



Canadian Radio-television and
Telecommunications Commission

Conseil de la radiodiffusion et des
télécommunications canadiennes

Canada

Annual highlights of the broadcasting sector 2019-2020



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Highlights of the broadcasting sector

Table 1 Overview of broadcasting revenues (\$ billions) and contributions to Canadian content (\$ billions), 2019-2020

| | |
|--|--------|
| Revenues (\$B) | 15.768 |
| Revenue growth 2019-2020 | -6.6% |
| Contributions to Canadian content (\$B) | 3.077 |
| Estimated revenues of Internet-based audio and audiovisual services (\$B) | 4.406 |

Source: CRTC data collection; Omdia for estimated Canadian revenues of Internet-based services

Revenues of Internet-based services are over and above those of the traditional broadcasting services.

Total broadcasting revenues include revenues from private commercial and Canadian Broadcasting Corporation/Société Radio-Canada (CBC/SRC) radio services, private commercial and CBC/SRC conventional television services, discretionary and on-demand services, and broadcasting distribution undertakings (BDUs). Broadcasting contributions to Canadian content include Canadian content development (CCD) contributions, Canadian programming expenditures (CPE), contributions by BDUs to the creation and production of Canadian programming, and tangible benefits from ownership transactions.

CBC/SRC revenues include parliamentary appropriations for conventional television.

This overview of the broadcasting sector provides a glimpse into various aspects of broadcasting in Canada. The data in this report covers the broadcast period from 1 September 2019 to 31 August 2020, and therefore includes impacts resulting from the COVID-19 pandemic for approximately six months. The World Health Organization declared the outbreak a Public Health Emergency of International Concern on 30 January 2020, and a pandemic on 11 March 2020.

For the purposes of this report, total broadcasting revenues include revenues from:

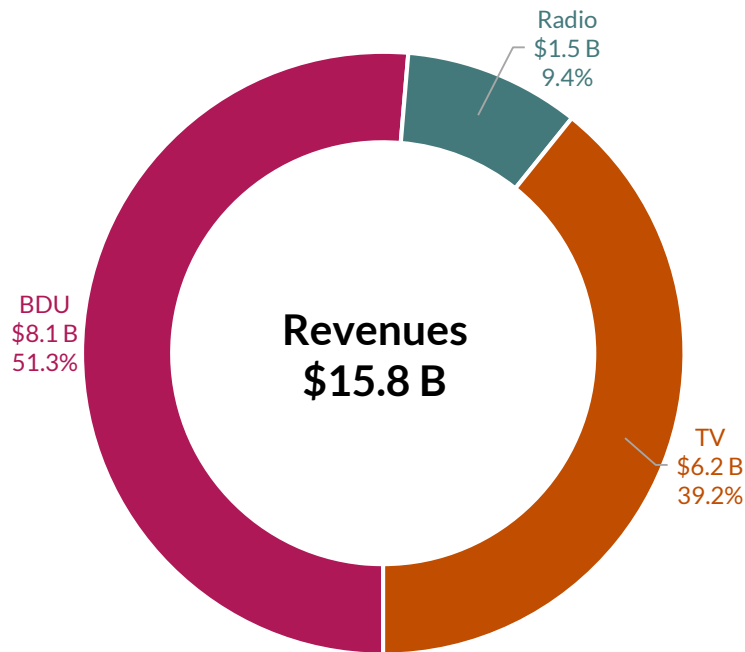
- private commercial and CBC/SRC radio services, including Parliamentary appropriations;
- private commercial and CBC/SRC conventional television services;
- discretionary and on-demand (pay-per-view [PPV] and video-on-demand [VOD]) services; and
- BDUs, such as cable, satellite and Internet Protocol Television (IPTV) distributors.

Other Internet-based service revenues and revenues from services that operate under the Digital Media Exemption Order (e.g., Netflix and telecommunications services that provide Internet access or telephony) are excluded from total broadcasting revenues.

During the 2019-2020 broadcast year, broadcasting services revenues totalled \$15.8 billion, a 6.6% decrease compared to the 2018-2019 broadcast year, and these services contributed approximately \$3.1 billion (an 8.0% decrease from 2018-2019) to Canadian radio and television content via their respective funding mechanisms. In regard to television services, Canadian programming expenditures (CPE) declined by 8.2% to \$2.6 billion in 2019-2020. (See the Television figures and tables on Open Data for more information.)

BDUs generated over half of 2019-2020 total broadcasting revenues, reporting \$8.1 billion, followed by television services with \$6.2 billion, and radio stations with \$1.5 billion. In comparison, Internet-based audio and audiovisual services were estimated to have generated revenues of \$4.4 billion in Canada,¹ approximately 28% of the revenues of the traditional broadcasting services.

Figure 1 Distribution of total broadcasting revenues² (\$ billions), 2019-2020



Source: CRTC data collection

¹ Revenues of Internet-based services are over and above those of the traditional broadcasting services.

² These revenues include affiliation payments of \$3.1 billion by BDUs to discretionary services. Excluding these revenues results in total broadcasting revenues of \$12.7 billion for broadcast year 2019-2020.

i. Revenues and financial performance

Table 1 Overview of radio, television and broadcasting distribution revenues, growth and PBIT/operating margin, 2019-2020

| Sector | Service | Total revenues | Growth 2018-2019 to 2019-2020 | PBIT/ operating margin |
|--------------------------------------|--|----------------|-------------------------------|------------------------|
| Radio | Private commercial radio | \$1,149.4M | -20.9% | 5.5% (PBIT) |
| | CBC/SRC radio | \$337.0M | 3.6% | 13.3% (OM) |
| | Other non-commercial radio | \$80.4M | 0.6% | 8.6% (PBIT) |
| Conventional television | Private conventional television stations | \$1,332.2M | -14.3% | -18.6% (PBIT) |
| | CBC/SRC conventional television stations | \$926.4M | -2.2% | 15.0% (OM) |
| Discretionary and on-demand services | Discretionary services | \$3,695.0M | -7.1% | 25.1% (PBIT) |
| | On-demand services | \$234.2M | -9.2% | 12.9% (PBIT) |
| Broadcasting distribution | Cable | \$4,195.4M | -4.4% | 13.4% (OM) |
| | IPTV | \$2,196.1M | 1.2% | 3.2% (OM) |
| | DTH | \$1,702.3M | -5.6% | 33.8% (OM) |
| | | | | |

Source: CRTC data collection

The majority of CBC/SRC radio revenues is sourced from parliamentary appropriations (95.9% in 2019-2020).

The majority of CBC/SRC private conventional television revenues is sourced from parliamentary appropriations (73.4% in 2019-2020) and advertisement revenues (18.8% in 2019-2020).

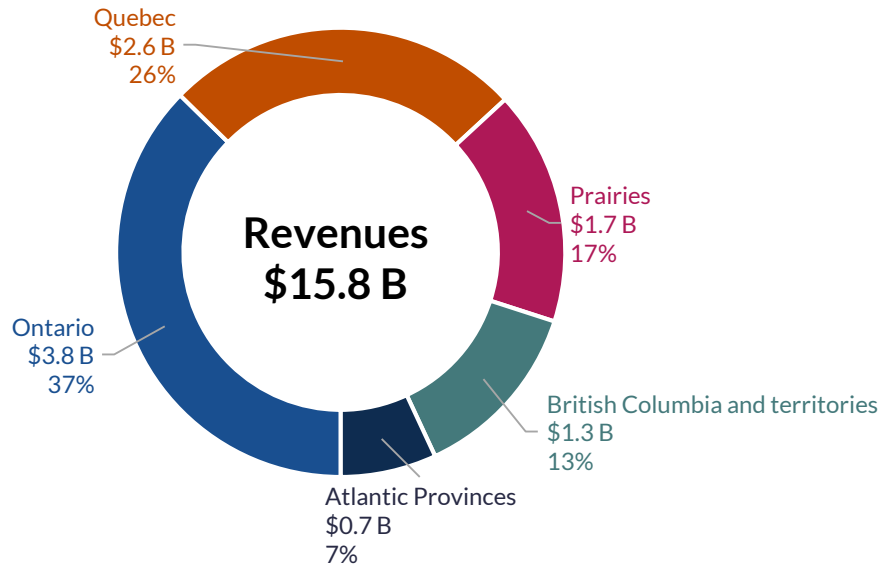
PBIT refers to profit before interest and taxes; and DTH refers to national direct-to-home satellite service providers.

Other non-commercial radio refers to campus, community, Indigenous, and non-commercial religious stations. These stations' revenues do not figure in total radio revenues calculation.

Historically, BDUs provided either cable-based services or IPTV services. This allowed the two services to be easily separated when producing publicly available financial results. More recently, however, BDUs have started providing both types of services, making it more difficult

to separate the two types of services. In this report, revenues for a particular entity are allocated to either the IPTV or cable segment based on an entity's primary method for delivering services to subscribers. Further information can be found in the accompanying BDU data sets on Open Data.

Figure 2 Revenue distribution by region (\$ billions), 2019-2020



Source: CRTC data collection

Revenues generated from discretionary and on-demand services, as well as DTH distribution services, have been excluded because these services are licensed as national services.

In 2019-2020, television distribution via cable continued to generate the most revenues at \$4.2 billion and reported strong profitability with earnings before interest, taxes, depreciation and amortization (EBITDA) of 13.4%. Although they have generated the most revenues, cable distribution services have seen a slow but constant revenue decline in the past years (-4.4% compared to 2018-2019 and -3.5% on average every year since 2015-2016). IPTV services were the only type of service showing positive growth in revenues, with a growth rate of 1.2%.

Finally, among BDUs, IPTV services still lead in terms of growth, reporting revenue growth of 1.2% from 2018-2019 to 2019-2020 (2015-2016 to 2019-2020 compound annual growth rate [CAGR] of 5.1%). DTH services were still the most profitable distribution services, reporting a 33.8% EBITDA in 2019-2020, even though they saw the largest year-over-year decline in revenues (5.6%) among BDUs.

In regard to television services, in 2019-2020, discretionary services generated the most revenues at \$3.7 billion and reported a profit before interest and taxes (PBIT) of 25.1%. The PBIT for private conventional television stations remained negative (-18.6%) in 2019-2020.

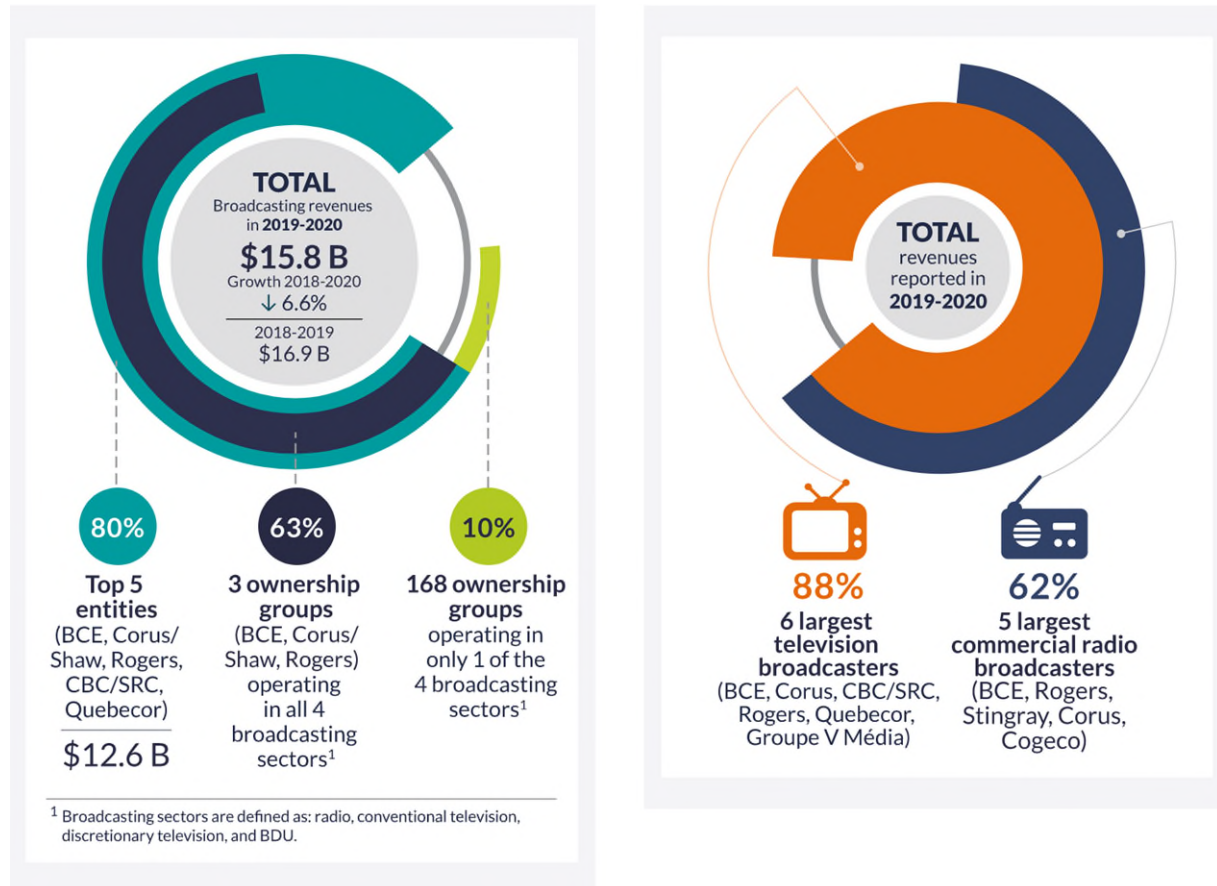
The majority of radio revenues came from commercial services (77%), which include both AM and FM radio stations broadcasting in French, English, Indigenous and third languages. In terms of overall proportion, this is a 5% decrease from 2018-2019 (82%), as commercial services saw significant declines in advertising revenues, while CBC radio revenues remained relatively flat.

