

Cablefax Daily™

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What the Industry Reads First

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Fantastic Fourth: Charter Posts Strong 4Q Results

Around this time a year ago, **Charter** was cast aside by **Time Warner Cable** in favor of **Comcast**. These days, Charter looks like a winner regardless of whether or not regulators approve the proposed Comcast-TWC merger. If the deal happens, Charter gains scale. If not, it picks up TWC at a discounted price. But more than that. The “difficult merger integration planned for 2015 and 2016, with negative synergies and repricings and disruptions, will be replaced with years of clean and improving numbers. Like the ones we saw today,” said a **MoffettNathanson** research report after Charter released 4Q results. While the street expected Charter to lose several thousand residential video subs, it actually gained 3K subs in the Q. HSD adds of 104K and voice adds of 50K surpassed analyst expectations of 72K and 40K, respectively. “Our expectation is that Charter today will grow customers across each of our product lines in 2015, including video,” CEO *Tom Rutledge* said during Thurs’ earnings call. Charter’s core strategy has been to roll out its all-digital and improved Spectrum service, which is available to more than 80% of its residential footprint. It’s gearing up this year to roll out its cloud-based Spectrum Guide to 1.5mln video customers. Despite plans to grow video, Charter believes that the price of programing today is troublesome. Rutledge said the company hasn’t been able to put a small package together yet that would cost less, but still satisfy what most people want out of TV. Is **DISH’s** Sling TV the answer? He’s doubtful it’s a breakthrough product alone, but said “it’s certainly possible to imagine a much more tailored product environment where customers would be satisfied and would be able to afford the product. But that has major implications to the video business ecosystem.” Charter saw 4Q revenues jump 10% to \$2.36bln, while adjusted EBITDA rose 10.5% to \$845mln. Charter shares closed up nearly 7%. “2015 is shaping up to be a great year in Charter’s core business as Charter produces industry leading EBITDA growth and a major ramp in free cash flow,” said **Pivotal Research** analysts. “2015 could be even stronger, but it appears Charter management intelligently is backing off raising pricing materially given the upcoming Comcast deal transition, as a way of reducing churn (and juicing 1Q RGU growth) and, in our opinion, they are likely being careful around potential regulatory approval for the Comcast deal.”

Rutledge on Title II/Comcast-TWC: Charter’s CEO wasn’t happy about it, but he acknowledged Thurs that it looks like Title II will be the “law of the land.” At least for now. The way FCC chmn *Tom Wheeler* has described it suggests it won’t

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change anything, he said. Wheeler has said there will be no rate regulation, tariffs or last-mile unbundling. “Our concern is that it increases the power of a regulatory body in an unnecessary way,” Rutledge said during Charter’s earnings call Thurs. “While it doesn’t change the status quo in any way, somebody has a bazooka aimed at you, and that’s an uncomfortable situation.” The CEO said he didn’t know if it would affect the planned **Comcast-Time Warner Cable** merger and the related Charter transactions. If TWC was suddenly available again, Charter would be interested, but there are a lot of ifs there, he said. “All of our energy and expectation is that the deal will close.” Most of the local franchise authorities have approved the Charter transactions, he said, describing the process as “pretty much done.”

Disney’s Heir Apparent: **Disney** vet *Thomas Staggs* is in line for the keys to Mickey’s kingdom, with his appointment Thurs to COO of the **Walt Disney Company**. The Walt Disney Parks and Resorts chmn has been viewed by many as the successor to *Bob Iger* for the CEO spot. The promotion gives it more teeth, but it’s not a given that he’ll get the job. CFO *James Rasulo* has also been seen as potential successor when Iger retires in June of 2018. Staggs will continue to lead Parks and Resorts, a job he’s had since 2010, until a replacement is named.

Cablevision’s WiFi Phone Ready for Orders: If you want **Cablevision’s** WiFi-only phone service **Freewheel**, you’re in luck. The MSO has started selling it at Freewheel.com, and the service is available nationwide. The service, available on the **Motorola** Moto G smartphone, works anywhere WiFi is accessible and will operate only when the device is connected to a WiFi signal. Yes, that means your call will drop if you move from one hotspot to another—unless it’s an Optimum WiFi hotspot, as the service is optimized to work with Cablevision’s wireless service. Cablevision customers can get it for \$9.95/month, while non-subs will pay \$29.95. It’s available on the Motorola Moto G, which is being sold for \$99.95.

