

# Cablefax Daily™

WHAT THE INDUSTRY READS FIRST

## Field of Play: WBD Leaving RSN Business, Preparing Max for Sports

**Warner Bros. Discovery** is officially leaving the RSN business, announcing during its 2Q23 earnings call Thursday that it has been engaged in conversations on how best to step away from the **AT&T SportsNets**.

“We have been working diligently with the respective leagues and teams to formulate a plan to exit the RSN business in a manner that minimizes the disruption to teams and their fans,” CFO *Gunnar Wiedenfels* told investors. “We expect each of the networks will be sold or operations seized by the end of the year.” As the networks are sold or wound down, WBD expects a modest impact to 3Q23 distribution and advertising revenues with a more meaningful impact coming later this year and into 2024.

The transition to **Max** is largely done, and WBD leadership now trusts that it could air live programming. With more than 20% of the viewership now viewing more diverse content across various time periods, CEO *David Zaslav* is thinking more and more about the role news and sports will play in Max’s future. WBD has a mix of sports models around the globe, and it is going to use data from all of those to figure out how it proceeds with Max in the U.S.

“I think generally our view is that sports is such a premium offering with a very focused and passionate fan base. But generally, we’ll need to find incremental value to get out of it,” CEO/President, Global Streaming and Games *JB Perrette* said. “And so exactly how that comes to market, we will have more to say later in the year.”

WBD revenues were \$10.35 billion with global DTC subscribers dropping by 1.8 million to 95.8 million at the end of the quarter. Some of that was expected with the transition of subscribers to Max, but the disruption and churn was lower than expected. WBD still expects its DTC business to be profitable for the full year, and its global DTC business was roughly breakeven in 2Q23.

There were some that questioned the decision to merge **HBO Max** and **discovery+** together to form one platform, Max, that could be a destination for a huge amount of unscripted and scripted content. But with no end in sight for the Hollywood strikes, it may be the food, reality and home renovation content that will insulate Max from the most negative effects of a constricted content pipeline.

“All this to say that Warner Bros. Discovery does have short term solutions to Hollywood’s current curveballs. The company still must sort its debt load and handle fundamental issues like shrinking cable households and what to do with **CNN**,” **Parrot Analytics** said in its analysis. “Bigger picture, Warner Bros. Discovery is less than a year from being able to accept suitors in a merger or acquisition deal. Recent events moving the **Microsoft-Activision** acquisition forward may ease any future big deals involving Warner Bros. Discovery.”

Zaslav did make it clear on the call that for right now, WBD likes the businesses it has and its focus for the time being will continue to de-lever the company and grow its existing ventures. And as WBD does so, he’s not afraid to ramp up the programmer’s content licensing deals again and extract as much value as possible from its extensive library.



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“If the strike continues, there may be more demand. We are always looking to maximize,” he said. “We’re hoping this strike gets settled as soon as possible... It’s important that we get going, that we get back to work doing what we love and we’re hoping that both of these strikes get resolved soon. That’s our focus.” Wiedenfels estimated cash savings from the **WGA** and **SAG-AFTRA** strikes somewhere in the low \$100 million range in the quarter.

On the ad front, Zaslav described the market overall as improving, particularly outside of the U.S. But the dynamics at play are unusual and continue to defy the expectations of even the most seasoned CEOs. Advertising dropped 13% YOY as WBD networks did not have the NCAA Men’s Basketball Final Four and Championship games.

“I think a lot of us expected that we’d see a meaningful recovery in the second half of the year and we haven’t seen it, and we’ve needed to figure out how to make up for that,” Zaslav said. “We just came out of an upfront that is encouraging, at least for us. We’re seeing mid-single [digit] increases on the sports side.”

Linear volume is expected to be up, Wiedenfels said, and DTC volume is up more than 50% in the marketplace. He views digital advertising as a huge growth opportunity, particularly as, in many cases, it will allow WBD to generate higher ARPUs on its ad-lite tier.

“We continue to see traction on the streaming advertising opportunity, supported by gains in ad-lite subscribers, early initiatives on HBO and Max Originals and increased engagement,” he said. “This is particularly true against the backdrop of the enormous value of some of our iconic shows for advertisers who, in the past, had no access to this inventory.”

