

# *700MHz Auction Results*

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Delivered to

CTCA Delegates

Prepared by

Nordicity



# Outline

1. Introduction
2. Wireless industry in context
3. Overview of 700 MHz auction
4. Results of the auction
5. Comparison with other auctions

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# Introduction

## About Nordicity:

### Strategy, Policy and Economic Advice

- Sectors: Telecoms, ICT and Media
- +30 years experience, working for:
  - private telecom providers
  - national regulatory agencies
- Full suite of spectrum services
- Cross-functional teams:
  - Technical
  - Economic
  - Regulatory

# The wireless industry in context

Industry Canada: More spectrum, new rules, conditions, AWS experience

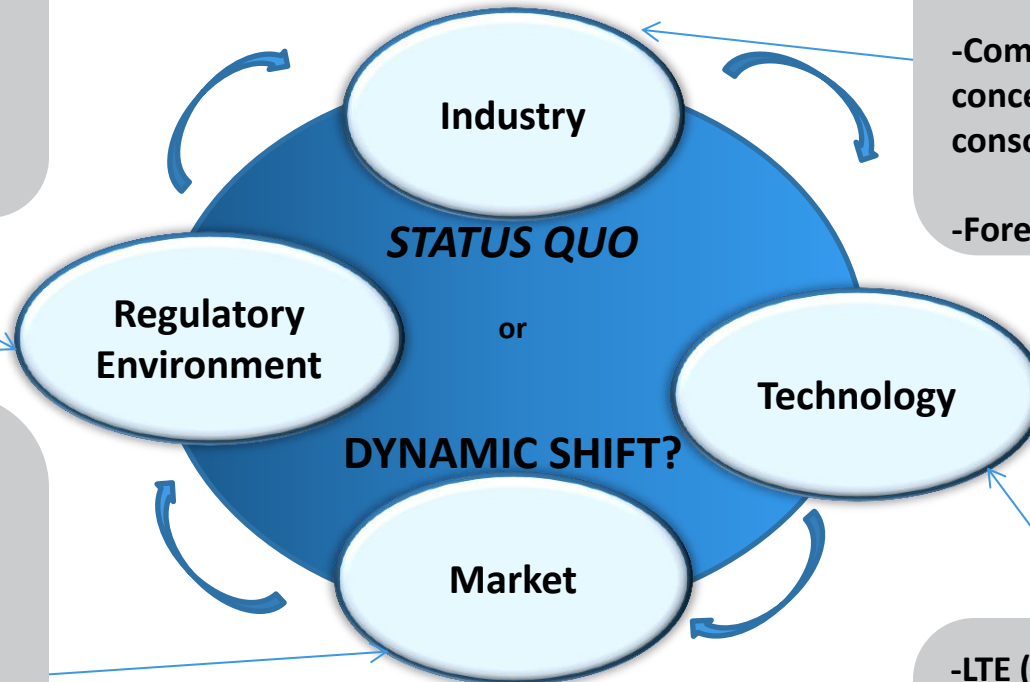
CRTC: Create, Connect, Protect

Parliament: More interest?

-Capacity / spectrum crunch

-Competition or concentration and consolidation?

-Foreign investment?



-Data demand

-Usage patterns / preferences

- ARPU ↑↓→

- Grassroots mobilization on consumer issues

-Northern/Rural connectivity (access, affordability)

-LTE (4G)

