

European Tour Media Conference

Friday, 27 November, 2020

Keith Pelley

Press Conference



STEVE TODD: Thank you and welcome to everyone on a momentous day for The European Tour. We'll take some questions shortly, but I'll hand straight over to Keith to make some opening remarks.

KEITH PELLE: Good afternoon, everybody, and I would echo Steve's comment, thanks for joining us on a Friday afternoon and for our friends that are joining us from America, happy Thanksgiving and apologise for doing this on a Friday but things came together relatively quickly rapidly over the last 72 hours and today is definitely an historic day for our sport.

As you know, from the press release, we have formed a strategic alliance between The European Tour and the PGA TOUR with the PGA TOUR taking a minority investment stake in the European Tour Productions. For those that don't know, European Tour productions is our production company that distributes and produces all our content globally to 150 countries with a reach of 500 million plus. It was originally a partnership, joint venture with IMG but in 2017, we negotiated our way and changed the partnership where we became 100 per cent owners of ETP and that is the entity that the PGA TOUR have a minority investment in today.

The agreement will see us work together on global the media rights. It's the next stage of what I call a partnership between the two organisations borne out of years of collaboration. So it definitely heralds a significant new era for global golf. Really, the way I having characterised it is the PGA TOUR moves from a competitor to a partner, and a partner where we will work to collaborate on a global golf schedule, both in terms of prize funds and playing opportunities for our respective memberships and also in the commercial realm across the globe.

It's exciting. It's a momentous occasion. Our staff are pretty excited here, and I think it's a very important one for our game. So I'm going to go to some Q&A, but if you'd give me just a moment, I just wanted to address what I'm seeing as kind of the two big social media stories right now since we have announced this a couple hours ago.

First is, is this a merger, or comments that this is a merger. In fact, this is not a merger. A merger would only happen if, in fact, really, for two reasons. One is that the tour had financial difficulties, and two, that there were significant benefits for the members, and I'll address them one at a time.

First, the financial difficulties. I read one Tweet that said a take over is inevitable because of the situation that we are in. I find that staggering, somewhat tiring, and it is a great example of a story that perpetuates itself with no facts. And I'm not really sure where exactly that it's come from other than a couple of naysayers out there that seem to have personal agendas that are talking about our financials that are just not true.

If this was a financial situation, we would have done far more than a strategic alliance with a minority investment. I can tell you, we are categorically not in financial difficulties. That is simply wrong. We are in robust financial health with a very strong balance sheet, strongest ever, and a strong support of networks of partners. We have played 23 events since July in Q3 and Q4, creating 15 from scratch, showing incredible resilience and flexibility; and also at the same time funding a health strategy and COVID testing of another 3 million, and I don't think this that is a business or that it simply would have been possible for a business which did not have robust finances.

Let me be perfectly clear: We did not have to enter into this agreement or any other. We chose to because it's in the best interests of both tours, for our players, for our golf fans, and for global professional golf.

The second component to a merger regards member benefits. If this was a merger, or a pathway to a merger, it would have to have significant benefits for our members. Because in order for a merger to ever happen, it would need 75 per cent of the membership vote and consensus. This is day one of a partnership, and we really want to build this partnership and really want to grow this relationship. But categorically not, this is not a merger.

You might ask, why now? And I would answer that, that Jay and I have been talking about working closer together



for the last four and a half years, and for those that know me closely, I've always said when I arrived here in the global golf ecosystem, I've always said golf is very fractioned with four major championships and two professional organisations. And you guys always ask me in every interview, and every Jay probably gets it the same time.

This was just a moment in time when everything aligned. This year, COVID has brought numerous challenges, but also numerous opportunities. We have both spent less time travelling and more time talking as part of the group with the four majors, and Jay and I started sharing our best practises. Our chief medical officers were in constant dialogue and we started having conversations about how we should work together, the synergies and best practises, and this was the natural extension of that conversation that started back in April.

I think the whole process made us realise, you know, we're in this game together, and we have so many synergies. We are both committed to growth and globalisation of golf, and I think the COVID showed us that actually we shouldn't be competing against each other. We should be pulling together and aggregating our skills and our best practises, our commercial streams to ultimately benefit both tours and the game of golf, which has seen an incredible boost, and I think what we can do together, it really gets me excited.

Golf has increasingly become globalised in recent years, and this strategic alliance is the logical next step in that evolution. It's good for the players. It's good for the fans and it's good for both tours.

