BCE Q2 2022 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 2022 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 2022 annualized common share dividend, BCE's network deployment plans and anticipated capital expenditures as well as the benefits expected to result therefrom, including our two-year increased capital expenditure acceleration program for the accelerated expansion of our broadband fibre, Fifth Generation (5G) and rural networks, our plans to deliver faster wireless and Internet speeds and advanced Wi-Fi services, our multi-year plan to reduce real estate costs including related anticipated cash savings and non-cash impairment charges, expected persisting pressures from ongoing global data equipment shortages and inflationary pressures in our Bell Wireline segment, the expectation that 5G momentum will lead subscribers to migrate to higher rate plans which would serve as a catalyst for strong ARPU and service revenue growth in our Bell Wireless segment, the expectation that we have the financial strength and flexibility to execute on our business plan and capital market priorities for 2022, our commitments to reduce greenhouse gas (GHG) emissions and to recover and recycle mobile devices, 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 4, 2022 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 4, 2022. 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 2022 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. The forward-looking statements made during BCE's Q2 2022 Results Conference Call for periods beyond 2022 assume, unless otherwise indicated, that the economic, market, operation and financial assumptions as well as the material risk factors described in this transcript will remain substantially unchanged during such periods, except for an assumed improvement in the risks related to the COVID-19 pandemic in future years.

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. As most public health restrictions in Canada have been lifted, pandemic-related effects on consumer caution and travel are assumed to continue to fade over 2022 and 2023. In particular, we have assumed:

- *Slowing economic growth, given the Bank of Canada's most recent estimated growth in Canadian gross domestic product of 3.5% in 2022, representing a decrease from the earlier estimate of 4.25%*
- *Elevated consumer price index (CPI) inflation driven by sharp increases in energy and food prices as well as supply disruptions and strong demand for goods*
- *Tight labour market leading to rising wage growth*
- *Modest household consumption growth supported by the spending of some of the savings accumulated during the pandemic*
- *Business investment outside the oil and gas sector supported by solid demand, improved business confidence and a push to alleviate capacity constraints*
- *Higher interest rates*

- *Higher immigration*
- *The conflict between Russia and Ukraine affecting the Canadian economy through higher food and gasoline prices*
- *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 telecommunications solutions or alternative over-the-top (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 2022*
- *Declines in broadcasting distribution undertaking (BDU) subscribers driven by increasing competition from the continued rollout of subscription video-on-demand (SVOD) streaming services together with further scaling of OTT aggregators*

Assumptions Concerning our Bell 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 mobile phone net additions and growth of our prepaid subscriber base*
- *Continued strong competitive intensity and promotional activity across all regions and market segments*
- *Ongoing expansion and deployment of 5G and 5G+ wireless networks, offering competitive coverage and quality*
- *Continued diversification of our distribution strategy with a focus on expanding direct-to-consumer (DTC) and online transactions*
- *Growth in mobile phone blended ARPU, driven by growth in 5G subscriptions, and increased roaming revenue from the easing of travel restrictions implemented as a result of the COVID-19 pandemic, partly offset by reduced data overage revenue due to the continued adoption of unlimited plans*
- *Accelerating business customer adoption of advanced 5G, 5G+ and IoT solutions*
- *Improving wireless handset device availability in addition to stable device pricing and margins*
- *Realization of cost savings related to operational efficiencies enabled by changes in consumer behaviour, digital adoption, product and service enhancements, new call centre and digital investments and other improvements to the customer service experience*
- *No adverse material financial, operational or competitive consequences of changes in or implementation of 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:

- *Further deployment of direct fibre to more homes and businesses within our wireline footprint*
- *Continued growth in retail Internet and IPTV subscribers*
- *Increasing wireless and Internet-based technological substitution*
- *Continued aggressive residential service bundle offers from cable TV competitors in our local wireline areas, moderated by growing our share of competitive residential service bundles*
- *Continued large business customer migration to IP-based systems*
- *Ongoing competitive repricing pressures in our business and wholesale markets*
- *Continued competitive intensity in our small and medium-sized business markets as cable operators and other telecommunications competitors continue to intensify their focus on business customers*
- *Traditional high-margin product categories challenged by large global cloud and OTT providers of business voice and data solutions expanding into Canada with on-demand services*
- *Accelerating customer adoption of OTT services resulting in downsizing of TV packages*
- *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 operating efficiencies enabled by a growing direct fibre footprint, changes in consumer behaviour and product innovation, expanding self-serve capabilities, other improvements to the customer service experience, management workforce reductions including attrition and retirements, and lower contracted rates from our suppliers*
- *No adverse material financial, operational or competitive consequences of changes in or implementation of regulations affecting our 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 expected to reflect continued scaling of our strategic audience management (SAM) TV and Bell demand-side-platform (DSP) buying platforms, a gradual recovery in advertising, as well as direct-to-consumer (DTC) subscriber growth*
- *Continued escalation of media content costs to secure quality programming, as well as the continued return to normal volumes of entertainment programming*
- *Continued scaling of Crave through broader content offering, user experience improvements and Crave Mobile*
- *Continued investment in Noovo original programming to better serve our French-language customers with a wider array of content on their preferred platforms*
- *Leveraging of first-party data to improve targeting, advertisement delivery and attribution*
- *Ability to successfully acquire and produce highly rated programming and differentiated content*
- *Building and maintaining strategic supply arrangements for content across all screens and platforms*
- *No adverse material financial, operational or competitive consequences of changes in or implementation of regulations affecting our media business*

Financial Assumptions Concerning BCE
Our forward-looking statements are also based on the following internal financial assumptions with respect to BCE for 2022:

- *An estimated post-employment benefit plans service cost of approximately $255 million*
- *An estimated net return on post-employment benefit plans of approximately $50 million, instead of $70 million*
- *Depreciation and amortization expense of approximately $4,700 million to $4,750 million*
- *Interest expense of approximately $1,075 million to $1,125 million*
- *Interest paid of approximately $1,125 million to $1,175 million*
- *An average effective tax rate of approximately 27%*
- *NCI of approximately $60 million*
- *Contributions to post-employment benefit plans of approximately $150 million, instead of $200 million*
- *Payments under other post-employment benefit plans of approximately $75 million*
- *Income taxes paid (net of refunds) of approximately $800 million to $900 million*
- *Weighted average number of BCE common shares outstanding of approximately 911 million*
- *An annual common share dividend of $3.68 per share*

