

Message

From: McGuire, Dylan [Dylan.McGuire@morganstanley.com]
Sent: 5/13/2014 9:22:20 PM
To: Michaud, Zach [zmichaud@catcapital.com]
CC: Moyse, Brandon [BMoyse@catcapital.com]; Creighton, Lorne [LCreighton@catcapital.com]; Yao, George [George.Y.Yao@morganstanley.com]; Bai, Aoyu [Aoyu.Bai@morganstanley.com]; Shaw, Victor [Victor.Shaw@morganstanley.com]
Subject: RE: Due diligence request
Attachments: Project Turbine - Model Specific Questions_vSent.pdf

Zach,

Please see the updated model questions list.

Best,

Dylan

Dylan McGuire

Morgan Stanley Canada Limited | Investment Banking Division
181 Bay St. Suite 3700 | P.O. Box 776 | Floor 37
Toronto, ON M5J 2T3
Phone: +1 416 943-8445
Fax: +1 416 943-8673
Dylan.McGuire@morganstanley.com

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From: Michaud, Zach (zmichaud@catcapital.com)
Sent: Tuesday, May 13, 2014 7:51 PM
To: McGuire, Dylan (IBD)
Cc: Moyse, Brandon; Creighton, Lorne; Yao, George (IBD); Bai, Aoyu (IBD); Shaw, Victor (IBD)
Subject: RE: Due diligence request

Hey guys,

For the model questions, need to understand the buildup of revenue by plan by region, so they need to show us how they are thinking about this going forward. Also, we need to understand the cost lines and the build up of all those components, not just the growth #s, I want to understand what is actually in those costs.

I'll send comments on the others shortly.

Thanks,

Zach

From: McGuire, Dylan [<mailto:Dylan.McGuire@morganstanley.com>]
Sent: May-13-14 7:33 PM
To: Michaud, Zach
Cc: Moyse, Brandon; Creighton, Lorne; Yao, George; Bai, Aoyu; Shaw, Victor
Subject: RE: Due diligence request

Zach,

Please see the updated requested list based on our discussion. I've also attached model questions that will go across for the meeting tomorrow morning.

Best,

Dylan

Dylan McGuire

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From: McGuire, Dylan (IBD)
Sent: Tuesday, May 13, 2014 5:21 PM
To: Creighton, Lorne
Cc: Michaud, Zach (zmichaud@catcapital.com); Moyse, Brandon; Yao, George (IBD); Bai, Aoyu (IBD); Shaw, Victor (IBD)
Subject: RE: Due diligence request

Lorne,

As discussed, attached is the latest DD list with priority questions requiring documentation as soon as possible, and model specific questions for tomorrow's meeting.

Please let us know of any comments. Once complete we will revert to UBS and emphasize the need for hard copy documentation, and that a discussion, while helpful, is not a substitute.

Best,

Dylan

Dylan McGuire

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From: Michaud, Zach (zmichaud@catcapital.com)
Sent: Tuesday, May 13, 2014 1:47 PM
To: McGuire, Dylan (IBD)
Cc: Yao, George (IBD); Moyse, Brandon; Creighton, Lorne
Subject: Re: Due diligence request

They need to provide documents though, can you go through the DD list and put together things we need to get asap in a physical form to analyze with my guys. We can't just do everything verbally, even if it's easier for them.

From: McGuire, Dylan

Sent: Tuesday, May 13, 2014 1:30 PM

To: Michaud, Zach

Cc: Yao, George

Subject: FW: Due diligence request

Zach – happy to take the lead on organizing this from our end and liaise with UBS.

If you can provide names of those available for a full day session we will take care of the agenda and remaining logistics.

Best,

Dylan

Dylan McGuire

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From: Yao, George (IBD)

Sent: Tuesday, May 13, 2014 1:21 PM

To: Turgeon, Francois (francois.turgeon@ubs.com); Michaud, Zach (zmichaud@catcapital.com)

Cc: Kunal.Kapoor@ubs.com; turbinecore

Subject: RE: Due diligence request

Thanks Francois. We will coordinate on our end and revert.

