

Cablefax Daily™

Thursday — November 15, 2018

What the Industry Reads First

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Beyond Mobile: Altice Bolsters Ad Business Ahead of 2019

Everyone may be buzzing about **Altice USA's** move into mobile in 2019, but the company's recent efforts in advertising shouldn't go unnoticed. Recently, it's been acquisition after acquisition as Altice looks to bolster its capabilities in the space. It has invested more than \$70m in buying three small businesses in advertising. They've been able to drive a differentiation strategy relative to the localized sales businesses. The company also has developed a national linear platform where it can sell national campaigns on television by buying exchange business **Place Media**. The acquisition of **Audience Partners** allows the company to target IP devices within the home with digital ads, something made capable due to Altice's position sitting behind the firewalls of all fixed-line operators, excluding **Comcast**. "What that's been able to do is take a business which is a declining localized sales business... that's also volatile because of election years every two years, and [we've] been able to grow these businesses by tapping into the digital ad market and the linear ad market as well," Altice USA chmn/CEO *Dexter Goei* said at an investor conference Wednesday. While political advertising will most certainly be down next year, Altice isn't expecting its overall ad revenue to be down thanks to its efforts to grow the business. The company also signed onto **AT&T's Xandr** platform, trusting it on the addressable advertising front. Even in the midst of orchestrating the many moving advertising pieces, Altice is finding time to gear up for next year's mobile launch. Goei didn't reveal price points or other details surrounding the business, but did say he believed it would be a profitable standalone area through its first year. "The key for us on mobile is drive revenue, drive good NPS scores and really focus on profitability," Goei said. He believes an ancillary benefit of success in the mobile sphere will ultimately lead to a drop in churn as well. He pointed to Altice USA's European sister company, which has seen 5-7% churn benefits going from triple play to quad play. 2019 will also mean the continued rollout of the Altice One platform. Goei reported 200K installed customers with 100K being added every quarter without adding migrations. Those migrations will be the focus of 2019 in an effort to drive better retention and lower churn even more. Don't forget about Altice's FTTH plans. Permitting issues have caused slight complications and delayed plans by 6-9 months. "2018 was a start-up year. 2019, we already have significantly more volumes planned and in 2020 we should be on a big run rate," Goei said. It'll build out first in areas where it competes with **Verizon Fios** (about 55% of its footprint) before hitting high ARPU areas.



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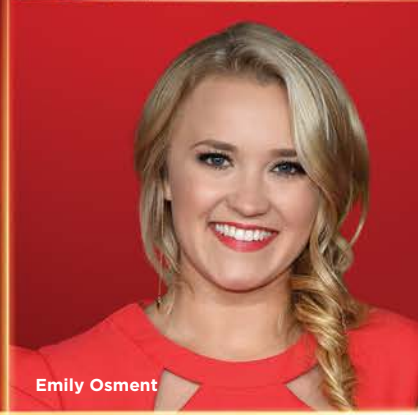
Tatyana Ali