Assumptions underlying expected reductions in contributions to our defined benefit pension plans

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

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

Assumptions underlying our GHG emissions reduction targets
Our GHG emissions reduction targets are based on a number of assumptions including, without limitation, the following principal assumptions:

- *Implementation of various corporate and business initiatives to reduce our electricity and fuel consumption, as well as reduce other direct and indirect GHG emissions enablers*

- *No new corporate initiatives, business acquisitions or technologies that would materially increase our anticipated levels of GHG emissions*
- *Our ability to purchase sufficient credible carbon credits and renewable energy certificates to offset or further reduce our GHG emissions, if and when required*
- *No negative impact on the calculation of our GHG emissions from refinements in or modifications to international standards or the methodology we use for the calculation of such GHG emissions*
- *No required changes to our SBTs pursuant to the Science Based Targets initiative (SBTi) methodology that would make the achievement of our updated SBTs more onerous*
- *Sufficient supplier engagement and collaboration in setting their own SBTs and sufficient collaboration with partners in reducing their own GHG emissions*

The foregoing assumptions, although considered reasonable by BCE on August 4, 2022, 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 2022 financial guidance, are listed below. The realization of our forward-looking statements, including our ability to meet our 2022 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 adverse effects of the COVID-19 pandemic, including from the restrictive measures implemented or to be implemented as a result thereof, and the adverse effects of the conflict between Russia and Ukraine, including from the economic sanctions imposed or to be imposed as a result thereof, and supply chain disruptions resulting therefrom; adverse economic and financial market conditions, including from the COVID-19 pandemic and the conflict between Russia and Ukraine; 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 disruptions and disintermediation in each of our business segments; changing customer behaviour and the expansion of 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 including, without limitation, concerning the conditions and prices at which access to our networks may be mandated and spectrum may be acquired in auctions; the inability to protect our physical and non-physical assets from events such as information security attacks, which risk may be exacerbated by the conflict between Russia and Ukraine, unauthorized access or entry, fire and natural disasters; the failure to implement effective data governance; the failure to evolve and transform our networks, systems and operations using next-generation technologies while lowering our cost structure; the inability to drive a positive customer experience; the failure to attract, develop and retain a diverse and talented team capable of furthering our strategic imperatives; labour disruptions and shortages; the failure to maintain operational networks; service interruptions or outages due to legacy infrastructure and the possibility of instability as we transition towards converged wireline and wireless networks; the failure by us, or by other telecommunications carriers on which we rely to provide services, to complete planned and sufficient testing, maintenance, replacement or upgrade of our or their networks, equipment and other facilities, which could disrupt our operations including through network failures; the risk that we may need to incur significant unplanned capital expenditures to provide additional capacity and reduce network congestion; the complexity of our operations; the failure to implement or maintain highly effective processes and information technology (IT) systems; 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; our dependence on third-party suppliers, outsourcers, and consultants to provide an uninterrupted supply of the products and services we need; the failure of our vendor selection, governance and oversight processes, including our management of supplier risk in the areas of security, data governance and responsible procurement; the quality of our products and services and the extent to which they may be subject to defects or fail to comply with applicable government regulations and standards; 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; 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, and the inability to generate anticipated benefits from acquisitions and corporate restructurings; the failure to evolve practices to effectively monitor and control fraudulent activities; pension obligation volatility and increased contributions to post-employment benefit plans; unfavourable resolution of legal proceedings; the failure to develop and implement strong corporate governance practices and compliance frameworks and to comply with legal and regulatory obligations; the failure to recognize and adequately respond to climate change and other

environmental concerns and expectations; pandemics, epidemics and other health risks, including health concerns about radio frequency emissions from wireless communications devices and equipment; the inability to adequately manage social issues; and internal factors, such as the failure to implement sufficient corporate and business initiatives, as well as various external factors which could challenge our ability to achieve our environmental, social and governance (ESG) targets including, without limitation, those related to GHG emissions reduction and diversity, equity and inclusion.

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 2021 Annual MD&A dated March 3, 2022 (included in BCE's 2021 Annual Report), BCE's 2022 First and Second Quarter MD&As dated May 4, 2022 and August 3, 2022, respectively, and BCE's news release dated August 4, 2022 announcing its financial results for the second quarter of 2022 for additional information with respect to certain of these and other assumptions and risks, filed by BCE with the Canadian provincial securities regulatory authorities (available at Sedar.com) and with the U.S. Securities and Exchange Commission (available at SEC.gov). These documents are also available at BCE.ca.

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PRESENTATION

Operator

Good morning, ladies and gentlemen. Welcome to the Q2 2022 Results Conference Call and Webcast.

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

Thane Fotopoulos – Vice President – IR

Thank you, Paul, and good morning, everyone, and thank you for joining our call today. As usual, I'm here with Mirko Bibic, BCE's President and CEO; and our CFO, Glen LeBlanc. You can find all our Q2 disclosure documents on the Investor Relations page of the bce.ca website, which we posted earlier this morning.

However, before we begin, I want to draw your attention to our safe harbor statement on Slide 2 of the presentation, remind you that today's 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 our publicly filed documents for more details on our assumptions and risks.

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

Mirko Bibic – President and CEO

Thanks Thane and good morning everyone.

The Bell team continues to deliver for all the stakeholders we serve. We remain focused on our strategic plan and it's working.

Q2 marked another quarter of consistent operational execution with a disciplined focus on balancing market share growth and financial performance. Our approach drove consolidated service revenue and adjusted EBITDA growth of 3.8% and 4.6%, respectively.

These strong results are underpinned by our extensive and unprecedented network investments that are building unmatched broadband fibre and 5G infrastructure in Canada, if not the world.

