

# TVSportsMarkets

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## TV RUSSIA

# Telesport acquires Olympics in Russia but World Cup still far off

By Callum McCarthy

- Telesport acquires 2018, 2020, 2022 and 2024 Olympic Games for about \$60m
- The agency is also negotiating for 2018 Fifa World Cup rights
- Telesport also handling Ultimate Fighting Championship rights sales in the country

**TV Sports Markets understands the Telesport agency has acquired rights in Russia to four Olympic Games, the Ultimate Fighting Championship, and is currently in negotiations with Fifa for rights to the 2018 World Cup.**

The agency is currently the fulcrum of all major sports-rights negotiations in Russia due to its expertise in extracting maximum value from local broadcasters via advertising revenue-share deals. These deals mostly include small upfront fees with the majority of the total fee funded via the revenue share.

A local expert told *TV Sports Markets*: “It’s not a sports-rights market anymore; it’s an advertising market. Rights-holders want to have positive dynamics year-on-year, and Russia is not fertile for that.

“But Russia is no exception for the rights-holders. They want step-by-step movement and to get this progress, Telesport is the only one who can do this job in the proper way.”

*TV Sports Markets* understands Telesport has agreed a deal with the International Olympic Committee thought to be worth about \$60m (€56m) for two winter Games in 2018 (Pyeongchang) and 2022 (Beijing), and two summer Games in 2020 (Tokyo) and 2024 (to be announced). The majority of the total value is understood to be allocated to the two winter Games.

The agency has also been negotiating with Fifa, football’s global governing body, since last October for rights to the 2017 Confederations Cup and the 2018 World Cup on behalf of a consortium of: state broadcaster VGTRK; state-controlled commercial broadcaster Channel One; and privately-held broadcaster Match TV. Both tournaments will be hosted in Russia.

Fifa is seeking about \$100m for rights to the Confederations Cup and the World Cup. It is thought the Russian advertising market could yield a maximum of \$60m for the two tournaments. The vast majority of advertising revenue will be generated on Channel One and VGTRK, Russia’s most-watched channels.

Telesport’s deal for UFC rights is smaller in scale. The agency’s two-year deal, covering 2017 and 2018,

is worth about \$850,000 per year. Telesport acquired the rights after negotiations between Match TV and the IMG agency – the UFC’s owner and media-sales representative – broke down over price.

Telesport is yet to sell the rights to a broadcaster in Russia after its own negotiations with Match TV failed. Two UFC events in 2017 have passed without coverage in the country.

## Telesport takes Olympian risk

Telesport’s acquisition of four Olympic Games is a considerable risk for the agency, despite the \$60m fee being viewed by European experts as well below market value.

The deal represents a decrease of about 63 per cent on a quadrennial basis when compared to the Panorama consortium’s €80m spend on rights to the 2014 and 2016 Games. This fee was inflated because Russia hosted the 2014 winter Games in Sochi (*TV Sports Markets* 16:16).

A more accurate comparison is with Channel One’s €40m contribution to the European Broadcasting Union’s deal for the 2010 and 2012 Games. Telesport’s deal is about 25 per cent smaller on a per-quadrennial basis.

Russia was the only European territory excluded from media group Discovery Communication’s 50-territory, €1.3bn deal for Olympic Games rights across Europe from 2018 to 2024 (*TV Sports Markets* 19:13). Discovery felt acquiring rights in Russia did not make business sense. At the time that deal was struck, experts believed a realistic value for the rights in Russia would be about €80m for four Games.

Continuing economic sanctions against Russia and a domestic advertising market in the early stages of recovery meant no broadcaster or agency could meet that valuation.

It is near-certain Telesport will sell rights to each Games separately. The agency is yet to begin negotiations with broadcasters, but Channel One and VGTRK are thought likely to share free-to-air coverage, while Match TV could acquire pay-television rights.

Free-to-air deals will be based on a revenue share. Telesport is unlikely to sell free-to-air Olympics rights to Match TV as the chance of the two agreeing a large-scale advertising revenue-share is low. Match’s owner, Gazprom Media group, sells its advertising space in-house.

## World Cup talks at a standstill

Negotiations between Telesport and Fifa reached an impasse after the governing body refused to budge on its \$100m asking price. Fifa is selling the two tournaments as a package, but local experts believe the Confederations Cup will be sold in a standalone deal if no agreement for the package is struck before the tournament starts on June 17.

Fifa’s asking price is about 366 per cent more than the average price of the previous two World Cups. Channel One and VGTRK contributed a total of about €40m to the EBU’s deal for the 2010 and 2014 tournaments. The broadcasters are thought to have allocated slightly more for the 2010 tournament

due to the more favourable time-zone and Russia's strong performance at Euro 2008. It is thought Telesport is unwilling to pay any more than \$50m for the package.

The Russian government has previously intervened to provide funding for major sports rights, such as the Sochi Games in 2014. But local experts believe a government decree banning public investment in private sports companies will extend to acquisition of sports rights. Government backing is thought to be highly unlikely at this stage.

One local source said: "For the Sochi Games, the rights were sold at a much higher price than the previous Games. But things are different to how they were in 2013. The economic conditions are still very difficult due to the sanctions, and the government cannot invest in sports rights."

Qualifiers to the 2018 World Cup have not been sold in Russia. The Russian national team does not have to qualify for the tournament as host nation, and is instead playing friendly matches with non-Uefa nations organised by the Russian Football Union.

## Ultimate Fighting Championship

Telesport's UFC deal is a departure from its usual strategy as the rights offer little potential for an advertising-revenue share. Most events air between 6am and 10am in the populous west of Russia.

IMG sold the rights to Telesport after Match TV baulked at the agency's original valuation – thought to be about \$1m per year. Prior to WME|IMG's \$3.775bn acquisition of the UFC, the promotion conducted its own media-rights sales. It is understood the UFC had a deal in principle with Match TV, for 2017 only, worth about \$600,000. This deal was scrapped as IMG sought a bigger fee.

Match TV paid \$500,000 for rights in 2016, a 25-per-cent increase on the \$400,000 it paid for rights in 2015. This was considered a surprise given big rights-holders such as Uefa and the English Premier League had seen their rights fees in Russia decrease significantly.

Telesport attempted to sell the rights to Match TV for an upfront fee plus an advertising revenue share. This offer was rejected by Match TV, which released a statement about the negotiations on January 20, claiming IMG sought "many multiples of its current fee".

The UFC is keen to regain its coverage in Russia due to its growing roster of Russian fighters, including lightweight star Khabib Nurmagomedov. Nurmagomedov will fight Tony Ferguson for the interim lightweight title on March 4.

## Telesport's risk/reward strategy

Telesport is owned by Russian businessman Peter Makarenko. It has previously been involved in deals for Euro 2012, the 2014 World Cup and Euro 2016 – it sold advertising around all three tournaments on Channel One and VGTRK. It bought Euro 2016 rights outright for just under €30m (*TV Sports Markets* 20:1). Local experts say Telesport takes on huge risk with each large-scale deal.

Deals for top properties are agreed in dollars or euros, while Telesport's earnings are in roubles. The volatility of the rouble and the country's unstable advertising market means a return on investment is never guaranteed.

Telesport is currently the only willing buyer for top-level sports events like the Olympics, the World Cup and the European Championships. These are listed events in Russia and must be shown on the most widely-available and most-watched free-to-air channels – Channel One and VGTRK.

But both have reduced their sports-rights budgets to zero in response to economic sanctions and the rouble's rapid depreciation in 2014 and 2015. The only way either can afford sports rights is to give up its advertising airtime and let an agency assume the risk.

Channel One and VGTRK normally use Russian advertising agency VI to sell advertising space, but VI subcontracts this responsibility to Telesport during major sporting events.

Telesport has developed strong relationships with sponsors and advertisers in the Russian market. It is the commercial representative of several national sports federations including the RFU, the Russian Basketball Federation and the Russian Olympic Committee. Telesport also has direct access to brands under a retainer deal with VI.

## Advertising prices

Telesport will charge at least 15 per cent per-minute more for airtime during 2018 World Cup broadcasts on VGTRK and Channel One than it did during Euro 2016. This is because VGTRK and Channel One are part of the Russian Advertising Alliance – a pact between broadcasters and agencies to increase the price of their airtime in order to stimulate growth in Russia's advertising market.

Telesport charged a base rate of RUB11m (€171,000/\$184,000) per minute for airtime on VGTRK and Channel One during Euro 2012 and 2016 – 46 per cent more than the RUB7.5m per-minute base rate charged for the 2014 World Cup.

However, these base rates were discounted by between 20 and 75 per cent depending on: the airtime bought; whether the company buying airtime was on a retainer with VI; whether the company was state-owned or state-controlled; and the relationship between the company and Telesport.

For example, Telesport's deal with state-owned telco Rostelecom for airtime during the 2014 World Cup was structured as follows: Rostelecom acquired 39 minutes and 30 seconds of airtime across all 64 matches – 32 on VGTRK, 32 on Channel One. The base rate for airtime was RUB7.5m per minute.

It eventually paid RUB75,314,097 for its airtime – just over RUB1.9m per minute, a discount of about 75 per cent. Similar discounts are expected for the 2018 World Cup but from a much higher base rate.

Rostelecom has a strong relationship with Telesport. It has title-sponsored domestic football and ice-skating competitions for which Telesport was the commercial representative. It also bought airtime in bulk. ♦

## FOOTBALL

# Fifa's early sale of World Cup rights puts ceiling on fee growth

By Frank Dunne

**Fifa is projecting an additional €480m (\$516m) of media-rights income from the 2026 World Cup compared to 2018, an increase of about 20 per cent. Arguably only half of this will be a consequence of expanding the tournament from 32 to 48 teams; the other half being organic growth in the value of the competition from cycle to cycle.**

Football's global governing body would have stood to make a much bigger increase were it not for a decision it made between 2010 and 2013: to sell its rights from 2018 to 2030 in multiple territories in the Americas, including valuable markets such as Argentina, Brazil and Mexico.

