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What the Industry Reads First

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Altice Mysteries: How Will This Really Work?

If you thought **Time Warner Cable** had a tough job keeping employee momentum up as it plows through its 2nd merger review process, consider the road ahead for **Cablevision** employees. On the same day they learned the family-owned business was being bought, the new boss states publicly that Cablevision has employees who are too highly paid. "I don't like to pay salaries. I pay as little as I can," founder **Altice** founder *Patrick Drahi* is widely quoted as saying at the **Goldman Sachs Communacopia** conference Thurs. It's not just employees nervously eyeing all this Altice efficiency/cost-cutting talk. On an Internet message board of devoted Cablevision users, the news was bandied about with some trepidation. "The only reason we've stayed with Cablevision is because of the service we get from the employees when there's a problem," one user wrote. Another user wrote that he'd cancel if longtime tech exec *Wilt Hildenbrand*, who pops in on the message board periodically, left. If Drahi wants to cut salaries, you have to wonder how much he's willing to spend on litigation... Maybe that's why **Viacom** pres/CEO *Philippe Dauman* characterized the deal as "a real positive force." The programmer has been tied up in litigation with Cablevision since Feb 2013 when the MSO filed an antitrust suit claiming Viacom illegally forces it to carry and pay for lesser watched channels to obtain must-have programming. On the other hand, Altice is buying **Suddenlink**, which dropped Viacom channels last year and hasn't looked back. Speaking at the Goldman Sachs conference Fri, Dauman said Viacom has already been working with Altice outside the US. He believes Altice's US purchases (presumably more are coming) are beneficial. "You can leverage technology across a broader scale and presumably roll up some of the smaller players who couldn't make that kind of investment, that will again improve the ecosystem in those parts of the country that are being rolled up," Dauman said. Meanwhile, analysts are looking at Altice's swagger and trying to decide how much of it's a bluff and how much of it other cable companies can adopt. As **Evercore ISI Research** noted, Altice thinks it can improve margins on its relatively small US assets at levels higher than industry leader Comcast. **BTIG's Rich Greenfield** suggested Fri that any programmer who has a deal coming up with Cablevision after the deal closes should be concerned. "It is important to note that because of the existence of tortuous MFNs and Altice's relative size, Altice cannot negotiate 'down deals' with networks, they will simply have to drop them to save on programming costs," Greenfield wrote on BTIG's blog.

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Investor Conference: Despite the recent media stock shakeup and video sub declines across pay-TV ops, **Viacom** pres/CEO *Philippe Dauman* believes pay-TV still has plenty of room to grow. Speaking at the **Goldman Sachs** Communicopia conference Fri, the exec said the impact of OTT on subscription video has been exaggerated. "There has not been a material acceleration of what's been a modest decline [in subscriptions] in the last couple of years," he said. And "the overall universe is still a healthy one" with distributors improving the consumer experience and content providers launching quality programming, he said. "The opportunity is there again by satisfying consumers and having a better consumer interface, which we're working with our partners on, with having better VOD capability, and all the other products that particularly young consumers are looking for... There's an opportunity for stabilization and ultimately potential for growth," said Dauman. The expansion of skinny TV bundles doesn't concern the exec either. "This isn't a new thing," he said, noting programmers and distributors have launched various versions of alternative programming packages over the last few years. And Viacom has discussions with its partners constantly on innovative offerings, he acknowledged. The key is to better monetize content through things like dynamic ad insertion, something that Viacom is focusing on. "There's always a lot of conversation about all these new products," said Dauman. Viacom inked several licensing deals with SVOD players including **Netflix**. The strategy has increased overall viewing and SVOD revenues, Dauman said. "We have to be smart, we think we are being smart about how we window the content... We have made more operating income from the category than the players have... This is our syndication market, if you will." And overseas SVOD market is "absolutely an incremental revenue opportunity for us," he said, with the SVOD market in China, for one, "exploding." Meanwhile, traditional TV ratings are only a part of the programming performance. He urged investors to look at other measures such as social media engagement to determine the success of its shows.

