

Cablefax Daily™

Monday — August 3, 2020

What the Industry Reads First

Volume 31 / No. 148

On Fire: Charter Brings the Heat in 2Q with Broadband, Video & Mobile Gains

Charter added an astounding 850K residential and SMB internet customers in 2Q, compared to 258K a year ago. All those broadband gains helped Charter add 102K video subs (it lost 141K in 2Q19). But don't mistake the video adds for a sign that cord-cutting isn't an issue. "We've always said that we thought it was possible to grow video if our overall relationship growth was high enough," CEO *Tom Rutledge* said during Friday's earnings call. He was clear that the overall secular trend of traditional video declines has not changed. Instead, Charter managed to grow video faster than the rate of decline—hence video growth. Knowing that the challenges in video haven't gone away, look for Charter to experiment more in OTT. "I think you'll see us selling more and more packages of OTT product that we don't necessarily own, but more on a consignment basis or on potentially even a packaging basis," Rutledge said. Broadband gains helped Charter add 45K voice customers in the quarter. Even mobile, despite disruption to retail stores, saw a strong 325K additions. Charter's 2Q adjusted EBITDA of \$4.5bln grew by 7.3% YOY, while increased by 3.1% YOY to \$11.7bln. "Charter torched our and consensus expectations with all important data subscribers dramatically ahead of expectations, a material EBITDA beat and free cash flow well ahead of forecasts," said **Pivotal Research**. "2Q marked the first quarter that Charter crossed a major milestone as high (80+%) EBITDA margin residential data revenue officially replaced low margin (10-15%) pay TV revenue as the largest revenue source for the company." As far as Charter's Keep Americans Connected initiatives, the company's free 60-day internet offer for new customers with students or educators in the home added 329K customers in the quarter. By July 27, 90% of the cumulative connects on the program from 1Q through 2Q remained as either paying customers or still on the free offer (with many adding on additional services). The program's pledge to avoid disconnects during the pandemic kept 700K residential and SMB customers from collections and disconnects through July 30. Management said some 60% continued to pay something—half of which paid in full. Charter wiped away overdue balances by waiving \$85mln in revenue, which was recorded as a reduction in 2Q rev. "We believe we'll retain most as customers, but some of the 200K (who would've been disconnected under normal procedures) may become disproportionately delinquent compared to a typical customer with disconnection in late Q3 or more likely Q4," CFO *Chris Winfrey* said, though he added early payment trends on this base are

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IN THE INDUSTRY**



**Cablefax
MOST POWERFUL WOMEN**

NEW FOR 2020!

Cablefax is expanding the recognition of female excellence & achievements by adding 7 individual & organization award recognitions including: The Wavemakers, The Rising Tide (*honoring women 30 & under*) and Mentoring Programs.

DEADLINE: FRIDAY, AUG. 21

www.CablefaxWomen.com





Telehealth in the Virtual Age

Presented by Cablefax

Thursday, August 13
1:00 – 4:30pm ET
Online Event

www.TelehealthAge.com

Telehealth...The Next Big Opportunity for Broadband?

In this virtual event on Aug. 13, Cablefax will assemble panels of experts to assess key opportunities for the cable & broadband sector as advances in telehealth intersect with changing patient behavior,

AGENDA

1:00 – 1:05pm ET

WELCOME

1:05 – 1:25pm ET

Telehealth 101: What You Need to Know Now

In our kick-off conversation with Jailendra Singh at Credit Suisse, we'll ask this veteran healthcare technology analyst how he sees the telehealth future shaping up. What challenges are healthcare providers, insurance entities, patients and other players facing as more healthcare dollars shift to remote health monitoring and other forms of telehealth services? What are the implications for the entire industry as it evolves to meet increasing patient demands for more flexibility and autonomy?

Speaker:



Jailendra Singh
Lead Analyst, Healthcare
Technology & Distribution
Credit Suisse

1:25 – 1:55pm ET

Wake Up Call: The Future, Brought to You by COVID-19

In this opening session, we'll discuss how the ongoing pandemic has focused attention on broadband's potential as a telemedicine lifeline.

Speakers:



Chris Bastain
CTO
SCTE*ISBE



Kara Mullaley
Community Broadband Market
Development Manager
Corning

1:55 – 2:15pm ET

Fireside Chat: Real-World Applications with Trappollo's Mike Braham

We'll sit down with Trappollo CEO Mike Braham to understand how this Cox Business company takes connected patient engagement to the next level with its virtual-care platform, including program design and consulting, logistics and support and chronic care management.

