

# Cablefax Daily™

WHAT THE INDUSTRY READS FIRST

## Cost Cutting: Paramount to Slash 15% of Workforce, Taking \$6B Write-down

With **Paramount Global** moving toward its proposed merger with **Skydance**, management used Thursday's 2Q24 earnings call to announce a 15% reduction in workforce to help it achieve \$500 million in annual run rate cost savings headed into 2025. That's included in the \$2 billion of cost efficiencies identified by Skydance, which is currently in a 45-day go-shop period that's set to expire Aug. 21.

The layoffs are set to begin in the coming weeks, with the bulk coming in support functions such as marketing and communications. Additionally, Paramount recorded a \$6 billion non-cash goodwill impairment charge for its cable networks reporting unit under TV media in a move to protect that segment's value amid linear declines and the value that's implied by the Skydance transaction. It comes one day after Warner Bros. Discovery revealed a \$9.1 billion impairment charge for its linear segment.

On the direct-to-consumer front, the segment had its first profitable quarter since Paramount+ launched 3.5 years ago, reaching \$1.88 billion in total revenue and \$1.37 billion in subscription revenue. Paramount+ saw subscribers decrease by 2.8 million in 2Q24 to 68 million, which was impacted by the planned exit from a hard bundle agreement in South Korea.

Despite the fact Paramount leadership foresees DTC losses in the next two quarters, it said Paramount+ is on track for domestic profitability in 2025. "But we think there's an opportunity to accelerate that, both just in domestic and globally.

And so we're looking at a series of opportunities, whether they come in the form of strategic partnerships or joint ventures," co-CEO Chris McCarthy said during the company's earnings call. "Really the benefit here is to get greater scale, better improve our content offering, reduce our costs, and drive long-term value and increase profit, both in the short term and the long term." That includes a series of partnerships that could potentially involve licensing.

Speaking of Paramount+, it's getting ready to launch its ad-supported tier to **Charter's** Spectrum TV customers in the third quarter. Users who activate that plan through an MVPD bundle will be counted as Paramount+ subscribers, and the revenue from Charter—in addition to future MVPD distribution deals—will be shared between Paramount's TV media and DTC segments. "The way that we structure our deals with distributors, and I'm not going to get into any specific deal, is with a focus on total company economics," CFO *Naveen Chopra* said. "That used to be largely about cable and broadcast and premium linear networks. Now it includes all of those things, plus, obviously Paramount+. Independent of how those things may be delineated for contractual purposes, for our financial reporting, we allocate those fees between our TV media segment and our DTC segment." He added that the revenue Paramount receives is not contingent on whether a customer activates Paramount+. "It's all part of the overall economics of our arrangement with the distributor."

As for Skydance, co-CEO *Brian Robbins* said the deal is ex-

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pected to close in the first half of next year. “In the meantime, the Skydance and Red Bird teams support our strategic plan, and we are continuing to operate business as usual with that,” Robbins said. Chopra called the \$500 million in cost savings “step one,” with the company working on a variety of other cost reduction plans that are part of its long-term plan. Most of that initial cost-cutting is headcount related.

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## MAFFEI THINKS T-MOBILE DEALS SHOW CHARTER'S STRENGTH

Count **Liberty Broadband** President/CEO **Greg Maffei** among those unafraid of **T-Mobile's** recent foray into fiber through joint venture acquisitions for **Lumos** and **Metronet**. He sees it as further evidence that **Charter** has a powerful combo with its broadband network and MVNO offering. “I think the actions of T-Mobile, and really many of the mobile players talking about increased fiber activity, is a validation of the need for fixed lines and that mobile alone is a less attractive proposition,” Maffei said during the company's 2Q24 earnings call Thursday. “When you look at these things that they're doing, they're mostly kind of around the edges. They're not big-time entrants, and in general, we've seen less activity in fiber buildouts. Whether it's because the easy pickings are done or because of the players who were more leveraged have slowed down or just competitive markets, but we've not seen big upticks.” Instead, Maffei views mobile's interest in having a broadband fixed line a validation of Charter's strategy to be first and foremost a fixed broadband provider and then off that a mobile provider through its MVNO with **Verizon**. The fair value of Liberty Broadband's investment in Charter was \$13.7 billion at the end of June. From May to the end of July, the company received \$74 million of proceeds from the sale of 270,000 Charter shares to Charter and maintained a fully diluted equity interest in Charter of 26%. Under the terms of their stockholder agreement, Liberty Broadband sells Charter shares as necessary to keep its equity interest at 26%. Liberty Broadband also consists of its subsidiary **GCI**, Alaska's largest communications provider. GCI's revenue was flat during the quarter at \$246 million. Adjusted OIBDA decreased 7% YOY to \$86 million and operating income of \$30 million was down by \$2 million, primarily due to higher operating costs. Consumer revenue was flat as 2% growth in data was offset by 2% declines in wireless revenue.

