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WHAT THE INDUSTRY READS FIRST

Construction Zone: WBD Sets Date for Combined Streamer Preview Event

Warner Bros Discovery CEO *David Zaslav* opened the company's 4Q22 earnings call Thursday by noting that the theme of last year was restructuring and 2023 will be one of building. A lot of that construction is coming in the company's direct-to-consumer division, and leadership remains optimistic that all projects will be wrapped on time and on budget.

Global DTC subscribers increased 1.1 million in the quarter, totaling 96.1 million at the end of the year. The company's combined streaming service is still set to launch in the U.S. in a few months, and we'll learn more product details at a press event on April 12. As of now, we know that the product will continue to offer paid and ad-lite tiers and promises an improved user experience and better overall performance. It will come to Latin America later this year and arrive in markets across EMEA and APAC in 2024.

Not mentioned was the schedule for the launch of Warner Bros. Discovery's standalone FAST service. It's been one month since the company struck its first FAST channel content deals with **Tubi** and **Roku**, and *JB Perrette*, CEO/President of Global Streaming and Games, said those partnerships are like Warner Bros. Discovery dipping its toe into the water.

"FAST is one area that as we look at the evolution of consumer behavior, we look at obviously a lot of the free-to-air viewing moving to what we call free-to-view online, and we don't yet have, we think, a strong enough position in that market," Perrette said. "We do want to have a bigger presence in that space… and we think we're uniquely able to do that without jeopardizing or risking the subscription business, theatrical business or some of our upstream windows."

Zaslav did confirm reports that it will allow discovery+ subscribers to continue to subscribe to the standalone product even after the combined streaming product hits app store shelves. "Many of those people are going to want to move up to a bigger product, more robust with a bigger offering. And for those that are happy paying $5-7 and having home food, Discovery and OWN content, our strategy is no sub left behind," Zaslav said. "We have profitable subscribers that are very happy with the product offering of discovery+. Why would we shut that off?"

The biggest unknown for Warner Bros Discovery continues to be the ad sales environment. Overall revenue fell 9% to $11.01 billion, and networks revenue dropped 6% as global advertising trends continued to plummet. Global advertising revenue plummeted 14% on softness across the ad space, but especially in the U.S. "While visibility remains limited, we are seeing revenue trends very modestly improving sequentially in certain pockets, and while this is indeed encouraging, we're hesitant to forecast any meaningful near-term revenue improvement," CFO *Gunnar Wiedenfels* said.

Zaslav said the scatter market overall is very slow, but the digital inventory that had really held up during 4Q22 is also starting to soften. As it begins planning for the next upfront, Warner Bros Discovery is strategizing to find the right balance between volume and pricing to better shield it from troubles in the ad market.

"We also made a decision in the upfront to drive price rather than extra volume and I believe in that… but in order to do that, we took less volume than we could have and now we see a very soft scatter market, so that is having some impact on us versus others that took a much bigger position," Zaslav said.

