

Cablefax Daily™

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What the Industry Reads First

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Netflix 3Q: Net Adds Up, More MVPD Integration Expected

Netflix shares skyrocketed 20% Mon after the company reported better-than-expected net new sub adds domestically and internationally in 3Q, as well as YOY revenue growth. The price jump to \$120 per share from Friday's \$99.80 closing price came after Netflix had its weakest sub growth in 2 years in July. Before Mon's earnings release, the company's stocks have dropped nearly 15% since the beginning of 2016. During the quarter, the company added 0.4mln new subs (vs. its forecast of 0.3mln) in the US and 3.2mln members (vs. its forecast of 2mln) internationally. The over-performance against forecast (86.7mln total streaming members vs. forecast of 85.5mln) was driven mainly by stronger than expected sub acquisition driven by a strong content slate including "Stranger Things" and the 2nd season of "Narcos," execs said during Mon's earnings conference call. Financially, quarterly global streaming revenue exceeded \$2bln for the first time (up 36% YOY). CEO *Reed Hastings* said he doesn't expect price increase in the near term. For 4Q, the company forecast 5.2mln global net adds, with 1.45mln net adds in the US and 3.75mln new members internationally. The expected moderate YOY decline in net adds reflects the completion of un-grandfathering, according to Netflix. The streaming service has cozied up to cable MSOs this year, inking a deal with **Comcast** to integrate Netflix with the operator's X1 platform. Hastings said he hopes more MVPD deals like this contribute positively to revenue over time. And the Comcast integration isn't necessarily about adding more subs because Comcast customers tend to be advanced, high-income households, many of which already have Netflix subscription. It's about making it easier for people to access Netflix, thus adding value for customers, Hastings said: "The more devices we are in, the easier it is to use." CFO *David Wells* said the company got an early preview of MVPD integration with its **Virgin Media** partnership. Meanwhile, Netflix has no current plans to join key competitor **Amazon** in offering offline viewing: "We are open to it. It's something we are looking at, but we have nothing specific to offer now."

Retrans Dust-Up: Mediacom lost Independent Communications' Fox station **KTTW** in the Sioux Falls market Sat with the 2 unable to agree on retrans terms. The blackout comes in the middle of the **NFL** season and just weeks before the World Series on Fox. Handling negotiations for Independent is a familiar name, former **Nexstar** exec *Duane Lammers*. Lammers has started a full service consulting firm focused on assisting broadcast groups with their retrans

HALLMARK MOVIES & MYSTERIES CONTINUES TO SET NEW RATINGS RECORDS WITH ORIGINAL MOVIE PREMIERES!

Increased Viewership Among All Key Demos in 3Q'16 vs. 3Q'15!

*Eleven Consecutive Sunday Nights of Original Movie Premieres
in 4th Quarter Will Keep Viewers Consistently Tuned-In.*



Source: Nielsen (6/27 - 9/25/16 vs. 6/29 - 9/27/15), Live + SD time period data, year-to-year increases among HH, W18-49, W25-54, A18-49 and P2+ delivery in Total Day (Mon-Sun 6a-6a) and Prime Time (Mon-Sun 8-11p). Subject to qualifications made available upon request.

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consent needs. MVPDs probably won't appreciate the name—**Max Retrans**. Mediacom claims that KTTW is seeking more money than it pays for any other station in the US. "Thus far, we are disappointed in the lack of progress in our negotiations, especially since we have, in the past, successfully reached deals with every major cable, satellite and telecommunications companies that recognize our fair market value," KTTW said.

