

CableFAX Daily™

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What the Industry Reads First

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3Q Earnings: Cable Feeling the Telco Squeeze?

Earnings season is far from over, with **Charter**, **Cablevision** and the satellite ops scheduled to report starting next week. But analysts said initial video and broadband results from 2 of the biggest cable MSOs appear weak when compared to those of telcos, which are on track for their best year since '10 despite building out far fewer new homes than in past years. **Comcast** and **Time Warner Cable** lost a combined 43K video subs in the quarter while **AT&T** and **Verizon** together added 400K. "It shows they [telcos] are being more aggressive with pricing and promotion, especially AT&T," said **UBS's John Hodulik**. Cable has responded to the telco marketing push, with **ISI Group** analysts noting that MSOs have returned to promoting double-play bundles. Hodulik's still optimistic about cable's prospects, with cable probably taking 80-85% of new industry subs in the period, or "slightly above normal," and just more than 80% of new video subs for the year. **Credit Suisse** analysts noted AT&T's U-verse's "strong momentum" in recent quarters that will likely continue as the telco expands its footprint and pushes an "attractively priced 45Mbps broadband promotion (\$50/month initial pricing)." AT&T won't light up its 1st 1-Gig market until Dec but its U-verse broadband product scored 655K subs in the quarter. Verizon bagged 173K net new FIOS Internet subs. However, Hodulik said telcos are still "ham-strung by their legacy DSL lines," making total telco broadband sub additions "probably... positive but barely so." For Comcast, 3Q wasn't a bad broadband quarter as it picked up 297K HSD subs, 10K more than the year-ago period. TWC, on the other hand, bled 24K residential Internet subs. As for the other MSOs yet to release financials, Cablevision could be impacted by strong Verizon FIOS competition while Charter is likely to have the best operational and financial momentum because of recent promotions that are starting to roll off, ISI analysts said. Speculation on a Charter/TWC tie-up continues, of course: Reports Fri suggested Charter is finishing up details of a deal structure aimed at appealing to TWC shareholders.

At the Portals: The **FCC's** nearly 40-year old sports blackout rules may soon go away. Acting FCC chairwoman **Mignon Clyburn** circulated a NPRM Fri proposing to eliminate the rules, citing a shaky economy and high ticket prices that make it difficult for sports fans to attend games. She said sports leagues and pay-TV providers would still be able to privately negotiate deals to black out certain sports events. "Nevertheless, if the record in this proceeding shows that the rules are no longer justified, the Commission's involvement in this area should end," she said. **NAB** is concerned that the proposal may "hasten the migration of sports to pay-TV platforms" and "disadvantage the growing number of people" relying on over-the-air TV as their main source for sports. It's been more than a year since the FCC initiated the sports blackout docket as a NOI. Several senators, including **John McCain** (R-AZ) and **Richard Blumenthal** (D-CT), told the agency earlier that it has "ample authority" to update the rules without Congressional action. -- As part of the **FCC's** Connect America Fund initiative, the agency authorized more than \$32mln in funding to provide new broadband access to more than 42K unserved homes and businesses in Puerto Rico, Hawaii and Alaska, connecting more than 100K people without broadband. The move is the 1st in a series of funding actions designed to extend broadband to up to 600K HHs and businesses across the country.

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Earnings: As higher spending more than offset revenue growth, **Crown Media** saw its 3Q net income fall 13% YOY to \$10mln. During the period, cost of services increased 15% YOY to \$38.1mln. That includes a 14% increase of programming cost due to the amortization of **Hallmark's** original series "Cedar Cove." Advertising was a bright spot, with revenue growth of 10% driven by expansion of **Hallmark Movie Channel** distribution, pushing total revenue for the quarter to \$84.4mln, up 10% YOY. Sub fee revenue was also up, with 6% YOY growth to reach \$20.5mln. -- **Cable One**, which buried the hatchet with **Turner** last week after a nearly month-long retrans spat, lost 14,643 video subs, 5,004 HSD subs and 2,737 phone customers in 3Q as the company focused on churn reduction and retention of its high-value subs. It had 561,119 video, 469,296 HSD and 182,643 voice subs at the end of 3Q. The good news is that rate hike, growth in commercial service sales and a reduction in promotional discounts helped push total revenue slightly up to \$202.4mln. The MSO's primary service units totaled 1.2mln at the end of the quarter, down 3% YOY.

