

U.S. Media & Entertainment

Media Madness: Cord cutting better; the "Have Nots" worse, and thoughts into the "Haves"

Equities

Americas

Media

Doug Mitchelson

Analyst

doug.mitchelson@ubs.com

+1-212-713 2056

Meghan Durkin

Associate Analyst

meghan.durkin@ubs.com

+1-212-713 4278

Charles Costanzo

Associate Analyst

charles.costanzo@ubs.com

+1-212-713 3968

Brian Russo

Associate Analyst

brian.russo@ubs.com

+1-212-713 2903

2Q17 Cord Cutting Improved – Was 1Q17 A Head-Fake?

With 94% of pay video suppliers having rpt'd, the UBS Telco team estimates traditional net losses were 283k worse Y/Y and we estimate virtual net adds were 554k better Y/Y, for a 0.3% improvement in cord cutting. The Y/Y trendline in total video subs has been -0.5% Y/Y in 3Q16, to -0.3% in 4Q16, -0.9% in 1Q17 and now -0.6% in 2Q17. Given the 60 day delay flowing through media results, 2Q17 is being impacted by the cord cutting spike in 1Q17, and it follows that 3Q17 should see the sub improvements for the "Haves" that are well represented in the virtual MVPD services. See charts/tables.

2Q17 "Have Nots" results disappointed (See charts/tables)

Fundamentals have generally been playing out as expected with streaming still growing rapidly (strong NFLX subs), V-MVPD launches holding up the pay TV market but hurting affiliate rev for the "Have Nots", and TV advertising coming in a bit softer (driven by ratings shortfalls and commercials reductions rather than scatter pricing issues). VIAB results were the most disappointing, but each of the pure-play cable net companies had rev issues. On a trendline basis, US cable network sector core affiliate rev was +6.3% Y/Y in 1Q17 and is estimated +6.4% in 2Q17 and +6.8% in 3Q17. For U.S. TV advertising, we are showing C2Q17 U.S. adv -2.3% Y/Y (though we see downside risk from DIS/FOXA) improving to 3Q17 +1.3% Y/Y (Olympics is an easy comp in 3Q) -- crucial remains 4Q17 under the new upfront and new TV season. While C2Q EBITDA has come in ahead by \$154m so far (1.4%), we have lowered full year 2017 EBITDA by \$211m (0.5%), due primarily to cuts at VIAB (4%) and SNI (3%).

Thoughts into the "Haves"

In our view, the most important event for Media earnings is yet to come, which is any commentary next Tues night from DIS regarding sub or affiliate trends at ESPN (UBSe decel from 4% to 3%, but improving in 2H CY17). We expect improving ad trends at CBS, and improving US affiliate at FOXA (w/ commentary that sub trends are stable).

Bear Trap thesis intact

As we detailed in our Bear Trap note ([here](#)), the set-up for Media into 3Q17 looks favorable with V-MVPDs driving improved video sub declines and TV advertising likely back to flat for the new TV season.

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Doug Mitchelson

Analyst
doug.mitchelson@ubs.com
+1-212-713 2056

Meghan Durkin

Associate Analyst
meghan.durkin@ubs.com
+1-212-713 4278

Charles Costanzo

Associate Analyst
charles.costanzo@ubs.com
+1-212-713 3968

Brian Russo

Associate Analyst
brian.russo@ubs.com
+1-212-713 2903

Earnings Season Update

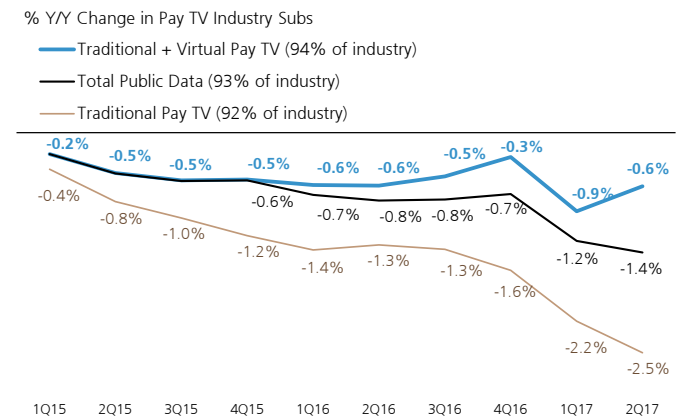
Cord Cutting Improved in 2Q17...

Figure 1: Pay TV results beat expectations for the largest companies (bears were looking for a miss)

Mkt Shr	Pay TV Distributors	Net Adds (000s)			
		2Q16		2Q17	
		Rpt'd	Street	Rpt'd	Beat / Miss
25%	AT&T (excl DTV Now)	(49)	(240)	(351)	(111)
23%	Comcast	(4)	(24)	(34)	(10)
17%	Charter	(91)	(157)	(76)	81
13%	Dish Network (incl Sling)	(281)	(256)	(196)	60
5%	Verizon	(41)	(16)	(15)	1
3%	Altice	(25)		(37)	
86%	Largest Public Rpt'd Cos	(491)		(709)	21

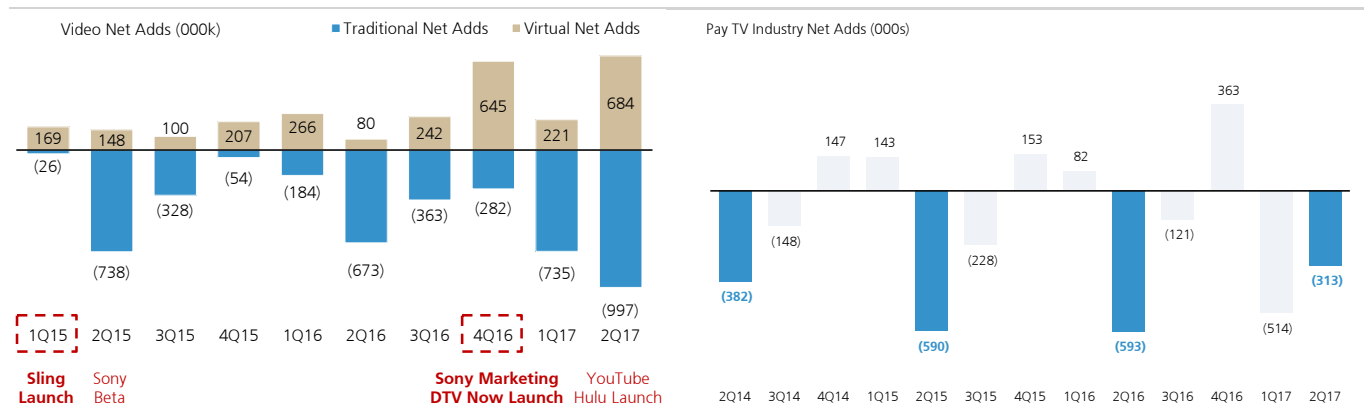
Source: Company reports, StreetAccounts consensus, UBS.

Figure 2: Virtual providers stabilized cord-cutting in 2Q17 (see Appendix for rollout details)



Source: Company reports, UBS estimates. Includes: T, CMCSA, CHTR, DISH, VZ, Altice, Cox, Mediacom, WOW, CABO, CTL, Atlantic Broadband, FTR, Consolidated Comm, CBB, WIND, Google Fiber, Sony, YouTube TV, Hulu Live TV.

Figure 3: Virtual subs ramping and are beginning to stabilize cord-cutting trends



Source: company reports, UBS estimates. Includes: T, CMCSA, CHTR, DISH, VZ, Altice, Cox, Mediacom, WOW, CABO, CTL, Atlantic Broadband, FTR, Consolidated Comm, CBB, WIND, Google Fiber, Sony, YouTube TV, Hulu Live TV.

... But "Have Nots" Missed Affiliate Revenue

Figure 4: Media Networks - U.S. Cable Net Affiliate Revenue Snapshot, C2Q17

Report Date	Co.	Have or Have Not	Sub Decline	Affiliate Rev Growth	Beat / Miss	Est Pricing	Mgmt Comment
27-Jul	NBCU	Have	Est -1-2%	8.1%	0.1%	10%	No speed-up or slowdown in the modest subscriber losses that we've seen over the last few years.
31-Jul	DISCA	Have Not	Down a little over 4%	2.9%	-0.7%	6%	~3% for the bigger networks, smaller channels little bit more than that
31-Jul	SNI	In Between	Fully Distrib. Down 1-2%, Diginets - MSD	8.1%	2.2%	9%	larger channels down 1-2%, smaller channels down more than that, no change to trend
2-Aug	TWX	Have	Down 1-2%	13.8%	0.8%	16%	No Earnings Call
3-Aug	AMCX	In Between	AMC implied down 1-2%, Smaller Channels Up	2.2%	-3.0%	3%	In fact, we achieved a significant increase in our subscribers due to the positive repositioning of Sundance, IFC, BBC America and WE tv.
3-Aug	VIAB	Have Not	-3.5%	0.3%	-2.2%	4%	the internal data that we have showed a slight degradation from Q2 to Q3, and that data shows a run rate of about minus 3.5%
8-Aug	DIS	Have	-3%	3.2%		6%	N/A
9-Aug	FOXA	Have	Fully Distributed - 1.5%	9.4%		16%	N/A

Source: UBS, Company reports and transcripts

Figure 5: Affiliate Revenue Beat / (Miss) Heat Map: Wide performance gap between those included in majority of V-MVPDs (TWX, SNI) and those with limited V-MVPD distribution (DISCA, VIAB). AMCX is in majority of V-MVPDs but was impacted by a traditional distributor contract dispute impact. DIS and FOXA (included in all V-MVPD's) have yet to report C2Q17 results.

