



2015-2016 FINANCIAL RESULTS EXECUTIVE SUMMARY

TO:	Audit Committee/ Board of Directors
MEETINGS:	June 21-22, 2016
FROM:	Judith Purves, Executive Vice-President and Chief Financial Officer
PURPOSE:	To summarize the Corporation's financial results for the year ended March 31, 2016
DATE:	June 10, 2016



2015-2016 FINANCIAL RESULTS

SUMMARY OF RESULTS

s.18(a)
s.18(b)

Our overall results for the year were:

- Results on a Current Operating basis – a surplus of \$0.7 million, close to break even. Last year's results of \$19.2 million included the proceeds of \$33.5 million received from selling a portion of our equity interest in SiriusXM.
- IFRS results – a loss of \$64.0 million this year, greater than a loss of \$47.4 million last year. Last year's IFRS results also included the proceeds from selling a portion of our equity interest in SiriusXM.

(in thousands of Canadian dollars)

	For the year ended March 31		Year-over-year Increase/(decrease)	
	2016	2015	\$	%
RESULTS UNDER IFRS				
Revenue	528,386	600,135	(71,749)	(12%)
Expenses	1,619,565	1,722,292	(102,727)	(6%)
Results before Government funding and non-operating items	(1,091,179)	(1,122,157)	30,978	(3%)
Government funding	1,026,929	1,036,096	(9,167)	(1%)
Results before non-operating items	(64,250)	(86,061)	21,811	(25%)
Non-operating items	257	38,670	(38,413)	(99%)
Net results under IFRS for the year	(63,993)	(47,391)	(16,602)	35%
RESULTS ON A CURRENT OPERATING BASIS				
Items not generating or requiring funds from operations				
Pension and other employee future benefits	70,112	45,813	24,299	53%
Depreciation, amortization and decommissioning expenses, net of amortization of deferred capital funding	19,505	23,473	(3,968)	(17%)
Other provisions for non-cash items	(24,930)	(2,671)	(22,259)	833%
Results on a Current Operating Basis	694	19,224	(18,530)	(96%)
RESULTS ON A BUDGETARY BASIS				
Net position - Investments in ARTV and <i>documentary</i>	168	(327)	495	(151%)
Gain on disposal of property and equipment	(257)	(5,122)	4,865	(95%)
Results on a budgetary basis ¹				

¹ Results on a budgetary basis of \$131.8 million is further detailed in Slide 7.



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REVENUE – ADVERTISING AND SUBSCRIBER FEES

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s.18(b)

Advertising Revenue and Subscriber Fees:

- **Advertising – Event revenue was \$5.9 million this year, lower by \$73.4 million relative to last year. This year we covered the Pan Am and Parapan Am Games, whereas last year included broadcasting both the NHL hockey season playoffs and FIFA World Cup Brazil. Ongoing revenue declined by 3%, consistent with the industry-wide softening of the Canadian television advertising market.**
- **Subscriber Fees – increased by \$1.7 million mainly from strength with our French Services speciality channels – ICI Explora and ICI Tou.tv**

	For the year ended		Year-over-year		Notes
	March 31		Increase/(decrease)		
(in millions of Canadian dollars)	2016	2015	\$	%	
ADVERTISING REVENUE					
Events					
• Hockey Night in Canada advertising revenue					Prior year included one quarter of NHL hockey playoffs
• 2014 FIFA World Cup advertising revenue					
• 2015 Pan Am and Parapan Am advertising revenue					
Subtotal - Events (budgetary and IFRS)					
Ongoing activities					
• Television					Softness of TV advertising market Loss of advertisers on Radio 2 Strong programmatic sales Individually immaterial variances
• Radio					
• Digital					
• Contrats & other					
Subtotal - Ongoing activities (budgetary) ²					
TOTAL ADVERTISING REVENUE (budgetary)	253.0	330.2	(77.2)	(23%)	
IFRS adjustments ²	0.2	3.2	(3.0)	(93%)	
TOTAL ADVERTISING REVENUE (IFRS)	253.2	333.4	(80.2)	(24%)	
SUBSCRIBER FEES					
TOTAL SUBSCRIBER FEES (budgetary)	128.6	115.3	13.3	12%	ICI ARTV not included as budgetary in 2014-2015 ICI ARTV consolidation in 2014-2015 and <i>documentary</i> (both years) Growth in French Services speciality channels
IFRS adjustments	5.9	17.5	(11.6)	(66%)	
TOTAL SUBSCRIBER FEES (IFRS)	134.5	132.8	1.7	1%	

² Ongoing activities as presented in the Annual Report = Ongoing activities (budgetary) + IFRS adjustments



2015-2016 FINANCIAL RESULTS

REVENUE (CONT'D) – OTHER INCOME AND FINANCING INCOME

s.18(a)

s.18(b)

Other Income and Financing Income:

- **Other Income** – Event revenue was higher by \$9.6 million on a year over year basis. This year we recognized host broadcasting revenue for the Pan Am and Parapan Am games. Last year included FIFA World Cup Brazil and the last year of the CRTC's Local Programming Improvement Fund (LPIF). Ongoing revenue declined by 2%.
- **Financing Income** – Decrease of \$0.6 million, mostly because of a lower cash balance (thus yielding less interest income).

