

Cablefax Daily™

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What the Industry Reads First

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Mid-Size Ops: Suddenlink Video Numbers Solid, Cable One Still Eschews Video

This is the tale of two cable operators. Both dropped **Viacom** networks, but the two reported very different 3Q results Thurs. **Suddenlink** joined the chorus of larger MSOs reporting solid video results (even without **MTV**), while **Cable One** continues to beat the drum that video isn't a profitable business. Suddenlink recorded a 3Q basic sub loss of 8500. While the loss is up some from Q314, that isn't the best benchmark since the year ago quarter represented Suddenlink's best quarter in 7 years. The current 3Q loss is only slightly above 2009-2013 levels, noted CEO *Jerry Kent*, who led Suddenlink's last earnings call assuming **Altice's** acquisition closes by year-end as expected. Suddenlink's 8500 sub loss also compares favorably to the 17K fellow mid-size operator **Mediacom** lost in the same period. While Kent has announced he will move on and continue to lead **Cequel III**, Altice has said the management team will be announced at deal close. Kent noted numerous regulatory approvals and a "number of traditional planning meetings with Altice leadership." As for Cable One, it saw video subs decline 19.2% YOY as it lost 18.8K subs. It has now been 3 years since Cable One began to pivot away from video. Analysts are concerned that the MSO isn't posting bigger broadband numbers given the change in focus. It added 572K residential broadband customers, though it posted 10.2% revenue growth to \$73.1mln for the service. "Broadband is growing at just a 2% rate," noted analyst *Craig Moffett*. "Their broadband results are mediocre at best." When the issue came up on Thurs' earnings call, Cable One CEO *Tom Might* said the company is thinking long term. "When we can get a couple percent subscriber growth, a couple percent rate increase... and a couple percent of data consumption, you're up in the high single digit growth rate over the long term," he said. "We're looking to add 3 smaller percentages together to get a meaningful, long-term high single-digit growth rate out of HSD, which we think is a terrific way to run the business." Cable One hardly discounts its broadband. In fact, it rolled out a \$5 price increase for more than 90% of its HSD subs last month. While Might acknowledged there could be some push back on the rate hike in Nov and Dec, he said Oct actually marked the MSO's highest HSD gain in 15 months. "Every dollar of revenue that moves from residential video or phone to residential data or business services is worth multiple dollars of incremental operating cash flow because the margins are so much higher," Might said on the company's 1st full quarter earnings call since it went public. "We could straddle like others and try to do both, but we don't believe in straddling at Cable One. In 2012, no one would have bet a 35% drop in video subs (from

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Questions: Contact Alex Virden at avirden@accessintel.com.

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then until now) could equate to a 11% adjusted EBITDA gain and more than 450 basis point margin expansion. This is really new math.” Suddenlink added 21.6K HSD customers vs 13.6K a year ago. It has also launched its 1 Gigabit service in 24 markets year-to-date, covering about 1/3 of its residential customers. Its 50Mbps flagship service is \$35 in a bundle and \$39 as a standalone offering. It has a 250 GB allowance, with overage fees for those who go beyond that usage becoming a significant revenue stream. Kent called the overage charges a bit of a “hedge.” “Frankly, we don’t want overage charges to become too big of a revenue stream for us because we think that could lead to additional churn,” Kent said. Cable One announced that it will launch in 2016 its Gigabit service, which will cover most of its footprint by year-end. The first cities to get it in 1Q are Altus, OK; Duncan, OK; Borger, TX; Emporia, KS; Bisbee, AZ; Cottonwood, AZ; and McCall, ID.

