# Q1 2017 Results
# Conference Call

April 26, 2017

Bell

# Safe harbour notice

Certain statements made in this presentation are forward-looking statements. These statements include, without limitation, statements relating to our 2017 financial guidance (including revenues, adjusted EBITDA, capital intensity, adjusted EPS and free cash flow), our expected 2017 pension cash funding, BCE’s 2017 annualized common share dividend and common share dividend payout policy, our network deployment plans and related capital investments, the synergies and other benefits expected to result from the acquisition of Manitoba Telecom Services Inc., BCE’s business outlook, objectives, plans and strategic priorities, and other statements that are not historical facts. All such forward-looking statements are made pursuant to the safe harbour provisions of applicable Canadian securities laws and of the United States *Private Securities Litigation Reform Act of 1995*.

Forward-looking statements, by their very nature, are subject to inherent risks and uncertainties and are based on several assumptions, both general and specific, which give rise to the possibility that actual results or events could differ materially from our expectations expressed in or implied by such forward-looking statements. As a result, we cannot guarantee that any forward-looking statement will materialize and we caution you against relying on any of these forward-looking statements. For a description of such assumptions and risks, please consult BCE’s 2016 Annual MD&A dated March 2, 2017, as updated in BCE’s 2017 First Quarter MD&A dated April 25, 2017, and BCE’s news release dated April 26, 2017 announcing its financial results for the first quarter of 2017, all filed with the Canadian provincial securities regulatory authorities (available at sedar.com) and with the U.S. Securities and Exchange Commission (available at sec.gov), and which are also available on BCE's website at BCE.ca.

The forward-looking statements contained in this presentation describe our expectations at April 26, 2017 and, accordingly, are subject to change after such date. Except as may be required by Canadian securities laws, we do not undertake any obligation to update or revise any forward-looking statements contained in this presentation, whether as a result of new information, future events or otherwise.

The terms “adjusted EBITDA”, “adjusted EBITDA margin”, “adjusted EPS”, “free cash flow” and “dividend payout ratio” are non-GAAP financial measures and do not have any standardized meaning under IFRS. Therefore, they are unlikely to be comparable to similar measures presented by other issuers. Refer to the section “Notes” in BCE’s news release dated April 26, 2017 for more details.

# George Cope

President & Chief Executive Officer

# Q1 overview

- 2.9% service revenue growth drove 2.4% increase in BCE adjusted EBITDA and higher y/y margin of 41.1% even while absorbing $35M in regulatory impacts
- Continued industry-leading financial performance and strong wireless postpaid growth
  - 8.0% increase in service revenue on 4.2% higher ARPU
  - Adjusted EBITDA up 7.5%
  - Adjusted EBITDA-capex grew 13.9%
  - 38.7% y/y increase in postpaid net additions to 36k
- Continued focus on disciplined growth delivered 37k total Internet and IPTV net adds
- 11th consecutive quarter of wireline adjusted EBITDA growth with 0.2 point increase in industry-leading margin of 42.3%
- Announced future roll-out of FTTP to 1.1M locations across City of Montréal
- Bell Media results in Q1 impacted by CRTC ban on Super Bowl simultaneous substitution

