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# Cablefax Daily™

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What the Industry Reads First

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## Hero Among Us: Cable Saves Comcast From Disastrous 1Q20

In a time when all of its businesses were affected by the COVID-19 pandemic, **Comcast NBCU's** cable segment was still able to report a record quarter with revenues of \$14.9bln. The company reported 477K total high-speed internet net additions, not including 32K Internet Essentials customers taking advantage of Comcast's offer of 60 days of complimentary service for new subscribers. High-speed internet revenue rose 9.3% thanks to the increase in residential subs and an increase in average rates. It also added 216K wireless lines, growing the Xfinity Mobile business to 2.3mln lines. There may be opportunities to negotiate more attractive MVNO agreements thanks to the merging of **T-Mobile** and **Sprint**, but Comcast is planning on sticking with its current **Verizon** MVNO. "We're always going to be staring at ways to make improvements to it over time, but the fundamentals are very good," Comcast Cable pres/CEO *Dave Watson* said. He offered no details on whether Comcast would participate in the CBRS spectrum auction coming later this year. The company is seeking a waiver from the **FCC** to possibly join the auction. It's currently prevented from participating because of its stake in expected bidder **Midco**. Video subs fell by 409K, more than three times last year's loss of 121K. But the average rates the remaining subs are paying has increased, and the increase in loss is expected given Comcast's previous comments that it wouldn't fight for subs with discounts any longer. Comcast is instead placing its bets on upcoming NBC **AVOD Peacock**. Comcast CEO *Brian Roberts* said Peacock is still on track to launch in July 15. The streamer, which is currently being rolled out to Flex and X1 users, is pacing ahead of internal forecasts on monthly active users and on time spent viewing. And though Comcast is very aware of the streaming opportunity that exists with everyone stuck at home, moving up the launch of Peacock is not on the table. The company wants to spend the next few months working out technical issues with Flex and X1 subs before going wide. "We're in a marathon, not a sprint. We have an ad-supported service... we want to make sure the product is right before we launch in July," NBCU CEO *Jeff Shell* said. Over at NBCU, revenues fell by 7% YOY to \$7.7bln while adjusted EBITDA dropped 25.3% to \$1.7bln. The story was similar at **Sky**, which recorded revenues of \$4.5bln (-5.8%) for the first quarter. Still, Roberts is optimistic that Comcast will emerge on the other side of the COVID-19 pandemic stronger than it has ever been. "In both good times and bad, I think of my father Ralph who 57 years ago built this company to be vibrant, relevant and attract the best talent to work for us while creating long-term value



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for shareholders,” Roberts said. “Ralph’s views are deep in my DNA and throughout all of Comcast.”

**Broadband Bananas for Altice USA:** Suddenlink and Optimum parent Altice USA reported its best ever quarterly net additions, adding 50K subs in 1Q20 vs 37K a year ago. That number grows to more than 60K when Altice Advantage customer additions are included (Advantage is being offered for free until the end of the 2019-2020 school year to households with K-12 and/or college students without home internet access). CEO *Dexter Goei* acknowledged that adds may start to slow down, but churn should continue to decline. “I don’t see people voluntarily changing providers, nor do I see an acceleration in movers,” he said during the company’s earnings call late Thursday. “This is an essential product.” The COVID-19 pandemic is obviously impacting broadband, with the company seeing almost double (+93%) the residential broadband speed upgrades between February and March. Total data usage increased 24%, averaging closes to 400GB per customer in march. The average broadband speed has increased to 222Mbps at the end of the quarter, but Goei noted there’s still runway for more speed upgrades with 2/3 of customers taking 200Mbps or less. That bodes well for Altice’s 1 Gig expansion, with the tier available now to more than half of Optimum subs and 75% of Suddenlink customers. Altice lost 42K video subs vs 30K a year ago. Nonetheless, Goei said video is still important, particularly among its long tenured customers. He noted that approximately half of Altice’s customers have been with the company 5 years+ and 1/3 10 years+. The MSO added 41K mobile net adds in the quarter for 110K total. That number was impacted by the decision to close 86% of Altice retail stores because of the pandemic. Adds are expected to slow in 2Q. Discussions have started with **T-Mobile** on opening up its network to all Altice Mobile customers, but no timeframe was given (Altice has an MVNO with **Sprint**, which T-Mobile acquired). While business services only accounts for about 15% of Altice USA’s revenue, SMB is 2/3 of that biz revenue. One encouraging sign: churn trends for business are remaining stable thus far, Goei said. There is a slowdown in signups though. As with residential, business customers also seeking higher broadband speeds. Business services was up 3.9% to \$2.45mln in the quarter. Altice said its fiber rollout probably will be slower than expected with COVID-19 impacting permitting process. As a result, it lowered cap ex cash flow to less than \$1.3bln from \$1.3-1.4bln. Because of the pandemic, it pulled YOY rev growth and adjusted EBITDA margin forecasts and plans to update them in the 2nd half. “We remain confident in our ability to deliver revenue, EBITDA and free cash flow growth in 2020,” Goei said.

