

# Cablefax Daily™

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What the Industry Reads First

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## Earnings Time: Verizon Talks 5G, MVNOs and Fios Metrics

**Verizon** kicked off 1Q earnings season for the pay TV industry Tuesday, reporting a better-than-expected loss of 22K Fios customers and a gain of 66K Fios internet customers. **Macquarie Research** suggested that Verizon focused on promoting the internet bundles and likely capitalized on **Altice USA's** spat with **Starz** earlier this year. Much of the company's earnings call was devoted to questions about Verizon's plans to launch 5G in 3-5 markets in the second half of the year. So far, Sacramento is the only announced city, with others to be named closer to the launch date. "The launch this year will be on our proprietary standard, and this gives us the opportunity to get a product out in the market before others and to demonstrate that millimeter wave does exactly the things that we said it does," CFO *Matthew Ellis* said. "But obviously over time, we want to move to the standards-based CPE." Asked about whether there would be an OTT video offering to be bundled with 5G residential broadband, Ellis said the company continues to look at options. "As we said previously, we're not looking to launch a me too product, but certainly expect to have an overall product offering to consumers in those three to five markets that will be compelling to meet their needs," he said. The CFO tackled a question about traditional media, making it clear that Verizon is focused more on digital assets and being an independent distributor of rights (see deals with **NFL** and **NBA** to stream games via mobile). He downplayed the idea the company would consider buying media assets like networks (broadcast or cable), saying that he doesn't see the right time to jump into that in the foreseeable future. Rival **AT&T** is currently in court arguing against the DOJ that it should be able to purchase Time Warner. Verizon was reported to have made a run at **Fox** assets, which Ellis declined to comment on. "When we do M&A, it's because it fits with the strategy," he said. Speaking of strategy, he didn't sound too worried about MVNO deals with cable operators, characterizing the amount of activity coming from the new deals as relatively small. **Comcast** already has a mobile play through its Verizon MVNO in the market. **Charter** will be launching its wireless play soon, with more details expected to come during its earnings call Friday. "Verizon's 1Q18 results were generally healthy, as adjusted EPS came in ahead of expectations on one-time cost reversals, postpaid wireless subscribers were ahead of forecasts, and wireless profitability beat. Wireless service revenue was slightly below expectations, but the company's guidance implies a modestly improved outlook for a return to wireless service

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growth,” concluded **Evercore** analysts. Verizon shares closed up 2% to \$49.67 with the company posting net income of \$4.55bln and total operating revenue of \$31.77bln.

**Sinclair Tribune Divestitures:** Sinclair has filed a new plan at the **FCC** for station divestitures in an effort to get approval for its \$3.9bln acquisition of Tribune. It would sell 23 stations in 18 markets. It no longer would sell NY station **WPIX**, but it now adds Tribune’s Denver, Sacramento, Cleveland, Dallas, Houston and Miami stations to the list to be sold. Buyers have yet to be announced for those markets. Sinclair still plans to sell Chicago’s **WGN**, noting that it will provide services per a joint sales agreement. JSAs will also be in place for **KUNS Univision** affil in Seattle, **My Network** affil **KMYU** in Salt Lake and Oklahoma City’s indy station **KAUT**, all which are being bought by **Howard Stirk**. As news of Sinclair’s revision of its station divestiture plan was announced, Tribune CEO *Peter Kern* sought to provide some assurance to his employees. “We’ve known for nearly a year that change was coming, but as I’ve said before, there is no reason to assume that this change won’t be for the better,” Kern wrote in a memo to employees. “I know this has been a long and at times frustrating process for you; and we still are not yet at the finish line. I am sure many of you have questions, and we will do what we can to answer those that we can.” Sinclair announced its plan to buy Tribune last May. In some markets where Tribune and Sinclair stations overlap, Sinclair has opted to sell the station it currently own. Those include Seattle, Salt Lake City, Oklahoma City, Greensboro, Richmond, Wilkes Barre and Des Moines. Sinclair’s latest filing identifies several buyers for stations, including **Cunningham Broadcasting**, **Standard Media** and **Meredith**. **WGN** is to be purchased by an entity known as **WGN-TV, LLC**. Sinclair said it expects to close the deal near the end of 2Q. The FCC has had its voluntary merger review clock paused since January 11 as it has sought more info from Sinclair on divestiture plans. “After a very robust divestiture process, with strong interest from many parties, we have achieved healthy multiples on the stations we are divesting,” Sinclair pres/CEO *Chris Ripley* said in a statement. “While we continue to believe that we had a strong rationale for not having to divest stations, we are happy to announce this significant step forward in our plan to create a leading broadcast platform with local focus and national reach.”

**Carriage:** Spanish-language net **HITN** scored a deal with **NCTC** that allow the co-op’s members to offer the channel through linear, TV Everywhere and digital platforms. **HITN** reaches more than 44mln homes in the US and Puerto Rico, including through **DirectTV**, **Comcast**, **Mediacom** and **DISH**.

