



AMC Networks (AMCX) 2017 Q4 Earnings Summary

March 2018

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Just Like 2017, AMC Networks Will Spend About \$1 Billion On Programming In 2018

CONTENT

- **The studio gives them opportunities to monetize their own content across different platforms and across the globe**
 - When you own, you get to sell and sell again, and there is potential for franchises that can be monetized in other areas
- **Making strategic content investments that will allow them to create short-form content for a variety of platforms**
 - Investment in Funny or Die was based on them being a leader in short-form content that has huge desirability on mobile.
 - Recently announced partnership with Adaptive Studios, known for its short-form content created for digital platforms

OTT

- Continue to expand its streaming capabilities and investing in streaming services outside of the ecosystem
 - **Will be producing for themselves and will have more outlets to influence or control**
- Have 3 slightly different types of OTT platforms that will accomplish 3 different things over time
 - **Will continue to invest in them and grow them, and eventually will deploy them overseas**
 - As AMC Premiere develops, will make decisions about what to do in conjunction with linear distribution partners

LINEAR

- vMVPDs are a great price value, but the traditional bundle is still the most efficient way to experience great programming
 - **It won't have meaningful financial results in the near term, but through deals with Charter and Comcast, they are aligning with familiar distribution partners in new ways**
- **Giving consumers the options to view content in the broad ad-supported package, or commercial-free add-on services**
 - Significant that FX is also on the XFINITY platform because together they represent 2/3 of scripted impressions on cable

ADVERTISING

- **Increasing its capabilities of identifying and improving measurement of consumption of content outside of the linear bundle**
 - As these techniques evolve, there will be better monetization of that content with greater and greater financial reward
 - Developing a new tool that increases its audience capabilities for targeting to help advertisers
- **Leader among places where advertisers can place ads since most other high-quality scripted content is on ad-free services**
 - **Leaning into ad-tech and segmenting for advertisers, rather than making plans to adjust any inventory**

