

Cablefax Daily™

Thursday — March 10, 2016

What the Industry Reads First

Volume 27 / No. 046

AT&T CFO: Net Adds Expected Thanks to DirecTV

AT&T CFO *John Stephens* painted a rosy picture for the company's expected video sub adds this year at the **Deutsche Bank** investor conference Wed. "We are expecting video net adds this year," he said, touting the telco's **DirecTV** assets. AT&T has been shifting its video customers to the DirecTV platform following its acquisition. The shift also came after the telco lost video subs in 4Q. While it added 214K satellite subs, it lost 26K video subs overall. Putting even more emphasis on the satellite side of the video business, AT&T recently announced plans to launch 3 new subscription streaming services: DirecTV Now, DirecTV Mobile and DirecTV Preview. The services are aimed at the 20mln homes without pay-TV subscriptions, Stephens said. "What we have seen is some real success in our satellite product... In every month since the merger, we had more gross adds in the satellite business than in the prior year." While the video market is competitive, "we feel very good about the ability to grow that business and keep that record intact of more gross adds," said Stephens. Another strategy of integrating DirecTV is through new data bundles. Since it launched a \$100 per month unlimited data plan less than 2 months ago, more than 2mln customers have signed up for the plan, the financial chief said. The plan provides unlimited data to users who are also DirecTV subs. "We had 500,000 in the first two weeks of the program, and that was really without any advertising... We've done a little bit of advertising and the number's over 2 million now." Providing more color on the strategy, Stephens said "when you think about a customer who's buying our wireless services from us, buying video services from us, and then oftentimes buying broadband services from us, they could be paying us three or four hundred dollars a month." And most of the customers signing up for the plan are existing video and wireless subs rather than consumers who have switched from another provider. **Univision Blackout:** Univision stations recently went dark on AT&T due to failed contract renewal. Without directly addressing the fee-related dispute, Stephens said contract negotiations are generally going well. "The key is not only are we getting the cost savings, but we are getting the mobile rights and the digital rights and the stacking rights," the exec said. And the telco is generally getting those rights in its negotiations, which "not only gives us cost savings but positions us well to serve our customers," he said. The latest in Univision and AT&T U-verse stalemate has the Spanish programmer calling on the distributor to make its signal available to subs for 24 hours immediately follow-

NETWORKS HAVE VIEWERS

WE HAVE LOYALISTS

Our audience doesn't flip through channels to find something to watch, they flip through channels to find us. We think "loyalist" is a more fitting term.

UNIVISION COMMUNICATIONS INC.

UNITED WE STAND TOGETHER WE GROW™

CABLEFAX DAILY (ISSN 1069-6644) is published daily by Access Intelligence, LLC ● www.cablefax.com ● 301.354.2101 ● Editorial Director: Amy Maclean, 301.354.1760, amaclean@accessintel.com ● Publisher: Michael Grebb, 323.380.6263, mgrebb@accessintel.com ● Sr. Editor: Joyce Wang, 301.354.1828, jwang@accessintel.com ● Cablefax/Screenster Editor: Kaylee Hultgren, 646.764.8267, khultgren@accessintel.com ● Advisor: Seth Arenstein ● Dir. of Business Dev.: Rich Hauptner, 203.899.8460, rhauptner@accessintel.com ● Acct. Exec: Olivia Murray, 301.354.2010, omurray@accessintel.com ● Dir. of Market Dev.: Laurie Hofmann, 301.354.1796, lhofmann@accessintel.com ● Production: Joann Fato, jfato@accessintel.com ● Diane Schwartz, SVP Media Comms Group, dschwartz@accessintel.com ● Group Subs: Laurie Hofmann, 301.354.1796, lhofmann@accessintel.com ● Sub Questions, Client Services: 301.354.2101, clientservices@accessintel.com ● Annual subscription price: \$1,699.97/year ● Access Intelligence, LLC, 9211 Corporate Blvd., 4th Floor, Rockville, MD 20850

ing the conclusion of Wed night's Democratic presidential debate, hosted by the *Washington Post* and Univision. Univision already agreed to unblock the debate for U-verse customers. "Univision is hopeful that AT&T will show good faith in the parties' ongoing negotiations by treating Univision's top-rated Hispanic content on par with its English-language broadcasting counterparts in order for the companies to continue to collaborate in serving the growing U.S. Hispanic community," the programmer said. AT&T didn't immediately comment on the offer.

