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What the Industry Reads First

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Comcast 3Q: Video Losses Slowing, Wireless a Testing Ground, NBCU Delivers

So many tidbits from **Comcast's** 3Q earnings call Tues. Here's what you need to know... **Video sub losses improved.** With so much hand-wringing over cord-cutting, it's important to note that Comcast lost 48K video customers in the quarter—the best 3Q in video in 9 years. Last year, it lost 81K in 3Q. "It is time to ask whether we've got the story right," in regard to cord-cutting wrote analyst *Craig Moffett*, noting that cable is "unmistakably" taking share from satellite and that telco video is "fading fast." "Cable's improvement in basic video looks sustainable." The MSO continues to give X1 a lot of the credit, with roughly 25% of video subs now using the platform. And X1 accounted for nearly 60% of video connects in the quarter. The 1mln X1 customers added in 3Q represent both new and existing customers. "We estimate that as Comcast deploys more residential X1 boxes, lower churn should ensue, eventually leading to positive video subscriber net," **Evercore ISI** analysts said. Broadband is still the little engine that could. Comcast added a combined 320K data customers in the quarter (about 30K better than the Street expected), with 73% of subs receiving speeds of 50Mbps or greater. DOCSIS 3.1 is on track to roll out early next year, with Comcast Cable pres/CEO *Neil Smit* noting that it should help increase the "smartness" of the Internet, not just speeds. Voice net adds slowed to 17K, but execs said it remains an important part of the bundle. **NBCU was a bright spot, and it wasn't all from films and theme parks.** Revenue for cable nets increased 7%, driven primarily by an 8.6% increase in distribution rev (thanks partly to higher affiliate fees associated with NASCAR on **NBCSN**). NBCSN got a nice shout-out from *Brian Roberts*, who noted the net recorded its most-watched 3Q ever. However, Moffett questioned whether it's possible to build a bullish story longer term for what he billed as "middle-of-the-road general entertainment networks." Broadcast rev was up 11.4% YOY. Overall, rev for NBCU increased 20.8% to \$7.2bln, and OCF climbed 17% to \$1.7bln. **Comcast is in testing mode when it comes to wireless.** Roberts noted that it takes about 6 months to activate the MVNO with **Verizon**. "We've told everybody that before, we were going to trial some things and test some things after we activate. We'll update people as that progresses," he said. "It's an opportunity to take the network and the investments we've made—a successful investment that we've made—and try and see if we can continue relationships and product innovation that the team is working on." Verizon revealed during its 3Q earnings call last week that cable had exercised the MVNO agreement. By the way, Comcast's WiFi hotspots now total 11.7mln across its footprint, compared to 4.9mln a year

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ago. As for the incentive auction, Comcast may participate through NBC as a seller of spectrum. It's not clear if it will participate as a buyer. **Altice is welcome.** "It's good to see others recognize the value in the cable market as we have," Comcast Cable CEO *Neil Smit* said of Altice's pending Cablevision acquisition. "There is always things we can learn. They do... some interesting things with self-service, their IT consolidation, their structural approach—we're always open to learning."

Rone Leaving: *David Rone* leaves his post as **Time Warner Cable Sports** pres at the end of the month. He'll remain on as a consultant until year-end, and the position won't be filled. *Sports Business Daily* first reported the news. Rone oversaw the **Dodgers** and **Lakers** RSNs. "He feels that with this success, the pending acquisition and a strong bench of talented employees who have worked for him, it would be a good time to start exploring other opportunities," a rep said. Before joining TWC in 2011, Rone was with **Creative Artists Agency** and had previously worked for **Fox Sports** and **Disney**.

Altice Completes Merger Funding: **Altice** announced that funds advised by **BC Partners** and **Canada Pension Plan Investment Board** (CPPIB) have agreed to acquire 30% (or around \$1bln) of the equity of **Cablevision**. Together with the recent Cablevision debt financing and the Altice equity issuance, the acquisition is now fully funded, Altice said. The deal is expected to close in the 1st half of next year. The shareholder agreement between Altice, BC Partners and CPPIB is on similar terms as the **Suddenlink** transaction announced in May. "We are extremely pleased that BC Partners and CPPIB—our future partners in Suddenlink—have also agreed to invest alongside us in Cablevision and to continue to accompany Altice in its long-term oriented growth and investment strategy in the US," CEO Dexter Goei said in a statement.

