

# CableFAX Daily™

Friday — November 1, 2013

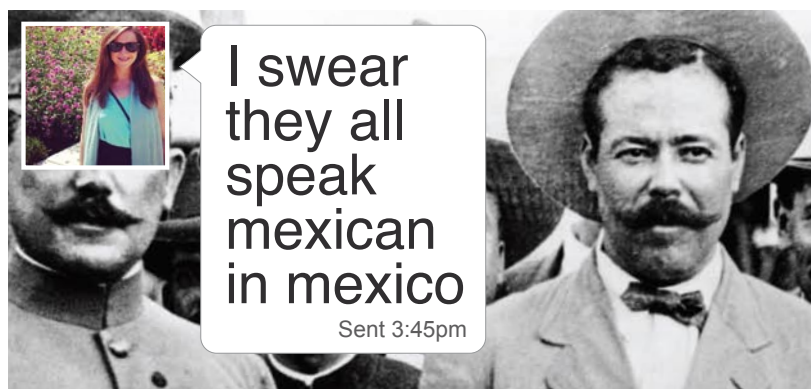
What the Industry Reads First

Volume 24 / No. 213

## TWC 3Q: Britt Reflects on Industry, Sub Losses from Blackout


**Time Warner Cable's** 3Q earnings call on Thurs covered a lot more than just the numbers as chmn/CEO *Glenn Britt* said farewell to the cable community, reflected on his 41-year career and shared his take on the landscape of the sector. It wasn't a good quarter for the MSO, which lost 306K video subs partly because of the 32-day blackout period involving **CBS**. That pushed the total video sub base down to 11.4mln. TWC also lost 24K Internet subs and 128K phone subs. Britt informed staffers Tues that he was recently diagnosed with cancer. When he graduated from business school in '72, he was attracted to cable because it represented a new industry with new technology that would "challenge old incumbent ways and transform the media and communications," Britt said. "By any measure, this industry has fulfilled those dreams." And when Britt took the TWC CEO position in '01, cable was still "in denial that we had real, viable competition," he said. Now, "all of us need to wake up and learn more sophisticated marketing techniques." Britt dismissed reports that he's not interested in consolidation and that after his retirement, TWC might have a more enlightened attitude. "This is obviously absurd. We have demonstrated repeatedly that our job is to make money for your owners, and in M&A we are open to deals that do exactly that," he said. The top exec closed his remarks by saying "the best is yet to come." For now, the MSO saw its 3Q earnings drop more than 32% YOY to \$532mln as the CBS retrans spat took a bigger toll than expected. Residential video revenues declined 4.5% YOY to \$2.6bln. The drop, partially offset by price increases and more subs signing up higher tiers of service, includes around \$15mln of credits issued to subs who lost **Showtime** during the spat. Programming costs per sub rose 8.4% YOY to \$34.10. And as it waged a public battle with CBS and **Journal Communications**, TWC upped its marketing spend by 6.7% to \$176mln in the quarter. "There's no question that [retrans spats] had a hangover impact that extended beyond the actual settlement of both CBS and Journal," said COO and Britt successor *Robert Marcus*. But TWC is "better off with CBS than we could have been if we have not had this fight," Britt said, noting that doesn't mean the deal is "cheap" or "wonderful." Britt said that unlike some press reports have suggested, TWC didn't use the fight to call for regulatory reform, although such overhaul is "way overdue." But he added that "I don't think this is on the top of anybody's agenda in Washington." As for a turnaround strategy, the company has been focused on improving pricing and packaging, retaining subs who roll off of promotions and better marketing, said Marcus.

**More on TWC:** Several analysts were tough on **Time Warner Cable's** earnings results. Calling the numbers "horrible," *Craig Moffett* with **Moffett Nathanson** said they are "sobering for all cable investors." Though TWC board of directors is "inclined to give TWC management time to right the ship," it is now "more levered than ever" for a consolidation with **Charter**, he wrote in a research note. According to **Wells Fargo** analysts, it became clear on Thurs' earnings call that management now sees a need to invest more heavily in "both the plant (for all digital) and CPE (to take advantage of the digital plant and for new UIs)," meaning capex is likely to be a little more than previously estimated.



