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What the Industry Reads First

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Sports Conference: CBS Chief Bullish on 3Q

With late advertising money pouring in and subscription performing well, **CBS** pres/CEO *Les Moonves* said he's bullish on the company's 3Q earnings. CBS reports Tues. During **Sports Business Journal's 2015 NeuLion Sports Media & Technology** conference Thurs, Moonves said CBS networks' solid ratings during the quarter could potentially extend the strength and stability beyond 3Q. Last month, major media stocks, including CBS, tumbled. Moonves thinks investors were spooked by a relatively weak upfront, the expansion of skinny TV bundles, and **Disney** CEO *Bob Iger's* comments that the company's sports unit **ESPN** had lost a modest number of subs. Iger also mentioned the company is interested in direct-to-consumer offerings, which sent a red flag to investors, Moonves said. "It's a vast overreaction on Wall Street," he said. While digital content is growing, it's difficult to replicate the huge TV audience for popular programming online, he said. When it comes to skinny bundles, "clearly there's realization that people want to pay for what they want to watch." However, the traditional TV package isn't going away, and CBS is setting itself up for both, he said. Most major sports rights, except the Big 10, are now locked up in long-term contracts. CBS has 4 major sports packages: NFL, NCAA, SEC and PGA Tour. Moonves acknowledged the net is executing a "very different sports strategy" versus ESPN, **Fox** and **NBC Sports**. CBS didn't participate in the recent NBA and MLB rights bids. "There comes to be a point where you have to decide which business you are in. ESPN is in a very different business than us," Moonves said. In addition, "you have to look at what sports programming does to the rest of the schedule." He noted football has been a big boon, and it has helped the rest of CBS programming." While sports rights fees continues to rise, the exec said "one thing you have to have is NFL." CBS saw that first hand when it lost the NFL bid to Fox between 1993 and 1997 and took a hit. CBS won't need to worry about negotiating with NFL for another deal for some time thanks to a 9-year agreement. Moonves, who repeatedly called overnight ratings "useless," said he still looks at overnights when he wakes up in the morning. "But they are not nearly what they used to be in the old days." In the age of time-shifted viewing, "a lot of patience is required." Moonves noted networks nowadays renew shows with poor overnight ratings, something once unheard of. With SVOD and expanded international markets, "the game is about the back-end of shows." Regarding counting time-shifted and digital viewers, "there is an awful lot that isn't being counted," Moonves said. "Our measurement system is behind" despite Nielsen's effort to play catch-up, he said.



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Cox Set-top Suit: A federal jury in OK sided with plaintiffs in a class action lawsuit that alleged **Cox** used monopoly power to force Oklahoma City customers to rent set tops to access premium services, such as VOD. “Cox is disappointed in the verdict, but gratified that the jury recognized most of the damages plaintiffs were seeking were unwarranted. We’ve filed a motion to overturn the verdict and believe we have solid grounds,” the MSO said.

CNBC Debate Ratings: Wed’s GOP debate on **CNBC** was its most-watched night ever, averaging 14mIn total viewers, 3.9mIn adults 25-54 and 3.4mIn adults 18-49. While a far cry from the 24mIn **Fox News** pulled in Aug and the 23mIn **CNN** garnered last month, **CNBC** had the unenviable position of being up against Game 2 of the World Series...

Charter and TWC Beat Sub Estimates: And the walking-back on dire cord-cutting predictions continues, with **Charter** and **Time Warner Cable** both beating analyst estimates for sub losses. Charter actually added 16K video subs (12K residential), beating the Street’s 1K estimate. Time Warner Cable had its best 3Q since 2006 in residential video, net declines of just 7K—way better than the 50K predicted by analysts. TWC is within 9K residential video subs of its goal of posting positive video subs for the full year. The strong sub reports come days after **Comcast** posted its best 3Q video number in 9 years. “It is turning out that even cable’s video business may be a bit more future-proof than imagined. Yes, millennials are cutting (or ‘nevering’) the cord. But cable’s video delivery infrastructure, with a healthy dose of video on demand assets, increased flexibility in offering ‘skinny bundles,’ and (still to come for Charter) new IP-based interactive user interfaces, may not be such a dinosaur after all,” *Craig Moffett* told clients Thurs. Said **Macquarie Securities** analysts in a note to clients: “Given the impressive customer and financial metrics we’ve seen, we remain extremely optimistic on the long-term margin profile of New Charter. We see massive upside to the initial ~US\$800m pa synergy target, which could double/triple over time as customer relationships grow.” Interestingly, Charter CEO *Tom Rutledge*’s cited improved YOY performance in its college markets. “Fundamentally, a lot of college kids are using the authentication from their parents and getting cable TV services for free,” he said. “The lack of control over the content by content companies and authentication processes has reduced the demand for video because you don’t have to pay for it. But because of our sales techniques, we’re actually growing.” The CEO believes it’s a real issue, complaining programmers are “devaluing their product.”

