

# Cablefax Daily™

Friday — November 9, 2018

What the Industry Reads First

Volume 29 / No. 217

## Bold Move: CommScope Bets Big on Arris

CommScope shares plummeted 20% Thursday as it made a rumored acquisition of Arris official, shelling out \$7.4bn in an all-cash transaction. The deal has The Carlyle Group making a \$1bn minority investment in CommScope, which is betting on its addressable market swelling to a whopping \$60bn. That expanded market should help it gain a foothold in connected homes and private networks for industrial, enterprises and public venues. As for Thursday's sell off, CommScope wasn't helped by 3Q earnings, with the company lowering its outlook for the year based on results. "We are disappointed by the near-term trends in our business, and we're taking immediate steps to improve the bottom line," said CommScope pres/CEO Eddie Edwards. "While 2018 has been a challenging year, we do not believe it has been reflective of the long-term trajectory of the company or the strength of our operating model." Management said there seems to be a slowdown of capital spending associated with the winding down of the 4G cycle before the expected ramp up in 5G. While investors may have punished CommScope Thursday, analysts at Jefferies said last month that a deal makes good sense for the company because it offers customer diversification (including diversification from a declining wireless end market), as well as valuation and accretion. For Arris, Jefferies suggested it could also help with diversification and there may be tech synergies, especially as cable gets more involved in wireless—though the analysts questioned whether the timing makes sense for Arris. Arris shares soared on the news, climbing 10.4% Thursday. Arris will bring "significant customer and geographic diversity to the combined companies, with a presence in 73 countries driving over 40% of our revenue outside the US, with 1700 service provider customers and approximately 10K enterprise channel partners," Arris CEO Bruce McClelland said during Thursday's joint presentation. There is not much product overlap between Arris and CommScope, with Edwards pointing to new opportunities as service providers' investment priorities change as fixed wireless broadband takes hold. "Neither company has had a complete solution across the licensed and unlicensed spectrum until now... The combined company will provide an end-to-end, integrated offering for in-building connectivity with further potential to integrate more fully to unified, cloud controlled platform for all connectivity," Edwards said, pointing to combining CommScope antennas, cabling and site capabilities paired with Arris' WiFi capabilities. Arris expanded its wireless offerings with the recent acquisition of Ruckus. When the deal closes in early 2019, Arris leadership, including McClelland,



## Awards Luncheon

Thursday, Nov. 15 | 11am - 2pm | 583 PARK Avenue

The industry has so many incredible women with the drive, the passion, and the smarts to find success for their companies and partners amid the fast-changing TV ecosystem.

Join the female executives making a difference at the **Most Powerful Women celebration luncheon** in NYC on Nov. 15. **Register now!**

Cablefax Daily (ISSN 1069-6644) is published daily by Access Intelligence, LLC ● www.cablefax.com ● 301.354.2101 ● Editorial Director: Amy Maclean, 301.354.1760, amaclean@accessintel.com ● Publisher: Michael Grebb, 323.380.6263, mgrebb@accessintel.com ● Associate Editor: Sara Winegardner, 301.354.1701, swinegardner@accessintel.com ● Associate Editor: Mollie Cahillane, 212.621.4951, mcahillane@accessintel.com ● Acct. Exec: Olivia Murray, 301.354.2010, omurray@accessintel.com ● VP Marketing: Amy Jefferies, 301.354.1699, ajefferies@accessintel.com ● Director of Marketing: Kate Schaeffer, kschaeffer@accessintel.com ● Prod. Mgr: Joann Fato, jfato@accessintel.com ● Diane Schwartz, SVP Media Comms Group, dschwartz@accessintel.com ● Group Subs or Subscription Questions, Client Services: 301.354.2101, clientservices@accessintel.com ● Annual subscription price: \$1,699.97/year ● Access Intelligence, LLC, 9211 Corporate Blvd., 4th Floor, Rockville, MD 20850

is expected to join the new CommScope while Edwards will continue to serve as CEO. CommScope will keep its Hickory, NC, headquarters, but keep a significant presence in Suwanee, GA. Arris and CommScope will have about 15K patents combined and \$8mln in average annual R&D investment. **Reuters** first reported rumblings of a deal, with **CNBC** getting the scoop this week that a deal was imminent—though it ended up being much higher than the \$5.6bln neighborhood the news net reported (though the \$7.4bln figure accounts for debt repayment). Together, the new company is expected to have about approximately \$11.3 billion in revenue and adjusted EBITDA of about \$1.8 billion.

