

# Cablefax Daily™

WHAT THE INDUSTRY READS FIRST

## Mega Deal: Televisa-Univision Wants to Own Spanish Streaming

US Spanish-language program **Univision** and Mexico's **Televisa** are making their bond even stronger, announcing a \$4.8 billion deal to create the largest Spanish-language media company in the world.

The combo sets the new company up to launch a global streaming platform, expected in early 2022. "We believe that the Spanish language streaming market is underserved and is the last significant lane of streaming opportunity," Univision CEO *Wade Davis* said on a call with investors Wednesday. "Across Latin America mobile video consumption is extremely high with connected TV in the early stages of rollout and adoption is expected to be explosive. And while they're certainly streaming players in those markets, they're not singularly focused on Spanish language. And they're relatively small percentages of their libraries being Spanish language originals. Nobody knows the Spanish speaking audiences in the US and Mexico better than our teams and Univision and Televisa."

Televisa will remain the largest shareholder in the new Televisa-Univision with an equity stake of approximately 45%. It will receive \$3 billion in cash and \$1.5 billion in Univision stock for its content assets. Televisa-Univision's net debt leverage ratio is expected to decline by over 2.0x to approximately 5.0x, when accounting for run-rate revenue and cost synergies of \$200 to \$300 million.

That synergy estimate is split between revenue and cost savings, with slightly more on the cost savings side, Davis



## What You're Saying...



Dr. Arcelia Gutiérrez  
@gtzarcelia

Univision & Televisa are merging. Get ready for intensified streaming wars in Mexico and LatAm. Wonder if Univision/Televisa programming will continue to change to compete against Netflix original series and "quality tv."



Marcelo Claire  
@marceloclaire

The [@SoftBank #LATAM](#) Fund is proud to be the lead investor in the combination of [@univision](#) & [@televisa](#), a move that will create a leading Spanish language multi-platform digital media company for 600M Spanish speakers globally. As a Hispanic, I'm honored



Rich Greenfield, LightShed  
@RichLightShed

Netflix launched in Latin America in 2011 and launched globally in 2016

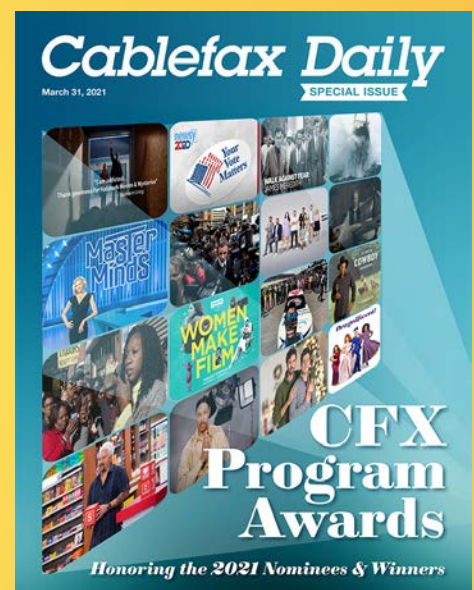
Televisa Univision merger is yet another sign of just how slow legacy media has been to realize that media no longer has borders and that global scale is the only way to "win."

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said. He pegged 20-30% of cost savings to headcount reduction, with the majority of savings coming from optimization of facilities, more effective licensing of third-party content, and other procurement savings. “The revenue synergies that we see come from enhanced global licensing of the library. By unifying rights, we can do better, more effective global deals that we think will drive pricing,” Davis said.

The deal will be financed through \$1 billion of Series C preferred equity investment led by **SoftBank Latin American Fund**, with participation from **Google** and the **Raine Group**, plus \$2.1 billion of debt commitments arranged by **JPMorgan Chase**.

The transaction is expected to close in 2021, pending US and Mexico regulatory approval, with Davis to lead the combined company. Televisa co-CEO *Alfonso de Angoitia* will serve as executive chairman of the Televisa-Univision board, and Softbank International CEO *Marcelo Claure* will become board vice chair.

Televisa and Univision have been partners for decades. There were years of legal disputes over content sharing that was put to rest in 2010, with Televisa investing \$1.2 billion in Univision that included a 5% stake in the company and Univision’s right to continuing airing Televisa’s popular telenovelas. Former Viacom CFO Davis and private equity firm *Searchlight Capital* closed on a \$526 million deal for a 64% stake in Univision in December.

