

# CableFAX Daily™

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What the Industry Reads First

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## 3Q Report Cards: Cable Looking For Improvement In Sub Metrics

AT&T kicks off another earnings season Thurs, and any notable improvements from ops in 3Q could help the sector rebound from the period's extreme volatility in the financial markets. As is their wont, investors will look for guidance in sub metrics—a focus that this season may actually prove a boon to MVPDs. The overriding sentiment on the conference circuit last month pointed to improving sub performances for many cable and DBS ops, but deeper questions remain. Will subs simply jump from provider to provider as they've done in recent quarters in search of better deals? Has cable been effective in flexing its broadband brawn? How are tech advancements in video viewing continuing to affect pay TV, either positively (**TV Everywhere**) or negatively (alternative platforms)? Will cable's commercial biz and financial prowess continue to help offset any sub weakness? At the macro level, "cable sector sentiment and competitiveness have improved," said **Miller Tabak's David Joyce**, who has 'buy' ratings on **Comcast, Time Warner Cable, Charter and Cablevision** for various reasons. Even if they post upticks, however, cable ops will likely remain mired in negative territory where basic customers are concerned, so it may be instructive to keep an eye on the telcos and satellite guys. **Verizon**, for example, is bullish on the growth it's delivering in triple-play subs (+24% YOY in 2Q), and **DirectTV's** "3rd quarter numbers are very, very good," said pres/CEO **Mike White** late last month. "Given expected improvements in gross adds and churn driven by the company's free Sunday Ticket promotion," **UBS** upped its net adds estimate for DTV to 201K from 90K. In 2Q, DTV posted a historically low 26K net adds. Moving to broadband, the telcos' momentum in fiber customers can't be overlooked. While Comcast (144K), Time Warner Cable (67K), Cablevision (5K) and Charter (~19K) combined to welcome 234,800 broadband subs from Apr-June, marking an 11% decline compared to 2Q10 based on data from **Leichtman Research**, Verizon added a net 59K subs (189K FiOS), compared to +28K in '10, and AT&T shed a net 12K (+489K U-verse) after losing 92K the year prior. Cable continues to battle back with faster speeds overall and rollouts of WiFi and other mobile options. Programmers, meanwhile, have recently said the ad market has been steadily robust despite lingering macroeconomic woes, and it will be interesting to see if that assessment holds up when programmers begin to report in a couple weeks. Miller Tabak's Joyce said TV "scatter market pricing has softened to being perhaps only ~+2% above upfront pricing levels," and foresees domestic cable

" When you survey damage, you put yourself in the position of the people who had to live it. "

- Mike Bettes

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Source: Nielsen Live+3, CVGAA%, P25-54, 8/29-9/25/11 (duplicated AA) vs 8/30-9/26/10 (unduplicated AA)  
M, Su, 8P-11P, BBCA vs all ad supported cable, broadcast and premium pay networks. Non-dailies networks excluded.

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nets posting 11% growth in 3Q ad rev and 9% in 4Q—below 1Q's +16% and 2Q's +12%. Yet cable's still taking viewership away from broadcasters, he said, which "demonstrates our preference for companies with greater cable network share." Other issues to track include possible sub momentum for **DISH** after launching **Blockbuster Movie Pass** Oct 1 (*Cfax*, 9/26) and investors' treatment of **Cablevision**, which arguably has far less growth left in its traditional footprint than others. **Wells Fargo Securities'** *Marci Ryvicker* removed CVC from the company's Priority Stock List because "we cannot overlook the challenge to CVC's core residential business (over 85% of revenue) given the economy and significant overlap with Verizon (+40% of CVC's footprint)." But Ryvicker did maintain her 'outperform' ratings on the stock in part due to the MSO's "significant growth" in commercial, solid ad performance and wireless data offerings.

