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WHAT THE INDUSTRY READS FIRST

WBD Outlook: Zaslav Vows Aggressive Approach for Sports Streaming JV

Warner Bros. Discovery chief *David Zaslav* promised his company would be very aggressive on the upcoming streaming sports venture with **Fox Corp.** and **Disney's ESPN**, declaring that the product is "pretty far along" and will be available to bundle with Max.

"We're going to be aggressive marketing it and we think it coexists very effectively. We don't see a lot of people unsubscribing to cable in order to get this. We're going after the 60 million+ that are not thinking about getting cable when they get their own apartments," he said during WBD's 4Q23 earnings call Friday.

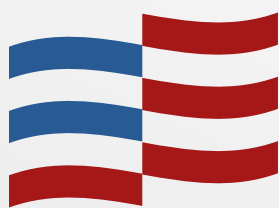
Zaslav has been very vocal about the need for a great rebundling of content. He believes that it'll happen either through an intermediary, such as **Roku**, **Apple** or **Charter** and **Comcast's Xumo** platform (which he was highly complimentary of), or by a content company doing it alone. "I've always advocated that we should do it ourselves. So, we're looking to do that domestically. We're looking to do it outside the U.S. In some ways, the sports venture is trying to meet that very need," he said. "When you put our product together with [Fox and ESPN], it just has a much better, more fluid, more simple consumer experience. It's not 'which channel is it on?' It's not, 'Where do I go? How do I go? Do I have it? Don't I have it?' It's in one place. And I think more and more will be gravitating toward that."

Zaslav is the last of the three CEOs involved in the jv to

weigh in on the sports offering, which comes as WBD prepares to make **B/R Sports** a \$9.99/month add-on service for Max. Asked what the new offering means for B/R Sports, management said more will be shared as the jv gets closer to launch. "In the meantime, we're continuing to lean in on the Bleacher Report Sports offering and we're incredibly excited over the next few months to bring all of our March Madness, including building up to the Final Four, on Max for the first time here over the next 45 days, and then leading into the **NBA** playoffs a little bit later in the spring," said *JB Perrette*, CEO and President of Global Streaming and Games. As for the NBA, Zaslav said WBD is engaged in constructive and productive renewal discussions with the league.

WBD shares closed down nearly 10% Friday with investors spooked by a wider-than-expected loss of \$10.28 billion vs. an expected \$10.35 billion. Adjusted EBITDA was down 5% YOY to \$2.5 billion. The linear networks business saw an EBITDA decline of 11% to \$2.2 billion, while advertising revenue was down 14% YOY. Free cash flow rose 33% to \$3.31 billion, helped by lower spending on content due to the strikes. Max ended the year profitable for the first time, with management expecting it to be profitable again in 2024. Max notched a \$55 million adjusted EBITDA loss compared to \$217 million a year ago. While total DTC subscribers increased by about 1 million in the quarter, domestic DTC subs fell by about 2.5 million.

"The fact is the strikes really slowed down production and we didn't have as much content as we wanted for Max. And



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we're now moving forward with a great slate," Zaslav said, citing the recent success of "True Detective: Night Country" and the return of "Hacks" and "House of the Dragon" next quarter.

Of course, no earnings call is complete these days without some commentary on possible M&A. Zaslav didn't address any specific combos (ahem, **Paramount Global**), but said the team is happy with current assets and the work that's been done to pay down debt and get below 4x leveraged. "We do have the optionality of looking at other assets, but it's got to be a very high bar for us," he said. "We like our hand where it is and we like our particular strategy right now of building Max and really deploying all of our great creative assets."

