

Paramount's New Path is Paying Off

ENTERTAINMENT: Studio rebounds after repositioning

By **MATTHEW BLAKE**

Once mighty Paramount Pictures Corp., the storied studio behind such classic films as "Risky Business" and "The Godfather," finds itself in a supporting role these days.

The 107-year-old studio is a bit player in the megamerger that's scheduled to reunite Paramount-parent **Viacom Inc.** and **CBS**



Gianopulos

Corp. by the end of 2019.

In a recently released 12-page investor relations presentation on the deal, Paramount was mentioned just twice. And in the investor call that accompanied the report, Paramount did not come up at all.

It might seem odd for a Hollywood icon to take such a low profile, but it's in keeping with Paramount's newly conservative approach.

While other studios in town are scrambling and spending to launch their own streaming platforms and challenging theatrical windows, Paramount is going back to basics.

Under Chief Executive **Jim Gianopulos**, the studio is looking to ramp up production and leaning into its vast library — which includes the "Star Trek" and "Mission: Impossible" franchises — to license content to streamers and movie theaters.

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LAX Traffic Flattens Out

AIRPORTS: Annual growth could be slowest since 2009

By **HOWARD FINE** Staff Reporter

Los Angeles International Airport has for years been the juggernaut propelling the region's burgeoning tourism economy. But not in 2019.

According to Los Angeles World Airports, the city agency that runs LAX, overall passenger growth slowed to almost zero for the first eight months of this year compared to the same period in 2018. And international traffic has fallen year over year during that stretch.

If the trend continues through the holiday season, this could be the slowest growth year at LAX since the Great Recession ended in 2009.

Airport and tourism officials pin the blame on the rising value of the dollar, carriers cutting back on flights in saturated markets such as Mexico and the grounding of **Boeing Co.**'s 737 MAX planes.

"For the last several years, we've been grow-

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Jakks Pacific Stirs Deal Talk

MANUFACTURING: Toy company remains a top target

By **RACHEL URANGA** Staff Reporter

This holiday season could be bright for **Jakks Pacific Inc.**, provided the struggling toymaker remains independent.

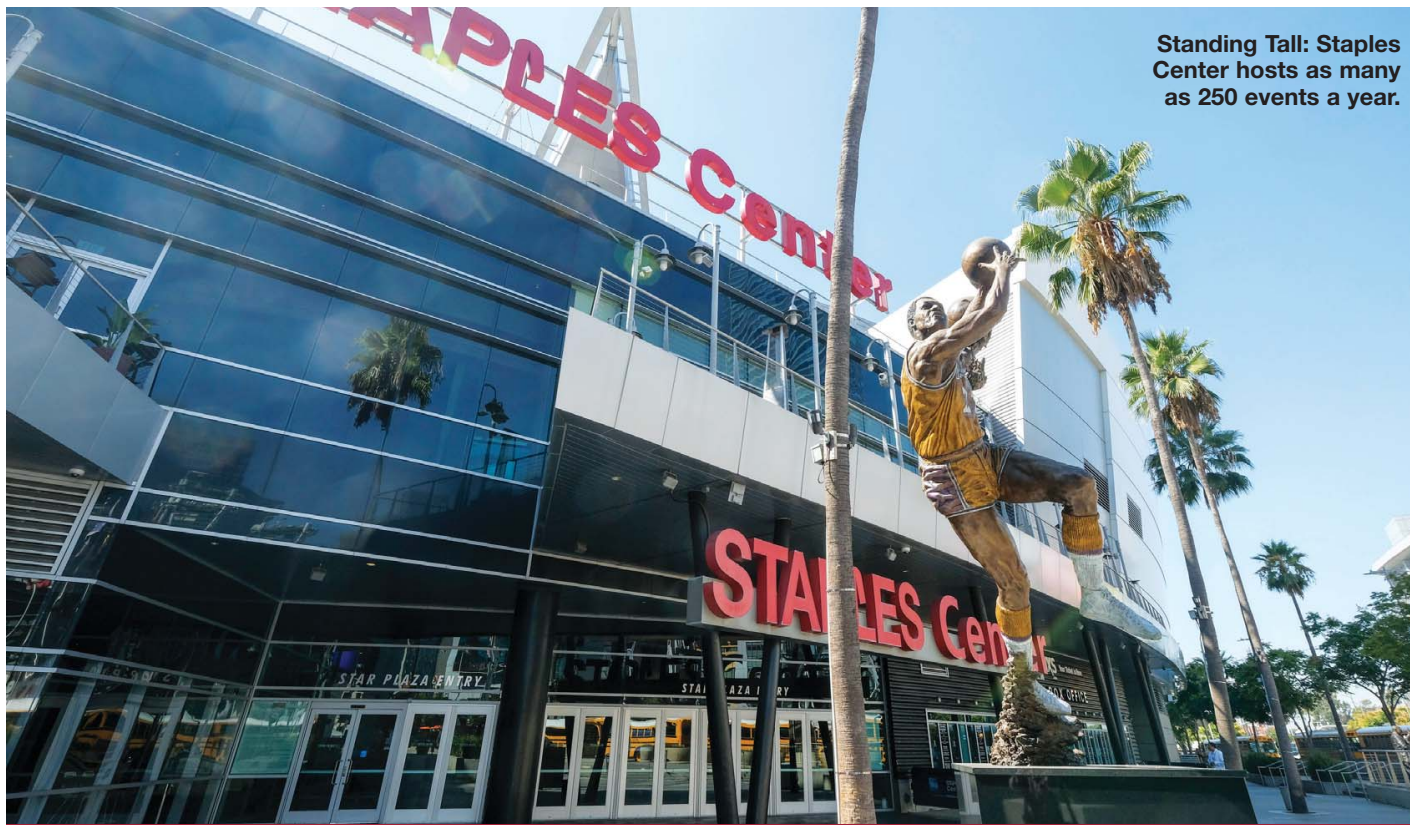
The Santa Monica-based company, which creates toys and collectibles for media companies such as **Walt Disney Co.**, figures to get a big boost from "Frozen 2," which arrives in theaters Nov. 22.