That's all I wanted to say. I want to say, this is not a story about finances, and not about a merger with The European Tour. This is a momentous day about opportunity and potential growth to the Tour, and for the game that we all love, everybody loves in this conversation, everyone does. I know this is great for The European Tour, it's great for our staff. I couldn't be more delighted, but I just wanted to clarify those two thoughts and I hope I haven't gone on too long.

I'm happy to answer as many questions and make myself available because there's nothing but positives for me in these discussions.

I'll add one more point. One of the it greatest parts of this partnership is Jay Monahan has agreed to join The European Tour Board, and you all know what I think of Jay. Jay is a remarkable visionary. He's a commissioner's player. He's a man of great integrity. He's a terrific leader. And I think him coming on our board, the largest professional golf tour in the world, with over 340 million

people in the US and 60 per cent of the golfers, for him to come on our board; he wants to come on.

It's just an unbelievable signal and a great sign for European golf, not The European Tour but European golf. I couldn't be more excited about it, and our board, you know, made this decision unanimously this week, and I can tell you, they are absolutely excited about Jay joining the board.

So I can't wait to tapping into each other's ecosystems and working together to make the game of golf better for consumers and our players that are members.

With that, I'll go to Q&A.

Q. Just wondering, what do you think this means and what do you envision it meaning in terms of the schedule? Do you foresee further sort of blocks of time where you effectively sort of have tournaments the U.S. players can come play in after the FedExCup, that kind of thing? What's going to happen?

KEITH PELLEY: Well, you can imagine that we have had a plethora of conversations around all of that at this particular time, but today is not to announce the detail of this partnership. It's the first step in working together for the mutual benefits of both tours.

We will be setting up work streams to go deeper into areas such as scheduling, best practise and commercial opportunities. I'm excited about answering your question, and I'm excited about the opportunities that it has. You know, somebody has talked to me about how and what this will mean for top players. You look at next year, you have four majors and the WGCs, Rolex Series, Ryder Cup, FedExCup Playoffs, Olympics; it's a packed schedule. A number of European Tour players are dual members: Patrick Reed is a dual member and leads The Race to Dubai. Collin Morikawa wants to play more this year but the circumstance didn't allow. The likes of Dustin and Brooks, Bryson and Justin and Rickie Fowler have all played over here.

So I think this partnership, though; not just about top players. It's intended to benefit the respected membership of both tours, but the detail is still to be worked out. We have been talking and there are some concepts that we have discussed with some of our current members. You can imagine that both Jay and I have chatted to a number of members about -- about this.

So you know, we're excited. We're energised. But unfortunately today is not to announce details of scheduling and such, but I'm optimistic about all.



Q. Did you have any offers or interest from the Premiere Golf League or the Raine Group, and if so, did this accelerate any discussions with the PGA TOUR?

KEITH PELLEY: Raine Capital presented a very compelling offer to take The European Tour to another level but in a different direction. Ultimately, we felt partnering with the PGA TOUR was the best option for our members and for global golf, a decision that was made unanimously by the board of directors.

Q. Can you share anymore specifics on exactly what the Premiere Golf League offer was?

KEITH PELLEY: No. Unfortunately, I can't. What I can tell you is that Raine Capital led by Colin Neville were very professional during their entire conversations. I have the utmost respect for them during our conversations.

But we're not here to talk about Raine Capital and PGL. We're here to talk about our relationship with the PGA TOUR and their investment in our business, which is -- which is important. The fact that they were willing to invest in the European Tour Productions speaks volumes of how far this partnership can really go.

Q. If I'm a European Tour player or a PGA TOUR player ranked sort of 80 to 100 on the two Money Lists, what's the upside for me in all of this?

KEITH PELLEY: Well, like I said, today is very much the first step. We have various plans in the pipeline but we'll continue to work on the details of these in the weeks coming ahead, and we will share those in due course.

But we believe, and that really comes right back to the original dialogue I had at the beginning about this is all about the benefits to the members. What we run, Jay, and I'm privileged to run a similar operation here in Europe, members' organisations where all the members are equally important.

Obviously the top members drive the revenue and they are critical to the success of the business. But all our members are very important, and as a result, anything that we do going forward will have every member at the forefront of our thinking.

Q. I'm wondering how this affects, if at all, The Ryder Cup? Does this make the PGA TOUR now a co-partner with you in The Ryder Cup, which kind of confuses matters, I would think, going forward?

KEITH PELLEY: I genuinely don't think today's announcement is relevant to The Ryder Cup and the importance of The Ryder Cup in any such way. I don't think this changes it not one -- not one bit. The PGA TOUR have taken an investment stake in European Tour Productions.

