

# Cablefax Daily™

WHAT THE INDUSTRY READS FIRST

## Fiber Frontier: ABS Deal Opens Up New World of Opportunities

It's been a big couple weeks for **Frontier**, which broke new ground as the first publicly traded company in the U.S. to secure funding for FTTH infrastructure through a fiber securitization transaction. It's about to close the \$2.1 billion deal at a blended rate of 8.5% secured by its Dallas fiber assets, which management said should fund the company through late 2025.

In addition to providing a clear path to funding the fiber build, the transaction attracts a new pool of investment grade, long-term investors in the capital structure, CFO *Scott Beasley* said. "This new investment class should reduce our cost of capital over time, similar to that of other digital infrastructure asset classes, like data centers and towers, have benefited from the stability of their cash flows," he said during the company's 2Q23 earnings call Friday. "We expect our long-term capital structure to include both securitization and traditional debt... The transaction highlights the value of mature fiber assets. We raised debt at roughly \$3,400 per passing, highlighting the value of the stability and resilience of cash flows from fiber passings."

**New Street Research** called the asset-backed security (ABS) deal transformative. And there's more potential, with Dallas representing about 10% of its fiber passings. While Frontier is the first public player to secure fiber in this way, private companies, including **Hotwire Communications**, have completed ABS deals for fiber. "We remain firm in our view

that broadband assets are like towers and data centers with rising demand; an attractive market structure; high barriers to entry; pricing power; and operating leverage. These factors allow for high financial leverage which ultimately drive strong returns and high multiples," the firm said in a research note. The analysts added that the transaction guarantees the capital to lock in Frontier's commitment to build fiber to 10 million locations, adding that with BEAD and improved returns in adjacent markets, they expect the provider to eventually surpass 12 million locations.

Beasley said the ABS deal gives Frontier a "bit of a war chest to be aggressive" on BEAD funding wins and potentially going outside Frontier's footprint to grow the business. Frontier hasn't given any specific estimates for BEAD-eligible units inside its footprint, with management still reviewing FCC maps. "We've said before of the 5 million outside our committed build, several million would likely be attractive to go after. Some with BEAD money because it's now going to be eligible and some just as we finetune our machine and get closer to new regions," Beasley said.

As for Frontier's 2Q23 results, it was another example of the company's turnaround path with consolidated revenue of \$1.45 billion, a net YOY loss of \$2 million but slightly ahead of Wall Street expectations. Adjusted EBITDA came in at \$533 million, ahead of previous guidance of \$520-530 million. During the quarter, it passed 316,000 new fiber locations. Analysts deemed that a little slow, but management said Frontier re-

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mains on track to achieving its target of 1.3 million builds this year. Frontier added 66,000 fiber broadband customers, 19% YOY growth, but down from the 87,000 adds in 1Q23. CEO *Nick Jeffery* noted that more than half of new customers chose gig plus speeds and that the quarter marked its best-ever of new customer ARPU, taking it to the \$70 range.

Jeffery touched briefly on lead-sheathed cables, saying the company has no reason to believe lead in its cables have caused any health or environmental harm. “While these results are still preliminary based on our analysis, we estimate that lead-clad cables represent a single digit percentage of our roughly 685,000 total miles of metallic cabling in our network,” he said.

## AMCN CONTENT PIPELINE SAFE FOR NOW

**AMC Networks** isn't sweating the **WGA** and **SAG-AFTRA** strikes just yet with CEO *Kristin Dolan* announcing on the company's 2Q23 earnings call Friday that the programmer's pipeline of finished shows will carry it well into 2024. And good news for fans of “The Walking Dead” universe—production on three series extending the universe was completed before the strikes went into effect. Net revenues fell 8% YOY thanks to softness in the advertising market and declines in domestic affiliate revenues. AMC Networks also negotiated an early return of rights for a number of its library titles including “Fear the Walking Dead” from **Disney** and **Hulu** so it can bring them exclusively to its streaming platforms. Revenue growth in the streaming department hit 13% as the company let customers on promotional offers roll off of its streaming services. Subscribers dropped 2% sequentially to 11 million. AMC Networks is preparing for a big fall with the launch of its ad-supported tier of AMC+ in October, and advertisers have been more excited about the prospects of the new offering than expected. “We're seeing a lot of demand and interest in the upfront, so that is driving a lot of exciting conversations, but it's early days,” Chief Commercial Officer *Kim Kelleher* said. “We are going to have more news to share on the specifics, pricing, etc. as we get closer to that consumer launch.”

