

Cablefax Daily™

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What the Industry Reads First

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Day After: Cable Consolidation is the New Black

News of Charter's planned acquisition of Bright House sunk in Wednesday. Shares of Charter slipped about 1% after Tues' big bump, while Comcast is up 1% and Time Warner Cable rose 1.3%. Here's a look at some of the reactions from the financial analyst community. **Time Warner Cable Looks Better and Better.** **MoffettNathanson's Craig Moffett** thinks Time Warner Cable's short-term prospects look quite compelling—and should a Comcast deal not get approval, the price Charter would have to pay for it keeps getting higher. "A month ago, one could plausibly make the case that Charter's shares would rise in the event the Comcast deal is rejected," he wrote. "Now, with not just one but two deals contingent on regulatory approval of the Comcast deal, one of which added \$10 to Charter's share price yesterday alone, one can't possibly make that case. In the wake of Charter's strong recent outperformance, TWC shares now seem to us to offer the more attractive risk-reward." **Charter will be the 2nd Largest Cable MSO and More Acquisitions Could Come.** **Macquarie Securities** analysts believe Charter presents a unique investment in cable consolidation, raising pro forma '16 and '17 free cash flow estimates to 9% and 3% to reflect the new company. They also upped their price target on **Liberty Broadband** to \$66 from \$64. "There's now more wiggle room for consolidation for Charter to triple in size. The transaction will lower PF leverage by 1x to 3.9x, giving New Charter \$6bn in liquidity to pursue other acquisitions. These could include **Suddenlink** (1.2m), **Mediacom** (~1.0m) and **Cable One** (0.6m), among others," Macquarie said. **Pivotal Research** believes Charter will end up consolidating most of the rest of the industry accretively. "The next logical candidates (likely in 2016+) are Suddenlink, Mediacom, Cable One (**Graham Holdings** summer spin-off), the 67% of CMCSA spin **GreatLand** that CHTR will not own and eventually **Cablevision**, where we assume CHTR would trade subscribers with Comcast," Pivotal said. The firm upped its year-end target on Charter by \$15 to \$230. **This Could Help Comcast-TWC Merger Gain Approval.** Charter CEO **Tom Rutledge** certainly thinks the Comcast deal will close, with the Bright House transaction only potentially helping it by moving attribution of Bright House's 2mln subs to Charter. **ISI Media** analysts figure the deal as a neutral to positive indicator for the closing of Comcast-TWC. "While the deal is contingent on the Comcast-TWC merger, this transaction gives Charter more firepower if TWC does become available while still locking up the asset.

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If anything, the increasing stock price due to this transaction further reduces Charter stock dilution on the Greatland Charter transaction with Comcast,” ISI said in a note that raised Charter’s price target to \$215 from \$195.

1Q Ratings: College football helped **ESPN** win the 1Q ratings crown in prime, averaging 2.2mln total viewers. It was a closer race in total day with **Disney, Nick, Adult Swim** and **Fox News** all tying for 1st in P2+ rating (0.5), but Disney averaging the most viewers (1.28mln vs 1.267mln for Nick). ESPN was home to the top 5 programs of the quarter (all college football championship and semi-final related, except for Jan’s Arizona-Carolina Wildcard **NFL** game). The next 6 programs with the most total viewers were all eps of **AMC’s** “The Walking Dead” (Feb 8’s mid-season premiere averaged 21.7mln viewers in Live+7 vs the 33.7mln for cable’s most-watched program of the Q, ESPN’s College Football Championship). **Fox News** continued its dominance over the competition. Not only was it up double digits in primetime demo vs 1Q14, but it’s home to the top 14 cable news programs in total viewers for the Q. “The O’Reilly Factor” is in the #1 spot for news programs—where it has been for 60 consecutive quarters. -- **IFC** takes its “slightly off” tagline so seriously that it will use a Live+2.9999 reporting metric from now on (it’s cheeky way of announcing that it will join other nets in shifting to live+3).

