



AMC Networks (AMCX) 2018 Q4 Earnings Summary

March 2019

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# Key Takeaways

## AMC Networks Will Generate \$100M In Revenue From Their Portfolio Of DTC Products In 2019

### DIRECT TO CONSUMER

- **Each of these subscription services is a bit of a different animal and has different needs and opportunities**
  - Can gain benefits and cost savings from centralizing their tech stack, improving customer service, and promotion across their SVOD offerings
  - Managing these streaming services very carefully, with a set of metrics that are different from their base metrics in business
- **Each service will have a different content strategy around originals, acquired, early windowing, and extended material**
  - They each have different target audiences, so they can't just take the same approach to growing each of the services

### AMC PREMIERE

- **Very focused on evolving it by offering early windowing of content as well as exclusive new content**
  - Have more reasons for purchase among people who are already seeing AMC on their cable system
- **On a very logical and careful basis, they are increasing the amount of original programming, benefits and features**
  - Have great visibility to data, which is wonderful because they can actually see cause and effect in real time
  - There will be some evolution in where original content emerges first and how some of the streaming services actually cross-promote

### STUDIO

- **Overall content spending is in the range of \$1 billion and have prided themselves getting big bang for their buck**
  - Recently renewed partnership with BBC Studios as part of their overall BBC relationship, to continue to co-produce
- **Content licensing remains a source of growth, and expect the rate of growth to accelerate in 2019 as compared to 2018**
  - Domestically, they are now seeing certain shows starting to come back that had been licensed to domestic Pay-TV services
  - Internationally, they sell some shows to themselves in the regions where they have channels and in other territories, they license to other parties

### ADVERTISING

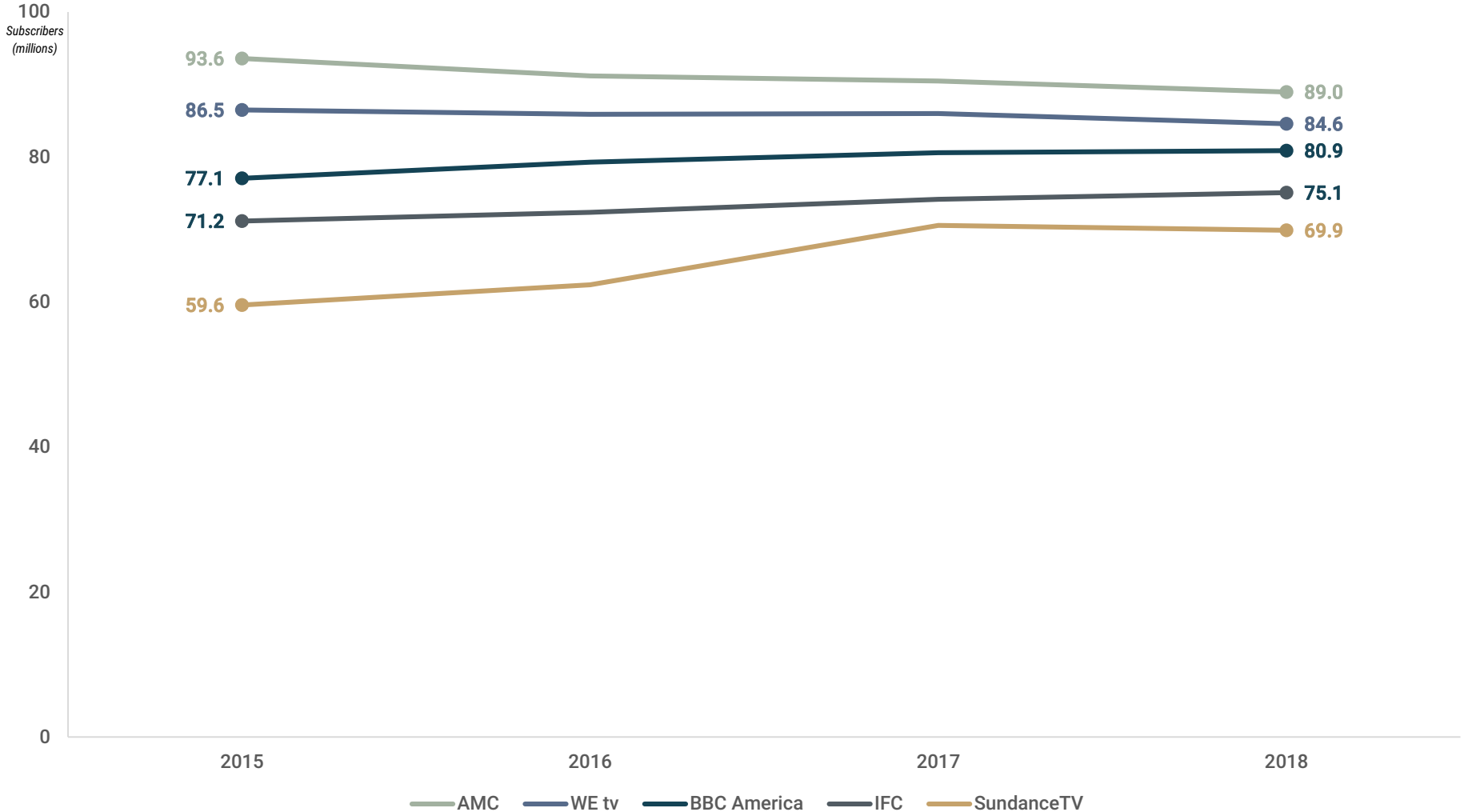
- **Large viewership of their shows is not captured and the current C3 window can provide significant economic upside**
  - Developing several approaches to increase the ad monetization, including offering different versions of their shows with varying ad loads
- **Focused on building out their proprietary advertising tools that allow advertisers to assess and optimize their ad buys**
  - Developed a planning tool, that can increase the efficiency of media buys across all of television
  - Have an ad-targeting tool that can help advertisers reach specific segments of consumers from across their 5 networks

