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PRESENTATION

Operator

I will now turn the call over to Bruce Mann from the Rogers Communications' management team. Please go ahead.

Bruce Mann - Rogers Communications Inc. - VP IR

Thanks very much, operator. Good afternoon, everyone. Thanks for joining us for Rogers first-quarter 2011 investment community conference call and webcast.



It's Bruce Mann here. Joining me on the line here this afternoon, Nadir Mohammed, our President and Chief Executive Officer; Bill Linton, our Chief Financial Officer; Rob Bruce, who heads up our Communications division; Keith Pelley, who is the President of Rogers Media; and Bob Berner, our Chief Technology Officer. We have also got Ken Engelhart, our Regulatory VP on the line, hopefully, remotely.

We released our first-quarter results after the market closed a little while ago, this afternoon. The purpose of the call is to as crisply as possible provide you with a bit of additional background upfront, and then answer as many of your questions as time permits.

As many of you that have followed us for some time would be aware, we generally have done our earnings releases and these calls before the markets opened. This quarter, as a result of the timing of our Board meetings and our Annual Shareholder Meeting tomorrow morning, the after-market timing ended up being more appropriate. So we apologize if this quarter's timing is less convenient, and we do appreciate that there is a particular hockey game later this evening which many of you have an interest in. So we will be brief.

As today's remarks and discussions will undoubtedly touch on some estimates and forward-looking types of information, our actual results could be different from that. You should review the cautionary language in our earnings filing of this afternoon. It is also in our full-year 2010 MD&A. It includes all the factors and assumptions and risks about how and why our results could differ from these types of statements. And those cautions apply equally to our dialogue on this afternoon's call.

If you don't already have copies of our full Q1 MD&A and our financial statements, also our 2010 annual report to accompany the call, they are all available on [Rogers.com/investor relations](http://Rogers.com/investor%20relations) or /ir.

So with that, I will turn it over to Nadir Mohamed and then Bill Linton for some brief introductory remarks; and then the management team here will be pleased to take your questions. So over to you, Nadir.

Nadir Mohamed - Rogers Communications Inc. - President, CEO

Great. Thanks, Bruce. Welcome, everyone, and thank you for joining us. As you can see from this afternoon's earnings release we delivered another quarter of growth in revenues and new subscribers, while at the same time gaining traction on the customer-retention front, maintaining excellent margins, and continuing to generate significant free cash flow.

In fact, Q1 represented the second highest quarter of free cash flow generation at Rogers ever. And we returned almost \$0.5 billion of cash to shareholders in the way of dividends and buybacks. So in an intensely competitive environment, a solid quarter to start 2011.

On the Wireless side, we sold the highest number -- 190,000 -- of smartphones to new customers in a single quarter ever. And we activated the second-highest number of smart phones ever, those being a combination of new subscribers as well as subscribers that we were upgrading.

So we are seeing continued if not accelerating success in the high-value smartphone category. The smartphone metrics, ARPU, churn, upgrade, all remain intact and represent, as I have said consistently, an excellent net present value positive investment as we bring in and retain our highest lifetime value customers.

The most significant driver of our top-line growth was the continued strong growth in Wireless data revenues. In Q1 Wireless data revenues were up 30% and now represent 34% of Wireless network revenue. To put that in context, in Q1 our Wireless data revenue alone were well over \$0.5 billion for the quarter.

As you can see by gross additions and smartphone sales, Wireless sales in the quarter were healthy and concentrated in the higher end of the market. Arguably more importantly, we successfully managed postpaid churn, which sequentially improved from Q4.

As expected the results also reflect the continued impact of increased competition and the impact of lower roaming revenues or prices on voice ARPU. But the strength of Wireless data offset much of this pressure, and the rate of overall ARPU dilution declined sequentially from Q4, albeit modestly.

At the same time we are driving meaningful cost efficiencies. You can see this pretty clearly when you consider that we added 50% or 50-plus-% more smartphone subscribers in Q1 of this year than Q1 of last year. And yet, we were able to put up a very strong 49% Wireless service margin.

Strong cost control on the Cable side as well. The results of that focus are pretty clear with Cable Operations EBITDA margins of 47% in Q1, which is the highest that they've been in quite some time.

This led to good operating leverage, helping to drive the Cable Operations EBITDA up 12% from the same quarter last year. No question in retrospect though, looking at the cable sub numbers; we could have indexed up our marketing sales efforts earlier in the quarter and we're definitely intensifying our efforts in this area as we go forward.

It is important to keep in mind that on the Cable side we are about 70% complete with the divestiture of the circuit-switched portion of the telephony business which we announced at the end of last year. If you were to exclude the impact of this, the year-over-year revenue growth would have been measurably higher; and Bill will provide a bit of color on this issue in a moment.

Turning now to Rogers Media, a very good quarter in terms of top-line growth, with a strong sequential acceleration from Q4. This reflects growth at Sportsnet, solid broadcast ratings in general, higher subscriber revenues, and an improving ad market. Basically we saw growth in every division of Media in Q1.

