

# Cablefax Daily™

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What the Industry Reads First

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## AMC Earnings: Exceeding Expectations with Content Wins

**AMC Networks** proved that it has more to offer than “The Walking Dead,” beating out declining series ratings to score a successful 1Q. First quarter net revenues increased \$21m to \$741m, thanks to a 2.9% growth in national networks and a 4.3% growth in international and other ventures. Distribution revenue was also up, hitting \$407m (+10.8%). “Our performance in the quarter both financially and creatively is a reflection of our continued focus on a few key areas: creating some of the most popular and critically acclaimed content in all of entertainment, increasing our distribution by offering great programming at a low wholesale rate, and diversifying our business in multiple ways that are positioning us to achieve meaningful, long-term growth,” AMC pres/CEO *Josh Sapan* said on the company’s earnings call Thursday. The major player this quarter in AMC’s earnings success was content licensing, according to **Bernstein Research**, who noted that output deals with **Hulu** and **Amazon** “largely underwrite most of AMCX’s original production (in arrears).” And AMC wasn’t lacking in programming highlights, with **BBC America’s** “Blue Planet II” becoming the highest-rated natural history show on American television in nearly a decade and the recently launched “Killing Eve” becoming the only new ad-supported drama in more than a decade to show consecutive ratings growth over its first four episodes in both total viewers and key demos. Sapan claimed that AMC has the lowest price offering for a group of channels from any independent programmer in the US and is the most widely distributed independent programmer among virtual MVPDs. “We have grown total distribution of our networks, a reflection of our key attributes—the strength of our very well-priced, well-defined brands, the quality of our programming and our uniquely high viewer engagement, and the ultimate value that we create for both traditional and virtual MVPDs,” Sapan said. Net income also grew to \$157m, a \$21m boost from Q1 2017, while adjusted EPS rose \$18m YOY to \$163m. The increase came as a result to a decrease in income tax expense and a decrease in diluted shares. The company expects meaningful improvement in advertising revenue, thanks to their varied media mix with AMC Premiere and its five networks. “Today about two-thirds of our company’s revenue comes from distribution fees, content sales, streaming and other activities and a third comes from advertising,” Sapan said. Next month, AMC Premiere, it’s \$5/month ad-free service, will expand further by becoming a part of **YouTube’s** TV package. It’s already offered through **Comcast** and is joining **fuboTV**. Other news this quarter included the proposed acquisition

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of outstanding shares of **RLJ Entertainment** in February and the recently announced deal to acquire a majority stake in **Levity Live**, a move to expand the **IFC** brand into live comedy venues and produce original content for distribution on digital and linear television. These investments aren't made frivolously, with **Wells Fargo's Marci Ryvicker** saying the company "has one of the most balanced approaches to use of cash of our entire coverage group." With investments like **AMC Premiere** and these acquisitions, the company is figuring out how to stay ahead while "maintaining leverage under 3x while still purchasing a TON of stock," Ryvicker noted.

**FCC's May Meeting:** A four-commissioner **FCC** met Thursday, with **Mignon Clyburn** making good on her promise to leave the agency before its May open meeting. Republican commissioner **Mike O'Rielly** took her seat, which he said was "an honor...though we don't always agree." Commish **Brendan Carr** cracked a joke about the new seating arrangement, saying it meant **Jessica Rosenworcel** had "moved from the far left to the far right." The lone Democratic (and female) commish was quick with a comeback: "It depends on where you sit." As far as FCC meetings go, it was pretty low-key with no controversial items on the agenda. The four unanimously approved the 2.5Ghz band NPRM, which looks at how to allow more efficient and flexible use of the spectrum. The FCC also voted for a \$120mln penalty against **Adrian Abromovic** and his companies for "hundreds of millions of spoofed robocalls" and they approved the 10th item related to modernizing media regulations—an NPRM to eliminate rules requiring broadcasters to maintain licenses and related info in specific locations. Things were a little bit more exciting in the after meeting press conferences. In response to a question from a **Bloomberg** reporter, FCC chmn **Ajit Pai** said there had been no discussions with **AT&T** related to the time the telco was paying **Trump** lawyer **Michael Cohen**. He said the agency is looking to improve the electronic comment filing process and that a report on the issue is under active consideration. **Rosenworcel** has complained (most recently on Wednesday) that the FCC should do more regarding fraudulent comments in the net neutrality docket. Later, **Rosenworcel** told reporters that she doesn't think the agency can proceed with any major transaction (ahem, **Sinclair-Tribune**) until the DC Circuit rules on continuing the UHF discount. "I don't know how we could act right now without having resolution from the court on those issues because I think our decision would be lawless," she said. At a House appropriations hearing last month, **Pai** said he would factor a potential court ruling into the review, but wouldn't agree to hold off on a decision.

