

## CAPITAL EXPENDITURES

Capital expenditures include costs associated with acquiring property, plant and equipment and placing it into service. The telecommunications business requires extensive and continual investments, including investment in new technologies and the expansion of capacity and geographical reach. Expenditures related to the acquisition of spectrum licences and additions to right-of-use assets are not included in capital expenditures and do not factor into the calculation of free cash flow or capital intensity. See "Managing Our Liquidity and Financial Resources", "Key Performance Indicators", and "Non-GAAP Measures and Related Performance Measures" for more information.

Capital expenditures are significant and have a material impact on our cash flows; therefore, our management teams focus on planning, funding, and managing them. We believe this measure best reflects our cost of property, plant and equipment in a given period and is a simpler measure for comparing between periods.

(In millions of dollars, except capital intensity)	Years ended December 31		
	2019	2018	% Chg
Capital expenditures <sup>1</sup>			
Wireless	1,320	1,086	22
Cable	1,153	1,429	(19)
Media	102	90	13
Corporate	232	185	25
Capital expenditures <sup>1</sup>	2,807	2,790	1
Capital intensity <sup>2</sup>	18.6%	18.5%	0.1 pts

<sup>1</sup> Includes additions to property, plant and equipment net of proceeds on disposition, but does not include expenditures for spectrum licences or additions to right-of-use assets.

<sup>2</sup> As defined. See "Key Performance Indicators".

### WIRELESS

The increase in capital expenditures in Wireless this year was a result of investments made to upgrade our wireless network to continue delivering reliable performance for our customers. We continued augmenting our existing LTE network with 4.5G technology investments that are also 5G-ready to prepare for the commercial launch of 5G in select markets in early 2020.

In 2019, we acquired spectrum licences for \$1,731 million, which is not included in the table above. See "Managing Our Liquidity and Financial Resources".

### CABLE

The decrease in capital expenditures in Cable this year was a result of lower purchases of customer premise equipment and lower investments related to the initial launch of Ignite TV. We have continued upgrading our network infrastructure with additional fibre deployments, including increasing our fibre-to-the-home and fibre-to-the-curb distribution. These upgrades will lower the number of homes passed per node and incorporate the latest technologies to help deliver more bandwidth and an even more reliable customer experience as we progress in our Connected Home roadmap.

### MEDIA

The increase in capital expenditures this year was a result of higher investments in renovations at various Toronto Blue Jays facilities, partially offset by lower investment in our broadcast and IT infrastructure and the sale of our publishing business.

### CORPORATE

The increase in Corporate capital expenditures this year was a result of higher investments in IT and our various real estate facilities this year, including the impact of \$25 million of proceeds from the sale of certain assets last year.

### CAPITAL INTENSITY

Capital intensity this year was in line with 2018.