



# Q2

## Supplementary Financial Information

Second Quarter 2019

**BCE Investor Relations**

Thane Fotopoulos

514-870-4619

[thane.fotopoulos@bell.ca](mailto:thane.fotopoulos@bell.ca)

# BCE

## Consolidated Operational Data

|   | Q2<br>2019       | Q2<br>2018       | \$ change        | % change       | YTD<br>2019      | YTD<br>2018      | \$ change        | % change       |
|---|------------------|------------------|------------------|----------------|------------------|------------------|------------------|----------------|
| <i>(In millions of Canadian dollars, except share amounts) (unaudited)</i>  |                  |                  |                  |                |                  |                  |                  |                |
| <b>Operating revenues</b>   |                  |                  |                  |                |                  |                  |                  |                |
| Service   | 5,231            | 5,129            | 102              | 2.0%           | 10,276           | 10,093           | 183              | 1.8%           |
| Product   | 699              | 657              | 42               | 6.4%           | 1,388            | 1,283            | 105              | 8.2%           |
| <b>Total operating revenues</b>   | <b>5,930</b>     | <b>5,786</b>     | <b>144</b>       | <b>2.5%</b>    | <b>11,664</b>    | <b>11,376</b>    | <b>288</b>       | <b>2.5%</b>    |
| Operating costs <sup>(A)</sup>  | (3,277)          | (3,293)          | 16               | 0.5%           | (6,533)          | (6,556)          | 23               | 0.4%           |
| Post-employment benefit plans service cost  | (58)             | (63)             | 5                | 7.9%           | (127)            | (136)            | 9                | 6.6%           |
| <b>Adjusted EBITDA <sup>(4)</sup></b>   | <b>2,595</b>     | <b>2,430</b>     | <b>165</b>       | <b>6.8%</b>    | <b>5,004</b>     | <b>4,684</b>     | <b>320</b>       | <b>6.8%</b>    |
| <b>Adjusted EBITDA margin <sup>(4)</sup></b>  | <b>43.8%</b>     | <b>42.0%</b>     |                  | <b>1.8 pts</b> | <b>42.9%</b>     | <b>41.2%</b>     |                  | <b>1.7 pts</b> |
| Severance, acquisition and other costs  | (39)             | (24)             | (15)             | (62.5%)        | (63)             | (24)             | (39)             | n.m.           |
| Depreciation  | (888)            | (787)            | (101)            | (12.8%)        | (1,770)          | (1,567)          | (203)            | (13.0%)        |
| Amortization  | (223)            | (221)            | (2)              | (0.9%)         | (444)            | (433)            | (11)             | (2.5%)         |
| Finance costs   |                  |                  |                  |                |                  |                  |                  |                |
| Interest expense  | (281)            | (246)            | (35)             | (14.2%)        | (564)            | (486)            | (78)             | (16.0%)        |
| Interest on post-employment benefit obligations   | (15)             | (17)             | 2                | 11.8%          | (31)             | (34)             | 3                | 8.8%           |
| Other (expense) income  | (56)             | (88)             | 32               | 36.4%          | 45               | (149)            | 194              | n.m.           |
| Income taxes  | (276)            | (292)            | 16               | 5.5%           | (569)            | (527)            | (42)             | (8.0%)         |
| <b>Net earnings</b>   | <b>817</b>       | <b>755</b>       | <b>62</b>        | <b>8.2%</b>    | <b>1,608</b>     | <b>1,464</b>     | <b>144</b>       | <b>9.8%</b>    |
| <b>Net earnings attributable to:</b>  |                  |                  |                  |                |                  |                  |                  |                |
| Common shareholders   | 761              | 704              | 57               | 8.1%           | 1,501            | 1,365            | 136              | 10.0%          |
| Preferred shareholders  | 38               | 35               | 3                | 8.6%           | 76               | 71               | 5                | 7.0%           |
| Non-controlling interest  | 18               | 16               | 2                | 12.5%          | 31               | 28               | 3                | 10.7%          |
| <b>Net earnings</b>   | <b>817</b>       | <b>755</b>       | <b>62</b>        | <b>8.2%</b>    | <b>1,608</b>     | <b>1,464</b>     | <b>144</b>       | <b>9.8%</b>    |
| Net earnings per common share - basic and diluted   | \$ 0.85          | \$ 0.79          | \$ 0.06          | 7.6%           | \$ 1.67          | \$ 1.52          | \$ 0.15          | 9.9%           |
| <b>Dividends per common share</b>   | <b>\$ 0.7925</b> | <b>\$ 0.7550</b> | <b>\$ 0.0375</b> | <b>5.0%</b>    | <b>\$ 1.5850</b> | <b>\$ 1.5100</b> | <b>\$ 0.0750</b> | <b>5.0%</b>    |
| <b>Weighted average number of common shares outstanding - basic (millions)</b>  | <b>899.5</b>     | <b>898.0</b>     |                  |                | <b>898.9</b>     | <b>899.1</b>     |                  |                |
| <b>Weighted average number of common shares outstanding - diluted (millions)</b>  | <b>900.3</b>     | <b>898.3</b>     |                  |                | <b>899.4</b>     | <b>899.4</b>     |                  |                |
| <b>Number of common shares outstanding (millions)</b>   | <b>900.1</b>     | <b>898.0</b>     |                  |                | <b>900.1</b>     | <b>898.0</b>     |                  |                |
| <b>Adjusted net earnings and EPS</b>  |                  |                  |                  |                |                  |                  |                  |                |
| <b>Net earnings attributable to common shareholders</b>   | <b>761</b>       | <b>704</b>       | <b>57</b>        | <b>8.1%</b>    | <b>1,501</b>     | <b>1,365</b>     | <b>136</b>       | <b>10.0%</b>   |
| Severance, acquisition and other costs  | 28               | 18               | 10               | 55.6%          | 46               | 17               | 29               | n.m.           |
| Net mark-to-market (gains) losses on derivatives used to economically hedge equity settled share-based compensation plans | (9)              | 22               | (31)             | n.m.           | (82)             | 78               | (160)            | n.m.           |
| Net losses on investments   | 53               | 20               | 33               | n.m.           | 57               | 20               | 37               | n.m.           |
| Early debt redemption costs   | 13               | 13               | -                | -              | 13               | 13               | -                | -              |
| Impairment charges  | 1                | -                | 1                | n.m.           | 4                | 3                | 1                | 33.3%          |
| <b>Adjusted net earnings <sup>(4)</sup></b>   | <b>847</b>       | <b>777</b>       | <b>70</b>        | <b>9.0%</b>    | <b>1,539</b>     | <b>1,496</b>     | <b>43</b>        | <b>2.9%</b>    |
| <b>Impact on net earnings per share</b>   | <b>\$ 0.09</b>   | <b>\$ 0.07</b>   | <b>\$ 0.02</b>   | <b>28.6%</b>   | <b>\$ 0.04</b>   | <b>\$ 0.14</b>   | <b>\$ (0.10)</b> | <b>(71.4%)</b> |
| <b>Adjusted EPS <sup>(4)</sup></b>  | <b>\$ 0.94</b>   | <b>\$ 0.86</b>   | <b>\$ 0.08</b>   | <b>9.3%</b>    | <b>\$ 1.71</b>   | <b>\$ 1.66</b>   | <b>\$ 0.05</b>   | <b>3.0%</b>    |

