

AMC Networks (AMCX) 2019 Q1 Earnings Summary

May 2019

Sign Up For Additional Research From Evolution Media Capital



AMC Networks (AMCX) 2019 Q1 Earnings Summary

May 2019

Key Takeaways

AMC Networks Is Slowly Increasing Production To Better Serve Their Portfolio Of DTC Products

LINEAR

- **Have excellent content, priced right for their distributors, which is a very compelling differentiator compared to some of their peers**
 - Very pleased with the deals that they reached agreement on across the board, providing stability, term constancy, rate
- **New OTT services have application to MVPDs and they are particularly interested in new growth opportunities**
 - Specialty subscription services will be increasingly offered by MVPDs so the consumer touch points will increase
 - Increasing number of broadband-only subscribers that are part of the footprint of MVPDs can be packaged with subscription services

DIRECT TO CONSUMER

- **Attracting highly dedicated audiences who strongly identify with services that span specific genres and growing it systematically**
 - Thought that it could have different economics because it would live alongside the adoption of broad direct-to-consumer services
- **Can achieve scale relatively early in the life cycle of these services, more so than perhaps general interest SVOD services**
 - Since they are not whole house offerings, have attractive characteristics in terms of churn rates and subscriber acquisition costs
 - Allows them to moderate their level of expense subscribers grow and then to selectively choose to make shows that apply to those services

ADVERTISING

- **Focused on how to best monetize delayed viewing because it is an area that represents a large untapped pool of revenue**
 - Working with MVPD partners and the ad community to develop innovative solutions to realize this value
- **Integral element is offering marketers proprietary data-driven advanced advertising tools**
 - Mediator helps advertisers more directly target very specific consumers across their 5 networks
 - Aurora is a planning tool, and helps advertisers make their buys more efficient across all television networks