**Introducing Disney+:** Disney likes **ESPN+**, so much so that it's calling next year's direct-to-consumer Disney offering **Disney+**. The sports DTC service already has netted 1mln subs, according to CEO **Bob Iger**, who called early growth "very encouraging." Disney+ will hit the market late next year, with a first look planned at an April investor conference. Iger revealed that **Lucasfilm** is developing a second "Star Wars" live-action series for Disney+ that is a prequel to "Rogue One." It'll also have originals from Disney, **Nat Geo**, **Pixar**, **Marvel**, etc and will include theatrical releases beginning with the 2019 slate. Reminder that Disney will own 60% of **Hulu** once its **21st Century Fox** deal closes, with **Comcast** and **AT&T** minority investors. Iger said there's an opportunity to invest more in the service (including more originals) and increase pricing. Hulu will be primarily general entertainment, with family programming going to Disney+. Even without winning **Sky**, Disney plans to take Disney+ to Europe, Iger said. It also plans to expand Hulu outside the US, with tailored launches internationally. For 4Q, Disney Media Networks saw revenue increase 9% to \$6bln, while the cable nets revenue was up 5% to \$4.1bln. Theme parks and theatricals helped Disney 4Q revenue jump 12% to \$14.3bln with diluted earnings per share up 37% to \$1.55 from \$1.13 in the prior-year quarter. Noteworthy: Disney revealed it is writing off \$157mln of its \$400mln investment in **Vice Media**.

**Not This Time:** Don't expect **Discovery** to step up to the auction block come time for the selling of **21st Century Fox's** RSNs. CEO **David Zaslav** instead pointed investors to sports assets operating outside of the US. "We think we're late here," Zaslav said on the company's Q3 earnings call. "Those business can be dicey... and they really have to do with how long you own that IP for. In many cases they are at the top of the heap in terms of what they were able to generate." Unless it's a great deal, he won't be making an appearance. Looking at the financials, Discovery's acquisition of **Scripps Network Interactive** took a toll on the company's 3Q earnings as costs associated with restructuring led to lower numbers. Net income dropped to \$117mln compared to \$218mln in the prior year quarter. Those restructuring costs offset an 82% increase in adjusted OIBDA to \$1.044mln compared to the prior year quarter. There's still plenty of upside to come through the end of the year as Discovery embarks on new deals with SVODs. "Domestically, advertising was the bright



**18<sup>th</sup> Holiday  
ROCK & ROLL  
Bash**

**DECEMBER 13, 2018**

PRESENTED BY





---

**A BENEFIT FOR  
THE LUSTGARTEN FOUNDATION**

Thanks to separate funding to support administrative expenses, 100% of your donation goes directly to pancreatic cancer research.

For more information, please call 914-579-1000  
or email [holidaybash@buckleyhallevents.com](mailto:holidaybash@buckleyhallevents.com)



spot, though subscriber trends improved slightly as well in an encouraging trend into 2019, which should see tailwinds from new deals with **Hulu** and **DISH** (including **Sling TV**),” **Evercore ISI** said in a research note. **MoffettNathanson** agreed with Evercore’s read, saying that the company’s results have “a little something for everyone” to be happy about.

**The Bright Side:** It wasn’t good news for **TiVo** in 3Q2018. The company’s revenues dropped 16.8% YoY to \$164.7mln, primarily due to the company’s transition away from selling hardware. One thing the company remains consistently optimistic on is TiVo Experience 4, which they are extending too provide an IPTV offering. TiVo didn’t shy away from bringing up its ongoing patent battles with **Comcast**. While Comcast may have achieved some victories with its patent challenges against TiVo with the **Patent Trial & Appeal Board**, TiVo said that those challenges and results have not changed any prior rulings that required Comcast to remove the remote recording capabilities that were available to its X1 customers up until last year. “TiVo is fully committed to protecting its intellectual property from unauthorized use and we expect Comcast will ultimately pay a license for our innovations, just as its Pay TV peer companies do and Comcast did in the past,” *Raghu Rau*, interim pres/CEO, said on the call.

