

# CableFAX Daily™

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What the Industry Reads First

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## Cable 2Q: Share Loss Continues in Video, Broadband Shines Again

Most of the major pay-TV MVPDs and programmers have reported their 2Q results by now, and cable continues to lose video subs to satellite and telco providers, while extending its dominance in HSD and voice. The major pay-TV ops lost around 126K video subs in 2Q, a seasonally weak quarter, with cable losing around 350K subs, DBS providers losing 80K and telcos adding 300K net new subs, according to research firm **ISI Media**. That said, cable's share loss is decelerating: The cable market share loss rate of -2.7% was the industry's best showing in 6 quarters, **MoffettNathanson** analysts said. While all major cable MSOs lost video subs, **Time Warner Cable** reported the biggest losses at 152K, followed by **Comcast's** loss of 144K, **Charter's** 29K and **Cablevision's** 28K. That's partly because these companies shifting their focus to long-term growth instead of chasing "promotion-hopping subscribers," ISI said. Telcos were aggressive during the quarter with promotions. DBS operators, with video losses of 78K, performed significantly better than a year ago when they lost 162K subs. Both **DISH and DirecTV** improved on their video sub performance from last year. Telcos, led by **AT&T** and **Verizon**, posted lower net adds of 305K versus a year ago's 383K. Broadband has been the bright spot for the pay-TV industry, and that's still the case in 2Q. The pay-TV industry added 340K broadband subs in the quarter, up from 270K a year ago. And unlike the video business, cable has stolen broadband market share for the last few years as the industry continues to leverage DOSCIS technology. Cable accounted for 91% of the broadband additions, up from 89% a year ago, thanks to TWC, which added 60K more broadband subs versus last year, ISI said. Cablevision was the only major cable op to lose broadband subs (-9K). ISI estimated that the telcos added 30K net broadband subs (a combination of gains from fiber broadband and losses from DSL connections) in the quarter, with AT&T losing 27K subs and Verizon adding 45K subs. "Cord cutting trends in Q2 remained surprisingly benign," MoffettNathanson analysts said. "Over the past year, the number of pay-TV subs in the US has barely budged... It is a small but discernible improvement from recent trends when the number of pay TV subscribers was actually shrinking (albeit only slowly)," they said. In addition, cord cutting remains restrained even as pay-TV ARPU continues to rise at above the inflation rate.

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**At the Portals:** The **FCC** officially started its review of the **AT&T-DirectTV** merger, creating a docket for the process. Initial comments are due Sept 16, with replies due Oct 16. Final comments are due Nov 5. AT&T, which proposed the \$48.5bln deal in May, filed its public interest statements in June. -- The **FCC** is seeking comments on a petition to require pay-TV providers to publicly disclose their political files. The petition, filed by the **Campaign Legal Center, Common Cause** and **Sunlight Foundation**, has a Aug 28 comment deadline. TV stations now are required to make their political files part of a national searchable database.

**Carriage Dispute:** **Boston Celtics** fans who are **DISH** subs will miss the games on TV as **Comcast SportsNet New England** went dark on DISH Wed after the parties failed to extend their carriage agreement. It's a typical fee-related dispute, with the content provider claiming it offered terms similar to the ones accepted by other distributors, which DISH rejected. DISH, on the other hand, accused the net of demanding double digit rate increase.

**Reorganization:** Under a restructuring plan filed by **Comcast SportsNet Houston** with the court late Wed, **AT&T** and **DirecTV** might become co-owners of the net. As part of the plan filed with the US Bankruptcy Court, the telco and **DirecTV Sports Net** will each own 40% and 60% of the net, respectively. Since its launched in 2012, the net, owned by Comcast, the Astros and the Rockets, has struggled to sign up distributors.

