

Cablefax Daily™

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What the Industry Reads First

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Coming Soon: AT&T CFO Calls HBO Max ‘A Real Bargain’

The COVID-19 pandemic has thrown a wrench into some of AT&T’s plans for HBO Max, but the company is still confident the streamer will be a hit when it debuts on May 27. When asked Tuesday at the **MoffettNathanson Media & Communications Summit** about the streamer’s \$15 price point, AT&T CFO *John Stephens* called it a “real bargain” due to the expanded content library and its ability to reach different demographics. “We know that our base customers at HBO know the quality of the entertainment and the content, and for a long time have established a price for it that they’re willing to pay,” Stephens said. HBO Max will be bundled in with AT&T’s priciest wireless, internet and pay TV plans, but Stephens said the company may explore other bundling opportunities should the price point become a problem. He promised that the service will have plenty to offer at launch, but production shutdowns have affected both HBO Max’s content pipeline and the company’s balance sheet. For the productions that were shut down this spring, Stephens said he does not expect them to be ready for distribution “for some months, if not longer.” Those production delays have also caused some issues for **Warner Bros** over in AT&T’s entertainment unit, but Stephens said the positive aspect of the closures is the amount of cash that’s being preserved in the meantime. When asked whether Warner Bros is considering moving more of its theatrical releases to an on-demand model, Stephens said AT&T is still dedicated to working with theaters when they open again. Warner Bros is making the animated feature “Scoob!” available via premium VOD and that will be a major learning opportunity, but AT&T still believes in the importance of the theatrical release. “We are interested in new ideas, whatever is best for the consumer, but we are going to work with our partners,” Stephens said. Other areas of the entertainment unit are holding up despite the crisis. Stephens said ratings at **CNN** have more than doubled over the last few months, **TNT** and **TBS** are both up double digits and **HBO** is continuing to perform well. Stephens said the company is in a better position to weather the COVID-19 storm than many media companies due to its mix of assets. Although he expects the trends around increased cordcutting to “continue to some extent” as folks cut down their monthly bills, Stephens said AT&T will be able to partially offset that by growing its broadband business and cutting costs in other areas of the company.

Dexter’s World—Cash, Coax and Cord Cutting at Altice USA: Many agree that the pandemic is accelerating some trends—be it collapsing theatrical windows, encouraging work-from-home initiatives or increasing modem and set-top

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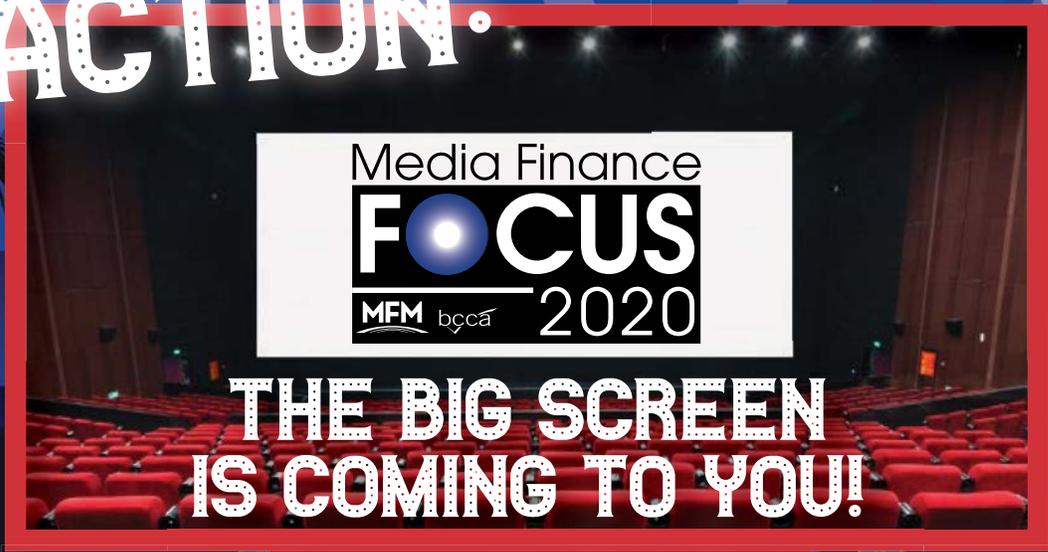
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self-installs. One area perhaps not thought about much is cash payments. With 86% of **Altice USA** retail stores closed, customers who pay their bills with cash are starting to move to some form of autopay. It's not a small chunk of change, with CEO *Dexter Goei* estimating the company pulls in \$100m-\$150m in a month from cash payers. About 30% of cash payers have started to move onto some form of autopay, he said. "The industry has been relatively cautious about trying to push people on to some type of automatic payment... I think you'll see distributors or other subscription businesses be more aggressive" in this area now, he said during **MoffettNathanson's** investor conference Tuesday. Goei offered some encouraging news for SMB. As Texas begins reopening, Altice USA is seeing SMB activity pick up "nicely," he said. Altice's East Coast properties have seen sales off 40-50% for SMB, but in the west, sales have continued to rise—though they are lower than last year, he said. While 1Q financials showed an acceleration in cord cutting across the industry, Goei said Altice isn't seeing increased video churn in 2Q. "We've seen our video trends slow down—the decline rate slow down," he said, clarifying that five weeks or so in to the quarter that Altice isn't seeing the same 40K+ losses it saw in 4Q and 1Q. Goei also tackled Altice's decision to roll out FTTH, even though it has coax capable of delivering 1 gig speeds with DOCSIS 3.1. "The cost savings is so significant... Plus the performance is dramatically different," Goei said of fiber. Analyst *Craig Moffett* asked if part of the appeal with FTTH is to take video and broadband traffic off coax so that the plant can be used for wireless traffic offload. "The most valuable part of our business is our fixed line assets and our networks," Goei confirmed. "We are going to monetize our assets as best we can. We've had discussions with all of the wireless providers in terms of helping them densify their networks."