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## **FOX FIGHTS BACK AGAINST MAD**

**Fox Television Stations** filed its opposition late Wednesday to a petition from **Media and Democracy Project** to deny its renewal of the broadcast license for Philly station **WTFX**. It claims the petition fails to articulate a single claim concerning Fox Television Stations [FTS] or Fox 29 Philadelphia and that MAD misconstrues and misapplies the **FCC’s** character policies for broadcast licensees and their attributable interest holders. MAD’s petition hinges on its claim that senior management of **Fox Corp.** manipulated its audience by knowingly broadcasting false news about the 2020 election, focusing particularly on the **Fox News** and **Dominion Voting** settlement. “MAD attempts to make much of an unrelated, partially adjudicated civil defamation claim that concerned a cable network under common ownership with FTS. Commission precedent is clear, however, that an unrelated civil matter has no bearing on Fox 29 Philadelphia’s license renewal application,” FTS said. “It is clear that MAD seeks to conscript the Commission into a public relations campaign that has

no place in a broadcast license renewal proceeding.” MAD said it’s received Fox’s response and is thoroughly reviewing it. “Never before has the Commission been confronted with so much evidence attached to our petition that clearly shows that an FCC broadcast licensee undermined the public trust. The FCC must initiate a hearing on FOX’s qualification to be trustees of our nation’s airwaves,” said a MAD statement.

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## **MOBILE SHAPING 2024 AT NCTC**

The halls of the Minneapolis Convention Center were filled with debates over **NCTC’s** MVNO deal during **The Independent Show** this week, but it will be some time before watchers are truly able to evaluate whether the initiative is a success. NCTC hoped some

### **Cablefax Executive Round Up**

#### **How will industry shows change in the future to maintain engagement with the industry?**



**Maria Brennan**  
President/CEO

**The WICT Network**

“To keep us connected and productive, the pandemic forced technology to evolve, and events followed suit. Audiences expect something special, and you’re well advised to offer it on varying platforms, backed by robust technology. We’ve embraced a tribrid approach for our Leadership Conference (in person, live streamed, on demand). A versatile mobile app means we rely less on printed materials while supporting enhanced interactivity. Most of all, you’ll find happy, connected people dedicated to lifelong learning and networking.”



**Chris Brown**  
EVP/Managing Director

**NAB Global Connections and Events**

“Amidst changing topics and trends, people still crave interaction. Industry shows are shifting towards conversational and hands-on learning. NAB Show is leading the way with more engaged learning on the horizon. While star keynotes and panels remain, there are higher expectations for audience Q&A. Speakers like iHeartMedia’s CEO Bob Pittmann are getting creative, recording a live podcast at the 2023 NAB Show. Interactive presentations are here to stay and will only grow bigger.”



**Evann Freeman**  
Conference Committee Chair

**Fiber Broadband Association**

“To maintain engagement, it’s critical that event organizers have a strong pulse on what attendees need most and can anticipate what inspires them to achieve progress after the event. For us, it is helping our members and state broadband offices navigate the fiber broadband industry’s largest investment cycle ever while showcasing what is possible when communities are connected to reliable, high-quality internet. Events should provide excellent networking opportunities and valuable content that equips attendees with the tools and vision to drive business innovation when they return home.”

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operators were going to be up and running before this year's show, but delays have the early adopters planning to begin testing service this fall. During the conference, NCTC CEO *Lou Borrelli* estimated the co-op's MVNO opportunity by taking a look at the more than 40 million broadband customers NCTC's members serve. "It's very important because, as you are probably aware, the way MVNO has been rolled out in the cable industry by our cousins at **Comcast** and **Charter** has been to effectively market to broadband customers," he said. "And so if you take away from our group the members who already have an MVNO or are an MNO that can't participate, our potential is somewhere in the 22-24 million range." He added that companies representing three-quarters of those customers have signed up and are currently working through the paperwork to launch mobile service through the MVNO agreement. "Collectively, we will be, if not the largest, one of the three largest providers of mobile service in our industry," he said. "It's very important to your future and ours." There will be plenty more to say on the MVNO initiative at next year's Independent Show, slated to take place August 19-22 in Nashville. But you'll be able to catch up with the NCTC before then thanks to the return of the Winter Educational Conference. That hits Vegas from Feb. 25-27.

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## LIONSGATE ACQUIRES EONE

**Lionsgate** is acquiring independent content platform **eOne** from **Hasbro** for \$500 million. The deal is subject to Hart-Scott-Rodino approval and customary closing conditions and will be structured by \$375 million in cash subject to additional purchase price adjustments as well as the assumption of production financing loans. Lionsgate will obtain the more than 6,500 titles in eOne's library, which includes "1917," "Atomic Blonde," "Grey's Anatomy" and "Criminal Minds." The deal also entails Lionsgate acquiring the film development rights to Hasbro's "Monopoly."

