

Cablefax Daily™

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What the Industry Reads First

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2Q Talk: Comcast Trims Video Losses, Adds Customer Relationships

With investors warily eyeing 2Q results for signs of cord-cutting dangers, **Comcast** had some good news to share Thurs, reporting its best 2Q video numbers in 9 years. While the Street expected video losses of 109K (the cord-cutting concerned *Craig Moffett* of **MoffettNathanson** had predicted 120K loss), Comcast's beat of 69K losses were 52% better than a year ago. Overall, Comcast Cable added 31K customer relationships in the seasonally week 2Q, compared to a loss of 25K a year ago. The X1 platform, now available to approx a third of the MSO's footprint, is getting a lot of the glory. Comcast Cable pres/CEO *Neil Smit* said voluntary churn is down 30% in X1 markets. He also credited Comcast's churn improvement to a higher percentage of customers in contract (more than double the number last year). Then there's the MSO's newly launched emphasis on improving the customer experience, from hiring more workers to rolling out tech tools that make CSRs jobs easier. New CFO *Michael Cavanagh* noted that the number of customers calling to speak to agents is down 15%, "so we're getting things right the first time." Similarly, customers having repeat tech visits within 30 days are down 9%, he said. Comcast chief *Brian Roberts* mentioned that **Cox** and **Shaw** are both engaged in X1 trials but didn't offer any details. He did say "a number" of other companies are expressing interest. While shares of Comcast closed down more than 3%, analysts seemed pleased with the results. **Pivotal Research** raised its price target to \$80, an \$8 price tweak. "Perhaps, the market expected higher data net adds in the quarter. We believe this is shortsighted..." wrote **Telsey Advisory Group's** *Thomas Eagan*. Broadband net adds of 180K were just short of the Street's 204K expectation, while voice sub adds of 49K missed the consensus' 77K expectation (analyst *Moffett* suggested this should probably be considered normalization of voice vs a "slowdown"). "With large domestic M&A effectively off the table for Comcast under the current *Obama* Administration, management continues to excel in execution in what is a strategically complete company," said **Evercore ISI** analysts. "We think investors are closely watching any moves the company makes in over-the-top (virtual MSO or branded genre/channel platforms), wireless (monetize MVNO partnerships and invest in switched-WiFi technology) and international acquisitions (not likely to be imminent)." There seemed to be some confusion among analysts Thurs over Comcast's newly announced Stream service. As **Cablefax** has reported, it's a Title VI cable service, not an OTT service. Offered on Comcast's own proprietary

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network, the \$15/month offering streams broadcast plus **HBO** to computers and tablets. Because it's a Title VI service, Comcast didn't have to negotiate with broadcasters to offer their signals on Stream. It also means Stream, currently available only in Boston, is subject to must carry, PEG, leased access and other requirements. Roberts described Stream as a way to upsell broadband-only customers or college students who want a different kind of product. "It's not going to be something you're going to see meaningful results from in the near future, but it's very exciting to be able to have a range of products and then to have a platform to upsell consumers from," he said. Overall, Comcast's net income rose 7% to \$2.1bln; revenue was up 11% to \$18.7bln (see **NBCU** results below).

Technicolor/Cisco Deal: The deal marks the end of an era. After a decade in the set-top market, **Cisco** is exiting the business it bought from **Scientific-Atlanta**. Cisco is selling its Connected Devices division to French vendor **Technicolor** for around \$605.12mln in cash and stocks. The deal will give Technicolor access to Cisco's top MSO customers including **Comcast**, **Time Warner Cable** and **Charter**. Cisco is among the vendors working on Charter's new Worldbox platform. Cisco inherited the set-top division through its acquisition of S-A in 2005 for \$6.9bln, one of the largest tech acquisitions in history. While Cisco will stop making video customer premises equipment, it will continue to develop software and cloud-based applications for IPTV and other video services. *Hilton Romanski*, Cisco's svp and chief strategy officer will join Technicolor's board as part of Cisco and Technicolor's collaboration on video products and Internet of Things services. The 2 have also agreed to a long-term patent licensing deal. The transaction is expected to close by the end of 4Q or during 1Q, 2016, subject to regulatory approvals and customary closing conditions. The transaction indicates increased consolidation in the set-top business. **Arris** recently acquired **Pace** and purchased cloud video software firm **ActiveVideo** through a joint venture with Charter. It also acquired **Motorola** Home from **Google** in 2013. The series of purchases have made Arris a top set-top vendor in terms of market share. Earlier this week, UK's **Amino Technologies** agreed to acquire CA-based **Entone** for \$73mln. Both companies are IP and hybrid IP-QAM set-top and gateway vendors. Entone inked a deal with **TiVo** to collaborate on IPTV services in 2013.

