

Cablefax Daily™

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What the Industry Reads First

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The Cost: Comcast Paying Heavy Price to Beat Fox for Sky

Comcast emerged victorious in the battle for Sky over the weekend, but not many are celebrating. The win came at the sky high price of at £17.28/share, or \$40bln. That bid has Comcast paying 15x EBITDA for the satellite company with a budding OTT business. To compare, when 21CF made its initial bid in December 2016, the markets had valued Sky at less than 8x EBITDA. Comcast's stock saw a significant drop, closing down 6% Monday. MoffettNathanson downgraded Comcast from "Buy" to "Neutral" Monday. BTIG's Rich Greenfield called it "depressing" to see Disney purchasing Fox and Comcast winning out with Sky. "Both Disney and Comcast had the ability to look around the entire universe of TMT assets to seek ways to transform themselves to adapt to changing consumer behavior," Greenfield wrote in a blog post. "Instead, each has effectively doubled down in what they know — scaling up their core businesses." While the auction may have come to a close, there are plenty of questions left to be answered. 21CF said in a statement that it was considering its options regarding its own 39% shareholding in Sky and will make an announcement soon. MoffettNathanson noted it is "reasonably likely" that a follow-up deal is on the way where Comcast would purchase the rest of Sky from Disney/Fox for the same price (£17.28/share), perhaps as part of a swap where Disney takes on Comcast's 30% stake in Hulu. Hulu is currently split between four owners, with Comcast, Disney and Fox each owning 30% while AT&T has the final 10%. A deal with Comcast would give Disney a 90% stake in the streaming service. "If such a transaction were to be part of a larger 'clean up' transaction that sent Comcast's 30% stake in Hulu to Disney, it would be significantly more accretive (for the simple reason that Hulu loses money)," MoffettNathanson wrote. Greenfield has a hard time understanding why Comcast would want to give Disney that majority ownership, handing Disney nearly 20mln DTC subs just as the company is ramping up from the launch of its own DTC product. While Comcast would be able to de-lever by selling its Hulu stake, having the ability to prevent Disney from taking full control could prove strategically invaluable. Comcast may see it differently, however, with unnamed sources telling CNBC that Comcast is willing to discuss a sale of Hulu. According to the sources, Comcast only sees a limited value in holding a non-controlling stake in Hulu if Disney is ultimately at the helm. Disney chmn/CEO Bob Iger has previously said he would maintain Hulu's independence from the Disney DTC product coming next year, but is not opposed to offering a bundled discount. In other news, Robert Greenblatt, chmn of Comcast's

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The Cablefax Leaders Retreat fosters off-the-record discussions that simply can't be had anywhere else.

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“

Rich Fickle
President | NCTC

Great forum to help improve the collaboration in the industry, understanding differences, making it better. It provided me with several great ideas and created new relationships that will be highly valued. The venue and vibe were terrific...

Jim Gleason
CEO | Vast Broadband

The Cablefax Retreat was a great way to hear a wide variety of opinions on industry issues and challenges. I was really impressed with the people who attended as well as the topics of discussion. I definitely had good takeaways from the meeting.

Dave Shull
CEO | The Weather Channels

The Cablefax event was unique — a beautiful, low-key event where I was able to have honest, interesting conversations with peers in the industry. This is a type of event that has been sorely missing in the cable world.

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Register at www.cablefax.com/event/CLR19

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NBC Entertainment unit, announced he is resigning. He'll be replaced by *Paul Telegdy*, president of NBC Entertainment's alternative and reality group, and president of late-night programming/co-president of **Universal Cable Productions** *George Cheeks*. While he did not say his departure is directly related to the Sky deal, Greenblatt told the *WSJ* that when Comcast failed to acquire 21CF, he realized that his options to expand his role at the company were fairly limited.