I swear they all speak mexican in mexico  
Sent 3:45pm

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**Earnings:** The growth at **OWN** and advertising really shined in **Discovery Comm's** 3Q earnings results. Net income rose to \$256mln in 3Q, up 24% YOY, partly thanks to \$22mln better equity results driven by significant improvements at OWN. And when combined with the affil fees that the channel had previously locked in, OWN was able to deliver additional cash flow back to Discovery during the quarter, execs said during an earnings conference call Thurs. While not part of the reported free cash flow, OWN accelerated its cash repayments to Discovery during the quarter, as the joint venture paid down some \$20mln of its total outstanding obligation. The company expects the net to further accelerate repayments in 4Q while generating positive equity income for the 1st time in the joint venture's history, CFO *Andrew Warren* said. The company, which has SVOD contracts with OTTs like Netflix, won't see any additional licensing dollars coming in 4Q, though some deals could come up next year, CEO *David Zaslav* said. "There's been no degradation of audience from the deals that we have done," he said. In terms of ratings, Discovery nets have been doing better in live ratings than DVR, Zaslav acknowledged. However, "we are moving in that [DVR] direction," he said, noting some "meaningful pickup on the DVR plus 3" from OWN and Discovery series. The overall viewership trend is the company is growing its market share and women viewers in OWN, **ID, TLC, Animal Planet** and **Destination America**, the CEO said. In the US, ad and distribution revenue growth pushed overall network revenues to \$733mln, up 10% YOY. International networks' revenue surged 59% YOY to \$620mln, as ad revenue increased a whopping 127% and distribution revenues rose by 29%. Looking ahead, the company expects net income to hover around \$1.1bln to \$1.15bln and total revenue between \$5.55bln and \$5.63bln. The results are "fine, even strong, especially on the advertising line," **Bernstein Research** analysts said.

**On the Hill:** The House Communications subcmte hearing on the 5GHz spectrum band will be on Nov 13, featuring witnesses that include Comcast's *Tom Nagel*, svp, business development; **Cisco** vp/CTO *Bob Friday*; and the **FCC's** *Julius Knapp*, chief of the engineering and technology office. The hearing was postponed due to government shutdown. -- Senate Commerce's consumer protection subcmte will hold a hearing on Thurs to examine the impact of patent trolls on small businesses, consumers and innovators. It will consider whether legislation is needed to provide increased protection. **NCTA** said it supports initiatives that would stop abusive patent litigation. -- Sen *Cory Booker* (D-NJ) joined the Senate Commerce Committee.

**At the Portals:** **ACA** is pleased the **FCC** granted extra time to cable ops with fewer than 400K subs and small ops serving 20K or less subs to comply with rules stemming from the 21st Century Communicaitons and Video Accessibility Act. "We appreciate the FCC has recognized that smaller operators, unlike the largest cable operators, don't drive equipment design and software development for STBs and thus need more time to comply," pres/CEO *Matt Polka* said in a statement.

**Netflix:** **Netflix**, rumored to be in early-stage talks with US cable MSOs to get on their set-tops, scored a deal with Danish pay-TV provider **Wao!**. According to the op's website, access to the Netflix app on leased set-top boxes are available to its some 270K subs. Netflix launched in Denmark and a couple other EU countries a year ago.

**On the Circuit:** **WICT** and **SCTE** announced the mentees selected to join the year-long, formal mentorship program Women's TechConnect Initiative, which pairs Women in Technology honorees to less-tenured though high-potential women in tech fields. See the mentees here: <http://www.wict.org/programs/techconnect/Pages/Women%27sTechConnectMentees.aspx>

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# BUSINESS & FINANCE

**Marketing:** DirecTV extended its marketing deal with **Viggle**, which awards digital dollars for watching TV. The extension provides Viggle users among the satellite company's subs with Viggle points and rewards opportunities. For example, the partnership will reward subs ordering pay-per-view movies. In addition, the companies will offer new ways for Viggles to interact with their TV programs through the DirecTV platform. And an integration of the companies' sales teams will let DirecTV include Viggle ad inventory as part of its sales packages.

**Programming:** **HBO Documentary Films** acquired the US TV rights to *Herblock: The Black & The White*, which debuts Jan 27 on **HBO**. -- The 3rd season of **MSG Network's** original series "Beginnings" premieres Tues. -- **Showtime** will premiere its docu-series "Years of Living Dangerously" in April.

**People:** **TVGN** appointed *Nicole Sabatini* as svp, marketing. She has held senior marketing positions at **Bravo**, **Style Network** and **Nick**. TVGN also named former **NBCU** senior sales exec *Beecher Scarlett* as vp, ad sales. -- **Suddenlink** hired *Robert Daleo* as vp, sales and marketing for the Atlantic Region, which includes systems in WV, KT, OH and VA.

