BCE Second Quarter 2021 Results Conference Call

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CAUTION REGARDING FORWARD-LOOKING STATEMENTS
Certain statements made by BCE's President and Chief Executive Officer and Executive Vice-President and Chief Financial Officer during BCE's Q2 2021 Results Conference Call, as reflected in this transcript, are forward-looking statements. These statements include, without limitation, statements relating to BCE's financial guidance (including revenues, adjusted EBITDA, capital intensity, adjusted EPS and free cash flow), BCE's 2021 annualized common share dividend, BCE's network deployment and capital investment plans as well as the benefits expected to result therefrom, including its two-year increased capital investment program to accelerate the rollout of Fifth Generation (5G), fibre and Wireless Home Internet networks, the expectation of the start of a steady improvement in wireless roaming revenues as borders open in the second half of 2021, the expected improvement in enterprise solution revenues in the next couple of quarters, the expected scaling of wireless loadings as stores fully open for Q3 2021, our intended use of an amount equal to the net proceeds from Bell Canada's first sustainability bond offering, our targeted reductions in the level of our greenhouse gas emissions, the expectation that our available liquidity (comprised of cash and cash equivalents and amounts available under our securitized trade receivable programs and our committed bank credit facilities) provides ample cash resources to execute on our increased capital investment program and to fund the 3.5 GHz wireless spectrum we secured at the recently concluded spectrum auction, BCE's business outlook, objectives, plans and strategic priorities, and other statements that are not historical facts. Forward-looking statements are typically identified by the words assumption, goal, guidance, objective, outlook, project, strategy, target and other similar expressions or future or conditional verbs such as aim, anticipate, believe, could, expect, intend, may, plan, seek, should, strive and will. All such forward-looking statements are made pursuant to the 'safe harbour' provisions of applicable Canadian securities laws and of the United States Private Securities Litigation Reform Act of 1995.

Forward-looking statements, by their very nature, are subject to inherent risks and uncertainties and are based on several assumptions, both general and specific, which give rise to the possibility that actual results or events could differ materially from our expectations expressed in or implied by such forward-looking statements and that our business outlook, objectives, plans and strategic priorities may not be achieved. These statements are not guarantees of future performance or events, and we caution you against relying on any of these forward-looking statements. The forward-looking statements contained in this transcript describe our expectations as of August 5, 2021 and, accordingly, are subject to change after such date. Except as may be required by applicable securities laws, we do not undertake any obligation to update or revise any forward-looking statements contained in this transcript, whether as a result of new information, future events or otherwise. From time to time, we consider potential acquisitions, dispositions, mergers, business combinations, investments, monetizations, joint ventures and other transactions, some of which may be significant. Except as otherwise indicated by BCE, forward-looking statements do not reflect the potential impact of any such transactions or of special items that may be announced or that may occur after August 5, 2021. The financial impact of these transactions and special items can be complex and depends on the facts particular to each of them. We therefore cannot describe the expected impact in a meaningful way or in the same way we present known risks affecting our business. Forward-looking statements were made during BCE's Q2 2021 Results Conference Call for the purpose of assisting investors and others in understanding certain key elements of our expected financial results, as well as our objectives, strategic priorities and business outlook, and in obtaining a better understanding of our anticipated operating environment. Readers are cautioned that such information may not be appropriate for other purposes.

Material Assumptions
A number of economic, market, operational and financial assumptions were made by BCE in preparing certain forward-looking statements contained in this transcript, including, but not limited to the following:

Canadian Economic Assumptions
Our forward-looking statements are based on certain assumptions concerning the Canadian economy, which in turn depend on important assumptions about how the COVID-19 pandemic will evolve, including the progress of the global vaccination rollout. Notably, it is assumed that broad immunity is achieved in the third quarter of 2021 in Canada; later in 2021 in the U.S., most other advanced economies and China; and in 2022 in other emerging-market economies. In particular, we have assumed:

- *Strong rebound in economic growth as the economy recovers from the effects of the pandemic and related restrictions, given the Bank of Canada's most recent estimated growth in Canadian gross domestic product of around 6% on average in 2021*
- *Improving consumer confidence as the rollout of vaccinations proceeds and restrictions are eased*
- *Strengthening business investment outside the oil and gas sector as demand increases and business confidence improves*
- *Employment gains expected in 2021, despite ongoing challenges in some sectors*
- *Accelerating trend toward e-commerce*
- *Low immigration levels until international travel and/or health-related restrictions are lifted*
- *Prevailing low interest rates expected to remain at or near current levels for the foreseeable future*

- *Canadian dollar expected to remain at or near current levels. Further movements may be impacted by the degree of strength of the U.S. dollar, interest rates and changes in commodity prices*

Canadian Market Assumptions
Our forward-looking statements also reflect various Canadian market assumptions. In particular, we have made the following market assumptions:
- *A consistently high level of wireline and wireless competition in consumer, business and wholesale markets*
- *Higher, but slowing, wireless industry penetration*
- *A shrinking data and voice connectivity market as business customers migrate to lower-priced traditional telecommunications solutions or alternative OTT competitors*
- *While the advertising market continues to be adversely impacted by cancelled or delayed advertising campaigns from many sectors due to the economic downturn during the COVID-19 pandemic, we do expect gradual recovery in 2021*
- *Declines in broadcasting distribution undertakings (BDU) subscribers driven by increasing competition from the continued rollout of subscription video on demand streaming services together with further scaling of OTT aggregators*

Assumptions Concerning our Bell Wireless Segment
Our forward-looking statements are also based on the following internal operational assumptions with respect to our Bell Wireless segment:
- *Maintain our market share of national operators' wireless postpaid net additions*
- *In the BCE 2020 Annual MD&A, we disclosed our assumption of continued growth of our prepaid subscriber base. As a result of lower immigration levels and reduced customer travel as a result of the COVID-19 pandemic, we are now assuming only modest growth of our prepaid subscriber base in 2021.*
- *Continued focus on mobile phone subscriber growth, as well as the introduction of more 5G, 4G Long-term evolution (LTE) and LTE Advanced devices and new data services*
- *Continued deployment of 5G wireless network offering coverage that is competitive with other national operators in centres across Canada*
- *In the BCE 2020 Annual MD&A, we disclosed our assumption of improvement in subscriber acquisition and retention spending, enabled by increasing adoption of device financing plans. As a result of store closures and reduced store opening hours in the first half of the year driven by government restrictions attributable to the COVID-19 pandemic, and the resulting increased competitive intensity driven by aggressive discount offers in the market, we are now assuming increased subscriber acquisition and retention spending in 2021.*
- *Unfavourable impact on mobile phone blended ABPU, driven by reduced outbound roaming revenue due to travel restrictions as a result of the COVID-19 pandemic and reduced data overage revenue due to continued adoption of unlimited plans*
- *Increased adoption of unlimited data plans and device financing plans*
- *No material financial, operational or competitive consequences of changes in regulations affecting our wireless business*

