Rogers Communications Inc.
Fourth Quarter 2024 Results
Conference Call and Webcast Transcript

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Speakers:

Paul Carpino
Vice President, Investor Relations

Tony Staffieri
President and Chief Executive Officer

Glenn Brandt
Chief Financial Officer

Operator:
Welcome to the Rogers Communications Inc. Fourth Quarter 2024 Results Conference Call.

As a reminder, all participants are in listen-only mode and the conference is being recorded. Following the presentation, we'll conduct a question-and-answer session. To join the question queue, you may press star, then one on your telephone keypad. Should you need assistance during the conference call, you may signal an Operator by pressing star, then zero.

I would now like to turn the conference over to Paul Carpino, Vice President of Investor Relations with Rogers Communications. Please go ahead, Mr. Carpino.

Paul Carpino:
Thank you, Gaylene, and good morning, everyone, and thank you for joining us. Today I'm here with our President and Chief Executive Officer, Tony Staffieri, and our Chief Financial Officer, Glenn Brandt.

Today's discussion will include estimates and other forward-looking information from which our actual results could differ. Please review the cautionary language in today's earning report and in our 2023 Annual Report regarding the various factors, assumptions, and risks that could cause our actual results to differ.

With that, let me turn over the call over to Tony.

Tony Staffieri:
Thank you, Paul, and good morning, everyone.

I'm pleased to report that we continued to deliver industry-leading results in a highly competitive fourth quarter. Q4 caps our third straight year of delivering results that lead the industry. In 2024, we attracted more subscribers than any of our competitors, adding a combined 623,000 Wireless and Internet net additions, more Canadians continue to choose Rogers over any other carrier.

We delivered the highest Wireless margins, the highest Cable margins and stable ARPU. We also delivered the best service revenue and Adjusted EBITDA growth in the industry and grew free cash flow by 26%.

As it relates to the fourth quarter, the environment remained very competitive, and we continue to execute with discipline. It's clear our team has led the industry by balancing subscriber growth with financial performance.

Wireless service revenue was up 2%, Adjusted EBITDA grew by 6% and we added 95,000 net postpaid and prepaid phone subscribers. While this is down year-on-year, this was due to a much smaller market size as a result of government policies to reduce the New to Canada category; nonetheless, strong market share performance with the majority of our loading once again on our premium 5G brand. Our margin profile remained very healthy at 66% and blended ARPU remained stable at $58. Despite the competitive intensity, postpaid mobile phone churn improved to 1.53%, a good improvement over last year.

In Cable, we delivered on our commitment to return to growth in the fourth quarter, and although it is only marginally positive, this is a significant milestone in our drive to grow our market share and revenue in this business. We continued to deliver strong EBITDA growth in Cable, and we continue to benefit from ongoing efficiency gains in retail Internet net adds, which were up 30%. Importantly, our focus on disciplined loading is evident and reflected in record margins of 59%.

In Media, revenue was up 10%, and Adjusted EBITDA was a healthy $53 million. While the advertising market was a bit softer than anticipated in the quarter, our overall business was strong this year. This is a strong foundation for when we close on the acquisition of our competitor's stake in MLSE.

Overall, I'm very pleased with our operating and financial performance in the fourth quarter and throughout 2024. We are operating in a highly competitive environment, and we led our competitors in Wireless and Cable loading and delivered financial results that led the industry.

Our strong results are underpinned by our network leadership and our innovative investments. In 2024, we were awarded Canada's most reliable networks by independent testing agencies, umlaut and OpenSignal. We have made significant investment to remain Canada's largest and most reliable 5G network. I'm pleased to report that we are now also Canada's most reliable Internet.

At the same time, we advanced several industry firsts in 2024. We delivered four gigabit download and one gigabit upload speeds in an ongoing trial with DOCSIS 4.0 technology. We partnered with SenseNet to introduce wildfire detection technology to Canadian communities. We completed Canada's first national live trial of 5G network slicing, and we're making meaningful progress on the launch of satellite-to-mobile technology.

Twenty twenty-five marks 40 years since Rogers launched Wireless in Canada and we continue to build on this innovation leadership. We started to roll out the Rogers Xfinity suite of services to Canadians, beginning with Canada's first home Internet backup solution, Rogers Xfinity Storm-Ready. Yesterday, we launched Rogers Xfinity App TV, bringing together live TV and streaming services together on one platform. Overall, in 2024, we delivered strong results while making meaningful progress on our long-term growth strategy.