Regards,

George Yao, Vice President

Morgan Stanley Canada Limited | Investment Banking Division
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Phone: +1 416 943-8422
Fax: +1 416 943-8643
George.Y.Yao@morganstanley.com

From: Turgeon, Francois (francois.turgeon@ubs.com)

Sent: Tuesday, May 13, 2014 12:24 PM

To: Michaud, Zach (zmichaud@catcapital.com); Yao, George (IBD)

Cc: Kunal.Kapoor@ubs.com

Subject: Due diligence request

Zach, George,

We went through the due diligence request list you sent us earlier this week (attached) with Wind's management and we think it would be most efficient to have an in person DD session to walk through the list as a lot of the questions are best managed through narrative explanation with reference to certain files. Could you check with relevant people on your team if you would be available for a full day session on Thursday? We will advise on best venue once you confirm

Thanks

Francois

Francois Turgeon

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Project Turbine*Last Updated: 5/13/2014*

Index	Question
Section A Model Specific Questions	
1	Please discuss how growth and cost drivers vary by province
2	Please provide the seasonality adjustments worksheet discussed on the model call
3	Discuss 'restricted cash' line in model - is no cash restricted going forward from 2014?
4	Please discuss what 'Other Revenue' in model is comprised of (line 752)
5	To what extent are ARPU growth forecasts and net adds reliant on the expansion into LTE services?
6	Is there a source file for industry ARPU expectations? Describe in detail what is driving the belief that industry ARPU will increase?
7	Please describe what happened in 4Q'12 regarding prepaid churn (went down to 1.5% from 5.6% in 3Q'12 and then back up to 1Q'13)
8	With respect to year end Gross Assets, please provide a detailed schedule on capitalized labor costs
9	Please provide a detailed schedule for management fees and interest (line 831)
10	Please provide and discuss the presentation on shareholder debt structure / projections / roll-forward as discussed on the model call
11	Please provide an up-to-date tax loss schedule
12	Please provide the capitalized labour breakdown/schedule as it relates to line 803 in the operating model
13	Please provide documentation where available and/or a detailed build-up for the following drivers/line items:
a	Population growth (line 357)
b	Wireless penetration (line 358)
c	Gross adds coverage (line 361)
d	Wind SOGA (line 362)

Index	Question
e	Monthly churn (PRE and POST) (line 364)
f	GA Mix (PRE and POST) (line 365)
g	ARPU (PRE and POST) (line 366)
h	HW Revenue/GA (PRE and POST) (line 367)
i	Service Margin (PRE and POST) (line 368)
j	Hardware Margin (PRE and POST) (line 369)
k	HR YoY Increase (%) (line 385)
l	Commercial Costs (% of Rev.) (line 386)
m	Technical, Network, and IT Costs (% of Rev.) (line 387)
n	Admin Costs YoY Increase (%) (line 388)
o	Management Fees (% of Rev.) (line 389)
p	Depreciation (% Gross T. Fixed Assests) (line 390)
q	Amortization (% of G. Intangible Assests) (line 391)
14	Please confirm the forecast assumes no capex for spectrum additions (line 407)
15	Please discuss 'visitor roaming revenues' and how this line is calculated (line 537)
16	Please identify the expense in cell T545
17	Why is there "0" cost for third party services / outsourcing in the model?
18	Please walk us through the subscriber adds and lifetime value calcuations/assumptions

Index	Question
19	<p>Please provide documentation where available and/or a detailed build-up for the following cost line items:</p> <ul style="list-style-type: none">a COA Deductions from Service Costs (line 637)b COA Deductions from Hardware Costs (line 638)c COA Deductions from HR Cost (line 639)d COA Deductions from Commercial costs (line 640)e COA Deductions from Network & IT Cost (line 641)f COA Deductions from Admin Cost (line 642)g COA @ Cost (\$000) (line 643)
20	<p>Please provide the buildup for detailed consumer segmentation projections broken out by plan and by region, allowing us to understand profitability/cost drivers and estimates by each customer type and each region</p>