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What the Industry Reads First

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Viacom/AMC Nets: Stocks Continue to Decline as Netflix Rises

Some big media stocks were bouncing around Thurs after selloffs the previous day over concerns of cable sub losses and following **Disney's** move to lower its projection for operating income at its cable nets. However, shares of **Viacom** and **AMC Nets**, which both reported earnings Thurs, continued to get hammered. AMC Nets' shares fell around 10% mid-day despite its strong 2Q results. Net revenue increased 15.1% to \$601mln, led by 22.8% growth at national networks. While the traditional networks suffered, **Netflix** was up 2%. After falling 7% Wed, Viacom's stock was down more than 10% mid-Thurs. The company reported its fiscal 3Q revenues declined 11% YOY to \$3.06bln. Year to date, Viacom stocks were down more than 30%. The decline is "way overdone," Viacom CEO *Philippe Dauman* said on the company's earnings call. "The value of the underlying assets far outpaces what's reflected in the marketplace... We have in the past gone through these market dislocations, and we obviously, as you know, believe in our stock..." he said. International is "one of Viacom's most important and underappreciated assets," he said, highlighting a recent acquisition in India and Viacom's solid performance in China. Emphasizing Viacom is accelerating its effort to grow, Dauman cited mobile video as "a particularly significant opportunity for us." He noted Viacom content will play a "prominent" role in **Verizon's** mobile video service set to launch later this summer. Viacom is exploring opportunities with other digital video distributors. It's also looking to increase availability and flexibility of VOD viewing, the exec said. Despite a \$6mln increase (to \$2.6bln) in revenue in the media networks division thanks to higher affil fees, domestic ad revenues declined 9% YOY due to a decrease in traditional ratings. **Bernstein Research** analysts see a sequential slowdown in ad revenue across programmers. They also attribute Viacom's weak ratings to things like excessive reliance on too few hit programs and liberal online distribution. Dauman continued to argue that the ratings declines are partially due to increased viewing on digital platforms and places that aren't being rated currently. And the programmer expects to increase its original programming as acquired and syndicated content have underperformed. As for advertising, Dauman promised to return it to growth in the next fiscal year as well as drive "continued strong growth" in affil revenues. On the bright side, Viacom signed deals with **Charter** and **Mediacom** in the quarter. With those deals completed, more than 70% of Viacom's footprint is locked into affiliate

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contracts through at least 2018, **Wells Fargo** analysts said. "This gives it confidence in the continued high-single digit affiliate growth going forward," they said. Viacom's adjusted operating income was steady at \$1.08bln. Media nets adjusted operating income declined 1% to \$1.11bln.

More on AMC Nets Earnings: **AMC Nets'** national networks' growth was led by a 29.3% increase in distribution revenues to \$303mln. The growth was primarily attributable to increases in affiliate fees, including the inclusion of **BBC America**, as well as increases in digital, licensing and home video revenues. Ad revenue increased 13.4% to \$186mln, reflecting the inclusion of BBC America in the current year period as well as solid growth at **WETv, IFC** and **SundanceTV**.

Charter Merger: As soon as the **FCC** votes on the protective order for confidential filings submitted for the review of the **Charter-Time Warner Cable** merger, it will start the shot clock on the transaction, chmn *Tom Wheeler* said during a press conference following the Commission's Open Meeting Thurs. The merger review team isn't "sitting around sucking eggs... I want this to move as quickly as possible, and we have folks working on it right now," the chmn said. Having said that, the shot clock can't be started before the Commission decides what kind of information can be made public for people to comment, Wheeler said, noting he is waiting for the other commissioners to vote on the protective order. Republican commish *Ajit Pai* disagreed. He previously proposed having a separate proceeding regarding policies for protecting confidential information. Fellow Republican *Michael O'Rielly* said Wheeler only needs 3 votes to start the clock on the merger review process. Media companies including **CBS, Scripps, Time Warner, 21st Century Fox, Viacom** and **Disney** emphasized they don't seek to delay the review process, according to a July 31 ex parte filing. They argued that disclosure of their competitively sensitive information wasn't necessary to the merger review, noting the FCC successfully reviewed 2 proposed mergers within the last year, including the **AT&T-DirecTV** deal, without disclosing such information.