ERGEN: BROADCAST STATIONS HEADED DOWN RSN PATH

DISH earnings calls continue to be all about 5G network progress and its **Boost** business, but video is still there. As such, it's not too hard to get Chairman *Charlie Ergen* to voice thoughts about retransmission consent. DISH currently has blackouts with **Cox Media**, **White Knight** and **Mission Broadcasting**. Broadcasters "are the newspapers of this decade. You raise your price for newspapers and there's a few people who continue to read the newspaper. I'm one of them. But the fact of the matter is… I get my news elsewhere now and if I lost my newspaper tomorrow, I'm probably OK," he said, adding that local networks are going down the same path as regional sports. "The fact of the matter is that any customer that wanted Cox from us has left DISH, so that's now a tax if we put them back up. I said it about regional sports. I am saying it now. That's where that's going." DISH dropped its last RSN in December 2021, bidding adieu to **NESN** and ending a years-long process of trimming nets that really got underway with the deletion of **Bally Sports** RSNs in July 2019 (they were then owned by **Disney** and under the **Fox Sports** name). DISH pre-reported in January satellite TV net losses of 191,000 and Sling TV losses of 77,000. Revenue for the Pay TV segment came in at $3.1 billion, slightly ahead of the Wall Street consensus. **SVB MoffettNathanson** said the segment is still generating a meaningful amount of cash, calling margin contraction of only 30 bps YOY a "remarkable achievement" given the rate of revenue decline. Pay TV's adjusted EBITDA was $849 million in the quarter, down 5.6% YOY but a significant improvement on the 9.8% rate of decline last quarter. On the other hand, the retail wireless business isn't doing its part to fund the 5G wireless network build. "With Boost now costing Dish money rather than providing it, DISH's financing gap is larger. And the sharp increase in prevailing interest rates, coupled with the increasingly evident risks associated with DISH's 5G market entry, have left DISH with a much costlier financing burden than once expected," MoffettNathanson said in a research note. DISH has a deadline of June 14 to offer 5G to 70% of the U.S. population, with Ergen saying it's on track and doesn't expect to pay any fines. Management said construction has started on more than 17,000 sites, up from 15,000 at the start of 2023. DISH's postpaid service Boost Infinite is currently live in 12 markets covering 30 million POPs. Prepaid service Boost Mobile lost 24,000 subs in the quarter, an improvement over the 245,000 loss in 4Q21. DISH posted net income in the quarter of $936 million, up from $552 million a year ago. Revenue fell 9.2% to $4.04 billion.

DISH HIT WITH INTERNAL OUTAGE

DISH's 4Q22 earnings call Thursday coincided with an internal outage that had taken down company websites, including its IR site, as well as some customer care functions. At our deadline, websites were still offline. DISH TV and Sling TV services were operating normally as were wireless and data networks, according to the company. It wasn't clear to what extent customer service was impacted. Boost Infinite tweeted that the issue is impacting customer service, but mobile service shouldn't be interrupted. It sounded like the main disruption was access to customer accounts. DISH said it was exploring the cause and working to resolve the problem as quickly as possible.

VIX A PLUS FOR TELEVISAUNIVISION

At last, **TelevisaUnivision** gave a glimpse into how its Spanish-language streaming offering **ViX** and SVOD counterpart **ViX+** are performing. The company revealed ViX eclipsed the 25 million MAU mark, and CEO *Wade Davis* expects the paid-tier offering to be profitable by year-end. TU grew revenue for the full year by 13% to $4.7 billion, the second straight year it experienced double-digit revenue growth. For 4Q22, revenue was up 22% to $1.5 billion thanks to a big push from having sublicensed the 2022 FIFA World Cup, an uptick in advertising and a full quarter of ViX subscription revenue. Ad revenue increased 10% for both the full year and 4Q22, with TelevisaUnivision citing growth in linear and streaming as well as a record midterm for political revenue. Subscription and licensing revenue was up 47%, and when you exclude revenue tied with sublicensing the World Cup rights, that figure in the U.S. grew 4% over the quarter and 20% in Mexico. As for what's next for ViX, Davis is eyeing increased penetration outside the States. "The penetration levels, if you want to look at it on x-U.S. basis, are less than 20% of the global Spanish-speaking population," Davis said. "Compare that to call it 80% or 80+% penetration that you're seeing in the rest of the other developed streaming markets, that's an enormous opportunity." While many have been curious to see how the paid ViX+ service performs, it's the free tier that's helped build a subscriber funnel. Davis noted that ViX has delivered more than half of the gross sub adds, touting its library and special events such as simulcasting World Cup matches. "Having a free tier makes this a mass-market product for an audience that has limitations around subscription penetration," Davis said. "Over

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time, we expect to see the two-tier ecosystem provide us with meaningful advantages in managing churn."

GREENER DAYS AHEAD FOR WOW!