Before I turn the call over to Glenn, I want to touch on two transactions announced previously. First, we announced an agreement with Bell to purchase its 37.5% stake in Maple Leaf Sports and Entertainment. This will take our current minority interest in MLSE to a majority 75%. Expanding our ownership of MLSE is an important step to deliver long-term growth and surface additional value from our world-class sports and media assets. In December, we received clearance from the Competition Bureau, and we are now awaiting league and CRTC approvals.

Second, we announced an innovative first-of-its-kind transaction to Canada to raise $7 billion through a structured equity investment for the sale of a minority stake in part of our wireless backhaul infrastructure. This transaction is reflective of our focus to delever and further strengthen our investment-grade balance sheet. We continue to work on definitive agreements, and we will provide a more fulsome update at the appropriate time.

Finally, let me touch on our 2025 outlook. In 2025, we expect markets to remain competitive and expect growth in Wireless to continue to be impacted by the number of newcomers to Canada. With this backdrop, we will remain disciplined in the market and balance growth to ensure steady financial results.

Our 2025 outlook reflects continued growth in service revenue, Adjusted EBITDA and free cash flow. This growth will be underpinned by approximately $4 billion in capital investments to grow our core businesses.

We delivered strong operating and financial results in 2024 and remain focused on continuing this disciplined leadership in 2025.

In closing, I want to thank our team for delivering these results in a competitive environment. The team's consistent disciplined execution over the past three years has set the standard for our industry. Over to you, Glenn.

Glenn Brandt:
Thank you, Tony, and good morning, everyone. Thank you for joining us.

I'm pleased to report that Rogers ended 2024 with another strong quarter. Our results reflected healthy service revenue and EBITDA growth, continued strong margins and stable ARPU, all of which are characteristic of the disciplined pricing and balanced approach we have maintained in the marketplace for Wireless and Cable loading.

Wireless service revenue was up 2% and Adjusted EBITDA was up 6%. Our Wireless margin was up by 250 basis points year-over-year at industry-leading levels of 66%. Through 2024, we have added 512,000 net postpaid and prepaid phone additions, leading the Canadian wireless sector for a third consecutive year. As expected, the wireless market remained highly competitive through the fourth quarter, reflecting the holiday season and a lower growth environment. In the fourth quarter, Rogers delivered on its disciplined approach with 95,000 net postpaid and prepaid phone additions, down from 111,000 last year, reflecting a smaller market size. Postpaid mobile phone churn was 1.53%, a 14 basis point improvement over last year.

As reflected in our prepaid loading we used our flanker brands to effectively compete with very aggressive promotions in the marketplace. Importantly, our strong aggregate net phone additions throughout 2024 combined with our solid financial results, stable ARPU and increased Wireless margin demonstrates Rogers' emphasis to balance subscriber growth without compromising financial performance.

Moving to our Cable business, I am pleased to report we met our target and returned cable revenue back to slight year-over-year growth in the fourth quarter. This is no small feat given that we started the year at an organic revenue decline of negative 4% year-over-year. Cable Adjusted EBITDA was up a healthy 5% year-over-year and our cable margin continues to reflect our focus on cost efficiency, reaching 59% for the fourth quarter, which is up 290 basis points from one year ago.

Internet net additions were up by 30% year-over-year, reaching 26,000 in the fourth quarter, reflecting the strength of Canada's most reliable Internet combined with the scale of our national footprint, both of which we will continue to leverage in 2025. Sustained growth in our Internet subscriber base remains critical and will continue to be underpinned by leading technology and disciplined pricing in the market.

The ongoing trend for customers to adjust their video viewing preferences was reflected in our year-over-year decline of video subscribers which was down 35,000 year-over-year. We continue to focus on efficiency initiatives to offset the impacts of this decline which has driven a 7% decrease in operating costs this quarter compared to the prior year. This focus, combined with the stabilized revenue for Cable has driven our 5% increase in Cable EBITDA versus the prior year. Additionally, we are investing in the video experience for our customers with enhanced content and capabilities. These initiatives include broader content with NBCUniversal and Warner Bros. Discovery, bringing the most watched lifestyle and entertainment content to Canadians. This, along with rolling out the Rogers Xfinity suite of services will ensure our customers experience the best in entertainment today and for years to come.

Finally, our Sports and Media revenue was up 10% and Adjusted EBITDA was $53 million compared to $4 million last year. This improvement was driven by higher sports and entertainment related revenue, including higher subscriber and other revenue as well as some benefit from the Taylor Swift Eras Tour Toronto concerts hosted at Rogers Centre.