**Spanish-Language Upfronts:** Some of the biggest events in soccer are about to arrive, and **Telemundo** is preparing to celebrate with new programming. At its upfront presentation Thursday, the company announced a multi-platform bilingual female empowerment series called "Fuerza (wt)" to spotlight multicultural women in the lead-up to the **FIFA Women's World Cup France 2019**. It will also partner with popular sports app **SportsManias** to create a World

# Corporate Licenses

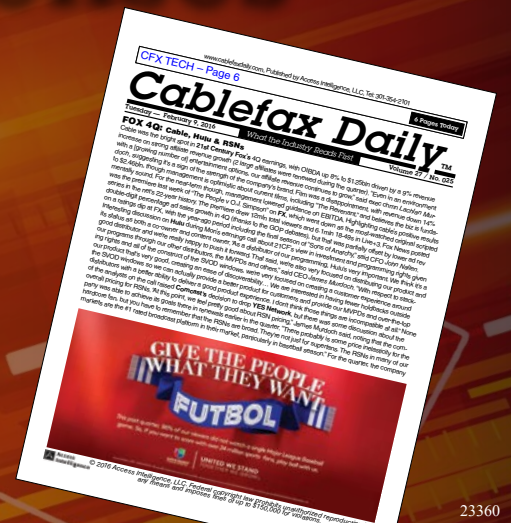
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Cup-themed keyboard with animated soccer emojis for this summer's FIFA World Cup. The keyboard will be available on iOS and through Google Play. Also announced at the presentation were multi-platform partnerships with **E!** and **Hulu** focused on content co-creation and co-distribution. Celebrating 25 consecutive seasons of its relationship with Hispanic audiences, **Univision's** gearing up for its upfront presentations next week with a 'Culture Unbound' theme that includes live sports, music, news and unscripted content. The company will produce and distribute 1,400 live soccer matches across its TV and digital platforms with coverage of the UEFA Champions League, Europa League and Nations League. It will also deliver the 2019 CONCACAF Gold Cup and will act as the home of the US and Mexican national teams. Univision news coverage will include the 2018 the North Korea-US summit, the trial of El Chapo and elections in the US and Latin America.

**Tribune's Traction:** **Tribune**, which is in the process of being acquired by **Sinclair**, saw retrans revenue in 1Q jump 25% to \$118.1mln compared to the same period a year ago. Helping the bottom line was a 29% reduction in programming expenses to \$100.7mln, primarily related to a shift in less high-cost originals at **WGN America**. Consolidated operating rev ticked up 1% to \$443.6mln, with consolidated adjusted EBITDA up 108% to \$119.9mln Net core advertising (excluding political and digital) was down 10% to \$245mln, with the company partly blaming its limited exposure to the Olympics and Super Bowl.

**'The End of Net Neutrality':** The **Federal Register** will publish the **FCC's** Restoring Internet Freedom order on Friday, thus setting June 11 as the date the order reversing Title II regulation takes effect. Dubbing it the end of net neutrality, *Jessica Rosenworcel* said "the FCC is on the wrong side of history, the wrong side of the law, and the wrong side of the American people." In his own statement, chmn Ajit Pai played up the word freedom, saying it will return ISPs to the "bipartisan, light-touch approach that fostered rapid Internet growth, openness, and freedom for nearly 20 years."

**Done Deal:** **Lionsgate** and **3Pas Studios**, owned by *Eugenio Derbez* and producing partner *Benjamin Odell*, have signed a deal for the studio to produce English and Spanish-language series for the company's TV group. The partnership also includes programming for Lionsgate streaming platforms, such as **Pantaya**.

**Life Essentials:** Life Needs Sports, at least according to **ESPN's** latest brand campaign. The initiative, ESPN's first collaboration with **Droga5**, launched Wednesday, highlighting the role sports play in the lives of fans. The coming weeks will see the network releasing creative executions tied to the **NBA**, **MLB**, **WNBA**, the **Scripps National Spelling Bee** and more. At launch, "Smaller" honors the NBA's shorter players while the MLB's "True Love" creative showcases the relationships players have with their bats.

**Video Watch:** **Comcast Business** added to its solutions with SmartOffice Motion Insights. The technology will allow small and medium-sized businesses allows businesses to record, access and share surveillance video stored in the cloud around the clock. The new dashboard will also include advanced motion detection analytics to give managers and owners a view of their cameras and quick links to watch live footage and playback video.

**Coming to Cable-Tec:** **Cox Communications** president *Pat Esser* is set to keynote the opening general session of **SCTE-ISBE Cable-Tec Expo 2018** on October 23 in Atlanta,. Esser will discuss Cox's focus on product innovation and maintaining high levels of satisfaction in service delivery.

**Ratings:** Tuesday night's **New York Yankees** game against the **Boston Red Sox** brought in **YES Network's** best TV ratings since *Derek Jeter's* home farewell in 2014. The network averaged a 6.76 household rating with 603K total viewers and 478K households.

**Programming:** **Freeform** has ordered a pilot for "Everything's Gonna Be Okay." The half-hour comedy was created by writer/comedian *Josh Thomas*, and centers on a 25-year-old still living at home and must rise to the occasion to raise his siblings when his dad becomes terminally ill. -- **Syfy** is preparing for "Sharknado Week" this summer in the lead up to the finale of the franchise, "Sharknado 6," on August 19 at 8pm. Other summertime offerings include the Season 4 return of "12 Monkeys" (June 15, 8pm) and Season 3 of "Wynonna Earp" (July 20, 9pm). -- **Bravo** gave the greenlight to six new original digital series, including an after show for scripted drama "Imposters." Among the new digital shows is "The First Time I..." with celebs spilling all on first time gone wrong, from first dates to first family vacations. -- **Starz** will offer free sampling of new series "Vida" in honor of "Dia de las Madres." It can be seen at Starz.com, the Vida Facebook page, Starz's YouTube channel and through Remezcla.com.