**Editor's Note:** Tick, tock. Friday's the deadline for the **CableFAX Tech Awards**. More info: <http://www.cablefax.com/cfp/events/cablefaxtechawards/>

## CableFAX Daily Stockwatch

Company	10/31 Close	1-Day Ch	Company	10/31 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
21ST CENTURY FOX:	34.08	0.15	ECHOSTAR:	47.96	0.97
DIRECTV:	62.49	(0.08)	GOOGLE:	1030.58	0.16
DISH:	48.23	0.34	HARMONIC:	7.30	0.07
DISNEY:	68.59	0.12	INTEL:	24.47	(0.03)
GE:	26.14	(0.23)	JDSU:	13.09	(1.66)
<b>MSOS</b>					
CABLEVISION:	15.55	(0.1)	LEVEL 3:	30.55	1.09
CHARTER:	134.04	(0.98)	MICROSOFT:	35.41	(0.14)
COMCAST:	47.60	0.51	MOTOROLA MOBILITY:	13.42	1.42
COMCAST SPCL:	46.30	0.32	NIELSEN:	39.44	0.35
GCI:	9.51	(0.33)	RENTRAK:	37.49	0.19
LIBERTY GLOBAL:	78.25	0.26	SEACHANGE:	14.19	(0.05)
LIBERTY INT:	26.96	(0.15)	SONY:	17.25	(2.17)
SHAW COMM:	23.93	0.10	SPRINT NEXTEL:	6.73	(0.2)
TIME WARNER CABLE:	120.15	3.27	TIVO:	13.29	(0.04)
WASH POST:	643.32	(5.78)	UNIVERSAL ELEC:	38.91	(0.11)
<b>PROGRAMMING</b>					
AMC NETWORKS:	70.09	1.84	VONAGE:	3.73	0.09
CBS:	59.14	0.52	YAHOO:	32.94	0.37
CROWN:	3.32	0.02	<b>TELCOS</b>		
DISCOVERY:	88.86	4.50	AT&T:	36.20	(0.06)
GRUPO TELEVISIA:	30.44	(0.19)	VERIZON:	50.51	(0.02)
HSN:	52.40	(0.8)	<b>MARKET INDICES</b>		
INTERACTIVE CORP:	53.39	0.40	DOW:	15545.75	(73.01)
LIONSGATE:	34.58	0.40	NASDAQ:	3919.71	(10.91)
MADISON SQUARE GARDEN:	60.52	(0.13)	S&P 500:	1756.54	(6.77)
SCRIPPS INT:	80.50	0.40	<b>TECHNOLOGY</b>		
STARZ:	30.15	0.17	ADVANTAGE:	2.65	(0.09)
TIME WARNER:	68.74	0.20	ALCATEL LUCENT:	3.83	0.53
VALUEVISION:	5.34	0.19	AMDOCS:	38.45	(0.21)
VIACOM:	83.52	(0.24)	AMPHENOL:	80.29	(0.13)
WWE:	12.95	1.11	AOL:	36.24	0.06
<b>TECHNOLOGY</b>					
ADDVANTAGE:	2.65	(0.09)	APPLE:	522.70	(2.19)
ALCATEL LUCENT:	3.83	0.53	ARRIS GROUP:	17.84	1.35
AMDOCS:	38.45	(0.21)	AVID TECH:	7.45	0.24
AMPHENOL:	80.29	(0.13)	BLNDER TONGUE:	0.91	0.00
AOL:	36.24	0.06	BROADCOM:	26.72	(0.74)
APPLE:	522.70	(2.19)	CISCO:	22.56	(0.14)
ARRIS GROUP:	17.84	1.35	CONCURRENT:	7.37	(0.05)
AVID TECH:	7.45	0.24	CONVERGYS:	19.74	(0.3)
BLNDER TONGUE:	0.91	0.00	CSG SYSTEMS:	27.86	0.27
BROADCOM:	26.72	(0.74)			
CISCO:	22.56	(0.14)			
CONCURRENT:	7.37	(0.05)			
CONVERGYS:	19.74	(0.3)			
CSG SYSTEMS:	27.86	0.27			

