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What the Industry Reads First

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Shopping Spree: QVC Owner Reaches Deal For Long-Awaited HSN Acquisition

Shopaholics know it's all about the deal, and **Liberty Interactive** finally found just the right one for **HSN Inc**, picking up the 62% of the shopping network it didn't not already own in an all-stock deal worth \$2.1bln in equity (\$2.6bln including debt). Shares of HSN closed up more than 26% Thursday. As owner of **QVC**, Liberty's acquisition of HSN is one investors have been waiting years for. "QVC never dismissed the strategic merit of acquiring HSN," **Citi Research** analyst *Jason Bazinet* wrote in a research note Thursday. "Rather, QVC always suggested the transaction didn't make financial sense. Indeed, just a few years ago, HSN traded at nearly a two-turn EV-EBITDA premium to QVC. Today, HSN trades at a 1.3x discount." Analysts brought up the idea of a deal again during Liberty's 1Q earnings call last month. Historically, Liberty had found that synergies between the two companies weren't sufficient to overcome free cash flow multiple and EBITDA multiple. Now, however, Liberty estimates that the combined company will see cost synergies of \$75-110mln annually, though it could take three to five years to see the savings. Bazinet in his report attributed that delay to "the nature of the carriage agreements with the pay TV distributors." HSN includes the well-established multichannel retailer, as well as **Cornerstone** home and apparel brands. The deal brings the two most prominent names in home-shopping television under common ownership, and both QVC and HSN will continue as separate brands. Liberty as part of its recent deal to purchase cable operator **GCI** is in the process of spinning off a portion of its holdings as a separate company known as **Liberty Ventures**. Those holdings will include GCI, pending the closing of the deal, as well as online invitation service **Evite** and minority stakes in **Charter**, online lending firm **Lending Tree** and a number of other assets. QVC, HSN and Cornerstone, along with online retailer **Zulily**, will make up a separate entity known as **QVC Group**. Liberty expects both the GCI and HSN deals to close later this year. QVC in 2016 reported \$8.68bln in net revenue, down from \$8.74bln in 2015. Similarly, HSN in 2016 recorded \$3.57bln in net sales, down slightly from \$3.69bln the previous year. Liberty said that QVC Group will be the third-largest player in in e-commerce with a combined \$7.5bln in annual revenue, as well as mobile commerce with a combined \$4.7bln in annual revenue. The QVC Group portfolio consists of five US-based nets: QVC, **QVC2**, **BeautyIQ**, HSN and **HSN2**. QVC is currently in 104mln US homes, while HSN is in 91mln. The company noted that 6mln of QVC's 8mln current customers do not shop at HSN today. HSN currently boasts 5mln customers of its



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own. Liberty expects there will be opportunities for cross-promotion between the two brands, as well as for the development of new e-commerce, mobile and OTT platforms. QVC President & CEO *Mike George* will continue in the same role for the combined entity, meaning he will assume oversight of HSN operations once the deal closes. One director of HSN will join the company's board. In April, HSN CEO *Mindy Grossman* left to run **Weight Watchers International**.

July FCC Meeting: GSN's 2011 program carriage complaint against **Cablevision** (now owned by **Altice USA**) made the agenda for next Thursday's **FCC** meeting (**CFX, 7/6**). The Commission will consider a memorandum opinion and order that addresses Cablevision's objections to an ALJ decision from November that found Cablevision discriminated against GSN by moving it to a sports & entertainment tier. The agenda also includes an NPRM aimed at reducing robocalls and an order that would increase the required hours of video described programming that covered broadcast stations and MVPDs must provide to consumers.

And Then there Was One: **Fox News** and **Charter** have buried the hatchet, with the two seemingly having agreed upon a settlement in a lawsuit that was filed over Charter invoking **Time Warner Cable's** rate card. A filing dated Wednesday shows the companies have asked the court to dismiss the suit with prejudice. Given the dust up earlier this year between Charter and **Fox Networks** over carriage, it seems possible that a settlement was brokered as part of a new contract. The two never commented on whether a deal was completed, but Fox's KeepMyNets website is finally down. **Showtime Networks** sued Charter in August for similar reasons, seeking damages for underpaid license fees and a declaratory judgment that its agreement with TWC was terminated upon the closing of Charter's acquisitions of Time Warner Cable and **Bright House Networks**. That suit was dismissed in May, according to court records. Univision was the first to sue Charter for breach of contract, with that case still pending.

Fox News, MSNBC Dominate Primetime: Both **Fox News** and **MSNBC** continued to see their primetime lineups bear fruit last week, as the two news nets ranked No. 1 and 2 in average viewership. Fox News, which also had five of the top ten most-viewed programs of the week, drew an average primetime audience of 2.3mln viewers. MSNBC was a fairly distant second place with 1.6mln viewers, but finished well ahead of **CNN**, which ranked No. 14 in primetime with an average of 846K viewers. **HGTV** (1.5mln), **USA** (1.3mln) and **TBS** (1.2mln) rounded out the primetime top five. In a week devoid of major sporting events—real ones that is—the second hour of **WWE's Monday Night Raw** on USA was the most-viewed program of the week with 3.1mln watching. **ESPN's Jeff Horn-Manny Pacquiao** boxing match was the most-watched live event of the week with 2.8mln viewers.

Streaming Space: **Hulu** reached an agreement with **HBO** to bring the television service's original programming, movies, and specials to the streaming service. Customers will have the option to add the channel to any of Hulu's subscription plans for an extra \$14.99/month. **Cinemax** will also be available at the additional cost of \$9.99 monthly. Live feeds of the premium channels will give customers the option to watch programming as it airs or on demand at a later date.