Broadband Included in Relief Bill: In the House, Dems unveiled their massive coronavirus relief bill Tuesday. Dubbed the Heroes Act, it would provide \$1.5bn immediately for online distance learning (schools/libraries could use the E-Rate program to purchase hotspots, connected devices, connectivity and related equipment). It also contains another round of \$1200 stimulus checks (up to \$6K per household). Look for Republicans to push back. "Written behind closed doors in the Speaker's Office, House Democrats confess this legislation has no chance of becoming law, yet they wasted time writing an 1,815 page spending manifesto rather than working with us to craft real solutions," **Commerce** minority leader *Greg Walden* (R-OR) said in a statement. Under the proposal, low-income families or those with someone who has been furloughed or laid off would receive a monthly credit of up to \$50 on their internet bills. The bill also prohibits phone and broadband providers from stopping service to anyone unable to pay during the pandemic. The chamber is expected to take up the \$3 trillion package Friday. The relief legislation also would expand eligibility to local media outlets, including broadcast stations, for the Paycheck Protection Program. Eligibility would be based on a physical location basis and would require a local station to fit within the SBA size standard for the broadcasting industry (or under \$41.5m in revenue annually). The **American TV Alliance**, which includes **ACA Connects**, **AT&T** and **Mediacom** as members, has objected to stations owned by large broadcast conglomerates getting aid.

Online Education: In the Senate, a coalition of Democrats, led by *Ed Markey* (D-MA), *Chuck Schumer* (D-NY) and *Maria Cantwell* (D-WA), introduced the Emergency Educational Connections Act, a companion bill to legislation introduced in the House aimed at making sure students in K-12 have adequate internet connectivity and devices during the pandemic. The Senate version increases the appropriation to \$4bn from \$2bn as it seems likely the need will exceed

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this academic school year. **NCTA** said the cable industry is redoubling efforts to partner with schools and families. “While the calendar moves us closer to upcoming graduations and the arrival of summer, we know that many challenges remain for schools in the coming months as they work diligently to prepare for the fall and a new school year,” the association said. “For that reason, we appreciate the efforts of Senator Markey and others to consider new tech-neutral ways of assisting schools during the pandemic, as we all work collectively to help teachers and students stay connected and ready to learn regardless of whether instruction occurs at school or at home.” The bill would provide \$4bln in support for WiFi hotspots, modems, routers and internet-enabled devices. This week, **The Players Coalition**, which is made up of current and former **NBA** and **NFL** players and coaches, sent a letter to the **FCC** asking that it update the Keep Americans Connected Pledge to waive policies requiring people to pay off balances before restoring their internet connections for the next 90 days. The group also calls for \$2.2bln set aside for E-rate and the universal service fund to be put to use immediately to help close the digital divide for K-12 students who lack broadband access.