**MTS acquisition successfully completed on March 17th**

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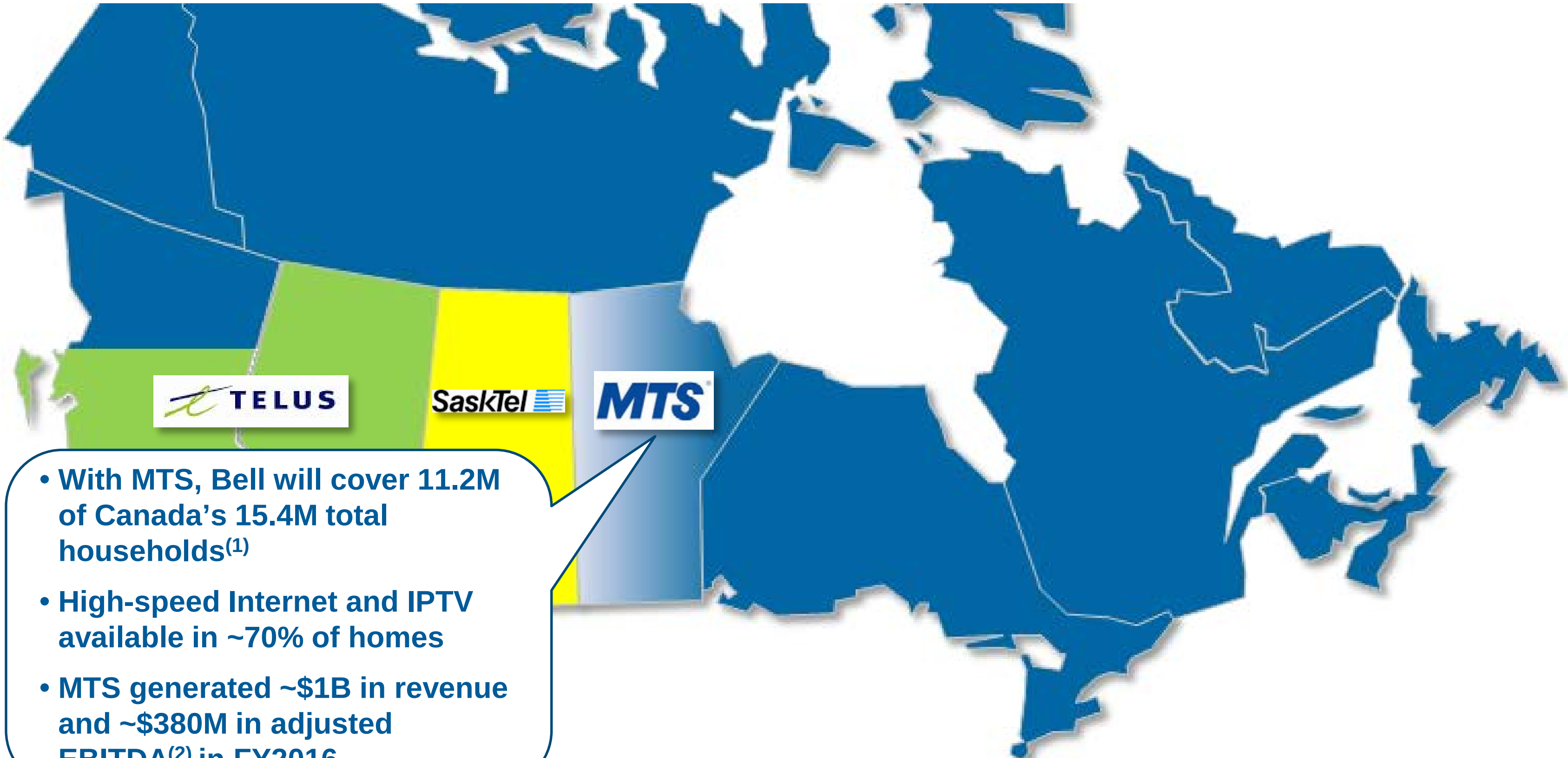
# MTS extends BCE's wireline ILEC footprint to 73% of Canada's total households

- **Bell wireline footprint (~24M pops or 10.7M households)**
- **MTS wireline footprint (1.28M pops or 540K households)**




- **With MTS, Bell will cover 11.2M of Canada's 15.4M total households(1)**
- **High-speed Internet and IPTV available in ~70% of homes**
- **MTS generated ~$1B in revenue and ~$380M in adjusted EBITDA(2) in FY2016**

(1) Source: Statistics Canada - 2016 Census
(2) Net of $105M in deferred wireless costs

**Majority of Canada's more than 200K annual housing starts in Bell's wireline footprint**

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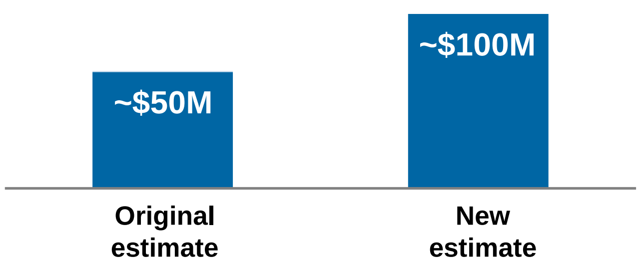
# MTS provides increased broadband scale and efficiencies

## Customer connections (March 31, 2017)

| (in thousands) | Bell | MTS(1) | Combined |
|---|---|---|---|
| **Internet** | 3,488 | 229 | **3,717** |
| **TV** | 2,729 | 108 | **2,837** |
| **Wireless** | 8,470 | 477 | **8,946** |
| **NAS** | 6,154 | 420 | **6,574** |
| **Residential** | 3,176 | 224 | **3,400** |
| **Business** | 2,978 | 196 | **3,174** |
| **Total** | 20,841 | 1,234 | **22,075** |