n.m. : not meaningful

<sup>(A)</sup> Excludes post-employment benefit plans service cost

**BCE**  
**Consolidated Operational Data - Historical Trend**

| <i>(In millions of Canadian dollars, except share amounts) (unaudited)</i>  | YTD<br>2019      | Q2 19            | Q1 19     | TOTAL<br>2018 | Q4 18     | Q3 18     | Q2 18     | Q1 18     |
|---|------------------|------------------|-----------|---------------|-----------|-----------|-----------|-----------|
| <b>Operating revenues</b>   |                  |                  |           |               |           |           |           |           |
| Service   | 10,276           | 5,231            | 5,045     | 20,441        | 5,231     | 5,117     | 5,129     | 4,964     |
| Product   | 1,388            | 699              | 689       | 3,027         | 984       | 760       | 657       | 626       |
| <b>Total operating revenues</b>   | <b>11,664</b>    | <b>5,930</b>     | 5,734     | 23,468        | 6,215     | 5,877     | 5,786     | 5,590     |
| Operating costs <sup>(A)</sup>  | (6,533)          | (3,277)          | (3,256)   | (13,667)      | (3,756)   | (3,355)   | (3,293)   | (3,263)   |
| Post-employment benefit plans service cost  | (127)            | (58)             | (69)      | (266)         | (65)      | (65)      | (63)      | (73)      |
| <b>Adjusted EBITDA</b>  | <b>5,004</b>     | <b>2,595</b>     | 2,409     | 9,535         | 2,394     | 2,457     | 2,430     | 2,254     |
| <b>Adjusted EBITDA margin</b>   | <b>42.9%</b>     | <b>43.8%</b>     | 42.0%     | 40.6%         | 38.5%     | 41.8%     | 42.0%     | 40.3%     |
| Severance, acquisition and other costs  | (63)             | (39)             | (24)      | (136)         | (58)      | (54)      | (24)      | -         |
| Depreciation  | (1,770)          | (888)            | (882)     | (3,145)       | (799)     | (779)     | (787)     | (780)     |
| Amortization  | (444)            | (223)            | (221)     | (869)         | (216)     | (220)     | (221)     | (212)     |
| Finance costs   |                  |                  |           |               |           |           |           |           |
| Interest expense  | (564)            | (281)            | (283)     | (1,000)       | (259)     | (255)     | (246)     | (240)     |
| Interest on post-employment benefit obligations   | (31)             | (15)             | (16)      | (69)          | (18)      | (17)      | (17)      | (17)      |
| Other income (expense)  | 45               | (56)             | 101       | (348)         | (158)     | (41)      | (88)      | (61)      |
| Income taxes  | (569)            | (276)            | (293)     | (995)         | (244)     | (224)     | (292)     | (235)     |
| <b>Net earnings</b>   | <b>1,608</b>     | <b>817</b>       | 791       | 2,973         | 642       | 867       | 755       | 709       |
| <b>Net earnings attributable to:</b>  |                  |                  |           |               |           |           |           |           |
| Common shareholders   | 1,501            | 761              | 740       | 2,785         | 606       | 814       | 704       | 661       |
| Preferred shareholders  | 76               | 38               | 38        | 144           | 37        | 36        | 35        | 36        |
| Non-controlling interest  | 31               | 18               | 13        | 44            | (1)       | 17        | 16        | 12        |
| <b>Net earnings</b>   | <b>1,608</b>     | <b>817</b>       | 791       | 2,973         | 642       | 867       | 755       | 709       |
| Net earnings per common share - basic and diluted   | \$ 1.67          | \$ 0.85          | \$ 0.82   | \$ 3.10       | \$ 0.68   | \$ 0.90   | \$ 0.79   | \$ 0.73   |
| <b>Dividends per common share</b>   | <b>\$ 1.5850</b> | <b>\$ 0.7925</b> | \$ 0.7925 | \$ 3.0200     | \$ 0.7550 | \$ 0.7550 | \$ 0.7550 | \$ 0.7550 |
| <b>Weighted average number of common shares outstanding - basic (millions)</b>  | <b>898.9</b>     | <b>899.5</b>     | 898.4     | 898.6         | 898.1     | 898.0     | 898.0     | 900.2     |
| <b>Weighted average number of common shares outstanding - diluted (millions)</b>  | <b>899.4</b>     | <b>900.3</b>     | 898.7     | 898.9         | 898.4     | 898.3     | 898.3     | 900.6     |
| <b>Number of common shares outstanding (millions)</b>   | <b>900.1</b>     | <b>900.1</b>     | 898.8     | 898.2         | 898.2     | 898.0     | 898.0     | 898.0     |
| <b>Adjusted net earnings and EPS</b>  |                  |                  |           |               |           |           |           |           |
| <b>Net earnings attributable to common shareholders</b>   | <b>1,501</b>     | <b>761</b>       | 740       | 2,785         | 606       | 814       | 704       | 661       |
| Severance, acquisition and other costs  | 46               | 28               | 18        | 100           | 44        | 39        | 18        | (1)       |
| Net mark-to-market (gains) losses on derivatives used to economically hedge equity settled share-based compensation plans | (82)             | (9)              | (73)      | 58            | (25)      | 5         | 22        | 56        |
| Net losses on investments   | 57               | 53               | 4         | 47            | 27        | -         | 20        | -         |
| Early debt redemption costs   | 13               | 13               | -         | 15            | -         | 2         | 13        | -         |
| Impairment charges  | 4                | 1                | 3         | 146           | 142       | 1         | -         | 3         |
| <b>Adjusted net earnings</b>  | <b>1,539</b>     | <b>847</b>       | 692       | 3,151         | 794       | 861       | 777       | 719       |
| <b>Impact on net earnings per share</b>   | <b>\$ 0.04</b>   | <b>\$ 0.09</b>   | \$ (0.05) | \$ 0.41       | \$ 0.21   | \$ 0.06   | \$ 0.07   | \$ 0.07   |
| <b>Adjusted EPS</b>   | <b>\$ 1.71</b>   | <b>\$ 0.94</b>   | \$ 0.77   | \$ 3.51       | \$ 0.89   | \$ 0.96   | \$ 0.86   | \$ 0.80   |

<sup>(A)</sup> Excludes post-employment benefit plans service cost

**BCE** <sup>(1) (2) (3)</sup>  
**Segmented Data**

| <i>(In millions of Canadian dollars, except where otherwise indicated) (unaudited)</i> | <b>Q2<br/>2019</b> | Q2<br>2018 | \$ change | % change | <b>YTD<br/>2019</b> | YTD<br>2018 | \$ change | % change |
|--|--------------------|------------|-----------|----------|---------------------|-------------|-----------|----------|
| <b>Operating revenues</b>  |                    |            |           |          |                     |             |           |          |
| <b>Bell Wireless</b>   | <b>2,189</b>       | 2,121      | 68        | 3.2%     | <b>4,301</b>        | 4,142       | 159       | 3.8%     |
| <b>Bell Wireline</b>   | <b>3,088</b>       | 3,061      | 27        | 0.9%     | <b>6,152</b>        | 6,070       | 82        | 1.4%     |
| <b>Bell Media</b>  | <b>842</b>         | 791        | 51        | 6.4%     | <b>1,587</b>        | 1,540       | 47        | 3.1%     |
| Inter-segment eliminations   | <b>(189)</b>       | (187)      | (2)       | (1.1%)   | <b>(376)</b>        | (376)       | -         | -        |
| <b>Total</b>   | <b>5,930</b>       | 5,786      | 144       | 2.5%     | <b>11,664</b>       | 11,376      | 288       | 2.5%     |
| <b>Operating costs</b>   |                    |            |           |          |                     |             |           |          |
| <b>Bell Wireless</b>   | <b>(1,209)</b>     | (1,229)    | 20        | 1.6%     | <b>(2,416)</b>      | (2,439)     | 23        | 0.9%     |
| <b>Bell Wireline</b>   | <b>(1,727)</b>     | (1,728)    | 1         | 0.1%     | <b>(3,452)</b>      | (3,424)     | (28)      | (0.8%)   |
| <b>Bell Media</b>  | <b>(588)</b>       | (586)      | (2)       | (0.3%)   | <b>(1,168)</b>      | (1,205)     | 37        | 3.1%     |
| Inter-segment eliminations   | <b>189</b>         | 187        | 2         | 1.1%     | <b>376</b>          | 376         | -         | -        |
| <b>Total</b>   | <b>(3,335)</b>     | (3,356)    | 21        | 0.6%     | <b>(6,660)</b>      | (6,692)     | 32        | 0.5%     |
| <b>Adjusted EBITDA</b>   |                    |            |           |          |                     |             |           |          |
| <b>Bell Wireless</b>   | <b>980</b>         | 892        | 88        | 9.9%     | <b>1,885</b>        | 1,703       | 182       | 10.7%    |
| Margin   | <b>44.8%</b>       | 42.1%      |           | 2.7 pts  | <b>43.8%</b>        | 41.1%       |           | 2.7 pts  |
| <b>Bell Wireline</b>   | <b>1,361</b>       | 1,333      | 28        | 2.1%     | <b>2,700</b>        | 2,646       | 54        | 2.0%     |
| Margin   | <b>44.1%</b>       | 43.5%      |           | 0.6 pts  | <b>43.9%</b>        | 43.6%       |           | 0.3 pts  |
| <b>Bell Media</b>  | <b>254</b>         | 205        | 49        | 23.9%    | <b>419</b>          | 335         | 84        | 25.1%    |
| Margin   | <b>30.2%</b>       | 25.9%      |           | 4.3 pts  | <b>26.4%</b>        | 21.8%       |           | 4.6 pts  |
| <b>Total</b>   | <b>2,595</b>       | 2,430      | 165       | 6.8%     | <b>5,004</b>        | 4,684       | 320       | 6.8%     |
| Margin   | <b>43.8%</b>       | 42.0%      |           | 1.8 pts  | <b>42.9%</b>        | 41.2%       |           | 1.7 pts  |
| <b>Capital expenditures</b>  |                    |            |           |          |                     |             |           |          |
| <b>Bell Wireless</b>   | <b>168</b>         | 181        | 13        | 7.2%     | <b>319</b>          | 348         | 29        | 8.3%     |
| Capital intensity <sup>(5)</sup>   | <b>7.7%</b>        | 8.5%       |           | 0.8 pts  | <b>7.4%</b>         | 8.4%        |           | 1.0 pts  |
| <b>Bell Wireline</b>   | <b>780</b>         | 843        | 63        | 7.5%     | <b>1,454</b>        | 1,587       | 133       | 8.4%     |
| Capital intensity  | <b>25.3%</b>       | 27.5%      |           | 2.2 pts  | <b>23.6%</b>        | 26.1%       |           | 2.5 pts  |
| <b>Bell Media</b>  | <b>24</b>          | 32         | 8         | 25.0%    | <b>49</b>           | 52          | 3         | 5.8%     |
| Capital intensity  | <b>2.9%</b>        | 4.0%       |           | 1.1 pts  | <b>3.1%</b>         | 3.4%        |           | 0.3 pts  |
| <b>Total</b>   | <b>972</b>         | 1,056      | 84        | 8.0%     | <b>1,822</b>        | 1,987       | 165       | 8.3%     |
| Capital intensity  | <b>16.4%</b>       | 18.3%      |           | 1.9 pts  | <b>15.6%</b>        | 17.5%       |           | 1.9 pts  |

