



RESEARCH REPORT

March 25, 2019

BCE Preferred Series R Pitch Nothing Common About It

In this memo, the TMT team explores an opportunistic idea in BCE preferred equity. The low price (and associated high yield) and complexity of the security made the Series Q/R attractive candidate for a potential investment and learning opportunity.

Currently, there is too much risk to open a position. The TMT team will wait for the issue to trade closer to \$15 before opening a small position.



Tech., Media & Telecom

Matthew Mastromarco
mmastromarco@quiconline.com

Nick Gakena
ngakena@quiconline.com

Allen Chen
achen@quiconline.com

Nikola Cugalj
ncugalj@quiconline.com

The information in this document is for EDUCATIONAL and NON-COMMERCIAL use only and is not intended to constitute specific legal, accounting, financial or tax advice for any individual. In no event will QUIC, its members or directors, or Queen's University be liable to you or anyone else for any loss or damages whatsoever (including direct, indirect, special, incidental, consequential, exemplary or punitive damages) resulting from the use of this document, or reliance on the information or content found within this document. The information may not be reproduced or republished in any part without the prior written consent of QUIC and Queen's University.

QUIC is not in the business of advising or holding themselves out as being in the business of advising. Many factors may affect the applicability of any statement or comment that appear in our documents to an individual's particular circumstances.



Table of Contents

Preferred Equity Primer	3
Valuation 1	5
Valuation 2	6
Valuation 3	7
Valuation 4	8
Conclusion	9
References	11

Preferred Equity Primer

Preferred equity is a form of financing available to companies that shares characteristics of debt and equity. For this reason, it is often considered a hybrid instrument. Preferred equity ranks senior to common equity, but junior to debt claims. It is very flexible, in that it can be issued with or without various features of traditional straight debt or equity. For example, preferred equity can be voting or non-voting, callable or puttable, convertible into other tranches of preferred or common equity, participating or non-participating, and may have fixed or floating dividend streams. Preferred equity is similar to fixed income instruments because of the steady coupon-like dividend instruments. They are usually unable to participate in the growth and profits of the business as common equity holders are. They tend to trade like debt too, highly sensitive to interest rates. Preferreds are similar to equity because they bear the risks associated with being residual claimants to the firm in liquidation. These characteristics are responsible for the general investor sentiment that preferreds are inferior securities, as they offer little or no upside participation with the full downside risk.

Why Firms Issue Preferreds

Firms may issue preferreds for many reasons, but it is usually for concerns of flexibility in their capital structure and overall cost of capital. Preferred financing allows firms to access equity-like capital at debt-like prices. When markets are favorable, and creative bankers come knocking, firms may find preferreds to be a suitable means of raising funds.

BCE is a major issuer of preferreds, having 12 series of separate preferreds. Each series consists of two issues (called "sister" issues) which are mutually convertible into one another on certain dates and subject to certain conditions.

The presence of 24 separate preferred securities, in addition to common equity and manifold debt issues makes BCE one of the most complex capital structures in our universe.

Why is the TMT Interested in BCE Preferreds?

Despite the structural inferiorities, preferreds can become compelling investments if purchased on the right terms. Like all securities, it is the price one pays that determines risk and attractiveness of the investment.

With such a complex series of instruments with relatively low liquidity, the team thought there may be opportunity for more attractive returns than we are expecting in the common shares.

Through our thorough research, we identified the Series Q/R as having the most potential. The Series was first floated in 1995 by issuing Series Q ("Q"), raising \$200,000,000 on 8,000,000 shares.

The Series is perpetual, meaning there is no set "maturity" date on which BCE must redeem or call the shares back. The Q is redeemable at \$25.50 at any time, and the Series R ("R") is redeemable at \$25 on the last day of each Fixed Dividend Period ("FDP") (explained further on). Due to the conversion provisions outlined in the next paragraph, there are currently no Q shares outstanding and 8,000,000 R shares outstanding (currently rangebound around \$16).