## Estimated operational synergies




- **MTS adds ~700k wireless(2), Internet and IPTV subscribers in Manitoba, a 5% increase in Bell's total broadband service customers**
- **Bell becomes #1 wireless provider in Manitoba with addition of MTS subscribers**
- **BCE's total Internet customer base increased by 6.6%; IPTV customer base grows 7.7%**
  - CraveTV available to MTS customers
- **MTS immediately accretive to FCF**
  - Sizeable tax loss carry forward value totaling ~$300M
- **~$100M in combined pre-tax annualized opex and capex synergies expected**
  - Additional savings from reduced wireless roaming and network sharing; network backhaul and wholesale costs; increased wholesale revenue
  - ~$30M of opex synergies expected in 2017

**Increased scale and operational synergies support accelerated adjusted EBITDA growth and industry-leading FCF margin in 2017**

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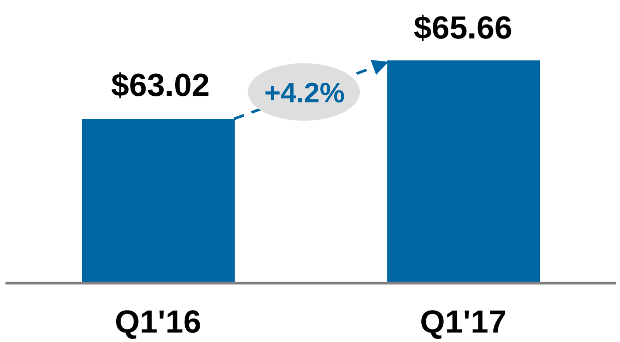
(1) Reflects subscribers acquired from MTS on March 17th; (2) Net of divestiture to Telus on April 1st of ~25% of acquired MTS postpaid subscribers

# Wireless operating metrics

## Blended ARPU




| Postpaid subscriber metrics | Q1’17 | Y/Y |
|---|---|---|
| Postpaid gross additions | 297k | 7.7% |
| Postpaid net additions | 36k | 38.7% |
| Postpaid churn rate | 1.17% | (0.02 pts) |

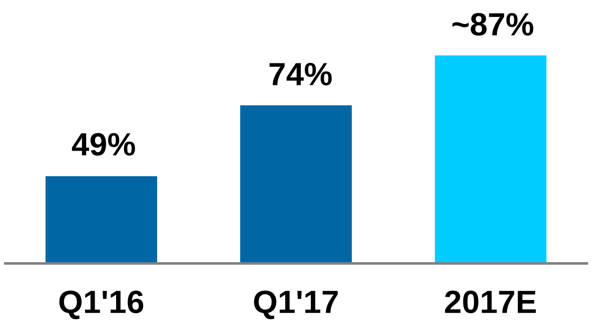
- **Best-ever service revenue dollar growth driven by strong ARPU and postpaid subscriber growth**
  - Service revenue up $127M y/y, or 8.0%, in Q1
- **Strong 4.2% ARPU growth reflects increased LTE data usage, a greater mix of postpaid customers subscribing to higher-rate plans with larger data buckets and pricing discipline**
- **Postpaid gross additions up 7.7% y/y**
- **36k postpaid net adds, up 38.7% y/y**
- **Relatively stable postpaid churn**
  - Q1’17 result reflects remaining 6.5k deactivations of low-ARPU customers from 2016 corporate contract loss

