

Cablefax Daily™

WHAT THE INDUSTRY READS FIRST

Stable Cable: Connectivity Business Shines in Comcast Earnings Report

Comcast delighted Thursday with a smaller-than-expected loss of broadband subs, shedding just 19,000 domestic subs during the seasonally weak 2Q. Shares closed up 5.7% and hit a 52-week high. While the broadband number is well above a StreetAccount consensus of 76,000 losses, there's still some head-scratching over how much of the sub loss was due to seasonality and how much should be attributed to competition.

On Thursday's earnings call, Comcast Cable CEO Dave Watson declined to offer a projection on when broadband could swing to gains, though he expressed optimism given that customers are highly engaged with multiple broadband applications and adding more devices to the network. And he said the company was seeing "more normalization" in 3Q, which includes a back-to-school boost. "But in this environment, we are seeing continued lower move activity. Competition is still increased. Fixed wireless, they're still pressing. However, we are seeing some rational promotional activities. It's early; no changes to any trending, but when you see that in the competitive environment, that is encouraging," Watson said, adding that both voluntary and non-paid churn has remained below pre-pandemic levels.

The plan is to continue to invest in the network, with the operator having implemented mid-split technology to 25% of its footprint and on target to complete one-third of the build by year-end with the first commercial launch of DOCSIS 4.0

expected in a few months. The second part of the strategy is to leverage mobile, with Comcast adding 316,000 lines in the quarter. That's flat compared to a year ago, but it does mark Comcast's seventh consecutive quarter of more than 300,000 line additions. And with just 10% of domestic residential broadband subs taking mobile, Comcast sees a lot of runway and plans to experiment with different offers to drive up take rates.

While broadband sub growth remains uncertain, Comcast is bullish on protecting ARPU. For 2Q23, it posted 4.5% ARPU growth for the second consecutive quarter. While some of that is due to a price increase that hit, Watson declared that the tier mix impacts overall ARPU. A third of Comcast's base gets Gigabit+ service, while 75% is at 400 Mbps or higher and 25% has xFi Complete.

"Comcast's YoY broadband subscriber growth has now tipped below zero—it stands at -0.1%—but the pattern looks for all the world like the slowing-to-zero-ish soft landing that the bulls have hoped for rather than the falling-through zero free-fall that the bears have predicted," **MoffettNathanson** analysts said in a note. They also emphasized that it will be important for mobile to continue to gain momentum to offset spiraling video losses. Comcast shed 543,000 domestic video customers.

Interestingly, the industry used to point to live sports as the driver for traditional television. During the earnings call, Watson pointed to sports as a broadband booster. "It starts with just making it really easy to find the sporting events. So great voice search that we have on our platform, multiple ways to consume sports—linear, DVR, streaming, all seamlessly connected.

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And then of course when big sports moments happen, you want reliability, fast speeds, great coverage and capacity,” he said. “If you look at just what happened with Thursday Night Football, *Messi* and MLS, **Peacock** has a fantastic sports slate that will be streamed and consumed that way, so you need great broadband to be able to back all that up.”

That opens the door to whether Comcast would be interested in becoming a partner on **ESPN**. “I’ve been asked about and read the speculation that in some way we might be interested in swapping businesses as part of what’s going on in the sports space, and I would just say that that’s very improbable, given as you could imagine, there’s tremendous issues around tax minority shareholder structuring generally,” Comcast Corp. President *Michael Cavanagh* said.

As for Comcast’s own sports business, he said he thinks it benefits from the reach the company has, allowing it to bring more to the table than just money when negotiating with rights holders. Cavanagh noted **NBA** rights are coming up. “We don’t necessarily need it given the portfolio we have, but given its strength and our historical involvement in the sport, it’s something I’d like to see us take a look at as a for instance, but we’ll see where that goes.”