Every five years from the issue date (2005, 2010, 2015, 2020, etc.), the dividend rate for each Series (if outstanding) is initialized and shareholders have the right to tender their shares for conversion. The Series has an automatic conversion provision which stipulates that if, after giving effect to the number of shares tendered for conversion, there would be fewer than 1,000,000 R or Q shares outstanding, all shares will be automatically converted into Q or R shares. In 2015, only ~157,000 R shares were tendered for conversion, thus all shares remained in the R class.

The R has a fixed dividend rate, set at each five year interval FDP; the Q has a dividend rate that is initialized at the beginning of the FDP and adjusted

Preferred Equity Primer Continued

monthly. The R dividend is pegged to Government of Canada five-year yields ("GOC 5"). The rate is determined by multiplying the GOC 5 with a Selected Percentage Rate ("SPR"). The SPR may not be lesser than 80%, therefore the R will always pay at least 80% of GOC 5. The last SPR was 390%, and the average of the last two periods is approximately 291%. The Q rate is initialized to 80% of Prime (not GOC 5), and floats monthly based on the scheme in Exhibit II. All of the 11 other Series are structured in this floating/fixed manner. This allows BCE the ability to flip its cost of preferred equity from fixed to floating depending on its interest rate outlook.

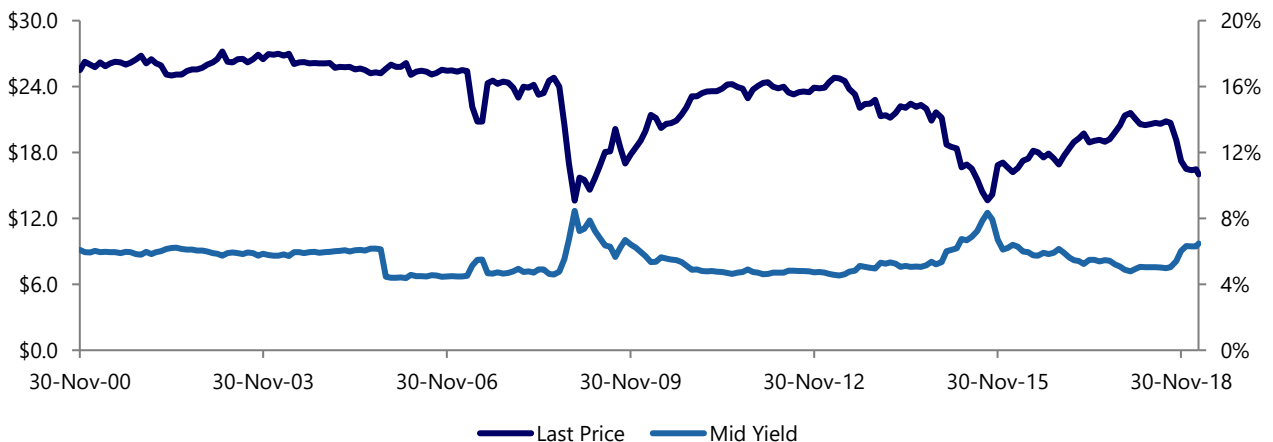
The ability of BCE to alter the rates on its preferreds reduces the duration (sensitivity to interest rates) of the securities. The concept of yields is critical to understanding debt and preferred equity. Most equity investors will be familiar with yield-to-maturity ("YTM"), but fewer may be familiar with yield-to-call ("YTC") or yield-to-worst ("YTW"). YTM is essentially the IRR of a

bond. YTC is the yield assuming the security is called back at the soonest call date. YTW is the lowest yield calculable among the various call dates and maturity of a security. Obviously, YTW only applies to issues trading above par.

As noted earlier, R shares are trading around \$16 with a par value of \$25, giving a YTC of around 33%. Because we don't expect BCE to retire the issue, we deal with normal dividend yield, which currently sits just above 6.6% versus the common yield of about 5.4%. See Exhibit I below for a price and yield history. Of course, these values aren't necessarily comparable as they dividend rates and yield environments have changed over the years, but it is important to see.

