

Company Name: Rogers Communications
Company Ticker: RCI/B CN
Date: 2018-07-19
Event Description: Q2 2018 Earnings Call

Market Cap: 33,918.25
Current PX: 66.12
YTD Change(\$): +2.07
YTD Change(%): +3.232

Bloomberg Estimates - EPS
Current Quarter: 1.153
Current Year: 4.144
Bloomberg Estimates - Sales
Current Quarter: 3784.000
Current Year: 15008.235

Q2 2018 Earnings Call

Company Participants

- Glenn Brandt, Senior Vice President, Corporate Development, Investor Relations & Treasury
- Joe Natale, President and Chief Executive Officer
- Anthony Staffieri, Chief Financial Officer

Other Participants

- Vince Valentini, Analyst
- Jeff Fan, Analyst
- David Barden, Analyst
- Tim Casey, Analyst
- Aravinda Galappathige, Analyst
- Maher Yaghi, Analyst
- Greg MacDonald, Analyst
- Drew McReynolds, Analyst
- Philip Huang, Analyst
- Simon Flannery, Analyst
- Richard Charl, Analyst

Presentation

Operator

Good morning, ladies and gentlemen. Thank you for standing by. Welcome to the Rogers Communications' Q2 2018 Results Analyst Call. At this time, all participants are in a listen-only mode. Following the presentation, we will conduct a question-and-answer session and instructions will be provided at that time for you to queue up for questions. (Operator Instructions)

I would like to remind everyone that this conference call is being recorded on Thursday, July 19th, 2018 at 8:00 AM Eastern Time.

I will now turn the conference over to Mr. Glenn Brandt with the Rogers Communications management team. Please go ahead, sir.

Glenn Brandt, Senior Vice President, Corporate Development, Investor Relations & Treasury

Good morning, everyone and thank you for joining us. I'm here with our President and Chief Executive Officer, Joe Natale; and our Chief Financial Officer, Tony Staffieri. Today's discussion will include estimates and other forward-looking information from which our actual results could differ. Please review the cautionary language in today's earnings report and in our 2017 Annual Report regarding the various factors, assumptions and risks that could cause our actual results to differ.

With that, let me turn it over to Joe to begin.

Company Name: Rogers Communications
Company Ticker: RCI/B CN
Date: 2018-07-19
Event Description: Q2 2018 Earnings Call

Market Cap: 33,918.25
Current PX: 66.12
YTD Change(\$): +2.07
YTD Change(%): +3.232

Bloomberg Estimates - EPS
Current Quarter: 1.153
Current Year: 4.144
Bloomberg Estimates - Sales
Current Quarter: 3784.000
Current Year: 15008.235

Joe Natale, President and Chief Executive Officer

Thank you, Glenn, and good morning, everyone. Today I'm pleased to share our second quarter results with you. Let me start with our financials. In Q2, we posted strong results, with total revenue growth of 4% and adjusted EBITDA growth of 8%. These results were driven by very good performance in both our wireless and cable businesses.

In wireless, we delivered strong financial and operating metrics. We achieved the best postpaid churn and the highest second quarter net additions in nine years. Overall, an exceptional quarter in our largest segment.

In cable, despite the competitive intensity, we reported solid financial and operating results. We grew total service unit net additions by 17,000. This was driven by our Internet business, where penetration grew for the 12th straight quarter, delivering 23,000 net additions, the best Q2 results in 13 years.

In media, we saw some softness in revenue, while adjusted EBITDA was up. We remain firmly focused on our strategy of driving growth with live sports and local news. So overall, another terrific quarter and a rock solid first half of the year. More broadly, we continue to make steady progress on fundamentals, focusing on consistent and sustained performance across financial and operating metrics.

Execution, discipline and well-timed investments remain the key to our success. With respect to network evolution, we continue to make steady progress on our 5G deployment plan. We have signed key strategic agreements with more to come, and plans are underway to deploy thousands of small cells. We are working with Ericsson, the 5G North American partner of choice, to densify our network with small and macro cell sites.

We continue to upgrade our 4.5G network with the latest 5G-ready technology, and we are testing a new set of Global 5G standards, released just last month

On the cable side, our Internet capability continues to deliver well ahead of consumer demand. We already offer 1 gigabit speeds to all of our customers today across our footprint of 4.4 million homes and businesses.

Our DOCSIS roadmap will evolve to support increasing upload and download speeds across this footprint. And as I have mentioned, this remains a success-based and evolutionary investment.

On the TV front, we continue to advance the strategic roll out of Ignite TV, the first phase of our connected home roadmap. In Q2, we expanded our soft launch to select customers in Ontario. Thousands of team members and customers are now using the service and early feedback has been positive.

We continue to fine-tune our execution to ensure a great customer experience as we roll out the service. This is supported by a phased awareness and advertising campaign, that started this week.

Over the long term, this is much more than an IPTV service. It is a roadmap to connect everything in the home. The Comcast roadmap will give our customers a connected home solution, that integrates everything in the home, a home powered by voice technology, integrating home security, lighting, temperature control and beyond. I believe the connected home represents a significant mass market shift, similar to the smartphone revolution 10 years ago.

We truly have a competitive advantage in cable with our world class Internet and our connected home service. Together, this gives us a winning formula to deliver the home of the future.

We continue to make meaningful progress on the customer experience front. This is reflected in reduced churn, reduced calls into our call center along with the solid uptick in digital adoption. I am pleased with the progress we are making and the customer first momentum that we are making across our organization.

On this front, we continue to build our customer first culture internally. In our recent annual employee engagement survey, we achieved an 82% engagement score. This surpasses global best-in-class standards and reflects our efforts to make culture is significant and foundational competitive advantage over the long term.

Before I turn it over to Tony, I'd like to thank our 26,000 team members across Canada for their incredible commitment to our customers and their great work in Q2. Tony, over to you.

Company Name: Rogers Communications
Company Ticker: RCI/B CN
Date: 2018-07-19
Event Description: Q2 2018 Earnings Call

Market Cap: 33,918.25
Current PX: 66.12
YTD Change(\$): +2.07
YTD Change(%): +3.232

Bloomberg Estimates - EPS
Current Quarter: 1.153
Current Year: 4.144
Bloomberg Estimates - Sales
Current Quarter: 3784.000
Current Year: 15008.235

Anthony Staffieri, Chief Financial Officer

Thank you, Joe, and good morning, everyone. We had another quarter of strong execution, and we're extremely proud of our results. We continue to build on the fundamentals of our business, and this is reflected in both our financial and operational performance this quarter.