DISH-Turner: **DISH** and **HBO** have completed a deal that will make an online version of HBO available on **Sling TV** ahead of “Game of Thrones” Apr 12 premiere (no details on exact launch date yet). Sling TV’s “Best of Live” subs can add HBO for \$15/month, giving them the live channel and HBO’s extensive VOD library. DISH said Sling is the 1st live Internet TV service to offer linear and VOD content from HBO. **Time Warner** announced Wed that both **Turner** and **HBO** have successfully completed separate distribution deals with DISH. The Turner nets, save **TNT** and **TBS**, were dark on DISH for a month last year after their contract expired. But the channels were restored in Nov as the 2 decided to extend negotiations as TBS and TNT’s contracts were set to expire. Sling TV launched in Feb with Turner nets, including **CNN** and **TBS**. HBO’s standalone Web service launches on **Apple** devices Apr 12.

Chinese Vendor Passes CableLabs Testing: Apparently **Huawei**, China’s major communications equipment provider, is looking to share a piece of North America’s DOCSIS 3.1 pie. The company said its Distributed Converged Cable Access Platform (D-CCAP) passed the 1st and 2nd rounds of **CableLabs’** DOCSIS 3.1 interoperability testing. CableLabs’ interoperability testing aims to advance the commercial use of DOCSIS 3.1 technology as the group works to complete the specification development process. During the tests, Huawei’s D-CCAP solution completed 192 MHz-wide downstream channel modulation, resulting in significantly improved bandwidth. The 2.5 Gbps bandwidth experienced was 4 times faster than previous technology, Huawei said. It demonstrated its 3.1 technology at the **SCTE** Cable-Tec Expo last year and said it will continue to work with CableLabs to roll out DOCSIS 3.1 products.

Vyve Buys Buford: **Vyve Broadband** completed the acquisition of **Alliance Comm’s Buford Media** in Pryor, OK. The tuck-in acquisition brings its footprint in the state to 315K homes passed (a 5K home increase). The acquired system will be upgraded to deliver broadband speeds up to 105 Mbps, as well as all-digital HD video

Starz Play Goes Global: As previously announced, **Starz** is set to launch its subscription streaming video service Starz Play Arabia Thurs in 17 countries. The 1st international Starz branded direct-to-consumer video service developed in conjunction with the **Parsifal Entertainment Group** will be available in parts of Middle East and North Africa. **Maaz Sheikh**, former pay-TV sales and operational exec in MENA, will lead the initiative and serve as its pres and CEO. The STARZ PLAY Arabia debuts with an early marketing emphasis on the Gulf Cooperation Council countries, including: Bahrain, Kingdom of Saudi Arabia, Kuwait, Oman, Qatar, and the United Arab Emirates. Other countries where the service is available include: Algeria, Djibouti, Egypt, Iraq, Jordan, Lebanon, Libya, Mauritania, Morocco, Palestine, and Tunisia. The service, which is expected to work across platforms, costs \$13.99 a month with a 30-day free trial and no monthly contract is required.

Sportsman/WFN Preview: **DISH** will offer a free preview of **Sportsman Channel** and **World Fishing Net** Thurs through May 5 on channels 395 and 394. The nets are part of DISH’s Outdoor Sports Package promotion, which is \$4/month.

WICT Rising Leaders: **WICT** announced the 180 designees (from various MSOs, programmers, vendors and nonprofits) of its 2015 Rising Leaders Program for managers and director-level industry professionals who have shown leadership potential. The participants will be divided among 6 classes with 30 in each. A grant from the **Walter Kaitz Foundation** will support 8 full scholarships in this year’s program for designees from smaller companies and industry non-profits.

BUSINESS & FINANCE

Programming: ABC Family expanded its reality slate with 3 new unscripted series “Startup U,” “Next Step Reality: NYC” and “Monica the Medium.” These unscripted series join recently greenlit series “Becoming Us” (formerly “My Transparent Life”) and “Job or No Job,” which will all premiere this summer. -- DJ/producer/digital media entrepreneur *Scott Keeney* (aka “DJ SKEE”) will launch his new hour-long TV series dubbed “SKEE TV” on **Fuse** starting April 9 at 10:30pm.