Assumptions Concerning our Bell Wireline Segment
Our forward-looking statements are also based on the following internal operational assumptions with respect to our Bell Wireline segment:
- *Continued growth in retail Internet and IPTV subscribers*
- *Increasing wireless and Internet-based technological substitution*
- *Continued aggressive residential service bundle offers from cable TV competitors in our local wireline areas*
- *Continued large business customer migration to IP-based systems*
- *Ongoing competitive repricing pressures in our business and wholesale markets*
- *Continued competitive intensity in our small and medium-sized business markets as cable operators and other telecommunications competitors continue to intensify their focus on business customers*
- *Traditional high-margin product categories challenged by large global cloud and OTT providers of business voice and data solutions expanding into Canada with on-demand services*
- *Accelerating customer adoption of OTT services resulting in downsizing of TV packages*
- *Further deployment of direct fibre to more homes and businesses within our wireline footprint and fixed WTTP technology in rural communities*
- *Growing consumption of OTT TV services and on-demand streaming video, as well as the proliferation of devices, such as tablets, that consume large quantities of bandwidth, will require ongoing capital investment*
- *Realization of cost savings related to management workforce reductions including attrition and retirements, lower contracted rates from our suppliers, operating efficiencies enabled by a growing direct fibre footprint, changes in*

consumer behaviour and product innovation, new call centre technology that is enabling self-serve capabilities, and other improvements to the customer service experience

- *No material financial, operational or competitive consequences of changes in regulations affecting our wireline business*

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

- *Overall revenue is expected to reflect a gradual economic recovery in 2021 combined with subscriber revenue growth and strategic pricing on advertising sales. However, revenue performance is expected to continue to be negatively impacted by the effects of the COVID-19 pandemic on many sectors of the economy.*
- *Continued escalation of media content costs to secure quality programming, as well as the return of sports and entertainment programming; however, in the short term, savings can still be expected due to production delays, shortened sports seasons, and possible cancellations from the ongoing COVID-19 pandemic*
- *Continued scaling of Crave through broader content offering and user experience improvements*
- *Investment in Noovo News and more French-language original content to better serve our French-language customers with a wider array of content, in the language of their choice, on their preferred platforms*
- *Enhanced market-leading attribution through our Strategic Audience Management (SAM) tool*
- *Ability to successfully acquire and produce highly rated programming and differentiated content*
- *Building and maintaining strategic supply arrangements for content across all screens and platforms*
- *Continued monetization of content rights and Bell Media properties across all platforms*
- *No material financial, operational or competitive consequences of changes in regulations affecting our media business*

Financial Assumptions Concerning BCE
Our forward-looking statements are also based on the following internal financial assumptions with respect to BCE for 2021:

- *Total post-employment benefit plans cost to be approximately $300 million, based on an estimated accounting discount rate of 2.6%, comprised of an estimated above adjusted EBITDA post-employment benefit plans service cost of approximately $275 million and an estimated below adjusted EBITDA net post-employment benefit plans financing cost of approximately $25 million*
- *Increase in depreciation and amortization expense of approximately $200 million to $250 million compared to 2020*
- *Interest expense and payments of approximately $1,050 million to $1,100 million*
- *An effective tax rate of approximately 27%*
- *NCI of approximately $60 million*
- *Total cash pension and other post-employment benefit plan funding of approximately $350 million to $375 million*
- *Cash income taxes of approximately $800 million to $900 million*
- *Average number of BCE common shares outstanding of approximately 905 million*
- *An annual common share dividend of $3.50 per share*

The foregoing assumptions, although considered reasonable by BCE on August 5, 2021, may prove to be inaccurate. Accordingly, our actual results could differ materially from our expectations as set forth in this transcript.

Material Risks
Important risk factors that could cause our assumptions and estimates to be inaccurate and actual results or events to differ materially from those expressed in, or implied by, our forward-looking statements, including our 2021 financial guidance, are listed below. The realization of our forward-looking statements, including our ability to meet our 2021 financial guidance targets, essentially depends on our business performance, which, in turn, is subject to many risks. Accordingly, readers are cautioned that any of the following risks could have a material adverse effect on our forward-looking statements. These risks include, but are not limited to: the COVID-19 pandemic and the adverse effects from the emergency measures implemented or to be implemented as a result thereof, as well as other pandemics, epidemics and other health risks; adverse economic and financial market conditions, a declining level of retail and commercial activity, and the resulting negative impact on the demand for, and prices of, our products and services; the intensity of competitive activity including from new and emerging competitors; the level of technological substitution and the presence of alternative service providers contributing to the acceleration of disruptions and disintermediation in each of our business segments; changing viewer habits and the expansion of over-the-top (OTT) TV and other alternative service providers, as well as the fragmentation of, and changes in, the advertising market; rising content costs and challenges in our ability to acquire or develop key content; the proliferation of content piracy; higher Canadian smartphone penetration and reduced or slower immigration flow; regulatory initiatives, proceedings and decisions, government consultations and government positions that affect us and influence our business; the inability to protect our physical and non-physical assets from events such as information security attacks, unauthorized

access or entry, fire and natural disasters; the failure to transform our operations, enabling a truly customer-centric service experience, while lowering our cost structure; the failure to continue investment in next-generation capabilities in a disciplined and strategic manner; the inability to drive a positive customer experience; the complexity in our operations; the failure to maintain operational networks in the context of significant increases in capacity demands; the risk that we may need to incur significant capital expenditures to provide additional capacity and reduce network congestion; the failure to implement or maintain highly effective information technology (IT) systems; the failure to generate anticipated benefits from our corporate restructurings, system replacements and upgrades, process redesigns, staff reductions and the integration of business acquisitions; events affecting the functionality of, and our ability to protect, test, maintain, replace and upgrade, our networks, IT systems, equipment and other facilities; in-orbit and other operational risks to which the satellites used to provide our satellite TV services are subject; the failure to attract and retain employees with the appropriate skill sets and to drive their performance in a safe environment; labour disruptions and shortages; our dependence on third-party suppliers, outsourcers and consultants to provide an uninterrupted supply of the products and services we need to operate our business; the failure of our vendor selection, governance and oversight processes; security and data leakage exposure if security control protocols affecting our suppliers are bypassed; the quality of our products and services and the extent to which they may be subject to manufacturing defects or fail to comply with applicable government regulations and standards; the inability to access adequate sources of capital and generate sufficient cash flows from operating activities to meet our cash requirements, fund capital expenditures and provide for planned growth; uncertainty as to whether dividends will be declared by BCE's board of directors or whether the dividend on common shares will be increased; the inability to manage various credit, liquidity and market risks; pension obligation volatility and increased contributions to post-employment benefit plans; new or higher taxes due to new tax laws or changes thereto or in the interpretation thereof, and the inability to predict the outcome of government audits; the failure to reduce costs, as well as unexpected increases in costs; the failure to evolve practices to effectively monitor and control fraudulent activities; unfavourable resolution of legal proceedings and, in particular, class actions; new or unfavourable changes in applicable laws and the failure to proactively address our legal and regulatory obligations; the failure to recognize and adequately respond to climate change concerns or stakeholder and governmental changing expectations on environmental matters; and health concerns about radio frequency emissions from wireless communication devices and equipment.