Our top line growth is still coming along nicely and combined with our cost playbooks, it's translating into meaningful improvement on both adjusted EBITDA and our margins.

As a reminder, we implemented Accounting Standard IFRS 15 last quarter, and all the financial figures I'll be discussing are under this new standard. To help with the transition, we've provided the financial results for this quarter under the previous accounting standard with year-over-year comparisons in the supplemental information posted on our website.

On our consolidated results, we posted total revenue growth of 4% and adjusted EBITDA growth of 8%. As we drive cost efficiency deeper and deeper into our culture, we see margins improve and progress towards our full year goal of 100 to 200 basis point improvement in 2018 compared to 2016.

Adjusted EBITDA margin grew 160 basis points this quarter, and at the same time, we delivered strong subscriber numbers in both wireless and cable.

Turning now to our wireless business. We reported service revenue growth of 5% driven by excellent subscriber performance and the strength of our ARPU growth. Consumer demand for data is still the largest contributor to the health of our ARPU. We continue to see network usage grow year-on-year, and the 3% and 4% growth we saw in blended ARPU and blended average billing per user or ABPU, respectively in the quarter, remains consistent with our goal of delivering 2% to 4% full year growth on blended ARPU and 3% to 5% on blended ABPU.

Not only did we see impressive growth in ARPU and ABPU, we also reported 122,000 postpaid net subscriber additions and postpaid churn of 1.01% in the quarter, reflecting both the highest level of second quarter postpaid gross additions and the lowest postpaid churn rates in nearly a decade.

On adjusted EBITDA for wireless, we reported growth of 12%. We again saw wireless margin expansion this quarter with margins expanding 240 basis points as we steadily improve our cost structure.

We're taking our fair share of subscribers in a growing market on the back of long-term sustainable economics.

Turning to cable, we grew revenue by 2%. Internet remains the growth engine here with revenue growth of 10%, this reflects our ability to monetize consumer demand for data, while continuing to attract and retain customers.

The percentage of our residential Internet based on speeds of at least 100 megabits per second has reached 58% compared with 51% at this time last year. With our ability to offer Ignite gigabit Internet to our entire footprint, Internet is the anchor product for us, in this quarter, we had 23,000 net additions, which is the best Q2 result we've had since 2005.

The strength of our Internet offering is translating not just into stronger attach rates with our TV and phone products, but is also driving continued positive net household additions.

Our cable business also delivered growth in adjusted EBITDA of 2%. We kept our margin levels at similar levels to the prior year, despite improved subscriber loading and significant planned investments in our frontline employees. From a year-to-date perspective, margins here have improved 70 basis points, and we remain on track for our planned full year margin expansion of 80 to 100 basis points over 2017.

In media, revenue declined year-on-year, largely due to the Blue Jays. The cost efficiency initiatives across our other media assets delivered media adjusted EBITDA growth of 2% in the quarter.

Company Name: Rogers Communications
 Company Ticker: RCI/B CN
 Date: 2018-07-19
 Event Description: Q2 2018 Earnings Call

Market Cap: 33,918.25
 Current PX: 66.12
 YTD Change(\$): +2.07
 YTD Change(%): +3.232

Bloomberg Estimates - EPS
 Current Quarter: 1.153
 Current Year: 4.144
 Bloomberg Estimates - Sales
 Current Quarter: 3784.000
 Current Year: 15008.235

Turning now back to our consolidated figures. Capital spending increased 46% this quarter year-over-year, which drove a decline of 7% in free cash flow. I should highlight, however, that last year in the second quarter, we had real estate sale proceeds, which decreased our reported net capital spend. Normalizing for this disposition, our free cash flow in the current quarter would have increased 5%.

On the capital front, we're progressing as anticipated on the investments on our networks. In wireless, we're investing in 4.5G and paving the way for 5G.

In cable, our hybrid fiber coax network continues to provide us network capabilities, that surpass consumer demand. And we continue to pull forward spend on node segmentation to recognize better economies of scale.

The timing of our CapEx spend will be uneven quarter-to-quarter, but we will be within the CapEx guidance range we provided earlier this year.

With respect to our financial flexibility, strong adjusted EBITDA help generate operating cash flow of CAD1.05 billion, which supported dividend payments of 247 million this quarter. We ended the quarter with a debt leverage ratio of 2.6 compared to 3.0 a year ago, which was driven by higher adjusted EBITA and lower net debt.

We have made steady improvement on this front and moved closer to our optimal ratio range of 2 to 2.5 times. Our balance sheet remains healthy, with liquidity of CAD2.05 billion at the end of the quarter with solid investment grade ratings and stable outlooks.

While we are pleased with our progress here, we're focused on the value drivers of the business and will revisit long-term sustainable dividend growth at the right time.

To sum it up, we've executed on the key areas we laid out, with our focus on the fundamentals of the business, this quarter reflects another step in delivering on the strong guidance we announced earlier this year.

With that, I'll ask the operator to open the lines for questions.

Questions And Answers

Operator

Thank you. Ladies and gentleman, we'll now conduct a question answer session. (Operator Instructions) And your first question will come from the line of Vince Valentini with TD Securities. Please go ahead.

Vince Valentini, Analyst

Thanks very much. Congratulations and wireless numbers are just phenomenal guys. But two questions if I can. One, I really don't understand the guidance anymore, and I just want to make sure, is it just conservatism or you're deliberately saying you expect your EBITDA growth to be virtually zero or very low single-digit for the second half of the year to get you from 10.9% that you're at now back into that 5% to 7% guidance range. Are you leaving some sort of huge cushion for marketing battles in back-to-school or Christmas season or could the guidance just be conservative you don't want to change it yet?

And the second question, Tony, may be for you. Correct me if I'm wrong, trying to read the contract asset and understand this new accounting. So it looks like from your cash flow statement, the contract asset increased by only 25 million in the second quarter. In the first quarter, it went up 69 million. So I guess that would imply the year-over-year difference in, in how many new equipment subsidy dollars you put out was less in Q2 than it was in Q1. Just hoping you would help me understand that because [ph] I suspect your competitors may complain a bit that you're -- your incredible subscriber loading and low churn as maybe being masked by spending on equipment subsidies, it doesn't show up anymore because of IFRS 15. But I think it does show up here on the cash flow statement, and it's -- it looks like a reasonably modest amount of spending. So I just want to -- if you can help clarify that, it would be great. Thanks.

