National TV Index

Q3 2017

Bringing clarity to the National TV landscape.

STANDARD MEDIA INDEX™

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Executive Summary

Last summer's Olympic games make for an interesting year-over-year comparison when looking at how TV performed in Q3 2017. While the National TV market was down -11% YoY on the quarter, what's more interesting is looking at Q3 2017 compared to the same time period in 2015 and 2014. Here, we see that the decline is not just related to the lack of Olympics. Compared to Q3 2015, Q3 2017 is down -1%, and down -2% in comparison to Q3 2014.

The close of Q3 also gives us an opportunity to really take stock of how the year is performing. Year-to-date, the National TV advertising market is down just -3%, with both Q1 and Q2 seeing incremental increases at +0.4% compared to Q1 and Q2 in 2016. For National TV to see YoY growth at the end of 2017, Q4 2017 would have to perform better than any previous Q4 by more than $1 B dollars. While that is unlikely, the 2017 calendar year should close higher than the 2015 calendar year, even if it didn't in Q3 2017.

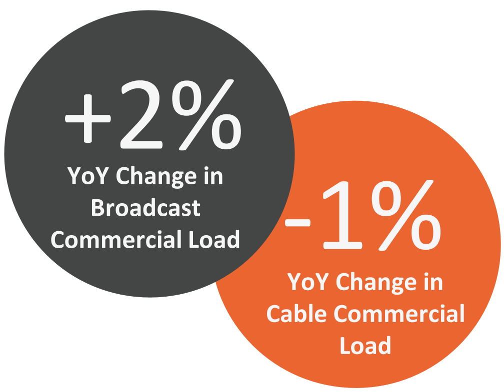
The National TV market did have its bright spots in Q3 2017, especially as we hit the last month of the quarter and the new broadcast season kicked off. The NFL season started, and even amongst controversy, saw a +2% increase for in-game ad revenue across nationally televised games. Additionally, unit costs on premieres for hit shows like This Is Us and The Big Bang Theory, saw increases. The lack of Olympics actually helped networks like ESPN, who saw an increase in revenue as sports spend reallocated after being so siloed on NBC owned properties in Q3 2016.

Macro TV Trends – Calendar Q3

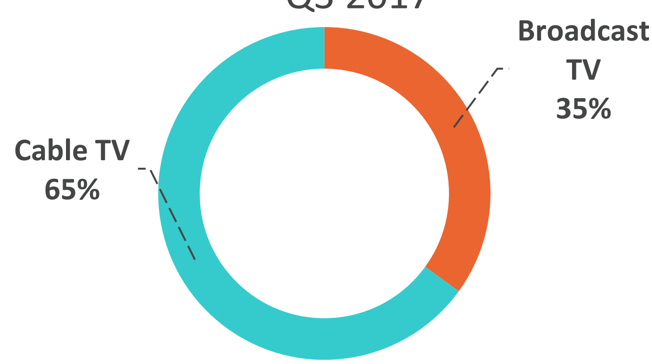
In Q3 2017, the National Television market was down -11%. The steep decline in Broadcast TV can be largely attributed to advertising around the 2016 Olympics, which was not part of 2017. The new broadcast season also kicked off a week later in 2017 compared to 2016, leading to the small decline in Entertainment spend. Overall, Sports declined -37% in the quarter, Entertainment declined -1%, and News was slightly positive at +1% compared to Q3 2016.

Media Sub Type	Q3 2016	Q3 2017	YoY Growth	Genre Type	Q3 2016	Q3 2017	YoY Growth
Broadcast TV	**$4.4 B**	**$3.3 B**	**-24%**	**Entertainment**	**$6.3 B**	**$6.2 B**	**-1%**
Cable TV	**$5.7 B**	**$5.6 B**	**-2%**	**Sports**	**$2.9 B**	**$1.8 B**	**-37%**
				News	**$.86 B**	**$.87 B**	**1%**
Total National TV					**$10.1 B**	**$8.9 B**	**-11%**

TV Commercial Loads



Share of National TV Ad Rev – Q3 2017



Product Category	YoY Growth
Automotive	-28%
Food & Dairy	-13%
Prescription	3%
Insurance	-12%
Telecommunications	-18%
Quick Serve Restaurants	-6%
Entertainment	-33%
Beauty & Personal Care	-1%
Household Supplies	12%
Specialty Retailers	-8%

The Automotive category continued its decline in Q3 year-over-year. However, looking at a breakout of spend by volume, we see that the Automotive category posted the highest ad spend by volume of all of 2017, in September. While the increase from previous months shows some promise that the category is beginning to rebound, it did still decline -9% YoY in September alone. The only two categories to increase spend on National TV in Q3 were Prescription and Household Supplies. These two also had two of the lowest budget allocations toward the Olympics in 2016, meaning that their TV spend was less influenced by the one time event. The Telecommunications decline of -18% is attributed to a drop off in the Wireless Cellular side of the category, which posted double-digit declines this quarter.