In Q4, advertising revenue was softer than originally anticipated, which contributed to our updating of full year consolidated service revenue growth to 7% versus the 8% low end of our guidance range which we first provided back in February last year. Notwithstanding the lighter advertising revenue, our Media business delivered strong results in Q4 and for the full year, with full year revenue and Adjusted EBITDA growth of 6% and 9%, respectively. As we look to 2025, we enter the year with a very strong underlying Media and Sports business even before completing the purchase of the additional 37.5% stake in MLSE.

On a consolidated level, total service revenue was up 2% in Q4, and Adjusted EBITDA was up 9%. These results reflect the strong performance and efficiency efforts across all three of our businesses. As a result, Rogers delivered consolidated margins of 46% in the fourth quarter, which is up 250 basis points from the prior year. Capital expenditures for the quarter were $1 billion, reflecting our ongoing investment coast-to-coast in our Canadian wireless and wireline networks. Free cash flow was also very strong at $0.9 billion, reflecting a 7% increase year-over-year.

Turning to the balance sheet at year-end, we had $4.8 billion of available liquidity, comprised of $900 million in cash and short-term deposits on hand and $3.5 billion available under our bank credit facilities. Our weighted average cost of all borrowings was 4.6% and our weighted average term to maturity was 10 years.

We ended the year with a debt leverage ratio of 4.5x. This is below our previously targeted level of achieving 4.2x by year-end, which was primarily impacted by lower service revenue and Adjusted EBITDA, as well as slower-than-expected progress on asset sales originally anticipated in the 2024 outlook.

As you recall, last quarter, we announced that we entered into a nonbinding term sheet with a leading global financial investor for a proposed $7 billion structured equity investment. The equity investment, if completed, would result in the investor acquiring a minority stake in a subsidiary that will own a portion of our wireless backhaul transport infrastructure with Rogers continuing to maintain operational control. Substantially all of the net proceeds are expected to be used to reduce debt and further strengthen our balance sheet.

As an update, we continue to consider, evaluate and work on definitive agreements with respect to the proposed equity investment. Completion remains subject to entering into binding definitive documentation with the investor. Please note that as we are in the midst of this process, I won't be providing any further commentary nor update on this transaction during this call.

Finally, we continue to move forward on our agreement to buy the 37.5% additional ownership stake in MLSE for $4.7 billion. Rogers will pursue the appropriate funding options for this transaction, aligned with maintaining our investment-grade balance sheet, including, among other options, raising an equity investment in our Sports and Media holdings. Importantly and just to be clear, we are not considering issuing RCI common shares to fund this purchase.

For our 2025 outlook, based on our current economic assumptions, we anticipate single-digit growth for total service revenue and Adjusted EBITDA, strong free cash flow and continued investment in our networks coast-to-coast across Canada. We anticipate the environment for our businesses to remain competitive in the coming year with continued moderating Wireless subscriber growth versus 2024 as Canada's immigration and foreign student levels decline. We anticipate total service revenue and Adjusted EBITDA growth, both in the range of 0% to 3%, capital expenditures of $3.8 billion to $4.0 billion, and free cash flow of $3.0 billion to $3.2 billion. I will also highlight that this guidance excludes any impact associated with our pending MLSE transaction.

Twenty twenty-four has been a very busy and competitive year and Rogers outperformed its peers in terms of financial performance and disciplined Wireless and Cable subscriber growth. Our teams have worked tirelessly to execute effectively on our core businesses while also moving forward on our longer-term priorities. This has included integrating the Rogers and Shaw operations, and driving growth in Canada across all of our core assets while remaining focused on driving down leverage. These are the priorities Rogers has consistently executed against and remains committed to.

Tony and I are very proud of the dedication and commitment of our entire team of Rogers employees. Together against the backdrop of a highly competitive marketplace, we have once again delivered sector-leading operating and financial performance in 2024 for the third consecutive year, and we have done so while investing in bringing industry-leading technology and innovation and world-class entertainment to Canadians, and the best is yet to come.

Thank you for your time this morning. With that, Gaylene, may we please commence with questions and answers? Thank you.

Operator:
Thank you. We'll now begin the question-and-answer session. To join the question queue, you may press star, then one on your telephone keypad. You'll hear a tone acknowledging your request. If you're using a speakerphone, please pick up your handset before pressing any keys. To withdraw your question, you can press star, then two.

Our first question is from Drew McReynolds with RBC. Please go ahead.

Drew McReynolds:

Thanks very much and good morning. Two for me. First on the 2025 service revenue growth guidance, can you just unpack a little bit more your assumptions with respect to the volume side of the equation here for 2025? Obviously, we're all aware it's a moderating population growth environment. Just curious as to what your expectation is there, and both impacts on Wireless and Cable? Then secondly, maybe for you, Glenn, on the balance sheet. You're not going to dive any deeper, I don't think, into the structured equity financing proposal, but can you give us a sense of in the scenario where that doesn't occur? What are some of the alternatives you have in mind with respect to managing the balance sheet and getting to where you need to get by the end of the year, just with respect to investment-grade ratings and targeted leverage.