The deals came to light when the US Department of Justice filed its settlement in December with Argentinian media group and sports-rights agency Torneos, as part of its investigation into corruption in football. It had previously been thought that Fifa had only sold its rights in the region until 2022.

Selling those rights early was followed in 2013 by Fifa's hurried deals for the 2026 World Cups with Fox and Telemundo in the US and Bell in Canada (*TV Sports Markets* 19:5).

Together, these two decisions have left Fifa with no opportunity to secure increased revenues from a region enjoying huge growth in the value of premium football rights. Fifa has no scope to renegotiate these deals.

Should the hosting of the 2026 competition be awarded to the US, Mexico, Canada or a joint bid from two or more of these countries, these strategic errors will be of an even greater magnitude.

## Other challenges

Lack of opportunity in the Americas will leave Fifa looking elsewhere for the uplift. But everywhere it looks it faces challenges.

China is another strong candidate to host the 2026 tournament, which would normally drive up the value of the rights. But the World Cup is effectively a listed event in the country and state broadcaster CCTV will face no competition.

The governing body is currently in talks with Chinese players to sell rights for 2018 and 2022. Fifa is looking for a big uplift on the \$125m CCTV paid for the 2010 and 2014 tournaments (*TV Sports Markets*

15:22). The broadcaster is said to be offering well below Fifa's valuation.

In Hong Kong, where the tournament is not listed, Fifa looked set to earn a big increase for the 2018 World Cup in a deal agreed in principle last year with Chinese streaming operator LeSports. The company's bid was substantially higher than the \$40m commercial and pay-television operator TVB paid for the 2014 rights. But informed sources say LeSports may not be able to sign off on the deal due to its current cash flow crisis (*TV Sports Markets* 20:21).

## Europe is the key

Europe is by far Fifa's most valuable region and where it will hope to secure much of its additional revenue. It earned \$2.45bn in Europe for the 2010/2014 cycle out of total media-rights income of just over \$5bn.

**2010 and 2014 Fifa World Cups, media-rights revenue by region (\$000s)**

	2014	2013	2012	2011	2010	2009	2008	2007	Total
Europe	295,662	302,639	287,685	281,144	334,089	354,142	308,550	292,443	2,456,354
Asia and North Africa	218,247	152,158	126,459	107,054	157,625	146,673	113,183	86,000	1,107,399
Central and South America	97,050	92,650	83,025	83,025	85,528	83,550	80,100	80,100	685,028
North America and the Caribbean	58,812	63,952	61,229	61,159	51,767	53,090	52,875	53,252	456,136
Rest of the world	22,828	14,800	6,498	9,909	34,425	17,796	11,309	8,166	125,731
Other revenues <sup>1</sup>	108,888	1,606	591	376	110,954	5,728	2,353	0	230,496
Total gross sales	801,487	627,805	565,487	542,667	774,388	660,979	568,370	519,961	5,061,144

Source: Fifa, *TV Sports Markets Rights Tracker*

<sup>1</sup> Service revenues paid by broadcasters on top of rights fee/VIK transactions

In arguing for the expansion of the World Cup from 32 to 48 teams, Fifa president Gianni Infantino was able to draw on Uefa's success in expanding the European Championship from 16 to 24 teams last year. Uefa's media-rights income increased by 30 per cent from Euro 2012 to Euro 2016, from €837.2m to just over €1.1bn (*TV Sports Markets* 20:6). Infantino pushed hard for the expansion while general secretary of Uefa.

However, in several key European markets, there are still big question marks about what fee Fifa will be able to secure for 2018 and 2022.

It is asking for \$100m in Russia for 2018, against an offer of \$50m (see separate story, page 3).

In Italy, it agreed a deal in 2013 with the MP & Silva agency, but the agency pulled out of the deal in 2015 (*TV Sports Markets* 19:22). One local broadcast source said the contractual situation between Fifa and MP & Silva was still unclear, and that the governing body had intimated to the market it "had no intention of letting the agency just walk away from the deal".

In Spain, Fifa is not thought to be close to finding a broadcaster prepared to match the combined \$50m paid for the 2014 World Cup by the Mediapro agency and commercial broadcaster Mediaset (*TV Sports Markets* 17:11).



## Early deals in the Americas

At some point between 2010 and 2013, Fifa sold its rights for the World Cups of 2018, 2022, 2026 and 2030 in multiple territories across the Americas in what appear to have been three or four separate deals. The exact number of markets is unclear, but it is thought to be up to 17.

In Brazil, media group Globo acquired rights to all four tournaments in a deal worth about \$1.2bn. It is thought the deal breaks down as follows: 2018 – \$250m; 2022 – \$280m; 2026 – \$320m; 2030 – \$360m.

The rights in Argentina, Mexico and 14 other Latin American markets were acquired by Mountrigi Management, a Swiss-based subsidiary of Mexican media group Televisa.

Mountrigi paid about \$190m for the 2018 and 2022 rights across Latin America, excluding Brazil. Mountrigi sold on the rights for the 2018 and 2022 World Cups to broadcasters in each of those markets.

### Sublicensees of Mountrigi for 2018 and 2022 World Cup rights

Country	Broadcaster
Bolivia	DirecTV, Bolivia Red Unitel, Red Uno
Chile	DirecTV, Canal 13, TVN
Colombia	DirecTV, Caracol, RCN
Costa Rica	Teletica, Corporacion Novavision (Sky México)
Ecuador	DirecTV, Telecuatro
El Salvador	Telecorporacion Salvadorena, Corporacion Novavision (Sky México)
Guatemala	TVA Guatemala, Corporacion Novavision (Sky México)
Honduras	Compañía Televisora Hondureña, Corporacion Novavision (Sky México)
Nicaragua	Radio y Television Nicaraguense, Corporacion Novavision (Sky México)
Panama	Corporacion Medcom Panama, Televisora Nacional, Corporacion Novavision (Sky México)
Peru	DirecTV, Compania Latinoamericana de Radiodifusion
Venezuela	Galaxy Entertainment de Venezuela

Source: Fifa, TV Sports Markets Rights Tracker

Pan-regional pay-television operator DirecTV – the US-based company with a 40-per-cent stake in Torneos – acquired pay-television rights across the region from Mountrigi for \$100m.

Torneos, which has rebranded from its original name Torneos y Competencias, acquired the rights in Argentina, Paraguay and Uruguay. One local source said Torneos had paid about \$40m for rights to both tournaments in Argentina, an increase of about 33 per cent on the \$30m it paid for the 2010/2014 rights. Torneos will share the rights with DirecTV.

In December, the US DoJ published the terms of its settlement with Torneos for its involvement in the corruption scandal being investigated by the FBI. As part of the settlement, Torneos paid the US authorities \$112.8m, of which \$89m was a forfeit of profits and \$23.76m a penalty.

The DoJ said during proceedings the following had been accepted as fact by Torneos: “In or about and between 2010 and 2013, Torneos’s wholly-owned subsidiary Torneos International B.V. obtained the rights to broadcast the 2018, 2022, 2026, and 2030 editions of the World Cup to audiences in Argentina, Uruguay, and Paraguay through a series of contracts with the Off-the-Books Companies and Broadcasting Company Affiliate A, which had secured the rights to broadcast the tournaments in these and other territories directly from Fifa.

“Torneos, through [former chief executive] Alejandro Burzaco and others, and at times with the assistance of one or more representatives of Broadcasting Company Affiliate A, including Broadcasting Company Executive #1, agreed to pay and did pay millions of dollars in bribe and kickback payments to Soccer Official #I – a high-ranking Fifa official who exercised enormous influence within the association – in order to secure his support for Broadcasting Company Affiliate A’s acquisition of rights to broadcast the 2018, 2022, 2026, and 2030 editions of the World Cup in certain territories, and the subsequent purchase and exploitation of certain of those rights by Torneos International B.V.

“Among other things, Soccer Official #I agreed to use and did use his influence to push Fifa to sell the rights to broadcast the 2026 and 2030 editions of the World Cup in certain Latin American territories to Broadcasting company Affiliate A in 2013, earlier than anticipated and long before the selection of host countries for those editions of the tournament.”

After the release of the documents, the Reuters news organisation identified Mountrigi as Broadcasting Company Affiliate A. Fifa’s website appears to confirm this: Mountrigi is listed as Fifa’s licensor in the relevant markets. Televisa, Mountrigi’s owner, told media in December neither it nor any of its subsidiaries had acted improperly in securing rights from Fifa.

The DoJ said as part of the settlement Torneos “restructured, amended, terminated, and/or consented to the termination of a number of contracts related to the conduct alleged in the information”.

*TV Sports Markets* understands this does not include the World Cup deals. One Swiss sports lawyer said Fifa might have a claim to rescind the deals in light of the allegations in the Torneos settlement about how the contracts were secured.

Fifa had not responded to questions by the time *TV Sports Markets* went to press. Niclas Ericson, who was Fifa’s head of television rights during the period in question, but who left the organisation at Christmas, declined to comment.

Neither Mountrigi nor Televisa have been charged with wrongdoing.

## Organic growth

On January 10, the Fifa Council approved the governing body’s plan to expand the World Cup from 32 to 48 teams from the 2026 tournament. The number of matches will increase from 64 to 80.

News organisation AFP published details of an internal marketing document in which Fifa projected

increased commercial revenues of about €600m compared to the 2018 competition, including €480m from media rights.