Title II Hearing: After the **House Communications** subcmte's hearing in which GOP leaders questioned the **FCC's** net neutrality order, **Free Press** went into action. "A House subcommittee attacked Net Neutrality today in a hearing riddled with industry misinformation about the alleged economic harms of the FCC's open Internet rules," the group said in an email missive asking for a \$5 donation to "help stop congressional attacks" on the rules. As always, the hearing tackled whether the FCC's Title II order has negatively impacted investment as "any decrease, any pause, is a loss to our economy and to consumers," subcmte chmn *Greg Walden* (R-OR) said. Witness *Robert Shapiro* of **Sonecon** said Title II regulation of ISPs will increase costs and reduce investment, estimating the impact between 5.5% to 20.8%. Dem *Anna Eshoo* (D-CA) said gauging investment should also account for mobile apps and social media, noting a recent study by **PricewaterhouseCoopers** finding that venture capitalists invested \$5bln in 290 Internet-specific companies during 2Q15.

Ericsson/Envivio: **Ericsson** closed its acquisition of multiscreen software provider **Envivio** on Tues, a little more than a month after they announced the \$125mln deal. The deal merges Ericsson's indirect wholly-owned subsidiary, **Cindy Acquisition Corporation**, with and into Envivio. As a result of the merger, Envivio shares will be delisted from the **NASDAQ**.

On the Hill: Want to keep up with **FCC** commish *Jessica Rosenworcel's* **Senate Commerce** confirmation hearing Wed? **C-SPAN.org** will carry it live at 10am ET. We're taking bets on how many times "homework gap" is mentioned! That's Rosenworcel's rallying cry, as she pushes for broadband to everyone.

NBA/Turner's VR Play: **NBA** teamed with **Turner Sports** to provide the 1st live professional sports game in virtual reality. The live stream was scheduled for Tues at 10:30pm, the opening night of the 2015-2016 NBA season when the defending NBA Champion Golden State Warriors faced the New Orleans Pelicans. The pair is working with NextVR, a tech firm that captures and delivers live and on-demand virtual reality programming, to stream the game and ring ceremony in HD virtual reality. Viewers can access the content with a Samsung Gear VR headset via the NextVR portal, found on the Oculus Home app. The NBA started its virtual reality experimentation during the 2013-2014 season when NextVR captured a Warriors vs. Denver Nuggets game. Last season, the NBA became the 1st US professional sports league to bring virtual reality to the public by distributing highlights of the NBA ALL-Star Game and State Farm ALL-Star Saturday Night.

Talking OTT: **NBCU** evp, digital enterprises *Evan Shapiro* discusses the launch of the ad-free comedy streaming service **SeeSo**, the OTT landscape and shifting business models in this [Cablefax.com Q&A](#).

Viamedia/Rentrak Deal: Ad management firm **Viamedia** is partnering with **Rentrak** to launch its Political Audience Extension Toolset. Supported by Rentrak's Advanced Demographics, the offering aims to help advertisers effectively plan, purchase and manage TV inventory as the 2016 political season escalates. It's also designed to aid non-political advertisers schedules and place ads on TV nets that are less likely to be impacted. Meanwhile, the service aims to predict when and where inventory will be in highest demand, allowing ad buyers to shift their focus elsewhere to capture the same audience.

BUSINESS & FINANCE

Borrell Associates recently estimated 19% growth in broadcast TV political ad spending and 39% growth in cable TV political ad spending nationwide for the 2016 election season compared to the 2012 election. Viamedia anticipates more than 80% of its share of the 2015-2016 political ad dollars will be spent on 9 cable networks.

M&A: Digital video content firm **Za-zoom Media Group** will merge with emerging social media video content producer **Veuer**. As part of the arrangement, *Steve Charlier*, former exec with **Tribune Media** and the founder of Veuer, joins the combined company as pres. The new firm will still operate as Zazoom and will launch and create new video content brands.