It remains to be seen, though, if all those Elsa dolls landing under Christmas trees this year will come from a stand-alone Jakks.

Analysts and industry observers believe the toymaker, the ninth largest in the United States, is on the cusp of being purchased.

"Jakks will survive. The question is will they remain independent," said **Jefferies Financial Group Inc.** equity analyst **Stephanie Wissink**.

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Standing Tall: Staples Center hosts as many as 250 events a year.

CENTER PIECE

Staples Center opened 20 years ago this week, kicking off downtown's revival

By **TOM HOFFARTH**

It was an audacious opening for one of the most ambitious projects in Los Angeles' history.

On Oct. 17, 1999, **Bruce Springsteen** and the E Street Band christened Staples Center with a marathon performance, the first show of a four-night stand to open the glistening arena.

Today, 20 years later, those who helped nurture Staples Center from a bold vision to a thriving centerpiece of downtown's renaissance are still awed by the achievement. And the results.

"There's no question Staples Center was a transformational project," said **Carol Schatz**, who retired last year after 22 years as president and chief executive of the **Downtown Center Business Improve-**

ment District. "Its impact on downtown was revolutionary in terms of the life it brought to the rest of the area."

The Downtown Center Business Improvement District estimates that in the two decades since Staples Center opened, the facility has had a \$32 billion economic impact on the city.

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FRINGO H.W. CHIU/LABJ



TEMPORARY PLACEMENT FIRMS

Ranked by 2018 L.A. County revenue
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TRADE: Chipping Away

Latest port data shows impact of tariffs on China, gains for other Asian nations.

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STYLE: Skin Deep

Dermalogica's Jane Wurwand wants to support "invisible entrepreneurs."



"Mom, where does wind come from?"

"Well, consolidating balances can optimize cash flow, honey."