#### Selected Fifa World Cup deals 2018 and 2022

Territory	Rights-buyer	Editions	Value (\$m)
Argentina	Torneos	2018/2022	40
Asia	Infront Sports & Media	2018/2022	600
Australia	SBS	2018/2022	40
Brazil	Globo	2018/2022	530
Canada	Bell Media	2018/2022	74
Caribbean	SportsMax	2018/2022	36
37 European territories	European Broadcasting Union	2018/2022	410
France	BeIN Sports	2018	50
France	TF1	2018	95
France	BeIN Sports	2022	56
France	TF1	2022	100
Germany	ARD/ZDF	2018	263
Germany	ARD/ZDF	2022	280
Indian subcontinent	Sony	2014/2018	90
Japan	Dentsu	2018/2022	400
17 Latin American territories	Mountrigi	2018/2022	190
Malaysia	M-League	2018/2022	75
Middle East & North Africa	BeIN Sports	2018/2022	375
Nordics	FTA Broadcaster Consortium	2018/2022	87
South Korea	SBS	2018/2022	190
Sub-Saharan Africa	Econet	2018	33
Sub-Saharan Africa	SuperSport	2018	13
UK	BBC	2018/2022	168
UK	ITV	2018/2022	168
US	Telemundo	2018/2022	600
US	Fox	2018/2022	438
Total			5401

Source: TV Sports Markets Rights Tracker

Organic growth in the value of the media rights – from myriad factors including increased pay-television penetration, a growing middle class in developing nations and competition from new entrants – is about 10 per cent from cycle to cycle.

Between the 2010/2014 and the 2018/2022 cycles, Fifa's media-rights income is set to rise from about \$5bn to about \$5.5bn, although several deals are yet to be concluded. ♦

## TV AFRICA

# Econet's Hundah: Kwesé pay-TV operation needs rapid returns

By Callum McCarthy

**Econet Media chief executive Joseph Hundah has told *TV Sports Markets* its Kwesé TV pay-television operation must make money quickly on the back of launches in Ghana, Rwanda and Zambia, after 18 months of acquiring sports rights at a considerable cost.**

Kwesé TV is now available in the three territories at \$25 (€23.30) per month, or on three- and seven-day subscriptions. It will expand its pay-television operation to Botswana, Kenya, Nigeria, Tanzania and Uganda in the coming months.

Telco Econet's strategy is to use its pan-regional free-to-air channel Kwesé Free Sports – available as a standalone channel in six territories and syndicated on other free-to-air channels in a further 14 – as a marketing tool for its pay-television service. Its Kwesé Sports 1 and Kwesé Sports 2 pay-television channels have thus far been available for free via an app.

“How long before we start reaping the rewards? It has to be immediate,” Hundah said. “We anticipate we can sell a lot of decoders quickly. How fast we can make our money back will be based on our speed of growth and where we're able to launch first. We certainly need to return money to shareholders pretty quickly.”

Econet initially planned to launch the Kwesé pay-television service at the beginning of October, in time for the beginning of the 2016-17 National Basketball Association season. This was delayed due to protracted negotiations with regulators in multiple territories and a desire to improve the pay-television content offering.

During this time, Econet instead focused on the rollout of Kwesé Free Sports to ensure customers in sub-Saharan Africa were aware of its brand, and to generate advertising income. Econet has acquired free-to-air rights alongside pay-television rights wherever possible to facilitate this strategy.

## Aggressive entry

Many industry experts have compared Econet's aggressive entry into sub-Saharan Africa's television market – and its challenge to pan-regional pay-television broadcaster SuperSport – to that of now-defunct pan-African pay-television operator Gateway Television.

Gateway launched in June 2007 after massively outbidding media group Multichoice – owner of SuperSport and its pay-television operator DSTV – for an array of top sports rights. It went into liquidation in January 2009, defaulting on payments due to slow subscription uptake and the global financial crisis.

Another African pay-television business to start strongly was HiTV, a Nigerian pay-television service that broke SuperSport's dominance in the territory by bidding aggressively for rights in Nigeria only. HiTV launched in 2007 and went into liquidation in 2011 after defaulting on payments.

Hundah knows these stories well. From 2008 to 2011, he served as managing director of Multichoice's business in Nigeria and was tasked with protecting it from competitors.

"I learned a lot of lessons from those companies, watching from afar," he said. "The lesson I learned is that to succeed you don't need soccer all the time. If you put together a compelling bouquet of general entertainment channels – well thought-through, properly curated – do good clean deals and don't overpay for things, you end up with a good product."

Econet has thus far massively outbid SuperSport for rights outside South Africa, paying multiples of SuperSport's previous outlay for NBA, National Football League, Cricket Australia and Premiership Rugby rights (*TV Sports Markets* 20:7; 20:10; 20:12; 20:15).

Its current spend on sports rights is thought to be about \$35m a year – an amount believed to be manageable at present for such a well-funded company.

Its biggest acquisition has been rights to the 2018 Fifa World Cup excluding South Africa. Econet will pay between \$32m and \$34m for exclusive free-to-air rights across the region and non-exclusive pay-television rights in English-speaking territories (*TV Sports Markets* 21:1).

Econet is thought to be strongly interested in acquiring rights to Uefa's national team properties as well as its Champions League and Europa League competitions when they are tendered later this year.

Whether Econet is successful in bidding for these properties will depend on the level of increase it is willing to pay. Hundah says he learned another valuable lesson from Gateway and HiTV in this regard: that overpaying for top-level football rights in particular is detrimental to a pay-television business.

"If soccer comes along, don't be stupid about it," he said. "Don't pay prices that are just ridiculous. The competitors came in thinking that to win the English Premier League from Multichoice they had to pay three or four times what Multichoice were paying. In reality, they could have spent 20 or 30 per cent more and still won."

Hundah continued: "We will not overpay, and only pay what we think we can make a return on. I think the ability not to be tempted to overpay, and having an all-encompassing offering not just focused on sport, is how we can play a long-term game in the African media environment."

## Free-to-air channel

Kwesé Free Sports is thought to be the only pan-regional free-to-air channel available on digital-terrestrial television with the same reach as public broadcasters in each of its active territories.

Hundah views the Kwesé free-to-air channel as an opportunity not just to act as a shop window for its pay-television channels, but to generate advertising income from global brands seeking direct access to the wider African market.

Econet will not launch channels in every territory in the region, preferring to agree syndication and partnership deals with existing broadcasters in smaller markets.

Hundah said: “I’ve done a [syndication] deal in Togo, and I’m unlikely to open a channel in Gabon, or Mali, or even the Seychelles. These markets are just too small to sustain a fully-fledged channel.”

Kwesé Free Sports is available in Ghana, Kenya, Malawi, Nigeria, Rwanda and Uganda. It will be available in Botswana, Namibia, Tanzania and Zambia in the next few months. It has syndication deals in Angola, Benin, Congo, Côte d’Ivoire, the Democratic Republic of Congo, Ethiopia, Mali, Mauritius, Mozambique, Senegal and Togo.

Selling advertising and sponsorship around its coverage of the World Cup on a pan-African basis, in addition to its power as a marketing tool, may justify Kwesé’s outlay on the rights.

Hundah added: “We truly believe sport is so popular in Africa it has the ability to make people one, especially around big sporting events like the World Cup. If there are three or four African countries at the World Cup, the whole of Africa will support those countries.”

Converting this free-to-air reach into a pay-television audience will make or break Econet’s television business.

“We have a good opportunity. How successful we are will depend on our execution, and that is a large focus for me personally to make sure we do execute. We can’t guarantee it will work, but we will certainly monitor it carefully. If we don’t see sufficient traction, we will revise our strategy and how we approach it.” ♦



*For the full interview with Joseph Hundah, visit*  
**[www.sportbusiness.com](http://www.sportbusiness.com)**

## FOOTBALL

# Imagen deals drive splice further into Azteca/Televisa duopoly

By Richard Welbirg

**Deals struck last month with Mexican clubs León and Pachuca have strengthened media group Imagen and further weakened the former duopoly over Liga MX rights.**

Mexican clubs sell media-rights to their home matches individually. Historically, domestic free-to-air rights have always been held by one of two media groups: Televisa or Azteca.

Imagen won the auction for a new national broadcast licence last year; its free-to-air channel Imagen Televisión launched on October 17.

As the 2016-17 season began, Imagen held rights to two small clubs: Chiapas and Querétaro – it wholly owns the latter. León and Pachuca are larger clubs with records of recent domestic success.

Both deals are non-exclusive. The two clubs also sell their rights to pay-television broadcasters Fox Sports and Claro Sports.

## Liga MX club domestic deals

Club	Mexican rights-holder	Duration	Per-season value (\$m)
América	Televisa	2015-16 to 2019-20	15
Atlas	Azteca	2015-16 to 2017-18	6
Chiapas	Imagen	2016-17 to 2018-19	4
Cruz Azul	Televisa	2015-16 to 2017-18	13
Guadalajara	Chivas TV	N/A	N/A
León	Fox Sports, Claro Sports & Imagen	2015-16 to 2017-18	6
Monarcas Morelia	Azteca	2013-14 to 2016-17	4
Monterrey	Televisa	2013-14 to 2017-18	7-9
Necaxa	Televisa	2016-17	4
Pachuca	Fox Sports, Claro Sports & Imagen	2014-15 to 2017-18	6.5
Puebla	Azteca	2015-16 to 2017-18	4
Pumas UNAM	Televisa	2015-16 to 2019-20	10
Querétaro	Imagen	2016-17 to 2018-19	3.5
Santos Laguna	Azteca	2014-15 to 2016-17	6
Tigres UANL	Televisa	2015-16 to 2017-18	7-9
Tijuana	Azteca	2014-15 to 2016-17	4.5
Toluca	Televisa	2013-14 to 2016-17	8
Veracruz	Azteca	2015-16 to 2016-17	3.5

Source: TV Sports Markets Rights Tracker

The new deals begin immediately and are thought to run until the end of the 2017-18 season. In the current season, León and Pachuca are thought to earn \$6m (€5.6m) and \$6.4m respectively, a proportion of which will be paid by Imagen.

The clubs are likely to benefit from increased merchandising and potential future sponsorship income as a result of returning to nationwide free-to-air coverage. Neither León nor Pachuca had sold free-to-air rights since the clubs were acquired by Grupo Carso in 2012 (León) and 2014 (Pachuca).