Tony Staffieri:

Good morning, Drew, and thanks for the questions. I'll start with the volume one and then Glenn will touch on your balance sheet question.

In terms of size of market, as we look to 2025, it'd be helpful to give you our perspective on 2024 and in particular, exiting the market in the fourth quarter. What we saw in terms of net adds, market size was probably down, our estimate between 25% and 30% year-on-year. Notwithstanding, the market continues to grow through penetration and a little bit of population growth. For the full year 2024, size of market, we estimate grew just over 4%, down from over 5% the year before, and we saw a progressive steady decline throughout each of the quarters.

As we look to 2025, our estimate is the market is going to grow somewhere in the range of about 3%. We continue to see good penetration gains; second handsets and we see good potential for growth on that side of it. Market growing at 3%, us continuing to over index on market share is something we expect to deliver on this year.

On the Cable side, as we look to that market, you would have seen that size of market grow in two respects. One is homes passed. As construction volumes and flows continue to close out in 2024, we had homes passed approaching 3% for the year. We continue to expect it to be between 2.5% and 2.8% this year. But importantly for us, particularly with the launch of our fixed wireless access product, there are an additional 6.5 million homes that is now an addressable market for us and has been, and so for us, that is a significant potential opportunity in terms of market size.

Against that market size, we looked at our expectations and our targets to obtain subscriber share in both Wireless and Cable and putting those together with solid ARPU performance, that's how we came up with the revenue ranges in our guidance.

Glenn Brandt:
Then, Drew, with respect to your question on our balance sheet and our commitment to maintaining our investment-grade ratings—and that remains an absolute priority for us, and you've seen that. I'm not going to guide nor speculate nor preannounce our intentions on our potential or prospective capital raises. But I would emphasize, we have several options open to us and I'll leave it at that. But then just to repeat, we are absolutely focused and committed to maintaining our investment-grade ratings.

Drew McReynolds:
Okay. Thanks for that.

Paul Carpino:
Thank you, Drew. Next question, Gaylene.

Operator:
The next question is from Batya Levi with UBS. Please go ahead.

Batya Levi:
Great. Thank you. Two questions. One on the wireless side. Can you characterize maybe the competitive environment post the holiday season? One-Q used to be a slower activity period in the past. Are we seeing a little bit more return to a normal trend here, and if you would expect the churn improvement to continue.

Second question on CapEx. Can you provide more colour on the CapEx drivers this year? Should we assume that DOCSIS 4.0 upgrades would maybe peak, and CapEx starts to come down next year? Thank you.

Tony Staffieri:
Thanks, Batya and good morning.

In terms of the competitive environment post the holiday season as we moved into January, what we saw was typical of prior years with slowdown in mall traffic and volume. What we did see is a pullout of promotional offers, as you would expect. We certainly did that and we saw that in the marketplace as well. There are a few areas that our competitors continue to put out there in terms of small business offers but even that promotional pricing and tactics have slowed down as well. We sort of see normal course. That's following a Q4 period that I would describe as par for the course in terms of competitive intensity and promotional offers. I wouldn't describe it as more intense or less intense than prior year as a comparator. A good healthy competitive environment.

Our focus on churn has been and continues to yield results for us in both Wireless as well as Internet. Key factor there is improvements in customer service and customer experience. It's been a focus for us, particularly given we have the largest wireless base in the country and so it's an important value-add strategy for us to do that. We've been doing and delivering on a number of initiatives to improve that, and you see that coming through in the results. Our expectation is to continue to drive those churn improvements throughout 2025.

Then on your question on CapEx, I'll lead, and Glenn will top up, but a couple of things you should expect. Our capital program continues to focus—the vast, vast majority of our capital spend is on network and network innovation. We intend to continue to lead in network performance, predominantly centered around reliability that's key for the customers today and so that's what we continue to focus on. We've been investing on the Cable side in mid split. The West is completed. We've announced that previously. We continue to work quickly in the East and we see dramatic improvements in network performance and churn, frankly, as we roll out the mid-split. That's a precursor to the DOCSIS 4.0 implementation, which will be later this year. Think about the DOCSIS 4.0 implementation as the less expensive part of it. What you do see in our capital investments for cable, is more of the heavy lifting, but even with that we're looking at a few hundred dollars per home passed. A relatively modest investment to deliver superior Internet quality in the marketplace.

