

Cablefax Daily™

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What the Industry Reads First

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Comcast 2Q: Focus on the Broadband, Forget Video

Comcast's 2Q earnings report makes a case for why the focus should be on broadband vs video these days. Broadband net adds of 260K mark its second best quarter in 10 years and churn declined to the lowest level for a 2Q in over 10 years in broadband. Video's a different story, with 136K residential video losses and 1.9% decline in video revenue in the quarter. "We expect this pressure to continue as the virtual players continue to ramp up their marketing. However, our strong total Cable results underscore the successful pivot we have made towards our high-margin connectivity businesses, residential high-speed internet and business services," CFO *Michael Cavanagh* said during Thursday's earnings call. In other words, focus on the broadband... or the home automation or even mobile, which has signed up more than 780K lines since launching in May 2017 and 204K additions in the quarter. Those factors helped the Cable unit post a revenue increase of 3.5% and EBITDA rose 6.5% to \$5.6bln, with customer relationships up 2.8% YOY to 29.8mln (182K net adds in 2Q). It was internet that was the biggest contributor to cable growth, increasing 9.3% to \$4.3bln. Comcast is taking advantage of the vMVPD shift by proactively marketing broadband-only packages, a practice that will continue through the second half of the year. "It's not all or nothing and we're benefiting more than I think we're losing from that additional competition," CEO *Brian Roberts* said. While Comcast still has its bundle with video, management described even that as broadband centric. "Our customers' median monthly data usage on our network now exceeds 150 gigabytes for the first time. Additionally, our xFi customers are connecting an average of 11 devices in the home over WiFi daily," Cavanagh said. That begs the question of whether Comcast will go the usage-based pricing route. Comcast Cable CEO *Dave Watson* tiptoed around it, but it doesn't sound like anything is in the works. "Our focus has been to position broadband in the core subscription, and I think the 4.7% ARPU is a good outcome that speaks to that. We have fair rate increases that impact that," he said, noting the ongoing speed increases. "Our packaging is entirely broadband centric and so that's a big source of revenue and how disciplined we are around—if somebody does elect to take broadband only, we're very focused on making sure we price that fairly. So we'll evaluate everything over time, but we are very focused on the core subscription. That's where I think the rate opportunity is." The vMVPD impact could be seen a little bit in cable networks, whose subs declined just under 1%. But that's better than recent declines



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of 1.5-2%. “Over at **NBCUniversal** they are able to have more distributors and are having more ways to sell individual shows to those distributors and having more packages of channels that they can sell to new packagers. So, I think it is a very dynamic time and we’re uniquely positioned as a company to benefit from these changes,” Robert said. And in the end, NBCU chief *Steve Burke* reminded folks the vast majority of viewing continues to be linear TV for big events.

Wall St Reax: **Comcast** shares closed up nearly 4% Thursday. **NewStreet** said the company’s earnings should bode well for the sector as a whole. “They should help restore confidence in the bull thesis, characterized by strong broadband growth coupled with operating leverage and declining capital intensity, driving powerful growth in FCF. As confidence in this thesis returns, these assets will trade at higher multiples,” read a research note. **Charter** ended the day up about 4.5%, while **Altice USA** gained 1.2% and **Cable ONE** rose 2.35%.

NBCU by the Numbers: **NBCU** posted 2Q revenue of \$8.3bln (similar to last year), while EBITDA rose 4.2% to \$2.2bln. Cable Networks’ revenue increased 8.2% to \$2.9bln and EBITDA increased 12.5% to \$1.2bln, driven by higher affiliate fees, content licensing and **MSNBC** ad sales. Broadcast revenue increased 6.7% to \$2.4bln, reflecting ad growth and higher retrans revenue. While **Telemundo’s** ad rev was up 9.2% driving by the World Cup, the tourney’s production costs offset EBITDA growth, which was flat YOY at \$417mln. Excluding the World Cup, EBITDA would have increased by high single digits. NBCU chief *Steve Burke* confirmed the company has filed a name registration for a new park in Florida (“Fantastic Worlds”), but indicated that it’s still in the evaluation phase.

All Hands on Deck: Sens *Ed Markey* (D-MA), *Ben Sasse* (R-NE), *Roy Blunt* (R-MO), *Brian Schatz* (D-HI), *Michael Bennet* (D-CO) and *Susan Collins* (R-ME) along with *Reps John Delaney* (D-MD) and *Ted Budd* (R-NC) broke through party lines and introduced the Children and Media Research Advancement (CAMRA) Act. The legislation would give the **NIH** leave to lead a research program into the effect of technology and media on the minds of infants, children and adolescents. Areas to be explored include any effect on cognitive, physical and socio-emotional development as well as exposure to mobile devices, TV, video games, VR and more. The CAMRA Act authorizes \$15mln for fiscal years 2019-2021 and \$25mln for 2022 and 2023. Companies and groups supporting the bill include **Facebook**, **Common Sense Media**, the **Internet Association** and **Campaign for a Commercial-Free Childhood**.