People: **AMC Nets** added the oversight of **SundanceTV** to **AMC** pres/gm *Charlie Collier’s* responsibilities. As the pres/gm of SundanceTV, he will continue to report to AMC Nets COO *Ed Carroll*. SundanceTV was previously headed by *Sarah Barnett*, who was named pres/gm of **BBC America** late last year, when AMC Networks began operating BBC America through a joint venture with **BBC Worldwide**. Barnett has continued to oversee SundanceTV during the interim period. -- **Entertainment Studios** appointed *Gene Cunningham* as svp of research, effective immediately. He was most recently vp of research at **Fox Stations Sales** in NY. -- **Nat Geo Channels International** tapped production exec *Simon Young* as “Commissioning Executive Producer” to its Global Content Hub. He will report to evp and head of international content *Hamish Mykura* and work across series and films that will air on the net in more than 170 countries and in 45 languages.

Cablefax Daily Stockwatch

Company	04/01 Close	1-Day Ch	Company	04/01 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	85.79	0.69	COMMSCOPE:	26.30	(0.02)
DISH:	69.73	(0.33)	CONCURRENT:	6.37	0.04
ENTRAVISION:	6.39	0.06	CONVERGYS:	22.95	0.08
GRAY TELEVISION:	13.92	0.10	CSG SYSTEMS:	30.59	0.20
MEDIA GENERAL:	17.10	0.61	ECHOSTAR:	51.77	0.05
NEXSTAR:	57.72	0.50	GOOGLE:	542.56	(5.44)
SINCLAIR:	31.49	0.08	HARMONIC:	7.35	(0.06)
MSOS					
CABLEVISION:	17.99	(0.31)	INTEL:	30.80	(0.47)
CHARTER:	190.63	(2.48)	INTERACTIVE CORP:	67.16	(0.31)
COMCAST:	57.06	0.59	JDSU:	13.02	(0.1)
COMCAST SPCL:	56.74	0.68	LEVEL 3:	53.92	0.08
GCI:	16.92	1.16	MICROSOFT:	40.70	0.05
GRAHAM HOLDING:	1045.22	(4.41)	NETFLIX:	413.12	(3.57)
LIBERTY BROADBAND:	55.60	(0.88)	NIELSEN:	44.96	0.39
LIBERTY GLOBAL:	51.90	0.43	RENTRAK:	53.84	(1.72)
SHAW COMM:	22.31	(0.12)	SEACHANGE:	8.00	0.15
SHENTEL:	33.22	2.06	SONY:	27.26	0.48
SHENTEL:	33.22	2.06	SPRINT NEXTEL:	4.73	(0.01)
TIME WARNER CABLE:	151.81	1.93	TIVO:	10.65	0.04
PROGRAMMING					
21ST CENTURY FOX:	33.58	(0.26)	UNIVERSAL ELEC:	56.35	(0.09)
AMC NETWORKS:	74.99	(1.65)	VONAGE:	5.02	0.11
CBS:	59.62	(1.01)	YAHOO:	44.13	(0.31)
CROWN:	4.01	0.01	TELCOS		
DISCOVERY:	30.91	0.15	AT&T:	32.89	0.24
DISNEY:	105.44	0.55	CENTURYLINK:	35.50	0.95
GRUPO TELEVISIA:	34.19	1.18	TDS:	25.17	0.27
HSN:	67.44	(0.79)	VERIZON:	48.92	0.29
LIONSGATE:	33.27	(0.65)	MARKET INDICES		
MSG:	83.88	(0.77)	DOW:	17698.18	(77.94)
SCRIPPS INT:	68.72	0.16	NASDAQ:	4880.23	(20.66)
STARZ:	34.64	0.23	S&P 500:	2059.69	(8.2)
TIME WARNER:	82.80	(1.64)	TECHNOLOGY		
VIACOM:	67.76	(0.96)	ADVANTAGE:	2.36	0.01
WWE:	13.60	(0.41)	AMDOCS:	53.83	(0.57)
TECHNOLOGY					
ADDVANTAGE:	2.36	0.01	AMPHENOL:	58.28	(0.65)
AMDOCS:	53.83	(0.57)	AOL:	38.45	(1.16)
AMPHENOL:	58.28	(0.65)	APPLE:	124.25	(0.18)
AOL:	38.45	(1.16)	ARRIS GROUP:	29.03	0.14
APPLE:	124.25	(0.18)	AVID TECH:	15.05	0.15
ARRIS GROUP:	29.03	0.14	BLNDER TONGUE:	0.93	(0.03)
AVID TECH:	15.05	0.15	BROADCOM:	42.59	(0.7)
BLNDER TONGUE:	0.93	(0.03)	CISCO:	27.25	(0.27)
BROADCOM:	42.59	(0.7)			
CISCO:	27.25	(0.27)			



