

Cablefax Daily™

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What the Industry Reads First

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Parlez-vous Français? Altice in NY State of Mind with Cablevision Deal

We've known at least since **INTX** that *Jim Dolan* was ready to sell **Cablevision**. **Altice** has been looking to expand its US footprint since it announced its \$9.1bln deal to buy **Suddenlink**. Under the "cloak of darkness" the 2 met in the middle Wed, with the European company scooping up NY institution Cablevision for \$34.90/share in a deal valued at \$17.7bln. "We've been wrong before... but rarely this wrong," said a **Moffett Nathanson** research report. The firm had valued Cablevision on a standalone basis in the range of \$8/share with a target multiple of 6.0x. "All of which suggests that Altice will face a high bar for cost reduction if they are going to make a go of paying north of 9x. Altice is already guiding to \$900M in synergies—slightly higher than the synergies expected to be produced by **Charter** and **Time Warner Cable** in a transaction that, by subscribers at least, will be roughly five times larger." MoffettNathanson figures that a \$900mln opex synergy targets implies Altice can cut 30% out of Cablevision's non-programming costs. Altice, controlled by French billionaire *Patrick Drahi*, essentially believes it can pull numbers far better than any US operator. "We take a perspective that the European markets where we come from have been more dynamic, more competitive and more technologically advanced in many respects in terms of service offered and products being used," Altice CEO *Dexter Goei* said in a conference call Thurs. "You can just see that in terms of basic things like broadband penetration and average broadband speeds in the US relative to what's in Europe." Goei also talked up nixing the "insane complexity" of equipment in customers' homes as one cost-cutting move. Very little synergy is coming from programming costs (CVC + Suddenlink makes Altice the 4th largest MSO with 3.7mln subs), with Altice instead looking to improvements to the network as well as customer operations, such as better billing systems and customer communications. "We don't know exactly how Altice will do this; but if it works, we ask can U.S. companies replicate these practices to enhance the reputation of U.S. cable in general?" **Wells Fargo Securities** asked. Whether Altice can deliver is the big question—not in question is the company's continued interest in US cable. Of course, there aren't a lot of assets to choose from, creating an opportunity for smaller operators. "The smaller operators out there need to decide if this is the time," said law firm **Baker Botts** corporate partner *Lee Charles*. "The valuations and multiples paid in this deal and the Suddenlink deal and the Time Warner deal are pretty high. The industry is getting tougher... You have to decide, do I want to stay in for the long haul or is this a good time to get out?" **Pivotal Re-**

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search's *Jeff Wlodarczak* suggested that "any telco assets not nailed down" are potential Altice acquisition targets (ahem, **Cable One**, **Mediacom**, maybe even **T-Mobile** with a Charter assist). "In the unlikely event a TWC/CHTR deal falls through, we still view Altice as a backstop bidder for TWC even with CVC," Wlodarczak wrote in a research note. **The Road Ahead:** As controlling shareholders, the Dolan family has already delivered the votes approving the transaction. It still needs regulatory approval (the Suddenlink acquisition is still pending at the **FCC**, with execs meeting with staffers just last week). FCC chmn *Tom Wheeler* promised a fast and open process. "We will look at various licenses and how the license transfers apply and how those rules relate to our existing rules," Wheeler said, responding to questions from reporters after the agency's opening meeting. Wheeler, former head of the **NCTA**, is of course quite familiar with both *Chuck* and *Jim Dolan*. "They have been a competitor and innovator in the space," he said. Most don't foresee regulatory issues, paving the way for the deal to close in the 1st half of 2016. "The FCC has a right to review this transaction, but historically they have not had any great scrutiny over a foreign company buying cable assets. It's not like a broadcast station," Charles said.

