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What the Industry Reads First

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Rough Waters: Prepping for a Rocky Earnings Season

The next round of earnings is about to kick off, and the COVID-19 pandemic has already guaranteed that this will be a season to remember. And while more companies are pulling back their guidance each day, some are offering early peeks into what they'll announce in financials. **TEGNA** expects revenues to hit \$684mln, up 32% YOY and in-line with its prior guidance. That was driven by acquisitions as well as growth in subscription revenue and political ad spending, which TEGNA still expects to account for more than half of its revenues on a '19/'20 basis. Excluding political advertising, revenue is expected to be up 24% YOY. Even with its optimistic views, TEGNA is suspending its FY2020 guidance and preliminary outlook for 2021. The company also announced that it will host its 2020 annual shareholder meeting virtually in lieu of an in-person meeting. It is still scheduled to take place at 8am ET on April 30. Fellow broadcaster **Meredith** did not offer any preliminary numbers, but announced Monday it was also withdrawing all assumptions about its expectations for FY2020. The company said it was on track through the first two months of its 3Q20 to deliver results within the range of guidance it gave on Feb 6. Even so, Meredith's board unanimously voted to pause Meredith's common stock dividend. Meredith also announced reductions in board fees and officer, executive and exempt employee salaries. **Univision** reported net revenues of approximately \$660mln (within a range either higher or lower of \$3mln), an 8% increase from the \$612mln mark it hit last year. That increase can be attributed to a 19% growth in subscriber fees that was partially offset by a 2% decline in ad revenues. As of March 31, the company had cash and cash equivalents of \$650mln with additional availability under its senior secured revolving credit facilities. With that, total liquidity sits at \$1.28bln. Univision said it is currently considering potential refinancing transactions, and that's what spurred it to release its earnings data early. It will be some time before anyone understands the greater impact of the disruption caused by the COVID-19 pandemic, but some balance sheets are undoubtedly more vulnerable than others to a situation that forces folks to stay at home. **Lightshed Partners** initiated its coverage of **Disney** last week with a "neutral" rating and warned investors to stay away. Its DTC business is a bright spot for the company right now, but uncertainties surrounding the theme park and theatrical businesses are expected to meaningfully affect Disney's bottom line for the foreseeable future. **Comcast** is also more at risk than some of its cable brethren due to **NBCU's** theme parks and **Sky's** satellite TV business. For Comcast's FY2020, **Mof-**

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fettNathanson is projecting a revenue decline of 3%, an EBITDA decline of 15% and an earnings per share drop of 30%. “Indeed, given our long term concerns about technological and/or business model obsolescence, it is our estimation that neither NBCU nor Sky will ever again achieve the levels of business performance they achieved in 2019,” MoffettNathanson said. On the other end of the spectrum are streamers like **Netflix**, which is expected to deliver strong numbers when it releases its 1Q20 earnings numbers on Tuesday. If anything, stay-at-home orders related to the COVID-19 pandemic seem to have only solidified the streamer’s position at the top of the pack. “In the end our view is that very few players can (or will) be able to keep up with NFLX content spend levels and that ultimately NFLX will continue to [be] the dominant global DTC player with Disney+/**Hulu** as a complementary second tier player, with **Amazon** on the periphery and there is a reasonable shot that **AT&T** management will screw up **HBO** as a competitor,” **Pivotal** said in a note.

Vudu Acquired by NBCU’s Fandango: **NBCU’s Fandango** is acquiring streaming platform **Vudu** from **Walmart**. Financial details were not disclosed. The deal will help Fandango boost its digital movie marketplace, FandangoNow. Vudu launched in 2004 and sold to Walmart in 2010. According to Walmart, Vudu is available on 100mln living room devices and 14mln app installs.

