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What the Industry Reads First

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Streaming Strategy: AMC Networks Doubles Down on SVODs

AMC Networks is swapping up its SVOD strategy, and changes are fueled by customers cutting the cord in favor of streaming services. While the company is quick to separate itself from other major players with its niche offerings, it's following their lead by pulling back its own content. CEO *Josh Sapan* used a call with analysts Thursday to outline a plan designed to enable the company to adapt to major industry changes, and pointed out that thanks to the **AMC Studios** operation, AMC Networks owns and controls approximately 90% of the original scripted series delivered to viewers on linear nets and streaming platforms. Sapan announced rerun rights to AMC Nets' shows will now be considered on a case-by-case basis. For the upcoming third *Walking Dead* series, the company and **Amazon** struck a deal earlier this month for international distribution (outside of territories with AMC global channels). "In the US we're holding back rights that we've traditionally sold to third parties. Domestically, we will not sell the SVOD rights to this third *Walking Dead* series, but rather this series will be used to fuel our own platforms both streaming as well as linear as we window it and take full advantage of the opportunities it presents for us," Sapan said. The company will focus on its streaming services with "specific, targeted" offerings, and isn't worried about competition from some of the other major players. "As we grow subscribers to these targeted series, we see that the deep fans of a genre will sign up and stick with a service they identify with and feel strongly about while aggressively priced general entertainment offerings from **Netflix, Apple, Disney, HBO Max** and others proliferate and become very successful," he said. Speaking of the company's SVODs, (**Acorn TV, Shudder, Sundance Now** and **UMC**), Sapan announced that **Charter** will launch its suite as well as **AMC Premiere** to Spectrum customers. "The growing direct-to-consumer business is becoming increasingly attractive to these very MVPD partners as their business models evolve," Sapan said. "The scope of this agreement represents a larger shift in our relationship with traditional and emerging distributors, who are finding our growing SVOD services to be of significant appeal, especially as they focus on catering to broadband only subscribers." Details of the rollout are not yet finalized, nor are price points, but Sapan expressed confidence in Charter's ability to distribute the streamers. "They're experts at it, they'll deploy wisely and with acumen," he said during the Q+A portion of the call. "If you look at the Spectrum platform today, you'll see that they seem to know what they're doing with video quite well. There's no one

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wiser about what to do with video opportunities and margin opportunities through their multiple products than them.” Execs declined to offer specific sub numbers or churn numbers for the four services, but once again affirmed that Acorn TV surpassed the 1mln sub mark and confirmed the company is still on track for an aggregate 2mln subs and overall profitability by EOY 2020. Advertising revenue fell 3%, which evp, CFO *Sean Sullivan* attributed to lower delivery and timing of originals, particularly the absence of “Better Call Saul,” which AMC aired in the year ago period, “However, growth at each of our other four networks as well as increased pricing across our portfolio of networks helped to offset the unfavorable comparisons,” Sullivan said. The company posted a profit of \$117mln, up from \$111mln in the year-ago quarter. Its distribution revenue fell below expectations, and a **Bernstein** research note pointed out this is the first quarter the company specified in the press release a decrease in subscriptions. “Negative subscription revenues are about the worst thing that can happen to a cable networks company. 2mm subs to niche SVOD services will not overcome that,” the note reads. AMC execs said some decline of subscription revenue is partially thanks to an ongoing carriage dispute with an unnamed MVPD. AMC Networks shares closed slightly down 0.68% to \$43.55.

WWE Shares Slammed After Middle East Deal Delay: The WWE’s top talent may be gathered in Riyadh for the company’s Crown Jewel PPV event, but delays in the wrestling giant’s plans to secure TV distribution deals in the Middle East and India had stocks falling by as many as 19 points Thursday post-earnings call. WWE said it’s now targeting to have those deals done by February, but will provide further guidance to investors as closer to that time. Revenues came in at \$186.3mln, down from \$188.4mln YOY, while operating income fell to \$6.4mln from \$18.1mln. Not all talk on the call was doom and gloom. The recently-revamped **WWE Network** averaged 1.51mln paid subscribers, in line with company guidance. The debut of “Friday Night SmackDown” on **Fox** and the start of the NXT licensing agreement with **USA** show promise that TV ratings are stabilizing for WWE. “SmackDown debuted to 3.9mln live viewers and was one of FOX’s highest-rated Friday night programs in three years, and NXT has held viewership levels on Wednesday nights more successfully than rival AEW, which airs at the same time,” **Evercore ISI** said in a note. WWE co-president *George Barrios* refused to directly comment on the October firing of *Eric Bischoff* as executive director, Smackdown and the hiring of *Bruce Prichard* as his replacement, but did say that the company feels really good about the changes its made to the creative structure surrounding both the Raw and Smackdown products and how it has allowed WWE CEO *Vince McMahon* to be more targeted in his involvement. As for the impact of its rival, Barrios admitted that the live content ecosystem is competitive, but WWE’s expectation for itself is that it’s going to win against anyone it goes up against, including AEW. “Ultimately what we try and do is drive as much engagement as we can on Monday and Friday nights and we feel pretty good in

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our history of doing that and our ability to continue doing that in the future,” Barrios said. WWE stock settled at \$56.04 at market close, a 15.65% decline.

