

Viacom and CBS Have Officially Merged, Creating ViacomCBS

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Key insights:

- The union gives both companies scale after several rivals have completed their own big mergers.
- ViacomCBS had already set its leadership team prior to today's merger.

Nearly 14 years after splitting into two separate companies, CBS Corp. and Viacom have officially tied the knot once again.

The all-stock merger between the companies—announced in August after three years of on-again, off-again talks—has been completed, creating a new combined company, ViacomCBS Inc., with more than \$28 billion in revenue and 4.3 billion cumulative TV subscribers around the globe.

The new ViacomCBS' portfolio includes a broadcast network (CBS), a movie studio (Paramount), a premium cable network (Showtime), several basic cable networks (among them, MTV, Nickelodeon, Pop TV, Paramount Network, VH1, TV Land, BET and CMT), a number of streaming services (including CBS All Access, Pluto TV, CBSN and BET+) and a book publisher (Simon & Schuster).

The CBS-Viacom union gives both companies scale at a time when most of their rivals have completed big mergers in recent years, including Disney-Fox, Discovery-Scripps and AT&T-TimeWarner (now WarnerMedia).

"This is a historic moment that brings together two iconic companies to form one of the world's most important content producers and providers," said Bob Bakish, formerly Viacom president and CEO, who will lead ViacomCBS as president and CEO. "Through the combination of CBS's and Viacom's complementary assets, capabilities and talented teams, ViacomCBS will create and deliver premium content for its own platforms and for others, while providing innovative solutions for advertisers and distributors globally. I am excited about the opportunity we have to serve our audiences, creative and commercial partners, and employees, while generating significant long-term value for our shareholders."

Working under Bakish, acting CBS CEO Joe Ianniello is now chairman and CEO of CBS and will continue to oversee the CBS-branded assets in the combined company. CBS chief financial officer Christina Spade is continuing in that role for ViacomCBS; Viacom CFO Wade Davis is exiting with the merger's close. Shari Redstone is chairman of the new company.

CBS' Jo Ann Ross was tapped in October to lead ad sales for the new company as president and chief advertising revenue officer of domestic advertising sales at ViacomCBS. She received the job over Viacom's ad sales chief Sean Moran, who is leaving the company following the merger.

John Halley, COO of ad solutions and executive vice president of Advanced Marketing Solutions at Viacom, will serve as COO of ad revenue and keep his evp post, reporting to Ross. He'll head up commercial and business operations for the unified advertising team, as well as ViacomCBS' portfolio of advanced advertising and marketing solutions.

When announcing the merger last summer, the companies said ViacomCBS will have the largest share of U.S. TV audience (22%) among all media companies, and would also be on top in all major U.S. demos, including total audience, adults 18-49, adults 25-54 and kids 2-11.

The CBS-Viacom union—which values Viacom at around \$11 billion—is on a much smaller scale than other recent industry mega-mergers, such as Disney’s \$71.3 billion purchase of 21st Century Fox in March and AT&T’s \$85 billion acquisition of Time Warner in June 2018. It’s more along the lines of Discovery’s \$14.6 billion purchase of Scripps in March 2018.

Because of that, many observers expect that ViacomCBS will ultimately look to merge with another media company like Discovery Inc., or potentially a tech company looking to increase its TV footprint, if it truly wants to hold its own with the likes of behemoths like AT&T, Comcast and Disney.

The merger should give the combined company a boost in the streaming space, which became even more saturated this year with the introduction of Apple TV+, Disney+ and BET+. Next year will see the arrival of WarnerMedia’s HBOMax and NBCUniversal’s Peacock; CBS All Access, meanwhile, has had a 5-year head start on those streaming newbies.

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