Consistent with previous years, the majority of television revenues came from discretionary services (60%), which relied on subscriber revenues to generate most (70%) of their earnings. After two years of growth for advertising-based revenues with discretionary services, these revenues declined by 16.8% compared to 2018-2019.

On a regional basis, the Atlantic Provinces saw the smallest year-over-year decline with respect to total broadcasting revenues from 2018-2019 (-2.0%), while the Prairie Provinces saw the largest decline (-9.3%). The decline for the Prairie Provinces was likely due to a combination of factors including the large interprovincial out-migration from the region and the region's large decline in gross domestic product (GDP) from 2019. The Prairie Provinces saw the largest provincial out-migration in 2020 (over 17,000 people) as well as the steepest decline in regional GDP (7.2%). For the Atlantic Provinces, this decline is actually smaller than its CAGR of -2.3% since 2015-2016; no other region experienced a smaller year-over-year decline than its CAGR. Again, the Prairie Provinces had the largest CAGR at -9.3%, with Quebec, and British Columbia and the Territories having the smallest CAGR, each at -2.1%.

ii. Industry characteristics

Infographic 1 Overview of industry characteristics, 2019-2020

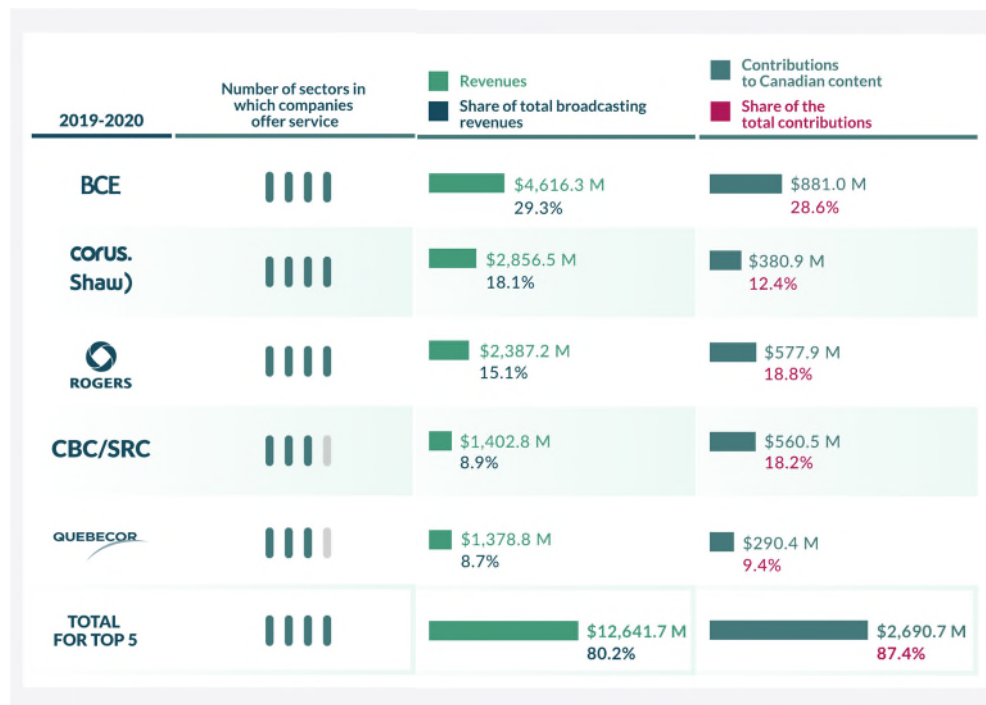


Source: CRTC data collection

In broadcast year 2019-2020, as in previous years, the broadcasting industry was largely dominated by a small number of entities. Together, the top 5 entities generated approximately 80% of total broadcasting revenues (\$12.6 billion). Three entities (BCE, Corus/Shaw, Rogers) operating radio stations, conventional television stations, discretionary or on-demand services, and BDUs generated 63% of broadcasting revenues in 2019-2020. Entities operating only one type of these services accounted for 6% of total broadcasting revenues.

Sector composition

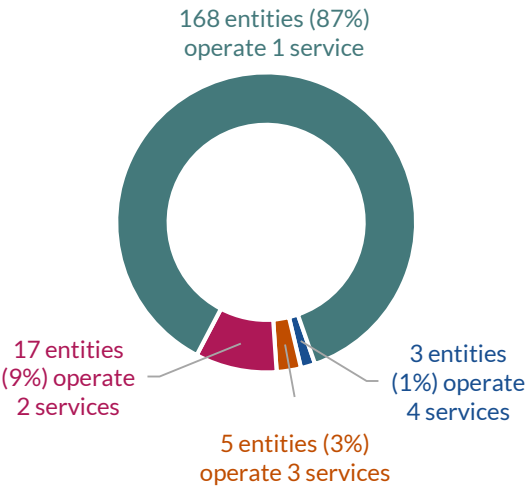
Infographic 2 Revenues and contributions by major ownership group, by sector, 2019-2020



Source: Public disclosure of aggregate annual returns for large ownership groups.

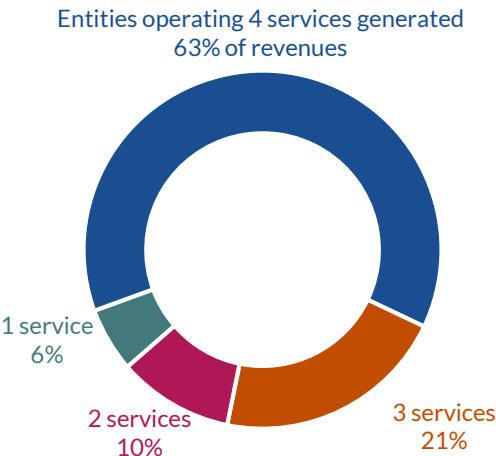
The number of sectors in which companies offer service refers to the four sectors of the broadcasting communications industry: radio, conventional television, discretionary and on-demand, and broadcasting distribution.

Figure 3 Share of broadcasting entities by number of services offered, 2019-2020



Source: CRTC data collection

Figure 4 Share of revenues generated by broadcasting entities by number of services offered, 2019-2020

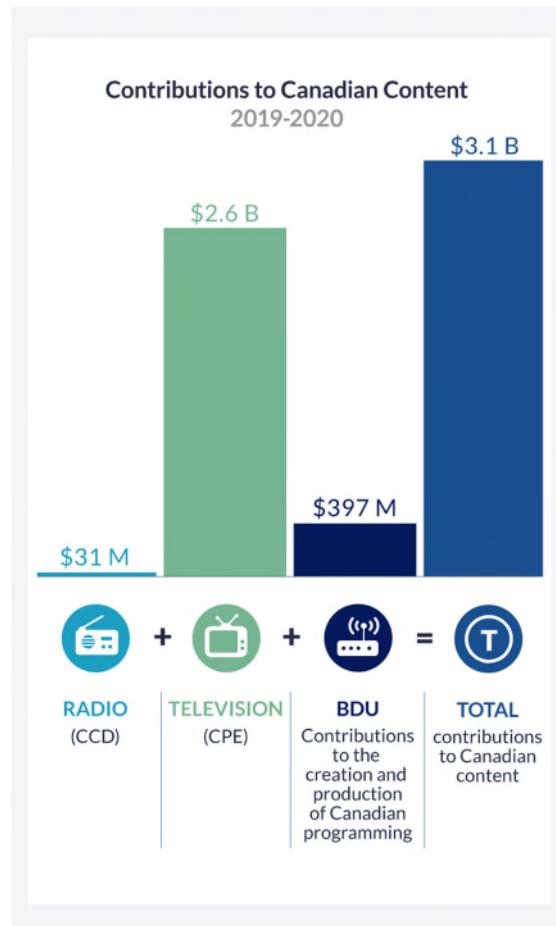


Source: CRTC data collection

iii. Contributions to Canadian content

Commercial radio stations typically contribute to Canadian content development (CCD) initiatives to support the development and promotion of Canadian musical and spoken word content for broadcast. Television services contribute portions of their broadcasting revenues to CPE. BDUs contribute a portion of their annual broadcasting-related revenues to the creation and production of Canadian programming, ranging from contributions to production funds to contributions to locally reflective news and community programming.

Infographic 3 Contributions to Canadian content, 2019-2020



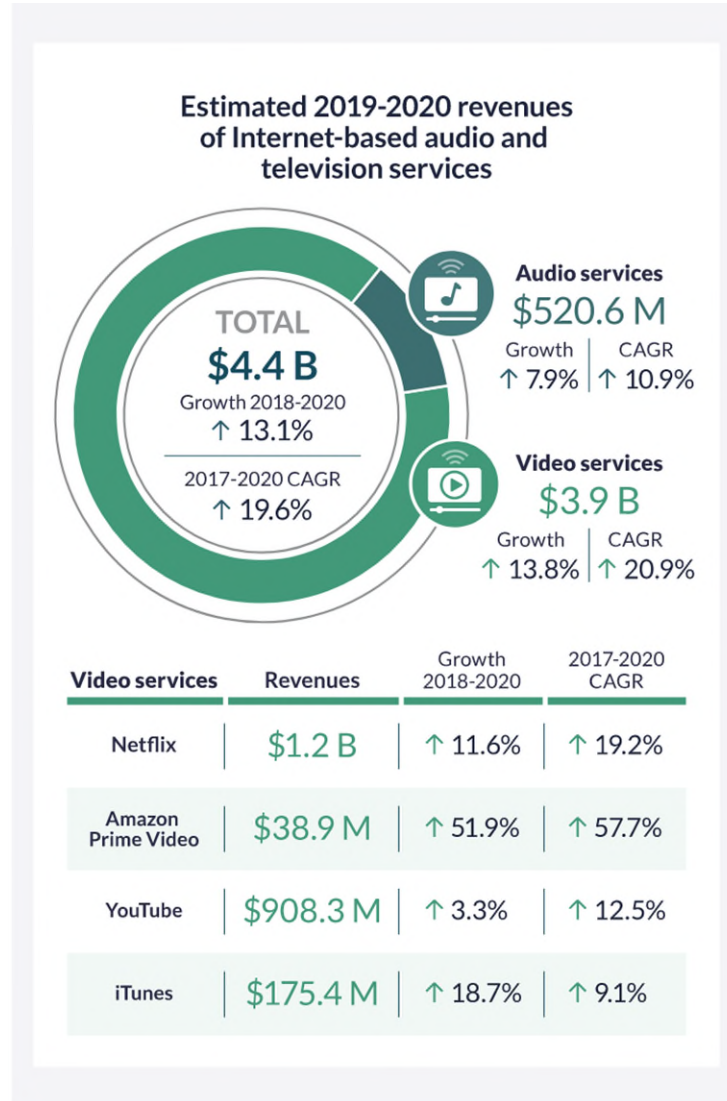
Source: CRTC data collection, 2019-2020 broadcasting year

CPE includes expenditures from private conventional television, CBC conventional television, other (public and not-for-profit) conventional television, discretionary services and on-demand services. In addition to CCD, radio contributes to copyright funds and airs Canadian content that is not reflected in the above chart.