**People:** **TechFreedom** tapped *James Dunstan* to become its first general counsel. He's served as a senior adjunct fellow at the group since it first came to be and has more than 35 years of experience in a technology-focused practice in telecommunications and media.



# PROGRAMMER'S PAGE

## Melrose Base...

Drugs don't get much love on TV. Sure, there was **AMC's** incredible "Breaking Bad." But addiction itself was an after-thought. Countless other shows depict drug use as comical, benign or horrific—but where is the window into an addict's soul? Fear not: Now we have **Showtime's** new series "Patrick Melrose" (premieres May 12) based on the novels by *Edward St. Aubyn*, whose depiction of a damaged but spoiled British rich dude would equally impress both *Hunter S. Thompson* and *Cheech & Chong*. The first episode plays like "Fear & Loathing" in NY as Melrose, played stunningly by *Benedict Cumberbatch*, visits the city to retrieve his detestable father's corpse and ends up on a three-day bender as he trashes hotel rooms and embarrasses himself in front of loose acquaintances ranging from drug dealers to debutantes. All the while, he mitigates his own bad behavior by doling out money. As Cumberbatch noted during the winter **TCA** tour, the books expose an "upper class system that's crumbling... And not just cash-poor landed gentry, but just the inherent snobbery, the treachery, the self-loathing, the cynicism, the patronizing attitudes, the racism, the sexism, all the isms, and how they were exposed and rightly vilified in the most humorous, entertaining, and at times terrifyingly dark and real ways." That pretty well describes Showtime's faithful adaptation of this world, but it's Cumberbatch's performance that truly stands out here. If you know him mostly through his work as Sherlock Holmes or as Dr. Strange, this one's worth a viewing just to witness his endless range and ride the bare-knuckled terror of his character's pathetic attempts to kick a heroin habit that seems too gloriously decadent to give up. We see how it's destroying his soul. And so does he. But this deep study into the brain acrobatics of a junkie makes us understand the tricks that addiction can play on the human mind. It's an acid trip of a show that gives all of us a way into the madness of an addicted mind—with just enough dread and sadness and humor to make a profound statement. — *Michael Grebb*

**Reviews:** "Sweetbitter," 8pm, Sunday, **Starz**. Based on the best-selling novel of the same name by *Stephanie Danler*, "Sweetbitter" is about a young woman named Tess who comes to NYC to escape her unsatisfactory existence in Ohio. She immediately finds employment as a backwaiter-in-training in one of NY's best restaurants and her life immediately becomes far less dull. While many food films and novels detail life in the kitchen, this series focuses on the front of the house, the waiters, busboys and bartenders. With her tantalizing eyes, newcomer *Ella Purnell* as Tess has a tough job. She's the series' star yet her character often is the least interesting. Far more compelling are imperious waitress Simone (*Caitlin FitzGerald*) and mysterious restaurant manager Howard, played with appropriate creepiness by peripatetic *Paul Sparks*. Early eps were appetizing. We'll see in coming weeks if *Sweetbitter* can deliver more substantial fare. — "I'm Sorry" marathon, 9am, Mother's Day, **truTV**. If Mother's Day morning means breakfast in bed, let Mom watch truTV beginning at 9am for a marathon of "I'm Sorry" (Season 1), an offbeat comedy with an unconventional mother (creator/actor *Andrea Savage*) in the middle of it. Our fave: ep 7, "Divorce Fantasy." -- *Seth Arenstein*

Basic Cable P2+ Prime Rankings* (4/30/18-5/6/18)		
Mon-Sun	MC US AA%	MC US AA (000)
TNT	1.125	3426
FNC	0.755	2298
MSNBC	0.562	1713
ESPN	0.470	1432
USA	0.445	1356
TBSC	0.412	1255
NICK	0.411	1251
HGTV	0.405	1235
NBCSN	0.330	1004
HIST	0.325	989
ID	0.305	929
TLC	0.303	921
DISC	0.295	897
DSNY	0.281	855
A&E	0.281	854
CNN	0.280	852
FOOD	0.276	839
ADSM	0.276	839
NAN	0.243	740
HALL	0.225	684
AMC	0.212	645
TVLAND	0.209	635
BRAVO	0.202	615
VH1	0.193	588
FX	0.184	561
DSJR	0.176	536
INSP	0.171	520
LIFE	0.161	490
SYFY	0.160	486
HBO	0.153	466
TRAVEL	0.146	443
GSN	0.145	443
APL	0.145	441
HMM	0.145	440
CRN	0.141	431
NKJR	0.134	407
WETV	0.126	384
MTV	0.123	375
COM	0.120	365
UNI	0.114	346
FRFM	0.113	345

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

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