The Grupo Carso conglomerate is owned by Carlos Slim, the Mexican businessman who, depending on currency fluctuation, is occasionally the world's richest man.

## Bigger picture

The division of club rights between Imagen, Televisa and Azteca is a fresh subplot to a longer-running narrative.

Mexican media is a struggle between three billionaires and their respective companies:

- Slim, whose telco América Móvil dominates the market: it owns Telcel, which provides about 80 per cent of Mexico's landlines and about 75 per cent of its broadband connections; and Telmex, which controls about 70 per cent of the mobile market
- Emilio Azcárraga Jean, chairman and chief executive of Grupo Televisa. Televisa has a 70-per-cent share of Mexico's free-to-air audience and controls nearly 50 per cent of the pay-television market through stakes in pay-television operator Sky México and telco Izzi Telecom
- Ricardo Salinas Pliego, who owns Grupo Salinas, the holding company of Azteca and telco Totalplay.

The three have clashed time and again – most recently in summer 2016. Slim's América Móvil held rights to the Rio Olympics across Central and Latin America (*TV Sports Markets* 17:7). But no sublicensing deals were struck with Televisa or Azteca, the dominant broadcasters in the country. In response, the two broadcasters minimised news coverage of the event.

The antipathy between the groups explains the distribution of León and Pachuca rights. Slim was unwilling to sell his clubs' rights to Televisa or Azteca, so they went without free-to-air coverage until Imagen's entry.

Imagen is a threat to Televisa and Azteca but is not a competitor to América Móvil. Slim's investments in León and Pachuca – and their rights – were spurred by Televisa and Azteca's steps into the broadband and mobile markets (*TV Sports Markets* 16:16).

All three groups have staked out positions in Mexican football: Televisa owns América, while Grupo Salinas owns Atlas and Monarcas Morelia.



## Chivas coverage

Slim's influence in Mexican football was also increased in December last year, when his OTT platform Claro Video agreed to host content from Chivas TV, the streaming channel operated by Club Deportivo Guadalajara. The club, known as Chivas, is Mexico's most popular.

Chivas TV is the only way for fans to watch the club's home matches since the end of its \$20m-per-season deal with Televisa following the 2015-16 season. The club refused the broadcaster's \$25m-per-season offer to renew, instead setting up the in-house OTT channel.

The service is thought to have at least 100,000 subscribers. It has been beset by problems – in November, Mexican consumer regulator the Procuraduría Federal del Consumidor fined Chivas TV 5.68m pesos (€247,000/\$265,000) for service failings and unannounced contract-term changes.

Claro Video has about 2.3m subscribers. It will use Chivas TV's existing pricing model. Fans buy access to matches on a pay-per-view basis.

After the service reformed its pricing for the 2017 Clausura, the second half of the Mexican football season, high-profile matches against Club América and Pumas UNAM are available for 300 pesos. All other matches are priced at 150 pesos. ♦

### Liga MX club deals in the US

Club	US rights-holder	Duration	Per-season value (\$m)
América	Univision	2015-16 to 2019-20	15
Atlas	Azteca	2015-16 to 2017-18	6
Chiapas	Univision	2016-17 to 2017-18	3
Cruz Azul	Univision	2013-14 to 2017-18	11
Guadalajara	Univision	2013-14 to 2017-18	16
León	Univision	2016-17 to 2018-19	8
Monarcas Morelia	Azteca	2013-14 to 2016-17	5
Monterrey	Univision	2013-14 to 2017-18	3
Necaxa	Univision	2016-17	4
Pachuca	Telemundo/NBC	2014-15 to 2017-18	7
Puebla	Univision	2015-16 to 2016-17	2.5
Pumas UNAM	Univision	2013-14 to 2017-18	10
Querétaro	Univision	2015-16 to 2016-17	2
Santos Laguna	Univision	2016-17 to 2017-18	4
Tigres UANL	Univision	2016-17 to 2017-18	3
Tijuana	Azteca	2016-17 to 2017-18	3.5
Toluca	Univision	2013-14 to 2016-17	8
Veracruz	Azteca	2015-16 to 2016-17	3.5

Source: TV Sports Markets Rights Tracker

## FOOTBALL

# Deutsche Telekom pays up to expand domestic rights portfolio

By Robin Jellis

- DFB sells 3. Liga rights to Deutsche Telekom and ARD for about €19m per season
- Deals run from 2018-19 to 2021-22; Telekom to pay €10m per season, ARD €9m per season
- Telekom will also cover production costs to all 3. Liga matches of about €5m per season

**The German football federation earned an increase of almost 50 per cent in the value of its domestic third-tier 3. Liga rights following deals with Deutsche Telekom and ARD last week.**

The four-season deals with telco Deutsche Telekom and public-service broadcaster ARD, both from 2018-19 to 2021-22, will be worth a total of about €19m (\$20.4m) per season. Deutsche Telekom will pay about €10m per season and ARD about €9m per season.

Deutsche Telekom will also cover production costs of about €5m per season on top of its rights fee.

ARD's current two-season deal for all 3. Liga rights, covering 2016-17 and 2017-18, is worth €12.8m per season (*TV Sports Markets* 18:22). ARD covers production costs of the matches it shows on top of its fee.

In the new deal, Deutsche Telekom will be able to show all matches. ARD will have the right to show the two top-pick regular-season matches per week non-exclusively – 86 matches per season. ARD's deal also covers promotion play-off matches.

The deal adds to Deutsche Telekom's portfolio of domestic sports properties. The telco also has rights to the Basketball Bundesliga from 2014-15 to 2017-18, for about €1m per season; and the Deutsche Eishockey Liga from 2016-17 to 2019-20, for about €3.6m per season (*TV Sports Markets* 18:12; 20:2).

It also comes after the telco's failure to acquire rights to the domestic handball league, the Handball-Bundesliga. These were acquired by public-service broadcasters ARD/ZDF and pay-television broadcaster Sky in six-season deals, from 2017-18 to 2022-23, worth a total of about €5m per season (*TV Sports Markets* 21:21).

## DFB sales process

The 3. Liga deal was agreed directly by the federation, the Deutscher Fußball-Bund. The DFB issued a tender for the rights last February but received little interest from broadcasters due to the impending sale of Bundesliga and 2. Bundesliga rights by the German football league, the Deutsche Fußball Liga.

Last June, live Bundesliga rights were acquired by sports broadcaster Eurosport and Sky in four-season deals, from 2017-18 to 2020-21. Eurosport will pay about €85m per season for 45 live matches per season, while Sky acquired all other matches for €876m per season (*TV Sports Markets* 20:11).

Once Sky had acquired the bulk of live Bundesliga rights, its interest in 3. Liga rights declined markedly. Eurosport is understood to have been interested in acquiring 3. Liga rights, but its desire to buy them waned when it became clear the DFB wanted many matches to be available free-to-air.

Following the failed tender, the DFB opened one-to-one negotiations with broadcasters in August 2016. *TV Sports Markets* understands ARD, sports broadcaster Sport1 and OTT service DAZN made a joint offer for the rights worth about €20m per season. Under this model, ARD would have made the biggest contribution, and DAZN the second biggest.

The 3. Liga is especially popular with football fans in the east of Germany, due to the high number of clubs in the league based there.

The DFB also sold live rights to home matches of the German women's national team over the four seasons – both qualifier and friendly matches – to ARD. The deal also included rights to one live women's Bundesliga match per season, plus highlights. ARD will continue to pay a fee of about €3.7m per season for these – its existing deal covers 2016-17 and 2017-18.

The latest deals mark the first time the DFB has sold its rights without the inclusion of men's national team matches, which have been centralised by Uefa, European football's governing body.

## Bigger battles to come

It is thought there will be more aggressive bidding for two important subscription-driving properties in the coming months.

Uefa will tender rights to its Champions League and Europa League club competitions on March 6. Champions League rights are currently shared between ZDF and Sky, which pay €64m per season and €60m per season respectively. Europa League rights are shared between Sport1 and Sky, which pay €9m per season and €13.5m per season respectively. All deals run from 2015-16 to 2017-18 (*TV Sports Markets* 20:22).

There is expected to be strong competition for these rights, with some local experts believing DAZN needs to acquire at least some Uefa rights to make up for its failure to acquire live Bundesliga rights.

Meanwhile, Formula One Management is understood to have begun exploratory talks over a new deal in the country. Rights in the 2016 and 2017 seasons are held by RTL and Sky, which pay \$50m per year and \$20m per year respectively (*TV Sports Markets* 19:15).

Liberty Media, the new owner of Formula One, believes the best way to maximise the value of the series is to move more coverage exclusively to pay-television. The last time FOM sold its rights in the country it turned down a big offer from Sky for exclusive rights. ♦

## ICE HOCKEY

# MTV3 renews IIHF rights as Finnish market waits on SM-Liiga

By Robin Jellis

- MTV3 buys Infront Sports & Media ice hockey package for about €7.5m per year
- Current IIHF World Championship and CHL deals are worth about €7.7m per year
- Finnish market waiting on tender for SM-Liiga rights, expected in March

**Finnish commercial and pay-television broadcaster MTV3 acquired a package of ice hockey rights from Infront Sports & Media, negotiating a slightly reduced fee, as local broadcasters wait on the upcoming sale of domestic ice hockey rights.**

Its package includes: International Ice Hockey Federation World Championship rights, from 2018 to 2023; Champions Hockey League rights, from 2017-18 to 2022-23; and the 2017 Spengler Cup.

MTV3 will pay about €7.5m (\$8.1m) per year to the Infront Sports & Media agency for all rights. The broadcaster did not allocate a value per property.

This is slightly lower than the total fee of about €7.7m per year which MTV3 currently pays Infront in separate deals for IIHF World Championship and CHL rights.