**Strong quarter of operational execution delivered industry-leading adjusted EBITDA-capex margin of 38%**

# Wireless network investments maintain Bell's leadership

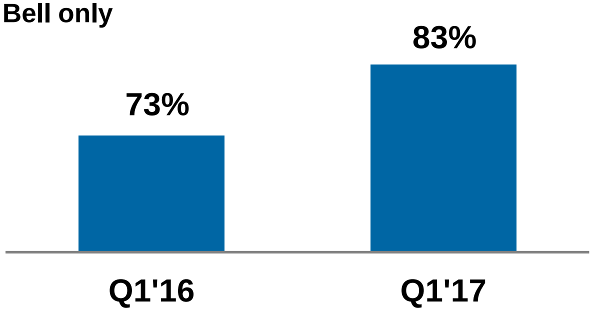
## LTE Advanced (LTE-A) coverage

% of Canadian population




## Postpaid subscribers on LTE

Bell only

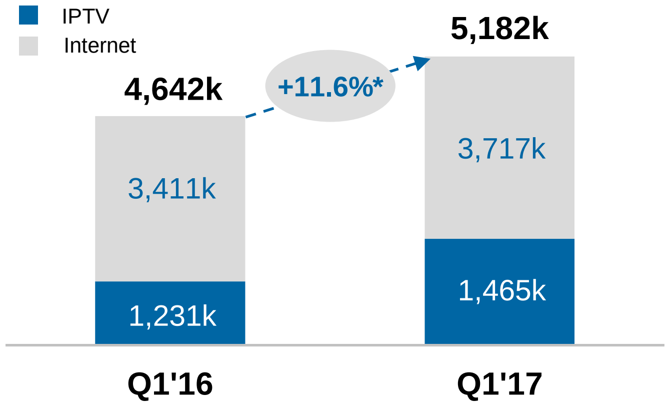



- **4G LTE network coverage at 98% of total pops**
  - 83% of Bell postpaid subscribers now on LTE
  - ~40% more data usage than HSPA
- **LTE-A service now available to 74% of Canadians and growing to ~87% by YE2017 including MTS**
  - Delivers top download speeds of 335 Mbps (average 12 to 100 Mbps)
  - Tri-Band (3CCA) service enabled through aggregation of PCS, AWS-1 and 700MHz spectrum
- **Bell's LTE-A network is first in North America to deliver Quad Band (4CCA) speeds**
  - Increases speeds to 550 Mbps (average 18 to 150 Mbps)
  - Combined with 256 QAM technology, top data download speeds increase to 750 Mbps (average 22 to 174 Mbps)
  - More than 650 sites nationally already enabled
  - In GTA, ~20% of infrastructure completed with ~50% readiness projected for YE2017
- **New Samsung Galaxy S8/S8+ smartphones will be first devices to leverage Bell's leadership in four-carrier aggregation**
- **Over 95% of network capacity serviced by high-speed fibre backhaul**

**Leveraging our network technology development team's expertise to drive industry-leading spectrum deployment and carrier aggregation**