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PEACOCK AND FRIENDS

Peacock gained 2 million paid subscribers in 2Q23, taking it to 24 million paid subs. This growth was largely driven by the conversion of Comcast subs to paying relationships, which started in June. “When you look at the doubling of Peacock subs year-over-year, I’m optimistic about what the second half of the year brings,” **Comcast Corp.** President *Michael Cavanagh* said during the company’s earnings call. The streamer just announced a price increase earlier this month. Comcast has been upfront that Peacock would lose about \$3 billion this year. Adjusted losses for Peacock in the quarter totaled \$651 million vs \$467 million a year ago, while revenue rose to \$820 million from \$444 million during that period. The Content and Experiences segment includes all of the TV and streaming businesses as well as film studios, theme parks, international networks and Sky Sports. Revenue notched up 4% for the segment to \$10.87 billion. Media business revenue was roughly flat though at \$6.2 billion. The ad market continues to be soft, with domestic advertising down 5% to \$2.03 billion. Cavanagh touched briefly on his recent restructuring, which saw *Donna Langley* move into the role of Chairman, NBCU Studio Group and Chief Content Officer, overseeing all content in TV and film. As for the strike, he kept it short: “We remain committed to reaching a fair deal as soon as possible so we can get back to doing what we do best, which is making great content

together.” He said there’s nothing to quantify in the context of Comcast when it comes to the impact on free cash flow. “It’s all manageable, but it will shift studio working capital out the near term and into the future. So probably for 2023, a little bit of lower working capital, higher free cash flow and the flip side of that in 2024,” he said. “Obviously, the longer a strike, the more that could have an effect as you look into 2024 and beyond and that would be for ourselves and others obviously. So it’s a level playing field.” But Cavanagh feels good about Peacock’s second half of 2023, which includes an exclusive NFL wildcard game, the Big 10, the “Super Mario Brothers” movie and John Wick series “The Continental.” For the quarter, Comcast saw overall earnings or \$4.25 billion vs \$3.4 billion a year ago.

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WOMEN SPORTS-FOCUSED ‘SPORTSCENTER’ COMING TO ESPN

To bring more coverage to women’s sports, **Disney Advertising** and Ally Financial created two new “SportsCenter” takeovers that’ll focus on big moments in women’s sports. They’ll air throughout the 11pm editions of **ESPN’s** SportsCenter on July 27 and August 11, and it’ll be powered by an all-female production team with *Elle Duncan* and *Nicole Briscoe* serving as anchors. Ally will own all commercial time in the two takeover episodes and

Cablefax Executive Round Up

What’s your favorite family memory from Independent Shows of years past?



Ross Lieberman
SVP, Government Affairs
Hotwire Communications

“A treasured family memory from Independent Shows was in 2016 at Disney World. The event provided after-hours access to Epcot. My son Noah, then four years old, loved the Test Track ride, riding it countless times with infectious joy.

We happily indulged his requests to ride it repeatedly, even as we approached midnight. This experience, and a similar one with our younger son Zachary at Disneyland, exemplifies the precious moments the Independent Show can bring to families.”



Rob Shema
Director, Government Affairs and Business Development
altafiber

“My fondest memories of the Independent Show revolve around one word—FAMILY. Family is what makes TIS different than any other trade show. The idea behind TIS was to create something for independent companies that didn’t

lose the family focus. People have met as high schoolers at TIS and have gotten married. I can’t wait to meet your significant other and your sons and daughters at this year’s show—I hope everyone has a great time and learns something to take back home.”

have branding throughout the show. The focus on women's sports is something ESPN President *Jimmy Pitaro* harped on earlier this week while speaking at **CNBC** and Boardroom's "Game Plan" summit Tuesday, emphasizing how the opportunities coverage can bring when it comes to audience growth. "Women's sports are clearly ascending, and there are many reasons why but one of them is just access," Pitaro said. "One of the things we've seen is that women athletes are much more willing to work with us in terms of providing access and being available. [The] WNBA is a great example of that ... We think that one of the ways we can continue to expand our audience, be more relevant to younger people is by providing that access to them."

NTIA DOUBLING DOWN ON TRIBAL BROADBAND SUPPORT

NTIA is opening up a second round of funding for the Tribal Broadband Connectivity Program to make available another \$980 million for Native American, Alaska Native and Native Hawaiian communities. Those dollars will be directed toward a range of projects all dedicated to increasing the deployment of broadband infrastructure or supporting affordability, telehealth and distance learning initiatives. NTIA expects to make awards in this round for infrastructure deployment projects in the \$1-50 million range and internet adoption and use projects with asks between \$100,000 and \$2.5 million. The agency has already awarded \$1.78 billion to 191 Tribal entities since the program's start in 2021.

