

Cablefax Daily™

Wednesday — August 5, 2020

What the Industry Reads First

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Stream Power: Disney Surpasses 100 Million Paid SVOD Subs

Disney+ has 60.5mln subscribers as of Monday, **Disney** CEO *Bob Chapek* announced on the company's 3Q20 earnings call. The service has now met the 60-90mln subscriber mark Disney promised investors it would get to by 2024. Disney also revealed that **Hulu** has 35.5mln subs to its on-demand service and live TV bundle combined while **ESPN+** claims 8.5mln customers. "The global reach of our full portfolio of direct-to-consumer services now exceeds an astounding 100 million paid subscriptions—a significant milestone and a reaffirmation of our DTC strategy, which we view as key to the future growth of our company," Chapek said. He also said the company plans to launch an international streaming offering under the **Star** brand it acquired from **Fox**. Disney will reveal more about its plans at an investor day to be held in the coming months. The general entertainment streaming service will be launched in 2021, and include content from **ABC Studios**, **Fox Television**, **FX**, **Freeform**, **20th Century Studios** and **Searchlight**. Chapek said the service will be fully integrated into Disney+ in a number of markets and distributed under the Star brand. Disney reported revenues of \$11.8bln during the quarter, a 42% drop YOY. Unsurprisingly, the Parks, Experiences and Products segment was the heaviest hit from the COVID-19 pandemic, seeing a \$3.5bln impact on operating income. Disney CFO *Christine McCarthy* said the company didn't see as much upside as it anticipated from reopening Walt Disney World in Orlando due to a regional surge in COVID-19 cases. The Studio Entertainment segment saw revenues drop 55% to \$1.7bln due to declines in theatrical revenues, and was partially offset by VOD and lower marketing and film costs. Disney is hoping to use its streaming strength to make up for the lack of theatrical distribution. Chapek announced on the call that on Sept 4, most Disney + markets will offer subscribers "Mulan" on a premiere access basis. The price point for the film in the US will be \$29.99. Disney will simultaneously release the film theatrically in some markets. The overall Media Networks division saw revenues down 2% to \$6.56bln. Cable Networks revenues fell 10% to \$4bln, but operating income increased 50% to 2.5bln. That's mainly due to a decrease in programming and production costs at **ESPN** due to the deferral of rights costs related to the **NBA** and **MLB** reflecting the rescheduling of events to later quarters as a result of COVID-19.

AMC Networks' Ad Drops: In the first full quarter since the coronavirus pandemic took hold of the nation, **AMC**

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Telehealth in the Virtual Age

Presented by Cablefax

Thursday, August 13
1:00 – 4:30pm ET
Online Event

www.TelehealthAge.com

Telehealth...The Next Big Opportunity for Broadband?

In this virtual event on Aug. 13, Cablefax will assemble panels of experts to assess key opportunities for the cable & broadband sector as advances in telehealth intersect with changing patient behavior,

AGENDA

1:05 – 1:25pm ET

Telehealth 101: What You Need to Know Now

In our kick-off we'll ask this veteran healthcare technology analyst how he sees the telehealth future shaping up. What challenges as more healthcare dollars shift to remote health monitoring and other forms of telehealth services? What are the implications for the entire industry?



Jaiendra Singh

Lead Analyst, Healthcare Technology & Distribution
Credit Suisse

1:25 – 1:55pm ET

Wake Up Call: The Future, Brought to You by COVID-19

In this opening session, we'll discuss how the ongoing pandemic has focused attention on broadband's potential as a telemedicine lifeline.



Chris Bastian

CTIO
SCTE*ISBE



Kara Mullaley

Community Broadband Market Development Manager
Corning

1:55 – 2:15pm ET

Fireside Chat: Real-World Applications

We'll sit down with Trapollo CEO Mike Braham to understand how this Cox Business company takes connected patient engagement to the next level with its virtual-care platform, including program design and consulting, logistics and support and chronic care management.



Mike Braham

CEO
Trapollo

2:15 – 3:00pm ET

Screenology: Consumers Take Control with Tech

All telehealth services depend on the broadband network. We'll find out how mobile apps and other telehealth technology is making it easier for both patients and hospitals—and how broadband providers can partner with all sides to secure a place at the table as telehealth continues its exponential growth in the coming years.