Disney: Sony’s PlayStation Vue just got a lot sexier. Sony scored a major rights deal with **Disney** that allows the streaming of **ESPN**, **ABC**-owned local stations, **Disney Channel**, **ABC Family** (to be rebranded as **Freeform** in Jan) and more on the Vue platform. The pact also allows local ABC affil stations to opt-in to the Vue service with their live linear programming. Other channels on the lineup include **Disney Junior**, **Disney XD**, **ESPN2**, **ESPN College Extra**, **ESPNU**, **ESPNEWS**, **ESPN Deportes**, **ESPN Classic**, **ESPN Goal Line**, **ESPN Buzzer Beater**, **ESPN Bases Loaded**, **Fusion**, **Longhorn Network**, and **SEC-ESPN Network**. The Vue/Disney offering will feature a library of VOD content from Disney and ESPN Media Networks, including the ability to catch up on content within the past 3 days without the need to record or tag the show. ABC primetime programming will also be offered on-demand in all cities where Vue multichannel packages are available. Vue is the 1st Internet-based pay-TV service to offer Disney programming with the streaming features, Sony vp/head of Vue *Dwayne Benfield* said in a release. Vue is available to users those with PS3/PS4 console as well as iPads and iPhones. Pricing for Disney’s programming hasn’t been announced, but Vue currently offers 3 programming tiers as well as a la carte program that includes **Showtime**’s OTT service, **Fox Soccer Plus** and **Machinima**’s premium channel. Vue was launched in March and is currently available in Chicago, Dallas, LA, Miami, NYC, Philly and the San Francisco Bay Area. ESPN and Disney Channel are also available on **DISH**’s **Sling TV** service. -- Disney reported earnings after market Thurs, posting 12% YOY increase in net income to \$8.4bln. Revenue grew 7% to \$52.5bln. Operating income at Cable Networks increased \$381mln to \$1.7bln for the quarter due to an increase at ESPN and, to a lesser extent, **A&E Networks** and the Disney Channels. The increase at ESPN reflected higher affiliate and advertising revenues, partially offset by an increase in programming costs. Affiliate revenue growth was driven by contractual rate increases and an increase in subs. The increase in subscribers was due to a full quarter of the **SEC Network**, which launched in Aug 2014.

AMC 3Q: While ratings for early eps of Season 6 of the “Walking Dead” went down compared to previous seasons, **AMC Nets** CEO *Josh Sapan* isn’t worried. The company is “quite pleased” with the series’ performance, especially in light of intense competition for live viewing, he said during the 3Q earnings conference call Thurs. The show, airs Sun nights, competes with NFL and MLB playoffs. Sapan noted the series is the top-rated program for the 18-49 demo. “We treat the Walking Dead in the broadest sense as a franchise,” Sapan said. AMC debuted the Walking Dead sequel “Fear the Walking Dead” earlier. “It’s delicate to do what’s commonly called a spinoff. They have a checkered history,” Sapan said. Meanwhile, Sapan said “we have been fairly consistent in our thinking since we engaged in SVOD exploitation. We thought it was wise to balance time and money.” The programmer makes its shows available for SVOD players like **Netflix** and **Hulu** a year after their linear debuts. “Our view today is our approach was a measured one and an appropriate one. I don’t know if perfect is an available answer... We will obviously continue to monitor it.” Financially, 3Q net revenue increased 21.7% YOY to \$632mln, led by 31% growth at its TV networks. Net income from continuing operations was \$73mln, versus \$54mln a year ago. The increase was primarily due to the growth in operating income. The TV nets, including **AMC**, **WE tv**, **BBC America**, **IFC** and **SundanceTV**, saw operating income rise more than 50% to \$173mln thanks to a 52.3% increase in advertising revenues to \$210mln. The growth in ad dollars reflected the inclusion of BBC America in the current year period as well as the success of AMC’s original programming. The company inked an equity agreement with **BBC Worldwide** in Oct 2014 to acquire a 49.9% stake in BBC America for \$200mln. Distribution revenue increased 20.1% to \$311mln.

Cox Settles with FCC: It’s the **FCC**’s 1st privacy and data security enforcement action with a cable op. The agency’s enforcement bureau agreed to a \$595K settlement with **Cox** to resolve an investigation into whether the MSO failed to properly protect its subs’ personal information when its electronic data systems were breached last year. According to the bureau, 3rd parties had access to Cox subs’ personal information as a result of the breach. The settlement also requires

BUSINESS & FINANCE

Cox to identify all affected subs, notify them of the breach, and provide them 1 year of free credit monitoring. Cox will adopt a compliance plan to establish an information security program.

Open Debate: Fox Business' upcoming Republican presidential debates will be available to all of its affiliates' subs. On Tues, **DirectTV, Suddenlink, Mediacom, Frontier, WOW!, Cable One** and several **NCTC** members who don't carry the net on a broad tier will unbundle FBN, making it available to their full sub base ahead of the debates. The debates (6pm and 9pm ET) will air live from the Milwaukee Theatre in Milwaukee, WI.

Charter's Move: Charter intends to offer \$2.5bn senior unsecured notes due 2026, with proceeds to partially finance its proposed **Time Warner Cable** and **Bright House** transactions, the MSO said in a release Thurs.