EXHIBIT I

BCE Series R Preferred Historical Trading Price and Current Yield



Source(s): Bloomberg Terminal

Valuation Method 1: Historical Yields

To determine the amount of valuation risk of the R, the team employed a number of valuation and scenario analyses. The first two approaches involve the use of historical yields. Our justification for this was the tendency of yields to mean revert. The team does not intend to base a decision solely on this type of analysis. Rather, this analysis is intended to supplement the team's other modelling work.

Firstly, the team noted that current yields are in the 92nd percentile of historical yields. This alone is not enough to give the team comfort, so a range of other historical yields were analyzed. The implied price and returns one could expect at these yields can be seen in

Exhibit III.

The team found comfort in looking at the expected returns across yields from the min to max figures. The return profile is asymmetric, and favors a long position.

EXHIBIT II

Series Q Floating Rate Adjustment Scheme

If the Calculated Trading Price
for the Preceding Month is

\$25.50 or more
\$25.375 and less than \$25.50
\$25.25 and less than \$25.375
\$25.125 and less than \$25.25
Greater than \$24.875 and less than \$25.125
Greater than \$24.75 to \$24.875
Greater than \$24.625 to \$24.75
Greater than \$24.50 to \$24.625
\$24.50 or less

The Adjustment Factor as a
Percentage of Prime shall be

-4.00%
-3.00%
-2.00%
-1.00%
nil
1.00%
2.00%
3.00%
4.00%

EXHIBIT III

Series R Historical Yield Percentile Analysis

Current Yield Stats

Current yield	\$ 16.00
Current yield Percentile	6.47% 92.3%
Distance from max	1.99%

Historical Yield Analysis

Implied price/return at Max	\$ 12.24	(23.5%)
Implied price/return at 95th	\$ 15.19	(5.1%)
Implied price/return at 75th	\$ 17.27	8.0%
Implied price/return at Median	\$ 18.82	17.6%
Implied price/return at 25th	\$ 21.57	34.8%
Implied price/return at 5th	\$ 23.04	44.0%
Implied price/return at Min	\$ 23.67	47.9%

Max	8.46%
95th	6.81%
75th	5.99%
Median	5.50%
25th	4.80%
5th	4.49%
Min	4.37%

Source(s) BCE Series R Short Form Prospectus

Source(s): Bloomberg Terminal

Valuation Method 2: Probability-Adjusted Historical Yields

Improving upon our first method of analysis, the team looked to determine the “most probable” yield based on historical data.

recognized the shortcomings of the preceding analyses. These were conducted simply to gain perspective.

The team began by constructing a cumulative probability table (see Exhibit IV). Next, the incremental probability of falling into any one particular bin was determined and multiplied by the midpoint of that bin. This was used to create a weighted average, or expected, yield. Based on this figure, the team again drew comfort in today’s valuation.

The team would like to reiterate that our buy decision was formed on the analyses that follow, and that it

EXHIBIT IV

Probability-Adjusted Historical Yield Analysis

<i>Bin</i>	<i>Frequency</i>	<i>Cumulative %</i>	<i>P[Bin]</i>	<i>YTM</i>	E[YTM]	5.53%
4.37%	1	0.45%	0.45%	4.37%	E[Price]	\$ 18.73
4.66%	27	12.67%	12.22%	4.52%	E[Return]	17.0%
4.96%	41	31.22%	18.55%	4.81%		
5.25%	23	41.63%	10.41%	5.10%		
5.54%	20	50.68%	9.05%	5.39%		
5.83%	19	59.28%	8.60%	5.68%		
6.12%	53	83.26%	23.98%	5.98%		
6.41%	20	92.31%	9.05%	6.27%		
6.71%	4	94.12%	1.81%	6.56%		
7.00%	4	95.93%	1.81%	6.85%		
7.29%	3	97.29%	1.36%	7.14%		
7.58%	1	97.74%	0.45%	7.43%		
7.87%	1	98.19%	0.45%	7.73%		
8.16%	2	99.10%	0.90%	8.02%		
More	2	100.00%	0.90%	8.16%		
Sum	221		100.00%			

Source(s): QUIC

Valuation Method 3: Conversion Analysis

The third method the team used to appraise value was what return we could expect if a conversion could be effected (subject to auto conversion provisions).

