



AMC Networks (AMCX) 2019 Q3 Earnings Summary

November 2019

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Key Takeaways

AMC Networks Is Working With MVPDs To Expand The Distribution Of Their Niche OTT Services

DIRECT TO CONSUMER

- **Approach is to build specific targeted SVOD offerings that appeal to fans of specific genres and content categories**
 - These are genres that travel well and have broad appeal in the U.S. and across many parts of the globe
 - The total addressable market, in the U.S. alone, is to be in excess of 10 million subscribers for each of these services
- **Hyper-focused DTC services will continue to thrive alongside the general entertainment category that is becoming more crowded**
 - Intend to expand on this strategy through organic investments and where appropriate, through M&A

LICENSING

- **Taking a series-by-series approach, being mindful of economic opportunities and what audiences they are trying to serve**
 - Need to be nimble, flexible, smart, strategic and disciplined and financial, to make sure that they are doing the smart and right thing
 - Will admittedly have more complicated monetization and play patterns
- **Multiple platforms create new and varied paths to monetization and different opportunities for their IP content engine**
 - Domestically, will not sell the SVOD rights to the third Walking Dead series, but rather, the series will be used to fuel their own platforms, both streaming as well as linear

STRATEGY

- **There are 4 main underlying strategic priorities fueling their transformation from a cable channels company into a premier content company**
 - Creating, owning and producing great content and valuable intellectual property and maximizing monetization of that content
 - Developing and growing new targeted direct-to-consumer content offerings and brands
 - Maximizing the long-term value of their core networks and brands by partnering with distributors and advertisers by growing and extending their loyal audiences
 - Diversifying revenue by developing new avenues of content monetization

LINEAR

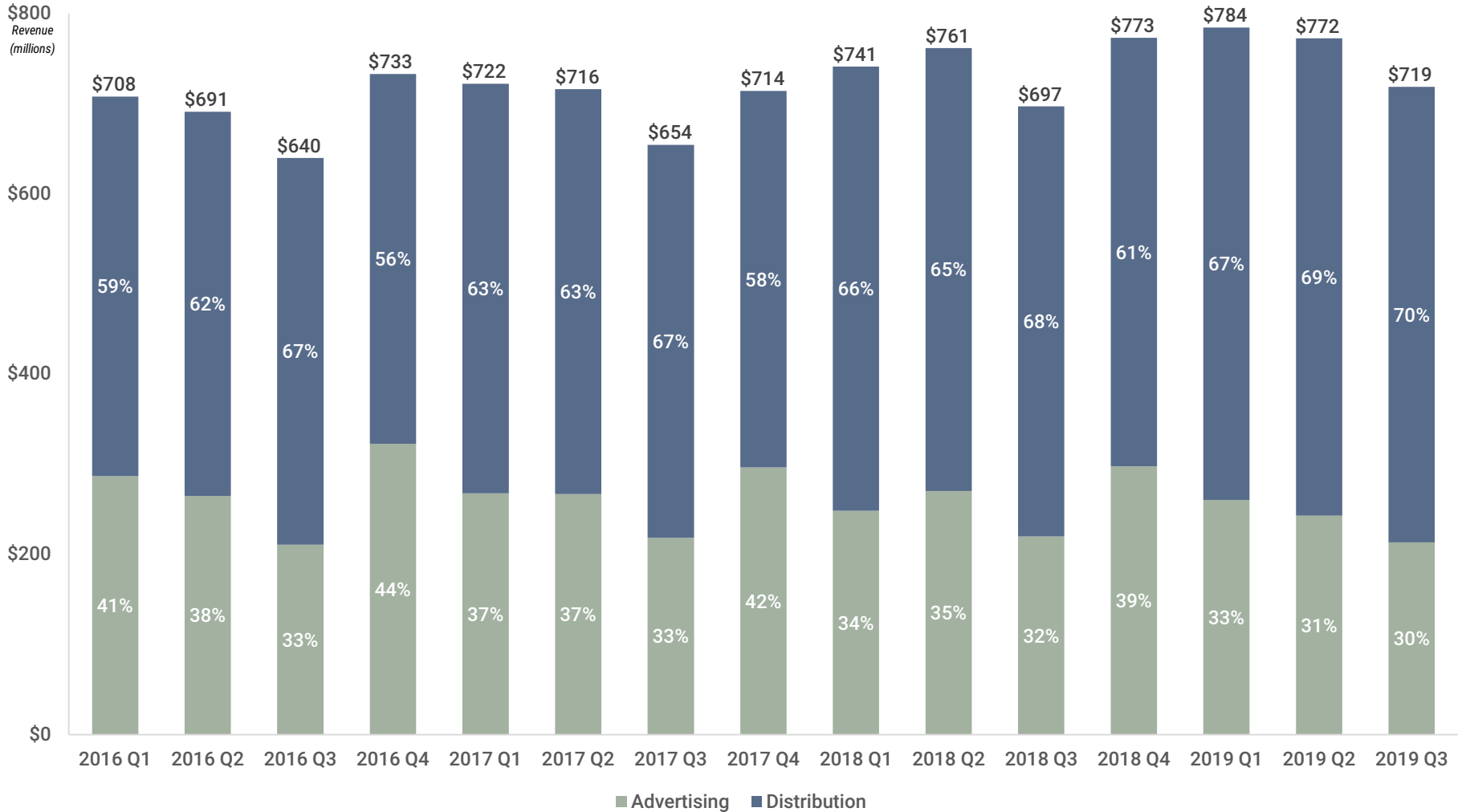
- **Will drive continued affiliate and advertising opportunities, while maximizing the operating efficiency of their linear cable networks**
 - Models are becoming challenged so need prudent content investment and operating expense management, and will continue to innovate
- **Relationship with MVPDs are broadening as they have an opportunity to make money as they sell a la carte services**
 - They become a multi-dimensional supplier of content, and can actually pay less money if they succeed in achieving rates of penetration
 - Gives them something to offer to broadband-only subscribers that actually basically and economically benefits their relationship