Carriage Fights: Fox Network Groups on Saturday began warning **Altice USA's** NY area **Optimum** customers that they may lose some channels, including the local Fox affil as **MLB** playoff games approach. The companies are approaching a Sept 30 contract renewal deadline for **FX, Fox Sports 1, Nat Geo** and other nets. The agreement doesn't cover every Fox channel, so customers can rest assured they will continue to receive **FOX News** and **YES Network** regardless of what happens. "We are disappointed that despite our repeated efforts to reach a deal over the past several months, Altice refused to engage in any substantive discussion until just last week and is now asking for preferential treatment that's totally out of step with the marketplace," a Fox spokesperson said in a statement. "We feel it's our responsibility to inform Altice's customers that as a result, they may lose access to Fox, FX, FS1, National Geographic and more, including **NFL** games on Fox, **MLB** post-season action on Fox." However, Altice says negotiations are still ongoing. "We are currently negotiating with 21st Century Fox and are disappointed that they have started threatening to black out certain channels in an effort to extract hundreds of millions of dollars in new fees from us and our customers," Altice said in a statement. "Programming costs are the greatest contributor to rising cable costs, and we urge Fox to stop its threats and instead focus on negotiating an agreement that is fair for consumers." Altice currently serves 2.4mln video subs in the NYC area. Altice USA began 2018 in a carriage standoff with **Starz**, with the premium net off Optimum and Suddenlink systems for more than a month. -- In separate Optimum news, Sept 30 is the last day that Optimum customers will receive free *Newsday* digital access with Optimum's online service. *Newsday* is offering customers the ability to enroll for free digital access through the end of the year. In July, *Patrick Dolan* became the controlling owner of the Long Island-based newspaper, acquiring Altice's stake in the paper.

Q+A with Fuse CEO: Cablefax got the chance to chat with **Fuse Media** CEO *Michael Schwimmer* about Hispanic Heritage Month (Sept 15-Oct 15) and some of the company's upcoming initiatives. An edited excerpt follows. **What are some of Fuse Media's initiatives during Hispanic Heritage Month?** In DC on Thursday, we're doing a screening of "Indivisible" which won a Peabody. It deals with Dreamers and separations at the borders, and we have partnered with advocacy groups **UnidosUS** and **NAACP**. We're working on a voter initiative registration with **Voto Latino** in time for National Voter Registration Day on Tuesday. We've done some great work with them in the past around presidential elections, and this

Cablefax:

What's Happening in October

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>> Most Influential Minorities Magazine

Cablefax's annual Most Influential Minorities magazine, celebrates the men and women who are shaping the industry and opening doors for minorities across all areas of business.

>> Hispanic Heritage Month

This growing demo has a huge impact on every aspect of the industry. This series we'll explore upcoming trends in the Hispanic marketplace, examine the latest research and look at what networks and distributors are doing to cater to this powerful segment.

>> CTHRA

Cablefax looks at the HR side of the business. What do the hiring trends and needs say about where cable is headed? Coverage will include HR organization CTHRA's annual Symposium and awards.

>> Diversity Week

Cablefax will be on the ground in New York for all the Diversity Week happenings, including WICT's Leadership Conference, NAMIC's annual conference and The Walter Kaitz Annual Fundraising Dinner.

>> SCTE Cable-Tec Expo

Daily coverage from the Expo show floor along with a preshow special report. We'll look at the technology and standards development that you need to know about right now. Our preshow will also highlight SCTE, WICT and Cablefax's Woman in Technology award winner.

Events

Cablefax & NAMIC Diversity Breakfast
 October 16
 NYC

time it's really about getting out the vote which is really critical, for everybody, but particularly for the Latino community with all the hateful rhetoric out there. **What prompted the decision to bring the ALMA Awards back, and are there any changes from past years?** To me, it's why are they off the air? The real issue is why isn't there greater support and recognition for Latino artists in a country where almost 20% of our country is Hispanic? So it just needed to happen, and we were part of the conversation to make it happen. We have a situation where Hispanics are 18 going on 20% of the population, and something like 5 to 6% of all speaking roles in television are Latinos. So that's huge discrepancy in representation on the screen, and we want to be part of the solution in helping to fix that. Read more at Cablefax.com.

