



CBC/RADIO CANADA MOBILES

TO:	Board of Directors
MEETING:	March 30, 2015
FROM:	Heather Conway, Executive Vice President, English Services Neil McEneaney, Chief Business Officer, English Services
DECISION SOUGHT:	Approval of Sale of the Mobile Division to Dome Productions
NEXT STEPS:	Seek Treasury Board approval
DATE:	March 26, 2015



CONTEXT

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

- CBC/Radio-Canada is selling all of its Mobile Production Assets ('the Mobiles'). See Appendix 1 for a list of Mobile assets.
- The decision to exit the Mobiles business:
 - Is part of the ***A Space For Us All*** strategy, as previously approved, relating to the reduction of in house production assets
 - Avoids projected financial losses from an unsustainable Business Plan
- Capital Canada Ltd was retained, as financial advisors, to manage the sale process of the Mobiles on behalf of CBC. See Appendices 2-3.
- As a result, we identified Dome Productions' bid of _____ as the most attractive for realizable sale price and maintenance of the relationship to serve CBC's remaining production needs. See Appendices 4-6.
- After paying off the costs for closing the division of a projected _____ CBC/Radio-Canada is projected to _____ available for corporate priorities. See Appendix 7.



KEY DECISION ELEMENTS

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

- Sell CBC/Radio-Canada's Mobile Production Assets to Dome Productions ('Dome') for





KEY BENEFITS, IMPACTS & RISKS

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

The Mobile assets are being sold for _____ to Dome Productions because:

1. Maintaining the Mobile Division is not consistent with strategy
 - A key pillar of Strategy 2020 is to reduce infrastructure – the Division is a capital intensive infrastructure
 - Resources must be focused on critical services.

2. Continual capital investment would be required



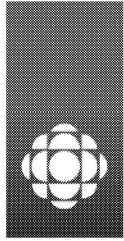
KEY BENEFITS, IMPACTS & RISKS

The Mobile assets are being sold because – cont'd:

3.

4.

5.



NEXT STEPS

Heritage Approval

- Ministerial approval is required for this sale

Treasury Board Approval (Order in Council: 'OIC')

- Sale of property over \$4 million requires an OIC
- Approval, if given, is typically provided within approx. 3 months

Anticipated Timeline

- Now CBC/Radio-Canada Board approval
- April 7 First draft of documentation to Treasury Board
- April 27 Treasury Board Secretariat's permission given to proceed
- April 28 Final documents to Heritage for approval
- May 14 Latest date for Minister of Heritage to sign approval
- June 11 Treasury Board approval



RESOLUTION

- That, subject to Treasury Board approval, the proposed sale of CBC\Radio-Canada's Mobile Production Assets to Dome Productions be approved on the terms and conditions substantially the same as those presented to the Board of Directors at the meeting.



APPENDICES



APPENDIX 1: MOBILE ASSETS

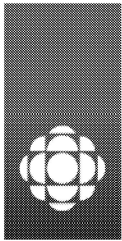
- The Net Book Value of the Assets is estimated to be at March 31, 2015
- The 3 Mobile Production Units are:
 - HD Mobile 1 – Encore
 - HD Mobile 2 – Evolution
 - HD Mobile 4 – Premiere
- Other Assets are:
 - 3 “B-Units” trailers to supplement production of main units
 - Other related mobile production assets

Note 1: The Mobile Production Units are large tractor-trailer combinations (dimensions 53’0” L x 8’4” W x 13’5” H) used for remote television production for large events. CBC/Radio-Canada will continue to maintain satellite units used for the purpose of newsgathering and reporting.



APPENDIX 2: CAPITAL CANADA

- CBC underwent an RFP process to select a financial advisor
- Capital Canada Ltd., the successful proponent, is an investment banking firm acting as CBC's financial advisor, pertaining to:
 - Preparation of the sale process, including due diligence, documentation and information gathering for potential purchasers
 - Contacting potential purchasers including execution of Non-disclosure agreements
 - Managing the auction process, evaluating proposals received and assisting in concluding the transaction
- For these services, Capital Canada will be paid _____ of the price contained in the Final Agreement (plus incidental expense reimbursement)



APPENDIX 3: THE BIDDING PROCESS

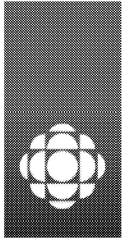
s.18(a)
s.18(b)
s.21(1)(b)

- Capital Canada commenced marketing the sale of the Mobiles to selected potential bidders in October 2014
- Capital Canada identified a list of highly likely potential bidders to contact

- A process letter was distributed on January 5, 2015, to potential bidders specifying the requirements for the submission of non-binding proposal by January 19, 2015
- 4 non-binding proposals were received via email on January 19, 2015



APPENDIX 4: EVALUATION OF THE BIDS



APPENDIX 5: SUMMARY OF BIDS

	Bidder #1	Bidder #2	Bidder #3	Bidder #4
Valuation (in millions)				
Valuation Assumptions				
Financing				
Due diligence				
Exclusivity				
Timing				
Transition support				
Advisors				

SALE OF MOBILE DIVISION (including 5G), 2020



APPENDIX 6: DOME'S SUCCESSFUL BID

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

- We agree with Capital Canada's recommendation to accept Dome's offer of