Glenn Brandt:

The only thing I would add to that, Batya, is that, that portion of the rollout, that will be multiyear. You won't see that in a large investment upfront. That will take years to transition all of the subscribers, so the spend this year will be, if you want to call it a peak, it will certainly be the more prominent.

Batya Levi:

Got it. Thank you.

Paul Carpino:

Thanks, Batya. Next question, Gaylene.

Operator:

Certainly. The next question is from Vince Valentini with TD Cowen. Please go ahead.

Vince Valentini:

Thanks very much. I'll tag on to Drew's question on volume, very good colour there. If you're expecting 2.5% to 3% volume growth across cable and wireless, your revenue growth guidance would then imply that to get to near the high end, your ARPU would be roughly flat. To get to zero, you'd need to see ARPU down 2% or 3%. Am I missing something on the math there, first off? Second off does that align with what we've seen in the past few weeks in terms of price announcements, both on Internet from both telcos and cable cos and in wireless, even as early as this week with a bunch of favourable pricing changes. If those all stick, is 0% ARPU growth the best you can do for the full year? Granted the first half may be a bit tougher but your guidance is for the full year. I'm just wondering if you can frame how you think about ARPU and the recent pricing changes versus that guidance?

Tony Staffieri:

Good morning, Vince. I'll start and Glenn will add some more detailed colour. But as we set, frankly, our budgets and our guidance ranges for this year, we try to take into account a number of puts and takes and come up with what we think is a fairly balanced prudent view of what we're going to deliver. As you rightly pointed out, we're operating against a market size that continues to grow and that's a good opportunity for us and we expect to capture leading share in Wireless and growing share on the Wireline side as well.

When you toggle that, some of that is potentially impacted by further government policies that could be more downside or more upside. That one is difficult to predict for us in this political environment, what seems to be a sea of change here for the country. Then we think about and have thought about some of the broader macroeconomic factors that could impact us, including some of the recent discussions around tariffs with our U.S. neighbour. Those are the factors that we put into our thinking in our models.

We certainly have what we would describe as an ARPU playbook internally that we execute to, and our drive is, as we make investments and provide more value offerings to Canadians, then we look to areas where we can monetize that, and you should expect that. I wouldn't describe zero as the best we can do. We continue to look for ways to deliver more value and improve our ARPU position, but there are headwinds as well from time to time, particularly in competitive periods, in terms of our competitors, looking to leverage price above other factors. We've pivoted to product differentiation and network superiority as increasingly our lead. We'll lean on price when we need to, but that's our strategy, so the range you see takes into account all those factors.

Glenn Brandt:
Vince, I don't really have anything to add to that. I think we focus on our technology, on the clarity around our brand and discipline around our pricing.

If there's an opportunity for upside on ARPU, I love your optimism, and it's reflected here. If we can find that opportunity we will, but we also emphasize going and investing in subscriber growth and making sure we're competitive. Some of that is against the backdrop of a competitive environment and that's why you see the ranges you see.

Vince Valentini:
Thanks, Glenn. Can I just clarify on CapEx, too? Just because we asked that question already.

Glenn Brandt:
Sure.

Vince Valentini:
Is there anything meaningful in '25 and would it carry into '26 for subsidized rural projects? I think Rogers won a lot of contracts in Ontario that are probably being built out right now. I'm just wondering if

you can give us investors any sense, is there some temporary amount in there that rolls off at some point?

Glenn Brandt:
It's multiyear in delivery; you've seen it in some of our prior years. That's a portion of what we invest in and expanding our footprint, Vince. That will temper as we move through the coming years. There will be a little bit more through '25 and beyond '25, but that's all factored in as part of that spend envelope. Is there an opportunity to lighten in future years? I'm not going to start guiding beyond '25, but we balance what we invest in terms of expanding our footprint and seeking subscriber growth as well.

Vince Valentini:
Thank you.

Paul Carpino:
Thanks, Vince. Next question, Gaylene.

Operator:
The next question is from Maher Yaghi with Scotiabank. Please go ahead.

Maher Yaghi:
Great. Thank you for taking my questions.

Operational performance continues to be quite strong, advancing at a good clip as you indicated but markets, investors don't like uncertainties related to balance sheet issues. I understand that you can discuss specifics on the backhaul deal but maybe I can ask a few questions around that. First, can you decide not to close on the MLSE transaction for some reason? Is there a break fee? Is it onerous to not close on that transaction? Second, can you provide some sense as to why the backhaul deal is delayed beyond what you had initially expected? Is it a rating agency concern or just putting a final number on paper with the buyer? Third, you indicated that it could be possible to raise capital around your sports asset as a backstop. Can you help us understand how that could be set up? I guess my question is why not do this, irrespective if the backhaul deal closes or not, just to be on the safe side?