## Segmented Data - Historical Trend

|  | YTD<br>2019    | Q2 19          | Q1 19          | TOTAL<br>2018   | Q4 18          | Q3 18          | Q2 18          | Q1 18          |
|--|----------------|----------------|----------------|-----------------|----------------|----------------|----------------|----------------|
| <i>(In millions of Canadian dollars, except where otherwise indicated) (unaudited)</i> |                |                |                |                 |                |                |                |                |
| <b>Operating revenues</b>  |                |                |                |                 |                |                |                |                |
| Bell Wireless  | 4,301          | 2,189          | 2,112          | 8,818           | 2,407          | 2,269          | 2,121          | 2,021          |
| Bell Wireline  | 6,152          | 3,088          | 3,064          | 12,267          | 3,137          | 3,060          | 3,061          | 3,009          |
| Bell Media   | 1,587          | 842            | 745            | 3,121           | 850            | 731            | 791            | 749            |
| Inter-segment eliminations   | (376)          | (189)          | (187)          | (738)           | (179)          | (183)          | (187)          | (189)          |
| <b>Total</b>   | <b>11,664</b>  | <b>5,930</b>   | <b>5,734</b>   | <b>23,468</b>   | <b>6,215</b>   | <b>5,877</b>   | <b>5,786</b>   | <b>5,590</b>   |
| <b>Operating costs</b>   |                |                |                |                 |                |                |                |                |
| Bell Wireless  | (2,416)        | (1,209)        | (1,207)        | (5,297)         | (1,528)        | (1,330)        | (1,229)        | (1,210)        |
| Bell Wireline  | (3,452)        | (1,727)        | (1,725)        | (6,946)         | (1,798)        | (1,724)        | (1,728)        | (1,696)        |
| Bell Media   | (1,168)        | (588)          | (580)          | (2,428)         | (674)          | (549)          | (586)          | (619)          |
| Inter-segment eliminations   | 376            | 189            | 187            | 738             | 179            | 183            | 187            | 189            |
| <b>Total</b>   | <b>(6,660)</b> | <b>(3,335)</b> | <b>(3,325)</b> | <b>(13,933)</b> | <b>(3,821)</b> | <b>(3,420)</b> | <b>(3,356)</b> | <b>(3,336)</b> |
| <b>Adjusted EBITDA</b>   |                |                |                |                 |                |                |                |                |
| Bell Wireless  | 1,885          | 980            | 905            | 3,521           | 879            | 939            | 892            | 811            |
| Margin   | 43.8%          | 44.8%          | 42.9%          | 39.9%           | 36.5%          | 41.4%          | 42.1%          | 40.1%          |
| Bell Wireline  | 2,700          | 1,361          | 1,339          | 5,321           | 1,339          | 1,336          | 1,333          | 1,313          |
| Margin   | 43.9%          | 44.1%          | 43.7%          | 43.4%           | 42.7%          | 43.7%          | 43.5%          | 43.6%          |
| Bell Media   | 419            | 254            | 165            | 693             | 176            | 182            | 205            | 130            |
| Margin   | 26.4%          | 30.2%          | 22.1%          | 22.2%           | 20.7%          | 24.9%          | 25.9%          | 17.4%          |
| <b>Total</b>   | <b>5,004</b>   | <b>2,595</b>   | <b>2,409</b>   | <b>9,535</b>    | <b>2,394</b>   | <b>2,457</b>   | <b>2,430</b>   | <b>2,254</b>   |
| Margin   | 42.9%          | 43.8%          | 42.0%          | 40.6%           | 38.5%          | 41.8%          | 42.0%          | 40.3%          |
| <b>Capital expenditures</b>  |                |                |                |                 |                |                |                |                |
| Bell Wireless  | 319            | 168            | 151            | 664             | 133            | 183            | 181            | 167            |
| Capital intensity  | 7.4%           | 7.7%           | 7.1%           | 7.5%            | 5.5%           | 8.1%           | 8.5%           | 8.3%           |
| Bell Wireline  | 1,454          | 780            | 674            | 3,193           | 809            | 797            | 843            | 744            |
| Capital intensity  | 23.6%          | 25.3%          | 22.0%          | 26.0%           | 25.8%          | 26.0%          | 27.5%          | 24.7%          |
| Bell Media   | 49             | 24             | 25             | 114             | 32             | 30             | 32             | 20             |
| Capital intensity  | 3.1%           | 2.9%           | 3.4%           | 3.7%            | 3.8%           | 4.1%           | 4.0%           | 2.7%           |
| <b>Total</b>   | <b>1,822</b>   | <b>972</b>     | <b>850</b>     | <b>3,971</b>    | <b>974</b>     | <b>1,010</b>   | <b>1,056</b>   | <b>931</b>     |
| Capital intensity  | 15.6%          | 16.4%          | 14.8%          | 16.9%           | 15.7%          | 17.2%          | 18.3%          | 16.7%          |

| <i>(In millions of Canadian dollars, except where otherwise indicated) (unaudited)</i> | Q2<br>2019       | Q2<br>2018   | % change       | YTD<br>2019      | YTD<br>2018  | % change       |
|--|------------------|--------------|----------------|------------------|--------------|----------------|
| <b>Bell Wireless</b>   |                  |              |                |                  |              |                |
| <b>Operating revenues</b>  |                  |              |                |                  |              |                |
| External service revenues  | 1,606            | 1,566        | 2.6%           | 3,160            | 3,068        | 3.0%           |
| Inter-segment service revenues   | 12               | 12           | -              | 24               | 24           | -              |
| <b>Total operating service revenues</b>  | <b>1,618</b>     | <b>1,578</b> | <b>2.5%</b>    | <b>3,184</b>     | <b>3,092</b> | <b>3.0%</b>    |
| External product revenues  | 569              | 541          | 5.2%           | 1,114            | 1,047        | 6.4%           |
| Inter-segment product revenues   | 2                | 2            | -              | 3                | 3            | -              |
| <b>Total operating product revenues</b>  | <b>571</b>       | <b>543</b>   | <b>5.2%</b>    | <b>1,117</b>     | <b>1,050</b> | <b>6.4%</b>    |
| <b>Total external revenues</b>   | <b>2,175</b>     | <b>2,107</b> | <b>3.2%</b>    | <b>4,274</b>     | <b>4,115</b> | <b>3.9%</b>    |
| <b>Total operating revenues</b>  | <b>2,189</b>     | <b>2,121</b> | <b>3.2%</b>    | <b>4,301</b>     | <b>4,142</b> | <b>3.8%</b>    |
| Operating costs  | (1,209)          | (1,229)      | 1.6%           | (2,416)          | (2,439)      | 0.9%           |
| <b>Adjusted EBITDA</b>   | <b>980</b>       | <b>892</b>   | <b>9.9%</b>    | <b>1,885</b>     | <b>1,703</b> | <b>10.7%</b>   |
| <i>Adjusted EBITDA margin (Total operating revenues)</i>                               | <b>44.8%</b>     | <b>42.1%</b> | <b>2.7 pts</b> | <b>43.8%</b>     | <b>41.1%</b> | <b>2.7 pts</b> |
| Capital expenditures   | 168              | 181          | 7.2%           | 319              | 348          | 8.3%           |
| <i>Capital intensity</i>   | <b>7.7%</b>      | <b>8.5%</b>  | <b>0.8 pts</b> | <b>7.4%</b>      | <b>8.4%</b>  | <b>1.0 pts</b> |
| Wireless subscriber gross activations <sup>(5)</sup>                                   | <b>517,650</b>   | 468,152      | 10.6%          | <b>927,951</b>   | 872,942      | 6.3%           |
| Postpaid   | <b>375,094</b>   | 394,136      | (4.8%)         | <b>695,652</b>   | 741,455      | (6.2%)         |
| Prepaid  | <b>142,556</b>   | 74,016       | 92.6%          | <b>232,299</b>   | 131,487      | 76.7%          |
| Wireless subscriber net activations (losses)   | <b>149,478</b>   | 114,486      | 30.6%          | <b>187,760</b>   | 158,863      | 18.2%          |
| Postpaid   | <b>102,980</b>   | 122,092      | (15.7%)        | <b>153,184</b>   | 190,579      | (19.6%)        |
| Prepaid  | <b>46,498</b>    | (7,606)      | 711.3%         | <b>34,576</b>    | (31,716)     | 209.0%         |
| Wireless subscribers end of period (EOP) <sup>(A)</sup>                                | <b>9,630,313</b> | 9,309,534    | 3.4%           | <b>9,630,313</b> | 9,309,534    | 3.4%           |
| Postpaid <sup>(A)</sup>  | <b>8,911,169</b> | 8,593,113    | 3.7%           | <b>8,911,169</b> | 8,593,113    | 3.7%           |
| Prepaid <sup>(A)</sup>   | <b>719,144</b>   | 716,421      | 0.4%           | <b>719,144</b>   | 716,421      | 0.4%           |
| Blended average billing per user (ABPU)(\$/month) <sup>(5)(B)</sup>                    | <b>68.79</b>     | 67.71        | 1.6%           | <b>68.08</b>     | 67.14        | 1.4%           |
| Churn (%) (average per month) <sup>(5)</sup>   | <b>1.29%</b>     | 1.28%        | (0.01) pts     | <b>1.30%</b>     | 1.29%        | (0.01) pts     |
| Postpaid   | <b>1.06%</b>     | 1.10%        | 0.04 pts       | <b>1.06%</b>     | 1.12%        | 0.06 pts       |
| Prepaid  | <b>4.20%</b>     | 3.34%        | (0.86) pts     | <b>4.34%</b>     | 3.37%        | (0.97) pts     |

<sup>(A)</sup> At the beginning of Q1 2019, we adjusted our wireless subscriber base to remove 167,929 subscribers (72,231 postpaid and 95,698 prepaid) as follows:

- 65,798 subscribers (19,195 postpaid and 46,603 prepaid), due to the completion of the shutdown of the code division multiple access (CDMA) network on April 30, 2019
- 49,095 prepaid subscribers as a result of a change to our deactivation policy, mainly from 120 days for Bell/Virgin Mobile Canada (Virgin Mobile) and 150 days for Lucky Mobile to 90 days
- 43,670 postpaid subscribers relating to Internet of Things (IoT) due to the further refinement of our subscriber definition as a result of technology evolution
- 9,366 postpaid fixed wireless Internet subscribers which were transferred to our retail high-speed Internet subscriber base

<sup>(B)</sup> Our Q1 2018 blended ABPU was adjusted to exclude the unfavourable retroactive impact of the CRTC decision on wholesale wireless domestic roaming rates of \$14 million.