In 2019-2020, broadcasters contributed a total of \$3.1 billion towards Canadian content (an 8.0% decline from 2018-2019). CPE represented the vast majority (86%) of those contributions, followed by BDU contributions (13%) and CCD contributions (1%). Both total broadcasting revenues and total contributions to Canadian content have declined to levels not seen since 2009-2010: a -1.5% CAGR for revenues and -0.3% CAGR for contributions over the last ten years.

iv. Internet-based audio and audiovisual services estimated revenues

Infographic 4 Overview of Internet-based audio and audiovisual services (estimated revenues), 2019-2020



Source: Revenue estimates from Omdia

Note: Advertising video-on-demand service (AVOD) revenues do not include "out of stream revenues" for Internet-based video services.

Internet-based audio and audiovisual services, also known as over-the-top (OTT) services, are provided to consumers through the Internet. These services generated estimated revenues of \$4.4 billion in Canada in 2019-2020, according to the research firm Omdia.

For Internet-based audio, streaming is the method of accessing content that generates the most estimated revenues: revenues for streaming services increased by 12.1% from 2018-2019 while download-based services saw a revenue decline of 26.4%. The estimated growth in

revenues of Internet-based audio services in 2019-2020 was 7.9%, about half of its average annual growth rate of 14.4% since 2015-2016. (Prior to the pandemic, the five-year growth rate for Internet-based audio was 21.2% between 2014-2015 and 2018-2019.)

Compared to 2018-2019, revenues of Internet-based audiovisual services grew by an estimated 13.8%. This is the smallest rate of growth in revenues for this type of service in the last five years, and about half of its 2015-2016 to 2019-2020 CAGR of 26.3%. The majority of estimated revenues from Internet-based audiovisual content come from subscription-based video-on-demand (SVOD) services.

SVOD refers to subscription-based video-on-demand service. This is an Internet-based service model in which a client pays a subscription fee to gain access to a library of content. This category includes services that air the content of the library according to a linear schedule (e.g., Sportsnet Now) and services that permit a user to choose from a catalogue of content that is available at any time (e.g., Netflix and Amazon Prime Video).

TVOD refers to transactional video-on-demand service. This is an Internet-based service model in which a client pays for specific content but generally does not pay to access the service itself (e.g., iTunes, Microsoft Movies & TV, and the PlayStation Network).

AVOD refers to advertising video-on-demand service. This is an Internet-based service model in which a client typically has free access to content but is exposed to in-stream advertisements (e.g., YouTube and Facebook).

A significant majority of Canadians 18+ continue to use traditional television and radio services. In 2019-2020, on average, in any given week, 97% of Canadians watched traditional television and 84% listened to traditional radio. Although growing steadily, Internet-based audio and audiovisual streaming is consumed by a smaller proportion of the population, at 71% for Canadians watching Internet-based television services in any given week and 45% for Canadians listening to music using an online streaming service in any given month.

Additional information concerning Internet-based audio and audiovisual services, as well as methodology, is available on Open Data in the TV and Radio figures and tables.

v. Impact of the COVID-19 pandemic

All broadcasting sectors have felt the impact of the COVID-19 pandemic, with private commercial radio and conventional television bearing the brunt of this impact. These sectors rely on advertising revenues, and reductions in discretionary spending by many businesses has led to large decreases in spending on advertising. For radio, advertising is responsible for 95% of all revenues, and for television, 91%.

In contrast, advertising makes up a much smaller proportion of revenues for discretionary and on-demand services (collectively, 28%) and BDUs (0%).

While discretionary and on-demand services saw much smaller declines in year-over-year revenue growth than did commercial radio and conventional television, the decline was still significant for this sector; this decrease was several times larger than the CAGR from 2015-2016 to 2019-2020.

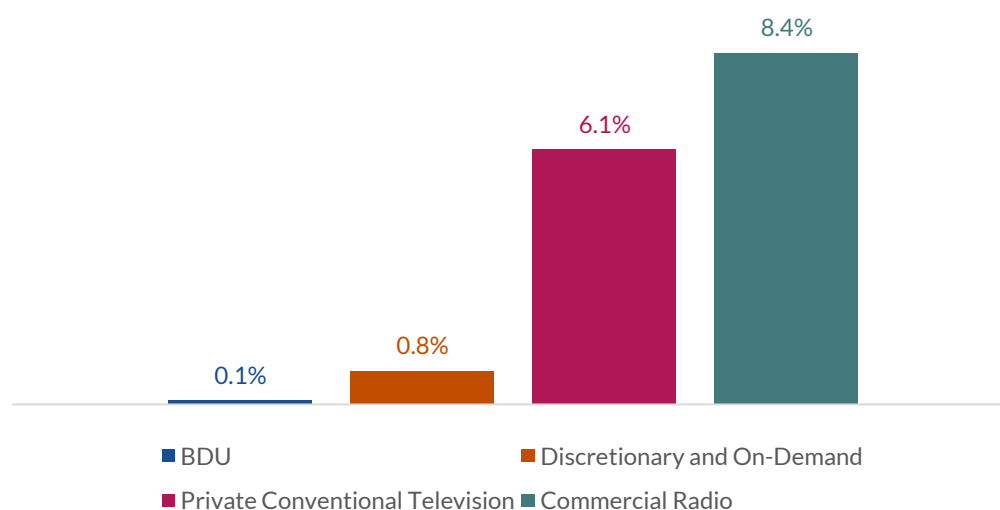
Because BDUs do not rely on advertising for their revenues, the impacts of the COVID-19 pandemic were not as significant on them. Revenues and subscribers have been on the decline for five years, and the revenue and subscriber declines in 2019-2020 were consistent with prior years.

The influence of the pandemic becomes much more evident when the broadcasting industry is compared with other industries. According to Statistics Canada, Canada's GDP declined by 4.6% from August 2019 to August 2020³. However, the broadcasting industry, as defined by Statistics Canada, saw its GDP decline by 11.8% during the same period, over 2.5 times greater than the decline in Canada's GDP.

Traditional radio tuning declined significantly during the first wave of the pandemic in spring 2020, due mainly to decreased out-of-home tuning (i.e., commuting, a significant source of out-of-home tuning). Radio tuning figures remained below prior year levels throughout the remainder of 2019-2020 and into 2021. Traditional television tuning showed only a modest decline from 2018-2019 to 2019-2020. During the first wave there was even a slight increase in traditional television tuning before it declined be more in line with prior year levels.

³ Source: Statistics Canada table 36-10-0434-02

Figure 5 Government assistance received as a percentage of revenues, 2019-2020



Source: CRTC data collection, 2019-2020 broadcasting year

Due to the significant impacts from the pandemic and related restrictions, various levels of government and industry associations provided funding to help offset declines in revenues in the broadcasting sector.

In 2019-2020, broadcasters reported receiving \$218 million in assistance. Commercial radio and conventional television stations and services received approximately 85% of this assistance. The Canada Emergency Wage Subsidy (CEWS) accounted for approximately 90% of the \$218 million.

In addition to the above-noted assistance, the Department of Canadian Heritage waived \$68 million in Part I and Part II licensing fees waived during 2019-2020, which is not reflected in the above figures.

vi. Spotlight: Radio sector

Table 3 Commercial radio overview, 2019-2020

| | Commercial radio (total) | AM radio stations | FM radio stations | French-language radio stations | English-language radio stations | Third-language radio stations |
|---|--------------------------|-------------------|-------------------|--------------------------------|---------------------------------|-------------------------------|
| Number of reporting stations | 716 | 119 | 597 | 97 | 592 | 27 |
| Revenues | \$1,149M | \$195M | \$954M | \$207M | \$904M | \$39M |
| 2019-2020 Revenue growth | -20.9% | -22.5% | -20.6% | -15.4% | -22.2% | -18.1% |
| Local advertising revenues (% of total revenues) | 61.2% | 72.7% | 58.8% | 55.4% | 61.6% | 83.9% |
| National advertising revenues (% of total revenues) | 33.7% | 22.7% | 35.9% | 41.9% | 33.0% | 5.5% |
| PBIT margin | 5.5% | -11.2% | 8.9% | 13.2% | 3.6% | 6.3% |
| Tuning share, spring 2020 | 66.3% | 11.4% | 54.9% | 12.8% | 53.6% | 0.0% |

Source: CRTC data collection, Numeris

Note: For the purposes of this table, tuning share is based on total hours associated with reporting stations and availability of audience data.

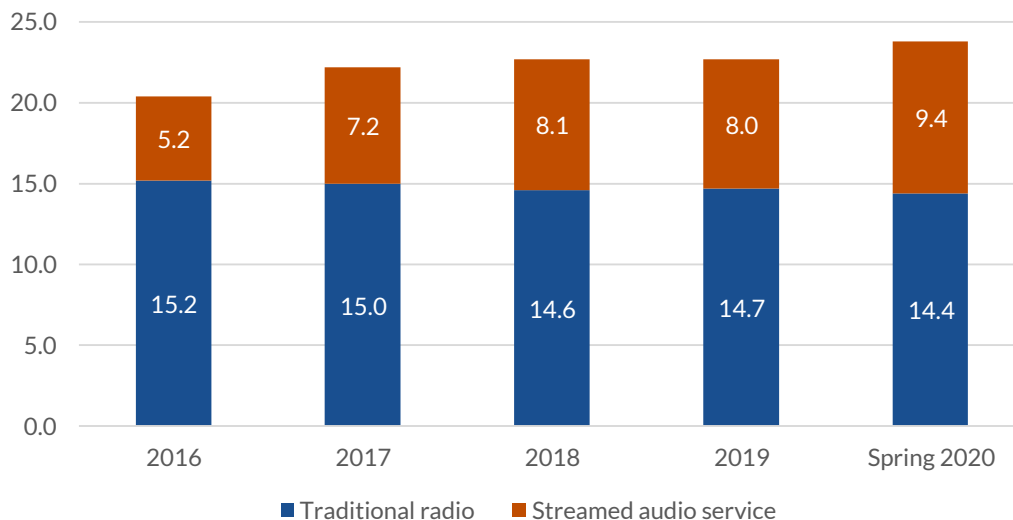
In 2019-2020, private commercial and CBC radio stations reported \$1.5 billion in revenues, the vast majority of which (77%) were for private commercial radio stations. In comparison, Internet-based audio services generated estimated revenues of \$521 million in the same year, which is equal to 35% of the revenues reported by traditional radio stations (private commercial and CBC combined).

In 2019-2020, on average, Canadians 18+ tuned in to 14.4 hours of radio content per week. This weekly tuning was supplemented, on average, by an additional 9.4 hours of audio streaming content, for a total of 23.8 hours of audio listening each week.

In 2019-2020, the five largest radio operators, operating 302 commercial radio stations, reported 62% of total commercial radio revenues.

Audience measurement

Figure 6 Average weekly hours of tuning to traditional radio vs listening to streamed audio services, by Canadians 18+, 2015-2016 to 2019-2020



Source: Numeris, MTM (respondents: Canadians 18+). Streamed audio service data was not available for spring 2021.

The average weekly number of hours that Canadians 18+ spent listening to traditional radio decreased slightly from 14.7 in 2018-2019 to 14.4 in spring 2020, while the average weekly number of hours spent listening to streamed audio services grew from 8.0 in 2018-2019 to 9.4 in 2019-2020, an 18% increase. As such, the average weekly number of hours spent listening to all audio services increased from 22.7 in 2018-2019 to 23.8 in 2019-2020, the highest level of listening during 2015-2016 to 2019-2020.

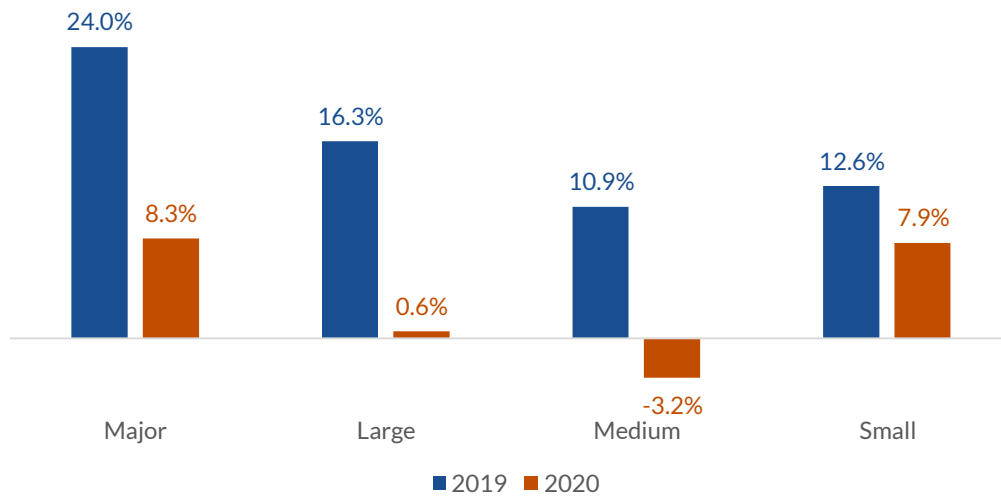
This demonstrates that Canadians were listening to increased amounts of audio content at the beginning of the pandemic. Further, it suggests that the hours of listening to streamed audio content are no longer simply complimentary to the hours of listening to traditional radio content, as hours spent listening to streamed audio services accounted for 40% of all listening hours in 2019-2020, up from 25% in 2015-2016.