Tweet It Out: Everyone’s sharing their take on the **FCC’s** decision to designate the **Sinclair-Tribune** merger for administrative review, from *President Donald Trump* to a former chairman of the agency. In a **Brookings** column, *Tom Wheeler* called the decision “heartening,” but called Trump’s social media response “worrisome.” “The Trump

Cablefax: *What's Happening in August*

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AUGUST

Fall Programming Guide

The days of broadcast owning the fall premiere season are long gone. Here’s a look at the trends among fall cable programming as well as a breakout of shows debuting on streaming services.

The Gatekeepers

A series of Q&As with MVPD programming and technology gatekeepers.

Happy Birthday, Hip Hop

Hip hop turns 45 this summer. The genre’s role extends way beyond the radio, influencing essentially every aspect of pop culture and becoming a source of self and community empowerment. Cablefax takes a look at how hip hop is celebrated and incorporated into programming—from shows and specials specifically dubbed “hip hop” to the genre’s bleed into other areas, including politics and sports.

tweet not only makes the Commission's job adjudicating the matter even more complicated; the President's inappropriate, out-of-channels involvement possibly taints the whole proceeding," Wheeler wrote. He said the collapse of the merger may not be Sinclair's or the FCC's biggest problem. "How the FCC pursues its assertions of misrepresentation and lack of candor, especially in face of the Trump tweets, will test the agency's integrity as well," Wheeler said. Of course, Wheeler faced criticism when he was chmn for switching from Section 706 to the Title II route for net neutrality after then-President Obama spoke up in favor of such an approach. Commissioner *Michael O'Rielly* said at the time that he believed Obama's **YouTube** video urging Title II was precedent setting.

Cheddar Everywhere: A master agreement between **NCTC** and **Cheddar** means the news network will be available to the cooperative's more than 750 cable and broadband companies. In addition to Cheddar's linear channel, members with high-speed data customers will be able to add access to the network through its website and applications in the coming months. Also coming to NCTC members is skinny bundle streamer **Philo**, allowing them to offer the vMVPD service to their collective 8mln viewers. The co-op has similar deals in place with **Playstation Vue** and **Sling**. -- Also welcoming Cheddar is **WOW!**, making it a part of its lineup. The deal brings the linear net to 400K WOW! video subs across most of its 19 markets and gives customers access to any Cheddar's VOD programming. -- Now a journey outside of the living room and onto the quad. **CheddarU** launched Thursday on 1,650 screens across more than 650 universities. The channel will be fully distributed by August 1. Previously known as **MTVU**, Cheddar bought the property from **Viacom** in May.

Broadcast Collusion?: The *WSJ* reports that the **Justice Dept** is probing whether broadcast station owners violated antitrust law in ways that inflated local TV ad prices. The story cites people familiar with the matter and says **Sinclair** and **Tribune** are among the groups examined. A Sinclair spokesman told the *WSJ* it's not the company's policy to comment on a potential investigation and that the broadcaster's understanding is that it's not specific to Sinclair but focuses on the larger broadcast industry.

Aiming for the Target: Going live Wednesday was **Sorenson Media's** targeted TV advertising platform, "Sorenson Addressable." A partnership between Sorenson Media and **AMC Networks** also was announced, making the latter the first to adopt the platform's real-time ad replacement technology. The AMCN Agility group will start using the platform on **AMC**, **WE tv**, **Sundance TV** and **IFC**. **BBC America** will join the rest of the crew later on.

Patent Perfection: Chalk up a win for **Harmonic**. The video delivery solution provider was awarded the patent for the invention of the "Virtual Converged Cable Access Platform (CCAP) Core." In layman's terms, the patent covers the virtualization of traditionally hardware-based CCAP tech. The upgrade is incorporated into Harmonic's CableOS solution, which promises to enable higher internet speeds for consumers while lowering capital and operating costs for operators.

4K Magic: **Blue Ridge Communications** introduced 4K set-top boxes throughout its entire service area in North-eastern PA. The boxes are powered by Blue Ridge's **TIVO** service and manufactured by **Arris**.

PBS Wins: Nominations for the 39th Annual News and Documentary Emmy Awards were announced Thursday, with **PBS** scoring the most noms at 45. **HBO** and **CNN** tied for the most among cable nets, each picking up 22 nominations. The Awards will be presented on Oct 1 at the Time Warner Complex in NYC.

Distribution: **Netflix's** "BoJack Horseman" is placing one hoof outside of the streaming world. **Comedy Central** won the exclusive linear TV rights to all current seasons of the original comedy. The first season will make its debut on Sept 26 at 10:30pm, with certain episodes becoming available on the CC app and website.

WIT Award: **WICT**, **SCTE-ISBE** and **Cablefax** named *Noopur Davis* as its 2018 Women in Technology Award honoree. Davis is svp, chief product and information security officer for **Comcast**. The award was launched in 1995 to recognize leading women in cable technology. The 2017 winner, *Debi Piccolo*, will present the award during SCTE-ISBE Cable-Tec Expo, October 22-25 in Atlanta. As Comcast, Davis is leading groundbreaking work in the use of blockchain for IoT security and in machine learning for early threat detection. Past WIT recipients include *Theresa Hennesy*, *Nomi Bergman*, *Stephanie Mitchko-Beale* and *Pam Arment*.