**Bell Wireless - Historical Trend**

| <i>(In millions of Canadian dollars, except where otherwise indicated) (unaudited)</i> | YTD<br>2019  | Q2 19        | Q1 19        | TOTAL<br>2018 | Q4 18        | Q3 18        | Q2 18        | Q1 18        |
|--|--------------|--------------|--------------|---------------|--------------|--------------|--------------|--------------|
| <b>Bell Wireless</b>   |              |              |              |               |              |              |              |              |
| <b>Operating revenues</b>  |              |              |              |               |              |              |              |              |
| External service revenues  | 3,160        | 1,606        | 1,554        | 6,269         | 1,581        | 1,620        | 1,566        | 1,502        |
| Inter-segment service revenues   | 24           | 12           | 12           | 48            | 12           | 12           | 12           | 12           |
| <b>Total operating service revenues</b>  | <b>3,184</b> | <b>1,618</b> | <b>1,566</b> | <b>6,317</b>  | <b>1,593</b> | <b>1,632</b> | <b>1,578</b> | <b>1,514</b> |
| External product revenues  | 1,114        | 569          | 545          | 2,497         | 814          | 636          | 541          | 506          |
| Inter-segment product revenues   | 3            | 2            | 1            | 4             | -            | 1            | 2            | 1            |
| <b>Total operating product revenues</b>  | <b>1,117</b> | <b>571</b>   | <b>546</b>   | <b>2,501</b>  | <b>814</b>   | <b>637</b>   | <b>543</b>   | <b>507</b>   |
| <b>Total external revenues</b>   | <b>4,274</b> | <b>2,175</b> | <b>2,099</b> | <b>8,766</b>  | <b>2,395</b> | <b>2,256</b> | <b>2,107</b> | <b>2,008</b> |
| <b>Total operating revenues</b>  | <b>4,301</b> | <b>2,189</b> | <b>2,112</b> | <b>8,818</b>  | <b>2,407</b> | <b>2,269</b> | <b>2,121</b> | <b>2,021</b> |
| Operating costs  | (2,416)      | (1,209)      | (1,207)      | (5,297)       | (1,528)      | (1,330)      | (1,229)      | (1,210)      |
| <b>Adjusted EBITDA</b>   | <b>1,885</b> | <b>980</b>   | <b>905</b>   | <b>3,521</b>  | <b>879</b>   | <b>939</b>   | <b>892</b>   | <b>811</b>   |
| <i>Adjusted EBITDA margin (Total operating revenues)</i>                               | <b>43.8%</b> | <b>44.8%</b> | <b>42.9%</b> | <b>39.9%</b>  | <b>36.5%</b> | <b>41.4%</b> | <b>42.1%</b> | <b>40.1%</b> |
| Capital expenditures   | 319          | 168          | 151          | 664           | 133          | 183          | 181          | 167          |
| <i>Capital intensity</i>   | <b>7.4%</b>  | <b>7.7%</b>  | <b>7.1%</b>  | <b>7.5%</b>   | <b>5.5%</b>  | <b>8.1%</b>  | <b>8.5%</b>  | <b>8.3%</b>  |
| Wireless subscriber gross activations  | 927,951      | 517,650      | 410,301      | 1,954,792     | 546,203      | 535,647      | 468,152      | 404,790      |
| Postpaid   | 695,652      | 375,094      | 320,558      | 1,615,764     | 447,590      | 426,719      | 394,136      | 347,319      |
| Prepaid  | 232,299      | 142,556      | 89,743       | 339,028       | 98,613       | 108,928      | 74,016       | 57,471       |
| Wireless subscriber net activations (losses)   | 187,760      | 149,478      | 38,282       | 479,811       | 143,114      | 177,834      | 114,486      | 44,377       |
| Postpaid   | 153,184      | 102,980      | 50,204       | 447,682       | 121,780      | 135,323      | 122,092      | 68,487       |
| Prepaid  | 34,576       | 46,498       | (11,922)     | 32,129        | 21,334       | 42,511       | (7,606)      | (24,110)     |
| Wireless subscribers EOP <sup>(A)(B)</sup>   | 9,630,313    | 9,630,313    | 9,480,835    | 9,610,482     | 9,610,482    | 9,487,368    | 9,309,534    | 9,195,048    |
| Postpaid <sup>(A)(B)</sup>   | 8,911,169    | 8,911,169    | 8,808,189    | 8,830,216     | 8,830,216    | 8,728,436    | 8,593,113    | 8,471,021    |
| Prepaid <sup>(A)</sup>   | 719,144      | 719,144      | 672,646      | 780,266       | 780,266      | 758,932      | 716,421      | 724,027      |
| Blended ABPU (\$/month) <sup>(C)</sup>   | 68.08        | 68.79        | 67.35        | 67.76         | 67.46        | 69.28        | 67.71        | 66.56        |
| Churn (%)(average per month)   | 1.30%        | 1.29%        | 1.31%        | 1.32%         | 1.41%        | 1.27%        | 1.28%        | 1.31%        |
| Postpaid   | 1.06%        | 1.06%        | 1.07%        | 1.16%         | 1.26%        | 1.14%        | 1.10%        | 1.13%        |
| Prepaid  | 4.34%        | 4.20%        | 4.49%        | 3.17%         | 3.18%        | 2.76%        | 3.34%        | 3.40%        |

<sup>(A)</sup>At the beginning of Q1 2019, we adjusted our wireless subscriber base to remove 167,929 subscribers (72,231 postpaid and 95,698 prepaid) as follows:

- 65,798 subscribers (19,195 postpaid and 46,603 prepaid), due to the completion of the shutdown of the CDMA network on April 30, 2019
- 49,095 prepaid subscribers as a result of a change to our deactivation policy, mainly from 120 days for Bell/Virgin Mobile and 150 days for Lucky Mobile to 90 days
- 43,670 postpaid subscribers relating to IoT due to the further refinement of our subscriber definition as a result of technology evolution
- 9,366 postpaid fixed wireless Internet subscribers which were transferred to our retail high-speed Internet subscriber base

<sup>(B)</sup>At the beginning of Q4 2018, we adjusted our postpaid wireless subscriber base to remove 20,000 subscribers that we divested to Xplornet Communications Inc. as a result of BCE's acquisition of Manitoba Telecom Services Inc.

<sup>(C)</sup>Our Q1 2018 blended ABPU was adjusted to exclude the unfavourable retroactive impact of the CRTC decision on wholesale wireless domestic roaming rates of \$14 million.

**Bell Wireline** <sup>(1) (2) (3)</sup>

*(In millions of Canadian dollars, except where otherwise indicated) (unaudited)*