In 2019-2020, the vast majority of Canadians were still tuning in to traditional radio. When asked about their use of radio and audio services, 84% of Canadians 18+ reported having listened to the radio in any given month. While streaming music videos on YouTube and listening to personalized online music services continued their rise in popularity in 2019-2020, reaching 62% and 45%, respectively, of Canadians 18+, both types of online services have yet to reach as many Canadians as traditional radio. However, these online services surpass satellite radio in terms of tuning; 7% of Canadians 18+ reported having listened to satellite radio in any given month.

Revenues and financial performance

In 2019-2020, 716 reporting commercial radio stations reported \$1.15 billion in revenues, a 20.9% decrease from 2018-2019. This decrease is significantly higher than the annual average 7.2% decrease in revenues from 2015-2016 to 2019-2020. (The decrease is even more pronounced when compared to the pre-pandemic annual average 2.4% decrease from 2014-2015 to 2018-2019.) The overall profitability margin of those commercial radio stations decreased sharply by 5.5%, compared to 17.3% for 2018-2019 and 18.3% for 2015-2016.

Figure 7 Profit margin by entity size, 2018-2019 and 2019-2020

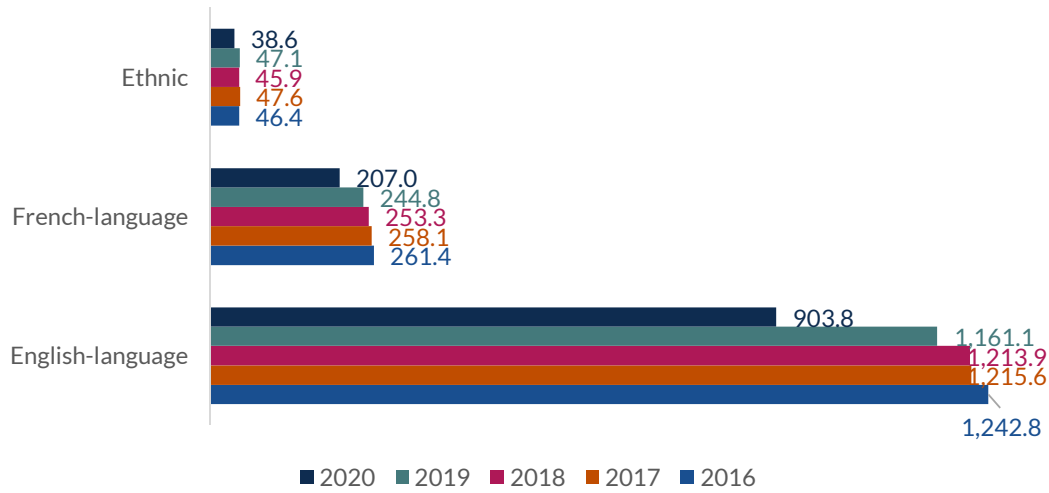


Source: CRTC data collection

Major entities include Bell, Rogers, Stingray, Cogeco, Pattison and Corus. Large entities include Golden West, Rawlco, Vista, Harvard and Blackburn. Medium entities each operate more than one radio station but are not included in the previous groups. Small entities each operate one radio station.

The 597 reporting FM commercial stations reported revenues of \$955 million in 2019-2020, equal to 83% of all commercial radio revenues. This proportion of revenues has remained consistent since 2015-2016. FM stations surpassed AM stations in terms of profitability, reporting a PBIT margin of 8.9%, compared to -11.2% for AM stations.

Figure 8 Aggregate revenues by language (\$ millions), 2015-2016 to 2019-2020



Source: CRTC data collection

FM commercial radio stations rely less on local advertising revenues and more on national advertising revenues than AM radio stations. Whereas FM stations generated 59% of their revenues from local advertising and 36% from national advertising, AM stations generated 73% of their revenues from local advertising and 23% from national advertising. The impact of the decline in local advertising revenues was greater on FM stations as they generated 62% of their revenues from local advertising in 2018-2019. There was no major change in AM stations' proportion of revenues from before the pandemic.

While the vast majority of revenues continued to be generated by English-language radio stations, profitability in terms of PBIT margins was no longer as similar between English-, French- and third-language stations as it had been between 2016 and 2019. English-language stations were the least profitable in 2019-2020 at 3.6%, followed by third-language stations at 6.3% and French-language stations at 13.2%.

What sets third-language radio stations apart from English- and French-language radio stations is revenue composition: third-language stations generated 84% of their revenues from local advertising, compared to 62% and 55% for English- and French-language stations, respectively.

In addition, third-language stations are mainly concentrated in major markets, and have a limited presence outside of those markets. As such, third-language stations saw the sharpest year-over-year declines in local advertising revenues at 9%, compared to 4% for French-language and 3% for English-language stations.

Market composition

In 2019-2020, the five largest radio ownership groups in Canada garnered 62% of total commercial radio revenues. During that period, the two largest groups, BCE (109 stations) and Rogers (57 stations), garnered over 35% of total radio revenues.

Table 4 Radio ownership market composition, 2019-2020

| | BCE | Cogeco | Corus | Rogers | Stingray | Total |
|--|----------|---------|---------|----------|----------|----------|
| Number of reporting stations | 109 | 23 | 39 | 57 | 74 | 302 |
| Revenues | \$256.6M | \$92.9M | \$78.6M | \$159.1M | \$123.1M | \$710.3M |
| Share of total commercial radio revenues | 22.3% | 8.1% | 6.8% | 13.8% | 10.7% | 61.8% |
| French-language station revenues | \$72.8M | - | - | - | - | \$72.8M |
| English-language station revenues | \$183.8M | - | \$78.6M | \$159.1M | \$123.1M | \$544.6M |
| CCD | \$12.2M | \$0.5M | \$0.5M | \$1.2M | \$0.4M | \$14.6M |
| Tuning share in the French-language market – Spring 2020 | 19.2% | 33.9% | - | - | - | 53.1% |
| Tuning share in the English-language market – Spring 2020 | 16.5% | - | 10.6% | 11.0% | 8.6% | 46.7% |

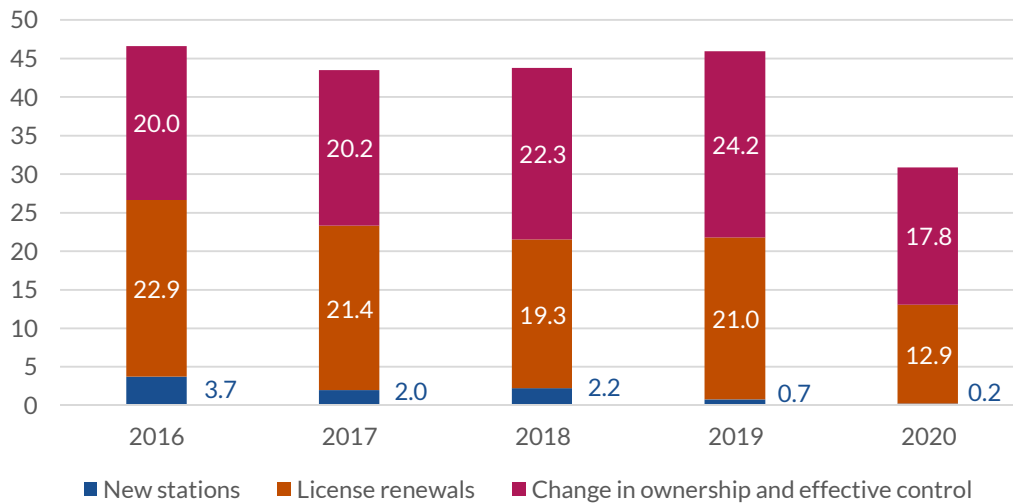
Source: Public disclosure of aggregate annual returns for large ownership groups, Numeris

The breakdown of Cogeco's revenues by language market is not provided for residual disclosure issues.

For 2019-2020, in addition to reporting the majority of the revenues of the radio sector, these 5 ownership groups garnered the majority of tuning in both official-language markets. In the English-language market, they together held 47% of the tuning, with BCE leading at 17%, followed by Rogers and Corus at 11% each. In the French-language market, Cogeco and BCE together held 53% of weekly average tuning hours, with Cogeco leading at 34%, followed by BCE at 19%.

Contributions to Canadian content development

Figure 9 CCD contributions by regulatory measure (\$ millions), 2015-2016 to 2019-2020



Source: CRTC data collection

CCD contributions are financial contributions made by radio broadcasters to support the development and promotion of Canadian musical and spoken word content for broadcast. In 2019-2020, CCD contributions totaled \$31.0 million, a 32.6% decrease from the previous year (\$46.0 million).

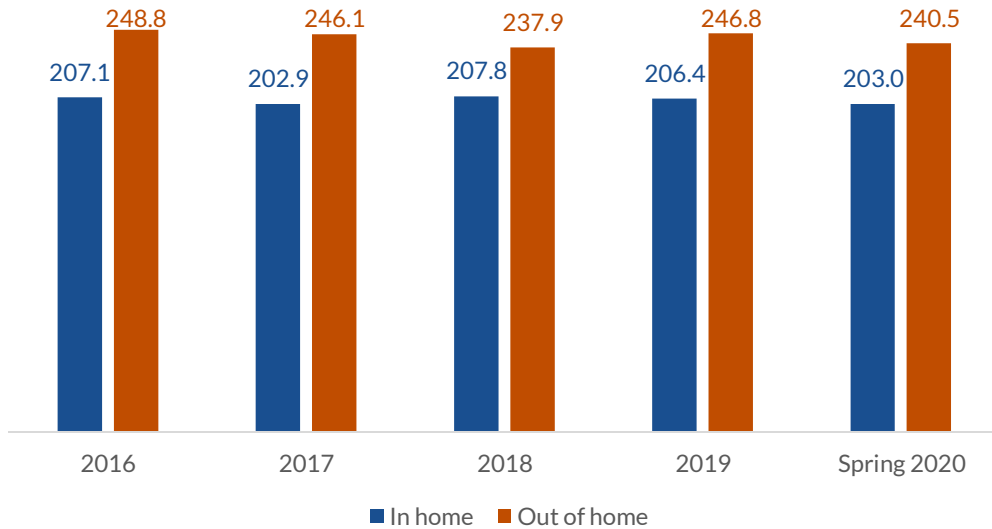
There are three sources of CCD contributions: from new stations during their first licence terms (0.6% of total CCD contributions for 2019-2020), from stations for which the licences have been renewed (41.9% of total CCD contributions for 2019-2020), and from stations for which there has been a change in ownership and effective control, through the payment of tangible benefits (57.4% of total CCD contributions for 2019-2020).

In 2019-2020, the funds Radio Starmaker and RadioStar combined were the leading recipients of CCD contributions, receiving a total of \$8.8 million (representing 28% of total CCD contributions). Next were FACTOR (\$7.0 million) and local initiatives (\$5.4 million). Together, these three recipients received over two-thirds of all CCD contributions in 2019-2020. Musicaction received approximately \$3.4 million in CCD contributions, the equivalent of 49% of the funds that FACTOR received.

Due to the impact of pandemic-related restrictions, local music initiatives saw the largest year-over-year decline in funding; from \$11.4 million in 2018-2019 to \$5.4 million in 2019-2020.

