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Cablefax Daily™

WHAT THE INDUSTRY READS FIRST

## Poll Numbers: Trump Wins Second Term, House Majority to Be Decided

The 2024 presidential election was decided far earlier than many expected with *Donald Trump* winning a second term over Vice President *Kamala Harris*. Approximately 38.4 million viewers tuned in to primetime election coverage across the broadcast nets and **Fox News**, **MSNBC** and **CNN**, according to **Nielsen**.

The ratings firm will release full numbers that include additional networks later, but primetime viewership for the 2020 election came in at an estimated 56.9 million across 21 networks. Fox News led all networks Tuesday night in prime with 10.3 million viewers P2+ and 3.1 million A25-54. MSNBC recorded 6 million viewers P2+ and 1.8 million A25-54, while CNN posted 5.1 million P2+ and 2.2 million A25-54. MSNBC said it was the first time in network history that it defeated CNN in viewers on a presidential election night. **NewsNation**, which covered its first election since becoming a 24/7 network, garnered 265,000 viewers P2+ and 68,000 A25-54.

Reactions from industry associations started to roll in throughout the day. **Consumer Technology Association** CEO *Gary Shapiro* called this a pivotal moment for the nation, saying it is time to move past political differences and unite behind a belief that a strong economy would raise all Americans. He said CTA's priorities include strengthening STEM education, workforce development and pro-innovation policies.

"We believe in the power of innovation to transform lives and strengthen communities. Together, with renewed sense of unity and purpose, we can ensure that the United States continues to shine as the world's beacon of creativity and innovation," Shapiro said.

**NAB** also spoke out, saying local television and radio stations are committed to working with the next administration on policies that would allow for increased investment in local journalism, emergency information, sports and entertainment.

As per usual, **NCTA** refrained from issuing a statement, but some individual company leaders did, including **Charter** President/CEO C*hris Winfrey*. "We agree that workforce quality matters, which is why all of our approximately 100,000 employees are U.S.-based and why we invest in them and encourage them to build long-term careers at Charter," he said. "We look forward to helping with your efforts to deliver the affordable internet service families need to achieve their American Dream—including in the rural areas that we are now building. We wish you success as you lead our country in the coming years."

The market also responded with the Dow, Nasdaq and the S&P 500 soaring on the back of the news of a Trump win. Connectivity companies saw the benefits and among those receiving a boost amid the election news were **Charter** (+6.71%), **EchoStar** (+10.40%), **Comcast** (+6.06%) and **Cable One** (11.24%). The content folks also received, to a lesser extent, an elevation. Ones to watch include **Warner Bros. Discovery** (+2.07%), **Disney** (+2.34%), **Paramount** (+2.61%) and **Netflix** (+2.13%). **AMC Networks** was an outlier, dropping by 1.53% by market close.

Beyond the presidential race, the Senate has been decided.

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Republicans will have control of the chamber after successfully flipping seats in West Virginia, Montana and Ohio.

With Sen. *Ted Cruz* (R-TX) winning reelection over the Democratic challenger *Colin Allred*, it is expected that he will become chair of **Senate Commerce** in January. Cruz has been outspoken in his criticism of **NTIA**'s management of the BEAD program thus far as well as how the **FCC** has approached merger reviews, particularly that of **Standard General** and **TEGNA**. Cruz could have a challenger in Rep. *John Thune* (R-SD), but Thune will first by putting his name in the ring to become Senate majority leader.

With the administration change will also come a change at the **FCC**, and *Brendan Carr* is expected to earn the nomination to become the agency's chairman. That could bring about an upheaval of some of FCC Chair *Jessica Rosenworcel*'s actions, including the adoption of digital discrimination rules and the move to regulate broadband as a Title II service. House Commerce Chair *Cathy McMorris Rodgers* (R-WA) sent a letter to Rosenworcel Wednesday pushing the agency head to stop all work on partisan matters and to focus FCC energy on bipartisan issues. Like Cruz, Carr has criticized not only NTIA for its oversight of BEAD, but the FCC's Democratic commissioners for their choices in how to manage other broadband deployment and affordability programs.

