

# Cablefax Daily™

WHAT THE INDUSTRY READS FIRST

## Doing Both: WBD On Pros of Disney Bundle Distribution, Longevity of Linear

Warner Bros. Discovery CEO *David Zaslav* has been a huge advocate for programmers coming together to aggregate their services and follow in the path that has been laid down by folks like **Roku** and **Amazon** to create a better consumer experience. That's why the announcement late Wednesday that WBD would be partnering with **Disney** to offer a bundle of **Disney+**, **Hulu** and **Max** wasn't entirely a shock. He believes it is much more efficient and a better business for programmers if they are able to take matters into their own hands when it comes to distributing their content, and it doesn't hurt that the ARPU is better.

"There's this question of distribution versus content, and I've always felt that in the long run, the best content wins and that's why we really focused on the creative side of our company," Zaslav said on WBD's 1Q24 earnings call Thursday. "The marketplace right now has looked at the great distribution companies and has assessed that it looks like the distribution companies are going to be the companies that will be the big winners, and those are great companies. But I believe that distribution and great content companies will be winners."

The bundle will debut this summer, and WBD CEO/President, Global Streaming and Games *JB Perrette* said the majority of marketing spend is related to content marketing. Disney and WBD will continue to be responsible for marketing their respective services while also incorporating the bundle into sales channels for every consumer. He expects heavier pro-

motion around the launch as well as periodically through the rest of the year, and the prominence of the bundle is going to be important to drive not only awareness, but also subscriber growth for both programmers. Perrette stayed quiet when it comes to a specific price point for the bundle, but said the teams are currently working off of the pricing of a Max stand-alone subscription and the existing Disney+ and Hulu bundle and that the final figure will be very attractive to consumers.

WBD gained two million DTC subscribers in the quarter with global DTC ARPU sitting at \$7.83 after a successful launch of Max in Latin America and the migration of subscribers to the new platform and away from HBO Max. Revenues for the quarter were \$9.958 billion, a 7% decline YOY. Network revenues fell 8% with the exit of the **AT&T SportsNets** negatively impacting the growth rate by 200 basis points. Other declines in distribution revenue were primarily driven by declines in U.S. pay TV subscribers and were partially offset by increases in contractual affiliate rates.

CFO *Gunnar Wiedenfels* said WBD sees a path to meaningfully exceed the more than \$1 billion in remaining cost savings it had previously identified with some benefits coming from the consolidation of real estate facilities and consolidating global content workflows. He also noted opportunities for AI to increase productivity across all facets of the business. Zaslav said AI has already been used to more efficiently and swiftly identify and optimize ad break opportunities in premium HBO content that typically doesn't have natural ad breaks, opening the door to variable ad loads and monetization opportunities.



## AMERICAN BROADBAND CONGRESS

BEAD & BEYOND IN 2024

JUNE 13, 2024 - WASHINGTON, D.C

PRESENTED BY  
**Cablefax**

## YOU'RE INVITED

Join innovators at the Cablefax American Broadband Congress, tackling issues in U.S. broadband. Key themes include: partnerships, BEAD compliance, profitability and low-cost access. Join us June 13, 2024 in Washington, D.C.

Use code **BOG02024** with a colleague to get **50% off your second pass**

**REGISTER NOW**

Bloomberg [reported](#) Wednesday that WBD may be looking at more layoffs as the company tries to cut budgets, particularly in streaming. Wiedenfels didn't directly address the report, but did reiterate that WBD has to respond to the challenging industry environment. "Indeed, this demands us making difficult and bold decisions. We are focused on doing what is right for the long-term health and sustainability of the business to best serve the needs of customers and partners while positioning the company to drive long-term shareholder value," he said.

When it comes to the upfront, Wiedenfels said it is a bit early to tell how this year will go. But he does feel like programmers are operating in a much more constructive environment this year than last, and WBD is using the term "convergence" to talk about harmony across its linear and digital inventory when it is in discussions with advertisers. Linear will continue to be a part of the advertising conversation at WBD for a long time, and it is too simplistic to look at the maybe \$7 billion in linear advertising WBD is doing today and say it is going to move elsewhere because of viewership shifts.

"I do believe that we're going to see a very, very long period of coexistence, and the feedback we're getting from the marketplace and the success we're seeing in our ad sales and go-to-market, I think, supports that," Wiedenfels said. "We are seeing significant acceleration on the streaming side. We've gone through the CPM benefits that we're getting with a more targeted and more direct advertising approach, and we're seeing that there is a long runway for inventory on the streaming side as well."

