

# Cablefax Daily™

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What the Industry Reads First

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## Banner Day: Comcast Basks In The Glow Of Monster 1Q Earnings Report

We can't be sure just from listening, but we're willing to bet **Comcast's** top execs were glowing during their Thursday morning earnings call. The company raked in consolidated revenue of \$20.5bln in 1Q 2017, up 8.9% YOY, even seeing gains in business areas where others have stumbled. The company added 42K video subs—32K residential and 10K business—during a quarter in which **Verizon FiOS** and **AT&T U-verse** both lost video customers. Those gains, paired with the addition of 397K high-speed Internet customers, powered the cable communications division to quarterly revenue of \$12.9bln, up 5.8% YOY. CFO *Michael Cavanagh* credited that success to innovation—52% of residential video subs currently have the interactive X1 service—and bundling. Almost three quarters (71%) of Comcast customers have more than one service, a number that the company believes will grow with the impending rollout of Xfinity Mobile wireless service. More on that in a bit. Last note on the cable communications front: the revenue growth came despite programming expenses increasing 11% in the quarter. “When programming cost growth reverts to more normal levels next year, if these operating leverage trends hold, the implications for margins and FCF are pretty exciting,” **New Street Research** said in a note to clients. **NBCUniversal** also had a strong quarter; its 1Q revenue of \$7.9bln marks a 14.7% YOY increase. While film saw the largest gains at NBCU, cable nets were responsible for \$2.6bln in quarterly revenue, a better-than-expected 7.6% YOY gain. NBCU CEO *Steve Burke* sought to temper expectations for the cable nets going forward, saying this quarter's growth was likely “going to be a high watermark.” “Our job is to continue to grow the legacy businesses and the businesses that are very profitable but have a lower growth rate,” he added of the nets. Comcast chmn/CEO *Brian Roberts* during his opening statement shined a spotlight on **MSNBC**, which finished ahead of **CNN** but behind **Fox News** in ratings during the quarter. Looking forward, Roberts noted the company next month will launch **xFi**, its cloud-based networking solution that he described as a “game changer for wifi.” He also addressed the company's anticipated mid-year foray into wireless, saying, “We are taking a disciplined approach to the wireless business, leveraging our existing customer relationships and infrastructure along with our access to Verizon's industry-leading wireless network. We expect to be NPV-positive per subscriber on a stand-alone basis once we reach a limited initial scale over time.” Analysts seem excited, with **Macquarie Research** declaring that Xfinity Mobile is a “now critical

Ranked Top 35 or Better Among  
All Nielsen Rated Cable Networks  
All Quarter Long.



HIGHEST RATED QUARTER IN INSP'S HISTORY  
MORE ORIGINAL CONTENT IN 2017

Source: Nielsen Npower, 1Q2017, Weekly C3 based on 24-Hour



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feature” and the company’s portfolio of assets “has a long runway of growth.”

**Net Neutrality:** The FCC on Thursday unveiled the 58-page Notice of Proposed Rulemaking addressing the 2015 net neutrality regulations that it will vote on at its May 18 meeting. Last time around, public comments crashed the FCC’s electronic filing system. Hoping to head off a repeat, FCC officials said their comment-processing system has recently been upgraded. The agency also posted a set of guidelines on how the public can most effectively file their opinions. As previewed by chmn *Ajit Pai* the day before, the proposal calls for reclassifying ISPs as information services under Title I instead of telecommunications service. Top FCC officials expressed confidence that the Title I classification would be upheld in court and noted such a change would return the power to police ISPs with regard to Internet privacy issues. The NPRM also calls for public comment on, and ultimately the reconsideration of, whether there is a need for the bright-line rules banning blocking, throttling and paid prioritization.