*As The Walking Dead TV show comes to a close, it will be important to extend that IP into new formats and content*

# Subscribers



In The Early Stages Of Experimenting With Windowing Their Own Content Between Linear And DTC Services

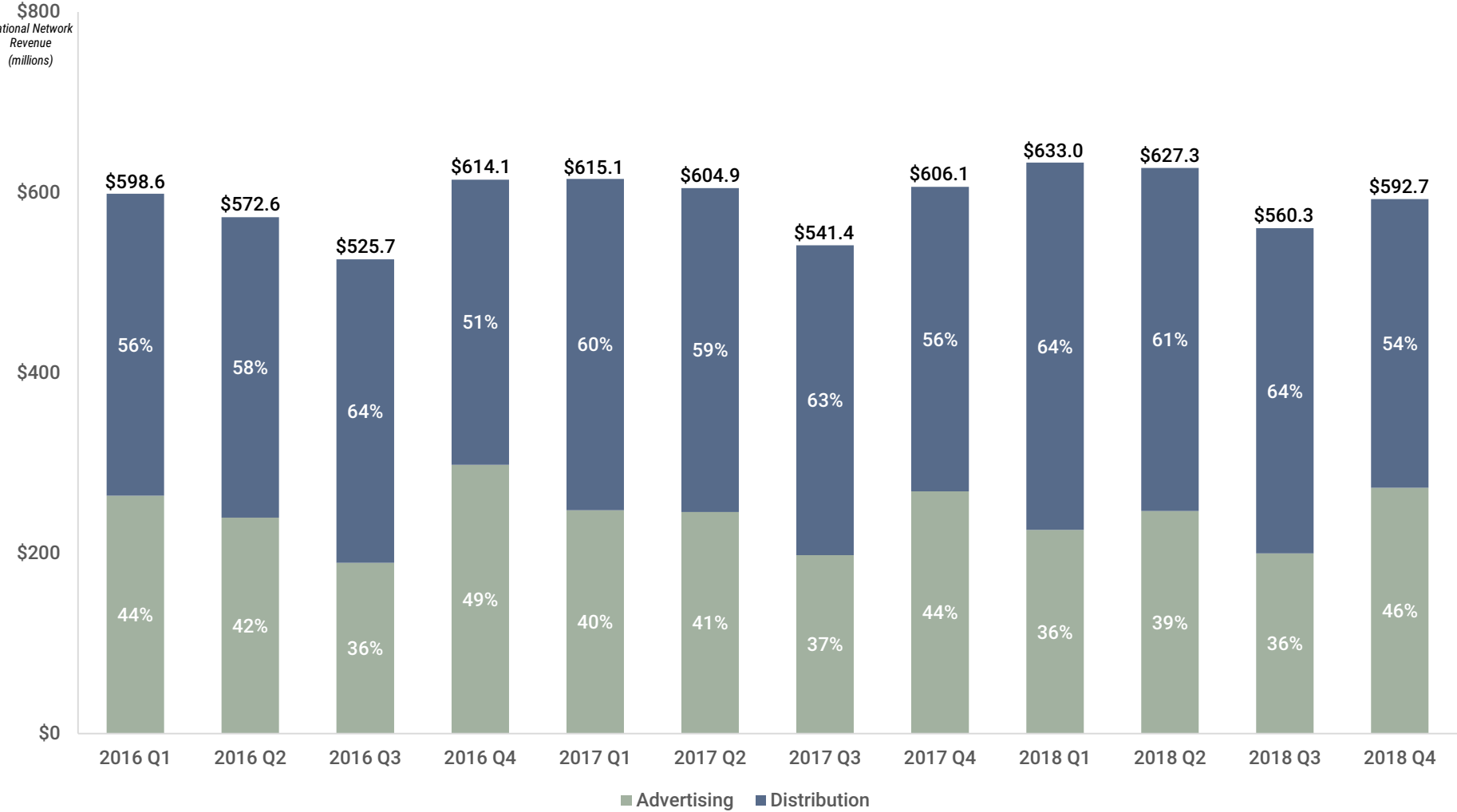


*Increased marketing on the linear networks can funnel audiences to their higher margin streaming services*