## FUBO SITTING PRETTY ON BACK OF SPORTS LINEUP

**Fubo** is feeling pretty comfortable in its position as a sports-focused vMVPD with Hollywood strikes putting a halt to most content development. “We're looking forward to the all-sports calendar with the beginning of seasons for the **NFL**, college

football, many of the soccer leagues and much, much more... and then we also get into the end of the baseball season as well,” CEO *David Gandler* said on the company's 2Q23 earnings call. “So hopefully there will be some strong games and an excellent narrative for consumers to stay engaged with our complete lineup.” Fubo has 1.167 million North American subscribers, putting it ahead of its guidance of 1.13 million by the end of the second quarter, and ARPU in the region rose 13% YOY to \$81.62. While programmers like **Warner Bros. Discovery** have signaled the prolonged decline in the advertising market may continue into the second half of the year, Fubo's reputation as a service with a plethora of live content may save it from the worst of the disruption. Gandler is cautiously optimistic at this point, and CFO *John Janedis* said his team has also been fielding a number of calls to place advertising against both the NFL and other sporting events for the back half of the year. Fubo has been adjusting its mix of programmatic, direct response and direct sales offerings, and the response thus far has been robust. It's also hopeful that it will have a lot to offer on the political ad scene with its news viewership up 14% YOY alongside its growth in sports viewership. The vMVPD is reviewing a number of its partnerships with ad tech firms and others in the space to ensure it is getting the terms it deserves. “Just given the high-quality inventory that we provide, we feel we should be getting much better terms than what we have been getting. And so we're doing, I would say, a little bit of everything to get those numbers up,” Gandler said. “But again, we haven't seen this level of improvement since maybe 2020.”

## WICT NETWORK WOMEN OF THE YEAR REVEALED

**The WICT Network** has officially unveiled its Woman of the Year honorees. **Comcast Corp.** EVP/Chief Diversity Officer *Dalila Wilson-Scott*, who also serves as President of the **Comcast NBCUniversal Foundation**, is receiving this year's Operator honor. *Pam Kaufman*, President/CEO of International Markets, Global Consumer Products and Experiences at **Paramount**, is walking away with the Programmer award. The annual accolades are awarded to those who embody the mission of The WICT Network to develop women leaders who are pushing the industry forward. The organization also named three individuals as its 2023 Women to Watch—**Charter** SVP, Billing Strategy & Design *Stephanie Babin* is representing the operator side; **A+E Networks** SVP, Legal & Business Affairs *Kelley Drukker* is winning the programmer honor; and **Listing Central, LLC** Founder/CEO *Nicole Nixon* is receiving the award on the technology side. The awards will be presented during the Touchstones Luncheon

on September 18 as part of The WICT Network Leadership Conference.

**TDS EXPLORING MOBILE OPTIONS**

The boards of **TDS** and **UScellular** have agreed to begin exploring a number of strategic alternatives for the UScellular business. No timeline or deadline has been set for completion of the review and neither side hinted at any preferred outcomes at this point in time, and they indicated they won't make any further announcements on the review. Both TDS and UScellular have retained financial advisors and legal counsel.

