

Cablefax Daily™

Friday — February 17, 2017

What the Industry Reads First

Volume 28 / No. 032

Charter's 4Q: Strong Financial, Weak Subs & Lots of Wireless Talk

Charter CEO *Tom Rutledge* brushed aside comments from T-Mobile CEO *John Legere* last month suggesting cable MVNOs won't be able to get unlimited data from Verizon. "We don't think that the T-Mobile comments on [the deal] are correct," Rutledge said on the company's 4Q earnings call Thursday. He described the MVNO as well suited for shorter- and medium-term wireless goals. "We plan to launch a mobile offering in 2018 under that agreement," he said. "Our goal is to include wireless services in our packages and drive more customer relationship growth, and longer customer lives at Charter." Longer term, Charter's being more experimental. It's launching 5G-like field trials with test licenses granted by the FCC. Charter sees itself well positioned to provide high-capacity, low-latency networks in the future. In the near term, it's preparing the MVNO by working through a business plan and some test processes. "To integrate a wireless business into a high volume transaction business that we already have is the major challenge," Rutledge said, describing the needed contracts with device providers, billing systems, etc. And then there's retail. "We have 700 stores in the new company? Is that enough?" A 51K video sub loss for 4Q was blamed on the legacy **Time Warner Cable** business, with management suggesting the churn will improve as customers migrate to better offers. Residential PSU growth fell to 345K from 917K on a pro forma basis. CFO *Christopher Winfrey* blamed TWC deep discounted offerings that have a high promotional roll off (for example a \$10/month limited basic video offering and a double play of basic video and Internet for \$45/month, both launched in fall 2015). It may take some time for these promotional offers to wind down. Rutledge cited 96K different promos out there. "The sheer logistics of managing that has been a challenge," he said. "But we've gotten some control over it and are getting better every day." TWC's video net loss was 159K, while **Bright House** added 34K (mgmt said Charter's sales process has generated significant activity) and Charter had 20K net video additions. HSD added 357K subs vs 495K in 4Q15. TWC churn was again blamed for the sub numbers for voice, which added 39K compared to 304K a year ago. Charter has rolled out Spectrum pricing and packaging to about 75% of Time Warner Cable and Bright House markets, and expects to be essentially finished with the process on the residential side next month. The Spectrum SMB product will launch in those markets in 2Q. Charter continues to push for all digital and expects to be there in less than 2 years. Next quarter will see the digital deployments begin again in TWC and BH markets that are not

27430

REGISTER
TODAY!

Cablefax's Awards Breakfast

Honoring three amazing programs under one roof!

DIGITAL + TECH

Plus The Most Innovative People in Multiscreen

March 30 | The Yale Club, New York City

Questions: Contact Alex Virden,
avirden@accessintel.com or 301-354-1619.

www.cablefax.com/events

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 ● Advisor: Seth Arenstein ● Dir. of Bus Dev.: Rich Hauptner, 203.899.8460, rhauptner@accessintel.com ● Acct. Exec: Olivia Murray, 301.354.2010, omurray@accessintel.com ● VP Marketing: Amy Jefferies, 301.354.1699, ajefferies@accessintel.com ● Sr. Dir., Market Development: Laurie Hofmann, 301.354.1796, lhofmann@accessintel.com ● Prod: Jo 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

yet all digital. It's a disruptive process, which is why Charter put it on hold. No details on the call on Charter's public spat with **Univision** or pending lawsuits on programming contracts with the Spanish-language programmer, **Fox News and Showtime**. Rutledge was asked about M&A but said the company doesn't speculate—however, "we like our business." Programming costs increased 6.1% YOY, driven by contractual rate increases that were partially offset by transaction synergies. Despite the sub losses, Wall Street analysts seemed pretty happy with the strong financial results. Quarterly earnings of \$1.67/share were significantly above the **Zacks Consensus** estimate of \$1.06/share. That compares with a loss of \$122mln/\$1.21 a year ago. Revenue rose 7.2% YOY to \$10.28bln.