Affiliate/Retrans Revenue Beat / (Miss) & Forward Estimate Changes						
Change in Growth Rate						
Calendar Qtrs	As Reported			Core Growth		
	2Q17(1)	3Q17E	4Q17E	2Q17(1)	3Q17E	4Q17E
U.S. Cable Networks						
Ad Supported						
AMCX	-3.0%	-2.7%	-2.2%	-3.0%	-2.7%	-2.2%
DIS	-	-	-	-	-	-
DISCA	-0.7%	-0.6%	-0.4%	-0.7%	-0.6%	-0.4%
FOXA	-	-	-	-	-	-
SNI	2.2%	1.5%	1.2%	2.2%	1.5%	1.2%
TWX -- Turner	0.8%	0.8%	0.7%	0.8%	0.8%	0.7%
VIAB	-2.2%	-3.2%	-3.3%	-2.2%	-3.2%	-3.3%
Total	-0.2%	-0.3%	-0.3%	-0.2%	-0.3%	-0.3%
Premium Pay						
CBS (Showtime)	-	-	-	-	-	-
TWX -- HBO	0.9%	1.2%	-0.6%	0.9%	1.2%	-0.6%
Total Premiums	0.5%	0.7%	-0.4%	0.5%	0.7%	-0.4%
Total U.S. Cable	-0.0%	-0.1%	-0.3%	-0.0%	-0.1%	-0.3%
International Cable Networks						
AMCX	-4.6%	-2.3%	-2.7%	-4.1%	-2.0%	-2.5%
DIS	-	-	-	-	-	-
DISCA	-0.2%	-1.7%	-1.6%	-1.0%	-4.0%	-3.6%
FOXA	-	-	-	-	-	-
SNI	-3.6%	-1.8%	-1.8%	-3.6%	-1.8%	-1.8%
TWX -- Turner	1.4%	1.0%	0.1%	1.4%	1.0%	0.1%
TWX -- HBO	0.6%	1.5%	-1.1%	0.6%	1.5%	-1.1%
VIAB	-1.5%	-	-	-5.6%	-	-
Total	-0.2%	-0.3%	-0.5%	-0.7%	-0.7%	-0.9%
U.S. Broadcast Networks						
CBS	-	-	-	-	-	-
DIS	-	-	-	-	-	-
FOXA	-	-	-	-	-	-
Total	1.4%	1.3%	1.3%	1.4%	1.3%	1.3%

(1) CBS, DIS and FOXA have yet to report 2Q17. Note: Core growth excludes the impact of unusual items (i.e. M&A, accounting adjustments, FX impacts). Source: UBS estimates, company reports

Advertising Continues to be Soft; but 2017-18 Upfront is Encouraging

Figure 6: Media C2Q17 Advertising Results and Commentary

Date		Y/Y % Chg - Ad Loads	Y/Y % Chg - Average Audience	Y/Y % Chg - Target		Y/Y % Chg - Rptd Ad Rev	Beat / Miss	Ad Market
				Demo Rev	Wgtd			
27-Jul	NBCU-Broadcast	2.7%	-11.9%	-9.1%	-1.2%	-0.9%		reflected ratings pressure during the quarter
	NBCU-Cable	0.4%	-8.7%	-8.4%	-0.9%	1.1%		due to audience ratings declines, mostly offset by higher rates.
31-Jul	SNI	-0.4%	-8.9%	-8.2%	2.2%	-3.0%		continued strength in pricing in the U.S. advertising market for our lifestyle brands, partially offset by a decline in impressions delivered and advertising inventory mix shifts in the quarter.
31-Jul	DISCA	-0.8%	-4.4%	-3.6%	0.2%	0.0%		+1% excluding the deconsolidation of Seeker and SourceFed, was primarily due to pricing and improved monetization of our GO platform, which added a point of growth, partially offset by lower delivery due to continued universe declines and the timing of Shark Week
2-Aug	Turner	-2.7%	-8.3%	-6.9%	-8.2%	0.4%		the comparison to airing the NCAA Champ and Final 4 games in 2Q17 and airing of two fewer NBA playoff games in 2Q17 was a -8% comp; lower delivery at entertainment networks, partially offset by increases at CNN
3-Aug	AMCX	-0.5%	-0.4%	-2.4%	2.6%	4.6%		sequential improvement due to the timing of originals, most notably Better Call Saul and Into the Badlands at AMC. We also saw increased pricing, which help to offset lower delivery.
3-Aug	VIAB	-3.3%	-6.6%	-10.2%	-1.6%	0.4%		price increases were more than offset by lower impressions....we made a decision to reduce ad loads at a number of our networks in order to improve the viewer experience.
	CBS	2.8%	-10.3%	-7.9%	6.2%			
8-Aug	DIS-Broadcast	-1.7%	-15.6%	-17.0%	-2.2%			
	DIS-Cable	0.0%	-20.8%	-17.1%	-10.6%			
9-Aug	FOXA-Broadcast	-0.5%	-18.2%	-16.6%	-9.6%			
	FOXA-Cable	-0.3%	3.0%	7.3%	4.6%			

Source: UBS, Company reports and transcripts

Figure 7: 2017-18 Upfront Announcements by Network Group

Date	Network	CPM	Volume	Details	Drivers
Anncd	Group	Growth	Growth		
21-Jun	CBS	+HSD	+LSD	Prime +HSD CPM, Flat Vol; Other Dayparts: +DD CPM, Up Vol	Shift from C3>C7; late night (Colbert); Young Sheldon; S.W.A.T., Seal Team
21-Jun	The CW	+HSD-LDD	+3-5%	Excludes Superhero Crossover partnership deals	Dynasty, Valor, Black Lightning, Life Sentence
30-Jun	Viacom	+HSD	Growth	Increased interest in Vantage, integrated content, Open Ap	Paramount Net rebrand, Nickelodeon
30-Jun	Dis-ABC	+HSD	+HSD	Late night & Kids +LDD; Digital +20%	returning comedies, reality, Thurs block; Good Doctor, Mayor, Gospel of Kevin, Id
5-Jul	Fox	+6-8%	FLAT	Fox Prime and Fox Cable +6% to +8% CPMs; FX led Cable Net	Big 10, World Cup, OOH ratings, Gifted, Mick, Star/Empire, American Crime Story
12-Jul	NBC	+HSD	+8%	Ex-Super Bowl, Olympics, World Cup; NFL +5%, Digital +42%	Late Night, This is Us, Today, Mr. Robot, E! Red Carpet
13-Jul	Turner	+HSD	+MSD	Targeting and VOD +DD	TNT & TBS originals, CNN, Samantha Bee
3-Aug	AMC Nets	+HSD	--	increase in delivery on digital, advanced platforms	100th episode of The Walking Dead
--	Scripps	+HSD	FLAT	Sold less inventory, will have more available for '17-'18 scatter	--
--	Discovery	+MSD-HSC	+HSD	--	--

Source: UBS, Company Reports, Adweek

Figure 8: Advertising Revenue Beat / (Miss) Heat Map – U.S. National TV Advertising:
Despite 2Q17 tracking slightly better than expectations, forward estimates are being revised downward

Advertising Revenue Beat / (Miss) & Forward Estimate Changes						
Change in Growth Rate						
Calendar Qtrs	As Reported			Core Growth		
	2Q17(1)	3Q17E	4Q17E	2Q17(1)	3Q17E	4Q17E
U.S. Cable Networks						
AMCX	4.6%	-1.8%	-	4.6%	-1.8%	-
DIS	-	-	-	-	-	-
DISCA	-0.0%	-3.2%	-0.1%	-0.0%	-3.2%	-0.1%
FOXA	-	-	-	-	-	-
SNI	-3.0%	-5.0%	-4.3%	-3.0%	-5.0%	-4.3%
TWX	0.4%	-2.0%	0.9%	0.4%	-2.0%	0.9%
VIAB	0.4%	-1.7%	-2.3%	0.4%	-1.7%	-2.3%
Group Total	0.2%	-1.2%	-0.6%	0.2%	-1.3%	-0.6%
U.S. Broadcast Networks						
CBS	-	-	-	-	-	-
DIS - ABC	-	-	-	-	-	-
FOXA	-	-	-	-	-	-
Group Total	-	-	-	-	-0.0%	-
Total U.S. Broadcast & Cable Networks						
AMCX	4.6%	-1.8%	-	4.6%	-1.8%	-
CBS	-	-	-	-	-	-
DIS	-	-	-	-	-	-
DISCA	-0.0%	-3.2%	-0.1%	-0.0%	-3.2%	-0.1%
FOXA	-	-	-	-	-	-
SNI	-3.0%	-5.0%	-4.3%	-3.0%	-5.0%	-4.3%
TWX	0.4%	-2.0%	0.9%	0.4%	-2.0%	0.9%
VIAB	0.4%	-1.7%	-2.3%	0.4%	-1.7%	-2.3%
Group Total	0.2%	-0.7%	-0.3%	0.2%	-0.9%	-0.3%

(1) CBS, DIS and FOXA have yet to report 2Q17. Note: Core growth excludes the impact of unusual items (i.e. M&A, Olympics, timing of event programming). Source: UBS estimates, company reports