Best Companies for Women: Cox and **Discovery Comm** ranked as the best companies for Women in Cable, according to **WICT's** 2015 PAR Survey. **Comcast** took 2nd place among operators, followed by **Time Warner Cable, Bright House** and **Atlantic Broadband. Disney ABC Television Group** took 2nd place among programmers followed by **NBCU, Turner** and **HSN**. Initial results of the PAR Survey were released during a joint town hall meeting with **NAMIC**. WICT will release the full report later this year.

Cablefax Daily Stockwatch

Company	11/05 Close	1-Day Ch	Company	11/05 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DISH:	63.35	(0.19)	CONVERGYS:	25.15	(0.68)
ENTRAVISION:	8.85	(0.17)	CSG SYSTEMS:	37.93	4.26
GRAY TELEVISION:	16.57	0.10	ECHOSTAR:	45.89	(0.22)
MEDIA GENERAL:	14.97	0.09	GOOGLE:	731.25	3.14
NEXSTAR:	54.71	0.26	HARMONIC:	5.85	(0.02)
SINCLAIR:	33.41	0.21	INTEL:	34.00	(0.15)
TEGNA:	27.19	(0.61)	INTERACTIVE CORP:	64.88	(1.02)
MSOS					
CABLE ONE:	437.01	(2.34)	LEVEL 3:	50.83	(0.46)
CABLEVISION:	31.95	(0.4)	MICROSOFT:	54.38	(0.02)
CHARTER:	189.23	(0.87)	NETFLIX:	113.50	(0.55)
COMCAST:	61.81	0.35	NIELSEN:	47.84	0.25
COMCAST SPCL:	61.99	0.39	RENTRAK:	54.87	2.13
GCI:	21.01	(0.41)	SEACHANGE:	6.68	(0.04)
LIBERTY BROADBAND:	54.61	(0.2)	SONY:	28.35	(0.1)
LIBERTY GLOBAL:	45.68	(0.09)	SPRINT NEXTEL:	4.68	0.20
SHAW COMM:	20.87	0.12	TIVO:	9.29	0.03
SHENTEL:	47.34	(0.12)	UNIVERSAL ELEC:	50.28	0.71
TIME WARNER CABLE:	187.68	(0.97)	VONAGE:	6.76	(0.19)
PROGRAMMING					
21ST CENTURY FOX:	29.59	(0.06)	YAHOO:	35.12	0.05
AMC NETWORKS:	73.87	2.11	TELCOS		
CBS:	47.77	(0.18)	AT&T:	33.34	(0.14)
CROWN:	5.87	(0.08)	CENTURYLINK:	28.71	0.69
DISCOVERY:	29.51	(0.79)	FRONTIER:	4.71	(0.07)
DISNEY:	113.00	(0.25)	TDS:	29.45	(0.04)
GRUPO TELEVISIA:	29.29	(0.4)	VERIZON:	46.20	0.06
HSN:	55.24	0.53	MARKET INDICES		
LIONSGATE:	38.92	0.10	DOW:	17863.43	(4.15)
MSG NETWORKS:	20.32	(0.56)	NASDAQ:	5127.74	(14.74)
SCRIPPS INT:	58.26	(1.31)	S&P 500:	2099.93	(2.38)
STARZ:	34.22	0.08	TECHNOLOGY		
TIME WARNER:	69.43	(2.77)	ADDVANTAGE:	2.30	(0.06)
VIACOM:	48.50	(1.3)	AMDOCS:	60.53	0.10
WWE:	17.45	(0.1)	AMPHENOL:	54.70	(0.23)
TECHNOLOGY					
APPLE:	120.92	(0.56)	ARRIS GROUP:	28.36	0.07
ARRIS GROUP:	28.36	0.07	AVID TECH:	8.98	0.05
AVID TECH:	8.98	0.05	BLNDER TONGUE:	0.50	UNCH
BLNDER TONGUE:	0.50	UNCH	BROADCOM:	52.19	(0.7)
BROADCOM:	52.19	(0.7)	CISCO:	28.43	(0.04)
CISCO:	28.43	(0.04)	COMMSCOPE:	32.34	0.09
COMMSCOPE:	32.34	0.09	CONCURRENT:	5.06	0.01
CONCURRENT:	5.06	0.01			

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PROGRAMMER'S PAGE

Taking Manhattan...