**Theatrical Still Important to NBCU:** NBCU isn’t giving up on the theatrical model yet, even though it’s currently sparring with one of the nation’s biggest chains. **AMC Theatres** and **Regal** are choosing to no longer play Universal films following comments by NBCU CEO *Jeff Shell* on the decision to make “Trolls World Tour” available digitally. Shell told *WSJ* that the film pulled in nearly \$100mln in revenue through digital sales alone and sold more than 5mln



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copies. Even with the success and the drama, Shell made it clear on **Comcast's** 1Q20 earnings call that theatrical is still important. "There's no question that theatrical is someday again going to be the central element to our business and the film business," he said. "I would expect that consumers are going to return to the theaters and we will be a part of that. I also would expect PVID to be a part of that offering in some way. It's not going to be a replacement, it's going to be a complementary element."

**When Sports Come Back:** **Comcast** is optimistic that live sports will be back on the air soon, and when they make the return, viewers will be more excited than ever to have their cable packages. "We absolutely believe that sports will come back, and when they do, there's bound to be so much excitement and enthusiasm which may resonate even more than before, regardless of whether or not stadiums are filled with fans," Comcast CEO *Brian Roberts* said on the company's 1Q20 earnings call. At the moment, Comcast is focusing on working with each of the various leagues to determine when sports come back as Roberts believes they are the only ones that can answer many of the questions currently on the table. When Comcast gets greater clarification, it will pass that on to its customers. **Altice USA** CEO *Dexter Goei* was direct: "To be clear, we owe people money." The company is in "complete agreement" with the NY AG's request for refunds, saying it has had initial discussions with all major sports programmers. "It becomes a contract by contract discussion with each of the providers," he said during the company's 1Q earnings. "We'd expect to get some relief for sure."

**FCC Extends Connection Pledge:** The **FCC** officially asked internet and phone providers to extend the FCC's Keep Americans Connected pledge through the end of June. The initial 60-day period was set to expire May 12. **Mediacom** and **Starry** joined a host of companies that have already stepped up to say they will continue to keep hotspots open, waive late fees, and keep residential and small business customers connected even through any inability to pay bills due to the pandemic. More than 700 providers signed on in March, with Pai saying hundreds of companies have already agreed to extension. The FCC said it understands that some providers, particularly those in small markets and rural areas, may not be able to extend the pledge as a result of financial challenges. Those providers should contact KACpledge@fcc.gov by May 12 if they wish to opt out of the extension.

**Broadband for All:** Reps *James Clyburn* (D-SC), *Frank Pallone* (D-NJ) and others announced their support Thursday for a House Democratic plan to connect all Americans to broadband internet. The announcement of the plan, which aims to accomplish the goal of delivering affordable access to high-quality broadband to all, comes after reports that Republicans support including broadband investment in the next wave of coronavirus response packages. The plan itself is an updated and expanded version of the broadband provisions of House Democrats' Moving America Forward Framework, a 5-year, \$760bln infrastructure plan that proposed devoting \$98bln to network buildouts.

**WarnerMedia, Xandr Combine:** **AT&T** is folding its ad-tech unit **Xandr** into **WarnerMedia**, to be overseen by **WarnerMedia** chief revenue officer *Gerhard Zeiler*. *Kirk McDonald*, chief business officer of Xandr, will continue to lead the unit, after Xandr CEO *Brian Lesser* resigned last month. The company said the combination of all go-to market and commercial efforts will help accelerate innovation for new advertising formats for **HBO Max** in 2021. "We are in unprecedented times that amplify the priority across both WarnerMedia and Xandr, to deliver valuable results and outcomes for our agencies and clients," said Zeiler. "Now more than ever, we need to simplify advertising and further our marketplace capabilities for our customers. This is done through one holistic conversation that spans premium content and trusted environments, alongside proven and advanced ad capabilities." WarnerMedia and Xandr announced in late 2019 the two would hold a joint upfront for the first time, which was later canceled due to the pandemic. WarnerMedia canceled its planned virtual upfront earlier this week, instead opting to provide regular brand updates, including spotlights on each brand.

**Distribution:** **AMC Networks** is launching four dedicated channels on **Pluto TV**, beginning Friday. Stories by **AMC**, Slightly off by **IFC**, All Reality **WE tv** and The Walking Dead en Espanol will stream for free on the platform. -- **Outdoor Channel** and **Sportsman Channel** are now available as a free preview through May 20 on **Comcast's** Xfinity platform.

**WICT Women of the Year:** **WICT** has opened [nominations](#) for the 2020 Women of the Year and Women to Watch, which are to be presented during the WICT Touchstones Luncheon Oct 5 in NYC. Nominations are due June 1 by 5pm ET.

