



AMC Networks (AMCX) 2018 Q1 Earnings Summary

May 2018

[Sign Up For Additional Research From Evolution Media Capital](#)



AMC Networks (AMCX) 2018 Q1 Earnings Summary

May 2018

AMC Networks Is Transitioning From A Cable Channel Company To A Diversified Global Content Company

STRATEGY

- **Pattern over the past decade has been to sell rights worldwide, multi-platform as aggressively as possible**
 - Keeping more of those rights on platforms with their participant partners more than they had in the past
- **Setting up and designing a uniquely attractive way for their shows to have economic reward in multiple incarnations**
 - Optimal way to go structurally that will have different degrees of reward as the media landscape undergoes its evolution
 - Working in alliance with MVPDs and virtual MVPD partners and want to keep them in a position of reward

STUDIO

- **Owning intellectual property and expanding the studio operation has been an important area of focus**
 - **Opportunity to exploit these shows beyond linear TV channels and subscription video-on-demand services**
 - Can create universes and global franchises that can live for a very, very long time
- There is a commodity-like market where money matters and there are some precipitous buys
 - **They cultivate relationships with creative people and take a much more deliberate and careful approach**

VIRTUAL MVPD

- Virtual MVPDs are growing in the millions every few months and it seems likely to continue and perhaps to accelerate
 - **Has the lowest price offering for a group of channels from any independent programmer in the U.S.**
 - **The most widely distributed independent programmer among virtual MVPDs**
- The price for the 5 AMC channels and the amount of viewer engagement that they create is probably the best buy vMVPDs can make to sell subscriptions at their low prices

DIRECT TO CONSUMER

- **Taking advantage of increasing consumer interest in ad-free subscription services, particularly for scripted dramas, by growing their investments in direct-to-consumer services**
 - As these services grow, they are increasingly fueled by exclusive original content
 - In a disciplined manner, it will start to be a greater use of the studio's material