**FCC Incentive Auction:** Comcast said NBC sold spectrum in NY (WNBC), Philly (Telemundo-WWSI) and Chicago (Telemundo-WSNS) and will receive \$481.6mln. The company purchased \$1.7bln of spectrum that covers 88% of its footprint and most of the footprint of each of its 25 markets. “We have no current plans for the acquired spectrum and note that the spectrum will not be cleared by the FCC and available for use for several years,” Comcast said, noting its wireless service is not dependent on the purchased spectrum.

**Near Future:** NCTA – The Internet & TV Association and CableLabs promised their Near Future event would not be a typical cable conference, and they delivered. “Today is the un-conference,” NCTA pres/CEO *Michael Powell* said at the start of the half-day of demos and talks from futurists and technologists. “Rather than spending the whole time talking about ourselves, we wanted to spotlight the amazing things our networks make possible.” And that’s what happened. No one talked about cable or pay TV operators. Neither DOCSIS 3.1 nor even OTT were mentioned. Instead it was almost easy to forget cable was involved—until you looked at the audience which included several cable heavyweights from Cox pres *Pat Esser* to AMC Networks chief *Josh Sapan* (most of the NCTA board was there). Earlier in the day, about 30 members of Congress were at the pop-up conference to see demos and talk with the CEOs. The purpose was to show how a range of consumer experiences (live, work, learn and play) are being reimaged by tech and powerful networks. The conference took its name from the phrase CableLabs uses to describe a timeline of 3-5 years from now, according to CEO *Phil McKinney*. Attendees got a firsthand look at how digital faces are created from Google VR sr staff engineer *Paul Debevec*. That technology has helped power a project between the USC Institute for Creative Technology and USC Shoah Foundation to record stories of Holocaust survivors so that you can ask them questions and they respond with relevant info in real time. The audience got to try that out in a demo, as well as what it feels like to fly with a display from Birdly. *Tim Dodd*, svp, corporate development for Technicolor, talked about why the company is keen on game engines, showing how they put the audience in the story and create infinite possibilities. Lots of cool tech, with NCTA putting it all up on YouTube for you to see yourself.

**Indie Summit:** A few Democratic lawmakers worried about media consolidation made their way over to the Russell Office Building on Capitol Hill Thursday to offer support for independent networks at the inaugural Media Solutions Summit organized by *Daphna Ziman*’s indie net Cinemoi. As might be expected, Sen *Al Franken* (D-MN) started things off with a joke, arguing that FCC chmn *Ajit Pai* “thinks he’s 3.1416 times smarter than everybody else” as Franken referenced *Pai*’s deregulatory stance on net neutrality and mergers. FCC commissioner *Mignon Clyburn* also lent her support for diversity and inclusion, urging indie nets to aggressively lobby regulators and lawmakers. “You’ve got to share your knowledge,” she said. “You’ve got to share your experiences.... Your voices have to continue to be heard.” Other drop bys included Rep *Tony Cardenas* (D-CA), who is also co-chair of the Multicultural Media Caucus; Rep. *Karen Bass* (D-CA); Sen. *Amy Klobuchar* (D-MN); and Sen *Ed Markey* (D-MA).

**Cable Hall of Fame:** Talk about timing. Hours after Cox Enterprises announced that *Jill Campbell* will be moving into the evp role of the company, the current Cox Communications evp, COO took the stage at The Cable Center Hall of Fame celebration in DC Wednesday night, where she was one of six inductees. Check out Cablefax.com for what she and the night’s other honorees had to say.