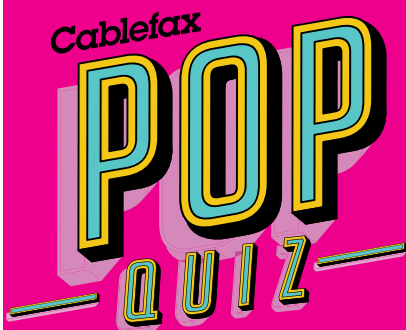
#### TECH WEEK

Cable’s been vocal about its concerns with the broadband portion of the *Biden* administration’s infrastructure plan, but it’s not alone. **Samsung Electronics America**’s svp of public policy joined cable in calling for a plan that is technology neutral. “Some of the drafts that are in circulation right now define broadband as 100 megabits

downstream and 100 megabits upstream, symmetrical. And the problem with that is that’s not technology neutral that basically favors a wireline solution over a wireless solution, because wireless networks are engineered and designed for more download than upload because that’s how most people use the internet,” Samsung’s *John Godfrey* said at **CTA**’s Innovation Policy Summit Wednesday, part of the association’s annual Tech Week. At the same virtual conference, **Verizon** talked up its 5G rollout. As the C-band is cleared, it hopes to cover 100 million people in 46 markets with 5G in the next 12 months, said *Courtney Reinhard*, Verizon’s federal government relations vp. “By 2024, we hope that will be 175 million. And when the C-band spectrum is fully cleared, we anticipate we will cover 250 million with our 5G offerings (both mobile and fixed),” she said. Sen *Ron Wyden* (D-OR) also made an appearance at Tech Week, where he said broadband should be treated like electricity. “It is a core, national view, and we are going to be steadfast in holding that view until broadband makes it into every nook and cranny of America,” he said, arguing that broadband deployment, online privacy, antitrust and algorithm accountability are the tech issues that lawmakers should be focused on instead of Section 230, which he co-authored in 1996 to foster free speech online. Big Tech “has all kinds of lawyers and accountants to protect themselves. The people who are going to be hurting if someone tries to rollback Section 230 in a way that takes away the spirit of speech and innovation, the voices that will be hurt are the people who don’t have power—the little guy,” Wyden said.

#### CORPORATIONS WEIGH IN ON VOTING LAWS

Hundreds of companies, including **Amazon**, **Cisco**, **Netflix** and **ViacomCBS**, signed a statement opposing “any



Pat Buchanan and Tom Braden were the original hosts of what long-running political debate program?

[CLICK HERE TO ANSWER](#)

Last week’s answer: Claire is the middle name of “Schitt’s Creek” character Alexis Rose.

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discriminatory” measures that restrict or prevent eligible voters from casting a ballot. The statement appeared in a *NY Times* and *Washington Post* ad Wednesday, and included individuals signers, such as **Discovery** CEO *David Zaslav*, musical artist *Ariana Grande* and **American Airlines** CEO *Doug Parker*. The statement comes after more than 70 Black executives, including former **Time Warner** CEO *Dick Parsons* and ex-**BET** CEO *Debra Lee*, signed a letter last month calling on corporate America to use its collective influence to ensure fairness for all.

#### FREEWHEEL DEBUTS CROSS-PLATFORM AD TECH

**FreeWheel, A Comcast Company**, debuted a new technology that allows sellers to “split” impressions from a single linear TV spot in real time across multiple advertisers. **Comcast** and **Charter** are currently piloting the technology. The release marks the first time a company has been able to offer true, multi-platform, addressable audience targeting across all screens. The technology will be available to other MVPDs later this year.

#### PTC NAME CHANGE

Even the **Parents Television Council** is feeling the impact of cord cutting. The advocacy group, which calls out programming it feels is harmful to children, announced its name has changed to the **Parents Television and Media Council**. The organization says the new name better reflects its mission to advocate for responsible entertainment on all entertainment media platforms.

#### DISTRIBUTION

The **Crackle** app will launch on **Comcast**'s Xfinity X1 and Flex in the coming weeks, offering millions of customers a large free library of TV series and studio film titles. Xfinity customers will be able to access the app from the Xfinity Voice Remote.

#### PLEX FLEXES WITH \$50 MILLION IN FINANCING

Streamer **Plex** completed a growth equity round of \$50 million from investor and merchant bank **Intercap**. As part of the round, Intercap president *James Merkur* joined Plex's board, while Intercap chairman and CEO *Jason Chapnik* joined as chairman of the board. Plex, founded in 2009, says it has more than 25 million users globally. It has content deals with **Lionsgate**, **Warner Bros Domestic Television Distribution**, **AMC** and others.

#### HBO LEADS NAMIC VISION AWARDS

For the fifth consecutive year, **HBO** led the **NAMIC** Vision Awards, which celebrate diversity in television programming. **HBO** and streamer **HBO Max** took home five awards, with “Lovecraft Country” and “Insecure” among the winners. **WarnerMedia** sibling **CNN** followed with three awards, while **NBC News** and **Lifetime** each won two Vision Awards. Other networks snagging wins include **Disney Junior**, **ESPN**, **Discovery Networks Latin America/US Hispanic**, **Food Network**, **Vice Media** and **Fuse**.

#### ON THE HILL

**Senate Commerce** will hold a hearing Tuesday on the **FTC**, with commissioners to testify on efforts to fight fraud during the pandemic. Also on the table to be discussed are the **FTC's**

tools and capabilities in the information age, including the \$30.4 million provided by the American Rescue Plan Act to be used for consumer protection.