We caution that the foregoing list of risk factors is not exhaustive and other factors could also adversely affect our results. We encourage investors to also read BCE's 2020 Annual MD&A dated March 4, 2021 (included in BCE's 2020 Annual Report), BCE's 2021 First and Second Quarter MD&As dated April 28, 2021 and August 4, 2021, respectively, and BCE's news release dated August 5, 2021 announcing its financial results for the second quarter of 2021 for additional information with respect to certain of these and other assumptions and risks, filed by BCE with the Canadian provincial securities regulatory authorities (available at Sedar.com) and with the U.S. Securities and Exchange Commission (available at SEC.gov). These documents are also available at BCE.ca.

The terms "adjusted EBITDA", "adjusted EBITDA margin", "adjusted EPS", "free cash flow" and "net debt leverage 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 section 7.2, Non-GAAP financial measures and key performance indicators (KPIs) in BCE's 2021 Second Quarter MD&A for more details.

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PRESENTATION

Operator

Good morning, ladies and gentlemen. Welcome to the BCE Q2 2021 Results Conference Call.

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

Thane Fotopoulos – Vice President – IR

Thank you, Justina, good morning to everyone. Joining me today, as usual, are Mirko Bibic, BCE's President and CEO, and our CFO Glen LeBlanc.

You can find all of our Q2 disclosure documents on the Investor Relations page of the bce.ca website, which we posted this morning.

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

On that, I'll hand it over to Mirko.

Mirko Bibic – President and CEO

Thank you, Thane. Thank you, Justina. Good morning, everyone.

Q2 marked another quarter of great operational execution by the Bell team, as we continue to deliver with sequential improvement in our consolidated operating results, with strong mobile phone subscriber loadings and further acceleration in capital spending to forge ahead even more aggressively on our successful broadband strategy that drove 80 percent higher fibre Internet net customer additions this quarter.

A year after COVID's significant initial impacts in early 2020, total BCE revenue and adjusted EBITDA growth accelerated this quarter, increasing by more than 6 percent over last year, as we led all national wireless carriers and reported service revenue, adjusted EBITDA and ABPU growth. Of note, we recovered 99 percent of our pre-pandemic wireless service revenues and our wireless adjusted EBITDA has fully recovered despite the lack of a recovery in high margin roaming revenue. It's an impressive result by the Bell Mobility team.

Our results for Q2 included a $44 million regulatory charge related to the CRTC's recent decision to lower wholesale Internet rates even further to the benefit of resellers. Were it not for this one-time retroactive impact, total revenue and adjusted EBITDA would have increased 7.2 percent and 8.1 percent, respectively. We leveraged our broadband networks and improved customer service tools to deliver 115,916 total mobile phone, mobile connected device, retail Internet and IPTV net subscriber additions in Q2; an increase of 75 percent over last year.

Against the backdrop of continued government support for investment to drive the country's COVID recovery and propel Canada's global leadership in next-generation digital infrastructure, we stepped up capital spending in Q2 investing over $1.2 billion on new fibre and Wireless Home Internet connections, further expanding mobile 5G coverage and augmenting network capacity to manage core IP traffic volume, which grew another 20 percent compared to last year when demand surged during the early stages of COVID.

And our strong financial position with $5.3 billion in available liquidity at the end of Q2, bolstered by more than $1.2 billion of free cash flow generation this quarter, puts us in the leading position to execute on our upsized capital acceleration plan, wireless spectrum purchases and BCE's higher common share dividend for 2021.

I also want to highlight the recent launch of Bell for Better, an initiative that encapsulates our ESG strategy and provides a framework for all actions we are taking to create better outcomes for all stakeholders, including Canadian communities, employees, customers, as well as BCE shareholders and bondholders. With our broadband connectivity commitments from the smallest rural communities to the largest cities, investments in mental health initiatives, environmental sustainability and an engaged and diverse workplace, we're looking to create a thriving, prosperous and more connected world for Canadians across the country.

In terms of notable ESG developments this past quarter, we are adopting Science Based Targets to reduce greenhouse gas emissions by 2030, in line with the Paris Climate Agreement, and we successfully completed an inaugural $500 million sustainability bond offering, the first ever for a North American telecom company. We will be using the proceeds to finance green and social investments with a focus on energy efficiency and affordable infrastructure projects. The offering was very popular with investors, receiving total order for more than six times the amount issued, which enabled us to price the issue at a lower cost of debt and for regular bonds.

Let's turn to slide 4 of our presentation for an update on our strategic priorities for 2021.

We secured 30 percent of the 3.5 GHz spectrum available to national wireless carriers at the recently concluded auction for a price of $2.07 billion. This included an additional 30 MHz in each of the top three markets and an incremental 22 MHz in our rural Wireless-to-the-Home markets. Together with existing holdings, Bell now possesses 37 percent or a weighted-average of approximately 50 MHz of the total spectrum that was available to the incumbent national wireless carriers acquired at an industry low average blended cost of $1.25 per MHz-POP.

That said, given how the government designed the auction, it was the most expensive auction in Canadian history, a key factor that requires careful consideration in future assessments on auction frameworks and on future assessments of wireless pricing by the government.

With significant high capacity 3.5 GHz spectrum at our disposal, we have the mid-band spectrum necessary to drive the roll-out of 5G across Canada and extend our leadership position. Since the beginning of the year, we've launched service in more than 80 new markets nationally, including the first 5G service in Newfoundland, Labrador, introduced Canada's first 5G roaming for the U.S. and entered into new 5G strategic partnerships. Our 5G footprint coverage is now above 40 percent, and remains on track to reach 70 percent of the Canadian population by year-end.

Success in 5G and IoT depends on a number of factors beyond just coverage. It's about delivering the fastest speeds and lowest latency, leveraging network points of presence, such as central offices for multi-access edge computing that support product development, and establishing deep relationships with the biggest Canadian companies. And whichever element you look at, Bell is the industry leader.

We lead in speed, offering the fastest data speeds of up to 1.7 Gpbs per second and consistently win third party speed test awards, including most recently from Ookla, who ranked Bell 5G as Canada's fastest.

We lead in latency, owing to our deep fibre deployment now at 94 percent of all Bell Mobility cell sites fiberized, as well as our ability to bring computing power, processing and storage to the edge of the network closer to the customer.

We lead in network points of presence, with over 2,700 locations across our wireline footprint.