Company Name: Rogers Communications
Company Ticker: RCI/B CN
Date: 2018-07-19
Event Description: Q2 2018 Earnings Call

Market Cap: 33,918.25
Current PX: 66.12
YTD Change(\$): +2.07
YTD Change(%): +3.232

Bloomberg Estimates - EPS
Current Quarter: 1.153
Current Year: 4.144
Bloomberg Estimates - Sales
Current Quarter: 3784.000
Current Year: 15008.235

Anthony Staffieri, Chief Financial Officer

Great. Thanks for the questions Vince. On -- I'll start with the second one. In terms of the contract asset. As you said, the contract asset will vary depending on volume and the subsidy embedded within that, but notwithstanding that, it still continues to be anchored on the subscriber metrics that you saw in the results, both in terms of gross and net.

I encourage you to take a look at the prior accounting basis, which is in the supplemental information, and what you see there is continued margin expansion even with the net subsidy cost embedded in the quarter.

So I think that ought to clear up any debate that might arise as a result of IFRS 15.

In terms of some of the specific reconciliations, we can provide that to you offline between old and new on the contract asset.

Joe Natale, President and Chief Executive Officer

Vince, with respect to guidance, let me say, first of all, we're very pleased with our healthy and robust performance, and we've got good momentum in the business that will continue throughout the rest of the year. We're just being sanguine and conservative. Bear in mind that 65% of our volume happens in the second half of the year. We don't anticipate any challenges or problems of any magnitude. But I think investors rely on us to be thoughtful and conservative about the way we approach our financial commitments. We have every ounce of commitment in delivering our guidance.

Vince Valentini, Analyst

Thank you.

Operator

We'll now take the next question from the line of Jeff Fan with Scotiabank. Please go ahead.

Jeff Fan, Analyst

Hi, thank you. Good morning. I want to ask you about churn. As you guys alluded to, it's been the best churn rate that we've seen in the second quarter in almost a decade. And if you go back, it's before the new entrants actually into the market.

So I guess my question is when you look at your disconnects, which segments if you can elaborate a little bit do you think you're -- you're doing well in? And I guess the key question going -- looking forward is, is how sustainable do you think this improvement that we're seeing in the quarter can last through the rest of the year or into next year? And if you can just remind us of what your longer-term goal is for churn?

Joe Natale, President and Chief Executive Officer

Sure, Jeff. I'd say a couple of things on churn. First of all, the teams worked very hard at developing capability around base management, and that's what you're seeing coming to fruition is a much more thoughtful and analytical approach to dealing with all value segments within our base and delivering on a better outcome overall.

Company Name: Rogers Communications
Company Ticker: RCI/B CN
Date: 2018-07-19
Event Description: Q2 2018 Earnings Call

Market Cap: 33,918.25
Current PX: 66.12
YTD Change(\$): +2.07
YTD Change(%): +3.232

Bloomberg Estimates - EPS
Current Quarter: 1.153
Current Year: 4.144
Bloomberg Estimates - Sales
Current Quarter: 3784.000
Current Year: 15008.235

The changes that we've made are sustainable and now part of the -- the muscle of the organization. And we anticipate to continue driving greater churn improvement. There's been some questions in the past or speculation about getting to 1%. I look at this as a sort of a steady progress towards better and better improvement. And Rome wasn't built in a day, and what we're looking for is a capability that is truly sustainable in terms of managing churn.

In terms of where it's coming from, I think it's not appropriate for us to comment on which segments are driving improvements in churn or disconnections et cetera. I think that's very competitively sensitive information that I wouldn't want to broadcast on this call.

Jeff Fan, Analyst

Okay. Maybe I can add one more, Joe, one of your peers, Cogeco has been talking about entering the wireless space. It seems like they may just want an MVNO, I'm not sure but maybe can you comment a little bit in general, though, your -- whether you see potential MVNO opportunity as a wholesale provider. And whether there is a segment there that could provide you with net benefit, if you would be a wholesale provider to someone like Cogeco.

Joe Natale, President and Chief Executive Officer

It's hard for me to comment on Cogeco's wireless strategy, you have to speak to them about that specifically. As it relates to different types of wholesale arrangements or MVNO type approach, it's not something that's part of our strategy or our focus right now. As an organization, we're very much focused on building our business and the three very important brands that we have in the marketplace.

Jeff Fan, Analyst

Okay. Thanks, Joe.

Operator

We'll now take our next question from the line of David Barden with Bank of America. Please go ahead.

David Barden, Analyst

Hey guys, thanks for taking the questions. Congrats on the quarter. The -- just first question on the kind of CapEx and thinking about the cable CapEx, in particular, it feels like the catalyst for opening up a cash cushion to restart the dividend is going to come from the CapEx reductions in part related to Ignite TV, but just overall, the kind of progressing through the node splitting exercise. Could you guys give us a sense as to how far through that node splitting exercise you guys are today and kind of current course and speed, what kind of CapEx improvements could we be thinking about looking into '19?

And the second kind of hand in hand with that is now that you've launched the awareness campaign for Ignite TV, is this the precursor to a more fulsome launch in the second half? And what kind of impact on spending in margins in marketing do you think we should kind of expect for the second half of the year? Thanks.

Joe Natale, President and Chief Executive Officer

Okay. Why don't I start just on the whole no segmentation approach, Tony, you can comment on just CapEx and the dividend, then I'll pivot to Ignite.

Company Name: Rogers Communications
Company Ticker: RCI/B CN
Date: 2018-07-19
Event Description: Q2 2018 Earnings Call

Market Cap: 33,918.25
Current PX: 66.12
YTD Change(\$): +2.07
YTD Change(%): +3.232

Bloomberg Estimates - EPS
Current Quarter: 1.153
Current Year: 4.144
Bloomberg Estimates - Sales
Current Quarter: 3784.000
Current Year: 15008.235

So we are seeing right now across our footprint at about 300 homes per node. We're working very well to -- on a case-by-case basis, success basis, to really do nodes of segmentation and splitting as appropriate.

In some cases, we are completed that activity in some neighborhoods of it, other neighborhoods we are not. We're just kind of working our way through it. It's very evolutionary very success based. Right now, our capability around DOCSIS allows us to have a 1 gig solution or service across the entire footprint of 4.4 million homes or businesses. So we feel that we've got lots of runway, lots of roadmap to sustain the future of this business, and the more we look at DOCSIS and cable labs, and what they're up to, the more excited we are about future capability on the road to 10 gig and the road to full duplex.

And we feel we've got the capital headroom to drive that roadmap without any sort of extraordinary events with respect to the cable investment as a whole.

