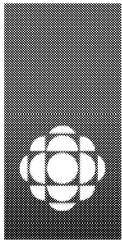




## 2022 – 2024 OLYMPIC GAMES

<b>TO:</b>	Board of Directors
<b>MEETING:</b>	September 30, 2015
<b>FROM:</b>	Hubert Lacroix, President & CEO, CBC/Radio-Canada Heather Conway, Executive Vice President, English Services Louis Lalande, Executive Vice President, French Services Neil McEneaney, Chief Business Officer, English Services David Masse, Senior Director of TV Network Sports, English Services Francois Messier, General Manager, Productions, French Services
<b>DECISION SOUGHT:</b>	Approval of agreement with IOC to extend our media rights for the 2022 and 2024 Olympic Games
<b>NEXT STEPS:</b>	Finalize agreement with IOC based on Board approved terms
<b>DATE:</b>	September 21, 2015



# A1. CONTEXT

## INTRODUCTION: 2022 – 2024 OLYMPIC DEAL

- CBC/Radio-Canada has negotiated an extension agreement, subject to Board approval, to secure the media rights to the 2022 Winter Games (Beijing, China) and 2024 Summer Games (location to be determined)





## A2. CONTEXT

### WHY DO WE REMAIN IN SPORTS?

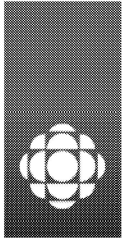
- CBC Sports Strategy was approved by the Board on June 17, 2014 with the following rationale (slide #42 of Approved Board Deck)
  - *Creates emotional connections for Canadians with the athletes who represent Canada (and their communities) in national and international events*
  - *Supports inspirational, aspirational, inclusive (Paralympics), celebrations of Canadian achievement*
  - *other Olympic Supports Sports utilizing a small, flexible workforce.*
  - *Allows opportunity to attract, retain, and grow viewer interest in the Olympics during non-Olympic years*
  - *Provides original Canadian content at an acceptable cost*
  - *Year-round engagement with sponsors, federations and communities*
  - *Provides expanded content and monetization opportunities*
  - *Builds and perpetuates the awareness of Olympic Games through live Olympic-related events in non-Olympic years*



## A3. RECENT SUCCESSES IN SPORTS

Sports has exceeded margin targets in the last three sports signature events

	Sochi Games		FIFA World Cup		Pan Am Games	
	<i>Actual</i>	<i>Budget</i>	<i>Actual</i>	<i>Budget</i>	<i>Actual</i>	<i>Budget</i>
Revenues						
Costs						
Margin on Sports Properties						

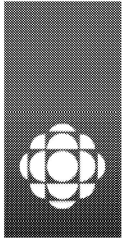


# A4. KEY DECISION ELEMENTS

## KEY TERMS FOR EXTENSION

s.18(b)  
s.21(1)(b)  
s.68.1

The agreement with the IOC to extend our media rights is based on the following key terms	
Category	Extension Terms
Bid Term	<ul style="list-style-type: none"><li>• 2022 Winter and 2024 Summer Olympic Games</li></ul>
Olympic Rights	
Financial Terms	
Cashflow	



## A5. KEY BENEFITS, IMPACTS & RISKS 2022 – 2024 OLYMPIC DEAL

The extension of this arrangement supports 4 key strategic CBC/Radio-Canada priorities:

1. Contribute to achieving CBC/Radio-Canada's *A Space for Us All* Strategic goals ('Strategy 2020')
- 2.
- 3.
4. Leverage and strengthen our business partnerships with



## BENEFIT (1): CONTRIBUTES TO ACHIEVING CBC/RADIO-CANADA'S STRATEGIC GOALS

- Supports our *Strategy 2020* priorities of increasing and deepening engagement, and encouraging participation in the public space
  - Consistent with the Strategy 2020 emphasis on digital and mobile consumption, the Olympic Games heavily emphasizes content delivery on new platforms
    - ◆
  - CBC/Radio-Canada's Olympic coverage is a Signature Event which showcases Canadian talent and generates significant audience figures and audience connections
  - The Olympics are a significant promotional vehicle to build greater awareness for other CBC/Radio-Canada content offered on all platforms
  - CBC/Radio-Canada has an important role to play in promoting relevant, nation-building experiences to the Canadian public



