

# Cablefax Daily™

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What the Industry Reads First

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## Winning the Fight: WWE Grows as US Rights Battle Wages On

WWE is continuing to win the fight for subscribers, and at just the right time. With WWE's US rights deals with NBCU, which include "Raw" and "SmackDown," expiring on September 30, 2019, continued growth and value gains will be the key to attracting outside bidders. OTT service **WWE Network** ended 1Q18 with 1.62mln paid subs, exceeding guidance. The SVOD service added 60 hours of original content to its lineup with the return of "UK Championship Tournament," "Mae Young Classic" and a new season of "Camp WWE." WWE reported digital video views in Q1 as increasing 56% to 6.7bln. WWE remains the No 1 sports channel on **YouTube**, and garnered 50mln views the day following "Wrestlemania." CFO *George Barrios* reaffirmed during the company's earnings call that WWE hopes to announce their plans for "Raw" and "SmackDown" by the end of September 2018. WWE is widely believed to be significantly undervalued in its current deal with **USA**, which was last renewed in 2014 as it was launching the WWE Network streaming service. Losing WWE would be a blow to the NBCU-owned USA, which finished 2017 as the most watched ad-supported cable entertainment network for the 12th consecutive year. Much of that can be attributed to "Monday Night Raw," the network's highest-rated program, and "SmackDown Live." The relationship has roots, with Raw airing on USA from its launch in 1993 to 2000 before moving to **TNN/Spike TV** through 2005, when it returned home. **Fox Sports** has been rumored as a potential bidder to the US rights, especially with **UFC** set to potentially leave Fox following the expiration of its seven-year TV deal this December. WWE and UFC are both rumored to be looking for \$400mln/year for their television rights, but the latter is in a more difficult position. UFC ratings suffered significantly in 2017, with bouts on Fox dropping almost 22% to around 2mln viewers on average and those on FS1 falling nearly 18% to just under 795K. Still, *Variety* reported last month that **ESPN** and Fox Sports have recently proposed splitting the UFC package, with sources saying ESPN has signaled it would be willing to pay \$120-180mln/year and Fox would be willing to pay a little over \$200mln. Top MMA names *Ronda Rousey* and *Brock Lesnar* recently made the move to the WWE. WWE and Fox are no strangers, with Fox airing episodes of "Saturday Night's Main Event" in the '90s and a "WrestleMania 11" special in 1995. Not all is lost for NBCU, however, as WWE confirmed that chief brand officer *Stephanie McMahon* and other unannounced guests will be present

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at the NBCU upfronts later this month. “Considering USA’s ratings are down 12% in Q1 while WWE is modestly up (and the biggest show on USA), we do think WWE has leverage and will put its best foot forward at the upfronts,” Wells Fargo’s Erik Katz said. WWE closed up 4% Thursday, posting 1Q profit of \$14.8mln.

**Pac-12 Revenue:** With the **Pac-12 Networks** regularly criticized for not bringing in the financials of a **Big Ten Network** or **SEC Network**, it’s worth noting that the Conference reported Thursday record performance in total revenues and member distributions for the 2016-17 financial year. Strong year-on-year growth in media rights were cited, with Pac-12 revenues up 4% YOY to \$509mln. Member distribution hit an all-time high of \$371mln, up 8% over last year. Pac-12 has been without a **DirectTV** deal since launch, which keeps it behind other conferences in terms of financials. The **SEC’s** total revenue for FY17 came in at \$596.9mln, with an average school payout of \$40.9mln vs Pac-12’s \$30.9mln average. The **Big Ten** and **ACC** haven’t released financials yet. Pac-12’s annual member distributions have increased by 63% (\$228M to \$371M) and annual total revenues have increased by 53% (\$334M to \$509M total revenues) for the four-year period since 2012-13 when its media rights with **ESPN & Fox** began and it launched the first and only member-owned conference network. In June, **Lydia Murphy-Stephans** left her role as president of Pac-12 Networks, having helped launch the national sports net and seven-network conglomerate in 2011. In an exit interview with **Cablefax** last year, she stressed that revenue from the networks is only one part of overall revenue for each university. “I understand there is frustration, though no athletic director or administrator was ever told the Pac-12 Networks would deliver the same or more revenue than what its peer conferences are currently getting from their networks,” she said. **Mark Shuken**, who has worked for **Time Warner Cable Sports Networks** and **DirectTV Sports Networks**, took over as president in September.

**From the Mouth of Moonves:** “Kids don’t watch **CBS**. I think we may have 10-15 children watching every Saturday morning,” CBS chief **Les Moonves** said in response to an analyst question about children’s programming during Thursday’s earnings call. (Errr, do any kids still watch Saturday morning cartoons?) While children’s programming has not been a priority at the so-called Tiffany Network, Moonves said there may be some more investment in the space in light of the success **Netflix** has had. CBS’ 1Q revenue increased 13% to a record \$3.76bln from the same period a year ago, helped by 25% higher retrans revenues and fees from CBS affiliated stations as well as growth from digital. Cable nets posted revenue of \$609mln (+12%), while operating income for the unit fell 8% to \$230mln, reflecting an increase in programming investments.

