



The Canadian TV Industry

September 2014



Canadian TV Overview

Welcome to Canada!

Bienvenue a Canada!

- A confederation of 10 provinces
- Two founding European ancestries - England and France - hence two official languages and two parallel media structures
- Multi-cultural community, with some of the highest concentrations of ethnic diversity in the world

The Canadian Market

- 34.1 million people
- 42 TV markets
- 13.9 million TV households



Total Advertising Revenue

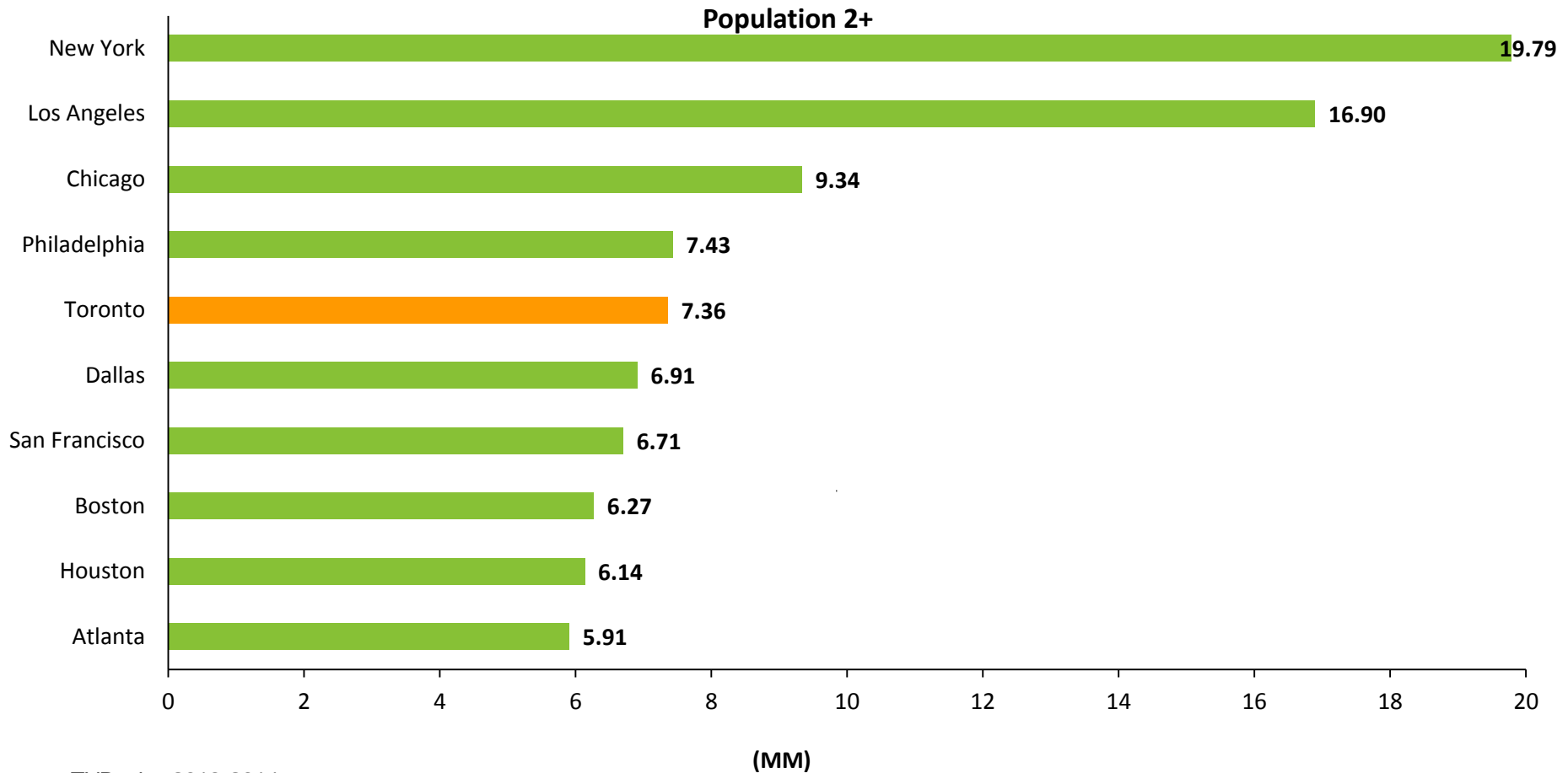
- \$11.9 billion total advertising market
- \$3.6 billion is TV
- \$109 - per capita TV ad spend