**AMC 2Q:** **AMC Nets** Pres/CEO *Josh Sapan* danced around the subject of M&A during the company's earnings call Thurs. The programmer is reportedly interested in buying a nearly 50% stake in **BBC America**. "We will keep our eyes open for things that we think we can do extremely well, hopefully better than others, that are very approximate to what we do today and that we can really add value to and see a great return on..." The rumored deal reportedly stems from the companies' existing co-production partnerships. Sapan acknowledged the company has looked at some small acquisition opportunities internationally, including individually-owned channels. "They are very small relatively, but we think those things could make sense," Sapan said. And should there be "something larger that met all the criteria, we would examine it." Thanks to growth at domestic and international nets, revenue for the quarter rose 37.6% YOY to \$143mln. However, operating income fell sharply to \$60mln from \$136mln a year ago largely because of the 2012 Voom HD legal settlement gain in the year-ago quarter. Excluding the gain, operating income increased 13.2%. Distribution revenues at domestic nets were up 7% to a total of \$234mln. Technical and operating expenses were \$162mln, up 31.7% YOY. Programming expenses, especially in AMC, represented \$31mln of that increase.

**Scripps 2Q:** The consolidation trend in the pay-TV industry doesn't bother **Scripps**, and don't count on it to join the M&A party any time soon. "The fact that all of this consolidation we get caught up in... Just putting everything together, and therefore size and scale are going to become more important—it's never been true in any industry," *Ken Lowe*, chmn/CEO/president said during the company's 2Q earnings call Thurs. "Quality, quality brands, consumer engagement and really, bringing the cash register for the advertisers is what's going to win ultimately." Scripps is all about individual nets' appeal to viewers, although its brands also work well together, he said. "It makes it easier for ad sales, the team, to sell a targeted approach." He said that approach will probably last a long time. "I'm not suggesting it's everyone's, but it's worthwhile for us, and I don't see that in any way lessening over the coming months and years," Lowe said. During the quarter, Scripps posted \$153.8mln in earnings, down from \$159.7mln a year ago, partly because of higher spending. Revenue increased 6.5% YOY to \$708mln as advertising revenue rose 7.6% and affiliate fee revenue grew 4.5%.

**DISH Upgrades TVE App:** **DISH** rolled out its latest update for the **DISH Anywhere** app on iPad, Android and Kindle tablets. New features include program recommendations, "Watchlist" (letting customers consolidate movies and shows) and "Recents," a drop-down menu enabling users to resume recently viewed recordings and VOD titles. It also features a media page, which aggregates information from the program guide, DVR recordings and VOD into one place, and a "What's Hot" service designed to make it easy to find popular content. Customers can also control their TVs from their tablets using a built-in DISH remote, including turning the TV on/off, switching channels, adjusting volumes, accessing the Hopper menu and playing recorded content. The updated version of the app is expected to roll out to iPhone and Android smartphones later this year.

# BUSINESS & FINANCE

**Ratings:** The season 4 premiere of AMC's "Hell on Wheels" on Sat scored 3.6mln viewers with 3 days of time-shifting included. The live+3 ratings grew 48% from live/same day and were up 5% from the season 3 premiere. -- The premiere of GSN's body painting competition series "Skin Wars" was the net's 2nd-most watched original series debut in its history, bagging some 700K viewers.

**History Launches Planet H:** History launched new brand extension Planet H, featuring a line of mobile apps to help children ages 7-11 explore historical topics through interactive play. The apps are initially available through Android, iOS and Kindle Fire.

**Programming:** TLC premieres 12-part series "Angels Among Us" on Sept 7. -- **Esquire Network** debuts original series "My Friends Call Me Johnny" following the famously connected Jean "Johnny" Pigozzi, on Sept 3. -- A 2-hour documentary retracing the day before the 9/11 terrorist attacks, "9/10: The Final Hours," premieres on **Nat Geo** Sept 7. -- Comedian **Dane Cook's** stand-up comedy, "Troublemaker" premieres on **Showtime** Oct 17. -- **Starz** premieres dramatic thriller "The Missing," on Nov 15, exploring the psychological fallout and manhunt following the disappearance of a 5-year-old boy in France in 2006.

**Editor's Note:** The early bird discount for the TV Innovation Summit on Sept 18 expires Fri. Check out the incredible agenda at cablefax.com.