NBC RSN Reorg: NBC Sports has realigned its RSNs into 2 groups—East and West. *Ted Griggs*, previously pres/gm of **CSN Bay Area and CSN California**, was promoted to pres, group and strategic production & programming leader, NBC Sports Regional Networks. In this new role, he'll oversee **CSN New England, CSN Philadelphia, TCN, and CSN Mid-Atlantic**. Griggs, who'll be based in Stamford, CT, also will oversee strategy for production and programming for all the RSNs. NBC Sports will soon announce a new GM for CSN New England as current pres, gm *Bill Bridgen* was promoted to pres, group leader, NBC Sports Regional Networks. He will oversee CSN Bay Area, CSN California, **CSN Chicago** and **CSN Northwest**. Bridgen will relocate to San Fran. The East gms will report to Griggs, with the West gms reporting to Bridgen. *Tom Stathakes*, a longtime member of NBC Sports Regional Networks' senior leadership team and former svp of production for **Golf Channel**, has been appointed svp and gm of CSN Bay Area and CSN California.

RLJ, AMC Team Up: *Bob Johnson's RLJ Entertainment*, which operates subscription streaming services **Acorn TV** and **Urban Movie Channel**, has formed a strategic partnership with **AMC Networks**. AMCN invested \$65m in the form of loans to RLJ to refinance the company's existing sr credit facility, add working capital, etc. AMCN received warrants that if exercised would provide it with at least 50.1% of the outstanding RLJ common stock on a fully diluted basis. "By aligning Acorn TV and UMC with AMC Networks and its channels and film business—most notably **BBC AMERICA, WE tv** and **IFC Films**, which serve similar audiences—Acorn TV and UMC will have the potential to cross-promote, develop and distribute content ultimately reaching even more viewers of high-quality British television dramas, urban content, and independent film," the companies said.

House GOP Questions FCC: Following **Senate Commerce** chmn *John Thune* (R-SD)'s recent attack at the **FCC** over the agency's Investor General's finding around disclosure of non-public information on the Lifeline Order, **House Commerce** GOP leaders questioned the independence of the IG and the Office of the Chairman. In a letter to chmn **Tom Wheeler** Mon, committee head *Fred Upton* (MI) and Communications Subcmte chmn *Greg Walden* (OR) said they want info on "the internal processes and procedures that govern the relationship between the Office of the Chairman and the Office of the Inspector General." The IG's investigation found that when Wheeler authorized the release of the fact that a compromise order with a cap on Lifeline may be on the agenda, the character of information changed from previously non-public information to information that would be available for public disclosure. However, disclosure of the cap amount was not specifically authorized by Wheeler, the IG said. "Further, we found no evidence that the information was provided to the press in an attempt to unduly influence the outcome of the vote." Upton and Walden said they are concerned because the FCC IG is appointed by, reports to, and is under the general supervision of Wheeler's office and is not free to "provide the honest and independent criticism that is critical to the performance of the IG's oversight." The FCC declined to comment.

Programming: **AMC** isn't playing that game this year of waiting until a new season of "The Walking Dead" debuts Sun to impressive ratings and then announcing it has ordered another season. Nope, it went ahead and announced over the weekend that the zombie series has been picked up for an 8th season that will push it into 100-ep territory. It's been the #1 show on TV among 18-49s for the past four years. Fans got word of the renewal through an on-screen message at the beginning of Sun's 2-hour TWD retrospective. -- **TBS** went straight to series with a *Tracy Morgan* single-camera comedy that's being executive-produced by *Jordan Peele* ("Key & Peele") and *John Carcieri* ("Vice Principals"). The untitled show has Morgan released from a 15-year prison stint and shocked at how much the world has changed in his absence. TBS ordered 10 eps. -- **Amazon Prime Video** greenlit a 4th season of Emmy-nominated series "Bosch," based on the *Michael Connelly* novels. Season 3 is in production and set to debut next year. -- Joint ownership has its privileges. **CBS'** "The Late Show" host *Stephen Colbert* will bring his political satire to **Showtime** for election special "Stephen Colbert's Live Election Night Democracy's Series Finale: Who's Going To Clean Up This Shi*t?" It will air Election Day from 8-11pm.