Seasonality was the main factor on the operating margin side of Media, mostly related to sports programming costs that moderate after the NHL and the NBA seasons end. So that will in fact turn next quarter; and Bill will allude to this as well in a moment.

On the investment side, in addition to the repurchase of shares and the refinancing of borrowings, we also closed on the acquisition of Atria Networks, whose fiber assets fit squarely within our Rogers Business Solutions' strategic priorities; that is, on-net IP-based services in the small and medium-sized segments of the business market, principally in and around our Cable footprint.

You can also see that our CapEx is up modestly year-over-year, consistent with our guidance, reflecting principally network investments and the timing of spend within the year.

On the Wireless side, we continue spending associated with the deployment of LTE, where we are leading the way on networks in Canada. Our LTE deployment is progressing consistently with our guidance, and we will have some more definitive announcements very shortly.

Overall, we are tracking to plan for the year so far. We have the right asset mix and financial strength. We have got a robust product portfolio, great brands, unmatched distribution, leading networks, and a seasoned management team that I believe is focused on execution.

Let me turn it over now to Bill and then we will take some of your questions.

Bill Linton - Rogers Communications Inc. - EVP Finance, CFO

Thank you, Nadir. I will provide a little bit of additional color on the financial results and the metrics for the quarter, as well as some of the reporting changes coincident with the transition to IFRS, which was effective this quarter.

On the top line overall, our consolidated revenue growth was 4% for the quarter. Reflecting top-line growth of 4% at Wireless, 3% at Cable Operations, and 17% at Media. I'd note that the revenue growth rate has increased by about 120 basis points from Q4 to Q1.

At Wireless, we now have 45% of our postpaid base on higher-end smartphones. That is up from 33% level we were at this time last year. As we have emphasized before, these are and continue to be higher ARPU, lower churn, higher lifetime value subs.

As you can see, sales as reflected by gross adds remain solid and were concentrated in the smartphone segment, the higher end of the market.

In terms of our postpaid Wireless results overall, the 3% increase in Wireless network revenue is relatively consistent with what we have seen in the past couple of quarters. It continues to reflect growing data revenues offset by softness on the Voice ARPU side, consistent with Q4 and with the level of competitive intensity we continue to see in the Canadian Wireless market.

On the prepaid side as I am sure most of you are aware, Q1 is always the seasonally weakest quarter of the year. That said, we improved year-over-year on both the gross and net lines, reflecting a combination of continued additions under our chatr brand as well as continued activations of the iPad Tablet and other prepaid Internet access plans.



In terms of Wireless network margins I think it is significant to note the continued strong 49% level in Q1. This despite the largest number of smartphone sales to new subscribers ever, which Nadir mentioned; the second-highest number of total smartphone activations ever; and significant, continued competitive pressure on Voice ARPUs. So obviously, very solid OpEx controls and efficiency gains helping to offset the large increases in the cost of equipment sales and retention expenses, as well as the decline in Voice ARPU.

Turning to Cable Operations, the revenue growth rate reflects a couple of items worth mentioning. First is the declining circuit-switched telephone business, which we are in the process of divesting, which was dilutive to the rest of the Cable Ops business, not just in terms of margins but in terms of top-line growth as well. Normalizing for the year-over-year decline in that part of the business, top-line growth at Cable Ops would have been about 160 basis points higher.

Secondly, we had about a 50% lower volume of subsidized digital box sales in Q1 of this year versus last, as our focus was more heavily on the box rental model. So this had the impact of bringing down the revenue growth by another 80 basis points.

Adjusting for these items together I would say a normalized level of revenue growth rate for Cable Ops would have been over 5% versus 3% reported. What I think really shines through at Cable Operations for the quarter is excellent cost controls and the benefit of lower activity-based costs, which together helped drive EBITDA 12% and margin expansion to 47%.

At Rogers Media we had excellent top-line growth, up 17%. The year-over-year decline in adjusted operating profit at Media reflects, first, the fact that Q1 is historically the weakest margin quarter for Media, but also the fact that in Q1 we aired a much higher number of relatively expensive NHL and NBA games versus Q1 of last year.

As a result, we will see the benefit of the strong top-line growth better flowing through to the bottom line in the off-season quarters of the year as the subscriber fees stay relatively steady but the programming costs drop with seasonality. So higher margins in Q2 and Q3 as a result, and overall tracking to our internal expectations.

Stepping back to a consolidated view, still respectable top-line growth despite increased competitive pressures combined with good progress around OpEx and CapEx containment. But at the same time adjusted operating profit line was flat year-over-year, pressured by another record number of Wireless smartphone sales along with high programming costs.

During the first quarter we generated nearly \$600 million of free cash flow with which, among other things, we bought back 9 million Rogers' shares for \$285 million under our share buyback program and paid out another \$179 million in dividends.

