

# Cablefax Daily™

WHAT THE INDUSTRY READS FIRST

## Going Up: Fubo Boosts Guidance on Back of Strong Subscriber Growth

Fubo had plenty to celebrate Friday, announcing it had meaningfully exceeded its 3Q23 subscriber guidance by scoring 1.477 million paid subs by the end of the period, well above midpoint guidance of 1.337 million.

As for where that sub growth came from, Founder/CEO David Gandler actually doesn't attribute much of it at all to Disney directing customers to the service during its carriage battle with Charter. Instead, he said the NFL was a key driver, and that is a huge win as Gandler described the pressure from YouTube TV's Sunday Ticket package as "extraordinary."

What Gandler did see from Charter and Disney's carriage dispute was an example of two companies that are both competing for customers across the pay TV ecosystem that found ways to continue to work together. That's something he hopes Fubo is also able to do in the future with other folks in the cable, media and streaming space as well as with other platforms.

"Many in the industry believe that not only do we have a strong technology platform, maybe the strongest in the world, but we have a wonderful product, we have a fantastic team and we're able to really execute not only well, but very quickly," Gandler said on the company's 3Q23 earnings call Friday. "I anticipate that relationships with large tech companies could be on the horizon as well as other distributors and content partners to be able to help them achieve their goals as well as ours."

On the back of its 3Q23 success, Fubo is raising its full year

guidance for revenue and paid subscribers in North America. The company now expects to close the year with \$1.319-1.324 billion in total revenue, and 1.584-1.599 million paid subscribers. Fubo is also continuing to work towards its goal of achieving positive cash flow in 2025, reporting \$21 million in net losses and a \$43 million improvement in net cash used in operating activities.

"I think one of the big areas of focus for most investors and specifically for the company is our content costs. It's a billion dollar line item," Gandler said. "One of the things that I look at is contribution profit, and if you look back at the last six quarters consecutively, we've seen an expansion of contribution profit. That will continue as we work through our agreements."

Gandler stole headlines earlier this year when he talked about how the vMVPD was placing FAST channels in its channel lineup alongside linear networks so that he could negotiate better rates for programming. Fubo has limited its FAST channel total to approximately 150, and the goal really was to augment its current entertainment lineup.

"We've always said that the entertainment content on the platform is fungible, and what we've seen, although we have removed certain content, entertainment content from the platform, we've seen the FAST channels really take some of that share of viewership," Gandler said. "It has really allowed us to drive advertising revenue above and beyond where we would, and it also gives us more inventory... obviously, it is in our best interest to drive people to FAST channels when we know there are certain genres that they really enjoy."



## Cablefax MOST POWERFUL WOMEN

Honoring Women in Cable, Broadband and Fiber

**WHERE:** The Edison Ballroom, NYC

**WHEN:** Afternoon of December 6, 2023

**ATTEND**

Last Year's Honorees Include:



**Jessica Fischer**  
Chief Financial Officer  
CHARTER



**Channing Dungey**  
Chairman, Warner Bros. Television Group  
WARNER BROS. DISCOVERY



**Rita Ferro**  
President, Disney Advertising  
DISNEY



**Dalila Wilson-Scott**  
EVP, Chief Diversity Officer & President,  
Comcast NBCUniversal Foundation  
Comcast

## CABLE ONE'S GROWTH PLAN

**Cable One's** broadband business is a stagnant one, losing 500 subscribers in 3Q23. But the company is looking at ways to fiercely compete at every opportunity. At times, President/CEO Julie Laulis herself has picked up the phone and called customers that have left Cable One for a competitor. That conversation isn't about winning them back, but about learning what drew the customer away and what Cable One can do better. "Approaching the entire footprint from a market segmentation basis, meaning that we will break apart different markets and customer types within those markets and address them in a very tailored manner," she said during the operator's earnings call. "We're realigning ourselves around growth." Some experimentation around pricing and packages took place near the end of the third quarter, sparking a surge in new connects, and that has led Laulis to feel optimistic about where Cable One can go in the fourth quarter. Penetration fell once again this quarter, but Laulis attributed it to the provider's aggressive approach to new builds, saying new passings are added into the company's database long before the provider is actually able to sell a package to that customer. She expects that to resolve itself over time. As one of the first operators to focus on broadband over video, Cable One is now navigating the final stages of its video product's decline. Video losses totaled 9,300 for the quarter. Total revenues fell \$4.4 million to \$420.3 million in the quarter due primarily to drops in residential video and voice. Net income was \$39.5 million, down considerably from the \$70.6 million in 3Q22. Residential ARPU was \$85.69, an increase of \$5.23 YOY.

