

Cablefax Daily™

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What the Industry Reads First

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That's a Wrap: Discovery Acquires Scripps, Changes Name

Eight months after the initial announcement, **Discovery Communications** has completed its acquisition of **Scripps Networks Interactive**. *Kenneth Lowe*, former chmn/pres CEO of Scripps will join Discovery's board immediately. From Tuesday on, the combined company will be known as Discovery, Inc. "As a new global leader in real life entertainment, Discovery will serve loyal and passionate audiences around the world with content that inspires, informs and entertains across every screen; deliver new ways for advertisers and distributors to reach highly targeted audiences at scale; and leverage our leadership position to create new value and growth opportunities for all of our stakeholders," Discovery pres/CEO *David Zaslav* said in a statement. The name change "demonstrates a new focus on growth in the areas at which Discovery excels, telling stories across deeply loved genres and empowering superfans to explore their world wherever and whenever they choose," according to the company announcement. "We look at this as a transformation rather than an integration exercise," Discovery CFO *Gunnar Wiedenfels* said at the Deutsche Bank investor conference, hours before the deal officially closed. "The reality is the more that we look at the potential that this combination creates, the more bullish we become. Domestically, we're now looking at a 20% share of viewing in the female demo in ad-supported cable. It's a very compelling offering and I think we'll be able to bring something not only to our viewers, but to our advertising clients that is very attractive." The acquisition is expected to be accretive to adjusted earnings per share and free cash flow in the first year after closing. Discovery was sure of the merger's economic strength, saying it has the capacity for rapid debt repayment and opens a clear path to growth and value creation. While the Scripps portfolio bolsters Discovery's domestic offerings, Wiedenfels was enthused by the largely untapped potential for its programming with international audiences. "We've got a tremendous opportunity internationally where the fantastic Scripps content has not been exploited a lot," he said. "We've been very successful in utilizing Discovery content in our global footprint. The 'factories' are there, we just need to move in the next train with thousands of hours of fresh content that hasn't been exploited." The Scripps' portfolio includes **HGTV**, **Travel Channel** and **Food Network**, which lack a significant global presence. The combined content profile also brings about opportunities for optimization in spending. "We're spending more than \$3bln on content right now between Scripps and Discovery both domestically and globally," Wiedenfel noted. "We've already enjoyed strong financial

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benefits of sharing content within our portfolio.” Additional revenues will come from the incorporation of Scripps’ ad monetization strategies. The CFO was enthusiastic about the deal’s ability to put Discovery in a better position for digital deals, saying that between the two companies, “we’re already looking at billions of streams in short form content every month.” On the stock side, Scripps shareholders are set to receive approximately \$90/share, consisting of \$65.82/share in cash and 1.0584/share in Series C Common shares of Discovery stock. Wiedenfel continues as CFO of the combined company. Last week, Discovery announced its [senior management team](#) post merger.

Cable Congress: NCTA chief *Michael Powell* was in Dublin this week for **Cable Europe’s** Cable Congress, where he shared his perspective on the war over net neutrality in the US. “No matter how it is resolved—if it is ever resolved—it will have little real-world impact. Because while we are mired in an intractable squabble, technology and the issues we must face are swiftly moving on,” he said in prepared remarks that harkened back to WWI. “Like the Great War, internet activists, Democratic politicians and tech companies would have you believe that the so-called ‘battle for the net’ is ‘the war to end all wars.’ They are wrong, just as President Woodrow Wilson was when he made the claim. Net neutrality policy does not remotely address the issues companies and consumers are facing today and likely will face in the future.” Powell said it’s time to move beyond net neutrality and look at other areas. Specifically, he pointed to consumer privacy, technology addiction (and the harm to our mental health), fake news/foreign manipulation of elections, cybersecurity and the market power of **Google, Facebook, Amazon and Apple**. Powell offered a set of general principles that he believes should guide regulatory framework: reaffirm the inter-dependent nature of the internet ecosystem; promote infrastructure growth; subject tech companies to greater scrutiny; reinvigorate antitrust and competition policy and apply it fairly; and secure and protect the internet, calling for global attention for cybersecurity.

Repair and Restore: FCC chmn *Ajit Pai* introduced a plan to direct \$954mln to repairing and expanding communications networks in Puerto Rico and the US Virgin Islands, which were damaged during the 2017 hurricane season. The specific proposal includes the creation of a \$750mln Uniendo a Puerto Rico Fund (Bringing Puerto Rick Together Fund) and a \$204mln Connect USVI Fund. The allocated resources will be used to restore networks in the aftermath of Hurricanes Irma and Maria while a longer-term goal is in expanding broadband access across the islands.