This was a difficult task because the Q has no observable trading price, as none currently exist. Furthermore, the Q rate is determined in part by the very trading price. Conversion is done 1:1, although the price of R would not automatically be the price of Q upon conversion. The team called BCE Investor Relations to clarify how the Q would be priced if a conversion could be brought about. The initial rate would be set to 80% of Prime (Prime is currently 3.95%). The discount rate (yield) would be determined

by the market. They would not automatically be worth par (\$25.50). The team used these inputs and assumed the Q would be given the same discount rate as the R (6.47%). This given an implied price (return) of \$12.46 (-22.1%) upon conversion. The implied return figure was sensitized for assumed Prime rate and discount rate. The discount rates used are the min, 5th, 25th, median, 75th, 95th, and max percentile historical yields (see Exhibit V).

Clearly, the team would **not** look to convert the R unless Prime increased substantially and/or the market began discounting at lower rates.

EXHIBIT V

Series R to Q Conversion Analysis

Series Q Conversion Analysis	
CAN Prime Rate	3.95%
Adjustment factor	80%
<i>Base</i>	80%
<i>Price adjustment factor</i>	0%
Pro-forma Series Q rate	3.16%
Par	\$ 25.50
Div. Payment	\$ 0.81
Discount rate	6.47%
Implied market price	\$ 12.46
Implied return	(22.1%)

Implied Conversion (R to Q) Return Sensitivity | Prime Rate V. Yield

Yield	Prime Rate												
	3.00%	3.25%	3.50%	3.75%	4.00%	4.25%	4.50%	4.75%	5.00%	5.25%	5.50%	5.75%	6.00%
4.37%	(12.5%)	(5.2%)	2.1%	9.4%	16.7%	23.9%	31.2%	38.5%	45.8%	53.1%	60.4%	67.7%	75.0%
4.49%	(14.8%)	(7.7%)	(0.6%)	6.5%	13.6%	20.6%	27.7%	34.8%	41.9%	49.0%	56.1%	63.2%	70.3%
4.80%	(20.3%)	(13.6%)	(7.0%)	(0.4%)	6.3%	12.9%	19.6%	26.2%	32.9%	39.5%	46.1%	52.8%	59.4%
5.50%	(30.4%)	(24.6%)	(18.8%)	(13.1%)	(7.3%)	(1.5%)	4.3%	10.1%	15.9%	21.7%	27.5%	33.3%	39.1%
5.99%	(36.2%)	(30.8%)	(25.5%)	(20.2%)	(14.9%)	(9.6%)	(4.2%)	1.1%	6.4%	11.7%	17.0%	22.4%	27.7%
6.81%	(43.9%)	(39.2%)	(34.5%)	(29.8%)	(25.1%)	(20.5%)	(15.8%)	(11.1%)	(6.4%)	(1.7%)	2.9%	7.6%	12.3%
8.46%	(54.8%)	(51.0%)	(47.2%)	(43.5%)	(39.7%)	(35.9%)	(32.1%)	(28.4%)	(24.6%)	(20.8%)	(17.1%)	(13.3%)	(9.5%)

Source(s): Vice-President (Investor Relations), Bloomberg Terminal, QUIC Estimates

Valuation Method 4: Rate-Reset Analysis

The fourth and final approach the team took was to estimate what the R would be worth upon the resetting of the SPR at the end of the FDP (December 2020).

As mentioned earlier, the R dividend rate is determined by GOC 5 and a SPR. The average SPR over the past two FDPs is 291%. The team calculated what the implied return would be across a variety of GOC 5 rates and SPR scenarios (see Exhibit VI). The highlighted cells represent what returns one could expect if the SPR was the average (~291%) and yields did not change.