Figure 9: Advertising Revenue Beat / (Miss) Heat Map – Global TV Advertising:
International advertising results have been weaker than expected with many companies reporting weakness in Europe

Advertising Revenue Beat / (Miss) & Forward Estimate Changes						
Change in Growth Rate						
Calendar Qtrs	As Reported			Core Growth		
	2Q17(1)	3Q17E	4Q17E	2Q17(1)	3Q17E	4Q17E
International Cable Networks						
AMCX	-22.4%	-16.0%	-16.0%	-20.2%	-14.4%	-15.2%
DIS	-	-	-	-	-	-
DISCA	-3.6%	-	-0.5%	-3.0%	-1.0%	-
FOXA	-	-	-	-	-	-
SNI	0.0%	-	-	0.0%	-	-
TWX	3.8%	-5.0%	-6.0%	3.8%	-5.0%	-6.0%
VIAB	0.3%	8.0%	-	-5.4%	4.0%	-
Group Total	-0.7%	0.4%	-1.2%	-1.5%	-0.5%	-1.0%
World Wide Cable Networks						
AMCX	2.0%	-3.2%	-1.2%	2.2%	-3.1%	-1.2%
DIS	-	-	-	-	-	-
DISCA	-1.5%	-1.9%	-0.3%	-1.3%	-2.3%	-0.1%
FOXA	-	-	-	-	-	-
SNI	-2.5%	-4.3%	-3.5%	-2.5%	-4.3%	-3.5%
TWX	0.9%	-2.6%	-0.2%	0.9%	-2.6%	-0.2%
VIAB	0.4%	0.2%	-1.8%	-0.7%	-0.6%	-1.8%
Group Total	0.1%	-0.9%	-0.7%	-0.1%	-1.1%	-0.7%
World Wide Broadcast & Cable Networks						
AMCX	2.0%	-3.2%	-1.2%	2.2%	-3.1%	-1.2%
CBS	-	-	-	-	-	-
DIS	-	-	-	-	-	-
DISCA	-1.5%	-1.9%	-0.3%	-1.3%	-2.3%	-0.1%
FOXA	-	-	-	-	-	-
SNI	-2.5%	-4.3%	-3.5%	-2.5%	-4.3%	-3.5%
TWX	0.9%	-2.6%	-0.2%	0.9%	-2.6%	-0.2%
VIAB	0.4%	0.2%	-1.8%	-0.7%	-0.6%	-1.8%
Group Total	0.0%	-0.6%	-0.4%	-0.1%	-0.8%	-0.4%

(1) CBS, DIS and FOXA have yet to report 2Q17. Note: Core growth excludes the impact of unusual items (i.e. M&A, Olympics, timing of event programming). Source: UBS estimates, company reports

Earnings Results Summary

Figure 10: Beat / Miss and Estimate Change Summary – 2Q/3Q 2017

Company	U.S. Ad Supported		U.S. Nat'l		U.S. Ad Supported		U.S. Nat'l					
	Cable Net	TV Net	Cable Net	TV Net	Cable Net	TV Net	Cable Net	TV Net	Revenue	Opex	EBITDA	EPS
C2Q17(1) % Beat / Miss							C3Q17 % Estimate Change					
AMCX	-2.8%	4.7%	-1.0%	-4.6%	8.7%	37.7%	-2.5%	-1.7%	-2.6%	-1.7%	-5.1%	-3.4%
CBS		0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%	0.0%
DIS	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
DISCA	-0.6%	-0.0%	-0.6%	-1.9%	1.3%	-5.6%	-0.5%	-3.0%	-1.3%	0.0%	-3.7%	0.0%
FOXA	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
SNI	2.1%	-2.8%	-1.4%	-5.3%	3.8%	18.5%	1.4%	-4.7%	-2.6%	0.1%	-7.6%	-13.5%
TWX	0.7%	0.4%	0.5%	-0.7%	4.0%	11.8%	0.7%	-2.0%	-1.3%	1.0%	-6.1%	-6.3%
VIAB	-1.6%	0.5%	1.1%	-0.1%	4.7%	12.5%	-4.0%	-1.7%	-2.8%	1.3%	-14.3%	-19.4%
Total	-0.1%	0.1%	0.1%	-0.4%	1.4%	3.9%	-0.4%	-1.2%	-0.7%	0.3%	-2.9%	-2.5%
C2Q17(1) \$ Beat / Miss							C3Q17 \$ Estimate Change					
AMCX	(7)	11	(7)	(24)	17	\$0.49	(6)	(3)	(17)	(8)	(9)	(\$0.04)
CBS	-	-	-	-	-	\$0.00	-	-	-	-	-	\$0.00
DIS	-	-	-	-	-	\$0.00	-	-	-	-	-	\$0.00
DISCA	(3)	(0)	(11)	(20)	9	(\$0.04)	(2)	(13)	(21)	0	(22)	\$0.00
FOXA	-	-	-	-	-	\$0.00	-	-	-	-	-	\$0.00
SNI	4	(16)	(13)	(28)	15	\$0.28	3	(24)	(22)	0	(23)	(\$0.13)
TWX	10	4	36	(38)	74	\$0.14	10	(16)	(94)	51	(145)	(\$0.10)
VIAB	(16)	5	37	(1)	39	\$0.13	(40)	(16)	(94)	32	(126)	(\$0.21)
Total	(11)	4	42	(112)	154	NM	(36)	(72)	(249)	75	(325)	NM
C2Q17(1) Y/Y Growth							C3Q17 Y/Y Growth					
AMCX	2.2%	2.6%	3.8%	2.5%	6.7%	70.5%	5.6%	2.2%	2.7%	1.8%	5.2%	23.1%
CBS		6.2%	3.6%	4.2%	1.7%	6.5%		5.0%	7.1%	5.5%	12.1%	11.4%
DIS	3.2%	-7.2%	-0.3%	1.9%	-4.5%	-3.7%	3.5%	2.3%	4.1%	1.1%	12.2%	15.5%
DISCA	2.9%	0.2%	2.2%	2.0%	2.4%	-4.2%	3.0%	2.2%	5.5%	7.0%	2.6%	37.5%
FOXA	9.4%	-2.0%	-0.3%	-0.1%	-1.1%	-22.2%	10.0%	3.8%	5.3%	4.5%	7.5%	7.8%
SNI	8.1%	2.2%	3.6%	8.2%	-1.6%	17.8%	6.5%	2.1%	3.7%	14.7%	-13.1%	-30.8%
TWX	13.8%	-8.2%	5.4%	9.9%	-5.3%	3.1%	13.6%	-2.9%	2.8%	4.1%	0.0%	-3.2%
VIAB	0.3%	-1.6%	8.3%	10.3%	2.7%	11.4%	-0.0%	-1.6%	2.6%	-2.0%	22.1%	26.1%
Total	6.3%	-2.7%	2.1%	4.1%	-2.5%	-2.1%	6.6%	1.5%	4.2%	2.8%	7.8%	9.7%
C2Q17(1) Reported							C3Q17 Estimates					
AMCX	248	245	711	497	213	\$1.79	249	193	652	485	167	\$1.12
CBS	-	888	3,084	2,363	720	\$0.99	-	818	3,304	2,434	870	\$1.17
DIS	2,634	1,706	14,236	9,684	4,552	\$1.56	2,602	1,559	13,680	9,713	3,968	\$1.27
DISCA	394	472	1,745	1,023	722	\$0.68	389	405	1,641	1,082	559	\$0.55
FOXA	2,258	830	6,627	5,192	1,436	\$0.35	2,165	945	6,851	4,926	1,925	\$0.55
SNI	210	553	925	512	413	\$1.79	207	488	833	557	276	\$0.83
TWX	1,433	1,047	7,330	5,398	1,932	\$1.33	1,420	788	7,370	5,122	2,247	\$1.50
VIAB	972	955	3,364	2,498	866	\$1.17	962	917	3,310	2,556	753	\$0.87
Total	8,148	6,695	38,022	27,167	10,854	NA	7,994	6,112	37,640	26,876	10,764	NA
C2Q17(1) Share							C3Q17 Share					
AMCX	3.0%	3.7%	1.9%	1.8%	2.0%		3.1%	3.2%	1.7%	1.8%	1.6%	
CBS		13.3%	8.1%	8.7%	6.6%			13.4%	8.8%	9.1%	8.1%	
DIS	32.3%	25.5%	37.4%	35.6%	41.9%		32.5%	25.5%	36.3%	36.1%	36.9%	
DISCA	4.8%	7.0%	4.6%	3.8%	6.7%		4.9%	6.6%	4.4%	4.0%	5.2%	
FOXA	27.7%	12.4%	17.4%	19.1%	13.2%		27.1%	15.5%	18.2%	18.3%	17.9%	
SNI	2.6%	8.3%	2.4%	1.9%	3.8%		2.6%	8.0%	2.2%	2.1%	2.6%	
TWX	17.6%	15.6%	19.3%	19.9%	17.8%		17.8%	12.9%	19.6%	19.1%	20.9%	
VIAB	11.9%	14.3%	8.8%	9.2%	8.0%		12.0%	15.0%	8.8%	9.5%	7.0%	
Total	100.0%	100.0%	100.0%	100.0%	100.0%		100.0%	100.0%	100.0%	100.0%	100.0%	

