

AMC Networks (AMCX) 2019 Q2 Earnings Summary

August 2019

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Key Takeaways

AMC Networks Is Concentrating On Growing The Subscriber Base Across Their Suite Of SVOD Services

DTC SERVICES

- **Can achieve meaningful size relative to their content spend and at much lower subscriber levels than general interest SVOD services**
 - Through mid-year 2019, added 400,000 subscribers in aggregate, and are on target to end the year comfortably ahead of 2 million subscribers
 - Anticipate crossing the 4 million sub-threshold by 2022 and by 2024, will have between 5 million to 7 million targeted SVOD subscribers
- **Beginning to launch internationally, particularly with Acorn, and the overseas market opportunity will be very significant over time**
 - Acorn is one of the leading streaming services when it comes to customer engagement and has one of the lowest rates of churn in the industry

SUBSCRIBER ACQUISITION

- **Built and marketed their services so that the majority of their D2C subscribers are buying directly on their own platforms, differentiating them from other niche SVOD services**
 - Developed their own integrated tech stack, that allows them to understand the needs of the consumer and bring them back month after month
 - Provides important data and a direct consumer relationship, and allows them to see what's working and not working in real time
 - Increasingly populating them with original content, which has been resonating with subscribers and is helping drive healthy growth rates
 - Services are commercial-free and there are no ads contemplated for them for the future

STUDIO

- **As licensed series come back, they are able to make a determination about how they can deploy them to optimize value**
 - Some projects will be naturally attractive to their SVOD services because of their editorial nature and/or costs
 - Bigger shows may be exploited on a worldwide basis or an international basis with third-party services
- **Able to continue to stand out by incubating and developing shows that land extremely well in the broader culture**
 - Killing Eve highlights the importance of strong content development and in a world preoccupied with scale, abundance and rapid greenlighting