Kelly Hu



Jerrika Hinton



Emily Osment

*Our Holiday Family
Keeps Growing*



Aimee Teegarden



Patti LaBelle



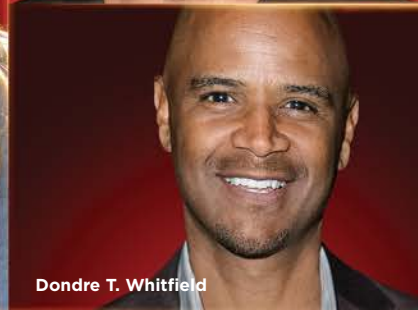
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No Stress: The oral hearings for the **AT&T-Time Warner** merger may be fast approaching, but all seems to be business as usual at AT&T. “Quite frankly, we’re very confident that the decision will be upheld,” svp/CFO *John Stephens* said at an investor conference, adding that neither he nor CEO *Randall Stephenson* spend much time on the case. The decision, which AT&T expects to come in the first quarter, will be made by a three-judge panel. “If you look at what the **DOJ** has put forth in their appeal, I’m hard-pressed to find anything new or different... we had a very solid opinion from the judge in June and if he is asked to look at it again, I would expect that he would come back with a very similar response.” So far, the DOJ roadblocks have had no effect on the two companies collaborating and moving forward, according to Stephens. He pointed to **AT&T Watch**, where **Turner’s** channels are one of the core content characteristics of that bundle. Though it hasn’t been easy, AT&T has no regrets pursuing the integration with Time Warner. “If you saw the third quarter numbers... we’re very pleased that our expectations were exceeded and our gut was right,” Stephens said, pointing to high performances at Turner and **HBO**. “It was the right premium content asset to seek out and merge with.” Keeping that high performance and the unique culture that fostered it intact was a priority through the integration, but it proved to be fairly simple thanks to organizational changes AT&T was in the middle of implementing. **WarnerMedia** now operates as one of four business units under AT&T, maintaining its freedom to create with minimal oversight from headquarters, Stephens said. “Quite frankly, WarnerMedia was operated as HBO, as Turner, as **Warner Bro Studios**, so they’re used to this probably more than I am, this type of operational model.” While the deal sparked plenty of talk regarding AT&T’s content investment, the company doesn’t plan on putting all of its chips on HBO like some have speculated. “If you look at the Warner picture in total... through Turner and through some of the owned Warner Bros Studios properties, you have a much bigger number to work with,” Stephens said. “The challenge is not only to spend more or to spend it in the right way, but to utilize all the assets that we already have and the spend we have across the platforms.” AT&T is already using that investment in top-notch content to drive more engagement and activity by bundling HBO with its wireless packages. That has the potential to drive down churn and as that mobility piece continues to grow, so too will the investment in content. “You come up with a virtuous cycle of self-funding all of those things,” Stephens said.

Univision’s Revenue Drop: Univision reported a 17.3% drop in revenue, bringing in \$628.2mln in 3Q, compared to \$759.4mln from this period last year. The company has been affected by its ongoing carriage dispute with **DISH**, the loss of the World Cup ad revenue to **Telemundo** and the 2018 rate increase of its agreement with **Televisa**. In an earnings call Wednesday, Univision’s CEO said the blackout will likely be permanent. “Our talks were ongoing right

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Late Deadline: Friday, December 14, 2018

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up to the recent takedown of **Univision Deportes Network**,” *Vince Sadusky* said. “At the end of the day, it’s all about economics, but it’s very odd that they’ve been unwilling to recognize the power of the Hispanic consumer and the popularity of Univision programming across news, sports, and entertainment.” Univision CFO *Peter Lori* added that moving forward, Univision will be more aggressive in converting DISH subs to other MVPDs. “We certainly know that at the beginning, in the first couple months of not being carried by them we weren’t nearly as aggressive as we’re going to be now in terms of converting subscribers,” Lori said. Sadusky agreed, adding “once we begin to crank up that messaging, you’ll see a continued decline in subscribers to DISH.” During DISH’s earnings call last week, CEO *Charlie Ergen* said the Univision outage played a part in it losing 367K subs in the quarter. Excluding digital assets, Univision’s adjusted operating income fell 33.17% to \$231mln. Adjusted core operating income, excluding political advertising and content licensing revenue, fell 17% to \$247.3mln.

