

# Cablefax Daily™

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What the Industry Reads First

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## Real Mature: Comcast Confident in 'Long Runway' for Broadband Growth

Amid concerns about decelerating growth in the maturing broadband marketplace, **Comcast** believes it can continue to count on the sector for big gains going forward. That was the message from the company's top execs, who told analysts on Comcast's 4Q17 earnings call Wednesday that the company has a "long runway" ahead in its high-speed data business. In the most recent quarter, Comcast added 350K broadband subscribers, which was better than Wall Street anticipated, but down slightly from 385K net adds in 4Q16. While **MoffettNathanson** analyst *Craig Moffett* characterized the slowing of Comcast's broadband subscriber growth rate as "rather modest," **Barclays'** *Kannan Venkateshwar* said the adds have "slowed meaningfully." Breaking the tie, **New Street Research's** *Jonathan Chaplin* wrote he was "encouraged" by broadband growth in the quarter. For the record, all three rate Comcast either "buy" or "overweight." Broadband revenue in the quarter was \$3.8bln, which was 8.4% higher than the year-before period and in line with expectations. Broadband revenue growth from 4Q15 to 4Q16, however, was 8.9%. The takeaway: Comcast's high-speed data business is still growing, but not quite as quickly as in recent years. Comcast Cable pres/CEO *David Watson* said the industry as a whole still has room to grow with overall broadband penetration at around 80%. More than that, Watson said Comcast can take more market share based on superior technology and a still-significant number of DSL subs to acquire. He also pointed to the ability to increase rates over time. Moving on to video, the operator lost 33K subs in the quarter, with Watson saying competition shows no signs of abating. As such, he pointed to broadband as Comcast Cable's main profit driver going forward. Comcast CEO *Brian Roberts* said the company "held our own" in the video marketplace, and Moffett noted Comcast is still "significantly outperforming a linear pay TV industry that is likely shrinking by ~3.5% per year" (Comcast's video base shrunk a comparatively minor 0.7% YOY). **Xfinity Mobile** added 180K new lines in the quarter, bringing its total to 380K after about half a year in the market. Over at **NBCU**, quarterly revenue increased 3.9% YOY to \$8.8bln, thanks in part to a massive 70% YOY increase in affiliate and retrans fees. Cable nets saw better-than-expected revenue growth at 7.5%, while broadcast TV revenue increased 4.1%. Regarding M&A, Roberts said the company is keeping its eyes open, but isn't eager to make a move. "There may be opportunities for us to create more value for our sharehold-

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ers, like we did with NBCUniversal,” he said. “In this respect, it shouldn’t be a surprise that we study every situation that comes along. We believe our shareholders expect this from us, but the bar is set high, and we have been and will remain disciplined.” He later added, “There’s nothing we feel we have to acquire.” Roberts was mum about the impact of the current regulatory landscape on potential deal-making. On tax reform, CFO *Michael Cavanagh* said Comcast’s GAAP tax rate would drop from the 35-37% range to about 24-26%. The company plans to buy back more than \$5bln worth of stock and offer a 21% dividend increase in 2018.

**Let’s Legislate:** AT&T chmn/CEO *Randall Stephenson* released a statement Wednesday calling for Congress to establish an “Internet Bill of Rights” that governs the internet and protects consumers. His public letter appeared in several US newspapers. “Legislation would not only ensure consumers’ rights are protected, but it would provide consistent rules of the road for all internet companies across all websites, content, devices and applications,” Stephenson wrote. While the Bill of Rights terminology is new, Stephenson is just the latest ISP exec to urge Congress to put an end to the back-and-forth changes to net neutrality rules. **Comcast** and **Charter** made similar pleas last month. Stephenson said AT&T already refrains from blocking or censoring content and throttling network performance based on content, but added the “commitment of one company is not enough.”

**Three-Headed Monster:** TPG Capital, which owns cable operators **RCN** and **Grande**, closed its previously announced acquisition of **Wave Broadband**. RCN and Grande, which combined after TPG acquired both in separate 2016 deals, are now merging again with Wave to create the sixth largest cable provider in the US. Wave reaches 690K homes and more than 280K customers in Washington state, California and Oregon. The company has prioritized broadband and has almost 8K miles of owned fiber. Wave founder/CEO *Steve Weed* joined the combined company as a director.