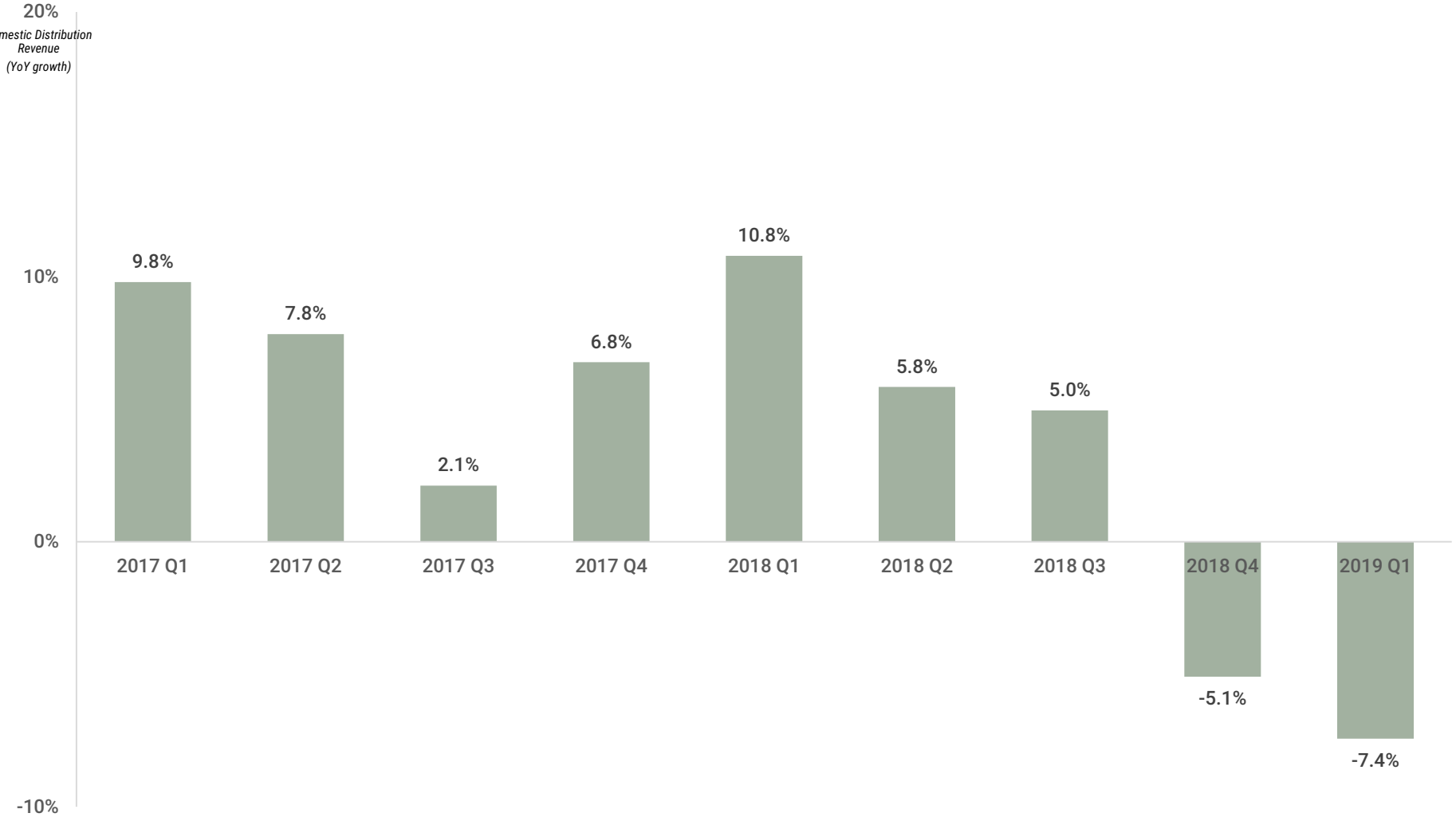
THE WALKING DEAD

- **The Walking Dead remains the #1 show on basic cable and is some of today's most enduring IP on any screen anywhere**
 - Green lit a third television season from The Walking Dead universe, signaling the rich opportunity around it
 - Perfect gateway to advance the narrative of this universe in ways that that will add vitality to the franchise for years more to come
- **Really just starting to tap its full economic potential, and are extending the franchise as any media company would**
 - Actively pursued different incarnations in multiple formats, and have vigorous interest from several potential partners across the globe

Experimenting with different windowing strategies for some content as a way to build awareness of their OTT services

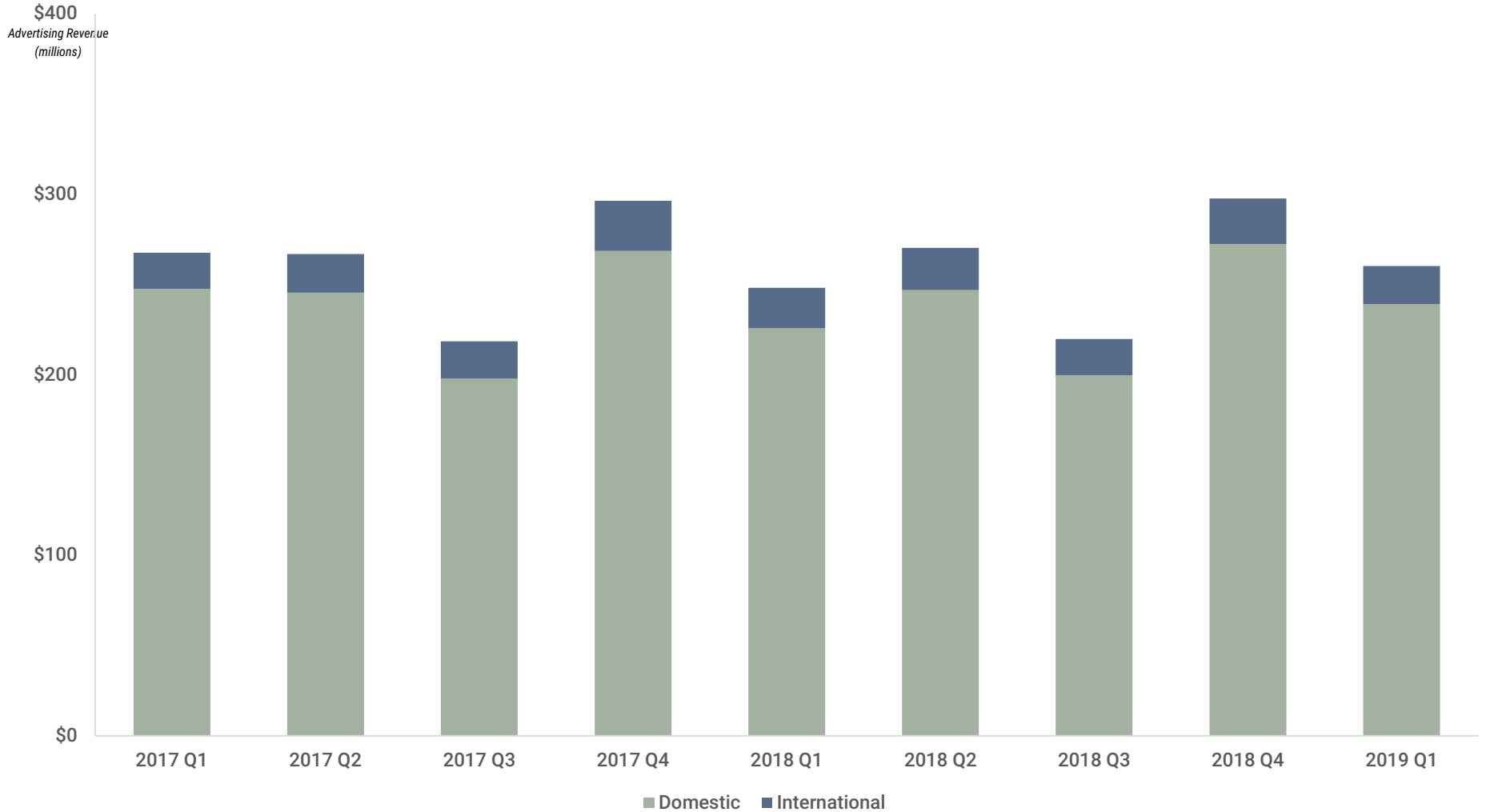
Domestic Distribution

Content Licensing Revenue Will Decline As They Utilize Their Content For Their Own OTT Platforms



Linear networks focused on premium scripted content provide a unique offering for the growing virtual MVPDs

The Walking Dead Franchise Is A Vital Component For Driving Advertising Revenues



New advertising tech products are gaining importance as linear networks look to better target their customers

Expenses

Renewed Partnership With BBC Cements Their Relationship As They Expand Upon Their Co-Productions



With a genre-focused approach, they can be a bit more selective as they scale their original content offerings