

# WNBA Media Conference

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## Commissioner Cathy

## Engelbert

### Press Conference

THE MODERATOR: Thank you to our media for joining us. Once again, this is the conference call regarding the WNBA capital raise project, and we have with us WNBA Commissioner Cathy Engelbert. Cathy will begin with opening remarks and we will then open up the floor for question-and-answer. Cathy, go ahead, please.

CATHY ENGELBERT: Thanks, Ron, and thank you all for taking the time to join this call today. I hope everyone is staying safe, and as always, thank you so much for your coverage and support. I know we're in free agency, and it really does make a difference, and it helps us grow the league's brand and exposure, so thank you.

That is a big part of what we obviously announced earlier this morning, and by now you've certainly heard about the closing of our \$75 million capital raise. I can't find another word for it, and I know I use it a lot, but another historic moment for the WNBA.

For those that have been following us since I started I guess a little over two years ago, you have heard me talk about business transformation that this league needed, and now thanks to this access to capital, we can definitely take a huge step forward. Again, from my many years in business, to build or grow a business, you have to have access to capital and you have to have the right human capital and resources to then deploy it and execute on your strategy. You also have to have some patience on the results. As I learned in my business career, most companies that were deploying hundreds to millions and billions of dollars look for their ROI three to five years out. That's what a transformation is all about.

So, we're going to be very thoughtful, now that we have successfully closed this raise, on deployment of the capital to grow revenue and innovate around the business side of basketball.

You saw in the release the general categories where we'll be able to step up our investment: player marketing, elevate fan and consumer touchpoints -- read between the

lines there ... bring in more fans – give them more content, then digital innovation and maybe introducing the WNBA into some relevant consumer spaces like fashion and culture and healthcare, and obviously player programming and strengthening internal operations. We're going to be doing all that while we just continue to market, market, market.

This incredible group of investors we've put together here have stepped up in I think a great way to help us drive this growth. It can't be understated -- because we constantly read about women businesses struggling and having barriers to accessing capital -- that this is the largest capital raise for a women's sports property. We're featuring external investors and in-the-family investors through NBA, WNBA owners and former players.

They're so supportive and committed to the rise of the WNBA and the future of women's sports. Very proud of these individuals who are stepping up at Nike for being committed to our mission and the vision we have for the league.

I'd also like to thank the NBA for their tremendous and continuous support. As I've said before, we made it to 25 years, historic, the only women's professional league in the U.S. to do that, and without the NBA's steadfast commitment to our league, we wouldn't have that. So, I'm fortunate to be at a time now where we're building upon that support in a very, very significant way.

A lot to unpack here, I know, so I'll stop there because I'm sure you all have plenty of questions, and I'm happy to answer them now.

**Q. I've got a two-parter for you. I'm curious as to how this investment into the league is going to directly impact the player experience. Also, I want to ask you a bit about how your new chief growth officer that you hired recently, how her hire sort of will relate to this new influx of capital and how that all will work together.**

CATHY ENGELBERT: Yes, good questions. Players. So, certainly, this is something when you're trying to transform a league, grow revenue, this ultimately will be of huge benefit to the players as we kind of transform this economic model. So the more revenue you have, the more



that drops to the bottom line, the more efficient you become, the more excellent talent you have and the more you can do innovative marketing campaigns and elevate the players in the marketplace so that they're more well known. You build them into household names, you globalize the game. Players become more global stars. They get more endorsements. We have special competitions and prize pools and marketing dollars for the players, so it's all interrelated to transforming the business, which will hugely benefit the players. It just gives us that ability now to invest in things that we didn't have before.

As far as I'll call it our human capital, so you picked up on a new chief growth officer, who just started on Monday, by the way. So perfect timing with this influx of capital. But also there's a variety of other areas that we're hiring around: digital and data and engineers to look at our digital products and that platform. Where that would have been a small marketing budget before and not a separate one, now we're really going to double down on everything that interfaces with our fans and make sure we're agile and we're self-sufficient and we have a heightened focus on acquiring and retaining engaging fans.

