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What the Industry Reads First

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Netflix 4Q: Hastings Sees Plenty of Room for More OTT

Reed Hastings tipped his hat to *Charlie Ergen* Tues, but he doesn't see **DISH's** upcoming OTT service, Sling TV, affecting Netflix's business. "It's a great start. I think [Ergen] sees a future that's Internet centric. It may not be the perfect offering today, but at \$20, it has very attractive pricing," the Netflix CEO said during Tues' 4Q earnings interview. DISH has been the only major US provider to offer Netflix through set-top boxes, and it didn't sound like any other big distributor is close to following suit. "To a degree, DISH always has been a maverick, doing some things first," Hastings said, adding that the partnership helps the Hopper get more traction. "I think it's likely that DISH's competitors will want to co-op that... but right now, everyone is in watch-and-see mode." As for **HBO's** forthcoming OTT standalone offering, Hastings said it was hard to speculate on pricing, though there were some signals that it might be a bit of a higher-end price point. "Even if it matches us on pricing, there will be a lot of people subscribing to both. When **Showtime** has a great run..., it increases Showtime subscribers, but it doesn't decrease HBO's," he said. Netflix's 4Q US net adds of 1.9mln are down compared to the 2.3mln in Q413, but overall sub adds of 4mln were still above analyst expectations. The company chalked up the decline to the "natural progression in our large US market as we grow." In Oct, it had thought the decline in net ads was related to its May price increases, but has since found that the decline would largely have taken place independent of the price change. In fact, Netflix's growth is strongest in lower income areas of the US. Intl net adds for the quarter grew to 2.43mln from 1.74mln a year ago (FYI, it's exploring options to launch a small service in China if it can get the necessary permissions). Netflix plans to continue to grow the percentage of content spending dedicated to originals, with the amount of original programming to triple vs last year to 320 hours. The company's 1st feature film, "Crouching Tiger, Hidden Dragon II: The Green Destiny," will debut Aug 26 (it's expected to open on select IMAX screens the same day). More Netflix Tidbits: **Sony Pictures'** "The Interview" hits Netflix Sat, 30 days after it debuted in theaters and on VOD through **In Demand** with several MVPDs, including **Comcast** and **Verizon FiOS**. -- Netflix sounded optimistic on High Dynamic Range video (HDR), saying it "may be a more significant step forward in viewing pleasure than UHD-4K." It plans to start building its library to deliver HDR as new TVs become available from manufacturers this year. Netflix is producing all of its original in 4K. -- Hastings is in favor of the **FCC** setting the definition of broadband at 25Mbps, up from 4Mbps today, citing the bandwidth applications such as 4K, video



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conferencing, etc, become more prominent. He also, of course, was pleased that “we appear to be on the edge of enacting Title II...” -- Netflix’s net income rose to \$83mln from \$48mln a year ago, while revenue rose \$1.48bln from \$1.17bln.

Fox Sports Launches Talent Dept: Fox Sports 1 and Fox Sports 2 have established a Talent Relations & Development department to accommodate the expansion of on-air personalities and develop future contributors. Leading the new unit will be *George Greenberg*, Fox Sports evp, content integration and presentation. He will report to *John Entz*, evp, production, Fox Sports. Other members of the new unit include *Roy Hamilton*, svp, talent & development, *Jacob Ullman*, vp, production & talent development, and *Laura Marcus*, vp, talent relations.

FCC Fines Nets: Viacom and ESPN will be fined \$1.4mln by the FCC for misusing the Emergency Alert System warning tones, the agency said Tues. The nets transmitted EAS warning tones for a few days in 2013 to promote the movie “Olympus Has Fallen,” an action thriller that portrayed a terrorist attack on DC. FCC rules ban broadcast or transmission of these tones outside an emergency or test. Several nets have been fined for misuse of EAS over the last few years. In March, a total fine of \$1.93mln was proposed against NBCU, ESPN and Viacom. About a year ago, the FCC proposed a \$200K penalty against Turner for the misuse of ALS for the 2nd time in less than 3 months.

