

**ANALYSIS OF FINANCIAL AND CPE AND PNI SPENDING
DATA FILED BY DHX TELEVISION AS PART OF ITS LICENCE
RENEWAL APPLICATIONS**

(Part 1 Applications 2017-0821-5, 2017-0822-3, and 2017-0823-1)

Prepared by:

Mario Mota, Boon Dog Professional Services Inc.

For:

**Canadian Media Producers Association (CMPA)
and
Writers Guild of Canada (WGC)**

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**Impact of Family Channel/Jr Existing PNI Level vs. Proposed PNI Level
If Licensed On a Stand-alone Basis**

Service	2013-2014 Revenue	Existing PNI Level	PNI Required in 2014-2015	Proposed PNI Level	PNI That Would be Required in 2014-2015
Family Channel/Jr	\$61,368,196	16%	\$9,818,911	10%	\$6,136,820
Variance \$					-\$3,682,092
Variance %					-37.5%
Service	2014-2015 Revenue	Existing PNI Level	PNI Required in 2015-2016	Proposed PNI Level	PNI That Would be Required in 2015-2016
Family Channel/Jr	\$59,686,511	16%	\$9,549,842	10%	\$5,968,651
Variance \$					-\$3,581,191
Variance %					-37.5%
Variance \$ - 2 Year Total					-\$7,263,282

Source: DHX licence renewal application, APP - Doc10 - Appendix 4 - CPE requirement

Historical CPE and PNI Spending - DHX Group - English Services Only

	2013-2014	2014-2015	2015-2016	2-Year Average
Revenue				
Family Channel/Jr	\$61,368,196	\$59,686,511		\$60,527,354
CHRGD	\$6,570,658	\$6,868,342		\$6,719,500
Total Revenue	\$67,938,854	\$66,554,853		\$67,246,854
CPE				
Family Channel/Jr		\$13,534,770	\$13,253,853	\$13,394,312
CHRGD		\$414,612	\$1,104,542	\$759,577
Total CPE		\$13,949,382	\$14,358,395	\$14,153,889
CPE as % of prior year revenue		20.5%	21.6%	21.0%
PNI*				
Family Channel/Jr		\$9,056,016	\$11,344,727	\$10,200,372
CHRGD		\$0	\$0	\$0
Total PNI		\$9,056,016	\$11,344,727	\$10,200,372
PNI as % of prior year revenue		13.3%	17.0%	15.2%

Family average = 22.1%

Family average = 16.9%

Sources and Notes:

- 1) DHX licence renewal application, APP - Doc 10 - Appendix 4 - CPE requirement.

Proposed DHX Group Financial / Programming Expense Projections - Based on DHX's Proposed Group CPE and PNI Levels

	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	
Revenue						
Proposed group	\$52,755,697	\$53,109,094	\$53,447,149	\$53,806,400	\$54,131,801	
Total Group Revenue	\$52,755,697	\$53,109,094	\$53,447,149	\$53,806,400	\$54,131,801	
CPE						
Proposed group	\$9,378,390	\$9,460,847	\$9,479,471	\$9,696,790	\$9,767,637	
Total Group CPE	\$9,378,390	\$9,460,847	\$9,479,471	\$9,696,790	\$9,767,637	
CPE as % of prior year revenue		17.9%	17.8%	18.1%	18.2%	
PNI						
Proposed group	N/A	\$5,275,570	\$5,310,909	\$5,344,715	\$5,380,640	
Total Group PNI	N/A	\$5,275,570	\$5,310,909	\$5,344,715	\$5,380,640	
PNI as % of prior year revenue	10.0%	10.0%	10.0%	10.0%	10.0%	
Total Group CPE required if at 20% level		\$10,551,139	\$10,621,819	\$10,689,430	\$10,761,280	
Variance between DHX projected CPE spending and 20% CPE		-\$1,090,292	-\$1,142,348	-\$992,640	-\$993,643	4 Year Total = -\$4,218,923*
Total Group PNI required if at historical spending level (15%)		\$7,913,355	\$7,966,364	\$8,017,072	\$8,070,960	
Variance between DHX projected PNI spending and 15% PNI requirement		-\$2,637,785	-\$2,655,455	-\$2,672,357	-\$2,690,320	4 Year Total = -\$10,655,917*

Sources and Notes:

1) DHX licence renewal application, Appendix 5 - DHX Television Ltd. Consolidated - Financial Projections

APPENDIX

About Boon Dog Professional Services Inc.

Boon Dog Professional Services Inc. is an Ottawa-based research and consulting firm offering a range of professional services and research studies to clients in a number of sectors, with an expertise in the broadcasting and media sectors. Services provided include the following:

- strategic business and market intelligence;
- strategic marketing communications and public relations;
- writing and editing; and
- communications/broadcasting regulatory consulting and analytics.

Boon Dog Co-founder and Partner Mario Mota has extensive knowledge of the Canadian broadcasting and communications industries and CRTC regulatory processes. From 1999 to 2000, Mario served as Director of Policy and Regulatory Affairs at the Specialty and Premium Television Association (SPTV), which represented licensed Canadian specialty, pay, and third-language TV services. Mario assumed the position of Director of Specialty and Pay Television Policy at the Canadian Association of Broadcasters (CAB) following SPTV's merger with the CAB in December 2000. From April 2006 to November 2010, Mario oversaw broadcasting policy and regulatory matters for the Canadian Media Producers Association (CMPA) (then the Canadian Film and Television Production Association and later the Canadian Media Production Association), first as Senior Director of Broadcast Relations & Research and then as Vice-President, Broadcasting Policy & Regulatory Affairs.

Prior to co-founding Boon Dog Professional Services in 2006, Mario was Vice-President of Broadcast/Media Research at Decima Research Inc. (now Harris/Decima) where he managed the company's growing broadcast and media research practice.

Mario first joined the Decima group in July 2001 as President and Publisher of Decima Reports Inc. (then Decima Publishing but now The Wire Report and published by The Hill Times). One of Mario's key mandates in this leadership position was to increase Decima Research's exposure and credibility in the broadcasting sector. He achieved this by coordinating research projects on broadcasting industry topics such as digital television and HDTV. During his time at Decima Reports, Mario developed and managed Decima's successful THE DIGITAL DOMAIN research series, Canada's most comprehensive independent research series on the digital TV market. Mario continued to manage this highly regarded research product when he joined Decima Research in June 2004. Boon Dog Professional Services continues to produce this report series today under the name *Canadian Digital TV Market Monitor*.

Mario and Boon Dog also produce the *Canadian Television Benefits Monitor*, an annual syndicated research study that tracks spending for all current television tangible public benefits packages, using data contained in reports filed annually with the CRTC.

How to Contact Boon Dog

www.boondog.ca

Mobile: (613) 315-5352

Email: mota.bdps@rogers.com

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