Anthony Staffieri, Chief Financial Officer

With respect to capital intensity or CapEx for cable more specifically, David, two items there that we said would be of major reductions in our CapEx and capital intensity, as we move into the roll out and launch of our Ignite TV product, which is IP base, the heavy lifting CapEx has been coming off quite dramatically. Then the second piece of it is the CPE and installation cost and time related to the new product relative to the old is down significantly.

We've talked about in previous calls, our average cost per new home today running about CAD1,100 and moving to something under CAD400. And so that's going to be a significant driver of CapEx reduction in the cable business. In the near term, as we've said previously, we intend to substitute some of those savings with increased node segmentation, which dovetails with IP platform expansion, but at the same time, it's giving us a considerable and somewhat material cost efficiencies as we do the segmentation on a neighborhood -- neighborhood-by-neighborhood continuous basis.

I don't want to over reach and provide CapEx guidance into 2019. But the major movements of CapEx are -- are the pieces I described.

Joe Natale, President and Chief Executive Officer

On Ignite, David, we did the soft launch in Q2. We'll continue to ramp our efforts on that front. Don't look at Ignite as sort of a big bank or a one-day wonder, it's really meant to be a rolling campaign that will build over time. The marketing efforts that you'll see come to fruition through advertising and media are fully baked into our guidance, and already reflected in terms of the forecast that we put forward.

And we're very pleased with what we're seeing so far, we've fully integrated YouTube into our capability, 4K TV is live and working well with respect to Ignite TV. The most important thing to consider is that, now we really believe we have the ability to fight with both hands. On one hand, we have a strong 1 gigabit capability across our entire footprint, on the other hand, we have a best-in-class video entertainment solution that is really one step or phase one of the connected home roadmap and having spent quite a bit of time with Comcast in the future of that roadmap, we are very excited about what's to come as a whole.

Our focus in the early days of Ignite will really be on the service experience above all else. The service excellence around Ignite needs to match the capability of the product. We are starting to talk about what's next. And there is a constant evolution of ideas and opportunities that are coming across on a regular basis, but the very, very important initial focus is on reinventing the cable experience for today's consumer and for today's marketplace.

And to your question about the financial part of that, that's all been baked into our guidance, and we feel comfortable with our plan to do so.

Company Name: Rogers Communications
Company Ticker: RCI/B CN
Date: 2018-07-19
Event Description: Q2 2018 Earnings Call

Market Cap: 33,918.25
Current PX: 66.12
YTD Change(\$): +2.07
YTD Change(%): +3.232

Bloomberg Estimates - EPS
Current Quarter: 1.153
Current Year: 4.144
Bloomberg Estimates - Sales
Current Quarter: 3784.000
Current Year: 15008.235

David Barden, Analyst

All right, guys. Thanks for that.

Operator

We'll now take the next question from the line of Tim Casey with BMO. Please go ahead.

Tim Casey, Analyst

Thanks, good morning. Could you provide a little more -- a little bit more color on, on the cable and wireline side in terms of what you're seeing across the GTA versus some of your other reasons -- other regions. And obviously, where I'm going on is the competitive intensity with Bell and Fibe, which is clearly ramping up on their side. But based on the numbers you're throwing out today, you're certainly withstanding the pressure. Could you just talk a little bit more on what's going on there? Thanks.

Joe Natale, President and Chief Executive Officer

Sure . So Tim, I think the results speak very loudly and speak for themselves. We posted revenue and EBITDA growth of 2%, and best quarter in a long time 2005 with respect to Internet net additions. And there will always be aggressive pricing on the margin, it's always going to be competitive intensity. We've seen for a very long time, don't forget that our competitor has been in the marketplace with fiber-to-the-node now for about 10 years. And from a marketing perspective, it has been positioned as fiber. So we've been sort of building the strong capability and really understanding how to win in that marketplace. The promotional activity that you see is happening at the margins. The key is discipline, discipline and promotions and the balance of managing revenue in the base versus loading, which is our job. We get paid for it. Offers will come and offers will go overall with respect to what's happening.

In terms of where it's happening specifically, I'm not going to get into sort of a -- the details of our marketing strategy, but I would say this to you that we are getting success across our footprint, whether it's fiber-to -- whether we're competing again fiber-to-the-Node or fiber-to-the-home, whether competing in brownfield or greenfield, we're seeing strong success across all variations of the footprint as a whole. And the teams done good job of managing that outcome as a whole. The key is our execution, discipline, above all else.

Tim Casey, Analyst

Just as a follow up, Joe, is the SME and business given new management recently, is that starting to show traction in the numbers yet or is that still a longer profile?

Joe Natale, President and Chief Executive Officer

There's a little bit of growth in that area, but it's still early days. I think there's still opportunity for us in terms of reaching our full market potential with small and medium business, but the team is really done a good job of rallying capability, building the strength within the sales force and the product set to go after that, and we'll continue to focus on it. But it still lies as a growth opportunity, if that's your question, Tim? Absolutely.

Tim Casey, Analyst

Got it. Thanks

Company Name: Rogers Communications
Company Ticker: RCI/B CN
Date: 2018-07-19
Event Description: Q2 2018 Earnings Call

Market Cap: 33,918.25
Current PX: 66.12
YTD Change(\$): +2.07
YTD Change(%): +3.232

Bloomberg Estimates - EPS
Current Quarter: 1.153
Current Year: 4.144
Bloomberg Estimates - Sales
Current Quarter: 3784.000
Current Year: 15008.235

Operator

We'll now take the next question is from the line of Arvind Galappathige with Canaccord Genuity. Please go ahead.

Aravinda Galappathige, Analyst

Good morning. Thanks for taking my question. Wanted to focus a little bit on the wireless OpEx side, because it's been one of the key drivers of your really strong EBITDA numbers in that space. Just wondering, if you can talk about -- and this has been the case for the last couple of quarters as well, you've been able to reduce the other OpEx component of the cost there. And I was wondering, if you can talk a little bit about which sort of areas you've exploited in terms of sort of achieving that cost reduction and which areas really remain untapped as you look to kind of continue on with that rationalization journey? Thanks.

Joe Natale, President and Chief Executive Officer

I'm going to start, Tony, and then you can add as you see fit. So we said that our goal was to drive 200 basis points of margin improvement in 2018 over 2016, and certainly are accomplishing that across both our cable and wireless businesses. Broadly it's come from -- and Tony alluded to it in his opening remarks, it's come from our cost playbooks. In each area of the business, we've developed a very thoughtful set of playbooks, that look at taking non-strategic costs out of the organization, that look at opportunities for driving reductions in call volumes. I mean, I think I've said in this call in the past, we take as an organization, 50 million calls per year roughly, 60 million contacts if you include online chat et cetera, roughly about CAD10 a call. So we've worked very hard to systematically go after that call driver base. We've looked at many parts of our infrastructure that we believe can be made more efficient, more productive as a whole.