Tales of Retrans Woes: ACA members recently paid a visit to the **FCC** to detail some of their problems with the retrans consent regime. Their chief complaints center on out-of-market programming and forced carriage of channels. **Frankfort Plant Board's John Higginbotham** described how the Lexington, KY, operator recently was forced to drop an out-of-market **Fox** affil from Louisville that it had offered in the Lexington market for more than 35 years, according to a filing describing the meeting. The station's affiliation agreement was changed to prohibit out-of-market carriage, and FPB did not have the resources to perform the required program deletions to continue to offer the channel, even though Louisville news is of interest to area residents. **Cass Cable TV**, which has a system on the MO border, talked about how it was forced to stop offering **CW**, **Fox** and **NBC** affils out of St Louis. The filing also offered some insight into **Sinclair's** negotiations for **Tennis Channel** before it had announced plans to acquire it. Cass Cable reported that it had to agree to price, terms and conditions including where an unnamed channel would appear upon launch. While the filing does not identify the channel, it presumably is Tennis, which Sinclair is buying for \$350mln. "The only information it could get was what the channel would not be: home shopping, religious, or pay-per-view programming," ACA said. "Depending on the eventual identity of the channel, it may disrupt current channel line-ups due to clauses in other programming agreements that require carriage on a lower tier if the operator launches a network that airs programming of a similar genre on a lower tier." All of the ACA members present at the meeting said they pass through retrans fees to consumers, with the majority passing through 100%. **Shentel** said it was forced to make 2 price hikes in a single year due to unexpected price increases as a result of triggered after-acquired or subsequently-managed contract provisions. **Atlantic Broadband** is facing similar clauses, reporting that it could see an annual price hike of nearly \$450,000 once a pending transaction closes for stations previously owned by another broadcaster that had negotiated lower rates with the operator.

Hallmark Channel Going Private: Hallmark Cards will wear the crown now, with the company announcing that it has delivered a letter detailing its intention to acquire all the shares of **Crown Media Holdings** it doesn't already own for \$5.05/share. That works out to about \$175mln to take the **Hallmark Channel** and **Hallmark Mysteries and Movies** private (Hallmark Cards already owns 90% of Crown shares). Hallmark Cards is not obligated to consummate the short form merger. Hallmark Cards said it's taking Crown private to recognize benefits from ownership, including using the Hallmark brand across businesses and controlling Crown content decisions and potential monetization paths. "Hallmark also anticipates a decrease in costs over time associated with being a public company, and the elimination of burdens on Crown's management associated with public reporting and other tasks resulting from Crown's public company status," said Hallmark Cards in its intent letter.

AT&T to Deliver 4K: Leveraging its **DirectTV** platform, **AT&T** will deliver a live 4K broadcast of next month's Master Tournament. It's the inaugural live event for the new DirecTV 4K channel, which launches in April as part of the DirecTV Ultimate and Premiere packages. It will feature content from **Audience Network**, documentaries and more. The live broadcast on the tournament can be accessed by DirecTV subs with compatible 4K devices, featuring all 4 rounds of tournament play April 7-10.

Ratings: Fox News was tops in total viewers for Tues' primary coverage, while **CNN** was #1 among 25-54s and 18-34s. Fox News averaged 3.7mln viewers vs 2.7mln at CNN (from 8pm-11pm ET), according to early **Nielsen** numbers. **MSNBC** averaged 1.6mln viewers. Among 25-54s, CNN had 942K vs 875K for Fox and 422K at MSNBC. CNN also had the lead among 18-34s, 332K vs 156K at Fox and 98K at MSNBC. -- Fri's premiere of new series "Paranormal Lockdown" snagged 816K unique viewers in L+3, making it the highest-rated series premiere in **Destination America** history among HHs, P2+ and 25-54s. -- In further L+3 news, **SundanceTV's** new series "Hap and Leonard" garnered 641K viewers for its premiere. That's a 49% bump from live+same day. New eps air Wednesdays at 10pm.

