

AMC Networks (AMCX) 2018 Q3 Earnings Summary

November 2018

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AMC Networks Is Building Out A Suite Of Niche DTC Services Similar To Their Cable Networks

OTT

- **The most widely available independent programmer among vMVPDs and tailor-made for today's smaller skinny bundles**
 - Have a reputation for creating diverse content that is consistently high-quality which makes them very important to a wide range of viewers
 - Offer a small but strong group of well-defined networks, at the most attractive wholesale pricing in the industry
- **The relationship with Amazon is very important as it is with all distribution aggregators and sometimes they experience bumps in the road over deal points**

DIRECT TO CONSUMER

- **Acquisition of RLJ represents a major step forward as they accelerate their interest in SVOD services that they own and control**
 - Seeing an appetite for specialized streaming services, catering to people who like quality, sophisticated content in a curated environment
 - Approach to tapping into this interest is not dissimilar to the approach in investment they have made in their U.S. cable channels
 - Specific offerings will have the right characteristics, in terms of cost and in terms of the type of content they offer to sustain growth
 - Focusing on niches, or fan areas, that people will have a strong attachment to

ADVERTISING

- **Increasingly becoming one of the very limited places to offer ads with great premium scripted content**
 - The rise of high-end serialized programming has largely occurred on platforms that don't have ads
- **Continue to evolve their advertising product offerings, which includes ramping up initiatives around addressable advertising**
 - Using new data-driven products to help advertisers better target audiences with more efficiency and more granularity
 - Based on show runtimes, always looking to adjust the mix of advertisers to maximize the CPM impressions

STUDIO

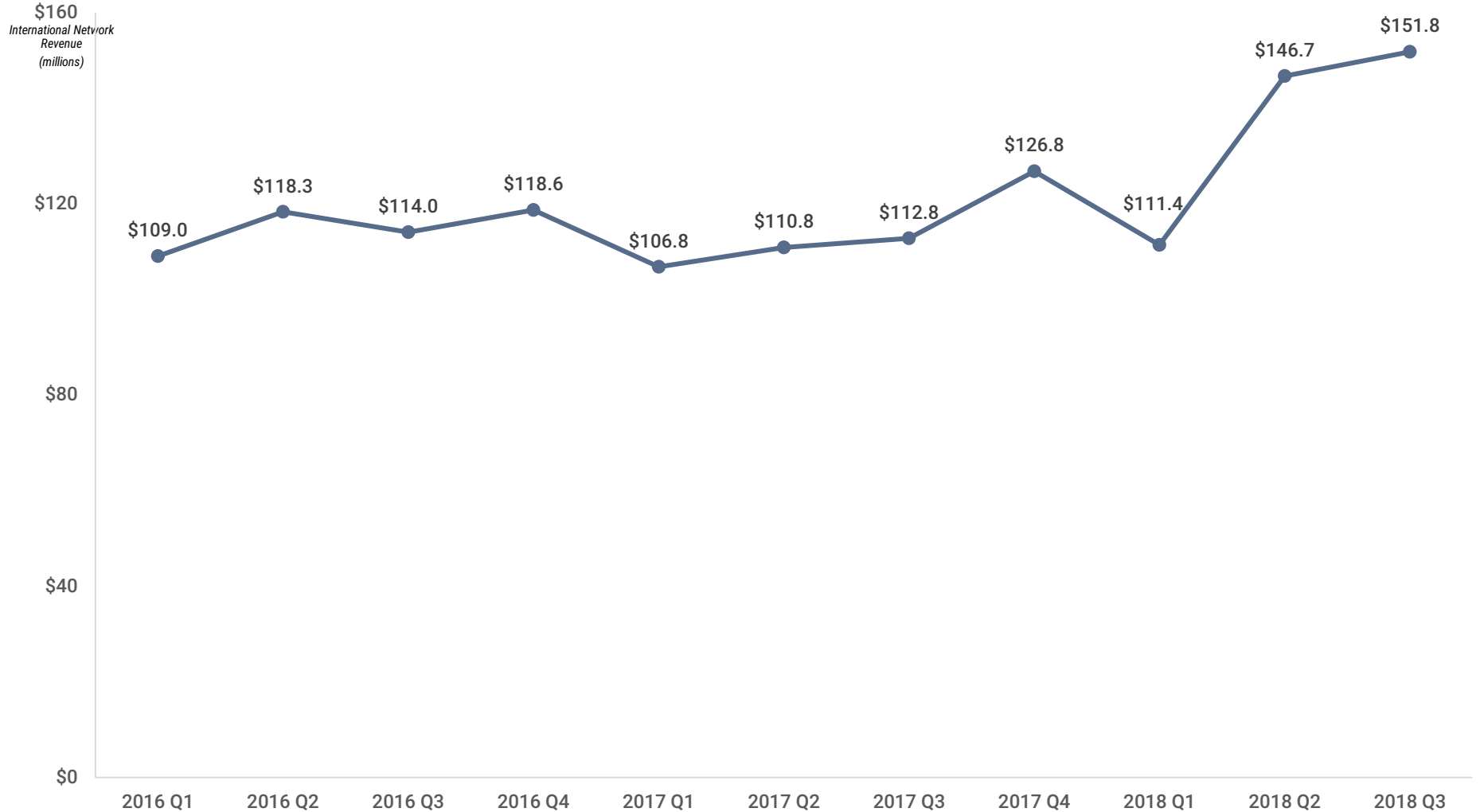
- **Studio provides valuable content ownership and is behind more than a dozen shows that air across their networks**
 - Have finite capacity on the channels, with some flexibility, but do contemplate developing for other platforms.
 - As their direct-to-consumer services reach scale and expand internationally, it can begin to sensibly economically produce for them
- **Able to attract great talent, create superior shows and bring them to market in a way that gets the world to pay true attention**
 - In the advantageous position of seeing all the good stuff and seeing it early in the cycle