Verizon-Frontier Deal: **Frontier** agreed to acquire **Verizon’s** wireline operations serving residential and commercial customers in CA, FL and TX for \$10.54bln in cash. The deal includes 3.7mln voice lines, 2.2mln broadband connections and 1.2mln FiOS video accounts. The assets are 54% FiOS enabled. The companies expect to close the deal, subject to regulatory approval, in the 1st half of 2016. Frontier hopes the proposed deal to “strengthen our presence in competitive suburban markets,” among other things, chmn/CEO *Maggie Wilderotter* said in a release.

2nd Attempt at Patent Reform: **House Judiciary** chmn *Bob Goodlatte* (R-VA) introduced the Innovation Act Thurs to end patent-litigation abuses. It’s Goodlatte’s 2nd attempt to tackle patent issues. His 2013 bill was OKed by the House but stalled in the Senate. The 2015 bill would require the court to decide whether a patent is valid early on in the process. In lending its support, **NCTA** said in a statement that it’s “essential that we deter patent trolls and halt unjustified patent litigation so that American companies can continue to innovate, generate new jobs and expand the economy.”

TWC Launches Maxx: **Time Warner Cable** is upgrading its services in the Dallas Metroplex with its TWC Maxx initiative, featuring ultra-fast Internet speeds and enhanced video services at no extra cost. The MSO is informing subs of the project’s 1st phase this week as it transitions to a 100% digital network. The switch will require video customers without TWC digital equipment to order a TWC digital adapter. Subs of the standard residential Internet plan will receive up to 50 Mbps speeds, a boost from 15 Mbps. The Extreme tier will offer speeds up to 200 Mbps, an increase over the previous 30 Mbps. And customers who subscribe to Ultimate, formerly up to 100 Mbps, will receive up to 300 Mbps. New TV services include an upgraded DVR, which allows simultaneous recording of up to 6 different programs, and the ability to save 150 hours of HD programming on its 1-terabyte hard drive. Along with TWC Maxx, the op will also roll out WiFi hotspots in the Dallas area this year. Outdoor locations will begin deployment towards the end of 1Q.

Fox Earnings: **21st Century Fox** posted adjusted revenues of \$7.42bln in fiscal 2Q, a 10% increase YOY primarily due to double-digit increases at the cable networks segment. Helped by higher affil and ad revenues, the cable networks unit saw 12% YOY increase in OIBDA, though the revenue improvement was partially offset by a 16% increase in expenses from new sports channels such as **Fox Sports 1**. The higher expense also reflected spending related to the consolidation of **YES Network**. Domestic affil revenue grew 19% partly due to sustained growth at RSNs, **FX** and **Fox News Channel**, increased contribution from Fox Sports 1, and the YES Network consolidation. Domestic advertising revenue grew 11% in the quarter driven by growth at **FX** and **Fox News Channel**, and higher contributions from Fox Sports 1. When Pres/COO *Chase Carey* was asked whether Fox would reconsider bidding for **Time Warner** during the company’s earnings conference call late Wed, he said “Time Warner was not a necessity for us.” The company cut its profit forecast for the year from

BUSINESS & FINANCE

\$8bln down to mid-\$7bln from lower broadcast TV ratings and fluctuating exchange rates. He said part of the decline in ratings stems from a lack of measurement beyond traditional TV programs. "I don't think we're happy with the measurement tools that exist out there that strictly get all this viewership, and we're going to do everything we can to try and get a more accurate and improved ability to measure viewership," he said. Fox will continue to work with **Nielsen**, but "clearly we think there are issues in terms of the accuracy measurement," he said,

On the Circuit: Reps *Bob Latta* (R-OH) and *Peter Welch* (D-VT) will speak at the **ACA Summit** (March 3-5 in DC). As part of a Q&A session with ACA pres/CEO *Matt Polka*, the lawmakers will address issues related to the decision to form the rural telecom working group within the Commerce Committee, their interests in bipartisan telecom policy outcomes and what they hope to achieve in new and updated communications laws.