**Source: SMI AccuTV, TV data represents linear only and does not include STP or FEP.*TV Daypart Prime Time: M-Sat 8p-10:59p; Sun 7p-10:59p*

Broadcast TV Trends – Calendar Q3

Network	Total Day*	Prime Time*	Morning*
NBC	-52%	-54%	-7%
FOX	+3%	-15%	N/A
abc	-8%	-9%	-11%
CBS	-3%	-2%	-2%
UNIVISION	+19%	+9%	+35%
TELEMUNDO	+11%	+18%	+8%

NBCs decline stems from the lack of Olympics in 2017. The network did see an increase in Prime Time Entertainment spend, simply because it had exponentially more Entertainment inventory in 2017 than 2016. The decline in Prime Time for FOX can be partially attributed to decreased revenue from Summer hits *MasterChef* and *So You Think You Can Dance*. All of the broadcast networks' Prime Time, and especially Entertainment Prime Time, numbers were affected by a change in the broadcast season which pushed premieres to the 4th week in September, instead of the 3rd week.

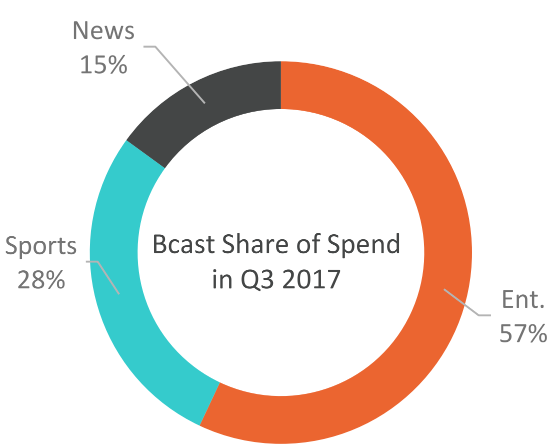
Top Broadcast Product Category	YoY Growth
Automotive	-42%
Prescription	3%
Telecom	-19%
Insurance	-23%
Beauty & Personal Care	-1%
Food & Dairy	-36%
Consumer Electronics	-25%
Household Supplies	5%
Entertainment	-47%
Quick Serve Restaurants	-28%

Broadcast by Program Genre Total Day

Genre	YoY Growth
Ent.	+2%
Sports	-53%
News	+1%

Broadcast Entertainment Prime Time

Network	YoY Growth
NBC	+23%
FOX	-18%
abc	-11%
CBS	+7%
UNIVISION	-17%
TELEMUNDO	+23%



Top September Premiere Unit Costs**

This Is Us	$532K
The Big Bang Theory	$414K
Star Trek : Discovery	$384K
Empire	$378K
Modern Family	$352K
Young Sheldon	$318K
Grey's Anatomy	$269K
The Voice	$258K
The Goldbergs	$245K
Will & Grace	$231K

***Excluding Sports*

**Total Day: 6a-5:59a M-Sun; Prime Time: M-Sat 8p-10:59p; Sun 7p-10:59p; Morning: M-F 7-9 a; Late Night: M-F 11:30 p-1:00 p*

Cable TV Trends – Calendar Q3

Without Olympics taking the lion's share of spend on Sports, ESPN saw dollars shift back across its programming. TBS' increase in spend stems from additional airings of syndicated shows like Friends and Family Guy, as well as from movies aired over the Summer. This is the first time we've seen any decrease in one of the main three cable news networks since the 2016 election. The bulk of the FOX News decrease comes from September, where it saw -17% less spend on news programming. Lifestyle networks were down -1% YoY in Q3 2017, compared to the previous year, with Lifetime taking the biggest hit.

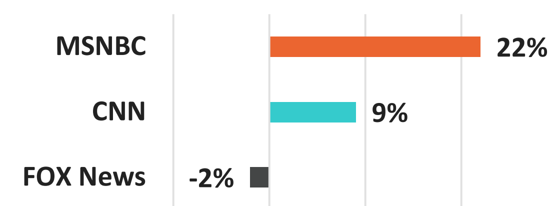
Top 10 Cable Networks

Network	YoY Growth
ESPN	7%
TBS	4%
HGTV	4%
USA Network	-8%
Food Network	0%
MTV	-6%
TNT	-6%
Discovery Channel	12%
Comedy Central	-3%
CNN	9%

Cable Lifestyle Networks

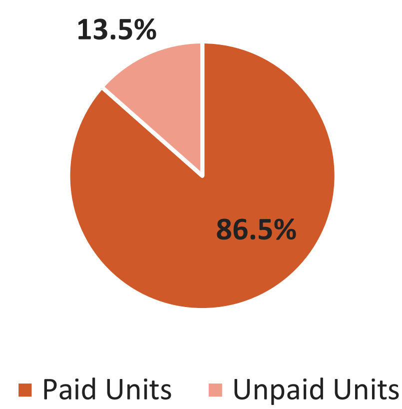
Network	YoY Growth
HGTV	4%
Food Network	0%
Bravo	-9%
E!	5%
TLC	-2%
Lifetime	-21%
Hallmark Channel	10%
Travel Channel	4%
OWN	-4%
WE tv	-1%
Oxygen	7%
DIY Network	-2%
Total	-1%

