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What the Industry Reads First

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Dishing It: DISH Takes on Sub Losses as it Turns to Connectivity

When it comes to **DISH** earnings calls, the highlight usually centers on what CEO *Charlie Ergen* had to say. He's been talking about the decline of traditional pay TV for several quarters now, with Monday's call focusing more on DISH's position in it all. The key word was "connectivity." Sounding a lot like *Jim Dolan* from two years ago when he described **Cablevision** as a "connectivity company," Ergen said DISH has pivoted into a "connectivity company" by investing in things with long-term returns and less in the traditional business. "We're less likely to invest in a DBS subscriber in Boston, MA, where they've got good Internet connection from multiple sources who have an advantage in bundling both broadband and potentially OTT video," the exec said, explaining that this change in mindset six years ago is what birthed OTT offering **Sling TV**. "Despite analysts and headlines being about sub loss or sub gain, or this ARPU or that ARPU..., we think we're one of the few companies who can take a long-term view of it and aren't afraid to change."

There were plenty of headlines after the release highlighting DISH's loss of 143K subs in 1Q. **Evercore ISI** pegged the actual DBS loss at between 307K-344K with Sling adding 164K-201K subs. "It may seem counter-intuitive that a company could beat on earnings and margins while badly missing on both subscribers and revenues. But that is precisely DISH Network's magic formula," concluded a **MoffettNathan** research note (the firm rates deal "sell" with a \$40 price target). "Shrinking gross additions in order to sustain EBITDA works for a little while... but only a little while." DISH's revenue fell 3.9% to \$3.68bln, below the consensus of \$3.768bln, but consolidated EBITDA of \$812mln was above the Street's \$788mln. **Well Fargo Securities**, which rates the stock as "outperform," seems on board with the company's strategy. "It seems as though DISH is purposefully not chasing subs given the competitive environment. Our sense is that Charlie is harvesting cash from the satellite business. And we think these results confirm spectrum monetization is sooner rather than later," the analysts said in a note to clients. This was the first earnings call since it became public that DISH spent \$6.2bln to buy spectrum in the 600 MHz auction. Ergen said the company is open to options when it comes to selling the spectrum or keeping it. He also said the cable industry has to take a good, hard look at how it participates in wireless, suggesting it will require "much more than" an MVNO deal.

DC Circuit Declines Title II Revisit: The DC Court of Appeals opted not to rehear the case challenging the FCC's



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Open Internet rules and Title II classification of broadband, opening the way for a possible Supreme Court challenge. While that may seem unnecessary given that the FCC is considering adopting a Notice of Proposed Rulemaking that would replace the rule (indeed, the DC Circuit noted the action in denying the rehearing en banc), **TechFreedom** has already said it will file cert for SCOTUS. Other challengers, including **NCTA**, are considering whether to appeal to the high court. They have 90 days to make up their mind. Free market think tank TechFreedom prefers the FCC not moot the case by acting before the high court because it sees the legal challenge as a way to clarify FCC authority. "We've always supported legislation to resolve the 'net neutrality' fight but a Supreme Court ruling may be the only way to motivate Democrats to negotiate after two years of rebuffing Republican offers to compromise. If the FCC doesn't let the Supreme Court have its say (by next spring), there's a serious risk that no legislation will pass after the FCC hands broadband back to the FTC and states," TechFreedom pres *Berin Szóka* said in a statement. The group is worried that the next Democratic FCC would step in and reclassify broadband under Title II again. Circuit Judge *Brett Kavanaugh* dissent echoed some of TechFreedom's concerns, with the judge arguing that the FCC's 2015 rules are unlawful and must be vacated because Congress did not clearly authorize the agency to make such a move. "In a series of important cases over the last 25 years, the Supreme Court has required clear congressional authorization for major agency rules of this kind," Kavanaugh wrote. "The Court, speaking through Justice *Scalia*, recently summarized the major rules doctrine in this way: 'We expect Congress to speak clearly if it wishes to assign to an agency decisions of vast economic and political significance.'" For his part, current FCC chmn Ajit Pai said he wasn't surprised by the ruling, but that the opinion is important going forward because "it makes clear that the FCC has the authority to classify broadband Internet access service as an information service, as I have proposed to do." Naturally, he also agrees with many points made by dissenting judges Kavanaugh and *Janice Rogers Brown* in explaining why Title II was unlawful. Pai and staff will be briefing Capitol Hill on his net neutrality efforts over the next few days.

