



AMC Networks (AMCX) 2018 Q2 Earnings Summary

August 2018

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## AMC Networks Has Made Recent Acquisitions To Accelerate Their Direct-To-Consumer Presence

### ACQUISITIONS

- **Accelerates their interest in SVOD services and is an important step forward as they move further into their digital strategy**
- **RLJ Entertainment is the company behind Acorn TV, the first SVOD service for African-American and urban audiences**
  - Have the ability to drive subscriber growth based on the market opportunity, rather than being restricted by their capital structure
- **Levity owns and operates comedy venues, a talent management business and produces original content across multiple platforms**
  - Can enhance their comedy content, especially on the IFC channel

### INTERNATIONAL

- **It is essential for a content and distribution media company to have an international footprint that is meaningful**
  - Ability to distribute internationally makes their ability to invest in content when it comes across their desk that much more clear and certain
- **Continue to expand in markets where Pay-TV is emerging, with launches in the Middle East, Latin America and Africa**
  - Economically, it's lived up to their expectations and think there is a lot more upside as they continue to expand their footprint

### ADVERTISING

- **Looking to further monetize the overall consumption of content that increasingly occurs on a delayed basis**
  - Saw a particularly strong pricing in the upfront for AMC, as well as healthy demand and volume across all of their other networks
- **Utilizing data and analytics to provide advertisers with new levels of insight into viewer buying habits**
  - Proprietary advanced data platform is effective for increasing volume among their highest CPM advertisers
  - Delivering personalized mobile offers to consumers through TV commercials and delivering targeted TV ads on smart TVs