And maybe Tony talk a bit more about that and some of the other areas that we're looking at in the future.

Anthony Staffieri, Chief Financial Officer

Yeah. In terms of -- and we've alluded to it on previous calls, in terms of our cost playbooks, the broad categories are what you would expect certainly efficiency and execution within the organization continues to improve. We continue to work with our suppliers on unit costs and we're seeing very good improvements in that, and as we work with global partner on that front, we continue to see us getting closer and closer, if not at or below our global benchmarks in terms of unit costs in the inputs.

And then the third piece is actually driving down activity and a lot of what we've done on the digital front has been very encouraging in reducing the volume of conventional touch points that we would otherwise see.

And so that predictive type of digital solution is yielding good results on the cost front. And to close on your question, where do we see opportunity, that broad area is probably one of the bigger items that continues to have huge opportunities for us on the cost front.

Joe Natale, President and Chief Executive Officer

And our mindset on cost improvement is not, that it's a project that has a start and an end. Better cost efficiency is a reality of our business. The demand for data as we talked about earlier, continues to grow at strong clip, strong rate. And we have to do two things really well to manage the economics of that, one is have discipline with our go-to-market activities, and two is manage the cost profile across all elements of costs, so we continue to deliver the resulting

Company Name: Rogers Communications
 Company Ticker: RCI/B CN
 Date: 2018-07-19
 Event Description: Q2 2018 Earnings Call

Market Cap: 33,918.25
 Current PX: 66.12
 YTD Change(\$): +2.07
 YTD Change(%): +3.232

Bloomberg Estimates - EPS
 Current Quarter: 1.153
 Current Year: 4.144
 Bloomberg Estimates - Sales
 Current Quarter: 3784.000
 Current Year: 15008.235

margins and we think there's still opportunity on both those fronts to continue to drive better margin performance across the organization.

Aravinda Galappathige, Analyst

Thank you, and congrats on the quarter.

Operator

We'll now take the next question from the line of Maher Yaghi with Desjardins Capital Markets. Please go ahead.

Maher Yaghi, Analyst

Thank you for taking my question. And I just wanted to reiterate congratulation on very strong results. I wanted to ask a question on, how do you see ARPU in the market behaving with the promotions that we saw last year, how are they impacting your overall billing? And we've seen slight decline quarter-over-quarter in terms of growth rates. How do you see the second half of the year behaving on ABPU or ARPU growth?

And the second follow-up question I wanted to ask is on leverage. It continues to come down, 2.6 times, mind you, there has been an impact versus last year from the change in accounting, but still 2.6. How do you feel about your leverage right now? What's your target by the end of the year? And you've previously talked about the dividend having affected by leverage and growth, and what we're now seeing, much lower leverage and growth is very strong. So maybe your thoughts on the dividend going in second half?

Anthony Staffieri, Chief Financial Officer

Thanks, Maher for the questions. Couple of things, start with the ARPU that we are seeing. As I said in the opening comments, we see -- continue to see good performance on the ARPU and the ABPU front. As I said on conventional ABPU, if you will, we're seeing that for the rest of the year in the 2% to 4% range, and this quarter we landed at 3% and so that continues to come along nicely and in a moment, I'll talk about the factors that are contributing to it.

But I'd sum it up to say, it really is related to data growth and us being very careful in the way we were translating what we continue to see as consistent year-on-year growth in data usage on a per user basis into ABPU growth. And that's also true of ARPU as well. And on the ARPU front, we continue to see that moving as well under the new IFRS 15, and we've talked about that for the year being in the 2% to 4% range, and we're right in the middle of that.

And so again, to reiterate for the year, we continue to see on ABPU -- on ABPU, for the year 3% to 5% and on ARPU 2% to 4%. So wanted to be clear on that and it's factor base management across the entire portfolio as one of the big drivers. Much as Joe said on the cable side, you see a lot of promotional items, those really tend to be on the margin in terms of impact, and there's a large base underneath that we continue to focus on.

On your question on leverage, good improvement as you highlighted, and it's good improvement under the prior accounting basis as well. So we're pleased with the way that's coming in. As we look through the end of the year, we continue to see opportunities to move closer and closer to our desired range of 2 to 2.5 times. It's possible by the end of the year, we maybe at 2.5 times. We'll continue to work it, but don't want to necessarily provide guidance for the end of the year on that specific metric.

And then -- and finally in terms of dividend, nothing's changed in terms of the factors we look at. We've always said that we think about dividend increases as something that we want to be very careful and thoughtful about, because they need to be long-term and sustainable. And the metrics continue to come in well that we look at, but as we continue to improve on the fundamentals and continue to improve our balance sheet, we'll continually reassess it, but there is no

Company Name: Rogers Communications
Company Ticker: RCI/B CN
Date: 2018-07-19
Event Description: Q2 2018 Earnings Call

Market Cap: 33,918.25
Current PX: 66.12
YTD Change(\$): +2.07
YTD Change(%): +3.232

Bloomberg Estimates - EPS
Current Quarter: 1.153
Current Year: 4.144
Bloomberg Estimates - Sales
Current Quarter: 3784.000
Current Year: 15008.235

change in our thinking on that.

Maher Yaghi, Analyst

Thank you.

Operator

We'll now take our next question from the line of Greg McDonald with (sic) Macquarie. Please go ahead.

Greg MacDonald, Analyst

Greg MacDonald with Macquarie. Thanks. Joe I wanted to ask you a question on gross add loading. And It's not really just a Roger's question, I mean your numbers have been good, but the industry numbers have been good as well and have been good for more than two years. And I guess when I first saw the lift in gross adds and we've talked about a number of drivers, whether that be immigration or second hand iPhones and what not. I kind of assume that at some point within a one to two-year period, you'd see this bump up and then a flattening. It seems like we're starting to see or we're continuing to see growth on growth. Is there something else going on out there? Wireless-only customers seems to be something that people are talking about a little bit. I wonder, if you just may comment on what you're seeing in terms of trying to get an understanding of sustainability of this gross add phenomenon, which is benefiting everyone. Thanks.