**Charter Almost Ready for Calls:** Charter is set to launch its mobile service, Spectrum Mobile, on June 30, accord-

# Corporate Licenses

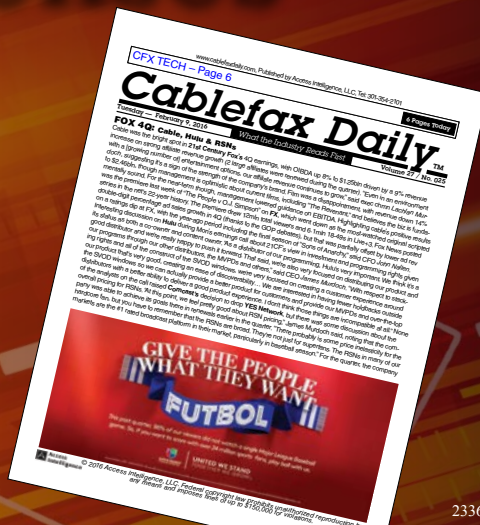
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ing to *DSL Reports*, citing a source familiar with the company's wireless plans. The MSO currently has field trials in place that includes 5K employees and has said a launch would come in the first half of 2018. Like **Comcast**, it's using the **Verizon** MVNO to offer wireless. Execs have already indicated they intend to follow a similar pricing model to Comcast, which has a \$45/month unlimited plan.

**Here Comes the Bride:** Wedding company **Zola**, which features online wedding planning tools, received \$100mln in Series D financing with **Comcast Ventures** leading the round. New investors **NBCU** and **Goldman Sachs Investment Partners** joined in, while existing investors including **Lightspeed Venture Partners**, **Canvas Ventures**, **Thrive Capital**, **BBG Ventures** and **Female Founders Fund** also participated.

**Must Carry Harmony:** The FCC's Media Bureau has dismissed **Mauna Kea Broadcasting's** attempt to renew a 2012 must carry complaint against **Oceanic Time Warner Cable**, now **Charter Spectrum**, since the operator is now carrying the station in the Honolulu DMA. In 2012, the FCC Media Bureau ordered that **Telemundo** affil **KLEI** be carried by Oceanic within 60 days of the date on which it delivered a good signal to its headend. The broadcaster said it told Charter in September that it has solved the signal quality problem by gaining carriage on a multicast subchannel of KKAI, but it contends Charter didn't commence carriage nor did it launch the channel after it was sent notice that the station was electing mandatory carriage for the three-year cycle that began Jan 1. It asked the FCC to revive the must-carry complaint in February, then on April 18 after gaining carriage, Mauna Kea asked that the complaint be dropped.

**USF Funds:** Democratic Reps **Frank Pallone** (D-NJ) and **Peter Welch** (D-VT) are complaining that the **USAC** is now accepting payments and distributing funds for the USF from the **US Treasury**. The funds were previously held at a third party banking institution. FCC chmn **Ajit Pai** announced the planned transfer to the Treasury in the fall, with the two members of Congress asking that **GAO** review the plan. "We were dismayed to learn from press reports that Chairman Pai unilaterally pressed forward with this plan that will cost recipients tens of millions of dollars a year without the benefit of GAO's further analysis, without telling his fellow Commissioners, without input from millions of Americans who depend on these funds, and without notifying Congress," Welch and Pallone said in a statement.

**Laugh Factory:** **Turner's TBS** and **Conan O'Brien** are expanding their partnership, a move that will bring major changes to the comedian's late night show. **Billy Parks** will lead the effort in the newly created position of chief brand officer. "Conan" will continue to air four nights a week, but will shift to have a less structured 30-minute format vs one-hour. The 360-degree expansion efforts will include talent deals with stand-up comedians, who will embark on a multi-city tour with O'Brien later this year.

**The Virtual Court:** **MSG Networks** is getting into esports with the launch of "Knicks Gaming." The series will follow **Knicks Gaming**, the official NBA 2K League team, through their inaugural season competing in a professional league. The show will premiere May 8 at 10pm.

**The Gracies:** EGOT winner **Rita Moreno** will receive the Lifetime Achievement Award at the 43rd Annual Gracie Awards. Moreno, the first Hispanic actress to win an Academy Award, currently stars in the Latino remake of **Norman Lear's** sitcom "One Day at a Time" on **Netflix**. Lear will present Moreno with the award at the ceremony on May 22 at the Four Seasons Beverly Wilshire Hotel in LA.

**Ratings:** **YES Network** is seeing its best season with the **New York Yankees** since 2012, with game ratings through April 30 up 9% YOY in the New York DMA. Network games averaged a 3.71 TV household rating through April 30 of this year compared to a 3.39 rating during the same period last season. -- **NBCSN** saw its most-watched April in network history in both total day and primetime, seeing boosts from the **NHL Stanley Cup Playoffs** and Premier League matches. The network averaged 168K total day viewers (+11% from April 2017) and 515K primetime viewers (+20%). Year-to-date, total day performance (271K viewers) is up 151% YOY.

