Lions Gate Cuts Jobs, Production Co. Deal

Studio axes employees, ends partnership deal with Codeblack Films

Lions Gate Entertainment Corp. laid off 26 employees last week, sparking questions about the studio’s direction in an increasingly consolidated media marketplace. Layoffs at both the company’s Santa Monica headquarters and its New York office came about a year after Joe Drake returned to Lions Gate as co-chair of the company’s Motion Pictures Group.

Drake had been Lions Gate’s chief operating officer before leaving the company in 2012 to found production outfit Good Universe Media.

Drake said in a memo to staff Jan. 11 that Lions Gate, which has 1,600 employees, must “reassess some of the Motion Picture Group’s internal structure, processes and communications.”

The re-evaluation has the studio implementing a “data-first driven strategy,” according to the memo, and “centralizing most motion picture group business units to Santa Monica.”

Lions Gate also announced they are no longer official partners with Codeblack Films Inc., a Santa Monica production company focused on films targeted at black audiences.

Some Codeblack’s content is distributed by Lions Gate, for example, the Tupac Shakur biopic “All Eyez On Me,” was box-office disappointing.

The layoffs and severing of a content partnership, as with seemingly any Lions Gate-related news, sparked talk about whether the studio will be sold.

But a sale doesn’t appear to be imminent, RHIC market analyst Richard Greenfield said last week penned a “19 media predictions for 2019” blog post, and while the list was ripe with talk of mergers and acquisitions, not one involved Lions Gate.

Greenfield has stated that Lions Gate should have taken Hasbro Inc.’s offer to buy the company for $40 per share in late 2017 when such an offer was reportedly on the table.

Amazon.com Inc. was reported in October to be interested in buying Lions Gate. But word of any talks with Amazon have died down.

Lions Gate declined comment on any potential merchandisers or acquisitions.

ACTIVISION CFO’S POTENTIAL PAYDAY

Activision Blizzard Inc. has changed chief financial officers — and the structure of its CFO compensation package. The Santa Monica-based video game developer kicked off 2019 by parting ways with Chief Financial Officer Spencer Neumann and replacing Neumann with David Durkin.

Activision has declined to specify why Neumann, who quickly resurfaced as CFO at Netflix Inc., was dismissed.

Durkin had served as Activision’s CFO, from 2012 to 2017, before transitioning to chief operating officer.

Activision disclosed in a Securities and Exchange Commission filing that Durkin is set to earn a minimum base salary of $900,000 in 2019, plus up to 15 percent of that sum in annual discretionary bonuses.

Durkin also gets a signing bonus of $3.75 million on Jan. 20, 2020, if he has neither quit nor been fired by that time.

Further, Durkin gets $11.2 million worth of restricted stock units that will vest in two years if he meets certain performance goals.

By comparison, Neumann earned a base salary of $503,000 as Activision chief financial officer in 2017, per an SEC filing, plus cash bonuses and equity awards that totaled about $9 million.

The filing did not say what Durkin’s performance goals were, indicating that they would be laid out in Activision’s forthcoming annual report.

Restricted stock units are increasingly seen in executive compensation packages, said Chris Krogh, an auditor at Squar Milner, because they are less risky than stock options. Executives can obtain some of their performance bonus even if the company’s stock price declines, Krogh explained.

The practice started, Krogh said, when some technology companies saw a drop in their share price but positive numbers elsewhere, such as increased revenue and profits. Activision has seen a recent decline in its share price. It was trading at $46.54 a share on the Nasdaq at the close of trading on Jan. 11, down from $50.39 a share three months earlier.

The latest dip came after Activision announced it severed a contract with video game developer Bungie Inc.

UNIVERSAL IN ASIA

Universal Music Group has “significantly expanded” its “finance, marketing and public policy infrastructure in Asia,” the Santa Monica-headquartered company declared in a press release earlier this month.

The release announced six hires to Universal’s China and Southeast Asia leadership teams.

They include a new chief financial officer for UMG Greater China, Aaron Wang, formerly of Take Two Co., and a new finance director of Universal Music China, Tracy Miu, previously at Dolby Laboratories Inc.

The hires are part of a series of personnel announcements that acquisitions Universal has made in the last few weeks.