Our MEC partnership with Amazon Web Services and our strategic technology partnership with Google Cloud will integrate their technology with Bell 5G to move data processing to the network's edge, thereby minimizing latency and power in 5G use cases, such as immersive gaming, ultra-HD video streaming, smart manufacturing, AI and distance learning.

By combining all those ingredients, we can deliver the superior functionality that will allow developers to design apps and next-generation solutions and IoT services that leverage the best 5G network in Canada. And that's how we intend to take a leading share in 5G services and capture the sizable revenue growth opportunities beyond mere network connectivity. And we're already beginning to do that, as you saw with innovative applications, such as TSN and RDS 5G View.

Now over to Wireline. In the first six months of the year, we have equipped 347,000 homes and businesses with either direct fibre or fixed wireless Internet technology, and also launched Wireless Home Internet service in Manitoba this past June. This progress, together with another 257,000 locations that are currently under construction, keep us on track to deliver between 850,000 and 900,000 new premises by year-end.

And at a time when network connectivity's more important than ever, as we all know, Bell once again was recognized by PCMag in an annual study as the fastest ISP in four provinces. It's a testament to the significant investments and the hard work—significant investments we're making in our world-leading networks as well as to the power and value of fibre.

Moving to slide 5 for an overview of some key operating metrics for Q2. Let's start again with Wireless. The clear highlight of the quarter was Bell's 5.8 percent service revenue growth, which led all national peers, delivering an industry best 3.3 percent increase in ABPU. Again, an excellent result, representing our first quarter of growth since Q3 of 2019 when unlimited data plans were first introduced in Canada. This strong rebound reflects our focus on higher value smartphone loadings including a growing base of customers on device financing plans and the lapping of COVID-related pressures from roaming, data overage and the waiving of certain fees to support customers during the crisis.

Although retail traffic and store capacities were impacted by the third wave of COVID, overall customer activity ramped up. We added more than 44,000 new net mobile postpaid phone subscribers this quarter, up 45,000 compared to last year. This result was driven by 35 percent increase in gross activations, reflecting higher direct and digital channel sales volumes that balanced ongoing retail store restriction, as well as pent-up customer demand. And our mobile phone churn remain well below 1 percent at 0.83 percent for postpaid, a strong performance that reflects our improving digital capabilities and leading networks.

For connected devices, we realized 47,000 net additions, a year-over-year increase of 22 percent, driven by continuing strong demand for Bell's IoT solutions. In fact, we added 74,000 new IoT subscriptions, up 2.5 times over last year. Similar to the previous few quarters, prepaid net additions of 2,000 were impacted by lower market activity attributable to reduced retail store traffic and a slowdown in immigration in international travel, of course, because of COVID.

Let's move to wireline. We're showing again that our fibre strategy is working. We added more than 27,000 new net retail fibre customers, which is an increase of 80 percent versus last year. At approximately 1.9 million, residential fibre customers now represent over 50 percent of our total retail Internet customer base. Taking into account the competitive loss of legacy DSL subscribers in Bell's non-fibre footprint, we delivered 18,000 total retail Internet net additions this quarter. This compares well to last year, when we experienced a surge in demand as COVID restrictions were put in place.

Our growing base of Fibe customers, combined with higher revenue per user driven by speed upgrades and improving tier mix given fibre's superior experience, drove a majority of the 12 percent year-over-year increase in residential Internet revenue this quarter. This consistently strong revenue growth quarter after quarter, together with the benefits we see in terms of market share gains, customer lifetime value and lower operating costs, are the reasons why we're pushing hard on the accelerated expansion of our broadband footprint.

In TV, we continue to leverage our multiple brand strategy to drive 5,000 IPTV net additions this quarter, and that's up 8,000 from Q2 of last year. Satellite net customer losses improved 21 percent to 9,000, and that represents the seventh consecutive quarter of year-over-year improvement. And home phone customer net losses remained essential stable at just around 50,000.

So, all in all, a very solid quarter of wireline subscriber results in what is typically a seasonally slow quarter.

I'll now turn to Bell Media. The first notable highlight for Bell Media is advertiser demand, which rebounded across all our media platforms this quarter. However, a more robust recovery, particularly for radio and out-of-home was muted by the pandemic's third wave.

TV advertising was up 70 percent, reflecting stronger bookings due to the return of live sports and TV productions. This helped TSN and RDS maintain their number one sports channel rankings for the current broadcast year-to-date and for CTV to achieve a milestone 20th year as Canada's most watched network.

In Québec, Noovo also made further gains in viewership versus its French language competitors, with year-to-date audiences up 10 percent that drove a two point increase in market share.

More notably, at our virtual upfront presentation in June, we unveiled our fall programming lineup with the most programming inventory in five years for CTV and more than 70 original productions planned. This was our most successful upfront season ever, with bookings 19 percent ahead of our previous forward sales record in 2019, and more than double last year. A very encouraging result that bodes well for the upcoming broadcast year.

The second highlight of the quarter for Bell Media was the strong growth in our digital platforms, demonstrating that our strategic pivot to a digital first media company is bearing fruit. Digital revenues increased an impressive 57 percent and now represent 19 percent of total Bell Media revenue and that's up from 16 percent last year.

Underpinning the standout performance was growth in Crave and TSN Direct streaming subscribers. Crave subscribers increased 6 percent over last year, and is now approaching the 3 million mark, while TSN Direct more than doubled its subscriber base, thanks in part to the Euro Cup, where the final game was one of the most watched broadcast of the year, and TSN's biggest live streaming audience ever.

We also continue to scale CTV.ca, our all-in-one digital video streaming app, which has now become the top AVOD platform in the country. Bell Media's innovative SAM TV sales tool, that connects advertisers and other marketers with the right audiences on the right media platforms, has more than tripled its 2020 sales revenue in the first six months of 2021.

And on that, I'll hand the call over to Glen for a more detailed review of our financials.

Glen LeBlanc – Executive Vice President and CFO

Thank you, Mirko, and good morning, everyone.

I'll begin on slide 7.

As Mirko said, exceptional financial performance this quarter, with strong consolidated revenue and EBITDA growth acceleration as we lapped the significant COVID impacts from Q2 of last year. Normalizing for the $44 million regulatory impact referenced earlier, total revenue was up 7.2 percent, while EBITDA increased 8.1 percent. Standout results driven by year-over-year increases at all Bell operating segments, even though wireless roaming, media advertising and business wireline revenues have yet to return to pre-COVID levels.

Net earnings were up significantly, increasing 150 percent year-over-year on strong flow-through of higher EBITDA, lower non-cash media asset impairment charges, as well as higher other income, largely from net mark-to-market gains on our equity derivative hedge contracts.

Despite the sharp increase in earnings, free cash flow was down 23 percent compared to last year. The decline was expected and the result of higher planned spending under our two-year capital investment acceleration program that saw a further step-up in capex this quarter to more than $1.2 billion.