**Deals:** **TruVista** inked 2 acquisition deals, one with **Northland Cable Properties Seven Limited Partnership** for a cable system serving Toccoa, GA, and the other with **Northland Cable Properties** for a system serving Clayton, GA. The pair passes approx 18K homes and serves more than 5K subs. **Waller Capital Partners** served as the exclusive financial advisor to TruVista and **RBC Capital Markets** acted as the exclusive financial advisor to the Sellers. -- The **NBA Board of Governors** approved **Comcast-Spectacor's** sale of the **Philadelphia 76ers** to a group led by **Apollo Global Management** founder *Joshua Harris*. C-S had owned the team since '96 and continues to own Wells Fargo Center and the Philadelphia Flyers. **CSN Philadelphia's** TV deal with the 76ers is unaffected.

**Aargh:** Including **NBCU**, **Disney** and **Viacom**, the **Creative America** coalition launched a nationwide campaign decrying online piracy of movies and TV shows. The org estimates more than 500K movies are illegally distributed each day around the globe. **CreativeAmerica.org** is live, NBCU nets will air an anti-piracy PSA and a petition is circulating in social media.

**Competition:** **Verizon's** new **My FiOS** mobile app allows **Android** customers on-the-go access to video ent, personal content, TV controls, home monitoring and customer service tools. It's expected to hit **Apple** devices later this year. -- **AT&T U-verse** intro'd a series of mobile apps, including **BuddyTV Guide**, which connects to receivers and provides personalized recommendations and extra mobile content based on what's being viewed, and **Miso**, which allows users to share what they're watching and receive info about favorite shows.

**Trust Bust:** On the heels of another poor performance in **J.D. Power's** video customer satisfaction study (*Cfax*, 10/14), **Comcast**, **Time Warner Cable** and **Charter** fared just as poorly in the '11 **Temkin Trust Ratings**, which examines the trust consumers have in 143 large US companies. While TV service providers and ISPs brought up the rear among 12 overall industries, the 3 MSOs ranked in the bottom 10 among all included firms.

**Ratings:** **ESPN's MNF** won the week with 16.38mln P2+ and the return of **AMC's** "Walking Dead" (7.26mln) led all non-sports telecasts last week, yet **TBS** emerged the prime victor by riding its postseason **MLB** coverage to a 1.5/3.75mln. 3 Cardinals-Brewers games notched 4th-6th and averaged 5.68mln total viewers, and a 4th took 11th with 4.28mln. The remaining network top 5 featured **ESPN** (1.5/3.24mln), **Disney Channel** (1.2/2.88mln), **USA** (1.1/2.71mln) and **Fox News** (0.8/1.91mln). -- **Brag Book:** **E!** scored its most-watched (530K P2+) and highest-rated (0.46) week ever in total day. -- **Bravo's** "Real Housewives of New Jersey" achieved its highest-rated season ever through 9% growth among total viewers and 3% among 18-49s. -- **Disney Channel's** dance competition series



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# BUSINESS & FINANCE

“Make Your Mark: ‘Shake It Up’ Edition” delivered 4.2mln total viewers Fri night and 4mln 2 nights later.

**Programming:** Syfy ordered from *Mark Burnett* 6 eps of unscripted series “School Spirits,” which will tell true ghost stories from schools across the nation. -- **Encore’s** original 4-part miniseries “The Take” (Dec 2) is based on *Martina Cole’s* crime thriller and spotlights the trials and speculations of an English family. -- **Spike** picked up a 4th season of “1000 Ways to Die.”

**On the Circuit:** Thanks to all who attended the **CableFAX** Program Awards and Top Ops event in L.A. Tues. *Danny DeVito* will be remembered for calling Hall of Fame inductee and **FX** pres *John Landgraf* a man of great integrity—and “big cajones.” “He is a rock in a business where so many in his position are as solid as sand,” DeVito declared. Fellow Hall of Fame inductee *Gary Marsh*, pres and chief creative officer at **Disney Channels Worldwide**, told the crowd his best business advice is to develop a reputation you can be proud of because jobs come and go, but reputations don’t. (Fun watching **Twitter** light up with reports about Disney star *Ashley Tisdale* at the awards to introduce Marsh). Hall of Fame inductee *Chelsea Handler* honored us by saying she was honored to be recognized by anything with the word “fax” in its name, and **Discovery Comm’s** *Henry Schleiff* said it wasn’t Cooperstown, but he was still proud to be a Hall of Famer.