## CableFAX Daily Stockwatch

Company	08/07 Close	1-Day Ch	Company	08/07 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
DIRECTV:	83.55	(0.96)	CONVERGYS:	19.09	(0.18)
DISH:	62.36	(0.85)	CSG SYSTEMS:	27.03	(0.07)
ENTRAVISION:	4.77	(0.93)	ECHOSTAR:	49.18	(1.42)
GRAY TELEVISION:	11.75	(0.47)	GOOGLE:	563.36	(3.01)
MEDIA GENERAL:	18.53	(0.47)	HARMONIC:	5.99	(0.17)
NEXSTAR:	48.48	2.10	INTEL:	32.68	(0.17)
SINCLAIR:	32.15	(0.15)	INTERACTIVE CORP:	64.22	0.42
<b>MSOS</b>					
CABLEVISION:	18.17	(0.16)	JDSU:	11.62	(0.27)
CHARTER:	151.40	(2.36)	LEVEL 3:	41.84	(0.55)
COMCAST:	52.68	(0.22)	MICROSOFT:	43.23	0.49
COMCAST SPCL:	52.60	(0.19)	NIELSEN:	46.34	(0.12)
GCI:	11.02	UNCH	RENTRAK:	47.71	(2.37)
GRAHAM HOLDING:	699.05	(10.57)	SEACHANGE:	7.53	(0.13)
LIBERTY GLOBAL:	41.62	(0.64)	SONY:	17.34	(0.41)
LIBERTY INT:	27.22	0.04	SPRINT NEXTEL:	5.88	(0.02)
SHAW COMM:	24.43	(0.29)	TIVO:	13.58	0.08
TIME WARNER CABLE:	143.14	(1.13)	UNIVERSAL ELEC:	47.45	(0.45)
<b>PROGRAMMING</b>					
21ST CENTURY FOX:	33.96	1.63	VONAGE:	3.42	(0.05)
AMC NETWORKS:	58.30	(1.27)	YAHOO:	35.66	(0.13)
CBS:	56.90	(0.75)	<b>TELCOS</b>		
CROWN:	3.39	(0.12)	AT&T:	34.21	(0.41)
DISCOVERY:	40.98	(1.44)	CENTURYLINK:	38.95	0.18
DISNEY:	85.51	(1.08)	TDS:	24.70	0.10
GRUPO TELEVISA:	34.61	(0.78)	VERIZON:	48.65	(0.48)
HSN:	58.28	2.38	<b>MARKET INDICES</b>		
LIONSGATE:	30.35	(0.51)	DOW:	16368.27	(75.07)
MADISON SQUARE GARDEN:	59.21	(0.35)	NASDAQ:	4334.97	(20.08)
SCRIPPS INT:	77.43	(4.65)	S&P 500:	1909.57	(10.67)
STARZ:	27.52	(0.75)	<b>TECHNOLOGY</b>		
TIME WARNER:	72.06	(2.18)	ADDVANTAGE:	2.36	(0.03)
VALUEVISION:	4.71	(0.04)	ALCATEL LUCENT:	3.31	0.01
VIACOM:	79.74	(0.65)	AMDOCS:	44.30	(0.76)
WWE:	13.68	(0.42)	AMPHENOL:	97.44	(0.38)
<b>TECHNOLOGY</b>					
ADDVANTAGE:	2.36	(0.03)	AOL:	42.54	0.62
ALCATEL LUCENT:	3.31	0.01	APPLE:	94.48	(0.48)
AMDOCS:	44.30	(0.76)	ARRIS GROUP:	29.89	(0.13)
AMPHENOL:	97.44	(0.38)	AVID TECH:	7.50	0.05
AOL:	42.54	0.62	BROADCOM:	36.65	(0.4)
APPLE:	94.48	(0.48)	CISCO:	24.86	(0.07)
ARRIS GROUP:	29.89	(0.13)	CONCURRENT:	7.43	0.05
AVID TECH:	7.50	0.05			
BROADCOM:	36.65	(0.4)			
CISCO:	24.86	(0.07)			
CONCURRENT:	7.43	0.05			