MTV3 pays just under €7.5m per year for IIHF World Championship rights in its current deal, from 2012 to 2017. The broadcaster spends an additional €1m per year on marketing and promotion. This expenditure is likely to remain similar in the new deal (*TV Sports Markets* 20:20).

In accordance with local listed-events legislation, all matches of the Finnish national team, as well as the gold and bronze medal matches, must be shown free-to-air. This makes the rights less attractive to pay-television broadcasters.

MTV3 currently holds CHL rights in a separate deal with Infront worth an average of about €800,000 per season over three seasons, from 2014-15 to 2016-17. The fee is split about €200,000 per season in cash and about €600,000 per season on production. MTV3's payments were heavily staggered: it didn't pay a rights fee in the first season of the deal.

There is little value in the Spengler Cup – the competition has not been broadcast in Finland in recent years.

## Infront's sales approach

Infront is understood to have approached Finnish broadcasters in late 2015 with a large package covering its whole portfolio of winter sports rights, including skiing and ice hockey content.

However, interest from broadcasters was lukewarm due to the volume of the package and the amount it would have cost. Infront opted to sell its skiing rights first, agreeing a host of deals in November, before selling ice hockey rights last month.

MTV3 did not face strong competition for the ice hockey rights. The broadcaster is understood to have been losing money on its current IIHF deal.

Negotiations between Infront and MTV3 went on for about 10 months.

Commercial and pay-television rival Nelonen is not thought to have bid. It is thought to have valued the IIHF rights at between €3m and €4m per year. Public-service broadcaster YLE is thought to have valued the rights at up to €4m per year.

## Upcoming rights auctions

Some local experts are surprised MTV3 has renewed rights to a property which was losing it money. Others say it makes good sense given the upcoming sale of rights to other subscription-driving events: it ensures the broadcaster holds rights to at least one of the top three properties in the country.

The domestic ice hockey league, the SM-Liiga, will soon be selling its rights in a new cycle. A tender is expected in March with the aim of having a new broadcast deal in place before the summer. The league is being advised on the sale of its rights in the new cycle by the Commercial Sports Media agency (*TV Sports Markets* 20:22).

Rights are currently held by Nelonen in a five-season deal, from 2013-14 to 2017-18, worth between €16m and €17m per season. It is the most valuable media-rights deal in the country.

Nelonen is expected to bid to retain its rights. MTV3 and sports broadcaster Eurosport will also be interested. Local telcos are expected to be interested in acquiring the rights, although local sources are divided as to how aggressive they are likely to be.

MTV3 currently holds Formula One rights in Finland in a three-year deal, from 2016 to 2018, worth close to \$16m per year (*TV Sports Markets* 19:20).

Although discussions over a new deal are not expected to begin for a while, the fee in a new deal is expected to increase due to two main factors.

First, the new owner of Formula One – Liberty Media – has said it is keen to rapidly grow the value of the property: its asking price for media rights in a new cycle in the country will probably be higher.

Second, Finnish driver Valtteri Bottas has switched from Williams to Mercedes-Benz, the most successful F1 team in recent years. This is likely to make the rights more valuable.

Uefa, European football's governing body, will also approach the market to sell its Champions League and Europa League rights in the coming months.

Its sales agent for its club competitions, Team Marketing, is expected to tender these rights in late April. This would be concurrent to the rights being made available in Denmark, Norway and Sweden.

Commercial and pay-television broadcaster Modern Times Group holds Champions League rights in a deal worth about €1.1m per season. Nelonen holds Europa League rights in a deal worth just over €100,000 per season. Both cover three seasons, from 2015-16 to 2017-18 (*TV Sports Markets* 19:8). ♦

## FOOTBALL

# Uefa wins big as Sky pays top dollar for Nations League rights

By Robin Jellis

- ITV retain England European Qualifiers for £140m from 2018-19 to 2021-22, up from £70m
- Sky retain third-party European Qualifiers over same period for £40m, up from £32m
- Sky also acquires exclusive Nations League rights for just under £100m

**Uefa's change in format and centralisation of all national team rights from 2018-19 onward has helped European football's governing body increase the value of its rights in the UK by about 84 per cent.**

Three sets of rights were sold last month: first- and second-party European Qualifier matches of the England national team; third-party European Qualifier matches, including those played by the other home nations; and the Nations League tournament. All new deals run from 2018-19 to 2021-22.

In total, Uefa will earn close to £280m (€325m/\$349m) over the period. In the current cycle, from 2014-15 to 2017-18, a comparable set of rights sold by a combination of Uefa and the English Football Association generated about £152m.

Commercial broadcaster ITV renewed rights to England's European Qualifier matches in a deal worth about £140m. This is double its fee of just under £70m in the current cycle for the same set of rights.

Pay-television broadcaster Sky renewed rights to third-party European Qualifier matches, including those of the home nations (Northern Ireland, Republic of Ireland, Scotland and Wales), in a deal worth about £40m. This is about 25 per cent up on the value of its current deal, worth about £32m.

The surprising deal was for the first two editions of the Nations League, in 2018-19 and 2020-21, which will replace the majority of friendly matches played by European national teams. Sky bid extremely aggressively and will pay just under £100m for all Nations League rights over the period.

This is almost double the £50m or so ITV pays for rights to England friendly matches in a deal with the FA. ITV pays just over £2.5m per match from 2014-15 to 2017-18 (*TV Sports Markets* 17:14).

## Uefa sales process

Uefa and CAA Eleven, its sales agent for its national team competitions, issued a tender in the UK on November 16, 2015, with bids due by December 8.

By Christmas 2015, Uefa had decided to proceed to direct negotiations with ITV and Sky. The delay in the announcement of the deals was due to the complexity of the agreements and Uefa's focus on hosting the Euro 2016 tournament.

Sky is thought to have been keen to acquire all England matches, but the FA – which was involved in the sales process – was not keen on all England matches switching to pay-television. Sky's pay-television rival BT Sport is understood to have been interested in the Nations League, but not to the same extent as Sky (*TV Sports Markets* 20:1).

Public-service broadcaster the BBC is thought to have studied a bid for England's European Qualifier matches but could not afford the rights due to continuing reductions to its sports-rights budget.

One source close to the talks said there was also an offer for some rights from a commercial broadcaster other than ITV.

Uefa is understood to be very happy with the outcome, which has almost doubled the value of European national team rights in the UK. The governing body is also thought to be unconcerned about England matches in the Nations League being available only on pay-television.

## Broadcaster inventory

In the new cycle, ITV will show 24 England matches over the four years, while Sky will show 16.

ITV will show all 20 England European Qualifier matches plus four friendly matches. Sky will show the guaranteed 12 Nations League matches England will play. Its other four matches will either be England matches in the latter stages of the Nations League or friendly matches.

In ITV's current deal, the broadcaster also holds rights to the first-pick third-party European Qualifier match each match day – excluding the home nations. ITV generally shows these matches on digital-terrestrial channel ITV4. In the new cycle, ITV will no longer have a first-pick third-party European Qualifier match – this will be with Sky.

ITV's current deal also includes highlights rights to all European Qualifier matches. In the new deal, the scope of ITV's highlights rights has been reduced. It will now only be able to show highlights of other teams on days when England play. Sky will have all other highlights rights. ♦



## CYCLING

# RCS and IMG earn big increases for Giro d'Italia in new deals

By Callum McCarthy

- Rai renews domestic Giro d'Italia rights for about €10m per year, doubling previous fee
- Eurosport renews pan-European rights, with greater exclusivity, for about €10m per year
- Rai deal covers 2017 and 2018, option for 2019 and 2020; Eurosport deal from 2017 to 2020

**Italian public-service broadcaster Rai and sports broadcaster Eurosport have renewed their deals for the Giro d'Italia, but the shorter domestic contract length and dramatic fee increase in both deals illustrates a more aggressive approach from commercial rights-holder RCS Sport.**

Rai will pay about €10m (\$10.7m) per year in a two-year deal covering 2017 and 2018. This is double the €5m per year Rai paid in its previous deal, for four years from 2013 to 2016.

Rai's deal is thought to contain a matching clause. If activated, it would be able to extend its deal for at most another two years: 2019 and 2020.

At RCS's request, Rai will once again increase its production spend for the Giro. One source believes Rai's spend could rise as high as €9m per year. Production costs from 2013 to 2016 are thought to have been between €5m and €6m per year for the Giro d'Italia and other RCS-owned races staged in Italy.

RCS is keen to improve the Giro's international appeal and firmly establish the race as the second-most important in world cycling, and close the gap to the Tour de France.

The deal again includes rights to the seven most famous road races in Italy, including the Milano-Sanremo, the Tirreno-Adriatico and the Giro d'Lombardia – and for the first time includes the Dubai Tour and the Abu Dhabi Tour.

The vast majority of the production costs are for the 21-stage Giro d'Italia. Apart from the Tirreno-Adriatico, all other Italy-based races are single-stage.

## Domestic increase

The dramatic domestic increase is thought to have been for two main reasons.

First, competition from media group Discovery Communications, which was interested in both domestic free-to-air and pay-television rights. Local sources believe Rai to be the natural home of the

Giro and would have been shocked had RCS sold the rights to another broadcaster.

But Discovery-owned sports broadcaster Eurosport's experience in broadcasting cycling tours, as well as Discovery's ability to exploit free-to-air rights on digital-terrestrial channel Dmax, made such an outcome a possibility.

Second, RCS's aggressive sales method. It is thought RCS did not previously fully test the domestic market for the race's free-to-air rights.

This has changed since the media group was bought in July 2016 by Italian businessman Urbano Cairo, owner of the Cairo Communications media group and Italian football club Torino.

## European deals

Eurosport will pay about €10m per year for pay-television rights to the Giro, from 2017 to 2020, in all European territories except France. It has acquired exclusive rights in Belgium, Denmark, Spain and Switzerland for the first time. Eurosport will also have complete exclusivity in the Netherlands.