|  | Q2<br>2019   | Q2<br>2018   | % change       | YTD<br>2019  | YTD<br>2018  | % change       |
|--|--------------|--------------|----------------|--------------|--------------|----------------|
| <b>Bell Wireline</b>   |              |              |                |              |              |                |
| <b>Operating revenues</b>                                    |              |              |                |              |              |                |
| Data   | 1,929        | 1,869        | 3.2%           | 3,814        | 3,689        | 3.4%           |
| Voice  | 897          | 953          | (5.9%)         | 1,804        | 1,901        | (5.1%)         |
| Other services   | 62           | 64           | (3.1%)         | 121          | 127          | (4.7%)         |
| <b>Total external service revenues</b>                       | <b>2,888</b> | <b>2,886</b> | <b>0.1%</b>    | <b>5,739</b> | <b>5,717</b> | <b>0.4%</b>    |
| Inter-segment service revenues                               | 70           | 59           | 18.6%          | 139          | 117          | 18.8%          |
| <b>Total operating service revenues</b>                      | <b>2,958</b> | <b>2,945</b> | <b>0.4%</b>    | <b>5,878</b> | <b>5,834</b> | <b>0.8%</b>    |
| Data   | 120          | 98           | 22.4%          | 253          | 202          | 25.2%          |
| Equipment and other  | 10           | 18           | (44.4%)        | 21           | 34           | (38.2%)        |
| <b>Total external product revenues</b>                       | <b>130</b>   | <b>116</b>   | <b>12.1%</b>   | <b>274</b>   | <b>236</b>   | <b>16.1%</b>   |
| Inter-segment product revenues                               | -            | -            | -              | -            | -            | -              |
| <b>Total operating product revenues</b>                      | <b>130</b>   | <b>116</b>   | <b>12.1%</b>   | <b>274</b>   | <b>236</b>   | <b>16.1%</b>   |
| <b>Total external revenues</b>                               | <b>3,018</b> | <b>3,002</b> | <b>0.5%</b>    | <b>6,013</b> | <b>5,953</b> | <b>1.0%</b>    |
| <b>Total operating revenues</b>                              | <b>3,088</b> | <b>3,061</b> | <b>0.9%</b>    | <b>6,152</b> | <b>6,070</b> | <b>1.4%</b>    |
| Operating costs  | (1,727)      | (1,728)      | 0.1%           | (3,452)      | (3,424)      | (0.8%)         |
| <b>Adjusted EBITDA</b>                                       | <b>1,361</b> | <b>1,333</b> | <b>2.1%</b>    | <b>2,700</b> | <b>2,646</b> | <b>2.0%</b>    |
| <i>Adjusted EBITDA margin</i>                                | <b>44.1%</b> | <b>43.5%</b> | <b>0.6 pts</b> | <b>43.9%</b> | <b>43.6%</b> | <b>0.3 pts</b> |
| Capital expenditures   | 780          | 843          | 7.5%           | 1,454        | 1,587        | 8.4%           |
| <i>Capital intensity</i>                                     | <b>25.3%</b> | <b>27.5%</b> | <b>2.2 pts</b> | <b>23.6%</b> | <b>26.1%</b> | <b>2.5 pts</b> |
| <b>Retail high-speed Internet subscribers</b> <sup>(5)</sup> |              |              |                |              |              |                |
| Net activations <sup>(A)</sup>                               | 19,414       | 12,803       | 51.6%          | 42,085       | 30,959       | 35.9%          |
| Subscribers EOP <sup>(A) (B)</sup>                           | 3,461,825    | 3,324,734    | 4.1%           | 3,461,825    | 3,324,734    | 4.1%           |
| <b>Retail TV subscribers</b> <sup>(5)</sup>                  |              |              |                |              |              |                |
| Retail net subscriber activations (losses) <sup>(A)</sup>    | 2,350        | 5,452        | (56.9%)        | 790          | (4,902)      | 116.1%         |
| Internet protocol television (IPTV)                          | 16,775       | 20,653       | (18.8%)        | 37,691       | 34,226       | 10.1%          |
| Satellite  | (14,425)     | (15,201)     | 5.1%           | (36,901)     | (39,128)     | 5.7%           |
| Total retail subscribers EOP <sup>(A)</sup>                  | 2,767,201    | 2,739,950    | 1.0%           | 2,767,201    | 2,739,950    | 1.0%           |
| IPTV   | 1,713,397    | 1,599,142    | 7.1%           | 1,713,397    | 1,599,142    | 7.1%           |
| Satellite  | 1,053,804    | 1,140,808    | (7.6%)         | 1,053,804    | 1,140,808    | (7.6%)         |
| <b>Retail network access services (NAS)</b> <sup>(5)</sup>   |              |              |                |              |              |                |
| Residential NAS lines <sup>(A)</sup>                         | 2,821,249    | 3,094,060    | (8.8%)         | 2,821,249    | 3,094,060    | (8.8%)         |
| Residential NAS lines net losses <sup>(A)</sup>              | (72,780)     | (69,558)     | (4.6%)         | (139,559)    | (125,629)    | (11.1%)        |

<sup>(A)</sup> As of January 1, 2019, we are no longer reporting wholesale subscribers in our Internet, TV, and residential NAS subscriber bases reflecting our focus on the retail market. Consequently, we restated previously reported 2018 subscribers for comparability.

<sup>(B)</sup> At the beginning of Q1 2019, our retail high-speed Internet subscriber base was increased by 9,366 subscribers due to the transfer of fixed wireless Internet subscribers from our wireless segment.



**Bell Wireline - Historical Trend**

| <i>(In millions of Canadian dollars, except where otherwise indicated) (unaudited)</i> | YTD<br>2019  | Q2 19        | Q1 19     | TOTAL<br>2018 | Q4 18     | Q3 18     | Q2 18     | Q1 18     |
|--|--------------|--------------|-----------|---------------|-----------|-----------|-----------|-----------|
| <b>Bell Wireline</b>   |              |              |           |               |           |           |           |           |
| <b>Operating revenues</b>  |              |              |           |               |           |           |           |           |
| Data   | 3,814        | 1,929        | 1,885     | 7,466         | 1,910     | 1,867     | 1,869     | 1,820     |
| Voice  | 1,804        | 897          | 907       | 3,782         | 933       | 948       | 953       | 948       |
| Other services   | 121          | 62           | 59        | 247           | 60        | 60        | 64        | 63        |
| <b>Total external service revenues</b>   | <b>5,739</b> | <b>2,888</b> | 2,851     | 11,495        | 2,903     | 2,875     | 2,886     | 2,831     |
| Inter-segment service revenues   | 139          | 70           | 69        | 242           | 64        | 61        | 59        | 58        |
| <b>Total operating service revenues</b>  | <b>5,878</b> | <b>2,958</b> | 2,920     | 11,737        | 2,967     | 2,936     | 2,945     | 2,889     |
| Data   | 253          | 120          | 133       | 466           | 153       | 111       | 98        | 104       |
| Equipment and other  | 21           | 10           | 11        | 64            | 17        | 13        | 18        | 16        |
| <b>Total external product revenues</b>   | <b>274</b>   | <b>130</b>   | 144       | 530           | 170       | 124       | 116       | 120       |
| Inter-segment product revenues   | -            | -            | -         | -             | -         | -         | -         | -         |
| <b>Total operating product revenues</b>  | <b>274</b>   | <b>130</b>   | 144       | 530           | 170       | 124       | 116       | 120       |
| <b>Total external revenues</b>   | <b>6,013</b> | <b>3,018</b> | 2,995     | 12,025        | 3,073     | 2,999     | 3,002     | 2,951     |
| <b>Total operating revenues</b>  | <b>6,152</b> | <b>3,088</b> | 3,064     | 12,267        | 3,137     | 3,060     | 3,061     | 3,009     |
| Operating costs  | (3,452)      | (1,727)      | (1,725)   | (6,946)       | (1,798)   | (1,724)   | (1,728)   | (1,696)   |
| <b>Adjusted EBITDA</b>   | <b>2,700</b> | <b>1,361</b> | 1,339     | 5,321         | 1,339     | 1,336     | 1,333     | 1,313     |
| <i>Adjusted EBITDA margin</i>  | <b>43.9%</b> | <b>44.1%</b> | 43.7%     | 43.4%         | 42.7%     | 43.7%     | 43.5%     | 43.6%     |
| Capital expenditures   | 1,454        | 780          | 674       | 3,193         | 809       | 797       | 843       | 744       |
| <i>Capital intensity</i>   | <b>23.6%</b> | <b>25.3%</b> | 22.0%     | 26.0%         | 25.8%     | 26.0%     | 27.5%     | 24.7%     |
| <b>Retail high-speed Internet subscribers</b>  |              |              |           |               |           |           |           |           |
| Net activations <sup>(A)</sup>   | 42,085       | 19,414       | 22,671    | 116,599       | 32,518    | 53,122    | 12,803    | 18,156    |
| Subscribers EOP <sup>(A) (B)</sup>   | 3,461,825    | 3,461,825    | 3,442,411 | 3,410,374     | 3,410,374 | 3,377,856 | 3,324,734 | 3,311,931 |
| <b>Retail TV subscribers</b>   |              |              |           |               |           |           |           |           |
| Retail net subscriber activations (losses) <sup>(A)</sup>                              | 790          | 2,350        | (1,560)   | 21,559        | 13,231    | 13,230    | 5,452     | (10,354)  |
| IPTV   | 37,691       | 16,775       | 20,916    | 110,790       | 36,473    | 40,091    | 20,653    | 13,573    |
| Satellite  | (36,901)     | (14,425)     | (22,476)  | (89,231)      | (23,242)  | (26,861)  | (15,201)  | (23,927)  |
| Total retail subscribers EOP <sup>(A)</sup>  | 2,767,201    | 2,767,201    | 2,764,851 | 2,766,411     | 2,766,411 | 2,753,180 | 2,739,950 | 2,734,498 |
| IPTV   | 1,713,397    | 1,713,397    | 1,696,622 | 1,675,706     | 1,675,706 | 1,639,233 | 1,599,142 | 1,578,489 |
| Satellite  | 1,053,804    | 1,053,804    | 1,068,229 | 1,090,705     | 1,090,705 | 1,113,947 | 1,140,808 | 1,156,009 |
| <b>Retail network access services (NAS)</b>  |              |              |           |               |           |           |           |           |
| Residential NAS lines <sup>(A)</sup>   | 2,821,249    | 2,821,249    | 2,894,029 | 2,960,808     | 2,960,808 | 3,020,819 | 3,094,060 | 3,163,618 |
| Residential NAS lines net losses <sup>(A)</sup>  | (139,559)    | (72,780)     | (66,779)  | (258,881)     | (60,011)  | (73,241)  | (69,558)  | (56,071)  |

<sup>(A)</sup> As of January 1, 2019, we are no longer reporting wholesale subscribers in our Internet, TV and residential NAS subscriber bases reflecting our focus on the retail market. Consequently, we restated previously reported 2018 subscribers for comparability.

<sup>(B)</sup> At the beginning of Q1 2019, our retail high-speed Internet subscriber base was increased by 9,366 subscribers due to the transfer of fixed wireless Internet subscribers from our wireless segment.