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# PROGRAMMER'S PAGE

## KISS Rocks "4th and Loud" on AMC

In case you haven't heard (and we doubt that's possible), rockers *Gene Simmons* and *Paul Stanley* of the band KISS created an Arena Football League expansion team last summer, appropriately named the LA KISS. Their goal was to supercharge a league that has struggled to stay alive over the years and, of course, to parlay the KISS brand into another money-making venture. So far, so good—with **AMC** launching "4th and Loud," a docu-series that premieres on Tues and follows Simmons and Stanley as they try to whip their team and the league into fighting shape. And as Stanley told me during a sit-down at **TCA** press tour last month, the KISS method isn't exactly for the modest or meek. "We have a philosophy and a big way of doing things that has worked for 40 years," he said. "And it's not genre-specific in the sense that it only applies to music. The idea that giving people bang for buck, giving you entertainment, giving you spectacle—that works just as well in sports." Interestingly, the series itself is less about KISS than the players who struggle and sweat for a fraction of what NFL players get paid—even though they get hit just as hard. But for fans, the players' sacrifice means the ability to see live pro sports without having "to mortgage your house," as Stanley puts it. And while Simmons has dabbled in reality with **A&E's** "Family Jewels," Stanley said he has resisted until now. "I am not a fan of reality television," he said. "To me it's an oxymoron. You either have reality or you have television. The two don't co-exist. For me, it was going to be cameras in my kitchen, I had no interest in it." 4th and Loud, however, "shows the progression and evolution of the team and all the personalities... I thought that would play out well on television." AMC is betting that it will. We'll see if viewers agree on Aug 12. - *Michael Grebb (Go to cablefax.com, for the full Q&A with Paul Stanley).*

**Reviews:** "Outlander," premiere, Sat, 9p, **Starz**. This series has much to recommend it—an unusual story, good acting, strong female characters, historical accuracy, fine production values and marvelous Scottish scenery. Another plus is talented *Caitriona Balfe* as a gutsy and beautiful WWII nurse who finds herself trapped in a strange predicament. Its plot will unfold too slowly for some, and U.S. viewers may find the Gaelic brogue difficult. Still, this is gorgeous, unusually literate television. Patient viewers will reap rewards aplenty. -- "The Knick," premiere, Fri, 10p, **Cinemax**. A fabulous period piece about a NYC hospital in 1900 and superstar Dr. John Thackery (*Clive Owen*), attempting to take surgery to new heights. Director *Steven Soderbergh* surrounds Owen with an ensemble of interesting characters, including *Andre Holland* as a black doctor fighting for acceptance at all-white Knickerbocker Hospital. Owen's Thackery is interesting enough, though, energized as he is by a mix of ego, intellectual curiosity and liberal doses of cocaine and opium. While its blood and body count could make *Tony Soprano* jealous, "The Knick" entertains while it educates viewers about surgery's early days. -- "Heartbreakers," premiere, Wed, 10p, **ID**. A **Hallmark Channel**-ish hybrid as ID inserts '80s stars like *Christopher Knight* and *Kevin Sorbo* into its recreations of passion crimes. We're guessing ID fans will enjoy it. - *Seth Arenstein*

Basic Cable Rankings (7/28/14-8/03/14)			
Mon-Sun Prime			
1	TNT	1.7	1603
2	USA	1.6	1555
2	FOXN	1.6	1508
4	DSNY	1.4	1375
4	HIST	1.4	1364
6	TBSC	1.3	1287
7	SYFY	1.2	1160
8	HGTV	1.1	1103
8	DSE	1.1	76
10	A&E	1.0	929
11	FOOD	0.8	823
11	DISC	0.8	798
11	NAN	0.8	796
11	ADSM	0.8	786
11	FX	0.8	766
16	LIFE	0.7	716
16	ESPN	0.7	711
16	TLC	0.7	661
16	SPK	0.7	635
16	ID	0.7	635
16	BRAV	0.7	623
22	AMC	0.6	587
22	FAM	0.6	564
22	VH1	0.6	528
22	HALL	0.6	512
22	DSJR	0.6	408
27	TVLD	0.5	509
27	MSNB	0.5	506
27	APL	0.5	486
27	CMDY	0.5	475
27	MTV	0.5	466
27	CNN	0.5	455
27	BET	0.5	444
27	OWN	0.5	430
27	TRU	0.5	407
27	HMM	0.5	259
37	EN	0.4	414
37	LMN	0.4	347
37	WETV	0.4	328
37	DXD	0.4	328
37	OXYG	0.4	315
37	NGC	0.4	305
37	NKJR	0.4	301
37	H2	0.4	296
37	INSP	0.4	223
46	HLN	0.3	298

\*Nielsen data supplied by ABC/Disney

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