

# Cablefax Daily™

Friday — February 26, 2016

What the Industry Reads First

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## AMC Nets 4Q: Solid 4Q Yet Shares Down on Sub Worries

Financially, **AMC Nets** reported a solid 4Q as it posted a 11.4% YOY net revenue increase. Net income from continuing operations was \$90mln, compared with \$78mln in the year-ago quarter. While most media investor concerns have focused primarily on the top-line, “perhaps this quarter will mark a turning point where the operating expense line becomes equally important,” **Bernstein Research** analysts cautioned in a research note Thurs. Advertising is “strong, for now, but TV networks seem to be having to spend more and more to capture it,” they said. The analysts also noted the programmer’s modest sub loss in the quarter. “Q4 is a seasonally strong quarter for net adds. Fasten your seatbelts for what that number will look like in Q2,” they said. Wall Street seemed to share the concern. AMC Nets’ shares sank more than 8% before noon though it bounced back a bit in afternoon trading session. **AMC** lost 1.4mln subs over the past 12 months to 93.6mln at the end of 2015. **BBC America** fell by 1.1mln to 86.5mln, and **IFC** shed 2.5mln to 71.2mln. The programmer launched new original shows such as “Better Call Saul” and “Into the Badlands” in 4Q. The main debate on AMC Nets stock into 2016 will be “the stability of Walking Dead and to what extent new original series will offset WD (Walking Dead) declines and at what cost,” Bernstein analysts said. Pres/CEO *Josh Sapan* addressed investors’ concern on Walking Dead’s weaker ratings and the company’s future during the company’s earnings conference call Thurs. AMC Nets is “poised to continue the strong momentum,” he said, noting Walking Dead remains the highest-rated entertainment show among the 18-49 demo. The series returned with 20mln+ viewers in 3 days on linear and digital platforms. And Sapan isn’t worried about the expansion of skinny TV bundles. In fact, he doesn’t think it has disrupted the traditional cable business. “There is a presumption that this is occurring when in fact it’s not... We think that if we have brands that really are in people’s heads... that will stand us in very good stead.” In addition, “we are very fairly priced, if not underpriced, for our value.” The programmer has focused on high quality original shows and has started to own and control more of its content to maximize profit, Sapan noted. Such moves will position the company “well for all the current trends affecting programmers in what continues to be a rapidly developing landscape,” he said. AMC Nets’ 4Q revenue growth was led by a 13.4% YOY increase in domestic ad revenue to \$289mln. Ad growth primarily reflected gains at AMC, thanks to the timing of the

### FEATURED SESSION:

#### Social Screens: Building Community in a Multiscreen World

You’ve heard it all before: Your PR & marketing team knows you can’t manufacture social media excitement out of thin air. You can’t force a video to go viral. You simply can’t fake it when it comes to marketing content across platforms. The best marketers set up environments for fan interaction—and then get out of the way. This session will explore how savvy companies use social media to drive engagement and find success.

#### Actionable Tips Include:

- How to coax the conversation while not trying to control it.
- Creating effective campaigns that harness the organic consumer energy while respecting the space that modern viewers demand.
- Learning the latest platforms, methods and social media tactics that fully capitalize on every audience segment across every screen.

#### SPEAKERS:



**Jen Corbett**  
VP, Audience Development & Marketing  
**Discovery Digital Networks**



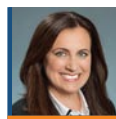
**Lydia Daly**  
Vice President of Social Media Activations and Earned Media  
**Viacom Velocity**



**Jeffrey Kaufman**  
SVP, Digital  
**USA Network**



**Eric Kuhn**  
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**Layer3**



**Angela Megrey**  
VP, Social Media Communications & Policy  
**Crown Media Family Networks**



**Adam Naide**  
Social Media Leader & Digital Marketing Executive  
**Cox Communications**

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airing of original programming, and to a lesser extent the impact of BBC America. Domestic distribution revenues increased 11.6% to \$273mln, largely because of increases in affil fees as well as licensing revenues. International revenues for the quarter increased \$9mln to \$119mln from the year-ago period, reflecting revenue gains at **IFC Films** and **AMC Networks International**.

