

# Cablefax Daily™

WHAT THE INDUSTRY READS FIRST

## Ready to Rumble: Netflix Pays Big for WWE Rights

Netflix is taking a huge leap into the sports arena, and it is choosing to do so in the wrestling ring.

Starting in January 2025, Netflix will be the exclusive home of “Raw,” WWE’s flagship weekly program, in the U.S., Canada, U.K. and Latin America. This marks the first time Raw has left linear television since it first hit the screen with viewers currently heading to **USA Network** to catch the show. Additional countries and regions will gain access to Raw on Netflix over time.

**Peacock** and **NBCUniversal** remain WWE’s domestic partners on all premium live events, but this deal will give international rights of much of the programmer’s content to Netflix. Netflix will become the home of all WWE shows and specials outside the U.S. as available, including other weekly shows like “SmackDown” and “NXT” and premium live events like “WrestleMania” and “SummerSlam.” Other projects like documentaries and original series will also hit the streamer in international markets starting in 2025.

Netflix executives hopped online for its 4Q23 earnings call in the afternoon, and investors had questions primed surrounding what made the WWE deal the right fit for the streamer. It teased plans to dip its toe into the live sports arena with “The Netflix Slam,” a high-profile tennis match, to be held on March 3. But the WWE commitment is of a completely different level. WWE parent company **TKO Group** said in an **SEC** filing that Netflix is paying an aggregate rights fee in excess of \$5 billion for

the initial 10-year term. Netflix has an option to extend for an additional 10 years and to opt out after the initial five years.

“WWE Raw is sports entertainment, which is right in the sweet spot of our sports business, which is the drama of sport,” Netflix co-CEO **Ted Sarandos** said on the call. “It feeds our desire to expand our live event programming, but most importantly, fans love it. For decades, the WWE has grown this multigenerational fanbase that we believe we can serve and we can grow.”

Sarandos said this isn’t a sidestep from what Netflix had already planned in its \$17 billion of programming spend, and he doesn’t want anybody to look at the WWE deal as a signal of a larger change in how Netflix looks at live sports programming or its interest in global sports rights.

Netflix’s stock skyrocketed when it released its 4Q23 numbers after the market closed. It added more than 13 million paid subscribers in the quarter, and it closed out 2023 with more than 260 million paid subs. Revenue grew 12% YOY to \$8.83 billion, and it credits much of that boost to its content slate, pricing adjustments and the success of its approach to paid sharing.

In its 4Q23 shareholder letter released ahead of the earnings call, the streamer said its ads membership numbers increased by nearly 70% sequentially and it believes it has successfully addressed account sharing with “many millions” of its members taking advantage of features that have made it easy to transfer profiles or add an extra subscriber to a household.

“At this stage, paid sharing is our normal course of business—creating a much bigger base from which we can grow

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and enabling us to more effectively penetrate the near term addressable market of ~500M connected households (excluding China and Russia), which should increase over time as broadband penetration rises.”

Netflix addressed the industry M&A rumors head-on, saying it has no interest in acquiring linear assets. It also doesn't believe that additional M&A among traditional entertainment companies will materially change the competitive environment given all the consolidation that has already occurred over the last decade.

“But we expect our industry to remain highly competitive given: the franchise strength and programming expertise within traditional entertainment companies; ongoing heavy investment from large tech players like **YouTube, Amazon and Apple**; and broader competition for people's time, including gaming and social media (TikTok, Instagram, etc.),” the shareholder letter said. “It's why continuing to improve our entertainment offering is so important, and as many of our competitors cut back on their content spend, we continue to invest in our slate.”

