

# Cablefax Daily™

Monday — May 4, 2015

What the Industry Reads First

Volume 26 / No. 084

## Take That, YouTube: It's a Cable United NewFront

The **Comcast-Time Warner Cable** merger may be dead, but it was full stream ahead (wink, wink) for Time Warner Cable Media during the NYC newfronts this week. Scratch that—for the cable distribution community as a whole. On Fri afternoon TWC teamed up with **Cablevision, Cox, Comcast** and **NCC Media** to make their own pitch to digital advertisers. And why not? Digital media buyers have been wined and dined all week, so it makes sense to be present. “We want to be at the table. We want to be your partners,” said Comcast Media 360 svp *Kevin Smith*. “We’re just asking for that opportunity... You just gotta give us a shot.” Cox Media pres *Billy Farina* emphasized the client connection and the importance of programmatic advertising, a hot topic during newfront week. “We can never fall in love with our products, we have to fall in love with our clients’ problems. And programmatic is not a problem, it’s part of a solution,” he said. There’s a Renaissance in television right now, he added, but it’s not just about content—it’s about the multiple platforms available to consumers. Speaking of... consumers spend on average 9 hours a day consuming TV media, said TWC Media chief operating officer/evp *Joan Gillman*—and that’s scale. To wit: TWC Media marketing group vp *Fred Bucher* cited research from the **Cable Advertising Bureau** clarifying what the term “scale” really means: “Ad impressions from one cable TV show equal the monthly views of the top 10 online video channels [in the U.S.], combined,” he said. “The monthly impressions of a single cable network, such as the **Food Network**, is equivalent to all **YouTube** channels, combined.” Oh, snap! Bucher noted that last year the company launched TWC Media’s internal creative agency Kernel, and this year it’s announcing the branded-content arm, Kernel Studios. How about the staff? Got it covered. According to TWC Media group vp strategy & business decisions *Sean Coar*, more than 350 of them across the country are **IAB** certified. And that staff knows to yield the set-top data to which distributors have exclusive access. A few years ago the game was about addressable advertising, said Cablevision Media Sales pres *Ben Tatta*, but today it’s about the data. The “insights and intelligence” available are “unprecedented,” he said, citing Cablevision’s TAPP feature (Total Audience Application) launched this week, which combines automation with scalability. A buzz phrase at the newfronts has been “premium content.” Well, cable’s got that, said Comcast’s Smith. It’s investing 8X the amount of “omni-screen” content than it did just 15 years ago, translating to an estimated \$30bln spent on original programming, he said. Take that, YouTube.



CABLEFAX DAILY (ISSN 1069-6644) is published daily by Access Intelligence, LLC ● www.cablefax.com ● 301.354.2101 ● Editor-in-Chief: Amy Maclean, 301.354.1760, amaclean@accessintel.com ● Associate Publisher: Michael Grebb, 323.380.6263, mgrebb@accessintel.com ● Editor: Joyce Wang, 301.354.1828, jwang@accessintel.com ● Sr Community Editor: Kaylee Hultgren, 212.621.4200, khultgren@accessintel.com ● Advisor: Seth Arenstein ● Dir. of Business Dev.: Rich Hauptner, 203.899.8460, rhauptner@accessintel.com ● Jr. Acct. Exec: Olivia Murray, 301.354.2010, omurray@accessintel.com ● Dir of Market Dev: Laurie Hofmann, 301.354.1796, lhofmann@accessintel.com ● Production: Joann Fato, jfato@accessintel.com ● Diane Schwartz, SVP Media Comms Group, dschwartz@accessintel.com ● Group Subs: Laurie Hofmann, 301.354.1796, lhofmann@accessintel.com ● Sub Questions, Client Services: 301.354.2101, clientservices@accessintel.com ● Annual subscription price: \$1,649/year ● Access Intelligence, LLC, 4 Choke Cherry Road, 2nd Floor, Rockville, MD 20850