Tech Transition: During its Open Meeting Thurs, the **FCC** approved rules to protect landline home phone consumers during power outages as service providers transition from copper network to an all-IP environment. As previously announced, the new rules require providers including cable companies to notify customers of plans to retire copper networks at least 3 months in advance. To protect competition, the new rules increase the notice period for interconnecting carriers from 3 months to at least 6 months. They also require companies to offer subs the option to get a backup battery that will last at least 8 hours. Several major cable companies have told the FCC some of the requirements are unnecessary. Internet groups like the **Internet Innovation Alliance** voiced frustration as well. "With less than five percent of Americans relying exclusively on traditional, copper-line plain old telephone service (POTS), and three out of four communications users having already transitioned onto IP-based services, setting 'rules of the road' to protect consumers and advance these modern services is appropriate, welcomed, and timely," the group said in a statement Thurs. It counts **AT&T** and several tech companies as members.

Broadband Progress Report: In preparation for its annual broadband assessment, the **FCC** seeks comment on whether mobile broadband should be included in the assessment, a question major service providers including cable have asked repeatedly. The Commission acknowledged that while fixed broadband offers advantages for high-capacity home use, mobile broadband has become "increasingly important for many uses, including connecting on social media, navigating during travel, communicating with family and friends, receiving timely news updates, and more." In the event mobile broadband is added to the assessment, the agency seeks comment on what speed of service should serve as the benchmark for assessing availability. It's also proposing to consider the availability of fixed satellite broadband in its annual assessment of fixed broadband availability. The Notice of Inquiry also asks whether the agency should consider standards beyond speed when assessing broadband deployment, including latency and consistency of service. And it asks whether to consider factors beyond physical deployment, including pricing and data allowances, privacy, and broadband adoption.

Unlicensed Spectrum: The **FCC** adopted an order Thurs during its Open Meeting to allow unlicensed TV white space devices and unlicensed wireless microphones to use channels in the 600 MHz and TV broadcast bands while continuing to protect TV and other licensed services from harmful interference. The agency noted unlicensed devices have grown from basic garage door openers and cordless phones to Wi-Fi and Bluetooth technologies to the Internet of Things. The Commission's Part 15 rules permit unlicensed devices to operate on unused TV channels, the so-called "white space" spectrum. Following the upcoming incentive auction, there may be fewer white space frequencies in the television band for use by such devices. The order provides technical parameters for fixed and personal/portable white space devices

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to operate in the 600 MHz band and allows sharing of spectrum between white space devices and unlicensed microphones in the 600 MHz band. It also expands the location and frequency information in the white space databases, updates database procedures and adopts transition periods for the certification, manufacturing and marketing of white space devices and wireless microphones that comply with the new rules.

One World Launches Originals Unit:

One World Sports created One World Sports Originals, a new unit to develop original content complementing the net's live sports content. The 1st original production is "A Bridge to Cuba: Celebrating Cuba v Cosmos," a doc chronicling the New York Cosmos soccer team's historic June trip to Cuba.

People: Discovery Comm tapped *Marjorie Kaplan* to become the company's new pres of content for **Discovery Networks International**, a newly created position. A nearly 20-year Discovery vet and most recently group pres, **TLC, Animal Planet & Velocity**, Kaplan will report to Discovery Networks International pres *JB Perrette*. -- **Turner** upped *Justin Williams* to svp, digital ventures for **TNT** and **TBS**, a newly created role based in Atlanta and reporting to *Kevin Reilly*, pres of TBS and TNT and chief creative officer, **Turner Entertainment**. Williams has served as vp of digital for TBS and TNT since 2013.