#### LATEST ATTEMPTS TO CONQUER DIGITAL DIVIDE

Sens *Steve Daines* (R-MT) and *Mark Kelly* (D-AZ) introduced the bipartisan “Accelerating Rural Broadband Deployment Act,” which makes it easier for broadband providers to receive federal-right-of-way licenses to install broadband alongside existing infrastructure, like federal highways. It also has provisions to ensure costs of federal-right-of-way licenses are at fair market prices and increases transparency on the rights-of-way license process. **NCTA's** a fan of this one, praising it for removing barriers that slow private expansion efforts. – **AT&T** said it will invest \$2 billion over the next three years to help bridge the digital divide. It will continue to offer its five-year-old Access from AT&T program that provides qualifying households with wireline internet services at \$10 or less per month, but it's also touting that the **FCC's** Emergency Broadband Benefit program will allow more than 30 million eligible households to receive an additional subsidy of up to \$50 a month (\$75 per month on Tribal land). The monthly cost of broadband – after applying the Emergency Broadband Benefit – can fall to as low as \$0 a month. EBB money can support AT&T wireline or wireless plans or prepaid wireless plans, like Cricket. AT&T is also teaming with **WarnerMedia** to develop a digital learning platform that will include exclusive educational content from WarnerMedia properties and talent as well as learning tools from education groups.

#### RATINGS

**ESPN's** 2021 “Sunday Night Baseball” viewership average is up 33% over the 2020 full season average over two weeks, according to **Nielsen**. It is generating an average of more than 1.5 million viewers compared to nearly 1.2 million viewers in 2020.

#### PROGRAMMING

Three **TLC** shows will be returning for new seasons this spring. “Little People, Big World” Season 22 premieres May 11 at 9pm, The ninth season of “7 Little Johnstons” debuts May 25 at 8pm and “Doubling Down with the Derricos” Season 2 premieres June 1 at 10pm. – Eight-episode Irish mystery thriller series “Harry Wild” will premiere on **Acorn TV** in 2022. – **Showtime** acquired the worldwide rights to documentary feature “Cusp.” – **MTV's** “Catfish: The TV Show” will return with new episodes May 4 at 9pm. – Drama series “Warrior” was renewed for a third season, but it will move from **Cinemax** to **HBO Max**.

#### PEOPLE

Marta E. Wosinska was appointed director, **FTC** Bureau of Economics. She joins the agency from the Duke-Margolis Center for Health Policy at Duke University. – **The Consumer Technology Association** promoted *Suzanna Kang* to general counsel. Kang joined CTA in February 2020 as deputy general counsel.



## Think about that for a minute...

### Transparency

Commentary by Steve Effros

In last week's column I started writing about the need for "E/T" regarding this new era of telecommunications regulation and government involvement. The "E" was for "evidence." We are, happily, back in the governmental mode of at least claiming to look at science, economics and evidence before adopting policy. I certainly hope that's true, because as I pointed out, there's scant evidence for some of the policy proposals floating around right now.

Today we're going to look at the "T" – "transparency." Once again there's the promise that what is done, or has been done, will be looked at honestly. Full disclosure will result in accountability and at least a reasonable chance of determining whether policies that have been adopted, and approaches taken, have actually worked as intended. The underlying premise here is that if they haven't, the policies and promises will be changed rather than just repeated ad nauseam in an effort to create truth out of fiction.

So, what is it that we need to look at? Well, let's start with the idea that municipal or "nonprofit" or "coop" construction of competing broadband systems is a good idea and has proved successful because there have been resultant significant reductions in consumer prices. That seems to be the underlying idea behind a lot of the pressure for construction of these systems. But where is the evidence that local consumers have benefited from this idea?

Have there been numerous systems built by municipalities that are charging consumers significantly less than privately built systems? If there are, where are they? And oh, let's be sure to keep things totally transparent. Has the municipality used its special bonding capability to reduce the cost or extend the length of loans in order to build the system (how will they fund upgrades and rebuilds?) Has the inherent cost of using that capability, including the loss of its use for other municipal needs, or the effect on borrowing power, been included in the calculation of what the true cost of the system for local consumers really is?

Needless to say, that's just the start of the transparency question list. Here are a few more: if a local electric co-op, for instance, is involved in the new build of the system as is the case in many areas, what are the cross subsidies that are taking place? Is the cable/broadband system using the bucket trucks of the electric utility? Is there an assignment of those costs? What about the pole attachment fees? Is the broadband part of the coop paying the electric part of the coop the fees that they would be getting from a private entity?

You might suggest that those types of savings, joint use of poles or utility trucks, for instance, are a good reason to merge the telecom and electric utility efforts, and you may be right. But has there been a transparent calculation of the actual cost to consumers? Sure, you may be able to point to a "lower" broadband or cable bill, but if consumers are paying a higher electricity bill, a service all municipal consumers are required to pay, then isn't that, in effect, just hiding a tax for the real cost of the cable or broadband service? If property taxes are raised to support the municipal system (which is not unusual) but those taxes on all members of the community, regardless of whether they take cable/broadband or not, are not included as a "price" of the service is that "transparency?"

Well, you get the point. True transparency, and knowing what questions to ask may actually show that there is little if any evidence for the intended result of the policies being proposed.



Steve

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*(Steve Effros was President of CATA for 23 years and is now an advisor and consultant to the cable industry. His views do not necessarily reflect the views of Cablefax.)*



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