By the end of this year, we will have invested more than $14 billion since 2020, the highest ever over a three-year period by a Canadian telecom company. This includes planned capital expenditures for 2022 of approximately $5 billion, which also represents peak spending by a Canadian telco in a single year. These massive investments have focused primarily on our fibre-to-the-home and 5G wireless networks, our ongoing expansion into rural and remote communities, and considerable spending on capacity and resiliency.

With approximately 900,000 more new FTTP connections deployed this year, 80% of our mid-term broadband Internet buildout plan comprising 10 million residential and business locations will be completed, and 5G LTE network service will be available to more than 80% of Canadians.

Recent events have illustrated the vital importance of communications networks and the role they play as an integral part in the lives of all Canadians. They have also illustrated the relevance of our corporate purpose to advance how Canadians connect with each other and the world. It is this purpose that guides how we design and build our networks to keep our customers at the forefront of all that we do. I want to take a couple of moments now to make one thing especially clear.

Bell's wireless and wireline networks use different network infrastructures and are configured such that a major disruption on the wireline network does not take down the national wireless network. Since 2013, we have protected our core from the Internet through the use, among other things, of multiple geographic zones to route traffic. Moreover, in the event of a localized outage, we have built an automated customer notification system starting first in Quebec and then Ontario.

While it's clear that no network is perfect or immune to outages, network architecture clearly does make a difference.

Since the start of the pandemic, and including planned spending for 2022, we will have invested, on average, close to $800 per retail subscriber, which is more than any other Canadian operator. This unmatched spending has not been limited to access, in other words to coverage. In fact, over 60% of total core network investment in our three-year period has been directed towards capacity, modernization, robustness and outage detection. Since COVID, we have invested approximately $1B in our wireless and wireline cores to increase capacity, harden security, improve resiliency and redundancy and build automatic outage notifications. And we are not standing still. As you've seen from recent announcements, including in this morning's press release, we are continuing to launch new products and services.

Last week, we inaugurated the next evolution of 5G in Canada with the launch of our mobile 5G+ network that will offer peak data download speeds of 3 Gbps. 5G+ will be deployed across the country, and is the result of our investment in mid-band 3.5 GHz spectrum. Currently available in Toronto and surrounding areas, Bell's 5G+ network is expected to cover approximately 60% of the addressable population by year-end, including the GTA, Halifax, St. John's and Sherbrooke.

We also continue to raise the bar on delivering the most advanced Internet and Wi-Fi services to Canadians. In September, we are launching an 8-Gigabit symmetrical Internet service, upload and download, in select areas of Toronto that will offer data download speeds five times faster and data upload speeds 250 times faster than cable. And we are introducing Wi-Fi 6E technology, which enables better in-home coverage and speeds to connected devices that are two times faster than previously. So 8-Gigabit upload and download symmetrical and Wi-Fi 6E really are game changers.

More concrete examples of our plan. Our plan is really coming together as you can see from these concrete examples and basically: better wireless speeds, unmatched Internet upload and download speeds with the best in-home Wi-Fi, and network architecture that offers the best resiliency in the industry.

And on the TV front, we are making the IPTV experience even better by bringing together live and on-demand streaming content, and thousands of apps, all in one place. The new Fibe TV service, powered by Android TV technology, features access to Google Play Store, universal search, as well as voice remote and cloud PVR capabilities.

In wireless, our focus on high-value mobile phone loadings and customer base management continued to pay off with another set of excellent operating results this past quarter, highlighted by a more than two-fold increase in total mobile phone net additions to approximately 111,000, record postpaid churn, as well as continued strong service revenue, ARPU and EBITDA growth.

We achieved these results against the backdrop of relatively stable year-over-year wireless prices, despite surging inflation across the Canadian economy. According to the most recent Stats Canada data, the price of all goods and services, in aggregate, across the Canadian economy has increased 8.1% over the past year, compared to a decline for cellular services. And, in fact, if we compare today's ARPU to 2019, we are not yet back to 2019 levels. Basically, we are delivering far more value today at declining prices.

In residential wireline, we added 36,473 new net retail fibre customers this quarter, an increase of 19.5% versus last year, which contributed to strong residential Internet revenue growth of 8%.

Turning to Media and our digital-first strategy. Continued strong momentum across our streaming platforms and digital platforms as evidenced by outstanding 55% growth in total digital revenues. Digital now represents 27% of total Bell Media revenue, up from 19% last year.

Underpinning this very strong performance was Crave, which grew direct streaming subscribers by 8%, while total subscribers were up 2% compared to last year when we experienced strong demand due to COVID — a good result considering a tougher year-over-year comparable.

And revenue from SAM TV, Bell Media's advertising sales tool platform, was up more than four-fold versus last year, generating approximately 60% of total digital advertising revenue in the quarter.

On the Customer Experience front, with more than 85% of customers now mainly interacting with Bell online, our digital strategy has played a significant role in our imperative to Champion Customer Experience.

Our ongoing investments in digital functionality, as well as the quality and reliability of our networks, are driving better customer satisfaction and retention results as reflected in a third consecutive quarter of improved wireless, residential Internet and Fibe TV churn.

We also continue to enhance apps and online support tools with features like Virtual Repair, enhanced Self Install, automatic top-up enrollment and personalized templates that improve the clarity of communications with customers. These initiatives are a big reason why Bell customer satisfaction scores continue to improve and why our suite of apps continue to be the highest-rated telecom apps in Canada.

In terms of recent notable ESG developments, Bell was named the top telecom company in the world and fourth overall in Canada for 2022 on the Best 50 Corporate Citizens List compiled by Corporate Knights.

Bell is also the first communications company in North America to receive ISO 50001 certification for energy management, which has been renewed for a third consecutive year. And we were recognized as one of Canada's Greenest Employers for a 6th straight year with our ambitious commitments to reduce GHG emissions and to recover and recycle mobile devices through the Bell Blue Box program.

Over to Slide 6 for a synopsis of some key operating metrics for Q2. Let's start with Wireless.

We added 83,197 new net postpaid mobile phone subscribers, up a very strong 87% compared to last year.