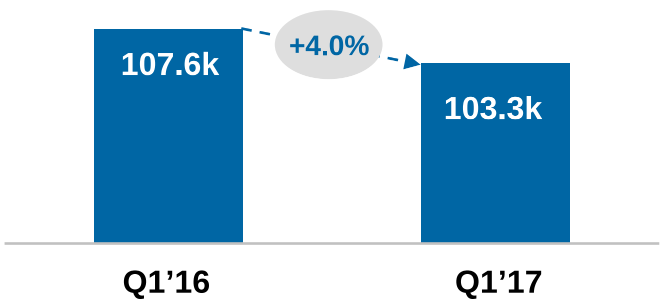
# Wireline subscriber metrics

## Internet and IPTV subscribers (EOP)




* 4.4% excluding MTS subscribers acquired

## Total NAS net losses

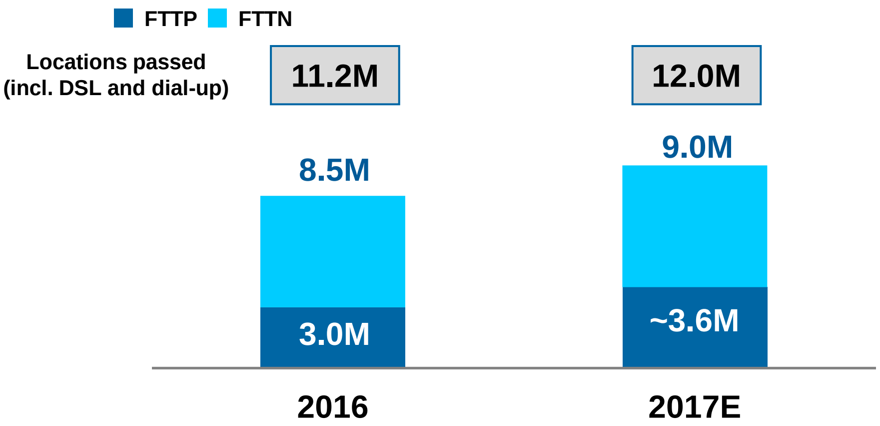



- **Steady broadband customer gains in Q1 with 37.4k total Internet and IPTV net adds**
- **15.0k total Internet net adds; 24.3k net adds in IPTV footprint**
  - Total Internet service revenue up 5.9% y/y
  - Retail residential Internet gross activations up 10% y/y
  - Residential churn impacted by aggressive cable offers
- **22.4k IPTV net adds**
  - Minimal new footprint, maturing market penetration in current Fibe TV areas and growing OTT substitution
  - Higher volume of customers with expired promotions
- **38.1k satellite TV net loss relatively stable y/y**
- **Total NAS net losses down 4.0% y/y**
  - Improved small business performance and fewer large business customer deactivations

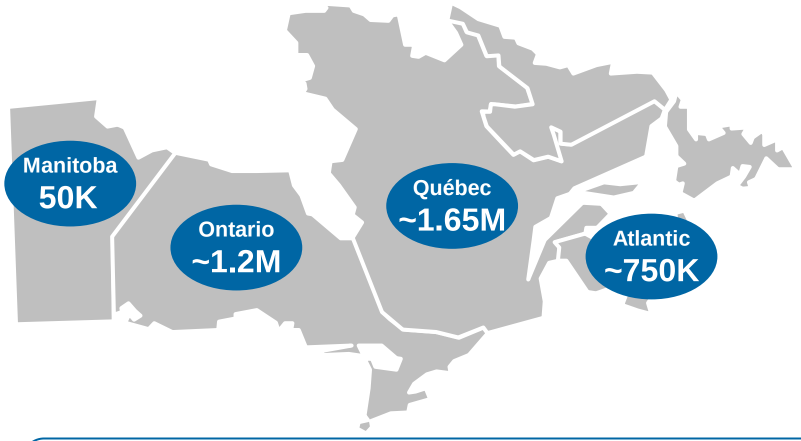
**Focus remains on balancing broadband subscriber growth with promotional pricing discipline and operating profitability**

# Broadband fibre laying future foundation for growth

## Bell fibre footprint*




## FTTP footprint (2017E)



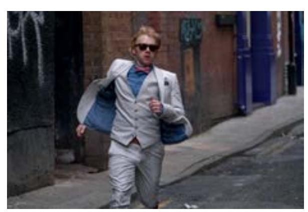

- **Announced ~$850M investment to deploy FTTP to 1.1M homes and businesses in Montréal**
  - 13% of Montréal and 54% of non-Montréal locations already completed
  - Plant infrastructure: 90% aerial; 10% buried
- **Over 40% of all premises in province of Québec to be overlaid with fibre by YE2017**
- **Toronto fibre build steadily progressing**
  - Primary focus of 2017 fibre deployment plan
  - Majority of 1.1M homes and businesses to be completed by end of year, enabling mass market advertising


**FTTP footprint expanding to ~3.6M, or 40%, of Bell's 9M total fibre locations by YE2017, enabling symmetrical Internet speeds of 1Gbps**

* Includes MTS for 2017

# Bell Media





- **Positive revenue growth in Q1 despite advertising leakage from no simultaneous substitution allowed for Super Bowl LI**
- **Continued leading TV ratings performance**
  - 9 of top 20 programs in winter season for CTV
  - 9 of top 20 English specialty/pay TV programs, led by TSN, Discovery, Space and TMN
  - 3 of top 5 French specialty/pay TV channels with RDS, Super Écran and Canal D
- **TSN primetime viewership up 13% y/y, driven by multiple sports properties**
  - Toronto Raptors average audiences up 18% y/y
  - NCAA Football season finished up 22% y/y
  - 2017 Australian Open grew viewership by 45% y/y
- **Growing lineup of original CraveTV programming**
  - Letterkenny, Snatch, What Would Sal Do?
- **Recognition for excellence in programming**
  - Bell Media and its partners honoured with 53 awards at recent Canadian Screen Awards