Spanish-Language Update: On the day of what would have been **Univision's** upfront, the Hispanic media company hosted a virtual presentation giving an update to advertisers, agencies and the press. “As we look ahead to next season, I’m going to make a couple of predictions. First, this health crisis will end. Secondly, the economy will return,” said *Steve Mandala*, pres of ad sales and marketing. “Univision is experiencing a moment of remarkable clarity.” He noted that Univision is one of the fastest-growing group of networks on all of TV, experiencing 12% YOY growth in A18-49 in primetime. No programming updates were given (that’s coming in a virtual upfront taking place June 16), but **Nielsen** and Univision unveiled a new ROI study. The groups found that Spanish-language TV ROI jumped up from \$0.80 in 2017 to \$1.18 in 2020, and brands investing over \$1mln are seeing even higher returns. The study found that 65% of all Hispanics can be reached consistently on Spanish language TV, and sales lift on Hispanics is 10-20% greater from Spanish-language advertising vs English language. -- **NBCU-owned Telemundo** unveiled next season’s programming lineup for Hispanics in a video statement in lieu of a traditional upfront. Tele-novela “Cafe, con Aroma de Mujer” and a new reality competition series “El Domo del Dinero” lead the upcoming new slate, and the net is bringing back “Exalton Estado Unidos,” “Falsa Identidad” and “Enemigo Intimo.”

Altice Mobile for \$20: It’s back... For a limited time, **Altice USA** is offering its mobile product for \$20/month per line to new subs. That was the price the service had when the company launched the wireless offering in September. In February, Altice Mobile raised the price for new subs to \$30. The \$20/month limited time offer reflects a \$5 autopay discount. The service is offered through Altice’s MVNO with **Sprint**, with management excited to move to the **T-Mobile** network following the merger of the wireless companies.

Advertisers Scaling Back: As upfronts kick off, big advertisers including companies such as **General Motors**, **General Mills** and **PepsiCo**, are looking to walk back spending commitments on broadcast and cable, according to a [report](#) from the *WSJ*. The deadline to cut back future spending commitments kicked off May 1, and companies now have the option to cancel up to 50% of Q3 spending. Programmers have already begun seeing the effects, with **AMC Networks** warning of a 30% drop in ad revenue in 3Q, and **ViacomCBS** CEO *Bob Bakish* saying “it’s not pretty.” Companies that took advantage of the drop deadline also reportedly include **Domino’s Pizza**, **Cracker Barrel** and pharma company **Sanofi**.

Distribution: **Fox News’** SVOD service **Fox Nation** is launching on **Cox Contour TV** for customers and for internet-only customers with the Contour Stream Player. Cox customers can now access the service for \$5.99 a month. -- **Court TV** and **YouTube TV** struck a carriage deal making the net available on the OTT service.

Programming: Are you ready for some **NASCAR**? **Fox** resumes live action coverage on Sunday at 3:30pm ET with the first live broadcast of the first NASCAR Cup Series race in 10 weeks. The event at Darlington Raceway will air across all the Fox family of nets and the Fox Sports app. -- **PCN** (Pennsylvania Cable Network) will feature *David Cohen*, senior evp of **Comcast**, in a special interview premiering Sunday at 8:30pm on cable and streaming. Cohen announced in December he would begin to step away from his operational responsibilities from the company.

Honors: Nominations are open for the annual Women in Technology Award, presented jointly by **WICT**, **SCTE-ISBE** and **Cablefax**. This year marks the 25th anniversary of the first award presentation. [Nominations](#) are due June 19. This year’s WIT Award will be presented during SCTE-ISBE’s Annual Awards lunch during **Cable-Tec Expo** in Denver on Oct 15. Registration is now open for SCTE-ISBE Cable-Tec Expo, which runs Oct 13-16.

People: **AMC Networks** has grown its distribution team, adding *Jon Sichel* as evp, distribution sales and strategy and *Barbara Kalosieh* as svp, distribution. Sichel, most recently of **Discovery**, reports to distribution development pres Joshua Reader. Kalosieh joins from **GoNoodle** and **Discovery Education** and reports to Sichel.