**Join Cablefax for Virtual Happy Hour:** Kick back and join **Cablefax's** editors Friday afternoon for an informal discussion with your favorite beverage. We'll chat about the news of the week, what we're binge watching any anything else on your mind. Our virtual happy (half) hour will start at 4pm ET. RSVP [here](#).

**On the Circuit:** The annual Interactive Case Competition is going virtual. That means there's still time to [register](#) for Monday's event in which top business students will dive into innovative pay TV and streaming models. The competition, hosted by *Craig Leddy* of **Interactive TV Works**, is from 8:30-10pm ET.



## PROGRAMMER'S PAGE

### OWN Ready for Sisterhood Saturdays

OWN has been keeping viewers informed on the COVID-19 pandemic, hosting town halls and specials. But it also knows that its fans need entertainment during these trying times. With the production pipeline shutdown, it's pulled together two new limited series to debut May 16 during what it's calling the "Sisterhood Saturday Night" programming block. At their launch, "the world will have normalized a little—ie, what normal is now—and the news is always going to be there to keep us informed. We made a conscious decision of having more of a balance and giving people a little more to smile about," OWN pres *Tina Perry* told **CFX**. "We know our viewers want critical information from a trusted source, while at the same time being entertained. The virtual programming we've been rolling out reaches that challenge." First up at 9pm is "Fear Not with Iyanla Vanzant," in which the network's inspirational coach will attempt to calm fears and offer up guidance for the pandemic alongside special guests, including OWN founder *Oprah* and gospel singer *Bebe Winans*. It'll be followed at 10pm by "Girlfriends Check In," where female celebrities and their friends will gather for virtual get togethers. Girlfriends guests include actresses *Tasha Smith* and *Grace Byers* of "Empire," comedian *B. Simone* and actress/author/producer and director *Meagan Good* and her sister *La'Myia Good Bellinger*. "It's going to be lighter fare. Maybe exchanging recipes, gossiping. They'll remind us what it's feels like to be with your girlfriends again," Perry said. OWN's founder has had a strong hand in the network's adaptations. "Oprah is excited about creating this space and bringing some levity. She kicked it off by getting us on the air and showing us the way" by hosting the net's first virtually produced show, "Super Soul Sunday" with *Alicia Keys* back in March, Perry said. "Oprah's heart and creative instincts, they really inform the magnetism of the channel." — *Amy Maclean*

**Reviews:** "Natalie Wood: What Remains Behind," premiere, Tuesday, 9pm, **HBO**. In short, plenty remains behind. Tons of unseen footage, most of which looks like home movies. Wood's star quality and what we today call authenticity shine in the home movies and numerous TV clips. And, hey, when you're inside Wood's home, at one of her many parties, you might be next to *David Niven*, *Sean Connery*, *Roddy McDowall* or *Sir Laurence Olivier*. It's heady and engaging stuff. In addition, there are clips from Wood's films, which veteran Hollywood biographer *Laurent Bouzereau* curates beautifully. There also are people who remain behind who knew the child-actor-made-good, including her husbands: *Robert Wagner*, who married her twice, and *Richard Gregson*, frail at 89, but still a fine raconteur. Then there's *Robert Redford*, *George Hamilton* and *Mia Farrow*. Is this treasure trove the definitive word on Wood? No. It's not critical enough and her untimely death is covered perfunctorily. Still, it's an entertain 100 minutes that film buffs will devour. -- "Penny Dreadful: City of Angels," 10pm, Sunday, **Showtime**. The connection to the original "Penny Dreadful" series is tenuous, despite the presence of creator *John Logan*. Still, *Nathan Lane* as a 1930s detective and *Natalie Dormer* as a shape shifter is not a bad foundation for a series. — *Seth Arenstein*

#### Basic Cable P2+ Prime Rankings\*

(04/20/20-04/26/20)

Mon-Sun	MC	MC
	US	US AA
	AA%	(000)
FNC	1.064	3,270
ESPN	0.970	2,981
MSNBC	0.627	1,926
CNN	0.565	1,737
TLC	0.435	1,337
HGTV	0.416	1,279
TBSC	0.361	1,108
HIST	0.326	1,003
HALL	0.320	984
A&E	0.314	966
DISC	0.314	964
FOOD	0.308	945
USA	0.273	838
TNT	0.253	778
INSP	0.230	706
ID	0.218	671
BRAVO	0.199	612
GSN	0.193	594
NICK	0.187	576
HMM	0.186	570
TVLAND	0.185	569
LIFE	0.175	537
AMC	0.167	513
FX	0.166	509
WETV	0.165	508
NAN	0.160	491
ADSM	0.154	473
VH1	0.145	446
APL	0.138	423
NATGEO	0.134	411
NFL	0.133	409
DIY	0.130	401
FRFM	0.129	396
TRAVEL	0.127	391
NKJR	0.121	373
MTV	0.121	371
PARA	0.115	355
DSJR	0.114	352
E!	0.112	345
HBO	0.112	344
LMN	0.112	344

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

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