Cablefax Daily Stockwatch

Company	08/06 Close	1-Day Ch	Company	08/06 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DISH:	67.88	(0.34)	CONVERGYS:	23.50	(0.6)
ENTRAVISION:	6.96	(0.43)	CSG SYSTEMS:	32.67	1.98
GRAY TELEVISION:	14.48	(1.32)	ECHOSTAR:	47.04	(0.13)
MEDIA GENERAL:	13.05	(1.59)	GOOGLE:	642.68	(1.1)
NEXSTAR:	51.95	(1.99)	HARMONIC:	5.87	(0.01)
SINCLAIR:	26.79	(0.6)	INTEL:	29.01	(0.11)
TEGNA:	26.38	(1.07)	INTERACTIVE CORP:	74.28	(2.44)
MSOS					
CABLE ONE:	415.53	(1.47)	LEVEL 3:	49.08	(1.24)
CABLEVISION:	26.53	(1.07)	MICROSOFT:	46.62	(0.96)
CHARTER:	187.25	(1.3)	NETFLIX:	126.45	2.74
COMCAST:	58.76	(1.05)	NIELSEN:	46.55	(1.5)
COMCAST SPCL:	58.83	(0.86)	RENTRAK:	62.78	(3.65)
GCI:	18.79	(0.27)	SEACHANGE:	6.50	(0.15)
LIBERTY BROADBAND:	53.73	(0.81)	SONY:	26.56	(0.55)
LIBERTY GLOBAL:	52.42	(1.85)	SPRINT NEXTEL:	3.29	0.14
SHAW COMM:	20.78	(0.18)	TIVO:	9.77	(0.15)
SHENTEL:	35.54	0.03	UNIVERSAL ELEC:	50.46	(1.31)
SHENTEL:	35.54	0.03	VONAGE:	6.22	(0.19)
TIME WARNER CABLE:	190.22	(1.28)	YAHOO:	36.46	(0.79)
PROGRAMMING					
21ST CENTURY FOX:	29.87	(2.05)	TELCOS		
AMC NETWORKS:	75.01	(3.5)	AT&T:	34.24	(0.33)
CBS:	52.24	1.82	CENTURYLINK:	27.93	(0.63)
CROWN:	4.64	(0.44)	FRONTIER COMMUNICATIONS:	5.13	0.02
DISCOVERY:	29.88	1.01	TDS:	29.31	0.15
DISNEY:	108.55	(1.98)	VERIZON:	46.63	(0.01)
GRUPO TELEVISIA:	32.81	(0.36)	MARKET INDICES		
HSN:	66.67	(7.9)	DOW:	17419.75	(120.72)
LIONSGATE:	35.34	(2.08)	NASDAQ:	5056.44	(83.5)
MSG:	76.44	(1.28)	S&P 500:	2083.56	(16.28)
SCRIPPS INT:	58.59	1.05			
STARZ:	35.87	(2.17)			
TIME WARNER:	79.15	(0.65)			
VIACOM:	44.77	(6.9)			
WWE:	21.92	(1.09)			
TECHNOLOGY					
ADVANTAGE:	2.21	UNCH			
AMDOS:	58.10	(0.73)			
AMPHENOL:	55.74	(0.35)			
APPLE:	115.13	0.25			
ARRIS GROUP:	27.89	(1.31)			
AVID TECH:	11.30	(0.11)			
BROADCOM:	49.71	(0.76)			
CISCO:	28.21	(0.06)			
COMMSCOPE:	25.95	(0.11)			
CONCURRENT:	5.45	(0.02)			

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PROGRAMMER'S PAGE

Hard Knocks Realty...