(1) CBS, DIS, and FOXA have not reported C2Q17, these are UBS estimates. Source: UBS estimates, company reports

Figure 11: Estimate Change Summary – CY17

Company	U.S. Ad Supported Cable Net	U.S. Nat'l TV Net	Revenue	Opex	EBITDA	EPS
	Affiliate	Adv				
	CY17 % Estimate Change					
AMCX	-1.8%	0.8%	-1.1%	-1.8%	0.4%	8.0%
CBS		0.0%	0.0%	0.0%	0.0%	0.0%
DIS	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
DISCA	-0.4%	-0.8%	-0.6%	-0.7%	-0.5%	-0.4%
FOXA	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
SNI	1.1%	-2.9%	-1.6%	-0.6%	-2.9%	-0.9%
TWX	0.5%	-0.1%	0.1%	0.2%	-0.4%	1.8%
VIAB	-2.2%	-0.9%	-0.8%	0.1%	-3.8%	-3.4%
Total	-0.2%	-0.4%	-0.1%	-0.0%	-0.5%	0.3%
	CY17 \$ Estimate Change					
AMCX	(19)	8	(32)	(35)	3	\$0.48
CBS	-	-	-	-	-	\$0.00
DIS	-	-	-	-	-	\$0.00
DISCA	(6)	(13)	(42)	(29)	(13)	(\$0.01)
FOXA	-	-	-	-	-	\$0.00
SNI	9	(62)	(56)	(14)	(43)	(\$0.05)
TWX	29	(3)	16	51	(34)	\$0.11
VIAB	(88)	(34)	(112)	13	(125)	(\$0.14)
Total	(74)	(104)	(225)	(14)	(211)	NM
	CY17 Y/Y Growth					
AMCX	4.4%	-0.2%	2.7%	3.5%	0.9%	27.5%
CBS		-5.8%	2.1%	1.4%	4.2%	8.8%
DIS	3.7%	-1.2%	3.1%	1.8%	6.2%	8.9%
DISCA	3.2%	0.7%	4.1%	4.0%	4.4%	6.1%
FOXA	9.2%	5.7%	2.3%	3.1%	0.1%	-1.0%
SNI	6.4%	2.9%	4.0%	7.0%	-0.2%	2.8%
TWX	13.3%	-3.6%	5.5%	6.2%	3.7%	8.6%
VIAB	0.4%	-2.4%	5.3%	4.3%	8.3%	12.4%
Total	6.4%	-0.9%	3.6%	3.3%	4.3%	7.5%
	CY17 Es timates					
AMCX	1,002	989	2,830	1,982	847	\$6.45
CBS	-	4,200	13,439	10,224	3,216	\$4.47
DIS	10,519	7,155	56,886	39,041	17,846	\$6.13
DISCA	1,568	1,701	6,766	4,287	2,478	\$2.26
FOXA	8,777	4,807	28,717	21,596	7,121	\$1.93
SNI	834	2,088	3,536	2,115	1,421	\$5.44
TWX	5,705	3,855	30,919	22,072	8,846	\$6.06
VIAB	3,882	3,711	13,325	10,132	3,193	\$3.98
Total	32,286	28,506	156,419	111,450	44,968	NA
	CY17 Share					
AMCX	3.1%	3.5%	1.8%	1.8%	1.9%	
CBS		14.7%	8.6%	9.2%	7.2%	
DIS	32.6%	25.1%	36.4%	35.0%	39.7%	
DISCA	4.9%	6.0%	4.3%	3.8%	5.5%	
FOXA	27.2%	16.9%	18.4%	19.4%	15.8%	
SNI	2.6%	7.3%	2.3%	1.9%	3.2%	
TWX	17.7%	13.5%	19.8%	19.8%	19.7%	
VIAB	12.0%	13.0%	8.5%	9.1%	7.1%	
Total	100.0%	100.0%	100.0%	100.0%	100.0%	

(1) CBS, DIS, and FOXA have not reported C2Q17, these are UBS estimates. Source: UBS estimates, company reports

Core Operating Trends

Figure 12: 2Q17 is tracking in line with 1Q17 despite concerns about increased cord cutting. We see 50bps of acceleration in 2H17 as Pay TV industry subscriber declines (including V-MVPDs) appear to be stabilizing post the 2Q17 head fake

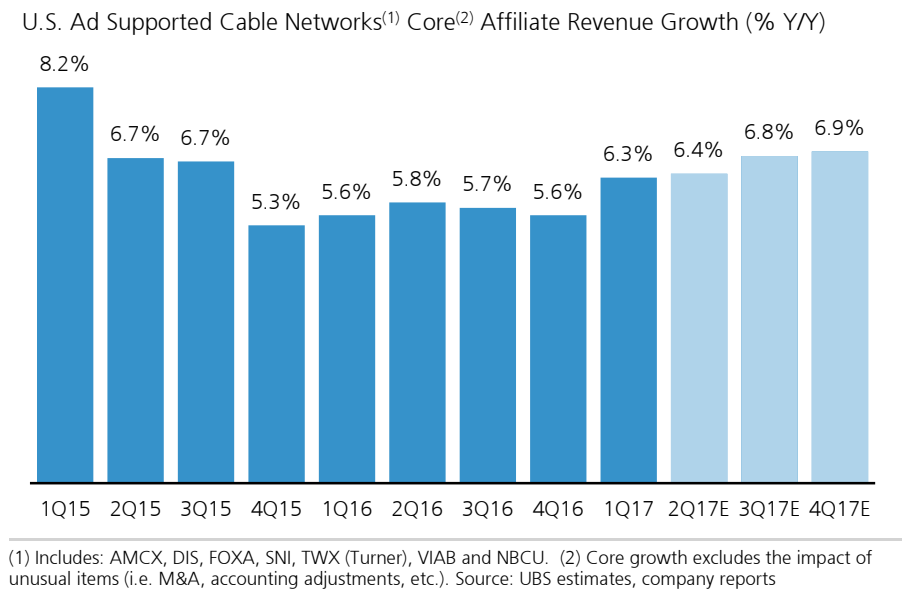


Figure 13: US National TV Advertising continues to be soft; 3Q should have easy Olympics comparisons (ex NBCU); 4Q17 is key as investors will have the first look at how the strong 2017-18 Upfront CPM pricing translates to advertising results