- Device / gear ecosystems

- Carrier aggregation

# Overview of 700MHz Auction

## What's for sale?

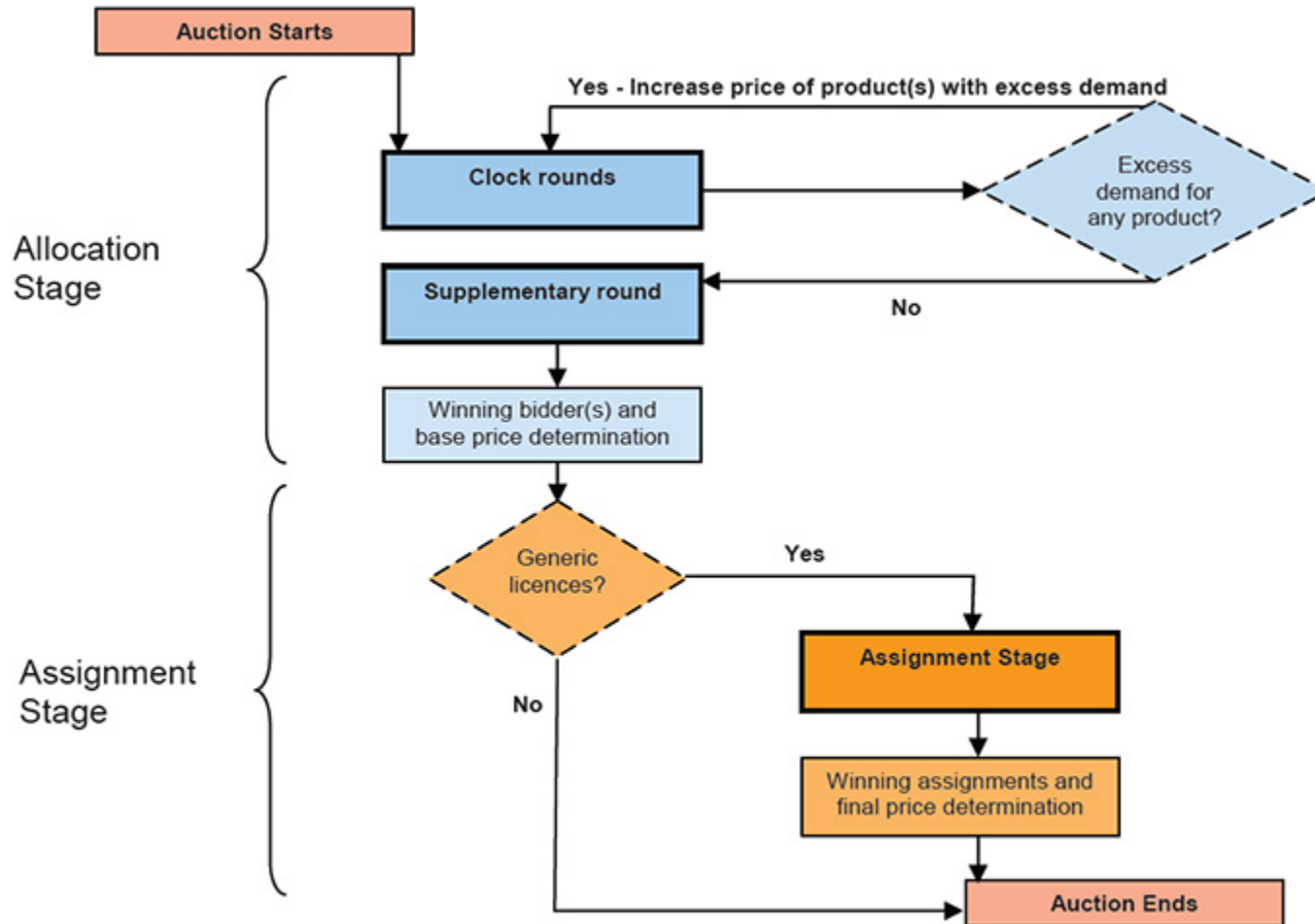
Block	Frequency	Pairing	MHz
A	698 – 704 MHz/ 728 – 734 MHz	paired	6+6 MHz
B	704 – 710 MHz/ 734 – 740 MHz	paired	6+6 MHz
C	710 – 716 MHz/ 740 – 746 MHz	paired	6+6 MHz
D	716 – 722 MHz	unpaired	6 MHz
E	722 – 728 MHz	unpaired	6 MHz
C1	777 – 782 MHz/ 746 – 751 MHz	paired	5+5 MHz
C2	782 – 787 MHz/ 751 – 756 MHz	paired	5+5 MHz

- 98 licenses
  - 5 paired blocks, 2 unpaired blocks
  - Tier 2 level (14 service areas, mostly provincial borders)
- Limits (5-year)
  - Limit 1 block of 'prime' by "large" players. (20% nationally, 10% in region)
  - Limit 2 blocks of paired by any player
  - Gives a 4<sup>th</sup> player a chance at one prime block

'Prime'

# Rules of the Game

## CCA Auction format (700 & 2500MHz)



# 700MHz Auction Results

- Results announced on February 19<sup>th</sup>, 2014
- In total, 97 out of 98 licences were awarded
- Auction lasted 106 rounds
- Auction's total proceeds → \$5.27 billion
- Industry Canada also revealed who won which lots, and the total price that was to be paid by each bidder
- However, Industry Canada did not share:
  - lot-by-lot pricing
  - Bidder activity during each round