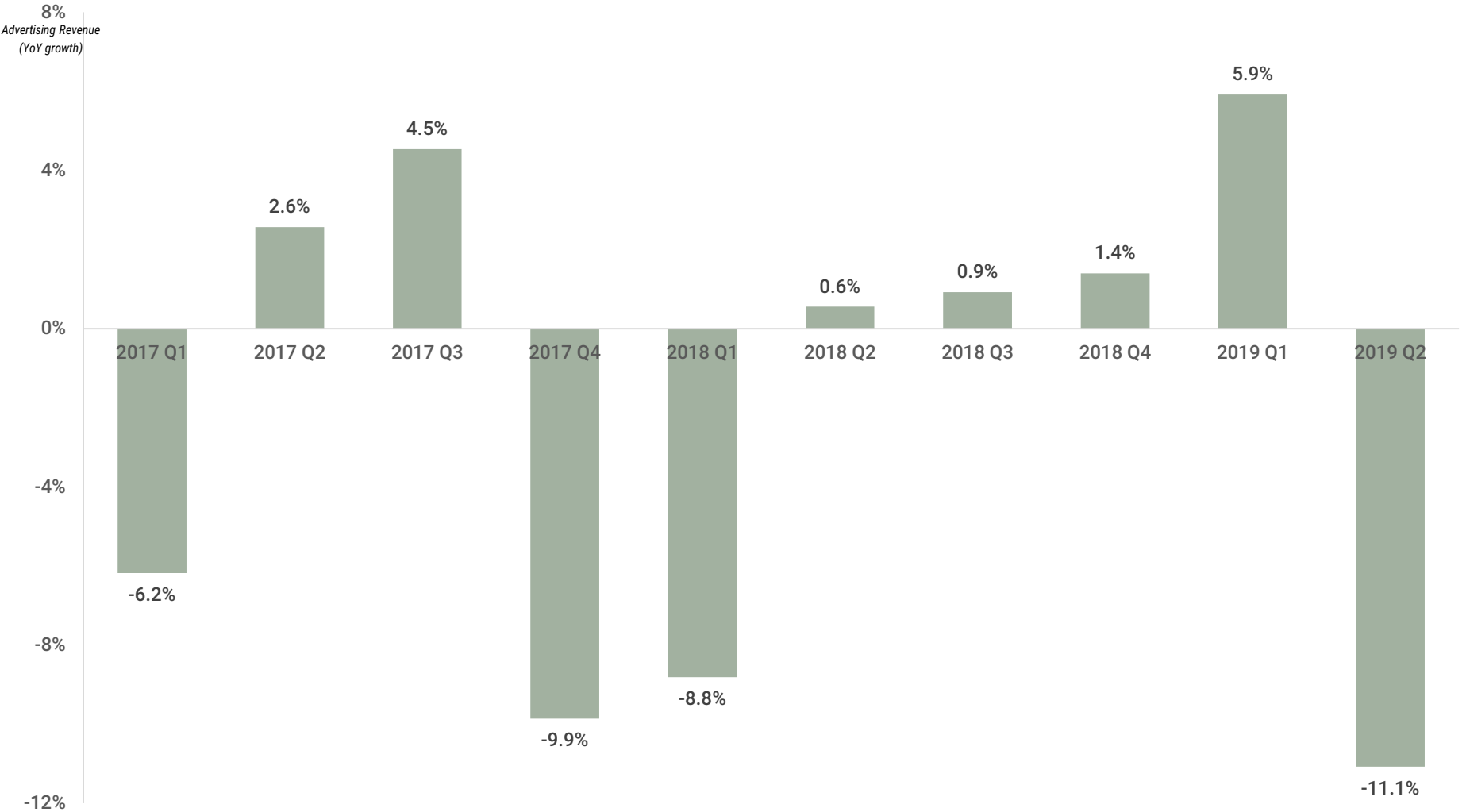
ADVERTISING

- **Their networks continue to appeal to highly desirable demos and they control 1/3 of all total drama impressions on basic cable**
 - Have true category leadership and continue to invest wisely and prudently to protect it and to evaluate
 - Actively diversified the base of advertisers, which has helped them hedge against key advertiser and category dependencies
- **Ad market is evolving in an era of enhanced monetization through new data and planning tools and more targeted advertising**
 - Made significant investments in advanced advertising technologies and are staffing up as they develop data analytics for their proprietary tools

There will be plenty of opportunities to extend The Walking Dead franchise after securing a theatrical movie deal

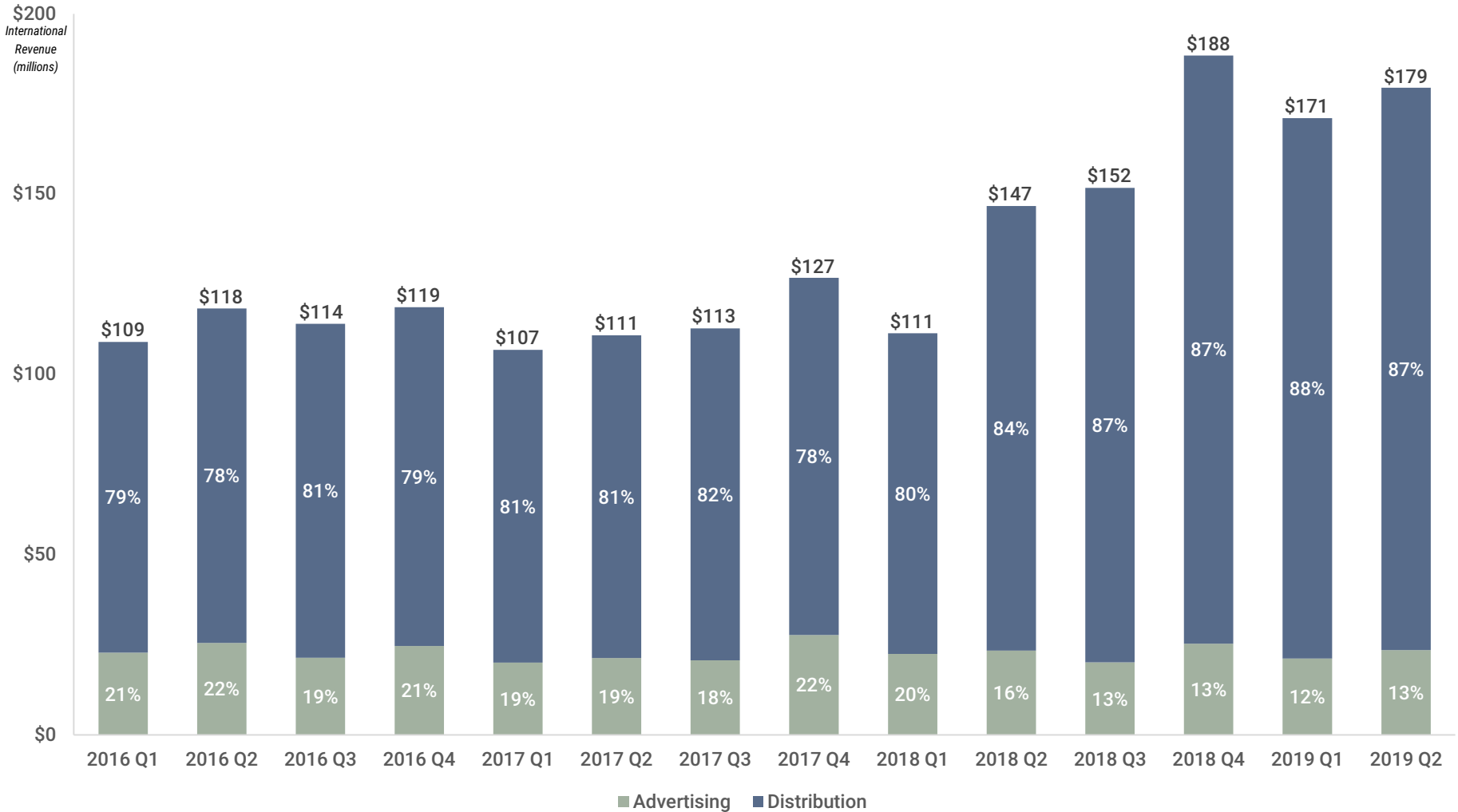
Advertising

Advertising Growth Still Remains Heavily Reliant On The Scheduling Of The Walking Dead Franchise Shows