Programming: FX ordered a 10-ep limited series focusing on the 1973 kidnapping of oil heir *John Paul Getty III*.

BUSINESS & FINANCE

The series, "Trust," is co-exec produced by *Simon Beaufoy, Danny Boyle* and *Christian Colson*. -- Yes, Virginia. There will be a "Sharknado 4." *Ian Ziering* and *Tara Reid* are back alongside *David Hasselhoff* for the 4th installment. Also appearing in the latest incarnation: *Gary Busey, Cheryl Tiegs* and *Imani Hakim*. -- **FYI's** original series "He Shed She Shed" premieres on April 2. The 6-ep series features the trend of turning backyard sheds into creative outdoor living spaces.

Universal Electronics' Comcast Deal: Universal Electronics inked a warrants agreement with Comcast as an extension of its partnership in developing advanced tech products with the MSO. The deal followed a contract renewal earlier this year, in which UEI offers voice remote as part of Comcast's X1 platform. Under the terms of the warrants agreement, Comcast can acquire shares of capital stock from UEI tied to the potential fulfillment of pre-defined purchase milestones.

People: Daniel Coronell was promoted to pres, of News for Univision. He'll report to Isaac Lee, Chief News and Digital Officer for UCI, and CEO of Fusion. -- Comcast appointed 2 execs to help lead the Houston region. John Phillips, most recently of Securus Technologies, will serve as vp, Comcast Business. Caroline Aspenson, a 16-year Comcast vet, was named vp, HR.

Cablefax Daily Stockwatch

Company	03/09 Close	1-Day Ch	Company	03/09 Close	1-Day Ch			
BROADCASTERS/DBS/MMDS								
DISH:	48.89	(0.01)	GOOGLE:	703.93	9.96			
ENTRAVISION:	7.72	0.02	HARMONIC:	3.27	0.09			
GRAY TELEVISION:	12.26	0.25	INTEL:	30.81	0.25			
MEDIA GENERAL:	17.00	0.29	INTERACTIVE CORP:	46.02	(0.94)			
NEXSTAR:	47.70	1.58	LEVEL 3:	50.91	0.97			
SINCLAIR:	32.94	0.67	MICROSOFT:	52.69	1.04			
TEGNA:	24.57	0.57	NETFLIX:	97.90	1.67			
MSOS								
CABLE ONE:	441.95	(3.82)	NIELSEN:	50.64	(0.48)			
CABLEVISION:	33.28	0.03	SEACHANGE:	5.58	0.04			
CHARTER:	186.27	3.35	SONY:	23.28	0.82			
COMCAST:	58.75	0.46	SPRINT NEXTEL:	3.96	(0.03)			
GCI:	18.09	(0.88)	SYNACOR:	1.74	0.04			
LIBERTY BROADBAND:	52.98	0.35	TIVO:	8.02	(0.06)			
LIBERTY GLOBAL:	35.94	0.15	UNIVERSAL ELEC:	57.85	2.35			
SHAW COMM:	18.04	0.06	VONAGE:	4.96	(0.06)			
SHENTEL:	24.87	0.81	YAHOO:	33.45	0.52			
TIME WARNER CABLE:	195.48	2.01	TELCOS					
PROGRAMMING								
21ST CENTURY FOX:	27.74	0.29	AT&T:	37.95	(0.14)			
AMC NETWORKS:	65.84	(1.03)	CENTURYLINK:	31.53	0.02			
CBS:	52.15	1.12	FRONTIER :	5.15	(0.5)			
CROWN:	5.10	0.17	TDS:	27.21	(0.58)			
DISCOVERY:	27.67	0.49	VERIZON:	52.34	(0.12)			
DISNEY:	97.66	(0.16)	MARKET INDICES					
GRUPO TELEVISA:	26.92	(0.33)	DOW:	17000.36	36.26			
HSN:	53.20	0.38	NASDAQ:	4674.38	25.55			
LIONSGATE:	23.46	0.16	S&P 500:	1989.26	10.00			
MSG NETWORKS:	18.10	0.01						
SCRIPPS INT:	64.12	0.98						
STARZ:	27.98	(0.28)						
TIME WARNER:	68.65	0.57						
VIACOM:	43.59	(0.36)						
WWE:	17.85	(0.15)						
TECHNOLOGY								
ADVANTAGE:	1.76	0.03						
AMDOCS:	56.64	0.36						
AMPHENOL:	55.78	0.10						
APPLE:	101.12	0.09						
ARRIS GROUP:	23.46	0.28						
AVID TECH:	7.06	0.02						
CISCO:	27.61	0.56						
COMMSCOPE:	26.21	0.39						
CONCURRENT:	6.00	(0.01)						
CONVERGYS:	26.37	0.25						
CSG SYSTEMS:	40.81	2.41						
ECHOSTAR:	45.00	(0.21)						