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## CW REDUCES LOSSES AS NEXSTAR SCORES IN DISTRIBUTION

It's been two years since **Nexstar** took over the reins of **CW Network**, and 2Q24 proved to be another step in turning that business around. CW's operating loss improved by \$33 million

in the quarter and by \$83 million year-to-date. That was largely due to a reduction in programming costs, and as of June 30, the CW had \$45 million of cash on its balance sheet. It'll be a big fall for CW when football season kicks off amid other leagues it has like **LIV Golf**, **WWE NXT Series** and **Xfinity Series** racing. The network will carry **ACC** and **Pac-12** games in addition to welcoming legendary NFL coach **Bill Belichick** to its “Inside the NFL” crew as an analyst. Overall, CW will have over 500 hours of sports programming in the coming year. “We're happy with where we are, but more is always better, right? So we will continue to be in the marketplace, and we'll continue to look at opportunities, particularly for rights holders who are attracted to the increased reach that broadcast can offer them,” President/COO **Michael Biard** said during Nexstar's earnings call Thursday. “When you look at the products that we've attracted, the rights that we've attracted, there's a consistent theme there of rights holders seeking broader reach and the bigger platform that broadcast can offer them. We expect we'll see more of that in the future.” Nexstar's second quarter set a record for total net revenue at \$1.27 billion, up 2.3% YOY. It also was the third consecutive quarter in which Nexstar recorded all-time high quarterly distribution revenue, which includes retrans, with \$734 million. Adjusted EBITDA came in at \$398 million—up 18.8% YOY—and advertising revenue reached \$522 million. That was in large part due to a \$37 million YOY increase in election-year political advertising to \$45 million, which offset a \$24 million YOY drop in non-political ad revenue due to ongoing ad market softness.

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## FCC STATES ITS CASE FOR USF

The **FCC** is making sure each state understands what's at risk with the Fifth Circuit finding that the FCC's current administration of the Universal Service Fund is **unconstitutional**. On Thursday, it issued fact sheets for each state showing how USF is used. For example, 1,490 schools and 239 libraries in Alabama received \$136,186,232 for broadband connectivity and internal connections from 2022-2024. In California, more than 1.2 million subscribers received discounted phone and/or internet service in March 2024. The FCC fact sheets note that the Fifth Circuit ruling breaks with decisions by the Sixth and Eleventh, and Chairwoman **Jessica Rosenworcel** has said the agency will pursue all available avenues for review. Download each state's USF overview [here](#).

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## COMMSCOPE RISES ON 2Q REPORT

**CommScope** CEO **Chuck Treadway** said the company is working with providers to have a unified DOCSIS product to show at next month's **SCTE TechExpo** in Atlanta. “We're working well with the technology teams, the silicon providers and our

customers to develop a product that allows customers to either use FDX or 1.8 ESD,” he said referring to the different methods of handling DOCSIS 4.0 traffic streams. Treadway made the remark Thursday during a call regarding 2Q24 earnings results, which saw core net sales of \$1.05 billion. While that’s down from 17% a year ago, it beat a **Raymond James** estimate of \$890 million. Total sales of \$1.39 billion were in line with pre-announced guidance. Net sales in the access network solution business were down 43% YOY to \$193 million, with CommScope pointing to customer project delays and high customer inventory. Raymond James’ *Simon Leopold* expects the ANS unit to improve through 2025. “Cable TV operators are upgrading, and amplifiers, which may be a third of segment sales, should grow. We see promise for a new unified (ESD plus FDX) platform; CommScope is the leader in amplifiers,” he wrote in a research note. Connectivity and Cable Solutions was a bright spot, with Adjusted EBITDA up 107% YOY to \$171 million and revenue up 5% to \$728 million. Management said revenue was driven by cloud and hyperscale solutions due to GenAI projects. The vendor has a full suite of Buy America Build America-compliant products and is ready to assist with BEAD projects, though it noted that the latest feedback suggests the \$42.5 billion BEAD program is now pushed to the second half of 2025. While there were positive signs in the quarter, the company does have \$4.5 billion due in 2026. Treadway said the company continues to evaluate alternatives, including the use of proceeds from the pending sale of its Outdoor Wireless Networks segment and Distributed Antenna Systems business to Amphenol, as well as additional asset sales, exchanges and new financing to address the 2025 maturing and beyond. “We expect to engage with our current lenders in the third quarter. As previously mentioned, our credit documents are very flexible. We intend to use this flexibility as we evaluate alternatives,” he said. Leopold’s note questioned how the company will satisfy obligations, declaring that “high leverage continues to burden the valuation, and shares likely remain volatile.” CommScope rose 31% to a \$2.79 closing price Thursday.

## CARRIAGE

Millennial-focused **Insight TV** reached a deal with **DirectTV** to introduce two channels to subscribers. Lifestyle channel **INFAST** and its science and technology counterpart **INWONDER** have launched on the MVPD’s platform along with a curated selection of VOD content. Insight TV adds DirecTV to its carriage list which consists of **Fubo**, **Roku** and **Anokii**.