SENATE COMMERCE OKS PRIVACY, CYBERSECURITY LEGISLATION

Senate Commerce approved 11 bills out of committee Thursday aimed at protecting online privacy, manufacturing and ticket sales. Among the bills headed to the Senate Floor are the Children and Teens' Online Privacy Protection Act (COPPA 2.0), an attempt to update existing legislation to strengthen protections around children online and prevent data collection without consent, and the Kids Online Safety Act. That would put the onus on Big Tech to prioritize safety of children online and make platforms more accountable for parental concerns. Also moving on is the American Cybersecurity Literacy Act, legislation that would direct **NTIA** to implement a multilingual campaign to increase the public's cybersecurity literacy. Among topics the agency would educate the public on are how to identify phishing emails and limiting exposure within public WiFi networks.

NAD RULES ON T-MOBILE CLAIMS

The **National Advertising Division** found that certain claims made by **T-Mobile** in its "Phone Freedom" ad campaign were supported, but recommends T-Mobile modify or discontinue other claims made. The challenge was originally brought forth by **AT&T** and appeared in TV commercials, radio ads and on T-Mobile's website. The first claim, where T-Mobile said "AT&T and

Verizon require three-year device financing to get their best offers and you lose your promo credits if you upgrade after two years," was found to be supported. NAD also evaluated T-Mobile's claim regarding its Go5G Plus Plan, finding that customers "may reasonably take away a message that T-Mobile's Go5G Plus plan is the first plan that allows new and existing customers to presently get all the same device deals." NAD recommended that T-Mobile modify the claim to make it clear the plan provides future device deals to both new and existing customers. Lastly, NAD looked at if T-Mobile adequately disclosed material limitations on the offer that it'd pay off a customer's phone contract and give a free 5G smartphone to customers who switch to the Go5G plan. The Division determined T-Mobile sufficiently disclosed its payoff offer is limited to an amount up to \$650, but suggested the provider modify its radio and website ads to disclose that limitation. T-Mobile will appeal NAD's decisions to the **National Advertising Review Board**.

FIBER FRENZY

Breezeline is building its fiber network to more than 1,200 unserved homes and businesses in King William County, VA. The expansion is thanks to a \$1.5 million subsidy from the Rural Digital Opportunity Fund as well as its own investment. Construction will begin next year, and once complete, homes and businesses will be able to get Gig-speed FTTP technology. Breezeline is also expanding to nearly 7,500 homes and businesses in eastern Caroline County and Essex County, VA. It's doing so via a \$15.2 million grant from the Virginia Telecommunication Initiative as well as contributions from Breezeline and the counties. – **Comcast** is upgrading its Xfinity 10G network for homes and businesses across Middle, West and East Tennessee, allowing for customers to now get download speeds of up to 2 Gbps and up to 5X- to 10X-faster upload speeds. Comcast has invested nearly \$629 million in infrastructure and technology upgrades in Tennessee over the past three years.

PEOPLE

Schurz Communications' SVP, Broadband *Brian Lynch* will retire at the end of the year. He's spent the last seven years leading Schurz's broadband portfolio of six regional companies, and before that was VP, Cable Operations. Lynch was also previously President, **Antietam Broadband**, where he started nearly 25 years ago. – **Hulu** tapped *Lauren Tempest* as GM, effective immediately. Tempest joined Hulu in 2015 and was named SVP, Content Partnerships, Acquisitions and Scheduling in May 2022. She oversaw Hulu's content library and played a key role in the acquisition of SVOD titles, and will now oversee Hulu's business operations. Tempest will continue to report to **Disney** President, DTC *Joe Earley*. – **Nexstar** named *Tony Wells* to its board, filling a spot that opened when *Dennis Miller* stepped down in October to become President of **The CW**. Wells, an independent director that will serve on the compensation committee, most recently served as the Chief Media Officer for **Verizon**.