Hulu Live: Hulu and **NBCU** have reached a deal that will allow Hulu to include NBC-owned stations in its upcoming live TV streaming service planned for this spring. The deal includes live and on-demand access to **NBC, Telemundo, USA, Syfy, Bravo, E!, MSNBC, CNBC, NBCSN** and more, bringing the total number of channels available in Hulu's bundle to more than 50. In addition, the agreement includes a framework for licensing NBC and Telemundo broadcast affiliates for carriage on Hulu's new service. The bundle will cost under \$40 per month and includes access to Hulu's existing premium SVOD offerings.

Fox Eying Tribune: **21st Century Fox** and private equity firm **Blackstone** are considering a joint bid for **Tribune Media**, according to reports. Such a bid would pit Fox and Blackstone against **Sinclair**. Tribune owns 39 broadcast stations in the US, as well as national cable net **WGN America**, regional cable news net **Chicagoland Television** and a 31% stake in the **Food Network** and **Cooking Channel**. **Wells Fargo** senior analyst *Marci Ryvicker* writes that a combined Fox-Tribune company would not have to divest any stations due to the **FCC's** broadcast ownership cap nor local ownership rules. Ryvicker adds Fox's rationale and the underlying structure for the joint bid with Blackstone is "actually pretty creative and a lot less defensive/reactive than we had first thought." She concludes that Tribune "might be [Fox's] for the taking." **Bernstein Research** notes such a deal would allow Fox to "capture a greater share of retrans in the future, and take more control of ability to offer new and flexible OTT services." In addition, it would "preclude Sinclair or some other party from gaining a big enough scale position in Fox's broadcast distribution to hold on to a greater share of reverse comp and take more control and participation of future OTT offers."

Sprout's Out: NBCU's **Sprout** is rebranding to become **Universal Kids** in September. The net, which currently focuses exclusively on preschool programming, will now focus on children ages 2-11. The program lineup will include **Dreamworks Animation Television** series, as well as unscripted shows and scripted originals. The Sprout brand will still be associated with preschool content within the Universal Kids lineup.

One For The Money: **Cable One** on Monday announced that it has completed its previously announced \$735mln acquisition of cable operator **NewWave Communications**. Cable One in the wake of the purchase will serve more than 1.2mln primary service units in 21 states. The MSO on Monday also announced the launch of **WiFi ONE**, its first solution to provide customers with enhanced signal strength throughout the home. It is available free of charge

to customers who already lease a modem.

Pay TV Declines: The May **Nielsen** universe estimates show a median decline in pay TV homes of -2.1% and media cable network penetration -2.3% YOY. "Most major publicly traded cable network groups' median network subscriber declines were around -2% to -3%, although **AMCN** was notable for the slight expansion in distribution indicated by this data," **Pivotal Research** said in a note to clients. A **Cablefax** analysis of the data found that most of the uptick is due to expanded carriage of **Sundance TV**, which now has more than 65mln subs. The net has nearly 6mln more subs in May '17 vs May '16 (a 10% gain), and added 264K subs in May compared to last month. Since January, it's added more than 3.3mln subs. Other big gainers include **Tennis Channel**, which had the benefit of **Sinclair** including its carriage in retrans agreements. The net added nearly 10mln subs between January and May. Other net's bucking the sub loss trend include **RFD-TV** (+1.86mln subs since January), **FM** (formerly **Nuvo**, +1.3mln since January) and **Z Living** (+4.1mln). The biggest decliners include **Esquire**, which is switching from linear to digital (-10.2mln subs since Jan and nearly 28mln since last May) and **Chiller**, which just lost **Charter** carriage (-5mln subs since January).