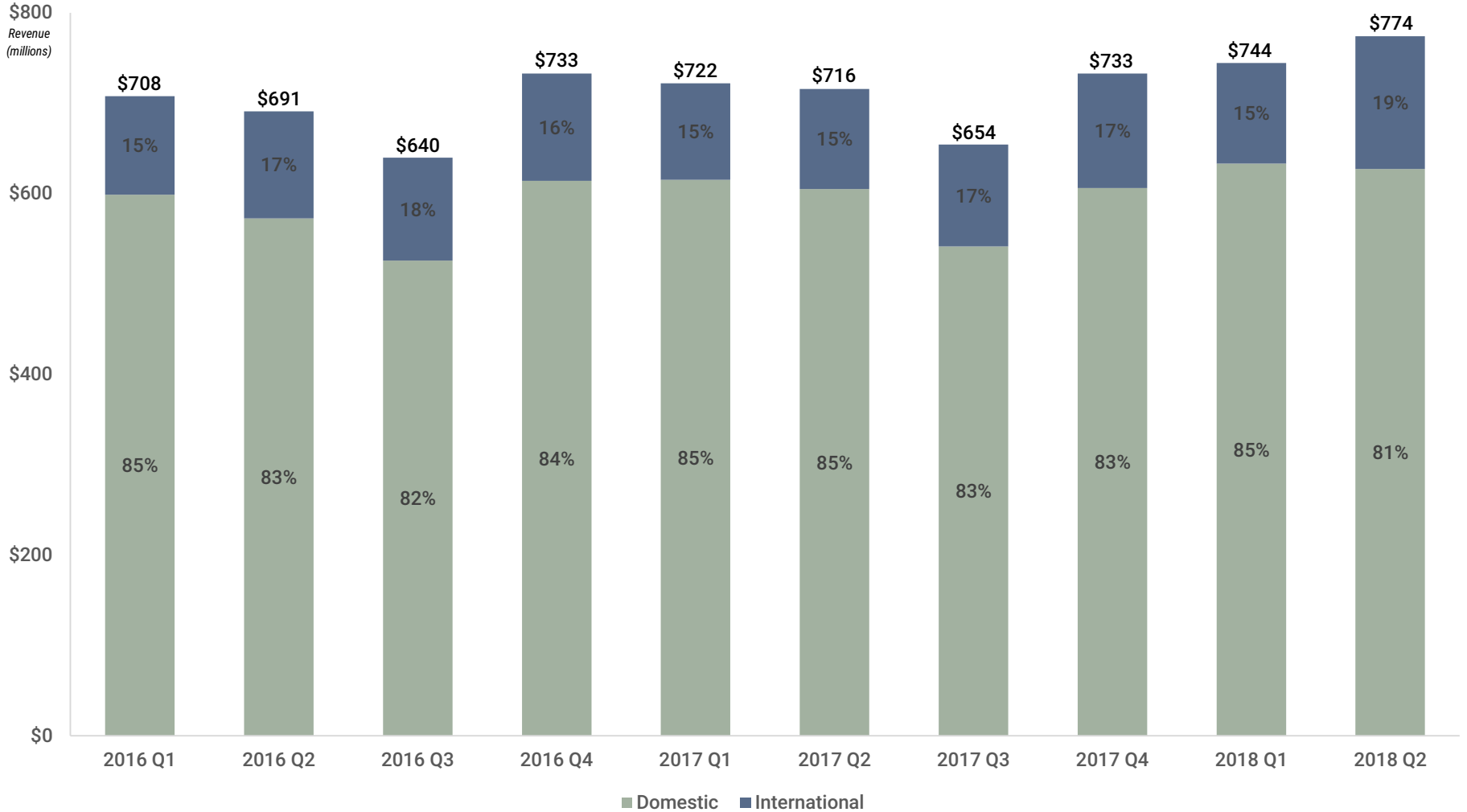
### GAMING

- **Entered the mobile gaming space, partnering and taking a stake in a company called Next Games**
  - Created 2 immersive mobile games, including *Our World* which quickly became a top 10 downloaded game after its global launch last month
- **Went from cable channel group to content company to IP owner and developer, and gaming is a natural extension of that**
  - Don't have all rights in each instance, but there's a rich opportunity to be mining the IP that they are developing and putting first on TV
  - Some of their IP is younger skewing and has a distinct appeal to people who spend time on platforms other than television, including games

*The continued focus on owning content and IP gives them more opportunities to diversify their business*

# Revenue Mix

The Decision To Focus On A Few Core Brands Makes It Easier To Gain Carriage On Emerging Platforms

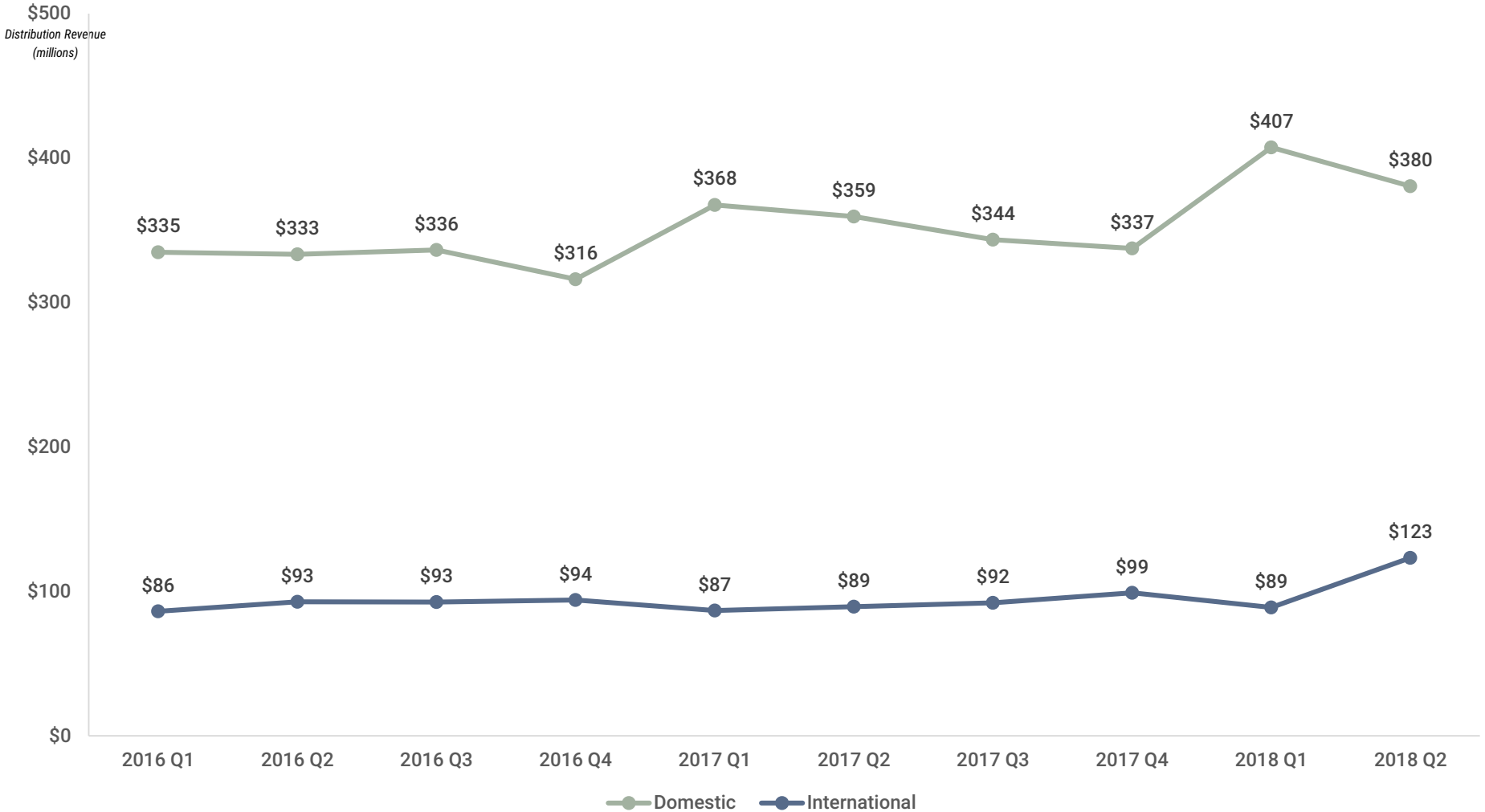


*Improving their advertising technology will help increase monetization on the declining linear Pay-TV audience*