Programming: **ESPN** and **PokerGO** are partnering to deliver live video coverage of the World Series of Poker for the first time in the tournament's 48-year history. **ESPN/ESPN2** will provide over 40 hours of WSOP Main Event coverage, with **PokerGO** promising an additional 60 hours of content as players compete for \$60mln. -- **GSN's "Divided"** will premiere its second season on Aug 15 at 10pm and 10:30pm, adding themed episodes to challenge teachers, lawyers and more to agree on their answers and the splitting of the prize money. -- **HBO** confirmed that comedy series "Vice Principals" will debut its second and final season Sept 17 at 10:30pm ET/PT. -- **Universal Cable Productions** struck a development deal with "Halloween" director *John Carpenter* and his producing partner *Sandy King* to executive produce scripted programming for **NBCU Cable Entertainment** and external networks under the name of their company, **Storm King Productions**. They are already in production on "Tales for a Halloween Night," which will air on **Syfy**.

People: Twenty-year sports advertising and sales veteran *Jill Fields* was promoted to general sales manager of **CSN Chicago**, overseeing the network's national, local and digital sales efforts along with business development across all platforms. Fields previously served as national sales manager, increasing CSN's sales billing to record levels. -- **Fuse Media** recruited former **VH1** executive *Jennifer McGovern* to fill the newly created position of svp, current and development. Starting July 10, McGovern will be the lead on original content development and production, identifying new opportunities for various platforms under the Fuse umbrella.

PROGRAMMER'S PAGE

'Ghosts of Shepherdstown' Back to Haunting

Those specters of Shepherdstown, WV, are back. And **Destination America** is hoping viewers are as well. Last summer, "Ghosts of Shepherdstown" was a breakout hit for the network. There are a lot of paranormal shows on TV—and Destination America—but Shepherdstown (Season 2 premieres Monday at 10pm) is different. "It's the first show of its kind that took that combined the past tense recreation shows like 'A Haunting' with the active investigation shows that have been doing so well," says *Matt Butler*, vp, programming and development for the network. "The kicker for the audience, I think, is that we have law enforcement actively involved in the show." The series features a team of paranormal investigators answering a police chief's call to get to the bottom of what appears to be supernatural activity. Fans will recall that Season 1 seemed to indicate that they had found what caused a spike in spooky stuff, a cleansing ceremony was held and Shepherdstown seemed to finally be at peace. But in this reincarnation, Shepherdstown police chief Michael King has heard from neighboring police jurisdictions that mysterious happenings are hitting their towns as well. So, while it still carries the name Ghosts of Shepherdstown, the show ventures into Harpers Ferry, WV, South Mountain, MD, and other locales as well as its namesake. "I think a lot of what speaks to the DA audience is the way these stories touch our history and are a launching point to find out more about the history of a town, a place, a home, a family," gm *Jane Latman*. Amid a lineup of several paranormal series, Ghosts of Shepherdstown ranked as DA's #1 show last year. "It's a wonderful genre that has super fans," Latman said. "You know who you're programming to and what they want, and they give you immediate feedback." — *Amy Maclean*

Reviews: "Life Below Zero," season premiere, 10pm, Thursday, **Nat Geo**. This docu-reality series about Arctic life is a Nat Geo staple. Watching just minutes of the season opener shows why. "Zero" glides easily between stories, leading off with series favorite *Susan Aikens*, who's prepping for 10 months of dark, solitary winter. In winter she's the sole inhabitant of a hunting camp 500 miles from the nearest city, 80 miles from the closest road. Similar to others in the series, she has a small window to hunt for the entire winter. If humans vs. nature plots get you hooked, you'll also like *Glenn Villeneuve*, who lives in a 1-room cabin sans running water. The opening ep devotes five minutes, a TV eternity, to his attempting to fell a tree. It's gripping. -- "Mike and the Mad Dog," 8pm, Thursday, **ESPN**. Another fine short doc in the "30 for 30" brand, although more parochial than many of the films in this excellent series. Simply said this is a film about NY, the birth of sports talk radio in the Apple and two of its iconic characters. On the other hand, it's terrific. -- "America in Color," 10pm, Tues, **Smithsonian**. Ep 2 covers the 1930s brilliantly and colorized footage is merely gravy. The fine storytelling is people-centric, making history relatable and, yes, colorful. — *Seth Arenstein*

Basic Cable Rankings (6/26/17-7/02/17)			
Mon-Sun Prime			
1	FOXN	1.0	2294
2	MSNB	0.7	1628
3	HGTV	0.6	1457
3	USA	0.6	1315
5	TBSC	0.5	1206
5	HIST	0.5	1151
5	ESPN	0.5	1064
8	DSNY	0.4	995
8	DISC	0.4	968
8	FX	0.4	958
8	TLC	0.4	928
8	NAN	0.4	903
8	ID	0.4	874
8	CNN	0.4	846
8	TNT	0.4	820
8	HALL	0.4	794
8	DSE	0.4	83
18	FOOD	0.3	738
18	A&E	0.3	712
18	AMC	0.3	690
18	FRFM	0.3	678
18	TVLD	0.3	671
18	ADSM	0.3	656
18	BRAV	0.3	627
18	LIFE	0.3	617
18	OWN	0.3	580
18	INSP	0.3	520
18	HMM	0.3	514
18	DSJR	0.3	505
18	NKJR	0.3	484
31	SYFY	0.2	520
31	VH1	0.2	510
31	SPK	0.2	486
31	TRAV	0.2	455
31	WETV	0.2	451
31	APL	0.2	446
31	MTV	0.2	418
31	NGC	0.2	408
31	CMDY	0.2	395
31	EN	0.2	393
31	LMN	0.2	386
31	BET	0.2	374
31	WGNA	0.2	367
31	GSN	0.2	364

*Nielsen data, supplied by ABC/Disney, is based on coverage area of individual networks



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