I would also note that we completed another significant debt refinancing during the quarter, which took out all of our 2012 maturities and did so at very favourable rates. You see a one-time nonrecurring charge of \$99 million below the operating profit line in the quarter, associated with this early refinancing of approximately \$1.2 billion of debt and associated hedging instruments.

If you look year-over-year on the backs of this and other refinancings over the past 12 months, we have reduced the average cost of our outstanding borrowings from 7.3% to 6.3%, or almost 100 basis points, while at the same time extending our maturity schedules.

In terms of reporting changes from last year there are a couple of items you should note. First, this is the quarter in which we have transitioned to reporting under IFRS. As we had suggested previously, the transition to IFRS had a relatively insignificant impact on Rogers' revenue, operating income, and earnings versus what we reported previously under Canadian GAAP.

Two items worthy of note in terms of how IFRS impacts us financially on an ongoing basis are, first, how we now account for joint ventures; second, how we account for one of our customer loyalty programs. And neither was very material.

For joint ventures we no longer account for them on a proportionate basis. They are instead equity accounted for below the operating profit line. The small impact of this relates principally to our Dome Productions venture at Media and Inukshuk venture at Wireless.

For customer loyalty programs the small impact relates to our Fido Dollars program at Wireless, where we now classify these dollars as reductions of equipment sales where previously they were classified against network revenue. There is really no impact on items such as pension expense or depreciation as a result of IFRS for Rogers.

The other two reported changes for 2011 that I will quickly point out relate to our segments, with the first relating to RBS, where we now report revenues based purely on an external sales versus in previous periods where we had reported gross revenues including internal sales. There is no



impact to revenue or operating profit at the consolidated level; it is just that we now net these internal sales against expense at the RBS segment level.

The second change is with respect to our Retail segment, which is now called Video. We have taken the portions of that segment related to the sale and distribution of our Wireless and Cable products and now included them in those two segments, and what remains being purely Video rental and Video sale. This better aligns with how we manage the business today.

You'll see in the supplemental information section at the back of the MD&A that we made available this afternoon that we have provided quite a bit of historical quarterly information both on a consolidated basis and for all of the segments. Essentially we have laid out all of 2010 to be apples-and-apples with our current presentation for 2011 in terms of both IFRS and how we have adjusted the segments. This will hopefully give everyone a relatively clean and simple apples-to-apples comparison to work from going forward.

Then for 2009 we have presented all of the quarterly information to conform to our current segment reporting.

I'll finish by saying overall on a consolidated basis we put up a solid quarter in Q1 despite an intensely competitive environment, giving us a very good start for the year. We continue to be in very strong position financially, with an exceptionally solid balance sheet, \$2.3 billion of liquidity available under our fully committed multi-year bank facility, and no near-term maturities.

With that, I will pass it back to Bruce and the operator, and we can take your questions.

Bruce Mann - Rogers Communications Inc. - VP IR

Thanks, Bill. Operator, we will be ready to take questions from the participants in just a moment. Quickly before we begin, we will request as we do on each of these calls that those participants that are going to ask questions be courteous to everyone else on the call and limit the questions to one topic and one part, so that as many people as possible have a chance to participate. Then to the extent we have time we will circle back and take additional questions, or we will get them answered for you separately after the call.

But with that, if you would please explain how you would like to organize the Q&A polling process, we would be ready to go ahead.

QUESTION AND ANSWER

Operator

(Operator Instructions) Jeff Fan, Scotia Capital.

Jeff Fan - Scotia Capital - Analyst

Good afternoon. Thanks very much. My question is on the smartphone ARPU. In your MD&A you talked about it being nearly twice versus the Voice-only. But I can't imagine that Voice is increasing; probably falling.

So wondering if you can talk a little bit about the smartphone ARPU trend that you guys are seeing.

Then just tying into that very quickly is -- a large percentage of your smartphone activations are now upgrades, 64%. I am just wondering if you track those that are upgrading from smartphone to smartphone versus non-smartphone to smartphone. I am wondering if we are seeing more of the smartphone to smartphone upgrades whereby we are not seeing that incremental ARPU pickup anymore from these upgrade activities.

Rob Bruce - Rogers Communications Inc. - President - Communications

Okay, Jeff. It's Rob Bruce. How are you today? Why don't I take your second one first?



We are at a different stage in terms of smartphone than our competitors because, as you will recall, we were into smartphones aggressively and early. And as a consequence we do have a portion of our upgrades that are smartphone to smartphone. So there would be no incremental ARPU lift on those, Jeff; so you are correct.

Because we got into smartphones much more aggressively and much earlier, that impact would be seen in our results and to a much lesser extent in our competitor results. In front of me I don't have the exact mix between people moving from regular phones to smartphones, or smartphones to smartphones. So at some future date we can share that with you when we have it in front of us.