Notably, he has continued to speak out against the FCC's decision to revoke **Starlink**'s $885 million Rural Digital Opportunity Fund award and has been an advocate for satellite and fixed wireless technologies. *Elon Musk*, founder of Starlink, is also close with Trump and spent Election Day with the president-elect at Mar-a-Lago. That's notable as the satellite broadband provider faces a potential rise in competition in the coming year. **Amazon's Project Kuiper** is preparing for its first full launch in 4Q24 and still plans to begin offering broadband service to customers next year.

At our deadline, the House of Representatives is still up for grabs. Democrats would need to flip four Republican-held seats to regain the majority they lost in the 2022 midterm election. Should Republicans maintain their hold on the chamber, there will be an opening in House Commerce for a new chair after Rodgers announced she would not be running for re-election. Potential candidates include Rep. *Bob Latta* (R-OH), who currently chairs the House Communications Subcommittee, and Rep. *Brett Guthrie* (R-KY), the current chair of the House Health Subcommittee.

## BROADCASTERS BANKING ON LESS REGULATION

The market rose sharply Wednesday overall, with broadcasters posting big share gains. **TEGNA**, which reports Thursday, closed up more than 11%, with the election spurring hope that a *Trump* administration would be friendlier toward broadcaster consolidation. It was certainly on the minds of **Sinclair** management, which has reportedly contemplated selling some stations. "Following last night's election results, we are optimistic for a more constructive regulatory environment for the industry. We have positioned the company well to take advantage of these opportunities and could not be more excited about this future," Sinclair President/CEO *Chris Ripley* said during Wednesday's 3Q24 earnings call. "It does feel like a cloud over the industry is lifting here." And in terms of consolidation, it sounds like Sinclair is interested in all of the above. "I do expect that the industry will look at consolidation opportunities and if that means we're a buyer or a seller or a merger partner, we want a capital structure that contemplates doing that in an efficient manner," Ripley said. Broadcasters are also hoping to see a loosening of broadcast ownership rules. COO *Robert Weisbord* said following the election, broadcasters intend to turn their attention to pushing for a reversal of rules, such as the nationwide ownership gap and the Local Television Ownership. It wasn't all smooth sailing under the previous Trump administration for Sinclair. Its $3.9 billion merger with **Tribune** fell apart after an FCC led by Republican Chair *Ajit Pai* referred the merger to an administrative law judge for a hearing. Asked about why he's more confident in the regulatory environment this go-round, Ripley pointed to broadcast rules that Pai relaxed but were challenged in court and never took effect because of a new administration. "From our perspective, we really haven't lived in a world where the current rules have been in effect, or at least followed by the FCC," Ripley said.

## SINCLAIR CHEERS CHARTER'S DISTRIBUTION DEALS

Sinclair's 3Q24 included reaching multi-year carriage deals with **Altice USA** and **DirecTV**, meaning it has now reached deals with MVPDs serving more than 78% of cable, telco and satellite subscribers this year without a blackout. It has one network affiliation agreement up at year-end, **NBC**, with the remaining locked in until at least 2026. It reiterated its guidance of a mid-single-digit CAGR for net retransmission revenues from 2023 through 2025. Distribution revenue of $434 million in the quarter was up 5% YOY. Sinclair President/CEO *Chris Ripley* sounded especially bullish on **Charter**'s newly struck programming carriage deals with **Disney**, **Paramount** and others that include streaming services in cable packages. He said it increases the value proposition for broadcast. "Charter customers now receive more than $78 per month worth of streaming services for free in their Select+ bundle, including **Tennis Channel+**," he said. "In the case of Charter, we estimate that subscribers are now paying less than $40 a month for broadcast channels and traditional cable networks after factoring in the value of discounts and streaming platforms. This is a 63% discount from what Charter subscribers were paying for broadcast and cable channels just a year ago, and it is a 49% discount over **YouTube**

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**TV**'s base plan for essentially the same channels."