People: **21st Century Fox** named *Jonathan Bing* svp, corporate communications. In the newly created role, he'll report jointly to Fox Networks Group chmn/CEO *Peter Rice*, pres/COO *Randy Freer*, and chief communications officer *Julie Henderson*. The announcement is effective immediately. Bing most recently ran boutique PR firm **Bing Communications Group**. -- **Scripps** named industry vet *Dylan Jones* as evp/chief communications officer to oversee global strategic messaging for the company. He was previously svp of corporate communications. Jones will report to chmn/pres/CEO *Ken Lowe*. Jones succeeds *Mark Kroeger*, who was the chief communications officer since 2013. He will now be senior adviser to the CEO.

Cablefax Daily Stockwatch

Company	10/27 Close	1-Day Ch	Company	10/27 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DISH:	61.86	(0.43)	CONVERGYS:	25.44	(0.15)
ENTRAVISION:	8.43	(0.3)	CSG SYSTEMS:	32.43	(0.27)
GRAY TELEVISION:	14.46	(0.33)	ECHOSTAR:	44.80	(0.55)
MEDIA GENERAL:	14.54	(0.09)	GOOGLE:	708.49	(4.29)
NEXSTAR:	51.40	(0.78)	HARMONIC:	5.70	(0.19)
SINCLAIR:	28.82	(0.64)	INTEL:	34.47	(0.12)
TEGNA:	26.12	(0.15)	INTERACTIVE CORP:	64.57	(3)
MSOS					
CABLE ONE:	427.76	(4.67)	LEVEL 3:	47.49	(0.88)
CABLEVISION:	32.81	0.26	MICROSOFT:	53.69	(0.56)
CHARTER:	181.16	(2.86)	NETFLIX:	103.07	0.03
COMCAST:	61.54	(0.64)	NIELSEN:	47.77	(0.61)
COMCAST SPCL:	61.66	(0.7)	RENTRAK:	52.73	(0.3)
GCI:	20.36	(0.21)	SEACHANGE:	6.52	(0.21)
LIBERTY BROADBAND:	52.71	(0.95)	SONY:	28.60	(0.34)
LIBERTY GLOBAL:	44.51	0.25	SPRINT NEXTEL:	4.88	0.10
SHAW COMM:	19.45	(0.34)	TIVO:	8.97	(0.26)
SHENTEL:	45.88	(0.72)	UNIVERSAL ELEC:	45.78	0.22
TIME WARNER CABLE:	183.35	(1.85)	VONAGE:	5.98	(0.18)
PROGRAMMING					
21ST CENTURY FOX:	29.95	(0.28)	YAHOO:	34.30	0.90
AMC NETWORKS:	71.90	0.69	TELCOS		
CBS:	44.50	0.14	AT&T:	33.21	(0.45)
CROWN:	5.79	(0.03)	CENTURYLINK:	27.64	(0.68)
DISCOVERY:	28.78	(0.51)	FRONTIER:	5.24	(0.14)
DISNEY:	113.77	0.25	TDS:	26.32	(0.83)
GRUPO TELEVISIA:	28.16	0.18	VERIZON:	46.17	(0.19)
HSN:	60.88	(0.63)	MARKET INDICES		
LIONSGATE:	39.26	(0.03)	DOW:	17581.43	(41.62)
MSG NETWORKS:	20.00	(0.27)	NASDAQ:	5030.15	(4.56)
SCRIPPS INT:	56.78	(0.36)	S&P 500:	2065.89	(5.29)
STARZ:	36.72	(1.04)			
TIME WARNER:	72.90	(0.45)			
VIACOM:	50.07	(1.11)			
WWE:	20.32	(0.49)			
TECHNOLOGY					
ADVANTAGE:	2.30	0.01			
AMDOCS:	60.43	(0.2)			
AMPHENOL:	53.99	0.16			
APPLE:	114.55	(0.73)			
ARRIS GROUP:	28.81	(0.29)			
AVID TECH:	8.16	(0.23)			
BLNDER TONGUE:	0.44	(0.01)			
BROADCOM:	51.03	(0.43)			
CISCO:	29.05	0.10			
COMMSCOPE:	31.61	(0.66)			
CONCURRENT:	5.00	(0.01)			

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