

CableFAX Daily™

Monday — November 11, 2013

What the Industry Reads First

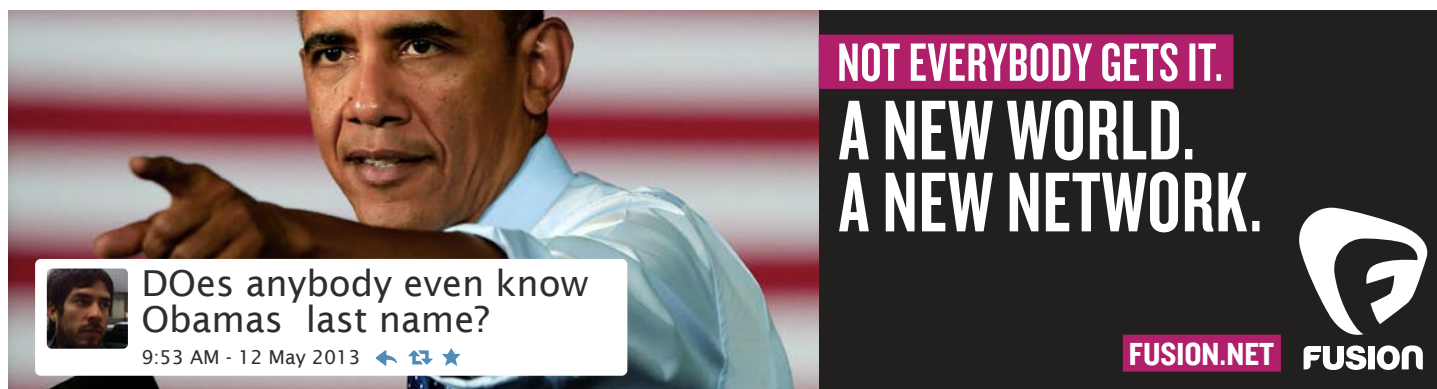
Volume 24 / No. 219

Sinking Subs: Cablevision Loses Customers Across Video, HSD and Phone

Cablevision saw customers for video, HSD and phone decline in 3Q, with CEO *Jim Dolan* blaming some of the subscriber losses on a highly competitive market, the overall economy and seasonality. The MSO lost some 37K net video customers, while Internet and voice posted losses of 13K and 18K, respectively. Overall customer relationships declined by 29K during the Q. Dolan also attributed some of the declines to a change in how Cablevision is marketing, a strategy that it believes should bring in higher ARPU and a long-standing customer base. "The idea of offering customers repetitive promotional discounts is something that we've decided [against] and implemented in the 3rd Q... So the customer that's been bouncing from 1 company to another on promotional discounts, back and forth, has hit a dead end with us," he said during a conference call with analysts. As for telco competition, Optimum pres *Kristin Aigner Dolan* noted that "nobody's going down" on price, with **Verizon FiOS** raising prices slightly and **AT&T** staying consistent. Cablevision itself raised prices, though CFO *Gregg Seibert* said the MSO doesn't feel the price increases have affected the video sub base "dramatically." Others had a different take. "Subscriber losses were worse than expected, falling in every category for the first time ex-Hurricane Sandy. All this simply illustrates Cablevision's rock-and-a-hard-place position. Raise prices and subscribers fall. Hold the line and margins get crushed. Choose your poison," said a research note from **MoffettNathanson**. **Wells Fargo Securities** was a little more positive, calling APRU of \$164.67 (+5.4%) strong, resulting in just "OK" financials when paired with much weaker than expected sub numbers. Hey, there is one small benefit to the weakness on the subscriber side: programming costs have increased by approx 10% vs 12% last year, reflecting the decline in video subs. Dolan said CVC has made certain "realignments" at the corporate level and in the field, with some costs related to those steps set to impact 4Q results. Mgmt didn't elaborate on those initiatives. CVC posted net income in the Q of \$294mln vs a loss of \$3.8mln a year ago. Revenue rose 1.8% to \$1.57bln, but adjusted operating cash flow fell 4% YOY to \$441.1mln.

CVC Not Big on Home Security: **Cablevision** continues to focus on enhancing current offerings, and that includes improving network reliability and giving smart routers to all new online customers so that they have a superior in-home WiFi experience. "We have found that a poor in-home WiFi network results in customer frustration," CEO *Jim Dolan* said during Fri's 3Q earnings call. And as for home security, Dolan continues to be unimpressed. "It's a business we don't think is going to be a robust business," he said. "I don't expect to see large percentages of subscriber bases migrating to that product. What we're focused on is service and connectivity. And many of those services, like home security, will work a lot better when we do that well." Indeed, "the customer base, particularly the younger customer base, is using much, much more data and actually using a lot less video," he said, arguing the trend opens the door for future higher-speed products. "I do see and think that the product is becoming more and more robust and has some elasticity in its pricing."