This was driven from a multiple factors: greater retail store traffic, 5G momentum, improved business customer demand, immigration growth, more focus on bundling wireless with residential Internet service, and outstanding customer base management as evidenced by our best-ever quarterly churn rate of 0.75% in the quarter.

Similarly, for prepaid, net additions were up meaningfully year over year, growing to 27,564 as market activity picked up significantly with increased immigration and travel to Canada. This represents our best quarterly prepaid result in almost 2 years.

With respect to ARPU, it was up 3.8% — our 5th consecutive quarter of year-over-year growth. This was driven by a sharp increase in roaming revenue, as Glen will detail shortly, and more customers on premium rate plans, reflecting our laser focus on higher-value subscriber loadings across all our mobile brands.

Consistently, quarter after quarter, a majority of our new postpaid customers are subscribing to Unlimited Plans. And of these, 87% are on monthly data plans greater than 10 gigabytes. Moreover, we are still in the early stages of the consumer upgrade cycle to 5G with only 27% of postpaid subscribers on a 5G-enabled device. As 5G momentum keeps building, subscribers will migrate up the rate plan curve, serving as a catalyst for continued strong ARPU and service revenue growth.

Turning to Bell Wireline. We added 22,620 total new net retail Internet customers, up 28% versus last year, which includes the competitive loss of legacy DSL subscribers where we do not have fibre.
If we look at our performance just within our fibre footprint, it paints an even stronger picture. As I mentioned earlier, we added over 36,000 new subscribers. Importantly, this was achieved with a fibre-cable overlap of only 56%. So, it's demonstrating a very clear way the market share gains we're making in areas where we have fibre. And, we still have another 44% of our wireline footprint to go with cable overlap. So, a lot of runway left.

We also added around 4,000 net new IPTV subscribers, which is essentially stable versus last year, despite the level of promotional offer intensity returning closer to pre-pandemic levels, while satellite TV and home phone net customer losses both increased compared to Q2 of last year when we experienced fewer customer deactivations due to COVID.

At Bell Media, total advertising revenue was up 5% over last year. This was supported by continued strong digital growth, improved radio and out of home performance, and increases across our specialty TV sports and news channels.

TSN and RDS, again, maintained their number one rankings for the current broadcast year to date, benefitting from the return of the F1 Canadian Grand Prix, which was the most-watched F1 race on record across all Bell Media properties.

Notably, we also concluded negotiations with the NFL for a multi-year expansion of our media rights agreement, which now includes live coverage of all NFL International Series games. The new agreement ensures Bell Media will continue to be the exclusive television broadcast partner of the NFL in Canada and for a number of years.

And as for our Quebec media strategy, it continues to hunt. Noovo has outpaced all other French-language conventional TV competitors in viewership growth with year-to-date primetime audiences that are up a leading 5%.

Despite this relatively strong overall performance, TV advertising demand in Q2 softened given the current macroeconomic environment of surging inflation, a potential recession and supply chain issues in certain key consumer good verticals. We did however see the return of some advertising dollars back into radio and out of home that had trickled to TV during the height of the pandemic.

Notwithstanding this backdrop, we had one of our most successful upfront sales seasons ever, shattering the record for first-day bookings with a content funnel that includes 100 original TV productions planned for the upcoming 2022-2023 broadcast year, a 75% increase compared 2021.

In summary, consistently strong execution by the Bell team within our well-defined strategy delivered excellent overall operating results in Q2, supporting sustainable value creation for all the stakeholders we serve.

Before I turn over the call to Glen, sadly I want to acknowledge the recent passing of visionary leader and former Bell Canada President & CEO Jean de Grandpré. Under his management in the 1970s and early 80's, Bell built its telecommunications leadership position with positive growth across our many business segments. Mr. de Grandpré led the formation of BCE in 1983, which is now a $23 billion company delivering industry-leading employee, infrastructure, R&D and community investment. On behalf of all members of the Bell team, I would like to extend my deepest condolences to the Grandpré's family, and my sincere thanks for his exceptional contributions to Québec and Canada.

On that, Glen will now provide more details on our Q1 financial results.

Glen LeBlanc – Executive Vice President and CFO

Thank you Mirko and good morning everyone.

Our financial performance continues to demonstrate the Bell team's consistent execution and disciplined focus on profitable customer growth as evidenced by another quarter of strong consolidated revenue and adjusted EBITDA growth, which are in line with the 2022 guidance targets we announced last February. Service revenue was up a very solid 3.8%, which drove 4.6% higher adjusted EBITDA, delivering a 0.7-point margin increase to 44.2%.

As a result of a strong EBITDA contribution from operations and lower YoY pension financing costs, due to the high net asset surplus position of our DB pension plans, adjusted EPS was up 4.8% to 87¢ per share. However, net earnings and statutory EPS were down compared to last year, directly as a result of a non-cash mark-to-market equity derivative losses from a decrease in BCE's share price during the quarter.

Notably, our net earnings result this quarter also included an asset impairment charge related to the consolidation of real estate space post-COVID as we shift increasingly to a hybrid work model, and aggressively execute our multi-year plan to reduce real estate costs. We anticipate taking further non-cash impairment charges as we vacate other leased properties. We are confident that over the next 5 to 7 years, we can rationalize our physical footprint by up to 3 million square feet, which will generate cumulative cash savings in the range of $250M to $300M.

As for capex spending in the quarter, it was up YoY with a total investment of more than $1.2B, as we continue to expand our network leadership with advanced spending on the rollout of fibre and 5G consistent with our 2-year capital acceleration program.

And free cash flow was notably strong, increasing 7.1% over last year to $1.33B on the back of higher EBITDA, lower severance costs, lower pension cash funding due to a contribution holiday that started this quarter.

Turning to the detailed financial results of our three operating segments, starting with Wireless on Slide 9.

Another great quarter, led by an excellent revenue growth of 7.8%, which excludes low-margin equipment revenue that declined 0.9% YoY reflecting consumer behavior towards longer upgrade cycles and pre-owned device activations.