No Bills for Fox News: The **Fox News** exodus continues with co-president **Bill Shine**'s resignation. His departure comes just weeks after the net parted ways with **Bill O'Reilly**. Former evp of programming and development, **Suzanne Scott**, will become president of programming. **Jay Wallace**, evp of news will become president of news. Additional appointments include **Brian Jones**, former evp of **Fox Business Network**, as president of Fox Business Network, **Amy Listerman**, former CFO of **Scripps Networks Interactive**, as CFO of Fox News and **Kevin Lord**, evp of Human Resources, who will take on additional duties as head of compliance.

Layer3 in the District: **Layer3 TV** announced that it will be offering a bundle package for both video and high-speed data in the DC metro area. The double play offer will allow customers to pair 100 Mbps pureFiber Internet service with allHD Platinum cable. According to reports, the service is the result of a partnership with **Verizon** for the DC market. Layer3 is not commenting on underlying partnerships at this time. The company's plan for new markets seems to be evolving. "Today we're more video than video and broadband but we are going to be bringing broadband products to a number of cities going forward," said CEO **Jeff Binder**. The company also announced it will expand into Dallas-Fort Worth, with a special offer of 50% off for the first 1,000 customers who pre-order services.

CSG-Charter Contract Extension: **CSG's** contract covering **Time Warner Cable** accounts was extended for another month, with it now to expire May 31. New owner Charter is working with the vendor on a new agreement. Its contract with Charter runs through the end of 2019, but the TWC agreement was set to expire March 31. It was extended until April 30, and now again for an additional month as the two work to finalize a consolidated, long-term deal, according to an SEC filing. Charter is CSG's second largest client, accounting for about 21% of its total revenue.

Ratings: The **NFL** draft, which took place Thursday through Saturday in Philadelphia, averaged a combined 2.86 HH rating (+2% YOY) and 4.6mln viewers (+6% YOY) across **ESPN/ESPN2** and the **NFL Network**. That combined viewership trails only the 2014 draft historically. NFL Network's 0.96 rating (+15% YOY) and average of 1.5mln viewers (+18% YOY) were both draft highs for the net. -- Sunday night's season premiere of "**Anthony Bourdain Parts Unknown**" on **CNN** drew 863K total viewers in the 9pm timeslot, including 368K in the A25-54 demo, according to **Nielsen** Fast National data. The net touted its edge in the demo over **Fox News** (301K) and **MSNBC** (107K) during that window. Still, Fox averaged more total viewers (1.7mln). The story was the same during the 10pm premiere of "**United Shades of America with W. Kamau Bell**," which averaged 820K total viewers, including 345K among A25-54. That was enough to top both competing cable news nets within the demo, but only for No. 2 in total viewers.



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The FAXIES Awards Finalists

Marketer of the Year, VP Level and Above

- **Joni Fernandez**, Univision
- **Jennifer Giddens**, Sprout/NBCUniversal
- **Jennifer Sarlin**, TLC
- **Alexandra Shapiro**, USA/Syfy

PR Executive of the Year, VP Level and Above

- **Liza Burnett-Fefferman**, VH1 + LOGO/VIACOM
- **Tom Caraccioli**, Outdoor Sportsman Group
- **Chris Delhomme**, VH1 + LOGO/VIACOM
- **Alex Slater**, Clyde Group
- **Pam Slay**, Crown Media Family Networks

Acquisition and Upgrade Marketing

- **Boingo Wireless** – Boingo Broadband International Launch
- **DigitasLBI** – XFINITY X1 Voice Remote Engagement DM
- **GALLEGOS United** – Beautifully Bilingual
- **GALLEGOS United** – Interruptions

Advertising Campaign for a Network

- **TLC** – “I AM” Campaign
- **truTV** – “Funny because it’s tru” Campaign
- **USA** – “We The Bold” Campaign

Advertising Campaign for a Single Program

- **BET Networks** – The New Edition Story, An Epic 3-night Miniseries Event
- **Pop** – Baywatch Teases
- **TLC** – Too Close to Home S1B
- **Viewpoint Creative** – A+E 60 Days In Season 2 Promo Campaign

Affiliate and Partnership Marketing

- **A+E Network** – Roots and 23andMe Partnership
- **Big Ten Network** – BTN Tailgate
- **Discovery Communications** – Discovery Channel 2016 Shark Week
- **Comcast VIP Screening of Savannah Sunrise at Rossmore**
- **Turner Entertainment Networks** – AT&T and CONAN Comic Con 2016