State of the Union: TV news nets faced some competition for carriage of President Obama’s speech Tues night. The White House sent out an email declaring that the “very best place to watch” the State of the Union address was at WhiteHouse.gov because the site is “stocked with interactive features” as well as shareable charts and stats to supplement the points he will make. Even if you’re watching on TV, the White House recommended following along on a phone or tablet.

Leaders of the Pack: In his exec session at TCA on Sun, FX Nets and FX Productions CEO *John Landgraf* set out to debunk the “perception that HBO is the runaway leader in quality and depth, and that the other networks and programming services that produce and air the highest-quality original programming are in a pack battling it out for second place,” by asserting that in fact both HBO and FX are far and above the frontrunners. The net created a document compiling all the shows mentioned in critics’ picks lists for the Top 10 shows of 2014. “In this crazy environment” of increased original content, “critics play an even more important role,” he reasoned. The results: HBO had 250 Top 10 inclusions, FX had 213 and much-acclaimed AMC was a distant 3rd with 74. “This shows, at the moment, that the race for the best in TV is really only a competition between two channels, with all the others in the pack way, way behind the two leaders,” he said. “FX was previously considered a part of a group of channels battling out for second place in the perceptual pecking order, the factual pecking order is now HBO and FX at No. 1 and No. 2 and everyone else, in the pack battling it out for No. 3.”

NBCU Tackles Super Stream: Designed as a way for consumers to trial NBC’s TVE content offering, NBCU created “Super Stream Sunday” to be launched on Feb 1, allowing users to access 11 continuous hours of NBC streaming content without authentication. All Super Bowl content will be live streamed to desktops and tablets via NBC Sports Live Extra, NBC Sports Digital’s live streaming platform.

Tennis on Apple TV: Tennis Channel announced its 1st digital streaming deal, with authenticated subs now able to access its programming via Apple TV. The launch came in time for this year’s 1st Grand slam, the Australian Open, which began Mon. Viewers with digital service Tennis Channel Plus can access more than 450 other live matches from more than 40 tournaments around the world, as well as thousands of hours of on-demand programming. Tennis Channel Plus, available to all users, regardless of whether they subscribe to Tennis, can be purchased for \$70 a year.

Justice Network Launches: Former Nat Geo Channels pres *Steve Schiffman* is CEO of the new Justice Network, which launched Tues on the digital multicast channels of some broadcasters, including Gannett stations such as WXIA Atlanta (11.3) and WFAA Dallas (8.3). The net was founded by *Lonnie Cooper*, who also founded Bounce TV. Former NBCU Domestic TV head *Barry Wallach* runs distribution, while ex-Discovery Channel exec *John Ford* is head of programming. Victim rights advocate *John Walsh* will serve as a spokesperson for the net, which will air 90-sec PSAs every hour with info about high-risk criminals and missing children. Programs include “Alaska State Troopers” and “Bait Car.”

Longhorn Launch: As part of a previously announced DirecTV/Disney deal, Longhorn Network is scheduled to officially launch on Wed. The net will be available to DirecTV subs in TX in the Choice package or above, and nationwide for subs who subscribe to the DirecTV Sports Pack. DirecTV subs who receive the net as part of their satellite service can soon access the net’s live programming via ESPN’s TVE app across platforms. DirecTV is expected to

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offer WatchESPN starting in late Feb or early March. The app will be available on DirecTV Everywhere shortly thereafter.

NFL Sunday Ticket: DirecTV is raising the price of its basic NFL Sunday Ticket package 5% to \$251.94 for next season, TVpredictions.com reported. The Sunday Ticket Max plan will rise more than 7% to \$353.94, from \$329.94.

Programming: TNT and TBS are pulling out all the stops for their simulcast of the **Screen Actors Guild Awards** Sun. They've teamed with People.com for a live webcast of the SAG Awards Red carpet pre-show (6pm ET at sagawards.tntdrama.com, sagawards.org and PEOPLE.com) and have a team of social media correspondents on the ground (#sagawards). -- There should be plenty of source material for **Comedy Central's** next celebrity roast. The net announced *Justin Bieber* will be the this year's roastee. Tape and airdate to be announced.