There remains a huge question mark around WBD's place at the negotiating table when it comes to **NBA** rights. Zaslav didn't say much, but did confirm WBD continues to be in conversations over a potential agreement and that it has strategies in place to deal with any potential outcomes. He also reiterated that WBD has matching rights that allows the programmer to match third-party offers before the NBA decides to enter into a new agreement, but we'll have to wait a little longer to see who shoots the buzzer beater this time around.

\*\*\*\*\*

## NEXSTAR SEES ENCOURAGING SIGNS FROM CW NETWORK

The long-term vision **Nexstar** has for **CW Network** is inching its way toward fruition. CW's 1Q24 operating profit improved by \$50 million YOY after a \$55 million reduction in programming costs, and for the full year Nexstar expects that segment to improve by more than \$100 million. On the ratings side, CW had sequential growth in the first two quarters of the 2023-24 broadcast season. "I think you're starting to see just the benefit of our programming plan coming into fruition," EVP/CFO *Lee Ann Gliha* said on Nexstar's 1Q24 earnings call. "Some of that is just due to timing of

content and when those different programming expenses hit over the course of the quarter. That's why we just have a little bit more in the first quarter than we will have through the rest of the year on a quarterly basis." Nexstar's net income for 1Q24 came in at \$167 million, up YOY from \$88 million. Retrans revenue for the quarter was an all-time quarterly high of \$761 million thanks to distribution deal renewals from 2023, annual rate escalators and the return of some partner stations in January. Adjusted EBITDA was \$542 million—a 9.3% increase YOY—and first-quarter adjusted free cash flow was up 6% to \$403 million. Chairman/CEO

## Cablefax Executive Round Up

**With upfront season upon us, we asked executives how advertisers' priorities have changed over the past year as the linear and digital landscapes continue to evolve. Here's what they had to say.**



**Amy Leifer**

Chief Advertising Sales Officer

**DirectTV Advertising**

"Advertisers have increasingly prioritized a more converged media approach to reach audiences splintered across video platforms and apps. At DIRECTV Advertising, we're helping clients navigate this shift with addressable solutions across linear and streaming that seamlessly connect brands with their consumers. This year we expect to see an emphasis on data-driven and performance-based advertising, interactive and immersive formats, and the ability to leverage technology and programmatic solutions as ways to allow brands to reach their audience in a more cross-platform and converged way."



**Josh Mattison**

SVP, Revenue Management and Operations

**Disney Advertising**

"Advertisers are leaning into live sports, *quality* streaming environments, and the technology needed to build connections for planning, buying and measurement in a way that supports transparency and flexibility in delivery. We continue to see a belief and investment in premium, powerful storytelling, inclusion, audience insights at scale and multi-year commitments in sports."



**Mark McKee**

GM

**FreeWheel**

"The upfront isn't going away. It's just evolving. Evolving to fully capture how video is being watched by viewers, and evolving to fully capture the numerous ways buyers and sellers can transact. Nowhere is this more apparent than how programmatic has become fundamental to upfront activation. It's our job as an industry to break down the silos to provide the flexibility and targeting ability of programmatic, while also honoring the nature of upfront guarantees. For instance, FreeWheel launched the Allocation Module, which is a step towards enabling marketers and their programmer partners to manage the totality of their ad commitments, across all transaction types, including biddable."

Perry Sook said Nexstar operates on a simple business model if you take away the external noise, which enables them to be patient with opportunities for growth. “We’re being very patient right now, given not only the cost of capital, but the opportunities that are out there,” Sook said. “We will continue to look at opportunities to grow the company and create additional value for shareholders beyond the embedded 20% return us buying back our stock.” One possible opportunity, albeit still hypothetical, was if Nexstar would get involved in the potential sale of CBS stations if Sony and Apollo Global Management’s bid to buy Paramount is successful. The two companies would reportedly intend to sell CBS stations. However, Sook thinks the current regulatory landscape would be a difficult one to navigate—but he didn’t shoot the idea down completely. “Given our station footprint, the digestion of CBS station assets would be a tough path, particularly under this regulatory environment and regime,” he said. “If that were to change, maybe, our opinion would change. But that certainly would have to happen, I think, for anyone to have confidence they could pursue a complicated regulatory transaction.”