Brand Image and Positioning Campaign

- **Boingo Wireless** – Boingo All In: I Love LA
- **Burrell Communications** – XFINITY: Unplug and Connect
- **GCI** – Alaska Born and Raised campaign
- **Mediacom** – “Spirit of Mediacom” TV
- **The Weather Channel**

Community Relations

- **Altice USA** – Altice Connects
- **Cox Business** – Get Started Tucson
- **Telemundo** – El Poder En Ti
- **Nickelodeon** – Nick Jr. Beyond the Backpack

Corporate Social Responsibility / Green Campaign

- **Nickelodeon** – Nick Jr. Beyond the Backpack
- **Sprout** – Kindness Counts
- **TLC** – Give a Little
- **WE tv** – 2016 Black History Month PSA Campaign

Integrated Marketing Campaign

- **A+E Networks** – USAA and HISTORY Pearl Harbor Anniversary
- **Burrell Communications** – XFINITY X1 Voice Remote: Speak Your Mind
- **Investigation Discovery** – The Vanishing Women
- **National Geographic** – MARS
- **NBCUniversal** – 2016 Rio Olympic Games Resource Site
- **NBCUniversal** – TV Everywhere “TV Always. All Ways.”
- **Telemundo** – El Poder En Ti’s #YoDecido PSA Campaign
- **Turner Entertainment Networks** – iHeartRadio Music Awards presented by Capital One

Marketing Campaign

- **BET Networks** – BET Awards 2016
- **Crown Media** – Countdown to Christmas 2016
- **Sprout** – Sprout Talks Tech
- **SundanceTV** – “Project Five by Five” Presented by Visit Seattle
- **TLC** – Too Close to Home S1B
- **truTV** – Impractical Jokers Ultimate Block Party at Comic Con

Marketing of a Continuing Series

- **Big Ten Network** – BTN Tailgate
- **Discovery Communications** – Investigation Discovery’s A Crime to Remember: Activations You Won’t Forget
- **HBO** – Game of Thrones Campaign
- **Syfy** – The Expanse: Enter The Future
- **Syfy** – The Expanse: Expanse Recat
- **The Weather Channel**
- **USA Network, Universal Cable Productions & Here Be Dragons** – Mr. Robot Virtual Reality Experience

Marketing of a New Series or Show

- **BET Networks** – The New Edition Story, An Epic 3-night Miniseries Event
- **EPIX** – Berlin Station
- **HBO Multicultural Marketing** – Insecure
- **History and A+E Studios** – Roots
- **National Geographic** – MARS
- **Ovation TV** – Versailles Series Launch
- **Pop** – Nightcap Campaign
- **Sprout** – Floogals
- **USA Network & Ludomade** – COLONYTV.COM

Marketing of a Special or Documentary/ Documentary Series

- **CNN** – Finding Jesus
- **EPIX** – America Divided
- **Investigation Discovery** – The Vanishing Women

Marketing Team of the Year

- **Boingo Wireless**
- **Crown Media Family Networks**
- **EPIX**
- **Pop**
- **TLC**

Media Event

- **Bravo** – Below Deck Mediterranean Launch Party
- **Crown Media** – South Street Seaport Tree Lighting Event
- **ESPN** – 2016 ESPN Upfront Event
- **Pop TV** – Nightcap Premiere Event: Crosby Hotel
- **Turner** – FilmStruck Launch

Congratulations to all the finalists! We are looking forward to a fun filled June 9 breakfast, including team photos, and networking with friends and colleagues. Tables will be positioned on a first come basis.