This is a Test: The **FCC** continues to study and prep for another nationwide Emergency Alert System test following mixed



NOT EVERYBODY GETS IT.
A NEW WORLD.
A NEW NETWORK.

DOes anybody even know Obamas last name?

9:53 AM - 12 May 2013

FUSION.NET FUSION

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Access Intelligence, LLC, 4 Choke Cherry Road, 2nd Floor, Rockville, MD 20850

results after the first (and so far only) test back in Nov '11. Comments were due this week on various equipment and operational issues identified from the 2-year-old test. **NCTA** weighed in, saying its members generally support amending the EAS rules to establish a national location code of six zeros for nationwide use—"generally" because more research is needed to see if a 000000 code would be properly supported by deployed EAS equipment. When the '11 test took place, a DC location code was used, requiring EAS participants to enter a code outside their area. "While this work-around worked in most cases, it is not in keeping with the intent of a live nationwide test and it poses the risk that EAS equipment could erroneously forward non-national alerts intended for the Washington DC area to the rest of the United States," NCTA said. Another issue: in some cases, the EAS text scrolled too fast or was in a hard-to-read font. Cable ops generally support development of guidelines and best practices for text crawls, but govt-imposed standards aren't needed, NCTA said. NCTA also suggested limiting nationwide EAS tests to every 2 or 3 years and scheduling them at a time of day least disruptive to viewers.

Deals: In case you forgot, **DISH** still hasn't signed a renewal with **Disney** for **ESPN**, **ABC Family** and other nets. Their contract expired at the end of Sept, with the 2 announcing that they reached a short-term extension to continue talks. "There are still issues to be resolved and they could take some time, but as long as we're making progress we are perfectly patient to see this thing through and avoid a blackout of our channels," Disney chief **Bob Iger** said during the company's 4Q earnings call late Thurs. Perhaps we'll hear DISH's take when it reports earnings on Tues.

Broadband: **Comcast** continues to experiment with usage-based broadband billing, with its first really big city (Atlanta) piloting pricing already launched in Nashville and other markets. Customers who exceed a monthly cap of 300 GB will be charged \$10 for every 50 GB used (customers can go over 300 GB for 3 months before they're charged). Word of the trial first appeared on *DSL Reports* Fri. Comcast has said repeatedly that 98% of customers don't use more 300 GB. Light data users can opt in to a 5 GB cap and receive a \$5 credit for not exceeding it. -- The **FCC's** Nov open meeting agenda includes a presentation on measuring broadband, with a look at a new FCC speed test app for Android smartphones.

Layoffs: *Variety* reported that **NBCU's** ad sales dept underwent a restructuring, with a source telling the pub that as many as 3.5% of its ad sales personnel may have been laid off (senior staff not impacted). This follows NBCU's announcement last month that it would sell inventory by audiences vs networks.

People: **Antonio Briceño** was named deputy managing dir of **beIN Sport** for North America. He oversees operations, production, marketing, sales and distribution for beIN Sport, beIN Sport en Español and its authentication service beIN Sport Play. For more promotions and new hires this week, check out our weekly column **Comings & Goings** on **CableFAX.com**.

Oops: **Cable One** actually gained 5,004 high speed Internet subs in 3Q to reach a total of 469,296 subs (**Cfax**, 11/4).

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CableFAX Week in Review

Company	Ticker	11/08 Close	1-Week % Chg	YTD %Chg
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BROADCASTERS/DBS/MMDS

21ST CENTURY FOX:	FOXA	33.84	(1.54%)	0.00%
DIRECTV:	DTV	63.89	0.35%	27.37%
DISH:	DISH	48.25	(0.52%)	32.55%
DISNEY:	DIS	68.58	(0.62%)	37.74%
GE:	GE	27.05	1.92%	28.87%

MSOS

CABLEVISION:	CVC	15.08	(6.22%)	0.94%
CHARTER:	CHTR	128.06	(7.25%)	67.97%
COMCAST:	CMCSA	48.18	(0.97%)	28.96%
COMCAST SPCL:	CMCSK	47.05	(0.44%)	30.99%
GCI:	GNCMA	9.67	1.79%	0.83%
LIBERTY GLOBAL:	LBTYA	80.45	2.54%	27.78%
LIBERTY INT:	LINTA	27.43	1.44%	39.38%
SHAW COMM:	SJR	23.64	(1.29%)	2.87%
TIME WARNER CABLE:	TWC	121.08	(1.97%)	24.58%
WASH POST:	WPO	662.78	3.71%	81.48%