Spectrum Frontiers Day 1: The FCC’s 28GHz auction finished rounds one and two Wednesday with nearly \$41.7mln in provisional winning bids. It’s expected to continue for weeks until all bidding ceases, and then the FCC will begin auctioning off the 24GHz band, which watchers believe will be a bit more interesting since any bidder could emerge with a lot of spectrum in the band. **Verizon’s** expected to dominate in the 28GHz auction given that it already has a huge presence in the band. FCC commissioners all issued statements heralding the auction as a move forward in 5G. “We follow the lead of South Korea, the United Kingdom, Spain, Italy, Ireland, and Australia. But we put ourselves back in the running for next-generation wireless leadership,” said lone Democrat *Jessica Rosenworcel*. She called for the agency to publish a calendar with clear dates on when new airwaves will be auctioned. FCC chmn *Ajit Pai* said the auction shows America is leading the world in 5G. “Between the auctions this year and next, the FCC will push almost 5 gigahertz of spectrum into the commercial marketplace over the course of the next 15 months. To put that in perspective, that is more spectrum than is currently used for terrestrial mobile broadband by all wireless service providers combined,” he said.

Come One, Come All: When it comes to the powerful distributors on the DTC side of the video business, there are plenty of “free radicals” shaking things up. That’s according to **Liberty Media** chmn *John Malone*, who also said that their existence is leading to plenty of “orphans.” But what could happen if those orphans combined or found synergies? “Not everybody is going to be able to do a global direct-to-consumer platform,” Malone said during Liberty Investor Day. “Many will be trying to move into that space as a supplier or as a player, perhaps in some cases branded and in other cases part of the food chain. There is no question going to be dislocation that will be offset by synergy of combinations.” He pointed to the merger of **Discovery** and **Scripps** as a synergistic combination of two companies facing the same challenges, but taking advantage of their situations to create a stronger enterprise while they figure out what the long-term strategy is in a transitioning industry.

Broadband Adds: **Leichtman Research Group** found that the largest cable and telephone providers in the country (95% of the market) acquired approximately 580K broadband subs in 3Q18. Net broadband adds are nearly 50% higher than 3Q17, which saw 390K adds. The top broadband providers now account for 97.7mln subs, top cable companies have 63.6mln subs and top phone companies have 34.1mln subs.

Clear Cable: **Cable ONE** entered a definitive agreement to acquire **Clearwave Communications**, a facilities-based service provider in Southern Illinois. The acquisition will give Cable ONE a premier fiber network within its existing footprint and will enable it to supply customers with enhanced business service solutions.

Ratings: **History’s** Season 6 premiere of “The Curse of Oakland” Tuesday was the net’s No. 1 season premiere in 2018 to date, delivering 2.9mln total viewers, with 1.2mln A25-54 and 855K A18-49. -- Since **Hallmark** launched its “Countdown to Christmas” event on Oct 26, it is the highest-rated and most-watched network on cable for two straight weeks among W25-54, W18-49, HHs and total viewers. To-date “Countdown to Christmas” has reached 36mln unduplicated viewers.

Programming: **MTV** will bring back “MTV Spring Break” in 2019, continuing its expansion of live events. The event will be held March 19-21 at the Grand Oasis Hotel in Cancun, Mexico, and will feature performances, celebrity guests and thousands of attendees. The announcement comes just after the company purchased SnowGlobe Music Festival. -- **A+E Networks** channels, including **A&E**, **History**, **Lifetime** and **FYI**, are now available on **Android TV**. The content can be accessed on apps for each individual brand. -- **Discovery** will premiere a 2-hour special live from one of the largest submerged sinkholes in the world. “Discovery Live: Into the Blue Hole” will air Dec 2 at 4pm.

People: *Jeff Kaiser* is heading to the world of pro fantasy football, becoming chief content officer at **The Crown League**. He previously launched the **Lakers** and **Dodgers** RSNs as head of programming, acquisitions & digital content for **Time Warner Cable Sports** in LA. He also has done stints at **NFL Network** and **NBA TV**.

Think about that for a minute...

What If.....

Commentary by Steve Effros

What if it turns out, or at least appears, that something we took for granted is wrong, or much more ambiguous than we thought? What should we do? Well my immediate reaction to that is we should acknowledge the error or ambiguity and at the very least explore ways to correct actions based on incorrect assumptions.