Programming: **MTV's** "Jersey Shore Family Vacation Part 2" will return with a two-hour premiere on Aug 23. -- **Lifetime** expanded its programming slate by adding 75 movie titles for 2019. The network also ordered two non-scripted spin-off series, "Married at First Sight: Honeymoon Island" and "Married at First Sight: Happily Ever After" to premiere this fall.

People: **NCC Media** named *Bob Ivins* as chief data officer in a newly created role. Ivins most recently served as svp/gm at **Slice Technologies**, and has had exec roles at **comScore**, **Mindshare**, **Comcast**, **Yahoo** and **Nielsen**. -- **Group Nine Media** selected *Rachel Baumgarten* as evp, marketing. She comes from **Omnicom Media Group's** The Content Collective where she was managing director.

PROGRAMMER'S PAGE

Three Stories in the Valley...

You can't be sure of much these days, but rest assured that "Valley of the Boom" will be one weird and wacky experience when the six-part limited series premieres on **Nat Geo** in a few months (date TBD). Rap battles. Flash mobs. Puppets... All woven into a tapestry aiming to explain the insanity of the first internet boom during the 1990s when *Marc Andreessen's Netscape* web browser introduced an obscure network for geeks and scientists to the masses. It was a time of unbridled optimism, as well as the dawn of internet hucksterism, and showrunner *Matthew Carnahan* weaves three stories into an allegory symbolizing the best and worst of the era. Nat Geo shared three clips with critics at **TCA**, and trust me—this show is cray cray. "It scared me because I didn't know if this form of storytelling was going to work," actor *Bradley Whitford*, who plays Netscape CEO *Jim Barksdale*, tells **Cablefax**. "I was thrilled because it is not only a fresh and original way to do it, but it's fresh and original to a purpose." Like the chaotic disruption of the time, early clips suggest a disorienting acid trip of manic proportions. Andreessen was "really looking at zeros and ones and seeing something no one else could see," notes Carnahan. "So when they asked me to do this, I said the only way I could do this is to ruin your network, blow up the genre, kill your brand, explode the whole thing and hope that when the dust settles, that this thing we're going to try to make [resonates with audiences]." Adds executive producer (and Internet entrepreneur in her own right) *Ariana Huffington*: "It's really brilliant what he's done—the way he has blown up the genre. Instead of telling you this was innovative, this was chaotic—he shows it. And I think that's why it will really capture people's imagination." Nat Geo hopes so too—as long as the network survives Carnahan's attempts to reign havoc. — *Michael Grebb*

Reviews: "Autopsy: The Last Hours of... The Supremes' Florence Ballard," premiere, 9pm ET, Sunday, **Reelz**. Be warned, this is one sad story. A major talent, vocalist *Florence Ballard* is barely remembered today. Yet *Diana Ross and the Supremes* remain icons. Ballard led the group during its pre-Supremes years, and remained a member when Ross became its lead. You hear her on "Baby Love" (1964), the group's first number one hit. Then 21, Ballard stayed three more years, singing on nine other No. 1 hits. Money and fame followed. Yet a few years later Ballard, once one of the world's most famous entertainers, was forgotten and destitute; by 32 she was dead. *Mary Wilson* joins forensic pathologist *Dr. Michael Hunter* to speculate on Ballard's tragic death. -- "Vitamina," premiere, Thursday, **CuriosityStream**. This film about vitamins is one of the best presentations we've seen. Honest. From its opening seconds, its storytelling choices are excellent. "Vitamina" starts with the story of healthy boy who's mysteriously losing his sight. The issue: a lack of Vitamin A. It transitions quickly to a story about Arctic explorers who unknowingly overdose on Vitamin A to disastrous effect. This is definitely family viewing, loaded with knowledge and history, all combined beautifully. Oh, it takes a bit to warm to the funky music (you'll see), though the lyrics are quite good. — *Seth Arenstein*

Basic Cable P2+ Prime Rankings* (07/16/18-07/22/18)		
Mon-Sun	MC US	MC US AA
	AA%	(000)
FNC	0.782	2,380
MSNBC	0.661	2,014
USA	0.458	1,396
HGTV	0.421	1,281
ESPN	0.415	1,263
HALL	0.392	1,193
HIST	0.387	1,178
DISC	0.385	1,171
CNN	0.346	1,054
TBSC	0.338	1,030
ID	0.335	1,020
A&E	0.316	962
TLC	0.311	947
NICK	0.295	899
FOOD	0.262	799
FX	0.257	781
ADSM	0.255	776
TNT	0.251	766
NAN	0.243	739
BRAVO	0.210	640
TVLAND	0.198	604
VH1	0.190	579
DSJR	0.188	571
HMM	0.183	556
INSP	0.182	555
FRFM	0.182	553
LIFE	0.181	550
SYFY	0.180	548
DSNY	0.170	519
GSN	0.146	444
HBO	0.142	434
NATGEO	0.141	430
TRAVEL	0.140	426
BET	0.135	411
CRN	0.124	379
WETV	0.124	377
NKJR	0.123	376
WGNA	0.118	360
COM	0.118	359
LMN	0.115	352

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

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