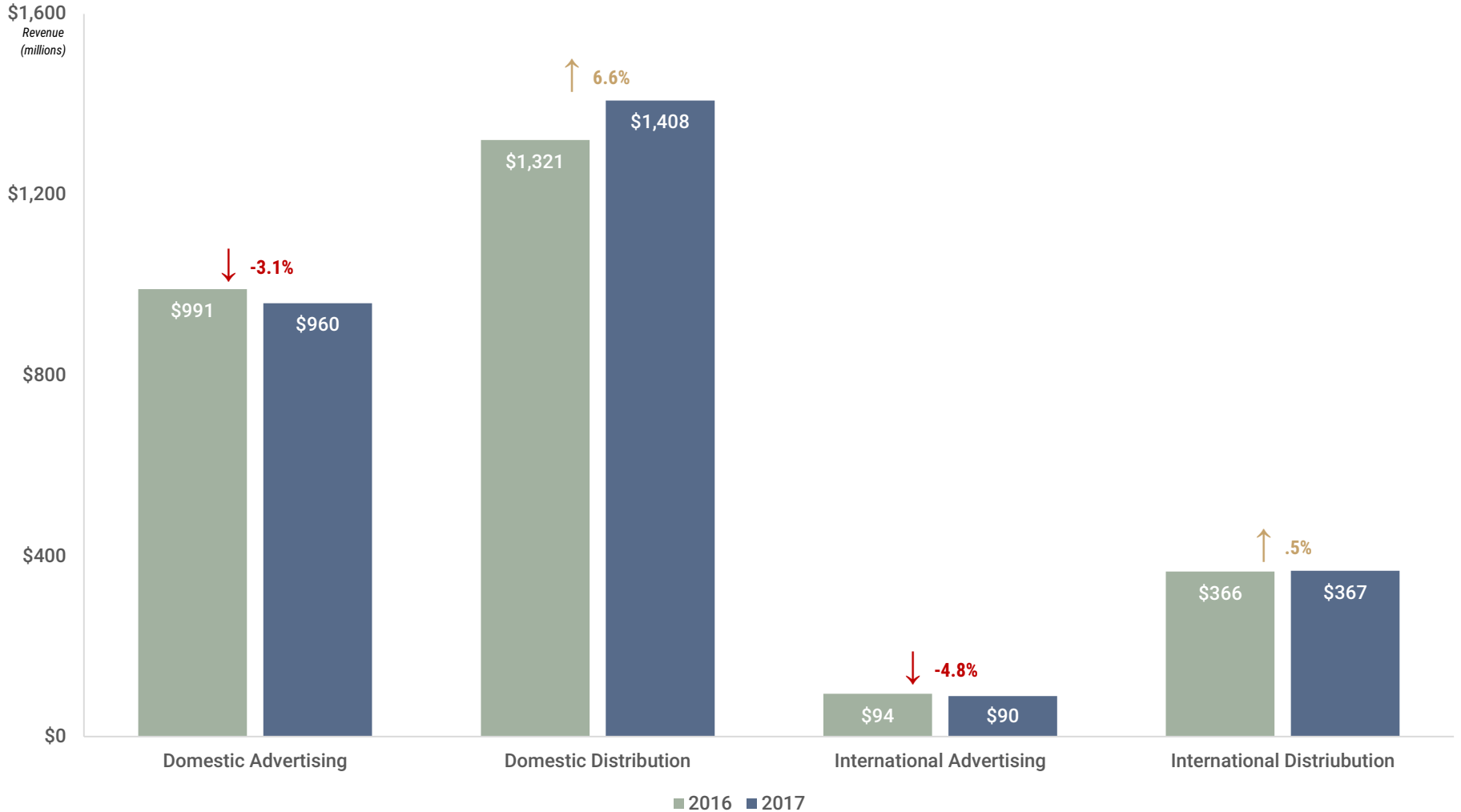
MARKETING

- Must be efficient at commanding attention because as consumer options proliferate, it becomes harder to get above the noise
- Referral, which mainly occurs via social, has become the most profound form of getting people to the screen
 - **Developing fan communities around shows, not just when it is on, but 24 hours a day, 365 days a year**
- **Take a much more targeted approach to what they are trying to achieve with each piece of content**
 - Analytical tools are now abundant, so they can be smarter about where dollars go and can see the results in real-time

The company will become an attractive target as major media players increase scale to compete with the tech giants

Revenue Mix

There Is A Lot Of Runway For International Growth, Both Via Linear And OTT Platforms

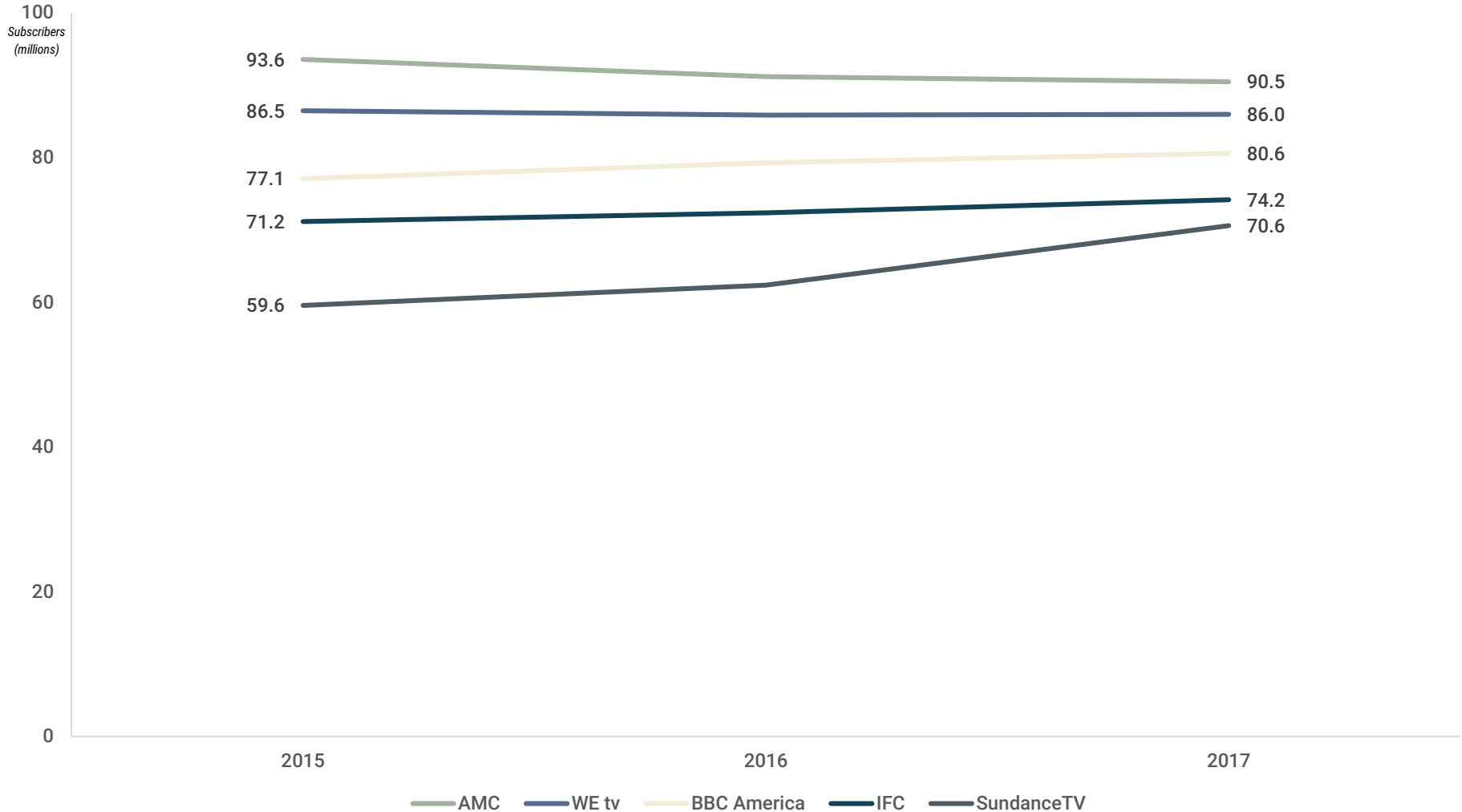


As cord-cutting continues, improving ad tech is vital to keep advertising dollars in the MVPD ecosystem