# 700MHz Auction Results

Service Area	A Tier 2 12MHz	B Tier 2 12MHz	C Tier 2 12MHz	C1 Tier 2 10MHz	C2 Tier 2 10MHz	D Tier 2 6MHz	E Tier 2 6MHz
Newfoundland & Labrador	Rogers	Rogers	Bell	Bragg	TELUS	Bell	Bell
Nova Scotia & PEI	Rogers	Rogers	Bell	Bragg	TELUS	Bell	Bell
New Brunswick	Rogers	Rogers	Bell	Bragg	TELUS	Bell	Bell
Eastern Quebec	Rogers	Rogers	TELUS	Vidéotron	Bell	TELUS	TELUS
Southern Quebec	Rogers	Rogers	TELUS	Vidéotron	Bell	TELUS	TELUS
Eastern Ontario & Outaouais	Rogers	Rogers	TELUS	Vidéotron	Bell	TELUS	TELUS
Northern Quebec	Bell	Bell	Rogers	Vidéotron	TELUS	Bell	Bell
Southern Ontario	Rogers	Rogers	Bell	Vidéotron	TELUS	Bell	Bell
Northern Ontario	Bell	Bell	Rogers	Bragg	TELUS	Bell	Bell
Manitoba	TELUS	TELUS	Rogers	MTS	Bell	TELUS	TELUS
Saskatchewan	TELUS	TELUS	Rogers	Sasktel	Bell	TELUS	TELUS
Alberta	Rogers	Rogers	TELUS	Vidéotron	Bell	TELUS	TELUS
British Columbia	Rogers	Rogers	TELUS	Vidéotron	Bell	TELUS	TELUS
Yukon, NWT & Nunavut	Bell	Bell	TELUS	IC	Feenix	Bell	Bell



# 700MHz Auction Results

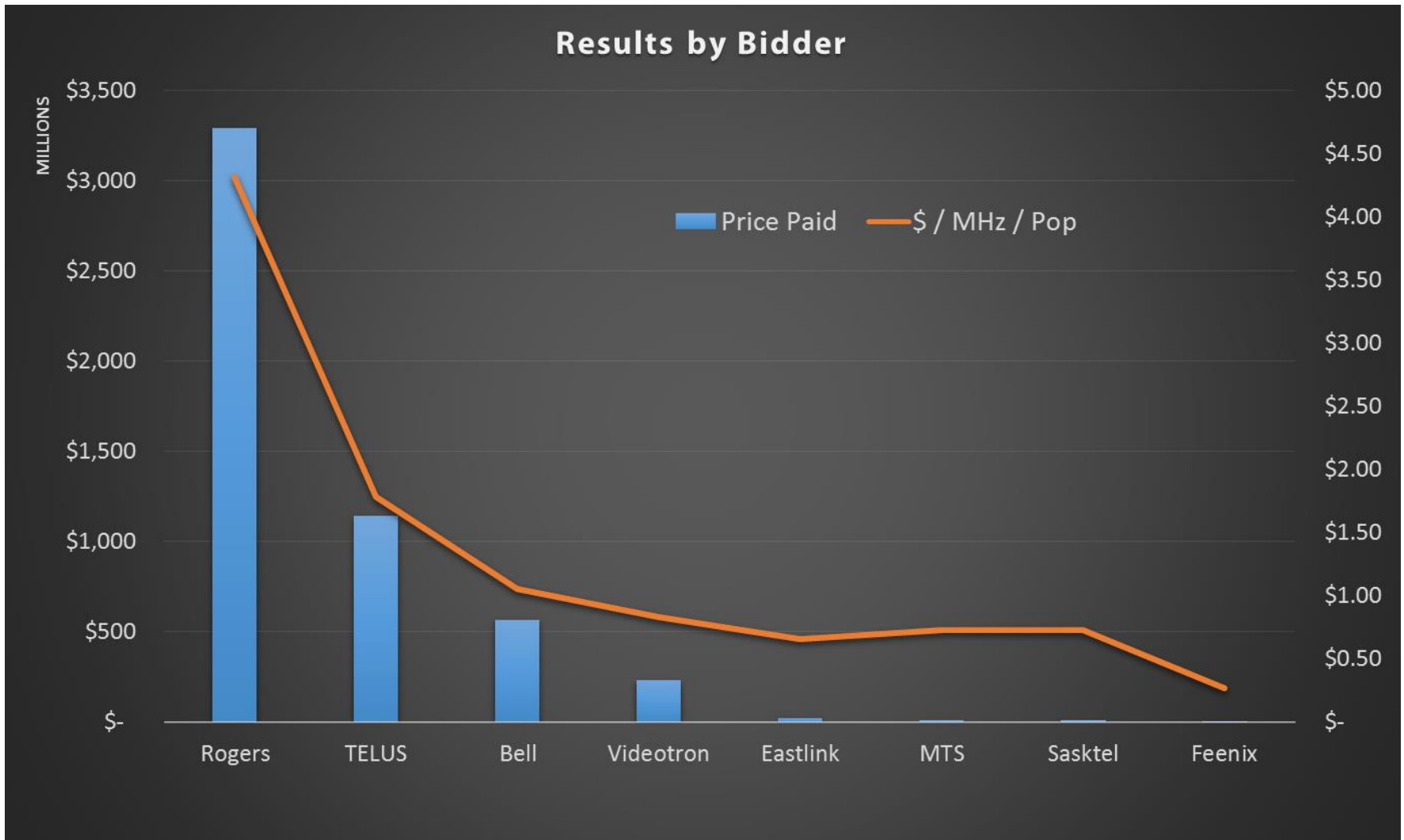
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Yukon, NWT & Nunavut	Bell	Bell	TELUS	IC	Feenix	Bell	Bell