# PROGRAMMER'S PAGE

## 'Gods' Plan

Premium cable veteran *Carmi Zlotnik*, who now serves as president of programming at **Starz**, preaches that the marketplace has “no value for the conventional.” He doesn't have to worry about that with the net's new fantasy drama “American Gods,” which premieres April 30. The show centers on ex-con Shadow Moon (*Ricky Whittle*), a tragic figure who in the wake of his cheating ex-wife's death finds himself riding shotgun with an enigmatic new boss (*Ian McShane*) possessing reality-defying abilities and inscrutable motives. Ultimately, he will be conscripted into a war between gods fighting for control of America. Fans unfamiliar with the show's source material—a 2001 bestselling novel by *Neil Gaiman* so narratively complex that **HBO** decided it couldn't get it quite right—will share in Shadow's confusion, but remain captivated by seedy characters and visual brilliance. They also won't immediately see the connection between Shadow's journey and tangential “Coming to America” stories that flash back centuries, including the series' five-minute opening and, according to Zlotnik, almost all of episode seven. With gods whose backgrounds can be traced back around the globe, immigration and America's melding of cultures are important motifs. “It's got a traditional hero story of this evolution of Shadow, and then to periodically branch out into these other stories and to spend that much time away from your lead characters. ... It's an unconventional choice.” Zlotnik expects Gaiman's rabid fan base to be the core of the series' viewership, but also believes it will appeal to a broader audience eager to immerse itself in a new reality. “There's the people who are consumers of premium television who want to be part of the Zeitgeist of something that is very unusual, very newsworthy, very distinctive,” Zlotnik said. “That is something that's hard to achieve in this world of peak television, when there's so many different options, to find something that stands out in that landscape as a singular vision and a singular experience, and I think American Gods is exactly that.” - *Alex Silverman*

**Reviews:** “LA 92,” 9pm, Sunday, **Nat Geo**. Readers will recall last week we reviewed **Smithsonian Channel's** “The Lost Tapes: LA Riots,” a short, narrator-less doc that re-told the story of the riots following the *Rodney King* verdict. As the 25th anniversary of the riots nears (Apr 29), this week we have Nat Geo's narrator-less doc telling the same story. The question, of course, is a second film necessary? Absolutely. While the topic is important history, watching the films consecutively is a fascinating example of how a story can be told several ways. For the time-pressed viewer who can see just 1 film, Nat Geo's deeper dive and historical context edges Smithsonian's granular yet excellent look at the riots. Yet both films deserve viewing and contemplation. -- “The White Princess,” 8pm, Sunday, **Starz**. Historical purists may well hate “The White Princess.” Everyone else, though, will revel in this terrific tale of palace intrigue, where King Henry VII sits on the throne, but his new bride, Lizzie of York, and his mother, Lady Margaret of Beaufort, do much ruling. The marriage was meant to unite the Yorks and Tudors after England's War of the Roses. Problem: Elizabeth's mother, the former queen, is gunning for Henry. Lizzie may also, er, love him to death. Oh, thy kingdom for a sound night's sleep. - *Seth Arenstein*

Basic Cable Rankings (4/17/17-4/23/17) Mon-Sun Prime			
1	TNT	1.3	2949
2	FOXN	1.0	2290
3	MSNB	0.6	1445
3	HGTV	0.6	1415
3	TBSC	0.6	1283
3	ESPN	0.6	1273
7	USA	0.5	1202
7	DISC	0.5	1132
7	ID	0.5	973
10	HIST	0.4	1029
10	FX	0.4	912
10	CNN	0.4	911
10	DSNY	0.4	893
10	A&E	0.4	888
10	TLC	0.4	859
10	HALL	0.4	856
10	BRAV	0.4	786
10	DSE	0.4	82
19	FOOD	0.3	808
19	LIFE	0.3	773
19	VH1	0.3	737
19	NAN	0.3	728
19	ADSM	0.3	718
19	TVLD	0.3	707
19	NBCS	0.3	660
19	AMC	0.3	647
19	NKJR	0.3	638
19	SYFY	0.3	614
19	APL	0.3	579
19	HMM	0.3	568
19	SPK	0.3	556
19	INSP	0.3	532
19	DSJR	0.3	522
19	LMN	0.3	476
35	FRFM	0.2	561
35	OWN	0.2	492
35	MTV	0.2	453
35	TRAV	0.2	442
35	WETV	0.2	434
35	EN	0.2	368
35	NGC	0.2	352
35	WGNA	0.2	332
35	GSN	0.2	327
35	OXYG	0.2	286

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

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