Layoff Landscape: **Charter** is the latest company to commit to no layoffs or furloughs for at least the next 60 days. “These employees are providing the critical services that allow for uninterrupted internet, telephone and TV news for more than 29 million customers including lifeline institutions like hospitals, first responders and government facilities,” the company said. It’s also instituted pay increases for frontline employees and added three weeks of COVID-19 leave. **Media-com** has pledged no layoffs for its 4500 employees at least through May 31. **Cox** said it’s taking steps to meet the financial challenges presented by the pandemic, and “at this point, those steps don’t involve layoffs or furloughs.” An **Altice USA** spokesperson said the company has a “small percentage” of employees who may not have roles to perform related to the company’s immediate priorities and who cannot be reassigned. “These individuals have been placed in layoff status with an opportunity to be recalled back to work when market conditions improve. Unlike with a furlough, these employees will receive full severance pay and support to minimize the impact,” the rep said. In addition to reassigning roles, Altice is offering 20% premium pay to customer-interfacing, contact center and news field employees. **Comcast** CEO **Brian Roberts** has committed \$500mln to support employees where operations have been paused or impacted. Roberts and senior execs, including **Comcast Cable** CEO **Dave Watson** and **NBCU** CEO **Jeff Shell**, have committed to donating 100% of their salaries to charities to support relief efforts. Altice USA has committed \$10mln to assist local communities in relief effort. CEO **Dexter Goei** has pledged 35% of his salary for the remainder of 2020 to this effort. Other Altice senior execu-

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tives—telecoms pres/CEO *Hakim Boubazine*, news & advertising pres *Jon Steinberg*, and CFO *Michael Grau*—have pledged 25% of their salaries and a number of other executives have stepped up with donation pledges.

WOW! CEO Back to Work: **WOW!** CEO *Teresa Elder* has returned to work after being hospitalized for COVID-19 on March 27. Elder was admitted to a Denver-area hospital where she was treated and released on April 1. She has progressively re-engaged in WOW!'s business operations and as of Monday, has fully resumed her duties and responsibilities as CEO of the company. During her illness, *Bill Case*, chief information officer, served as acting CEO, and board chmn *Jeff Marcus* temporarily served as executive chmn.

MSG Completes Spin-Off: **MSG Entertainment** completed its spin-off from **MSG Sports**, formerly the **Madison Square Garden Company**. MSG Entertainment began trading Monday on the NYSE under the symbol MSGE. It closed at \$65.33, down \$2.73 from opening. Additionally, the company named *Mark FitzPatrick* evp and CFO. FitzPatrick recently served as deputy CFO of **WeWork**.

STELAR Extension: **AT&T** has asked Congress to extend the satellite distant signal license deadline so that **DirecTV** customers in rural America don't lose access to broadcast channels during the pandemic. In December, Congress only partially reauthorized STELAR, with the distant signal license set to expire on June 1. **Public Knowledge** came out in support of the request, encouraging an extension until the pandemic is over. "As Americans continue to confront the dual public health and economic crises caused by COVID-19, they should not lose access to the broadcast stations they need for important public safety news and entertainment. Nor should they be forced to sign up with a new pay TV provider in order to maintain their access to these channels, potentially putting both their families and cable TV installers at unnecessary risk," said PK senior policy counsel *Jenna Leventoff*.

GCI Launches 5G in Alaska: In partnership with **Ericsson**, **GCI** turned up its first 5G cell sites in Anchorage, AK on April 17, becoming the northernmost 5G wireless carrier in the nation. The carrier currently sells devices that will support 5G service after a software update is released in the next few weeks.

Ligado Given Go Ahead: The **FCC** unanimously approved with conditions **Ligado's** application to deploy a low-power terrestrial nationwide network in the L-Band to support, primarily, 5G and IoT services. The Commission said the application's approval encourages efficient use of the nation's spectrum, and the conditions placed on the deal ensure that operations in adjacent bands, including the GPS, are protected from any harmful interference.

Ratings: **ESPN's** premiere of the *Michael Jordan* doc "The Last Dance" Sunday night was the most-viewed ESPN documentary content ever, averaging 6.1mln viewers across ESPN and **ESPN2**. On ESPN alone, the two hours averaged 5.3mln viewers. -- **HGTV's** premiere of "Celebrity IOU" last Monday delivered record-breaking ratings for the net, up 38% L+3 among P25-54 (1.27 rating). In that demo, the ep saw a 113% lift over year-ago levels. Overall, *Celebrity IOU* pulled in 1.29mln video views across **Facebook**, **Twitter** and **Instagram**. -- "Deadliest Catch" and spin-off series "Deadliest Catch: Bloodline" led **Discovery** to rank No 1 across all of cable in primetime among M18-34 on April 14. *Deadliest Catch* saw its most-watched ep in nearly two years, averaging 2.2mln viewers P2+, up 7% over last year's premiere. The first episode of the spin-off was the highest-rated series premiere of *Deadliest Catch* in seven years.

