

# Cablefax Daily™

Friday — April 26, 2019

What the Industry Reads First

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## Exceeds Expectations: Cable Strikes Up the (Broad)Band in Comcast Results

Cable was a star in **Comcast's** higher-than-expected 1Q earnings, with quarterly adjusted EBITDA for the sector up 9.8% YOY to \$5.7bln. The results offered further evidence of the company's emphasis on broadband, with internet adds of 375K, on par with 1Q18 numbers. "Our customers' demand for speed and data usage keeps increasing. Our median broadband home now uses over 200 gigabytes of data per month, an increase of 34% YOY, which accelerated from 4Q," CEO *Brian Roberts* said during the company's earnings call Thursday. Numbers like that show why internet-delivered video is a good thing for cable. "Streaming is going to happen, video over the internet is more friend than foe," Roberts said. "We wish every bit was our bit, but if people consume more bits, and video clearly does that and 4K video does even more of that, that's in the sweet spot of where this company is going to grow." Comcast thinks it has the magic formula by combining fast speeds with its X1 platform. "You've all read different stories about just how complicated it could be for the consumer. We think X1 is just a fantastic platform. It gives us the ability to combine everything, live, DVR, On Demand and these apps in such a unique way using the voice," **Comcast Cable** CEO *Dave Watson* added. When it comes to streaming video, there's the upcoming **NBCU** DTC launch. NBCU CEO *Steve Burke* said the company could not give details at this point due to "the obvious competitive reasons," but he dismissed the notion that **Disney+**, **WarnerMedia**, **Netflix**, **Hulu**, etc are going to duke it out until there's only a couple players left. "We actually think it's very, very early innings and, in some ways, reminiscent of cable in the 1970s or 1980s. And we think there will be a lot of entrants, and a lot of companies will try to enter with their own unique strengths, leveraging their own unique assets," he said. NBCU is taking a different approach by making the service free to MVPD customers in the US and eventually UK (hello **Sky**). Not everyone is buying the NBCU plan though. **MoffettNathanson** said that **Disney's** unveiling of its DTC strategy "both clarifies and clouds the path forward for Comcast," telling clients that "Comcast simply doesn't have the DTC opening that Disney has. Sure, Comcast can, and undoubtedly will, dabble in DTC and AVOD. But Comcast's best path forward is to defend the status quo. Disney's DTC strategy will impoverish the status quo, however, leaving Comcast with some very difficult choices to make." — **By the Numbers:** Not surprisingly, Comcast lost video subs in 1Q (a loss of 121K, up from -96K in the prior year), but more importantly, customer relationships grew 3.6% YOY with 300K net additions in the quarter. Ana-

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lysts were impressed by Comcast upping its full-year expectation to 100 basis points of YOY margin improvement, a sharp boost from original guidance of 50 basis points improvement. Cable revenue increased 4.2% to \$14.3bln, while net cash flow jumped 25% to \$4bln. -- Mobile ended the quarter with 1.4mln customer lines, up by 828K YOY with 170K net additions in 1Q. Management said the majority of customers are choosing the "By the Gig" plan and there's been a "significant" increase in the uptake for "Bring Your Own Device." -- Overall, Comcast's adjusted Q1 earnings came in at 77 cents a share, up 16.9% YoY, with revenue jumping 18% to \$26.86bln. Revenue fell short, with analysts expecting earnings of 68 cents on sales of \$27.21bln. -- Comcast cable network and broadcast television revenue collectively decreased 19.8%. Cable nets, excluding the Olympics, accounted for \$2.9bln in total revenue.

**Comcast's Sky View:** It's been six months since **Comcast** closed on its **Sky** acquisition, and it's plugging along on the \$500mln in synergies it forecasted. CFO *Michael Cavanagh* said "we'll get those over time, a couple of years" through a mix of expenses and revenues. "We feel good about the synergies, but I'd say more importantly we feel good about owning Sky," he said. Management highlighted Sky's expertise as it gears up to launch its **NBCU** streaming offering, and CEO *Brian Roberts* said the company is exploring launching a global **NBC-Sky** news channel later this year. For 1Q, Sky revenue decreased 5% to \$4.8bln, and adjusted EBITDA decreased 17% on a pro forma basis. Excluding the currency impact, revenue rose 1.9% driven by increases in its content sales, up 38% to \$370mln. Sky added 112K customer relationships in Q1, ending the period with 23.7mln subs. In 1Q18, Sky added only 38K subs. "Now with the inclusion of Sky, we grew customer relationships by 3.6% year-over-year, including 400,000 net additions in the first quarter, reaching over 54 million relationships in total," Roberts said. "Across all parts of the company, our teams are executing at a high level and collaborating to drive growth and innovation. I'm excited about this quarter's results and the opportunities ahead."