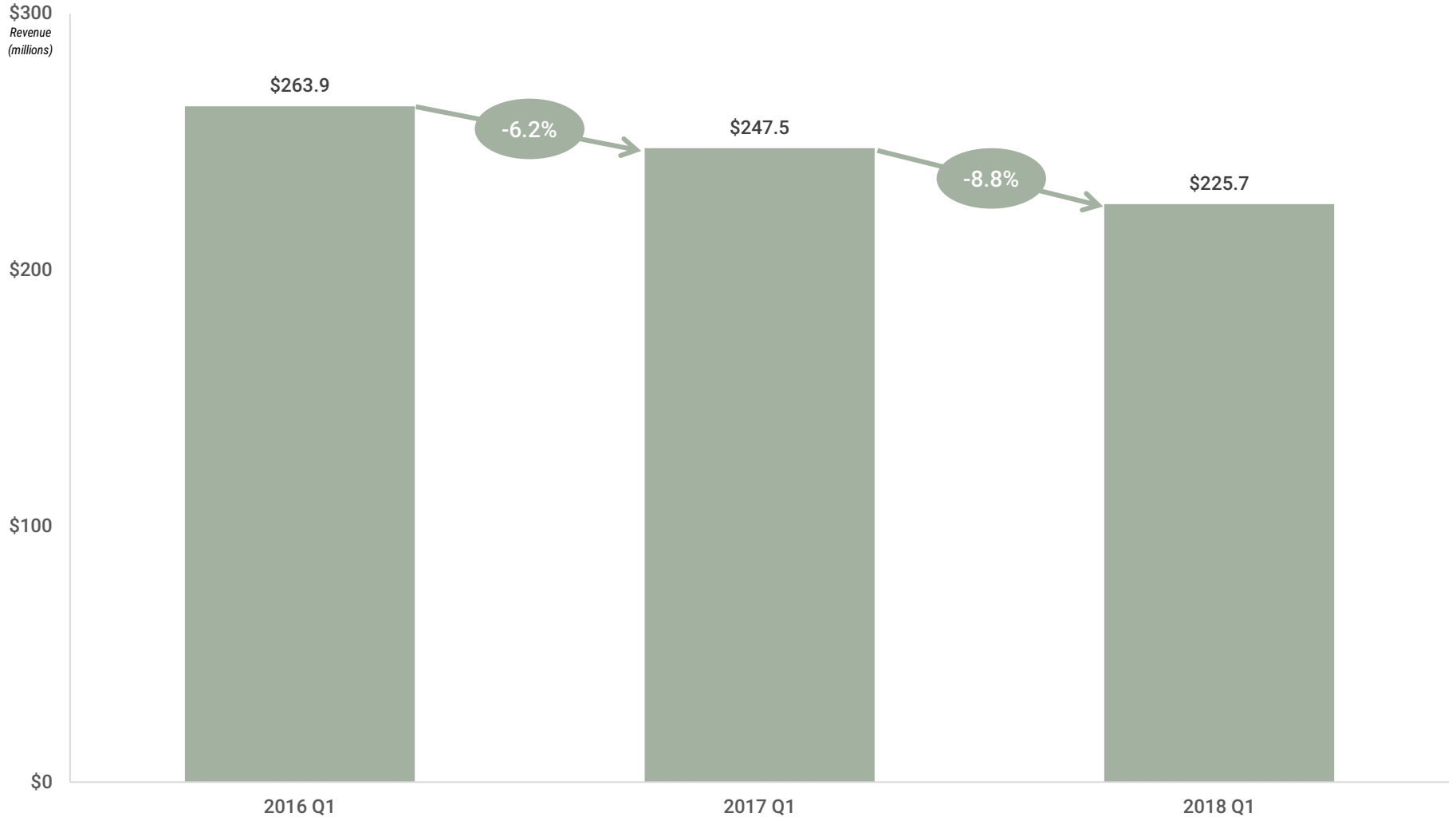
ADVERTISING

- **Ad-supported networks represent an increasingly rare opportunity for agencies and their clients to advertise in a high-quality scripted programming environment**
 - Uniquely well positioned because they have only 5 networks, so they don't have an overabundance of inventory
- Multi-year strategy to make the argument that their shows are worthy of broadcast-sized CPMs
 - **Will be using new data-driven products to help advertisers target audiences more efficiently and with more granularity**

The studio has been an integral part of expanding outside of the traditional linear ecosystem

Domestic Advertising

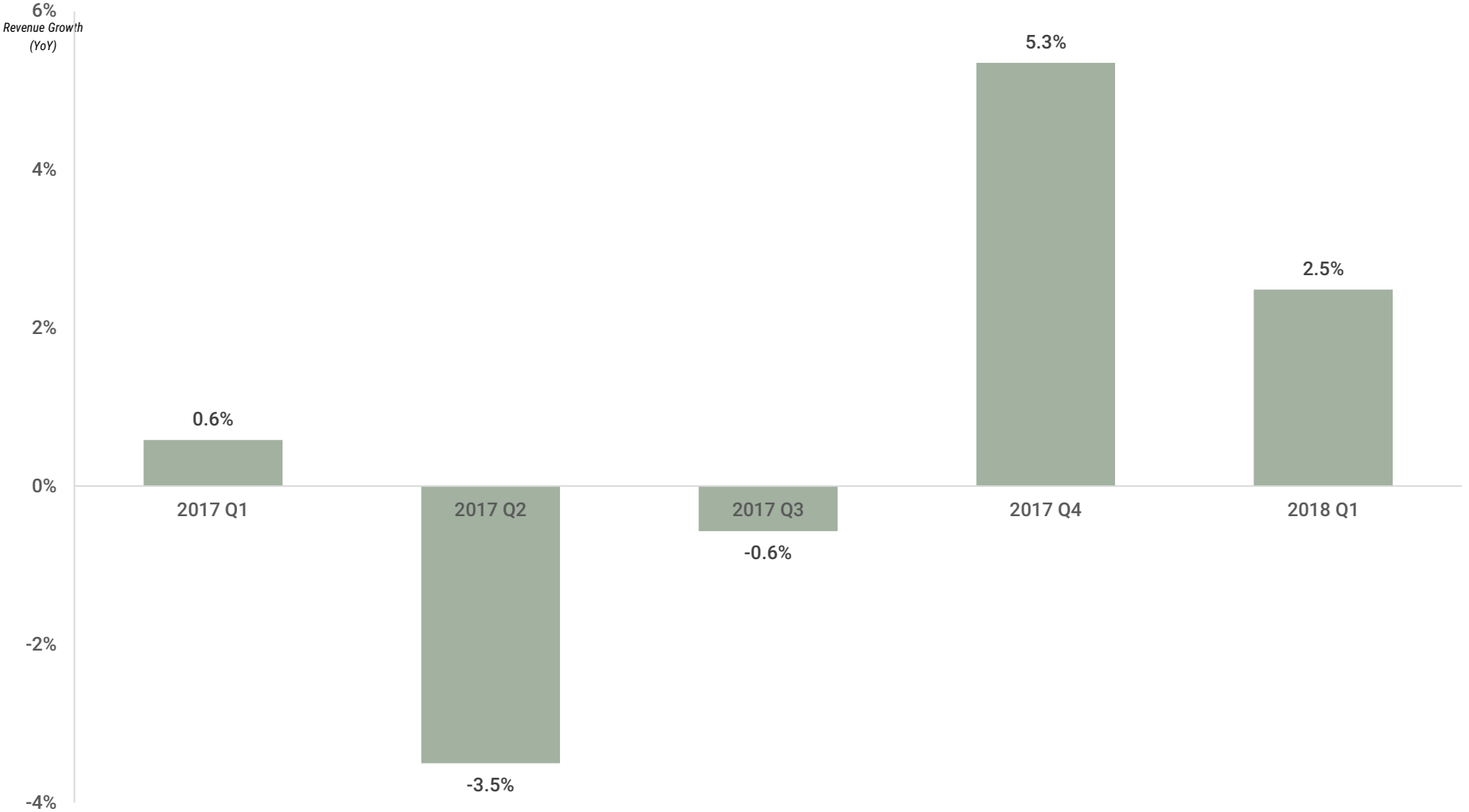
As Cord Cutting Continues, It Is A Struggle To Attract Highly Engaged Viewers That Advertisers Covet