Tony Staffieri:
Maher, thanks for the question and articulating that. We've been very clear on our intent to delever the balance sheet and we have been making good solid progress on that and we'll continue to look to alternatives that give us options and that work the best for Rogers, Rogers' shareholders and our balance sheet, and we have options in doing that.

Our intent and our direction of travel is clear. If you look at the constructs of our dividend payout ratio, our cash flow generation and the rate at which our free cash flow is growing, which leads the industry, we're in the best position to continue to delever organically in addition to the options that we have in terms of the balance sheet.

To be clear, our intent is to close on the MLSE transaction once we receive those approvals and we're comfortable with the ability of our funding strategy for that to work within our balance sheet and remain investment grade.

Glenn Brandt:
Maher, the only thing I would add is, you've asked on the timing. The financing is a complex transaction. I am pleased with the progress. I'm not going to start predicting when we'll get to end of job. Again, I gave my best estimate when we announced that we had signed the nonbinding terms in October. We've made some progress. We have work to do and I'm not going to update further than that in terms of why we are where we are. I'm enthusiastic about the opportunity. I'll leave it at that.

The only thing I would add is that our guidance on free cash flow reflects that transaction. Whether it does or doesn't come to fruition, it won't affect our guidance on free cash flow.

Maher Yaghi:
Great.

Paul Carpino:
Thank you, Maher. Next question, Gaylene.

Operator:
Next question is from David Barden with BoA. Please go ahead.

Matthew Griffiths:
Hi. Good morning. It's Matt sitting in for Dave. Thanks for taking the questions.

First, if I could, I just wanted to circle back to the underlying assumptions a bit of the guidance. The commentary on your expected market growth for Wireless and Cable were helpful. But last year, you shared with us that you wanted to achieve the positive top line revenue growth by year-end, which you managed in Q4. What is that outlook for the coming year, and how should we think about the balance of the revenue growth and the EBITDA growth between basically the Wireless and the Cable segments?

Maybe if you could provide a little bit of colour also on some of the dynamics behind your pricing expectations? I mean, particularly in Wireless. As was mentioned earlier, there is some pricing moves in the market, but I think a big driver of the downward pressure you're facing—if I'm not mistaken and you can elaborate on it—is from people from two years ago or three years ago, who signed deals in a much higher price environment now coming due and even if prices are up a little, they're still down relative to when you signed them years ago. The balance in the pressure in ARPU between that repricing of people coming on contract versus the current market price that you see on new subscribers would just be helpful colour as we try to gauge where this market is going. Thanks.

Glenn Brandt:
Thank you, Matt. On your questions around guiding between Cable and Wireless, we don't guide for the individual business units. You see in the update from Q4 where they are through Q4 and through 2024 on their revenue trajectories. Beyond remarking on where the market sizes are going into 2025, which you've heard, I don't have anything further to add on that. But I'm not going to give clarity around guiding in the individual BUs.

Tony Staffieri:
In terms of pricing dynamics, look, Matt, we continue to look for opportunity to provide full value, increasing value and monetize that. It’s simple as that. As I said earlier, we look to factors beyond just price.

If I look to some of the differentiators we have, our credit card was a pretty significant advantage for us in the fourth quarter, where customers could finance handsets over 48 months, cutting their monthly payments in half. The attach rate we had on that was far beyond expectations. Those are things customers see value in.

Additionally, and importantly, data usage continues to grow in the 30% to 50% range. While pricing on a like-for-like basis may seem like it came down, what we have is usage continuing to grow. Those customers from two to three years ago may be on plans and are looking to move to something that gives them more value.

When we look at—I'd encourage you not to look narrowly at a particular category. Looking at our entire base, there are a number of things in terms of acquisitions and we're always looking to what we describe as base management and look to the customer and continue to provide them value. As I said in the opening remarks, the vast majority of our loading is on the Rogers premium 5G brand. The attractiveness of the 5G network together with unlimited is meaningful to consumers. We've had a long track record of stable ARPU; pricing competitiveness in certain times is nothing new and we'll continue to balance it as we have in the past.

Matthew Griffiths:
Great. Thank you.

Paul Carpino:
Great. Thank you, Matt. Next question, Gaylene.

Operator:
Thank you. The next question is from Tim Casey with BMO. Please go ahead.

