

# Cablefax Daily™

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What the Industry Reads First

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## New Kid in Town: Discovery CFO Details Scripps Merger Synergies

**Discovery Comm** CFO *Gunnar Wiedenfels*, who joined the company in April after seven years at German media company **ProSiebenSat.1**, hasn't had the luxury of easing into his new role. Just a few months into his tenure, Discovery agreed to its \$14.6bln acquisition of **Scripps Networks**. "It's been an intense start with the transaction coming up," Wiedenfels said Friday at the **Bank of America Merrill Lynch** Media, Communications and Entertainment Conference. The blockbuster deal was the focal point of his first investor conference, particularly after the company announced a \$6.3bln debt offering Thursday, along with a \$528mln offering Friday morning. The deal is on track to close in early 2018. He characterized the \$350bln worth of estimated cost synergies as a result of the merger as conservative, saying he believes Discovery can "overdeliver" on that guidance. In terms of revenue synergies, Wiedenfels said the company has received positive feedback from advertisers and agencies in the US about the combined Discovery-Scripps portfolio, which accounts for 20% of viewership. **Wells Fargo Securities'** *Marci Ryvicker* wrote it will "take a while before DISCA and SNI's deals are coterminous" on the affiliate side. Internationally, Wiedenfels said markets will have plenty of new US content to choose from and that the company could launch new nets abroad. Discovery remains poised to see mid-single-digit growth in domestic affiliate revenue, with price increases exceeding sub declines. Wiedenfels also indicated Discovery has seen a slight uptick in ad revenue in 3Q. Asked whether Discovery's absence from virtual MVPDs like **Hulu**, **Sling TV** and **YouTube TV** is proof its networks aren't "must-have," Wiedenfels cited research that says cord-cutters and cord-nevers miss Discovery more than any other brand. He also pointed to strong linear ratings for **Investigation Discovery**, which is consistently a top 10 most-viewed net in primetime. "We know that consumers are willing to pay for our brand," he said, adding consumer demand will likely reshape bundles in the US like it has in Europe.

**More Conference Notes:** **Paramount** CEO *Jim Gianopulos*, who joined the **Viacom**-owned studio in March, said the introduction of an SVOD service is inevitable, adding it will happen in "months, not years." He stressed the importance of working with theaters and ensuring the new service doesn't cannibalize box office revenue. More broadly, he indicated there is a lot of work to do to get things moving in the right direction. He called 2016 "a disaster" and indicated 2017 will be considerably better. He pointed to 2019 as the year where the studio will see a significant

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upswing. -- **Verizon** evp/CFO *Matt Ellis* said the carrier is on track to launch 5G service commercially sometime next year. He touched on challenges experienced during ongoing trials, including propagation, line of sight between transmitter and receiver, the wide range of obstacle materials and multiple-dwelling units.

**And Then There Was One:** **CenturyLink** reached an agreement to carry **AT&T SportsNet Rocky Mountain**—rightsholder of the expansion Vegas Golden Knights **NHL** team—on its Prism systems in Nevada and parts of Arizona. It joins **DirectTV** and **U-Verse** as carriers of the RSN's slate of more than 75 Golden Knights games, which will also reach part of California. The deal is significant for the team as it tries to establish itself in a non-traditional hockey market. It also puts pressure on **Cox**, which is now the lone holdout in the area. Cox cast doubt about potential carriage of the RSN last month when it lamented the high cost of sports programming and expressed a desire to get a deal done only “at a reasonable price.” Cox declined to provide an update Friday on talks in the wake of the CenturyLink deal. The Golden Knights did not respond to **Cablefax's** request for comment.

**Storm Front:** **Comcast** is opening all of its 137K-plus WiFi hotspots in Florida in preparation for Hurricane Irma's anticipated landfall, as well as 10K in effected areas of Georgia and 6K in coastal South Carolina. **Atlantic Broadband** pres/CEO *Richard Shea* wrote in a statement that the MVPD is activating its mobile response team and deploying additional personnel in Florida and South Carolina. **Verizon** is offering customers free calls and texts to friends and family in the Caribbean, which has already been hit by Irma through Sept 10. **AT&T** has made similar efforts, noting it improved network redundancy in areas most likely to be impacted by the storm and increased its fleet of deployable network equipment.

**Altice Tech:** **Altice USA** is launching a new voice service for small and medium-sized businesses. The Altice Business Hosted Voice product already supports more than 2mln end users globally. The key selling point is that the service operates over the company's secure private network, which it says provides higher quality and more security than voice services running over public internet. The cloud-based offering also supports mobile workforces via Android and iOS apps. It is sold on a per-seat basis. Altice Business currently serves more than 375K businesses in 21 states. -- Altice USA and software company **Amdocs** have extended their partnership via a multiyear deal for business and operational support systems. Amdocs will help Altice USA accelerate its migration to a single platform as part of integrating its **Optimum** and **Suddenlink** systems. The arrangement is also aimed at simplifying and modernizing technology operations and improving Altice USA's customer service. Altice USA believes Amdocs' hybrid solution will allow it to quickly launch new offerings and bundles.

**Ratings:** Last Sunday's Season 4 finale of **Starz's** “Power” drew a season-high 2.8mln viewers (Live+3). The series is No. 3 in premium series this year with an average of 2.4mln viewers for premiere airings, behind only “Game of Thrones” (13.1mln) and its lead-out show, “Ballers” (3.3mln). Starz also cited **Nielsen** data as showing that Seasons 3 and 4 of “Power” drew more black viewers than any other premium cable series, movie or event, including “Game of Thrones,” “The Wire” and “The Sopranos.”

**FCC Notebook:** **FCC** chmn *Ajit Pai* re-established the Advisory Committee on Diversity and Digital Empowerment, which will meet for the first time on Sept 25. He appointed 31 members, with **NetCommunications** pres *Julia Johnson* to serve as chair and **ShootingStar Broadcasting** pres/CEO *Diane Sutter* in the vice chair role. -- The agenda for this month's **FCC** meeting includes items that would reduce paperwork for cable operators and broadcasters, allowing them to stop maintaining paper copies of FCC rules. Also up for a vote is a report and order that updates cable signal testing rules to account for the use of digital technology. The Sept 26 meeting is the first under chmn *Ajit Pai* to feature all five commissioners. -- The FCC agreed to extend the deadline for comments in its annual inquiry about achieving its goal of universal broadband access to Sept 21. They were originally due on Sept 7. Democratic members of Senate Commerce, as well as various groups, including **INCOMPAS** and **Public Knowledge**, had sought more time. They didn't get the 30 days+ that they wanted, but the Commission agreed that it was appropriate to give parties an additional two weeks to review relevant public materials. The FCC inquiry asks several questions about broadband access, including whether mobile should count as meeting internet access needs and whether the 25 Mbps/3 Mbps speed benchmark for broadband should stand.