

Redstone push is on to reunite CBS and Viacom

September 29 2016, by Mae Anderson



In this Feb. 13, 2012, file photo, a CBS logo is displayed on the exterior of CBS Scene Restaurant and Bar, at Gillette Stadium, in Foxborough, Mass. On Thursday, Sept. 29, 2016, National Amusements, the company that controls CBS and Viacom, announced it wants the two media companies to combine again, more than a decade after they went their separate ways. CBS Corp. produces TV shows and owns its namesake network. Viacom Inc. owns cable channels MTV, Nickelodeon and VH1. (AP Photo/Steven Senne, File)

Media mogul Sumner Redstone is pushing for a reunion between CBS

and Viacom, more than a decade after they went their separate ways.

National Amusements, which owns most of the voting shares of the two companies, sent a letter to CBS and Viacom board members Thursday saying that a tie-up would help the two companies to better compete as technology and the entertainment industry rapidly evolve.

National Amusements is a movie theater operator run by Redstone, who orchestrated the split of CBS and Viacom in 2006.

It was hoped that separation would allow the more profitable Viacom, which owns cable channels MTV, Nickelodeon and VH1, to sprint ahead of the storied but slow-growing CBS.

Those tides have turned as more and more people cut the cable cord, choosing instead to stream TV shows or movies online at places like Netflix, Hulu, iTunes and Amazon.com.

The success CBS has had streaming its shows, as well as its stand-alone, streaming Showtime channel, could be invaluable at Viacom, said Nomura analyst Anthony DiClemente.

The streaming services could even fall under a single umbrella, DiClemente said.

Viacom said it expects its board will form a special committee of independent directors to consider the letter from parent company National Amusements. CBS said it will evaluate what is in the best interest of its shareholders.



This Aug. 3, 2011, file photo, shows the Viacom logo at Viacom headquarters in New York. On Thursday, Sept. 29, 2016, National Amusements, the company that controls CBS and Viacom, announced it wants the two media companies to combine again, more than a decade after they went their separate ways. CBS Corp. produces TV shows and owns its namesake network. Viacom Inc. owns cable channels MTV, Nickelodeon and VH1. (AP Photo/Mark Lennihan, File)

The letter from National Amusements follows a long running legal battle over the fate of Redstone's media empire between longtime Viacom CEO Phillippe Dauman and Sumner Redstone's daughter, Shari. The fight ended with Shari Redstone as a Viacom director and president of National Amusements, and Dauman's departure.

Viacom's interim CEO Tom Dooley will leave Nov. 15. Some have speculated that CBS CEO Les Moonves could to take charge if the two companies again become one, although Moonves has said in the past that he doesn't think a merger is a good idea.

There would be tangible financial benefits to the tie up, however.

The companies take from affiliates would increase, according to MoffettNathanson analyst Michael Nathanson. The companies right now deliver a combined 23 percent of national viewers, but are paid only 14 percent of affiliate fees.

And Viacom's networks would fare better if they were CBS branded, Nathanson believes.



In this Wednesday, May 4, 2016, file photo, trader Edward Curran, right, works near the post that handles CBS Corp. on the floor of the New York Stock Exchange. On Thursday, Sept. 29, 2016, National Amusements, the company that controls CBS and Viacom, announced it wants the two media companies to combine again, more than a decade after they went their separate ways. CBS Corp. produces TV shows and owns its namesake network. Viacom Inc. owns cable channels MTV, Nickelodeon and VH1. (AP Photo/Richard Drew, File)

Nathanson called a possible reunion "the next chapter in a story that in our minds should have never occurred to begin with."

In a letter to the board, Redstone said National Amusements would not accept a buyout by a third party or any deal in which it would lose a controlling stake in CBS or Viacom.

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