Impacts of the COVID-19 pandemic

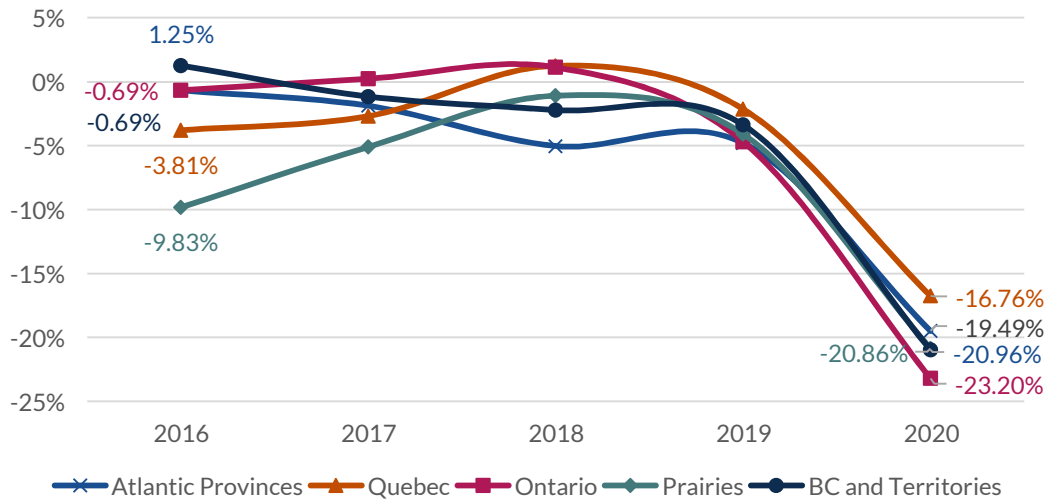
Figure 10 Radio tuning (millions of hours) in home vs. out of home, 2015-2016 to 2019-2020



Source: Numeris

Between 2015-2016 and spring 2020, in-home and out-of-home radio tuning was relatively flat, declining by only 4.1 million hours (2.0%) and 8.3 million hours (3.3%), respectively, during that period. Over these five years, 46% of all hours listened to radio were in-home, with out-of-home listening accounting for 54%.

Figure 11 Year-over-year revenue growth by region – Commercial radio stations, 2015-2016 to 2019-2020



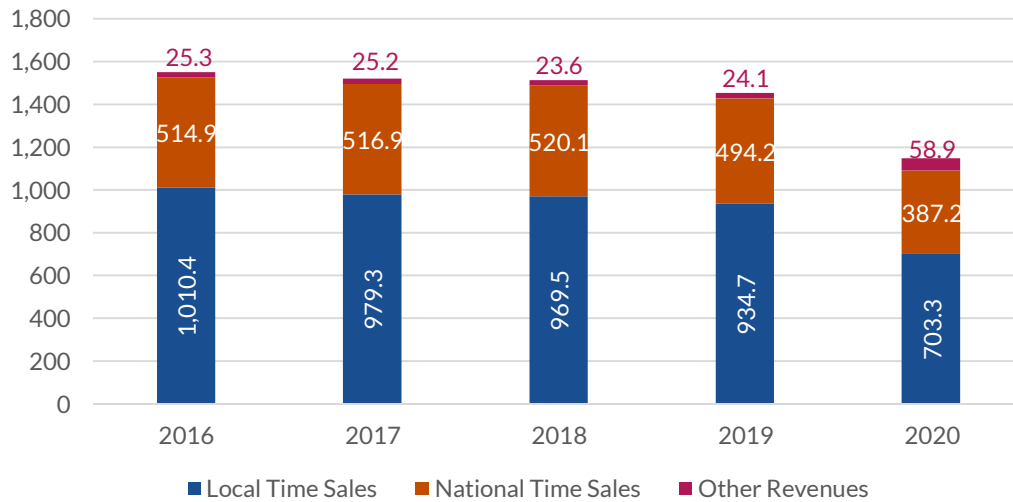
Source: CRTC data collection

The radio sector experienced the steepest year-over-year decline in revenues of all broadcasting sectors in 2019-2020, with a decline of 20.9% from 2018-2019. This dramatic

decline was felt across all regions of the country, with Quebec showing the smallest decline at 16.7% and Ontario the largest at 23.4%.

The variation in the revenue declines between regions is much tighter when compared to the declines in conventional television revenues by region – only a 6.7% difference between the two extremes (comparable television figures can be found in Figure 20).

Figure 12 Total revenues by source - Commercial radio stations (\$ millions), 2015-2016 to 2019-2020

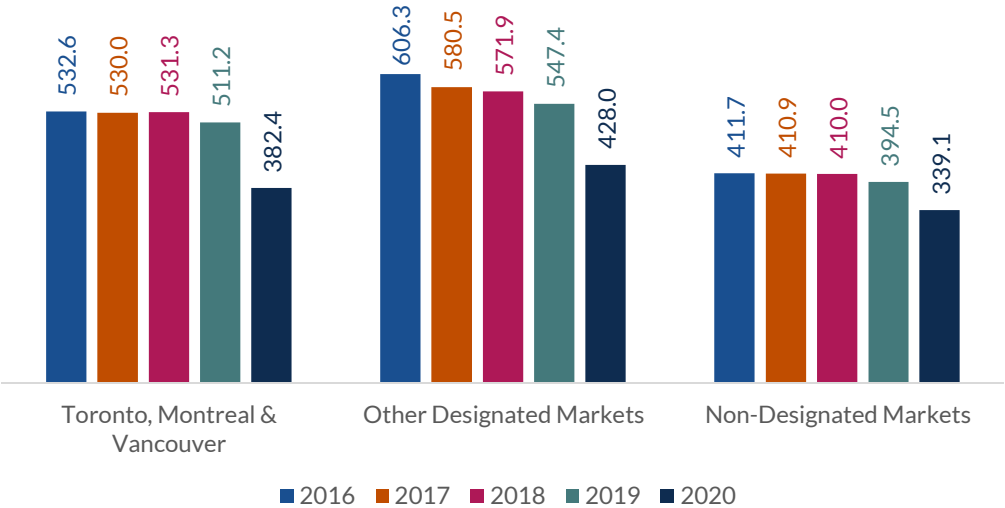


Source: CRTC data collection

As a general trend, the larger the size of the entity, the steeper the decline in its revenues and profitability. As such, the six largest players experienced the steepest declines in both categories, with smaller single-station operators generally reporting smaller declines.

It should be noted however, that while the decline in profitability for smaller entities was less than that of the six largest entities, the six largest entities remained profitable in 2019-2020, while the aggregate of smaller entities reported becoming unprofitable.

Figure 13 Aggregate revenues by market size (\$ millions), 2015-2016 to 2019-2020

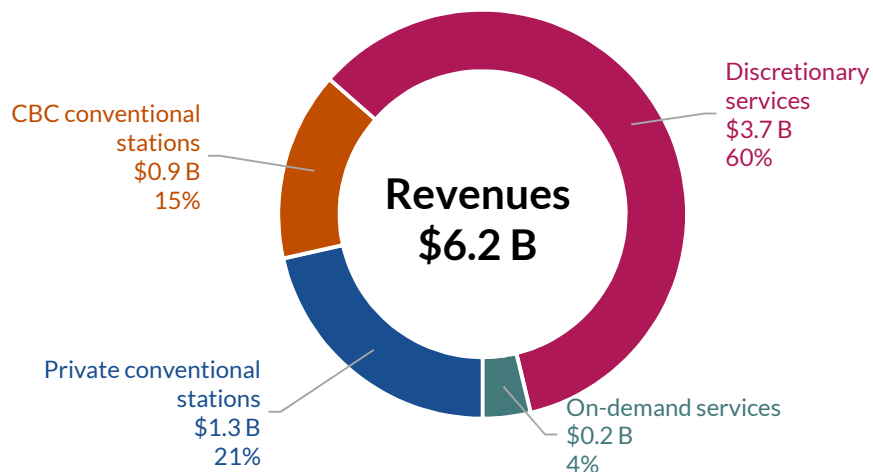


Source: CRTC data collection

In 2019-2020, major markets (Toronto, Montreal and Vancouver) experienced the steepest declines in revenues when compared to 2018-2019. Other designated markets experienced moderate declines in revenues, with the remaining non-designated markets experiencing the smallest declines.

vii. Spotlight: Television sector

Figure 14 Revenues of private conventional stations, CBC conventional stations, and discretionary services and on-demand services (\$ billions), 2019-2020

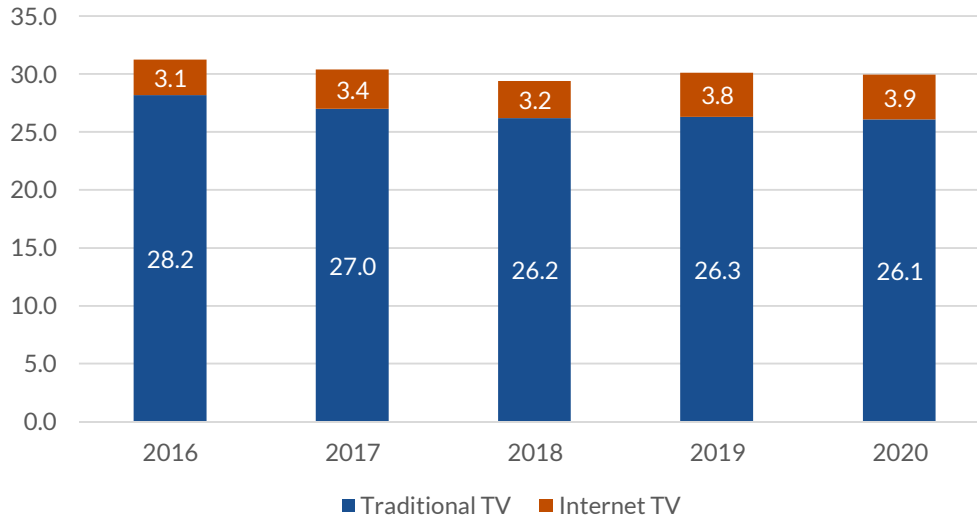


Source: CRTC data collection

In 2019-2020, private commercial conventional television stations, CBC conventional television stations, discretionary services and on-demand services combined generated \$6.2 billion in revenues and spent approximately \$2.6 billion in Canadian programming expenditures (CPE). Discretionary services reported the majority of both the revenues (60%) and CPE (56%).

In comparison, according to estimates from Omdia, revenues of Internet-based audiovisual services operating in Canada totaled \$3.9 billion, a 13.8% increase from 2018-2019. As noted earlier, these services include Netflix, as well as Crave TV, Sportsnet Now, YouTube, CBC Gem, and iTunes.

Figure 15 Average number of hours Canadians 18+ watched traditional television and Internet-based television each week, 2015-2016 to 2019-2020



Source: Numeris, MTM (respondents: Canadians 18+)

In 2019-2020, Canadians 18+ tuned in on average to 26.1 hours of content per week among the approximately 800 television services authorized for distribution in Canada. In addition to tuning to traditional television, Canadians 18+ watched 3.9 hours of Internet television on average per week, for a total of 30 hours of content viewing per week.

While the COVID-19 pandemic did not appear to significantly impact overall viewing habits, Canadians 18+ watched the fewest hours of traditional television over the eight years leading to 2019-2020. The shift to Internet-based television continues, with Canadians 18+ having watched two hours more of this service in 2019-2020 when compared to 2012-2013, an increase of 107%.

Consistent with previous s, the top five ownership groups, of approximately 80 entities in the Canadian television landscape, generated 88% of television revenues in 2019-2020. The top five groups also garnered 90% of the audience tuning shares in the English-language market and 88% of audience tuning shares in the French-language market, according to 2020 Numeris data (Canadians, 2+).

The traditional television sector is split into four main segments: private conventional stations, CBC conventional stations, discretionary services and on-demand services.

In 2019-2020, discretionary services garnered the largest portion of the television revenues with \$3.7 billion (60%) reported, followed by private conventional stations at \$1.3 billion (21%), CBC conventional stations at \$926 million (15%), and on-demand services at \$234 million (4%).

The decline in private television revenues from 2015-2016 to 2019-2020 was accelerated by the pandemic: on average, total television revenues decreased annually by 5.6%, with year-over-year growth of -14.2% from 2018-2019. In contrast, the 2014-2015 to 2018-2019 annual decline in revenues was only 3.0%.

However, during the same period, discretionary services reported an average annual revenue decline of 2.6%, driven by specialty services, largely due to the more robust subscription revenues (compared to advertising revenues). In fact, prior to the pandemic, discretionary services grew at an average annual rate of 0.2% from 2014-2015 to 2018-2019.

Audience measurement

Traditional television and Internet-based television

While the majority of Canadians have adopted Internet-based audiovisual services, traditional television viewing still far exceeds viewing of Internet-based television. In 2019-2020, Canadians 18+ watched on average a total 30.0 hours of television per week, with traditional television representing 87% of the viewing and Internet-based television only 13%.

Although the viewership for Internet-based audiovisual services is growing, the number of hours that Canadians 18+ spend watching traditional television is still almost seven times higher than the number of hours they spend watching Internet-based television.

Traditional television leads in audience share and in audience penetration. In any given month in 2019-2020, 97% of Canadians 18+ watched traditional television while 89% watched audiovisual content on the Internet.