## STREAMING NOT A GOOD BUSINESS IN NEXSTAR’S EYES

Nexstar Chairman/CEO Perry Sook has a simple personal take on the current media landscape. “The more things change, the more they start to look the same,” he said on the company’s 1Q24 earnings call when asked about the long-term ramifications of the rise of streaming products competing with legacy products. “The main reason we’re not in streaming is because we just don’t think it’s a good business,” he added. “It’s not a business that we want to get into to lose money, and so we think there are any number of ways that we can reach the consumer. Everyone wants to stream because they don’t have broadcast assets that are free over the air that can reach 100% of the population. They’re trying to expand outside of that traditional pay TV universe. But we’ve been there for time in memoriam.” Sook referenced yesterday’s Disney and Warner Bros. Discovery announcement of a [new bundle](#) that includes Disney+, Hulu and Max before adding that the rising cumulative costs of streaming services are weighing on consumers. He labeled it as essentially repeating basic cable as more bundle options become available. “I think the consumer now looks at the cost of an a la carte broadband package and all of the streaming or other pay services, and when they add on, it can quickly eclipse the cost of the traditional bundle,” Sook said. “You don’t have ... seamless navigation and some of the other things. You probably don’t have the number of content choices you do in a in a traditional bundle.”

## NTIA APPROVES THREE MORE BEAD INITIAL PROPOSALS

NTIA is ready to give more entities access to their BEAD funding, approving the initial proposals of the District of Columbia, Delaware and the state of Washington. They’ll now be able to request access

to BEAD dollars. Washington state has been allocated more than \$1.2 billion to close the digital divide within its borders. Delaware will have over \$107 million to spend, and D.C. will have more than \$100 million to play with. Within one year, they’ll have to submit a final proposal detailing the outcome of their subgrantee selection process and how universal coverage will be achieved. The three states join Louisiana, West Virginia, Kansas and Nevada in having both volumes of their BEAD proposals approved by NTIA.

## COMCAST NOW PORTFOLIO AVAILABLE NATIONWIDE

Comcast’s NOW Internet and NOW Mobile prepaid plans are now available across the company’s footprint. Initial trials have been underway since mid-April in Hartford, Houston and Miami. Now Internet plans begin at \$30/month for 100 Mbps, unlimited data and an included Xfinity gateway, and it can be bundled with NOW Mobile for as low as \$55/month.

## VANCE CALLS FOR ACP VOTE

Sen. J.D. Vance (R-OH) took to the Senate floor Thursday to push for a vote on an amendment to FAA reauthorization that would provide funding for the Affordable Connectivity Program. “It hasn’t expired because of partisan bickering. This is a bipartisan piece of legislation that wants to reauthorize this program. And it hasn’t expired because we don’t have the resources—this is a very, very small amount of money in the grand scheme of the federal budget. The reason it has expired is because sometimes in Washington people are too busy arguing about public policy and not actually busy enough doing public policy,” he said. “We have the votes. We have the need. We have the necessity. But the reason this program has fallen, the reason this program has lapsed, the reason it has gone offline, if you’ll forgive a pun, is because we can’t actually vote on it. That unfortunately I think is a reflection of Senate leadership and the brokenness of this town.”

## COMCAST BUSINESS UPS SPEEDS

Comcast Business is boosting its internet speeds for customers at no added cost in addition to unveiling a new portfolio of products. Effective today, the Essential plan moves from 50 Mbps to 150 Mbps, the Standard option from 100 Mbps to 300 Mbps, the Performance offering from 250 Mbps to 500 Mbps and the Advanced plan from 500 Mbps to 800 Mbps. Upstream speeds have also been bumped for those four options as well as the Gigabit Extra and 2 Gigabit plans. Comcast Business is also rolling out new multi-gig symmetrical internet products for customers using DOCSIS 4.0 technology. The company has started deploying those in the select markets of Atlanta, Colorado Springs and Philadelphia. More markets will come over the next few years.



## CARRIAGE

**Allen Media Group** and **Hawaiian Telcom** agreed to a multi-year carriage deal for HT to continue carrying seven AMG networks and two Honolulu stations. They are: **JusticeCentral.TV**, **Comedy.TV**, **Recipe.TV**, **Cars.TV**, **MyDestination.TV**, **ES.TV**, and **Pets.TV**, in addition to KITV (**ABC**) and the independent KIKU. HT will also begin carrying two more networks—**TheGrio** and **HBCU Go**—as part of the agreement.