Let's turn to slide 8. Bell wireless service revenue was up a very healthy 5.8 percent, representing the first quarter of year-over-year growth since the start of the pandemic. This strong result reflects our strategic focus on high value smartphone activations and the associated economic benefits in terms of lifetime value and EBITDA growth, as well as the non-recurrence of certain COVID-related impacts from last year.

Although the recovery in roaming was marginal this quarter, as travel restrictions remain in place and borders closed, it is no longer causing a year-over-year drag on financial results. Product revenue was up 27.7 percent, reflecting increased customer transaction volumes, a greater mix of premium mobile phones, and improved year-over-year consumer electronic sales at The Source, driven by the reopening of retail stores. Due to the flow-through of significantly higher year-over-year revenues, wireless EBITDA returned to positive growth this year, increasing a very impressive 10.1 percent.

Moving to slide 9. Our wireline financial results this quarter included a $44 million regulatory charge. Excluding from the one-time impact, we delivered service revenue growth of 0.6 percent and 4.5 percent higher EBITDA, which drove a 1.9 point margin increase to 43.9 percent. This margin improvement is essentially equal in magnitude to the decline we experienced in Q2 of last year when we absorbed significant incremental cost because of COVID.

Residential led the way growing revenue by a healthy 3.6 percent on the back of continued strong fibre customer and ARPU growth that contributed another 12 percent quarterly increase in Internet revenue. However, Business wireline was softer given the surge in customer demand we experienced at the start of COVID crisis last year for things like conferencing services and voice connectivity, as Canadian businesses enacted a work from home policy for their employees. Product revenue, which can be lumpy, also decreased year-over-year due to the timing of data equipment sales to the government sector.

Although overall telecom spending by large enterprise customers continues to be impacted by COVID, business services solutions revenue grew approximately 3 percent year-over-year, a very positive indicator for when economic recovery takes hold more fully.

Over to Bell Media on slide 10. Strong year-over-year rebound marked by higher customer spending across all advertising platforms and continued excellent digital growth that generated revenue growth of 30.4 percent and 23.7 percent higher EBITDA. Advertising revenue grew 65 percent year-over-year, reflecting stronger advertiser bookings driven by the reopening of the economy, the return of live sports, and more original TV programming compared to last year.

Subscriber revenue was up 6.2 percent on strong Crave and TSN Direct streaming growth, as Mirko detailed earlier. Consistent with the year-over-year increase in revenue, operating costs were up 33 percent. This is due to higher programming and production cost reflecting the return to live sports and airing of original TV productions, as well as the non-recurrence of CEWS funding received in Q2 of last year.

Slide 11 provides you with a high-level walk-down of the main components of adjusted EPS, which was $0.83 per share this quarter, up $0.20 compared to last year. Even with the $0.04 per share hit from the wholesale Internet regulatory decision, EBITDA growth drove 60 percent of the year-over-year increase in adjusted EPS, while decreased financing costs, higher tax adjustments and lower other expense essentially accounted for the balance.

Let's turn to slide 12 on free cash flow. As I mentioned earlier, we generated $1.25 billion of free cash flow in the quarter, a very respectable result even with $300 million year-over-year step-up in capex and reduced cash from working capital due mainly to higher accounts receivable from stronger sales activity as the COVID recovery strengthens.

This quarter's result also reflected higher severance pay due to a workforce reduction undertaken earlier this year, and higher cash taxes due to the delayed tax installment payments last year, because of the government COVID relief measures.

As for our balance sheet, we ended the quarter with $5.3 billion of available liquidity, which provides us ample cash resources to execute on our upsized capital acceleration plan and to fund the recent acquisition of highly valued 3.5 GHz wireless spectrum. Pro forma this spectrum investment, our net debt leverage ratio remains manageable and the lowest among Canadian direct peers at approximately 3.1 times adjusted EBITDA.

To conclude, on slide 13, industry fundamentals remain sound. Commercial activity is improving as the economy rebounds from this pandemic, and BCE's competitive position is as good as ever, if not better, strengthened by our rapidly growing broadband fibre footprint, substantial mid-band wireless spectrum holdings that reinforced Bell's 5G industry leadership and market leading media assets that are poised to capture significant opportunity emerging in digital advertising. With two quarters of strong consolidated growth already reported, we remain firmly on track to deliver on the financial guidance targets that we provided in February for the full year 2021.

On that, I will turn the call back over to Thane and the Operator to begin the Q&A portion of the call.

Thane Fotopoulos – Vice President – IR

Thanks, Glen. Before we start the Q&A period, I'm sensitive to the time we have left, so I would please ask that you limit yourself to one question and one brief follow-up so we can get to everybody in the queue with the time we have left.

So, with that, Justina, we are ready to take our first question.

QUESTION AND ANSWER SESSION

Operator

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

Vince Valentini – TD Securities – Analyst

Thanks very much. I guess I should ask about ARPU first. I mean, that's just a tremendous result on wireless service revenue growth. Can you help us unpack it a bit more? I mean, you said roaming was not a year-over-year drag. I assume it wasn't a tailwind either. And then the other components of it is, is there a bit of overage coming back temporarily? Is there some benefit from lower equipment subsidies, or just sort of solid improvement in the mix of your subscribers over the past year flowing through? If you can help us out with that, that'd be great.

Mirko Bibic – President and CEO

Thank you, Vince. I'll kick it off on that one. I'll start with first principles, really. When you have a clearly defined strategy in each product segment, obviously, in this case we're talking about wireless and you kind of disciplined—you execute with a lot of discipline against that strategy, you're going to get the result. If you kind of—let's now with that context, what have we been doing for the past two years or year and a half, we focused on quality mobile phone loadings.

So the numbers we share with you in terms of net additions, they're all mobile phones and all high quality. We've benefited from a strong brand mix. We're managing the data overage just like we have from the moment that unlimited plans were launched in the Canadian marketplace in 2019. So we're managing the base like we always have and that overage decline is at the same level as we've shared with you in the past.

Our prepaid ARPU's been quite strong, particularly for Lucky, and that's why you see those impressive results that you mentioned, Vince. Basically, we're not chasing loadings for the sake of chasing loadings and we're not after low churn for the sake of low churn. We really want to hit that sweet spot between ARPU nets and the financial results we deliver for shareholders.

Glen LeBlanc – Executive Vice President and CFO

Just to add to Mirko, on roaming, Vince, you asked, you said it's no longer a headwind. No, it's not. We actually saw modest improvement in the roaming. I told you in previous quarters that since the pandemic roaming is down roughly $60 million a quarter and we saw approximately $5 million improvement in that. So very modest but like all of us, we remain hopeful and optimistic that the second half of the year is going to see borders opening and Canadians moving in and we expect to start a steady improvement.

