then the question becomes is do you have the broadness of sports assets in order to cope with that variation in performance? And the answer is yes, we do.

Bob Bek - *CIBC World Markets - Analyst*

I was just going to finish up with a question back on financials, free cash flow priorities. I guess since we last met, the Board has decided to kind of hold off on the dividend growth in the spring. There's obviously balance sheet de-levering priorities as well. CapEx is continuing. So maybe just your thoughts on, from a CEO perspective, on the free cash flow use priorities.

Guy Laurence - *Rogers Communications Inc. - President and CEO*

Yes, I know it wasn't popular, but we were clear we wanted to work on de-levering, and we are doing, and it's coming along nicely. It wasn't that we canceled the dividend.

Bob Bek - *CIBC World Markets - Analyst*

I didn't say that. (laughter)

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Guy Laurence - *Rogers Communications Inc. - President and CEO*

No. But you might have been forgiven for thinking that, given the reaction. And therefore, you have to believe at some stage that we continue to look at the right point of when to do that; and therefore, it will change in the future. But I'm not going to give any hints about when that may be. Because we said what we said, and we are focused on de-levering and we're doing that. And it's coming along nicely, and that's really all I can say on that subject.

Bob Bek - *CIBC World Markets - Analyst*

That's great. Thank you. So we're out of time, but thank you very much for your interest. And thank you, Guy, for sitting with us today.

Guy Laurence - *Rogers Communications Inc. - President and CEO*

Thank you. Nice to see you again. Cheers, thank you.

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