# Domestic Revenue



Many Shows Are Under Monetized As Pay TV Audiences Are Creating Their Own Viewing Schedule

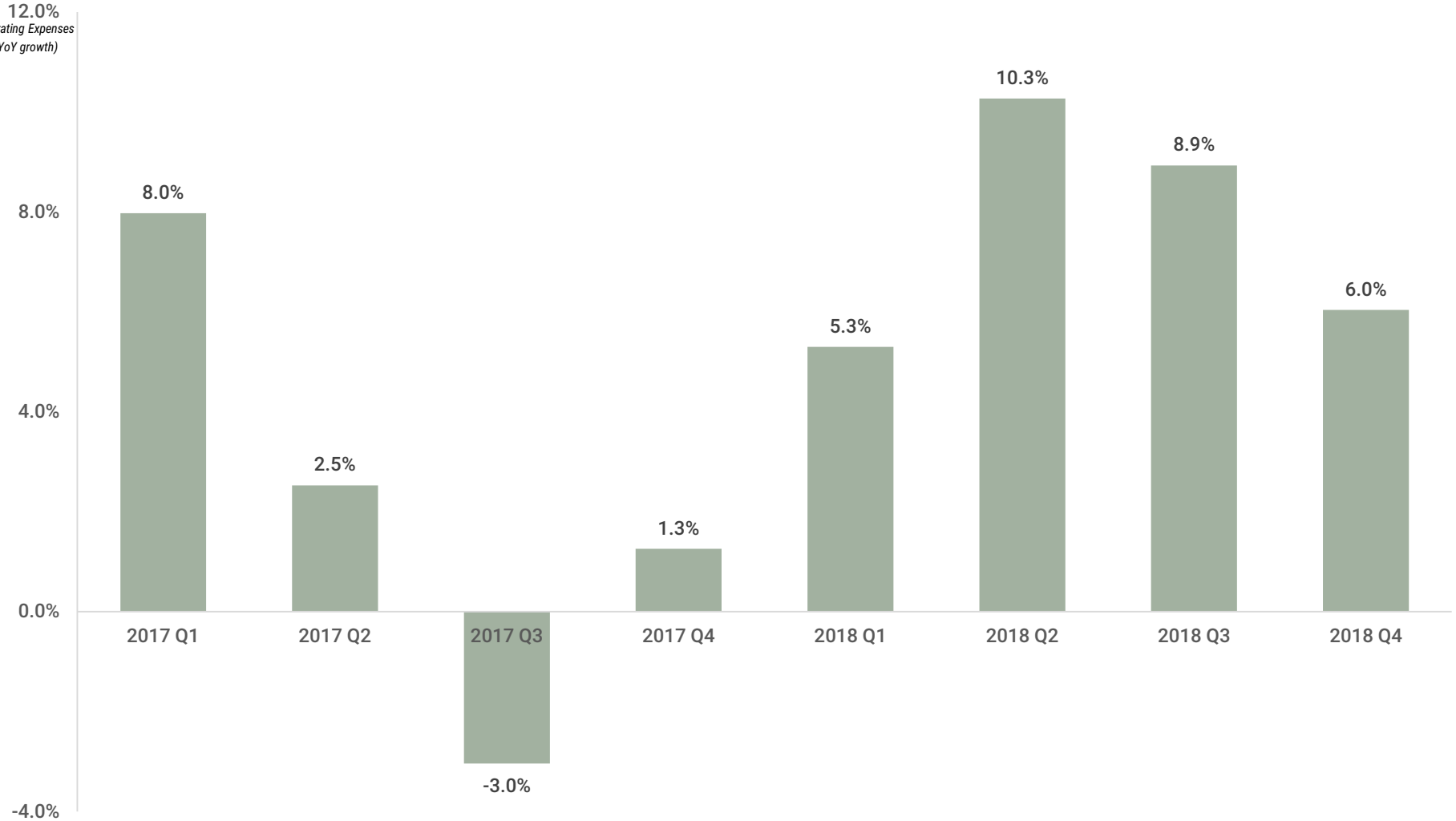


*vMVPD carriage will maintain their audience size, as well as allow for new ad products with better targeting features*



# Expenses

Reorganization Of Their Linear Channels Under Common Management Should Help Drive Better Efficiencies



Majority of the cost savings will be used to accelerate their investments into original content productions