Your second question about smartphone ARPU, it is holding up well, as we have said in the past. It is twice what our Voice ARPU is and it continues to stay solidly in that zone.

I think the other highlight of the equation is we continue to see strong and in some cases improving churn, which keeps us in a very good place, where lifetime value for our smartphone customers, as Nadir referenced, continues to be strong and highly attractive to us.

Nadir Mohamed - Rogers Communications Inc. - President, CEO

Jeff, it's Nadir. I am just going to add one thing that might provide you some comfort given we weren't specific on the upgrade rates. One of the things we look at when we do a lifetime value analysis is the key metrics that drive that number.

The metrics obviously include ARPU, churn, COA, but also include what we expect is the upgrade cycle. The one thing to note is we have been in the smartphone business for some time, including having the iPhone for the longest period; and that upgrade cycle is very much consistent with what our business plan and our value analysis has always included. So from that point of view, all of the metrics literally are pretty much intact. That is why we feel very bullish about the loads that we have.

Jeff Fan - Scotia Capital - Analyst

Just a very quick follow-up. In order to maintain that lifetime value as you look out, do you foresee the need to perhaps tighten the upgrade policy a little bit as we move ahead in order to protect that lifetime value?

Rob Bruce - Rogers Communications Inc. - President - Communications

Jeff, it's Rob again. Listen, I think you will remember a few years ago -- and I referenced it on our last call. We used to have a program called Pre-HUP that was a program where customers who weren't eligible for an upgrade could actually top up with their own money to get a new phone sooner than they would otherwise be eligible.

At the start of this coming quarter, we will relaunch Pre-HUP. We had it in market 4 or 5 years ago. We took it out of market a couple of years ago.

We are going back into the market with Pre-HUP so that customers will continue to be able to get upgrades in advance of the upgrade cycle, obviously making them happy and continuing to ensure that our churn is low while they still have the opportunity to reduce that subsidy payment that we have to make when we purchase those devices. I believe that will be a positive contributor to our upgrade costs going forward.

The other thing that, while I have got you, I'd just point out in the quarter is -- we are delighted that new adds as a percentage of total activations and smartphones -- Nadir mentioned it. 190,000, 36%, much stronger than they have been in past quarters, which again is something that we are excited about in the quarter.

Jeff Fan - Scotia Capital - Analyst

Great. Thanks very much.

Operator



Phillip Huang, UBS Securities.

Phillip Huang - UBS - Analyst

Hi, thanks, guys, for taking my question. I was wondering if you could elaborate a bit on the main factors behind prepaid subscriber loss in the quarter. I think that you mentioned you had some attractive promos in the West. I wanted to know how much that was a factor.

Also it seems like chatr was noticeably less active in the market this quarter. Just wanted to know if there has been any change to the way you think about how chatr will be positioned in the market going forward. Thanks.

Rob Bruce - Rogers Communications Inc. - President - Communications

Yes, Phillip, it's Rob. I apologize, we all missed the very first part of your question. Maybe you could repeat it, and then I can go on and talk a little bit about chatr and where we are with chatr. Do you want to just repeat the first part?

Phillip Huang - UBS - Analyst

Yes, sure. Can you hear me better now?

Rob Bruce - Rogers Communications Inc. - President - Communications

Yes, that's better.

Phillip Huang - UBS - Analyst

Yes, I was wondering if you could elaborate a little bit on the main factors behind the prepaid subscriber loss in the quarter. I think I saw -- I noticed some new entrants that had some attractive promos in the West. I am just wondering to what extent that was a factor behind that.

Rob Bruce - Rogers Communications Inc. - President - Communications

Yes; relatively speaking, and Bill touched on this in his remarks, Q1 is the seasonally low quarter. Year-over-year, we saw a solid improvement in terms of our prepaid performance. The number that comes to mind, I think year-over-year we improved by, I believe it was like 51,000 gross adds. So we were solidly stronger from a prepaid perspective.

There is no question that when it came to net adds, the net adds were -- you are correct -- slightly softer. There is no question that traditional prepaid is coming under siege on all fronts by the all-you-can-eat providers -- chatr, which is one of them, and others. So if you think of yourself as a high-end prepaid subscriber buying prepaid cards, the all-you-can-eat plans, to the extent that you are satisfied with a limited geographic footprint, provide a very viable alternative.

One of the reasons that we put chatr in the market was, frankly, the recognition that that was going to be an important part of the puzzle. And you are right that Western Canada, particularly Edmonton, Calgary, had some blazingly hot offers as we saw competition between some of the new entrant providers in those markets. They were definitely tougher markets than other markets in Canada.

Now, back to just a little bit more discussion on chatr. I know there has been some speculation out there that somehow we are not enthusiastic with chatr, or we're losing enthusiasm with chatr. I would say not at all.

Our focus has always been on high-value customers. You can see that in our smartphone mix which is very strong in terms of the high-value customers.

But as a market leader we recognize that we need to play in all segments of the market. That is why chatr is there. That reason has not gone away.