## ON THE CIRCUIT

The **Mid-America Cable Telecommunications Association** opened nominations for the 2024 Mid-America MIDI Awards. The awards recognize the top advertising and marketing promotions in the telecom industry. The awards contain four categories: Community Programming, Advertising, Social Media and Brand Campaign. Nominations are available for operators within the Mid-America region and will close Sept. 13. The winners will be unveiled at the MACTA Fall Webinar on Nov. 13 and celebrated at the 2025 Mid-America Show in Kansas City.

## PROGRAMMING

An **HBO** Original series begins its final run this fall. “My Brilliant Friend,” based on *Elena Ferrante’s* bestselling books of the same name, will start its final season Sept. 9 on HBO, (streaming on **Max**). Eps will air weekly on Mondays at 9pm. – **Cleo TV’s** “Tough Love: Atlanta” returns for its second season Aug. 15 at 9pm with an extended one-hour episode. – **National Geographic** will celebrate the upcoming release of its BASE jumping doc “Fly” with a two-day event in over 300 IMAX theaters. It’ll take place Sept. 2-3 before its linear debut Sept. 24 and streaming the following day on **Disney+** and **Hulu**. – **Fox News** promoted *Trey Yingst* to Chief Foreign Correspondent, where he’ll cover international issues and events from locations around the globe.

## PEOPLE

*Deep Bagchee* is making a return to **CNBC**. Effective immediately, he’ll serve as CNBC International President. Previously, Bagchee held Chief Product Officer positions at the British streaming service **ITV** and the newspaper *The Economist*. In his first stint at CNBC, which lasted 10 years, Bagchee led CNBC’s tech, product, and design teams as SVP, Product and Technology until his departure in April 2020.

BASIC CABLE P2+ PRIME RANKINGS* (07/29/24-08/04/24)		
MON-SUN	MC US AA%	MC US AA (000)
<b>FNC</b>	<b>0.707</b>	<b>2227</b>
<b>USA</b>	<b>0.402</b>	<b>1266</b>
<b>MSNBC</b>	<b>0.357</b>	<b>1125</b>
<b>CNN</b>	<b>0.201</b>	<b>633</b>
<b>HALL</b>	<b>0.194</b>	<b>613</b>
<b>ESPN</b>	<b>0.182</b>	<b>573</b>
<b>INSP</b>	<b>0.173</b>	<b>545</b>
<b>HGTV</b>	<b>0.149</b>	<b>471</b>
<b>DISC</b>	<b>0.131</b>	<b>412</b>
<b>TBSC</b>	<b>0.130</b>	<b>409</b>
<b>TLC</b>	<b>0.125</b>	<b>395</b>
<b>HIST</b>	<b>0.125</b>	<b>394</b>
<b>SYFY</b>	<b>0.122</b>	<b>384</b>
<b>ID</b>	<b>0.110</b>	<b>348</b>
<b>FOOD</b>	<b>0.107</b>	<b>336</b>
<b>HALLMYS</b>	<b>0.104</b>	<b>327</b>
<b>TVLAND</b>	<b>0.102</b>	<b>322</b>
<b>REELZ</b>	<b>0.094</b>	<b>297</b>
<b>GSN</b>	<b>0.094</b>	<b>295</b>
<b>NWSMX</b>	<b>0.092</b>	<b>289</b>
<b>LIFE</b>	<b>0.085</b>	<b>267</b>
<b>WETV</b>	<b>0.082</b>	<b>260</b>
<b>BRAVO</b>	<b>0.079</b>	<b>249</b>
<b>A&amp;E</b>	<b>0.078</b>	<b>245</b>
<b>AMC</b>	<b>0.072</b>	<b>228</b>
<b>BET</b>	<b>0.071</b>	<b>225</b>
<b>FX</b>	<b>0.071</b>	<b>222</b>
<b>TNT</b>	<b>0.069</b>	<b>219</b>
<b>OXY</b>	<b>0.068</b>	<b>213</b>
<b>ADSM</b>	<b>0.061</b>	<b>193</b>
<b>NAN</b>	<b>0.059</b>	<b>186</b>
<b>SNDNCE</b>	<b>0.056</b>	<b>177</b>
<b>HBO</b>	<b>0.051</b>	<b>162</b>
<b>TRAVEL</b>	<b>0.050</b>	<b>158</b>
<b>NATGEO</b>	<b>0.049</b>	<b>155</b>
<b>COM</b>	<b>0.048</b>	<b>152</b>
<b>LMN</b>	<b>0.047</b>	<b>148</b>
<b>PRMNT</b>	<b>0.047</b>	<b>147</b>
<b>APL</b>	<b>0.045</b>	<b>142</b>
<b>FETV</b>	<b>0.045</b>	<b>141</b>
<b>IFC</b>	<b>0.044</b>	<b>139</b>
<b>MLB</b>	<b>0.044</b>	<b>137</b>
<b>E!</b>	<b>0.043</b>	<b>137</b>
<b>HLN</b>	<b>0.043</b>	<b>135</b>
<b>TWC</b>	<b>0.041</b>	<b>130</b>
<b>FXX</b>	<b>0.040</b>	<b>126</b>
<b>MOTOR</b>	<b>0.039</b>	<b>124</b>

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