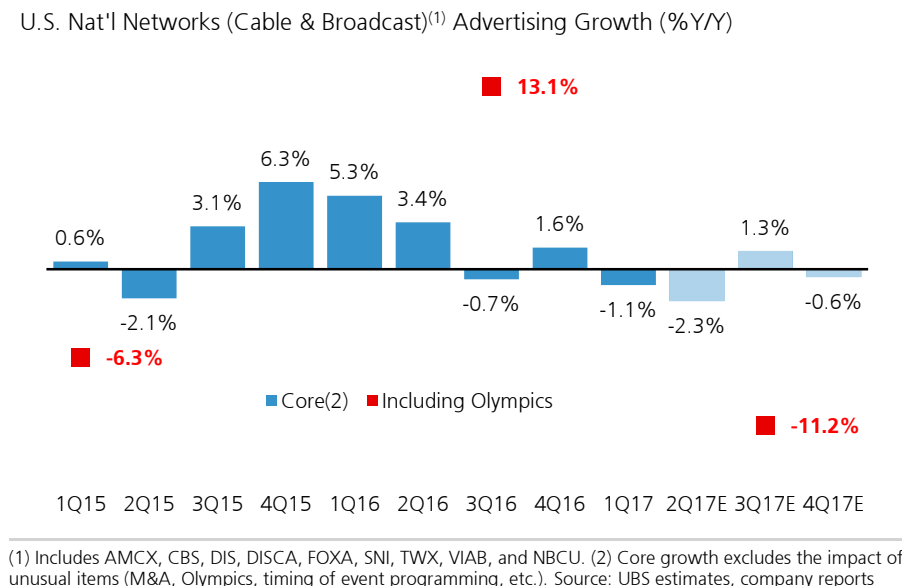


Figure 14: Affiliate Roll Up

Calendar Qtrs	Affiliate Revenue Growth Y-o-Y																% Group	
	As Reported Results (Ex-SVOD)								Core Growth (ex-unusals / FX Impact)									
	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17E	3Q17E	4Q17E	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17E	3Q17E	4Q17E		
U.S. Cable Networks																		
Ad Supported																		
AMCX	4.1%	4.8%	2.1%	4.0%	5.6%	2.2%	5.6%	4.2%	4.1%	4.8%	2.1%	4.0%	5.6%	2.2%	5.6%	4.2%	2.7%	
DIS	2.7%	5.1%	-2.8%	3.3%	3.7%	3.2%	3.5%	4.2%	3.8%	5.1%	4.6%	3.3%	3.4%	3.2%	3.5%	4.2%	27.9%	
DISCA	7.8%	8.2%	6.8%	5.7%	3.9%	2.9%	3.0%	3.0%	7.8%	8.2%	6.8%	7.1%	3.9%	2.9%	3.0%	3.0%	4.2%	
FOXA	7.0%	6.0%	7.7%	7.4%	8.3%	9.4%	10.0%	9.3%	7.0%	6.0%	7.7%	7.4%	8.3%	9.4%	10.0%	9.3%	22.9%	
SNI	2.2%	-2.7%	-2.5%	-2.9%	4.5%	8.1%	6.5%	6.7%	2.2%	-2.7%	-2.5%	-2.9%	4.5%	8.1%	6.5%	6.7%	2.2%	
TWX -- Turner	14.2%	12.9%	14.7%	15.1%	13.0%	13.8%	13.6%	12.8%	14.2%	12.9%	13.2%	15.1%	13.0%	13.8%	13.6%	12.8%	15.1%	
VIAB	-2.7%	-1.1%	-0.3%	1.1%	1.6%	0.3%	0.0%	-0.2%	-2.7%	-1.1%	-0.3%	1.1%	1.6%	0.3%	0.0%	-0.2%	10.2%	
NBCU	5.9%	6.9%	27.3%	4.7%	8.6%	8.1%			5.9%	6.9%	5.9%	4.7%	8.6%	8.1%			14.7%	
Total	5.2%	5.8%	6.9%	5.7%	6.6%	6.6%	3.6%	6.9%	5.6%	5.8%	5.7%	5.6%	6.3%	6.4%	6.8%	6.9%	100%	
Premium Pay																		
CBS (Showtime)	1.6%	4.5%	2.3%	2.0%	5.3%	4.2%	7.1%	6.9%	1.6%	4.5%	2.3%	2.0%	5.3%	4.2%	7.1%	6.9%	22.4%	
TWX -- HBO	5.2%	5.6%	4.6%	4.9%	4.3%	7.9%	8.6%	11.0%	5.2%	5.6%	4.6%	4.9%	4.3%	7.9%	8.6%	11.0%	59.9%	
STRZA	1.8%	2.9%	5.9%	4.6%	2.5%				1.8%	2.9%	5.9%	4.6%	2.5%				17.7%	
Total Premiums	3.8%	4.8%	4.4%	4.2%	4.2%	6.1%	6.9%	8.5%	3.8%	4.8%	4.4%	4.2%	4.2%	6.1%	6.9%	8.5%	100%	
Total U.S. Cable	5.0%	5.7%	6.5%	5.4%	6.2%	6.5%	4.2%	7.2%	5.2%	5.7%	5.5%	5.3%	6.0%	6.4%	6.8%	7.2%	-----	
International Cable Networks																		
AMCX	-1.5%	1.8%	-0.9%	-3.6%	0.6%	-3.5%	-1.2%	-1.6%	2.4%	3.8%	1.8%	-0.1%	4.3%	-0.6%	0.8%	-0.2%	4.2%	
DIS	-8.5%	-6.7%	-15.5%	1.7%	-1.2%	-1.5%	2.6%	5.0%	4.8%	0.6%	-0.9%	7.8%	2.0%	1.2%	4.0%	8.0%	16.6%	
DISCA	3.8%	2.2%	1.4%	3.5%	8.8%	7.0%	13.0%	14.9%	7.0%	9.5%	8.0%	10.5%	10.0%	7.0%	11.0%	11.9%	21.6%	
FOXA	6.0%	9.0%	8.0%	5.0%	5.0%	7.2%	11.4%	11.8%	20.0%	19.0%	16.0%	12.0%	7.0%	10.2%	11.4%	11.8%	31.1%	
SNI	132.3%	132.5%	6.7%	6.0%	4.9%	1.5%	3.4%	2.2%	8.9%	17.0%	6.7%	6.0%	4.9%	1.5%	3.4%	2.2%	1.3%	
TWX -- Turner	-6.4%	-0.9%	1.3%	8.1%	4.6%	5.7%	5.2%	8.1%	8.6%	7.9%	7.9%	11.1%	7.3%	7.5%	6.1%	8.1%	11.0%	
TWX -- HBO	0.9%	11.4%	10.7%	10.6%	15.6%	11.9%	18.9%	18.2%	3.7%	11.4%	10.7%	10.6%	15.6%	11.9%	18.9%	18.2%	6.1%	
VIAB	9.7%	3.4%	7.6%	2.3%	10.4%	1.2%	5.7%	7.3%	16.7%	6.4%	15.6%	11.3%	10.2%	1.0%	5.8%	7.3%	8.3%	
Total	1.6%	3.2%	0.7%	4.1%	5.5%	4.6%	8.8%	10.2%	11.0%	9.7%	9.1%	10.1%	7.4%	6.3%	8.8%	10.1%	100%	
U.S. Broadcast Networks																		
CBS	43.0%	44.1%	32.0%	26.5%	25.0%	23.4%	25.0%	29.3%	43.0%	44.1%	32.0%	26.5%	25.0%	23.4%	25.0%	29.3%	25.9%	
DIS	31.0%	31.3%	22.0%	15.1%	10.6%	14.0%	14.0%	12.6%	31.0%	31.3%	22.0%	15.1%	10.6%	14.0%	14.0%	12.6%	19.1%	
FOXA	16.0%	16.0%	18.0%	19.0%	9.0%	9.0%	8.3%	8.2%	16.0%	16.0%	18.0%	19.0%	9.0%	9.0%	8.3%	8.2%	25.3%	
NBCU	62.2%	63.0%	52.0%	55.0%	71.2%	65.0%			62.2%	63.0%	52.0%	55.0%	71.2%	65.0%			29.8%	
Total	34.6%	35.7%	30.0%	26.3%	27.3%	26.9%	28.1%	28.4%	34.6%	35.7%	30.0%	26.3%	27.3%	26.9%	28.1%	28.4%	100%	

Note: 2Q17 is UBS estimate for CBS, DIS, and FOXA, reported for all others. Core growth excludes the impact of unusual items (i.e. M&A, accounting adjustments, FX impacts). Source: UBS estimates, company reports

Figure 15: Affiliate Roll Up – Total US and Global

Affiliate Revenue Growth Y-o-Y																	
Calendar Qtrs	As Reported Results (Ex-SVOD)								Core Growth (ex-unusuals / FX Impact)								% Group
	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17E	3Q17E	4Q17E	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17E	3Q17E	4Q17E	
Total U.S. Broadcast & Cable Networks																	
AMCX	4.1%	4.8%	2.1%	4.0%	5.6%	2.2%	5.6%	4.2%	4.1%	4.8%	2.1%	4.0%	5.6%	2.2%	5.6%	4.2%	2.0%
CBS	13.7%	17.1%	13.8%	10.4%	12.6%	11.7%	14.4%	15.8%	13.7%	17.1%	13.8%	10.4%	12.6%	11.7%	14.4%	15.8%	5.9%
DIS	4.3%	6.6%	-1.4%	4.2%	4.2%	4.0%	4.3%	4.9%	5.4%	6.6%	5.7%	4.2%	3.9%	4.0%	4.3%	4.9%	22.8%
DISCA	7.8%	8.2%	6.8%	5.7%	3.9%	2.9%	3.0%	3.0%	7.8%	8.2%	6.8%	7.1%	3.9%	2.9%	3.0%	3.0%	3.2%
FOXA	8.0%	7.1%	8.9%	8.8%	8.3%	9.4%	9.8%	9.2%	8.0%	7.1%	8.9%	8.8%	8.3%	9.4%	9.8%	9.2%	19.6%
SNI	2.2%	-2.7%	-2.5%	-2.9%	4.5%	8.1%	6.5%	6.7%	2.2%	-2.7%	-2.5%	-2.9%	4.5%	8.1%	6.5%	6.7%	1.7%
TWX	9.8%	9.3%	9.6%	10.0%	8.9%	11.0%	11.2%	11.9%	9.8%	9.3%	8.9%	10.0%	8.9%	11.0%	11.2%	11.9%	20.6%
VIAB	-2.7%	-1.1%	-0.3%	1.1%	1.6%	0.3%	0.0%	-0.2%	-2.7%	-1.1%	-0.3%	1.1%	1.6%	0.3%	0.0%	-0.2%	7.7%
NBCU	11.2%	12.6%	29.7%	9.7%	17.2%	16.4%			11.2%	12.6%	10.5%	9.7%	17.2%	16.4%			13.9%
STRZA	1.8%	2.9%	5.9%	4.6%	2.5%				1.8%	2.9%	5.9%	4.6%	2.5%				2.7%
Total	6.8%	7.6%	8.1%	6.9%	7.9%	8.2%	6.1%	9.0%	7.1%	7.6%	7.1%	6.8%	7.6%	8.0%	8.6%	9.0%	100%
World Wide Broadcast & Cable Networks																	
AMCX	2.6%	4.0%	1.2%	1.8%	4.3%	0.7%	3.7%	2.5%	3.7%	4.5%	2.0%	2.8%	5.2%	1.5%	4.3%	2.9%	2.3%
CBS	13.7%	17.1%	13.8%	10.4%	12.6%	11.7%	14.4%	15.8%	13.7%	17.1%	13.8%	10.4%	12.6%	11.7%	14.4%	15.8%	5.0%
DIS	2.7%	4.9%	-3.3%	3.9%	3.6%	3.3%	4.1%	4.9%	5.3%	5.8%	4.8%	4.6%	3.7%	3.6%	4.3%	5.2%	21.9%
DISCA	5.7%	4.9%	3.9%	4.5%	6.4%	5.1%	8.3%	9.3%	7.4%	8.9%	7.4%	8.9%	7.0%	5.1%	7.2%	7.7%	5.8%
FOXA	7.6%	7.4%	8.7%	7.9%	7.6%	8.9%	10.1%	9.8%	10.6%	9.3%	10.5%	9.5%	8.1%	9.5%	10.1%	9.8%	21.2%
SNI	9.1%	4.8%	-1.4%	-1.9%	4.5%	7.2%	6.2%	6.1%	2.5%	-1.6%	-1.4%	-1.9%	4.5%	7.2%	6.2%	6.1%	1.6%
TWX -- Turner	10.6%	10.6%	12.4%	14.0%	11.7%	12.6%	12.3%	12.1%	13.2%	12.1%	12.3%	14.5%	12.1%	12.9%	12.4%	12.1%	11.3%
TWX -- HBO	4.8%	6.1%	5.2%	5.4%	5.3%	8.3%	9.5%	11.7%	5.1%	6.1%	5.2%	5.4%	5.3%	8.3%	9.5%	11.7%	8.8%
VIAB	-1.2%	-0.4%	0.8%	1.3%	2.8%	0.4%	0.8%	0.8%	-0.3%	0.0%	1.9%	2.5%	2.8%	0.4%	0.9%	0.8%	7.8%
NBCU	11.2%	12.6%	29.7%	9.7%	17.2%	16.4%			11.2%	12.6%	10.5%	9.7%	17.2%	16.4%			11.9%
STRZA	1.8%	2.9%	5.9%	4.6%	2.5%				1.8%	2.9%	5.9%	4.6%	2.5%				2.4%
Total	6.0%	6.9%	6.9%	6.5%	7.5%	7.6%	6.5%	9.2%	7.7%	7.9%	7.4%	7.3%	7.6%	7.8%	8.6%	9.1%	100%