U.S. Subscribers



Smaller Networks Have Been Able To Gain Increased Carriage On The Strength Of The Flagship Brand



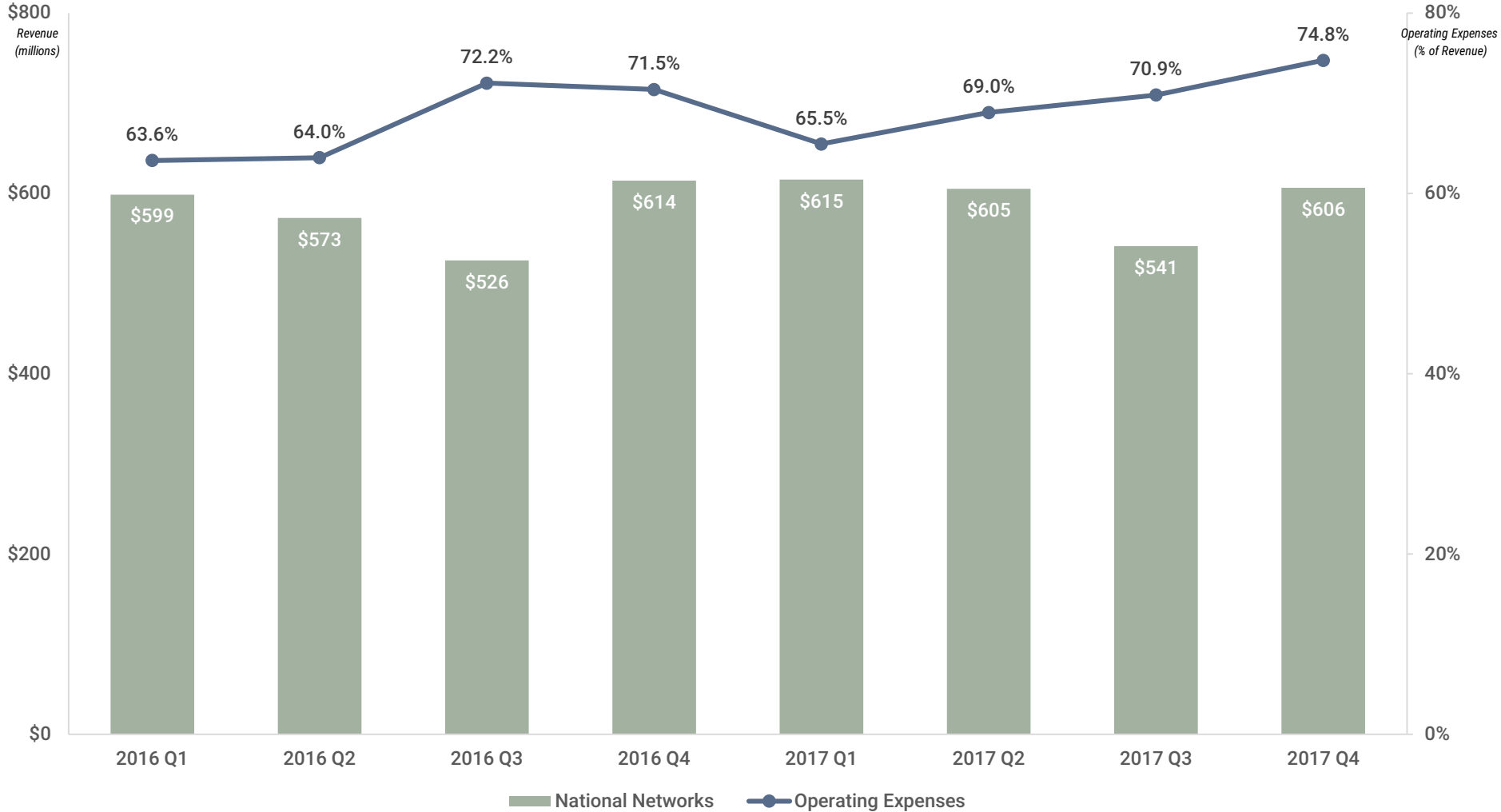
Skinny bundles are more price sensitive, making it tougher for second tier networks to piggyback onto the platform



Domestic Revenue



The Competitive Marketplace For Premium Scripted Content Results In Higher Costs



By owning content, they can better monetize the long-tail value of the content across OTT platforms