Traditional television

In 2019-2020, Canadians 2+ watched an average of 24.4 hours per week of traditional television, a 0.2-hour decrease compared to 2018-2019 levels. Breaking down the audience data by age group shows that Canadians 65+ watched the most television, averaging 41.5 hours per week, while children aged 2 to 11 watched on average 16.2 hours of television per week.

From 2015-2016 to 2019-2020, average weekly hours of traditional television viewing decreased, on average, by 2.1% annually. The COVID-19 pandemic appears to have had a minimal impact on weekly hours of traditional television viewing as the average annual decrease was 2.5% from 2014-2015 to 2018-2019.

This decrease was more pronounced in younger age groups while the decrease for the 50-64 and 65+ age groups was less than the average rate over the same period.

Language markets and program categories

In 2019-2020, 42% of the average weekly viewing hours of English- and third-language content went to Canadian programs in the English-language market, while in the French-language market, 63% of the viewing hours of French-language content went to Canadian programs. Excluding news and sports categories, 25% of the average weekly viewing hours in the English-language market and 55% of the average weekly viewing hours in the French-language market went to Canadian programs.

From 2018-2019 to 2019-2020, in the French-language market, average weekly viewing hours of French-language Canadian programs increased by over 15 hours with viewing of non-Canadian programs declining by 4 hours. During the same period, for the English-language

market, average weekly viewing hours of Canadian programs held steady, while viewing of non-Canadian programs declined by over 18 hours.

Canadian Programs

There were two significant changes in the viewing habits of Canadians from 2018-2019 to 2019-2020 in regard to program categories for traditional television. “News” is the leading category in terms of viewing of Canadian programs in the English-language market, and it increased by over 13 million hours of viewing per week. As expected, as a result of the pandemic-related lockdowns, “Sports” viewing declined by nearly 23 million hours per week in the English-language market.

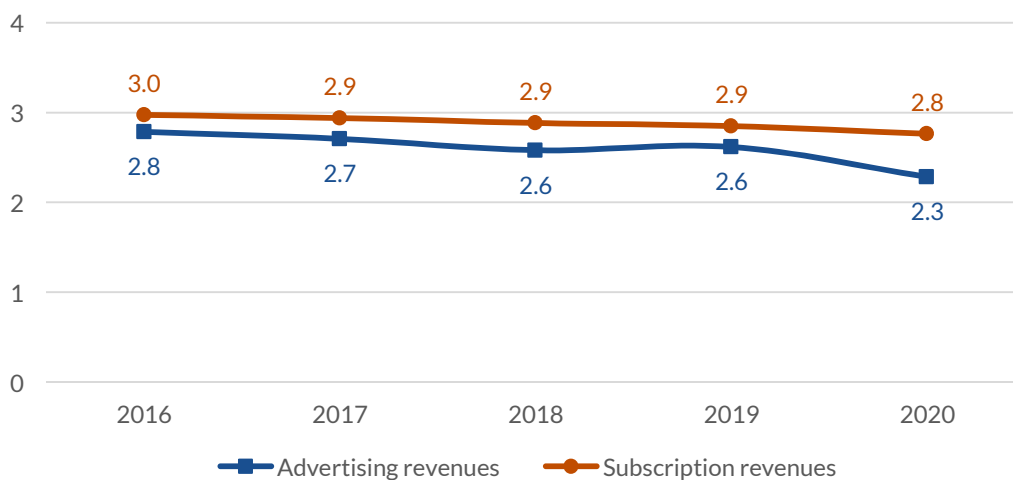
The changes in these program categories in the French-language market were not as pronounced during the same period; weekly viewing of “News” increased by almost 7 million hours, whereas “Sports” declined by just over one million hours of viewing per week.

Canadian and non-Canadian programs

Combining Canadian and non-Canadian programs, the “Drama and comedy” program category is the most popular in both English- and French-language markets, garnering 39% and 38% of viewing hours, respectively, in 2019-2020, when considering average weekly viewing hours for Canadian television services. The second-most watched program category in the English-language market is “News,” with 18% of viewing hours. (“Sports” was the second-most watched program category in 2018-2019; it fell to third due to pandemic-related impacts in 2019-2020.) In the French-language market, the second most watched category is “General entertainment and human interest/Reality,” with 19% of viewing hours.

Revenues and financial performance

Figure 16 Advertising and subscription revenues of private conventional television stations, discretionary services and on-demand services combined (\$ billions), 2015-2016 to 2019-2020



Source: CRTC data collection

Conventional television stations

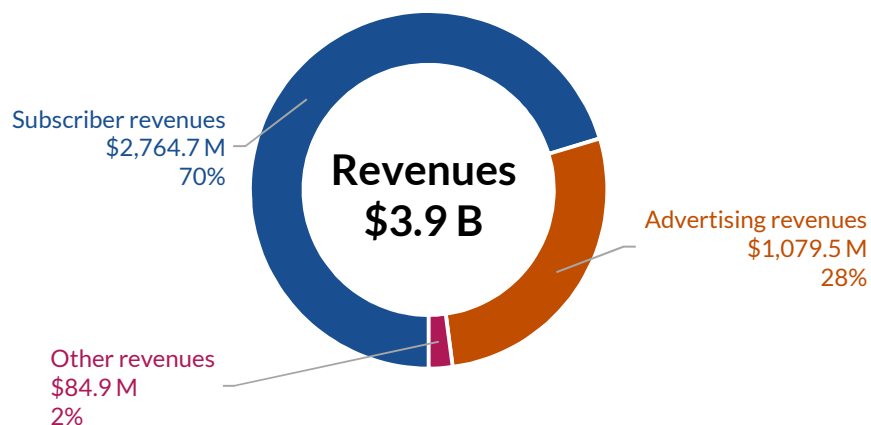
In 2019-2020, the combined revenues of private and CBC conventional television stations totaled \$2.3 billion, down 9.7% from \$2.5 billion in 2018-2019. Private conventional television stations were responsible for the majority of this decrease given that they rely on advertising revenues, as opposed to the CBC, which receives the majority of its funding from parliamentary appropriations. Private conventional television saw a steep, 14.2% decline in revenues year-over-year from 2018-2019 and has averaged a slow revenue decline of 5.6% per year from 2015-2016, when revenues totaled \$1.7 billion, to 2019-2020.

Local and national advertising represent the vast majority of revenues for private conventional television stations. The majority of the decrease in these stations' revenues was observed in the advertising revenues. For CBC television stations, the observed decline in revenues from 2018-2019 to 2019-2020 was a result of decreases across all revenue streams, including a decrease in conventional television advertising revenues.

As previously stated, advertising constitutes the vast majority (91%) of the revenues of private conventional television stations, and represents 19% of the revenues of CBC conventional television stations. Parliamentary appropriations represented 73% of the revenues of CBC conventional television stations.

Discretionary services and on-demand services

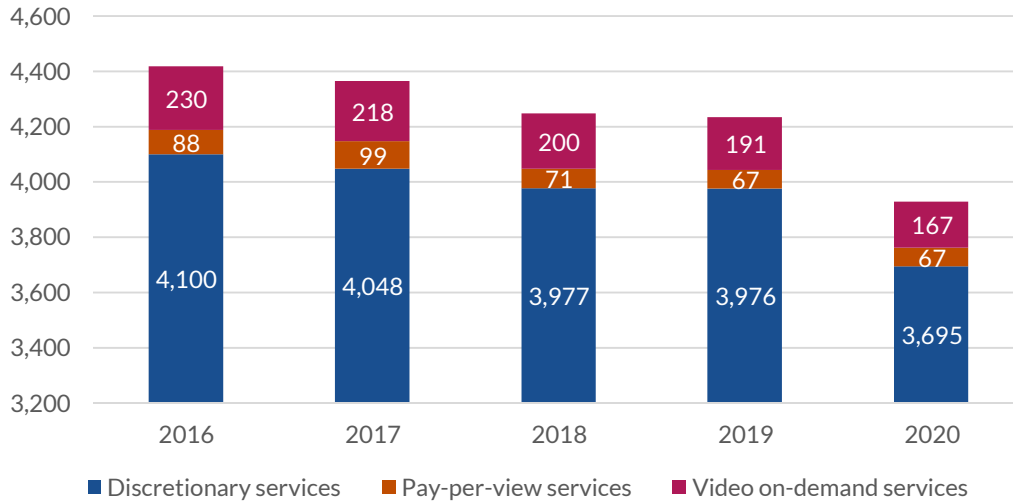
Figure 17 Revenues of discretionary services and on-demand services by source (\$ millions), 2019-2020



Source: CRTC data collection

In 2019-2020, discretionary services (specialty and pay services) and on-demand services (PPV and VOD services) continued to exhibit negative growth compared to the previous broadcast year (-7.2%); this is the largest such decline reported by these services. Nevertheless, these services remain profitable undertakings with combined revenues of \$3.9 billion and a profitability margin of 24.3% for 2019-2020.

Figure 18 Revenues of discretionary services and on-demand services (\$ millions), 2015-2016 to 2019-2020



Source: CRTC data collection

Discretionary services and on-demand services are spearheaded by discretionary services, which represent close to 94% of the total revenue for the category. While their revenue decline of 2.6% per year for the past five broadcast years accelerated during 2019-2020 (-7.1%), discretionary services are still profitable, with a PBIT of 25.1%.

In regard to on-demand services, VOD services, with revenues of \$167 million in 2019-2020, are also experiencing a downward trend in revenues, which have been decreasing at an average rate of 7.7% per year for the past five broadcast years. (There are currently 15 VOD services operating in Canada.)

Revenues for PPV services were less than those for VOD services (\$67 million, 2019-2020) but PPV services also experienced the smallest decline in revenues in the past broadcast year (0.2%, compared to previous year). While the profitability of PPV services remains above 30% (PBIT 32.9%), this is a market segment that is trending towards a decline in revenues (-6.7% per year for the past five years).

In 2019-2020, subscriber revenues represented 70% of revenues while advertising revenues represented 28%. These proportions have changed slightly from 2018-2019 and prior broadcast years, during which subscriber revenues represented 67% and advertising 30%. Subscriber revenues are drawn from subscribers to terrestrial BDUs (56% of total revenues in 2019-2020) and subscribers to DTH services (14% of total revenues). Advertising revenues are split between national ads (27% of total revenues in 2019-2020) and local ads (1% of total revenues).

Both subscriber and advertising revenues have decreased over the past five broadcast years (1.8% per year for subscribers, 5.4% per year for ads). COVID-19 pandemic-related impacts accelerated the negative growth in subscriber and ad revenues when compared to 2018-2019 (-3.0% for subscriber revenue; -16.8% for ad revenue).

Market composition

Infographic 5 Television sector ownership market composition, 2019-2020

| 2019-2020 | Television revenues | Share of total television revenues | CPE | Tuning share | |
|--|---------------------|------------------------------------|-----------|---------------------|---------------------|
| | | | | FRA language market | ENG language market |
| BCE | \$2,032.2 M | 32.8% | \$755.3 M | 20.8% | 41.2% |
| CORUS. | \$1,054.3 M | 17.0% | \$294.0 M | 8.8% | 31.4% |
| CBC/SRC | \$1,065.8 M | 17.2% | \$560.6 M | 19.6% | 6.7% |
|  ROGERS | \$894.6 M | 14.5% | \$512.7 M | 0.8% | 8.9% |
|  QUEBECOR | \$395.6 M | 6.4% | \$241.2 M | 38.5% | 0.3% |
|  media | \$20.6 M | 0.3% | \$4.0 M | 2.9% | 0.0% |



Source: Public disclosure of aggregate annual returns for large ownership groups, Numeris

The television sector was composed of 76 ownership groups in 2019-2020. The two largest broadcasters, BCE and Corus, garnered half (50%) of the total television revenues and as well as 73% of the tuning in the English-language market, while the five largest broadcasters generated over 88% of total revenues, reported 89% of CPE, and garnered just under 90% of the tuning share in the English-language market.

BCE led in terms of revenues, and also in regard to CPE (\$755 million in 2019-2020, followed by the CBC at \$561 million and Rogers at \$513 million). These CPE figures represent year-over-year declines of 10.3%, 6.8% and 2.4%, respectively, from pre-pandemic levels.