Programming: **Netflix** bows original series "The Get Down" in all territories in 2016. The 1-hour, 13-ep drama from **Sony Pictures Television** focuses on 1970s NY and how the city, at the edge of bankruptcy, gave birth to hip-hop, punk and disco. -- **MTV** will premiere "Teen Mom" spinoff series "Teen Mom OG" on March 23. The show will follow the original Teen Moms as they update viewers on where they are in life, love and parenthood.

Cablefax Daily Stockwatch

Company	02/05 Close	1-Day Ch	Company	02/05 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	87.73	(0.23)	COMMSCOPE:	26.05	(0.14)
DISH:	76.75	0.21	CONCURRENT:	6.05	0.02
ENTRAVISION:	6.52	(0.01)	CONVERGYS:	20.78	0.58
GRAY TELEVISION:	9.97	(0.13)	CSG SYSTEMS:	28.99	1.90
MEDIA GENERAL:	14.91	(0.02)	ECHOSTAR:	53.69	0.84
NEXSTAR:	50.91	(1.26)	GOOGLE:	527.58	4.82
SINCLAIR:	25.10	(0.75)	HARMONIC:	7.77	0.08
MSOS					
CABLEVISION:	19.99	0.14	INTEL:	33.94	0.34
CHARTER:	174.29	11.11	INTERACTIVE CORP:	60.00	UNCH
COMCAST:	56.97	0.07	JDSU:	12.78	0.29
COMCAST SPCL:	56.42	0.03	LEVEL 3:	53.38	0.88
GCI:	15.21	0.20	MICROSOFT:	42.45	0.61
GRAHAM HOLDING:	963.90	3.62	NETFLIX:	448.91	0.20
LIBERTY BROADBAND:	51.00	2.38	NIELSEN:	43.98	0.23
LIBERTY GLOBAL:	49.49	0.45	RENTRAK:	80.52	(1.56)
SHAW COMM:	24.07	0.33	SEACHANGE:	7.43	0.13
SHENTEL:	29.73	0.78	SONY:	26.82	0.88
SHENTEL:	29.73	0.78	SPRINT NEXTEL:	4.82	0.24
TIME WARNER CABLE:	147.68	2.15	TIVO:	10.73	(0.1)
PROGRAMMING					
21ST CENTURY FOX:	32.80	(1.86)	UNIVERSAL ELEC:	65.37	0.37
AMC NETWORKS:	67.29	(0.81)	VONAGE:	4.44	(0.08)
CBS:	56.00	(0.74)	YAHOO:	43.55	(0.5)
CROWN:	3.26	(0.03)	TELCOS		
DISCOVERY:	29.19	(0.91)	AT&T:	34.54	0.13
DISNEY:	102.64	1.36	CENTURYLINK:	38.43	(0.98)
GRUPO TELEVISIA:	33.68	(0.04)	TDS:	25.44	0.82
HSN:	65.13	(12.83)	VERIZON:	47.86	0.06
LIONSGATE:	29.30	0.53	MARKET INDICES		
MSG:	76.42	(0.66)	DOW:	17884.88	211.86
SCRIPPS INT:	71.69	(2.39)	NASDAQ:	4765.10	48.40
STARZ:	30.05	(0.03)	S&P 500:	2062.52	21.01
TIME WARNER:	79.98	(0.16)			
VIACOM:	66.35	0.31			
WWE:	12.76	0.26			
TECHNOLOGY					
ADVANTAGE:	2.31	(0.04)			
AMDOCS:	50.08	0.94			
AMPHENOL:	55.24	0.67			
AOL:	43.97	0.53			
APPLE:	119.94	0.38			
ARRIS GROUP:	26.98	0.40			
AVID TECH:	13.25	0.24			
BLNDER TONGUE:	1.79	0.03			
BROADCOM:	44.31	0.55			
CISCO:	27.26	0.57			