## SUBSCRIBER COUNT BACK UP FOR AMC NETWORKS

It was a mixed bag at **AMC Networks'** 3Q23 earnings call. The company reported a 6.6% drop in net revenue to \$686.95 million and a 19.8% decrease from \$150.68 million to \$120.86 million in total operating income, but it's back to positive subscriber numbers after two consecutive quarters of decline. AMCN saw a 4% increase to 11.1 million for its SVOD portfolio, which helped with streaming revenues jumping 9% to \$142 million. It's still too early to tell how much of that boost came with the addition of an ad-supported tier on **AMC+** that began to roll out in late September, but CEO *Kristin Dolan* sees the benefits of the tier extending into other means of growth. "Having an ad-supported version of AMC+ will also make it much easier for us to participate in innovative bundles that we believe will increasingly form the future of content distribution in the streaming space," Dolan said. AMCN and **Warner Bros. Discovery** struck a deal to add seven AMCN series to **Max** as a limited promotional pop-up. The strategy of bundling

services is one AMCN is sticking with for the foreseeable future as the company awaits the full scope of how its Max partnership performed. "We're now working with Warner Brothers on results from them to see how we can sort of parlay this forward and think about ways that we can opportunistically continue to expand the visibility of our content and partner with others to help serve the customer best," Dolan said. "Everything old is new, again, when you talk about bundles." Domestic ad revenues fell 18% to \$147 million due to linear ratings declines, a difficult ad market and fewer original programming episodes within the quarter.

## NAD GIVES DIRECTV RULING

The **National Advertising Division** ruled on a Fast-Track SWIFT challenge brought by the **NFL** against **DirecTV** and claims regarding DirecTV Sports Central. NAD recommended that DirecTV either discontinue the claims that the offering "gives you access to every game..." and "with access to every pro football game on DirecTV, some guests might overstay their welcome," or modify the claims to clearly disclose that additional subscriptions beyond DirecTV are required to watch every NFL game. The claims appeared in TV ads, social media videos and on DirecTV's website. The NFL originally accused DirecTV of deceptive advertising back in December, specifically regarding the Sunday Ticket package that departed DirecTV for **YouTube** and **YouTube TV**. DirecTV offers the Sports Central package through its Gemini device, which lets customers view sporting events in a single menu (including any live NFL games broadcast on channels that come with a DirecTV subscription, or those that require a third-party subscription). "At issue for NAD was whether the challenged claims convey the unsupported message that DirecTV customers can watch every pro football game simply by virtue of subscribing to DirecTV, without the need to purchase an additional streaming package or third-party subscription," the Division said. "NAD determined that DirecTV's advertising is not clear as to what sports programming is and is not available for viewing with the advertised service." DirecTV said it will comply with NAD's ruling.

## TDS UPS ANNUAL FIBER GOAL

After **TDS** saw 61,000 addresses added to its fiber service amount in 3Q23, the company is raising its fiber service address goal from 175,000 to 200,000 and plans to launch all of its expansion markets by the end of this year. It's part of TDS' overall fiber mission. The company is still on track to meet its goal of 1.2 million marketable fiber service addresses by 2026 after ending 3Q23 with 709,000. TDS also ended the quarter with 44% of its total addresses served with fiber, with an overall target of 60% by 2026. Of its customers, 75% of them are entering plans of 100



Mbps or higher—up 69% compared to a year ago. TDS saw a 4% increase YOY in residential revenues in 3Q23 as expansion market residential revenue jumped to \$20 million. Looking forward into 2024, TDS is planning on slowing down its spending and focusing on broadband penetration and revenues in its new markets. The company anticipates its 2024 service addresses to be similar to that of 2022.

