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What the Industry Reads First

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Earnings: Viacom Looks to Mobile, vMVPDs with Traditional Deals Complete

Viacom networks were back on **Suddenlink** systems in 1Q and core networks were on **Charter's** most widely distributed tier as of February. Those factors, along with stronger-than-expected vMVPD performance, resulted in sub trends improving to the mid-2% decline range from the mid-3% range previously discussed, according to CEO *Bob Bakish*. "We now believe full-year domestic affiliate revenue will decline on the low-end of mid-single-digits, a 200-basis point improvement verse the guidance we gave you in the prior quarter," he said during Thursday's FY1Q earnings call. Viacom has no significant MVPD renewal on the near-term horizon, which frees it to focus on other distribution. It previously announced its minority interest in \$16/month, sports-free service **Philo**, which has not yet moved into the marketing phase. It has deals with **Sling** and **DirectTV Now**. The CEO said it's now in talks with multiple mobile carriers in the US, seeing that as the next big opportunity. "I feel good about our trajectory—far better than I felt this time last year," Bakish said. Viacom has previously said it will launch its own direct-to-consumer offering by the end of this fiscal year, but hasn't provided much detail. We do know it'll be rolled out in the US vs globally, there's "tens of thousands of hours of content," and it will look "fundamentally different" from its MVPD product. In other words, it's not a substitute product so MVPDs can't drop it and tell consumers to go to Viacom directly a la **Starz-Altice**. In fact, CFO Wade said at least one MVPD partner is looking at incorporating the service into its broader product as a complement to their offerings. He didn't name names, but Charter does have a content deal in place with Viacom and is aggressively seeking to bolster content offerings. Bakish boasted that **MTV** was the second fastest growing major cable network in primetime for the quarter and that the newly rebranded **Paramount Network** hit 12.1mln 18-49 viewers in its launch week, up nearly 20% vs the prior week. He also tried to set straight reports of a possible change in leadership at **Nickelodeon** amid ratings softness. *Sarah Levy's* role as COO of Viacom Media Networks was recently expanded to include **BET** and Nickelodeon, but he said Levy and brand presidents will continue to report to him. "The intent here is to streamline our structure, break down silos and ensure we are efficient and agile as we can be," he said. The *WSJ* reported this week that Nick head *Cyma Zarghami* may not stay beyond her current employment agreement. Bakish said Zarghami and her team are very focused on turning around Nick's ratings, something Viacom has successfully done before. He pointed to serialized novella "Hunter Street," efforts to build out

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non-TV impressions and growing **Noggin**. Bakish is roughly 14 months into his efforts to reinvent Viacom, which included repairing relationships with distributors, focusing resources on six flagship networks and boosting the Paramount brand. Viacom and **CBS** are exploring a possible combination, but declined to offer any comment on that process. On another wild market day, Viacom shares closed up nearly 4.6%. Cost-cutting efforts helped net profit hit \$535mln from \$393mln a year ago, while total revenue fell 8% to \$3.07bln, short of the \$3.14bln analyst expected. **Wells Fargo Securities** attributed some of the stock's rise to improving domestic affiliate fee growth, domestic advertising improving sequentially (though the analysts said they weren't sure they were buying that there will be growth by 4Q) and excitement over this direct-to-consumer product. "Before we get excited, we have to see how all the info shakes out in terms of estimates... great trends do not always translate into higher estimates!" was the bottom line of a Wells Fargo note to clients.

Lionsgate on Pop JV, Altice: **CBS**, currently in a 50/50 JV with **Lionsgate** for **Pop**, has a call option to purchase a portion of its partner's ownership interest that becomes exercisable on March 26 for a period of 30 days. No word on what CBS may do, and folks there are a bit busy right now with the possibility of a **CBS-Viacom** merger on the table. During Lionsgate's FY3Q earnings call Thursday evening, CEO *Jon Feltheimer* said the company has had a great relationship with *Les Moonves* and his team. "We have had some interest expressed from outside folks in terms of getting involved, but I think we're going to wait to have this discussion when CBS is ready." As for **Starz**, which ceased being carried on **Altice USA's Suddenlink** and **Optimum** systems on Jan 1, execs said both sides are engaged in discussions and "we hope that a deal is imminent." Altice USA has directed customers to Starz's OTT offering. Lionsgate said it has just signed a multi-year renewal with **Amazon Channels**. Feltheimer noted that it's taken longer than anticipated for Starz to be integrated into the **Hulu** platform, which has impacted the rate of growth projected for OTT. Starz is on track for integration with Hulu in the next couple months, he said. Lionsgate's reported earnings of \$193mln vs a net loss of \$31mln a year ago. It benefited from a one-time tax benefit of \$165mln, reflecting the impact of the lower US income tax rate under the new tax laws.