Charter-TWC-Bright House: Charter said for the 1st time that its **Time Warner Cable** and **Bright House** transactions probably won’t get regulatory approval until 1Q but noted readiness to close by year-end. Integration planning and investments made in 2014 as part of the scuttled transactions with **Comcast** should accelerate the process, Charter CEO *Tom Rutledge* said. TWC chief *Rob Marcus* said most local franchises have signed off. “From an operational perspective, we’re working to be in position to close as early as this year, but admittedly, at this point, that feels ambitious,” Marcus said.

More Earnings Tidbits: Charter’s studying is interested in possibly participating. CEO *Tom Rutledge* acknowledged it’s a bit “awkward” given its pending acquisitions. **Time Warner Cable**, not surprisingly, has no plans to participate in the spectrum auction. Time Warner Cable will roll out its TWC Maxx in San Diego in the next several weeks. TWC said it’s really only seeing significant Google Fiber activity in Kansas City, where its gross connects improved and churn was down. “So I’d argue we’re competing well against Google also,” said CEO *Rob Marcus*.

Fantasy Football Talk: Like **ESPN** pres *John Skipper*, **CBS** chief *Les Moonves* loves fantasy sports sites. “We love it... They are spending a lot of [advertising] money with all the networks,” the exec said. Sites like **DraftKing** and **FanDuel** are being investigated by state and federal regulators and lawmakers. “We sincerely hope they make it and government stays out of their way,” Moonves said. At *Sports Business Journal*’s conference Thurs, DraftKings CEO *Jason Robins* called allegations that its services are gambling “nuts... We are cooperating with authorities... It will work out.”

Retrans Rumble: DirecTV lost a couple stations from **Waterman Broadcasting** Tues night, **NBC** affil WBBH (For Myers) and **NBC/CW** affil WVIR (Charlottesville, VA). “We intend to get Waterman Broadcasting’s two local stations back into our customers’ local line-ups,” DirecTV said, charging that the bcstr wants a “significant increase... just to let customers keep watching the same shows that are available for free over-the-air and often online.”

Exorcism, Anyone?: Many nets are running Halloween-themed programming ahead of this weekend. But how many are airing a live exorcism? Just one, we believe. **Destination America** will air the live, 2-hour special “Exorcism: Live!” Fri Oct 30, 9/8c, where paranormal experts, the crew from DA’s “Ghost Asylum” and a bishop will try to exorcise demons from the actual house that inspired iconic film “The Exorcist.” We spoke with *Henry Schleiff*, group pres of **Investigation**

BUSINESS & FINANCE

Discovery, Destination America and **American Heroes Channel** (with a couple of assists from DA marketing VP Laura Giacalone) on the risks, the rewards, and why this is vital for the net. **How did the idea come about?**

HS: Destination America, which is barely 3 years old, is about the people and places and stories that you come across, across America. We love to cover the folklore, the myths, the legends that have built up over time around this country. And in some of our research, we came across the fact that the events that inspired the actual movie "The Exorcist" took place 66 years ago—which is kind of an interesting number itself—in St. Louis. We thought, wow, for this network that shouts America, here is this quintessential American horror story. And what a perfect time to do a special around the actual events concerning it, and that of course is Halloween—perhaps one of the most iconic of American holidays... And then the fact that we have been given privy and access to the actual house where that took place, the actual bedroom. We've actually gotten the bed where the rites of exorcism were given. We have the benefit of a priest doing the exorcism, and we have all of the medical assistance behind us, and all of the precautions you would take. *The full Q&A is at Cablefax.com.*

Oops: WE tv's new show about hip hop legends' children is called "Growing up Hip Hop," not "Hip Hop Royalty."