AT&T-DirecTV: Republican **FCC** commish *Michael O'Rielly* said he voted to approve the nearly \$50bln **AT&T-DirecTV** merger. Chmn *Tom Wheeler* said he has circulated a proposal recommending approving the merger with conditions, including buildout and interconnection requirements. "After reading the Order as prepared by Commission staff, reviewing the voluminous record in the proceeding, and listening to interested parties, I voted the item this afternoon," said O'Rielly. "To be clear, this process shouldn't have taken this long, and we shouldn't have been so cavalier with the Commission's merger review 'shot clock,' but at least we have arrived at this final stage." O'Rielly said he will release a more substantive statement as soon as other commissioners vote on the merger.

Dinosaurs, Fast Cars and AcaBellas: **NBCU**, more specifically the films division, was the star of **Comcast's** 2Q financials. "Jurassic World," "Pitch Perfect 2" and "Furious 7" helped the filmed division to \$2.3bln in revenue—not even close to the \$1.6bln consensus "Everyone knew the numbers would be good. But no one knew they would be this good," said analyst *Craig Moffett*. Theme parks also pulled in stellar numbers. The same wasn't true for the TV side, with cable network revenue down 1% and broadcast flat. "Industry viewership continues to be under pressure," Comcast chmn/CEO *Brian Roberts* said, though he noted NBC's win among 18-49s for the '14-'15 season and a strong premiere for **USA's** "Mr Robot," which he said ranks as the #2 scripted series this year.

Weather Write Down: Weather Channel, which has been dark on **Verizon** since early March, saw **Comcast** slash the value of its stake in the company. In a regulatory filing Thurs, Comcast said it recorded an expense of \$252mln representing **NBCU's** proportionate share of an impairment charge Weather Channel recorded in equity in net income (losses) of investees. Comcast valued its stake in Weather at \$85mln at the end of June, down from \$335mln at the end of 2014. **NBCU**, **Bain Capital** and **The Blackstone Group** purchased Weather from **Landmark Communications** in 2008.

Sharknado Ratings: "Sharknado 3: Oh, Hell No" delivered 2.8mln viewers for **Syfy** for its Wed premiere. That's down 27% from the 3.9mln the 2nd film garnered, but up 106% from the premiere of the original "Sharknado." Recall that the campy film was a bit of a sleeper hit when it premiered in July 2013, with it really racking up popularity in encore presentations. Syfy is undoubtedly hoping Sharknado 3 will have similar staying power. It already has ordered up a 4th helping of the shark-tornado franchise, with the flick expected to debut next July. Sharknado 3 definitely took social media by storm, doubling the 1bln impressions for Sharknado 2 on **Twitter**. Here's how

BUSINESS & FINANCE

Syfy put it: “Generating more Twitter activity than every episode of the final season of ‘Mad Men,’ every episode of this season’s ‘The Bachelor’ and *Hillary Clinton’s* presidential announcement, Sharknado 3 trended #1 in the United States and #2 worldwide.”

Cox Doings: Cox is expanding its gigabit Internet service for residential subs in LA under the brand name “G1GABLAST.” The MSO plans to offer residential gigabit speeds in all of its markets by the end of 2016. G1GABLAST was already launched in parts of Phoenix, AZ and Orange County, CA areas, Las Vegas and Omaha. The MSO also announced its Ultimate Internet tier subs will see their speeds increase from 150 Mbps to 200 Mbps later this summer.

People: *Charlie Dixon*, a former **NBC** and **ESPN** exec, will join **Fox Sports** on Aug 3 as evp of content for **Fox Sports 1** and **Fox Sports 2**, a newly created post. He will report to *Jamie Horowitz*, pres of **Fox Sports National Networks**. Reporting to Dixon are *Melissa Forman*, svp of development; *Rick Jaffe*, svp of news; *Bill Dallman*, vp of news dir; and *Michael Hughes*, exec producer, **Fox Sports Live**. -- **A&E** upped *Gabriel Marano* to svp of scripted programming, continuing to report to *Frontain Bryant*, evp & head of programming. She joined the net in 2013 as vp, drama programming.

