

# Cablefax Daily™

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What the Industry Reads First

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## AT&T 2Q: DirecTV Adds Subs, Integration Expected to Boost Sales

In the 1st quarter that DirecTV results were part of AT&T's earnings, DirecTV added 26K net new video subs while U-verse lost 92K video subs. Together, the bigger AT&T now has 25mln video subs in the US, including 19.57mln DirecTV subs and 5.85mln U-verse subs. "Our early integration efforts with DirecTV are going very well, and we've just begun to scratch the surface on the video, wireless and broadband cross-selling opportunities," AT&T CEO *Randall Stephenson* said Thurs. That's despite some pressure on the satellite TV side before the merger, CFO *John Stephens* acknowledged during the earnings conference call late Thurs. In Aug, AT&T quietly revealed in a regulatory filing that its just-acquired DirecTV lost 133K TV subs in 2Q, a period that also saw many other major pay-TV providers bleeding subs. Since then, AT&T has rolled out promotions for broadband/video combo offerings. "We expect satellite TV [signups] to pick up. We also expect broadband to pick up because people buy those things together," Stephens said. "The trend is heading in the right direction." DirecTV lets the telco provide "a single service experience where we can install TV and broadband at the same time," he said. The company has been training its technicians to install satellite services "so we can do single truck load installation for broadband and video." Also progressing is the migration from DSL to IP-based broadband, Stephens said: "It's something we encourage... We are near the completion of that migration progress now." With DirecTV's broader reach, Stephens said "we are hopeful that the now nationwide video service will help use improving our overall broadband positioning." The telco posted \$3bln in net income in the quarter, down 3.4% YOY. Revenues of \$39.1bln were up nearly 19% YOY primarily due to the DirecTV acquisition. AT&T upped its adjusted EPS and free cash flow outlook for the year. With DirecTV now included, revenue for the Entertainment and Internet Services unit increased 316.6% to \$7.16bln. For the full year, AT&T expects adjusted EPS in the \$2.68 to \$2.74 range and free cash flow in the \$15 billion range or better.

**MVNO:** When **Verizon** CFO *Fran Shammo* revealed during the company's earnings call Tues that "cable" has triggered the exercise option to move forward on the wireless MVNO agreement with the telco, tongues started wagging. Presumably the revelation means **Comcast** triggered the MVNO, part of the 2011 SpectrumCo deal that covers Comcast, **Time Warner Cable** and **Bright House**. **Bernstein Research** analysts believe the move will help the **Charter**-Time Warner Cable-Bright House merger. Analyst *Craig Moffett* said the news makes it all the more likely Comcast will bid in the broadcast incen-



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tive auction. As for whether TWC's or Bright House's rights under the contract are transferable to Charter, Moffett said the verdict is out but added it's likely Charter could pursue the same opportunity by exercising TWC's rights under the contract. However, he noted there's likely sensitivity to any appearance of Charter and Comcast working too closely with each other. "Before everyone gets carried away, we think it is prudent to remind investors that Comcast's move to exercise its rights under the Verizon contract is likely just the first step in what is likely to be a rather long and slow evolution," Moffett told clients.

**Wheeler's Incentive Auction View:** At a press conference following Thurs' **FCC** open meeting, chmn **Tom Wheeler** predicted a "very successful" incentive auction. The prediction comes even as **Verizon** downplays participation and **Sprint** has said it will sit out. "Everybody is positioning a little bit," he said, describing some of it as "pre-auction shenanigans" that can happen in any kind of marketplace. "I am confident that there will be multiple broadcast licensees putting up their spectrum for auction and that there will be multiple... bidders to use that spectrum for competitive services." He declined to give a monetary figure that would represent success to the Commission. "This is not keeping score by dollars and cents, but by how much spectrum you can allow the marketplace to repurpose," Wheeler said.