Cable News Networks – YoY Growth*



*Includes only news programming

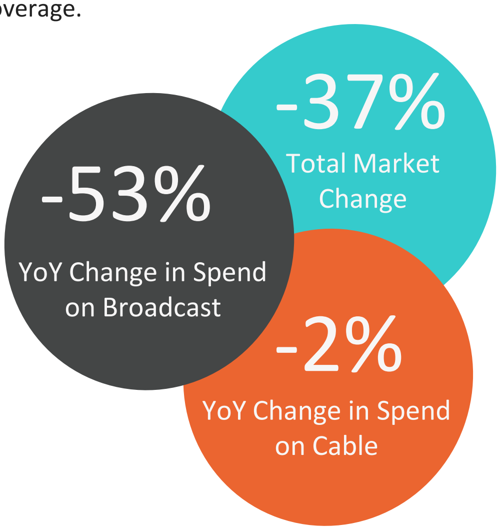
ADUs/Makegoods on Cable TV



Top 10 Cable Categories	YoY Growth
Food & Dairy	-1%
Automotive	-7%
Quick Serve Restaurants	5%
Insurance	-4%
Entertainment	-23%
Prescription	4%
Beauty & Personal Care	0%
Telecommunications	-16%
Household Supplies	18%
Specialty Retailers	-6%

Sports TV Trends – Calendar Q3

Without seeming redundant, the decrease in spend across sports programming comes from a lack of Olympics in Q3 2017. All NBC operated properties are affected by this. However, programming around NFL and NCAA Football saw large increases. Live NFL Preseason games saw an +8% increase compared to the previous year. The decline on CBS is due to airing 2 less nationally aired NFL games in Q3 2017 than Q3 2016. ESPN 2 saw less college football while ESPN increased its coverage.



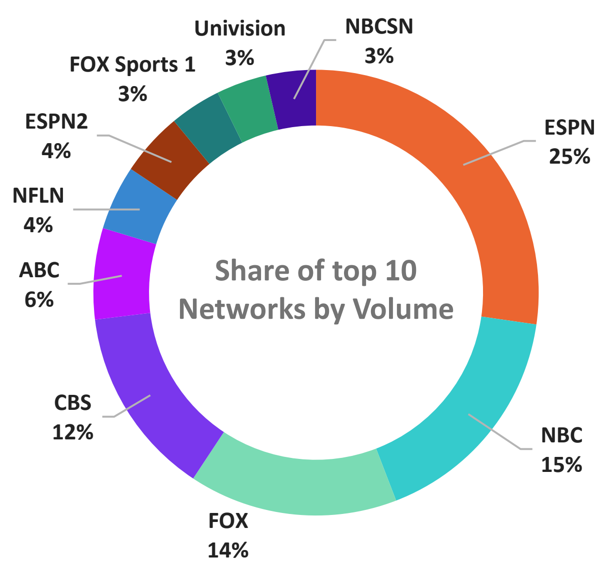
Top 5 Sport Sub Genres*

Sub Genre	YoY Growth
NFL	9%
NCAA Football	19%
Sport News/Talk	3%
Golf	-15%
MLB	-2%

Change in Spend on Sport, by Network

Network	YoY Growth
ESPN	7%
NBC	-80%
FOX	20%
CBS	-17%
ABC	22%
NFL Network	78%
ESPN2	-16%
FOX Sports 1	68%
Univision	135%
NBC Sports Network	-35%

Product Category	YoY Growth
Automotive	-49%
Insurance	-33%
Quick Serve Restaurants	-24%
Telecommunications	-41%
Alcoholic Beverages	-18%
Financial Services	-46%
Consumer Electronics	-35%
Entertainment	-56%
Travel, Tourism & Hospitality	-18%
Prescription	-19%



**NFL, NCAA Football, Golf and MLB genres include pre and post game coverage, as well as any talk-based show that is exclusively about that sport, and does not reflect only in-game spots.*

About the Report

All National TV ad spend comes from SMI AccuTV. AccuTV combines real ad spend from SMI's pool of agencies, which captures 70% of total national TV spend, with the best occurrence level data in the marketplace, to model the remaining 30%. This creates a full market view of the linear national tv marketplace.

- All spend figures are gross
- Time Period: All sections views covering Q3 2016 compared to Q3 2017, unless otherwise noted
- Dayparts: All reports include Total Day unless otherwise noted
- Unit Cost: All unit costs are paid units only, for new episodes, unless otherwise noted
- National TV refers to the linear TV market consisting of Broadcast and Cable

About Standard Media Index

Standard Media Index (SMI) is an advertising intelligence company providing actual ad spend and cost information to help tackle high-stakes decisions with confidence. By sourcing real spend directly from agency invoicing systems, clients get a precise view of the ad market to understand what's happening across the industry. Headquartered in New York, with offices in Sydney, Madrid and London, companies across the world turn to SMI to reveal hidden opportunities and help drive better results.

Get in Touch

infous@standardmediaindex.com

646-461-2333

Standardmediaindex.com

@SMI_Data