Jain Joins Team Google: Former **Time Warner Cable** and **Insight** exec *Dinni Jain* began a new role this week as CEO of **Google** parent **Alphabet's Access** division. He's charged with leading Google Fiber and Webpass. Jain replaces *Greg McCray*, who stepped down in July after just five months on the job. It's certainly a big job, with Google Fiber halting expansion and wireless home broadband company Webpass in a state of flux. Webpass recently exited operations in Boston, while launching in Denver and Seattle last year. Jain has some experience with high pressure situations though, joining Time Warner Cable as COO at the beginning of 2014 and shepherding it through two transactions—the failed **Comcast** purchase and **Charter's** eventual acquisition. He came to Insight as CFO after years in the



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UK cable industry and set out to make radical changes, including measuring employees not on cash flow growth but on metrics such as upgrades, reducing disconnects, customer service, etc. Between 2003 to 2009, Insight's customer satisfaction scores increased by nearly 50%. At TWC, Jain helped bring in strong financials, but new owner Charter quickly stepped in and put an end to deep promotional discounts that had been put in place by former management.

Government Shutdown?: If the government doesn't avoid a shutdown, the **FCC's** chairman and four commissioners will continue to work because their compensation is financed by a resource other than annual appropriations. The FCC released its plan for an orderly shutdown on Thursday. Under it, up to 200 employees will be retained because their salary and expenses are not funded out of appropriations that will lapse at midnight Thursday. Approximately 1233 employees (83%) are expected to be furloughed under the plan.

Legislate Net Neutrality: The Internet Association, which represents edge providers such as **Amazon** and **Facebook**, has urged Congress to legislate a permanent solution for net neutrality. "Legislation that memorializes all of the protections from the 2015 Order would also enjoy support from IA and its member companies. The time has come for a bipartisan effort to establish permanent net neutrality rules for consumers, startups, established internet businesses, and internet service providers," the group said in a letter dated Thursday. The missive also noted the group's strong support of a Congressional Review Act resolution that would invalidate the **FCC's** Restoring Internet Freedom order, calling it an important step in solidifying open internet protections. That's the FCC's order from January that strips away Title II regulation for ISPs. The **Internet Innovation Alliance**, whose members include **AT&T**, agreed with sentiment of a new law based on the bright line rules of no blocking, throttling and "no unfair discrimination against legitimate online content" (a step short of no paid prioritization). But the group suggest the FCC's 2010 Open Internet order would serve as useful model (it doesn't include Title II regulation of ISPs). And importantly, it wants parity between all technologies. "To succeed, however, the privacy principles should apply on equal terms to all providers and indeed all companies that touch consumers in the internet ecosystem. This is absolutely necessary for the law to give consumers the assurance and security that their privacy is protected, no matter how they access the internet and no matter what sites they visit," IIA said.

T-Mobile's Video Play: T-Mobile's 10K revealed it paid \$325mln for **Layer3 TV**, an acquisition that closed last month. The purchase is part of the company's plan to expand into video, which began with its Binge On unlimited stream on experience and expanded to include **Netflix** On Us.

WWE Earnings: **WWE** saw 4Q revenue tick up 9% to \$211.6mln. OTT service **WWE Network** was in line with company guidance, with the average paid subs numbers increasing to 1.48mln during Q4 2017. The company gave guidance of 1.53mln subs for 1Q, which **Wells Fargo Securities** said was a "touch" below their guidance of 1.552mln. The analysts dubbed digital revenue of \$12.8mln impressive. Digital rev was up 51% reflecting higher ad sales and consumption of WWE video content across digital platforms, particularly **YouTube**. WWE formed a partnership in 4Q with **Facebook Watch** for its "Mixed Match Challenge" and becoming the 2nd most viewed channel on YouTube for the year with 20bln lifetime views. "WWE has a clear path of catalysts in 2018," Wells Fargo senior analyst *Eric Katz* wrote, pointing to the Wrestlemania trade in April and the anticipation of news surrounding TV renewals for 2019. Katz suggested **Fox/FS1** could be a bidder for Raw and Smackdown (currently on **USA**) given Fox's interest in live sports. He also believes digital players such as Facebook and **Amazon** could get into the mix.

Calling on Cisco: **NBC Olympics** picked **Cisco** IP video and networking solutions for the production of the 2018 Olympic Winter Games. Cisco will also be tasked with providing data center network security solutions as well as mobile collaboration technology to link NBC's remote and onsite production teams.

Streamlined and Simplified: **Arris** struck a new agreement with **Pegatron Corporation** on the sale of Arris's manufacturing facility in New Taipei City, Taiwan. The production of customer premises equipment will move to Pegatron's Suzhou site in China by 2019. Technology and business operations will continue in Taiwan, including Arris's newly acquired **Ruckus** operations. The move is part of an ongoing effort by the company to simplify its manufacturing footprint through the use of its partners.

