



Rogers Scores 12-Year Deal With the NHL

Description

By Cameron Conway

Rogers' (TSX: RCI.B, NYSE:RCI) [new NHL deal](#) will change how Canadians watch hockey.

In case you missed this week's big news, Rogers agreed to be the exclusive national broadcaster of the NHL in Canada — and not just for a few seasons. The company's rights will last for 12 years, beginning next season. This \$5.2 billion deal is the largest media rights deal in the history of the NHL, more than double the amount (\$2 billion) NBC paid for its 10-year deal in 2011.

Specifics

The breakdown of the deal is \$150 million up front, followed by annual payments of \$300 million for 11 years and \$500 million in the final year. To give some context, the CRTC reported that **Bell** (TSX: BCE, NYSE:BCE) subsidiaries TSN and RDS bring in a combined revenue of \$541 million a year.

The \$5.2 billion will be divided 50/50 between the league and the players. Given the amount, it should be a no-brainer when the NHL Board of Governors votes on the deal in early December.

Loser: Bell/TSN

Outbid for the national broadcast rights, Bell-owned TSN will take a substantial blow next season when the changes take effect. (To state the obvious, less hockey means less advertising revenues!)

TSN isn't completely out of the game just yet, though — it still has regional broadcast rights with the Winnipeg Jets (60 games through 2021), Toronto Maple Leafs (26 games), Montreal Canadiens (roughly 60 games currently). RDS has a deal with the Ottawa Senators, while the rest of the regional rights are currently held by Rogers Sportsnet.

This could get interesting as Rogers has three exclusive windows to broadcast any game involving a Canadian team: Wednesday nights, Saturday nights, and Sunday nights. Rogers now also controls the NHL Center Ice subscription service, which it could choose not to offer to Bell customers.

This is a deep cut to Bell/TSN, which will have to work with what's left: the CFL, MLS, NFL, curling, golf, tennis, and Premier League soccer games.

The Hockey Night in Canada compromise

An interesting part of the deal is the coup d'etat of Hockey Night in Canada, a 61-year-old fixture in Canadian culture and a ratings gold mine. Under the new deal, CBC will continue to air on Saturdays and during the playoffs, as it does today (at least for the next four years).

Except that now, Rogers will assume all production and editorial control, meaning CBC will no longer incur any cost to produce Hockey Night in Canada. In exchange, Rogers will take [all advertising revenues](#) generated, and CBC can advertise its own programming freely.

Winner: The viewers

For hockey fans, this deal means more hockey on several channels — Sportsnet one, west, Ontario, pacific, TVA, CBC, and City. And we're not just talking about some games — Rogers' announcement guarantees that "there will be no further regionalization of games or local blackouts", which has been my biggest complaint about Rogers Sportsnet up until now. (If I get bored watching the Canucks lose, why can't I watch the Jets or Oilers lose instead?)

Rogers cited this [example](#) — it says that last Saturday (Nov. 23), it would have had the ability to show five games across 11 different channels, including three TVA channels.

Jury is out: Rogers

Rogers is shelling out a good chunk of money to secure this long-term licensing deal. While it will take years to see whether it works out in the company's favour, I like the odds.

It's surely going to leverage this content with all its advertising partners. I believe it will get an ample return on this \$5.2 billion investment — with more people being able to watch more games outside their "home region", it will lead to more eyes watching advertisements ... and more captive TV viewers with which to showcase other products.

CATEGORY

1. Investing

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