**Dig Once:** Cable applauded Thurs' introduction of the "Dig Once" broadband deployment bill by **House Communications** subcmte chmn **Greg Walden** (R-OR) and ranking member **Anna Eshoo** (D-CA). It would mandate the inclusion of broadband conduit—plastic pipes which house fiber-optic communications cable—during the construction of any road receiving federal funding if there is a demonstrated need for broadband in the area within the next 15 years. The subcmte has a hearing scheduled for Wed on breaking down barriers to broadband infrastructure deployment. A 2012 Executive Order implemented a dig once policy, but it only required the Dept of Transportation to provide guidance to states and encourage the policy. **NCTA** gave the legislation a thumbs up. **ACA** said the bill would reduce costs for private businesses, but "it's also a win for taxpayers because the fiscally prudent 'dig once' approach championed by the Eshoo-Walden bill is designed to use scarce federal road-construction dollars to meet multiple important infrastructure objectives."

**M&A Talk:** **John Malone** always has an appetite for M&A. In a statement Thurs, London-based service provider **Cable & Wireless Communications** (CWC) confirmed that it's in discussions with **Liberty Global** regarding a possible share and cash offer for CWC. "Shareholders are advised to take no action. There can be no certainty that any firm offer will be made nor as to the terms on which any firm offer might be made. A further announcement will be made as and when appropriate," CWC said. It noted that Liberty Global, under UK Takeover Code, is required to make a decision on whether to submit an offer for CWC no later than COB Nov 19. The deadline can be extended with the consent of the Takeover Panel. The **WSJ** recently reported the pair has been in talks regarding a deal potentially worth up to \$5bln. CWC, while based in UK, offers services in the Caribbean and Latin America.

**Turner's Homerun:** Another ball game, another record for **TBS**. Wed's game in which the Mets swept the Cubs averaged 7.9mln total viewers, ranking at the net's most-viewed Game 4 on record. It also won the night across all of cable TV, based on metered market delivery. The series has delivered more than 63mln minutes of TVE viewing, up 60% over last year. Live streaming across platforms was up 126% in unique visits during the postseason and 74% in video streams.

**Comcast's New Voice Control Feature:** **Comcast** has added new features to its voice remote service through its partnership with **Cartoon Network**. In a blog post Thurs, Comcast noted one of its most "voice-searched" titles is Cartoon's "Teen Titans Go!" The new features allow viewers to access the show's homepage on the X1 platform by saying "Hello Beast Boy" or "Boy Wonder." Viewers can also say the names of other Titans, like Cyborg, Robin and Raven, and hear responses unique to each character. The MSO launched its 1st voice controlled TV remote earlier this year. Now some 1.5mln homes now have one, according to Comcast.

**Arris/Pace:** **Pace** shareholders approved **Arris'** proposed acquisition Thurs, a day after Arris' shareholders OKed it.

**TWC Upgrades Smart Home Support:** **Time Warner Cable** upgraded its monitoring offering for security and smart home management service IntelligentHome. The enhanced system enables subs to capture and play back continuously recorded video from their security cameras. The feature, dubbed 24/7 Playback, allows subs to view what happened while they were away from home. TWC launched its smart home service in 2011.

**Programming:** **Starz** inked licensing agreements with broadcasters and digital platforms from more than 100 countries and territories worldwide for its "Ash vs Evil Dead" series. The deals were constructed to allow for same-day premiere (Oct

# BUSINESS & FINANCE

31) of the 1st ep of the 10-ep, 30-min series. Some of the licensing partners include **Fox Latin America Channels**, New Zealand's **Sky TV**, Australia's **Stan**, **Starz Play Arabia** and Canada's **Super Channel**. -- **Animal Planet** has taken Panda-monium to the next level, launching an HD PandaCam featuring ZooAtlanta's giant panda twins and their biological dad (apl.tv/PandaCam)

**Energy Saver: Comcast Cable** will be among companies presenting at the **Environmental Defense Fund's** 6th annual Energy Solutions Exchange this week. This summer, Comcast's EDF Climate Corps fellow created an investment plan to scale the implementation of energy-efficient projects across its Northeast Division. These projects have the potential to reduce the division's annual energy consumption by nearly 13Mln kilowatt hours, which is equivalent to the annual electricity use of 1,200 homes. Other companies presenting at the gathering include **Nestlé** and **JLL**.