Though known for its scripted dramas and comedies, **ABC Family** is beefing up its unscripted slate with several millennial-focused docu-series this summer tackling familiar themes like entrepreneurship, psychic mediums and real estate. The latter is the focus of "Next Step Realty NYC," premiering Aug 11, 9pm. "It's the 'Million Dollar Listing' for millennials—instead of million dollar listings, it's thousand dollar," said executive producer *Danielle Rossen*. "We are dealing with the real kids, out of 40,000 college graduates, who move to NYC each year to try and find their first apartment." The series tackles a growing problem: newly-grads fail to realize how expensive NYC is and how little you get for your money. Rather than making a train commute each day, students are willing to sacrifice apartment space and lower rent to live the city life. The Next Step Realty, a real estate brokerage firm in Manhattan, specializes in helping these new graduates get the best apartments they can afford. The company is unique in that it's run by millennials themselves, with an entire office of successful 20-somethings working to make it in the Big Apple and help others live the dream. These same brokers vie for clients, company promotions, and for their own reputations. The firm also uses student brand ambassadors to introduce and promote Next Step online as well as on campus throughout the school year. "They are really concentrating on this group of individuals who have otherwise been ignored... They hope those students will stay with them as they move into their next apartment, as you get a boyfriend or move in with them, or then get ready to buy an apartment," Rossen said. Next Step aims to highlight the relationships within the workplace and draw a focus to the team instead of just the clients. "This show will really focus on the brokers' successes, losses, and how they all cohesively work together. These are young people renting to other young people," Rosen said. - *Kristen Beaudoin*

Reviews: "Strike Back," Fri, 10pm, **Cinemax**. A total summer hoot, the final season of this series about a British special ops force began last week with the team in Thailand attempting to help the British ambassador recover his kidnapped daughter. As usual, the majority of the ep is composed of high-speed chase scenes, blood-spilling hand-to-hand combat and violent shoot-outs. In between, its rugged leads, played by *Sullivan Stapleton* and *Philip Winchester*, bond. At the conclusion of this week's show we discover the butler didn't do it. -- "Fur Seal Battleground," Sun, 9pm, **Nat Geo Wild**. Clips at the recent TCA presentation hinted that Nat Geo Wild chief *Jeff Daniels* plans to justify the "Wild" in his network's name. Series will show animal life includes a struggle to survive. This excellent film does that well, following two newborn fur seal pups as they fight for life on opposite sides of New Zealand's South Island. The pups encounter danger shortly after birth as their mothers fling them away to avoid being flattened by 300-pound males in mating mode. -- "Playing House," Tues, 10pm, **USA**. Loyal fans rescued this comedy about friends (*Lennon Parham* and *Jessica St. Clair*) raising a baby. We're glad they did. -- **Notable:** A fond farewell to **Comedy Central's Jon Stewart**. He set the bar high. - *Seth Arenstein*

Basic Cable Rankings (7/27/15-8/02/15)			
Mon-Sun Prime			
1	DSNY	0.9	2271
2	TNT	0.7	1732
2	FOXN	0.7	1660
4	USA	0.6	1557
4	TBSC	0.6	1552
4	HGTV	0.6	1480
4	HIST	0.6	1476
8	DISC	0.5	1314
9	FOOD	0.4	1083
9	ADSM	0.4	1028
9	FX	0.4	1027
9	LIFE	0.4	974
9	SYFY	0.4	915
9	AMC	0.4	907
9	A&E	0.4	862
9	ID	0.4	781
9	DSE	0.4	88
18	TLC	0.3	789
18	SPK	0.3	777
18	FAM	0.3	765
18	ESPN	0.3	728
18	NAN	0.3	685
18	VH1	0.3	661
18	MSNB	0.3	636
18	APL	0.3	630
18	HALL	0.3	592
18	DSJR	0.3	592
18	HMM	0.3	412
18	DFAM	0.3	61
30	CNN	0.2	543
30	TVLD	0.2	538
30	BET	0.2	532
30	WETV	0.2	516
30	NGC	0.2	509
30	OWN	0.2	494
30	BRAV	0.2	490
30	MTV	0.2	476
30	FS1	0.2	458
30	GSN	0.2	447
30	EN	0.2	445
30	TRU	0.2	437
30	CMDY	0.2	426
30	LMN	0.2	414
30	INSP	0.2	412
30	FXX	0.2	383
30	TRAV	0.2	382

*Nielsen data supplied by ABC/Disney

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