Programmers on ATSC 3.0: Cable operators aren't the only ones with concerns over the ATSC 3.0 transition. Some programmers sent a letter to the **FCC** this week with questions on the upcoming vote on the standard. FCC chmn **Ajit Pai** circulated a proposal for a vote at next week's meeting regarding how to move forward with the latest standard. The agency will seek public comment on issues including the voluntary use of the standard and local simulcasting requirement to allow broadcasters to continue to use ATSC 1.0 while adopting new ATSC 3.0 services. In their letter, indie programmers, including **MAVTV**, **Ride TV** and **UP**, urged the FCC to review capacity issues, echoing some of **ACA's** comments. Indie programmers have increasingly worked with the independent cable group. The programmers said the proposal should also look at: (1) the impact of the proposed transition on diverse and independent programmers and their access to MVPDs' linear platforms, (2) protections necessary to prevent broadcasters from using the ATSC 3.0 transition and retransmission consent rights to coerce MVPDs to allocate additional bandwidth that otherwise would be available for the distribution of independent program networks. ACA has expressed concern that the proposed transition to ATSC 3.0 will force MVPDs to allocate significant amounts of additional capacity to the carriage of broadcast stations. It's also worried that broadcasters are likely to seek to require MVPDs to carry both ATSC 1.0 and ATSC 3.0 signals for an indeterminate period of time.

CBS 4Q: CBS CEO **Les Moonves** believes new **FCC** chmn **Ajit Pai** will be "very beneficial to our business." Pai is expected to loosen some media ownership restrictions, which might include increasing the cap on station ownership. Currently, the cap is 39% US TV HHs. "I can tell you in the right circumstance if the cap is lifted we would strategically want to buy some more stations because we think it is important," Moonves said during the company's 4Q earnings call. And through retrans and through political advertising, the local markets are "extremely good for us. So we are looking forward to not having as much regulation and having the ability to do more." For now, CBS is focused on the top 25 markets. "We will be aggressive, but we are not going to be stupid about it. And we are happy with what we have, but we can expand more. And we have a very well-functioning local station division that obviously could take more in," said Moonves. Execs speaking on the conference call didn't give out sub numbers for CBS' OTT services. That said, Moonves shed some light on OTT sub growth trends. "To say we are on pace for 4 million subs each at CBS All Access and **Showtime** OTT is probably an understatement," he said, noting both services have exceeded expectations and 2017 is looking to be "a phenomenal year."

Discovery Snapchats: **Discovery Communications** inked a deal with **Snapchat** to develop short-form mobile video exclusively for the social media platform. As part of the agreement, the companies will produce new series created specifically for Snapchat's "mobile-first" audience as well as shows based on Discovery's most popular content, such as "Shark Week" and "Mythbusters." The shows are expected to debut for Snapchatters in the US in the next few months. The 2 will also collaborate on advertising.

AT&T 4K: **AT&T** is teaming with **Fox Sports** to offer the broadcast of the California vs. Stanford basketball game on **DirecTV** in 4K Ultra HD. The first live 4K production of **NCAA** men's hoops will be Friday, followed by Washington vs. UCLA on March 1. Both games will be 4K UHD simulcasts of **FS1**. As part of a broader distribution agreement, AT&T and **Fox Networks Group** announced late last year DirecTV customers would have access to 4K UHD content from Fox's marquee sports properties. This includes **MLB** regular season and playoff games, college football and basketball games and **NASCAR** races.

Indie Cable Ops Get Cloud: **NCTC** members **Adams Cable** and **Service Electric Cablevision** integrated an advanced cable VoIP solution from **Alianza**, a cloud voice platform provider. The integration is expected to allow the 2 ops to shift away from a traditional wholesale hosted VoIP model based on legacy soft switch technology. Both ops

BUSINESS & FINANCE

are deploying the Cloud Voice Platform with their back-office systems to automate and accelerate customer sign-up and activation processes.

FTC Update: Acting FTC head *Maureen Ohlhausen* tapped *Abbot Lipsky*, who has been a partner at **Latham & Watkins**, as acting dir of the **Competition Bureau**, effective March 6. The FTC has been operating with only 2 commissioners since the departure of previous chair *Edith Ramirez*. Democrat commissioner *Terrell McSweeney* has been with the agency since 2014.