## Net debt and other information

**BCE - Net debt and preferred shares***(In millions of Canadian dollars, except where otherwise indicated) (unaudited)*

|   | June 30<br>2019 | March 31<br>2019 | December 31<br>2018 |
|---|-----------------|------------------|---------------------|
| Debt due within one year                                  | 5,676           | 5,485            | 4,645               |
| Long-term debt  | 21,949          | 22,016           | 19,760              |
| 50% of preferred shares                                   | 2,002           | 2,002            | 2,002               |
| Cash and cash equivalents                                 | (1,094)         | (668)            | (425)               |
| <b>Net debt <sup>(4)</sup></b>                            | <b>28,533</b>   | 28,835           | 25,982              |
| Net debt leverage ratio <sup>(4)(A)</sup>                 | 2.90            | 2.98             | 2.72                |
| Adjusted EBITDA/net interest expense ratio <sup>(4)</sup> | 8.71            | 8.80             | 9.00                |

<sup>(A)</sup> Our net debt leverage ratio reflects a one-time increase due to the adoption of IFRS 16 which increased net debt by \$2,304 million on January 1, 2019. For further details, see section 4.1, *Net debt*, of the BCE Q2 2019 MD&A.

**Cash flow information***(In millions of Canadian dollars, except where otherwise indicated) (unaudited)*

|   | Q2<br>2019   | Q2<br>2018 | \$ change | % change | YTD<br>2019  | YTD<br>2018 | \$ change | % change |
|---|--------------|------------|-----------|----------|--------------|-------------|-----------|----------|
| <b>Free cash flow (FCF) <sup>(4)</sup></b>                      |              |            |           |          |              |             |           |          |
| Cash flows from operating activities                            | 2,093        | 2,057      | 36        | 1.8%     | 3,609        | 3,553       | 56        | 1.6%     |
| Capital expenditures  | (972)        | (1,056)    | 84        | 8.0%     | (1,822)      | (1,987)     | 165       | 8.3%     |
| Cash dividends paid on preferred shares                         | (37)         | (35)       | (2)       | (5.7%)   | (63)         | (68)        | 5         | 7.4%     |
| Cash dividends paid by subsidiaries to non-controlling interest | (12)         | -          | (12)      | n.m.     | (39)         | (13)        | (26)      | n.m.     |
| Acquisition and other costs paid                                | 21           | 28         | (7)       | (25.0%)  | 50           | 46          | 4         | 8.7%     |
| <b>FCF</b>  | <b>1,093</b> | 994        | 99        | 10.0%    | <b>1,735</b> | 1,531       | 204       | 13.3%    |

**Cash flow information - Historical trend***(In millions of Canadian dollars, except where otherwise indicated) (unaudited)*

|   | YTD<br>2019  | Q2<br>2019   | Q1<br>2019 | TOTAL<br>2018 | Q4<br>2018 | Q3<br>2018 | Q2<br>2018 | Q1<br>2018 |
|---|--------------|--------------|------------|---------------|------------|------------|------------|------------|
| <b>FCF</b>  |              |              |            |               |            |            |            |            |
| Cash flows from operating activities                            | 3,609        | 2,093        | 1,516      | 7,384         | 1,788      | 2,043      | 2,057      | 1,496      |
| Capital expenditures  | (1,822)      | (972)        | (850)      | (3,971)       | (974)      | (1,010)    | (1,056)    | (931)      |
| Cash dividends paid on preferred shares                         | (63)         | (37)         | (26)       | (149)         | (46)       | (35)       | (35)       | (33)       |
| Cash dividends paid by subsidiaries to non-controlling interest | (39)         | (12)         | (27)       | (16)          | -          | (3)        | -          | (13)       |
| Acquisition and other costs paid                                | 50           | 21           | 29         | 79            | 14         | 19         | 28         | 18         |
| Voluntary defined benefit pension plan contribution             | -            | -            | -          | 240           | 240        | -          | -          | -          |
| <b>FCF</b>  | <b>1,735</b> | <b>1,093</b> | 642        | 3,567         | 1,022      | 1,014      | 994        | 537        |

n.m. : not meaningful

## Consolidated Statements of Financial Position

|  | June 30<br>2019 | March 31<br>2019 | December 31<br>2018 |
|--|-----------------|------------------|---------------------|
| <i>(In millions of Canadian dollars, except where otherwise indicated) (unaudited)</i> |                 |                  |                     |
| <b>ASSETS</b>  |                 |                  |                     |
| <b>Current assets</b>  |                 |                  |                     |
| Cash   | 719             | 546              | 425                 |
| Cash equivalents   | 375             | 122              | -                   |
| Trade and other receivables  | 2,978           | 2,937            | 3,006               |
| Inventory  | 487             | 472              | 432                 |
| Contract assets  | 1,005           | 978              | 987                 |
| Contract costs   | 387             | 383              | 370                 |
| Prepaid expenses   | 349             | 350              | 244                 |
| Other current assets   | 189             | 246              | 329                 |
| <b>Total current assets</b>  | <b>6,489</b>    | <b>6,034</b>     | <b>5,793</b>        |
| <b>Non-current assets</b>  |                 |                  |                     |
| Contract assets  | 476             | 477              | 506                 |
| Contract costs   | 350             | 331              | 337                 |
| Property, plant and equipment  | 27,415          | 27,276           | 24,844              |
| Intangible assets  | 13,232          | 13,269           | 13,205              |
| Deferred tax assets  | 137             | 129              | 112                 |
| Investments in associates and joint ventures   | 740             | 803              | 798                 |
| Other non-current assets   | 700             | 864              | 847                 |
| Goodwill   | 10,674          | 10,657           | 10,658              |
| <b>Total non-current assets</b>  | <b>53,724</b>   | <b>53,806</b>    | <b>51,307</b>       |
| <b>Total assets</b>  | <b>60,213</b>   | <b>59,840</b>    | <b>57,100</b>       |
| <b>LIABILITIES</b>   |                 |                  |                     |
| <b>Current liabilities</b>   |                 |                  |                     |
| Trade payables and other liabilities   | 3,720           | 3,610            | 3,941               |
| Contract liabilities   | 708             | 733              | 703                 |
| Interest payable   | 215             | 203              | 196                 |
| Dividends payable  | 736             | 735              | 691                 |
| Current tax liabilities  | 287             | 218              | 253                 |
| Debt due within one year   | 5,676           | 5,485            | 4,645               |
| <b>Total current liabilities</b>   | <b>11,342</b>   | <b>10,984</b>    | <b>10,429</b>       |
| <b>Non-current liabilities</b>   |                 |                  |                     |
| Contract liabilities   | 219             | 204              | 196                 |
| Long-term debt   | 21,949          | 22,016           | 19,760              |
| Deferred tax liabilities   | 3,146           | 3,159            | 3,163               |
| Post-employment benefit obligations  | 2,158           | 1,998            | 1,866               |
| Other non-current liabilities  | 938             | 941              | 997                 |
| <b>Total non-current liabilities</b>   | <b>28,410</b>   | <b>28,318</b>    | <b>25,982</b>       |
| <b>Total liabilities</b>   | <b>39,752</b>   | <b>39,302</b>    | <b>36,411</b>       |
| <b>EQUITY</b>  |                 |                  |                     |
| <b>Equity attributable to BCE shareholders</b>   |                 |                  |                     |
| Preferred shares   | 4,004           | 4,004            | 4,004               |
| Common shares  | 20,144          | 20,067           | 20,036              |
| Contributed surplus  | 1,165           | 1,153            | 1,170               |
| Accumulated other comprehensive income   | 14              | 20               | 90                  |
| Deficit  | (5,195)         | (5,015)          | (4,937)             |
| <b>Total equity attributable to BCE shareholders</b>                                   | <b>20,132</b>   | <b>20,229</b>    | <b>20,363</b>       |
| <b>Non-controlling interest</b>  | <b>329</b>      | <b>309</b>       | <b>326</b>          |
| <b>Total equity</b>  | <b>20,461</b>   | <b>20,538</b>    | <b>20,689</b>       |
| <b>Total liabilities and equity</b>  | <b>60,213</b>   | <b>59,840</b>    | <b>57,100</b>       |
| <b>Number of common shares outstanding (millions)</b>                                  | <b>900.1</b>    | <b>898.8</b>     | <b>898.2</b>        |

