

# Cablefax Daily™

Wednesday — May 9, 2018

What the Industry Reads First

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## CRA Countdown: Get Ready to See Red

With Sen *Ed Markey* (D-MA) set to file a petition for a vote Wednesday on a Congressional Review Act resolution that would overturn the **FCC's** repeal of Title II, both sides of the net neutrality debate are ratcheting up efforts to sway senators. The Save the Net Neutrality crew has been out in full force, with organizers calling for websites and social media users to “go red” starting Wednesday (May 9) as part of **Fight for the Future's** “Red Alert” effort. **Reddit, Mozilla, Tumblr** and **Vimeo** are listed as participants in the campaign. The other side of the debate isn't staying silent. While a lot of work is undoubtedly going on behind the scenes, **Broadband for America**, which counts **NCTA, AT&T, Charter, Comcast, CTIA – The Wireless Association** and **USTelecom** among its members, has started running radio ads in the DC market as well as key states with potential swing Republican votes (Maine, Alaska and Louisiana). The spots paint the CRA as a congressional loophole and draw from recent headlines. “Despite revelations that **Facebook** improperly shared personal data of 87mln Americans, this CRA does nothing to protect you privacy or your security online,” the ad says. “In fact, it makes things worse. That's not what Americans are demanding. They want big media companies, like social media platforms to be held accountable—not to have special carve-outs and loopholes.” The state-focused ads specifically urge listeners to encourage Sens *Susan Collins* (R-ME), *John Neely Kennedy* (R-LA) and *Lisa Murkowski* (R-AK) to vote against the measure. The ads are expected to run through next week, when a vote is expected to happen in the Senate. “We're going to continue to advocate for comprehensive net neutrality legislation that guarantees free and open access for everybody—edge providers and well as ISPs and the consumer,” according to someone close to the campaign. It's a real possibility the CRA could pass the Senate with Collins expected to vote for it, but prospects look more dubious in the House. Even if it dies, many expect the issue to be a talking point for Dems in the upcoming midterm elections. “Democrats do believe, and I think they may be right, that they have the ability to retake the House and Senate this year. The two issues that they feel will help them retake the majority will be the tax reform bill ... and net neutrality,” **ACA** head *Matt Polka* said last month during **BCAP's** 30th annual Cable Academy in Pennsylvania. Dems are expected to be vocal during Wednesday's Day of Red, though their atten-

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tion has been divided with President Trump's announcement Tuesday that he's withdrawing the US from the Iran nuclear accord.

**Foxy Comcast:** The industry is digesting a *Reuters* report that **Comcast** is looking to put together as much a \$60bln to go after the **21st Century Fox** assets that the company is selling to **Disney** for \$52bln. "Obviously, Comcast continues to see value in content and studios. And in some cases distribution in the UK. That's probably a positive sign for our industry that they see continued value there," DISH chmn *Charlie Ergen* told reporters Tuesday. He didn't get into the specifics of a Comcast-Fox combo, saying the broader question revolves around the regulatory environment. If **AT&T** is successful in its legal fight for *Time Warner*, it could open the door potentially for major consolidation. During Discovery's earnings, CEO *David Zaslav* played up the new company's scale post-**Scripps**. "When great companies like Disney and Comcast are looking for scale, they're going to look around and they're going to find there's very few companies that have scale," he said, saying that Discovery's goal is to stay where it is because it believes it can generate huge free cash flow. During Disney's earnings call late Tuesday, chief *Bob Iger* said he's confident that the Fox assets will fit easily into the company's structure (though he noted that **ESPN+** and the upcoming Disney standalone OTT service aren't dependent on Fox acquisition). He declined to engage in speculation on the deal during the call, though he appeared on **CNBC** Tuesday and expressed optimism that it would close. "We made a good deal, actually a deal that shareholder reacted quite favorably to and we're going to remain confident in our ability to close," Iger told *Julia Boorstin* on "Closing Bell."

**The Three D's – Discovery, DISH and Disney:** Plenty of earnings reports Tuesday, with **Discovery** kicking things off in the morning with its first earnings call after the **Scripps Networks** deal closed. Consolidated revenue was up 43% to \$2.31bln, helped by international. The company updated its cost synergy target from \$350mln within two years of close to at least \$600mln by March 2020. Most of that will come from headcount reductions, but real estate consolidation, marketing efficiencies and supply chain efficiencies were also mentioned. Management also said there's room for lower spend on content by layering in legacy Scripps content across international nets. DISH reported 1Q sub losses of 94K, a bit better than the Street's consensus, but there continues to be concerns over the DBS business. The satellite biz lost 185K customers while Sling gained 91K. "The smaller than expected DBS sub losses were primarily driven by lower than expected churn, which came in at 1.47% during the quarter, well below our 1.81% estimate and down 40bps YoY, as the company continues to focus on attracting and retaining high quality customers," **Evercore ISI** analysts said. **Pivotal Research** expressed concern over what DISH