Vince Valentini – TD Securities – Analyst

And Glen, just on the equipment installment plans and the delayed impact of that through IFRS 15 accounting, is that something that's starting to be meaningful within these service revenue numbers or still not?

Glen LeBlanc – Executive Vice President and CFO

I'm not sure I 100 percent understood the question, Vince.
Vince Valentini – TD Securities – Analyst

If you have—if you lower equipment subsidy by $200 on average, some of that gets booked upfront under IFRS 15 and some of it gets amortized over the 24 months. So it effectively flows through as higher service revenue over time. So as that's been building in the pipeline for the past year and a half is, it starting to become a tailwind to ARPU?

Glen LeBlanc – Executive Vice President and CFO

At this point, it's a modest tailwind. I would not say that it's something that's having significant impact and I guess that speaks to itself when you see 3.3 percent growth in the quarter, Vince. So, I apologize for not understanding the first part of your question. But small tailwind, not overly problematic as at this point.

Vince Valentini – TD Securities – Analyst

Got you. Thanks.

Glen LeBlanc – Executive Vice President and CFO

Thank you, Vince.

Operator

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

Aravinda Galappatthige – Canaccord Genuity – Analyst

Good morning. Thanks for taking my question. Wanted to focus on B2B. Obviously, you're having good numbers on the wireline residential front so that the trajectory on B2B would tell us a bit about the outlook for wireline. Mirko, can you just talk also about the various components within B2B that, for lack of a better word, could have the potential for structural growth as you think of sort of a post-pandemic backdrop and how you sort of see the next couple of quarters shake out when you consider the movements in equipment sales as well? Thank you.

Mirko Bibic – President and CEO

Thank you, Aravinda. So, look, on the Enterprise side, I'll start with indicating, a little bit obvious, but the enterprise segment is lapping a very tough comp for Q2 2020 when there was very high demand at the beginning of the pandemic for voice, video and bandwidth services. So, we are lapping a very good Q2 of 2020 in that regard. What we're seeing in the next couple of quarters, two, three, four quarters, based on what we're seeing right now, is some enterprise solution revenue is coming back, it's improving. So that's a good sign for us as the economy reopens because we're well positioned to capture the rebound in solutions revenue and professional managed services revenue on top of connectivity revenue, like I said, as the economy reopens.

If you look further out, you asked, I think you said kind of structural opportunities or structural revenue opportunities going forward, as you look to a world of converged fibre and 5G—and I can repeat what I said in my opening comments, but in a world of converged fibre and 5G, where we lead in terms of the best networks and we have the distribution strength, I think there's a lot of structural growth opportunity in 5G and IoT in multi-access edge computing MEC revenues and we're positioning ourselves now to capture that growth.

Aravinda Galappatthige – Canaccord Genuity – Analyst

Thank you. And a really quick follow-up, perhaps for Glen. In the past you've kind of given what the residential growth number was. Not sure if you disclosed it this time. Just wanted to check. Thank you.

Mirko Bibic – President and CEO

Yes, the residential growth is 12 percent of revenue.

Glen LeBlanc – Executive Vice President and CFO

Yes, I had said that in my opening remarks. So yes, very pleased on the...

Mirko Bibic – President and CEO

Internet.

Glen LeBlanc – Executive Vice President and CFO

Internet...

Aravinda Galappatthige – Canaccord Genuity – Analyst

Yes, no, I meant the whole residential wireline.

Glen LeBlanc – Executive Vice President and CFO

I think I said that in my opening remarks. Just a second. My notes here, I think it's 3.6 percent I said was the growth for total residential.

Aravinda Galappatthige – Canaccord Genuity – Analyst

Okay. Sorry, I missed that. Thank you.

Glen LeBlanc – Executive Vice President and CFO

Twelve percent on Internet was also what we mentioned.

Thanks, Aravinda.

Aravinda Galappatthige – Canaccord Genuity – Analyst

Thank you.

Operator

Thank you. Our next question is from Jeffrey Fan from Scotiabank. Please go ahead.

Jeffrey Fan – Scotiabank - Analyst

Thank you. Good morning. First as a clarification just on the wireless service revenue and ARPU, in your opening remarks, Mirko, I think you highlighted IoT unit growth being very strong. I'm just wondering, is that contributing revenue to the service revenue line because there is—we're not really counting that for ABPU and ARPU in our calculation. Just wondering if there's a service revenue component that's starting to pick up on the IoT front that we should start to talk about or pay attention to. And then, more strategically, I think we all know you're accelerating your investment, which is obviously the right thing to do given the environment that we're in. But from a competitive perspective, I'm just wondering, is there anything that you can share with us—given a couple of your peers and competitors are involved in potential deal makings, are there areas that you think you can focus on given some of the uncertainty and the structure of the market operationally to maybe accelerate some of those efforts? Thanks.

Glen LeBlanc – Executive Vice President and CFO

I'll start off with your question on IoT. Very small at this point, Jeff. It's really not an impactor in the service revenue growth or the ABPU. That said, you know that it's something we're excited about and think it can be a true contributor for the future but extremely small.

And on the strategic point, I'll kick it back to Mirko.

Mirko Bibic – President and CEO

On the strategic point, Jeff, again, it's kind of building off what I said in my opening remarks. Our strategy right now is focused on putting in place the components to be leading in the structural growth that we see coming forward, as I mentioned to Aravinda.

So, it's about expanding 5G network coverage and having the best 5G network is forging ahead aggressively on fibre, building the IoT platforms is going to allow our enterprise customers to manage their IoT needs on top of the Bell network using our platform. And, of course, as you saw, strategically, we entered into two quite strategic agreements, one with AWS and the other with Google Cloud, which is going to put us in the lead position in terms of innovation in the space.

Jeffrey Fan – Scotiabank - Analyst

Thank you.

Operator

Thank you. Our next question is from Drew McReynolds from RBC Capital Markets. Please go ahead.

Drew McReynolds – RBC Capital Markets – Analyst

Yes, thanks very much. Good morning. Thanks for taking the question. Mirko, just following up on the bunch of questions on 5G, B2B, IoT, can you just speak to the demand side of this? And obviously, BCE is the biggest enterprise player by a wide margin in Canada so presumably gives you a little bit of a leg up in terms of seeing how your enterprise customers want to evolve in terms of use cases. The specific question is, how fast or accelerating are these conversations in terms of moving real B2B IoT use cases forward? And then second question on Bell Media, just fabulous kind of strategic and tactical execution, I think, at Bell Media, not just obviously this quarter but last few years. What kind of longer-term growth in margin profile should investors expect from this segment? Obviously, not looking for specific guidance, just more goalpost. Thank you.

Mirko Bibic – President and CEO

Okay. So I'll take the second one first, Drew, and thanks for the two questions. On the Bell Media side, as you look forward in terms of growth and margin expansion—I'll start first with kind of the near term and the traditional business we've been in, which TV advertising is starting to come back and you saw it reflected in the results and in my comments.