The value of the new deal is slightly more than double the value of Eurosport's previous deal, worth about €4.5m per year from 2013 to 2016, also excluding France.

Eurosport's package of rights includes the same seven Italian road races included in Rai's deal: six Flanders Classics single-stage races; the Abu Dhabi Tour; the Dubai Tour; the Tour of Britain; the Tour of Utah; and the Tour of Alberta.

French digital-terrestrial broadcaster L'Équipe has acquired exclusive rights in the country, from 2017 to 2020, for about €3m per year. This is believed to be a slight increase on the fee paid by pay-television broadcaster beIN Sports, from 2013 to 2016.

International rights to the Giro d'Italia are sold by the IMG agency, whose deal runs from 2013 to 2020. It is thought the agency considered a market-by-market sales approach in Europe at the request of RCS, but found this would yield a lower fee than Eurosport's pan-regional offer. ♦

## FOOTBALL

# Uefa in direct negotiations with top Champions League bidder

By Richard Welbirg

**Team Marketing, Uefa's sales agent for the Champions League and Europa League, is in final negotiations with one party – believed to be the Desports agency – over rights in China.**

Desports is understood to have made the best offer after three rounds of bidding, which covered rights to both competitions over three seasons from 2018-19 to 2020-21. The first round of bidding closed on January 12; the tender had been issued on December 13, 2016. China is the first market in which Uefa is selling its Champions League and Europa League rights in its new cycle.

*TV Sports Markets* understands Desports beat rival offers from streaming platforms LeSports and PPTV. But reports it has offered \$400m (€372m) over the three seasons are wide of the mark.

There was no bid from state broadcaster CCTV, which holds exclusive linear broadcast rights to the Champions League in the 2015-16 to 2017-18 cycle.

There is currently no linear broadcast deal for the Europa League. Streaming operators LeSports, PPTV, Sina, and Tencent all have non-exclusive digital rights to both competitions, from 2015-16 to 2017-18.

The streaming companies each pay about \$2.5m per season, while CCTV pays just under \$2m per season, giving Uefa total income of about \$12m per season (*TV Sports Markets* 20:22).

Desports, also known as Double Edge, is run by its founder, Chinese businessman Jiang Lizhang. It is owned by Chinese company Wuhan DDMC Culture, which paid Jiang CNY821m (€112m/\$120m) to acquire the agency in July 2015.

Jiang and Desports are best-known for investing in sports teams: in June last year, the business took a five-per-cent stake in the NBA's Minnesota Timberwolves, shortly after acquiring Spanish football club Granada in a €37m deal.

Desports expressed its interest in Chinese Super League rights when they were tendered in late 2015, but was not invited to present financial terms (*TV Sports Markets* 19:19). ♦

## FOOTBALL

# World Cup rights value expected to decline in tough Greek market

By Robin Jellis

**The value of Fifa World Cup rights in Greece is likely to fall in any new deal, *TV Sports Markets* understands. A tender is currently open for rights to the 2018 tournament.**

Fifa, football's global governing body, appointed the Taf Sports agency in November 2015 as its exclusive sales representative in Greece for rights to the 2018 and 2022 World Cups.

Taf earlier this month opened an invitation to tender for rights to the 2018 tournament. Submissions must be received by February 10. Negotiations with shortlisted bidders will take place between February 18 and 28, and Fifa is expected to announce a deal on March 31.

It is understood that Taf will present Greek broadcaster offers to Fifa, which will approve any deal. Local experts believe public-service broadcaster ERT is the most likely buyer of the rights.

Rights to the 2014 World Cup were acquired by ERT as part of a wider European Broadcasting Union deal for the 2010 and 2014. The deal was worth about €300m (\$322m) across the two tournaments, split roughly evenly between the two (*TV Sports Markets* 15:23).

ERT contributed about €13m toward the deal for the 2014 edition. Its payments to the EBU were staggered across five years, as follows: €975,000 in 2010; €1.95m in 2011; €2.6m in 2012; €2.6m in 2013; and €4.875m in 2014.

In April 2012, the EBU agreed to pay between €310m and €315m for rights to the 2018 and 2022 World Cups. Greece was not included in the EBU deal as ERT was – and still is – in severe financial difficulties, and was unable to meet Fifa's valuation of the rights in Greece (*TV Sports Markets* 16:7).

One source said that valuation had been about €15m. Local experts say ERT was unwilling to commit to such a large fee six years before the tournament took place.

Fifa is now expected to earn about one-third that amount from any new deal. Most experts believe the market value of the rights to be between €5m and €6m.

This would be a similar drop in value to the one Uefa suffered when selling rights in Greece to its European Championship. ERT paid €13m for rights to Euro 2012 and €5m for Euro 2016: €2.5m in cash and the same in advertising airtime (*TV Sports Markets* 20:6).

Greece did not qualify for Euro 2016 but is in a good position to qualify for the 2018 World Cup: it is second in Group H having won three matches and drawn one.

ERT's most likely rival in the bidding for World Cup rights is commercial broadcaster Skai, which holds rights to first- and second-party Greek national team European Qualifier matches from 2016-17 to 2017-18 in a deal worth €1m (*TV Sports Markets* 20:19).

Pay-television broadcasters Cosmote and Nova are not expected to bid aggressively. The four-week tournament would not help either add subscribers in a market already close to saturation. ♦

## FOOTBALL

# Lagardère takes over Gold Cup international rights from IMG

By Richard Welbirg

**Agency Lagardère Sports has paid a slight increase to acquire international rights to Concacaf events.**

It is thought to have paid Concacaf, the governing body of football in the Caribbean, North America and Central America, about \$5m (€4.7m).

The deal covers rights to the 2017 and 2019 Gold Cups outside Concacaf nations. It also covers rights to the Concacaf Champions League outside the Americas from 2017-18 to 2020-21. The majority of the value of the deal is in the Gold Cup rights.

International rights to the 2015 Gold Cup and the Champions League in 2015-16 and 2016-17 were distributed by the IMG agency, which paid about \$2.2m.

IMG is thought to have had an option to extend its deal without the rights being offered to the market, but gave this up on Concacaf's request.

Concacaf opened a tender last November and closed it the following month. Lagardère and IMG were the only bidders. IMG is thought to have lost money on its existing contract and did not bid aggressively.

Concacaf's new administration has an interest in ensuring its sales are fully transparent. The governing body was at the centre of the corruption charges levelled against Fifa by the US Department of Justice in 2015. Its former president, Jeffrey Webb, was arrested and plead guilty to racketeering, wire-fraud and money-laundering charges in December of that year. ♦

## MIXED MARTIAL ARTS

# EFC opts for exposure instead of revenue in South African market

By Callum McCarthy

**South African mixed martial arts promotion the Extreme Fighting Championship will have its events shown live on public-service broadcaster the SABC for the next two years, increasing its exposure in its home market.**

EFC and its sponsors will buy airtime on SABC in a deal covering 2017 and 2018. Sportswear company Adidas; mining company Supacrush; and drinks companies Aquavita and Bear Claw will assist with financing its purchase, which amounts to an average of about 13 hours per month.

The deal provides EFC and its sponsors with about 550 per cent more hours of free-to-air exposure than in its previous deal with commercial broadcaster ETV, covering 2016 only. ETV broadcast one EFC event per month on delay, amounting to two hours per month.

Sponsorship is the EFC's main source of income and the promotion wants to prioritise exposure in South Africa over media-rights income.

The EFC carved free-to-air rights in South Africa out of its deal with sports broadcaster KweSé Sports. This deal is worth R16m (\$1.2m) per year, from March 2016 to March 2019. KweSé holds non-exclusive digital rights in South Africa and exclusive rights across the rest of sub-Saharan Africa.

The EFC previously had a deal with pay-television broadcaster SuperSport, from 2013 to 2016. This deal did not allow for free-to-air exposure in South Africa, but SuperSport showed events on its basic-tier channels.

The new deal with SABC will help solidify the EFC's position as the most popular mixed martial arts property in sub-Saharan Africa.

The Ultimate Fighting Championship is thought to be losing ground on the regional promotion due to its events being held in poor time-zones, and its lack of exposure on pay-television broadcaster Fox Sports Africa. The UFC's three-year deal with Fox is worth about \$450,000 per year, from 2016 to 2018 (*TV Sports Markets* 19:19). ♦

## CRICKET

# Cricket Australia grows exposure and earns small fee in the Pacific

By Richard Welbirg

**Cricket Australia will earn about A\$65,000 (€46,000/\$49,000) per season from free-to-air deals struck in Fiji and Papua New Guinea late last year.**

In December the governing body signed deals covering two seasons, 2016-17 and 2017-18, for the Big Bash Twenty20 league with Fiji TV and commercial channel EMTV in Papua New Guinea. The two deals are worth a combined total of about A\$50,000 per season.

Fiji TV will exploit the rights on its commercial channel Fiji One. It is the first time the BBL has been shown free-to-air in the country.

In previous seasons, Fiji TV exploited the rights via its ownership of pay-television operator Sky Pacific. But it sold its pay-television division to international operator Digicel in March last year.

In Papua New Guinea, Cricket Australia agreed an additional deal with public-service broadcaster NBC for rights to Australia's home Test, T20 and one-day international matches over the same period.

NBC's fee will change series-by-series depending on who Australia is facing, but the deal is expected to be worth about A\$15,000 per season.