**Lionsgate Sees Starz:** **Lionsgate** reported earnings Thursday, with **Starz** posting record growth in the quarter driven by a sequential increase of 1.3mln subs to a total of 25.1mln domestic subs with strong gains in OTT and traditional MVPD subs. Media Networks segment revenues increased by 5% to \$377.3mln due to strong OTT subscriber revenue. Segment profits increased 19% to \$122.7mln from a year ago. Meanwhile, Starz revealed that **Virgin Media** is set to launch streaming service **StarzPlay** in the UK on Nov 19. Overall, Lionsgate reported revenue of \$901mln and net loss attributable to Lionsgate shareholders of \$144.1mln.

**Tiger vs. Phil:** **Turner Sports’** exclusive coverage of “Capital One’s The Match: Tiger vs. Phil” will have first-of-its-kind integrations centered on predictive data for each hole, in addition to a proprietary data stream. The broadcast will have real-time, hole-by-hole statistics displayed on screen forecasting the probability of certain outcomes. At the conclusion of a hole, the broadcast will integrate the proprietary data stream. The PPV event takes place on Nov 23 at 3pm with a suggested retail price of \$19.99.

**King of Everything:** If there was any doubt, **Hub** confirmed that viewers are far more likely to watch their favorite shows on **Netflix** than on live TV. 2017 was the first year that the number of viewers saying they watch their top shows online beat out watching on a pay TV set-top box, but that only grew in 2018. Through this year, online’s lead extended to 56%, 12 points over pay TV versus just 4 points last year. When it comes to those shows that they’re watching online, chances are they heard about it through social media. 35% discovered their favorite online show that way while 29% found it through advertising. On the other hand, shows watched from the set-top box were most like discovered through advertising (54%) compared to word of mouth or social media (20%).

**Ratings:** **Fuse’s** “T-Pain’s School of Business” premiered with strong viewership, drawing 6mln views across linear and digital platforms. It saw 618K viewers on TV in its first week, the best linear debut for the net’s original series in 15 months. The show continues to grow, with its third episode delivering its strongest audience to date. This follows a huge September for **Fuse**, bringing the net its highest-rated month of the year and its best Sept in six years. It was up 24% among A18-34 demographic, and saw the second-best ratings growth among all ad supported cable entertainment nets. -- In other ratings news, **TV One’s** autobiographical series “Uncensored” scored the No. 1 spot in ad-supported cable among African-American viewers on Sunday.

**Panhandle State:** The line-up for **NATPE Miami** is heating up with the announcement of the first public speaking appearance from *George Cheeks* and *Paul Telegdy*, the newly-minted co-chairs of **NBC Entertainment**. The duo will keynote with a moderated discussion on Jan 23. A special event produced by NATPE, “Living the Dream: A Career in Content,” will be the first to be headlined by *Tyler Perry* and will take place on the Monday prior to the event. -- *Susanne Daniels*, global head of original content at **YouTube**, *Kathleen Finch*, chief lifestyle brands officer at **Discovery**, and *Brett Hansen*, head of alternative television at **UTA**, are the latest to join the NATPE board.

**Programming:** **HBO** will debut a doc in 2019 on infamous attorney *Roy Cohn*, drawing on extensive archival material. The untitled film features recently discovered audiotapes of discussions between Cohn and journalist *Peter Manso*, and focuses on key periods in his life. *Ivy Meeropol* (“Indian Point”), the granddaughter of *Julius* and *Ethel Rosenberg* (prosecuted by Cohn), will direct. -- **AMC** has its largest slate of holiday programming ever with “AMC Best Christmas Ever.” The net will air more than 600 hours of classic films, specials and family favorites starting Nov 26, airing all day every day.