The studio will increase production in order to provide original and exclusive content for all of their services and channels

International Revenue



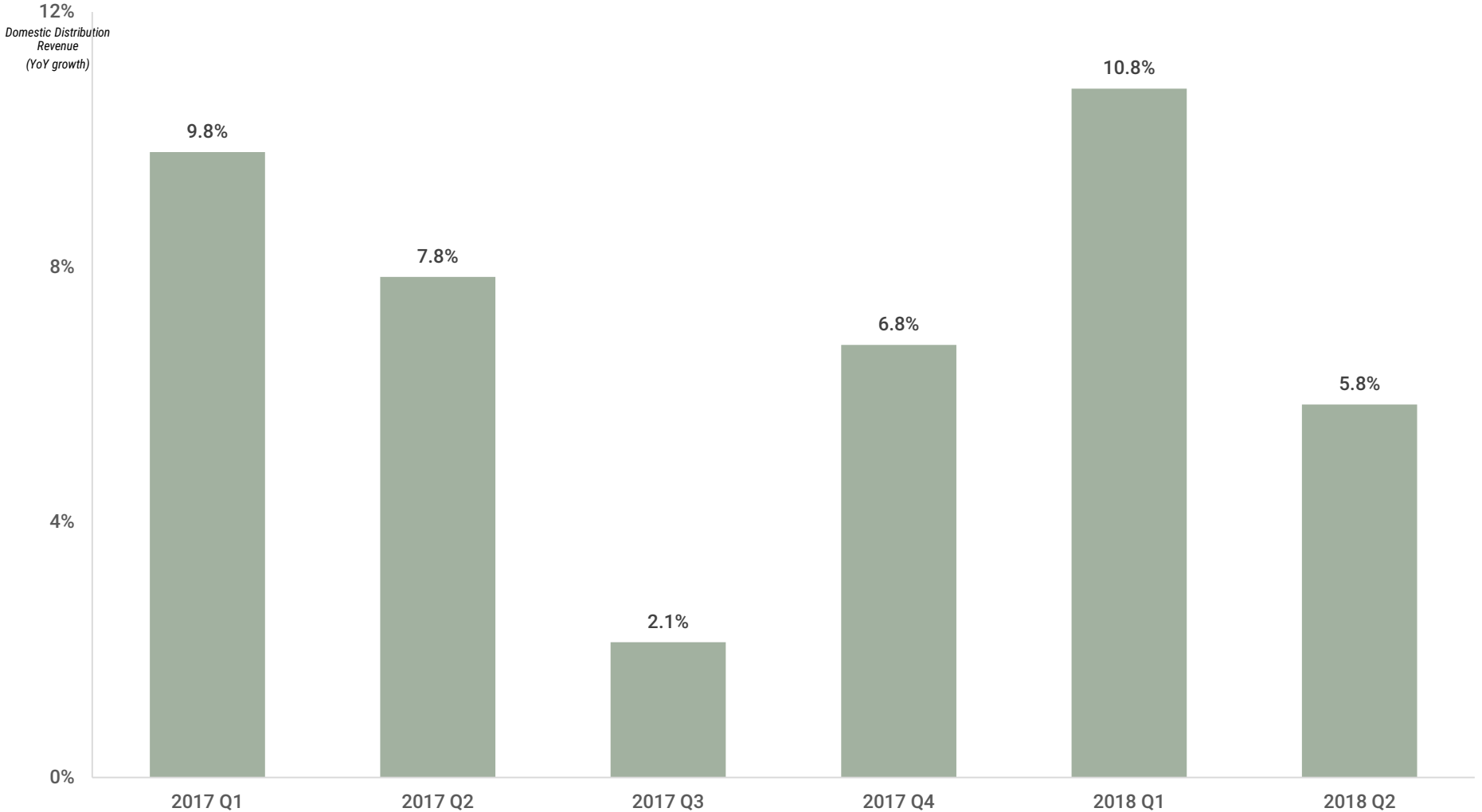
The Expansion Of The Global Content Market Is Driving Growth Of International Licensing Revenues