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MEDIAWATCH

▶ MOVIE BOX OFFICE

Rank	Title	Weekend Gross (millions)	Total Gross (millions)	Distributor
1	Joker	93.5	\$93.5	Warner Bros.
2	Abominable	12.0	7.8	Universal
3	Downton Abbey	8.0	3.6	Focus Features
4	Hustlers	6.3	91.3	STX Entertainment
5	IT Chapter Two	5.4	202.2	Warner Bros.
6	Ad Astra	4.6	43.7	20th Century Fox
7	Judy	4.5	8.9	Roadside Attractions
8	Rambo: Last Blood	3.6	39.8	Lions Gate
9	War	1.5	2.0	Yash Raj Films
10	Good Boys	0.9	82.0	Universal

Weekend of October 4

Source: comScore

▶ PRIMETIME TV SHOWS

Rank	Program	Network	Rating*
1	Sunday Night Football	NBC	18.1
2	Thursday Night Football	FOX	14.4
3	Sunday Night NFL Prekickoff	NBC	12.9
4	NCIS	CBS	12.5
5	FBI	CBS	9.5

Week ended October 6

Source: TVbytheNumbers.com

*In millions of viewers.

▶ CABLE TV SHOWS

Rank	Program	Network	Rating*
1	NFL Regular Season – Chicago/Washington	ESPN	10.3
2	Monday Night Kickoff	ESPN	5.6
3	Hannity	FOX News	4.0
4	Thursday Night Football – Philadelphia/Green Bay	NFL Network	4.0
5	Hannity	FOX News	3.9

Week ended September 29

Source: TVbytheNumbers.com

*In millions of viewers.

▶ TOP SELLING ALBUMS

Rank	Last Week	Artist	Title	Label
1	NEW	DaBaby	KIRK	South Coast Music Group/Universal Music
2	1	Post Malone	Hollywood's Bleeding	Republic Records/Universal Music
3	71	The Beatles	Abbey Road	Calderstone Productions/Universal Music
4	NEW	Kevin Gates	I'm Him	Bread Winners' Association
5	4	Taylor Swift	Lover	Republic Records/Universal Music

Week of October 12

Source: Billboard.com

▶ TOP SELLING SONGS

Rank	Last Week	Artist	Title	Label
1	1	Lizzo	Truth Hurts	Nice Life/Warner Music Group
2	2	Shawn Mendes/Camila Cabello	Senorita	Island Records/Universal Music
3	3	Lewis Capaldi	Someone You Loved	Universal Music
4	4	Lil Tecca	Ran\$om	Republic Records/Universal Music
5	5	Chris Brown f. Drake	No Guidance	Chris Brown Ent./Sony Music

Week of October 12

Source: Billboard.com

▶ DIGITAL MOVIES SALES & RENTALS

Rank	Last Week	Title	Distributor
1	NEW	Spider-Man: Far from Home	Sony
2	1	Aladdin	Disney
3	2	John Wick: Chapter 3 - Parabellum	Lions Gate
4	NEW	X-Men: Dark Phoenix	FOX
5	4	Men in Black: International	Sony

Week ended September 22

Source: comScore

▶ VIDEO ON DEMAND

Rank	Last Week	Title	Distributor
1	NEW	Yesterday	Universal
2	1	John Wick: Chapter 3 - Parabellum	Lions Gate
3	3	Aladdin	Disney
4	2	X-Men: Dark Phoenix	FOX
5	NEW	Shaft	Warner Bros.

Week ended September 29

Source: comScore

▶ OUTTAKE OF THE WEEK



UNIVERSAL MUSIC

BACK ON TOP

Fifty years after its September 1969 release, The Beatles' "Abbey Road" is back in the top five of the Billboard 200 with its 50th anniversary re-release. The album, which sold 81,000 equivalent album units last week, spent 11 nonconsecutive weeks at No. 1 on the charts in late 1969 and early 1970.

Gate Keeper: Paramount will look to license its content rather than jumping into the streaming fray.



RINGO H.W. CHIU/LABJ

Paramount: Studio Leans Into Library for Profits

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"I think Paramount is smart to avoid that coming battle by not creating its own streaming service," said **Gene Del Vecchio**, a business professor at USC. "There is a lot of money to be made in licensing since streaming services will have an enormous appetite for content."

The approach is getting favorable reviews from Hollywood observers, who see the studio in recovery mode after a decadelong decline.

