

AMC Networks Invests \$65 Million in RLJ Entertainment

By [Gerry Smith](#)

October 17, 2016 — 7:30 AM EDT Updated on October 17, 2016 — 9:40 AM EDT

AMC Networks Inc. is investing \$65 million in RLJ Entertainment, a company backed by the founder of Black Entertainment Television, creating a partnership aimed at reaching two niche audiences -- African-American viewers and fans of British programming -- with online video services.

AMC, best known for the U.S. cable channel that airs “The Walking Dead,” also operates BBC America through a joint venture with BBC Worldwide, and owns WE tv, a network popular with black viewers. RLJ Entertainment owns two streaming video services: Acorn TV, which broadcasts British mysteries and dramas, and Urban Movie Channel, which is geared to African-Americans. AMC will provide money and resources to RLJ Entertainment and look for ways the two companies can work together.

“The asset base is quite complementary,” AMC Chief Executive Officer Josh Sapan said in an interview.

RLJ surged as much as 40 percent at the open Monday in New York. It was up 24 percent to \$2.48 at 9:32 a.m. in New York. The shares had gained 15 percent this year through Friday. AMC shares, down 35 percent this year, rose 1 percent to \$49.05 Monday. Sapan added that AMC is looking to expand its business of providing shows and movies to viewers over the internet, an area of growth as the U.S. pay-TV industry declines.

‘Attractive Technology’

Dozens of online subscription video services have cropped up in the past few years, mostly seeking to find paying monthly subscribers by streaming shows and movies for niche audiences. AMC, for instance, offers paid streaming services like [Doc Club](#), which is focused on documentaries, and Shudder, which is for horror-movie fans.

“Streaming is an attractive technology,” Sapan said. “We would like to be in it further.” He added that RLJ Entertainment has become a “leader in dedicated niche streaming services.” Acorn TV, launched in 2011, has more than 370,000 subscribers.

AMC wants to diversify its business as the U.S. pay-TV industry faces threats from cord-cutters dropping cable subscriptions for cheaper online options like Netflix, Amazon and Hulu. AMC is producing more original series so it can own the rights and profit from selling those shows overseas. It also expanded its presence to about 140 countries by [buying](#) Liberty Global Plc’s Chellomedia for about \$1 billion in 2013.

AMC’s investment comes in the form of loans. It will have the option to buy 50.1 percent of RLJ Entertainment at a later date at a price that hasn’t been predetermined.

Premium Channels

RLJ's chairman is Robert L. Johnson, the first black billionaire in the U.S. and the founder of Black Entertainment Television. Johnson sold BET Holdings LLC to Viacom Inc. in 2001 for \$2.35 billion. He said African Americans are "heavy consumers" of entertainment, and often subscribe to pay-TV services and premium cable channels like HBO and Showtime.

"You're looking at close to \$1 billion to \$2 billion in money spent on those pay services," Johnson said in an interview. "Imagine what can happen if we deliver compelling content at a lower price [than HBO and Showtime] but higher value because it's targeted directly to their interests."

Johnson said he was "concerned about the role of diversity in content" and that the AMC partnership will "open up more doors" for minorities in the entertainment business. AMC is the latest traditional TV programmer to bet on digital media.

In June, Walt Disney Co. agreed to buy a one-third stake in the video-streaming unit of MLB Advanced Media. On Oct. 13, Discovery Communications Inc., home of the TLC and Animal Planet cable networks, invested \$100 million in a new digital media holding company. In the past two years, Comcast Corp. invested \$200 million in BuzzFeed and Vox Media, while Time Warner Inc. led a \$45 million investment in online publisher Refinery29 and a \$15 million funding round for the news website Mashable.

<http://www.bloomberg.com/news/articles/2016-10-17/amc-networks-invests-65-million-in-firm-backed-by-bet-founder>