Moody's Drops Cable to 'Stable': Moody's cut its outlook on the cable industry from “positive” to “stable” due to the slower EBITDA growth projected for 2020. Moody's expects EBITDA growth to decelerate to about 4.3% (down from 5% in 2019) in part because of the costs many cable operators have taken on to build mobile wireless services. The other factor is the lack of major M&A and less merger synergies, with the only real transactions of note being **Sparklight's** (previously known as **Cable One**) deals to acquire **Fidelity Communications** and **Clearwave Communications**. And while broadband continues to serve as a bright spot on many cable operators' balance sheet, Moody's is concerned that declines in video (-2.8% at the end of the last quarter) and voice (-3.1%) could outpace the growth of high-speed internet (4.6%). “On a positive note, we expect mobile wireless services to generate incremental subscribers, thus helping to add double, triple and potentially some quad-play subscribers,” Moody's wrote in a note. “It's possibly the mobile additions will be enough to hold the total number of Revenue Generating Units (RGUs) constant.” Moody's also took the Video Replacement Rate into its determination, which is the lowest it has been in the last five years. Still, it should stay above 1.25x, the ratio needed to maintain revenue growth.

To Achieve 5G, US Needs National Interagency Action Plan: Senate Homeland Security questioned government officials Thursday on just how the US came to fall behind in the global race to 5G, and FCC commish *Jessica Rosenworcel* said it's all about establishing a national plan and sticking to it. She laid out four key ideas that should be included in the interagency plan, and it all starts with securing a 5G supply chain. With that, the US needs to establish an approach to supply chain security that takes more than just US networks into account. It should also consider the future of connected devices and the Internet of Things. But where she and her colleagues at the FCC need to change course the most, Rosenworcel said, is in their approach to freeing spectrum for 5G. “The truth is we've rested on our 4G laurels and that's not a good place to sit,” Rosenworcel said in response to questioning from Sen *Mitt Romney* (R-UT). “If I had to choose one thing that we should change right now, we need a spectrum strategy that makes sure 5G service gets to everyone all across the country.” She criticized the FCC for prioritizing the auctioning of high-band spectrum, which she said can only propagate “between one corner of this room and the other,” rather than valuable midband spectrum. “We will never make that an economic way to deploy 5G everywhere and it will reduce our power and our scale for equipment, devices and innovation,” Rosenworcel said.

Mediacom Thrives With Broadband's Help: Broadband continues to be a gold mine for **Mediacom**, which added 13K broadband customers in 3Q19. That fueled a 3.5% increase YOY in revenues to \$510.6mln even as the company lost 18K video customers. FCF rose to \$98.4mln from \$81.5mln YOY. Mediacom currently sits with 2.6mln PSUs and 1.367mln total customer relationships.

World Series Champs: Washington Nationals fans aren't the only ones smiling after Game 7. **MLB Network's** Q4 posted a 51% increase in prime average (178K) and a 7% uptick in total day (74K) over 2018. The net had two ALDS games and live coverage before and after every postseason game. Game 7 drew 23mln for **Fox**, the most-watched baseball game since Game 7 of the 2017 World Series. For the entire postseason, Fox and **FS1** averaged 7.84mln viewers—up 12% compared to last year's average. With the win the first for the Nationals, there were plenty of Washington policy wonks cheering for the home team. Even when they were far away from the Beltway. “This is why I'm up at 4:30AM in Egypt. #GoNats #FINISHTHEFIGHT!” tweeted FCC chmn *Ajit Pai*. Even Washington journos took a break from impeachment to cheer on the team. “What an amazing season!” **Fox News' Brett Baier** wrote in one of many Nats-related tweets.

Senators Want Justice for Orphan Counties: Sens *Ed Markey* (D-MA), *Deb Fischer* (R-NE) and *Tammy Baldwin* (D-WI) sent a letter to Senate Commerce chmn *Roger Wicker* (R-MS) and ranking member *Maria Cantwell* (D-WA) urging them to focus on finding solutions for their states' residents that lack access to local coverage on broadcast television. Those residents live in orphan counties that fall into DMAs based in other states. The issue has been a major point of debate throughout Congress's discussions over whether to allow **STELAR** to sunset at the end of the year or, if it's renewed, the need to update the legislation. **AT&T's DirecTV** came under fire during a recent Senate Commerce hearing for not offering local broadcast signals in 12 markets.