Programming: **Spike** will debut “Adam Carolla And Friends Build Stuff Live” on March 14, featuring the TV, radio and Internet personality taking on building projects with celebrity friends who need his carpentry expertise. -- **HBO** purchased US TV rights to “David Bowie: The Last Five Years.” The film offers insights into the star’s creativity during the final years of his life. -- **A&E’s** “Cold Case Files” returns Monday at 9pm EST. Through dramatizations and first-person storytelling, the series will feature various cases left unsolved for years that have found new leads through new technology and social media. -- **IFC OKed** “Living With Yourself,” a scripted comedy series. The 8-ep series, about a man who is burned out and facing an impasse in both his personal and professional life, is expected to debut in 2018.

Cablefax Daily Stockwatch

Company	02/16 Close	1-Day Ch	Company	02/16 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DISH:	62.72	(0.17)	MICROSOFT:	64.52	(0.01)
ENTRAVISION:	5.40	0.05	NETFLIX:	142.01	(0.26)
GRAY TELEVISION:	12.45	(0.15)	NIELSEN:	44.85	0.04
NEXSTAR:	68.05	(0.45)	SEACHANGE:	2.53	0.03
SINCLAIR:	36.30	0.20	SONY:	31.30	(0.27)
TEGNA:	24.31	(0.02)	SPRINT NEXTEL:	9.00	(0.12)
MSOS					
CABLE ONE:	639.80	0.55	SYNACOR:	3.15	(0.05)
CHARTER:	324.46	(0.72)	UNIVERSAL ELEC:	63.10	(0.65)
COMCAST:	75.99	(0.61)	VONAGE:	6.19	(0.14)
GCI:	19.56	(0.02)	YAHOO:	45.16	(0.49)
LIBERTY BROADBAND:	84.87	(0.12)	TELCOS		
LIBERTY GLOBAL:	35.91	0.08	AT&T:	41.25	0.13
SHAW COMM:	21.42	UNCH	CENTURYLINK:	24.28	(0.12)
SHENTEL:	28.45	0.55	FRONTIER:	3.29	(0.01)
PROGRAMMING					
21ST CENTURY FOX:	30.51	(0.18)	TDS:	31.56	0.70
AMC NETWORKS:	56.43	(0.19)	VERIZON:	48.46	0.38
CBS:	65.42	0.18	MARKET INDICES		
DISCOVERY:	28.57	0.08	DOW:	20619.77	7.91
DISNEY:	110.71	0.53	NASDAQ:	5814.90	(4.54)
GRUPO TELEVISIA:	23.02	(0.08)	S&P 500:	2347.22	(2.03)
HSN:	35.95	(0.55)			
MSG NETWORKS:	21.70	(0.15)			
SCRIPPS INT:	77.10	(0.08)			
TIME WARNER:	96.39	0.07			
VIACOM:	47.20	(0.6)			
WWE:	22.11	(0.51)			
TECHNOLOGY					
ADDVANTAGE:	1.80	0.03			
AMDOCS:	59.78	0.42			
AMPHENOL:	69.38	0.36			
APPLE:	135.34	(0.17)			
ARRIS GROUP:	29.86	(0.25)			
AVID TECH:	5.91	0.20			
BLNDER TONGUE:	0.74	UNCH			
CISCO:	33.60	0.78			
COMMSCOPE:	39.33	0.35			
CONCURRENT:	4.85	(0.09)			
CONVERGYS:	24.32	0.26			
CSG SYSTEMS:	40.11	0.54			
ECHOSTAR:	54.50	0.81			
GOOGLE:	824.16	5.18			
HARMONIC:	5.75	0.05			
INTEL:	36.41	0.36			
INTERACTIVE CORP:	75.82	(0.3)			
LEVEL 3:	57.33	(0.19)			



NAVIGATING a Sea of Change

ACA's 24TH SUMMIT
March 28-30, 2017 • WASHINGTON, D.C.