On the Circuit: **Radio One** founder and chairperson *Cathy Hughes* will be the new namesake for Howard Univ's School of Communications with an unveiling ceremony set for Sun. To commemorate the event, **TV One's** NewsOne Now host

BUSINESS & FINANCE

Roland Martin interviewed Hughes for a 1-hour primetime special airing (Tues) at 10pm ET. Radio One also will feature cross-platform congratulatory promotions consisting of on-air and online announcements and special programming across its 56 Radio One stations, national television network, TV One, 10 nationally syndicated Reach Media radio programs and its six **Interactive One** branded websites.

Intl Studio: NBCU announced the launch of **Telemundo Intl Studios**, a production unit exclusively focused on creating high-end short form, scripted formats designed to fulfill the growing needs of emerging platforms and international markets.

People: Rex Humbard was elevated to evp, productions & operations for **UP**. He's been with the network since 2005, most recently svp, production, operations & IT. -- **Univision** appointed **Lourdes Diaz** as pres, entertainment, and **Adrian Santucho** as evp, **Univision Studios**, effective Nov 1. Diaz will report to **Isaac Lee**, chief news, entertainment and digital officer. Santucho will report to Diaz, who joins Univision from **Comedy Central International**, where she most recently served in global production and development. Santucho most recently served as CEO of **FremantleMedia Latino America**. -- **Midcontinent** named **Erin Ostler** as vp of business sales. She joined the company in 2015 after 16 years at **Sprint**.

Cablefax Daily Stockwatch

Company	10/17 Close	1-Day Ch	Company	10/17 Close	1-Day Ch
BROADCASTERS/DBS/MMDS			INTEL:	37.28	(0.18)
DISH:	56.69	(0.29)	INTERACTIVE CORP:	62.52	0.92
ENTRAVISION:	7.07	(0.01)	LEVEL 3:	46.11	(0.05)
GRAY TELEVISION:	9.70	0.19	MICROSOFT:	57.22	(0.21)
MEDIA GENERAL:	17.72	(0.16)	NETFLIX:	99.69	(1.78)
NEXSTAR:	52.15	(0.98)	NIELSEN:	53.48	(0.05)
SINCLAIR:	26.15	0.29	SEACHANGE:	2.66	(0.01)
TEGNA:	19.90	(0.05)	SONY:	32.80	(0.1)
MSOS			SPRINT NEXTEL:	6.93	(0.1)
CABLE ONE:	575.21	5.44	SYNACOR:	2.80	UNCH
CHARTER:	257.47	(0.12)	UNIVERSAL ELEC:	69.25	(0.33)
COMCAST:	65.00	(0.21)	VONAGE:	6.15	(0.06)
GCI:	14.74	0.17	YAHOO:	41.74	0.30
LIBERTY BROADBAND:	66.69	(0.04)	TELCOS		
LIBERTY GLOBAL:	31.13	(0.45)	AT&T:	39.27	0.05
SHAW COMM:	19.95	(0.09)	CENTURYLINK:	27.37	0.03
SHENTEL:	25.55	(0.28)	FRONTIER :	3.90	(0.04)
PROGRAMMING			TDS:	26.83	0.08
21ST CENTURY FOX:	24.70	(0.04)	VERIZON:	50.41	0.13
AMC NETWORKS:	48.90	0.32	MARKET INDICES		
CBS:	55.39	0.28	DOW:	18086.40	(51.98)
DISCOVERY:	25.30	(0.04)	NASDAQ:	5199.82	(14.34)
DISNEY:	90.81	(0.5)	S&P 500:	2126.50	(6.48)
GRUPO TELEVISIA:	25.46	0.13			
HSN:	37.95	(0.17)			
LIONSGATE:	18.59	(0.29)			
MSG NETWORKS:	18.33	(0.1)			
SCRIPPS INT:	61.49	0.21			
STARZ:	30.46	(0.24)			
TIME WARNER:	78.86	(0.69)			
VIACOM:	40.50	0.16			
WWE:	19.98	0.04			
TECHNOLOGY					
ADDVANTAGE:	1.74	(0.02)			
AMDOCS:	59.50	0.23			
AMPHENOL:	63.06	(0.5)			
APPLE:	117.53	(0.1)			
ARRIS GROUP:	28.59	(0.04)			
AVID TECH:	7.42	0.23			
BLNDER TONGUE:	0.55	(0.04)			
CISCO:	30.22	0.04			
COMMSCOPE:	30.98	(0.14)			
CONCURRENT:	5.82	(0.05)			
CONVERGYS:	29.60	0.01			
CSG SYSTEMS:	39.97	0.22			
ECHOSTAR:	45.86	0.07			
GOOGLE:	779.61	1.08			
HARMONIC:	5.45	0.13			

