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What the Industry Reads First

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Good Call: DISH Grows Subs Even With RSNs, HBO Dark

HBO and the RSNs now owned by **Sinclair** remain dark on **DISH**, but that didn't stop the company from achieving a rare feat for pay-TV providers: gaining video subscribers. DISH reported a net gain of 148K subs in 3Q19, a massive improvement from the 341K it lost in 3Q18 when it was engaged in a carriage dispute with **Univision**. That dispute was resolved in March and DISH chmn *Charlie Ergen* said DISH was able to structure a programming agreement with the Spanish-language programmer where both sides were incentivized to bring more customers to DISH. That was not the case with the negotiations with HBO and the RSNs, and the decision to leave them off of DISH's lineup actually helped save DISH a few dollars on the balance sheet, he said. DISH reported a net income of \$353mln and closed the quarter with 9.49mln DISH subs and 2.69mln Sling TV subs. "We'd rather have regional sports, but as a company, we're not going to subsidize regional sports. As things go to streaming, we're going to an a la carte world," Ergen said on the company's earnings call Thursday. "I would imagine even teams themselves will probably stream directly. Our customers get HBO a different way today... Our customers will be able to get regional sports and local channels from Sinclair. They're just going to get it a different way." **Lightshed** backed Ergen's argument, saying in a blog post that it's hard to understand why DISH should pay upwards of \$450mln/year for RSNs that most of its customers don't want. "With DISH losing only 66K satellite subscribers in the quarter when the RSNs were dropped, DISH appears to have made an incredibly smart financial decision, not to mention they added 214K Sling subscribers," Lightshed said. The call continued going back to the ever-changing streaming marketplace, and Ergen said the upcoming **HBO Max** looks like a good product. But he has questions as to **AT&T's** strategy with HBO Max's price and the selling of the standalone HBO product. But as media companies begin investing more in streaming products, but they're likely going to be facing an uphill battle when it comes to their negotiations with pay-TV distributors. "HBO was requiring, at least of us, a contract guaranteeing a certain number of subscribers. Obviously, that's difficult to do when you're competing against HBO themselves, particularly if they stick a lot of their programming on HBO Max," Ergen said. "It certainly will give leverage to distributors in future negotiations, as you might be able to get product from **TNT** or **TBS** or **CNN** or **Cartoon Network** on HBO Max." He also said negotiations will also get

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interesting for content providers as they choose whether to place their programming on a traditional platform or onto a streaming service. But no matter how good the upcoming streaming services look, they're all still playing catch-up to one massive giant: **Netflix**. That's mainly because of the tech that powers Netflix. "It's not just content... they've actually got most of their stuff in the cloud, so they're actually more flexible and can deliver content more cheaply than anyone can do it," Ergen said. "I don't know, but it's going to take a couple years to settle out."

Disney 4Q19 Earnings: Days before **Disney+**'s launch, *Bob Iger* talked up the service during Thursday's after-the-bell earnings call. He offered up **ESPN+** as a positive sign, with the SVOD now at more than 3.5mln paid subs. The most recent sub number given out in August was 2.4mln. Iger didn't give any details on Disney+ presales, but said "clearly the price was met with great enthusiasm," pointing specifically to a promotion for a discounted 3-year subscription that should help with churn. Disney+ is \$6.99/month or \$69.99/year, with Iger announcing new distribution partnerships that makes the app available on **Amazon Fire** as well as **Samsung** and **LG** smart TVs. It also will be available on **Apple, Google, Microsoft, Sony** and **Roku** platforms. A bundle of ESPN+, Disney+ and **Hulu** will cost \$12.99/month. Hulu is set to become the official streaming home for **FX Networks** starting in March, carrying all seasons of more than 40 FX series as well as new eps of current shows hours after they air. FX also will create new content exclusively for Hulu, which had about 28.5mln paid subs at the end of 4Q19. Disney+ is set to launch in Western Europe on March 31. As for the cable networks' 4Q performance, revenue was up 20% to \$4.24bln, while operating income slipped 1% (\$19mln) to \$1.3bln. The decline was due primarily due to a decrease at ESPN thanks to increases in programming, production and marketing costs. Those costs were partially offset by higher affiliate revenue. Affiliate revenue growth was due to an increase in contractual rates and the launch of the **ACC Network**, both helping to partially offset a decrease in subscribers.