**MSO Results:** Man, we miss **Cablevision's** earnings call. While management has decided to forego the quarterly conference calls, the MSO obviously still has to release results and 4Q had some brag-worthy moments. Not only did Cablevision beat analyst estimates for sub metrics, but it had its 1st year of organic growth in total customer relationships since 2008 (total customers rose to 3.12mln). Cablevision lost 10K basic video subs in 4Q15, much improved over -34K in 4Q14. CVC added 25K HSD customers, ending the year with more data customers than ever before in the NY market, and was even positive on voice, adding 5K customers. Overall, the company reported a profit of \$32.1mln, down from \$56mln a year ago (the latest period includes \$14.2mln in negative one-time items). Cable segment rev was up by 0.1% YOY to \$1.46bln. Of course, the big question mark is **Altice's** pending \$10bln acquisition of Cablevision—and its pledge to find \$900mln in cost savings and synergies. “Altice will have to radically reduce Cablevision's costs without reversing Cablevision's recently stabilized subscriber metrics. That's something Cablevision hasn't succeeded in doing since at least 2012,” **MoffettNathanson** analysts said. -- **Mediacom** also released 4Q financials Thurs, with full year video losses almost halved (35K to 55K). It marked the company's best performance since 2008 on both video and HSD (with net adds hitting 72K vs 48K a year ago). For the quarter, Mediacom lost 7K video subs vs 10K a year earlier, with management chalking up 75-80% of those losses to video-only customers. HSD (18K vs 16K) and phone (9K vs 8K) also posted gains. For the combined results of Mediacom Broadband and Mediacom LLC, revenue was up 4.1% in the Q and 3.7% for the year, while OIBDA rose 4.8% for the quarter (3.5% for the year).

**On the Hill:** As expected, the full **House Commerce** committee approved the Small Business Broadband Deployment Act Thurs. The legislation, authored by **Communications Subcmte** chmn **Greg Walden** (R-OR), exempts small businesses from the **FCC's** enhanced net neutrality rules. The approval came after Democrats and Republicans on the subcmte reached an agreement on an amendment that will extend the small business exemption for 5 years. The amendment also defines small businesses as ISPs with 250K subs or less and requires an FCC report about the definition of small business and the future of this exemption. Both the bill and the amendment were approved by voice vote.

**Google Fiber:** **Google** is bringing fiber services to some apartments, condos and affordable housing properties to its latest fiber city, San Francisco. In a blog post Wed, **Michael Slinger**, dir of business operations at **Google Fiber** said the company won't be building out its own network, as it has done in many other cities. Instead, it will use existing fiber networks to offer services. As part of its work in San Fran, Google will launch initiatives to connect some public and affordable housing properties to gigabit speeds for free. Partnering with the **Nonprofit Technology Network** (NTEN), Google is also bringing the Digital Inclusion Fellowship to the city. NTEN is accepting applications from organizations to host fellows who will teach people to set up email accounts, apply for jobs, access content across the web and more.

**Scripps' Travel Channel Ownership:** **Scripps Networks** acquired the remaining 35% interest in **Travel Channel Media** from **Cox**, for \$99mln in cash. The programmer now has full ownership of the net in which it originally acquired a controlling interest in 2009. Separately, Scripps announced the sale of its 7.25% ownership interest in **Fox-BRV Southern Sports Holdings**, comprising the **Sports South** and **Fox Sports Net South** regional nets, to **Fox Southern Holdings**, for \$225mln in cash. Scripps pres/chmn/CEO **Ken Lowe** called Travel Channel “a key asset that presents a great growth opportunity” and one that “delivers an increasingly significant contribution to our business” in a release Thurs.

**CTHRA Think Tank:** **CTHRA** will host a Think Tank for HR execs on April at the **NBCUniversal Talent Lab** in NYC. Themed “Power & Politics in the C-Suite,” the event features a panel discussion with CEOs, COOs and chief HR officers from the industry as well as sessions addressing ways sr execs give and take power in the organization.

**TVE on the Rise:** TV Everywhere saw a major boost in 4Q, with viewing increasing 102% YOY in the period, according to **Adobe** Digital Index's latest Digital Video Benchmark Report. Active TVE users increased 22% over the previous quarter, according to the study, based on 3.6bln TVE authentication across more than 300 TVE web sites

# BUSINESS & FINANCE

and apps. Penetration of TVE also grew. The percentage of pay-TV subs reporting using TVE reached 17.4%, up from 12.8% in 4Q, 2014. Meanwhile, Adobe found TVE use has shifted from mobile devices to platforms like **Roku** and **Apple TV**. While iOS-based platforms still get the bulk of TVE authentications at 36%, its share dropped 20% YOY. Roku's TVE share rose 14% over the previous quarter thanks to the addition of major broadcast nets in Nov, according to Adobe.