Note: 2Q17 is UBS estimate for CBS, DIS, and FOXA, reported for all others. Core growth excludes the impact of unusual items (i.e. M&A, accounting adjustments, FX impacts). Source: UBS estimates, company reports

Figure 16: Advertising Roll Up – U.S.

U.S. National TV Advertising Growth Y-o-Y																						
As Reported Results										TTM	Core Growth (ex-unusals)										TTM	% Sector
Calendar Qtr:	Trend	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17E	3Q17E	4Q17E	2Q17	Trend	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17E	3Q17E	4Q17E	2Q17	2Q17	
Cable Networks																						
AMCX		1.3%	28.9%	-9.9%	3.1%	-6.2%	2.6%	2.2%	1.5%	-2.2%		1.3%	28.9%	-9.9%	3.1%	-6.2%	2.6%	2.2%	1.5%	-2.2%	4.0%	
DIS		-7.9%	5.8%	-10.3%	-5.4%	2.5%	-10.6%	2.0%	1.5%	-6.2%		2.1%	5.8%	-3.5%	-0.9%	-2.2%	-10.6%	4.2%	4.1%	-4.2%	15.6%	
DISCA		7.2%	5.4%	-3.4%	0.7%	0.7%	0.2%	2.2%	-0.3%	-0.4%		7.2%	4.9%	-2.9%	1.2%	1.7%	1.7%	2.7%	0.2%	0.5%	7.6%	
FOXA		17.0%	13.0%	6.0%	12.0%	0.0%	4.6%	1.9%	-6.1%	5.8%		13.0%	9.8%	4.6%	10.0%	0.0%	4.6%	1.9%	-6.1%	4.8%	7.6%	
SNI		13.7%	8.9%	6.6%	9.4%	5.1%	2.2%	2.1%	2.4%	5.7%		13.7%	8.9%	6.6%	9.4%	5.1%	2.2%	2.1%	2.4%	5.7%	8.9%	
TWX		6.6%	7.5%	1.9%	-0.2%	-2.6%	-8.2%	-2.9%	0.0%	-2.7%		6.6%	4.2%	1.9%	2.8%	-2.6%	0.0%	-2.9%	0.0%	0.4%	16.9%	
VIAB		-5.0%	-3.6%	-7.7%	-2.9%	-4.1%	-1.6%	-1.6%	-2.4%	-4.1%		-5.0%	-3.6%	-7.7%	-2.9%	-3.1%	-2.6%	-1.6%	-2.4%	-4.1%	15.4%	
NBCU		0.0%	-0.3%	16.0%	0.5%	-2.9%	-0.9%			30.0%		4.2%	-0.3%	-0.5%	0.5%	-2.9%	-0.9%			-1.0%	14.6%	
Group Total		2.1%	5.0%	-0.1%	0.3%	-1.0%	-3.3%	-2.5%	-0.3%	-1.1%		4.2%	4.0%	-1.5%	1.7%	-1.6%	-1.7%	0.5%	0.3%	-0.7%	90.6%	
Broadcast Networks																						
CBS		49.4%	-2.2%	-2.0%	-8.0%	-24.7%	6.2%	5.0%	1.8%	-10.0%		11.9%	2.0%	1.1%	-1.6%	-0.7%	-2.9%	1.9%	0.0%	-1.1%	26.4%	
DIS - ABC		5.0%	-4.0%	-5.0%	-3.5%	-2.0%	-2.2%	2.8%	-2.2%	-3.1%		6.1%	-4.0%	-1.5%	-3.5%	-2.0%	-2.2%	2.8%	-1.2%	-2.4%	22.3%	
FOXA		-0.5%	5.0%	-15.4%	7.2%	66.1%	-9.6%	7.2%	-8.1%	14.6%		0.4%	9.4%	-6.8%	8.9%	-17.7%	-9.6%	1.8%	-9.7%	-3.1%	10.8%	
NBC		-24.9%	4.6%	122.5%	12.2%	0.5%	0.0%			30.0%		7.3%	4.6%	4.0%	2.0%	0.5%	0.0%			1.6%	28.2%	
Group Total		8.3%	0.3%	32.8%	1.8%	-0.5%	-0.1%	-23.6%	-1.0%	6.7%		6.9%	2.1%	0.8%	1.3%	-0.5%	-2.7%	2.9%	-1.7%	-0.1%	87.6%	
Total U.S. Broadcast & Cable Networks																						
AMCX		1.3%	28.9%	-9.9%	3.1%	-6.2%	2.6%	2.2%	1.5%	-2.2%		1.3%	28.9%	-9.9%	3.1%	-6.2%	2.6%	2.2%	1.5%	-2.2%	2.6%	
CBS		49.4%	-2.2%	-2.0%	-8.0%	-24.7%	6.2%	5.0%	1.8%	-10.0%		11.9%	2.0%	1.1%	-1.6%	-0.7%	-2.9%	1.9%	0.0%	-1.1%	9.2%	
DIS		-2.2%	1.5%	-8.2%	-4.7%	0.4%	-7.2%	2.3%	0.1%	-4.9%		3.9%	1.5%	-2.7%	-1.9%	-2.1%	-7.2%	3.6%	2.0%	-3.4%	17.9%	
DISCA		7.2%	5.4%	-3.4%	0.7%	0.7%	0.2%	2.2%	-0.3%	-0.4%		7.2%	4.9%	-2.9%	1.2%	1.7%	1.7%	2.7%	0.2%	0.5%	5.0%	
FOXA		7.4%	9.1%	-2.9%	8.9%	33.5%	-2.0%	3.8%	-7.4%	10.4%		6.1%	9.6%	0.1%	9.3%	-9.0%	-2.0%	1.9%	-8.4%	0.7%	8.7%	
SNI		13.7%	8.9%	6.6%	9.4%	5.1%	2.2%	2.1%	2.4%	5.7%		13.7%	8.9%	6.6%	9.4%	5.1%	2.2%	2.1%	2.4%	5.7%	5.8%	
TWX		6.6%	7.5%	1.9%	-0.2%	-2.6%	-8.2%	-2.9%	0.0%	-2.7%		6.6%	4.2%	1.9%	2.8%	-2.6%	0.0%	-2.9%	0.0%	0.4%	11.0%	
VIAB		-5.0%	-3.6%	-7.7%	-2.9%	-4.1%	-1.6%	-1.6%	-2.4%	-4.1%		-5.0%	-3.6%	-7.7%	-2.9%	-3.1%	-2.6%	-1.6%	-2.4%	-4.1%	10.0%	
NBCU		-13.6%	2.1%	68.7%	7.5%	-1.3%	-0.4%			17.1%		5.7%	2.1%	1.7%	1.4%	-1.3%	-0.4%			0.4%	19.3%	
Group Total		4.5%	3.4%	10.9%	0.9%	-0.8%	-2.3%	-11.0%	-0.6%	1.9%		5.3%	3.4%	-0.7%	1.6%	-1.1%	-2.3%	1.3%	-0.6%	-0.5%	89.6%	

Note: 2Q17 is UBS estimate for CBS, DIS, and FOXA, reported for all others. Core growth excludes the impact of unusual items (i.e. M&A, Olympics, timing of event programming). Source: UBS estimates, company reports