PROGRAMMING

AMC NETWORKS:	AMCX	66.75	(6.92%)	34.85%
CBS:	CBS	58.74	(2%)	54.38%
CROWN:	CRWN	3.16	(1.56%)	70.81%
DISCOVERY:	DISCA	85.36	(2.78%)	34.47%
GRUPO TELEVISIA:	TV	28.79	(5.7%)	8.31%
HSN:	HSNI	56.65	8.90%	2.85%
INTERACTIVE CORP:	IACI	54.99	0.81%	16.41%
LIONSGATE:	LGF	32.29	(7.37%)	96.89%
MADISON SQUARE GARDEN:	MSG	55.76	(4.6%)	25.73%
SCRIPPS INT:	SNI	76.51	(4.03%)	32.10%
STARZ:	STRZA	28.53	(5%)	0.00%
TIME WARNER:	TWX	67.65	(1.69%)	41.44%
VALUEVISION:	VTV	5.30	1.73%	194.44%
VIACOM:	VIA	82.28	(1.66%)	51.61%
WWE:	WWE	12.94	(2.41%)	64.01%

TECHNOLOGY

ADVANTAGE:	AEY	2.64	(0.75%)	32.66%
ALCATEL LUCENT:	ALU	4.05	4.11%	191.37%
AMDOCS:	DOX	40.05	4.32%	17.83%
AMPHENOL:	APH	81.34	1.76%	25.72%
AOL:	AOL	42.42	15.65%	43.26%
APPLE:	AAPL	520.56	0.10%	(2.18%)
ARRIS GROUP:	ARRS	17.19	(0.75%)	15.06%
AVID TECH:	AVID	7.65	5.08%	0.92%
BROADCOM:	BRCM	26.50	(1.01%)	(20.2%)
CISCO:	CSCO	23.51	4.16%	19.64%
CONCURRENT:	CCUR	7.42	2.20%	29.27%
CONVERGYS:	CVG	19.90	1.48%	21.27%
CSG SYSTEMS:	CSGS	27.88	(0.11%)	53.36%
ECHOSTAR:	SATS	46.92	(0.72%)	37.11%
GOOGLE:	GOOG	1016.03	(1.07%)	43.63%
HARMONIC:	HLIT	7.32	1.67%	44.38%
INTEL:	INTC	24.09	(0.95%)	16.83%
JDSU:	JDSU	12.46	(4.08%)	(7.7%)
LEVEL 3:	LVT	30.11	0.30%	30.29%
MICROSOFT:	MSFT	37.78	6.36%	41.45%

Company	Ticker	11/08 Close	1-Week % Chg	YTD %Chg
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MOTOROLA MOBILITY:	MMI	13.66	(1.8%)	(64.79%)
NIELSEN:	NLSN	39.77	(0.43%)	30.01%
RENTRAK:	RENT	40.50	12.34%	107.80%
SEACHANGE:	SEAC	13.28	(5.01%)	37.33%
SONY:	SNE	16.74	(0.06%)	49.46%
SPRINT NEXTEL:	S	7.07	2.91%	24.69%
TIVO:	TIVO	13.51	(1.6%)	9.75%
UNIVERSAL ELEC:	UEIC	37.15	(4.55%)	91.99%
VONAGE:	VG	3.47	(6.97%)	46.41%
YAHOO:	YHOO	33.12	(0.18%)	66.43%

TELCOS

AT&T:	T	35.17	(2.95%)	4.33%
VERIZON:	VZ	50.20	(0.57%)	16.02%

MARKET INDICES

DOW:	DJI	15761.78	0.94%	20.28%
NASDAQ:	IXIC	3919.23	(0.07%)	29.80%
S&P 500:	GSPC	1770.61	0.51%	24.15%

WINNERS & LOSERS

THIS WEEK'S STOCK PRICE WINNERS

COMPANY	CLOSE	1-WK CH
1. AOL:	42.42	15.65%
2. RENTRAK:	40.50	12.34%
3. HSN:	56.65	8.90%
4. MICROSOFT:	37.78	6.36%
5. AVID TECH:	7.65	5.08%

THIS WEEK'S STOCK PRICE LOSERS

COMPANY	CLOSE	1-WK CH
1. LIONSGATE:	32.29	(7.37%)
2. CHARTER:	128.06	(7.25%)
3. VONAGE:	3.47	(6.97%)
4. AMC NETWORKS:	66.75	(6.92%)
5. CABLEVISION:	15.08	(6.22%)

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