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## FORMER STARZ HEAD CREATES SPANISH-LANGUAGE STUDIO

*Chris Albrecht*, the former President/CEO of **Starz** and Chairman/CEO of **HBO**, is teaming up with producer *Jorge Granier* to create **Rubicon Global Media**. It's a company designed to aggregate leading intellectual property from Latin America and Spain and transform it into content with global reach, and it's hit the ground running with a strategic partnership with Spanish-language content company **Secuoya Studios**. **Secuoya**—led by former U.S. Ambassador to Spain and HBO exec *James Costos*—will provide development funding and deficit financing for select **Rubicon** media projects. The studio mainly creates fiction series, docu-series, unscripted programs and feature films focused on the Latin American, Spanish and Spanish-language U.S. markets.

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## FCC OKS \$75 MONTHLY ACP SUBSIDY IN HIGH-COST AREAS

The future of the Affordable Connectivity Program may be unclear,

but the **FCC** is continuing its work with the program until the cofers truly do run out. During its open meeting Thursday, the FCC adopted an order to provide a monthly subsidy of up to \$75/month for subscribers living in qualifying high-cost areas through the ACP. It was directed to do so by Congress through the IJA, which said the \$75/month subsidy could support providers that are able to demonstrate that the standard \$30/month subsidy would cause them to experience particularized economic hardship that would make them unable to maintain part of all of their network in a high-cost area. **NTIA** was separately charged to identify the high-cost areas that would be eligible for the higher subsidy in consultation with the FCC. The Commission also launched a proceeding and technical inquiry into non-federal spectrum usage. It is seeking comment on best practices as well as any operational, technical or band-specific considerations.

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## RATINGS

The U.S. women's national team closed its group stage run with a 0-0 draw against Portugal, and the match became the highest non-prime game of the tournament on Spanish-language TV with a total audience delivery of 206,000 across **Telemundo**, **Peacock** and Telemundo streaming platforms. The U.S.' group stage as a whole averaged a TAD of 911,000—a 57% increase compared to 2019's mark of 579,000. **Fox's** broadcast of the U.S. vs Portugal match drew 1.35 million viewers, making it the most-watched overnight telecast in the company's history. The match peaked in the 4:45-5am window with 1.73 million viewers. Overall for the group stage, Fox's telecasts averaged 4.35 million viewers, good for the most-watched USWNT group stage ever on U.S. English-language TV. – All seven nights of **Discovery Channel's** "Shark Week" outperformed ratings from last year's event. It was the highest-rated Shark Week in three years as primetime telecasts averaged a 0.76 L3 rating among A25-54. Discovery was the No. 1 primetime cable network for the week among Adults, Men and Women 25-54 as well as Adults, Men and Women 18-49. Shark Week programming reached over 22 million total viewers across Discovery, **discovery+** and **Max**.

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## PROGRAMMING

On the heels of a successful FIFA Women's World Cup group stage, **Telemundo** will air six additional matches on its flagship network. Three of the telecasts will be matches from the Round of 16 this upcoming week (Sweden vs USA on Aug. 6 at 3am, England vs Nigeria on Aug. 7 at 3:30am and Australia vs Denmark on Aug. 7 at 6:30am), and two quarterfinal matches and the third-place match will also be broadcast. The additions bring Telemundo's total matches aired from the tournament to 39. – The British crime drama "The Chelsea Detective" will return for Season 2 on Aug. 28 on **Acorn TV**. – **Showtime's** "The Chi" is back with a new 16-episode season starting Friday on **Paramount+** with **Showtime**. Its linear debut will take place Sunday at 9pm on Showtime.

# PROGRAMMER'S PAGE

## Apple TV+ Cooks Up 'Chef' Curry Doc

The sport of basketball has legends that define each era of the game, but there are few who truly revolutionize how it's played. *Stephen Curry* falls under that category, transforming how basketball is played from the youth ranks all the way up to the NBA. His rise to stardom, though, wasn't foreseen by many, leaving him with a permanent chip on his shoulder. "Stephen Curry: Underrated" premiered in July on **Apple TV+**, chronicling the ascent of a now-NBA icon who defied critics that labeled him as not physical enough for the professional ranks. In order to tell the full story of an underdog turned NBA legend, the documentary goes as far back as Curry's childhood to show his playing days from when he was nine years old playing on an under-10 AAU team in Charlotte. "I remember looking around like, 'Oh, I'm not as tall as him, I'm not as strong as him,'" Curry says in the doc. "I was the undersized, scrawny kid that was just trying to figure out how to make it at whatever level I was playing." The quote is a microcosm of how Curry felt and still feels to this day, which is to find a way to persevere in the midst of suffocating adversity. The doc hones in on this with the use of video footage obtained from family, pausing at specific moments to show his demeanor while on the court or bench. It continues the notion while detailing his college career at Davidson College, where he remained in the role of David in the fight against Goliath. The doc fueled intrigue by showing highlights that were previously difficult to find considering the lack of prevalence for mid-major basketball broadcasts, but it takes the fascination up a notch by focusing on the finer details of what makes Curry, Curry. From dedicating time to his wife and three children to finishing his college degree (as he promised his mom he would), the doc is a window into a superstar that doesn't care for the spotlight despite it shining on him at all times—and it may never cease. — *Noah Ziegler*