Source: TVB NAV 2013



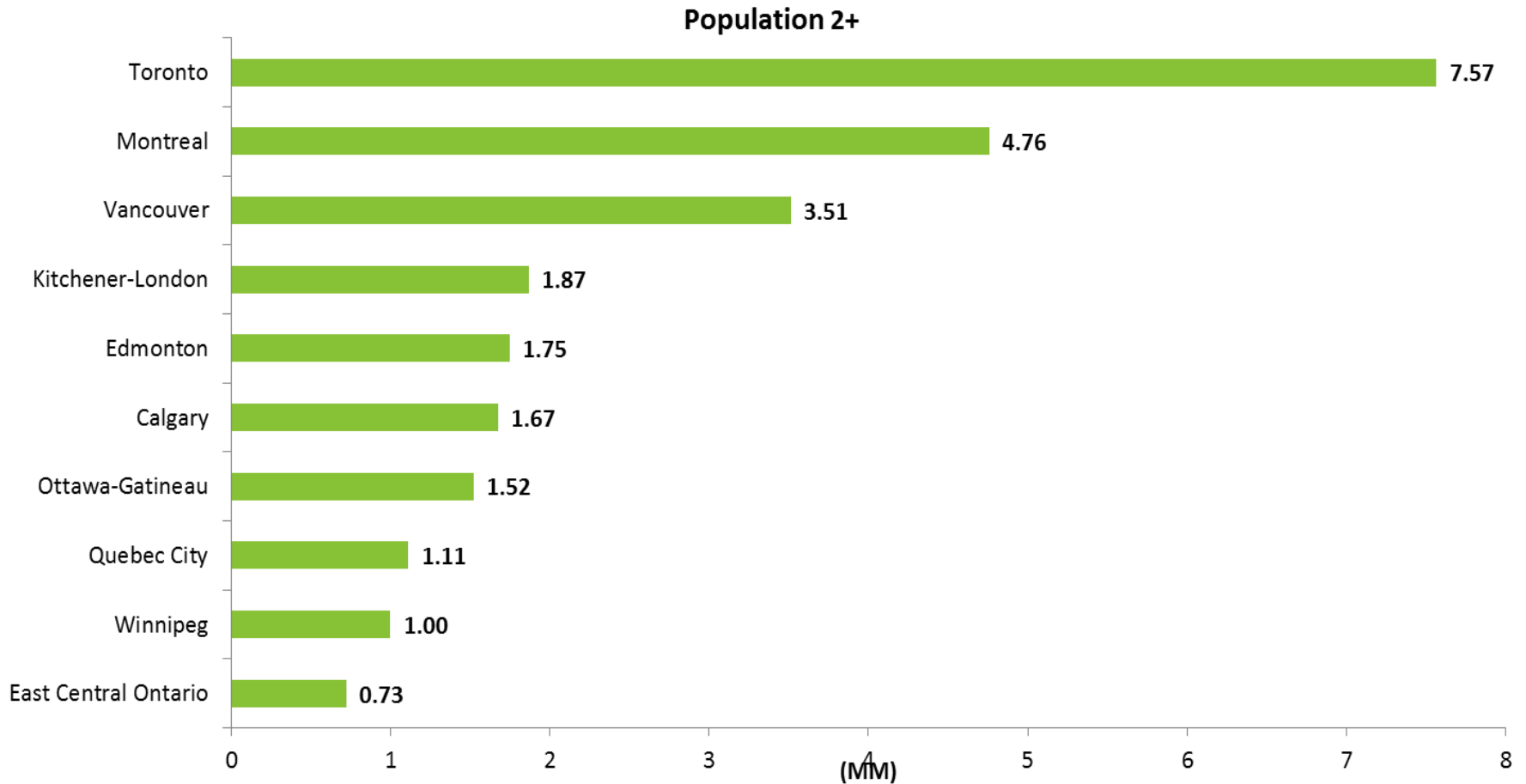
Top TV Markets in North America

Toronto is the 5th largest market in North America



Source: TVBasics 2013-2014

Top 10 Canadian TV Markets



Source: TVBasics 2013-2014

Dramatic Population Concentration

The top 10 markets represent 72% of the total population

This concentrated population distribution has led to exclusively market-specific television planning and execution