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## VERIZON FLEXES FWA MUSCLES

**Verizon** ended 4Q23 and entered the new year with some pep in its step after surpassing Wall Street expectations in postpaid phone net adds and having strong performances in wireless. The company recorded 449,000 postpaid net adds for 4Q23, serving as its best quarter for the category in two years, while wireless service revenue went up 3.2% YOY to \$19.4 billion. “We as a team have focused on capturing the market opportunity, and I'm proud of our progress in 2023,” Chairman/CEO *Hans Vestberg* said on Verizon's 4Q23 earnings call Tuesday. Verizon saw 375,000 net adds in fixed wireless during the quarter to bring its base to more than three million subscribers, putting the company ahead of schedule to reach five million subscribers by the end of 2025. The success of the company's implementation of C-band spectrum was lauded by Vestberg and EVP/CFO *Tony Skiadas* throughout the call, with over 80% of Verizon's consumer fixed wireless gross adds coming from C-band markets. “For a product that still is in the beginning, the pace of adoption has the team super excited,” Vestberg said. “We expect this will be a long-term source of recurring revenue for Verizon, and we're ending this year with a strong base for continued growth.” For broadband, Verizon had more than 1.7 million net adds in 2023 with 1.5 million net adds from fixed wireless and 248,000 from Fios. Fios internet—despite having net adds down 4,000 YOY to 55,000 for 4Q23—is still a feather in Verizon's cap in terms of retention and gross adds. Despite the encouraging results in wireless, there's still some skepticism in regards to Verizon's overall value proposition. “There's a famous expression from sports that holds that the most important kind of ability is...

availability,” **MoffettNathanson** said in a note Tuesday. “For a customer base conditioned to expect excellence from Verizon's network, anything less than best in class is a letdown. Verizon can no longer boast best in class.” The firm pointed to competitors like **T-Mobile** having stronger 5G network speeds, adding that T-Mobile's spectrum is lower frequency and therefore more available to customers. Looking forward, Verizon's 2024 guidance is starting with 2-3.5% total wireless service revenue growth, 1-3% Adjusted EBITDA growth and \$17 billion-\$17.5 billion. It should be noted that Verizon's guidance assumes funding from the Affordable Connectivity Program remains intact. “We have plans to address it and we'll see what happens there,” *Skiadas* said. “The majority of the exposure on ACP is in our prepaid business. We have about 1.2 million prepaid subs that benefit from that from the ACP program ... On the postpaid side, we have minimal exposure to ACP [for] both FIOS and postpaid wireless, and the margin exposure from ACP is very, very small.”

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## NTIA MOVES DATES FOR TRIBAL BROADBAND GRANT APPLICATION

**NTIA** is extending the deadlines for the second round of Tribal Broadband Connectivity Fund applications to give potential applicants more time to develop competitive project proposals and project consortia. The program aims to help directly connect Tribal households and businesses to high-speed broadband, plan for future infrastructure investments and upgrade network equipment. This second Notice of Funding Opportunity offers an additional \$970 million in funding. The second NOFO was issued on July 23, and eligible entities were originally given 180 days to submit applications with a due date established of Jan. 23. That date has now been pushed to March 22.

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## MAVS PUT MORE GAMES OTA

Another **NBA** team is diving more into having games over the air. The Dallas Mavericks agreed to a deal with **TEGNA** to put 10 additional games on its Dallas-Ft. Worth **ABC** affiliate WFAA. That means 13 total Mavericks' games will air on WFAA in the span of 11 weeks, covering 3 million households and more than 7 million people within the DFW market. The first available game comes Wednesday at 7:30pm CT between the Mavs and Suns.

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## SLING FREESTREAM'S CLOUD DVR

**Sling Freestream**, the company's FAST service, is giving users access to 10 hours of free DVR storage, a move it says is an industry first. All new users who create a free account will receive cloud DVR storage immediately, and the feature will

be fully rolled out to all existing Freestream users within the next several months. The service launched in February 2023 and now touts more than 500 channels.

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### NIELSEN, FOX STRIKE RENEWAL

Fox is sticking by Nielsen for its measurement needs, signing a multi-year renewal agreement with the firm. The deal includes measurement of the Fox broadcast network as well as FS1, FS2, Fox Deportes, Big Ten Network, Fox News and Fox Business. Free streamer Fox Weather is also included in the deal, and Nielsen ONE ads measurement will be utilized across all Fox properties. Nielsen continues to be a measurement provider for digital ad measurement on Tubi.