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PROGRAMMER'S PAGE

Like Father, Like Son

Fans of *Christopher Guest* films are surely rejoicing at the reunion of actors *Eugene Levy* and *Catherine O'Hara* in the original series "Schitt's Creek" (premieres Feb 11) on the newly revamped **Pop** network. But this time around, it's a father-son project in both script and on screen—the TV screen, that is. Eugene's son Daniel, who stars as his son in the comedy series and also wrote the series with his father, believes it's a great time to have a creative voice in television. "With the shift from the '90s to now, there seems to be a focus on storytelling from people who bring a unique perspective. Whether it's a 'Homeland' or a 'True Detective' or it's an 'Orange is the New Black,' networks are giving creators the reigns to really create something in their voice and run free with it," he said. "We've been able to really find a nice place in TV because we've been given that freedom that I think has come with this onslaught of cable programming that really is the voice of the creator and not of a thousand different producers and networks." Pop is the place to do it, he asserted. But is there any pressure that comes with being a marquis show for a relaunched network? Eugene was all confidence. "There's always a sense of pressure—you don't want to disappoint. I think that we have taken great pains to come up with a show that passed muster with us, and I think we've done that," he said. "We have no control over how an audience is going to respond or how an audience is going to find it to watch it." It was important to find the right home for the show, according to Daniel, and to promote and understand it without trying to reconfigure it for a broader audience. "There was no agenda. [Pop] unabashedly loved the show and were so supportive and knew that that was it," he said. - *Kaylee Hultgren*

Reviews: "Of Miracles and Men," Sun, 9p ET, **ESPN**. Another outstanding entry for '30 for 30.' This doc is several films really. On these shores, the best-known story is the 'Miracle on Ice,' where unheralded U.S. amateur hockey players defeated a world-class Soviet club at the 1980 Olympics. The Miracle receives an excellent re-telling from the Soviets, overconfident and drinking before the game. Then there's the tale, augmented with fabulous interviews and footage, of *Anatoli Tarasov*, Soviet hockey's beloved father. There's no crying in baseball, and perhaps hockey, too, but wait until the film's coda, when *Slava Fetisov* visits Tarasov for the final time before creating his 'miracle' in N.J. -- "What Could Possibly Go Wrong?" series premiere, Sat, 10p, **Science**. The basic concept: 2 handsome, macho dudes blow up things, with science wedged in. It works because Grant and scientist buddy Kevin have chemistry, no pun. Segment 1, building trash-can rockets, drags. But using old TV parts to construct a laser, OK, a death ray, is cool, especially when it melts pennies. -- "Better Call Saul," premiere, Sun, Mon, 10p, **AMC**. Writers *Vince Gilligan* and *Peter Gould* worried about their "Breaking Bad" spinoff. No need. Ep 1's cold open is brilliant; not a word's uttered. Dialogue begins 8:30 in. This is risky, filmic TV. Love it. - *Seth Arenstein*

Basic Cable Rankings (1/26/15-2/01/15) Mon-Sun Prime			
1	FOXN	1.6	1396
2	USA	1.5	1450
3	TBSC	1.3	1276
3	DSNY	1.3	1228
5	HIST	1.2	1152
5	HGTV	1.2	1152
5	DISC	1.2	1113
8	ESPN	1.1	1035
8	DSE	1.1	74
10	FX	1.0	914
11	TNT	0.9	831
11	ADSM	0.9	823
11	ID	0.9	786
14	FOOD	0.7	727
14	A&E	0.7	720
14	LIFE	0.7	717
14	TLC	0.7	688
14	SYFY	0.7	633
14	NAN	0.7	630
14	AMC	0.7	618
14	DSJR	0.7	496
22	FAM	0.6	601
22	TVLD	0.6	575
22	SPK	0.6	533
22	BRAV	0.6	521
22	ESP2	0.6	521
22	HALL	0.6	506
28	APL	0.5	489
28	CNN	0.5	483
28	VH1	0.5	440
28	OWN	0.5	437
28	HMM	0.5	286
33	CMDY	0.4	411
33	MSNB	0.4	410
33	BET	0.4	390
33	MTV	0.4	374
33	LMN	0.4	365
33	GSN	0.4	340
33	NGC	0.4	314
33	H2	0.4	306
33	DFAM	0.4	24
42	TRAV	0.3	304
42	EN	0.3	295
42	TRU	0.3	295
42	WETV	0.3	283
42	INSP	0.3	281

*Nielsen data supplied by ABC/Disney

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