## CableFAX Daily Stockwatch

Company	10/18 Close	1-Day Ch	Company	10/18 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
DIRECTV:	46.68	0.71	BLNDER TONGUE:	1.32	0.02
DISH:	26.13	(0.55)	BROADCOM:	38.16	0.83
DISNEY:	33.94	0.55	CISCO:	17.51	0.34
GE:	16.71	0.48	CLEARWIRE:	1.41	(0.01)
NEWS CORP:	17.19	0.26	CONCURRENT:	4.69	(0.04)
<b>MSOS</b>					
CABLEVISION:	17.54	0.32	CONVERGYS:	10.35	0.27
CHARTER:	50.26	1.26	CSG SYSTEMS:	14.07	0.28
COMCAST:	23.78	0.36	ECHOSTAR:	25.17	1.12
COMCAST SPCL:	23.51	0.34	GOOGLE:	590.51	8.10
GCI:	9.70	0.64	HARMONIC:	4.69	0.26
KNOWLOGY:	14.00	0.21	INTEL:	23.40	0.12
LIBERTY CAPITAL:	76.25	(0.96)	JDSU:	10.76	0.48
LIBERTY GLOBAL:	40.86	1.12	LEVEL 3:	1.65	0.02
LIBERTY INT:	15.36	0.04	MICROSOFT:	27.31	0.33
SHAW COMM:	20.78	0.09	MOTOROLA MOBILITY:	38.92	0.10
TIME WARNER CABLE:	68.99	0.66	RENTRAK:	14.07	0.90
VIRGIN MEDIA:	27.02	0.84	SEACHANGE:	8.09	(0.01)
WASH POST:	346.54	6.51	SONY:	20.79	0.42
<b>PROGRAMMING</b>					
AMC NETWORKS:	33.59	0.85	SPRINT NEXTEL:	2.88	0.07
CBS:	23.81	0.95	THOMAS & BETTS:	44.94	1.61
CROWN:	1.53	0.13	TIVO:	10.43	0.30
DISCOVERY:	41.57	0.74	UNIVERSAL ELEC:	19.71	0.47
GRUPO TELEVISA:	20.14	0.77	VONAGE:	2.91	0.12
HSN:	35.47	0.62	YAHOO:	15.47	(0.23)
INTERACTIVE CORP:	41.78	0.27	<b>TELCOS</b>		
LIBERTY STARZ:	64.38	0.98	AT&T:	29.21	0.19
LIONSGATE:	7.15	0.16	VERIZON:	37.24	0.30
LODGENET:	1.86	(0.1)	<b>MARKET INDICES</b>		
NEW FRONTIER:	1.07	(0.08)	DOW:	11577.05	180.05
OUTDOOR:	7.09	0.19	NASDAQ:	2657.43	42.51
SCRIPPS INT:	41.54	0.83	S&P 500:	1225.38	24.52
TIME WARNER:	33.76	0.79			
VALUEVISION:	3.11	0.26			
VIACOM:	51.59	0.70			
WWE:	10.10	0.39			
<b>TECHNOLOGY</b>					
ADVANTAGE:	2.13	0.01			
ALCATEL LUCENT:	2.94	0.09			
AMDOCS:	29.93	0.51			
AMPHENOL:	44.10	1.31			
AOL:	14.35	0.38			
APPLE:	422.24	2.25			
ARRIS GROUP:	11.34	0.26			
AVID TECH:	7.85	(0.05)			
BIGBAND:	2.26	0.01			

### Cable Telecommunications' Engineering Show of the Year

Headline features include Opening General Session, Tues., Nov. 15

- Nomi Bergman, Bright House Networks
- James Blackley, Cablevision Systems Corp.
- Kevin T. Hart, Cox Communications
- Paul Kagan, PK Worldmedia, Inc.
- Mike LaJoie, Time Warner Cable
- Tony Werner, Comcast Cable



**Pat Esser**  
President  
Cox Communications



**Sanjay Jha**  
Chairman & CEO  
Motorola Mobility

- Eric Anderson, Samsung Electronics America, Inc.
- Bob McIntyre, Cisco Systems, Inc.
- Dan Moloney, Motorola Mobility
- Justin Rattner, Intel Corporation
- John Schanz, Comcast Cable
- Bob Stazione, ARRIS

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