**FOX NEWS TOPS JULY RATINGS**

**Fox News** finished July at the top of the primetime and total-day ratings among cable nets. Fox News finished the month with 1.57 million viewers P2+ in prime, with **MSNBC** coming in second with 1.12 million. **INSP** grabbed the third spot with 763,000 viewers, and **Hallmark Channel** and **ESPN** followed at 747,000 and 736,000, respectively. In total day, Fox News was the only net above the 1-million line with 1.07 million. MSNBC was second at 723,000 and Hallmark third with 458,000, while **CNN** (426,000) and ESPN (408,000) capping the total-day top five.

**CARRIAGE**

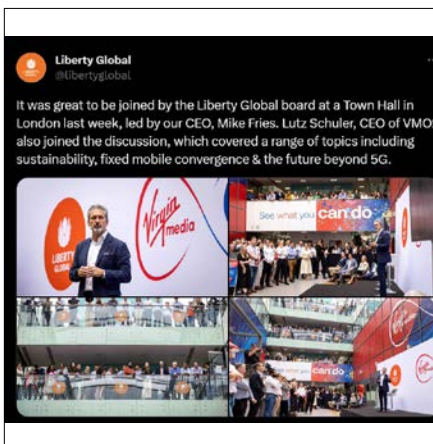
**Hearst** will continue carrying **CW Network** thanks to an expanded affiliation agreement. It will keep carriage of CW on WKCF-TV (Orlando), KCWE-TV (Kansas City), WPXT-TV (Portland, ME), WCWG-TV (Greensboro, NC), WNNV-TV (Burlington, VT) and KHOG-TV/KHBS-TV (Ft. Smith, AR). Starting Sept 1 the CW will launch on its new Sacramento affiliate KQCA-TV. CW recently obtained the rights to the NASCAR Xfinity Series—which will begin in 2025—as well as select ACC football and basketball games.

**PROGRAMMING**

**Showtime** grabbed the U.S. rights for the British comedy series “Dreaming Whilst Black” from A24 and Big Deal Films. It'll debut on **Paramount+** with **Showtime** on Sept. 8 before its linear premiere Sept. 10 at 10pm. The show originally premiered on **BBC** in the U.K. – **ESPN** extended its media rights agreement with the Pro Football Hall of Fame. ESPN has held the rights to the ceremony since 1995, with this year's event taking place Saturday as nine former **NFL** players enter the Hall of Fame.

**CABLEFAX DASHBOARD**

**Social Media Hits**



**Research**

(Source: [Comcast Business Cyber-security Threat Report](#))

- > Today, approximately 67% of all breaches start with someone clicking on a seemingly safe link. Adversaries begin 80-95% of all attacks with a phishing.
- > Once inside a network, adversaries made 2.6 million attempts to modify or create new firewall rules to establish external communications for command-and-control operations and data exfiltration.
- > Comcast Business detected 51,915 DDoS attacks in 2022 with IT and technical service customers making up 25% of attempts.

**Up Ahead**

- AUGUST 7-8:** [C2HRCon](#), Brooklyn
- AUGUST 20-23:** [Fiber Connect 2023](#); Orlando
- SEPT. 8:** [2023 Cablefax Most Powerful Women Nomination Deadline](#)
- SEPT 18-19:** [The WICT Network Leadership Conference](#); NYC
- SEPT 19-20:** [NAMIC 37th Annual Conference](#); NYC

**Quotable**

“On the strike, I'm very focused on it because this is our business, this is all we do. And it's critically important that everybody, the writers, the directors, the actors, the producers, all the below-the-line crews, everyone needs to be fairly compensated and they need to feel valued and feel that they're fairly compensated in order to do their best work. We have to focus on getting that done. I'm hopeful that it's going to happen soon. I think all of us in the business are very keen to figure out a solution as quickly as possible. We are in some uncharted waters in terms of the world as it is today and measuring it all. And so I think in good faith, we all got to fight to get this resolved and it needs to be resolved in a way that the creative community feels fairly compensated and fully valued.”  
 – Warner Bros. Discovery CEO David Zaslav on the company's 2Q23 earnings call discussing the SAG-AFTRA and WGA strikes