The FAXIES

Presented by Cablefax

**CALL FOR ENTRIES
ENTER TODAY!**

Best PR & Marketing for Cable & Broadband

Entry Deadline: March 23 | Final Entry Deadline: March 30 www.thefaxies.com

Think about that for a minute...

A New Reality

Commentary by Steve Effros

It's no surprise that I tend to be cynical about the "latest" new technology being foisted upon unsuspecting consumers. Digital television, HDTV, was great, but it primarily sold at first because of the change in screen shape, not the extra pixels when originally viewed on small screens. 3D? Oh, please. And then 4K... all designed to get folks to buy something "new" and "improved."

Yes, there are advances that do make a difference. I wrote about one more than a year ago; high dynamic range, HDR. It really will make it worth looking at a new television purchase, once, that is, they are perfected in the market (beware of "UHD 4K" sets that don't include HDR!) and, of course, there's programming to allow them to shine.

I haven't always been dismissive. When digital satellite distribution first started, that, too, was something I recommended every cable operator get... just to see what a really good picture it was, and what we were going to have to compete with.

Well, I now have another recommendation, having just gotten the new Samsung Galaxy S7 phone (it really is excellent, compared to a three-year-old predecessor). The phone came with the new Galaxy Gear Virtual Reality viewer. I've been playing around with VR viewers for a little while now, waiting for them to become mainstream. I was hesitant, not sure if it was just a gimmick. But I think they're just about ready, and you really ought to test VR out. I was very skeptical of the whole thing at first, but I'm rapidly coming around to the view that this could easily be something that makes a major difference.

Why? Well, I'm not a gamer, but I would imagine playing games in VR is an absolute trip. No, I can see other exciting uses. Watching video shorts and movies is a



totally engrossing experience. Again, not much available yet, but there will be. However, I can also see a lot of other applications; imagine grandpa and grandma wearing these funny looking things but seeing and talking to their grandchildren in a distant city playing on the floor "all around them." Makes a Skype computer call seem antiquated! Imagine putting these funky things on and "being with" a friend who is exploring the extraordinary architecture in downtown Barcelona. The 360 degree cameras are already on the market. Imagine even attending a distant meeting where you can turn your head and see everyone you're talking to around the conference table.

Is the technology ready today? No. But it's moving very fast, and if I'm right, it's going to create some major waves. The biggest one being yet another surge of demand for broadband bandwidth. VR uses a lot. The mobile system isn't going to be able to accommodate the demand for quite some time (although I think they'll be our biggest future competitor for data delivery). Cable is already linking up with WiFi to be able to meet that demand. But except in the major metropolitan areas now, we can't even accommodate the growing surge of bandwidth demand for OTT (probably including Comcast going "national" responding to AT&T). So bandwidth is going to be critical in the future I see for Virtual Reality viewing. The technology will become more consumer friendly as we go along. I think it has a chance of becoming a significant "new" reality.

The good news is that we're already way ahead of the pack in terms of being able to deliver bandwidth. Let's keep it that way.

Steve

T:202-630-2099
steve@effros.com

(Steve Effros was President of CATA for 23 years and is now an advisor and consultant to the cable industry. His views do not necessarily reflect the views of Cablefax.)

JUST RELEASED!

- ▶ Most Innovative People in Multiscreen
- ▶ Top OTTs of 2016
- ▶ Screenster

Read the Digital Version www.cablefaxmag.com

March 2016
Cablefax
THE MAGAZINE
Innovation > Leadership > The Cable Community

THE MOST INNOVATIVE
People in MULTISCREEN