Now, it is an investment in a production company that will obviously produce The Ryder Cup from a European perspective, but I don't believe that in any such way, genuinely don't think that today's announcement is relevant to The Ryder Cup.

Q. I just wondered about this -- can you first of all explain to me what the difference between a partnership and a merger is?

KEITH PELLEY: Well, a partnership is -- a partnership is them taking a minority investment. A merger is them taking over our business; that is, them merging together, coming completely together and they operating our business.

Q. And I wanted to check, just on the business point of view, did the members have to ratify this at all?

KEITH PELLEY: No, they don't. They don't have to ratify this. This in the Articles of Association was able to be approved by our board of directors, which is was unanimously.

Q. But they would have to ratify a merger?

KEITH PELLEY: A 75 per cent vote would happen on a merger, yes.

Q. Is this first step to an ATP-style global tour in a way?

KEITH PELLEY: Well, we've never really talked about the ATP as a model. As I said, both tours are using the word collaboration, which is great. We are committed to working together. The wording in the deal that we have come to with the PGA TOUR is all about working together; coming up with a schedule globally that works for both parties.

So I can't really answer that because it's way too early to be talking about specific details to be honest.

Q. What is it that makes The European Tour Productions such a special company in the eyes of a PGA TOUR? In other words, from seems to be a good decision that you took 100 per cent ownership when you split from IMG?

KEITH PELLE: Yeah, I think that was a very important part of our history that provided optionality for us, and that allowed us to look at ETP.

Over the past couple years, we've had a number of private equity companies come to us and look at our business. And they all wanted to, but when we went deep into it -- over the last couple years, we went deep into it with a couple private equity companies and we never concluded those deals because we couldn't find a deal that worked for both sides.

But they were all really interested in the content based on the distribution, based on the reach, both our social content and our lineal world feed, which ironically, has been revamped and recreated by the former head of productions from the PGA TOUR, Stu Nicol, who we brought over 2 1/2, three years ago, once we completed the deal with ETP, we hired Stu away from the PGA TOUR and he's revamped our world feed and we have a separate strategic social content team, as well.

So I think it was the perfect mechanism to start a partnership, and I guess the biggest thing for me, and I know in terms of partnership, the partnership for me, it really is about us moving from a competitor to a partner; meaning, working together and I think it's the perfect vehicle for us to get into a serious partnership with the PGA TOUR.

Q. If you're having Jay Monahan on the board, does he, therefore, have voting rights?

KEITH PELLE: He would have a vote. Yes, he would. Yes. There are currently -- and it would be -- there are currently 15 board members, but always the majority of the board of directors based on the Articles of Association with our governance is that the majority comes from ex-members voted on that board by the players. So the players will always have the majority. He would be a non-Executive Director who would have a vote.

Q. I'm just wondering what percentage of European Tour Productions does the PGA TOUR now own, and also, could we have PGA TOUR co-sanctioned events on European soil in the next year or two?

KEITH PELLE: Okay. I'll answer both those questions and I appreciate it. The financial details are all governed by an NDA and in private, so I can't disclose that.

But I can tell you that although it may be too early to give you the exact details, that is a realistic possibility and that has been discussed in great depth.

Q. Is the PGA TOUR getting an investment in European Tour Productions and a seat on the board, is it fair to say that the European Tour would be junior partners in this arrangement, or do you see yourself as equal partners?

KEITH PELLE: I'm sorry, what did you ask us, if --

Q. If the PGA TOUR are buying an investment in European Tour Productions and a seat on the board, would it be fair to describe The European Tour as the junior partners in the partnership, or what would be the difference as to why you're still equal partners?

KEITH PELLE: I really don't -- what do you mean by "junior partners"?

I may be misunderstanding the question. The PGA TOUR has taken a minority investment stake in European Tour Productions of which is still operated by The European Tour Productions Board of which The European Tour has the majority of seats on.

We asked Jay Monahan has part of the discussion to come and join The European Tour Board of Directors. There's a European Tour Productions Board of which we have the majority, and The European Tour Board of which they have 1 seat of 15.

Q. I wanted to go back on one thing I was curious about on collaborating on global media rights. I'm a little uninformed with how things are going over there, but with the (PGA) TOUR having signed a nine-year media rights deal, how do you see that going forward, being able to work with them on the media rights in certain territories?