Carina Edwards

CEO
Quil



Bonny Roberts

Director, Portfolio Management for Business, Information Technology
Centura Health

3:15 – 4:00pm ET

Case Study: Telehealth Opportunities for Rural Broadband

In rural areas, remote access to healthcare services isn't just a convenience... It can be a matter of life and death. We'll explore GCI Communications' approach to ensuring that telehealth reaches every corner of Alaska and get a glimpse as to how this innovative broadband provider works with hospitals and patients—and navigates the legal and regulatory landscape—to ensure its customers receive the best care no matter where they live.



Pam Lloyd

VP, GCI Corporate Strategy:
Government, Healthcare & Education
GCI Communications



Stewart Ferguson

CIO
Alaska Native Tribal Health Consortium



Ward Hinger

Chief Administrative Officer
Imaging Associates of Alaska

4:00-4:30pm ET

A World of Possibility: Imagine Where We Might Go From Here!

We'll talk about the future applications and technology that will drive telehealth's future—as well as how broadband providers prioritize infrastructure projects and business partnerships.



Eric Klassen

Executive Producer
CableLabs

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Register at www.TelehealthAge.com

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Networks' stock rose after the company posted better-than-expected 2Q results - a 14.6% decline in advertising revenue, far less than the consensus expectation of 27%. The company said the decrease in ad revenue was related to COVID-19, due to lower demand and the timing of the airing of original programming (notably the push of the Season 10 finale of "The Walking Dead" and the debut of spin-off series "World Beyond"). AMC CFO *Sean Sullivan* anticipates ad revenue in 3Q20 will be down in the mid-to-high teens percentage, partly due to a delay in the airing of "Fear the Walking Dead." National networks revenues fell 18% YOY to \$496mln and distribution revenue fell 19.9% to \$308mln, attributed to decreases in subscription revenues and content licensing revenues. On the programming side, AMC is ready to return to production with the second half of Season 6 of Fear the Walking Dead hearing later this month in Texas. It's good news for the company, which just received 18 Emmy noms, including two of the eight for outstanding drama. AVOD and SVOD continue to be a bright point for AMC, with CEO *Josh Sapan* pointing to the success of its streamers. COO *Ed Carroll* noted the company's streaming business is significantly ahead of its previous 2024 year-end target for \$500mln+ in revenue and 5-7mln paid subs. Sapan said the SVODs remain on track to end 2020 in the 3.5-4mln paid subs, adding, "We're now confident we'll be at the higher end of that range." He also highlighted the launch of new SVOD bundles **AMC+** and **WE tv+**, which debuted on **Comcast** in June and expanded to **DISH/Sling TV** in July. "It's attractive to us to now have multiple product relationships with these MVPDs," said Sapan. "They have lots of motivation to succeed with it, and we're similarly motivated."

O'Rielly Nomination Withdrawn: The White House withdrew its re-nomination of **FCC** commissioner *Michael O'Rielly*, a Republican who many expected to serve a third term at the Commission. The notice did not offer a reason for the decision. President *Trump* had nominated O'Rielly for another five-year term in March, and **Senate Commerce** favorably reported the nomination to the full Senate last month. The withdrawal is reportedly tied to comments O'Rielly has made about Trump's executive order that asks the FCC to reinterpret Section 230 of the Communications Decency Act to limit legal protections granted to sites such as social media platforms. "The First Amendment protects us from limits on speech imposed by the government—not private actors—and we should all reject demands, in the name of the First Amendment, for private actors to curate or publish speech in a certain way," O'Rielly said in a **Media Institute** speech last week. "Like it or not, the First Amendment's protections apply to corporate entities, especially when they engage in editorial decision making." O'Rielly's re-nomination had already hit one speed bump ahead of the White House's withdrawal. Last week, Sen *Jim Inhofe* (R-OK) placed a hold on O'Rielly's nomination until the commish committed to overturn the FCC's approval of **Ligado's** plan to launch a 5G

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www.CablefaxWomen.com



cellular network. Inhofe supported claims from the US military that the Ligado plan would interfere with GPS operations. O’Rielly has not yet commented on the White House action, but his office does plan to release a statement soon.