It's so far, so good for **WOW!**'s greenfield markets, and that's giving the company confidence as it begins 2023. While it's anticipating HSD net adds to be a loss of 4,000-near flat for 1Q23, its FY23 outlook is set for 6,000-10,000 net adds. "We still are seeing some uncertainties, certainly, in our forecast as we look at fewer movers, interest rates, inflation—some of those things that I think were impacting us in the fourth quarter as well are still prevalent," CEO *Teresa Elder* said on the company's 4Q22 earnings call. "I think things do look a big better for the first quarter." The initial penetration rate in its first greenfield market in central Florida is above 25%, according to Elder. WOW! is expanding construction in other areas in Florida and Greenville, South Carolina, as well, contributing to the $10.7 million spent on greenfields this quarter. WOW! reported total HSD revenue of $107.1 million in 4Q22, a 7% jump YOY, bringing the full-year revenue mark to $412.1 million. As of the turn of the year, WOW! reported 511,600 HSD RGUs, down by 7,000 compared to the prior quarter. That reduction drove a decline in total subscribers, which came in at 530,060—a 2,300 decrease YOY and 7,500 fall from 3Q22. Total 4Q22 revenue was up YOY by $2.2 million to $180.5 million. Subscription revenue fell 1% to $163.1 million, primarily because of a shift in service offerings as WOW! endures a decline in video and telephony RGUs.

FCC DATA BREACH RULES NEED TO BE TAILORED

Providers generally support the **FCC** changing rules around its data breach notification rules for providers, but they don't want those communications to become overly burdensome for all stakeholders involved. **NCTA** supports a reasonable and objective harm-based trigger that ensures customers are notified quickly, but also prevents over-reactions when breaches are quickly detected and dealt with with no harm to subscribers. It asked that the Commission clarify that a harm must be actual and concrete. "Additionally, NCTA encourages the Commission to expressly find that there is no harm in cases of good-faith acquisition of [customer proprietary network information] by employees and agents when such information is not used improperly or further disclosed," the association said in comments submitted Wednesday. "NCTA also encourages the Commission to consider coupling a harm-based trigger with a threshold minimum number of affected customers for certain aspects of the breach reporting rule to apply." **ACA Connects** added in its comments that the FCC should look to minimize the potential burdens of any expanded reporting obligations on providers to the extent possible as there is a risk that resources that need to be devoted to reporting will pull attention away from investigating the source of a breach and stopping any bleeding.

AI COMMERCIALS COMING SOON

An AI-powered platform that lets businesses produce high-quality TV commercials with an AI-generated voiceover within five minutes is on the horizon. **Charter**'s ad sales arm **Spectrum Reach** and the video startup **Waymark** are teaming up for the offering, where Waymark's platform can be used by local businesses to create real-time, ready-to-air commercials across Spectrum Reach's footprint. Clients can type in their business name, location and desired tone, before Waymark's AI creates the personalized video. Clients will have 11 AI voices to choose from, all ranging in timbre, energy, delivery and speed.

SPECTRUM NEWS REPORTER KILLED ON ASSIGNMENT

Tragedy upon tragedy in Florida, where two **Spectrum News** reporters were shot while working at the scene of a 9-year-old's separate but related homicide. Reporter *Dylan Lyons* was killed and *Jesse Walden*, a photojournalist for the **Charter**-owned news network, was critically injured. "We are deeply saddened by the loss of our colleague and the other lives senselessly taken today. Our thoughts are with our employee's family, friends and co-workers during this very difficult time. We remain hopeful that our other colleague who was injured makes a full recovery. This is a terrible tragedy for the Orlando community," Spectrum News said in a statement.

BRITBOX INTERNATIONAL PASSES 3 MILLION MILESTONE

Streaming service **BritBox International** eclipsed 3 million total subs across eight international markets. **BBC** and **ITV**'s jv has enjoyed 15% subscriber growth over the past year, aided by launches in Sweden, Denmark, Norway and Finland as well as distribution partnerships with **Prime Video** and **Apple** channels in Australia.

PEOPLE

Diamond Sports Group is expanding its executive team, naming *David DeVoe Jr.* to COO/CFO and *Eric Ratchman* to the newly-created role of President, Distribution and Business Development. DeVoe, who has been advising the company since September, and Ratchman will report to DSG CEO *David Preschlack*. Ratchman last served as Global Head of Business at **Amazon Freevee** while DeVoe has served as a consultant through **DFD Capital & Advisory LLC**. – **WOW!** made a pair of promotions following the departure of two executives. *Roger Seiken* was elevated to General Counsel, taking over for *Craig Martin*, who leaves after being with WOW! since its founding in 1999. During his 24-year tenure, Martin helped take the company public and oversaw M&A activity. Additionally, *Leslie Peabody* was promoted to Chief People Officer, filling in for Chief HR Officer *David Brunick*. Both Martin and Brunick will leave in 2Q23 and be available as advisors as needed throughout their respective transition periods.

