

CBC/Radio-Canada releases web-based annual report and first quarter financial report

August 29, 2012 – CBC/Radio-Canada today launched its second web-based annual report for fiscal year 2011–2012, as well as its first quarter financial report.

Annual Report

“Making our annual report available online demonstrates our commitment to accountability and transparency,” said Hubert T. Lacroix, President and CEO of CBC/Radio-Canada. “In this year’s annual report, which marks the Corporation’s 75th anniversary, Canadians have a window on the Corporation’s finances and are able to track our performance against the objectives we set out last year in *Strategy 2015: Everyone, Every way.*”

Results for the quarter ended June 30, 2012

The Corporation’s first quarter financial report highlights significant business and financial developments occurring between April 1 and June 30, 2012.

“Of course, the most significant impact on CBC/Radio-Canada was the announcement that our appropriation had been reduced by \$115 million over three years, as part of Federal Budget 2012,” said Suzanne Morris, Vice-President and Chief Financial Officer. “This targeted reduction, combined with the unavoidable costs and investments required for CBC/Radio-Canada to continue to keep pace as a modern public broadcaster, means the Corporation actually faces financial pressures amounting to \$200 million over the next three years. The Corporation has developed plans to address these pressures and an estimated \$25 million in one-time restructuring costs.”

Net results before non-operating items for the first quarter of 2012–2013 amounted to a loss of \$15.7 million, compared to a loss of \$13.6 million for the same period in 2011–

Financial Highlights				
<i>(in thousands of dollars)</i>				
	For the three months ended June 30			
	2012	2011	\$ change	% change
Revenue	182,705	180,145	2,560	1.4
Expenses	(501,434)	(471,615)	(29,819)	(6.3)
Government funding	303,048	277,882	25,166	9.1
Net results before non-operating items	(15,681)	(13,588)	(2,093)	(15.4)

2012. This movement was primarily due to the following changes in revenue, funding and expenses:

- Revenue increased by \$2.6 million compared to the first quarter of 2011–2012. Higher digital revenue and facility rentals contributed to the increase. This increase was partially offset by lower ad revenue compared to the first quarter of 2011–2012, which benefited from having a Canadian team in the Stanley Cup final.
- Expenses were higher by \$29.8 million compared to the first quarter of last year as a result of one-time costs related to additional depreciation and decommissioning expenses necessary to shut down our remaining analogue TV transmission assets and severance costs incurred as a result of employee departures following the Federal Budget 2012 reductions.

News Release

- Government funding recognized this quarter increased by \$25.2 million compared to the same quarter in 2011–2012. This increase was primarily due to recognizing previously received capital funding in net results, mostly related to additional depreciation and impairment charges on the analogue TV transmission assets.

Business Update

The second quarter is already shaping-up to be another significant period for the Corporation.

“For instance, earlier this month, we were awarded the Canadian broadcast rights for the Sochi 2014 Olympic Winter Games and the Rio 2016 Olympic Summer Games. This is excellent news for Canadians who will once again experience the Olympic tradition with their public broadcaster. It also represents a perfect example of the ‘signature events’ that define *Strategy 2015: Everyone, Every way*,” added Mr. Lacroix.

Additionally, in July the CRTC announced its decision to discontinue the Local Programming Improvement Fund. “While we’re currently reviewing options to mitigate the implications of this decision, we know this means an additional reduction of over \$40 million once the fund is fully phased out as of August 31, 2014. This decision presents a significant challenge that could limit our local television activities, level of service and our presence in some communities,” said Ms. Morris.

“Looking forward to the rest of the fiscal year, our focus will be on adjusting our strategy to meet these challenges head-on. We are, after all, still very focused on our goals of becoming more distinctly Canadian, more regional, and more digital, which remain vital to the fulfillment of our role as Canada’s public broadcaster in a rapidly changing environment,” said Mr. Lacroix.

CBC/Radio-Canada’s 2011–2012 Annual Report can be found here: [insert link] and its first quarter financial report here [insert link].

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About CBC/Radio-Canada

CBC/Radio-Canada is Canada's national public broadcaster and one of its largest cultural institutions. The Corporation is a leader in reaching Canadians on new platforms and delivers a comprehensive range of radio, television, Internet, and satellite-based services. Deeply rooted in the regions, CBC/Radio-Canada is the only domestic broadcaster to offer diverse regional and cultural perspectives in English, French and eight Aboriginal languages.

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