WarnerMedia Ad Sales PSA: **WarnerMedia** announced a media match program for **CNN's** digital marketing partners in order to share messages of social good and purpose amidst COVID-19. CNN Digital will match 100% of any new investment with inventory for the same dollar amount from now until the end of April. Partners can receive advertising for their initial investment and use the additional matched media inventory for a PSA for its own brand. WarnerMedia will also give donated media to the Ad Council to run PSAs for a charity of the partner's choice to combat the coronavirus.

CommScope's COVID-19 Response: **CommScope's** contributions during the health crisis have included donations of outdoor wireless access points and cash to assist with pop-up centers for emergency healthcare and homework hotspots. The vendor also is working with school districts, partners and service providers to extend coverage outdoors and equip school buses with outdoor access points with LTE backhaul, and PoE switching. The buses can then be parked in strategic locations to enable students to connect to the internet to complete schoolwork. CommScope has also made financial donations and is offering more than 50 courses and 150 hours of training in the CommScope Infrastructure Academy for free to customers and partners to increase product and technology knowledge with no financial burden.

Programming: **HBO** is celebrating new series "We're Here" with a digital viewing party Thursday at 9pm, and a free premiere via the **YouTube** Premieres platform, the first time HBO has made content free at the same time at its debut. -- **TLC** will premiere late night series "Find Love Life" on May 10 at 11pm. -- **Golf Channel's** news franchises "Morning Drive" and "Golf Central" returned to its schedule Monday, produced exclusively using remote virtual production technology.

CFX TECH

CFX Tech: Bless the Network

The COVID-19 pandemic has heralded in a new normal that doesn't include watching sports games, heading to the movies or even going to your favorite restaurant for a birthday dinner. Through it all, the one thing that has stayed consistent has been the internet's presence in our daily lives.

And it's well-known that with many of us working and learning from home, network traffic has skyrocketed. Still, it's stood sturdy, and **Cisco** fellow/CTO, Cisco Cable Access Business *John Chapman* believes this could be a real coming of age moment for the internet.

"We've always known it was there, and we've always kind of used it... but right now, everything depends upon it," Chapman told **CFX**. "The whole world is being held together by the internet."

Chapman has seen network traffic jump to levels that he would expect in 1-5 years from now, and it's been encouraging to see the network hold up under those circumstances. Equally as important is that the cable networks had enough extra capacity to facilitate the mass migration to working from home, and that the technology roadmap is set up to continue moving forward from this point.

"In cable, we had technology sitting there waiting for use. The technology was actually ahead of the curve," Chapman said. "We went from a period where we were always trying to catch up to demand to a period where the technology just exceeded demand. We had excess capacity in the network and we have a whole series of technologies that will expand the capacity."

That technology roadmap includes milestones like the implementation of DOCSIS 4.0 leads to the eventual introduction of 10G speeds. That continued innovation will be even more necessary than before in a post-COVID world, especially if network traffic continues to be elevated.

"I think it would be normal to have a bit of a pullback on

the bandwidth, but I don't think it's going to go back to where it was," Chapman said. "We got to a point where we had more bandwidth than we knew what to do with. Now we know what to do with it."

Changes in usage patterns are likely to emerge when the world begins to reopen post-pandemic. Various industries that never sold over the internet before have been forced to do so and think outside of the box to survive. For example, fitness studios are going online to keep cash flowing and to give their customers and others that may be stuck at home a chance to keep their bodies moving in a safe environment. Going online offers up a world of opportunity for those businesses, and that won't stop when they're able to reopen their brick-and-mortar locations.

The rise in popularity of streaming services during lockdown will also keep traffic levels high in a post-pandemic world, especially with a number of new entrants like **HBO Max** and **Peacock** hitting their stride while many are still stuck at home. It's unlikely that all of the new subscribers those services and others like Netflix will have gained during the lockdowns will revert to their old habits when the world re-opens.

"When COVID leaves, all the streaming services will still be there, but they'll be well-launched. If you're Disney+ and you're trying to get people to sign up—all of a sudden, everyone's stuck at home with their kids. You've got sign-ups," Chapman said.

All that to say that when they return to the office, ISPs won't be facing a situation where business is as usual. Network operators will need to go back to the drawing board to determine how they're going to unlock additional capacity in the network.

"We've had a lot of bandwidth in the North American residential network waiting to be used and now all of that has pretty much been used up," Chapman said. "The good news is all the technology's there." — *Sara Wingardner*

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