Joe Natale, President and Chief Executive Officer

Sure. Greg, thanks for the question. I'd say that there are probably four key growth drivers that we believe will provide sustainable market penetration and opportunity for us in our wireless business. And as the largest wireless player in Canada, I think it presents very strong opportunity for the Rogers organization. The first is, is penetration growth specifically. Canada sits at about 87%, the US is at 120%. There is really no reason, no structural reason why we shouldn't be at US levels of penetration. In the fullness of time, we will advance that from 87 to 120 as an industry, and it will happen over the course of the next few years.

Second thing, I would say is that, we've enjoyed a healthy economy in Canada with strong GDP growth the last few years, and that is certainly contributing to people's desire and ability to spend on the wireless business as mobility as a service is fundamentally important to people's lives.

And yes, there is an element of cord cutting that is happening out there. There are lot of wireless-only households and increasingly, so especially as millennials join the workforce as the next-generation joins the workforce. We're seeing a lot more wireless reliance independents versus traditional home phone, which we think is good for our business as a whole.

Third thing, I'd say is immigration. Immigration sits at roughly about 2% in Canada. And immigration I think brings with it workforce and individuals that are wireless savvy and want to make that happen. I think -- and the last point is one you alluded to is longer life cycle on devices, it's not just the fact that there's a fleet of devices out there that is available as hand-me-down devices, there is more of a phenomena, people separating their work life from their home life and having a work device and a home device. That phenomena has been a lot more present in the US over the last many years, that I believe is taking former route in Canada right now and we're seeing a lot more people as there is the availability of a second phone that's still in good shape, they're deciding to add it to a share plan or construct that which is doing very well for us and have that as a secondary device and allow them to sort of manage both parts of their large work and personal.

Company Name: Rogers Communications
Company Ticker: RCI/B CN
Date: 2018-07-19
Event Description: Q2 2018 Earnings Call

Market Cap: 33,918.25
Current PX: 66.12
YTD Change(\$): +2.07
YTD Change(%): +3.232

Bloomberg Estimates - EPS
Current Quarter: 1.153
Current Year: 4.144
Bloomberg Estimates - Sales
Current Quarter: 3784.000
Current Year: 15008.235

So I think we're seeing across all those rounds, and that doesn't even begin to sort of comment on what's to come with respect to a machine-to-machine or IoT or the B2B2C part of the marketplace, that's not reflected in the penetration comments I just described, because a lot of those devices don't show up as subscribers, but we're seeing strong activity on that front, which will continue to ramp even more readily and steadily as we approach 5G.

I think there's going to be an explosion of IoT capability and therefore opportunity for us in the 5G world that will show up in a different sort of measure of penetration, if you will, not the traditional one that's been measured around smartphones, et cetera.

So those are the things that we think are still valid underpinnings of the growth in wireless. And we don't see any short, medium term abatement in any of those factors. We think it's a good opportunity for us in this marketplace.

Greg MacDonald, Analyst

Thanks for that, Joe. And so I'm going back to your first comment on -- your number one penetration growth comment. You mentioned a few years, so it suggests that you think there's good sustainability at least on the post -- I'm really focusing on the postpaid growth opportunity. Is there anything within the 3 or 4 points that you made there outside of IoT that is new marginal growth, that's kind of just more in the last year. So I'm wondering about wireless-only within that question.

Joe Natale, President and Chief Executive Officer

I don't see anything that's sort of a specific material change. I think it's too early to sort of declare that wireless-only is created a fundamental shift in the marketplace. We're watching it very carefully and no questions contributing to it, but in terms of the last year, we really haven't seen any sort of new dramatic factor.

I think if you're looking at our results specifically, what I would say, Greg is the team has done a very good job of just execution. We as a company have a strong distribution advantage. We're in 2,500 locations across Canada, and it's always been one of our strengths. You couple that with a better ability around base management, the team is working very, very hard on, and you can see very clearly how it shows up in the churn performance this quarter. That's a great sort of turbocharger effect, if you want to look at it that way. As we kind of leverage throughout the distribution and manage to convert more gross to nets, because of our churn capability. We will continue to kind of do well from that perspective -- as -- and then having the penetration growth available to us as a backdrop.

But we watch it very carefully, something does come up, that is a new factor, I'd be happy to discuss it with investors.

Greg MacDonald, Analyst

Okay. Thanks very much for that.

Operator

Your next question will come from the line of Drew McReynolds with RBC Capital Markets. Please go ahead.

Drew McReynolds, Analyst

Yeah. Thanks very much for fitting me in. Good morning. First, Joe, maybe for you, just can you talk to your mix of postpaid growth via [ph] smartphones versus other devices in the quarter. You obviously provided some granularity on that in Q1. So maybe just provide an update there.

Company Name: Rogers Communications
 Company Ticker: RCI/B CN
 Date: 2018-07-19
 Event Description: Q2 2018 Earnings Call

Market Cap: 33,918.25
 Current PX: 66.12
 YTD Change(\$): +2.07
 YTD Change(%): +3.232

Bloomberg Estimates - EPS
 Current Quarter: 1.153
 Current Year: 4.144
 Bloomberg Estimates - Sales
 Current Quarter: 3784.000
 Current Year: 15008.235

And then secondly just big picture, back to your comments on machine-to-machine and IoT. Are you able to give us just a sense of what that revenue contribution is today, and I guess the second question there is, is it really awaiting for 5G for this to take off? And then lastly, just on the Comcast roadmap, are there any kind of milestones or things you can point to where we can see that owning a home strategy really begin to be monetized? Thank you.

Joe Natale, President and Chief Executive Officer

Yeah. Let me start in reverse order. With the Comcast roadmap, I think giving you a sense of how the entertainment solutions, Ignite TV will lead to a series of connected home capabilities for everything from home security through lighting, temperature control, et cetera. The timing of that evolution is something that we'd rather not reveal for competitively sensitive reasons, but we do have a very specific roadmap and a staged evolution around a few very interesting and exciting kind of milestones with respect to that connected home roadmap, and we'll keep you abreast of those as we feel comfortable describing and disclosing what they are.

But I'd just reiterate what I said earlier, Drew, that Ignite TV is step one of many. Ignite TV is just the beginning of our connected home solution, and I'd be happy to kind of share that with you when the time is right.

On machine-to-machine front, overall, you're right, there is opportunity right now that doesn't require 5G that we're seeing growth in IoT as we speak. With 4.5G capability and Narrowband IoT, we're seeing a lot more interest in peaked desires from our base of business customers. We are right now the market leader in Canada in machine-to-machine IoT, have been since the early days of GSM, and we continue to focus in that area. We believe that we have a natural ability to propagate our leadership through 4.5G and then eventually to 5G.