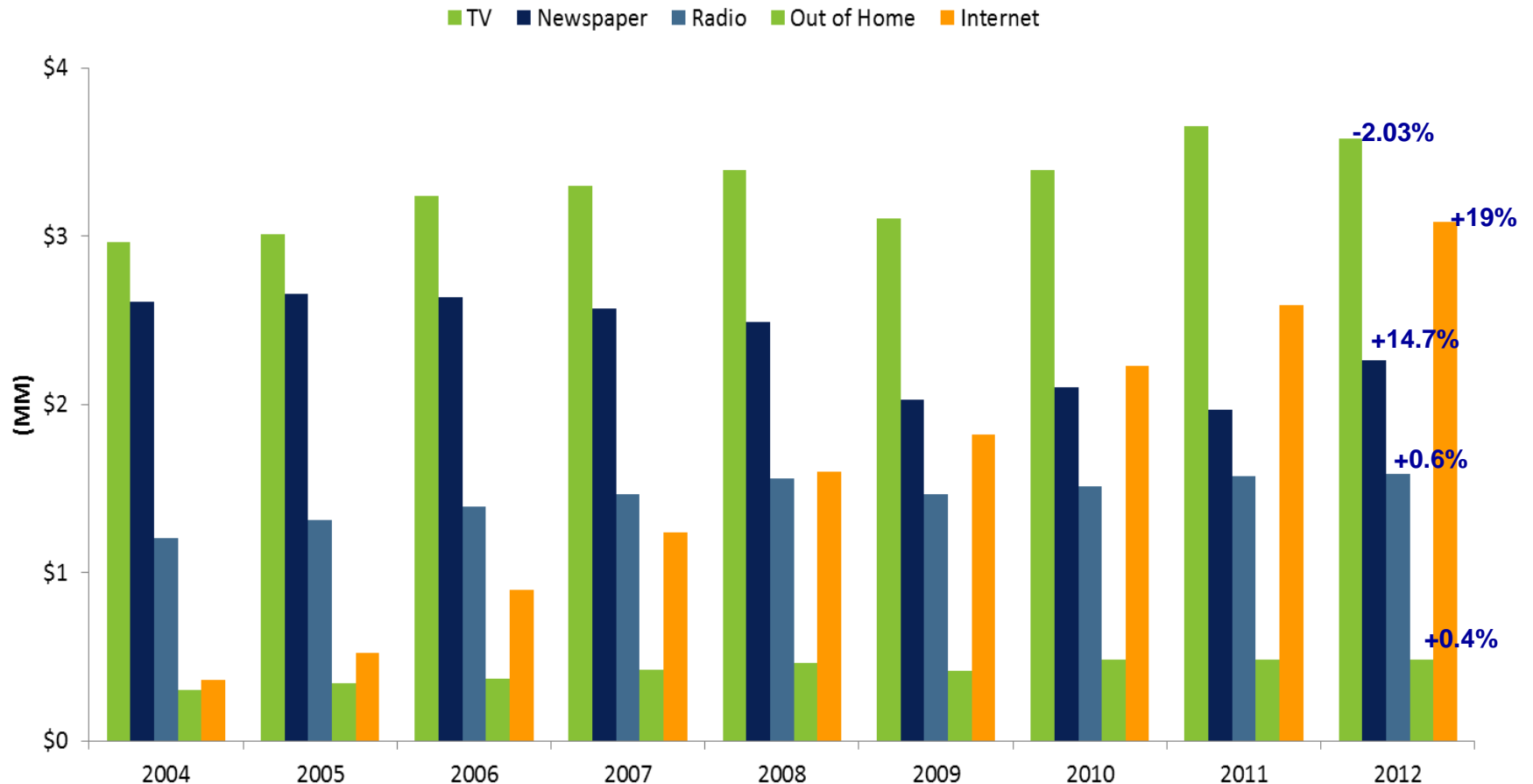
- National ratings are not utilized as they would not accurately reflect Top 10 vs. minor market deliveries
- Given the importance of each major market, it is imperative to ensure delivery of planned support levels in each
 - e.g. Toronto represents almost 22% of Canada's total population