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Reinvention through Retraining

This month, the **Progressive Policy Institute** released its annual "Investment Heroes," the top 25 companies investing heavily in the US. With more than \$18.7bln in US cap ex, **AT&T** is once again at the top of the list—despite significantly reducing investments in 2015 vs the previous year. The telecom/cable space is well represented on the list, with **Verizon** (\$16.5bln), **Comcast** (\$8.4bln) and **Time Warner Cable** (\$4.4bln) all earning spots. But with all this investment and innovation, where does this leave the workforce? At a recent PPI forum, AT&T chief strategy officer *John Donovan* tackled how the telco has been working to get its 280K employees up to speed. "When you look at the changes on the horizon, you want to bring your employees with you. When you go to a new technology area and bring a refreshed workforce, you don't even know if they can get up in the morning and get to work on time," he said. So instead, the company has set out on a path to give employees ample time to prepare for jobs of the future. With the continuing education opportunities, there's also some choice, with employees able to pursue different specialties than the career track they're currently on. "It may be a lot more hours for you to move from an outside plant engineer to a big data scientist, but it's available. The courses are there, the curriculum is there, the reimbursement is there," Donovan said. For someone well established in their career, the exec said there are typically 3 paths they take. If they are planning to retire in 3 years or so, they may ask to be put on a project that sunsets around the same time of their exit rather than learn new skills. Then there are the stories of inspiration, those who jump in and earn nanodegrees and are excited about the opportunity. He identified the 3rd set as those who are more hesitant. "One of the things we've been very attuned to is providing support systems, various mentors, even apprenticeship programs... We're really trying to listen to what people need to progress," Donovan said. AT&T has had 2.3mln courses completed in the program, now in its 4th year. Those without college degrees can still benefit.

For example, someone can take courses to move from a technology like TDM to IP. "We have tens of thousands of badges earned. A badge would be maybe 8 courses, so I can become maybe not a deep expert, but I really understand an area. We have thousands of nanodegrees—a small degree that bolts on to your undergrad," Donovan said. "Then we have Masters programs that we're doing online with Notre Dame, Oklahoma, Georgia Tech." **WICT's** Tech it Out program isn't the only initiative aimed at getting more women into technical fields. Donovan identified it as a priority. "Just to understand how hard this job is of recruiting women to technical fields—over the last several years, we've averaged 50% recruiting of women, despite women in engineering dropping to only 17% of the workforce," he said. "We're doing an extraordinary job at over-indexing." — *Amy Maclean*

Tis the Season for Tech: Is your network ready for smart home devices and VR? The **Consumer Technology Assn** says 170mln people (68% of US consumers) plan to buy tech gifts this holiday season. That's a record and up 6% from last year. High on holiday wish lists are wearables (27% of consumers plan to buy) followed by smart home devices (24%), such as smart thermostats (10%). CTA's 23rd Annual Consumer Technology Holiday Purchase Patterns Study projects VR headset sales of 700K during the holiday shopping season with 10% of those surveyed saying they plan to buy. The forecast has spending on tech increasing 3.1% to reach \$36bln during the 2016 holiday season.

SeaChange in Canada: Cogeco Connexion, Canada's 2nd-largest cable operator, has launched its latest generation of VOD on the **SeaChange** Adrenalin platform. Cogeco Connexion has also deployed SeaChange's AssetFlow content management software for automated management of the lifecycle of multiplatform content, from movie and TV program ingest and tracking, to metadata handling and overall content workflow.



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