This standout performance was the result of our clear and consistent focus on higher-value subscriber growth, particularly on the Bell brand; also, effective customer base management and a very pronounced roaming recovery in the quarter as consumer travel accelerated with revenue rebounding to 98% of pre-pandemic levels.

Due to the flow-through of high-margin service revenue, together with promotional offer discipline, wireless EBITDA grew a very strong impressive 8.3%, yielding a 1.2 percentage-point increase in margin to 46.7%.

Over to Wireline on Slide 10.

An improved topline performance trajectory this quarter with total revenue down 0.3%, compared to a decline of 2.2% in the previous quarter.

Underlying this sequential improvement was continued strong residential Internet revenue growth which grew 8% YoY, as we continue to drive further market share gains and higher ARPU from customers who are moving to higher speed tiers, and recognizing the value and dependability of Bell's superior pure fibre-based service compared to cable.

On the B2B front, although near-term revenue headwinds continued this quarter from the sale of Createch in March, and ongoing global data equipment shortages that drove a 23.2% decline in total wireline product sales this quarter as well as related, as well as delays in spending service solutions by large enterprise customers on related service solutions, we saw some moderation in the rate of YoY revenue decline. This can be attributed to improved performance, particularly in the small and medium business space, as customers resume more normal operations post COVID. So, definitely some encouraging signs as we enter the second half of the year, but pressures are expected to persist given the current macroeconomic backdrop.

Notwithstanding lower YoY revenue, wireline EBITDA was up 1.7% on the back of a 1.8% reduction in operating costs. This was achieved despite unusually high storm-related costs and inflationary impacts on fuel and labour that we absorbed this quarter which we estimate totaled in excess of $20M. We expect these inflationary pressures to persist for the remainder of the year.

Moving to Bell Media on Slide 11.

Another good quarter with total revenue up 8.7% YoY, which, as Mirko said, benefitted from the return of the F1 Canadian Grand Prix in June. Advertising growth, including a strong contribution from digital, as well as a 3.5% increase in subscriber revenue reflecting ongoing Crave streaming growth.

Advertising revenue grew 4.7%, reflecting YoY increases across our specialty TV sports and news services, as well as strong radio and out of home advertiser demand as the COVID recovery continues.

Consistent with the increase in total revenue, Media EBITDA was up 5.6% YOY. This was achieved even with a 10% step-up in operating costs, reflecting the return of the F1 Canadian Grand Prix and an increase in overall marketing and sales activity back to more normal levels.

Lastly, on Slide 12.

We have the financial strength and flexibility to execute on our business plan and capital market priorities for 2022.

Our balance sheet remains healthy with approximately $3.1B in available liquidity at the end of Q2 that is supported by substantial recurring free cash flow generation, and a relatively stable and manageable net debt-to-EBITDA leverage ratio of 3.1. Excluding the impact of the 3.5 GHz spectrum licenses we acquired last summer, our leverage ratio would be 2.9x times.

And with around 85% of fixed-rate debt currently, a favourable long-term debt maturity schedule that has an average term of approximately 14 years, no near-term debt re-financing requirements, and an interest coverage ratio that is well above our target policy at 9 times adjusted EBITDA, we have good predictability over our debt service costs as well as a high degree of protection from interest rate volatility.

Then on top of all this, adding to all this, our defined benefit pension plans are stronger than ever with an average solvency position of 115%, which has enabled us to begin taking a contribution holiday on current service cost payments that I have been talking about previous quarters.

On that, I will now turn the call back over to Thane and the operator to begin Q&A.

QUESTION AND ANSWER SESSION

Thane Fotopoulos – Vice President – Investor Relations

Thanks, Glen.

So we are prepared and ready to take our first question. So Paul, please explain to the participants how in queue up.

Operator

(Operator Instructions). The first question is from Maher Yaghi from Scotiabank.

Maher Yaghi – Scotiabank – Analyst

Thank you guys for taking my question. And a very nice quarter in wireless. I just wanted to first maybe start on the wireline side. Continued very strong cost containment beyond the equipment impact on profitability because of the year-on-year decline in equipment sales, what do you expect -- where do you expect these cost savings to continue to carry your growth in wireline over the next couple of quarters, Glen? And on wireless, I wanted to ask you if you have seen any impact on customer loading since the network issues that Rogers had witnessed? And if these impacts have continued up to now or were they mostly in the early days only? And just on the churn, can you maybe unpack the improvement in churn as a very, very low churn here. How much of it is due to bundling and -- or other reasons, if you can name them, please?

Glen LeBlanc – Executive Vice President and CFO

Glen, I'll start with the first part of the question here. Look, I don't think it's a surprise to anyone that we continue to show exceptional cost discipline and cost control that has been something that I think has been ongoing with us and this management team for many, many years. Now of course, we were able to achieve, as I said in my opening remarks, a 0.7% margin expansion despite absorbing what turned out to be about $7 million in fuel cost pressures, I expect that to be probably more like $20 million on a full year basis. Labor pressures as we compete for hot skills resulted in approximately $5 million of wage pressure in the quarter. I don't see that going anywhere anytime soon. So we certainly are feeling inflationary pressures. As I mentioned in my opening remarks, we had higher-than-normal storm costs. That was approximately $10 million. So altogether, we were able to improve margins by 0.7%, while absorbing that due to just general cost discipline. And I can assure you that we will -- if things change with inflation, and we start to see additional inflationary pressures beyond what we've felt so far, then we'll be more aggressive in doing what we need to do to protect margins into the future. So I don't think it's a surprise to anyone, Maher, that we will take the necessary steps to manage our costs in our wireline business and for that matter in our entire business.