Speaker:



Mike Braham
CEO
Trappollo

2:15 – 3:00pm ET

Screenology: Consumers Take Control with Tech

All telehealth services depend on the broadband network. We'll find out how mobile apps and other telehealth technology is making it easier for both patients and hospitals—and how broadband providers can partner with all sides to secure a place at the table as telehealth continues its exponential growth in the coming years.

Speakers:



Carina Edwards
CEO
Quil



Bonny Roberts
Director, Portfolio Management for
Business, Information Technology
Centura Health

3:00 – 3:15pm ET

Networking Break

3:15 – 4:00pm ET

Case Study: Telehealth Opportunities for Rural Broadband

In rural areas, remote access to healthcare services isn't just a convenience... It can be a matter of life and death. We'll explore GCI Communications' approach to ensuring that telehealth reaches every corner of Alaska and get a glimpse as to how this innovative broadband provider works with hospitals and patients—and navigates the legal and regulatory landscape—to ensure its customers receive the best care no matter where they live.

Speaker:



Pam Lloyd
VP, GCI Corporate Strategy:
Government, Healthcare
& Education
GCI Communications

4:00-4:30pm ET

A World of Possibility: Imagine Where We Might Go From Here!

We'll talk about the future applications and technology that will drive telehealth's future—as well as how broadband providers prioritize infrastructure projects and business partnerships.

We'll also screen the award-winning short film "A Better Place" to get a fascinating peek at the amazing innovations that are right around the corner—and how the cable industry can lead the charge.

Speaker:



Eric Klassen
Executive Producer
CableLabs

Thanks to Our Sponsor: CORNING

Register at www.TelehealthAge.com

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good. **New Street Research** analysts noted that Charter had far more adds from the genuine strength of its business than from COVID-related initiatives (ie, they had predicted 405K broadband adds from the Keep Americans Connected pledge vs the 242K Charter actually had). “We expect them to give back some of these gains when COVID initiatives expire in 3Q20, but we will be giving back less from a much higher base than we expected,” New Street told clients. As for Charter’s pending **FCC** request to get out of interconnection and data cap conditions early that were tied to its 2016 acquisition of **Time Warner Cable**, Rutledge said it doesn’t reflect any change in business strategy or marketing strategy. “We wanted to put ourselves from an opportunity perspective on the same even playing field as our competitors,” he said. The CEO was asked about succession planning, but swatted it away: “I intend to continue to be here, and the board would like me to stay.”

Friday Surprise: A **News Corp** 8-K Friday revealed *James Murdoch* has resigned from the company’s board. “My resignation is due to disagreements over certain editorial content published by the Company’s news outlets and certain other strategic decisions,” Murdoch wrote in a letter dated Friday. News Corp’s brands include *Dow Jones & Co*, *NY Post*, *The Australian* and book publisher HarperCollins. His father *Rupert Murdoch* is founder and chmn, with brother *Lachlan Murdoch* serving as co-chmn. The two also lead sister company **Fox Corp**, the parent company of **Fox News**.

WWE Ratings Continue to Drop: COVID-19 forced **WWE** to rethink its live event strategy, but cost-cutting saved its bottom line from looking too disastrous. Revenues were \$223.4mln, down from \$268.9mln YOY, due to the timing of the company’s large-scale event in Saudi Arabia. Operating income skyrocketed to \$55.7mln from \$17.1mln in the prior year quarter. WWE launched a free version of WWE Network on June 1, offering viewers a portion of its content library to expand reach and engagement. EVP, advanced media group *Jayar Donlan* said the company has built out its ad tech capability and is now evaluating its overall philosophy surrounding advertising before introducing it to the free platform. “The initial results on the free version are promising, and again, the strategy being just encouraging sampling of the content and those KPIs that we are looking at are active users and how we convert those active users to the paid service,” Donlan said. WWE Network’s average paid subscriber count was down, but its ending paid subscriber numbers increased 6% YOY to 1.69mln. WWE CEO *Vince McMahon* received plenty of questions about the ongoing decline in ratings and what strategy WWE is utilizing to turn them around. McMahon said that WWE, more than other sports, depends on audience interaction. “I think that we can have more compelling characters, better storylines, new characters coming in to where we are right now, and more of content that’s not necessarily in the ring, but yet one that focuses on their personalities and their story outside of the ring,” McMahon said.