**STELAR Silence:** The **House Judiciary** didn't get much help from **DISH** or **AT&T/DirecTV** in their evaluation of whether the Satellite Television Extension and Localism Act Reauthorization should be allowed to expire. STELAR, which must be renewed this year, would give a compulsory copyright license to DISH and DirecTV to retransmit distant broadcast signals. It would include provisions requiring retrans consent negotiations to be conducted in good faith. Chmn *Jerry Nadler* (D-NY) and ranking member *Doug Collins* (R-GA) sent letters to DISH and AT&T with questions surrounding the potential reauthorization, including the total numbers of their subs that currently receive one or more stations through a distant signal license. The two were reluctant to provide many details on their individual subscribers, having concerns that sharing breakdowns of their individual customer bases would be revealing competitively sensitive information. DirecTV did make a push for permanent reauthorization, saying it would establish "competitive

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parity” between cable and satellite providers. “There is simply no reason why satellite subscribers should be threatened with losing their TV service every five years while cable subscribers are not,” AT&T said. NAB slammed the two for “non-answers.” “NAB continues to believe that STELAR’s distant signal provisions are no longer justified, and that the shrinking number of viewers impacted by this law would be better served by local TV stations rather than out-of-market substitutes,” NAB said in a statement. “It is disappointing that DirecTV and DISH are refusing to provide the House Judiciary Committee with adequate answers to evaluate the impact of this expiring law.” Last month, Senators *Jon Tester* (D-MT), *Michael Enzi* (R-WY), *Michael Bennet* (D-CO) and *John Barrasso* pressed AT&T on providing local stations in 12 small media markets, including Helena, MT, and Grand Junction, CO, that don’t currently have them from DirecTV.

**New Look:** Fox, NBCU and Viacom expanded their advanced audience platform Thursday, unveiling **OpenAP 2.0**. Developed in collaboration with **Accenture** and **FreeWheel**, the program now serve as a centralized premium video marketplace, featuring workflow automation for national linear and long-form digital video. It will also offer cross-publisher analytics with comprehensive pre-campaign performance projections and post-campaign delivery metrics such as total unduplicated reach, overall tCPM and total audience impressions. The new platform will go live in time for Fall 2019 campaigns.

**Next on the List:** Verizon revealed 20 additional cities to which it will offer 5G ultra wideband service in 2019. They are: Atlanta, Boston, Charlotte, Cincinnati, Cleveland, Columbus, Dallas, Des Moines, Denver, Detroit, Houston, Indianapolis, Kansas City, Little Rock, Memphis, Phoenix, Providence, San Diego, Salt Lake City and DC. That list will expand, as Verizon previously announced that it would deploy 5G in certain areas of more than 30 US cities in 2019. It has also promised that its 5G home broadband would be rolled out to some of those markets as well. It’ll release the full lists of cities later this year.

**Platform of Choice:** RCN will deploy the Next-Gen Platform to its internet, digital TV and home phone customers, making it the first operator to roll out the solution. It won’t be the last though, as RCN has plans to expand the TiVo offerings to its other properties, including **Grande** and **WaveDivision**. The solution will allow for the delivery of IPVOD, IP Linear, Restart, Catch-Up and Network DVR content to subscribers via set-top boxes, Amazon Fire TV, Apple TV and mobile devices.

**Arriving on fubo:** Viacom networks are coming to **fuboTV** on April 30. **BET**, **CMT**, **Comedy Central**, **MTV**, **Nickelodeon**, **Nick Jr**, **Paramount Network**, **TV Land** and **VH1** will all join fuboTV’s base package. An expanded offering of nets will be available through fuboTV’s other packages and add-ons, including **BET Her**, **Logo**, **Teen Nick** and **Telefe**. The launch will include live programming and VOD.

**Look at the Facts:** There’s another streaming service hitting the market for fans of factual content. **MagellanTV** offers more than 2K titles in the history, science, space, and crime genres. It’s also growing its slate of original and 4K content. MagellanTV has launched on iOS, Android, Fire TV, Roku, Comcast and on the web with plans starting at \$4.99/month. It’ll expand to other platforms through the end of 2019.

**Before You Fly:** Newsy has reached a deal with **Reach TV** to bring its content to airports across the US. The initial partnership will see the content hitting in approximately 24 airports and the top six airports in Canada. Newsy will have access to Reach TV’s influencer network, which had over 130mln video views last month.

**Programming:** A&E will premiere the tenth and final season of “Wahlburgers” on May 15 at 9pm. The brothers will be working towards opening the first location in their hometown of Dorchester, Massachusetts. -- **Oxygen** is taking a deep dive into the case of *Rebecca Zahau* in its latest series. “Death At The Mansion: Rebecca Zahau,” premiering on June 1 at 6pm, will see a team of elite investigators revisit the theories surrounding the 2011 case.