T-Mobile Announces Post-Merger Price Cut, 5G Launch: T-Mobile will flip on its 5G network, built on 600MHz spectrum, Dec 6, CEO *John Legere* revealed on a call Thursday. He also used the occasion to unveil the first initiatives that will be rolled out following the closure of T-Mobile's merger with **Sprint**. The first involves cutting the cost of its lowest wireless plan in half. Under the new T-Mobile Connect plan, customers will be able to receive unlimited talk and text as well as 2GB of data for only \$15/month from New T-Mobile. New T-Mobile will also introduce annual data upgrades to those customers, giving them an additional 500MB of data/month at no extra cost. Other initiatives include Project 10Million, which promises to close the homework gap by offering free service up to 100GB/year as well as reduced-cost devices to 10mln households with children in the US over the next five years. Legere was asked on the call about the ongoing discussions between T-Mobile and Sprint to extend their merger agreement, and while he wouldn't give

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specifics, he said asking for the \$26bln price point to purchase Sprint to be reduced is not off the table. Legere said conversations were active, but not hostile. "It's sort of like going to month-to-month on your rent. There's no more lease, you can continue to move forward," Legere said. Negotiating for a lower price point would come as no surprise to the third party involved in this merger. "We looked to buy Sprint six-and-a-half years ago today. I can tell you objectively that it hasn't improved much, if any, over six-and-a-half-years and they're certainly less competitive in the marketplace," DISH chmn *Charlie Ergen* said during his company's 3Q earnings call.

Discovery Eyes Streaming Options for Non-Cable Subs: Big news out of **Discovery's** 3Q19 earnings call, with CEO *David Zaslav* saying the company is considering options to make its US content available on a streaming platform designed for non-cable subs. "We're examining the opportunity of aggregating all of our content in the US and having something that looks very different, is very deep, has great personalities, great brands to curate through." Zaslav said. "More to come on that in the next several months.... with all the success we're having here in the US, we're saying why not? It looks like we have the most compelling content and the deepest library of anyone... Is there an opportunity to take that content on a broader basis, to mount an attack on those that are not existing cable subscribers?" He pointed to success the company has seen in its DTC efforts in Europe through partnerships with existing distributors such as ProSiebenSat.1 in Germany for streamer Joyn and Poland's Cyfrowy Polsat. The company beat Wall Street expectations, with net income rising to \$262mln, up from \$117mln YOY. Revenue rose 3% to \$2.7bln. Ad revenue rose 3%, and distribution revenue was up 6% despite a 4% drop in subscribers. It was a great quarter for TLC, which delivered another record-breaking quarter as the No. 1 ad-supported cable network in primetime among W25-54 and W18-49, with delivery up 16% and 10% respectively. "Over the past year, the company has proved initial skeptics (like us) wrong as management has exceeded their initial promises," read a MoffettNathanson research note. The firm kept a "Neutral" rating on Discovery and maintained the target price of \$36. Shares closed up just over 12% Thursday.

Nielsen To Separate Into Two: **Nielsen** intends to split into two independent publicly traded companies. It plans to separate its Global Connect business, which provides consumer packaged goods manufacturers and retailers with data, from its media/ad client metric Global Media business. The company will cut its dividend, with the goal of strengthening the two prospective balance sheets ahead of the separation. Nielsen expects the deal to close in nine to 12 months. David Kenny will stay on as CEO of Global Media business, and Nielsen has begun a search for the CEO of the Global Connect business.

Deerfield, AT&T Reach Deal: **AT&T** has reached a retrans renewal with **Deerfield Media**, the largest of the station groups with Sinclair shared service agreements that went dark on AT&T/**DirectTV** between May and June 10. Three of the nine groups that went dark have reached deals in recent weeks. AT&T filed a complaint at the **FCC** on June 18, claiming the broadcasters failed to negotiate in good faith. It's been dropping broadcasters from the complaint as deals get done.

Black News Channel Delays Launch Date: The upcoming 24/7 news offering **Black News Channel** has delayed its launch date to Jan 6. Originally set to premiere on Nov 15, the net pushed back the date to take advantage of fast-moving digital delivery platforms, [according](#) to *USA Today*, including wireless cellular services and streaming video services. **Charter** has signed on to carry the net.

WGN America Launches New App: **WGN America** released an app on Thursday, available on Android and iOS. WGN America Now will have original content and exclusive features, including entire seasons of shows including "Dog's Most Wanted" and "Carter."

FCC Challenges Broadcast Ruling: The **FCC** filed a petition Thursday seeking en banc review in the Third Circuit of the appeals court's 2-1 decision vacating the FCC's media ownership rules, including elimination of the newspaper-broadcast and radio cross ownership and elimination of joint sales agreements toward ownership caps. **NAB** also filed a petition requesting a rehearing by the full Third Circuit.

Senate Commerce to Mark up STELAR, STAR, SOMETHING: **Senate Commerce** is slated to mark up a slew of items on Wednesday, including chmn *Roger Wicker's* (R-MS) bill to reauthorize satellite's compulsory license for distant signals (and thus, retrans good faith rules) for five years. For what it's worth, the bill's most recent iterations went by STELAR—Satellite TV Extension and Localism Act Reauthorization. Wicker's bill gives it the STAR acronym—Satellite Television Access Reauthorization act.