Verizon's View: The potential of combining wireless and satellite doesn't appeal to everyone. Responding to a question during **Goldman Sachs'** Communacopia conference Thurs about a possible **Verizon-DISH** tie-up, Verizon chmn/CEO *Lowell McAdam* said DISH's satellite business is not consistent with its strategy as it sees the market moving to a mobile/digital service combo vs linear service. That said, the telco is still interested in DISH, especially its spectrum assets. It just doesn't need to acquire DISH to get that spectrum, he said. McAdam acknowledged the telco has had discussions about "how we can provide him [DISH CEO *Charlie Ergen*] with megabytes and how he could pay for it with spectrum." Verizon is selling off its wireline assets in 3 states to **Frontier Comm** for \$10.5bln. Once that transaction is completed, the telco will be left with what McAdam described as the Washington to Boston corridor, which features a substantial fiber footprint. That footprint will face a new competitor in the NY market if the **Altice-Cablevision** purchase is approved. "I don't expect to see us go out and buy cable companies and expand the footprint. I think the footprint we have is right," McAdam said. For his part, Altice CEO *Dexter Goei* didn't sound too concerned about FiOS' presence in Cablevision's footprint. On a conference call Thurs, Goei praised CVC mgmt's handling of FiOS and said FiOS penetration in the footprint has remained at about 29% for the last several quarters. Verizon is focused on building digital media capabilities, with its appetite centered on digital media. "I don't see us going out and buying network TV and that sort of thing," McAdam said. After acquiring **AOL**, Verizon announced earlier this month that it has bought ad technology firm **Millennial Media** for more than \$200mln. Targeted advertising technology could be especially helpful as the telco expands its mobile video-streaming service dubbed Go90 beyond beta and to consumers nationwide. The content lineup for Go90 caters to millennials, featuring **NFL** and college sports programming, with the service set to add more sports programming. In addition, Go90 will offer exclusive content from **DreamWorks Animation's AwesomenessTV**, **Vice Media** and **Huffington Post Live**. Social media is a big part of Go90, which lets users share content with their friends. "The sports networks love that because they think they will be able to reach more people that aren't having the time to sit and watch an entire game," McAdam said. Like other pay-TV execs, McAdam sees the expansion of OTT services as a boost to its data offerings. "We are embracing the broadband service because that's where the market seems to be going. So we are offering higher speeds," he said. That said, "we will continue to support linear TV to those customers who want it... But it's very clear to us the market is moving more towards broadband, skinnier bundles and over-the-top." He declined to comment on lawsuits filed by several programmers including **ESPN** over Verizon's skinny Custom TV plan, which includes ESPN programming. He did say "the partnership is still there, and I think there is a win-win to be found."

Debate Rating: Wed night's primetime GOP presidential candidate debate was a winner for **CNN**, but just not as big a winner as last month's face-off on **Fox News**. The debate averaged a 13.5 HH rating, about 23mln viewers P2+ and some 7.1mln 25-54s for CNN, according to **Nielsen**. Fox News scored a 13.7 HH rating, about 24mln viewers P2+ and 8mln 25-54s for the 1st GOP debate in Aug. It still goes down as CNN's most-watched program in network history, besting the 16.8mln viewers from a "Larry King Live" broadcast in 1993 with *Ross Perot* and *Al Gore*. Socially, the debate generated tweets from 563K people. The most discussed candidate of the night? *Donald Trump*, who was mentioned in 205K tweets around the event. Trump took full credit for the ratings record. In a letter to CNN Worldwide pres *Jeff Zucker*, which he posted on Twitter, Trump said "while I refuse to brag... this tremendous increase in viewer interest and advertising is due 100% to 'Donald J. Trump.'" Wed's earlier debate with other GOP hopefuls averaged a 4 HH rating, about 4.7mln

BUSINESS & FINANCE

viewers P2+ and 1.5mln 25-54.

Grebb Named CFX Publisher:

Congrats to our own *Michael Grebb*, who has been promoted to publisher of **Cablefax**. Most recently associate publisher, Grebb joined Cablefax as executive editor in 2006 and has more than 2 decades of experience writing about cable, telecom, entertainment, media, broadband and more. Some of you know that he's also a musician, songwriter and videographer, so check out Cablefax.com, **Twitter** and **Facebook** on Fri for our favorite videos that he's created over the years—or email us your own top picks!

People: History promoted several programming execs: *Arturo Interian* as svp, scripted programming; *Russ McCarroll* as svp, development and programming; and *Sean Boyle* joined from **Discovery Comm** as vp, development and programming. Interian most recently served as vp of original movies for sister net **Lifetime** and McCarroll is elevated from programming and development vp for History. They will report to *Paul Cabana*, evp and head of programming at History.

WICT PowerBrokers: Former **CTAM** pres/CEO *Char Beales* will keynote **WICT DC/Baltimore's** PowerBrokers Breakfast in DC Oct 6. Rep *Grace Koh* will be honored with the Touchstones of Leadership Public Policy award. The annual event also will recognize 5 other women execs making their mark on the industry in the Mid-Atlantic region.

