

TIVO INC
Form 8-K
August 11, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 OR 15(d) of
The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 11, 2016

TIVO INC.
(Exact name of registrant as specified in its charter)

Delaware 000-27141 77-0463167
(State or other jurisdiction (Commission (IRS Employer
of incorporation) File Number) Identification No.)

2160 Gold Street,
San Jose, California
95002
(Address of principal executive offices, including zip code)

(408) 519-9100
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

Item 8.01 Other Events

This Current Report on Form 8-K is being filed in connection with the Agreement and Plan of Merger, dated April 28, 2016, by and among Rovi Corporation (“Rovi”), TiVo Inc. (“TiVo” or the “Company”), Titan Technologies Corporation, Nova Acquisition Sub, Inc. and Titan Acquisition Sub, Inc. (the “Merger Agreement”), pursuant to which Rovi proposes to acquire TiVo in a cash and stock transaction. A definitive joint proxy statement/prospectus was filed with the Securities and Exchange Commission (the “SEC”) by Titan Technologies Corporation on August 2, 2016, in connection with, among other things, the Merger Agreement. TiVo is filing this Form 8-K to make certain supplemental disclosures to the joint proxy statement/prospectus.

SUPPLEMENT TO PROXY STATEMENT

This supplemental information should be read in conjunction with the joint proxy statement/prospectus, which should be read in its entirety, including, in connection with the information set forth under “Certain Financial Forecasts” below, the cautionary notes regarding the risks and limitations associated with relying on prospective financial information. The inclusion in this supplement to the joint proxy statement/prospectus of certain summary unaudited prospective financial information should not be regarded as an indication that any of TiVo, Rovi or their respective affiliates, officers, directors or other representatives, or any other recipient of this information, considered, or now considers, it to be material or to be reliably predictive of actual future results, and the unaudited prospective financial information should not be relied upon as such. To the extent defined terms are used but not defined herein, they have the meanings set forth in the joint proxy statement/prospectus.

THE MERGERS

Opinion of Financial Advisor to TiVo - Financial Analyses - Selected Publicly Traded Companies Analysis

The disclosure under the heading “The Mergers - Opinion of Financial Advisor to TiVo - Financial Analyses - Selected Publicly Traded Companies Analysis” is hereby amended and supplemented by adding the following rows at the beginning of the table presenting the related multiples for such selected companies and for TiVo, compared to the multiples implied by the transaction, on page 114 of the joint proxy statement/prospectus:

Selected Companies - TiVo	EV / 2015 EBITDA (1)	EV / 2016 EBITDA	EV / 2017 EBITDA	Price / 2015 EPS	Price / 2016 EPS	Price / 2017 EPS
Rovi (based on consensus estimates)	8.7x	9.0x	7.7x	10.5x	8.0x	6.4x
SeaChange International, Inc.	n.m.	14.7x	n.a.	n.m.	n.m.	n.a.
Amdocs Limited	8.5x	8.3x	8.1x	13.1x	12.4x	11.5x
CSG Systems International	10.6x	10.5x	10.1x	17.3x	17.1x	15.8x
Redknee Solutions	6.8x	8.1 x	5.3x	12.5x	28.0x	n.m.
Synchronoss Technologies	7.5x	7.0x	5.9x	14.4x	13.6x	11.2x
ARRIS International	7.6x	7.7x	6.8x	n.a.	9.0x	7.4x
Technicolor	5.8x	5.2x	5.4x	14.3x	10.3x	10.2x
comScore	14.6x	13.6x	10.6x	n.a.	20.2x	15.5x
Nielsen Holdings	14.2x	13.4x	12.5x	19.6x	17.9x	16.2x
Dolby Laboratories	11.1x	10.4x	9.5x	25.2x	25.8x	21.5x
Rambus	12.4x	14.0x	13.6x	6.9x	51.5x	36.1x
Digital Theater Systems (DTS)	15.2x	8.3x	7.7x	19.1x	10.4x	9.2x

Edgar Filing: TIVO INC - Form 8-K

InterDigital	6.6x	9.0x	7.5x	16.1x	21.6x	18.3x
--------------	------	------	------	-------	-------	-------

(1) For this calculation, where applicable, 2015A EBITDA was adjusted to reflect completed acquisitions by the selected companies.