In these “base case” scenarios, there appears to be positive returns, although quite modest. Looking outwards, along the periphery of this region, one sees a possibility of loss. The largest risk in this investment is a significant reduction in the SPR. Depending on BCE’s views on rates in 2020, they may or may not want to fix their cost of capital. If BCE wants it fixed, they need to pay R holders enough to prevent a conversion, and vice versa. This is an area of both potential and risk.

EXHIBIT VI

Series R Rate Reset Analysis

Series R Rate Reset Analysis	
Current CAN Gov. 5Y	1.599%
Selected Percentage Rate	291%
Current implied reset rate	4.65%
Current implied annual dividend	\$ 1.16
Discount rate	6.47%
Current implied price	\$ 17.99
Current implied annual return	7.12%

Rate Reset Return Sensitivity | Selected Percentage Rate V. GOC 5

		Selected Percentage Rate																
		80%	100%	120%	140%	160%	180%	200%	220%	240%	260%	280%	300%	320%	340%	360%	380%	400%
GOC 5 Yield	1.330%	(54.9%)	(48.6%)	(42.8%)	(37.4%)	(32.3%)	(27.5%)	(22.9%)	(18.4%)	(14.1%)	(10.0%)	(6.0%)	(2.1%)	1.6%	5.3%	8.9%	12.4%	15.9%
	1.430%	(53.0%)	(46.4%)	(40.4%)	(34.7%)	(29.4%)	(24.3%)	(19.5%)	(14.9%)	(10.4%)	(6.1%)	(1.9%)	2.1%	6.1%	9.9%	13.6%	17.3%	20.9%
	1.530%	(51.1%)	(44.2%)	(37.9%)	(32.1%)	(26.5%)	(21.3%)	(16.2%)	(11.4%)	(6.8%)	(2.3%)	2.0%	6.2%	10.4%	14.3%	18.2%	22.1%	25.8%
	1.630%	(49.2%)	(42.1%)	(35.6%)	(29.5%)	(23.7%)	(18.3%)	(13.1%)	(8.1%)	(3.3%)	1.4%	5.9%	10.3%	14.5%	18.7%	22.7%	26.7%	30.6%
	1.730%	(47.4%)	(40.1%)	(33.3%)	(27.0%)	(21.0%)	(15.4%)	(10.0%)	(4.8%)	0.2%	5.0%	9.7%	14.2%	18.6%	22.9%	27.1%	31.2%	35.2%
	1.830%	(45.7%)	(38.1%)	(31.1%)	(24.5%)	(18.4%)	(12.5%)	(7.0%)	(1.6%)	3.5%	8.5%	13.3%	18.0%	22.6%	27.0%	31.3%	35.6%	39.7%
	1.930%	(43.9%)	(36.1%)	(28.9%)	(22.1%)	(15.8%)	(9.8%)	(4.0%)	1.5%	6.8%	12.0%	16.9%	21.8%	26.5%	31.0%	35.5%	39.9%	44.2%

Source(s): Bloomberg Terminal, QUIC Estimates, Company Reports

Conclusion

The TMT team has historically held BCE for its yield, and as a macro call on the telecom sector in Canada. This year, the TMT team is going to move away from this top-down, passive approach and focus on investing in individual companies. The team believes that it has been too inert over the last couple of years, and wants to return to an aggressive (but risk averse), bottom-up value investing style. Resultantly, the team looked into BCE's earnings and segments weightings.

The team constructed a metric it calls "operational free cash flow" (see Exhibit VIII) on which to base dividend sustainability calculations (coverage and payout) for common and preferred dividends. The intent behind the metric is to move from book earnings to true operational cash earnings. This was accomplished by stripping out non-operating (i.e. interest income), non-recurring (i.e. gains/losses on sale), and adding back non-cash (D&A) charges. This also included adding back non-cash tax expense (BCE's actual tax rate is much lower than the book rate). Capex and cash acquisitions were also subtracted, in addition to changes in NWC. Based on OFCF, BCE's common dividend has become less sustainable over the past 15 years, whereas the preferred has become more secure (see Exhibit VII).