Mirko Bibic – President and CEO

I'll take the next 2. I'll pull together really kind of the loadings that you're expecting us to see in Q3 kind of my interpretation of your question, of course, the associated churn. So I kind of take your question in a more general way. Obviously, we're pleased with our results across the board, and we're continuing the momentum we've shown the last 5, 6, 7 quarters based on executing against our pretty clear strategy. And really kind of of all anchored off of best networks customer value proposition, which is really resonating. So that's kind of a very general answer to your question more specifically, I think the market dynamics that supported our performance in Q2, we see continuing in Q3. So things like retail store traffic coming back, our continued scaling of our digital and direct sales, which we got a lot better at during COVID, 5G growth, immigration travel, those elements, of course, on the financial side, there's the roaming tailwinds. And last but certainly not least, network superiority. And the best networks value proposition is certainly standing out in Q3, and that's speeds. Of course, everybody talks about speeds, both on the wireless and wireline sides. And then on the wireline side, bearing away from your wireless-focused question, but on the wireline side, upload speeds are really starting to become a key competitive differentiator just in a kind of an interesting fact for all of you on the call. We're seeing -- on the wireline side, we're seeing kind of meaningful material loadings on the higher speed plans. And we're finding that customers who are on the higher speed plans have 20% to 30% more connected devices in their homes. And their upload consumption is 3x higher. So upload is going to continue to be a big deal for customers, and we're unbeatable in that regard. And of course, reliability and resiliency is now at the forefront of customers purchasing decisions. And again, that's why I spent quite a bit of time in my opening remarks on how we have architected our network. So really back to your question, market dynamic condition to our network superiority is going to continue to give us momentum in Q3.

And on churn, a number of factors. Of course, customer experience improvements have a big impact. Back to the best networks, that's having a big impact and that number obviously related to customer experience. We're also benefiting from devices lasting longer. So when customers aren't switching both -- and we're not having to provide new handsets. They're just trying to say, even though devices are lasting longer, we're managing to keep customers on our network with the customer experience improvements and network superiority. And yes, the combining of offers that include residential Internet and wireless are improving churn as well. We're seeing better churn for customers who have more than one product with.

Maher Yaghi – Scotiabank – Analyst

And just on -- have you seen any initial bump up in loading due to the Rogers network issues?

Mirko Bibic – President and CEO

Yes. Customers are choosing Bell. Yes.

Operator

The next question is from Drew McReynolds from RBC Capital Markets.

Drew McReynolds – RBC Capital Markets – Analyst

Thank you very much. Maybe for you, Glen, probably just on the macro side, not just people looking at telecom, but just looking more broadly, everyone is wondering what we're in for as we move forward here and BCE certainly has a wide variety of touch points here with the economy. Are you seeing either any incremental inflation? And from a macro standpoint, any problems with receivables? You made some commentary on the ad market being a little soft. Just as we get here a little bit deeper into the summer, anything post-quarter that you would flag?

And then secondly, maybe back to you, Mirko. Thanks for some of the data points on the fibre-to-the-home market share. Just curious how fiber performs versus DOCSIS, but then versus other fiber competitors because presumably those fiber footprints of competitors will grow over time as we've seen globally and may see increasingly more here in Canada. Just wondering what your experience would be there?

Glen LeBlanc – Executive Vice President and CFO

Good morning Drew. Yes, your question on what we're seeing in the macroeconomic outlook. Look, to be very honest, I unpacked what we're seeing in inflation quite specifically in the past quarter. But other than that, we're not really seeing material issues. And while economic growth is slowing, it remains relatively strong and the labor market remains robust. Specifically, you asked a question on customer payment, we have not experienced a material change in customer payment patterns. As a result, there's been no related increase in bad debts nor are we increasing provisions at this time or having extended payment terms. So frankly, it's been quite manageable despite, as I said, unpacking a few inflationary pressures that are specific to our industry, having a large fleet like we have, obviously, the escalating fuel prices and, of course, attacking hot skills and ensuring we retain and attract the right people, some pressure there. And then the final comment I'll make is that you brought up is, yes, we're monitoring Media closely, and what impacts might be on TV advertising due to the macroeconomic pressures we are seeing globally. As I said, but this past quarter, we're quite pleased. We had the F1 to lean on. We have World Cup of soccer coming up, so we're excited about that. But I think it's an area of the business that we tend to see macroeconomic pressures hit first. So we're monitoring that.

Mirko Bibic – President and CEO

So on fiber, look, we're seeing growth in all of our fiber geographies. So that's real positive. So -- and that's been the case for quarter after quarter after quarter. In terms of fiber competition, it's kind of difficult to answer your question because right now, you don't really have very many areas where you have 2 fiber operators competing against each other in actually the same geography that, that fiber overlap is really minimal to date. And it will take across the multiple operators, whether or not they're small fiber pure-play operators or the cable companies that will literally take years and billions of dollars of capex for them to materially overlap our fiber footprint.

And then while that's going on, and I say this from direct experience, right, having been at Bell for our entire fiber journey. I know how long it takes and how much money it takes and so do you. And meanwhile, while that may go on with our competitors, we shall see. Here, we are today with 3 Gbps Internet speed symmetrical to right now, today to literally millions of households across our footprint and only growing. And we just announced the 8-Gigabit launch starting, of course, like next month in September in the GTA, stating the obvious, the largest market, and other areas in the back half of this year in Ontario and Quebec and in a very short period of time. I'm talking about 2 or 3 years, we'll have 8-Gigabit per second to upwards of 6 million locations passed so in a very short period of time. So I guess what I'm saying is, while others are going to try to catch up potentially over multiple years, billions of capex, we're pushing forward quite aggressively. And if you take a step back at how our accelerated capex program is all coming together, this quarter alone, 250,000 additional locations passed, a meaningful growth in locations passed in the back half of this year. Wireless 5G plus to 60% of the addressable population, increased resiliency and a new TV product. So you can see how that accelerated capex program has really allowed us to take a significant lead in the collection of services that ride on our fiber networks.

Operator

The next question is from David Barden from BofA Securities.

Matthew Griffiths – BofA Securities – Analyst

It's Matt sitting in for Dave. Thanks for taking the question this morning. Just first on the wireline and the large enterprise supply chain-related delay in some of the business. I mean, do you have any visibility on when those supply chain-related delays will resolve? And then on the back side of it, is there capacity enough to -- for us to see a bump up in delivery on that kind of backlog? Or should we expect a pretty smooth return to business once the supply chain clears?