Figure 17: Advertising Roll Up – World Wide

As Reported Results											TV Advertising Growth Y-o-Y													
Calendar Qtr:	Trend	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17E	3Q17E	4Q17E	TTM 2Q17	Trend	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17E	3Q17E	4Q17E	TTM 2Q17	% Group 2Q17			
International Cable Networks																								
AMCX		21.4%	17.4%	3.8%	13.4%	-12.1%	-16.4%	-10.0%	-10.0%	-3.6%		27.4%	22.9%	16.9%	25.7%	-1.6%	-8.6%	-4.4%	-7.1%	7.2%	1.5%			
DIS		-7.9%	-5.2%	-10.3%	-5.4%	-10.8%	-1.0%	3.0%	5.0%	-6.8%		-7.9%	-5.2%	-2.7%	-5.4%	-10.8%	-1.0%	3.0%	5.0%	-4.9%	2.8%			
DISCA		-8.7%	-6.8%	-5.5%	-1.6%	-1.1%	-2.6%	4.0%	6.0%	-2.6%		2.8%	2.2%	-2.0%	3.0%	3.0%	1.0%	4.0%	5.0%	1.4%	23.4%			
FOXA		6.0%	-6.0%	6.0%	-6.0%	-18.0%	9.3%	11.9%	11.3%	-3.2%		28.6%	1.0%	11.0%	4.6%	-10.7%	12.6%	11.9%	3.0%	3.4%	29.5%			
SNI		1159%	1658%	-1.4%	0.0%	0.1%	4.4%	5.1%	4.8%	0.9%		-4.4%	-14.2%	1.2%	4.4%	2.8%	4.4%	5.1%	4.8%	3.4%	7.8%			
TWX		-4.6%	-3.3%	0.5%	-8.3%	2.7%	6.8%	2.0%	4.0%	0.4%		5.6%	4.7%	6.0%	-3.4%	7.8%	10.8%	4.0%	4.0%	5.2%	15.3%			
VIAB		-0.6%	13.3%	-7.3%	1.3%	10.7%	14.3%	26.0%	7.0%	4.5%		6.4%	12.8%	5.7%	6.3%	4.7%	-0.7%	1.6%	5.3%	4.1%	19.7%			
Group Total		5.5%	5.8%	-1.4%	-2.9%	-5.1%	5.6%	10.0%	6.9%	-0.9%		12.6%	4.1%	5.0%	3.3%	-1.5%	5.5%	5.9%	4.1%	3.1%	100%			
World Wide Cable Networks																								
AMCX		2.7%	27.7%	-8.7%	3.9%	-6.7%	0.7%	1.0%	0.6%	-2.3%		3.1%	28.2%	-7.5%	4.7%	-5.8%	1.5%	1.5%	0.8%	-1.4%	3.8%			
DIS		-7.9%	5.4%	-10.3%	-5.4%	2.0%	-10.3%	2.0%	1.6%	-6.3%		1.7%	5.4%	-3.5%	-1.1%	-2.5%	-10.3%	4.2%	4.1%	-4.2%	14.3%			
DISCA		0.0%	-0.1%	-4.3%	-0.4%	0.0%	-1.0%	2.9%	2.7%	-1.4%		5.2%	3.7%	-2.5%	2.1%	2.3%	1.4%	3.2%	2.5%	0.9%	11.4%			
FOXA		11.6%	3.4%	6.0%	4.5%	-8.4%	6.8%	5.8%	0.4%	1.9%		20.3%	5.3%	7.1%	7.8%	-5.0%	8.3%	5.8%	-2.5%	4.2%	12.7%			
SNI		31.4%	28.6%	5.4%	7.5%	4.3%	2.5%	2.6%	2.9%	4.9%		13.4%	8.6%	5.8%	8.4%	4.7%	2.5%	2.6%	2.9%	24.3%	9.4%			
TWX		4.7%	5.7%	1.6%	-1.6%	-1.8%	-5.9%	-2.0%	0.6%	-2.2%		6.4%	4.3%	2.7%	1.7%	-1.0%	1.7%	-1.6%	0.6%	1.2%	18.0%			
VIAB		-4.2%	-0.6%	-7.6%	-2.0%	-1.2%	1.6%	3.6%	-0.2%	-2.4%		-2.9%	-0.7%	-5.2%	-0.8%	-1.6%	-2.2%	-1.0%	-0.7%	-2.5%	17.5%			
NBCU		0.0%	-0.3%	16.0%	0.5%	-2.9%	-0.9%			30.0%		4.2%	-0.3%	-0.5%	0.5%	-2.9%	-0.9%			-1.0%	12.9%			
Group Total		2.7%	5.1%	-0.4%	-0.3%	-1.8%	-1.6%	-0.2%	1.1%	-1.0%		5.8%	4.0%	-0.3%	2.0%	-1.5%	-0.4%	1.5%	1.1%	0.0%	100%			
World Wide Broadcast & Cable Networks																								
AMCX		2.7%	27.7%	-8.7%	3.9%	-6.7%	0.7%	1.0%	0.6%	-2.3%		3.1%	28.2%	-7.5%	4.7%	-5.8%	1.5%	1.5%	0.8%	-1.4%	2.7%			
CBS		49.4%	-2.2%	-2.0%	-8.0%	-24.7%	6.2%	5.0%	1.8%	-10.0%		11.9%	2.0%	1.1%	-1.6%	-0.7%	-2.9%	1.9%	0.0%	-1.1%	8.8%			
DIS		-2.3%	1.4%	-8.2%	-4.7%	0.1%	-7.0%	2.3%	0.2%	-5.0%		3.6%	1.4%	-2.7%	-2.0%	-2.3%	-7.0%	3.6%	2.1%	-3.4%	17.6%			
DISCA		0.0%	-0.1%	-4.3%	-0.4%	0.0%	-1.0%	2.9%	2.7%	-1.4%		5.2%	3.7%	-2.5%	2.1%	2.3%	1.4%	3.2%	2.5%	0.9%	8.1%			
FOXA		7.0%	3.9%	-0.5%	5.9%	18.1%	1.5%	6.2%	-4.0%	6.8%		12.1%	6.6%	3.2%	8.4%	-9.5%	2.6%	4.8%	-6.2%	1.9%	12.6%			
SNI		31.4%	28.6%	5.4%	7.5%	4.3%	2.5%	2.6%	2.9%	4.9%		13.4%	8.6%	5.8%	8.4%	4.7%	2.5%	2.6%	2.9%	24.3%	6.7%			
TWX		4.7%	5.7%	1.6%	-1.6%	-1.8%	-5.9%	-2.0%	0.6%	-2.2%		6.4%	4.3%	2.7%	1.7%	-1.0%	1.7%	-1.6%	0.6%	1.2%	12.7%			
VIAB		-4.2%	-0.6%	-7.6%	-2.0%	-1.2%	1.6%	3.6%	-0.2%	-2.4%		-2.9%	-0.7%	-5.2%	-0.8%	-1.6%	-2.2%	-1.0%	-0.7%	-2.5%	12.4%			
NBCU		-13.6%	2.1%	68.7%	7.5%	-1.3%	-0.4%			17.1%		5.7%	2.1%	1.7%	1.4%	-1.3%	-0.4%			0.4%	18.5%			
Group Total		4.6%	3.7%	9.3%	0.5%	-1.4%	-1.2%	-8.5%	0.3%	1.5%		6.2%	3.5%	0.0%	1.8%	-1.2%	-1.2%	1.9%	0.0%	-0.1%	100%			

Note: 2Q17 is UBS estimate for CBS, DIS, and FOXA, reported for all others. Core growth excludes the impact of unusual items (i.e. M&A, Olympics, timing of event programming). Source: UBS estimates, company reports

Appendix

Detailed Pay TV Subscriber Trends

Figure 18: U.S. Pay TV Subscriber Rollup – 1 of 2

% Y/Y Subscriber Change	% of Industry	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17
Large Public Cos.	86%	-0.1%	-0.3%	-0.3%	-0.5%	-0.5%	-0.5%	-0.3%	-0.8%	-0.9%
Traditional: All Public Cos.	92%	-0.8%	-1.0%	-1.2%	-1.4%	-1.3%	-1.3%	-1.6%	-2.2%	-2.5%
Virtual: UBS Estimate	3%				427%	206%	191%	198%	133%	185%
Total: Traditional + Virtual	94%	-0.5%	-0.5%	-0.5%	-0.6%	-0.6%	-0.5%	-0.3%	-0.9%	-0.6%

Largest Public Reported Cos	Video Subscribers (000s)								
	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17
AT&T: DTV	20,279	19,570	19,784	20,112	20,454	20,777	21,012	21,012	20,856
AT&T: U-Verse	5,946	5,854	5,614	5,232	4,841	4,515	4,253	4,020	3,825
AT&T: DTV Now	-	-	-	-	-	-	267	339	491
Comcast	22,306	22,258	22,347	22,400	22,396	22,428	22,508	22,550	22,516
Charter	17,311	17,298	17,423	17,455	17,312	17,275	17,236	17,147	17,071
Dish: DBS	13,620	13,499	13,282	13,094	12,793	12,693	12,496	12,223	11,952
Dish: Sling	312	410	615	780	800	950	1,175	1,305	1,380
Verizon	5,765	5,807	5,827	5,863	4,637	4,673	4,694	4,681	4,666
Altice	3,740	3,698	3,687	3,664	3,639	3,598	3,469	3,500	3,463
Total	89,279	88,394	88,579	88,600	86,872	86,909	87,110	86,777	86,220
% Y/Y - Core	-0.1%	-0.3%	-0.3%	-0.5%	-0.5%	-0.5%	-0.3%	-0.8%	-0.9%
Net Adds	(487)	(170)	185	21	(491)	(129)	307	(399)	(557)