## SINCLAIR SHARES SKYROCKET ON INTEREST IN STATION SALE

**Sinclair** shares closed up more than 22% Thursday following a **CNBC** [report](#) that it's considering selling up to 60 of its broadcast stations. The day before, CEO *Chris Ripley* said there were “no sacred cows” during the company's 1Q24 earnings call. “We want to unlock some of the parts valuation that we think we're grossly undervalued for. And to the extent that asset sales make sense in order to unlock that value and help us de-lever, then that's something we'd be open to as well,” he said. The news follows a report from *Bloomberg* earlier this year that Sinclair is exploring options for **Tennis Channel**, which posted better-than-expected adjusted EBITDA in 1Q of \$25 million during the quarter. Overall total revenue for Sinclair increased 3% to \$798 million versus \$773 million in the prior year period. Retrans revenues climbed to \$436 million from \$426 million a year ago. Sinclair struck a multi-year retrans deal with **Cox Communications** in May and **Charter** in March.

## WIRELESS CARRIERS TO PAY \$10 MILLION TO SETTLE AD PROBE

A coalition of attorneys general from all 50 states announced a \$10.22 million settlement from its investigation into **AT&T Mobility/Cricket Wireless**, **T-Mobile** and **Verizon Wireless/Tracfone** for deceptive advertising. A multistate investigation found that the companies made false claims in advertisements across the nation, including misrepresentations about “free” phones and “unlimited” data plans that were in fact limited and had reduced quality and speed after a certain limit was reached by the user.

## M&A WATCH

**T-Mobile** and **Verizon** are reportedly in discussions to scoop up **US Cellular** in separate transactions, according to the [WSJ](#). The nation's fifth largest wireless carrier announced back in August that it was exploring a strategic review. That prompted **New Street Research** to value the portfolio at \$3.2 billion at the time and note that its spectrum portfolio best fits with T-Mobile. The *WSJ* said a deal with T-Mobile could be reached as soon as this month and feature a price tag of around \$2 billion.

## NBC AFFILS OLYMPIC WIN

In a first, **NBCUniversal** will provide **NBC** affiliates with local

news cut-ins within the Paris Olympic Games daytime coverage, allowing stations to promote their local news. The 90-second cut-ins will appear on select weekdays when viewers would normally expect their early evening local news block.

## FANDUEL TV'S FAST CHANNEL

Another programmer is moving FAST. **FanDuel TV** is introducing FanDuel TV Extra, its FAST offering that comes with live sports including horse racing, international basketball and soccer and poker tournaments. FanDuel TV will initially be available on Pluto TV, The Roku Channel, Xumo Play, Plex and FanDuel TV+.

## FIBER FRENZY

A majority of households and businesses in Abilene, Texas, now have access to **Vexus Fiber's** fiber internet offerings. Vexus has been in Abilene since the mid-2000s, but a privately funded \$49 million investment has helped install nearly 600 miles of fiber optic internet throughout the area. Vexus has expanded its service in Abilene to over 40,000 residents and 4,000 businesses.

## PROGRAMMING

“Elizabeth Taylor: The Lost Tapes” will debut Aug. 3 on **HBO** and stream on **Max**. The film, which will have its world premiere at the Cannes Film Festival this month, follows the career of actress *Elizabeth Taylor*. – **FX's** “The Bear” set its Season 3 premiere date for June 27 on **Hulu**. All 10 episodes will be available. – **Fox Sports 1's** daily show “NASCAR Race Hub” will be shuttered come June 11, according to a report from *Racer*.

## DOING GOOD

**PeakView Solutions**, which provides automated and real-time applications to the cable and customer service industries, sponsored one of the winning teams at the University of Arizona's Craig M. Berge Design Day. The senior UA engineering students won the prestigious Bly Family Award for Innovation in Energy Production, Supply, or Use with a project titled “Plastic Recycling, Carbon Capture, and Disaster Relief Through Pyrolysis,” which featured a portable pyrolysis plant capable of converting plastic waste into a diesel substitute.

## CALL FOR ENTRIES

**SCTE** is accepting [nominations](#) through June 7 for awards recognizing individuals who have made noteworthy contributions to their respective fields. Among the awards is the Women in Technology award, presented jointly by **The WICT Network**, **SCTE** and **Cablefax**. Others are the Walt J. Hildenbrand Jr. Award recognizing an industry star under the age of 40 and the Member of the Year Award, with all winners to be celebrated during SCTE TechExpo 24 in Atlanta this September.