**Charter's Course:** Charter CEO *Tom Rutledge* didn't comment on what he may be saying to **Time Warner Cable** these days, but we do know he's negotiating with **Bright House**. "Our agreement with Advance/Newhouse requires that we negotiate in good faith on the termination of the **Comcast** transactions, and we're doing that," Rutledge said during Fri's 1Q earnings call. "There isn't more that I'll say beyond that, except that I want to compliment the quality of the Bright House assets and the management team, as we already have." Charter's \$10bln deal to acquire Bright House was contingent on the Comcast-TWC transaction closing. Little was said about M&A during the call with analysts other than that Charter is disappointed its Comcast transactions fell through. Rutledge instead made some interesting remarks on a new video offering. Charter has been considering ways to provide video packages at lower price points with the inclusion of direct-to-consumer services (such as **Netflix** or **Hulu**), but hasn't found that product mix yet, he said. Rutledge is not wowed by **Verizon's** skinny bundle, reminding folks that the **FCC** actually promoted similar family packages a few years ago. All those past niche products "have ended up migrating back into a full package kind of world," he said. Still, he'd like the ability to sell smaller tiers. As for 1Q results, subs were a little light (Charter lost 7K video customers), which was blamed on disruption from the digital upgrade, credit tightening and the planned integration associated with the Comcast transactions. Broadband net adds of 125K fell just short of the Street's 133K consensus, while phone adds of 50K were in line. Charter's Spectrum products are now in more than 85% of customers HHS, and the cloud-based Spectrum Guide will launch in Reno and St Louis in the coming months when we'll also see a wider rollout of Charter's Worldbox and a big increase in VOD titles on set-tops and on the Charter TV app. Overall, Charter's loss widened to \$81mln from \$37mln a year ago, while revenue rose 7.3% to \$2.4bln. The loss includes \$97mln of interest and operating expenses from Comcast transaction financing.

**Net Neutrality Petition:** **NCTA** and **ACA** jointly filed a Petition for Stay Fri with the **FCC** regarding its Title II net neutrality order. The stay petition is a procedural requirement before a similar request can be filed with the DC Circuit Court of Appeals. The trade assns are not challenging the core Open Internet rules against blocking, throttling or paid prioritization, instead saying they want to "preserve the status quo that the Commission itself has maintained for decades." **USTelecom**, **AT&T**, **CenturyLink** and **CTIA** also asked the FCC to stay the order on Fri. Like cable, they noted the stay request does not affect the FCC's bright-line rules (no blocking, etc). Instead, they want the FCC to review parts of the order that would subject broadband providers to Title II common carrier obligations as well as the newly created Internet conduct standard.

**Cablevision Asks for Summary Judgment:** **Cablevision** filed a motion for a summary decision on **GSN's FCC** carriage complaint against it last week. It's been more than 4 years since GSN filed its complaint, claiming that Cablevision discriminated against it by moving it to the Sports & Entertainment tier. The net argued that it had a female-skewing audience and should be treated similar to networks Cablevision used to own, **WE tv** and the now-defunct **Wedding Central**. In its motion for the ALJ to grant a summary decision, Cablevision argued that GSN has failed to show that Cablevision "unreasonably restrained" it from being able to compete fairly. The FCC's ALJ is slated to commence a trial on GSN's complaint on July 7.

**Suddenlink 1Q:** **Suddenlink** lost 6,400 basic video subs in 1Q, significantly better than the 35K subs it lost in the year-ago quarter. The MSO dropped **Viacom** in Oct after the 2 failed to agree to a contract renewal and has since added channels such as **Comedy.TV** and **Revolt**. First quarter revenue of \$588.3mln grew 2.2% YOY, driven by HSD revenue growth of 14.2%. Total ARPU for the quarter was \$172.73, an increase of 6.7% YOY. At the end of the quarter, the MSO has about 1.32mln basic video subs, 873,700 digital video, 1.18mln residential HSI and 557,300 residential phone subs.