### REVIEWS

"The Horror of Dolores Roach," streaming, **Prime Video**. Often, we urge viewers to give new series a chance. An initial episode has much ground to cover, including introducing storylines, characters and tone. We'll double down on that advice with this new series streaming on Prime Video. In retrospect, its opening is easily absorbed. However, ingesting it in real-time is another thing. While we won't provide many details, we'll say the plotline derives from "String of Pearls," a story published in 1846. Some 130 years later its plot was adapted into a musical, "Sweeney Todd: The Demon Barber of Fleet Street." Presumably a fictional character, Sweeney slits customers' throats as they sit in his barber's chair. What happens next is in the hands of his associate, Mrs. Lovett, proprietor of a struggling pie shop. In Prime's version, the wonderful *Justina Machado* plays Dolores, a newly released convict who finds a low-rent home beneath an empanada shop, struggling in a gentrified Washington Heights. Moreover, the shop's owner, Luis (*Alejandro Hernandez*), becomes her partner, on several levels, as Dolores plys her trade as a masseuse. The 'attraction' of what becomes a grisly story is watching the transformation of Dolores and Luis, who seem decent enough, until they're not. An additional treat is the diverse ensemble, plus two excellent cameos that we'll not disclose. — *Seth Arenstein*

BASIC CABLE P2+ PRIME RANKINGS* (07/24/23-07/30/23)		
MON-SUN	MC US AA%	MC US AA (000)
<b>FNC</b>	<b>0.595</b>	<b>1857</b>
<b>MSNBC</b>	<b>0.376</b>	<b>1172</b>
<b>HALL</b>	<b>0.269</b>	<b>839</b>
<b>DISC</b>	<b>0.263</b>	<b>820</b>
<b>INSP</b>	<b>0.244</b>	<b>763</b>
<b>HIST</b>	<b>0.214</b>	<b>667</b>
<b>TLC</b>	<b>0.206</b>	<b>643</b>
<b>ESPN</b>	<b>0.205</b>	<b>639</b>
<b>HGTV</b>	<b>0.204</b>	<b>636</b>
<b>USA</b>	<b>0.183</b>	<b>572</b>
<b>FOOD</b>	<b>0.177</b>	<b>551</b>
<b>CNN</b>	<b>0.169</b>	<b>527</b>
<b>TBSC</b>	<b>0.159</b>	<b>497</b>
<b>TVLAND</b>	<b>0.159</b>	<b>496</b>
<b>ID</b>	<b>0.153</b>	<b>477</b>
<b>TNT</b>	<b>0.130</b>	<b>405</b>
<b>A&amp;E</b>	<b>0.129</b>	<b>402</b>
<b>BRAVO</b>	<b>0.123</b>	<b>384</b>
<b>REELZ</b>	<b>0.115</b>	<b>359</b>
<b>FX</b>	<b>0.112</b>	<b>351</b>
<b>HMM</b>	<b>0.110</b>	<b>343</b>
<b>LIFE</b>	<b>0.110</b>	<b>342</b>
<b>WETV</b>	<b>0.107</b>	<b>334</b>
<b>BET</b>	<b>0.107</b>	<b>333</b>
<b>PRMNT</b>	<b>0.107</b>	<b>333</b>
<b>OXY</b>	<b>0.098</b>	<b>306</b>
<b>GSN</b>	<b>0.098</b>	<b>305</b>
<b>NWSMX</b>	<b>0.088</b>	<b>275</b>
<b>SYFY</b>	<b>0.082</b>	<b>256</b>
<b>AMC</b>	<b>0.081</b>	<b>254</b>
<b>COM</b>	<b>0.077</b>	<b>239</b>
<b>APL</b>	<b>0.074</b>	<b>231</b>
<b>NAN</b>	<b>0.073</b>	<b>229</b>
<b>NATGEO</b>	<b>0.071</b>	<b>222</b>
<b>NICK</b>	<b>0.071</b>	<b>221</b>

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



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