NTIA FINALIZES BUY AMERICA PROVISIONS FOR BEAD

NTIA released its final Build America, Buy America [BABA] waiver for the \$42 billion BEAD Program on Friday. The majority of fiber broadband equipment—including optical fiber, fiber optic cable, key electronics, and enclosures—necessary to bring affordable and reliable high-speed Internet service to everyone in America must be made in the United States. NTIA is providing for waivers of semiconductor and non-optic glass inputs (eg., an overclad cylinder), but it's rejected calls to waive the requirement that at least 55% of vaults, pedestals and closures be made in America. A FAQ notes that the tools and equipment used to perform construction activities on a BEAD project don't have to be BABA compliant. It also explains that a Buy America preference applies to an entire infrastructure project, even if it's funded by federal and non-federal funds under one or more awards. The full waiver and a FAQ are available at the Department of Commerce's [website](#).

AT&T OUTAGE CAUSED BY TECHNICAL ERROR

Those worried about a potential cyber attack being the cause of **AT&T's nationwide outage** Thursday can rest. The company said the cause was determined to be a technical error after its initial review. "Based on our initial review, we believe that today's outage was caused by the application and execution of an incorrect process used as we were expanding our network, not a cyber attack," AT&T said in a statement last night. "We are continuing our assessment of today's outage to ensure we keep delivering the service that our customers deserve." All wireless service was restored at 3:10pm ET on Thursday. Government officials are still set to examine the situation as the FBI, Department of Homeland Security and FCC announced they're each investigating the outages.

FRONTIER MOVING ALONG AMID STRATEGIC REVIEW

Earlier this month, **Frontier** [embarked on a strategic review](#) with the hope of identifying more opportunities to create value for shareholders. It sparked talks of a potential sale, but after its 4Q23 earnings call Friday morning, things may be looking up. "The company has a strong view of what it's worth and would need to be paid for its mature assets, its yet-to-be-fully-penetrated fiber, and its future upgrade opportunities. The hurdle for a deal appears high," **MoffettNathanson** said in a note. "Instead, Frontier appears to be pursuing other avenues to create incremental value." Frontier added 84,000 fiber broadband customers and passed 333,000 new fiber locations during 4Q23. Revenue came in at \$1.43 billion, which is down 0.8% YOY as growth in fiber-based products was offset by declines in copper-based products. Frontier's consumer revenue increased 1.3% YOY to \$774 million after it had solid growth in fiber broadband. Consumer fiber broadband revenue jumped 25.1% from 4Q22 to \$354 million, while consumer fiber broadband customer churn decreased YOY from 1.32% to 1.2%. "We've got that 10 million fiber passing goal firmly in our sights. I think it's entirely appropriate that the board and the executive team look again at what's next for the company, what's the next frontier of growth and what's the best way to unlock shareholder value in the future," Frontier President/CEO **Nick Jeffery** said. Frontier ended 4Q23 with 6.5 million fiber passings, making it the second-largest fiber builder in the U.S. Business and wholesale results were a slightly different tale as revenue decreased 3.6% YOY to \$635 million. Fiber revenue in that segment also fell 2.5% to \$278 million. Looking ahead to 2024, Frontier's guidance for the full year includes adjusted EBITDA of \$2.2-\$2.25 billion, new fiber passings of 1.3 million and cash capital investment of \$3-\$3.2 billion.

MLB TO PRODUCE D-BACKS GAMES FOR ANOTHER YEAR

Another **Bally Sports** domino has fallen. The Arizona Diamondbacks announced Thursday that **MLB** will produce their games for a second straight season. Last year, the Diamondbacks' carriage agreement with Bally owner **Diamond Sports Group** expired in mid-July, leading the league to step in and handle production for the remainder of the season as **Bally Sports Arizona** dealt with bankruptcy. This season, Diamondbacks fans will be introduced to the newly unveiled **DBACKS.TV**, a direct-to-consumer streaming option that comes with no blackouts (with the exception of nationally televised games) for the price of \$19.99/month or \$99.99/year. As for TV options, there's nothing official yet in terms of distribution deals, but the team said on **X** it [expects to](#)

[have more information](#) closer to Opening Day. It should be noted that DBACKS.TV isn't included with an **MLB.TV** subscription, but fans can bundle the two services for \$199.99/year.