**People:** **Animal Planet** promoted *Erin Wanner* to svp, production. She previously served as vp of production.

# PROGRAMMER'S PAGE

## Mission to Mars

**Nat Geo** returns to where no man has gone before with the Season 2 premiere of "Mars" Monday at 9pm. The new season jumps forward several years, following the advancements made colonizing Mars.. Based on the book "How We'll Live on Mars," the series continues to distinguish itself from other fare from masterfully blending scripted with documentary sequences. "There's a world of difference between shooting scripted and shooting documentary. But from the outset, we worked closely with our documentary partners to synch these two mediums up and to get the best out of both without sacrificing the quality of either," showrunner *Dee Johnson* explained. "Having done so successfully means we have one of the most unique shows in the television landscape. And perhaps even more than that, having documentary that speaks to the drama lends a level of authenticity to the entire experience. " Johnson is known for her work on shows such as "Nashville" and "ER," with Mars seeming like, well, another planet. But she has found parallels. "Each show examines humans, whether ordinary or heroic, flawed or principled, as they deal with the extraordinary," she told us. "That said, there's no denying that the stakes are higher on Mars—a place where breathing isn't something you can take for granted." Mars' mission is helped by having *Brian Grazer* and *Ron Howard* attached to the project as exec producers. "It's just an instant elevation in status. Having this association tells the audience that what you're about to see is a cut above," Johnson said. With the time jump, viewers get to see a fully established colony on Mars, leaving us to wonder if there are areas Johnson would have liked to have covered during those missing year. "It would have been interesting to see the technology change as would be necessary with the arrival of so many others—3D printing of food, clothes, equipment," she said. "And, of course, to see the moment one of the colonists decided booze on Mars might help take the edge off..." Cheers to that! – *Amy Maclean*

**Reviews:** "The Cry," streaming from Nov 8, **Sundance Now**. This 4-part psychological thriller about a young married couple in Scotland hooked us right away, mostly with its tone. Adapted from *Helen Fitzgerald's* novel of the same name, it has a quiet, contemplative tone. *Jenna Coleman* and *Ewen Leslie* deliver strong performances as the young marrieds. More than a thriller, it's also a terrific look at a modern relationship, the difficulties of motherhood and how both can change quickly. -- "Inside North Korea's Dynasty," premiere, 9pm, Sunday, **National Geographic**. We have to give props to Nat Geo for continuing to make TV that stimulates the brain and eye. While footage in this four-part series is a curiosity—it's not everyday that we get glimpses inside the North—the storytelling also is top notch. And it's a great story. The premise is that to understand *Kim Jon Un*, you must learn about his father and grandfather, the rulers who preceded him. What we learn is fascinating. Of the first two eps, the second is livelier. *Kim Il Sung*, the first Kim, was a garden-variety dictator. His son, Kim Jong II, was a doozy. A film nut, he went to great lengths to curate his collection and bolster the native movie industry (you'll see). He also thought he was James Bond. – *Seth Arenstein*

Basic Cable P2+ Prime Rankings* (10/29/18-11/04/18)		
Mon-Sun	MC US	MC US AA
	AA%	(000)
ESPN	0.820	2,506
FNC	0.809	2,471
MSNBC	0.606	1,850
HALL	0.555	1,695
USA	0.395	1,207
HGTV	0.350	1,069
CNN	0.330	1,009
AMC	0.316	966
TBSC	0.305	932
A&E	0.292	892
HIST	0.289	881
ID	0.282	861
FOOD	0.280	856
HMM	0.275	840
DISC	0.272	832
TLC	0.257	785
NICK	0.241	736
ADSM	0.229	701
TNT	0.226	692
BRAVO	0.217	663
FX	0.209	638
NAN	0.205	626
TVLAND	0.194	591
FRFM	0.189	578
INSP	0.174	532
CRN	0.166	508
DSJR	0.164	502
DSNY	0.164	501
TRAVEL	0.153	468
VH1	0.148	452
MTV	0.143	437
SYFY	0.140	427
LIFE	0.138	421
GSN	0.137	417
NFL	0.134	410
NATGEO	0.134	410
OWN	0.133	408
NKJR	0.130	398
PARA	0.127	389
BET	0.121	370
WETV	0.115	351

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

**CFX Cablefax**  
DIGITAL & TECH AWARDS

**CALL FOR ENTRIES**

**Deadline:** Friday, December 7, 2018  
**Late Deadline:** Friday, December 14, 2018

Submit your entries for Cablefax Digital & Tech Awards, honoring excellence in digital content, social media, online content, as well as recognizing outstanding products, strategy, implementation and people in broadcast, cable and digital technology.

**Enter Now at [www.cablefax.com/awards](http://www.cablefax.com/awards)**