**Bell Media remains well positioned with powerful brands, content and a stable financial profile**

# Glen LeBlanc

EVP & Chief Financial Officer

# Q1 financial review

| ($M) except per share data | Q1'17 | Y/Y |
|---|---|---|
| **Revenue** | **5,384** | **2.2%** |
| Service | 5,051 | **2.9%** |
| Product | 333 | (8.0%) |
| **Adjusted EBITDA** | **2,214** | **2.4%** |
| Margin | 41.1% | **0.1 pts** |
| **Net earnings** | **725** | **(4.4%)** |
| **Statutory EPS** | **0.78** | **(4.9%)** |
| **Adjusted EPS[(1)]** | **0.87** | **2.4%** |
| **Capital expenditures** | **852** | **0.0%** |
| Capital Intensity (CI) | 15.8% | 0.4 pts |
| **Cash from operating activities** | **1,313** | **1.8%** |
| **Free cash flow (FCF)[(2)]** | **489** | **17.0%** |

(1) Before severance, acquisition and other costs, net (gains) losses on investments, impairment charges and early debt redemption costs
(2) Before BCE common share dividends and voluntary pension contributions

- **Service revenue grew 2.9% in Q1**
  - Product revenue down 8.0% on competitive wireless handset pricing and lower business wireline data equipment sales
- **Adjusted EBITDA up 2.4% with higher margin of 41.1% even with $35M in regulatory impacts**
  - Minimal financial contribution from MTS in Q1
- **Lower y/y net earnings reflects severance, acquisition and other costs related to MTS**
- **2.4% increase in adjusted EPS of $0.87 driven by higher y/y adjusted EBITDA**
- **Capex tracking to plan with spending focused on broadband fibre and wireless LTE-A network**
- **FCF up 17.0% y/y in seasonally low Q1**

**Focus on profitable subscriber growth and cost discipline driving consistently strong financial performance with industry-leading margin**

# Wireless financials

| ($M) | Q1'17 | Y/Y |
|---|---|---|
| **Revenue** | **1,814** | **7.1%** |
| Service | 1,715 | 8.0% |
| Product | 99 | (5.7%) |
| **Operating costs** | **996** | **(6.9%)** |
| **Adjusted EBITDA** | **818** | **7.5%** |
| Margin (service revenue) | 47.7% | (0.2 pts) |
| **Capex** | **136** | **16.0%** |
| Capital intensity | 7.5% | 2.1 pts |
| **Adjusted EBITDA-capex** | **682** | **13.9%** |

- **Acceleration in service revenue growth to 8.0% driven by higher ARPU and postpaid mix**
- **Adjusted EBITDA up 7.5% on high service revenue flow-through and spending discipline**
- **Service revenue margin kept relatively stable even with $35M in higher combined COA and retention spending y/y**
  - Higher device costs due to weaker Canadian dollar accounted for ~30% of the increase
- **Strong contribution to consolidated FCF with adjusted EBITDA-capex of $682M, up 13.9% y/y**

**Delivered excellent financial results in Q1, highlighted by 8.0% service revenue growth and 7.5% higher adjusted EBITDA**

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# Wireline financials

| ($M) | Q1'17 | Y/Y |
|---|---|---|
| **Revenue** | **2,980** | **(0.1%)** |
| Service | 2,743 | 0.7% |
| Product | 237 | (8.8%) |
| **Operating costs** | **1,718** | **0.5%** |
| **Adjusted EBITDA** | **1,262** | **0.4%** |
| Margin | 42.3% | 0.2 pts |
| **Capex** | **691** | **(3.3%)** |
| Capital intensity | 23.2% | (0.8pts) |
| **Adjusted EBITDA-capex** | **571** | **(2.9%)** |

- **Service revenue growth of 0.7% in Q1 despite financial impact of CRTC decisions related to wholesale Internet tariff revisions and customer refunds for cancelled services**
  - Higher y/y ARPUs across all residential services
  - Household ARPU up 6% y/y
  - Overall growth moderated by bundle discount pressures due to aggressive competitor promotional offers
- **Improved y/y business markets performance**
  - Q9 acquisition and cost savings helping to offset competitive re-pricing pressures and reduced overall customer spending due to the soft economy
- **Adjusted EBITDA up 0.4% even while absorbing $19M in y/y regulatory impacts**
  - 0.5% reduction in operating costs, driving 0.2 point increase in industry-best margin of 42.3%
- **Best-in-class adjusted EBITDA-capex margin of 19% fully supports broadband fibre build-out**

**Residential strength and industry-leading cost structure deliver 11th consecutive quarter of adjusted EBITDA growth and higher y/y margin of 42.3% despite substantial competitive and regulatory pressures**