Source: BBM Canada Fall 2013



Canadian Advertising Revenue Growth

Percentage change VYA

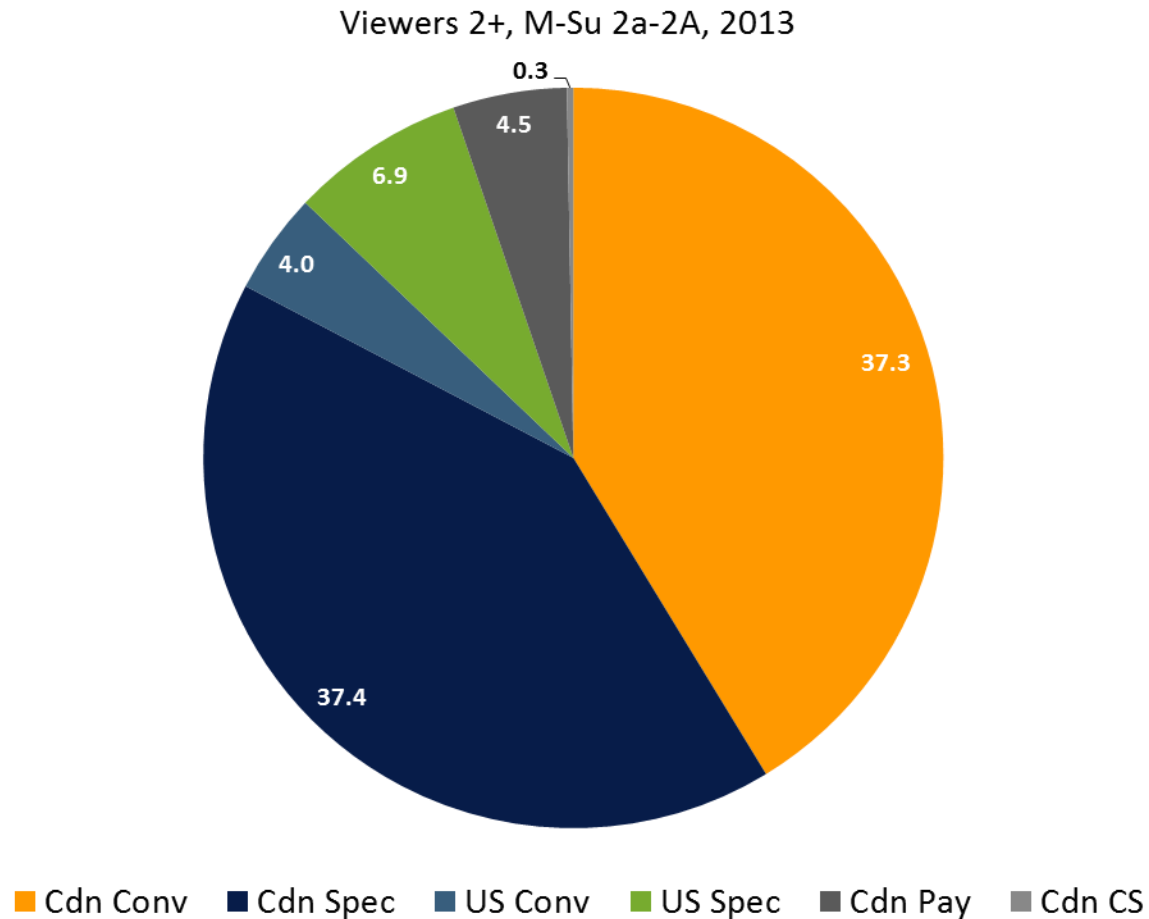


Source: TVB Canada, Net Ad Volume – CRTC/CNA/NMR/IAB



Share of Canadian TV Viewing

What we watch



Source: BBM Canada 2012-2013

Canadians' Exposure to Ads on U.S. Stations

In spite of almost 13% share of total Canadian viewing to U.S. stations, exposure to U.S. placed ads is small

- While much of the programming airing on Canadian stations is of U.S. origin, cable and satellite companies are required by law to substitute American broadcasts with Canadian signals (programs and commercial) when both stations are airing the same program/episode simultaneously (i.e. Simulcast)
- Implemented to protect Canadian advertisers' interests by ensuring that Canadians watch Canadian commercials
- Not surprisingly, Canadian broadcasters strive to maximize simulcast opportunities

Source: BBM Canada 2013



Regulatory Body



The Canadian Radio-Television and Telecommunications Commission (CRTC) is an independent agency responsible for regulating Canada's broadcasting and telecommunications systems