Ratings: Soccer fans said they wouldn't stop watching after the Women's World Cup, and they delivered on that promise. Sunday's 3:30pm National Women's Soccer League Championship game between the North Carolina Courage and the Chicago Red Stars was seen by an average audience of 166K on **ESPN**, making it the most watched NWSL game in three years. The audience was 43% higher than the 2018 final. The playoffs on **ESPN2** averaged 148K viewers, up 66% YOY.

PROGRAMMER'S PAGE

Going to Extremes...

This week **IFC** unleashed upon us all the Season 4 premiere of its Canadian import “Baroness von Sketch Show,” which continues to skewer Western culture from a decidedly female perspective—but also in ways that are relatable to everyone. The series’ various sketches feature four talented ladies—Canadian actor *Meredith MacNeill* and Second City veterans *Carolyn Taylor*, *Aurora Browne* and *Jennifer Whalen*—who navigate ridiculous situations and always seem to say something true about the world at large. When one mom apparently shames her TV-obsessed mom friends by telling them she’s too busy raising her kids to gossip about binge TV, the conversation turns into a comparison of their kids’ lives as TV seasons that can get boring at times. When two social-media obsessed women battle for the perfect selfie, it becomes a battle to get the best “high angle” that goes way too far. Of course, taking normal things, and escalating them into the stratosphere of ridiculousness is part of what makes *Baroness von Sketch* so unrelentingly entertaining. “I think some of the best writing comes from being vulnerable,” MacNeill told **CFX**. For example, the high-angle selfie sketch actually ends in death, perhaps to teach us that we shouldn’t all be so obsessed with selfies and social media—but also highlighting the inherent comic risk of a show that constantly heightens to infinity. “If you go too far, it doesn’t work,” MacNeill said, adding that they always ask themselves in the writing room “how far can you take this before it doesn’t work anymore?” At **TCA** in August, Browne told critics that “it’s therapeutic for us” when it’s “based on something true. We may take it to an extreme, you know something kind of absurd, but the basic truth behind it is you’re not really alone... So it does have that effect of bringing people together a little bit, we hope.” Ah, those Canadians. They’re so nice. — *Michael Grebb*

Reviews: “Tom Clancy’s Jack Ryan” Season 2 premiere, **Amazon Prime**. Just when you thought you’d seen everything in TV marketing, Amazon Prime revives our faith in creativity. Instead of streaming Season 2 of its most popular series, “Tom Clancy’s Jack Ryan,” Nov. 1 as scheduled, it unleashed it a day early. Though ep 1 is well worth waiting for, we’re happy Amazon Prime had an itch to give loyal Ryan viewers their Halloween candy. The sophomore journey finds Dr. Ryan (the wonderful *John Krasinski*) taking a breather from the CIA in favor of a staff job on Capitol Hill. The new gig takes him to Venezuela, where he meets up with his former CIA boss, James Greer (the terrific *Wendell Pierce*). Just when you think the opening ep’s pace is dragging, a scene reminiscent of “Clear and Present Danger” (1994) grips you. Welcome back, Jack. -- “Unearthed,” Season 5 premiere, 9pm, Sunday, **Science**. It’s not easy to entertain and educate simultaneously. “Unearthed” does so with aplomb. Sunday it debuts an excellent ep about Amarna, a monstrous metropolis King Tutankhamun’s parents, King Akhenatan and Queen Nefertiti, built in just three years. By comparison, it took 20 years to complete the Pyramids at Giza. Paced like a thriller, Unearthed’s juxtaposition of computer graphics with ancient ruins is excellent. — *Seth Arenstein*

Basic Cable P2+ Prime Rankings* (10/21/19-10/27/19)		
Mon-Sun	MC US	MC US AA (000)
ESPN	0.854	2,625
FNC	0.795	2,442
MSNBC	0.567	1,743
TNT	0.443	1,362
TLC	0.386	1,185
HGTV	0.326	1,002
HALL	0.299	920
CNN	0.299	920
A&E	0.289	888
TBSC	0.286	878
DISC	0.282	868
USA	0.266	817
FOOD	0.246	756
ID	0.236	726
LIFE	0.224	688
HIST	0.223	686
HMM	0.215	660
ADSM	0.201	619
AMC	0.182	558
TVLAND	0.180	553
NICK	0.177	543
FRFM	0.175	539
INSP	0.173	533
BRAVO	0.173	533
FX	0.167	513
NAN	0.162	497
DSNY	0.150	461
MTV	0.127	391
GSN	0.126	387
TRAVEL	0.122	376
BET	0.121	371
CRN	0.119	367
WETV	0.117	360
NATGEO	0.117	359
NKJR	0.113	347
VH1	0.113	346
NFL	0.112	345
DSJR	0.112	344
SYFY	0.109	334
HBO	0.102	313
APL	0.097	299

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



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