Cablefax Daily Stockwatch

Company	10/29 Close	1-Day Ch	Company	10/29 Close	1-Day Ch
BROADCASTERS/DBS/MMDs					
DISH:	63.44	(0.2)	CONVERGYS:	26.25	(0.04)
ENTRAVISION:	8.64	(0.11)	CSG SYSTEMS:	33.57	0.02
GRAY TELEVISION:	15.70	0.02	ECHOSTAR:	45.13	(0.69)
MEDIA GENERAL:	14.74	(0.06)	GOOGLE:	716.92	3.97
NEXSTAR:	53.02	(0.57)	HARMONIC:	5.83	(0.02)
SINCLAIR:	29.65	0.03	INTEL:	34.03	(0.68)
TEGNA:	26.92	0.08	INTERACTIVE CORP:	67.12	1.25
MSOS					
CABLE ONE:	434.10	(2.23)	LEVEL 3:	50.93	(0.96)
CABLEVISION:	32.59	0.09	MICROSOFT:	53.36	(0.62)
CHARTER:	193.33	9.23	NETFLIX:	105.12	(0.68)
COMCAST:	63.06	1.12	NIELSEN:	47.95	(0.4)
COMCAST SPCL:	63.20	1.04	RENTRAK:	54.43	1.27
GCI:	20.23	(0.61)	SEACHANGE:	6.47	(0.16)
LIBERTY BROADBAND:	55.13	1.82	SONY:	28.10	(0.87)
LIBERTY GLOBAL:	44.54	(0.22)	SPRINT NEXTEL:	4.80	(0.21)
SHAW COMM:	21.11	1.12	TIVO:	9.19	(0.04)
SHENTEL:	46.31	(2.09)	UNIVERSAL ELEC:	47.22	0.10
TIME WARNER CABLE:	191.82	6.57	VONAGE:	6.04	(0.2)
PROGRAMMING					
21ST CENTURY FOX:	30.41	0.28	YAHOO:	35.05	(0.14)
AMC NETWORKS:	74.25	1.25	TELCOS		
CBS:	46.62	1.13	AT&T:	33.55	0.13
CROWN:	6.00	(0.04)	CENTURYLINK:	28.08	(0.04)
DISCOVERY:	29.37	(0.16)	FRONTIER:	5.15	(0.13)
DISNEY:	115.04	0.70	TDS:	27.22	(0.19)
GRUPO TELEVISIA:	29.27	0.18	VERIZON:	46.40	(0.08)
HSN:	61.66	(1.33)	MARKET INDICES		
LIONSGATE:	39.69	(0.24)	DOW:	17755.80	(23.72)
MSG NETWORKS:	20.68	0.10	NASDAQ:	5074.27	(21.42)
SCRIPPS INT:	59.28	1.17	S&P 500:	2089.41	(0.94)
STARZ:	37.20	(0.29)			
TIME WARNER:	75.44	0.37			
VIACOM:	51.33	(0.03)			
WWE:	17.38	(2.57)			
TECHNOLOGY					
ADDVANTAGE:	2.35	0.02			
AMDOCS:	60.26	(0.47)			
AMPHENOL:	54.40	(0.03)			
APPLE:	120.53	1.26			
ARRIS GROUP:	28.09	(1.65)			
AVID TECH:	7.93	(0.35)			
BLNDER TONGUE:	0.46	(0.03)			
BROADCOM:	51.00	(1.65)			
CISCO:	29.14	(0.23)			
COMMSCOPE:	32.46	(0.16)			
CONCURRENT:	5.03	(0.06)			