Level 3: **Level 3** pres/CEO *Jeff Storey* said the company wants to partner with cable ops to serve enterprise customers. He noted **Comcast's** newly created wholesale unit that targets large Fortune 1000 business customers in the US, putting the MSO in direct competition with telcos **AT&T** and **Verizon**. "As [Comcast] they want to expand their abilities outside of their regions, we view that as a good opportunity for Level 3, whether it's in access, connecting long haul, dark fiber and then also going globally," Storey said at Fri's **Goldman Sachs** conference. In addition, "if they [Comcast] are actually going to compete for large customers, they are going to have to have global capabilities, and we have opportunities to deliver global capabilities." He expects substantial growth potential for Level 3 as companies transition to IP-based infrastructure from legacy networks. The trend in the enterprise market in North America is that CIOs increasingly are looking at better mobility, cloud-based services and more online content, all of which are driving growth for wholesale service providers, Storey said.

New History: *Jana Bennett* was upped to pres/gm of **History**, effective immediately. Bennett, who joined **A+E Nets** in 2013 as pres of **FYI** and **LMN**, will report to *Paul Bucciari*, pres of **A&E** and History. Bennett replaces *Dirk Hoogstra*, who left to return to independent production. The net will start searching for Bennett's replacement at FYI and LMN.

Comcast Settlement: **Comcast** reached a \$33m settlement with the CA Dept of Justice and PUC over allegations that it posted online the names, phone numbers and address of tens of thousands of customers who had paid for unlisted VoIP phone service. The company will pay \$25m in penalties and investigative costs to the agencies and \$8m in restitution to customers. Comcast is in the process of refunding all fees paid for unlisted service by the roughly 75K customers whose information was disclosed over a 2-year period, which totaled more than \$2m. Under the settlement, Comcast will pay each of these customers \$100 on top of the refund.

CTHRA: The **Cable and Telecoms Human Resources Association** (CTHRA), in cooperation with **Cablefax**, announced the 2015 recipients of its Excellence in HR Awards. **Comcast Cable's** HR Level of Absence Team and **A+E Network's** Compensation and Benefits team each scored Team Innovator of the Year awards, while **Bright House's** *Jennifer Tracy* received the Aspiring Leaders honor. CTHRA and **Cablefax** will present the awards during the Excellence in HR Awards Luncheon, which is part of CTHRA's Future Forward Symposium on Nov 3 in Philly.

Diversity Week: *Spike Lee* is headed to next week's **NAMIC** Conference, with the filmmaker to give a keynote presentation on Sept 30. If you haven't registered yet, visit NAMIC.com.

Cablefax Week in Review

Company	Ticker	9/18 Close	1-Week % Chg	YTD %Chg
BROADCASTERS/DBS/MMDS				
DISH	DISH	60.94	4.87%	(16.39%)
ENTRAVISION	EVC	7.33	1.81%	13.12%
GRAY TELEVISION	GTN	13.74	23.23%	22.68%
MEDIA GENERAL	MEG	11.72	14.68%	(29.95%)
NEXSTAR	NXST	47.72	11.63%	(7.86%)
SINCLAIR	SBGI	27.23	1.87%	(0.48%)
TEGNA	TGNA	23.22	0.22%	0.00%

Company	Ticker	9/18 Close	1-Week % Chg	YTD %Chg
MSOS				
CABLE ONE	CABO	423.92	1.52%	0.00%
CABLEVISION	CVC	33.13	19.17%	60.51%
CHARTER	CHTR	191.39	3.76%	14.87%
COMCAST	CMCSA	57.42	1.79%	(1.02%)
COMCAST SPCL	CMCSK	57.22	0.12%	(0.61%)
GCI	GNCMA	17.74	2.13%	29.02%
LIBERTY BROADBAND	LBRDA	55.78	2.42%	11.36%
LIBERTY GLOBAL	LBTYA	48.70	2.89%	(3.01%)
SHAW COMM	SJR	19.54	0.10%	(27.6%)
SHENTEL	SHEN	39.33	(0.93%)	25.86%
TIME WARNER CABLE	TWC	189.51	1.10%	24.63%

Company	Ticker	9/18 Close	1-Week % Chg	YTD %Chg
PROGRAMMING				
21ST CENTURY FOX	FOXA	26.32	(0.49%)	(31.48%)
AMC NETWORKS	AMCX	75.00	2.61%	17.61%
CBS	CBS	42.71	(2.78%)	(22.82%)
CROWN	CRWN	5.06	(2.88%)	42.94%
DISCOVERY	DISCA	28.28	4.97%	(17.91%)
DISNEY	DIS	102.84	(1.57%)	9.18%
GRUPO TELEVISIA	TV	28.98	0.69%	(14.91%)
HSN	HSNI	57.60	(2.16%)	(24.21%)
LIONSGATE	LGF	39.68	3.50%	23.92%
MSG	MSG	76.00	4.07%	0.98%
SCRIPPS INT	SNI	52.92	(0.45%)	(29.69%)
STARZ	STRZA	40.68	5.91%	36.97%
TIME WARNER	TWX	69.64	(0.53%)	(18.47%)
VIACOM	VIA	46.71	3.27%	(38.13%)
WWE	WWE	18.21	(8.12%)	47.57%