The CRTC reports to Parliament through the Minister of Canadian Heritage

The Canadian industry comprises public and private ownership – however majority the are private

Current regulations do not limit commercial time

Canadian broadcasters are required by the CRTC to produce and air Canadian content

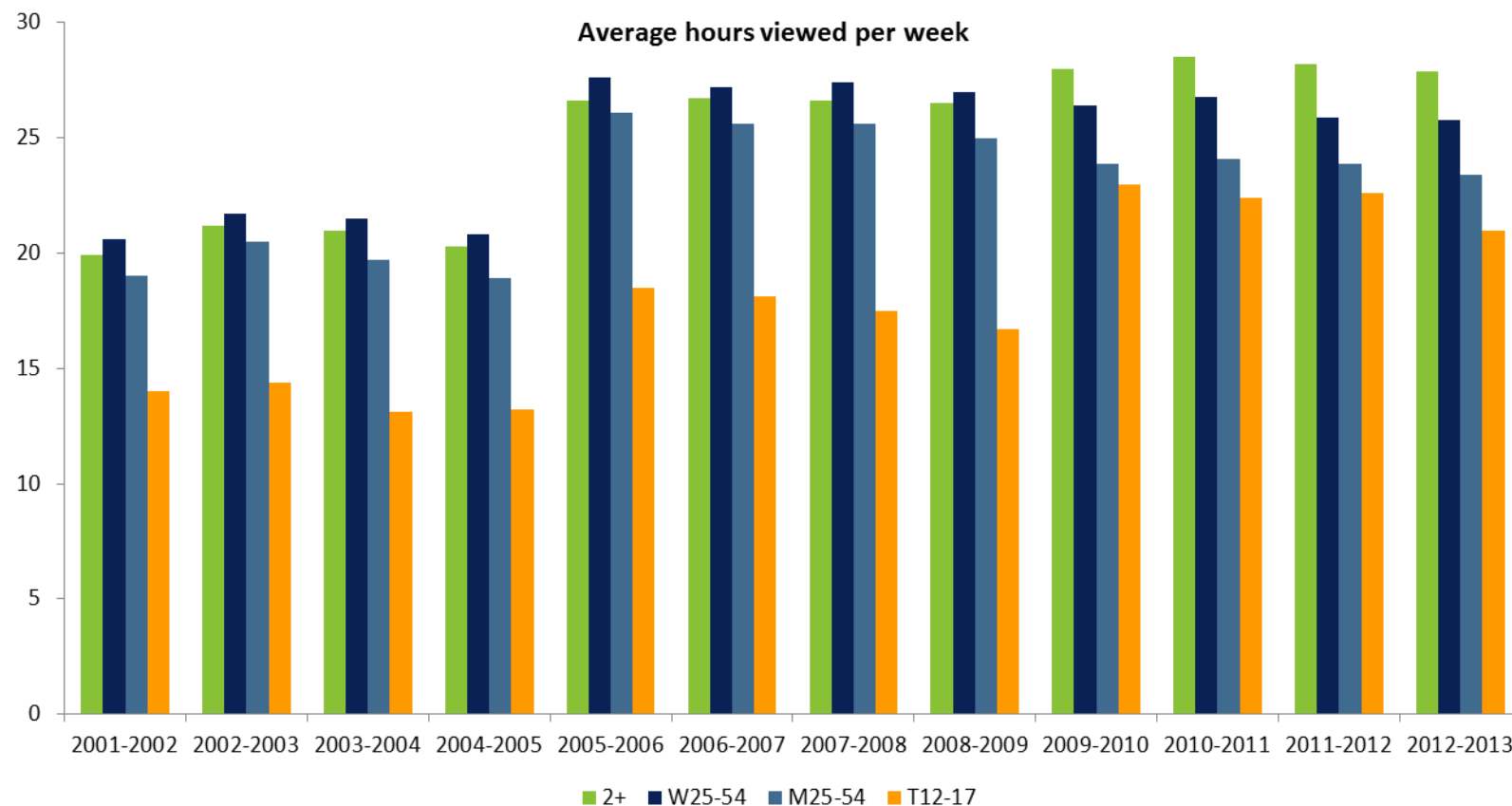
The intent is to develop popular programming relevant to Canadians as well as to support the production and talent communities



Who is Watching?