"There is an advantage to being somewhat of an independent arms dealer," said **David Miller**, a media and entertainment analyst at **Imperial Capital**. "There is plenty of demand."

Road to recovery

The only legacy studio physically situated in Hollywood, Paramount has been in business since 1912. It employs more than 1,800 people, most of them in Los Angeles County.

Gianopulos took over in March 2017 after 26 years at 21st Century Fox, including 16 as chairman of that studio, which today is part of **Walt Disney Co.**

He inherited a company that had lost \$450 million in the previous fiscal year and was competing with mid-major **Lions Gate Entertainment Corp.** for sixth place in global box office revenue, well behind former peers like Disney and **Warner Bros. Entertainment Inc.**

Two years after Gianopulos' arrival, Paramount remains a second-tier box office performer, but the studio is profitable.

Paramount generated \$85 million in second quarter net income. It also reported \$877 million in revenue for the quarter, a 14% jump from the same period a year earlier — and a 41% increase from the second quarter of 2016.

Paramount's improvement stems primarily from licensing its content to third-party streaming services and other home entertainment content providers.

For example, the studio recently struck a streaming rights deal for the sci-fi movie "Cloverfield Paradox" and the teen mystery series "13 Reasons Why" with **Netflix Inc.**

Paramount has also seen modest box office gains thanks to movies like "Bumblebee," the latest in the "Transformers" franchise.

"I am big fan of Jim Gianopulos," said **Schuyler Moore**, an entertainment lawyer at **Greenberg Glusker**. "He is doing the best he can in a bad situation."

Gianopulos' time at Paramount dovetails with **Bob Bakish** taking the reins as Viacom's chief executive and Sumner Redstone's daughter, **Shari Redstone**, effectively taking over the family business due to her father's poor health.

Bakish and Shari Redstone had sought for years to merge CBS and Viacom, which were previously a single company from 1998 to 2006. Viacom and CBS announced the

merger Aug. 13 with Bakish slated to be chief executive of a combined ViacomCBS.

The coming battle

At a September Bank of America conference in Beverly Hills, Gianopulos touted a business model — and a movie slate — that harkens back to an earlier age.

While he discussed forthcoming sequels to 1980s favorites "Top Gun," "Coming to America," and "Terminator," Gianopulos also detailed Paramount's licensing strategy.

Looking across a shifting landscape, Gianopulos sees Disney, Warner and **Universal Studios Inc.** each starting their own streaming services and putting content on their own platforms instead of selling it to an outside distributor, like a Netflix, Amazon Prime or Hulu.

These streaming platforms will be hungry for additional content, Gianopulos said, and that presents an opportunity.

"Our content is certainly more unique and certainly more available than others," he said.

He said Paramount has already sold three shows to HBO Max, the new streaming platform Warner is set to roll out.

Gianopulos' position is in line with ViacomCBS's overall strategy even though the merged company will include streaming platforms Pluto TV and CBS All Access.

"There are a lot of hungry mouths to feed," CBS Chief Creative Officer **David Nevins** said at the same event. "We really believe in not only serving inside our own ecosystem but serving people outside."

A focus on providing content is a sensible short-term strategy, according to most analysts.

"This will make Paramount the friendly content supplier instead of another aggressive competitor," said USC's Del Vecchio.

In addition to licensing more content to streamers, Gianopulos wants Paramount to increase the number of films it releases from eight in 2017 to 18 or 20 in coming years. Paramount also plans to be friendly to theaters and to keep the traditional practice of films playing at movie theaters for 90-120 days before they hit streaming services or other home entertainment platforms.

Theater chains including **AMC Entertainment Holdings Inc.** have clashed with Netflix and other streaming providers that have not honored the window.

"Exhibition has made pretty clear that they are very strident about maintaining this window," Gianopulos said. "Nobody wants to go to war with their synergistic theater partner."

Moore of Greenberg Glusker said the company should either bolster its own streaming service or combine with another studio, like Lionsgate or **Sony Pictures Entertainment Inc.** "That will be the next play in order to compete for market share," Moore said.

But given Paramount's recent profitability, others wonder if the studio needs to return to its former glory. "You can be small and nimble and still succeed," Miller said.