**Hoops Ratings, Hockey & More:** The **NBA** Playoffs propelled **TNT** to the #1 spot in prime last week among cable networks in P2+, with the net averaging 2.96mln viewers. Sunday’s Game 4 between the **Cavaliers** and **Pistons** was the most-watched program of the week, averaging 6.07mln viewers. Runner-up was Tuesday’s **Grizzlies-Spurs** match-up (3.85mln). Rounding out the week’s most-watched programs



were **WWE** on **USA** (3.76mIn) and “Hannity” on **Fox News** (3.7mIn). **MSNBC’s** “Rachel Maddow Show” was the eighth most-viewed program, averaging 3.62mIn viewers, proof that news remains hot. Fox News was second among cable nets in prime overall, 2.96mIn viewers, with MSNBC taking third with 2.44mIn. **ESPN’s** NBA coverage helped it take fourth place (1.34mIn). While the NBA has been on a ratings roll, Stanley Cup playoffs have seen an uptick. **NBC Sports’** coverage across **NBC, NBCSN, CNBC, Golf Channel, USA Network, NBCSports.com** and the **NBC Sports** app is averaging a total audience delivery of 751K viewers through Sunday, the best in four years through the first 12 days of the playoffs. NBCSN is averaging a delivery of 668K viewers for 20 games through 12 days, the best since 2012 and up 9% vs last year. -- **MTV’s** launch of “Ex on the Beach” was the network’s highest rated unscripted series outside of the “Jersey Shore” franchise in over four years (up +282% from the time period average and +174% from the network’s new series average), sparking the creation of four new series to fill out the Thursday programming block. “Too Stupid to Die” makes its docuseries debut in June, “Made in Kentucky (working title)” will follow in July, August will see coming-of-age story “Staten Island 10310 (working title)” and “Just Tattoo of Us” is set for this fall.

**Yahoo! Fine:** The **SEC** announced a \$35mIn fine against the entity formerly known as **Yahoo!** (now **Alta-ba**) to settle charges it misled investors by failing to disclose one of the world’s largest data breaches that resulted in hundreds of millions of user accounts being compromised. Yahoo neither admitted nor denied the findings in the SEC’s order. The SEC’s order finds that when Yahoo filed several quarterly and annual reports during the two-year period following the 2014 breach, failing to disclose the breach or its potential business impact and legal implications. **Verizon** acquired Yahoo’s operating business in 2017.

**Spectrum in Washington: Charter** announced that its **Spectrum Networks** will increase reporting from DC in an effort to deliver more hyperlocal political news to the local market news stations. The expanded DC bureau will increase from a team of four to fourteen journalists over the next few months, providing coverage of news important to viewers in NC, NY, TX, FL, KY, OH, WI and CA. Leading the DC Bureau is *Colleen Wordock*, who most recently managed the DC bureau expansion of **Sinclair Broadcast Group**.

**Programming:** *Gretchen Carlson* nabbed an overall development deal at **A+E Networks**. She’ll host a series of documentary specials to be developed by **A+E Originals**, the newly launched non-fiction content development company. First up is “The Brave with Gretchen Carlson” (wt) for **Lifetime**, which focuses on the former **Fox News’** anchor’s “actions to confront the scourge of sexual harassment in the workplace.” The other two specials will feature inspirational stories of everyday Americans. -- With *President Trump* skipping this weekend’s White House Correspondents’ Dinner, **Comedy Central** will re-air its 2011 “Comedy Central Roast of Donald Trump” on Thursday (9:30pm), Friday (midnight) and Sunday (11pm). Hosted by *Seth MacFarlane*, it features sets by *Snoop Dogg, Larry King* and *Whitney Cummings*. -- **Paramount Network** greenlit an 11th season of “Ink Master” for later this year. Season 10 wraps with a new winner crowned Tuesday (4/24).

**Crackle Upfront:** Free, ad-supported streaming service **Sony Crackle** has renewed 50 Cent-produced “The Oath” for a second season. The network’s development slate of scripted originals includes dramas “Heart of Darkness” and “Hustle” as well as comedy “Squad Goals Squad.”

**Honors:** **The Museum of the Moving Image** will honor **Altice USA** chmn/CEO *Dexter Goei* and **CNN** anchor *Jake Tapper* at its annual benefit June 12 at the St Regis Hotel in NYC. The annual event recognizes top leaders in media. The museum houses the nation’s largest collection of moving image artifacts and screens over 500 films annually. It also has education programs that serve more than 70K students and teachers annually.

**People:** *Phil Tahtakran* was named head of **NBCU** federal govt affairs, a move that follows *Mitch Rose’s* recent appointment to svp, congressional and federal govt affairs for **Comcast**. Tahtakran will report to Rose and work closely with NBCU gen counsel *Kim Harris*. *Margaret Tobey* was upped to svp, regulatory affairs, reporting to Harris. Tobey will represent NBC on the board of directors of **NAB**, while Tahtakran will represent the company on federal government affairs issues in conjunction with its membership in the **MPAA**. -- **NBCU** named *Patrick Jager* to new role of vp, programming for **Craftsy**, the company’s online destination for all things craft. Jager’s resume includes creating programming for an array of networks, including **MTV, AMC, A&E** and **HGTV**. Most recently he was principal at **Core Innovation Group** and svp, development and production at **High Noon Entertainment**.