Studio production is increasing as they have more O&O platforms that require premium original programming

Revenues



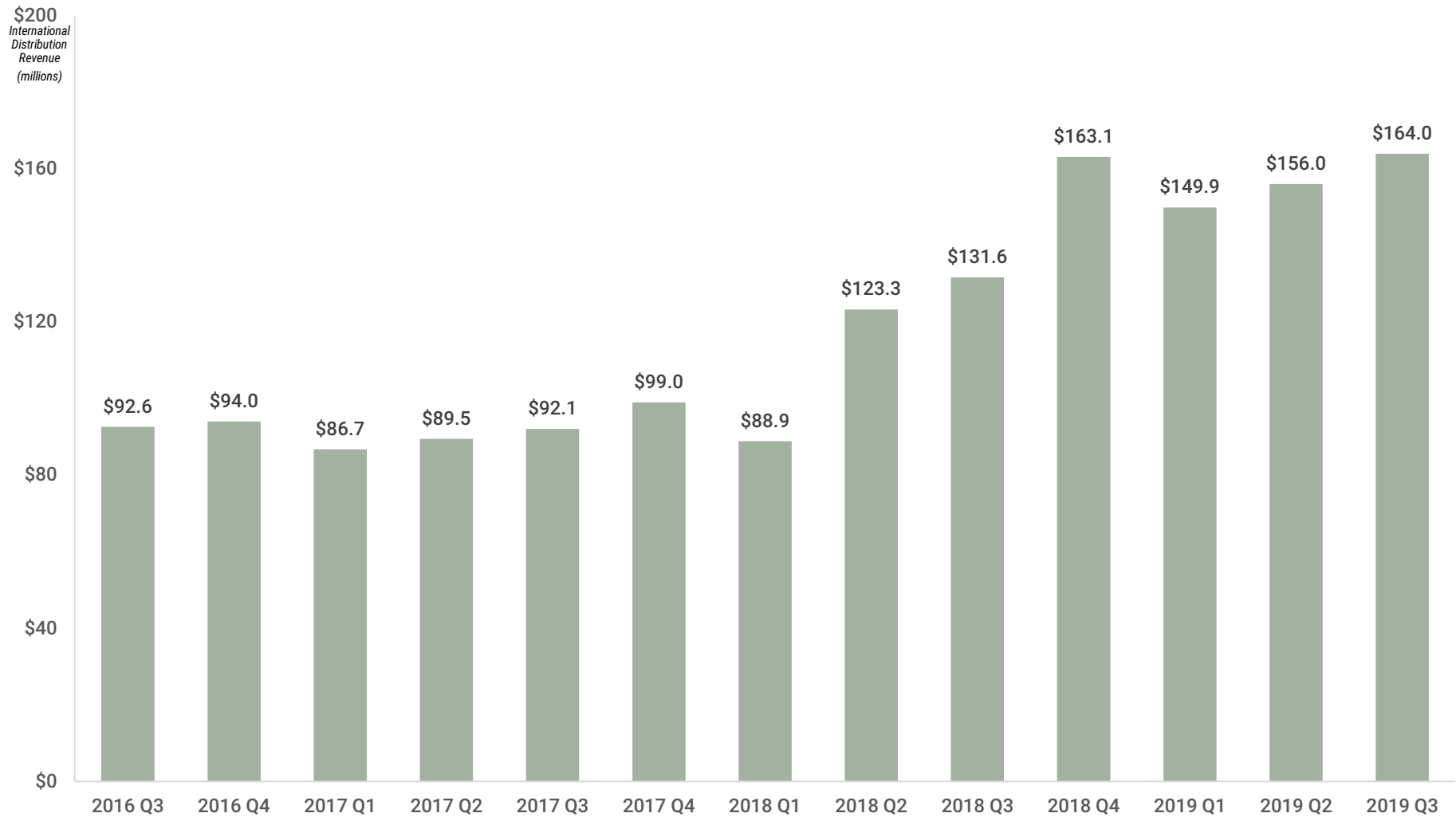
As DTC Products Become The Centerpiece Of Their Business, Advertising Will Take A Diminishing Role