LAX Shooting: **Discovery Channel's** "Mythbusters" stars *Grant Imahara* and *Tory Belleci* were present in Terminal 3 at LA International Airport when a shooting occurred there Fri, **Science Channel** and Discovery Channel said in a statement. Both were en route to DE for the filming of "Punkin Chunkin" on Science. Both are safe and being rerouted. Meanwhile, *The Wrap* reported that **AMC's** "Mad Men" was filming in the airport and forced to shut down production during the incident. According to news reports, a man pulled an assault rifle out of a bag and opened fire at a security checkpoint.

Distribution: **Sprout**, the 24-hour preschool net will be more widely available to **Time Warner Cable** and **Bright House** subs under an expanded distribution deal. The net will now reach 60mln homes. The additional markets include Orlando, Syracuse, Rochester, Albany, Austin, San Antonio and Corpus Christi, TX, Honolulu, and Kansas City MO.

Google Fiber: **Google** expanded its Google Fiber mobile app to iPhone and iPod Touch platforms and added new features to the app. The channel history shortcut allows users to reach their favorite programs while the DVR management feature allows them to organize their Google Fiber Storage Box from their tablet or phone.

Programming: The year-end Barclays ATP World Tour Finals is scheduled to start Mon featuring *Rafael Nadal* and *Novak Djokovic* on **ESPN3**, joined by **ESPN2** from Thurs to the championship on Nov 11. The year-end doubles competition will be headlined by twin bros/pro tennis double players *Bob* and *Mike Bryan*. **ESPN3's** coverage starts from Mon to Sun. All content on **ESPN2** and **ESPN3** can be accessed through WatchESPN across platforms. -- **Discovery Channel** premieres "Kodiak," a 4-part series on Alaska wilderness, in '14.

On the Circuit: **NAMIC** Mid-Atlantic Chapter will honor departing **Time Warner Cable** CEO *Glenn Britt* at its 2013 Diversity Champion Award on Nov 14 in DC. RSVP at <http://bit.ly/HwsXyT>

People: **Arris'** execs who worked on the **Motorola Home** acquisition and integration are leaving. *Rob McLaughlin*, head of the North America sales and global marketing/communications team, and *John Burke*, head of the cloud solutions and corporate strategy/development team, will depart at month's end to pursue other opportunities, Arris said.

Best Wishes: Our thoughts and prayers go out to **Scripps Interactive Networks** svp *Cindy McConkey*, who is battling liver cancer and undergoing chemotherapy. Cindy is a long-time friend of **CableFAX**, and we're hoping for a speedy recovery. You can follow her journey or contact her through her Caring Bridge journal: <http://www.caring-bridge.org/visit/cindymcox/journal/index/2/0>.



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For questions or to register online contact
Saun Sayamongkhun at saun@accessintel.com.

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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.



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CableFAX Week in Review

Company	Ticker	11/01 Close	1-Week % Chg	YTD %Chg
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BROADCASTERS/DBS/MMDS

21ST CENTURY FOX:	FOXA	34.37	(1.41%)	0.00%
DIRECTV:	DTV	63.67	1.37%	26.93%
DISH:	DISH	48.50	(0.35%)	33.24%
DISNEY:	DIS	69.01	(0.36%)	38.60%
GE:	GE	26.54	2.55%	26.44%

MSOS

CABLEVISION:	CVC	16.08	1.71%	7.63%
CHARTER:	CHTR	138.07	(0.37%)	81.10%
COMCAST:	CMCSA	48.65	0.99%	30.21%
COMCAST SPCL:	CMCSK	47.26	0.93%	31.56%
GCI:	GNCMA	9.50	(4.9%)	(0.94%)
LIBERTY GLOBAL:	LBTYA	78.46	(2.12%)	24.62%
LIBERTY INT:	LINTA	27.04	1.20%	37.40%
SHAW COMM:	SJR	23.95	1.53%	4.22%
TIME WARNER CABLE:	TWC	123.51	3.41%	27.08%
WASH POST:	WPO	639.06	(3.47%)	74.98%