WOW! Wins with HSD: WOW!’s push to be a broadband-first operator found increasing success in 2Q20. The company added 41.9K HSD RGUs YOY, and now has 844.5K total subscribers. WOW! CEO *Teresa Elder* said during the company’s earnings call Monday that 77% of the company’s new customers in the second quarter took the company’s high margin, high speed data-only offering. “We have a plan to move legacy customers over to IP or OTT to allow for better overall utilization of our advanced broadband network,” Elder said. “Our plan is to migrate our legacy video customers to high-speed data only... or to our IP-based WOW! tv+ offering with high-speed data.” Elder said that migration gives customers more choice and cost savings while driving WOW!’s network efficiency. Customers are also embracing higher speed tiers, with nearly 40% of those new customers taking speed tiers of 500Mb or 1 Gig from WOW!. Take rates for the Whole-Home WiFi add-on service were also up 17.8% YOY. Still, the operator did see some impact from the COVID-19 pandemic on its balance sheet. Revenue dropped 2.7% YOY to \$282mln, driven primarily by lower ad revenue and the company’s ongoing transformation of its video offerings. Net income also plummeted to \$2.2mln from \$9.7mln for the prior year quarter.

Philadelphians Ask Comcast to Do More: Comcast is at the center of protests in Philadelphia over struggles city students having to transition to virtual learning, according to a *Philadelphia Inquirer* report. Approximately 200 people attended a rally Monday organized by groups including the **Movement Alliance Project** and the **Caucus of Working Educators**. Attendees demanded that the operator do more to get students online. Philadelphia School District superintendent *William Hite Jr* said last week that every student who needed internet access or additional tools to access digital learning in September would have it. He added that the city, district officials and ISPs are working out details on how to ensure students are connected, but Hite did not offer additional details. Comcast is offering 60 days of free internet service to new low-income customers through its Internet Essentials program through the end of the year. Back in March, Comcast CEO *Brian Roberts* and his family donated \$5mln to the purchasing of Chromebooks for district students.

ViacomCBS Launches Ad Platform: ViacomCBS is launching ViacomCBS EyeQ, a connected video advertising platform that the company says will serve as a single transactional point of entry for digital video content from ViacomCBS. The digital offering aims to drive incremental reach and ad effectiveness, and introduce a new reporting infrastructure for real-time data and campaign guidance to track spending across platforms. It will launch in fall 2020.

Honors: The **Media Institute** will honor **Comcast** senior evp *David Cohen* and former **FCC** commissioner *Mignon Clyburn* at its annual Free Speech America Gala on Oct 14. This year’s gala will be a virtual event. Cohen will receive the American Horizon Award for visionary leadership while Clyburn will be given the Freedom of Speech Award as one who has worked to advance free speech and the First Amendment. Former FCC chmn *Richard Wiley* will serve as the master of ceremonies and FCC commish *Brendan Carr* will deliver keynote remarks.

Distribution: **Pluto TV** signed a distribution deal Monday to bring its AVOD service to **LG** smart TVs. It is now available on 2020 LG smart TV models in the US, with rollouts on 2016-2019 models to begin this fall. Expansion plans to other regions will be announced at a later date. In other Pluto news, Spanish language network **Nuestra Vision** is launching on the streamer. The channel will be featured within the Pluto TV Latino category, which includes 20 channels dedicated to serving US Hispanic audiences.

Programming: **Magnolia Network**, **Discovery’s** jv with *Chip and Joanna Gaines*, is bringing back “Fixer Upper.” The series originally ran for five years and ended in 2018. The reboot will premiere with the network launch in 2021. -- **Insight TV** will premiere “Tomorrowland 2020: InBeat LIVE” on Aug 7 and 8 across its linear and digital networks in 48 countries. The music festival has been reimagined as an entertainment experience, incorporating live concert event-style backstage commentary and interviews. -- A new season of “Alaskan Bush People” premieres Aug 23 at 8pm on **Discovery Channel**. -- **BBC America** is bringing “Planet Earth: A Celebration” across four networks on Aug 31 at 8pm. On BBC America, **AMC**, **SundanceTV** and **IFC**, viewers can catch a special highlighting eight sequences from the net’s “Planet Earth II” and “Blue Planet II” series.

People: **A+E Networks** promoted *Sara Hinzman* to svp, distribution & strategy. She’ll continue her oversight of content distribution sales, and will add distribution strategy for the company’s portfolio of products and services.