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In fact we are in market. We are there strongly. We are not driving pricing down, but we are ensuring that we have got a competitive value proposition.

We're actually currently out there running a Spring Buds campaign that has significant print, radio, and digital media coverage. I think it sounded from some of the comments that some of you had missed those campaigns. But those are definitely out there.

Nadir Mohamed - Rogers Communications Inc. - President, CEO

Phillip, it's Nadir. The only other thing, just because sometimes as we answer these questions it is always important to put context. Today, I think give or take, prepaid still represents only 5% of our revenues. So clearly the focus is on postpaid and high-value, so I wouldn't want us to forget that.

Operator

Maher Yaghi, Desjardins Securities.

Maher Yaghi - Desjardins Securities - Analyst

Yes, thank you for taking my questions and I forgive you guys for putting this conference call on a Canadians-Habs game six, important game.

Just wanted to ask you guys a question relating to your cash flow allocation and payout to shareholders. Nadir, historically you have looked, when you looked at Rogers, you always considered it a growth-oriented operation. And for that reason you guys have allocated a good portion of your cash flows to share buybacks, and not commit them to a steady dividend flow to shareholders.

Now that you -- I mean when you look at your operating income line, and you see that it is flat year-on-year, just if you look at it from a high-level perspective, do you think it is time? At this point in time, it is time to consider putting a dividend that is more comparable to your peers in Canada?

Or you continue to believe that there is a lot of growth opportunities out there that you need to have that extra cash flow put aside in case you want to do some acquisitions or put some growth-oriented projects into the Company?

Nadir Mohamed - Rogers Communications Inc. - President, CEO

Maher, it's Nadir. Let me start and then Bill can add as well. But if you start with the fact that we have been pretty consistent in terms of increasing our dividend -- I would say one of the companies that has done that pretty well -- and in fact just increased it by 11%, as you know. We announced that and it will be in effect this quarter.

As we look at our cash flow, first, obviously feel very good about the fact that we have strong cash flow. It has been consistent now for a few years, and you have got the guidance for this year. So that is the position of strength.

The second thing is if you look at our balance sheet, obviously feeling very good about the leverage. We have actually set a leverage target, as you know.

So that kind of provides a framework. When we look at what to do in terms of uses of cash, the first thing that I always want to remind people is that we are never shy to make the right investments in our networks, in terms of investing in quality and in best-in-class networks, whether it is Wireless or the Cable wireline side or platforms for Media. So I think that is where we start.

My own perspective -- and obviously dividends are set at a Board level -- is that one of the things I like to do is be conservative in building out our dividend. The one thing that I am very sensitive is you never want to be in a position where you have to rethink the dividend you have already set.

Probably to your point, we are I would say relatively speaking lower in terms of the payout ratios. That gives us some room. But I would rather grow prudently as we go forward.

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Share buybacks allow us to be a little more flexible. We have always said to the extent that we need to make an investment we have the capability from a leverage point of view; and buybacks allow us some flexibility in terms of making changes if we are required to do so midyear.

The other thing -- and maybe I will ask Bill to describe this a little bit. Most of you are aware, but we should probably highlight the issue of cash taxes, which factors in.

Bill Linton - Rogers Communications Inc. - EVP Finance, CFO

Yes, we are still on the maturity curve compared to our larger and older competitors, especially in the area of taxation, where we will not be fully taxable until 2012. So our general approach is until we are fully taxable, until we have exhausted what we need to do on the capital front, and there are still opportunities for us to invest and grow, we are taking a conservative position to our balance sheet and payout ratios.

Operator

Simon Flannery, Morgan Stanley.

Simon Flannery - Morgan Stanley - Analyst

Thank you very much. Good evening. Good to see the postpaid churn coming down sequentially. Is it fair to say that you think the spike in churn has peaked now?

Maybe you can just disaggregate the causes of churn and the sources of the improvement between seasonality and any sort of change in competitive behavior, put-ins, put-outs. Any colour you could give on that would be great. Thanks.

Rob Bruce - Rogers Communications Inc. - President - Communications

Hi, Simon. It's Rob. Simon, thanks for noting the focus on churn. As you know, we think that the management and leadership on churn is one of the critical components in success and a huge lever on our business. So it continues to be an area that we give very strong focus to.

We continue to work away, to use all the tricks in the kit bag that we have used over the years successfully to manage down churn. All those continue to be in play today.

We have continued to really work very hard on our service levels with customers. Through the latter parts of last year, we had some opportunities in that area.

I think the better work that we are doing on churn, a lot of the modeling work that we are doing continues to pay a lot of dividends. And we are going to continue to invest more time and focus there. So that is probably all I have to say on it today.

Operator

Bob Bek, CIBC.

Bob Bek - CIBC World Markets - Analyst

Thanks. Good afternoon. Nadir, you talked about on the Cable side, about refocusing some of the marketing efforts. Obviously a weaker quarter for growth on a number of properties. Can you talk a bit about the competitive environment?