Cablefax Daily Stockwatch

Company	09/17 Close	1-Day Ch	Company	09/17 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DISH:	61.48	2.72	CONVERGYS:	23.25	(0.15)
ENTRAVISION:	7.61	0.07	CSG SYSTEMS:	30.87	0.26
GRAY TELEVISION:	13.84	0.21	ECHOSTAR:	44.55	0.14
MEDIA GENERAL:	11.36	0.16	GOOGLE:	642.90	6.92
NEXSTAR:	46.50	1.53	HARMONIC:	6.10	(0.04)
SINCLAIR:	27.82	0.03	INTEL:	29.71	(0.06)
TEGNA:	23.92	0.10	INTERACTIVE CORP:	70.88	(0.09)
MSOS					
CABLE ONE:	424.36	2.35	LEVEL 3:	45.51	1.07
CABLEVISION:	32.51	3.97	MICROSOFT:	44.25	(0.05)
CHARTER:	192.22	4.36	NETFLIX:	104.21	0.13
COMCAST:	58.46	0.72	NIELSEN:	47.18	(0.06)
COMCAST SPCL:	58.80	0.96	RENTRAK:	47.96	0.14
GCI:	17.89	(0.02)	SEACHANGE:	6.14	(0.03)
LIBERTY BROADBAND:	56.55	1.48	SEACHANGE:	6.14	(0.03)
LIBERTY GLOBAL:	48.80	1.02	SONY:	26.42	0.28
SHAW COMM:	19.64	(0.08)	SPRINT NEXTEL:	4.69	UNCH
SHENTEL:	40.89	0.24	TIVO:	8.98	(0.25)
TIME WARNER CABLE:	190.42	1.63	UNIVERSAL ELEC:	47.71	0.54
PROGRAMMING					
21ST CENTURY FOX:	26.78	0.04	VONAGE:	6.22	0.02
AMC NETWORKS:	75.72	1.59	YAHOO:	30.93	(0.47)
CBS:	43.42	(0.16)	TELCOS		
CROWN:	5.28	0.03	AT&T:	32.78	(0.16)
DISCOVERY:	28.29	0.40	CENTURYLINK:	26.04	(0.09)
DISNEY:	104.20	0.24	FRONTIER COMMUNICATIONS:	5.20	0.02
GRUPO TELEVISIA:	29.13	(0.2)	TDS:	26.64	(0.1)
HSN:	58.99	(0.13)	VERIZON:	45.23	(0.96)
LIONSGATE:	40.06	0.79	MARKET INDICES		
MSG:	77.39	1.66	DOW:	16674.74	(65.21)
SCRIPPS INT:	52.93	(0.3)	NASDAQ:	4893.95	4.71
STARZ:	40.34	(0.1)	S&P 500:	1990.20	(5.11)
TIME WARNER:	70.25	(0.32)			
VIACOM:	46.27	(0.3)			
WWE:	19.05	UNCH			
TECHNOLOGY					
ADVANTAGE:	2.30	UNCH			
AMDOCS:	58.25	(0.21)			
AMPHENOL:	52.85	0.14			
APPLE:	113.93	(2.48)			
ARRIS GROUP:	27.64	(0.2)			
AVID TECH:	8.70	0.09			
BLNDER TONGUE:	0.53	(0.05)			
BROADCOM:	53.48	(0.03)			
CISCO:	25.88	(0.19)			
COMMSCOPE:	25.68	0.07			
CONCURRENT:	4.93	(0.03)			