RSN Rebates?: Operators are beginning to determine what funds they’ll be receiving back from sports leagues for the lack of live sports. “We expect that we’ll be getting some monies back from some of the sports leagues based on games played or not played in the US. And when that does happen, as we’ve said, we’ll pass that back along to customers,” **Comcast** CFO *Michael Cavanagh* said on the company’s earnings call Thursday. Comcast did not reveal how much it expects to receive or when it expects to issue the rebates. **Charter** said during its Friday call that it did not accrue any RSN fee savings in programming expenses in 2Q with the timing and amount of any credits not yet clear. If there is a rebate, management promised to pass it along to subs. As for Charter’s Dodgers and Lakers sports nets, the expense for unplayed games is expected to be amortized over the remaining life of the contract.

FCC Extends 2.5GHz Rural Tribal Priority Window: The **FCC** extended the Rural Tribal Priority Window for the 2.5GHz spectrum auction applications by 30 days in light of the COVID-19 pandemic. The window opened on Feb 3, and over 200 eligible Tribal entities have submitted applications. Other eligible Tribal entities can continue to apply for licenses for currently unassigned 2.5GHz spectrum over their rural Tribal lands until Sept 2.

Chu Leaving Disney+: **Disney+** vp, content *Agnes Chu* is stepping down to join **Condé Nast**. Chu will begin her new role as pres, Condé Nast Entertainment in Sept. No replacement has been named, but she’ll work with Disney+ pres, content and marketing *Ricky Strauss* through August to create a transition plan. Chu joined Disney in 2008.

Ratings: **SYFY**’s “Wynonna Earp” came back with 1.2mln multiplatform viewers for its Season 4 premiere on Sunday night. Despite a two-year hiatus, with 656K P2+ in L3, the premiere beat Season 3’s premiere by 11%.

Cablefax Dashboard

Hero of the Week



Lou Hartung



Brian Balog



Jason Merriman

Atlantic Broadband in Uniontown: In March, Uniontown Hospital (Uniontown, PA) was working to establish a remote COVID-19 drive-through testing site in South Union Township. They wanted a 1Gig MetroEthernet link from the main hospital to the testing site, a process that can often take a couple of months. But given the urgent situation, Atlantic Broadband's Uniontown team got it done in a week. Atlantic Broadband Business Services Account Executive Jason Merriman out of Johnstown, PA, along with sales manager Brian

Balog and Lou Hartung, director of technical operations, rounded up contractors to run the fiber, worked with the IT and engineering teams to establish switches for the site, and coordinated with dispatch to schedule the Uniontown Hospital project around current orders. "We would like to thank Atlantic Broadband for being a true partner during a time when it counted the very most," the hospital's CIO wrote.

Tweet Tweet



Ajit Pai
@AjitPaiFCC

I drew a bottle of Skrewball whiskey (used @Crayola colors gray, beaver, and burnt orange).

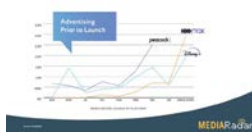


MediaRadar
@MediaRadar

We compared the recent launches of #Disneyplus and #HBOMax to that of the latest launch, @PeacockTV.

#PeacockTV's strategy mirrored that of Disney+, however two weeks prior to release, Peacock's advertising was up 71%.

hubs.ly/H0sM-F0
#streamingservices



Research

- 80% of consumers increased the use of digital customer service amid COVID-19.
- Millennials and Gen Z consumers led the trend with 92% and 87% of respondents increasing their use of digital customer service, respectively. They were followed by Gen X at 79% and Boomers at 69%.
- Chatbots rank at the bottom among digital service options, with 57% of consumers finding themselves frustrated with inconsistent answers across chatbot and human-assisted service.

(Source: eGain)

Quotable

"It's hard to believe how little some have learned over the last many decades of a dynamically changing communications industry. Take, for example, the cable industry, where many companies have compensated for lost video subscribers through their added broadband subscriptions, and in some cases, their OTT offerings or other intellectual property that maintains strong, existing brands... the answer to leveling the playing field with unregulated, high-tech companies is not to start subjecting the latter to more regulations... but to eliminate rules that are hampering legacy providers."

– **FCC commish Michael O'Rielly** at a [virtual Media Institute luncheon](#)

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.

Hero of the Week



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

Contact Olivia Murray at omurray@accessintel.com to sponsor this feature section