People: **WarnerMedia** snagged veteran **HBO** marketer *Lucinda Martinez* to lead multicultural marketing, brand and inclusion strategies. *Kelly Edwards*, svp, talent development for HBO, will join Martinez's team. -- **Pluto TV** named *Fran Hazeldine* svp of marketing. He comes over from **YouTube TV**, where he served as the global head of marketing.

PROGRAMMER'S PAGE

HSM Series Ready to Perform on Disney+ Stage

There's a great line near the beginning of ep 1 of "High School Musical: The Musical: The Series": "I've seen the original movies 37 times and the first 15 minutes of both sequels." It doesn't just deliver a laugh, but serves as a reminder of what's ahead as the show attempts to recapture the magic of the original **Disney Channel** film. "I had to try and forget the fact I was dealing with this billion dollar franchise, because otherwise it's too overwhelming, and keep it on the ground floor with this new cast," writer and executive producer **Tim Federle** told **Cablefax**. Federle's ground floor takes us to East High School (where the original HSM movie was filmed), with the current student body staging a performance of "High School Musical: The Musical" for its winter production. The series, already renewed for a second season, is one of the marquee originals being housed on **Disney+**. Rather than have to wait for the streaming service's debut on Tuesday, the first ep will premiere on **ABC**, **Freeform** and **Disney Channel** Friday. After that tease, you'll have to turn to the streamer to find out how the love triangle and musical production shakes out. Federle, who cowrote the screenplay for animated film "Ferdinand" and has a Broadway background as an actor, dancer and singer, feels pretty good about the show's home. "The blessing of being on a streaming platform is that something as basic as a half-hour runtime is able to take a more morphous approach. For example, my episode can technically span from 22 minutes to 35 minutes. They hover more in the 28-31 minute range, but it means I'm never cutting a joke in order to make a commercial break, nor am I trying to stretch an episode out," he said. "And then when it comes to just launching on such a big Disney property that I know has been so important to Bob Iger... it's an honor. Kind of back to the whole High School Musical franchise, you try to just put it out of your head and just tell the best stories you can." — *Amy Maclean*

Reviews: "Dublin Murders," 8pm, Sunday, **Starz**. The opening ep of this excellent eight-part psychological thriller based in Ireland was all we needed to get hooked. Adapted from the "Dublin Murder Squad" series by *Tana French*, the protagonists are 30-something detectives, Rob Reilly (*Killian Scott*) and Cassie Maddox (*Sarah Greene*), tapped to solve the murder of a 13-year-old girl found on an altar in the woods. Both members of this moody duo have issues that inhibit their working effectively, and they'd prefer doing anything else. Duty calls. Making matters worse, the murder gains major attention owing to an earlier case where three children disappeared in the same area. -- "The Interpreters," 10 pm, Monday, **PBS**. This short doc will leave viewers with mixed feelings as it premieres on Veterans Day. Filmmakers *Andrés Caballero* and *Sofian Khan* focus on three Afghan and Iraqi interpreters who aided US troops. When troops left, these and hundreds of other interpreters feared for their lives. Indebted US servicemen worked tirelessly to help their former interpreters get American visas. Some did, though it took years, despite congressional efforts to help. It's heartwarming when the interpreters get to America, but many were murdered waiting. What took so long? — *Seth Arenstein*

Basic Cable P2+ Prime Rankings* (10/28/19-11/03/19)		
Mon-Sun	MC US	MC US AA
	AA%	(000)
ESPN	0.848	2,605
FNC	0.846	2,599
MSNBC	0.575	1,766
HALL	0.452	1,389
TLC	0.353	1,084
HGTV	0.325	998
A&E	0.285	876
DISC	0.284	874
CNN	0.284	873
TBSC	0.272	836
HIST	0.262	806
ID	0.247	760
HMM	0.239	734
FOOD	0.237	727
USA	0.229	705
LIFE	0.223	686
AMC	0.208	640
FX	0.199	610
FRFM	0.193	592
TNT	0.191	586
ADSM	0.190	584
INSP	0.190	582
NICK	0.187	575
BRAVO	0.186	570
TVLAND	0.179	551
DSNY	0.148	455
NAN	0.145	444
NFL	0.141	434
TRAVEL	0.137	422
GSN	0.126	388
MTV	0.118	362
CRN	0.118	362
NKJR	0.117	361
WETV	0.116	358
NATGEO	0.116	357
BET	0.114	350
COM	0.113	347
SYFY	0.113	346
VH1	0.103	316
APL	0.103	316
PARA	0.103	315

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



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