And then maybe secondly, just on the kind of real estate opportunity that you highlighted. It sounded like that was mostly related to workers in their office and office space. And just trying to relate the real estate opportunity to maybe what you can do with central offices. Do you have any kind of additional color on what that potential might be? And maybe just a general time line for when that can be -- over what you can be realized?

Glen LeBlanc – Executive Vice President and CFO

I'll handle the back half first, Matt, and Mirko will talk about B2B supply chain. But yes, the real estate numbers I gave you today is really focused on leased real estate space where we would have traditional office workers and naturally, like most in this country or globally or we're moving to more of a hybrid. Central offices is a bigger question to unpack. I mean obviously, as we look to the future and copper decommissioning, we were going to see how we rationalize the central offices. But for now, the numbers I quoted today are really focused on office. And as we get a better understanding and are further along the copper decommissioning path, we'll be able to give better insights on what central office opportunities we will have. And with that, I'll over to Mirko.

Mirko Bibic – President and CEO

On B2B, so you see the trajectory is improving sequentially. So that's a positive. And like I said in Q1, and it continued in Q2 and up to date on 1 month and into Q3, we haven't seen cancellation of projects, which is another positive sign. But revenues obviously are delayed reasons that you've highlighted, which is largely supply chain. I do think that we will be poised to capitalize reasonably quickly when the supply chain stabilizes to answer your question fairly directly. And on the small and medium segment, we are gaining momentum there. So we're seeing volumes come back, which is a positive, and we're seeing some revenue growth there, which is also another positive. And then as you look into 2023 and beyond, we remain quite optimistic about 5G B2B growth coming as all the components are now being put together. So that's another positive.

Operator

The next question is from Vince Valentini from TD Securities.

Vince Valentini – TD Securities – Analyst

Congrats as well on a very strong quarter. The EBITDA growth in the first half of the year is 5.5%. You're still sticking with your 2% to 5% guidance. It seems like there's a lot of tailwinds in -- especially on the wireless side. I'm wondering, is there something specific you're seeing on competitive developments in the second half or some unforeseen costs to keep you at that guidance and not even talking about the high end of that guidance range? Or is it just conservatism?

Glen LeBlanc – Executive Vice President and CFO

Good morning Vince! I think I kind of unpacked this already when I talked about higher inflation and escalating fuel costs and labor or wage pressures as we attack and retain hot skills, attracting them to our organization. I mentioned about Media, and that's something we really have to monitor with TV advertising due to the macroeconomic pressure. So it's really -- it's no more than that. We're extremely pleased with the front end of the first 6 months and the performance we've had. But I remain committed to the guidance range I provided for you in February.

Vince Valentini – TD Securities – Analyst

So specifically on -- as we're getting into back-to-school period, there's nothing you're seeing that's alarming you on a let's say, a resurgence of competitive intensity. You're seeing similar trends in Q3 to the second quarter, you said earlier.

Mirko Bibic – President and CEO

Well, I'll say so on wireless, yes. Seeing the same trends, plus we come back to the answer earlier around kind of the best network superiority resiliency redundancy, which is obviously benefiting us. On the wireline side, there's a little bit more promotional intensity feels a little bit more like the days pre-COVID. And look, it's -- when I think of that question and I look at the dynamics and I observe the higher promotional intensity on the wireline side compared to wireless, I guess it doesn't surprise me. Some of our competitors are under pressure given the products we have out there in our network. And that's to be expected, and we're going to -- we're not going to let up how is that? We're not going to let up. We have the better network, we have the better services and we're going to keep pushing. And -- but it's still early, right? We're only 1 month into Q3.

Vince Valentini – TD Securities – Analyst

And Mirko, just to confirm, you said that it's the fixed line where you may be seeing a bit of an escalation?

Mirko Bibic – President and CEO

Yes. Fixed line, wireless seems to be pretty stable as it has been quite a while in terms of things like promotional intensity and handset discounting, those kind of things.

Vince Valentini – TD Securities – Analyst

Cool. And one last one quick, Glen. The 98% roaming revenue figure from pre-pandemic. Can you give any color on the volume that is attached to that? Like is it in the range of 75% of volume leading to that kind of revenue traction?

Glen LeBlanc – Executive Vice President and CFO

Sure, Vince. Great question. 89% is where we're at the end of June for volume recovery, 98% of revenue, obviously, the differential is rate. We were much later introducing rate increases than some of our competitors were. It was July, I believe, before our rate increases went in.

Operator

The next question is from Stephanie Price from CIBC World Markets.

Stephanie Price – CIBC World Markets – Analyst

The wireless and wireline bundling offerings have picked up across both in the Bell and the Virgin brands. Can you share any early learnings with bundling and if you have any longer-term targets around bundling?

Mirko Bibic – President and CEO

Well, I think it's just a reflection of -- it's a reflection of wanting to serve the household to serve the consumer rather than being pretending that there's 2 different customer bases, 1 for wireless, 1 for wireline. It really is the same consumer, the same household. So when you go to market with that mindset, it's going to lead to combined offers. And we are seeing higher lifetime value and lower churn as a result of that. And it's been in place in the industry for quite some time, and maybe you're seeing a little bit more activity from us as we focus a little bit more on it, but there are huge benefits for us to do so.

Stephanie Price – CIBC World Markets – Analyst

And as spending capabilities become more important, how do you think about your competitive positioning in the West? Would you consider wholesale or maybe fixed wireless as an option and part of the strategy?

Mirko Bibic – President and CEO

Look, on that, when you're thinking about kind of 4 -- potentially up to 4 product bundling, competition or dual, trios and quads, we are in a very good competitive position compared to any others as we have owner economics in 75% of the country. And that puts us in a better position than anyone else. It's difficult to compete effectively unless you have owner economics. And that's really what's going to play in our favor. And unlike almost any other, we also have a vast array of content services that we can offer to our customers, and you're kind of seeing it in the wireless side today, right, not even talking about bundling across the country. But just in wireless today on our ultimate plans where we include Crave as a competitive differentiator. Again, having owner economics on content plays to our strengths. No other provider can really meaningfully have owner economics on content within their overall bundles.