## GOP COMMISSIONERS SPEAK UP FOR EQUAL TIME COMPLAINT

The **Center for American Rights**, which describes itself as a nonprofit, public interest law firm dedicated to protecting Americans' constitutional rights, has filed a complaint against **NBC**'s flagship station WNBC in New York over *Kamala Harris* and *Tim Kaine*'s appearances on "SNL" on Nov. 2. It claims their inclusion was a violation of the Commission's equal time rule requiring a broadcast station to afford equal opportunities to other candidates. While Harris was defeated on Election Day, Kaine won a third term. "After sharp criticism of NBC's SNL broadcast by an **FCC** commissioner, NBC aired a 60-second message from Harris's opponent, President Donald Trump, at the end of Sunday's NASCAR program and again at the end of the NFL's Sunday Night Football game. This after-the-fact make-up is too little, too late. It's not comparable airtime," the Nov. 4 complaint said. "It's also procedurally insufficient given the seven-day rule. Furthermore, it does nothing for *Hung Cao*, the Republican U.S. Senate candidate from Virginia who has yet to receive equal time for the six-minute comedy sketch featuring Democrat U.S. Senator Tim Kaine." The group previously filed a complaint accusing **CBS News** of significant and intentional distortion for its editing of a Harris interview on "60 Minutes." "Just like its CBS complaint related to news distortion, I urge Commission leadership to take these credible allegations seriously," FCC Commissioner *Nathan Simington* wrote on X this week. His GOP colleague *Brendan Carr* has repeatedly said the SNL appearances violate the Equal Time rule. The FCC Media Office did not return requests for comment.

## CSG INKS COMCAST RENEWAL

**Comcast** has renewed with **CSG** for six years, extending their 35+ year relationship through the end of 2030. The re-up led CSG's 3Q24 earnings results Wednesday, with the vendor posting total revenue of $295.1 million, up 2.9% YOY. Operating income slipped 2.8% to $31.8 million, with CSG attributing the decrease to a rise in acquisition-related expenses in the quarter to include earn-out compensation and amortization of acquired intangible assets. CSG raised 2024 profitability and non-GAAP EPS guidance targets for a second consecutive quarter. It expects Adjusted EBITDA to now be in the $251-$261 million range compared to its previous guidance of $247-$257 million. It raised its Adjusted Operating Margin Percentage to 17.7-18.1% from 17.3-17.7%, with EPS now expected to fall between $4.25-$4.55 vs $4.05 vs $4.35. CSG expects to return $100+ million to shareholders via dividends and share repurchases in 2024 and 2025.

## EYES ALREADY ON 2026 SPENDING

While some races haven't been called yet, one clear winner was political ad spending. Ad-tracking firm **AdImpact** puts the total spent on campaign ads this election cycle at more than $10.5 billion. **The Myers Report** projects political ad spending will hit a record-breaking $12 billion, a 33% increase over the 2020's $9.02 billion. After the bell, **Sinclair** reported 3Q24 political revenues of $138 million, a 31% increase over 2020 levels. That's slightly below the $140-$145 million upwardly revised guidance Sinclair had issued in September. It blamed the miss on $5 million in lost revenue due to late ad cancellations as campaigns moved money to states and cities outside. Sinclair brass said they're already looking forward to a hotly contested midterm election in 2026 and the 2028 presidential race. Indeed, AdImpact said Tuesday that it has already seen $286,000 placed by California gubernatorial candidate *Stephen Cloobeck* ahead of his 2026 primary bid.

## AMAZON'S NBA DEAL HEDGES FUTURE DISTRIBUTION TECH

The **NBA** is wrapped up in a lawsuit with **Warner Bros. Discovery/TNT Sports** that hinges on what its previous matching rights clause means in regard to distribution methods. The league is looking to avoid having that situation once its new agreement with **Amazon**, **Disney** and **NBCUniversal** expires in 2036, with *Puck* reporting that Amazon's deal includes a "Successor Technology" clause. It states that three years into the deal, Amazon can adopt a new distribution model that comes about such as VR, AR or something else if it has the league's consent—similar to how the rise in streaming opened new distribution paths for the NBA. What's unclear is what would happen if a new company seeks to acquire the rights to distribute games via a new method, and how much the league would be within reason to not allow Amazon to adopt a new distribution format.