Working with their distribution partners to develop ad-free formats for customers that are willing to pay extra

International Distribution

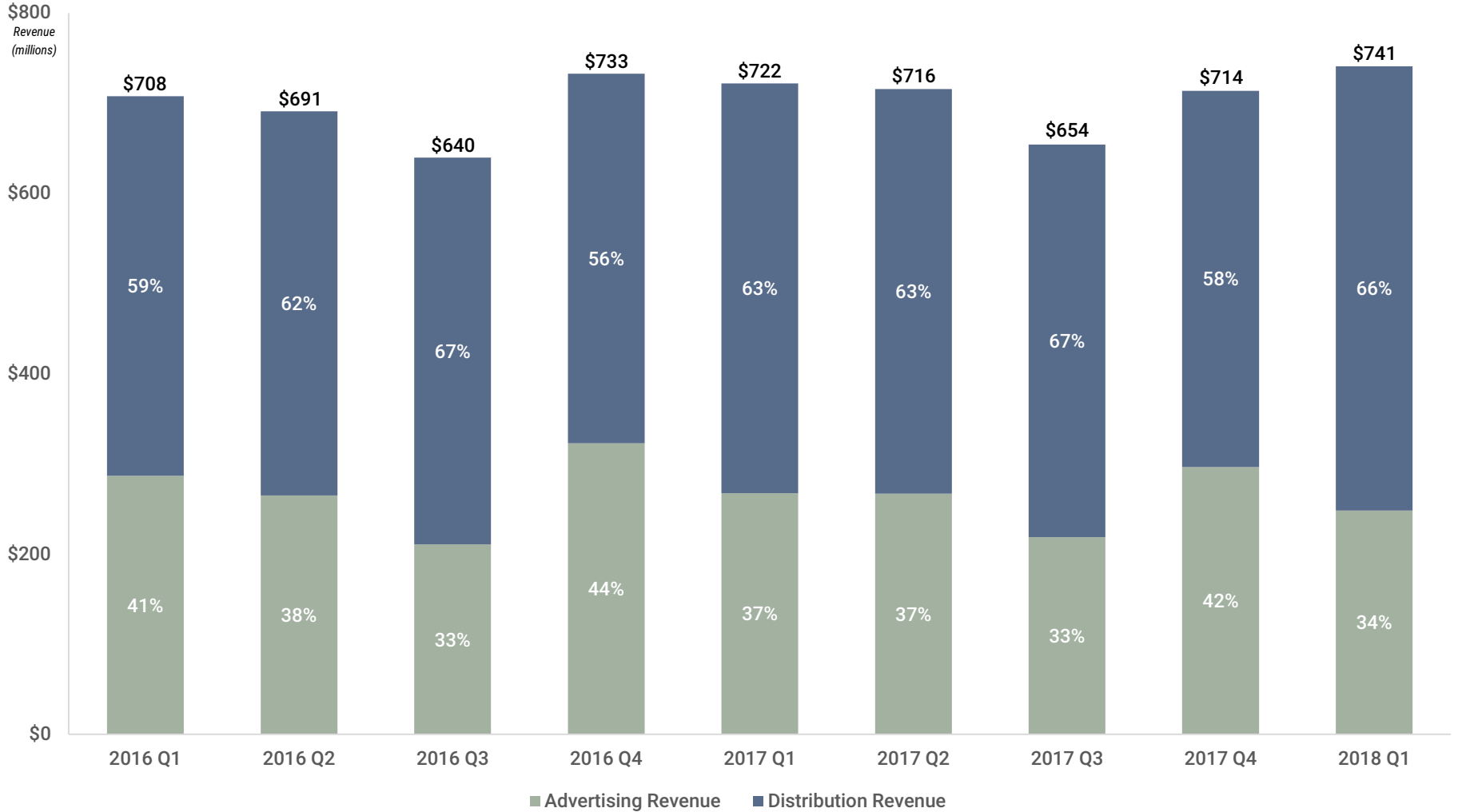
Small Scale Of Networks Works In Their Favor As They Expand Their Distribution Partners



Premium scripted programming will be more valuable in European markets where OTT services are not as prevalent

Revenue Mix

Expect To See Revenue Mix Accelerate To The Non-Ad Supporting Pieces Over Time



Will need to balance the shift from licensing content to 3rd parties to keeping it exclusively on their DTC platforms