Sounds simple. It's not. It's both good news and bad news that we happen to be in an industry that operates almost totally on assumptions about the impact of the things we do. At its base, we create new telecommunications technologies and develop business plans to promote those technologies. We have been extraordinarily successful. But the assumptions about what those new technologies will do, their importance, their power, or, indeed, their negative impacts are very hard to actually measure until they are already in the marketplace. It's only then that the "what ifs" start to show up, and as they say, it's very hard to "unring a bell."

I've spent a lot of time in this column writing about the incredible power our technology has enabled. The power, for instance, of diversity of viewpoints. The whole rationale during the early days of "cable" was to increase diversity of entertainment and information. Add more channels, get away from the "big three" or the "big four" networks and let all sorts of folks develop and offer programming on our systems. It certainly worked. We did that. But now the "what if:" what if that very fire hose of diverse channels and views has gotten so diffuse that there is no real "community" of knowledge and interest any more? What if the whole notion of what is "true" or "false," "real," or "fake" becomes difficult if not impossible to sort out because there are so many diverse points of view vying for attention? Isn't that pretty much what's happening now?

Of course there are those who would argue the opposite, that despite the fact that there are all these diverse views available, a few very wealthy, positioned, big companies are so dominant that they are becoming too powerful and warping reality to their will. Consider that the "liberal press" or the "Fox News" cries of different camps suggest that this conundrum will never end. But what if everyone's right? What should we do? Reduce the number of channels because "diversity" has diluted the value of information to the point that we don't know what to believe, or break up the "big" influencers because they have accumulated too much power? As you can see, no easy answers.

Another example that just came to my attention is the theory of the "digital divide." We have spent years and billions of dollars to make sure everyone has fast broadband and can make full use of all the new screen technologies. Students are being given free laptop computers to make sure they can "compete" in today's world. But now some of the most affluent folks in Silicon Valley are reportedly taking the screens away from their kids, realizing that those screens can become crutches which delay or deter the development of intellectual muscles! So now the "divide" may be that the "rich" kids get educated to think and the poorer kids get the screens! Oops. I'm not saying I have a solution to these things, I'm just hoping that we'll all be a little more restrained in making righteous presumptions about the impact of technology and take things a little more slowly, both on the business and regulatory forefront.

Steve

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(Steve Effros was President of CATA for 23 years and is now an advisor and consultant to the cable industry. His views do not necessarily reflect the views of Cablefax.)

Cablefax: What's Happening in December

Cablefax Daily Digital Edition: www.cablefax.com/daily • Online Product Listing: www.cablefax.com/advertise

Augmented & Virtual Reality

As the industry prepares yet again for CES, we'll take a look at the latest developments around augmented and virtual reality—including an honest look at where the opportunities (and pitfalls) could be hiding for distributors, programmers and vendors.

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Digital Awards Deadline: Dec. 7 Final Deadline: Dec. 14	People to Watch Dec. 4 Yale Club, NYC
Top Lawyers Deadline: Dec. 14	



Cablefax

Leaders Retreat

April 29-30, 2019

Ocean Reef Club, Key Largo

The Cablefax Leaders Retreat is a private, high-level, off-the-record event scheduled for April 29-30 at Key Largo's incredible Ocean Reef Club.

It's the one event this year where you'll be immersed in peer-to-peer conversations tackling the topics you care about most in a comfortable setting—and on a schedule that allows for networking and breaks so you come back to the office refreshed and invigorated by the future of your business.

AGENDA

April 28, 2019

5:00 – 7:00 p.m. | WELCOME RECEPTION

Whether you're reconnecting with old friends or meeting someone new, this meet-and-greet will prime your brain for a productive two days.

April 29, 2019 – DAY ONE

8:30 – 10:30 a.m. | Let's Get It Started: Leadership Amid Consolidation & Audience Fragmentation

In this welcome session, we'll set the stage for two days of game-changing discussions vital to the future of the business.