Cablefax Daily Stockwatch

| Company | 07/23 Close | 1-Day Ch | Company | 07/23 Close | 1-Day Ch |
|------------------------------|-------------|----------|-----------------------|-------------|----------|
| BROADCASTERS/DBS/MMDS | | | | | |
| DIRECTV: | 92.19 | (0.64) | COMMSCOPE: | 26.19 | (0.1) |
| DISH: | 66.23 | 0.91 | CONCURRENT: | 6.25 | (0.01) |
| ENTRAVISION: | 7.59 | (0.31) | CONVERGYS: | 25.32 | (0.26) |
| GRAY TELEVISION: | 17.08 | (0.68) | CSG SYSTEMS: | 30.92 | (0.59) |
| MEDIA GENERAL: | 16.12 | (0.57) | ECHOSTAR: | 46.54 | 0.05 |
| NEXSTAR: | 58.51 | (1.04) | GOOGLE: | 644.28 | (17.82) |
| SINCLAIR: | 28.34 | (0.64) | HARMONIC: | 6.48 | (0.14) |
| TEGNA: | 29.43 | (0.38) | INTEL: | 28.60 | (0.01) |
| MSOS | | | | | |
| CABLE ONE: | 400.49 | 3.33 | INTERACTIVE CORP: | 82.39 | (0.81) |
| CABLEVISION: | 26.11 | (0.62) | JDSU: | 11.34 | 0.15 |
| CHARTER: | 183.76 | (2.3) | LEVEL 3: | 52.60 | 0.16 |
| COMCAST: | 62.47 | (2.03) | MICROSOFT: | 46.11 | 0.57 |
| COMCAST SPCL: | 62.25 | (2.06) | NETFLIX: | 110.10 | (1.4) |
| GCI: | 18.23 | 0.08 | NIELSEN: | 45.32 | 0.01 |
| LIBERTY BROADBAND: | 53.66 | (1.12) | RENTRAK: | 67.66 | (1.89) |
| LIBERTY GLOBAL: | 52.08 | (0.46) | SEACHANGE: | 7.45 | (0.01) |
| SHAW COMM: | 20.73 | 0.04 | SONY: | 29.20 | 0.82 |
| SHENTEL: | 33.47 | 0.03 | SPRINT NEXTEL: | 3.67 | (0.14) |
| SHENTEL: | 33.47 | 0.03 | TIVO: | 9.98 | (0.07) |
| TIME WARNER CABLE: | 190.50 | 0.03 | UNIVERSAL ELEC: | 52.23 | 0.48 |
| PROGRAMMING | | | | | |
| 21ST CENTURY FOX: | 33.23 | (0.46) | VONAGE: | 5.15 | UNCH |
| AMC NETWORKS: | 83.95 | (1.05) | YAHOO: | 39.21 | (0.03) |
| CBS: | 53.75 | (0.38) | TELCOS | | |
| CROWN: | 4.58 | (0.15) | AT&T: | 33.93 | (0.34) |
| DISCOVERY: | 32.15 | (0.28) | CENTURYLINK: | 28.96 | (0.23) |
| DISNEY: | 118.80 | (0.53) | TDS: | 28.28 | 0.03 |
| GRUPO TELEVISIA: | 35.18 | 0.02 | VERIZON: | 46.35 | (0.1) |
| HSN: | 71.89 | (0.83) | MARKET INDICES | | |
| LIONSGATE: | 38.48 | 0.96 | DOW: | 17731.95 | (119.09) |
| MSG: | 81.19 | (0.6) | NASDAQ: | 5146.41 | (25.36) |
| SCRIPPS INT: | 61.82 | (0.93) | S&P 500: | 2102.15 | (12) |
| STARZ: | 44.44 | (0.84) | | | |
| TIME WARNER: | 87.69 | (1.03) | | | |
| VIACOM: | 58.37 | (0.41) | | | |
| WWE: | 17.23 | (0.38) | | | |
| TECHNOLOGY | | | | | |
| ADDVANTAGE: | 2.30 | 0.02 | | | |
| AMDOCS: | 55.91 | (0.43) | | | |
| AMPHENOL: | 56.26 | (0.52) | | | |
| APPLE: | 125.16 | (0.06) | | | |
| ARRIS GROUP: | 30.63 | 0.48 | | | |
| AVID TECH: | 12.88 | (0.15) | | | |
| BLNDER TONGUE: | 0.82 | 0.02 | | | |
| BROADCOM: | 52.30 | 0.54 | | | |
| CISCO: | 28.01 | 0.48 | | | |

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PROGRAMMER'S PAGE

And the Survey Says... Artistry

GSN hasn't been the "Game Show Network" for quite some time as it continues to broaden its reach to new content pastures nourished by creativity, passion and cerebral muscle-flexing. And nowhere has that been more apparent than with "Skin Wars," its eclectic reality competition that challenges talented body painters to push the boundaries of the art. The show's sophomore season ratings growth has been no surprise to *Amy Introcaso-Davis*, GSN's evp, programming and development. "I think people are craving something different, and the artists in the show are so talented," she says. "We're seeing new people coming to each episode and discovering it and coming back to the next episode." For GSN, it's all about capturing young eyeballs with competition-based content that goes beyond hand buzzers and scholarly trivia. Skin Wars is a big part of that strategy—and was a big gamble initially. "In an odd way, when something is pushing the envelope for your network, sometimes that takes the pressure off a little bit because it's a different kind of thing and it opens the door to creativity," she says. The show has even paired well with more traditional "shiny floor" fare—a surprising discovery that GSN execs made after placing a re-run of *Ben Gleib's* brain twisting "Idiot Test" after a new Skin Wars ep. "It did incredibly well, so now we're putting the premieres there," she says, noting that "it's a very compatible audience" because "that same sort of kind of mind who's interested in the process of Skin Wars is also interested in the brain teasers of Idiot Test." GSN isn't done yet, with plans to premiere on Aug 19 "Steampunk'd," which could do for Steampunk (Victorian meets sci-fi) designers what Skin Wars has done for body painters. "When you think about the number of people who are seeing their art, it's extraordinary," Introcaso-Davis says. "And it's kind of moving for us." — *Michael Grebb*