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Think about that for a minute...

Talking to Yourself

Commentary by Steve Effros

When you see some poor fellow walking down the street mumbling to himself, and he doesn't have earphones or some silly portable telephone thing plugged into his ear, do you ever wonder who's listening? I could spend the rest of this column discussing what I consider a fascinating subject of "consciousness" and who you're really talking to when you "talk to yourself," but there's a more pragmatic issue I want to explore.



We have entered, at least for the moment, an era where the FCC says broadband (and maybe "managed services" like cable) are akin to public utilities or common carriers. Forget the legal and political challenges for now. If that's so, and "net neutrality" is the lodestar, so there's no "paid priority," what happens when broadband users start "talking to themselves" soaking up immense amounts of bandwidth? Who's going to pay for the electronic self-absorption?

Why raise this seemingly strange issue? Because it's ultimately going to become a major question regarding rate regulation, data caps and usage based pricing, that's why. Follow me here; start with an understanding that we all agree the "Internet of Things" is upon us. The assumption is that more and more things will be electronically connected via the Internet. Your thermostat, your fire and burglar alarms, obviously your computers, and who knows what else.

There's little concern being voiced about all this yet because that "connected" thermostat, for instance, uses very little bandwidth. It's just a very quick, very small data shot. Not a problem. But what if it became standard for security companies to have full-time video monitoring of your home? At the moment we know we can remotely "view" the front door or the babycam, but what if it was a

live, 24 hour-a-day stream? In HD, or 4K, or 8K? We all know someone will try to eventually sell you those cameras and WiFi equipment to link up to your broadband service so you can view your home from anywhere, anytime, all the time. You in essence will be talking to yourself. And it can be very bandwidth intensive.

Still not concerned about the ever-increasing demands on the infrastructure? We'll meet them, but who's going to pay for all the upgrades necessary to keep up with not simply quick, limited "IoT" data but the full-blown video, bandwidth-intensive uses that are completely foreseeable? Just look at what's happening in Great Britain right now with an estimated 2 million CCTV cameras in public places. What happens when they are all available, streaming, all the time? Then add home cameras for all the folks who want to "talk to themselves" and have a live, running feed on their cell phone, and you can see that we may have to either start distinguishing types of service (that is, prioritize) or we're at least going to have to switch to usage-based pricing to respond to those who want to constantly "listen" and now watch themselves and their things, as opposed to the rest of us who are apparently satisfied just walking down the street humming.

I raise all this not because I'm opposed to new uses of our burgeoning connectivity, but because I think that it's clear there are, indeed, priorities of use and there will never be "unlimited bandwidth" no matter what the technology. Unlike the "edge" providers who come and go based on increasingly short half-lives, infrastructure is long-term and costs a lot. We have to maintain it. Talking to ourselves will inevitably have to add to the bill.

Steve

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(Steve Effros was President of CATA for 23 years and is now an advisor and consultant to the cable industry)

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