Patents for Penthera: Software firm Penthera received 3 new patents from the US Patent Office. Two of the patents describe how to manage commercials in TV shows downloaded to tablets and smartphones. A 3rd describes the process notifying a consumer when a video has completely downloaded on a mobile device. Penthera's Cache&Carry software lets mobile device users download shows and movies for later viewing.

Cablefax Daily Stockwatch

Company	01/20 Close	1-Day Ch	Company	01/20 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	85.58	0.03	CONVERGYS:	19.63	(0.36)
DISH:	70.68	(1.17)	CSG SYSTEMS:	25.39	0.02
ENTRAVISION:	6.34	(0.05)	ECHOSTAR:	51.20	0.16
GRAY TELEVISION:	10.05	(0.14)	GOOGLE:	506.90	(1.18)
MEDIA GENERAL:	14.23	(0.47)	HARMONIC:	6.82	UNCH
NEXSTAR:	48.55	1.39	INTEL:	36.09	(0.36)
SINCLAIR:	25.14	0.31	INTERACTIVE CORP:	62.30	0.69
MSOS					
CABLEVISION:	19.36	(0.55)	JDSU:	13.22	0.11
CHARTER:	156.13	(4.98)	LEVEL 3:	48.33	0.53
COMCAST:	55.81	(0.96)	MICROSOFT:	46.39	0.15
COMCAST SPCL:	55.41	(0.94)	NETFLIX:	348.80	11.46
GCI:	15.45	0.04	NIELSEN:	43.31	0.61
GRAHAM HOLDING:	883.17	(8.32)	RENTRAK:	71.63	(1.52)
LIBERTY BROADBAND:	47.47	(1.51)	SEACHANGE:	7.25	0.69
LIBERTY GLOBAL:	46.56	0.16	SONY:	20.82	0.15
SHAW COMM:	24.18	(0.68)	SPRINT NEXTEL:	4.16	0.08
TIME WARNER CABLE:	143.78	(2.98)	TIVO:	10.58	(0.25)
PROGRAMMING					
21ST CENTURY FOX:	34.12	(0.82)	UNIVERSAL ELEC:	63.69	(0.58)
AMC NETWORKS:	63.02	(0.09)	VONAGE:	4.45	0.18
CBS:	55.47	(0.09)	YAHOO:	47.63	1.16
CROWN:	3.30	(0.13)	TELCOS		
DISCOVERY:	29.25	(0.17)	AT&T:	33.95	0.15
DISNEY:	94.74	(0.44)	CENTURYLINK:	38.74	0.34
GRUPO TELEVISIA:	32.25	(0.01)	TDS:	23.97	0.09
HSN:	72.86	(1.02)	VERIZON:	48.18	0.19
LIONSGATE:	28.09	(0.89)	MARKET INDICES		
MSG:	73.10	(0.55)	DOW:	17515.23	3.66
SCRIPPS INT:	71.74	(1.83)	NASDAQ:	4654.85	20.46
STARZ:	28.60	0.03	S&P 500:	2022.55	3.13
TIME WARNER:	80.35	(2.83)			
VIACOM:	66.77	(1.91)			
WWE:	10.05	(0.24)			
TECHNOLOGY					
ADVANTAGE:	2.37	(0.01)			
AMDOCS:	47.76	(0.09)			
AMPHENOL:	52.35	(0.07)			
AOL:	46.76	0.11			
APPLE:	108.72	2.73			
ARRIS GROUP:	27.86	(0.27)			
AVID TECH:	14.26	0.26			
BLNDER TONGUE:	1.92	(0.12)			
BROADCOM:	42.34	0.62			
CISCO:	28.07	0.39			
COMMSCOPE:	25.89	0.16			
CONCURRENT:	6.96	0.01			

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