Register at www.ACASummit.org

PROGRAMMER'S PAGE

So Long Bates Motel

The *Norma-Norman*/Mother-and-son relationship has always been the foundation of A&E's "Bates Motel," and that continues in Season 5 (the final season) of the series, despite the fact that Season 4 ended with Norma's death. The series, a contemporary prequel to the film "Psycho," premieres Feb 20 at 10pm EST. "We wanted this season to be a collision between the storytelling of Psycho and the character and story world we have built in Bates Motel," exec producer *Kerry Ehrin* told us. While the film doesn't take viewers behind closed doors to see what the mother-and-son relationship looked like, "we wanted to dig into what that relationship was like between Norman and his 'alter' who he created out of his dissociative identity disorder," said Ehrin. That's why in the final season, Norma (played by *Vera Farmiga*) appears as a "fully dimensional being that lives inside Norman," Ehrin said. As for Norman (played by *Freddie Highmore*), the final season shows the sickest and darkest side of him. However, he's not the only one to blame, according to Highmore. "People one-word label Norman as psycho. Yes, he's a killer, but fate let Norman down. In the end I'd characterize Norman as tragic. He's sick. He tries to do what's right. He's desperate and does desperate things, and that spells trouble," Highmore told us. Bates Motel was never a remake of Psycho, said Highmore, who wrote and directed eps in the upcoming season. "I never tried to be a younger version of the iconic *Anthony Perkins*' Norman. Bates Motel creates its own unsettling energy and will have its own dramatic ending," he said. There are elements of Psycho throughout Season 5, including *Marion Crane*, played by *Rihanna*. Commenting on ending the series at Season 5, Ehrin said "we didn't want to dilute the overall arc of the series by stretching it out. Five seasons seemed to perfectly fit the different stages of development the story needed to go through." - *Joyce Wang*

Reviews: "Planet Earth II," 9pm, Saturday, **BBC America**. A humble suggestion: carve out time so you can first watch "Planet Earth II" with the sound off, allowing yourself to take in the stunning scenery. Once you've absorbed the early moments of this visual masterpiece the brain will wonder, "How did exec prod *Michael Gunton* and his crew get that shot of (fill in your favorite)?" Our favorite: the Nubian Ibeks out climbing a fox. It's breathtaking television. Then watch it again with the sound on—*Hans Zimmer*'s music is magnificent; the narration of Sir *David Attenborough*, 90 years young, adds depth and fun to this magnificent package. Oh, the answer to the earlier question about visuals: technology, drones, 60 camera operators, 2,089 days and 40 countries. -- "Super Mansion," Season 2, new episode streams weekly, **Crackle**. Maybe it's because *Bryan Cranston* is having way too much fun voicing the aged superhero *Titanium Rex*, who leads a dysfunctional band of millennials one-third his age. Perhaps it's *Keegan-Michael Key* hamming it up as American Ranger, or *Zeb Wells* as Jewbot, or the subtle criticisms of xenophobia, fraternities and the superhero genre, but this Emmy-nominated, stop motion-animated comedy series had us smiling throughout. *Yvette Nicole Brown* ("Community") deserves kudos for her portrayal of *Portia Jones*, aka Zenith. - *Seth Arenstein*

Basic Cable Rankings (2/07/17-2/14/17)			
Mon-Sun Prime			
1	FOXN	1.3	2950
2	HGTV	0.7	1633
2	AMC	0.7	1565
2	USA	0.7	1561
5	MSNB	0.6	1436
5	DISC	0.6	1384
5	ESPN	0.6	1326
5	TBSC	0.6	1315
9	CNN	0.5	1275
9	HIST	0.5	1251
9	TNT	0.5	1225
9	DSNY	0.5	1118
9	ID	0.5	1076
14	FOOD	0.4	977
14	FX	0.4	966
14	HALL	0.4	941
14	TLC	0.4	820
14	TVLD	0.4	783
14	NKJR	0.4	658
14	HMM	0.4	618
14	DSE	0.4	90
22	A&E	0.3	784
22	ADSM	0.3	758
22	LIFE	0.3	717
22	SPK	0.3	679
22	NAN	0.3	660
22	SYFY	0.3	635
22	BRAV	0.3	621
22	VH1	0.3	569
22	DSJR	0.3	556
31	INSP	0.2	490
31	OWN	0.2	485
31	GSN	0.2	468
31	APL	0.2	462
31	CMDY	0.2	458
31	FRFM	0.2	455
31	LMN	0.2	452
31	MTV	0.2	452
31	TRAV	0.2	449
31	NGC	0.2	436
31	WETV	0.2	412
31	WGNA	0.2	411
31	BET	0.2	410
31	TRU	0.2	382

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



**CALL FOR ENTRIES
ENTER TODAY!**

Honoring the Best in Marketing & PR

First Deadline: **March 3** | Final Deadline: **March 10**

Cablefax.com/awards