**Picture This:** Nielsen has integrated **Instagram** “owned measurement” into its Social Content Ratings platform. The social media site was not previously measured by Nielsen’s social TV solution, which gathers insights on the engagement driven by owned accounts, those officially associated with the program and activity with fans, to determine which shows generate the most buzz.

**WOW!’s DOCSIS 3.1 Rollout:** WOW! made its DOCSIS 3.1 internet service, 1 Gig, available to residential or business customers in several new markets—Augusta and West Point, GA; Charleston, SC; Chicago and Naperville, IL; Cleveland and Columbus, OH; Detroit, MI; Panama City and Pinellas, FL; and Valley, AL. When the entire 1 Gig rollout is complete, WOW! will offer the 1 Gbps-capable service to nearly 95% of its service area.

**Sound the Bells:** Bell partnered with **Plume** to introduce its Whole Home WiFi service, making it the first Canadian



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ISP to offer a whole home package to customers with a monthly subscription. Pods designed by Plume will extend the WiFi signal from Bell's Home Hub 3000 modem, and customers will have access to a mobile app for iOS and Android. The service includes Adaptive WiFi features, including dynamic load balancing, adaptive mesh topologies and device-specific optimization of the home network. Launching to qualifying customers in Ontario and Quebec, the WiFi Pods are available at \$5/month for a 4-pack, and \$2/month for added singles.

**Grand Plan:** Disney is the latest company to share its newfound windfall from the recent tax reform policy with its employees. More than 125K employees at the media giant will receive a one-time cash bonus of \$1K, and the company will make an initial investment of \$50m in a new and ongoing education program designed to cover tuition costs for hourly employees. The company will provide \$25m for the program annually in subsequent years. Disney said the two new initiatives represent a total allocation of \$175m in FY2018.

**Insurance Policy:** Comcast Ventures was one of the lead investors in a Series B funding round for insurance technology company Hippo. Comcast Ventures and venture capital firm Fifth Wall led the \$25m funding round. The company previously raised \$14m in its Series A round in December 2016. Hippo is currently a licensed insurance provider in California, Arizona, Texas and Pennsylvania. The company claims to make it more efficient for potential customers to get a quote and purchase a policy, which enables the company to serve previously underinsured homes. In addition, it touts its coverage of modern possessions like smart appliances and embraces the use of smart home technology to detect problems and prevent incidents, something that seemingly jibes with Comcast's home automation initiative.

**Ratings:** WWE's "Monday Night Raw" on USA scored 4.5m total viewers for its 25th anniversary celebration on Sunday, making it the night's most-viewed program on cable. It also marked the series' biggest audience in nearly three years. Coming in at No 3 across all of TV in the A18-49 demo, the show also ranked at No 1 across television among M18-49, M25-54 and M18-34. -- An audience of 3.3m viewers (on a L+3 basis) watched the Jan 17 premiere airing of FX's "The Assassination of Gianni Versace: American Crime Story." The net said the four total showings reached 5.5m viewers. The series ranked No 1 in basic cable in L+3 for A18-34, A18-49, A25-54 and total viewers for the night. -- Spectrum News NY1's Jan 22 edition of "Mornings on 1" recorded the show's highest rating since its debut in October, scoring a 1.00 rating among A25-54 from 7:00-9:00am. "Mornings on 1" ranked second in the New York DMA for the time slot.

**Programming:** Starz is partnering with the Ad Council, David Schwimmer, Sigal Avin, RAINN and the National Women's Law Center to air "#That'sHarassment," a series of short films depicting cases of sexual assault in the workplace. Based on real events, the films will make their debut on Jan 26 at 8:30pm. -- Travel Channel has picked up "Hunting Evidence," which follows the adventures of biologist Pat Spain. The first of six one-hour episodes will begin airing in June 2018. -- The fourth and final season of "El Negocio" is coming to HBO Latino. First airing with a digital pre-premiere on March 18 at 9pm on HBO Now, HBO GO and HBO On Demand, the program will subsequently air on Mondays at 10pm on HBO Latino. -- YouTube ad-supported original "The Super Slow Show" launched today, featuring platform stars *The Slow Mo Guys*. Another step in its move to original programming, the Rooster Teeth production will run for 12 weeks with new episodes running from Monday to Thursday. -- Billboard will stream a 2.5-hour live pre-show for the 2018 Grammy Awards on Twitter this Sunday. The effort is an expanded version of last year's Grammys pre-show, which Twitter said garnered more than 5m unique viewers.