# Media financials

| ($M) | Q1'17 | Y/Y |
|---|---|---|
| **Revenue** | **751** | **1.3%** |
| **Operating costs** | **617** | **(3.5%)** |
| **Adjusted EBITDA** | **134** | **(7.6%)** |
| Margin | 17.8% | (1.8 pts) |
| **Capex** | **25** | **(19.0%)** |
| Capital intensity | 3.3% | (0.5 pts) |
| **Adjusted EBITDA-capex** | **109** | **(12.1%)** |

- **Total Q1 revenue 1.3% higher y/y**
- **Subscriber revenues up 10.1% y/y, driven by TMN's expansion in western Canada, BDU contract renewals and CraveTV growth**
- **Advertising revenues down 4.7% y/y**
  - Results impacted by loss of Super Bowl simsub rights and continued general market softness
  - Partly offset by stronger sports and news specialty performance and accelerated Out of Home growth
- **3.5% increase in operating costs reflects ramp-up in CraveTV content, higher sports rights costs and TMN's national expansion**

**Bell Media adjusted EBITDA in Q1 stable y/y excluding ~$11M Super Bowl impact**

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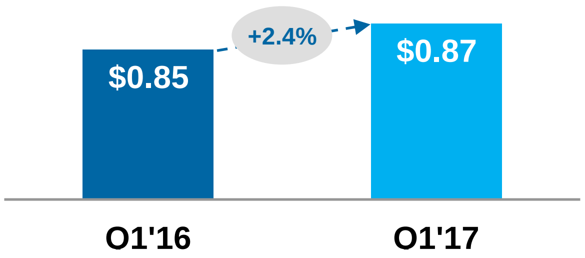
# Adjusted EPS

## Adjusted EPS[1]




| Adjusted EPS walk down ($) | Q1'16 | Q1'17 |
|---|---|---|
| Adjusted EBITDA | **1.82** | **1.86** |
| Depreciation & amortization (D&A) | (0.74) | (0.76) |
| Net interest expense | (0.18) | (0.19) |
| Net pension financing cost | (0.02) | (0.02) |
| Tax adjustments | 0.01 | 0.00 |
| Other[2] | 0.01 | 0.03 |
| Preferred share dividends & NCI | (0.05) | (0.04) |
| Share issuance | 0.00 | (0.01) |
| **Adjusted EPS** | **0.85** | **0.87** |

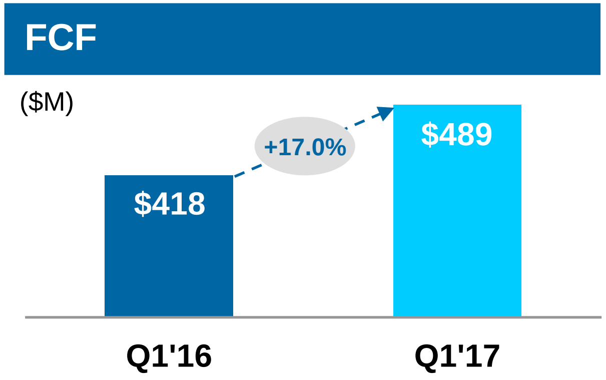
(1) Before severance, acquisition and other costs, net (gains) losses on investments, impairment charges and early debt redemption costs

(2) Includes equity derivative and F/X mark-to-market gains (losses) and equity income (losses) from minority investments

- **Higher y/y adjusted EBITDA contributed 4¢ to adjusted EPS growth in Q1**
- **Increased net depreciation and amortization expense due to a higher capital asset base**
- **Lower y/y tax adjustments**
  - 1¢ per share expected in FY2017 vs. 5¢ in FY2016
- **Higher Other Income in Q1'17 reflects mark-to-market gain on F/X hedges and equity income pick-up from minority interest investments**
  - U.S. dollar spending has now been economically hedged through to Q3 2018
- **Preferred share dividends reflect savings from impact of lower interest rates on dividend resets and floating-rate series**
- **Higher average number of shares outstanding y/y due to 27.6M shares issued for MTS acquisition**

**Adjusted EPS of $0.87 in Q1 in line with plan**

# Free cash flow




| FCF walk down ($M) | Q1'16 | Q1'17 |
|---|---|---|
| Adjusted EBITDA[1] | 2,211 | 2,264 |
| Capex | (852) | (852) |
| Net interest paid | (219) | (220) |
| Cash pension | (109) | (107) |
| Cash taxes | (238) | (288) |
| Severance and other costs | (86) | (41) |
| Working capital & other | (241) | (212) |
| Preferred share & NCI dividends | (48) | (55) |
| **FCF[2]** | **418** | **489** |