## BENEFIT (2): SECURES OLYMPIC CONTENT AS THE CORNERSTONE OF CBC SPORTS

- The Olympics are a significant component of CBC/Radio-Canada's Sports strategy
  - The Sports strategy, premised on CBC/Radio-Canada being the home of the Olympics, is anchored by the Games themselves and Olympic Support Sports (amateur sports) in between Games
  -





## BENEFIT (3):

- 
- 
- 
- 
-



## **BENEFIT (4): LEVERAGES OUR BUSINESS PARTNERSHIPS**

s.18(b)  
s.21(1)(b)  
s.68.1  
s.20(1)(b)

- The Olympics is the highest premium sports event in the World and is an attractive asset for CBC/Radio-Canada audiences, sponsors and partners

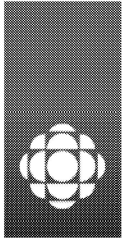




# RISKS AND MITIGATION REVENUES & RIGHTS

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s.21(1)(b)  
s.68.1

Risk	Mitigation
Revenues	Revenues
Rights	Rights



# RISKS AND MITIGATION PRODUCTION COSTS & FINANCIAL

Risk	Mitigation
Production costs	Production costs
Financial	Financial



## A6. SUCCESS MEASURES

s.18(b)  
s.21(1)(b)  
s.68.1  
s.20(1)(b)

- Financial performance per the Business Plan
- Audience consumptions and reach metrics on broadcast and on digital
- Positive audience feedback
-



## A7. RESOLUTION

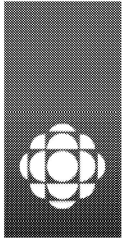
s.18(b)  
s.21(1)(b)  
s.68.1

- That the proposed agreement between CBC/Radio-Canada and the International Olympics Committee to extend the media rights to the 2022 Winter Olympic Games and the 2024 Summer Olympic Games be approved with a



## B. APPENDICES

- Business Plan for 2022-2024
- Business Plan Assumptions
- Opportunities not included in the Business Plan
- Review of the Business Plan for 2018-2020 (*per the October 2014 Board approval*)
- CBC Sports Strategy: *Rationale (per June 17, 2014 Board approval)*



# BUSINESS PLAN 2022-2024

s.18(b)  
s.21(1)(b)  
s.68.1

	2021-2022	2022-2023	2023-2024	2024-2025	Total
	<i>2022 &amp; 2024 Olympic Agreement</i>				
	<i>(Beijing)</i>			<i>(TBD)</i>	<i>Total</i>
<b>Revenues</b>					
Advertising - Conventional & Specialty					
Advertising - Digital					
Sublicensing & Syndication					
<b>Total Revenues</b>					
<b>Costs</b>					
Rights					
Production Costs					
Sales & Promotion					
<b>Total Costs</b>					
<b>Margin before Additional Facility Costs</b>					
Additional Facility Costs					
<b>Updated Margin</b>					
Olympic Unit (Production Staff)					
<b>Margin after Olympic Unit Costs</b>					
<b>Net Olympic profit/(loss)</b>					





# BUSINESS PLAN ASSUMPTIONS 2022-2024

s.18(b)  
s.21(1)(b)  
s.68.1

- **Revenues**

- General assumptions:
  
  
  
  
  
  
  
  
  
  
- Conventional revenue assumptions:



# BUSINESS PLAN ASSUMPTIONS 2022-2024

s.18(b)  
s.21(1)(b)  
s.68.1

- **Revenue - cont'd**
  - Digital revenue assumptions:



# BUSINESS PLAN ASSUMPTIONS 2022-2024

s.18(b)  
s.21(1)(b)  
s.68.1

- **Costs:**
  - Rights



# BUSINESS PLAN ASSUMPTIONS 2022-2024

s.18(b)  
s.21(1)(b)  
s.68.1

## ■ Costs - cont'd

### • Production

- ✓ Technology review
  - A technology review was completed assessing how technology and technical resources will change and impact the costs to produce the Olympic Games in 7 to 9 years
  - Although it is clear there will be many changes and there is a need for regular monitoring and planning to take advantage of the 5 Games it is not anticipated that these changes will have a significant negative impact on costs
  
- ✓
  
- ✓ Extending the One Company approach: Deeper collaboration between CBC, Radio-Canada, Bell & Rogers to amalgamate resources & reduce cost
- ✓ Apply key learning's from Pan Am Games on best practices and new ways of producing content across all platforms
- ✓ Seek more partnerships with other international broadcasters to find efficiencies to reduce cost ( i.e., sharing transmission, sharing commentary, etc.)



# BUSINESS PLAN ASSUMPTIONS 2022-2024

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s.21(1)(b)  
s.68.1

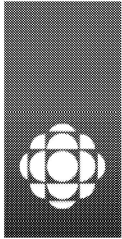
- **Costs - cont'd**
  - Sales and promotion
    - ✓ Costs as a percentage of commercial revenues consistent with 2018 and 2020 Games
  -



# OPPORTUNITIES NOT IN THE BUSINESS PLAN 2022-2024

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s.21(1)(b)  
s.68.1

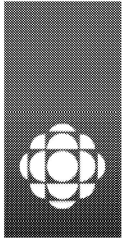
- The 2022 and 2024 Olympic Business Plan excludes a number of potential benefits that would significantly improve its financial results



# 2018-2020 OLYMPIC GAMES: KEY TERMS FOR EXTENSION

s.18(b)  
s.21(1)(b)  
s.68.1

Category	Extension Terms
Bid Term	2018 Winter and 2020 Summer Olympic Games
Olympic Rights	
Financial Terms	
Cashflow	<ul style="list-style-type: none"><li>• Payment terms that meets CBC's cashflow needs</li></ul>

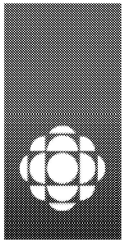


# 2018-2020 OLYMPIC GAMES: BUSINESS PLAN FINANCIALS

s.18(b)  
s.21(1)(b)  
s.68.1

	2013-2014				2014-2015				2015-2016				2016-2017				Total				2017-2018				2018-2019				2019-2020				2020-2021				Total			
	Current Olympic Agreement								New Olympic Agreement																															
	(Sochi)				(Rio)				(Korea)				(Tokyo)				Total																							
<b>Revenues</b>																																								
Advertising - Conventional & Specialty																																								
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Additional Facility Costs																																								
<b>Updated Margin</b>																																								
Olympic Unit (Production Staff)																																								
<b>Margin after Olympic Unit Costs</b>																																								





# 2018-2020 OLYMPIC GAMES: DISTRIBUTION OF OLYMPIC PROFITS

s.18(b)  
s.21(1)(b)  
s.68.1

The Olympic margin of \_\_\_\_\_ will be distributed as follows:

	2017-2018	2018-2019	2019-2020	2020-2021	Total
	<i>New Olympic Agreement</i>				
	<i>(Korea)</i>			<i>(Tokyo)</i>	<i>Total</i>
<b>Margin after Olympic Unit Costs</b>					
<b>Net Olympic profit/(loss)</b>					
<b>Net Margin to CBC</b>					



# **CBC SPORTS STRATEGY: RATIONALE FOR OLYMPICS (SOURCE: JUNE 17, 2014 BOARD DECK)**





# CBC SPORTS STRATEGY: RATIONALE FOR OLYMPIC SUPPORT SPORTS (SOURCE: JUNE 17, 2014 BOARD DECK)





# CBC SPORTS STRATEGY: RATIONALE FOR SPORTS JOURNALISM (SOURCE: JUNE 17, 2014 BOARD DECK)

s.18(b)  
s.21(1)(b)  
s.68.1

