

Cablefax Daily™

Monday — May 4, 2020

What the Industry Reads First

Volume 31 / No. 086

Storm Shelter: Charter Posts Strong 1Q Subscriber Numbers

Charter's 1Q20 results show that cable operators can weather this pandemic and build up subscribers, with metrics on all fronts exceeding expectations. Broadband led the way with an eye-popping 582K net adds—60% higher than an already raised consensus. Of those adds, 119K adds were for its free 60-day internet offer for homes with students and educators. Many of those joining for free are bringing in money, with 50% of the participants who sign up adding (and paying for) additional services, such as video, mobile or wireline phone. That, coupled with people watching more TV, might help explain why Charter actually saw improvement on the video side, with losses coming in at 70K vs 145K a year ago. Even Charter Mobile, which has seen demand lessen during the pandemic, beat expectations with 290K adds in the quarter. "Charter's results, combined with **Altice USA's** are clear evidence that even cable companies with high levels of exposure to COVID hotspots continue to perform well, driven by their attractive broadband products," Evercore ISI analysts said. Like hundreds of ISPs, Charter has committed to not disconnect subs whose ability to pay is impacted by COVID-19. At the end of the quarter, 140K residential customers had requested that protection. Currently, 67K of those customers now have past due balances beyond the point of normal disconnection. CFO *Chris Winfrey* promised to disclose bad debt and revenue impacts, adding that the goal is not to quickly get people into a collection environment and cut off from service. CEO *Tom Rutledge* said he's confident Charter can create valuable customer relationships. "When I look at the customers that we're creating, they're taking our high-quality products in the residential space and from a profile perspective they look like the customers we've always created. They're going to be affected by the macro climate, obviously, but we have products that we can sell to those customers that have value regardless of where they fall on the income range," *Rutledge* said. "We sell to very poor people and we sell to very rich people. We have a product mix that can work across the entire marketplace." Charter's results illustrate how trends have been accelerated by the COVID-19 crisis. The MSO started 1Q with about 55% of its business in the form of self-installs. That ratcheted up to 70% during the quarter and is now at more than 90%. Altice USA, however, said it's about 12 months away from a self-install push—partly because it hasn't been a priority because of the lack of a ubiquitous product offering. "The cost of the self-installation is about 1/3 of the cost of a professional install," according to Winfrey. "The benefit goes to opex and capex, depending on what type of installation. It's

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Executives of the Year

- Digital Executive of the Year
- Engineer of the Year
- Innovator of the Year
- Marketing Executive of the Year
- PR Executive of the Year
- Sales Executive of the Year

Teams of the Year

- Digital Team of the Year
- Marketing Team of the Year
- PR Team of the Year
- Sales Team of the Year
- Social Media Dream Team of the Year
- R&D Team of the Year
- Tech Team of the Year

PR & Marketing

- Acquisition and upgrade marketing
- Affiliate marketing
- Brand Image and Positioning Campaign
- Content Marketing Campaign
- Community relations
- Corporate social responsibility campaign
- Digital Marketing Campaign
- Influencer Campaign
- Integrated Marketing Campaign
- Interactive Brand Content
- Internal communications campaign
- Marketing of a continuing series
- Marketing of a new series or show
- Marketing of a special or documentary
- Media event
- Media relations campaign
- Multicultural marketing
- Partnership marketing
- PR stunt
- Press kit
- Public affairs campaign
- Shoestring marketing
- Sponsored Content
- Trade show marketing/PR

Audience Engagement & Experience

- App for Smartphone
- App for Tablet
- Contest/Sweepstakes/Promo
- Editorial Excellence
- Fan Base Cultivation
- Graphics/UX Design
- Mobile Experience
- New Product or Launch
- Online Community
- Online Game/Gamification
- Overall Social Presence
- Social Good Campaign
- Social Media Campaign
- Tchotchke
- Use of Facebook
- Use of Instagram
- Use of Snapchat
- Use of Twitter
- Use of Video/Moving Image
- Use of YouTube
- Use of Other Social Platform
- Virtual reality/augmented reality marketing

Pandemic Response

- Audience Engagement
- Corporate Citizenship Hero
- Courage Award
- External Communications
- Internal Communications
- Social Media Campaign



Submit Your Entries by May 15!

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significant, but keep in mind we were already at 55% and would have been at 70% by the end of the quarter absent the acceleration." Charter saw 1Q revenue climb 4.7% YOY to \$11.74bln, with EBITDA up 8.4% YOY. **Pivotal Research** labeled Charter "bulletproof" and raised its year-end price target to \$700, a \$75 increase. "In the current quarter Charter will cross a major milestone as high (80+%) EBITDA margin residential data revenue will replace low margin (10-15%) pay TV revenue as the primary revenue source for the company," the firm said, adding that it expects a relatively muted economic weakness effecting Charter's advertising and SMB.