(1) Before post-employment benefit plans service cost

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

- **FCF of $489M up 17.0% y/y in seasonally low Q1 on higher adjusted EBITDA, lower severance payments and improved working capital position**
- **Cash taxes up y/y, reflecting higher instalment payments in line with plan for 2017**
  - Q1 result does not reflect any benefit from utilization of MTS tax loss carryforwards
- **Completed $1.5B public debt offering on Feb. 27th**
  - Net proceeds used to fund the cash component of MTS acquisition
  - Average after-tax cost of debt improves to 3.23% with weighted-average term of debt of 9.4 years

**Q1 FCF of $489M in line with plan and accelerating through to end of 2017 supported by solid organic growth and MTS contribution**

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# Updated financial targets for 2017

| BCE | February 2 | April 26 |
|---|---|---|
| **Revenue growth** | **1% to 2%** | **4% to 6%** |
| **Adjusted EBITDA growth** | **1.5% to 2.5%** | **4% to 6%** |
| **Capital intensity** | **~17%** | **~17%** |
| **Adjusted EPS[(1)]** | **$3.42 to $3.52** | **$3.30 to $3.40** |
| Growth y/y | ~(1%) to 2% | ~(5%) to (2%) |
| **Free cash flow[(2)]** | **$3,325M to $3,450M** | **$3,375M to $3,550M** |
| Growth y/y | ~3% to 7% | ~5% to 10% |
| **Dividend payout** | **65% to 75%** of free cash flow | **65% to 75%** of free cash flow |

(1) Before severance, acquisition and other costs, net (gains) losses on investments, impairment charges, and early debt redemption costs

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

- **Increased revenue and adjusted EBITDA guidance reflects MTS acquisition**
  - Approximate 9-month contribution in 2017
  - MTS integration underway: ~$30M of operating cost synergies expected in 2017
- **Adjusted EPS guidance impacted by share issuance and PPA due to MTS acquisition**
  - ~4¢ per share non-cash impact in 2017 from purchase price amortization (PPA) related to fair value of MTS assets acquired
  - ~10¢ per share dilution from BCE common shares issued for equity component of MTS transaction
- **Free cash flow guidance revised upwards**
  - Multi-year monetization of ~$300M of MTS tax-loss carry forwards
  - No change to total regular pension funding estimate of $400M-$450M for FY2017

**MTS acquisition immediately accretive to FCF in 2017, supporting Bell's broadband leadership strategy and dividend growth objective**

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# Key financial assumptions for 2017

| BCE (including MTS) | |
|---|---|
| **Employee benefit plans service cost** (above adjusted EBITDA) | approx. \$250M to \$260M |
| **Net employee benefit plans financing cost** (below adjusted EBITDA) | approx. \$70M to \$80M |
| **Depreciation & amortization** | approx. \$3,850M to \$3,900M |
| **Interest expense** | approx. \$950M to \$975M |
| **Tax adjustments** (per share) | approx. \$0.01 |
| **Effective tax rate** | approx. 27% |
| **Non-controlling interest** (P&L) | approx. \$50M |
| **Cash pension funding** | approx. \$400M to \$450M |
| **Cash taxes** | approx. \$650M to \$700M |
| **Net interest paid** | approx. \$950M to \$975M |
| **Other FCF items**[1] | approx. (\$25M) to (\$150M) |
| **Average shares outstanding** | approx. 895M |
| **Annualized common dividend per share** | \$2.87 |

(1) Other FCF items include: working capital changes, severance and other costs paid, preferred share dividends and non-controlling interest (NCI) paid

# Free cash flow walk-down

| 2017E | ($M) |
|---|---|
| Adjusted EBITDA[(1)] less capex[(2)] | ~5,525-5,700 |
| Net cash interest | ~(950)-(975) |
| Cash pension | ~(400)-(450) |
| Cash taxes | ~(650)-(700) |
| Other[(3)] | ~(25)-(150) |
| **Free cash flow** | **3,375-3,550** |

(1) Adjusted EBITDA before employee benefit plans service cost
(2) Calculated using mid-point of 2017 revenue guidance range
(3) Other includes working capital changes, severance and other costs paid, preferred share dividends and non-controlling interest (NCI) paid