**People: Scripps Networks Interactive** named **Eleni Stratigeas** svp, business & legal affairs and corporate secretary, reporting to **Cynthia Gibson**, evp and chief legal officer. She was previously vp of legal affairs. -- **Sara Helman** was tapped as vp, development & production for **TLC**. She joins from **Destination America**, where she oversaw production for "Hillbilly Blood" and "Buying the Bayou."

## Cablefax Daily Stockwatch

Company	10/22 Close	1-Day Ch	Company	10/22 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
DISH:	61.37	0.36	CONVERGYS:	25.28	0.66
ENTRAVISION:	8.48	0.14	CSG SYSTEMS:	32.67	0.76
GRAY TELEVISION:	14.63	(0.16)	ECHOSTAR:	44.89	0.52
MEDIA GENERAL:	14.52	0.02	GOOGLE:	651.79	9.18
NEXSTAR:	51.80	1.09	HARMONIC:	5.98	0.09
SINCLAIR:	29.49	0.86	INTEL:	34.40	1.03
TEGNA:	25.77	0.78	INTERACTIVE CORP:	67.65	0.30
<b>MSOS</b>					
CABLE ONE:	421.42	(3.67)	LEVEL 3:	48.58	1.22
CABLEVISION:	32.62	(0.15)	MICROSOFT:	48.03	0.83
CHARTER:	178.34	2.99	NETFLIX:	97.28	(0.68)
COMCAST:	61.69	0.58	NIELSEN:	47.43	1.58
COMCAST SPCL:	62.07	0.50	RENTRAK:	52.93	1.73
GCI:	20.43	0.70	SEACHANGE:	6.95	0.18
LIBERTY BROADBAND:	52.92	0.32	SONY:	28.74	0.64
LIBERTY GLOBAL:	43.50	(0.76)	SPRINT NEXTEL:	4.46	0.12
SHAW COMM:	20.18	(0.38)	TIVO:	9.17	0.15
SHENTEL:	47.30	0.86	UNIVERSAL ELEC:	45.84	1.26
TIME WARNER CABLE:	182.90	2.46	VONAGE:	6.11	0.22
<b>PROGRAMMING</b>					
21ST CENTURY FOX:	29.79	0.55	YAHOO:	31.67	0.55
AMC NETWORKS:	68.85	0.72	<b>TELCOS</b>		
CBS:	43.21	0.03	AT&T:	33.96	0.36
CROWN:	5.76	0.17	CENTURYLINK:	27.91	0.71
DISCOVERY:	29.45	0.64	FRONTIER:	5.42	0.13
DISNEY:	113.25	3.16	TDS:	26.74	0.64
GRUPO TELEVISIA:	26.81	0.46	VERIZON:	45.89	1.03
HSN:	60.24	0.45	<b>MARKET INDICES</b>		
LIONSGATE:	38.46	(0.72)	NASDAQ:	4920.05	79.93
MSG NETWORKS:	19.78	(0.27)	S&P 500:	2052.51	33.57
SCRIPPS INT:	56.67	0.65			
STARZ:	38.09	0.15			
TIME WARNER:	72.53	1.40			
VIACOM:	51.20	0.83			
WWE:	19.24	0.29			
<b>TECHNOLOGY</b>					
ADVANTAGE:	2.24	(0.05)			
AMDOCS:	60.49	1.62			
AMPHENOL:	52.08	1.65			
APPLE:	115.47	1.71			
ARRIS GROUP:	29.03	0.77			
AVID TECH:	8.47	0.19			
BLNDER TONGUE:	0.53	0.03			
BROADCOM:	52.54	0.98			
CISCO:	29.01	0.73			
COMMSCOPE:	31.70	0.36			
CONCURRENT:	5.00	(0.03)			