## TENNIS CHANNEL DTC SERVICE COMING NEXT WEEK

**Tennis Channel**'s direct-to-consumer streaming platform will arrive for viewers starting Tuesday. The service will combine the 24-hour linear network with all content that was previously available through the SVOD **Tennis Channel+**, which had over 10,000 hours of live and on-demand content. Cable and satellite video customers that have Tennis Channel will get authenticated access to the DTC product and content that was previously behind the Tennis Channel+ paywall. Current Tennis Channel+ subscribers will get access to the flagship network at no added cost upon next week's release. Tennis Channel's DTC offering will start at a price of $9.99 per month or $109.99 per year.

## FIBER FRENZY

**Hawaiian Telcom** launched its 3 Gig symmetrical offering to households in all fiber-enabled areas throughout the Aloha State. – **ALLO Fiber** kicked off construction of its project in Joplin, Missouri. Joplin City Council approved to enter a Development Agreement with the company for an amount no more than $5 million back in April.

## Think about that for a minute...

# Linear Thinking

*Commentary by Steve Effros*

The headlines in many consumer and business publications said it all, essentially "Comcast getting out of Cable TV business." Bet you didn't know that. Bet Comcast didn't know it either! It was, regrettably, the natural end result of the sloppy, totally confused reporting and characterization of "the cable business" which I've been lamenting for a very long time.

Let's first clarify what the Comcast folks actually said. They're exploring the possibility of splitting off their linear program channels into a separate business entity which will stand on its own. Not sure they will actually do that, other programmers have discussed this idea before but ultimately decided against it. But Comcast says it's taking a close look. Fine. That doesn't mean they're "...getting out of the Cable TV business," it means they are looking for appropriate ways to follow the latest permutations of what this business is all about.

Remember, there are two major parts to the original "Cable TV" business: delivery of linear video, and the creation of channels of linear programming. I think we all understand the delivery part. That's the infrastructure, the wires, be they coaxial cable or fiber optic cable. And, of course, as we all now know, those "cables" can do a whole lot more than just deliver linear video programming into customer's homes. Those are "other" parts of the "cable" business, things like broadband internet and telephone.

But let's stick with the second part of what was traditionally called "Cable," the linear program channels. Those channels are created by both cable infrastructure owners and other folks as well. It's been a great business for many years. Think of CNN, ESPN, The Weather Channel, HGTV, MTV, and we could go on and on. These all started out as "linear" channels of programming. Meaning the folks who created them controlled an ongoing, usually 24-hour stream of video which they had editorial control over. They decided which programs went where and when in the linear "stream" they sent out and then tried to get folks to watch, usually along with advertising. For delivery, the programmers had to cut deals with the infrastructure owners to be included as part of a "Cable TV" service offering that subscribers paid for. In almost all cases the "aggregator" of these multiple linear channels, the "Cable Guy," wound up paying part of the subscription service fee to the program owners to be able to include their products in the cable bundle of linear "channels." That's what folks usually call "Cable TV service." Until DVRs came along, we were all beholden to whatever the schedule was of the programs we wanted to watch.

That's now all changed. First with the erosion of control because of video recorders, then came "video on demand" service splitting out some of the most popular programs so they could be watched at a time of the customer's choice. Ultimately, now, with "streaming" of individual channels and even single programs via broadband, that delivery is still over the very same "cable" infrastructure that was originally used only to provide a single "bundle" of "cable" program channels.

Comcast, for one, owns both infrastructure and "linear program channels." They also package "streaming" video programs which customers can watch at any time rather than in a "linear" format." Comcast's Peacock is typical of a whole host of these new aggregated streaming services like Netflix, Amazon Prime Video, YouTube TV and so on.

So Comcast is looking at splitting off the program creation part of its business (some linear, some streaming) into a separate entity. Does that mean it's "...getting out of the Cable TV business?" Nope, it means the business is growing and morphing into new forms. Some of those linear channels will continue, others won't, but the "Cable TV business" is just fine, thank you.

Steve

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*(Steve Effros was President of CATA for 23 years and is now an advisor and consultant to the cable industry. His views do not necessarily reflect the views of Cablefax.)*