# PROGRAMMER'S PAGE

## A Dangerous Game

If I said I was writing this week about a controversial program that captured the world's attention and had everyone asking, "who is that?", you might assume I'm talking about Netflix hit "Baby Reindeer." There's been plenty of debate over whether Netflix producers went far enough to hide the identities of the real-life people the series is based on (it even came up in a U.K. Parliament hearing this week). While the streamer's dramatization of *Richard Gadd's* run-in with a stalker—who appears to have been unmasked by internet sleuths—certainly fits the bill, it's actually Hulu's new documentary "The Contestant" that is on my mind. It is a stark reminder that producers and viewers have been pushing the limits in the name of entertainment for decades. The Contestant looks back at Japanese reality series "Denpa Shonen's Prize Life," which debuted in January 1998 and featured an unknown comedian literally picked from a hat to live in an apartment and survive only on prizes won from sweepstakes. And he truly only had what he won—meaning no bed, no food, no human contact and no clothes. In fact, the eggplant emoji's roots as euphemism for male genitalia seems to date back to this show, which used an eggplant drawing to blur out the private parts of contestant *Tomoaki Hamatsu*, nicknamed Nasubi (eggplant in Japanese) for his long face. It's hard to write about the doc without giving away too many spoilers. Let's just say Nasubi participated in the challenge for more than a year and while the massive audience may have felt like they were laughing along with him, he wasn't in on the joke. Nasubi and producer *Toshio Tsuchiya*—in separate videos—reflect on what some have dubbed torture television. The fact the two appear never together probably says more than anything in the documentary itself. Ultimately, the film is a reminder to question what price tag comes with our voyeurism. – Amy Maclean

### REVIEWS

"Sugar," streaming, **Apple TV+**. This new series from Apple TV+ is, perhaps, the epitome of a character-driven production. Fortunately, an understated *Colin Farrell* plays the character, John Sugar, a private eye whose specialty, he tells us, is finding missing people. And in an admission that makes this series different from many others, Sugar also says he doesn't enjoy hurting people. As such, he dislikes carrying a gun. However, Ruby, his handler/boss (the engaging English actress *Kirby Howell-Baptiste*) entices him with a weapon that classic Hollywood actor *Glenn Ford* used while portraying an investigator on screen. Ruby knows how she can win over Sugar. After solving a case in Tokyo, Sugar, back in California, tells a famous film producer and client (a terrific role for the wonderful *James Cromwell*) that labeling Sugar a "film buff" doesn't suffice; film obsessed is a more accurate descriptor. Indeed, throughout the 8-part series, co-directors *Fernando Meirelles* and *Adam Arkin* inject clips of classic films into the production. Moreover, bolstering the series' noir tone is Farrell's narration, reminding viewers of *Billy Wilder's* "Sunset Boulevard" and/or *Garrison Keillor's* spoof "Guy Noir." And while Sugar's case – locating the granddaughter of Cromwell's character – is intriguing, it's the production values, the performances of Farrell, Cromwell and Amy Ryan, as a friend of the missing woman, that make Sugar compelling viewing. – Seth Arenstein

BASIC CABLE		
P2+ PRIME RANKINGS*		
(04/29/24-05/05/24)		
MON-SUN	MC	MC
	US	US AA
	AA%	(000)
TNT	0.700	2208
FNC	0.625	1970
ESPN	0.394	1242
MSNBC	0.379	1195
HGTV	0.236	743
TBSC	0.235	739
HALL	0.213	672
HIST	0.194	610
CNN	0.185	584
USA	0.180	567
INSP	0.164	517
FOOD	0.140	440
DISC	0.138	435
ID	0.130	410
TLC	0.124	392
TVLAND	0.114	360
GSN	0.106	333
TRUTV	0.102	322
HALLMYS	0.102	320
BRAVO	0.099	313
REELZ	0.099	312
FX	0.096	301
OXY	0.092	289
A&E	0.089	279
WETV	0.083	263
AMC	0.078	244
NATGEO	0.070	221
COM	0.070	221
NWSMX	0.070	220
NAN	0.068	214
PRMNT	0.068	214
ADSM	0.066	208
LIFE	0.063	197
FETV	0.061	193
SYFY	0.058	184

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

**CFX Cablefax TOP OPS AWARDS**

**REGISTER NOW**

Cablefax's Top Ops Awards recognize excellence in a variety of areas, including marketing, technology, finance, lifetime achievement, customer service and community involvement. Give credit where credit is due—Nominate the Top Operators of the year.