**SPARKLIGHT GOES WALL-TO-WALL**

**Sparklight** is launching an advanced whole-home connectivity solution called Wall-to-Wall WiFi. The company will use eero Pro6E device to help with the extensive coverage, which connects and transmits wirelessly up to 1 gig. Eero's TrueMesh technology will actively learn the network's layout to best route traffic and optimize a customer's WiFi. Customers can get Wall-to-Wall WiFi for \$12.50/month when adding it to any internet plan.

**NATIVE PEOPLES' HERITAGE MONTH**

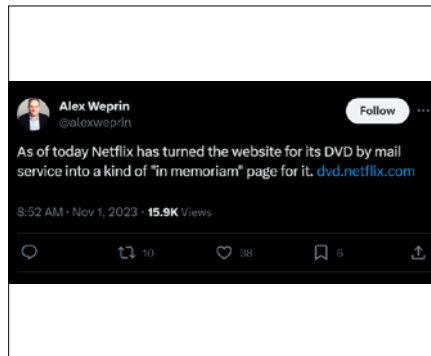
November is Native Peoples' Heritage Month, and **MTV Entertainment Studios** is participating in festivities by running the [short film](#) "We Got Next" across its linear, social and digital platforms throughout the month. The film chronicles the Oglala Lakota teens reclaiming their narrative by experiencing the realities of life on the Reservation, while pushing against stereotypes of community, pride and joy. We Got Next was written, shot and directed by students ranging from 13-19 years old and are part of the Outlast Arts & Education, which is a nonprofit that seeks to increase DEI in the arts through Indigenous and Black youth.

**PROGRAMMING**

**The Weather Channel** and its network climate, environment sustainability brand **Pattn** are introducing a new series "Pattn Explores: Powering the Future." It's the fourth installment of the "Pattn Explores" franchise and will span three episodes. The program will look at how the U.S. is harnessing the sun to create energy and jobs. – "Secrets of the Asylum" made its debut on **Fox Nation**. The six-part series follows paranormal investigator *Scott Porter* and medium *Stephanie Burke* and their attempt to uncover the secrets of the *Eloise Asylum*.

**CABLEFAX DASHBOARD**

**Social Media Hits**



**Research**

(Source: [Effectv TV Viewership Report](#))

- > 77% of multiscreen advertising campaign reach came from traditional TV.
- > Households spend nearly 6 hours per day watching traditional TV.
- > The share of reach unique to streaming has increased from 9% to 13%.
- > Streaming impressions were 4.6x more likely to reach light and no-TV viewing households. VOD and FAST content both provided opportunities to reach hard-to-reach households.
- > Reach peaks in advertising campaigns when 20-30% of investment is allocated to streaming.

**Up Ahead**

- NOV. 9:** Media Institute Communications Forum Luncheon Series; DC
- DEC 6:** [Cablefax Most Powerful Women Luncheon](#); NYC
- JAN. 9-12:** [CES 2024](#); Las Vegas
- JAN. 16-18:** [NATPE Global](#); Miami

**Quotable**

*"There's still a lot of dollars that are in the traditional pay TV ecosystem that are all going to move to streaming, and that's a big factor in terms of our growth. And I think as services that were traditionally ad-free start to add ads, it does have the benefit of creating more interest in advertisers and moving their ads to streaming. So that's a positive benefit for us. Another thought I have that maybe most people don't think about, The Roku Channel, as popular streaming services make the trade-off to add ads, it levels the playing field in viewers' minds with services like The Roku Channel, which are already ad-supported... I believe it is going to increase engagement on The Roku Channel."*

– Roku Founder/CEO Anthony Wood on the company's 3Q23 earnings call this week