The disclosure under the heading “The Mergers - Opinion of Financial Advisor to TiVo - Financial Analyses - Selected Publicly Traded Companies Analysis” is hereby amended and supplemented by adding the following rows immediately after the

subheading “IP & Product Licensing” in the table presenting the related multiples for such selected companies and for Rovi on page 114 of the joint proxy statement/prospectus:

Selected Companies - Rovi	EV / 2015 EBITDA (1)	EV / 2016 EBITDA	EV / 2017 EBITDA	Price / 2015 EPS	Price / 2016 EPS	Price / 2017 EPS
IP & Product Licensing						
Acacia Research Corporation	7.1x	17.5x	n.a.	24.6x	19.8x	n.a.
Dolby Laboratories	11.1x	10.4x	9.5x	25.2x	25.8x	21.5x
DTS	15.2x	8.3x	7.7x	19.1x	10.4x	9.2x
InterDigital	6.6x	9.0x	7.5x	16.1x	21.6x	18.3x
Rambus	12.4x	14.0x	13.6x	6.9x	51.5x	36.1x
RPX Corporation	6.1x	6.1x	5.9x	11.2x	13.1x	n.m.

(1) For this calculation, where applicable, 2015A EBITDA was adjusted to reflect completed acquisitions by the selected companies.

The disclosure under the heading “The Mergers - Opinion of Financial Advisor to TiVo - Financial Analyses - Selected Publicly Traded Companies Analysis” is hereby amended and supplemented by adding the following rows immediately after the subheading “TV Software & Audience Measurement / Data” in the table presenting the related multiples for such selected companies and for Rovi on page 114 of the joint proxy statement/prospectus:

Selected Companies - Rovi	EV / 2015 EBITDA (1)	EV / 2016 EBITDA	EV / 2017 EBITDA	Price / 2015 EPS	Price / 2016 EPS	Price / 2017 EPS
TV Software & Audience Measurement / Data						
TiVo (consensus estimates)	22.8x	11.5x	6.2x	14.7x	9.8x	16.3x
comScore	14.6x	13.6x	10.6x	n.a.	20.2x	15.5x
Nielsen Holdings	14.2x	13.4x	12.5x	19.6x	17.9x	16.2x
SeaChange International, Inc.	n.m.	14.7x	n.a.	n.m.	n.m.	n.a.

(1) For this calculation, where applicable, 2015A EBITDA was adjusted to reflect completed acquisitions by the selected companies.

Opinion of Financial Advisor to TiVo - Financial Analyses - Selected Transactions Premiums Paid Analysis

The disclosure under the heading “The Mergers - Opinion of Financial Advisor to TiVo - Financial Analyses - Selected Transactions Premiums Paid Analysis” is hereby amended and supplemented by adding the following sentence at the end of page 115 of the joint proxy statement/prospectus:

The analysis by LionTree was based on premiums paid in the selected transactions, and information regarding the multiples of earnings or EBITDA represented by these premiums was not presented to or considered by the TiVo board.

Opinion of Financial Advisor to TiVo - Other Matters

The disclosure under the heading “The Mergers - Opinion of Financial Advisor to TiVo - Other Matters” is hereby amended and supplemented by adding the following sentence at the beginning of the last paragraph on page 117 of the

joint proxy statement/prospectus:

LionTree has not provided any investment banking or financial advisory services to Rovi for which it has received compensation in the past two years.

Opinion of Financial Advisor to Rovi - Miscellaneous

The disclosure under the heading “The Mergers - Opinion of Financial Advisor to TiVo - Miscellaneous” is hereby amended and supplemented by adding the following sentences to the end of that disclosure on page 128 of the joint proxy statement/prospectus:

Pursuant to an executed engagement letter with Rovi on September 26, 2013, Evercore provided financial advisory services to Rovi in connection with its review of intellectual property and licensing strategic alternatives including transactions where the primary focus was monetizing third party intellectual property assets such as intellectual property portfolio acquisitions and/or exclusive in-licenses. Per the terms of the letter agreement, Rovi paid Evercore a monthly retainer fee of \$100,000 for a period of 7 months, with a total of \$300,000 earned in 2013 and \$400,000 earned in 2014. Rovi also reimbursed Evercore for reasonable out-of-pocket expenses incurred in connection with the engagement. As disclosed above, Evercore has not provided any services to TiVo or received any fees from TiVo during the prior two years.

Certain Financial Forecasts - Financial Forecasts by TiVo

The disclosure under the heading “The Mergers - Certain Financial Forecasts - Financial Forecasts by TiVo” is hereby amended and supplemented by adding the following row to the end of the table presenting summary selected unaudited TiVo prospective financial information for the fiscal years ending January 31, 2017 through 2021 prepared by TiVo management in connection with its evaluation of the mergers on page 130 of the joint proxy statement/prospectus:

TiVo Management Forecasts for TiVo
(Stand-Alone, Pre-Merger Basis)
(in millions, unaudited)

	Fiscal year ended January 31,				
	2017E	2018E	2019E	2020E	2021E
Unlevered					
Free					
Cash	(13)	29.0	14.1	16.4	27.2
Flows					
(7)					