- **Of note in this table:**
- No carrier has secured a complete nationwide block of spectrum in any block.
- Closest is Rogers, who secured a licence in the BC block across all service areas, and notably secured the A and B combination across all the major population centers.

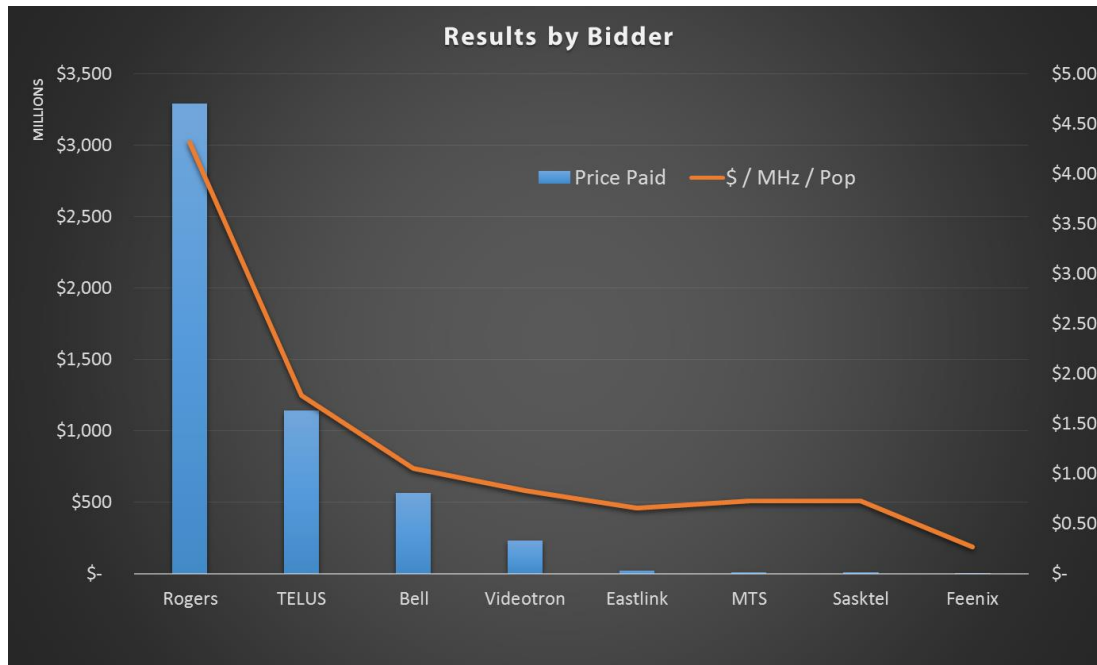
# 700MHz Auction Results

Carrier		Price Paid		\$ / MHz / Pop
Rogers	\$	3,291,738,000	\$	4.32
TELUS	\$	1,142,953,484	\$	1.78
Bell	\$	565,705,517	\$	1.05
Videotron	\$	233,328,000	\$	0.83
Eastlink	\$	20,298,000	\$	0.65
MTS	\$	8,772,072	\$	0.73
Sasktel	\$	7,556,929	\$	0.73
Feenix	\$	284,000	\$	0.26