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# PROGRAMMER'S PAGE

## A Daily Dose of W. Kamau Bell

When it comes to late-night TV, we all have a choice: Veg out with traditional “Tonight Show”-style talk shows or snark out with “The Daily Show” variety. But maybe there’s a 3rd option. **FXX’s** “Totally Biased with *W. Kamau Bell*” certainly has more in common with *Jon Stewart* than *Jay Leno*, but Bell has carved out his own unique niche honed during his years on the San Francisco comedy circuit. “I think when we hit our sweet spot is when the show is funny enough that if you disagree with the thing, you don’t notice it right away,” says Bell. “You’re just like ‘oh, that’s funny! But oh, wait a minute, that’s against everything I believe.” *Totally Biased* went daily on Sept 4, switching to younger-skewing **FXX** after about a year of building a weekly audience at **FX**. **FXX** may be a better fit considering **FX’s** rep as a “blue-collar” net whose top-rated show “*Sons of Anarchy*” follows a white biker gang. Of course, Bell points out that renowned *Sons* producer/director *Paris Barclay* is black. “We can do everything,” Bell jokes. “We’re like the Swiss Army Knife of races.” Bell credits **FX’s** critically acclaimed comedy “*Louie*” for building a bridge to his more message-driven style. And while Bell’s hyper-liberal Bay Area background may denote a certain sensibility, he says he’s out to surprise. “We’re not going to be anti-gay marriage no matter how funny the joke is,” he says. “But even in that thing, we have to find a different way to get into it.” The switch to **FXX** has been tough, as expected. With fewer original lead-ins on a daily basis, ratings have suffered. But despite those challenges and a crowded slate of late-night TV choices for audiences across the dial, Bell’s on a mission to make us think. “Comedians who really care about what they’re saying are the ones who really resonate with me,” he says. He may not resonate with everyone, but Bell’s certainly shaking up late night. - *Michael Grebb*

**Reviews:** “The Returned,” premiere, Thurs, 9p, **Sundance**. As Red Buttons sang in 1953, “Strange things are happening.” Indeed, people who were presumed long dead are reappearing, very much alive, in a secluded French mountain village. Yet they don’t realize they’ve been gone a bit. How will family and friends break the news to them? This 8-part import is a subtle scare and creates a creepy tone without gore. What an addicting start to Halloween. -- “Time of Death,” premiere, Fri, 9p, **Showtime**. Kudos to Showtime entertainment chief *David Nevins* for having the conviction to run programming covering serious topics. This sensitive docu-series, which follows terminally ill people, their families and caregivers as death approaches, is at times so difficult to watch that it is unlikely to attract large audiences. Yet death is a universal experience, and *Nevins* feels it deserves filmic treatment. While we could quibble with some of its elements, it’s hard to deny “Time’s” intimacy, power or provocativeness. -- “The Smoking Gun,” Sun, 8p ET/7p PT, **Reelz**. Yet another investigation into the JFK assassination claiming to be definitive, as that day’s 50th anniversary approaches. Still, this doc’s take, led by a crime scene investigator who reviews the work of a ballistics expert, seems thorough, well-argued and somewhat plausible, with the Secret Service taking a heavy hit. - *Seth Arenstein*

### Basic Cable Rankings (10/21/13-10/27/13)

Mon-Sun Prime		
1	ESPN	2.3 2290
2	FOXN	1.6 1576
3	DSNY	1.5 1530
4	USA	1.3 1303
4	AMC	1.3 1278
6	HIST	1.2 1243
6	TBSC	1.2 1234
8	A&E	1.1 1102
9	HGTV	1.0 951
9	ADSM	1.0 950
9	DSE	1.0 76
12	DISC	0.9 905
12	FX	0.9 856
14	TNT	0.8 817
14	NAN	0.8 816
14	FAM	0.8 808
14	TLC	0.8 806
14	SYFY	0.8 770
14	HALL	0.8 692
14	NFLN	0.8 570
21	FOOD	0.7 750
21	BRAV	0.7 712
21	LIFE	0.7 709
21	VH1	0.7 693
21	TVLD	0.7 655
21	ID	0.7 612
27	CMDY	0.6 627
27	MSNB	0.6 605
27	BET	0.6 555
27	SPK	0.6 550
27	DSJR	0.6 385
32	ESP2	0.5 541
32	TRU	0.5 469
32	EN	0.5 467
32	MTV	0.5 463
36	APL	0.4 412
36	CNN	0.4 391
36	LMN	0.4 353
36	NGC	0.4 327
36	NKJR	0.4 319
36	OXYG	0.4 316
36	OWN	0.4 300
36	DXD	0.4 296
36	H2	0.4 287
36	HMC	0.4 197
36	FXDN	0.4 89

\*Nielsen data supplied by ABC/Disney

For questions or to register online contact  
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To sponsor the Most Powerful Women in Cable breakfast or  
roundtable contact aabbey@accessintel.com or 301-354-1629.

Join us for CableFAX’s Most Powerful Women in Cable Breakfast on November 21, 2013 from 8:00–10:00 a.m. in NYC, as we salute the women who have made their mark on the industry with leadership, innovation and community.