On the Hill: The House unanimously passed the **Ray Baum Act**, which reauthorizes the **FCC**, provides a fix for upfront payments for upcoming spectrum auctions and provides additional reimbursement expenses for broadcasters related to the spectrum repack, including funding for low-power and radio stations. The bill is named for a House Commerce staffer who passed away last month. It covers many areas, with Ranking Member *Frank Pallone* (D-NJ) noting that it has a provi-



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sion making the FCC's Inspector General independent of the FCC chmn. This will ensure that IG investigations, such as a current probe into whether chmn Ajit Pai has been favoring **Sinclair Broadcasting**, can conclude without interference from the chair's office, Pallone said. The bill is expected to pass the Senate shortly.

Nielsen's Toolbox: Ahead of upfront season, **Nielsen** launched "Advanced Audience Forecasting." The tool, built by Nielsen and **Clypd**, gives clients forecasts of TV audiences by audience segments that can be defined on various combinations beyond age and gender. Examples include psychographics (such as pet owners) and in-store and online credit/debit transaction (e.g., big box store shoppers).

Nick Upfront: Move over "Trading Spaces" and "Queer Eye." Another blast from the past is returning, with **Nick** announcing at its upfront presentation in NYC Tuesday that it's revamping beloved preschool series "Blue's Clues." The net's agreed to 20 eps and is casting now for a new host. The original Blue's Clues launched in 1996, with the classic eps available through SVOD service **Noggin**. Other upfront news includes a companion series to "The Loud House" called "Los Casagrandes" (wt) that follows Lincoln Loud's friend Ronnie Anne and her extended family. Also on tap are a digital short-form series for Nick's **YouTube** channel from *Nick Cannon* that promises to be a messy twist on the game of musical chairs as well as animated series "Pony," a buddy comedy about a girl and a talking pony that lives in her city apartment.

100 Days 'til World Cup: **Fox Networks** and **Telemundo** are marking the 100-day countdown to 2018 FIFA World Cup's kickoff in Russia. As the English-language broadcaster, Fox unveiled original theme song "Where Angels Fear to Tread" with company-wide coverage across all Fox Networks Group channels. Russian journalist and Fox Sports reporter *Maria Komandnaya* will be in Moscow's Red Square as part of a 30-second primetime promotional "road block" airing across the Fox broadcast and cable networks including **FS1**, **FX**, **National Geographic**, local FOX affiliates, **RSNs** and **Fox Deportes**. Spanish-language rights holder Telemundo will feature 500+ hours of programming across Telemundo and Universo as well as 1000 hours of digital coverage via digital platforms. In addition, all the matches will stream live via the Telemundo Deportes En Vivo app. Other elements include a partnership with Vice for short-form features and stories of interest related to the tournament.

CFX Digital & Tech Awards: Congrats to the winners and honorable mentions in the **2018 Digital & Tech Awards**. The annual event was held Tuesday in NYC at the Yale Club. **Turner Sports** took home the Social Media Dream Team of the Year award, while **Scripps Lifestyle Studios** was recognized as Content Marketing Team of the Year. **AMC Digital** and **WE tv Digital** were both the big winners for Digital Team of the Year. On the tech side of the house, **Boingo Wireless** was named Tech Team of the Year, while **NeuLion** was recognized as R&D Team of the Year for its work on NFL Game Pass. This year's celebration included the first inductees into the **Cablefax** Digital Hall of Fame—*Lisa Hsia* at **Bravo** and **Oxygen Media** and *Mac McKean* at **AMC & Sundance TV**. Hsia, who serves as evp of digital, said she is probably the least technical person in the room. She attributes some of her success to being in the right place at the right time—coming on board as **iTunes** and other digital services launched. Plus, she had the brains to realize putting the "Real Housewives" on social media where they could have an interactive platform made sense! Under her leadership, **NBCU** has launched "Top Chef" companion "Last Chance Kitchen," the most-streamed series in NBCU history. McKean is evp, innovation at AMC and SundanceTV. He talked about the importance of a strong team and asking questions at a time when to get a seat at the table you have to figure out how to sit in new chairs that are being developed every day. Under McKean's leadership, AMC's digital experiences and apps have garnered numerous Webby awards along with multiple Emmy nominations. He also lead the launch of Premiere, which gives fans a new way to watch current seasons of the AMC shows they love. Read about all our winners [here](#).

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