We are hearing a lot obviously, but your -- with Bell and their IP product and just if you can talk about where you are seeing that. And just any indication as to what kind of overlap you have got, just so we have a sense as to how much that competition is a factor on the Cable side.



Nadir Mohamed - Rogers Communications Inc. - President, CEO

Bob, I will lead off, but then get Rob to fill in. I think the one thing that is very important to note -- and I didn't refer to it in my opening remarks; we don't actually report on it, but we certainly track and manage it and are very focused on -- is retention on the Cable side as well. I can tell you categorically that every product category within the Cable portfolio actually improved in terms of churn. So I think that speaks volume in terms of value creation.

There is no question that when you look at the margin that we delivered -- could we have done more on the marketing and sales side to drive volume on the loads? I would suspect in hindsight, yes. These are always difficult to do in-quarter, to predict where things are going.

But having said that, when I look at the Cable business I think the key thing to recognize is we are very high in terms of penetration, whether it is penetration on the digital, penetration on Internet. We tend to be up in the leading category.

Frankly, Home Phone, whereas we have got room to grow, it is not lost on us that over time there is going to be a migration to Wireless. So I think you want to put the Cable loads in context, for sure.

Don't want to shy away from it. Would have liked to have got more and we will strive for more. But I don't want to miscommunicate. We don't see this as the area in terms of pushing for growth. It is very much one of retention, margin, and moderated growth.

Rob Bruce - Rogers Communications Inc. - President - Communications

Yes, just to echo Nadir's points, we have got 62% of customers in our homes passed who enjoy our products, which -- and a lot of times will get compared to Shaw and Cogeco and others, which is better than both of them, despite what is going on from an IPTV launch perspective.

Nadir touched on churn, which has been a really strong focus and we have continued to improve over the past 5 or 6 quarters every quarter.

On all our new build projects we are confident that we continue to get more than our 62% residual share. We have had solid successes in converting satellite customers; you have probably seen the commercials.

All of these play into a strategy on Video that is driving great margin improvements. I think we have a powerful longer-term plan on Video, and I would like to come back to that a little bit later in the call.

On the Internet, nearly three-quarters of our TV customers have our Internet. We believe we still have some opportunity there. We are working away to refine offers to make them even more attractive.

You will note toward the end of the quarter we launched SpeedBoost, which we think is going to help us build momentum through the next quarter. And with download speeds nearly 8 times faster than our competitor, we think we still have lots of opportunity going forward.

Again, recognizing we will deal with it in a sort of a moderate way. And our focus on Home Phone, again compared to other cable providers in Canada, has been on great value. Price is higher than, say, Videotron, for example, with a focus on reliability. That, too, has contributed to the margin improvement that we have seen.

The other highlight that I think will bear fruit and is bearing fruit already is our focus on business. Our revenue on business on the Cable side is up 24%. We have reorganized ourselves as a Company to tackle business more effectively, and we are seeing increases in our cumulative base in the range of between 20% and 50% in Internet, Home Phone, and those lines of products.

So I think more good things to come; more focus on delivering solid subscriber results on Cable; and I think some of the things are already in place to get the ball rolling into next quarter.

Operator

Greg MacDonald, Macquarie Capital.



Greg MacDonald - Macquarie Capital - Analyst

Thanks. Good afternoon, guys. As a Toronto-based analyst, I can say I don't really care that much about hockey or haven't in the month of April for a long time anyway. I think a lot of us are in that boat.

A quick question on the prepaid side, if I can. Can you talk a little bit about the mix there? Is that all or mostly chatr that we are seeing on the gross adds side of things?

Are your -- is your pickup in other products like iPad also starting to gain traction? I guess the more important question there is on ARPU; seems to be stabilizing a bit there. With the ARPU at only \$14 in this segment should we not be starting to see a re-acceleration in growth as the mix gets more favorable in the prepaid segment?

Rob Bruce - Rogers Communications Inc. - President - Communications

Yes, Greg. It's Rob. Listen, you're right on; there's a lot of things going on on prepaid right now. I tried to touch on them a little bit earlier.

The mix of adds -- obviously, chatr is a significant factor in that; iPads and tablets and other things, many of those coming on prepaid as well. Again, modest in comparison to the chatr numbers we are seeing.

At the same time, traditional prepaid with card or voucher top-up is actually dropping off fairly significantly. Frankly, the higher-value customers are tending to move to prepayment and all-you-can-eat type plans like chatr, which I think reinforces the sound decision to actually launch chatr in the first place.

So net-net what is left is lower-value traditional prepaid customers, buoyed up by higher ARPUs coming out of chatr and coming out of iPads. And that is what is going on behind the scenes.

Operator

Jonathan Allen, RBC Capital Markets.