PROGRAMMER'S PAGE

Take A Trip Through Time With 'Rewind The '90s'

Some content educates, some entertains and some serves as an escape from our everyday lives. **National Geographic's** "Rewind The '90s" (premiering on the network Monday at 9pm ET) does it all, celebrating the most memorable moments of the era from the start of the reality TV obsession to the rise of the World Wide Web. This isn't the first time a documentary team has attempted to transport an audience back in time, but this 10-episode docuseries sets itself apart through its mix of journalistic storytelling and personal perspective from icons and thought leaders. Favorite guest appearances among members of the team like EP *Sara Brailsford* and *Jane Root*, founder of production house **Nutopia**, were *Tony Hawk* to discuss skateboarding at the first X Games and *Amy Heckerling*, the director of cult classic "Clueless." The crew spent a huge amount of time selecting themes for the episodes, and finding the right mix of fun and culturally impactful moments. "Everything from how a tech-fueled reality TV revolution laid the foundation for the explosion of social media and Instagram fame to a new wave of Spice Girl fueled empowerment that inspired a generation of young women to reimagine what they can achieve," Root told **CFX**. Nostalgia is a powerful tool on its own, but there's something in particular about the '90s that elicits even stronger feelings across generations. Root believes it was the last decade of universally shared experiences over series like "Friends" or water cooler conversations about a standout front page of a newspaper. Beyond that, it was also an incredibly optimistic time globally. "It started with the end of the Cold War and the fall of the Berlin Wall and ended with the launch of the International Space Station. The world felt safer. I think it's the simplicity and innocence of the pre-2000 world that is so hugely attractive to all generations... a reminder of where we've come from, what we have in common and how ultimately, there is more that brings us together beyond all the jaw-dropping water cooler moments that will make this must-see TV," she said. — *Sara Winegardner*

REVIEWS

"The Crowded Room," 10-part series, finale streams Friday, **Apple TV+**. Many critics blasted this limited series, based on the story of *Billy Milligan* (called Danny Sullivan in the show), an unpopular yet well-meaning 17-year-old high school student (played by the wonderful *Tom Holland*). Sullivan is accused of committing a violent crime in the middle of midtown Manhattan. While viewers were positive, critics complained that "Crowded" mangles how the penal system treats those with mental illness. Point noted. Another critical knock is that the script and some characters are wooden at times. Again, a fair criticism. On the other hand, the series tells a compelling story with an outstanding cast, including *Holland*, *Amanda Seyfried* and her IRL husband *Thomas Sadoski*. *Holland* and *Seyfried* are a potent on-screen duo, she as a police-consult/psychology professor intent on discovering the roots of *Sullivan's* behavior. Look beyond *Room's* shortcomings and enjoy its acting and storytelling. — "Full Circle," Thursdays, **HBO Max**. Loyal readers of this page know we relish mysteries in tight venues. While NYC isn't a small space, it seems a small town in *Steven Soderbergh's* crafty hands. That's because travails of the wealthy—the teen son of a couple played by *Claire Danes* and *Timothy Olyphant* goes missing, sort of—are conflated with more modest folks' lives (*CCH Pounder*, *Jim Gaffigan*, *Zazie Beetz* and *Phaldut Sharma*). — *Seth Arenstein*

BASIC CABLE P2+ PRIME RANKINGS* (07/17/23-07/23/23)		
MON-SUN	MC US AA%	MC US AA (000)
FNC	0.584	1823
MSNBC	0.365	1140
HALL	0.237	739
INSP	0.232	723
HGTV	0.212	663
HIST	0.201	629
USA	0.200	625
TLC	0.196	612
DISC	0.180	562
TBSC	0.171	534
FOOD	0.168	523
CNN	0.164	511
TVLAND	0.155	485
ID	0.147	459
ESPN	0.139	433
BRAVO	0.125	390
TNT	0.123	385
FX	0.121	377
PRMNT	0.116	363
A&E	0.114	355
REELZ	0.113	354
BET	0.108	337
WETV	0.107	334
HMM	0.103	322
GSN	0.097	303
AMC	0.094	293
LIFE	0.093	291
OXY	0.092	287
NAN	0.086	269
NICK	0.084	264
NWSMX	0.082	255
SYFY	0.081	253
COM	0.080	251
FETV	0.080	250
FS1	0.073	228

*P2+ L+SD rankers are based on national Nielsen numbers, not coverage.



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