# Cablefax 100 & Top Ops Celebration Dinner

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spent to drive the results—“\$707 DISH TV SAC vs our \$688 expectation driving \$722mIn (-11%) EBITDA growth vs our \$750mIn forecasts and \$694mIn consensus.” Closing out the day of earnings was Disney, who received a huge shot from the success of theatrical release “Black Panther.” The Media Networks division’s rev was up 3% to \$6.1bn for the quarter, while the cable networks saw revenue rise 5% to \$4.3bn. Operating income decreased 4% to \$1.7bn, which was attributed to a loss at **BAMTech** related to investments in technology and decreases at **Freeform** (primarily lower ad revenue reflecting a decreases in viewership) and ESPN (driven by higher programming costs, including the shift in timing of College Football Playoff bowl games).

**Knockout Bout:** **UFC** and **The Walt Disney Company’s** direct-to-consumer and international segment are joining together along with **ESPN** on a multi-year media rights agreement for exclusive UFC content on **ESPN+** and ESPN’s television, social and digital platforms in both English and Spanish. The first rights and distribution deal between the companies will take effect in January 2019, providing for 15 live UFC events to stream exclusively on ESPN’s recently launched subscription streaming service. Along with the live events included with the ESPN+ subscription, viewers can purchase and watch UFC Fight Pass and UFC pay-per-view events via ESPN+ for an additional cost. The news comes as UFC’s US rights in the future are in limbo, with its seven-year TV deal with **Fox** set to expire this December. *Sports Business Daily*, citing sources, reports that a broadcast deal is not imminent.

**Preparing for the Cup:** **Telemundo Deportes** and sports collectibles company **Panini America** are partnering on Telemundo’s first AR experience to celebrate the countdown to the 2018 FIFA World Cup Russia. The collaboration between the two began with a sticker collection from Panini. The AR content will be able to be accessed in the Telemundo Deportes En Vivo app, with new posts coming on a weekly basis. The AR experience will include 10-second videos highlighting memorable goals in World Cup history, historic moments and features on this year’s host cities.

**New Addition:** **Fubo TV** is adding an expanded option for fans of sports, entertainment and news. The 80-plus channel bundle dubbed “Fubo Extra” will be available for \$49.99/month, including every channel in the Fubo base package as well as networks like **Cooking Channel**, **DIY Network**, **PeopleTV** and **Stadium**.

**The Royal Treatment:** A number of networks are working to offer extensive coverage of the royal wedding of *Princy Harry* and *Meghan Markle* on May 19. **Fox News Channel** will have main coverage of the nuptials beginning at 6am with “America’s Newsroom” co-anchor *Sandra Smith* and chief news anchor *Shepard Smith*. **TLC** will begin its coverage on May 18, airing back-to-back wedding programming that includes three documentaries on royal weddings and the traditions surrounding them. May 19 will see the network airing a live four-hour feed of the royal wedding, beginning at 5am. **Nat Geo** is celebrating the occasion with two royal specials premiering this month. “Operation Royal Wedding” will reveal what it takes to pull off the affair, while “Prince Harry’s Story: Four Royal Weddings” will follow Harry’s journey from childhood to now.

**Celebrating Diversity:** **The T. Howard Foundation’s** annual Diversity Awards Dinner and 25th Anniversary celebration was held Monday night at Cipriani Wall Street in NYC. The evening included a silent auction fundraiser for the foundation, which has provided hundreds of students with work experience through its partnership with media companies. **AMC Networks** pres/CEO *Josh Sapan* received the Corporate Leadership Award, **Univision Communications** pres/CEO *Randy Falco* accepted the Corporate Excellence Award on behalf of his company and **ABC News** senior legal correspondent and analyst *Sunny Hustin* was given the Diversity Advocate Award for her work in telling the stories of the voiceless.

**Returning to Sports:** Former **ESPN** pres *John Skipper* is headed to UK-based global sports media company **Perform Group**. Based in NY, Skipper will oversee all of Perform Group’s operations and strategy while reporting to the board. Perform Group founder *Simon Denyer* will continue in his role as CEO from London. Skipper resigned from ESPN in December, citing a substance addiction problem.

**Programming:** **Hulu** has picked up “Light as a Feather,” a supernatural thriller from **Awesomeness TV** and **Wattpad**. The 10-episode series, set to begin production in June, is based on *Zoe Aarsen’s* novel of the same name, a Wattpad favorite with more than 2.9mIn reads. -- **WGN America’s** limited series “The Disappearance” appears on July 12. The six-part event focuses on the sudden disappearance of a 10-year-old boy and its effect on his tight-knit community.

**People:** *Vedia Ayvaz* is coming to **Comedy Central** as svp, brand creative. Most recently serving as vp, head of creative for **45th & Dean** at **A+E Networks**, Ayvaz will lead Comedy Central’s in-house creative team on the development of all branding and marketing creative.