Jonathan Allen - RBC Capital Markets - Analyst

Thanks very much. Just a few small follow-up questions. First, I noticed that Bell has announced that they are doing some -- I think a \$3.00 Internet 5 TV rate increase sometime in May. Just wondering if you could remind us.

I think you had just done some rate increases this spring, but if you could remind us what you are doing there; and whether that is in your view a positive sign on competition between the two.

Just as a related follow-up question, it seems like Shaw seems to be I guess -- I don't want to use the word scrambling, but seemed to be under a little bit more pressure from Telus IPTV service out West. They are moving to increase their speeds, launching new boxes, and various other things.

You don't seem to be as concerned. Is that just a reflection that Bell is still quite a nascent service with the IPTV? Or do you have other things that are coming soon?

Rob Bruce - Rogers Communications Inc. - President - Communications

Yes, let me come back to the Shaw question first and just talk about price increases. Just to remind you, our price increases were implemented on March 1, and so those are all in place now.

Again, realizing that content costs continue to be a factor, particularly on the Video side, we understand why people feel under pressure to take those kind of price increases. So not surprised to see those kinds of things from Bell.



Talking a little bit about our plans from a Video product perspective I think are important. IPTV has been rolled out pretty aggressively in some subsets of the GTA; I think probably some of you on the call have felt that. For sure they are out there in strength hammering away with direct campaigns both by mail and by phone. And the intensity is for sure there.

But at this point, modest impacts. Again refer you back to Nadir's comments on churn decreasing -- and I do mean decreasing on our Video business as well.

There are three main thrusts for our plan in Video. We are committed to investing in our current platform. You have already seen some significant improvements in our user interface capabilities. We will continue to roll those out with enhanced search as well.

Working aggressively on more flexible pricing and packaging offers for customers, to make it even easier to choose Rogers. Delivering technology innovations around whole-home and remote PVR, and continuing to enable consumption of video on tablets is going to be a focus on our current platform.

We are working hard to extend our Video offerings to new platforms, grow and leverage the success of our Rogers on-demand online offering. Deliver Rogers on-demand on mobile, and continue that industry-leading work that we have done on TV Anywhere.

Lastly in terms of extending, we believe we have got a very comparable offering in terms of VOD with lots of assets, much more assets than anybody else has on VOD. We're going to continue to grow and focus on that.

Jonathan, in the longer run we are committed to launching an IP-based video platform that will deliver integrated, efficient cross-platform video delivery that leverages open standards so that we can innovate more quickly and really access a broad suite of third-party apps.

To start to enable some of that with our customers we have already launched two hybrid boxes. Almost 150,000 units out there, that start to support some of this enhanced functionality that we see in our future.

So we very, very much have a game plan. We feel like we are fully competitive and we have got great products now. And we think as we continue to roll out some of these key thrusts we will be in even better shape vis-à-vis IPTV and others going forward.

Nadir Mohamed - Rogers Communications Inc. - President, CEO

Jonathan, it's Nadir. Just one other thing, not so much on the product side, but again to be helpful in terms of what we clearly see as a pretty competitive environment on all fronts, including IPTV.

We have been pretty proactive in terms of retention as you can note from the last couple of quarters, where we have talked about pricing and if you will going and trying to secure our customer base through promotions. So that obviously is having some impact as well, but at a cost to us as well.

Operator

Vince Valentini, TD Securities.

Vince Valentini - TD Newcrest - Analyst

Yes, thanks very much. I wanted to shift back to the Wireless business for a sec. A lot of investors claim you are at a bit of a disadvantage versus Bell and Telus because of their network-sharing deal. So wondering, as you look forward to LTE and everybody is starting kind of starting from scratch, you have got this nice network-sharing deal with MTS in Manitoba on HSPA. I am assuming you could extend that to LTE in the future.

But for the rest of the country are you contemplating any deals and partnerships with some of these new entrants? Like Videotron has a pretty robust network in Quebec and obviously plans to be in wireless for a long time; and I am assuming Shaw will get there eventually.

Does it make sense to negate that Bell-Telus advantage by sharing your networks with others as you move to LTE?



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Nadir Mohamed - Rogers Communications Inc. - President, CEO

Vince, this is Nadir. Obviously not something that we want to cause speculation on. We have always been open to look at partnerships on networks along the lines of the ones you have already referred to. But you know, the caveat is always that -- remember that it is difficult when you are already in-market with the service and somebody is starting out anew.

So the deal has got to make sense. But we're always open, and nothing specific that I can add today.

Vince Valentini - TD Newcrest - Analyst

Okay, thanks.

Operator

Ladies and gentlemen, we have time for two more questions. Glen Campbell, Merrill Lynch.

Glen Campbell - BofA Merrill Lynch - Analyst

Yes, thanks very much. First on Cable, there was a question earlier about footprint. I mean we would estimate that you have got maybe a 10% to 15% IPTV footprint overlap. I wonder if you can confirm that?

Then just give us a sense of how churn compares there versus the rest of your footprint.