Roku Reigns: Roku announced an expansion of its streaming lineup player by adding the Roku Premiere (\$39.99) and the Roku Premiere+ (\$49.99). Both devices offer picture quality in HD, 4K Ultra HD and 4K HDR. The devices have all of the same features, but the Premiere+ comes with a voice remote. The company also announced updates to the Roku Ultra (\$99.99) and the addition of premium JBL headphones for private listening. Roku also unveiled Roku OS 8.2 for Roku TVs and wireless speakers and Roku OS 9 for streaming players, Roku TVs and Roku wireless speakers. The software updates include the ability to control **iHeartRadio**, **Pandora** and **Tunein** by voice, automatic volume leveling, speech clarity and the addition of **Spotify**. OS 8.2 has already begun rolling out to Roku TVs now and will be completed by November. OS 9 becomes available in early November for streaming players and Roku TVs early next year.

Pandora's Box: SiriusXM purchased **Pandora** for \$3.5bln in an all-stock deal after previously investing \$480mln in the streaming service. The deal creates the world's largest audio entertainment company, with more than \$7bln expected in pro-forma revenue this year. SiriusXM will have access to Pandora's 70mln+ monthly active users, in addition to their own 36mln subscribers across North America. The companies expect to close the deal in 1Q19.

A+E Increases: **A+E Networks** says it delivered on a promise to guarantee business outcomes on advertisers' media investments. The programmer says it made "significant incremental revenue" from five partnerships backed by conversion guarantees at the 2018 upfront. The company says it's the first major TV net group to offer business outcome-based guarantees as assurance for TV advertising deals. It also appointed *Ethan Heftman* to run the precision and performance teams dedicated to outcome-based guarantee solutions at A+E Networks.

Tweet Tweet: Commerce Ranking Member *Frank Pallone* (D-NJ) and Congressman *Bobby Rush* (D-IL) are urging **Twitter** CEO *Jack Dorsey* to confirm a commitment he made that the social media platform would have an independent, third party conduct a civil rights audit of the social network. In a letter, the congressmen stated that a civil rights audit of Twitter is necessary due to concerns that users abuse the platform by promoting divisive content and misinformation.

Public Affairs: **Cartoon Network** launched six new PSAs for the "Stop Bullying: Speak Up" campaign promoting caring and empathy. The campaign is part of a partnership with **Committee for Children** to create short form content, and the videos are launching in time for National Bullying Prevention month in October.

On the Circuit: *Robert de Niro* will give the opening keynote on Oct 17 at **NAB Show** New York. He will discuss the future of film and entertainment based on his own experiences. -- **NAMIC** announced its 2018 Excellence in Multicultural Marketing Awards (EMMAs). The competition honors excellence in marketing efforts for culturally diverse audiences, with winners celebrated during the 32nd Annual NAMIC Conference (Oct 16-17 in NYC) as well as in the upcoming issue of **Cablefax: The Magazine**. Entries this year were up 28% YOY.

Programming: **Comedy Central** partnered with **All Things Comedy**, the production banner led by *Bill Burr* and *Al Madrigal*. The team will produce an original stand-up series hosted by Burr, as well as three one-hour stand up specials. The first special "Bill Burr Presents Paul Virzi: I'll Say This" premieres Nov 2. -- **Hulu** picked up "Harlots" for an eight-episode third season. -- **TV One** renewed "ATL Homicide" for a second season. -- **Ovation TV** partnered with the **Actors Studio** to produce new eps of "Inside the Actors Studio" premiering in fall 2019. The program initially began as a televised craft seminar for the students of the Actors Studio MFA program at Pace University.

People: **Fox Sports** named *David Katz* as evp, digital. Katz comes over from **ThePostGame**, where he was founder and CEO. He also formerly served as head of **Yahoo! Sports**, entertainment and studios. -- *Traci Otey Blunt* was named svp, corporate communications for the **NFL**, starting Oct 1. She previously served as pres, **Urban Movie Channel**. -- **Crown Media Family Networks** announced the expansion of its Atlanta ad sales team with the appointments of two directors, ad sales. *Jodi Harvey* is returning to the company from **Fox Networks**, where she served as account executive, integrated media. She left Crown in 2010. The company also promoted *Sarah Jensen* from account exec to director, ad sales. -- *Megan Ring* has been named evp, production for **Viacom Media Networks**. Ring takes on the newly-created role after most recently serving as svp, production, **Comedy Central**, **Paramount Network**, **TV Land** and **CMT**.