The established linear networks around the world can provide marketing support to their group of DTC products

Domestic Distribution

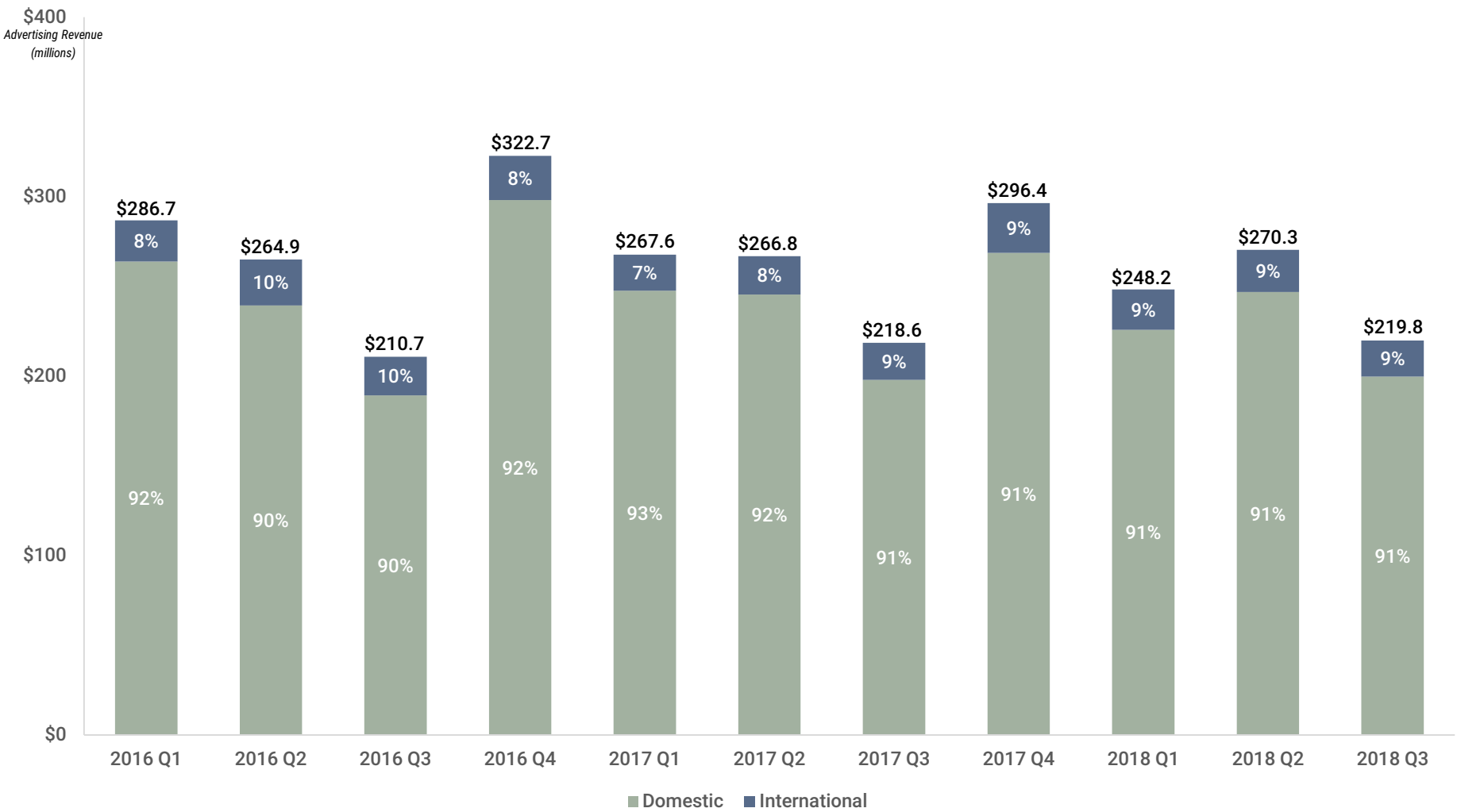
The Affordability Of Their Small Group Of Networks Makes Them A Valuable Offering To Distributors



As vMVPD subscriber growth shows signs of slowing down, there might be opportunities to increase pricing

Advertising

As Linear Viewership Erodes, Premium Scripted Content Will Become More Valuable To TV Advertisers



As The Walking Dead comes to a close, it will be important to develop new franchises that can drive viewership