**ActiveVideo Deal:** **Arris** and **Charter** finished the acquisition of cloud-based video tech vendor **ActiveVideo**. The \$135mln deal to create a jv was announced last month, with Arris owning 65%. ActiveVideo will operate independently of both Arris and Charter, with Arris being the sales channel for ActiveVideo's CloudTV platform outside of sales to Charter. The platform is among key tech supporting Charter's Spectrum Guide. *Jeff Miller* continues to be the CEO of ActiveVideo. The joint venture's board is comprised of both Arris and Charter execs, with composition commensurate with ownership.

**Comcast Earnings Call:** In order for friends and colleagues of former co-CFO *Larry Smith*, who recently passed away, to participate in his funeral arrangements, **Comcast** has changed the time of its 1Q earnings conference call to 7:30am ET on Mon. A press release reporting the results is slated to go out at 6am.

**Editor's Note:** Your next issue of **Cablefax Daily** will arrive Tues morning to coincide with the start of **INTX**. You can also find it in the pub bins on the show floor. See you in Chicago!

**Cablefax Week in Review**

Company	Ticker	5/01 Close	1-Week % Chg	YTD %Chg
<b>BROADCASTERS/DBS/MMDS</b>				
DIRECTV:	DTV	90.40	0.61%	4.27%
DISH:	DISH	68.52	(1.99%)	(6%)
ENTRAVISION:	EVC	6.52	(0.91%)	0.62%
GRAY TELEVISION:	GTN	13.51	(1.82%)	20.63%
MEDIA GENERAL:	MEG	16.87	0.00%	0.84%
NEXSTAR:	NXST	58.26	(0.97%)	12.49%
SINCLAIR:	SBGI	30.62	(2.48%)	11.92%

Company	Ticker	5/01 Close	1-Week % Chg	YTD %Chg
<b>MSOS</b>				
CABLEVISION:	CVC	20.39	1.19%	(1.21%)
CHARTER:	CHTR	187.44	0.91%	12.49%
COMCAST:	CMCSA	58.40	(2.08%)	0.67%
COMCAST SPCL:	CMCSK	58.15	(1.77%)	1.01%
GCI:	GNCMA	16.11	(4.33%)	17.16%
GRAHAM HOLDING:	GHC	1014.76	(5.02%)	17.49%
LIBERTY BROADBAND:	LBRDA	53.94	1.14%	7.69%
LIBERTY GLOBAL:	LBTYA	53.11	0.49%	5.78%
SHAW COMM:	SJR	22.76	1.52%	(15.67%)
SHENTEL:	SHEN	34.35	(4.1%)	9.92%
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TIME WARNER CABLE:	TWC	157.25	1.28%	3.41%

Company	Ticker	5/01 Close	1-Week % Chg	YTD %Chg
<b>PROGRAMMING</b>				
21ST CENTURY FOX:	FOXA	34.50	(0.43%)	(10.18%)
AMC NETWORKS:	AMCX	76.30	(0.59%)	19.65%
CBS:	CBS	62.63	(0.14%)	13.17%
CROWN:	CRWN	3.87	(1.53%)	9.32%
DISCOVERY:	DISCA	32.74	0.09%	(4.96%)
DISNEY:	DIS	110.52	0.90%	17.34%
GRUPO TELEVISIA:	TV	36.86	0.44%	8.22%
HSN:	HSNI	62.83	(3.8%)	(17.33%)
LIONSGATE:	LGF	31.33	(3.39%)	(2.15%)
MSG:	MSG	83.00	1.55%	10.28%
SCRIPPS INT:	SNL	70.23	0.46%	(6.7%)
STARZ:	STRZA	39.87	4.48%	34.24%
TIME WARNER:	TWX	85.58	0.26%	0.19%
VIACOM:	VIA	69.25	(2.46%)	(8.28%)
WWE:	WWE	13.50	(6.77%)	9.40%