The disclosure under the heading “The Mergers - Certain Financial Forecasts - Financial Forecasts by TiVo” is hereby amended and supplemented by adding the following footnote after footnote (6) on page 130 of the joint proxy statement/prospectus:

Unlevered Free Cash Flows represents EBIT (described in the following sentence) less estimated taxes plus depreciation and amortization expense, less total accrued capital expenditures, and are adjusted for the net change in new deferred revenue related to new TiVo owned and service provider term subscriptions and deferred (7) non-recurring engineering costs that are recognized as revenues and costs in future years and changes in working capital, including non-recurring severance and restructuring costs. EBIT represents Adj. Cash EBITDA, less stock stock-based compensation expense, less depreciation and amortization expense. Unlevered Free Cash Flows and EBIT are non-U.S. GAAP financial measures.

The disclosure under the heading “The Mergers - Certain Financial Forecasts - Financial Forecasts by TiVo” is hereby amended and supplemented by adding the following row to the end of the table presenting the Adjusted Rovi

Edgar Filing: TIVO INC - Form 8-K

Forecasts for the fiscal years ending December 31, 2016 through 2019 prepared by TiVo management in connection with its evaluation of the mergers on page 131 of the joint proxy statement/prospectus:

	Calendar year ended			
	December 31,			
	2016E(1)	2017E	2018E	2019E
Unlevered Free Cash Flows (4)	77.4	85.6	120.7	146.6

The disclosure under the heading “The Mergers - Certain Financial Forecasts - Financial Forecasts by TiVo” is hereby amended and supplemented by adding the following footnote after footnote (3) on page 131 of the joint proxy statement/prospectus:

Unlevered Free Cash Flows represents EBIT (described in the following sentence) less estimated taxes plus depreciation and amortization expense, less total accrued capital expenditures, and are adjusted for changes in (4) working capital. EBIT represents Adj. EBITDA, less the cash impact from licensing prepayments, less stock stock-based compensation expense, less depreciation and amortization expense. Unlevered Free Cash Flows and EBIT are non-U.S. GAAP financial measures.

Certain Financial Forecasts - Financial Forecasts by Rovi

The disclosure under the heading “The Mergers - Certain Financial Forecasts - Financial Forecasts by Rovi” is hereby amended and supplemented by adding the following row below the row labelled “Adjusted EBITDA (2)” under the subheading “Case 1” in the table labelled “Rovi Management Forecasts for Rovi” on page 133 of the joint proxy statement/prospectus:

	Rovi Management Forecasts for Rovi (Stand-Alone, Pre-Merger Basis) (in millions, unaudited)			
Case 1	2016	2017	2018	2019
Unlevered Free Cash Flow (3)	\$87	\$83	\$107	\$126

The disclosure under the heading “The Mergers - Certain Financial Forecasts - Financial Forecasts by Rovi” is hereby amended and supplemented by adding the following row below the row labelled “Adjusted EBITDA (2)” under the subheading “Case 2” in the table labelled “Rovi Management Forecasts for Rovi” on page 133 of the joint proxy statement/prospectus:

	Rovi Management Forecasts for Rovi (Stand-Alone, Pre-Merger Basis) (in millions, unaudited)			
Case 2	2016	2017	2018	2019
Unlevered Free Cash Flow (3)	\$126	\$153	\$181	\$197

The disclosure under the heading “The Mergers - Certain Financial Forecasts - Financial Forecasts by Rovi” is hereby amended and supplemented by adding the following footnote after footnote (2) on page 133 of the joint proxy statement/prospectus:

Unlevered Free Cash Flow is defined as after-tax operating profit (which is calculated as Adjusted EBITDA minus (3) stock-based compensation expense and depreciation, tax-effected) plus depreciation, minus capital expenditures and investment in net working capital.

Edgar Filing: TIVO INC - Form 8-K

The disclosure under the heading “The Mergers - Certain Financial Forecasts - Financial Forecasts by Rovi” is hereby amended and supplemented by adding the following row at the end of the table presenting the Adjusted TiVo Forecasts for the calendar years ending 2016 through 2019, on page 134 of the joint proxy statement/prospectus:

	2016	2017	2018	2019
Unlevered Free Cash Flow (2) (3)	\$(10)	\$57	\$17	\$23

The disclosure under the heading “The Mergers - Certain Financial Forecasts - Financial Forecasts by Rovi” is hereby amended and supplemented by adding the following two footnotes after footnote (1) on page 134 of the joint proxy statement/prospectus:

Unlevered Free Cash Flow is defined as after-tax operating profit (which is calculated as Adjusted EBITDA minus (2) stock-based compensation expense, depreciation and transition and restructuring expense, tax-effected) plus depreciation, minus capital expenditures and investment in net working capital.

(3)