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June 9, 2017 • 8:30 – 10:30 am

Edison Ballroom, NYC

Media Relations Campaign

- **Cox Business** – Get Started Tucson
- **ESPN** – Jessica Mendoza Joins Sunday Night Baseball
- **Hallmark Channel** – Countdown to Christmas
- **Hallmark Channel** – Kitten Bowl
- **National Geographic** – Before the Flood
- **National Geographic** – MARS
- **Oxygen Media** – Strut Press Kit

Multicultural Marketing

- **BET Networks** – The Quad HBCU Campaign
- **Burrell** – The Next G.O.A.T. – Greatest of All Time
- **ESPN** – Cultural Positioning Presentation Kit
- **Gravity Media** – XFINITY ILD Campaign
- **HBO** – Mapplethorpe: Look At The Pictures
- **International Media Distribution** – 2016 Mediaset Italia/Verizon Special Offer Marketing

Nonprofit Partnerships

- **Discovery Communications** – Animal Planet's Puppy Bowl Cares Social Meme Generator
- **GCI** – Monthly Nonprofit Program
- **National Geographic** – Gender Revolution
- **Oxygen Media** – The Prancing Elites Project Season 2 | Prancify Your Profile To Promote Equality
- **Ovation TV & The Ovation Foundation** – Creative Economy innOVATION Grant Awards
- **Telemundo** – El Poder En Ti's Historias de Heroes
- **TLC** – Give a Little Campaign
- **The Weather Channel**

PR Stunt

- **Bravo** – Vanderpump Rules Pub Crawl
- **National Geographic** – MARS
- **UP TV** – McGhee Family Viral Photo Re-creation

PR Team of the Year

- **Hallmark Channel** – Countdown to Christmas: Network Program Publicity Team
- **National Geographic**
- **USA and Syfy**
- **Showtime Network**
- **VH1 + LOGO**

Press Kit

- **Bravo Media** – “Imposters” Season 1 Press Kit
- **Golf Channel** – “Summer of Golf”
- **National Geographic** – Killing Reagan
- **National Geographic** – MARS
- **Syfy** – The Magicians, Season 2

Programming Stunt

- **Investigation Discovery** – Premiere New Year
- **MPRM** – Friendsgiving
- **Sprout** – Black History Month
- **The Weather Channel**
- **UP TV** – GilMORE The Merrier Binge-a-thon

Public Affairs Campaign

- **A+E Networks** – Critics' Choice Awards #See Her Award
- **Altice USA** – Meet the Leaders

Shoestring Marketing

- **BET Networks** – TRAP Karaoke Powered by BET Awards 2016
- **Big Ten Network** – Minifigures
- **Boingo Wireless** – International Launch
- **Pop** – Nightcap Campaign
- **UP TV** – GilMORE The Merrier Binge-a-thon

Social Media During a Program

- **BET Networks** – The New Edition Story
- **National Geographic** – Gender Revolution
- **Pop** – Orwell Games
- **UP TV** – GilMORE The Merrier Binge-a-thon

Social Media Marketing

- **BET Networks** – The New Edition Story
- **Bravo** – Odd Mom Out – Robo Acclaim Trailer Customizer
- **Hallmark Channel** – Countdown to Christmas 2016
- **Hallmark Channel** – Kitten Bowl IV
- **Layer3 TV Acquires Majority of Customers Through Social Media Marketing!**
- **Nickelodeon** – Legends of the Hidden Temple Instadventure
- **truTV** – #truTVisAThing Brand Awareness campaign

Sweepstakes and Games Marketing

- **INSP** – State Plate VIP Sweepstakes
- **RCN** – 2016 Customer Appreciation Sweepstakes
- **USA Network & Ludomade** – COLONYTV.COM
- **USA Network** – Mr. Robot Digital Easter Eggs

Tchotchke

- **BET Networks** – The Quad Lounge Premiums
- **Bravo Media** – Imposters Season 1 Mailer
- **DigitasLBi** – Comcast Business Quick Service Restaurant Dimensional Mailer
- **HBO** – Vice Principals Paddle
- **Showtime Networks** – Twin Peaks Log Pillow

Trade Show Marketing/PR

- **HBO** – Hall of Faces
- **INSP** – INSP Brings Taylor Hicks to The Independent Show

Virtual Reality/Augmented Reality Marketing

- **American Heroes Channel** – Blood & Fury: America's Civil War
- **Crown Media** – Six Flag's Santa Wild Sleigh Ride
- **Syfy** – Incorporated: Incorporated VR
- **The Weather Channel** – “Window to Weather” Campaign
- **Turner Entertainment Networks** – AT&T and CONAN Comic Con 2016
- **USA Network, Universal Cable Productions & Here Be Dragons** – Mr. Robot Virtual Reality Experience

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