They come as Universal’s France-headquartered corporate parent Vivendi is looking to sell off half of Universal. Buyers are not scheduled to be announced until the end of 2019.

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MEDIA & ENTERTAINMENT

MATTHEW BLAKE

Celgene is Investor Behind NantCell’s $30M Deal

Biotech giant has history of investing in Soon-Shiong cancer treatment companies

A $30 million investment into Culver City-based NantCell Inc. reported by The Business Journal late last month was made by New Jersey-based biotech giant Celgene Corp.

NantCell, a privately held immunoimmunotherapy firm founded by Los Angeles billionaire Patrick Soon-Shiong, announced the Celgene buy-in on Jan. 4, a day after Celgene said it would be acquired by Bristol-Myers Squibb Co. for $74 billion.

“We are very pleased with Celgene’s continued investment in the company and our shared vision of developing a chemotherapy-free cancer vaccine,” Soon-Shiong said in a statement. Celgene’s $30 million NantCell investment valued Soon-Shiong’s company at $4 billion and brought the overall investment in the company to $1 billion. The deal gives Celgene a 2.8 percent ownership stake in the company, according to NantCell.

The round was Celgene’s second investment in NantCell; the company previously took a $57 million stake.

NantCell was founded in 2015 and is a subsidiary of NantWorks, the biotech holding company founded by Soon-Shiong. NantCell uses specially engineered mice to create a chemo-free cancer treatment that uses the body’s own immune system to fight the disease.

NantCell has raised approximately $260 million since its inception. It now has a pipeline of 28 cancer-killing molecules in the preclinical stage, plus another 14 molecules undergoing clinical trials. Soon-Shiong’s history goes back before his NantWorks days: the serial entrepreneur sold one of his prior companies, Atraxis BioScience Inc., and its Mold/Butcher cancer drug Abrevane to Celgene in 2010.

... RADIOLOGY PARTNERS ON THE MOVE

El Segundo-based Radiology Partners Inc., which claims to be the largest physician-led and physician-owned radiology practice in the United States, is on the move.

In December, it announced it had added a 16-year, $33 million lease on a Frank Gehry-designed building in El Segundo. It plans to move into its new 65,000-square-foot headquarters on July 1.

This month, it announced it had partnered with two more radiology practices, Desert Radiology, of Las Vegas, and the Austin Radiological Association, of Austin, Texas.

The partners, announced Jan. 7 and Jan. 8, respectively, bring Radiology Partners’ group practice to roughly 1,200 radiologists who serve 850 hospitals and health care clinics in 18 states.

Desert Radiology operates 11 outpatient imaging centers in southern Nevada. Austin Radiological operates 17 outpatient imaging centers.

The 7-year-old privately held Radiology Partners announced in March it had raised $234 million, following a $200 million investor round in May 2017. Its newest board member is former General Electric Co. executive Jeffrey Immelt.

... EPICGENETICS EXPANDS CAPACITY

EpicGenetics Inc., a biomedical company with a blood test to diagnose fibromyalgia, has ramped up operations with a new headquarters in Sawyer Mill.

The 7-year-old firm, once based in Westwood, moved into an old Sports Chalet building on West Olympic Boulevard, quadrupling its capacity. The 50,000-square-foot space will allow for a new research laboratory and employee lounge.

The privately held company founded by Bruce Gillis developed a blood test to identify immune system biomarkers in fibromyalgia. The company has 15 employees.

“This gives us the space and bandwidth we need to grow with the spike in demand for our blood test,” said Gillis, the company’s chief executive, in a statement. “Our new facility positions us as the best-equipped lab for diagnosis and study of the disease.”

... CEDARS FEATURED IN NATGEO

A special edition of National Geographic on “The Future of Medicine” features innovations in stem-cell science at Cedars-Sinai Medical Center.

The January edition devotes its cover to a transparent “organ chip” developed by the Beverly Grove hospital and Emulate Inc., a biology company based in Boston. The chip helps personalize drug treatments for patients.

Scientists can place copies of a patient’s cells — created from stem cells — inside chips the size of AA batteries. Drugs can then be tested on the cells, which bear each patient’s genetic footprint.

The technique has helped create functioning tissues of intestinal linings and spinal cords, with tissues from Parkinson’s or inflammatory bowel disease now being studied.

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