KEITH PELLE: Well, that's a great question, and the reality is we both have strong media deals. I applaud them on their long-term deal that they have just concluded, which is not only robust as far as financials, but in terms of the reach and bringing in new partners like they have with ESPN and Disney, is to be applauded.

I think that's where we will work together. What that exactly means is still to be worked out, and we are going to work on announcing specific details of all of these areas of collaboration eventually. But it is really aggregating our skills, as I said, and our best practises and our knowledge. But hopefully we can create a product that is -- it can be anything from working with the broadcasters to ensure that we overlap less.

There's all kinds of conversations that can happen, and the exciting thing, as I said, I've talked to some of the staff

today that are really energised about it and about what it could be, and then the ideas come; can we do this; can we could do this. So we'll have a work stream on that area and see what could be done.

I wish -- I really did, I wish I had more details.

Q. I guess what made me curious is the LPGA used to hire an outside firm to help them negotiate a media rights, and then they signed up the TOUR because they are pretty good at it. Could you see yourself using the TOUR to serve as somewhat of an outside agency in negotiating future rights deals?

KEITH PELLEY: Yeah, I think the U.S. is one market, and what Mike Whan and the LPGA did was utilise the PGA TOUR, and again, I congratulate the PGA TOUR and the LPGA for doing an historical deal with their broadcast partners. I think we could do it in cooperation, but I don't see full representation without us in the future. But like I said, more details to come.

Q. At the top of your remarks you referred to this announcement today coming together in the last 72 hours. Can you take us through that time period and the events that precipitated this?

KEITH PELLEY: Yeah, it's a very good question. I can't. I wish that I could take you through the last 72 hours.

What I can tell you is that it has been an enlightening two to three months, and as I said, we've had a number of opportunities, The European Tour, for investment partners over the last couple years. As you know, one of the big things that's happening in sports now is private equity is getting involved, and we have had a number of private equity companies contact us over the last couple years. A couple we have been proactive with, as well.

However, when I said it came together quickly over the last 72 hours, deals like this always do, they come together, and at the end of the day, the PGA TOUR and ourselves are completing what we believe our members, what you have all said, what stakeholders have said to us, our partners have said to us, is that some way, we need to work together closer for the better of the game, and I think thus, that's what we are doing, and we are both committed to doing it.

I think COVID certainly was the catalyst back in April, and like I said, things can always come together quickly, and they did over the last 72 hours and I'm thrilled and excited about what has happened.

Q. I suspect we might not have an answer to this, but

just wondering if there are co-sanctioned events in our future, how would a 150-man field, for example, break down or be made up?

KEITH PELLEY: Oh, yeah, we're a long, long way from being able to give those types of details. This is day one. I said, yes, we have had conversation about it, but we have not had conversation with our respective tournament committees, their player PAC or our members at this point. All this is conceptual at this point. It's way too early to get into those types of details.

Q. I'll call you back in a couple of months.

KEITH PELLEY: Yeah.

Q. Was there any talk about reciprocal arrangement whereby you would take a seat on the PGA TOUR board?

KEITH PELLEY: No. Because we haven't taken an investment in them. They have taken -- they have a monetary investment in our business.

STEVE TODD: Do you want to close up, say a few words.

KEITH PELLEY: I want to say thanks to everyone for joining us. I'm just now -- just chatting to everybody that's on the call that's involved in the European Tour, I hope you're as excited and you're as optimistic as I am that this is great for all of us. This is more, as one of the industry stakeholders said, this is great for European golf, and I guess time will tell.

But I am definitely saying that the glass is definitely half-full, and I believe that we will look back at this day and look back at this partnership as something that has changed global golf and I hope you're as excited as I am about it, and I look forward to those that are in Dubai at DP World, I look forward to arranging a dinner, getting together, spending more time, hearing your thoughts, what you think we can do, how think we can shape it. It's going to be a great ride and I'm excited and I hope you come along for the journey.

Now, and to all the American counterparts, thank you for your interest in the European Tour. The PGA TOUR is fortunate to have someone like Jay as their leader, and hopefully we can add to global golf, and thanks again for your interest and of you're of course welcome to come to Dubai in a couple weeks, and if not, I am available at any time if anybody wants one-on-ones. Although, I can't give a lot more information, I'm very happy to do so because I'm really excited about it. I might be a tad tired, but I'm excited.

 . . . when all is said, we're done.®

STEVE TODD: Thank you, everyone, for joining us on this Friday afternoon. We'll see some of you in Dubai and some of you on the stream. Thanks again.