Rob Bruce - Rogers Communications Inc. - President - Communications

Well, I'm going to disappoint you today, Glen, because I actually don't have either of those numbers in front of me. They are probably numbers we could give you off-line, but probably not things we are going to be able to answer on the call today.

Glen Campbell - BofA Merrill Lynch - Analyst

Okay, fair enough. Maybe if I can follow up, with the migration to all-digital coming, it seems to me you will have the chance to reclaim a lot of bandwidth. Then you have outlined some initiative (technical difficulty)

Operator

Colin Moore, Credit Suisse.

Colin Moore - Credit Suisse - Analyst

Great, thank you and good evening, everyone. My question is just looking to drill down a bit on Voice, specifically roaming. You are starting to cycle increased competition on inbound roaming, as well as you are starting to cycle some data roaming plans you introduced earlier last year.

Could you provide some context of how much of a headwind roaming still is, and how that might evolve throughout the year?

Nadir Mohamed - Rogers Communications Inc. - President, CEO

Yes, Rob is just going to answer it. But, Glen, I apologize; I think somehow you got knocked off. So hopefully if we have time we will get you back. We didn't get a chance -- the question, so I apologize for that. Rob?



Rob Bruce - Rogers Communications Inc. - President - Communications

Hi, it's Rob back on roaming again. So roaming continues to be an area of the business that we face some modest challenges. It seems in spite of the rebound that we have all seen in the economy, roaming just doesn't really seem to be rebounding.

When you're looking at it on a year-over-year basis, at first blush you'd look at the numbers and you'd say revenue is down about \$16 million year-over-year, about 14%. I think the thing that we need to consider when we look at the roaming numbers is last year at this point we were in the Olympics, and there was about \$6 million of incremental Voice roaming that we could attribute to the Olympics, and frankly about between \$2 million and \$3 million of data roaming that went into that.

So I think when you scratch those out we are probably down about \$10 million year-over-year, and it is pretty evenly spread across inbound and outbound roaming, frankly.

So there is no big revelations, just that roaming in general has not come powering back, whether it is inbound or outbound. We have done a lot of work to try to stimulate roaming by making it more available and making it easier for customers so that when they land in a country we send them a message and make roaming packs and other things available. We are advertising aggressively in the airport.

But our efforts to stimulate it both with price and promotion don't be seeming to be able to move the yardsticks. There seems to be just -- it just seems to be very resistant to all our growth initiatives. So that is probably the top line of what is going on with roaming.

Operator

Glen Campbell, Merrill Lynch.

Glen Campbell - BofA Merrill Lynch - Analyst

Yes, thanks very much. Again on Cable, it seems to me you will have a nice digital dividend as you migrate to all-digital in the not-too-distant future. Could you talk about how you are thinking about reclaiming that analog bandwidth and whether we could perhaps look forward to Capex savings from that part of your program that maybe would pay for what you have got to do on the set-top side? Thanks.

Rob Bruce - Rogers Communications Inc. - President - Communications

Yes, quickly just to remind people on the call, our current Cable network is all-digital today; and we transmit back onto analog. So there isn't really any impact to Rogers Capex and Opex with the analog-to-digital conversion.

We do think there will be some noise in the market and consumers will all be struggling I think this summer to understand where they are. We have a full customer education program in place and plan to ensure that that confusion doesn't occur.

When we moved to clear the analog spectrum to deliver more services -- and in fact we are actually starting that tier migration process as we speak; we expect it to be completed in 2012. The reason that we haven't had to invest in the tier sooner is we made an investment in switched digital video which allows channels that are less frequently consumed to actually share spectrum. That has been a real savings in terms of us having to speed along and clear the spectrum.

So, Bob, did you want to add anything.

Bob Berner - Rogers Communications Inc. - CTO, EVP - Network

No, Rob, you're exactly right. We fully deployed switched digital video in market last year in Ontario; this year in the Atlantic. We have in Ontario probably greater than 50% of our content on the trailing end of viewership on switched digital video. That has had a tremendous benefit in terms of spectrum preservation. So nothing much more to add than that.



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Rob Bruce - Rogers Communications Inc. - President - Communications

Yes, Glen, we think there will be benefits in terms of signal theft and other things, but no gigantic dividends.

Glen Campbell - BofA Merrill Lynch - Analyst

Okay. Thanks very much.

Operator

We have no further questions at this time. Please continue.

Bruce Mann - Rogers Communications Inc. - VP IR

Okay. This is Bruce Mann. I wanted to just take a minute to thank everybody for participating this evening. I am not sure if we got through the whole queue or not. If we didn't, please feel free to give either myself or my colleague Dan Coombes a call. Both of our contact information is on today's earnings release.

We appreciate everybody's interest and support, and that concludes today's call. Thank you very much.

Operator

Ladies and gentlemen, this concludes the conference call for today. Thank you for participating. Please disconnect your lines.

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