Tim Casey:
Tony, can you talk a little bit about the timing on MLSE, when you think you can close it, and maybe just a little colour on what's holding it? I assume there's nothing on the CRTC with respect to broadcast deals; you have the Competition Bureau. Is it just leagues that is holding you back? I realize you don't want to talk about the structured equity, but how should we think of the interplay of those two deals? If structured equity is delayed or you can't get it to the finish line, how does that change how you think about MLSE?

Then just on guidance, you touched on it briefly but just how are you thinking about the economic outlook? Because it sure seems like Canada is going to take a hit. How is that factoring into your guidance?

Tony Staffieri:
Thank you, Tim. Let me start with the MLSE approval process; Glenn will speak to the second two items that you've highlighted.

In terms of MLSE, the league approvals, it's a process and I don't want to speculate on either league or CRTC approvals, which I'll talk to in a moment, but it's a process and so we're going through that. We don't expect to see issues but we're working through that.

On the CRTC side, that one, MLSE does own NBA TV, and so that does require CRTC approval and it seems to be a little slower than we anticipated in terms of that process. I don't want to speculate on time because we're dependent on other organizations for that, but it continues to move along. We don't see issues, but we continue to go down the process.

Glenn Brandt:
Then, Tim, on your question of whether or not that's linked to the prospective structured equity investment, those are distinctly different independent deals, independent timing, no connection whatsoever. The structured equity investment if successful obviously helps fund and strengthen our balance sheet and so that remains an initiative in its own right. We have ample liquidity on hand at $4.5 billion at year-end. I have ample access to liquidity through a number of different options, some immediate term, some that would take some time to implement. Very, very comfortable with our flexibility and options around all of that. No connection between those two.

Then your question on economic outlook, the guidance reflects current economic conditions and near-term realities in the Canadian environment. It reflects where we are on population growth and the declining international student population and New to Canada segment, so it reflects those realities.

I'm not going to start speculating on what might happen with respect to tariffs or otherwise. I look at where we are today and that's reflected in our determination; over to others to manage the stewardship of the Canadian economy and how we respond to the international realities. I'm confident that the

Canadian economy is strong and weathers these from time to time and we'll come out the other side just fine.

Tim Casey:
Thank you.

Paul Carpino:
Great. Thanks, Tim. Next question, Gaylene.

Operator:
Our next question is from Benjamin Swinburne with Morgan Stanley. Please go ahead.

Patrick Ho:
Good morning, guys. It's Patrick Ho speaking on behalf of Ben Swinburne. Just wanted to ask a question on Cable. Is there any more updates in terms of any synergy realization which Shaw? Any outstanding buckets? What's the progress with them? Any potential margin uplift that you see?

The second question I have relates to the upcoming election in Canada. Can you speak about how loading might be impacted if the Conservatives win and whether you think they will favour tighter immigration policies?

Glenn Brandt:
Thank you, Patrick. On your first question, no specific update. We have proceeded further and progressed further on the integration. I've mentioned previous calls that we've substantially worked through the people side of the integration. We have some systems work that is nearing completion. We have other systems work that is perhaps midpoint to getting to the end on some of the more regional type systems integration that maybe had a bit of a longer-term scale, but those are fairly minor relative to the overall savings.

I have mentioned that the largest open item on cost efficiencies and synergistic savings now really lies around some of the long-term build on our wireless cell sites with fibre backhaul versus microwave that can pull out some cost savings. We still have a significant opportunity on our media content costs and then continued work on improved customer service and improvements around our digital offering, which can pull some of those costs out while increasing our effectiveness in serving our customers. Those would be some of the larger priorities that we're still looking at that I would put in the category, at least in part, if not entirely as synergy. But from a cost synergy playbook, we've achieved a billion dollars and so I'm not going to provide any further granularity than that. Now we're really just working on year-over-year growth.

Tony Staffieri:
In terms of the second part of your question, Patrick, and assumptions in terms of immigration in the New to Canada category, we've been prudent in our thinking and our outlook for this year is based on what we have in front of us. It's too difficult and speculative to try to guess what, if and when there is a new government and what their take and policies might be and how fast they implement. If there is upside, then great, it's good for the industry and good for Rogers, but we've taken a prudent approach based on what we have in front of us now.

Paul Carpino:
Thanks, Patrick. Gaylene, we have time for two more questions, please.

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

Aravinda Galappatthige:
Good morning. Thanks for taking my question. I wanted to talk a little bit about the price action that has been announced by your competitors or maybe also communicated by yourself to your customers. Is there anything meaningfully different when we look at it year-over-year, both on the cable side and across your services? As we try to thread the needle on ARPU here, how should we look at the price changes that have been contemplated this year versus last year? Then a quick follow-up. With respect to your Internet loading, maybe just an update on how you're doing in the West versus your legacy footprint. Maybe just a quick thought on how the progress has been in terms of the share shift there? Thanks.