Conventional television stations

Infographic 6 Conventional television ownership market composition, 2019-2020

| 2019-2020 | Number of stations | Conventional television revenues | Share of private conventional television revenues | CPE | Tuning share | |
|-----------------|--------------------|----------------------------------|---|-----------|--|---|
| | | | | |  language market |  language market |
| BCE | 36 | \$554.9 M | 41.7% | \$248.0 M | 6.5% | 15.9% |
| CORUS. | 15 | \$305.0 M | 22.9% | \$174.6 M | 0.5% | 8.2% |
| QUEBECOR | 6 | \$165.9 M | 12.5% | \$101.9 M | 22.2% | 0.2% |
| ROGERS | 12 | \$171.4 M | 12.9% | \$54.7 M | 0.4% | 3.6% |

Source: Public disclosure of aggregate annual returns for large ownership groups, Numeris

In 2019-2020, the two largest broadcasters, BCE and Corus, garnered over 64% of the total conventional television revenues and reported almost 68% of CPE for conventional television stations, with 51 of the 93 stations.

In comparison, the largest French-language broadcasters combined reported 13% of the conventional television revenues (6 television stations) and accounted for 16% of CPE for conventional television stations.

The four largest conventional television broadcasters combined represented 69 stations and reported 90% of the revenues in 2019-2020.

Discretionary service and on-demand service market composition


Infographic 7 Discretionary services composition, 2019-2020

| Discretionary services | | | |
|---------------------------------------|-------------------|-----------------|-----------|
| 2019-2020 | Licensed services | Exempt services | Total |
| Number of reporting services | 142 | 139 | 281 |
| Revenues | \$3,642 M | \$53 M | \$3,695 M |
| 2018-2019 to 2019-2020 revenue growth | ↓ 7.5% | ↑ 38.8% | ↓ 7.1% |
| CPE | \$1,470 M | \$15 M | \$1,485 M |
| PBIT | 25.4% | 1.6% | 25.1% |

| On-demand services | | | |
|---------------------------------------|-----------------------|--------------------------|---------|
| 2019-2020 | Pay-per-view services | Video-on-demand services | Total |
| Number of reporting services | 7 | 15 | 22 |
| Revenues | \$67 M | \$167 M | \$234 M |
| 2018-2019 to 2019-2020 revenue growth | ↓ 0.2% | ↓ 12.3% | ↓ 9.2% |
| CPE | \$3 M | \$14 M | \$17 M |
| PBIT | 32.9% | 4.9% | 12.9% |

Source: Public disclosure of aggregate annual returns for large ownership groups, Numeris

Infographic 8 Discretionary services of large ownership groups and the CBC, 2019-2020

| 2019-2020 | Number of discretionary services | Revenues | Share of the revenues of discretionary services | CPE | Tuning share | |
|---|----------------------------------|-------------|---|-----------|---------------------|---------------------|
| | | | | | FRA language market | ENG language market |
| BCE | 31 | \$1,448.2 M | 39.2% | \$505.9 M | 14.3% | 25.3% |
| CORUS. | 35 | \$773.4 M | 20.9% | \$119.1 M | 8.3% | 23.2% |
|  ROGERS | 8 | \$688.3 M | 18.6% | \$452.4 M | 0.4% | 5.3% |
| CBC/SRC | 5 | \$139.4 M | 3.8% | \$106.7 M | 6.0% | 2.7% |
|  QUEBECOR | 9 | \$197.7 M | 5.4% | \$137.7 M | 16.3% | 0.1% |
|  remstar media | 2 | \$20.6 M | 0.6% | \$4.1 M | 2.9% | 0.0% |

Source: Public disclosure of aggregate annual returns for large ownership groups, Individual Discretionary and On-Demand Statistical and Financial Summaries, Numeris

In 2019-2020, the two largest broadcasters, BCE and Corus, garnered 60% of the total discretionary service revenues and reported 42% of CPE of these services, as well as garnering over 48% of the tuning in the English-language market.

While Rogers was third place in terms of discretionary service revenues in 2019-2020, with \$668 million, it reported \$452 million in CPE, in second place behind BCE, which reported \$506 million in CPE and \$1,448 million in revenues.

Infographic 9 On-demand services of large ownership groups, 2019-2020

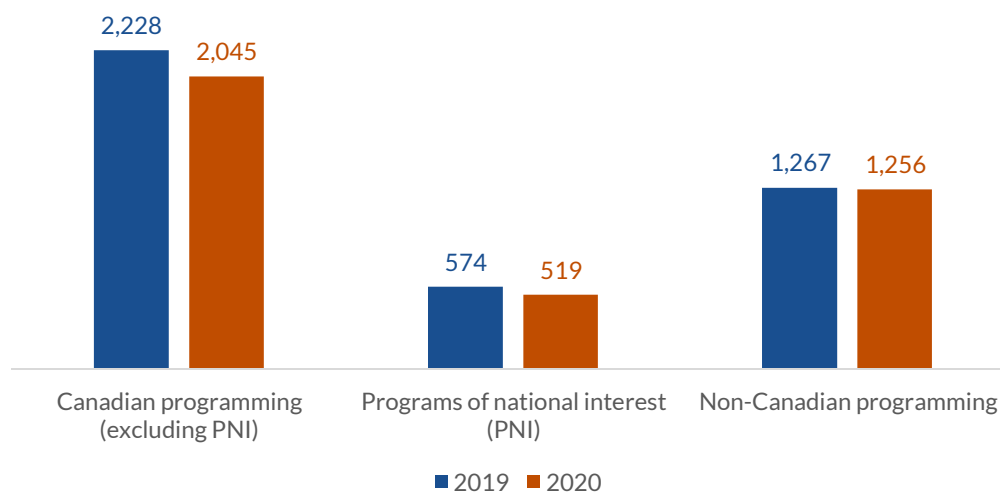
| 2019-2020 | Number of on-demand services | Revenues | Share of the revenues of on-demand services | CPE |
|-----------------|------------------------------|----------|---|---------|
| BCE | 5 | \$64.8 M | 27.7% | \$1.4 M |
| QUEBECOR | 3 | \$53.9 M | 23.0% | \$0.0 M |
| ROGERS | 2 | \$32.4 M | 13.8% | \$6.2 M |
| Shaw) | 2 | \$32.0 M | 13.7% | \$1.6 M |

Source: Public disclosure of aggregate annual returns for large ownership groups, Individual Discretionary and On-Demand Statistical and Financial Summaries

In 2019-2020, the four largest broadcasters garnered 78% of the total revenues for on-demand services and reported \$9.3 million in CPE with 12 of the total 21 services.

Contributions to Canadian content

Figure 19 Television programming expenditures on PNI, Canadian and non-Canadian programming (\$ millions), 2019-2020



Source: CRTC data collection

Canadian television services directed a total of \$4.3 billion to programming expenditures in 2019-2020 (6.1% decrease from 2018-2019), with the vast majority (71%) going towards CPE (including programs of national interest (PNI), a subcategory of CPE).

For every dollar of revenue television broadcasters earned in 2019-2020, \$0.34 was spent on Canadian programming (excluding PNI), \$0.08 was spent on PNI, and \$0.20 on non-Canadian programming. Therefore, excluding VOD and PPV services as well as other public and not-for-profit conventional television stations, broadcasters spent \$0.62 on programming expenses for every dollar of revenue earned.

This is only a minor change from pre-pandemic levels. Compared to 2018-2019, total spending on programming was flat at the aforementioned \$0.62 for every dollar of revenue earned, but spending on PNI decreased by \$0.01 (from \$0.09 to \$0.10), and spending on non-Canadian programming increased by \$0.01 (from \$0.19 to \$0.20).

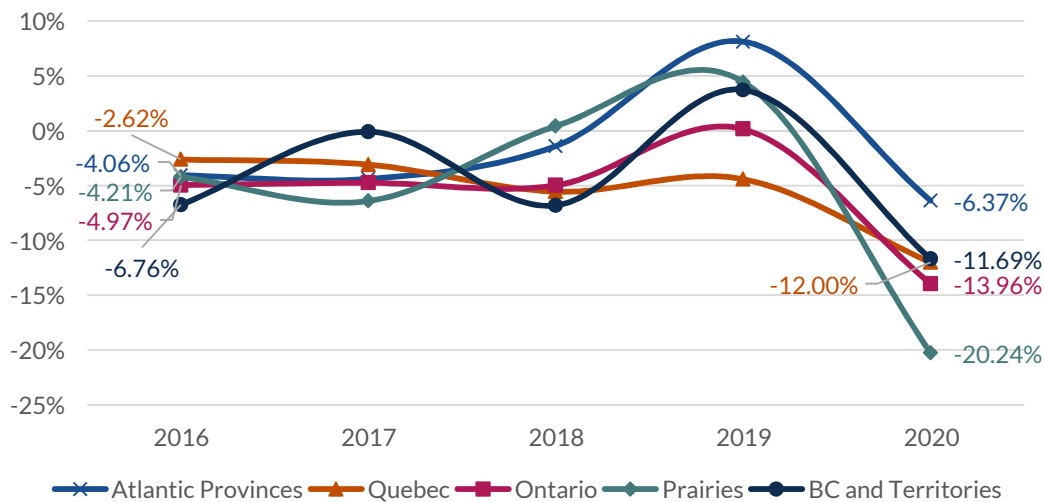
Programming expenditures of VOD and PPV services, as well as other public and not-for-profit conventional television stations, are excluded in this amount.

For the purposes of this report, PNI expenditures include expenditures in any of the following program categories:

- Long-form documentary (category 2b);
- Drama and comedy (category 7);
- Music and dance (including music video clips and music video programs) and variety (categories 8 and 9) in the French-language market; and
- English-language and French-language award shows (which fall under General entertainment and human interest (category 11)).

Impacts of the COVID-19 pandemic

Figure 20 Year-over-year revenue growth by region – Commercial stations (%), 2015-2016 to 2019-2020



Source: CRTC data collection

Of all of the broadcasting sectors, private conventional television experienced the second largest year-over-year decline in revenues in 2019-2020 (16.4% from 2018-2019). Although

the Prairie Provinces experienced the largest decline at 20.2%, dramatic declines in revenues occurred across the country (with an average decline of 11.0% for Canada's other regions). As noted earlier, the Prairies saw the largest decline in regional GDP as well as the largest out-migration in 2020.

The profitability of private conventional television decreased dramatically in 2019-2020, with a PBIT margin of -18.6%, compared to -7.0% in 2018-2019. In fact, the 2019-2020 loss of \$247 million is more than the losses of 2017-2018 (\$134 million) and 2018-2019 (\$109 million) combined.

As noted earlier, while the year-over-year declines in revenues for discretionary services and on-demand services were less than those of radio and conventional television, it was the largest ever decline reported by these services.

Although BDU subscribers and revenues continued their slow decrease, BDU services (as well as discretionary services and on-demand services) remained profitable in 2019-2020, in contrast with traditional television services, which generated 91% of their revenues from advertising. With a PBIT margin of 24.3%, 2019-2020 was the second most profitable year for BDU services (after 2018-2019 with a PBIT margin of 25.3%) over the last five years.

CPE of discretionary services felt the greatest impact from the COVID-19 pandemic, with a 9.3% decline from 2018-2019. Private conventional television and CBC television saw smaller declines in CPE, 6.7% and 8.1%, respectively.

viii. Datasets available on Open Data

An Excel workbook and CSV zip file related to this report have been published on the Open Data portal. They contain the data found in the figures and tables in this section of the CMR, in addition to supplementary datasets (B-S1 to B-S9) that originate from earlier editions of the CMR.

Instructions: Use the table below to search for datasets available on Open Data that are related to this section of the CMR. When you have found the dataset, go to the [Find a CMR Dataset](#) page and download the workbook **Data - Broadcasting Sector**. Search for the ‘tab name’ in the Excel workbook tabs to locate the data.