I think 5G is going to be a massive next step on that front, because it will bring near zero latency 10 millisecond second latency capability to devices, which will allow for a lot more real-time applications and then low -- better battery life, talking battery life in the realm of five to 10 years is what we are seeing, we're talking to some of our partners and vendors. So it will open up a host of ideas and solutions that we haven't even thought about. We often talk about smart cities and smart communities and smart buildings. All of a sudden, the economics of enabling some component. The one example, we've been using in some of our discussions, imagine if you could put an IoT device on every garbage bin in the city.

Well, today with the evolving technology, that might be a reality five to 10-year battery life, et cetera and then you can take a very different approach to garbage collection. It's a rather kind of simple idea or solution, but it just really points the fact that every realm of life -- work life, business life, services, will be exploring how IoT might provide an opportunity for them.

And then look inside the smart home, I remember, thinking a few years ago, well, the average Canadian home has 10 connected devices, that is growing rapidly. It's -- I think we'll get to a place, where we'll see 50 connected devices sometime soon, not in the -- not in too far distant future.

And we -- I look at my home for example, and I've got three daughters, each with laptops, iPads, you start looking at all the other devices in the home, and it adds up pretty quickly. And to be sort of at the center of that functionality and capability and being the integrated provider of the solution to service, I think is a very exciting place for us to be. So I think there's opportunity before us, that is now and also well into the future.

Is the economic model all proven out for -- for IoT? No, it hasn't been all proven out. It'll be an industry by industry vertical by vertical play, and we're going to decide which verticals we play in, and work our way through it.

On your last comment, maybe I'll ask Tony to comment on the -- maybe you had a question around our postpaid mix, smartphone versus not smartphone?

Anthony Staffieri, Chief Financial Officer

Company Name: Rogers Communications
Company Ticker: RCI/B CN
Date: 2018-07-19
Event Description: Q2 2018 Earnings Call

Market Cap: 33,918.25
Current PX: 66.12
YTD Change(\$): +2.07
YTD Change(%): +3.232

Bloomberg Estimates - EPS
Current Quarter: 1.153
Current Year: 4.144
Bloomberg Estimates - Sales
Current Quarter: 3784.000
Current Year: 15008.235

Yeah. In terms of -- I think Drew, if you're certainly getting at ARPU or lifetime values, those were metrics for both accretive with specific reference to smartphones. I think was your specific questions. The activations were up in the quarter, they are actually up 6% in terms of smartphone activations, and so that continues to have a healthy pacing of year-on-year increases and slightly increasing. The reason I mentioned the stat is it outpaces our overall subscriber growth. And so it's a healthy penetration of smartphone that we continue to see upward.

Drew McReynolds, Analyst

Okay. Thanks for all that color. That's very helpful.

Operator

We'll now take the next question is from the line of Philip Huang with Barclays. Please go ahead.

Philip Huang, Analyst

Hi. Thanks. Good morning. Thanks for fitting me in, and congrats on the solid numbers. Two questions. First on ARPU, I was wondering, if you might be able to provide a bit more color, given the strong performance to what extent it was driven by your postpaid base moving to higher rate and versus the increase in your postpaid mix? And then the second question is on the smart home monitoring, how's that business doing? And I understand during this year, it's include in your broadband subs, I was wondering to what extent is the driver of that -- of the broad -- strong broadband subscribers in this quarter? Thanks.

Joe Natale, President and Chief Executive Officer

So I'll take the first one, Tony, maybe can talk about smart home launching. On the ARPU front, Phil, the entirety of the growth in ARPU has come from managing our base, managing our base and working through all customer value segments and helping them get onto the right plan, helping them upgrade their plan to higher tier et cetera.

There is no magical shift in mix in our base. And it is truly driven by Just good work and looking at managing customers calling in and helping them get into a better plan, and therefore doing that effectively, given their appetite for more data along the way.

If you're asking about somewhere in that question around pre-to-post pre-to-post is a typical kind of activity, we think it's a strong value-added activity, and it's not of any material difference in mix or consequence than we've seen in the last little while in pre-to post migrations.

Anthony Staffieri, Chief Financial Officer

Philip, on your second question of smart home monitoring, it's a very, very small immaterial part of the Internet metrics that you see. I should also highlight that prior years was restated on a consistent basis. And so there is no impact to the year-on-year metrics, when you look at the Internet stats.

The opportunity for smart home monitoring really is in the bundling opportunity that it gives us, and as we continue down the connected home roadmap, particularly with Comcast, not only adopting, but investing in the platform that drives this the

iControl platform. It's going to be a key piece of that connected home strategy and that dovetails well with it.

Company Name: Rogers Communications
Company Ticker: RCI/B CN
Date: 2018-07-19
Event Description: Q2 2018 Earnings Call

Market Cap: 33,918.25
Current PX: 66.12
YTD Change(\$): +2.07
YTD Change(%): +3.232

Bloomberg Estimates - EPS
Current Quarter: 1.153
Current Year: 4.144
Bloomberg Estimates - Sales
Current Quarter: 3784.000
Current Year: 15008.235

So the material upside to that product set is still to come. And we're encouraged by the opportunity, but as of right now, the numbers are extremely small.

Philip Huang, Analyst

Got it. That's very helpful. Thanks, guys.

Operator

We'll now take the next question from the line of Simon Flannery with Morgan Stanley . Please go ahead.

Simon Flannery, Analyst

Thank you. Another good year-over-year improvement in television losses. Is that the early stages of Ignite TV kicking in? Is that better broadband, and do you think that's sustainable? And then on 5G, you talked a little bit about some of your small cell roll out working with Ericsson. So how are you designing this network. Is this going to be millimeter wave based or you're going to focus more on those mid bands 2.5, 3.5, how do you think of the architecture of this network? Thanks.

Joe Natale, President and Chief Executive Officer

Okay. On the first one, Simon, the impact is really from focusing on the whole home. Ignite TV is very early stages, the impact with respect to our improvement in TV losses, which are substantial in the quarter. So we are very proud of the improvement, the stemming of those losses. But it's really happened from just a better focus on go-to-market discipline and a better focus on base management, we keep saying base management, but it really is a huge and important part of this business, and we work very hard on looking after the whole home and looking at household ARPA. And as opposed to just Internet-only or sort of specific product sets only, because we believe that winning the home matters most, and rather when the whole home and just spiked the quarter with Internet-only subscribers, so that's what you're seeing in that number specifically.