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### CABLELABS RELEASES INTERNET ROUTING SECURITY FRAMEWORK

Internet routing isn't the most entertaining topic around, but it's a vital one for security given that internet traffic must transit multiple ISPs before reaching its destination. CableLabs has just released a Cybersecurity Framework Profile for Internet Routing to serve as a foundation for improving the security of the internet's routing system. The guide is aligned with the National Institute of Standards and Technology's Cybersecurity Framework and enables ISPs, enterprise networks, cloud service providers and organizations to proactively identify risks and mitigate threats to enhance routing infrastructure security. While CableLabs developed the framework with the help of its cable operator members, it could be helpful to others. "The idea here is, let's make this easy for everybody to engage in. And let's take what we learned in cable and give that to a larger community to help them feel a little more comfortable, particularly the people who are responsible for that routing. And how do we make them confident enough and have a community that they can rely on for questions to be able to grow," CableLabs VP Security Technologies Brian Scriber said at a government and industry forum held by NCTA and CableLabs in D.C. Tuesday. Also at the event were representatives from Charter, Comcast, Cox Communications and Midco, which helped with the framework as they instituted their deployments of deployment of routing protocol RPKI, which can mitigate the risk of IP prefix hijacking. "With the advance of technology, we've expanded our network to a lot of major city colocation hotels. With this expansion, that brings on more thought toward routing security because now we're not just connecting to our upstream providers, but we're connecting and peering with several other networks as content providers, cloud providers and any other companies that are also located at these colocations," said John Lubeck, Director of Core IP & Transport for Midco, which fully deploy RPKI in July.

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### RATINGS

It's back to the top of the weekly primetime and total-day ratings lists for Fox News, but it certainly was a close battle for the

former category. Fox News edged ESPN in prime with 2.09 million viewers P2+ compared to 2.05 million. MSNBC broke the 1-million mark with 1.09 million before HGTV (887,000) and TBS (713,000) took the final two spots in the top five. The gap was a little wider in total day as Fox News led with 1.33 million. ESPN followed at 970,000 while MSNBC and HGTV had 745,000 and 466,000, respectively. CNN checked in at No. 5 with 434,000.

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### PROGRAMMING

Sundance Now original "Far North" will premiere with two episodes Feb. 15 on Sundance Now and AMC+. Episodes will be released weekly on both platforms for a total of six episodes for the season. – Season 11 of Hallmark Channel's "When Calls the Heart" will kick off April 7 at 9pm. The season will span 12 episodes. – The ninth chapter of TNT Sports' "Capital One's The Match" will have male and female golfers for the first time. Rory McIlroy will face 11-time LPGA winner Lexi Thompson, Rose Zhang and Max Homa. The match will be simulcast across TNT, truTV, HLN and the B/R Sports Add-On on Max on Feb. 26 at 6:30pm.

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### SAY YES TO THE PROM ONCE AGAIN WITH WBD

Warner Bros. Discovery's "Say Yes to the Prom" initiative is coming back for its 12th year, the company announced Tuesday. It is teaming up with Macy's to provide 1,500 students with one-on-one styling sessions with Monte Durham of "Say Yes to the Dress: Atlanta" fame and WBD employees in New York, Atlanta and Los Angeles to help them develop their unique prom look. This year's experience will include a selection of nearly 3,000 dresses, thousands of shoes and accessories from Macy's and custom tuxedo fittings and menswear rentals from Men's Wearhouse. Cosmetics and beauty items have been donated by Glamnetic, Glamlite, Lottie London and L'Oreal USA and CNN stylists will be on hand for hair and makeup consultations. Students will also be provided with resources to learn about careers in the media and entertainment industry. The tour kicks off Feb. 5-6 in Atlanta with affiliate partner Comcast. Verizon and DirecTV are supporting the NYC and L.A. events, respectively.

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### PEOPLE

Spanish-language media company Hemisphere Media is promoting Jimmy Arteaga Grustein to Chief Content Officer. He'll oversee all facets of production, programming and promotion for the WAPA stations as well as production and programming for Hemisphere's cable and digital channels, which include five U.S. cable networks, two Latin American networks and recently launched FAST channels. – Lars Sandström was named CFO/SVP/Head of Group Function Finance for Ericsson. He replaces Carl Mellander, who is stepping down at the end of 1Q24 after a 25-year stint with the company. Sandström—who'll officially join Ericsson on April 1—is currently CFO at the medical technology company Getinge.