That element, chief growth officer, that team helped leverage me a little bit to continue the great work we're doing in the league and the players, but also there's a lot of other hires that we're planning as part of this capital raise.

**Q. I just wanted to ask you from a fan perspective, what are some of the new implementations you want to do to increase your fan base?**

CATHY ENGELBERT: First of all, whenever you are thinking about your fan base, you have to determine and define with data who they are today. Why do we have a fan in one state where we don't have a WNBA team buying our merch and how do we bring them into an arena or how do we make sure they're watching us on TV. How do we make it easy to be a fan and take away some of the pain points. How do we make sure we have the right merch strategy, which I know has been a pain point.

Lots of things fans hopefully will be looking for in the future: consistent production quality, maybe some investment in innovating around integrating cool parts of whether it's optical tracking or wearables into the broadcast of a game, gaming, e-sports, fantasy, trivia. Things we know our fans are looking for as we skew a younger fan base and a more digital native fan base and more of our fans watch us on second screens, which are much smaller than a big cord-laden TV that I still watch.

It's an important question you asked, but it's all an important part of everything we do. We need to be

player-focused and fan-facing as far as taking the friction out of their experience of watching us and engaging with our platforms.

**Q. I was wondering, can we get any details on the size of the stake this gives the investors?**

CATHY ENGELBERT: Yeah, so we're not giving the exact details. We did give the \$75 million (total raise), which is significant for a league of our size and scale as you can imagine. We're not giving absolute specifics at this time on what any percentage of any one or the group of investors, but it is a significant raise and a significant investor group with strategic investors that I think will be really positive and accretive to the league.

**Q. I know you said you don't want to give exact details on what individual investors received in terms of stake, but just wondering are you able to disclose what the overall equity is from the WNBA's perspective that you trade away in return for this capital raise? Additionally, how do you think this will impact team valuations going forward if franchise owners no longer get the full 50 percent stake in the WNBA that they held before this raise?**

CATHY ENGELBERT: I think your first question was the same as the prior question. We're not going to give out details of any one or the group of investors and the percentage. But I think overall your second question on team valuation, this is absolutely an accretive future look for team valuation that as you look at the league and lifting the league's revenue, and there are distributions to our owners every year and obviously now some of that will be diluted, but the value of owning a share in the league is certainly something that has gone up in the past couple years and we hope will continue to go up. That's a big part of the deployment of this capital, to help our teams, because the league doesn't exist without the teams.

We absolutely have to look at teams and leagues together. One of the reasons I called this a multi-pronged strategy and one of the reasons to do this also is to raise the valuation not just of the whole team franchise but all of the assets that the team sells, that the league sells -- a patch on the uniform, a placement on the court, a media rights fee.

This is something I evaluated over the past couple years as an undervaluation of women's sports assets. We kind of all knew it, and now we're going to get to the bottom of it and disrupt the valuation model and raise not only, again, the league value but league plus team. You really do need to look at us together when you think of valuation. But I think there's a huge upside now for team valuation, even

shorter term, medium term and longer term.

**Q. What I was trying to figure out was how I guess as far as how much this is going to really kind of set the standard, the WNBA has really been one of those leagues that has really always been a standard setter for other sports leagues. How much do you believe that this is going to have an effect on other sports leagues, other women's sports leagues that are trying to follow that WNBA model?**

CATHY ENGELBERT: Yeah, it's a great question. I mean, I do agree with you. I haven't been here as long as many of you have been covering us, but the WNBA is always leading. That's why it's such a great role for me, kind of in my second act after a long business career, to be setting the standard here. Today is one of those days where the WNBA is setting the standard, and if my inbox is any indication, there's a lot of people really interested in how we're going to deploy this capital, how we're going to grow the league. People will be watching us. People will be more engaged with us. People will see this investor group and see these prominent investors, plus Nike, are really invested in this league.

I know it's an old adage, but a rising tide lifts all boats. My hope for women's sports and certainly the WNBA is that we then lead both here in the U.S. and globally kind of the popularity of our game and the success of the players on and off the court and their strong social justice platforms, that we continue to lead that with an economic model that can drive the players to the recognition they deserve globally. That's the purpose here, and that's part of the strategy.