**Programming:** Spike ordered a production pilot from **Dimension Television** based on the *Stephen King* novella, "The Mist." The move marks the 1st production pilot for a Spike scripted dramatic series since the net's shift towards general entertainment. **MGM** released a film in 2007 based on the novella, which features a small town haunted by a mist that creates immense havoc.

**People:** Adam Stotsky was upped to pres of **E! Entertainment**, adding unscripted programming and development to his responsibilities. Stotsky, who has been gm at **E!**, will continue to oversee day-to-day operations of the net. He will also continue to be pres at **Esquire**. Stotsky will report to *Frances Berwick*, pres of lifestyle networks at **NB-Universal Cable Entertainment**. Before joining NBCU, Stotsky was vp of marketing at **Discovery Communications**.

## Cablefax Daily Stockwatch

Company	02/25 Close	1-Day Ch	Company	02/25 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
BROADCASTERS/DBS/			ECHOSTAR:	44.70	2.06
DISH:	46.51	0.09	GOOGLE:	705.75	6.19
ENTRAVISION:	7.76	0.04	HARMONIC:	3.18	0.09
GRAY TELEVISION:	11.21	0.39	INTEL:	29.62	0.43
MEDIA GENERAL:	16.19	0.22	INTERACTIVE CORP:	44.31	(0.34)
NEXSTAR:	42.51	1.64	LEVEL 3:	48.61	(0.05)
SINCLAIR:	30.42	0.96	MICROSOFT:	52.10	0.74
TEGNA:	24.13	(0.02)	NETFLIX:	94.53	2.92
<b>MSOS</b>					
CABLE ONE:	423.33	7.49	NIELSEN:	49.66	0.21
CABLEVISION:	32.45	0.08	SEACHANGE:	5.50	(0.04)
CHARTER:	183.04	7.25	SONY:	21.34	(0.09)
COMCAST:	58.53	0.13	SPRINT NEXTEL:	3.07	0.02
GCI:	18.67	0.39	TIVO:	8.31	0.07
LIBERTY BROADBAND:	50.54	1.60	UNIVERSAL ELEC:	52.52	(0.31)
LIBERTY GLOBAL:	37.02	(0.18)	VONAGE:	5.10	(0.05)
SHAW COMM:	17.09	(0.09)	YAHOO:	31.36	0.41
SHENTEL:	23.55	0.67	<b>TELCOS</b>		
TIME WARNER CABLE:	193.47	3.61	AT&T:	37.37	0.27
<b>PROGRAMMING</b>					
21ST CENTURY FOX:	27.38	0.06	CENTURYLINK:	30.41	0.40
AMC NETWORKS:	66.32	(4.51)	FRONTIER:	5.31	0.01
CBS:	47.64	0.16	TDS:	26.09	0.49
CROWN:	4.55	(0.07)	VERIZON:	51.11	0.29
DISCOVERY:	24.88	(0.32)	<b>MARKET INDICES</b>		
DISNEY:	95.65	0.22	DOW:	16697.29	212.30
GRUPO TELEVISA:	25.53	0.26	NASDAQ:	4582.21	39.60
HSN:	53.14	1.13	S&P 500:	1951.70	21.90
LIONSGATE:	20.27	(1.27)			
MSG NETWORKS:	15.82	(0.15)			
SCRIPPS INT:	57.80	0.10			
STARZ:	22.79	(0.14)			
TIME WARNER:	66.66	(0.42)			
VIACOM:	41.29	(0.18)			
WWE:	16.63	0.30			
<b>TECHNOLOGY</b>					
ADVANTAGE:	1.66	UNCH			
AMDOCS:	58.42	0.42			
AMPHENOL:	52.72	0.29			
APPLE:	96.76	0.66			
ARRIS GROUP:	23.42	0.55			
AVID TECH:	7.01	(0.26)			
BLNDER TONGUE:	0.46	0.01			
CISCO:	26.60	0.28			
COMMSCOPE:	24.84	(0.38)			
CONCURRENT:	5.50	0.08			
CONVERGYS:	26.02	(0.03)			
CSG SYSTEMS:	39.20	1.07			