Traditional: All Public Cos.										
AT&T: DTV	20,279	19,570	19,784	20,112	20,454	20,777	21,012	21,012	20,856	
AT&T: U-Verse	5,946	5,854	5,614	5,232	4,841	4,515	4,253	4,020	3,825	
Comcast	22,306	22,258	22,347	22,400	22,396	22,428	22,508	22,550	22,516	
Charter	17,311	17,298	17,423	17,455	17,312	17,275	17,236	17,147	17,071	
Dish: DBS	13,620	13,499	13,282	13,094	12,793	12,693	12,496	12,223	11,952	
Verizon	5,765	5,807	5,827	5,863	4,637	4,673	4,694	4,681	4,666	
Altice	3,740	3,698	3,687	3,664	3,639	3,598	3,469	3,500	3,463	
Cox										829
Mediacom	879	862	855	853	842	834	828	832		
WOW	583	565	548	537	524	515	501	474		
CableOne	400	381	364	351	339	329	320	307		
CenturyLink	257	269	285	302	311	318	325	320	299	
Cogeco / Atlantic Broadband	223	249	248	246	245	244	241	239	237	
Frontier	192	189	189	185	1,273	1,222	1,145	1,065	1,007	
Consolidated Broadband	122	120	118	114	112	109	106	103	100	
Cincinnati Bell (Fioptics)	102	109	114	120	127	133	138	141	143	
Google Fiber	41	47	53	61	68	76	84	86	88	
Windstream (Kinetic)	1	3	5	7	9	11	13	14	15	
Total	95,668	94,652	94,598	94,414	93,691	93,499	93,111	92,432	91,435	
% Y/Y - Core	-0.8%	-1.0%	-1.2%	-1.4%	-1.3%	-1.3%	-1.6%	-2.2%	-2.5%	
Net Adds	(738)	(328)	(54)	(184)	(673)	(363)	(282)	(735)	(997)	

Virtual: UBS Estimate										
Dish: Sling	312	410	615	780	800	950	1,175	1,305	1,380	
AT&T: DTV Now	-	-	-	-	-	-	267	339	491	
Sony Playstation Vue	5	7	9	110	170	260	410	425	430	
YouTube TV	-	-	-	-	-	-	-	-	400	
Hulu	-	-	-	-	-	-	-	-	50	
All Other	-	-	-	-	-	2	5	9	11	
Total	317	417	624	890	970	1,212	1,857	2,078	2,762	
% Y/Y	-	-	-	426.6%	206.0%	190.6%	197.6%	133.5%	184.7%	
Net Adds	148	100	207	266	80	242	645	221	684	

Total: Traditional + Virtual										
% Y/Y - Core	-0.5%	-0.5%	-0.5%	-0.6%	-0.6%	-0.5%	-0.3%	-0.9%	-0.6%	
Net Adds	(590)	(228)	153	82	(593)	(121)	363	(514)	(313)	

Total Public Data	93% of Industry	95,980	95,062	95,213	95,194	94,491	94,449	94,553	94,076	93,306
% Y/Y - Core		-0.5%	-0.6%	-0.6%	-0.7%	-0.8%	-0.8%	-0.7%	-1.2%	-1.4%
Net Adds		(595)	(230)	151	(19)	(653)	(213)	210	(533)	(770)

Total U.S. Industry Subscriber Estimate		101,051	100,785	101,076	101,267	100,433	100,277	100,790	100,348	99,813
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Source: Company reports, UBS estimates.

Figure 19: U.S. Pay TV Subscriber Rollup – 2 of 2

Largest Public Reported Cos	Net Adds (000s)								
	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17
AT&T: DTV	(133)	5	214	328	342	323	235	-	(156)
AT&T: U-Verse	(22)	(91)	(240)	(382)	(391)	(326)	(262)	(233)	(195)
AT&T: DTV Now	-	-	-	-	-	-	267	72	152
Comcast	(69)	(48)	89	53	(4)	32	80	42	(34)
Charter	(163)	(13)	125	32	(91)	(37)	(39)	(89)	(76)
Dish: DBS	(224)	(121)	(217)	(188)	(301)	(266)	(197)	(273)	(271)
Dish: Sling	143	98	205	165	20	150	225	130	75
Verizon	26	42	20	36	(41)	36	21	(13)	(15)
Altice	(45)	(42)	(11)	(23)	(25)	(41)	(23)	(35)	(37)
Total: Largest Reported Cos	(487)	(170)	185	21	(491)	(129)	307	(399)	(557)
YY Chg	(227)	(107)	(23)	(194)	(4)	41	122	(420)	(66)
Traditional: All Public Cos.									
AT&T: DTV	(133)	5	214	328	342	323	235	-	(156)
AT&T: U-Verse	(22)	(91)	(240)	(382)	(391)	(326)	(262)	(233)	(195)
Comcast	(69)	(48)	89	53	(4)	32	80	42	(34)
Charter	(163)	(13)	125	32	(91)	(37)	(39)	(89)	(76)
Dish: DBS	(224)	(121)	(217)	(188)	(301)	(266)	(197)	(273)	(271)
Verizon	26	42	20	36	(41)	36	21	(13)	(15)
Altice	(45)	(42)	(11)	(23)	(25)	(41)	(23)	(35)	(37)
Cox									
Mediacom	(12)	(17)	(7)	(2)	(11)	(8)	(6)	(3)	(3)
WOW	(24)	(18)	(18)	(11)	(13)	(14)	(14)	(10)	
CableOne	(21)	(19)	(17)	(14)	(12)	(10)	(9)	(13)	
CenturyLink	8	11	16	17	9	7	7	(5)	(21)
Cogeco / Atlantic Broadband	(1)	(1)	(1)	(2)	(1)	(2)	(3)	(2)	(2)
Frontier	(3)	(3)	(0)	(4)	(99)	(51)	(77)	(80)	(58)
Consolidated Broadband	(1)	(3)	(2)	(3)	(3)	(3)	(2)	(3)	(3)
Cincinnati Bell (Fioptics)	6	7	6	6	7	7	4	4	2
Google Fiber	8	6	6	7	7	8	8	2	2
Windstream (Kinetic)	1	2	2	2	2	2	2	1	1
Traditional: All Public Cos.	(738)	(328)	(54)	(184)	(673)	(363)	(282)	(735)	(997)
YY Chg	(356)	(180)	(201)	(158)	64	(35)	(228)	(551)	(324)
Virtual: UBS Estimate									
Dish: Sling	143	98	205	165	20	150	225	130	75
AT&T: DTV Now	-	-	-	-	-	-	267	72	152
Sony Playstation Vue	5	2	2	101	60	90	150	15	5
YouTube TV	-	-	-	-	-	-	-	-	400
Hulu	-	-	-	-	-	-	-	-	50
All Other	-	-	-	-	-	2	3	4	2
Virtual: UBS Estimate	148	100	207	266	80	242	645	221	684
YY Chg				97	(68)	142	438	(45)	604
Total: Traditional + Virtual	(590)	(228)	153	82	(593)	(121)	363	(514)	(313)
YY Chg	(208)	(80)	6	(61)	(4)	107	210	(596)	280

Source: Company reports, UBS estimates.

Valuation Method and Risk Statement

Valuations for Media are DCF based except for TWX which is based on the AT&T offer price and SNI which is based on the DISCA offer price.

Key risks for media networks include the health and sustainability of the U.S. Pay TV ecosystem as well as U.S. advertising, particularly television advertising, which is sensitive to overall macroeconomic conditions (GDP and consumer spending). Changes in growth expectations for the U.S. economy and the U.S. consumer, either positive or negative, could impact our forecasts, ratings and price targets. Further, companies with international exposure to pay TV and advertising are also subject to these same risks in countries where they operate, as well as facing the effects of foreign currency translations, all of which could impact our outlook and investment thesis.

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Buy	FSR is > 6% above the MRA.	45%	28%
Neutral	FSR is between -6% and 6% of the MRA.	38%	27%
Sell	FSR is > 6% below the MRA.	17%	11%
Short-Term Rating	Definition	Coverage ³	IB Services ⁴
Buy	Stock price expected to rise within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%
Sell	Stock price expected to fall within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%

Source: UBS. Rating allocations are as of 30 June 2017.

1: Percentage of companies under coverage globally within the 12-month rating category.

2: Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.

3: Percentage of companies under coverage globally within the Short-Term rating category.

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UBS Securities LLC: Doug Mitchelson; Meghan Durkin; Charles Costanzo; Brian Russo.

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Company Name	Reuters	12-month rating	Short-term rating	Price	Price date
AMC Networks Inc ^{6a, 7, 16, 26a}	AMCX.O	Sell	N/A	US\$64.68	03 Aug 2017
CBS Corporation ^{7, 16}	CBS.N	Buy	N/A	US\$64.83	03 Aug 2017
Discovery Communications Inc ^{3, 16, 26b}	DISCA.O	Sell	N/A	US\$24.74	03 Aug 2017
Scripps Networks Interactive Inc ^{3, 6b, 7, 16}	SNI.O	Neutral	N/A	US\$88.05	03 Aug 2017
Time Warner Inc ¹⁶	TWX.N	Neutral	N/A	US\$102.35	03 Aug 2017
Twenty-First Century Fox Inc ¹⁶	FOXA.O	Buy	N/A	US\$28.82	03 Aug 2017
Viacom Inc ^{4, 6a, 16}	VIAB.O	Buy	N/A	US\$35.07	03 Aug 2017
Walt Disney Co ^{16, 26c}	DIS.N	Buy	N/A	US\$109.12	03 Aug 2017

Source: UBS. All prices as of local market close.

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Additional Prices: Netflix Inc, US\$179.23 (03 Aug 2017); Source: UBS. All prices as of local market close.

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