Canadian Television Viewing Patterns

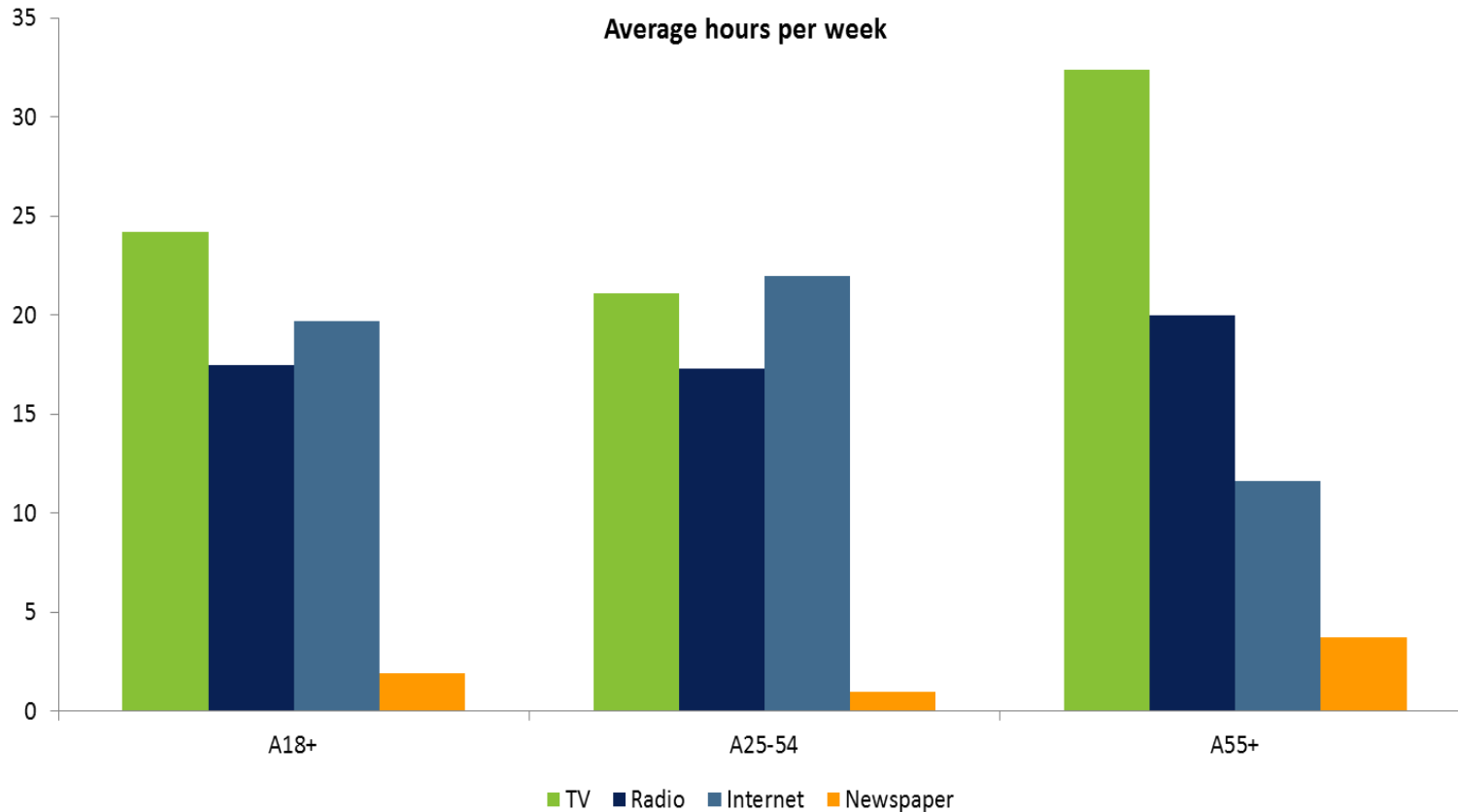
Canadians are watching more TV today than they did 10 years ago



Source: TVBasics

Major Media Comparison

Overall, TV is the media with the highest consumption



Source: TVBasics 2013-2014 & comScore Jan-Mar 2013 avg

Television Technology Adoption

- ✓ 98% penetration
- ✓ 93% have access to TV services
- ✓ 85% have digital TV
- ✓ 53% have PVRs
- ✓ 73% are multi-set households

Source: TVBasics 2013-2014