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# PROGRAMMER'S PAGE

## Now Boarding

**Bravo's** taking viewers to uncharted territories with new series "Tour Group" (premieres Tues, 10pm). The docu-series follows the highs and lows of 11 travelers on trips to exotic locations, starting with an initial touchdown in Morocco. Leading the group are professional tour guides *Brandon*, a global travel authority who's written more than 50 travel books; *Rachel*, a humanitarian who never says no to trying new foods, no matter how gross; and *Sandhurst*, a luxury airline concierge who has been "nude all over the world." Together, they go on adventures that might make viewers green with envy (elephant rides in Thailand and mountain gorilla expeditions in Rwanda) or just plain green (consuming cow's blood in Kenya and sheep's head in Morocco). The lucky travelers who join them vary—from estranged twins struggling to maintain a cross-country relationship to a recent divorcee looking for her own "Eat, Pray, Love" trip. "We definitely didn't want a whole group of very privileged, spoiled people who had traveled on their own incessantly," said *Rachel Smith*, Bravo Media's svp of current production. "We wanted a dynamic group that was going to be interesting and bring different things to the table." The trips the ladies of Bravo's "Real Housewives" take each season actually inspired *Tour Group*. And while this series may not feature the *Housewives*, there are still plenty of volatile personalities and conflicts, as well as touching moments. Smith said that's the nature of travel in general—"We've all been on journeys with friends where you come out at the end and you're like, 'oh I don't want to talk to you for a few months.' It really puts relationships to the test." Naturally with a group of strangers in close, sometimes uncomfortable, quarters, the drama is there from the first ep, but it's not all fighting. "We wanted to capitalize on that wonderful microcosm when you take people out of their natural environments and put them in exotic locations and see what happens." — *Kate Salava*

**Reviews:** "Looking for Lowry," Thurs, 7pm ET, **Ovation**. It's the rare hour of television that opens one to new experiences. Count this fascinating documentary about 20th Century British painter *L.S. Lowry* as one of those rarities. While joyfully discovering Lowry's paintings of crowd scenes in Salford and Manchester, the viewer also is treated to reminiscences of this insular artist from his milkman and a young girl, also named Lowry, no relation, whom he befriended. Also notable are glimpses of author *Jeffrey Archer's* collection of Lowrys. -- "Major League Legends: *Hank Aaron*," Mon, 8pm ET, **Smithsonian**. There are excellent moments in this first of 4 docs about heavy hitters. Celebrating Black History Month, this first one, about Hank Aaron, provides social context for the slugger's youth and early big league days. -- "Girls," Sun, 10pm, **HBO**. After a fine Season 5 opener, "Girls" slumps, with each storyline stranger than the previous. -- **End Note:** We couldn't end this column any other way than a brief tribute to **ESPN's Linda Cohn**, who hosted her 5,000th "SportsCenter" last week. When the many accolades were over, Cohn's children and husband surprised her on set with flowers and a cake. It was understated and charming, like Cohn. We add our best wishes to one of Bristol's really nice people. Here's to the next 5,000! — *Seth Arenstein*

Basic Cable Rankings (2/15/16-2/21/16)			
Mon-Sun Prime			
1	FOXN	0.9	2163
2	USA	0.8	1932
2	AMC	0.8	1842
4	HGTV	0.7	1690
5	TBSC	0.6	1504
5	ESPN	0.6	1402
5	CNN	0.6	1386
5	DISC	0.6	1325
9	DSNY	0.5	1321
9	TNT	0.5	1278
9	HIST	0.5	1226
9	DSE	0.5	120
13	FX	0.4	1058
13	ADSM	0.4	1031
13	MSNB	0.4	994
13	FOOD	0.4	957
13	ID	0.4	948
13	LIFE	0.4	906
13	TLC	0.4	850
13	SPK	0.4	820
21	BRAV	0.3	785
21	FRFM	0.3	776
21	NAN	0.3	759
21	A&E	0.3	749
21	FS1	0.3	718
21	HALL	0.3	636
21	DSJR	0.3	615
21	TVLD	0.3	592
21	NKJR	0.3	551
21	LMN	0.3	550
21	HMM	0.3	437
32	APL	0.2	582
32	EN	0.2	567
32	MTV	0.2	518
32	CNBC	0.2	507
32	OWN	0.2	497
32	CMDY	0.2	496
32	SYFY	0.2	454
32	BET	0.2	450
32	TRAV	0.2	448
32	INSP	0.2	437
32	GSN	0.2	432
32	WETV	0.2	425
32	VH1	0.2	412

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

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