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# PROGRAMMER'S PAGE

## The Next Generation of Chefs

**Food Network** brings “Chopped Junior,” a spinoff of its “Chopped” series, to its primetime lineup Tues at 8pm. The program is a natural progression from Chopped, given that past seasons have featured kids and teens specials that performed well. “Our stunts featuring teen and younger contestants stood out as fan-favorites for our audience. We knew especially that families loved watching these episodes together,” said Food Network gm and svp *Bob Tuschman*. The series will follow the same general format as the net’s established cooking competition, but will feature kid chefs instead of professionals. To find budding cooks for the show, producers worked closely with production partner **Notional**, which casts every episode of the Chopped franchise. “They have proven themselves masters of finding contestants with top cooking skills no matter what the theme of an episode: firemen, grandmas, even reality stars,” Tuschman said. For Junior, they reached out to kids’ culinary programs and camps across the country, elementary schools, looked at submissions on the show’s website, and searched a Food Network database. Chopped loyalists can expect some new elements. Take the judges: You’ll see many of the same players, but Junior will also feature guest judges including celebrities and up-and-coming chefs. And the kitchen will be decked out with bolder colors and step stools for the shorter contestants. What will go unchanged? The show structure. Each chef will have 20-30 minutes to construct an innovative dish from a basket of preselected ingredients. Another similarity is the show’s intensity. It’s not just the judges who’ll bring it, Tuschman assured us. “These competitors are bringing the ‘tough’ to the kitchen.” – *Zoe Silverman*

**Reviews:** “Belief: A Good Life,” Part 7, Saturday, 8pm, **OWN**. Color is one of the unifying themes of the finale of “Belief,” a gorgeously filmed, 7-part docu-series about faith. From incredible footage of a mountain climber to the “Godly view” of earth from space to the colorful Hindu festival of holi to Buddhist monks poring over an intricate sand painting called a mandala. But as *Oprah* says, the mandala isn’t finished until it’s destroyed. After painstakingly creating it, monks sweep its colorful sands like common dust. The point: Life is fleeting. Between the colors swaths various stories about faith are thoughtfully presented. -- “The Knick,” Friday, 10pm, **Cinemax**. This week (ep 2, Season 2) is a perfect time for non-viewers to begin this dark series based in a 1900 NYC hospital. Catch up on Season 1 later. For now, a terrific layered drama, tinged with history, awaits. -- “Prince of PA,” Tuesday, 9pm, **ESPN**. Another great “30 for 30.” You’ll shake your head in disbelief watching this well-told story of wrestling, duPont money and psychosis. Who’s to blame? It’s unclear. -- Notable: “Gilmore Girls Marathon,” Sunday, 10am ET, **UP**. Coinciding with UP’s acquisition of the entire 7-season, 153-ep series, the network goes all “Gilmore Girls” all the time through Monday at 3am, as everyone else watches pro football and sleeps. – *Seth Arenstein*

Basic Cable Rankings (10/12/15-10/18/15)			
Mon-Sun Prime			
1	TBSC	3.5	3276
2	ESPN	2.6	2352
3	CNN	1.7	1593
4	FOXN	1.4	1279
5	DSNY	1.3	1221
6	USA	1.2	1173
7	HGTV	1.1	1037
7	DISC	1.1	1008
7	DSE	1.1	72
10	HIST	1.0	923
10	AMC	1.0	915
12	FX	0.9	821
12	FS1	0.9	727
14	ADSM	0.8	776
14	HALL	0.8	744
14	FOOD	0.8	718
14	ID	0.8	677
18	NAN	0.7	653
19	TNT	0.6	603
19	LIFE	0.6	597
19	SYFY	0.6	582
19	TLC	0.6	557
19	FAM	0.6	534
19	BRAV	0.6	532
19	A&E	0.6	519
26	VH1	0.5	478
26	SPK	0.5	474
26	MSNB	0.5	445
26	BET	0.5	444
26	OWN	0.5	378
26	DSJR	0.5	357
26	NFLN	0.5	354
26	NKJR	0.5	342
26	HMM	0.5	316
35	TVLD	0.4	383
35	CMDY	0.4	360
35	APL	0.4	340
35	EN	0.4	336
35	WETV	0.4	333
35	NGC	0.4	323
35	TRU	0.4	317
35	LMN	0.4	311
35	GSN	0.4	299
35	WGNA	0.4	273

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



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