Tony Staffieri:

Thanks, Aravinda. Let me deal with the second part. In terms of relative loading—and I assume you're talking Wireless as well as home Internet and home products. A couple of things. I would say loading has been good and strong across the entire nation with particular emphasis in the West. The West continues to be our fastest growing market, and we're pleased with the penetration gains we're seeing there. That's been consistent post close of Sha, so we're pleased with that.

On the home Internet side, mid-split is done in the West and so we have a significant product advantage when it comes to home Internet. Now with the Rogers Xfinity rollout, we're very confident about the product differentiation that we have there.

Then in the East, as I mentioned earlier, as we continue to roll out mid-split, it's having an impact. We like what we see. Then, of course, in Quebec, we continue to make strides, particularly now as we have the potential to offer a bundled product and that's a significant market opportunity for us. We're hitting all of those.

Then Aravinda, on the first part of your question, maybe you could just repeat that?

Glenn Brandt:

It was on the recent price changes in the market, competitors and ourselves and how that compares with your overall...

Tony Staffieri:

Aravinda, in terms of that, we make price adjustments based on the market activity, size of market and frankly, the value proposition all-in that we're putting in front of the consumer. Our competitors will do what they do. We'll take a look at how consumers respond and then we respond accordingly based on that. I don't want to speculate too much on what anything happens over the course of one or two weeks and whether that sets any type of precedent for the rest of the year. It's a competitive environment and we will continue to make the moves we need to do to balance subscriber share leadership and ARPU growth.

Aravinda Galappatthige:

Okay. Thank you.

Paul Carpino:
Thanks, Aravinda. Gaylene, we have time for one more question.

Operator:
The next question is from Jerome Dubreuil with Desjardins. Please go ahead.

Jerome Dubreuil:
Good morning. Thanks for taking my questions.

First one, can you remind us please of the synergies in general between the sports asset and the telecom business, just to see the benefits of integrating MLSE maybe going forward within Rogers, given that in the past, we haven't seen really the market recognizing that value. Then second question, thanks for the guidance you provided for 2025, that's helpful. I wonder if you can provide an organic deleveraging guidance for the year, notwithstanding what might happen with the structured equity transaction. Maybe what the business will be able to do in terms of organic deleveraging in 2025. Thank you.

Tony Staffieri:
Jerome, I'll start with the first part and then Glenn will talk to the second piece of it.

In terms of our strategy with respect to Sports and Entertainment, I think there's three principles that I'll outline. It warrants a deeper conversation that will come in due course as we close MLSE, but there are a few things I would highlight. Our ownership in Sports and Entertainment is significant and there's significant value, which is not reflected in our share valuation today. That's the first point I'd make. Those assets continue to grow at double-digit rates in terms of value and so it's a good growth opportunity for us strategically.

The second part is the integration of assets and the synergies it creates. There’s really two parts to that, that you're getting at. We see opportunities for operating cost synergies, for sure, as well as opportunities for revenue synergies across the assets and we expect to capitalize on that.

Then, of course, there are synergies. As the largest distributor of content, and in particular sports content, throughout the nation we have the unique ability to look at the whole ecosystem from sports ownership all the way to the viewing experience of the consumer, whether it's in their home or on their mobile device and we think that's a huge opportunity for us to capitalize on.

Then the last piece, which is one for us, which is, how do we monetize that and through investment vehicles and the alternatives that we have and how do we surface that value for Roger’s shareholders? We're on that course. As I said at the outset, this is something that you'll hear and see more of as we go down that strategy, but the value opportunity is significant for Roger’s shareholders.

Glenn Brandt:
Then Jerome, your question around the organic delevering, you see our guidance around EBITDA growth and free cash flow. We will apply the available free cash flow of which we retain a substantial, substantial portion—certainly relative to our peers—to invest back in our balance sheet and lower leverage accordingly. We will have some emphasis around the organic delevering as well as our other balance sheet initiatives that we've touched on. I'm not going to guide on leverage beyond that, but we'll continue to emphasize that delevering. We have a ways to go and it remains a priority focus for us.

Paul Carpino:
Great. Thank you, Jerome, and thanks everyone for joining us. If there's any follow-up, please reach out to the Rogers team here. Thank you.

Tony Staffieri:
Thank you, all.

Operator:
This concludes the question-and-answer session and today's conference call. You may disconnect your lines. Thank you for participating and have a pleasant day.