



## 2018 & 2020 OLYMPIC GAMES

<b>TO:</b>	Hubert T. Lacroix
<b>MEETING:</b>	Board of Directors Meeting - October 1, 2014
<b>FROM:</b>	Heather Conway, Executive Vice President, English Services Neil McEneaney, Chief Business Officer, English Services Jeffrey Orridge, Executive Director, CBC Sports & General Manager, Olympics Francois Messier, Executive Director, Production, French Services Jean Mongeau, General Manager and Chief Revenue Officer, Revenue Group
<b>PURPOSE:</b>	Approval of CBC/Radio-Canada's Extension for the 2018 & 2020 Olympic Games
<b>DATE:</b>	September 30, 2014



## INTRODUCTION: 2018 & 2020 OLYMPIC DEAL

CBC/Radio-Canada has negotiated an agreement, subject to your approval, to secure the broadcast rights to the 2018 Olympic Games (PyeongChang, South Korea) and 2020 Olympic Games (Tokyo, Japan).

This deal leverages:

- Goodwill and shared mutual success with the IOC.
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## INTRODUCTION: 2018 & 2020 OLYMPIC DEAL

- This deal provides the foundation to start implementing our Sports Strategy under *Strategy 2020*, previously approved in June 2014:
  - “Pursue a consortium bid approach for future Olympic Games where CBC is the lead broadcaster”
  - “Assuming CBC/Radio-Canada is able to establish a successful consortium model with other broadcasters/media partners, establish a small, flexible Olympics business unit. This will also require pursuing an Olympic “support sports” acquisition strategy between Games”
  - “We believe that as the public broadcaster, we have an important role to play in promoting relevant, nation-building experiences to the Canadian public and showcasing Canadian talent, and the Olympics are the gold standard”
- Solidifies CBC/Radio-Canada as the brand steward of the Olympic Games in Canada and continues the tradition of excellence



# DETAILED TERMS FOR EXTENSION

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

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



# BUSINESS PLAN

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)			Total			(Korea)		(Tokyo)		Total								
<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 loss of sports infrastructure</b>																						
Impact of Smaller Infrastructure																						
Additional Facility Costs																						
<b>Updated Margin</b>																						
Olympic Unit (Production Staff)																						
<b>Margin after Olympic Unit Costs</b>																						



# DISTRIBUTION OF OLYMPIC

The Olympic margin (after Olympic Unit Costs) of :

	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>					
IOC					
<b>Net Olympic profit/(loss)</b>					
Sport Support Costs					
<b>Net Margin to CBC</b>					



# BUSINESS PLAN ASSUMPTIONS

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The business plan is based on the following assumptions:

- **Revenues**

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- 

- **Costs:**

- Rights
  - ✓
  - ✓
  - ✓



# BUSINESS PLAN ASSUMPTIONS

- Costs – cont'd
- Production
  - **South Korea** production budget (before adjustment for loss of sports infrastructure) consistent with Sochi
  - **Tokyo** production budget (before adjustment for loss of sports infrastructure) lower than Rio Games due to:
    - Extending the One Company approach: Deeper collaboration between CBC, Radio-Canada, Bell & Rogers to amalgamate resources & reduce cost
    - Apply key learning's from upcoming 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.)
- Sales and promotion
  - ✓ Maintained costs as a percentage of commercial revenues





# BUSINESS PLAN ASSUMPTIONS

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- Costs – cont'd

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# RISKS AND MITIGATION

Risk	Mitigation
Revenues	Revenues
Rights	Rights



# RISKS AND MITIGATION

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Risk	Mitigation
<b>Production costs</b>	<b>Production costs</b>
<b>Financial</b>	<b>Financial</b>



# SECURED OLYMPIC PARTNERS

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



# SECURED OLYMPIC PARTNERS – CONT'D

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





# OPPORTUNITIES: FURTHER PARTNERSHIPS

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





## NEXT STEPS

- Obtain Board of Director's approval for a rights extension offer of no more than [redacted] for the 2018 & 2020 Games
- Finalize agreement with IOC based on Board approved terms