(in millions of Canadian dollars)

	For the year ended		Year-over-year		Notes
	March 31		Increase/(decrease)		
	2016	2015	\$	%	
OTHER INCOME					
Events					
• 2015 Pan Am and Parapan Am host broadcasting services					
• End of LPIF contributions					
• 2014 FIFA World Cup digital rights / production revenue					
Subtotal - Events (budgetary and IFRS)					
Ongoing activities					
• Building, tower, facility and service rentals					
• Retransmission rights					
• Program sponsorships					
• Digital programming					
• Rogers hockey deal VIK					
• Other					
Subtotal - Ongoing activities (budgetary) ²					
TOTAL OTHER INCOME (budgetary)	136.5	138.4	(1.9)	(1%)	
IFRS adjustments ²	(6.1)	(15.3)	9.3	(60%)	Mostly SiriusXM dividend presented against expenses
TOTAL OTHER INCOME (IFRS)	130.4	123.1	7.3	6%	
FINANCING INCOME					
TOTAL FINANCING INCOME (IFRS)	10.2	10.8	(0.6)	(6%)	
TOTAL REVENUE (IFRS)	528.4	600.1	(71.7)	(12%)	

² Ongoing activities in the Annual Report = Ongoing activities (budgetary) + IFRS adjustments



2015-2016 FINANCIAL RESULTS

OPERATING EXPENSES

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Operating Expenses:

- We spent \$69.8 million less on events relative to last year. This year included broadcast rights and production costs for the Pan Am and Parapan Am Games, whereas last year included the NHL hockey season playoffs and FIFA World Cup Brazil.
- Ongoing expenses decreased by \$32.9 million, mostly as a result of lower spending following cost-reduction initiatives (\$62 million). Last year also included \$29.7 million of restructuring expenses necessary to reduce our ongoing costs. These decreases were partly offset by new investment in programming content in accordance with our strategic plan.

(in millions of Canadian dollars)

	For the year ended		Year-over-year		Notes
	March 31		Increase/(decrease)		
	2016	2015	\$	%	
OPERATING EXPENSES					
Events					
• NHL hockey rights and <i>Hockey Night in Canada</i> production					
• 2014 FIFA World Cup rights and production					
• 2015 Pan Am and Parapan Am rights and production					
Subtotal - Events (budgetary and IFRS)					
Ongoing activities					
• News and Current Affairs					
• Arts and Entertainment					
• Specialty channels					
• Radio					
• Music					
• Sports (excl. events)					
• Rogers hockey deal VIK					
• Technical Services					
• Media Solutions					
• Communications and Research					
• Infrastructure and Technology Services					
• Partner Services					
• Other and downsizing expenses					
Subtotal - Ongoing activities (budgetary) ²	1,410.1	1,452.3	(42.3)	(3%)	
TOTAL OPERATING EXPENSES (budgetary)	1,435.1	1,547.1	(112.0)	(7%)	
IFRS adjustments ²	184.5	175.2	9.3	5%	Mostly pension plan, amortization / depreciation
TOTAL OPERATING EXPENSES (IFRS)	1,619.6	1,722.3	(102.7)	(6%)	

² Ongoing activities in the Annual Report = Ongoing activities (budgetary) + IFRS adjustments



2015-2016 FINANCIAL RESULTS

GOVERNMENT FUNDING

Government funding recognized for accounting purposes decreased by \$9 million (1%):

- Lower amortization of capital funding by \$8.2 million, consistent with a decline in our asset base.
- Consistent base operating appropriation received in both years.

(in millions of Canadian dollars)

	For the year ended		Year-over-year		Notes
	March 31		Increase/(decrease)		
	2016	2015	\$	%	
<u>GOVERNMENT FUNDING</u>					
• Parliamentary appropriation for operating expenditures	928.3	929.3	(1.0)	(0%)	No change in base operating appropriation
• Parliamentary appropriation for working capital	4.0	4.0	-	0%	
• Amortization of deferred capital funding	94.6	102.8	(8.2)	(8%)	Consistent with decrease in asset base
<u>TOTAL GOVERNMENT FUNDING (IFRS)</u>	<u>1,026.9</u>	<u>1,036.1</u>	<u>(9.2)</u>	<u>(1%)</u>	



2015-2016 FINANCIAL RESULTS

APPENDIX A – SUMMARY OF BUDGETARY RESULTS

s.18(a)

s.18(b)

Summary of budgetary results, as per the Budgetary Management Report (refer to Audit Committee information item for further detail).

	Comparison to Budget (April to March)			Comparison to Prior Year (April to March)		
	<u>2015-2016</u>	<u>2015-2016</u>	Variance	<u>2015-2016</u>	<u>2014-2015</u>	Variance
	<u>Actuals</u>	<u>Budget</u>		<u>Actuals</u>	<u>Actuals</u>	
SOURCE OF FUNDS						
<u>Government Funding and Carryover</u>						
Parliamentary Appropriation						
Prior Year Carryover						
Total government Funding and carryover						
<u>Transfer (to) from Capital</u>						
<u>Local Programming Improvement Fund</u>						
<u>Revenues</u>						
Advertising Revenues						
Other Income						
Subscriber Revenues						
Total Revenues						
TOTAL SOURCE OF FUNDS						
APPLICATION OF FUNDS						
<u>Expenditures</u>						
English Services						
French Services						
Other Services						
Committed Reserves						
TOTAL APPLICATION OF FUNDS						
NET POSITION - Before Downsizing Costs						
Net proceeds from sale of Sirius shares						
Downsizing costs						
NET POSITION						