Really as we see kind of our next generation of players come in and their impact as role models on young girls and having young girls stay in sports and not drop out in their teens like they do today compared to their male counterparts, it's all part of this strategy and having the W lead this.

**Q. I'd like to ask you, how much the new investment will do in terms of promoting the commitment by the league for diversity, inclusion and equity.**

CATHY ENGELBERT: Yeah, great question and really an important question as we think about, again, supporting women-owned businesses, Black-owned businesses, minority-owned businesses. And also you saw with our slew of new coaching hires we now are -- over half of our coaches, eight of 12, are women. We've got five persons of color coaching now, and so our owners are really stepping up. We've had a diversity in coaching initiative, and we've had some incentives to get more former WNBA stars in

coaching roles. That has happened, and it happened quicker than I thought, that then they rose to head coaching positions, which I think is great.

I'm just proud of our owners and our coaches and GMs who are really stepping up and seeing the value of diversity, given how diverse our league is on the court. Really, really positive there.

This also will help us be able to continue to do the investment in our social justice platform, in Black-owned businesses. Our teams are really doubling down on that, as well, so we'll help them think through that.

**Q. Given this recent investment, I was wondering if you could offer any specifics as to what the league's long-term merchandising plan is and specifically as that pertains to widespread jersey availability.**

CATHY ENGELBERT: I mentioned merch strategy always on the top of my list, because again, something that's very fan-facing and a pain point for our fans. We're certainly looking at how we make sure that our fans know where to get our merch, when to get our merch. There is a supply-and-demand system on all merchandise in every league, in every retail that we have to be working with and working through, and there's a supply chain. Certainly understand the frustration around our jerseys, but also I think we haven't been as good at letting our fans know where to get it. There's a variety of places where you can get it. It might be sold out in one store but not in one of our other options.

We're going to be better at that. We're going to use some of the capital to invest in some technology as we think about a fan-facing, one-portal mosaic where everybody can go and figure out what they want, and then we have to be better at the supply-and-demand side.

One of the issues is a player gets hurt and then their jersey doesn't have any demand, and then a player plays great who wasn't great the year before and then their jersey gets sold out. Obviously, Chicago winning the championship and being able to get Sky jerseys. We're looking at all that. We're looking at all the lead time. There's enormous lead time on jerseys, but I think you'll see us come out with some interesting curated merchandise. We just launched one yesterday and just continue to try to innovate over what we're providing our fans, but we've got to do better at letting our fans know where they can get it, when they can get it and what's available because we do have -- I'll see things, this jersey isn't available and I go on and I order it because I know where to go because I'm the commissioner, but we've got to make sure our fans know where to go to find all of our merchandise and how we're

innovating around that. Look forward to hopefully seeing a difference on that over the coming year or two.

**Q. Can you provide some more specifics about what the league meant when saying the capital would go in part toward globalization? What additional efforts is the league looking to undertake globally?**

CATHY ENGELBERT: Yeah, excellent question. This is one area where I look at other sports leagues that are very global like the NBA, like soccer, European soccer. We have not globalized our game previously. We have a few players from outside the U.S. who play in our league, but we have enormous opportunity for consumption of our game, whether it's in media or sponsorship, whether it's in grassroots programs, WNBA grassroots programs where girls play basketball around the world. It's a very popular sport around the world.

Again, if we want to really have an impact here in the U.S... There are a lot of businesses that are global businesses and they want to support companies that have a global platform like they do.

I think there's some low-hanging fruit. Could we bring our game in preseason games outside the U.S.? Could we bring our players and have them market in certain countries where today we don't have a presence? Are there, again, media rights and global sponsors that aren't U.S. based that we wouldn't have tapped before? And when we have a draft pick that comes from a country where we don't have a media deal or sponsorship, should we be really more aggressive in the way we think about that?

So that's what globalizing the game means, really having a global game, having a global footprint and really turning the players into global stars, not just U.S. stars.