There are a number of Australian expats in Papua New Guinea and a significant Indian community in Fiji. ♦



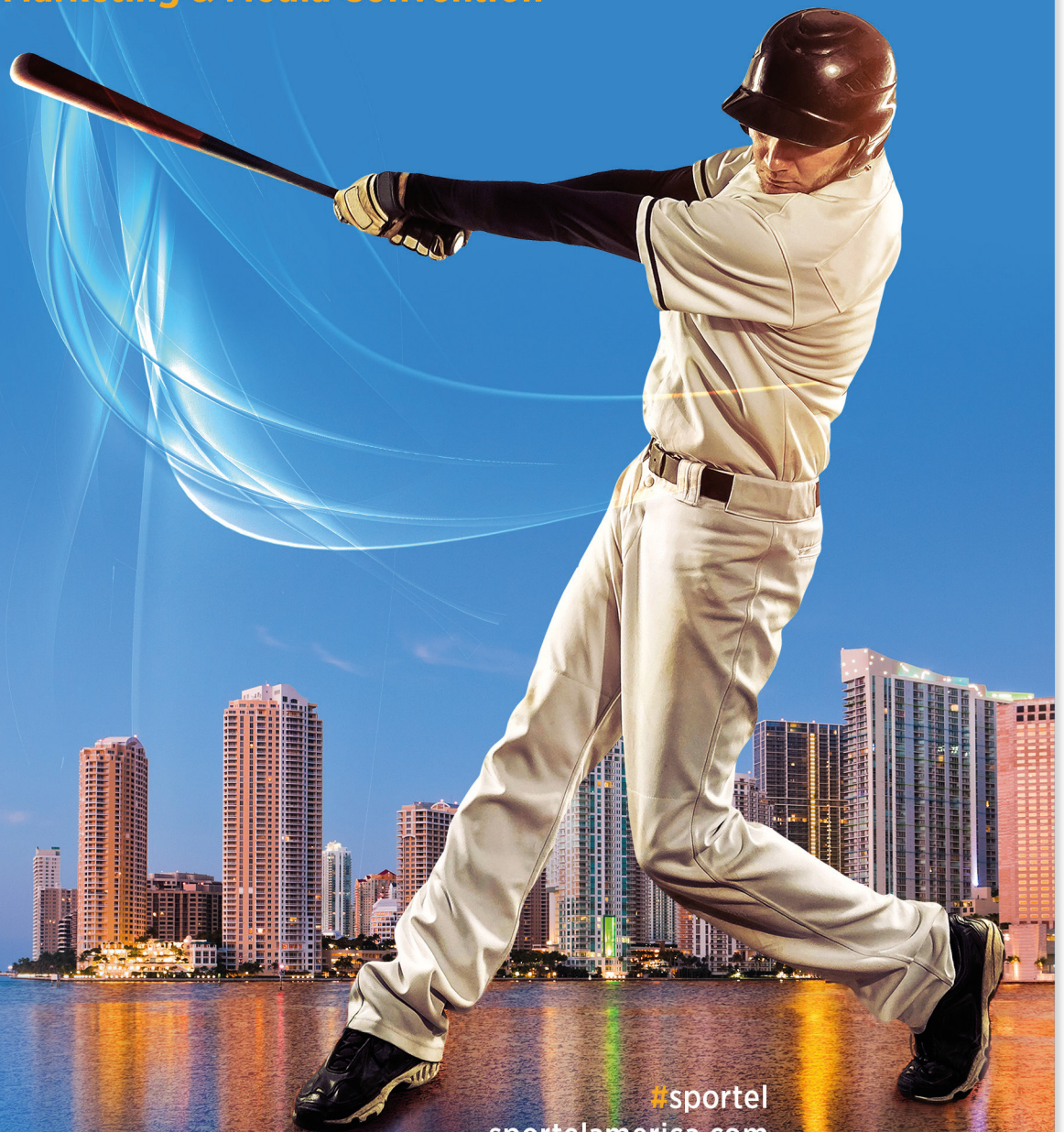
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# MEDIA RIGHTS DEALS

JANUARY 19 TO FEBRUARY 1

## FOOTBALL

- ◆ Brazilian pay-television broadcasters Fox Sports Brasil and Globosat agreed a rights-sharing partnership for the Copa do Brasil and Copa Libertadores club competitions. The contract will reportedly run for five years, from 2017 to 2021, and ensures each broadcaster will be entitled to up to 50 per cent of matches on an exclusive basis.
- ◆ The German football federation (DFB) agreed a four-season deal, from 2018-19 to 2021-22, with public-service broadcaster ARD for rights to German women's national team matches, the women's Bundesliga and two men's 3. Liga matches per week (page 18).
- ◆ The DFB agreed a deal with telco Deutsche Telekom for third-tier men's 3. Liga matches and some women's Bundesliga coverage (page 18).
- ◆ UK commercial broadcaster ITV acquired exclusive rights to England national team qualifying matches for Uefa Euro 2020 and the 2022 Fifa World Cup (page 23).
- ◆ UK pay-television broadcaster Sky acquired exclusive rights to show all Uefa Nations League matches. Sky will also hold rights to every Euro 2020 and 2022 World Cup qualifier played by Northern Ireland, the Republic of Ireland, Scotland and Wales (page 23).
- ◆ Brazilian commercial broadcaster RedeTV signed a one-year extension to its sublicensing deal with media group Globo for the second-tier Campeonato Brasileiro Série B.

◆ Swiss public-service broadcaster SRG acquired rights to national team properties held by Uefa. SRG will broadcast the Swiss national team's Euro 2020 and 2022 World Cup qualifiers; Euro 2020; and Switzerland's games in the Nations League, from 2018-19 to 2021-22.

◆ SRG acquired rights to the 2017 Women's European Championship national team tournament. It will broadcast all Switzerland matches, the semi-finals and the final.

## OTHER SPORTS

- ◆ **Basketball:** The International Basketball Federation agreed a five-year deal with Filipino commercial broadcaster TV5, from 2017 to 2021, for its national team tournaments.
- ◆ **Boxing:** International sports broadcaster ESPN signed a multi-year deal with promoter Golden Boy Promotions. ESPN will show 18 events during the first year of the deal. Coverage will be available in the US on ESPN2 and Spanish-language channel ESPN Deportes. ESPN will also broadcast events in Australia, Canada, the Caribbean, Latin America and parts of Asia.
- ◆ **Boxing:** The IMG agency agreed a deal to distribute global International Boxing Association (Aiba) rights in 2017.
- ◆ **Boxing:** UK pay-television channel BoxNation extended a deal for Aiba's World Series of Boxing. The agreement covers season seven of the series. BoxNation will show live coverage of all fixtures featuring the British Lionhearts franchise.

# MEDIA RIGHTS DEALS

JANUARY 19 TO FEBRUARY 1

- ◆ **Cricket:** In-flight and maritime specialist Global Eagle Entertainment agreed a deal with the International Cricket Council for the 2017 Champions Trophy and the 2019 World Cup.
- ◆ **Cricket:** UK pay-television broadcaster Sky agreed a deal for England's domestic women's Twenty20 competition, the Super League, for 2017 only.
- ◆ **Cycling:** International sports broadcaster Eurosport extended its deal for the Giro d'Italia from 2017 to 2020 (page 25).
- ◆ **Cycling:** German public-service broadcaster ARD confirmed a two-year extension to its rights deal for the Tour de France, for 2017 and 2018. The deal was reported in *TV Sports Markets* 21:1.
- ◆ **Cycling:** The European Broadcasting Union consortium of public-service broadcasters renewed deals in Europe for the Tour of Flanders, Amstel Gold Race, Clásica de San Sebastián and Cycloclassics Hamburg UCI WorldTour events.
- ◆ **Horse Racing:** Australian digital channel Racing.com acquired exclusive rights in the country to the inaugural edition of the Pegasus World Cup, which took place in the US state of Florida on January 28.
- ◆ **Horse Racing:** Pay-television channel At The Races acquired live and exclusive rights in the UK to the Pegasus World Cup.
- ◆ **Judo:** French digital-terrestrial channel L'Équipe agreed a rights deal for major International Judo Federation events through to the 2020 summer Olympic Games.
- ◆ **Lacrosse:** College sports conference the Colonial Athletic Association signed a deal with digital video platform Lax Sports Network. Lax Sports Network will produce 10 men's and five women's regular-season contests during 2017. It will also show the semi-finals of the CAA Men's Lacrosse Championship and the CAA Women's Lacrosse Championship.
- ◆ **Mixed Martial Arts:** South African public-service broadcaster SABC agreed a two-year rights deal with the Extreme Fighting Championship (page 31).
- ◆ **Mixed Martial Arts:** Malaysian mobile operator Tune Talk extended a content deal with One Championship.
- ◆ **Mixed Martial Arts:** Middle Eastern pay-television operator OSN agreed an exclusive multi-year deal with the Ultimate Fighting Championship.
- ◆ **Motor Racing:** Pay-television broadcaster Fox Sports Latin America renewed an agreement for rights to the World Touring Car Championship series, for 2017 only.
- ◆ **Motor Racing:** US sports broadcaster ESPN agreed a deal with the International Hot Rod Association drag-racing organisation. It covers two days of racing from the 2017 IHRA Summit Sportsman National Championship.
- ◆ **Olympic Games:** Polish public-service broadcaster TVP acquired exclusive free-to-air rights for the 2018 winter Games and the 2020 summer Games in a sublicensing deal with media company Discovery Communications.



# MEDIA RIGHTS DEALS

JANUARY 19 TO FEBRUARY 1

Discovery-owned Eurosport will retain pay-television rights as well as full digital coverage.

◆ **Olympic Games:** Discovery also agreed sublicensing deals for the 2018 and 2020 Games with Eesti Media in Estonia; Georgian Public Broadcasting in Georgia; Icelandic public-service broadcaster RÚV; Latvijas Televīzija in Latvia; and the National Olympic Committee of Lithuania, Lietuvos Olimpini Fondas.

◆ **Rugby League:** UK public-service broadcaster the BBC secured rights to the 2021 World Cup. The BBC will broadcast live coverage of all 31 matches from the competition, which will be held in England.

◆ **Rugby Union:** Sky acquired rights for the 2017 Women's Six Nations tournament. Sky will show coverage of all games featuring the England national team.

◆ **Rugby Union:** International sports broadcaster Eleven Sports Network acquired digital rights in Singapore to the 2017 Six Nations.