As businesses get back to the office in some manner, shape or form in the months to come, that's going to bode well for radio advertising and out-of-home advertising coming back. So, I feel good about that in the quarters ahead. And to take kind of a wider lens to the question, I think our digital first pivot is where the real growth is going to come and that it's really exciting and the team is really executing on that as well, because just grabbing a bigger share of digital advertising spend speaks to a lot of potential growth in the quarters and the years to come for Bell Media because we're well-positioned with the content and with the digital assets and we're building kind of the platforms for advertisers for one-stop shopping. So, really excited about that.

On the first question, Drew, and in terms of when—customer demand and when revenue streams will come, so to speak, it depends on the segment you're talking about. It's hard to predict when the growth will really hit and you kind of have to unpack it. So, subject to Glen's caveat and his answer to Jeff's question on IoT revenues, IoT, we are generating the revenues today and that's going to scale and I think that's going to scale the most—most quickly and potentially most rapidly in the near term.

On MEC revenue, we're just in the early, very early beginnings of that. We're getting ourselves set up and then we kind of have to go hunt for the revenue once you're set up for that.

On 5G broadband and fibre broadband needs of our customers in a converged world, of course, we've been doing that for decades, for a century. Our networks are being revolutionized in terms of the step-up in the technology. So we're obviously hunting that revenue in a meaningful way today and as we have more 5G and as we have deeper fibre penetration into enterprise markets, that's just going to continue to grow.

Drew McReynolds – RBC Capital Markets – Analyst

Super. Thanks very much.

Operator

Thank you. Our next question is from Simon Flannery from Morgan Stanley. Please go ahead.

Simon Flannery – Morgan Stanley – Analyst

Thank you. Good morning. Glen, I noted your comments about the balance sheet with the leverage being the lowest of the peer group. I'm just wondering how you're thinking about the leverage over the cycle of the capex plans. We've got C-Band auction in 18 months. How are you thinking about where that's going to go over the next few quarters and how that plays into the dividend model and the payout ratio for the dividend as well? And if you've had any discussions with the rating agency since the auction? Thanks.

Glen LeBlanc – Executive Vice President and CFO

Good morning, Simon, and thanks for your question.

Simon Flannery – Morgan Stanley – Analyst

Good morning.

Glen LeBlanc – Executive Vice President and CFO

Firstly, over the last year, we've been very opportunistically refinancing our debt, and we've actually increased our average maturity tenure from 11.8 years a year ago to 12.7 years now. We've also reduced our after tax cost of debt from 2.99% to 2.89%. So, managing our outstanding debt extremely well by taking advantage of this low interest rate environment. The low interest rate environment gives me comfort of where we sit with leverage.

Our balance sheet's strong and our leverage, as I said earlier this morning, is below our peers. We no longer have free cash flow headwind from our pension plans and, frankly, we feel there's no better use of excess free cash flow than investing in fibre and 5G infrastructure, including spectrum. These investments will deliver the free cash flow growth in the future that will support our dividend growth model.

So, I remain comfortable with where we're at. We believe we're doing the right thing with our excess free cash flow. As you know, and I've said many times before, we have regular and frequent contact with the rating agencies, we have open dialogue and I remain confident in the investment grade credit rating that we hold today and the actions that we're taking to support the future dividend growth model.

Simon Flannery – Morgan Stanley – Analyst

Great. Thanks a lot.

Glen LeBlanc – Executive Vice President and CFO

Thank you, Simon.

Operator

Thank you. Our next question is from Jérôme Dubreuil from Desjardins Securities. Please go ahead.

Jérôme Dubreuil – Desjardins Securities – Analyst

Yes, good morning. Thanks for taking my question. Just since some areas are back to almost normal and with the reopening happening, what are the top learnings about the reopening you've made so far, especially on the B2B front? Are reopeners, like restaurants taking plans that are similar to what they used to take pre-COVID? And then a quick follow-up. One of your peers discussed about a fibre roll-out provided opportunities for real estate optimization. Would that also be the case for BCE? Thanks.

Glen LeBlanc – Executive Vice President and CFO

Good morning, Jérôme. I'll just make a couple of comments before Mirko jumps in. The small business side of our business has been impacted quite substantially, as you could appreciate. This pandemic has probably hurt small business owners more than anyone. And Mirko said something on our last call, he said it was better than we feared, not as good as we hoped, and I guess that's where it kind of remains. We've seen disconnect of small business as unfortunately many small businesses didn't survive this, but as we start to come out of this we're starting to see new formations of businesses. Although it's limited at this time, we're excited to see an acceleration of businesses that, I guess, new formations of businesses and the services that they're taking, or many of the small businesses cut back and the services they had, they're ramping up to the same type of service offerings they had historically.

So, it's a segment of the business that we really feel for, but frankly there is a light at the end of the tunnel and we're starting to see the activations pick up in that segment for us.

Mirko?

Mirko Bibic – President and CEO

Yes. Thank you, Glen. Jérôme, on the fibre part of the question. I'll start with this. For us, the real estate that we own and that we have that's inextricably tied to our networks is very strategic. I mean, it's a way of saying that when I consider our fibre strategy and kind of the top things that I want to make sure we deliver with the fibre strategy, what I'm seeing and what I'm focused on is penetration growing, it's ARPU growing, it's lifetime value improving, it's churn being significantly lower, and it's 40 percent lower annual service and support costs for our customers, per customer for fibre versus copper. Those are the things we're looking and of course deliver the revenue and EBITDA growth.

So, kind of real estate savings linked directly to fibre penetration or fibre expansion isn't kind of on the top list of things we're looking to do. Now, of course, we have kind of a cost reduction program in place that we look at very carefully, but it's not in respect of real estate that's fundamentally tied to our network.

Jérôme Dubreuil – Desjardins Securities – Analyst

Thank you.

Operator

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

Sebastiano Petti – J.P. Morgan - Analyst

Hi. Thanks for taking the question. Just some clarification of a follow-up question. I think in the prepared remarks you noted that 50 percent of your residential customer base is now a fibre-to-the-home. Would it be possible to get a view on maybe where that was one year and two years ago? And then just sticking with fibre, if you could provide us maybe just what you're seeing in the market in not only the new expansion territories, but as well as in some of the older, perhaps, the cohorts, for lack of a better term, in terms of just overall fibre penetration and how you see the competitive environment progressing today.

Mirko Bibic – President and CEO

Yes. So on the first part of the question in terms of where we were at on total fibre EOP a year ago and two years ago, I think Thane will have to follow-up with you. I don't have that at my fingertips.