Stephanie Price – CIBC World Markets – Analyst

That makes sense. And just finally for me, looking for all the telcos to work together to keep emergency services working in the event of an outage, do you see any additional capex requirements potentially arising from this?

Mirko Bibic – President and CEO

Not for us. And that's why I did spend quite some time this morning outlining how much we've invested over the last few years on things like that. We are well positioned in that regard, Stephanie. And beyond the very specific question, we'll obviously work with all the other providers to serve Canadians and to help each other. We always have. And to be fair, when we run into the occasional spot, others are quick to help us as well. So that's always been the culture within the industry.

Operator

The next question is from David Joyce from Barclays.

David Joyce – Barclays – Analyst

On the upgrade cycle. I appreciate that you mentioned about the 56% the fiber and cable overlap metric. I just wanted to kind of sense check and how that's progressing. Was that the figure around 30% that you would have mentioned in the first quarter? And just wanted to see if you could update us on how many fiber home passes you expect to be at year-end and when you expect to be completed on that?

Mirko Bibic – President and CEO

Yes. So on -- for the year 2022, the entire year 2022, we still expect to be very close to 900,000 additional fiber locations passed. That will put us at around 7.1 million total fiber locations passed. So we're right on track. I did mention 250,000 locations passed in Q2. But for the entire year, it will be 900,000. And on fiber cable overlap, we're at 56%. We were -- I mean we're more today than we were last quarter. But we were not -- last year, but we weren't at 30% last year. We're somewhere slightly above 50% last year. So that's progressing well. So 56% cable overlap really good, got 44% to go. So a lot of upside. So lots of promise there.

David Joyce – Barclays – Analyst

All right. And is it still roughly the 3-year time frame when you expect to be fully upgraded?

Mirko Bibic – President and CEO

Yes. So we want to be at 10 million broadband locations, high-speed broadband locations passed by the end of 2024. That's been our medium-term broadband build-out plan. So 1 million of those 10 million locations will be -- or are already done with Wireless Home Internet. And so we're looking to have 9 million fiber locations passed by the end of 2025, and we'll be at 7.1 million locations or so by the end of this year, 7.2 million locations maybe. So that leaves

1.8 million or 1.9 million fiber locations to go over the years, 2023, 2024, 2025.

Operator

The next question is from Jerome Dubreuil from Desjardins Securities.

Jérôme Dubreuil – Desjardins Securities – Analyst

Thank you for taking my question. So the first one is on the 8-Gigabit per second, definitely impressive and will future-proof your network for sure. If you can share maybe what percentage of your Internet customer base in your fiber footprint that are already taking your highest speed tier. I'm trying to get a sense here of the potential attractiveness of this new product in the current context.

Mirko Bibic – President and CEO

Yes. It's -- so I'm not going to give you the exact figures, but I will tell you that I will say that subscribers who were on 500 Mbps and above is quite material, like very high. And those who are 1.5 Gbps and above quite high as well. The 3 Gbps just launched a couple of months ago and 8-Gigabit hasn't launched yet. So those numbers are smaller but interesting successes on 3 Gpbs to date, frankly. So customers, the majority of customers are not buying the lower speed plan. And like I said earlier, the upload speed is going to be a game changer, Wi-Fi 6E, an absolute game changer because Wi-Fi 6E is going to give you very high-speed Wi-Fi throughout the house, very consistent quality of service. So that's going to be really good as well. And I already shared with you how those customers who buy the richer plans are using more and have more connected devices, and that's not going to change. I -- we've all -- everyone in the industry has been in meetings over the last 10, 15 years, where you, every single time underestimate how much bandwidth consumption there will be and how much consumers are going to make use of higher speeds. And I think that's what's going to happen with 3 Gbps and 8 Gbps as well.

Jérôme Dubreuil – Desjardins Securities – Analyst

Great. And then on the NFL deal, we've seen sports rights continue increasing in prices. So has there been a significant change in the cost of this contract? And also, do you fully allocate these costs to Media?

Glen LeBlanc – Executive Vice President and CFO

Yes. The cost -- Jerome, yes, the costs are fully allocated to Media, but I'm not going to disclose what our contract details are in the NFL contract. Suffice to say that you just unpacked it as all sports packages and renewals are up in price, but we are comfortable with the economics of the contract or we wouldn't have signed it.

Operator

The next question is from Batya Levi from UBS.

Batya Levi – UBS – Analyst

A follow-up on the wireless ARPU side. Can you provide an update on what percent of your postpaid base has the unlimited premium plan as of now? I believe that was 20% last quarter. And along with roaming rate increases you mentioned, should we expect mid-single-digit ARPU growth can continue in the second half? And just a quick question on the cost side. Wireless, you mentioned acquisition retention is pretty steady. Any inflationary impact on the other part of cost that we should bake in for second half for wireless?

Glen LeBlanc – Executive Vice President and CFO

No. On the cost side, we're seeing stability in handset pricing. We're not seeing any supply chain issues there. The -- so nothing to speak of specifically at this time. You asked us to unpack roaming. Look, I gave some specifics that roaming we're at about 89% of pre-COVID volume. So I do anticipate continued increases in roaming, which will support our ARPU, but not to the same extent of the rebound you saw in roaming in Q2. So yes, ARPU will be supported by continued roaming improvements into the future, but probably not to the same degree as we've enjoyed in the past few quarters. I think your first question was on?

Batya Levi – UBS – Analyst

On the unlimited premium mix, of their subscriber base.

Mirko Bibic – President and CEO

Yes. We haven't disclosed the mix of customers who are on those specific plans. We have said that 27% of our base is on 5G-enabled devices and their 5G plans. But we haven't broken that down further into the specifics you're requesting, and we're not going to do that right now.

Thane Fotopoulos – Vice President – IR

So Paul, I think we've timed out. So I think we'll end the conference call on that question.

So thanks again for everybody's participation on the call this morning. I, as usual, I will be available throughout the day for any follow-ups and clarifications. So on that, have a great rest of the day.

Glen LeBlanc – Executive Vice President and CFO

Thank you, everyone, and have a good day.

Operator

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