◆ **Tennis:** Pay-television broadcaster SuperSport signed a four-year extension, from 2018 to 2021, to its deal for rights to the French Open grand slam. The new deal is for exclusive rights across sub-Saharan Africa.

◆ **Tennis:** DAZN, the OTT service operated by digital media specialists Perform, acquired rights for the men's Davis Cup and women's Fed Cup national team tournaments. The three-year deal covers Germany, Austria and Switzerland, and also Japan, from 2017 to 2019.

◆ **US College Sport:** The University of Georgia's athletics division extended its multimedia and marketing rights partnership with the IMG College division of the IMG agency and US collegiate marketing agency JMI Sports. The nine-season deal, from 2018-19 to 2026-27, will reportedly be worth \$152.5m (€142m).

## NEWS IN BRIEF

JANUARY 19 TO FEBRUARY 1

- ◆ US media companies Fox and Turner were poised to propose an improved offer for rights to Argentina's Primera División, the top tier of football in the country. Fox and Turner have not increased their offer made in November, which was worth 2.2bn pesos (€132m/\$138m) per year. Clubs are said to have demanded 3.5bn pesos per year for the rights, plus additional revenue based on a number of different factors. The new offer is said to be for five seasons, from 2017-18 to 2021-22, and will come into effect in August.
- ◆ The Ultimate Fighting Championship will use the Telesport agency to sell its rights in Russia (page 3).
- ◆ Italy's antitrust authority, the AGCM, rejected the guidelines outlined by Lega Serie A for the centralised selling of the next package of rights to the top division of domestic football and other competitions, stating they are too "vague" in their definitions of the process. The regulator said it could not confirm whether the proposal would conform to Italian media regulations.
- ◆ The England and Wales Cricket Board intends to launch a tender process this summer for its whole portfolio of broadcast rights, including a new domestic Twenty20 tournament, according to the *Daily Mail*.
- ◆ BT Consumer chief executive John Petter said the UK telco is keen to renew its Uefa Champions League and Europa League rights.
- ◆ Spanish telco Telefónica is set to retain exclusive rights for the 2017 season of the MotoGP motorcycling series after no free-to-air broadcasters agreed a sublicensing deal. Races are expected to be provided solely through the group's Movistar MotoGP pay-television channel.
- ◆ Discovery Communications and Sky agreed a new carriage deal that allows Discovery's Eurosport channels to stay on Sky's platforms in the UK and Germany. Discovery had threatened to pull its channels from pay-television broadcaster Sky and its video-streaming service, Now TV, due to a carriage dispute. Discovery had accused Sky of using its "dominant market position to further its own commercial interest over those of viewers and independent broadcasters". Sky had claimed Discovery's price demands were "completely unrealistic".
- ◆ The Argentine government maintained the Fútbol para Todos (Football for All) platform would be dissolved after rejecting the latest move by certain stakeholders in domestic football to have the program extended for six months. The government confirmed it would not continue to subsidise the broadcast of top-tier Premier División football and would instead stand by a termination offer, reported to be 880m pesos (€51m/\$55m), which was approved by representatives of 21 clubs. The contract, which ensures the Primera División is available free-to-air, was due to run until September 1, 2019.
- ◆ The NBC Sports Group division of US media company NBCUniversal agreed a deal with MLB Advanced Media, the interactive media arm of Major League Baseball, to stream local market MLB games across its regional sports networks. The deal will start with the 2017 regular season.
- ◆ US internet company Yahoo insisted the sale of its core internet business to telco Verizon is on

## NEWS IN BRIEF

JANUARY 19 TO FEBRUARY 1

track, despite missing its target date for the deal's completion. A targeted completion of Q1 2017 had been outlined when Verizon sealed a \$4.83bn (€4.5bn) deal to acquire the operating business of Yahoo in July. The transaction has been delayed by the disclosure of two high-profile cyber breaches that exposed information from more than a billion Yahoo accounts.

- ◆ The Fox Sports division of US network Fox appointed the Widen & Kennedy New York agency to handle Fox's marketing and advertising campaigns.
- ◆ Canadian pay-television broadcaster CTV will broadcast the NFL's Super Bowl on a triple-simulcast basis on CTV, CTV Two and TSN.
- ◆ The NFL raised the issue of a ruling by the Canadian Radio-television and Telecommunications Commission with the US government. Canada's media regulator has banned the substitution of Canadian advertising over US advertising during major sporting events such as the Super Bowl. This year's Super Bowl will be the first time that Canadians tuning in to Fox, the game's US broadcaster, will be able to watch the American adverts. Canadian ads will still play on CTV.
- ◆ Endurance events company Tough Mudder agreed a video-content partnership with UK pay-television broadcaster Sky. The deal began on January 24 with the Sky Sports Mix channel airing a preview of a multi-episode series on last year's World's Toughest Mudder event.
- ◆ UK telco BT confirmed broadband customers would have to pay £3.50 (€4.05/\$4.35) per month

for pay-television service BT Sport from April 2. BT Sport has thus far been free for broadband subscribers.

- ◆ Social media platform Twitter partnered with Sky to enhance its coverage of football's transfer deadline day on January 31. Twitter delivered three global live streams from the Sky Sports newsroom.
- ◆ LaLiga, the organising body of Spanish football, claimed a victory against piracy of its audiovisual rights with prison sentences handed out to two individuals. The rulings by magistrates' courts in Archidona (in Malaga) and Madrid relate to sellers of illegally-modified television set-top boxes. The two individuals were arrested as part of an anti-piracy operation carried out in March 2016 and were convicted of offences under article 286.1 of the Spanish Criminal Code. They have been sentenced to four months in prison, as well as being fined and ordered to pay LaLiga compensation for economic damages.
- ◆ German sports broadcaster Sport1 launched a new red-button service to accommodate additional content. The free HbbTV service will include clips from various European football competitions.
- ◆ The Infront Sports & Media agency unveiled a new leadership and corporate structure for its Infront Germany division. Infront Germany will be split into three business units – Marketing & Business Development, Sales, and Finance & Administration – to allow the agency to address specific customer requirements in the country.

## NEWS IN BRIEF

JANUARY 19 TO FEBRUARY 1

- ◆ Italian media group Mediaset told investors it is set to make its Premium pay-television service and content available to other operators and could scale back its coverage of football if rights become too costly. Mediaset expect the changes to its Premium division could deliver about €200m (\$213m) in operating profit by 2020, and could be achieved mainly by cutting costs linked to broadcasting football's Uefa Champions League and domestic Italian football. Mediaset also said it would open up its domestic digital-terrestrial pay-television platform to third-party content platforms.
- ◆ Ukrainian Premier League football club Shakhtar Donetsk partnered with online video service provider StreamAMG to launch a new streaming platform. FCSD.tv will stream live and on-demand coverage of Shakhtar's home league and friendly matches. StreamAMG has agreed to work on the initiative for three years.
- ◆ Discovery agreed a distribution deal with telco TDC in Denmark. Discovery's deal with TDC-owned YouSee will give 1.3m Danish households access to its Eurosport channels.
- ◆ Discovery agreed a distribution deal with TDC in Norway. The deal with TDC-owned pay-television operator Get includes carriage of Eurosport, TVNorge, Max, FEM and other Discovery-owned channels.
- ◆ Australian telco Telstra signed a six-year partnership with Perform through which it will aid the digital media company's delivery of its media rights and production deal with the Women's Tennis Association. The deal spans 47 WTA events in 2017 and runs until 2022.
- ◆ The Fight Channel Group agreed a carriage deal for its Fight Channel World HD pay-television channel with new Romanian OTT platform Streamark.
- ◆ The Australian Securities and Investment Commission placed Tennis Australia under investigation over allegations the national governing body's deal with commercial broadcaster Seven may have broken the law, according to Fairfax Media. ASIC is reportedly probing Tennis Australia's decision to sell the rights for the 2015 to 2019 cycle to long-time partner Seven in 2013 without launching a competitive bidding process.
- ◆ The National Hockey League signed a long-term strategic partnership with Chinese internet company Tencent. Tencent will serve as a digital partner of the NHL for five seasons, covering the remainder of 2016-17 until the end of 2020-21. The deal was reported in *TV Sports Markets* 20:12.
- ◆ Media group Sony Pictures Networks India was granted approval by the Competition Commission of India for its acquisition of the Ten Sports arm of pay-television operator Zee Entertainment Enterprises. The CCI ruled the deal would have no adverse impact on competition in the broadcasting sector.
- ◆ The Tajikistan Football Federation is to launch a channel that will showcase the domestic game and leading competitions from overseas. The FFT said 'Football' would launch "very soon". The high-definition channel will cover the national team, the top-tier Tajik League, and Asian Football Confederation events.

## NEWS IN BRIEF

JANUARY 19 TO FEBRUARY 1

- ◆ Telco Econet launched its direct-to-home platform Kwesé TV in Ghana, Rwanda and Zambia (page 12).
- ◆ Golf's Asian Tour launched a live-streaming initiative for selected events. The streams on [www.asiantour.com](http://www.asiantour.com) will be available in markets where there is no live rights deal in place. The initiative began with the Singapore Open from January 19-22.
- ◆ Major League Baseball signed a content partnership with Hispanic-focused digital network Mitú. The deal begins this month. Digital content will appear across various Mitú and MLB distribution channels.
- ◆ CSM Sport & Entertainment, a division of marketing services group Chime Communications, made an investment in virtual-reality agency Visualise.
- ◆ Sky reported a nine-per-cent fall in first-half operating profit and admitted it was hampered by the rise in costs of domestic English Premier League rights. Sky said operating profit of £679m (€789m/\$847m) was slightly below expectations. Group revenue rose 12 per cent to £6.41bn.

### INDUSTRY MOVES

- ◆ The MP & Silva agency promoted Suhyeon Cho to the role of chief commercial officer. His previous role was managing director, Japan and South Korea.