What we're seeing is tremendous growth in net additions where we have fibre footprint. You saw the outstanding growth in Q2 of this year year-over-year, I think 80 percent, and then you also—I called out the total retail Internet net additions of 18,000. So there is some competitive pressure—well, there's some consumer and competitive pressure where we don't have fibre and it's customers wanting to get the highest quality network wherever they are, and if there happens to be a competitor that has gigabit speeds and we have legacy copper DSL, well that's going to have a competitive impact for us, which speaks to the importance of us continuing to accelerate the fibre buildout, the importance of participating in government subsidy programs across the country in our operating footprints. I mean, it's good for those communities and it's good for us too, and therefore it's good for our shareholders.

So I think that's what you're kind of seeing on the competitive puts and takes, fibre versus DSL footprint.

Now, I've answered in that context, there's also our Wireless Home Internet footprint, where we continue to grow the network and are continuing to grow share in those markets as well. I shouldn't—I have to mention that.

Sebastiano Petti – J.P. Morgan – Analyst

Great. Just to follow-up on wireless loading, any update you could perhaps give us here on 3Q? Obviously, huge retail presence among peers in terms of your wireless retail locations. What are you seeing, if anything, in terms of the pickup in activity there? As well, obviously, you've been quite successful in digital and direct channels of late. Any update on loading and particularly as it pertains to perhaps the retail portion as well? Thanks.

Mirko Bibic – President and CEO

Thanks for that. Thanks for asking that one. We've improved our digital and direct capabilities massively over the last year, and we're going to continue to maintain our momentum in that regard. So, kind of accept that. And then as stores have fully reopened for Q3, I think our natural distribution advantage in that regard is going to swing back our way and it's going to allow us to scale loadings. And then you've got other factors to play that we can take advantage of, like back-to-school, back-to-office, pent-up demand, and we're also expecting some prepaid improvements.

So I think things bode well for Q3.

Sebastiano Petti – J.P. Morgan - Analyst

Thanks guys.

Operator

Thank you. The next question is from David Barden from BofA Securities. Please go ahead.

David Barden – BofA Securities – Analyst

Hey guys. Thanks for taking the question. I guess, if we look back a year ago, the big worry was regulatory. Obviously, this first half we've kind of gotten some clarity on wholesale broadband on MVNOs and we've had a little time to see where those conclusions are leading. If you could kind of give us a little colour on how your relationship with the wholesalers is evolving in light of the ruling regarding the CRTC's rate setting, and then if you've been approached or to the degree you're being approached on facility-centric MVNO, that'd be an interesting data point.

And then the second question would be just now that you were unable to coordinate around the 3.5 GHz auction and now that it's done and you can kind of look at the lay of the land, with respect to the network sharing relationship you have with Telus, what is your happiness level with how things shook out, like on a scale of zero to ten, would be kind of interesting to know. Thank you.

Mirko Bibic – President and CEO

Yes, we're very, very pleased with the network sharing agreement and how it's delivered over the years, which is more than 12 years now, and I'm hopeful that our partner feels the same way. I'm not going to speak for them. So I'll leave the network sharing issue there. Quite happy with it and I think it allows us to build higher quality networks faster and with more capital efficiency. So that's really good.

On the regulatory environment, I've been saying for years and years and years, it's pretty simple, right? You get positive regulatory decisions or—and I don't mean positive developments, I mean positive or conducive to investment. You'll get more investment. You get regulatory or public policy decisions that create disincentives for investment, that's what's going to happen. So we were really pleased to be able to upsize even more our capital acceleration program in the face of the—following the two regulatory decisions you speak of.

I think in terms of just general relationship with government, if you think of what their objectives are, quality we're delivering on it. Access, we're delivering on it in terms of you can talk about access in terms of price. Prices are going down. And coverage, well, we're certainly delivering on it and they're stepping up as well with subsidy programs and we're a strong partner of theirs in that regard.

So I think we're in the right space there. The competitive relationship and the relationships in terms of supply our customer with resellers or potential MVNOs, I'm not going to comment on that here, David, I hope for reasons you can appreciate.

David Barden – BofA Securities – Analyst

Understood. Thank you guys.

Operator

Thank you. The next question is from Jeffrey Fan from Scotiabank. Please go ahead.

Jeffrey Fan – Scotiabank – Analyst

Thank you for squeezing me in for a quick follow-up. The ARPU performance, I just wanted maybe to dig a little bit into that because of the differences between you and your peers. Were there any geographical differences in trends that you saw in ARPU, particularly what you saw in Québec versus Ontario versus Western Canada where Shaw has been participating and maybe in Manitoba? Just wanted to get a sense as to where there might be some more strength and where there may be some more weakness. Wondering if mix is factoring into the performance between you and your peers. Thanks a lot.

Glen LeBlanc – Executive Vice President and CFO

Good morning, Vince. I'll make a couple of—excuse me, Jeff. I'll make a couple of comments here. Yes, mix does play a role in this, and yes there's always geographical differences that occur in any different quarter as competitive intensity can ebb and flow. One thing that Mirko mentioned, Jeff, was that our focus on high value broadband additions—and as you know we're not focusing on low ARPU, things like tablets that really drag your ABPU, your ARPU down, and we've really moved away from that and I think that that is having a impact on some others in their—and their impact on the ability to grow ABPU.

The other thing that, Jeff, outside of just ABPU that I want to draw your attention to just is the quality of earnings and it's difficult and I said a very impressive 10.2 percent growth in our earnings this quarter. It is impressive but it's hard to look at comparables and growth rates when you're coming off 2020 that was so impacted by this pandemic, particularly Q2. So one thing that we spend a lot of energy and focusing here is looking at pre-COVID earnings and where are we. The fact that in Q2 of 2021 we're now back to 99 percent of the service revenue we had in Q2 of 2019, we're at 100 percent of the EBITDA we were at in 2019, yet we're still roughly 60 million down in roaming. I think that speaks to how well our wireless team has executed over this past 24 months and it comes from focusing on the right loads and the high value smartphones. I think if you looked at the industry, you would see that those numbers I just quoted for how well we've performed over the last 24 months or pre-COVID would be industry leading.

Mirko Bibic – President and CEO

A couple of quick things just to add to that. So, on mix, there's the geographic mix and they are, of course, as you know, pricing differences by geography, but we maintain the same strategy in all the regions. Our execution may differ slightly in some regions, but the strategy remains the same and it's basically building off of Glen's answer. And then, the other aspect of mix is brand mix. We've put a sharp focus on that too and it's paying dividends.

Jeffrey Fan – Scotiabank – Analyst

Great. Thank you.

Glen LeBlanc – Executive Vice President and CFO

Thank you, Jeff.

Operator

Thank you. There are no further questions registered at this time. I would now like to turn the meeting back to Mr. Fotopoulos.

Thane Fotopoulos – Vice President – IR

Thank you, Justina. I want to thank everybody today for their participation on the call. As usual, I'll be available throughout the day for any follow-ups and clarifications. On that, have a good rest of the day and take care.

Mirko Bibic – President and CEO

Thank you, everyone.

Operator

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