Looking now to growth, BCE is the most heavily weighted towards media and wireline. These are two

business lines that the TMT team is quite bearish on. Not all of BCE's media assets are subject to the same disruption as other old media players, but those that are will suffer permanent impairments of value. The wireline segment, most notably voice and cable, is not something the team wants exposure to for reasons that have been more thoroughly addressed elsewhere.

For the reasons outlined above, the Series R preferred shares would be a way for the team to accomplish three things: (1) achieve a higher yield with potential for harder value catalysts, (2) protect downside due to structural seniority and historically low valuation, and (3) reduce risk exposure to vulnerable business lines.

However, there remain significant risks to the position. While the R is not subject to the traditional risks of preferred (suspension of dividend, bankruptcy, etc.), it is highly susceptible to a reduction in the SPR and general interest rate environment. With the recent US yield curve inversions and sharp slowdowns in Canadian growth, the TMT team is not fully confident in interest rates remaining flat or increasing. As a result, BCE may want to flip its preferred cost of capital from fixed to floating. To do so, they need to select a SPR that makes the Q more attractive than the R. This would imply at least a 22% downside risk at recent prices. Therefore, the team will wait until prices fall closer to \$15 before considering entering a position.

EXHIBIT VII

BCE Common Versus Preferred Dividend Sustainability

For the Fiscal Period Ending	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Common Dividends	1,108.0	1,195.0	1,169.0	1,147.0	587.0	1,201.0	1,318.0	1,520.0	1,683.0	1,795.0	1,893.0	2,169.0	2,305.0	2,512.0	2,679.0
Coverage	1.17x	1.23x	1.09x	1.74x	3.59x	2.11x	1.77x	1.53x	1.68x	(0.11x)	1.48x	1.37x	1.38x	0.83x	1.36x
Payout Ratio	86%	81%	92%	57%	28%	47%	56%	65%	60%	n/m	67%	73%	72%	120%	74%
Preferred Dividends	85.0	86.0	84.0	124.0	129.0	107.0	108.0	118.0	133.0	127.0	134.0	150.0	126.0	127.0	149.0
Coverage	16.24x	18.12x	16.20x	17.12x	17.32x	24.70x	22.61x	20.71x	22.23x	(0.52x)	21.96x	20.75x	26.26x	17.46x	25.42x
Payout Ratio	6%	6%	6%	6%	6%	4%	4%	5%	4%	n/m	5%	5%	4%	6%	4%

Source(s): Company Filings, QUIC



EXHIBIT VIII

BCE Operational Free Cash Flow Walk-Down (No Debt Paydown)