FIBER FRENZY

Glo Fiber Business is headed to the nation's capital. The company signed a deal with the data center owner **CoreSite** to provide internet connectivity for businesses via CoreSite's D.C. location. CoreSite will provide a direct, local data exchange so businesses can connect directly to major cloud providers like **Amazon, Google** and **Microsoft**.

PROGRAMMING

"Wonka," a **Warner Bros. Pictures** movie, will make its streaming debut March 8 on **Max**. – **Ashleigh Banfield** is staying on **NewsNation** after signing a multi-year contract extension to continue hosting the primetime program "Banfield." The show has had ratings nearly double in total viewers in addition to a 250% rise among A25-54 since September 2022.

PEOPLE

CTA is changing things up at the top. Current President/CEO **Gary Shapiro** will relinquish the title of President but remain as CEO, where he'll oversee all association activities including **CES**, public policy, research and standards. **Kinsey Fabrizio** will step in as President of CTA after previously serving as SVP, CES and Membership. Fabrizio will sit on the Executive Board and manage the departments of CES, CTA membership, CTA conferences and marketing and communications. Fabrizio—who'll continue reporting to Shapiro—will also speak for the association on all matters. She's been with CTA since 2008. – **BBC Studios** made two executive appointments to its North American scripted business. **Rachel Bendavid** and **Angie Stephenson** were both named EVP, Scripted Programming for BBC Studios Productions, each reporting to GM/Head of BBC Studios L.A. Productions **Valerie Bruce**. Bendavid was most recently Head of Scripted Programming for the co-production partnership between BBC Studios L.A. Productions and **Lionsgate**, while Stephenson received a promotion from her previous position of SVP, Scripted Development.

CABLEFAX DASHBOARD

Social Media Hits

Jon Acuff @JonAcuff
Whenever there's a massive cell phone outage like today it reminds you of how fragile our infrastructure really is because when you find out what caused it they're always like, "A man named Larry in Ohio accidentally ran over a wire." We're just one Larry away from Red Dawn.

Krispy Kreme @krispykreme
SOS?! While your service is down, we're serving up! Enjoy a FREE Original Glazed® Doughnut from 5-7pm today 📶 SOS 📶 Look for the Hot Light! #outage #noservice #sos #krispykreme

david gandler @davidgandler
It will be indeed.
Eriq Gardner @eriqgar... · 2d
A top law firm behind this one too. Kellogg Hansen, which represents Facebook and other big clients. This is primed to be a big showdown.

Research

(Source: CTA's [Exploring Technology Preferences Among Gen Z](#))

- > Gen Z owns an average of 13 technology products (out of 32 products surveyed) in their household. They report using six products daily and spend around 12 hours using those products.
- > 73% of Gen Z have a television in their household, and 59% say they personally own a TV – significantly less compared to older generations.
- > Gen Z is more likely than older cohorts to personally own streaming devices (52%), gaming consoles (58%), and portable gaming consoles (36%).

Up Ahead

FEB. 25-27: [NCTC Winter Educational Conference](#); Vegas

MARCH 5-7: [ACA Connects Summit](#); D.C.

APRIL 3-4: [Mid-America Cable Show](#); Dallas

APRIL 10: T. Howard Foundation [Diversity Awards Dinner](#); NYC

APRIL 10-11: [Pennsylvania Broadband Summit](#); Lancaster, PA

APRIL 13-17: [NAB Show](#); Vegas

Quotable

"When I was young, I got my news listening to the radio and watching television. As a teenager, believe it or not, I got much of my news from MTV. Kurt Loder was Walter Cronkite to a lot in my generation... Now that I'm 30+, I consume news on the radio, on television, through newspapers, though mostly in digital form, in addition to listening to journalism on podcasts. Many of us 30+ lament that younger generations are consuming news and media in new and kind of suspicious ways—Instagram Reels TikTok, YouTube shorts and more. I see this and I am not at all surprised that young people want to be both entertained and informed." – **FCC Commissioner Anna Gomez** speaking at **The Media Institute's February luncheon**