Company	Ticker	9/18 Close	1-Week % Chg	YTD %Chg
TECHNOLOGY				
ADVANTAGE	AEY	2.29	(1.15%)	(6.01%)
AMDOCS	DOX	57.63	0.47%	23.51%
AMPHENOL	APH	51.94	0.76%	(3.48%)
APPLE	AAPL	113.45	(0.67%)	2.78%
ARRIS GROUP	ARRS	26.99	(1.71%)	(10.6%)
AVID TECH	AVID	8.63	(3.03%)	(39.27%)
BLNDER TONGUE	BDR	0.54	(1.82%)	(79.93%)
BROADCOM	BRCM	52.42	(1.24%)	20.98%
CISCO	CSCO	25.54	(1.84%)	(8.2%)
COMMSCOPE	CTV	25.74	0.63%	0.40%
CONCURRENT	CCUR	4.95	(2.56%)	(30.18%)
CONVERGYS	CVG	22.83	(0.26%)	12.08%
CSG SYSTEMS	CSGS	30.42	1.47%	21.34%
ECHOSTAR	SATS	44.24	1.37%	(15.73%)
GOOGLE	GOOG	629.25	0.56%	19.54%
HARMONIC	HLIT	5.87	(3.93%)	(16.26%)
INTEL	INTC	29.02	(1.53%)	(20.03%)
INTERACTIVE CORP	IACI	69.27	0.80%	13.95%

Company	Ticker	9/18 Close	1-Week % Chg	YTD %Chg
LEVEL 3	LVL	46.36	2.63%	(6.12%)
MICROSOFT	MSFT	43.48	0.00%	(6.39%)
NETFLIX	NFLX	102.62	5.24%	(69.96%)
NIELSEN	NLSN	46.74	1.87%	4.49%
RENTRAK	RENT	48.14	2.12%	(33.89%)
SEACHANGE	SEAC	6.37	1.92%	(0.16%)
SEACHANGE	SEAC	6.37	1.92%	(0.16%)
SONY	SNE	25.41	(2.87%)	24.13%
SPRINT NEXTEL	S	4.48	(8.2%)	7.95%
TIVO	TIVO	8.76	(4.89%)	(26.01%)
UNIVERSAL ELEC	UEIC	46.46	3.08%	(28.56%)
VONAGE	VG	6.26	12.79%	64.30%
YAHOO	YHOO	30.74	(2.2%)	(39.14%)

Company	Ticker	9/18 Close	1-Week % Chg	YTD %Chg
TELCOS				
AT&T	T	32.55	(0.52%)	(3.1%)
CENTURYLINK	CTL	25.63	(2.47%)	(35.25%)
FRONTIER	FTR	4.99	(6.2%)	(22.03%)
TDS	TDS	26.24	(0.98%)	3.92%
VERIZON	VZ	44.57	(2.54%)	(4.72%)

Index	Value	% Chg	YTD %Chg	
MARKET INDICES				
DOW	DJI	16384.79	(0.29%)	(8.07%)
NASDAQ	IXIC	4827.23	0.10%	1.93%
S&P 500	GSPC	1958.08	(0.15%)	(4.9%)

WINNERS & LOSERS

THIS WEEK'S STOCK PRICE WINNERS

COMPANY	CLOSE	1-WK CH
1. GRAY TELEVISION	13.74	23.23%
2. CABLEVISION	33.13	19.17%
3. MEDIA GENERAL	11.72	14.68%
4. VONAGE	6.26	12.79%
5. NEXSTAR	47.72	11.63%

THIS WEEK'S STOCK PRICE LOSERS

COMPANY	CLOSE	1-WK CH
1. SPRINT NEXTEL	4.48	(8.2%)
2. WWE	18.21	(8.12%)
3. FRONTIER COMMUNICATIONS	4.99	(6.2%)
4. TIVO	8.76	(4.89%)
5. HARMONIC	5.87	(3.93%)

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