Expanding their relationships with MVPDs to offer stacking rights and gain better access to VOD advertising inventory

International Distribution

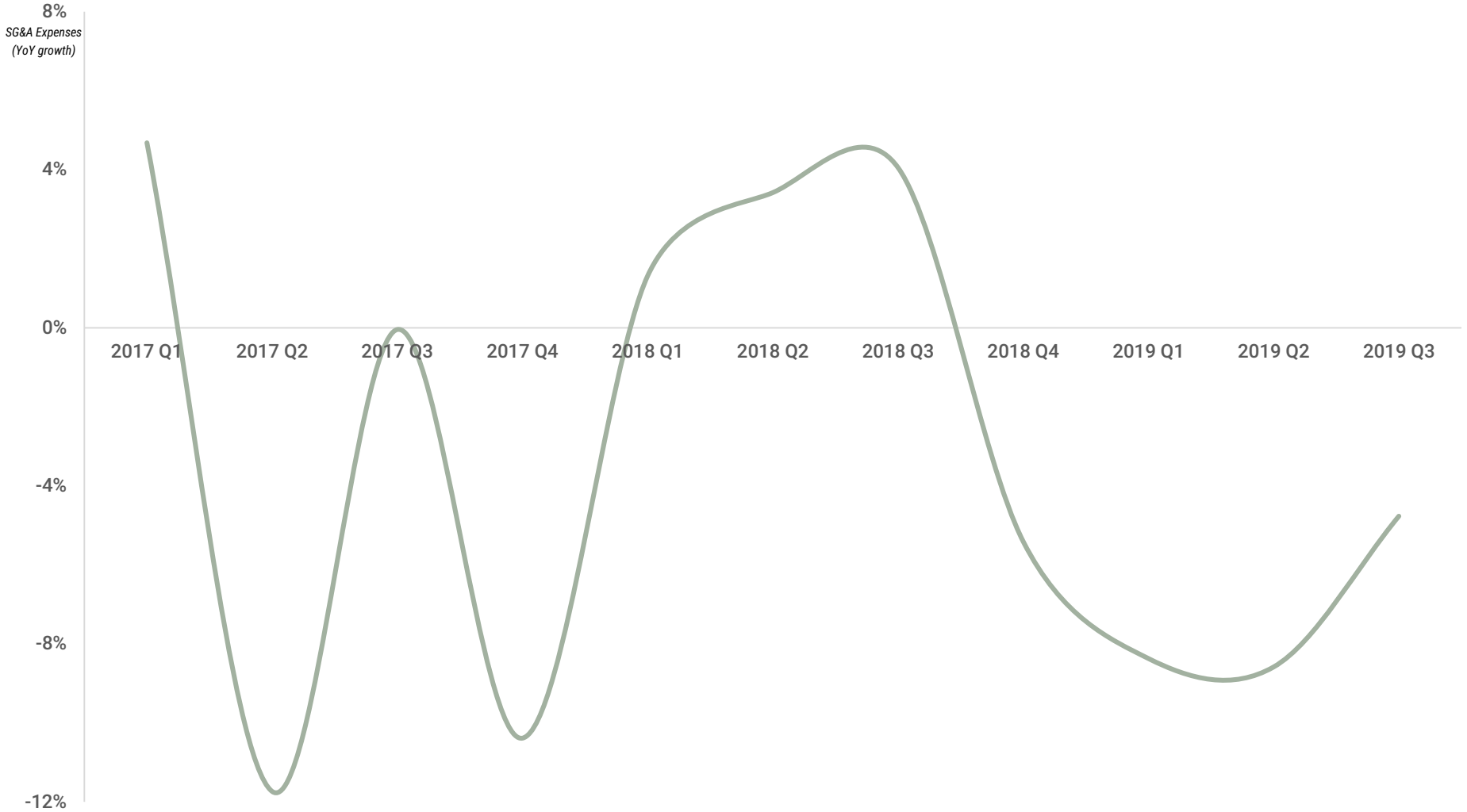
Many Popular Shows Will Be Leaving Streaming Platforms And Will Return To Them For The First Time



There is still a preference to utilize their international channels for distribution, rather than selling global rights

Expenses

As The Linear Ecosystem Continues To Erode, There Is A Focus On Taking Costs Out Of The Business



New investments will be made into their suite of streaming services in order to meet their 2024 subscriber projections