10:30 – Noon | Morning Break and Welcome Brunch

Noon – 1:30 p.m. | Industry Leaders Forum: How Blockchain & AI Change Everything in Media

We'll discuss ways that top executives are exploiting these fundamental shifts. And we'll share success stories from those who have already implemented strategies.

1:30 – 6:00 p.m. | Afternoon Activities

Join your peers for a round of golf, adventures with alligators, a glass bottom boat tour or kayaking.

6:00 – 7:15 p.m. | R&R: Relax and Refresh

7:15 p.m. | Cocktail Reception

8:00 p.m. | Networking Poolside Dinner

April 30, 2019 – DAY TWO

6:15 a.m. | Sunrise Walk (optional)

What better way to wake up than a crisp walk along the beach to take in the sights, smells and sounds of the beautiful setting of the Ocean Reef Club at Key Largo.

8:00 – 9:00 a.m. | Breakfast

9:00 – 10:30 a.m. | Industry Leaders Forum: Turning Over Every Revenue Rock

Learn from your peers, share your own success stories and pow-wow with the best and brightest to uncover new business opportunities, platforms and partnerships.

10:30 – 11:00 a.m. | Networking Break

11:00 – 12:30 p.m. | Industry Leaders Forum: Seizing the Future, Learning from the Past

We'll examine how industry leaders are prioritizing strategies with a laser-focus on both short-term and long-term opportunities and threats.

12:30 – 2:00 p.m. | Lunch

2:00 – 3:00 p.m. | Industry Leaders Forum It's a Wrap... Now What Can We Take Back to the Office?

We'll discuss overall takeaways from the last two days of discussions—and we'll brainstorm key actions items.

3:00 p.m. | Final Toast and Good-byes

Sponsored by:



Registration is extremely limited!





Visit: www.cablefax.com/event/CLR19

Mingle and brainstorm with executives facing similar challenges, hurdles and expectations. But don't just take our word for it...

TESTIMONIALS FROM 2018 PARTICIPANTS



DANE SNOWDEN
COO | NCTA

Found the Retreat to be a good and strategic use of time and look forward to the next one.

LORI LEBAS

SVP, Affiliate Partnership Development & Operations | **The Walt Disney Company / ESPN**

Beautiful venue for an important conversation on the state of our industry.

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.

BETH MAIN

SVP, Domestic Network Distribution | **HBO**

A unique gathering of contributors, within and around the industry. Presented a great opportunity to pause and look up — and made for an invigorating exchange.

PAUL GLIST

Partner | **Davis Wright Tremaine**

Cablefax has succeeded in creating a unique forum for leaders in the cable, OTT and programming industry to candidly discuss the industry's future and the technology, business, investment, marketing, programming, and political paths to take us there.

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.

MARCI RYVICKER

Managing Director, Equity Research | **Wells Fargo**

The 2018 CableFax retreat was an intimate and unique experience that brought a variety of constituents together to air their views as well as brainstorm on how best to tackle the various challenges and issues facing the television ecosystem. Meeting and talking to people of all levels in such an open and relaxed environment was absolutely invaluable to me. I look forward to the next retreat!

JEFF WEBER

CEO | **Zone.TV**

The Leaders Retreat was very valuable for me — a great group of senior leaders that could mix and debate in a safe, relaxed environment. Looking forward to next year!

MARK GREENBERG

President & CEO | **MSGCI**

The inaugural Cablefax Leaders Retreat was an incredible event. An amazing opportunity to meet with industry leaders to discuss the issues and opportunities for our industry. The cross-section of people from the many companies that were represented allowed for a deep conversation that reflected multiple perspectives. I was great to see that everyone was trying to find a way to build our respective businesses together and grow our industry.





PROUDLY CONGRATULATES
OUR VERY OWN



Janice Arouh



Barbara Bekkedahl



Nora Zimmett

AND ALL OF THE 2018 HONOREES



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