With respect to 5G, look, the last part of the global standard is kind of just came out very recently. It's really a combination of frequencies. Right now, there is focus on 3.5 gig, because it's most readily available spectrum. A lot of it, which we own already, and therefore, it's the most immediate focus, as millimeter wave frequencies become available, we will be ready to pitch up and make sure that we have what we need for the future.

In this business, you have to invest to grow, and the key to all of this is a very solid 4.5G underlay. And as I said in the previous calls, we've had the fortune of investing in 4.5G at a timely point in the cycle evolution of that technology. All 4.5G investments we're making right now in our network will all be 5G-ready. So software upgradable to 5G is where we're headed with that capability and including some of the small cell work that we're doing is all sort of 5G-ready 5G capable.

If you just talk to operators across the globe, a number of them that invested in 4.5G and small cells early in the cycle now are finding they have to go through some pretty significant upgrades to make them ready and capable for 5G. So we've had the benefit of timing it very well. And as a result, I believe we'll be in very good place when both those frequencies are available for 5G.

Our technology teams are working hard to test the capabilities. We are working very close with Ericsson on the whole series of 5G tests with various pieces of equipment and various frequencies. So we feel that we're on the latest in terms of understanding what is the art of the possible.

Company Name: Rogers Communications
 Company Ticker: RCI/B CN
 Date: 2018-07-19
 Event Description: Q2 2018 Earnings Call

Market Cap: 33,918.25
 Current PX: 66.12
 YTD Change(\$): +2.07
 YTD Change(%): +3.232

Bloomberg Estimates - EPS
 Current Quarter: 1.153
 Current Year: 4.144
 Bloomberg Estimates - Sales
 Current Quarter: 3784.000
 Current Year: 15008.235

Bear in mind that, this is all evolving as we speak. The global ecosystem of 5G is something that is happening before our very eyes and it's changed dramatically from 12 months ago to six months ago to literally in the last couple of months.

What we are focused on right now is acquisition of small cell locations across the country and you've heard me allude to that earlier in the call, that we've signed a large number of G agreements that gave us attachment rights across the country. So that's a very important factor just getting ready for that deployment. And this will be sort of an evolutionary deployment that happens over time.

I mean, there's been a lot of written as to when will 5G be ready. I think there is an article yesterday about the Korean service providers, doing some work in 2019, et cetera. I believe the commercial availability readiness of 5G will be somewhere between 2020 and beyond. And then -- and it will happen in a more of a evolutionary fashion rather than some sort of massive rip and replace that we've all been used to, as we've gone from 2G to 3G to 4G. This is not going to be like that. It's going to be really application specific, geography specific as to whatever needs we're fulfilling with 5G, and as those plans materialize and they're not competitively sensitive, I'd be happy to share with you exactly what we're doing. I hope that's helpful. Thanks.

Simon Flannery, Analyst

Yeah. Great.

Operator

We'll now take the next question from the line of Richard Charl with JPMorgan. Please go ahead.

Richard Charl, Analyst

Great. Thank you. Just wanted to get an update on the wireless margin. It's done very well. How much more room for improvement could there be? And then on the cable side, the TV revenue continues to come down, where should -- will this be bottoming out or should we expect it to continue to deteriorate? Thank you.

Anthony Staffieri, Chief Financial Officer

Richard on both questions, I'll start with the first one in terms of wireless margins. Good performance this quarter on the wireless margins, but it's in line with the objective we have for the full year. Last year, we improved wireless margins by close to 100 basis points. And this year, what we said is we continue to improve it. And Joe at the outset, talked about our original objective over the two years was a 100 to 200 basis points. And I think it's fair to say we're well on track to achieving closer to the 200 basis point improvement over the 2 years, so 2018 compared to 2016. And so that means for this year -- I think on average, we're seeing, we're expecting for wireless margin improvement of 80 to 100 basis points. And that's under both the new and the old accounting standards.

So there isn't anything that's an accounting play there. It's fundamental margin expansion.

And then, your second question was on cable margins and margin expansion overall. I assume you meant it from an overall portfolio. We continue to see actually positive momentum on cable margins. We're helped by the mix shift that naturally happens from traditional TV, which is very broad strokes of 50% margin business moving to Internet, which is almost all margin. And so that's been helping us on the margin expansion front in cable.

And in combining that with cost efficiency items that we have in cable, that continues to do well, and some of that has been offset with investments that we've made. This quarterly investments were in a few areas significantly in terms of our customer experience agenda and the second piece is some of the upfront costs that we incurred as we rollout our

Company Name: Rogers Communications
Company Ticker: RCI/B CN
Date: 2018-07-19
Event Description: Q2 2018 Earnings Call

Market Cap: 33,918.25
Current PX: 66.12
YTD Change(\$): +2.07
YTD Change(%): +3.232

Bloomberg Estimates - EPS
Current Quarter: 1.153
Current Year: 4.144
Bloomberg Estimates - Sales
Current Quarter: 3784.000
Current Year: 15008.235

Ignite TV platform and getting ready for that.

So you can expect the cable much like wireless frankly, to be a bit lumpy from quarter-to-quarter. But as we said on the wireless side, it's true on the cable front as well. We expect to see margin expansion for the full year in the 80 to 100 basis point improvement basis over 2017 and that follows 2017 having margin expansion improvement of almost 100 basis points.

So on both, the cable and the wireless front, the margin agenda is moving along nicely.

Richard Charl, Analyst

Great. Thank you.

Operator

Ladies and gentlemen, that is all the time we have for questions. And this does conclude the Q&A session for today. I will now turn the call back over to the management team for any closing remarks .

Joe Natale, President and Chief Executive Officer

Thank you very much everyone for your attention and your time today. We're happy to take any follow-up questions if you reach out to us directly, but thank you for your time this morning.

Operator

Ladies and gentlemen, this concludes the conference call for today. Thank for your participation. You may now disconnect your lines.

This transcript may not be 100 percent accurate and may contain misspellings and other inaccuracies. This transcript is provided "as is", without express or implied warranties of any kind. Bloomberg retains all rights to this transcript and provides it solely for your personal, non-commercial use. Bloomberg, its suppliers and third-party agents shall have no liability for errors in this transcript or for lost profits, losses, or direct, indirect, incidental, consequential, special or punitive damages in connection with the furnishing, performance or use of such transcript. Neither the information nor any opinion expressed in this transcript constitutes a solicitation of the purchase or sale of securities or commodities. Any opinion expressed in the transcript does not necessarily reflect the views of Bloomberg LP.

© COPYRIGHT 2018, BLOOMBERG LP. All rights reserved. Any reproduction, redistribution or retransmission is expressly prohibited.