Ratings: **Lifetime's** "The Simone Biles Story: Courage to Soar" and the following special "Bio Presents: Simone Biles: American Gold" have reached more than 8.2mln viewers since their Feb 3 premieres. "The Simone Biles Story" was the net's top movie to date with W25-54 (706K) and garnered 2.2mln total viewers during its premiere.

People: *George Barrios* and *Michelle Wilson* have been elevated to co-presidents of **WWE** and have been appointed to its board. Both will continue to report directly to chmn/CEO *Vince McMahon*. Both have been with the company for four years.

PROGRAMMER'S PAGE

Behind the Makeup With 'Model Squad'

They grace the covers of every magazine from *Vogue* to *Harper's Bazaar*, but their lives aren't all poses and fittings. E!'s "Model Squad: Fashion Week" (special airing Feb 12 at 10pm) will serve as a preview to a series launching later this year that will offer a realistic look into the lives of the most prominent models in the world today. *Daniela Braga, Olivia Culpo, Hannah Ferguson, Ashley Moore* and more have signed on, giving cameras the opportunity to see them undergo the highs and lows of the fashion industry, including the highly competitive casting process for the Victoria's Secret fashion show. "Each of these women have a different career trajectory and have endured different trials and tribulations along the way," E! evp distribution and production *Amy Introcaso-Davis* said. As the viewers see the chaotic preparations and behind-the-curtain operations behind New York Fashion Week, the models will offer their own tips and tricks on everything from skincare to the latest fashion trends. While the special will only be able to offer a taste of what the full series has to offer, *Model Squad: Fashion Week* also will go beyond the makeup to follow the models into their personal lives as they manage the constant pressure to achieve perfection. The network has a long history of covering events in the world of fashion and glamour, but *Introcaso-Davis* hopes the special and upcoming series will offer viewers a new perspective on the women they see grace the red carpet at events like the Met Gala. "These women are some of the most ambitious and driven individuals within the fashion industry," she said. "We hope that this series will expose the hard work that goes into making it in this high-pressure business and show viewers that it's more than what's on the outside." – *Sara Winegardner*

Reviews: *The Price of Fame: Johnny Depp*, 9pm ET, Sunday, **Reelz**. During filming of "Pirates of the Caribbean (Dead Men Tell No Tales)" on an Australian island, young extra *Daniel Kulti* describes how *Johnny Depp* noticed the boy was succumbing to excessive heat. Depp sat with Kulti as he recuperated. "He didn't have to do that...I thought it was cool," Kulti says. Unfortunately, that story encapsulates the level of depth this special provides. We learn Depp is charitable, adores children and spends money faster than he makes it. The secrets behind Depp's screen success and his sometimes-volatile behavior are barely touched. -- "He Lied About Everything," 8pm ET, Wednesday, **ID**. It's cheeky of ID to run this whopper of a story on Valentine's Day. Fittingly, it begins as a fairy tale romance. A handsome, charming Italian surgeon woos an **NBC** "Dateline" producer who's doing a story about him. (True, journalists shouldn't date their subjects, but the guy looks like Clooney.) Just 60 days before their marriage, things crumble. Are you surprised? -- "Behind the Movement," 7pm, Sunday, **TV One**. We're glad TV One scheduled this useful film early so children and parents can watch it as it adds flesh to the one-dimensional figure *Rosa Parks* has become. *Meta Golding* is terrific portraying Parks as an informed activist. - *Seth Arenstein*

Basic Cable P2+ Prime Rankings* (1/29/18-2/4/18)		
Mon-Sun	MC US	MC US AA
	AA%	(000)
FNC	1.231	3750
MSNBC	0.627	1908
HGTV	0.478	1455
USA	0.456	1389
HIST	0.414	1259
NICK	0.391	1190
ESPN	0.374	1138
ID	0.372	1134
DISC	0.351	1068
TBSC	0.339	1033
CNN	0.337	1025
A&E	0.328	1000
TNT	0.320	975
FOOD	0.289	881
ADSM	0.272	830
DSNY	0.263	802
TLC	0.261	794
HALL	0.259	789
LIFE	0.226	688
NAN	0.223	678
TVL	0.210	640
FX	0.209	638
DSJR	0.204	621
BRAVO	0.200	608
VH1	0.187	568
AMC	0.182	554
INSP	0.175	534
CRN	0.167	509
APL	0.162	495
OWN	0.160	487
TRAVEL	0.149	454
NKJR	0.149	454
NATGEO	0.148	452
WETV	0.143	434
HMM	0.139	424
MTV	0.136	415
FRFM	0.126	383
PARA	0.125	381
LMN	0.123	375
HBO	0.121	369
GSN	0.120	367

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

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