Reviews: "Clever Monkeys," Sunday, 10pm, **Nat Geo Wild**. We can't recommend this doc enough, even if you're unaccustomed to spending time watching Nat Geo Wild. It's that good. The camera work is outstanding (the close-ups of monkeys' faces and fingers are tremendous), ditto the narration by *Sir David Attenborough*, whose soothing voice and obvious joy, along with several jokes, make this informative yet entertaining romp all the more enjoyable. Beyond the fun, though, are the film's illustrations of monkey intelligence, which leads to a discussion of monkey culture, status, competitiveness, stress, depression and high blood pressure. Sound familiar? -- "Let The Scream Be Heard," Sunday, 12pm ET, **Ovation**. Everyone knows *Edvard Munch's* "The Scream." This terrific doc from *Dheeraj Akolkar* begins there but demonstrates with gorgeous footage that this prolific Norwegian artist should be remembered for much more than one image. -- "Runaway Island," Sat, 8pm, **TV One**. If you crave escape, this original about fleeing to a gorgeous, secluded island is a good summer watch. *Lorraine Toussaint* provides her usual fine performance, and newcomer *Herizen Guardiola* sparkles. -- "Real Murders: An Aurora Teagarden Mystery," Sunday, 9pm, **Hallmark**. It's odd to describe a murder mystery as cute, but it fits here. *Candace Cameron Bure* returns as the amateur sleuth who's better than police at finding criminals in a small, wholesome town. - *Seth Arenstein*

| Basic Cable Rankings (7/13/15-7/19/15) | | | |
|---|------|-----|------|
| Mon-Sun Prime | | | |
| 1 | FOXN | 0.7 | 1766 |
| 1 | DSNY | 0.7 | 1629 |
| 1 | HGTV | 0.7 | 1626 |
| 1 | USA | 0.7 | 1604 |
| 5 | TNT | 0.6 | 1560 |
| 5 | DISC | 0.6 | 1474 |
| 5 | ESPN | 0.6 | 1466 |
| 5 | HIST | 0.6 | 1413 |
| 9 | TBSC | 0.5 | 1305 |
| 9 | FX | 0.5 | 1181 |
| 11 | FOOD | 0.4 | 1050 |
| 11 | SYFY | 0.4 | 976 |
| 11 | FAM | 0.4 | 960 |
| 11 | ADSM | 0.4 | 952 |
| 11 | TLC | 0.4 | 948 |
| 11 | AMC | 0.4 | 873 |
| 11 | UDN | 0.4 | 511 |
| 11 | DSE | 0.4 | 92 |
| 19 | LIFE | 0.3 | 827 |
| 19 | A&E | 0.3 | 824 |
| 19 | NAN | 0.3 | 806 |
| 19 | SPK | 0.3 | 783 |
| 19 | ID | 0.3 | 743 |
| 19 | APL | 0.3 | 662 |
| 19 | MSNB | 0.3 | 621 |
| 19 | HALL | 0.3 | 607 |
| 19 | WETV | 0.3 | 590 |
| 19 | DSJR | 0.3 | 570 |
| 19 | OWN | 0.3 | 544 |
| 19 | HMM | 0.3 | 368 |
| 19 | DFAM | 0.3 | 52 |
| 32 | VH1 | 0.2 | 562 |
| 32 | TVLD | 0.2 | 561 |
| 32 | CNN | 0.2 | 551 |
| 32 | BRAV | 0.2 | 528 |
| 32 | NGC | 0.2 | 516 |
| 32 | CMDY | 0.2 | 491 |
| 32 | GSN | 0.2 | 482 |
| 32 | BET | 0.2 | 443 |
| 32 | MTV | 0.2 | 435 |
| 32 | FS1 | 0.2 | 417 |
| 32 | LMN | 0.2 | 412 |
| 32 | TRAV | 0.2 | 406 |
| 32 | FXX | 0.2 | 398 |
| 32 | TRU | 0.2 | 394 |
| 32 | DXD | 0.2 | 391 |

*Nielsen data supplied by ABC/Disney

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