Charter Says it has Little Control on Sports: Charter CEO Tom Rutledge said Spectrum would love to pass through programming refunds on sports if events don't occur, but that's still up in the air. "We have very little control over it directly," he said. "We'd love to see our customers relieved if they can be. Ultimately, it's the athletes who are getting the money. At some point, someone has to give up their money and give back to the customers, and that hasn't happened yet." While acknowledging that sports make the wholesale cost of video so high that the product can be difficult to sell, Rutledge doesn't think the pandemic is going to overhaul the model. "Absent a complete collapse in the sports business, I don't see a major change," he said, calling sports the "glue that holds the bundle together." With pressure intensifying (see the NY AG's push for consumer refunds), **MoffettNathanson** analysts expect the sports payment issue to get resolved in 2Q, predicting customers will be rebated.

Sneak Peek into Sprint: T-Mobile gave the world a peek into Sprint's 1Q20 Friday through an SEC filing. Postpaid net additions hit 502K in the quarter, due to an 850K net increase in data devices offset by postpaid phone losses of 348K. Postpaid churn came in at 1.86%, an increase of five basis points YOY. Prepaid net losses were 10K, an improvement of 20K YOY. Sprint's standalone financial and operational results for the quarter are expected to be released in May once the pre-merger Sprint standalone fiscal year-end audit is complete. T-Mobile is scheduled to report its results on Wednesday.

TCA Summer Tour Canceled: Add the 2020 TCA Summer press tour to the pile of canceled events. It's hardly a surprise given the shutdown of the production pipeline. TCA members were told Friday that the board is working with networks to explore virtual alternatives within the tour's scheduled July 28-Aug 13 timeframe as well as later in the year. "But, given the current state of television production, as of now, this is a cancellation not a postponement," organizers said. A decision hasn't been made yet on the annual TCA Awards. The tour, which takes place twice a year, allows critics to preview and interview network talent and execs about upcoming series and specials.

Game Show Network Launches AVOD: Game Show Network launched Game Show Central, an AVOD service,

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Amy Maclean, Editorial Director, amaclean@accessintel.com or 301.354.1760

The Collapse of Theatrical Windows?: With theaters shuttering, will day-and-date releases become the new normal? **Universal Pictures** is the first out of the gate, announcing "Trolls World Tour" will be available April 10 for a rental. Other in-release movie titles are set to be available as soon as this Friday. The movies will be available on **Comcast, Sky** and a "broad range of on-demand partners." Titles to be made available include "The Man" and "Emma" with a suggested retail price of \$19.99 in the US.

Tuesday — March 17, 2020 What the Industry Reads First Volume 31 / No. 050

For Now: Providers Set Aside Disputes During Coronavirus Outbreak

As they face the common enemy that is the coronavirus pandemic, **Cox Media Group** and **DISH** have set aside their retrans dispute for now so that **DISH** can resume its carriage of 10 CMG stations in New York, Oregon, Washington, Arizona, Louisiana, California, Mississippi and Idaho. No word on how long the truce will last.

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Friday — March 13, 2020 What the Industry Reads First Volume 31 / No. 050

New Normal: Companies Roll Out Contingency Plans in Face of Covid-19

With a growing number of students and employees working from home, it's mission critical for the nation's broadband providers during the Covid-19 pandemic. Operators big and small are up-ending their day-to-day operations to ensure service remains uninterrupted.

Wednesday — March 18, 2020 What the Industry Reads First

Covering Covid-19: Content Companies Step Up Efforts

Programmers are shuffling schedules to respond to the coronavirus crisis. **The Weather Channel** is airing live programming during each hour of live programming at 50 minutes past the hour to share educational content. **Netflix** is offering free access to its library of educational content. **YouTube** is offering free access to its library of educational content. **Pledge** is offering free access to its library of educational content. Topics include why thunder happens, how rainbows form and how to stay safe during the pandemic. Pledge is offering the pledge on Friday at 2pm.

From the Commission: Another 116 broadband and telephone service providers have taken the **Keep Americans Connected Pledge**, agreeing to take specific steps to keep Americans connected during the coronavirus pandemic. Some notable names taking the pledge include **Hotwire Communications**, **Middle**

on **Samsung TV Plus** at the end of March. The service is now available on **Pluto TV** and **Vizio SmartCast** TVs, and will debut on **The Roku Channel** later this year.