Company	Ticker	5/01 Close	1-Week % Chg	YTD %Chg
<b>TECHNOLOGY</b>				
ADVANTAGE:	AEY	2.41	0.00%	(1.23%)
AMDOCS:	DOX	54.37	(1.68%)	16.52%
AMPHENOL:	APH	56.49	0.57%	4.98%
AOL:	AOL	40.60	(0.47%)	(12.06%)
APPLE:	AAPL	128.95	(1.02%)	16.82%
ARRIS GROUP:	ARRS	34.36	(3.91%)	13.81%
AVID TECH:	AVID	16.22	0.43%	14.14%
BLNDER TONGUE:	BDR	0.77	0.00%	(71.38%)
BROADCOM:	BRCM	45.03	1.29%	3.93%
CISCO:	CSCO	29.13	1.08%	4.71%
COMMSCOPE:	CTV	26.52	(0.26%)	3.43%
CONCURRENT:	CCUR	6.12	0.82%	(13.68%)
CONVERGYS:	CVG	22.73	(1.77%)	11.59%
CSG SYSTEMS:	CSGS	29.30	(1.74%)	16.87%
ECHOSTAR:	SATS	50.25	(2.37%)	(4.29%)
GOOGLE:	GOOG	537.61	(4.86%)	2.13%
HARMONIC:	HLIT	6.95	(4.4%)	(0.86%)

Company	Ticker	5/01 Close	1-Week % Chg	YTD %Chg
INTEL:	INTC	33.42	4.18%	(7.91%)
INTERACTIVE CORP:	IACI	71.67	(0.65%)	17.90%
JDSU:	JDSU	12.56	(5.99%)	(8.45%)
LEVEL 3:	LVL3	55.71	1.90%	12.82%
MICROSOFT:	MSFT	48.66	1.64%	4.75%
NETFLIX:	NFLX	557.03	(0.24%)	63.06%
NIELSEN:	NLSN	44.84	(2.42%)	0.25%
RENTRAK:	RENT	49.71	(0.94%)	(31.74%)
SEACHANGE:	SEAC	6.90	0.29%	8.15%
SONY:	SNE	30.91	(1.37%)	51.00%
SPRINT NEXTEL:	S	5.22	(0.95%)	25.78%
TIVO:	TIVO	11.07	0.27%	(6.5%)
UNIVERSAL ELEC:	UEIC	54.61	(4.44%)	(16.02%)
VONAGE:	VG	4.71	(3.88%)	23.62%
YAHOO:	YHOO	42.51	(4.51%)	(15.84%)

Company	Ticker	5/01 Close	1-Week % Chg	YTD %Chg
<b>TELCOS</b>				
AT&T:	T	34.43	5.91%	2.50%
CENTURYLINK:	CTL	36.14	(0.74%)	(8.69%)
TDS:	TDS	28.81	5.88%	14.10%
VERIZON:	VZ	50.41	0.76%	7.76%

Company	Ticker	5/01 Close	1-Week % Chg	YTD %Chg
<b>MARKET INDICES</b>				
DOW:	DJI	18024.06	(0.31%)	1.13%
NASDAQ:	IXIC	5005.39	(1.7%)	5.69%
S&P 500:	GSPC	2108.29	(0.44%)	2.40%

**WINNERS & LOSERS**

<b>THIS WEEK'S STOCK PRICE WINNERS</b>				
COMPANY	CLOSE	1-WK CH		
1. AT&T:	34.43	5.91%		
2. TDS:	28.81	5.88%		
3. STARZ:	39.87	4.48%		
4. INTEL:	33.42	4.18%		
5. LEVEL 3:	55.71	1.90%		

<b>THIS WEEK'S STOCK PRICE LOSERS</b>				
COMPANY	CLOSE	1-WK CH		
1. WWE:	13.50	(6.77%)		
2. JDSU:	12.56	(5.99%)		
3. GRAHAM HOLDING:	1014.76	(5.02%)		
4. GOOGLE:	537.61	(4.86%)		
5. YAHOO:	42.51	(4.51%)		

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