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PROGRAMMER'S PAGE

Below Deck on a Mountain

Over-the-top experience, good looking people, plenty of liquor and hookups. New series "Après Ski" (premieres Mon at 10pm EST) has all the **Bravo** reality show ingredients and more. In many ways, the show is like the mountain version of Bravo other docu-series, "Below Deck," which profiles the crew of a luxury yacht and their charters with different guests. The series came from a Bravo employee who is an avid skier, Bravo evp of current production *Shari Levine* told us. "His idea was to follow a group of concierges working and living in close proximity on a ski mountain while catering to affluent clientele. We feel like it is a natural extension of our series 'Below Deck,' although in completely different settings," she said. The series continues Bravo's docu-series legacy, which captures dynamic characters interacting at work and at play. It also showcases "the aspirational lifestyle our fans enjoy in a largely untapped setting," Levine said. Indeed. The show, set in a luxury ski resort in Whistler, British Columbia, features extravagant on and off slope services. The resort is owned by Canadian hospitality mogul *Joey Gibbons*, who recently launched travel concierge business **Gibbons Life** aimed at redefining the tourism industry. From heli-skiing, night skiing in light suits, to dogsledding and a hot springs spa in the middle of a glacier, no request is too outrageous. Of course, the sexy staff put on quite a show themselves. "The combination of over-the-top travel excursions, jaw-dropping visuals and larger-than-life personalities is a perfect mix... We showcased the complete Whistler experience while utilizing dozens of local businesses in the process," Levine said. All in all, the show will "give viewers a glimpse into the lavish and exclusive lifestyle enjoyed by affluent vacationers in posh mountain resort towns. We hope viewers become invested in the success of Gibbons Life and the concierges who go to extremes to make fantasies into reality," said Levine. - *Joyce Wang*

Reviews: "Barbara Walters Presents American Scandals," premiere, Mon, 10pm, **ID**. This net know its fans, who likely will devour the 9-part series that begins with a good recap of the *JonBenét Ramsey* murder (ep 2 is *Kato Kaelin*), augmented with Ms. Walters' narration and clips of 20-year-old interviews she did with JonBenét's parents. New material includes an interview with *John Ramsey* and current wife (JonBenét's mother Patsy died of cancer '06). Little new is said, though. Predictably, John still proclaims his innocence and blasts the Boulder, CO, police for botching the investigation. -- "The Leisure Class," premiere, Mon, 10pm, **HBO**. One day after the season finale of "Project Greenlight," viewers can see the end product of the series' season 4 winner, first-time director *Jason Mann*. While wedding-based "Leisure" has its moments—*Tom Bell* as the groom's brother is a hoot, but is a one-joke character. Overall, though, this Affleck-Damon-exec-produced film is a less-funny version of "Wedding Crashers." As they watch, viewers will wonder whether or not any of the other Greenlight contestants could have done a better job. -- **Notable:** "Exorcism: Live!" Friday, 9pm, **Destination America**. I know, I know. You wanted "Exorcism: Dead!" -- "Ash vs Evil Dead," series premiere, Saturday, 9pm ET, **Starz**. To whet the appetite, Starz marathons "Evil Dead" films from Fri, 8pm ET. - *Seth Arenstein*

Basic Cable Rankings (10/19/15-10/25/15)		
Mon-Sun Prime		
ESPN	3343	1.1
TBS Network	3057	1.0
AMC	1797	0.6
Fox News	1779	0.6
Disney Channel	1664	0.6
USA	1619	0.5
Nickelodeon	1411	0.5
Home & Garden	1328	0.4
Discovery	1321	0.4
History	1230	0.4
FX	1206	0.4
Food Network	1088	0.4
Adult Swim	1003	0.3
HBO - The Works	977	0.3
CNN	964	0.3
Fox Sports 1	947	0.3
SyFy	867	0.3
TNT	847	0.3
Hallmark Channel	838	0.3
Investigation DS	820	0.3
Nick at Nite	815	0.3
Encore	805	0.3
ABC Family	786	0.3
Lifetime	782	0.3
A & E	757	0.3
TLC	720	0.2
Spike TV	701	0.2
BRAVO	701	0.2
VH1	684	0.2
MSNBC	643	0.2
Disney Jr	558	0.2
ESPN2	533	0.2
TV Land	528	0.2
BET	525	0.2
NFL Network	519	0.2
OWN	517	0.2
Nick Jr	507	0.2
E!	490	0.2
Animal Planet	474	0.2
Comedy Central	472	0.2
WE tv	448	0.2
MTV	442	0.1
Nat Geo	433	0.1
HBO Prime	425	0.1

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

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