PROGRAMMER'S PAGE

BET Spotlights Current Issues in 'America in Black'

Black History Month remains a moment when there is heightened attention on issues of importance to POC, and **BET**'s latest offering is sure to start some conversations. "America In Black," which premiered Sunday and is produced in collaboration with **CBS News**, offers deep dives into the Black experience within the U.S. and features honest, open discussions about issues that are dominating headlines. It has adopted a monthly format in order to ensure it is able to cover the most pressing issues for Black communities in a timely fashion with one-hour newsmagazine features scheduled to hit BET, **BET Her**, **BET+** and **VH1**. Its first episode tackled issues that have been dominating the headlines in recent months, including the censorship of Black history in schools and police reform. "The real challenge we face as a production team is that there are far too many stories that we want to tell, but we do try in each episode to provide viewers with a mix of stories," Executive Producer *Jason Samuels* told ***CFX***. The series balances out some of its heavier topics with explorations of the lives and careers of some of the most successful and famous Black celebrities, including "Abbott Elementary" star *Sheryl Lee Ralph*. While she's been performing for more than four decades, it was only recently that Hollywood began giving her any share of the spotlight. The features add levity to the series, and Samuels noted that their inclusion is key to ensuring that the show reflects the breadth of experiences and the diversity of the Black community. "I think too often news in our community focuses on crime, policy brutality, etc. when of course, the canvas of stories is so much broader than that. We are producing really compelling stories on Black love, Black artists, scholars, doctors and activists, just to name a few," he said. – *Sara Winegardner*

REVIEWS

"Sex/Life," Season 2 premiere, Thursday, streaming, **Netflix**. At the tail end of this hit series' freshman year, a sophomore season didn't seem likely, or needed. The protagonist, housewife Billie (the wonderful *Sarah Shahi*), was ending a fling with her ex. Seemingly finished with illicit love, Billie was en route to her husband and kids. Or so we thought. (And, truthfully, calling Billie's 'activities' with Brad (*Adam Demos*) a fling is as understated as saying '*Beyoncé* sings a bit.') Of course, Billie's not without company. Hubby Cooper (*Mike Vogel*) is carrying on with his boss Francesca (*Li Jun Li*). Confused yet? Good. That's the point. And here's more: actors Shahi and Demos are a couple in real life too. There, that's better. – "The Americans," streaming, **Hulu**. Streaming services afford viewers chances to digest, OK, binge, series they missed the first time. While this series' topic–Soviet spies posing as Americans and living ostensibly normal lives in the US–may seem upsetting with *Vladimir Putin*'s year-long invasion into Ukraine, "The Americans" (2013-2018) remains one of TV's finest Cold War tales. Moreover, it avoids sides: the KGB couple (*Kerry Russell* and *Matthew Rhys*) have as many issues as the FBI agents hunting them. And having Soviet embassy officials speak Russian throughout the series, adds authenticity. The couple's cover cracks when their daughter asks questions. – *Seth Arenstein*

BASIC CABLE P2+ PRIME RANKINGS*
(02/13/23-02/19/23)

MON-SUN	MC US AA%	MC US AA (000)
FNC	0.689	2152
TNT	0.497	1553
MSNBC	0.359	1120
HGTV	0.290	905
HALL	0.246	768
ESPN	0.229	715
HIST	0.228	712
INSP	0.216	673
USA	0.215	670
FOOD	0.204	635
TBSC	0.200	626
TLC	0.179	558
DISC	0.177	554
CNN	0.175	546
ID	0.169	526
TVLAND	0.161	501
A&E	0.143	447
PRMNT	0.126	394
LIFE	0.124	388
GSN	0.124	388
BRAVO	0.121	377
HMM	0.120	373
FX	0.118	367
WETV	0.110	342
REELZ	0.108	337
NATGEO	0.100	312
OXY	0.098	307
COM	0.097	301
APL	0.094	292
AMC	0.093	291
BET	0.093	289
ESPN2	0.085	264
TRAVEL	0.082	255
FS1	0.081	254
MTV	0.079	247

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