For the Fiscal Period Ending	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Net Income (excl. NCI)	\$ 1,593.0	\$ 1,961.0	\$ 2,007.0	\$ 4,057.0	\$ 943.0	\$ 1,738.0	\$ 2,195.0	\$ 2,340.0	\$ 2,595.0	\$ 2,106.0	\$ 2,500.0	\$ 2,678.0	\$ 3,031.0	\$ 2,994.0	\$ 2,929.0
- Extraordinary Items	(69.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
- Earnings From Discontinued Ops.	(129.0)	(138.0)	(114.0)	(98.0)	90.0	11.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
+ Non-Cash Tax Expense	457.0	597.0	(112.0)	699.0	357.0	200.0	503.0	590.0	480.0	358.0	186.0	252.0	545.0	394.0	345.0
Book Tax Expense	605.0	792.0	75.0	735.0	469.0	368.0	632.0	720.0	760.0	828.0	929.0	924.0	1,110.0	1,069.0	995.0
Cash Taxes Paid	148.0	195.0	187.0	36.0	112.0	168.0	129.0	130.0	280.0	470.0	743.0	672.0	565.0	675.0	650.0
+ Restructuring Charges	1,219.0	55.0	164.0	167.0	416.0	340.0	45.0	209.0	124.0	116.0	82.0	197.0	87.0	79.0	92.0
+ Merger & Related RX Charges	0.0	0.0	0.0	0.0	0.0	0.0	26.0	165.0	9.0	266.0	134.0	107.0	48.0	111.0	44.0
+ Impairment of Goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0	17.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
- Gain (Loss) On Sale Of Invest.	(351.0)	(38.0)	26.0	(114.0)	308.0	(49.0)	(135.0)	(89.0)	(23.0)	7.0	(10.0)	(72.0)	(58.0)	5.0	34.0
- Gain (Loss) On Sale Of Assets	0.0	0.0	0.0	(2,300.0)	0.0	0.0	41.0	45.0	36.0	44.0	51.0	55.0	28.0	47.0	(11.0)
+ Asset Write-down	0.0	0.0	0.0	0.0	12.0	0.0	62.0	16.0	0.0	15.0	105.0	49.0	9.0	82.0	200.0
+ Legal Settlements	0.0	0.0	0.0	0.0	0.0	152.0	0.0	0.0	0.0	0.0	0.0	142.0	0.0	0.0	0.0
+ Other Unusual Items	0.0	0.0	148.0	0.0	0.0	45.0	11.0	4.0	0.0	55.0	29.0	18.0	11.0	20.0	20.0
- Income/(Loss) from Affiliates	(24.0)	0.0	0.0	0.0	0.0	0.0	(8.0)	(24.0)	(234.0)	32.0	12.0	49.0	89.0	31.0	35.0
- Currency Exchange Gains (Loss)	(3.0)	3.0	4.0	30.0	(19.0)	(3.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
- Other Non-Operating Inc. (Exp.)	(31.0)	41.0	66.0	25.0	61.0	39.0	(76.0)	(77.0)	(48.0)	(147.0)	(187.0)	(87.0)	(100.0)	(83.0)	70.0
- Interest and Invest. Income	(30.0)	(18.0)	(57.0)	(47.0)	(97.0)	(14.0)	(6.0)	(21.0)	0.0	0.0	(42.0)	0.0	0.0	0.0	0.0
- Other Operating Expense/(Income)	0.0	0.0	(190.0)	(164.0)	(411.0)	(35.0)	(129.0)	(35.0)	0.0	(24.0)	0.0	0.0	0.0	0.0	0.0
Adjusted Operating Earnings	\$ 2,632.0	\$ 2,463.0	\$ 1,942.0	\$ 2,255.0	\$ 1,660.0	\$ 2,424.0	\$ 2,529.0	\$ 3,140.0	\$ 2,939.0	\$ 2,828.0	\$ 2,860.0	\$ 3,388.0	\$ 3,690.0	\$ 3,680.0	\$ 3,758.0
+ D&A	3,000.0	3,061.0	3,122.0	3,181.0	3,252.0	3,371.0	3,125.0	3,261.0	3,392.0	3,380.0	3,452.0	3,420.0	3,508.0	3,844.0	4,014.0
- Δ NWC	138.0	(381.0)	(262.0)	(3.0)	364.0	40.0	(154.0)	(21.0)	153.0	147.0	365.0	241.0	286.0	376.0	381.0
- Capex	(3,272.0)	(3,357.0)	(3,121.0)	(3,140.0)	(2,986.0)	(2,854.0)	(2,998.0)	(3,256.0)	(3,515.0)	(3,571.0)	(3,717.0)	(3,626.0)	(3,771.0)	(4,034.0)	(3,971.0)
- Cash Acquisitions	(1,118.0)	(228.0)	(320.0)	(170.0)	(56.0)	(338.0)	(60.0)	(680.0)	(13.0)	(2,850.0)	(18.0)	(311.0)	(404.0)	(1,649.0)	(395.0)
- Debt Repayments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operational Free Cash Flow	\$ 1,380.0	\$ 1,558.0	\$ 1,361.0	\$ 2,123.0	\$ 2,234.0	\$ 2,643.0	\$ 2,442.0	\$ 2,444.0	\$ 2,956.0	\$ (66.0)	\$ 2,942.0	\$ 3,112.0	\$ 3,309.0	\$ 2,217.0	\$ 3,787.0

Source(s): Company Filings



March 25, 2019
Nothing Common About It

References

1. Bloomberg Terminal
2. Company Filings
3. Google Images
4. S&P Capital IQ