## Consolidated Cash Flow Data

| <i>(In millions of Canadian dollars, except where otherwise indicated) (unaudited)</i> | Q2<br>2019   | Q2<br>2018   | \$ change  | YTD<br>2019  | YTD<br>2018  | \$ change  |
|--|--------------|--------------|------------|--------------|--------------|------------|
| Net earnings   | 817          | 755          | 62         | 1,608        | 1,464        | 144        |
| Adjustments to reconcile net earnings to cash flows from operating activities          |              |              |            |              |              |            |
| Severance, acquisition and other costs   | 39           | 24           | 15         | 63           | 24           | 39         |
| Depreciation and amortization  | 1,111        | 1,008        | 103        | 2,214        | 2,000        | 214        |
| Post-employment benefit plans cost   | 73           | 80           | (7)        | 158          | 170          | (12)       |
| Net interest expense   | 273          | 243          | 30         | 551          | 481          | 70         |
| Losses on investments  | -            | -            | -          | 4            | -            | 4          |
| Income taxes   | 276          | 292          | (16)       | 569          | 527          | 42         |
| Contributions to post-employment benefit plans   | (70)         | (74)         | 4          | (151)        | (161)        | 10         |
| Payments under other post-employment benefit plans                                     | (19)         | (19)         | -          | (37)         | (38)         | 1          |
| Severance and other costs paid   | (33)         | (33)         | -          | (99)         | (68)         | (31)       |
| Interest paid  | (270)        | (252)        | (18)       | (537)        | (488)        | (49)       |
| Income taxes paid (net of refunds)   | (127)        | (113)        | (14)       | (416)        | (397)        | (19)       |
| Acquisition and other costs paid   | (21)         | (28)         | 7          | (50)         | (46)         | (4)        |
| Net change in operating assets and liabilities   | 44           | 174          | (130)      | (268)        | 85           | (353)      |
| <b>Cash flows from operating activities</b>  | <b>2,093</b> | <b>2,057</b> | <b>36</b>  | <b>3,609</b> | <b>3,553</b> | <b>56</b>  |
| Capital expenditures   | (972)        | (1,056)      | 84         | (1,822)      | (1,987)      | 165        |
| Cash dividends paid on preferred shares  | (37)         | (35)         | (2)        | (63)         | (68)         | 5          |
| Cash dividends paid by subsidiaries to non-controlling interest                        | (12)         | -            | (12)       | (39)         | (13)         | (26)       |
| Acquisition and other costs paid   | 21           | 28           | (7)        | 50           | 46           | 4          |
| <b>Free cash flow</b>  | <b>1,093</b> | <b>994</b>   | <b>99</b>  | <b>1,735</b> | <b>1,531</b> | <b>204</b> |
| Business acquisitions  | (50)         | (21)         | (29)       | (50)         | (244)        | 194        |
| Acquisition and other costs paid   | (21)         | (28)         | 7          | (50)         | (46)         | (4)        |
| Acquisition of spectrum licences   | -            | -            | -          | -            | (36)         | 36         |
| Disposition of intangibles and other assets  | -            | -            | -          | -            | 68           | (68)       |
| Other investing activities   | 32           | (20)         | 52         | 8            | (55)         | 63         |
| Increase in notes payable  | 277          | 97           | 180        | 844          | 40           | 804        |
| (Decrease) increase in securitized trade receivables                                   | -            | (2)          | 2          | 31           | (2)          | 33         |
| Issue of long-term debt  | 1,405        | -            | 1,405      | 1,405        | 1,466        | (61)       |
| Repayment of long-term debt  | (1,599)      | (1,068)      | (531)      | (1,803)      | (1,241)      | (562)      |
| Issue of common shares   | 44           | 1            | 43         | 64           | 2            | 62         |
| Repurchase of common shares  | -            | -            | -          | -            | (175)        | 175        |
| Purchase of shares for settlement of share-based payments                              | (10)         | (49)         | 39         | (86)         | (137)        | 51         |
| Cash dividends paid on common shares   | (712)        | (678)        | (34)       | (1,390)      | (1,324)      | (66)       |
| Return of capital to non-controlling interest  | -            | (12)         | 12         | -            | (41)         | 41         |
| Other financing activities   | (33)         | (23)         | (10)       | (39)         | (41)         | 2          |
|  | (667)        | (1,803)      | 1,136      | (1,066)      | (1,766)      | 700        |
| Net increase (decrease) in cash and cash equivalents                                   | 426          | (809)        | 1,235      | 669          | (235)        | 904        |
| Cash and cash equivalents at beginning of period                                       | 668          | 1,199        | (531)      | 425          | 625          | (200)      |
| <b>Cash and cash equivalents at end of period</b>                                      | <b>1,094</b> | <b>390</b>   | <b>704</b> | <b>1,094</b> | <b>390</b>   | <b>704</b> |

## Consolidated Cash Flow Data - Historical Trend

| <i>(In millions of Canadian dollars, except where otherwise indicated) (unaudited)</i> | YTD<br>2019  | Q2 19        | Q1 19        | TOTAL<br>2018 | Q4 18        | Q3 18        | Q2 18        | Q1 18        |
|--|--------------|--------------|--------------|---------------|--------------|--------------|--------------|--------------|
| Net earnings   | 1,608        | 817          | 791          | 2,973         | 642          | 867          | 755          | 709          |
| Adjustments to reconcile net earnings to cash flows from operating activities          |              |              |              |               |              |              |              |              |
| Severance, acquisition and other costs   | 63           | 39           | 24           | 136           | 58           | 54           | 24           | -            |
| Depreciation and amortization  | 2,214        | 1,111        | 1,103        | 4,014         | 1,015        | 999          | 1,008        | 992          |
| Post-employment benefit plans cost   | 158          | 73           | 85           | 335           | 83           | 82           | 80           | 90           |
| Net interest expense   | 551          | 273          | 278          | 987           | 255          | 251          | 243          | 238          |
| Losses on investments  | 4            | -            | 4            | 34            | 34           | -            | -            | -            |
| Income taxes   | 569          | 276          | 293          | 995           | 244          | 224          | 292          | 235          |
| Contributions to post-employment benefit plans   | (151)        | (70)         | (81)         | (539)         | (309)        | (69)         | (74)         | (87)         |
| Payments under other post-employment benefit plans                                     | (37)         | (19)         | (18)         | (75)          | (17)         | (20)         | (19)         | (19)         |
| Severance and other costs paid   | (99)         | (33)         | (66)         | (138)         | (43)         | (27)         | (33)         | (35)         |
| Interest paid  | (537)        | (270)        | (267)        | (990)         | (295)        | (207)        | (252)        | (236)        |
| Income taxes paid (net of refunds)   | (416)        | (127)        | (289)        | (650)         | (92)         | (161)        | (113)        | (284)        |
| Acquisition and other costs paid   | (50)         | (21)         | (29)         | (79)          | (14)         | (19)         | (28)         | (18)         |
| Net change in operating assets and liabilities   | (268)        | 44           | (312)        | 381           | 227          | 69           | 174          | (89)         |
| <b>Cash flows from operating activities</b>  | <b>3,609</b> | <b>2,093</b> | <b>1,516</b> | <b>7,384</b>  | <b>1,788</b> | <b>2,043</b> | <b>2,057</b> | <b>1,496</b> |
| Capital expenditures   | (1,822)      | (972)        | (850)        | (3,971)       | (974)        | (1,010)      | (1,056)      | (931)        |
| Cash dividends paid on preferred shares  | (63)         | (37)         | (26)         | (149)         | (46)         | (35)         | (35)         | (33)         |
| Cash dividends paid by subsidiaries to non-controlling interest                        | (39)         | (12)         | (27)         | (16)          | -            | (3)          | -            | (13)         |
| Acquisition and other costs paid   | 50           | 21           | 29           | 79            | 14           | 19           | 28           | 18           |
| Voluntary defined benefit pension plan contribution                                    | -            | -            | -            | 240           | 240          | -            | -            | -            |
| <b>Free cash flow</b>  | <b>1,735</b> | <b>1,093</b> | <b>642</b>   | <b>3,567</b>  | <b>1,022</b> | <b>1,014</b> | <b>994</b>   | <b>537</b>   |
| Business acquisitions  | (50)         | (50)         | -            | (395)         | -            | (151)        | (21)         | (223)        |
| Acquisition and other costs paid   | (50)         | (21)         | (29)         | (79)          | (14)         | (19)         | (28)         | (18)         |
| Voluntary defined benefit pension plan contribution                                    | -            | -            | -            | (240)         | (240)        | -            | -            | -            |
| Acquisition of spectrum licences   | -            | -            | -            | (56)          | (1)          | (19)         | -            | (36)         |
| Disposition of intangibles and other assets  | -            | -            | -            | 68            | -            | -            | -            | 68           |
| Other investing activities   | 8            | 32           | (24)         | (32)          | 32           | (9)          | (20)         | (35)         |
| Increase (decrease) in notes payable   | 844          | 277          | 567          | (123)         | (133)        | (30)         | 97           | (57)         |
| Increase (decrease) in securitized trade receivables                                   | 31           | -            | 31           | (2)           | -            | -            | (2)          | -            |
| Issue of long-term debt  | 1,405        | 1,405        | -            | 2,996         | -            | 1,530        | -            | 1,466        |
| Repayment of long-term debt  | (1,803)      | (1,599)      | (204)        | (2,713)       | (338)        | (1,134)      | (1,068)      | (173)        |
| Issue of common shares   | 64           | 44           | 20           | 11            | 8            | 1            | 1            | 1            |
| Repurchase of common shares  | -            | -            | -            | (175)         | -            | -            | -            | (175)        |
| Purchase of shares for settlement of share-based payments                              | (86)         | (10)         | (76)         | (222)         | (46)         | (39)         | (49)         | (88)         |
| Cash dividends paid on common shares   | (1,390)      | (712)        | (678)        | (2,679)       | (677)        | (678)        | (678)        | (646)        |
| Return of capital to non-controlling interest  | -            | -            | -            | (51)          | -            | (10)         | (12)         | (29)         |
| Other financing activities   | (39)         | (33)         | (6)          | (75)          | (14)         | (20)         | (23)         | (18)         |
|  | (1,066)      | (667)        | (399)        | (3,767)       | (1,423)      | (578)        | (1,803)      | 37           |
| Net increase (decrease) in cash and cash equivalents                                   | 669          | 426          | 243          | (200)         | (401)        | 436          | (809)        | 574          |
| Cash and cash equivalents at beginning of period                                       | 425          | 668          | 425          | 625           | 826          | 390          | 1,199        | 625          |
| <b>Cash and cash equivalents at end of period</b>                                      | <b>1,094</b> | <b>1,094</b> | <b>668</b>   | <b>425</b>    | <b>425</b>   | <b>826</b>   | <b>390</b>   | <b>1,199</b> |



## Accompanying Notes

- (1) Our results are reported in three segments: Bell Wireless, Bell Wireline and Bell Media. Our segments reflect how we manage our business and how we classify our operations for planning and measuring performance.