**People:** *John Ward* has joined **InDemand** as the company’s CTO. He’s no stranger to the industry, having held positions at the **AT&T** Entertainment Group, **DirecTV** and **Fox Sports**. He also sits on the advisory boards of industry organization **Sports Video Group** and blockchain technology start-up **Videocoin**. -- *Aaron Goldberger* will serve as acting wireless and international advisor to **FCC** chmn *Ajit Pai*. Goldberger currently serves in the **Wireless Telecommunications Bureau**, where he served as associate bureau chief and deputy director of the **Rural Broadband Auction Task Force**. Goldberger will replace *Rachael Bender*, who is transitioning to the International Bureau. -- *Yavor Efremov* is stepping in as group CEO and shareholder in **Motorsport Network**. He joins the net from **Liberty Media**, where he currently serves as svp, corporate development.

**Editor’s Note:** Don’t forget to submit your favorite marketing campaigns, PR initiatives and content for the FAXIES! [Nominations](#) are due Friday, April 26.



## PROGRAMMER'S PAGE

### 'Best Room Wins' Shines on Bravo

With most home design competition shows, the drama is between the contestants. But the real heat in Bravo's newest series, "Best Room Wins," took place behind the scenes. "Production was tricky. We were shooting during the Malibu fires, so a lot of the homes we had planned for were in the fire zone," *Lisa Shannon*, svp, **Shed Media**, and ep on the show, told **Cablefax**. "One of them actually caught on fire literally the day before we set to shoot in it." Add in a four-day window to film massive home renovations, and "it was incredibly stressful and taxing on everyone, but also incredibly rewarding," she said. *Best Room Wins* (premieres May 1, 10pm) pits two interior designers against each other as they attempt to create luxury looks for couples on a \$25K budget, using the theme and inspiration from a multi-million-dollar estate. The rooms are judged by interior designer *Genevieve Gordier*, **Elle Decor** editor-in-chief *Whitney Robinson* and a rotating guest judge. Interior designers have a lot battle for, as the winner gets featured with an online spread on ElleDecor.com. Judges decide the winner based on three criteria: the overall appeal of the design, how far they could stretch the budget, and client satisfaction. *Best Room Wins* differentiates itself from other competition shows in that no one is a novice. "Typically, when you have a competition show its with up-and-coming people in that field," Shannon explained. "With this one what's so fun to watch is all the designers are established in their own right. So you have people at the top of their game competing against each other under stressful situations, limiting them to a style genre, and a budget and a time-frame. It was really cool to watch the designers exercise a part of their brain they really haven't used in a while." -- *Mollie Cahillane*

**Reviews:** "Deep State," Season 2 premiere, 9pm, Sunday, **EPIX**. It's not a secret that there's so much good television. Even less-known nets like EPIX deserve a look, particularly when they create spy thrillers as good as this series, which barely skips a beat from its fine freshman season. While Season 1's story continues and many characters return, there are a few welcome additions. One is the wonderful *Walton Goggins*, doing pretty well as a good guy (it's still hard to imagine him as anyone but Boyd Crowder, his Emmy-winning role in **FX's** "Justify"). More than that, viewers who missed Season 1 are not penalized. The compelling storylines center on Mali, London and DC this season. And no snoozing; constant flashbacks are killers for those who look away even briefly. -- "Ramy," streaming from April 19, **Hulu**. True, this sensitive and charming comedy series may appeal mostly to Muslim-Americans. After all, its protagonist is Ramy Hassan (*Ramy Youssef*), a single, 20-something, first-gen Egyptian-American living with his parents in NJ. Ramy's trying to be a good Muslim, but he also wants to assimilate. The series pokes so effectively at this and other universal themes that it will resonate with viewers of many ethnicities. It might also help bring together today's divided society. Proof again that laughter can indeed be very good medicine. -- *Seth Arenstein*

#### Basic Cable P2+ Prime Rankings\*

(04/15/19-04/21/19)

Mon-Sun	MC US	MC US AA
	AA%	(000)
FNC	0.789	2,411
TNT	0.757	2,313
MSNBC	0.563	1,719
ESPN	0.475	1,452
USA	0.401	1,224
HGTV	0.383	1,168
HIST	0.354	1,081
TBSC	0.332	1,015
A&E	0.317	967
HBO	0.306	936
ID	0.302	922
HALL	0.295	900
DISC	0.294	898
FOOD	0.266	813
TLC	0.256	781
CNN	0.251	768
NICK	0.232	708
NBCSN	0.226	691
TVLAND	0.215	656
BRAVO	0.204	624
FX	0.195	597
ADSM	0.192	586
INSP	0.190	582
LIFE	0.181	553
NAN	0.179	547
DSNY	0.169	516
SYFY	0.166	506
VH1	0.156	477
DSJR	0.156	476
AMC	0.145	442
HMM	0.142	435
APL	0.142	433
TRAVEL	0.140	428
MTV	0.140	428
GSN	0.137	418
WETV	0.134	409
NATGEO	0.132	403
PARA	0.130	396
NKJR	0.124	379
FRFM	0.120	366
BET	0.111	339

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



## THURSDAY, MAY 2, 2019

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