PROGRAMMING

AMC NETWORKS:	AMCX	71.71	1.92%	44.87%
CBS:	CBS	59.94	0.23%	57.53%
CROWN:	CRWN	3.21	(3.6%)	73.51%
DISCOVERY:	DISCA	87.80	2.50%	38.31%
GRUPO TELEVISIA:	TV	30.53	0.96%	14.86%
HSN:	HSNI	52.02	(3.65%)	(5.56%)
INTERACTIVE CORP:	IACI	54.55	(3.09%)	15.47%
LIONSGATE:	LGF	34.86	(5.04%)	112.56%
MADISON SQUARE GARDEN:	MSG	58.45	(4.63%)	31.79%
SCRIPPS INT:	SNI	79.72	(0.64%)	37.64%
STARZ:	STRZA	30.03	0.00%	0.00%
TIME WARNER:	TWX	68.81	(2.06%)	43.86%
VALUEVISION:	VVTV	5.21	(2.43%)	189.44%
VIACOM:	VIA	83.67	(1.67%)	54.17%
WWE:	WWE	13.26	11.34%	68.06%

TECHNOLOGY

ADVANTAGE:	AEY	2.66	7.53%	33.47%
ALCATEL LUCENT:	ALU	3.89	5.71%	179.86%
AMDOCS:	DOX	38.39	0.42%	12.94%
AMPHENOL:	APH	79.93	(1.65%)	23.54%
AOL:	AOL	36.68	0.03%	23.88%
APPLE:	AAPL	520.03	(1.13%)	(2.28%)
ARRIS GROUP:	ARRS	17.32	4.05%	15.96%
AVID TECH:	AVID	7.28	9.80%	(3.96%)
BLNDER TONGUE:	BDR	0.94	1.08%	(18.26%)
BROADCOM:	BRCM	26.77	1.34%	(19.41%)
CISCO:	CSCO	22.57	0.51%	14.83%
CONCURRENT:	CCUR	7.26	(0.14%)	26.48%
CONVERGYS:	CVG	19.61	(1.7%)	19.50%
CSG SYSTEMS:	CSGS	27.91	1.79%	53.52%
ECHOSTAR:	SATS	47.26	(1.4%)	38.11%
GOOGLE:	GOOG	1027.04	1.17%	45.19%
HARMONIC:	HLIT	7.20	(7.1%)	42.01%
INTEL:	INTC	24.32	1.86%	17.97%
JDSU:	JDSU	12.99	(15.07%)	(3.74%)
LEVEL 3:	LVT	30.02	11.56%	29.90%

Company	Ticker	11/01 Close	1-Week % Chg	YTD %Chg
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MICROSOFT:	MSFT	35.52	(0.57%)	33.00%
MOTOROLA MOBILITY:	MMI	13.91	0.00%	(64.15%)
NIELSEN:	NLSN	39.94	2.31%	30.57%
RENTRAK:	RENT	36.05	(2.54%)	84.97%
SEACHANGE:	SEAC	13.98	(5.73%)	44.57%
SONY:	SNE	16.75	(13.03%)	49.55%
SPRINT NEXTEL:	S	6.87	7.34%	21.16%
TIVO:	TIVO	13.73	(0.51%)	11.54%
UNIVERSAL ELEC:	UEIC	38.92	(0.79%)	101.14%
VONAGE:	VG	3.73	5.37%	57.38%
YAHOO:	YHOO	33.18	2.89%	66.74%

TELCOS

AT&T:	T	36.24	2.98%	7.51%
VERIZON:	VZ	50.49	(0.43%)	16.69%

MARKET INDICES

DOW:	DJI	15615.55	0.29%	19.17%
NASDAQ:	IXIC	3922.04	(0.54%)	29.89%
S&P 500:	GSPC	1761.64	0.11%	23.52%

WINNERS & LOSERS

THIS WEEK'S STOCK PRICE WINNERS

COMPANY	CLOSE	1-WK CH
1. LEVEL 3:	30.02	11.56%
2. WWE:	13.26	11.34%
3. AVID TECH:	7.28	9.80%
4. ADVANTAGE:	2.66	7.53%
5. SPRINT NEXTEL:	6.87	7.34%

THIS WEEK'S STOCK PRICE LOSERS

COMPANY	CLOSE	1-WK CH
1. JDSU:	12.99	(15.07%)
2. SONY:	16.75	(13.03%)
3. HARMONIC:	7.20	(7.1%)
4. SEACHANGE:	13.98	(5.73%)
5. LIONSGATE:	34.86	(5.04%)

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