**Q. I was wondering, I'm from Cleveland, Ohio, and I see that Dee Haslam has invested. Will we be getting a team in Cleveland?**

CATHY ENGELBERT: You know, certainly we're thrilled with Dee and her daughter Whitney being investors in this capital raise. Obviously, they see a future that's bright for the WNBA or they wouldn't have invested. I know the NBA All-Star Game is in Cleveland this year. We'll have some WNBA players there and myself.

I'll address the broader question of expansion. It's certainly something that those that follow us often know that I have been looking at, that we wanted to make sure that as we think about expansion and adding teams to our 12-team league that we do it in cities that would be highly

supportive of a WNBA team, that we find ownership groups, that we have venues that we'd be proud to call the home of the WNBA in that city. So we're doing all that analysis now, and this capital, again, gives us the opportunity to charge that up, as well, and to move more quickly.

Obviously because of the pandemic the last two years, it's been a tough go for our owners, who in 2020 we had no fans in our arenas, in 2021 we had limited or no fans in a lot of cities until coming off the Olympic break, and then we came very strong into the WNBA Finals with big crowds in both Phoenix and Chicago, and then Omicron came.

We want to have the right economic model so when we bring new owners in, which is a significant commitment by those ownership groups, that they're not inheriting an economic model that won't make them successful. So we're doing all that work now, and as I mentioned, probably this summer at some point we'll talk more about that.

**Q. Last summer Liberty owner Joe Tsai commented on the desire to improve flight accommodations for the players, a conversation that came up again through Liz Cambage on social media the other day when she emphasized that she needed to pay for seat upgrades out-of-pocket. Has there been any progress in securing a partnership for chartered flights for the league or is there a plan to do so in the near future?**

CATHY ENGELBERT: I might have said this at my Finals press conference, that there's nobody that wants to upgrade all of the player experience than myself. As we think about what economic model you need, and some of these leagues who have charter travel have been around 75, 100, 105 years. We just hit our 25th, so going into our 26th. We're working very hard. As you know, I did pay for some charter travel during the Playoffs when it made sense last year.

This is an expense that is very high. We'd love to do it, but that's why we've got to deploy this capital. We need to have some growth and then hopefully longer term we'll be able to afford more around this area.

There's nobody that wants this more than me, but you have to be very thoughtful, again, how you grow revenue and how it drops to the bottom line and then you can afford it. You have to get the women's valuation model right, the ecosystem, so that we get better media rights fees and better sponsorship dollars and better value for our assets, and then that drives more revenue and then you can afford it.

It's just an economic model discussion. I realize the players

don't necessarily view it that way, but that is how you grow a league and get those additional benefits, is to work on transforming the economic model. So, this is the dawn of a new day for the WNBA, with this access to capital to deploy it to grow the league to hopefully be able to afford a little more of that in the future.

**Q. I want to ask about player salaries. I know some of the fans were posing questions on Twitter about this and just how this influx of money will affect player salaries going forward.**

CATHY ENGELBERT: I think as I said, every time you deploy capital, it generates revenue three to five years out. So obviously we have a collective bargaining agreement now with the players. We have additional opportunities for players to earn money beyond just their base salary through bonuses, through prize pools. We put up that half-a-million-dollar prize pool last year for the Commissioner's Cup winner and runner-up. We've got other marketing opportunities for players to make significant amounts of money. So, there are other aspects.

Players who then do marketing on behalf of the league I think are getting more opportunities for endorsements. So, there's multiple components. This is how we tried to frame it when we came out of the CBA, for players to earn additional money if they want to market our game. We'll continue to work on this. But I think this is something where you look at what we're trying to do to raise the profile of the players, to build them into household names, to build rivalries so more people watch -- more people watch, the better media rights fee deals we get. And that will all come ultimately back to player compensation longer term.

I know it's frustrating we can't move quicker, but as we deploy capital, it takes a couple years. I think hopefully we'll see the fruits of all of our hard labor at the league level to advance that in the next round of negotiations.

THE MODERATOR: Thank you very much, Cathy.