From the Commission: The **FCC** isn't playing games when it comes to robocalls anymore. The Commission issued an order Friday that ends the practice of warning most robocallers before issuing penalties for violating the law and for harassing consumers with unwanted robocalls. Warnings were required by the law until the TRACED Act was enacted in December. -- The FCC unveiled a revamped seal Thursday. The redesign is the product of an agency-wide contest that solicited proposals from employees and contractors. The winning design was submitted by *Umasankar Arumugam* and was selected by a vote of the agency's employees and contractors. The Commission will begin official use of the seal after completion of the move to its new headquarters. That move has been delayed due to the COVID-19 pandemic.

MasTec Earnings: **MasTec** came through with better-than-expected results for the first quarter. Revenue for 1Q20 hit \$1.4bln, and cash flow from operations rose to \$203mln, a \$250mln increase YOY. In the communications segment, revenues grew 5.1% YOY to \$644.1mln. The good news is that most of Mastec's construction services have been deemed essential under state and local pandemic orders and all of its business segments have been able to continue operating. Still, it expects to feel impacts from lost productivity related to governmental permitting delays, disruptions to crew productivity due to social distancing and the delay of some projects.

Stay-At-Home Spikes Illegal Streaming: More than 17% of worldwide video streaming users stream illegally, resulting in an approximate \$4bln cost to providers in the US per year, according to **ABI Research**. These numbers have only spiked during the coronavirus lockdown, according to piracy tracking firm **Muso**. Between January and February 2020, average daily torrent downloads jumped by 36%. Comparing the last week of March when lockdown began to the last week of February 2020, film piracy increased by 41% in the US.

Distribution: **WarnerMedia** and **Hulu** have signed a deal that will make **HBO Max** available to Hulu subscribers when it launches on May 27. Existing HBO on Hulu subs will be given access to HBO Max at launch at no additional cost, with some limited exceptions to availability. Eligible new and existing Hulu subs will be able to purchase HBO Max directly through Hulu for \$14.99/month. WarnerMedia also plans to make HBO Max available on **Google** and **Android** devices at launch. The streaming platform will be accessible on Google platforms and across Android phones, tablets and TV devices. Current **HBO Now** subs on Google Play will be able to access HBO Max at no additional charge.

Asian American & Pacific Islander Heritage Month: **Comcast NBCU** is celebrating Asian American and Pacific Islander Heritage Month with an Asian American film and TV destination on X1. The company is also making a selection of AAPI programming free from a variety of networks. Due to COVID-19, the AAPI community is experiencing a rise in hate crime incidents, so Comcast is providing grants to the National Council of Asian Pacific Americans and Asian Americans Advancing Justice. NBC Asia America will also host a national discussion on hate incidents in a virtual town hall on May 13. -- **Cartoon** released its second installment of digital series "Draw To," celebrating AAPI Heritage Month.

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Hero of the Week



Alex Morong, Sparklight: Morong, a Lead IP Specialist who works in Sparklight's Phoenix, AZ, corporate office, responded to requests for masks from local hospitals that are running low on protective gear and solicited donations from the community. Since March 16, Morong and his family members have made an average of 100 masks a week, which they have donated to local hospitals for use by frontline doctors and nurses. In addition to donating masks to Quail Run Hospital, Hospice of the Valley, Honor Health Deer Valley, and Banner Thunderbird, the Morong family has created an instructional video that they shared on YouTube to teach others how to make masks with filters. They plan to continue lending their sewing expertise to help Valley hospitals and medical facilities as long as they are able to secure supplies.

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Research

- 27% of consumers surveyed say they are watching more ads overall than before the pandemic.
- 33% are paying particular attention to ads for local businesses.
- 53% of Americans surveyed said they would be more likely to purchase a product from/do business with a company that puts out ads explaining what the company is doing to help its employees and/or customers at this time.
- Only 12% said this type of messaging would make them less likely to purchase a brand's products.

(Source: **Horowitz Research**)

Quotable

“As our world now enters a new era that will test our strength and resolve, it will be important to once again focus on how we can help one another, find a collective purpose, and get through this together. In 2010, just like now, technology and social media were helping us connect and providing a wealth of benefits — ranging from improving our health to entertainment — all while using our personal information... It's been quite a decade for privacy and data protection. As we launch into this new era, and face incredible challenges involving health, logistics, climate change, and the economy, respectful data use that builds in privacy will become more important than ever. – **Former FTC commish Julie Brill talking the last decade in consumer privacy**

We Want to Feature Your Heroes!

On Fridays, Cablefax will feature a local hero. We're looking for stories of employees who are going above and beyond. Maybe they are volunteering in their community, sewing mask covers for hospitals, spearheading supply donations, etc.



Please send a photo and 150-200 words about the person to amaclean@cablefax.com

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