**People:** FYI evp/gm Paul Greenberg is stepping down to launch digital video consulting firm Butter Works, according to *Variety*. Gena McCarthy, FYI's evp of programming and development, will replace Greenberg. A+E Networks pres of international and digital media Sean Cohan will oversee operations of 45th & Dean, A+E's in-house digital content studio previously headed by Greenberg. Greenberg indicated he wishes to continue working with A+E from his new position. -- Sarah Whitesell was appointed as a deputy chief of the FCC Media Bureau, a position she first held in 2010. Whitesell left the Media Bureau in 2015 to head the Legal Resource Center on Violence Against Women and has also served as legal adviser to commish Mignon Clyburn, as well as former commissioners Jonathan Adelstein and Gloria Tristani. -- Cox Business named Mike Braham vp/gm of patent monitor Trapollo. He'll head of all aspects of strategy and execution of the company's business plan. Braham previously spent seven years with Cox Business as vp of its Hampton Roads market, creating new delivery and monitoring capabilities for chronically ill and aging constituents in underserved communities. -- Showtime boosted Stephen Espinoza to pres of sports and event programming, after his leadership lifted the network to a top destination for live boxing. Before joining Showtime in 2011, Espinoza was a partner at Ziffren Brittenham, representing athletes and sports personalities, including fighters Oscar De La Hoya and Mike Tyson.

# Think about that for a minute...

## Picture Perfect

Commentary by Steve Effros

I've finally had some time to play around with, adjust, and take a careful look at my new television set. It's been ten years since I got the last "best" set, a Panasonic Plasma, when HD first arrived. It was a wonderful set with a truly excellent picture. With plasma technology, the "blacks" were really black, unlike LED technology which can't quite get there, even today. Yes, some LED technology of today is really good. But that plasma picture was notable, and it also sucked electricity, was too expensive for the manufacturers to continue making, and generated a whole lot of heat! So time for a new set.



Once again, I've gone for what is considered the "best" in picture technology at the moment; an OLED screen. Mine's from LG, and it's a stunner. The picture is truly awesome, and it's forced me to consider modifying some of my positions about 4K. I didn't think 4K technology would make much difference to most viewers. Yes, there is more resolution, but how much resolution do you need? Well, I just watched the new "Blue Planet II" series on BBC America. It's amazing, and it has made me step back and wonder what it is I am actually seeing.

To be sure, the new series is being filmed with the absolute highest quality cameras in existence right now. And the set I am watching is the best there is in terms of rendering that picture. But what I don't know is whether the fact that it is delivered in 4K makes a difference or not because my cable supplier, Verizon, doesn't provide a 4K feed! Now I've looked at some of the streaming Netflix 4K feeds of the Planet Earth II series, and I have to say, there may indeed be a difference I can see. That's fascinating. It is hard to tell, however, since just about all the pictures are awe inspiring.

New televisions remind me of the business cards of

dentists and accountants; they have this whole bunch of indecipherable letters, separated by commas, after the name. It's an OLED TV with HD, 4K, HDR, Dolby Atmos, and I expect the list will grow! The average consumer doesn't have a chance understanding all that. Similarly, the adjustments and "tweaks" that can and in some cases have to be made are just as daunting. Luckily, on my set the "lip sync" adjustments, on a frame by frame basis, can be made for each independent input. I say luckily, because otherwise my cable input for something like MSNBC would have been way off compared to my broadband Netflix input. That would have really been a problem! Again, how many consumers are putting up with a mismatch one way or the other?

I raise all this to reiterate that the complexities are only increasing as we move toward all the new and exciting technology that is also far more exacting and visible. My son, for instance, watched my set and instantly knew that the "default" setting included something called "Tru-Motion" which really changed the nature of the picture, artificially increasing the "refresh rate." We turned it off. Much better. Who knew?

The challenge here is that as an industry we are the ones, if we are smart, who will know, and be the ones who deliver things like 4K as fast as we can and help consumers through the maze. Just as with "whole house WiFi," whoever solves the consumer's problems is the one they will stick with. You want that to be you!

*Steve*

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