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PROGRAMMER'S PAGE

Emmy Picks... Give it to Hamm Already

Don your best Dolce & Gabbana, roll out the red carpet and join **Cablefax's** Mike Grebb, Kaylee Hultgren, Amy Maclean and Seth Arenstein in debating who will (and who should) win Emmys Sun night (Fox, 8pm ET). **Best Drama Series:** Mike: "Mad Men," it's the final send-off. Kaylee: Agreed. It was one for the cable history books. Seth: I think it goes to "Game of Thrones," but Mad Men or "Downton" could surprise. **Lead Actor, Drama:** Kaylee: I dare anyone to refute that Jon Hamm will win for the final season of Mad Men. The world owes him a win after so many Emmy snubs—and his acting was in fact the finest this last season. Mike: Yes, the Academy will finally acquiesce. Amy: If he doesn't win, it'll be the biggest shocker of the night. **Lead Actress, Drama:** Amy: COOKIE! That's her name, take a bite. OK, actually her name is Taraji Henson if you don't watch "Empire." Mike: Viola Davis ("How to Get Away with Murder"). Tatiana Maslany of BBC America's "Orphan Black" might pull it out, but she's unfamiliar to most Emmy voters. **Best Comedy Series:** Kaylee: Amazon has transformed into a true contender with original programming. Case in point: Transparent. Mike: I'm going with HBO's "Silicon Valley." Too good not to win despite tough competition. **Lead Actor, Comedy:** Kaylee: Got to go with Jeffrey Tambor—and not because of the current spotlight on transgender, but because his performance is so genuine and lovely. Seth: Yes, hands down. **Lead Actress, Comedy:** Mike: Amy Schumer. She's unstoppable right now, although Lily Tomlin could pull it out as the Academy skews older. Seth: Schumer or Tomlin, although Julia Louis-Dreyfus and Edie Falco are deserving, too. **Outstanding Limited Series:** Mike: American Horror Story: Freak Show. FX has an incredible Emmys lobbying machine. Amy: I think SundanceTV has a shot at stealing this away with "The Honorable Woman." Seth: I'd love to see Honorable Woman win, but AHS or even Olive Kitteridge will take it. **Outstanding TV Movie:** Seth: "Bessie" wins, although the story behind the making of the HBO film was better than the movie itself. Kaylee: "Hello Ladies." I'm a sucker for British comedy.

Reviews: "Vet School," premiere, Sat, 10pm, **Nat Geo Wild.** True to Wild's no-nonsense view of animals, the most gripping stories in ep 1 of this fine docu-series are about critically ill dogs. After wiping away tears, you realize you've learned a lot about animals and the veterinary students who care for them. -- "Ferrell Takes the Field," Sat, 11pm ET, **HBO2 East.** This special is the definition of a total hoot, especially for baseball fans. A for-charity stunt, taped during spring training, has *Will Ferrell* leaning on his ability to act totally serious while everyone else is doubled over in laughter. Ferrell spends a day and evening playing all 9 positions for various MLB teams. His journey produced a wide grin on our face for the entire special, with a break for a belly laugh halfway in, when Ferrell recalls a childhood visit to a big league park (you'll see). HBO's cinematography and music teams deserve kudos; they mirrored Ferrell's faux seriousness perfectly. -- **The Doctor is In:** Indeed, should your subscribers be running low on "Dr. Who," they're in luck. To celebrate the premiere of the good Doctor's 9th season (Sat, 9pm, **BBC America**), BBKA has been running Dr. Who eps non-stop since early Wed. That's more shows than you can fit into a 1960s-style London police callbox. -- *Seth Arenstein*

Basic Cable Rankings (9/07/15-9/13/15)			
Mon-Sun Prime			
1	ESPN	1.6	3748
2	FOXN	0.7	1729
2	USA	0.7	1587
4	DSNY	0.6	1579
4	HGTV	0.6	1449
4	HIST	0.6	1366
7	TBSC	0.5	1275
7	LIFE	0.5	1121
7	FX	0.5	1113
10	TNT	0.4	1070
10	AMC	0.4	1062
10	ADSM	0.4	1051
10	ESP2	0.4	1026
10	FOOD	0.4	1010
10	DISC	0.4	960
10	ID	0.4	909
10	TLC	0.4	857
10	DSE	0.4	85
19	A&E	0.3	787
19	NAN	0.3	785
19	SYFY	0.3	764
19	FAM	0.3	758
19	VH1	0.3	665
19	HALL	0.3	649
19	SPK	0.3	648
19	BRAV	0.3	608
19	NBCS	0.3	603
19	OWN	0.3	569
19	DSJR	0.3	535
19	HMM	0.3	449
31	APL	0.2	567
31	NGC	0.2	565
31	TVLD	0.2	555
31	MSNB	0.2	553
31	WETV	0.2	549
31	LMN	0.2	525
31	EN	0.2	482
31	CNN	0.2	480
31	BET	0.2	479
31	CMDY	0.2	441
31	FXX	0.2	438
31	INSP	0.2	437
31	MTV	0.2	429
31	TRU	0.2	413

*Nielsen data, supplied by ABC/Disney, is based on coverage area of individual networks

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