WGN's "Manhattan" (next ep, Nov 10) truly defines what the Golden Age of Television is all about. Drama, character and mutually assured destruction. Now in its 2nd season, this 1940s drama about scientists and their families living on the secret military base in Los Alamos, N.M., where the Atom Bomb was born does one thing extremely well: It humanizes perhaps one of the most inhuman inventions in history. And it does it largely using fictional, composite characters who embody all the moral questions we still ponder today. "It has a lot to say about where we are now and how we got here," creator *Sam Shaw* told me recently. To be sure, lead scientist *Robert Oppenheimer* and a few other real-life historical figures exist only in the background as we follow the endless slog of science as experienced by those farther down the food chain. "In order to tell the story we really wanted to tell, it was important not to be shackled to the particular biographical story points of an actual person," Shaw says. And while historians may balk at such creative license, the tact ultimately frees up the storytelling and gives this series potential life well beyond the point at which the U.S. dropped bombs on Japan in 1945. "It's not a story about the end of World War II," says executive producer *Thomas Schlamme*. "It's a story about the birth of a world we live in today." With everyone from global superpowers to third-world nations now possessing nuclear weapons, the larger question is of course whether these morally conflicted scientists' success in ushering in the nuclear age ultimately made us safer or just set us up for eventual destruction. Let's hope we never find out. – *Michael Grebb*

Reviews: "Flesh and Bone," premiere, Sunday, 9pm, **Starz**. Some feel there has never been a top-flight drama about the performing arts. "Flesh and Bone" won't challenge that maxim, yet this gritty ballet-based mini has its moments, particularly the dance scenes. The music similarly is excellent, and real dancers play dancers, including lead *Sarah Hay* in her acting debut. As the imperious company artistic director, *Ben Daniels* is spot on. *Flesh's* weaknesses include a sometimes-balky script that tells more than it shows, slow pacing and an unnecessary subplot involving *Hay's* character's brother. Still, it's compelling viewing. -- "Chasing Tyson," Tuesday, 8pm ET, **ESPN**. This is an excellent re-telling of *Evander Holyfield's* rivalry with *Mike Tyson*. Great footage and terrific editing, including *Jim Lampley* and *Larry Merchant* saying moments before the *Tyson-Buster Douglas* fight that the latter has no chance of winning... until he does. *Tyson* and *Holyfield* come off articulate, even humble. *Tyson* has a great summation: When historians "do my life... and [Holyfield's] life," they'll say how [Holyfield] "beat us and beat us good." -- **Notable: American Heroes Channel** has the right idea about Veterans Day, celebrating it for one week, beginning Mon with its 2nd annual "Duty, Honor, Courage" slate, each evening at 8 ET. Programming covers several military campaigns, with nights devoted to WWI (Saturday) and II (Wednesday, Friday). – *Seth Arenstein*

Basic Cable Rankings (10/26/15-11/01/15)			
Mon-Sun Prime			
1	ESPN	1.3	2992
2	AMC	0.8	1935
2	CNBC	0.8	1885
4	FOXN	0.7	1653
5	USA	0.6	1577
5	TNT	0.6	1482
5	DSNY	0.6	1412
5	TBSC	0.6	1393
9	HGTV	0.5	1281
9	DISC	0.5	1105
11	HIST	0.4	1087
11	FAM	0.4	996
11	FOOD	0.4	953
11	ADSM	0.4	928
11	FX	0.4	881
11	DSE	0.4	100
17	LIFE	0.3	780
17	SYFY	0.3	766
17	HALL	0.3	766
17	BRAV	0.3	747
17	ID	0.3	728
17	CMDY	0.3	675
17	A&E	0.3	670
17	NAN	0.3	652
17	TLC	0.3	641
17	MSNB	0.3	611
17	SPK	0.3	599
17	DSJR	0.3	598
17	OWN	0.3	518
17	NFLN	0.3	484
17	HMM	0.3	449
17	FOXD	0.3	175
33	BET	0.2	527
33	VH1	0.2	509
33	TVLD	0.2	489
33	NKJR	0.2	476
33	CNN	0.2	464
33	APL	0.2	443
33	TRAV	0.2	427
33	WETV	0.2	421
33	FXN	0.2	412
33	NGC	0.2	394
33	INSP	0.2	387
33	TRU	0.2	374

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



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