# 700MHz Auction Results



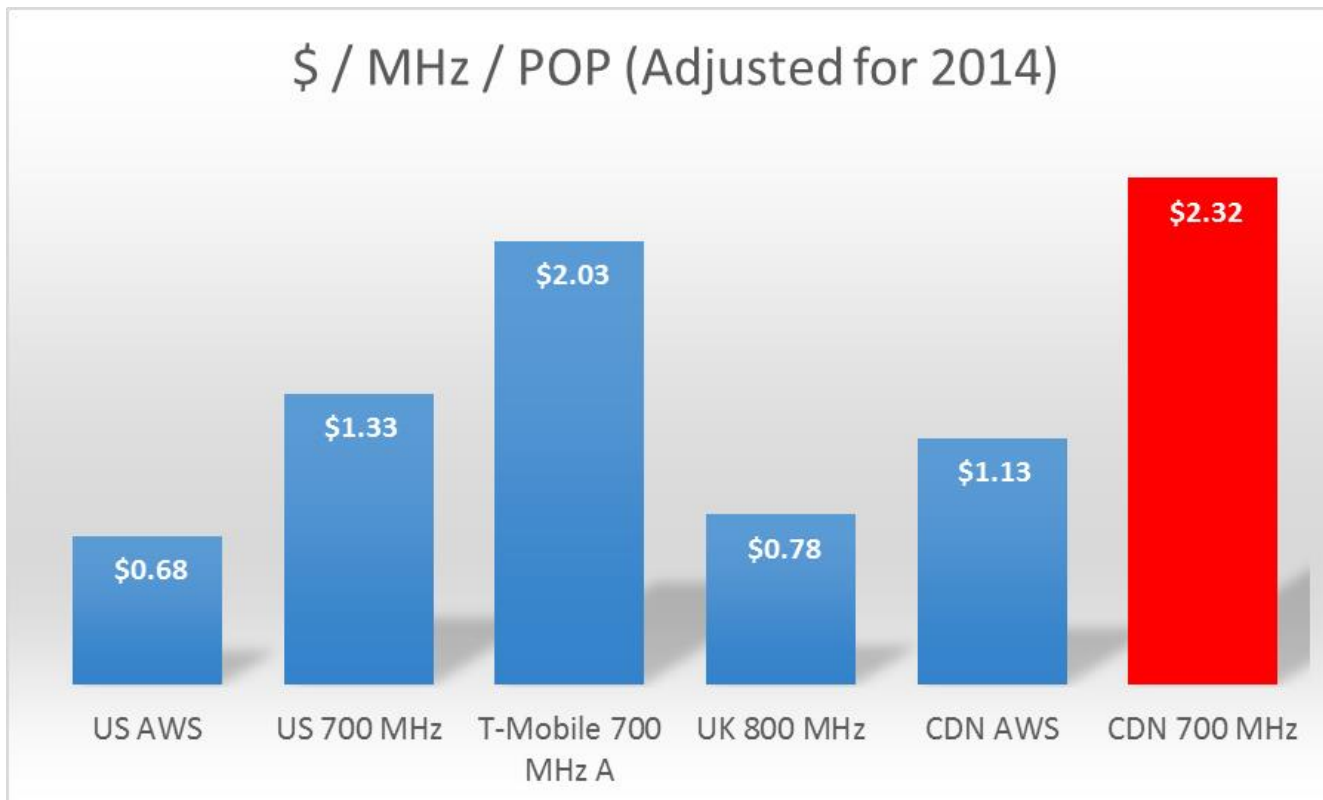
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- Rogers outpaid all other bidders by a significant margin, both in absolute dollars, as well as on a relative basis using the \$/MHz/POP metric.
- What is unknown at this point is whether the premium was paid across all regions, or if there was greater activity in specific regions leading to this final pricing.

# Comparison with Other Auctions



Auction	\$/MHz / POP	Year	\$ / MHz / POP (Adjusted for 2014)
US AWS	\$ 0.54	2006	\$ 0.68
US 700 MHz	\$ 1.11	2008	\$ 1.33
UK 800 MHz	\$ 0.76	2013	\$ 0.78
T-Mobile A-Block 700MHz	\$2.03	2013	\$2.03
CDN AWS	\$ 0.95	2008	\$ 1.13
CDN 700 MHz	\$ 2.32	2014	\$ 2.32

# Nordicity

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