Throughout this report, *we, us, our, BCE and the company* mean, as the context may require, either BCE Inc. or, collectively, BCE Inc., Bell Canada, their subsidiaries, joint arrangements and associates. *Bell* means, as the context may require, either Bell Canada or, collectively, Bell Canada, its subsidiaries, joint arrangements and associates.

- (2) As required, we adopted International Financial Reporting Standard (IFRS) 16 - Leases effective January 1, 2019. We adopted IFRS 16 using a modified retrospective approach whereby the financial statements of prior periods presented were not restated and continue to be reported under IAS 17 - Leases, as permitted by the specific transition provisions of IFRS 16. The cumulative effect of the initial adoption of IFRS 16 was reflected as an adjustment to the deficit at January 1, 2019. For further details, see Note 2, *Basis of presentation and significant accounting policies* and Note 3, *Adoption of IFRS 16*, of the Q1 2019 consolidated interim financial statements and Note 2, *Basis of presentation and significant accounting policies* and Note 14, *Adoption of IFRS 16*, of the Q2 2019 consolidated interim financial statements.

Under IFRS 16, most leases are recognized on the statement of financial position as right-of-use assets within property, plant and equipment, with a corresponding lease liability within debt. Under IFRS 16, expenses related to these leases are recorded in depreciation and interest expense, whereas under IAS 17, operating lease expenses were recorded in operating costs. Under IFRS 16, repayments of principal for these leases are recorded in repayment of long-term debt within cash flows from financing activities and the interest component is recorded in interest paid within cash flows from operating activities. Previously, under IAS 17, operating lease payments were recorded within cash flows from operating activities.

- (3) To align with changes in how we manage our business and assess performance, the operating results of The Source (Bell) Electronics Inc. (The Source) are now entirely included within our Wireless segment effective January 1, 2019, with prior periods restated for comparative purposes. Previously, The Source's results were included within our Wireless and Wireline segments.

#### (4) **Non-GAAP Financial Measures**

##### **Adjusted EBITDA and adjusted EBITDA margin**

The terms adjusted EBITDA and adjusted EBITDA margin do not have any standardized meaning under IFRS. Therefore, they are unlikely to be comparable to similar measures presented by other issuers.

We define adjusted EBITDA as operating revenues less operating costs (including post-employment benefit plans service cost) as shown in BCE's consolidated income statements. Adjusted EBITDA for BCE's segments is the same as segment profit as reported in BCE's consolidated financial statements. We define adjusted EBITDA margin as adjusted EBITDA divided by operating revenues.

We use adjusted EBITDA and adjusted EBITDA margin to evaluate the performance of our businesses as they reflect their ongoing profitability. We believe that certain investors and analysts use adjusted EBITDA to measure a company's ability to service debt and to meet other payment obligations or as a common measurement to value companies in the telecommunications industry. We believe that certain investors and analysts also use adjusted EBITDA and adjusted EBITDA margin to evaluate the performance of our businesses. Adjusted EBITDA also is one component in the determination of short-term incentive compensation for all management employees.

Adjusted EBITDA and adjusted EBITDA margin have no directly comparable IFRS financial measure. Alternatively, adjusted EBITDA may be reconciled to net earnings as shown in this document.

### **Adjusted net earnings and adjusted earnings per share (EPS)**

The terms adjusted net earnings and adjusted EPS do not have any standardized meaning under IFRS. Therefore, they are unlikely to be comparable to similar measures presented by other issuers.

We define adjusted net earnings as net earnings attributable to common shareholders before severance, acquisition and other costs, net mark-to-market losses (gains) on derivatives used to economically hedge equity settled share-based compensation plans, net losses (gains) on investments, early debt redemption costs and impairment charges, net of tax and non-controlling interest (NCI). We define adjusted EPS as adjusted net earnings per BCE common share.

We use adjusted net earnings and adjusted EPS, and we believe that certain investors and analysts use these measures, among other ones, to assess the performance of our businesses without the effects of severance, acquisition and other costs, net mark-to-market losses (gains) on derivatives used to economically hedge equity settled share-based compensation plans, net losses (gains) on investments, early debt redemption costs and impairment charges, net of tax and NCI. We exclude these items because they affect the comparability of our financial results and could potentially distort the analysis of trends in business performance. Excluding these items does not imply they are non-recurring.

The most comparable IFRS financial measures are net earnings attributable to common shareholders and EPS, as reconciled in this document.

### **Free cash flow**

The term free cash flow does not have any standardized meaning under IFRS. Therefore, it is unlikely to be comparable to similar measures presented by other issuers.

We define free cash flow as cash flows from operating activities, excluding acquisition and other costs paid (which include significant litigation costs) and voluntary pension funding, less capital expenditures, preferred share dividends and dividends paid by subsidiaries to NCI. We exclude acquisition and other costs paid and voluntary pension funding because they affect the comparability of our financial results and could potentially distort the analysis of trends in business performance. Excluding these items does not imply they are non-recurring.

We consider free cash flow to be an important indicator of the financial strength and performance of our businesses because it shows how much cash is available to pay dividends on common shares, repay debt and reinvest in our company.

We believe that certain investors and analysts use free cash flow to value a business and its underlying assets and to evaluate the financial strength and performance of our businesses.

The most comparable IFRS financial measure is cash flows from operating activities, as reconciled in this document.

### **Net debt**

The term net debt does not have any standardized meaning under IFRS. Therefore, it is unlikely to be comparable to similar measures presented by other issuers.

We define net debt as debt due within one year plus long-term debt and 50% of preferred shares, less cash and cash equivalents, as shown in BCE's consolidated statements of financial position. We include 50% of outstanding preferred shares in our net debt as it is consistent with the treatment by certain credit rating agencies.

We consider net debt to be an important indicator of the company's financial leverage because it represents the amount of debt that is not covered by available cash and cash equivalents. We believe that certain investors and analysts use net debt to determine a company's financial leverage.

Net debt has no directly comparable IFRS financial measure, but rather is calculated using several asset and liability categories from the statements of financial position, as shown in this document.

### **Net debt leverage ratio**

The net debt leverage ratio does not have any standardized meaning under IFRS. Therefore, it is unlikely to be comparable to similar measures presented by other issuers. We use, and believe that certain investors and analysts use, the net debt leverage ratio as a measure of financial leverage.

The net debt leverage ratio represents net debt divided by adjusted EBITDA. For the purposes of calculating our net debt leverage ratio, adjusted EBITDA is twelve-month trailing adjusted EBITDA.

### **Adjusted EBITDA to net interest expense ratio**

The ratio of adjusted EBITDA to net interest expense does not have any standardized meaning under IFRS. Therefore, it is unlikely to be comparable to similar measures presented by other issuers. We use, and believe that certain investors and analysts use, the adjusted EBITDA to net interest expense ratio as a measure of financial health of the company.

The adjusted EBITDA to net interest expense ratio represents adjusted EBITDA divided by net interest expense. For the purposes of calculating our adjusted EBITDA to net interest expense ratio, adjusted EBITDA is twelve-month trailing adjusted EBITDA. Net interest expense is twelve-month trailing net interest expense as shown in our statements of cash flows, plus 50% of declared preferred share dividends as shown in our income statements.

## **(5) Key performance indicators (KPIs)**

In addition to the non-GAAP financial measures described previously, we use a number of KPIs to measure the success of our strategic imperatives. These KPIs are not accounting measures and may not be comparable to similar measures presented by other issuers.

**Average billing per user (ABPU) or subscriber** approximates the average amount billed to customers on a monthly basis, which is used to track our recurring billing streams. Wireless blended ABPU is calculated by dividing certain customer billings by the average subscriber base for the specified period and is expressed as a dollar unit per month.

**Capital intensity** is capital expenditures divided by operating revenues.

**Churn** is the rate at which existing subscribers cancel their services. It is a measure of our ability to retain our customers. Wireless churn is calculated by dividing the number of deactivations during a given period by the average number of subscribers in the base for the specified period and is expressed as a percentage per month.

**Wireless subscriber unit** is comprised of an active revenue-generating unit (e.g. mobile device, tablet or wireless Internet products), with a unique identifier (typically International Mobile Equipment Identity (IMEI) number), that has access to our wireless networks. We report wireless subscriber units in two categories: postpaid and prepaid. Prepaid subscriber units are considered active for a period of 90 days (previously 120 to 150 days) following the expiry of the subscriber's prepaid balance.

**Wireline subscriber unit** consists of an active revenue-generating unit with access to our services, including retail Internet, satellite TV, IPTV, and/or NAS. A subscriber is included in our subscriber base when the service has been installed and is operational at the customer premise and a billing relationship has been established.

- Retail Internet, IPTV and satellite TV subscribers have access to stand-alone services, and are primarily represented by a dwelling unit
- Retail NAS subscribers are based on a line count and are represented by a unique telephone number