Table 5 List of datasets available in the Data - Broadcasting Sector workbook

| Tab name | Title |
|----------|---|
| B-I1 | Overview of industry characteristics |
| B-I2 | Revenues and contributions by major ownership group, by sector |
| B-I3 | Contributions to Canadian Content (\$ millions) |
| B-I4 | Overview of Internet-based audio and television services (estimated revenues) |
| B-F1 | Distribution of total broadcasting revenues (\$ million) |
| B-F2 | Revenue distribution by region (\$ millions) |
| B-F3 | Number and share of broadcasting entities by number of sectors where service is offered |
| B-F4 | Share of revenues generated by broadcasting entities by number of sectors where service is offered |
| B-F5 | Contributions to Canadian content by source (\$ million) |
| B-F6 | Contributions to Canadian content compared to total broadcasting revenues (\$ millions) |
| B-F7 | Internet-based audio services estimated revenues in Canada (\$ million) |
| B-F8 | Internet-based video services estimated revenues in Canada (\$ million) |
| B-F9 | Third-language commercial radio station revenues (%) and number of stations by market |
| B-F10 | Tuning share (as a percentage of total tuning) of the most popular French-language market formats |
| B-F11 | Tuning share (as a percentage of total tuning) of the most popular English-language market formats |
| B-F12 | Revenues of News/Talk commercial radio stations (\$ million) |
| B-F13 | Revenues of News/Talk commercial radio stations in Canada excluding Quebec compared to those in Quebec (\$ million) |
| B-F14 | Private conventional television station revenues, by source (%) |
| B-F15 | CBC/SRC conventional television station revenues by source (%) |
| B-F16 | CBC/SRC conventional television station revenues by source (\$ millions) |
| B-T1 | Overview of broadcasting revenues and contributions to Canadian content (\$ millions) |
| B-T2 | Overview of radio, television and broadcasting distribution revenues, growth and PBIT/operating margin |
| B-T3 | Commercial radio overview |
| B-T4 | Radio ownership market composition |

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| B-T5 | CBC/SRC overview |
| B-T6 | Breakdown of radio stations by market and format |
| B-T7 | Overview of conventional television stations |
| B-S1 | Broadcasting revenues (\$ millions) |
| B-S2 | Percent of total broadcasting revenues, by ownership groups |
| B-S3 | Percentage (%) of total commercial radio revenues by broadcaster |
| B-S4 | Percentage (%) of television revenues by broadcaster |
| B-S5 | Total broadcasting revenues by type of service (\$ million) |
| B-S6 | PBIT/EBITDA margins by type of service (%) |
| B-S7 | Contributions to Canadian content by source (\$ million) |
| B-S8 | Revenues (\$ million) of commercial radio stations, by radio market type |
| B-S9 | CBC/SRC conventional television revenues (\$ millions) |

ix. Methodology

CRTC data collection

The CRTC data collection has sourced its statistical and financial data from the annual returns provided by commercial and CBC/SRC radio stations, conventional television stations, discretionary services and on-demand services, for the broadcast year ending 31 August 2020.

CBC/SRC revenues include parliamentary appropriations for conventional television.

Annual returns for the broadcast year ending 31 August 2020 were required to be filed with the Commission by 30 November 2020. Data received after the compilation date is not reflected in this publication. The data reported for previous years has been updated to reflect any additional or adjusted information received by the Commission after the 31 August date for prior years' publications.

Pursuant to Broadcasting Regulatory Policy CRTC 2015-86, the term “discretionary services” now encompasses all currently licensed services formerly known as pay and specialty services, whereas the term “on-demand service” now encompasses all licensed PPV and VOD services.

Media Technology Monitor (MTM)

MTM measures Canadians' media technology adoption and use at two points in time to monitor changes in media penetration and use over the year. Telephone interviews are conducted with a regionally representative sample of Canadians who have a landline telephone service and those who rely solely on cell phone service. The fall survey includes 8,000 Canadian adults (4,000 Anglophones and 4,000 Francophones), 2,976 of which have completed an online survey introduced in the fall. An independent sample of 4,000 Canadians (2,000 Anglophones and 2,000 Francophones) is surveyed in the spring.

www.mtm-otm.ca

The CMR uses data collected from the fall surveys unless stated otherwise.

Omdia (formerly, Ovum)

Download-based audio services

Revenues of download-based audio services are estimated based on publicly available data, such as company annual reports, in addition to Canada's other media revenues, such as physical music album sales and live music attendance revenues. These estimates are further refined using data about online audio subscriptions in the market as a benchmark.

In some cases where information is unavailable, Omdia based its revenue estimations on service providers' market shares and revenues reported in a similar country.

Streaming audio services

Streaming audio services use different business models to which different methodologies apply. The total revenues of subscription-based digital streaming, advertisement-based digital

streaming, and audio-video streams are added to determine total revenues of streaming audio services.

- Revenues of subscription-based digital streaming services (such as Spotify) are estimated based on publicly available data, including the number of subscribers and service rates/pricing, such as company annual reports and news articles. These are then used to estimate an average monthly subscription revenue per subscriber, considering all available service plans from a given provider, and distributed to the estimated number of subscribers. The estimated average monthly subscription revenue per subscriber is then multiplied by the subscriber estimate.
- Revenues of advertisement-based digital streaming and video streams are estimated based on publicly available data about traffic, advertising load and pricing, as well as video traffic and digital advertising forecasts. These estimates are further refined based on each entity's performance in other video segments.

Subscription-based video-on-demand services

Revenues of SVOD services are estimated based on publicly available data on the number of subscribers and services rates/pricing, such as company annual reports and news articles. These are then used to estimate an average monthly subscription revenue per subscriber considering all available service plans from a given provider and distributed among the estimated number of subscribers. The estimated average monthly subscription revenue per subscriber is then multiplied by the subscriber estimate.

Transactional video-on-demand services

Revenues of TVOD services are estimated based on publicly available data, such as company annual reports, in addition to Canada's other media revenues, such as home video and pay television revenues. These estimates are further refined using data on online video subscriptions in the market as a benchmark.

In some cases, where information is unavailable, Omdia based its revenue estimations on service providers' market shares and revenues in a country similar to the one subject to analysis.

Advertising video-on-demand services

Revenues of AVOD services are estimated using publicly available and, where necessary, quantitatively modelled data (informed by analyst knowledge and assumptions) about advertising load, pricing and market share. These are then applied to video traffic and digital advertising forecast models to derive revenue estimates. These estimates are further refined based on each entity's performance in other video segments.

Omdia defines AVOD revenue as revenue generated through the sale of in-stream video advertising (i.e., pre-roll, mid-roll, post-roll, and in-player overlays) delivered over the internet. This excludes out-of-stream video advertising (e.g., video ads that play independently of video content, such as in-read and in-feed social video ad formats). This revenue is from advertiser spending.

The YouTube revenue figure represents YouTube in-stream video advertising revenue, which comprises revenue generated through the delivery of in-stream video advertising (i.e., pre-roll, mid-roll, post-roll, and in-player overlays) on YouTube. This does not include revenue generated by static display, dynamic display ads, or search ads delivered on the YouTube platform. This revenue is from advertiser spending.

The broadcaster company revenue figures represent the total in-stream video advertising revenue generated by the combined total of each player's online video properties.

The Facebook revenue figure comprises revenue generated through the delivery of in-stream video advertising (i.e., mid-rolls) placed in videos viewed on the Facebook platform. This includes videos viewed within the News Feed, Suggested Videos, and Facebook's recently launched Watch platform. This revenue is from advertiser spending.

Out-of-stream video advertising revenue comprises revenue generated through the delivery of out-of-stream advertising (i.e., video ads that are served outside of the video player). This includes in-feed video advertising on all social networks. It also includes out-of-stream video advertising placed on digital publishers' sites and interstitial video advertising delivered within mobile apps. This revenue is from advertiser spending.

Mobile video advertising comprises revenue from in-stream video advertising (pre-rolls, mid-rolls, post-rolls) and out-of-stream video advertising delivered over the Internet to, viewed on, and formatted for mobile devices.

Desktop and laptop video advertising comprises revenue from in-stream video advertising (i.e., pre-rolls, mid-rolls, post-rolls) and out-of-stream video advertising delivered over the Internet to desktop PCs and laptops.

Connected TV video advertising comprises revenue from in-stream video advertising (i.e., pre-rolls, mid-rolls, post-rolls) delivered over the Internet to smart TVs, media streamers, games consoles, and connected set-top boxes.

Omdia has restated past years Internet-based video revenue estimates, to integrate newly publicly disclosed information from entities offering services and collecting revenues in Canada. This may affect year-over-year comparisons.

Numeris

Audience measurement data is important not only to industry stakeholders, who use the data to help sell air time to advertisers, but also to the CRTC, which uses the data to assess the effectiveness of its policies by understanding the reach of programming across the country and across various demographics.

Television audience measurement data sourced from Numeris was collected by portable people meter (PPM) devices.

Prior to 2019-2020, radio audience measurement data was based on Numeris radio data from the fall surveys across Canada, Monday to Sunday from 5 am to 1 am, with participants aged 12 or older. Due to the impact of the COVID-19 pandemic and its extenuating factors, Numeris

was unable to produce the Fall 2020 Radio Release. Therefore, the Spring 2020 and Spring 2021 surveys were used.

- Spring 2020 measurement across Canada, Monday to Sunday from 5 am to 1 am, with participants aged 12 or older.
 - Please note: contains no listening during the COVID-19 pandemic
- Measurement of only the top 22 markets Spring 2021, Monday to Sunday from 5 am to 1 am, with participants aged 12 or older.

The Numeris data presented by linguistic market divides Canada into two sections: (1) all of Canada, excluding Francophone respondents in Quebec; and (2) exclusively Francophones respondents in Quebec.

The television seasons used by Numeris were the following:

- 26 August 2013 to 31 August 2014, includes all persons 2+, Monday to Sunday, 2 a.m. to 2 a.m.
- 1 September 2014 to 30 August 2015, includes all persons 2+, Monday to Sunday, 2 a.m. to 2 a.m.
- 31 August 2015 to 28 August 2016, includes all persons 2+, Monday to Sunday, 2 a.m. to 2 a.m.
- 29 August 2016 to 27 August 2017, includes all persons 2+, Monday to Sunday, 2 a.m. to 2 a.m.
- 28 August 2017 to 26 August 2018, includes all persons 2+, Monday to Sunday, 2 a.m. to 2 a.m.
- 27 August 2018 to 30 August 2019, includes all persons 2+, Monday to Sunday, 2 a.m. to 2 a.m.
- 26 August 2019 to 31 August 2020, includes all persons 2+, Monday to Sunday 2 a.m. to 2 a.m.

Definitions

AVOD refers to advertising video-on-demand service. This is an Internet-based service model in which a client typically has free access to content but is exposed to in-stream advertisements (e.g., YouTube and Facebook).

BDU revenues refers to revenues from basic and non-basic BDU services and excludes Internet-based service revenues, such as Netflix, Crave and Club Illico, but include IPTV services such as Bell Fibe and Telus Optik TV.

Broadcasting contributions to Canadian content include Canadian content development (CCD) contributions, Canadian programming expenditures (CPE), contributions to the creation and production of Canadian programming from BDUs, and tangible benefits from ownership transactions in the form of CCD contributions and CPE.

Canadian programming expenditures refers to expenditures used to create Canadian programming and to ensure that a diversity of voices and interests are represented in our national broadcasting system. The policy objectives of the *Broadcasting Act* include encouraging

the development of Canadian expression and ensuring that each element of the Canadian broadcasting system contributes to the creation and presentation of Canadian programming, in an appropriate manner. As such, Canadian broadcasters are required to allocate portions of their annual broadcasting revenues to expenditures on Canadian programming.

Canadian content development (CCD) contributions are financial contributions made by radio broadcasters to support the development and promotion of Canadian musical and spoken word content for broadcast.

Direct-to-home (DTH) refers to satellite service providers.

Discretionary services encompass all currently licensed services formerly known as pay and specialty services, pursuant to Broadcasting Regulatory Policy CRTC 2015-86.

Earnings before interest, taxes, depreciation and amortization (EBITDA) is a metric used to measure financial performance. It is expressed as a percentage of total revenues.

IPTV refers to Internet Protocol Television, such as Bell Fibe and Telus Optik TV, but excludes Internet-based services, such as Netflix, Crave and Club Illico.

On-demand services encompass all licensed pay-per-view (PPV) and video-on-demand (VOD) services, pursuant to Broadcasting Regulatory Policy CRTC 2015-86.

PBIT refers to profit before interest and taxes.

Programs of national interest (PNI) are programs from the following categories: including drama and comedy, long-form documentary, and specific Canadian award shows that celebrate Canadian creative talent. For French-language broadcasters, PNI also include music video and variety programs:

- Long-form documentary (category 2b);
- Drama and comedy (category 7);
- Music and dance (including music video clips and music video programs) and variety (categories 8 and 9) in the French-language market; and
- English-language and French-language award shows ((which fall under General entertainment and human interest (category 11)).

SVOD refers to subscription-based video-on-demand service. This is an Internet-based service model in which a client pays a subscription fee to gain access to a library of content. This category includes services that air the content of the library according to a linear schedule (e.g., Sportsnet Now) and services that permit a user to choose from a catalogue of content that is available at any time (e.g., Netflix and Amazon Prime Video).

Total broadcasting revenues include revenues from private commercial and CBC/SRC conventional television, discretionary and on-demand services, private commercial and CBC/SRC radio services, as well as BDUs. They do not include Internet-based services unless stated otherwise.

TVOD refers to transactional video-on-demand service. This is an Internet-based service model in which a client pays for specific content but generally does not pay to access the service itself (e.g., iTunes, Microsoft Movies & TV, and the PlayStation Network).