# Distribution Revenue



Content Licensing Has Been The Fastest Growing Part Of The Business Over The Past Few Years

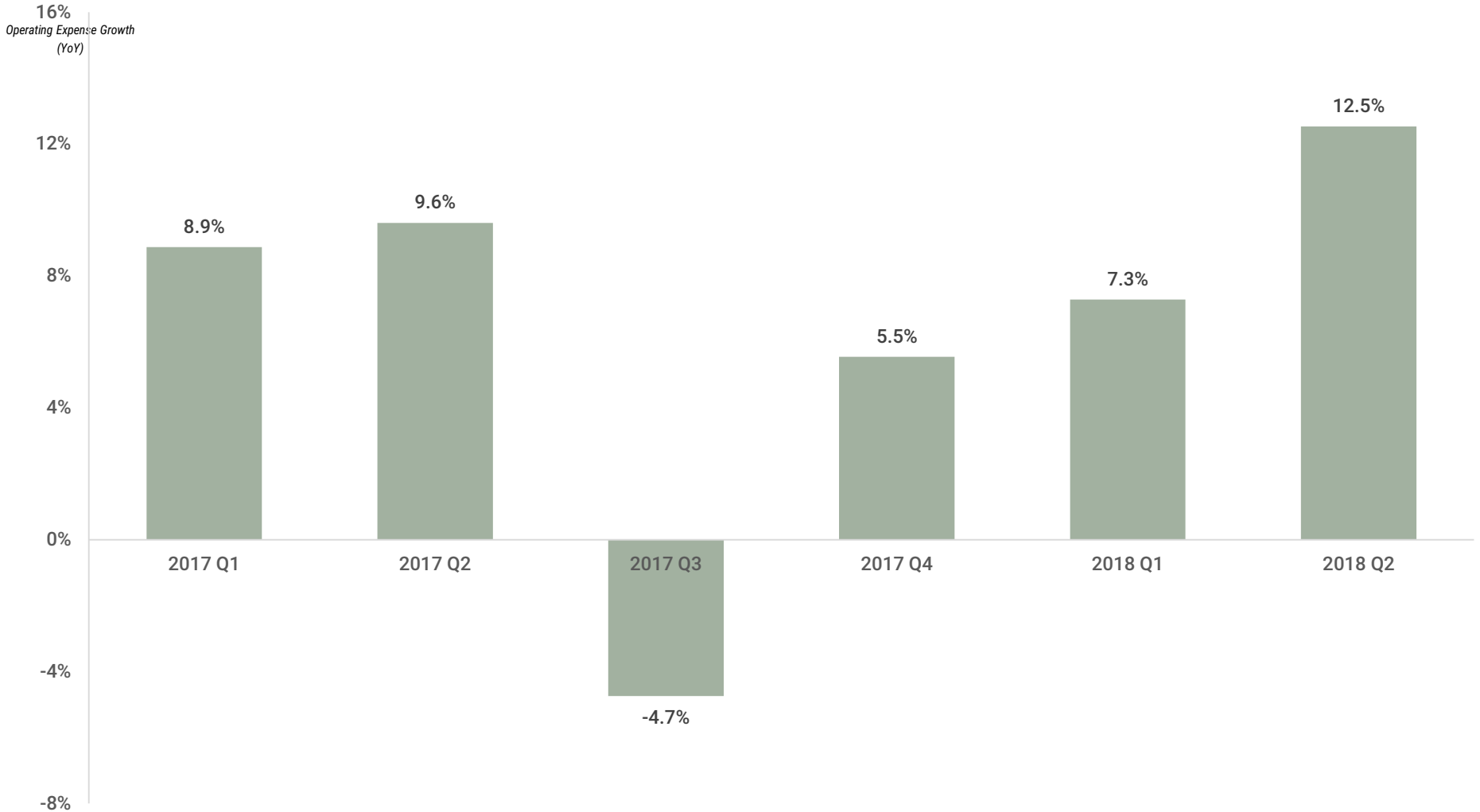


*The acquisition of Levity had an immediate impact on their international distribution revenue in Q2*



# Expenses

Content Costs Will Continue To Rise As They Invest More Into Original Premium Programming



*Aim to discover lesser-known talent and create long-lasting relationships that are supportive commercially and creatively*