They are active participants in AVOD services, but the optimal model for this type of platform has yet to be determined

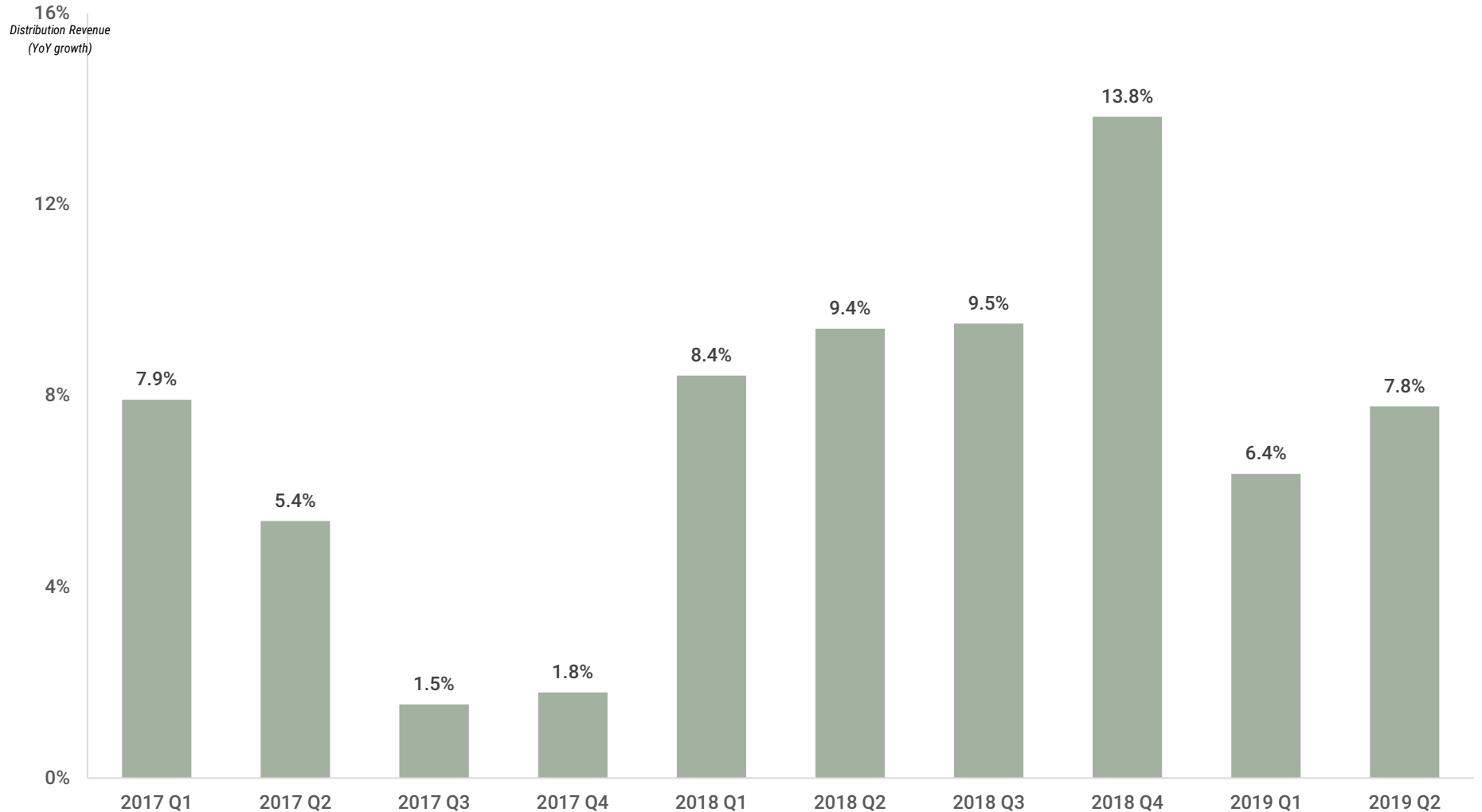
Simulcasting Shows Is Not Done Frequently, But Can Be A Unique Opportunity For Wider Exposure



They are most likely to license content to 3rd party SVOD services in territories where they do not have linear channels

Distribution

The Erosion Of Linear TV Is Creating Unique Opportunities To Debut Original Shows On Their SVOD Services



Production output will increase, although not dramatically, as they look to supply content for their DTC platforms