**Programming:** **IFC** greenlit musical variety sketch show "Sherman's Showcase," created by "Late Night with Jimmy Fallon" comedy duo **Bashir Salahuddin** and **Diallo Riddle**. It's set to premiere next year. -- **TV One** and **The National Urban League** are teaming to tape the 2018 State of Black America Town Hall on Tuesday at Howard Theatre in DC. The forum will premiere on the net on July 29 with **Roland Martin** serving as host.

**People:** **The Paley Center for Media** is adding three executives to its board of trustees. **NFL** commissioner **Roger Goodell**, **Vivendi** CEO **Arnaud de Puyfontaine** and **Faiza J. Saeed**, presiding partner, **Cravath, Swaine & Moore LLP**, are all joining the board, which provides input on strategy and operations, including public programs and exhibits, educational classes, workshops and industry events hosted by the **Paley Media Council**.

# PROGRAMMER'S PAGE

## Something for All Palates

In a world full of one-hour dramas, **Starz** will premiere two half hour dramas back-to-back Sunday featuring two very different female stories. “Sweetbitter,” based on the novel of the same name, is about a 20-something who moves to NYC from the Midwest and enters the elite restaurant scene (8pm ET premiere), while “Vida,” features estranged sisters who are reunited by their mother’s death (8:30pm). “We put together this combination platter of Sweetbitter and Vida because we thought they were two different female stories that might have an interactive nature that would flow audiences from one to another. But they’re very different in what they’re trying to say, what they’re trying to accomplish and what they are as shows,” said Starz programming head *Carmi Zlotnik*. It’s hard to characterize either. Sweetbitter is much more than a coming-of-age story, while Vida goes deep while featuring Latinos and LGBT characters. Zlotnik said it was coincidental that the two series were coming through the development pipeline at relatively the same time, but there was enough there to make an order of six eps for each with the hopes that by keeping them together they’d net a wider audience. And Starz has no qualms about not going the hour-long drama route. “We enjoy the half-hour format and don’t feel like just because it’s a half hour it has to be a comedy,” Zlotnik said. “We’re exploring other things in the half-hour format. In large degree, if you want to focus on character and the plot is not as big of a piece, that’s a good reason to do a half hour. If the plot is expansive and you need more story time to tell it, that’s a good reason to do an hour. I think that’s where we are in the evolution of television. There are lots of different formats we have to pick from to best tell the story we’re dealing with at the moment.” – *Amy Maclean*

**Reviews:** “I’m Dying Up Here,” Season 2 premiere, 10pm, Sunday, **Showtime**. One of the pleasures of episodic television is watching series as they mature. Not all of them do and not every series improves. **HBO’s** “The Sopranos” and especially “Sex and the City” got better with age, ditto for **AMC’s** “Mad Men.” Based on the initial episodes of Season 2, “I’m Dying Up Here” is an improved series. Set in 1974, its band of comedians isn’t struggling quite as much this season to attain career goals. Some, such as the closet-dwelling Ron (*Clark Duke*), have begun to taste success. Of course, success brings issues, as Ron and others discover. Meanwhile *Melissa Leo’s* Goldie, the dictator of her eponymous comedy club, isn’t quite as imperious as Vegas and family issues remove some of her edge. Adding to the season’s quality are supporting roles for *Brad Garrett* as a heavy and *Nicole Ari Parker*, as a slightly older woman reviving her groove. -- “Silicon Valley,” 10pm, Sunday, **HBO**. Speaking of the problems associated with success, during Sunday’s episode some in “Silicon Valley” are spending money before they actually have it. Or are they spending a crypto currency? Regardless, the ep includes a fabulous spoof of consumerism as well as a good whack at corporate America trying to appeal to main street USA. – *Seth Arenstein*

Basic Cable P2+ Prime Rankings* (4/23/18-4/29/18)		
Mon-Sun	MC US AA%	MC US AA (000)
TNT	0.894	2721
FNC	0.771	2349
ESPN	0.616	1876
MSNBC	0.591	1801
USA	0.475	1448
HGTV	0.439	1338
TBSC	0.428	1304
NICK	0.356	1083
DISC	0.332	1011
CNN	0.328	1000
ID	0.326	993
A&E	0.315	960
HIST	0.309	941
FOOD	0.286	871
ADSM	0.273	831
TLC	0.270	822
HALL	0.256	779
DSNY	0.247	752
NAN	0.245	746
FX	0.230	702
BRAVO	0.224	681
AMC	0.221	672
TVLAND	0.217	660
DSJR	0.186	567
HBO	0.184	561
CRN	0.168	513
SYFY	0.168	512
VH1	0.163	495
LIFE	0.161	491
NFL	0.161	489
INSP	0.158	482
GSN	0.152	464
TRAVEL	0.152	464
APL	0.144	437
COM	0.135	410
BET	0.134	409
FRFM	0.131	400
MTV	0.130	396
PARA	0.128	391
NKJR	0.128	389
HMM	0.127	388

\*P2+ L+SD rankers are based on national Nielsen numbers, not coverage.



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