

Cablefax Daily™

WHAT THE INDUSTRY READS FIRST

Ring, Ring: Charter's Racking Up the Mobile Customers

Charter posted a record 686,000 mobile adds in 1Q23, a whopping gain that T-Mobile telegraphed on its earnings call Thursday evening. While the Uncarrier cast some doubts on whether those customers will stick around, Charter's team seems convinced they'll remain part of the Spectrum family.

Most of the Spectrum Mobile acquisitions came from existing internet customers, though the percentage of acquisition lines has increased "significantly" since the introduction of the Spectrum One, which includes home internet and a free year of both Spectrum Advanced WiFi and an unlimited mobile line. "Those customers are great customers that have good usage, and they are getting the fastest product in the country from a connectivity standpoint," CEO Chris Winfrey said during Friday's earnings call. "When the promotional period rolls off, they are going to have not only the fastest connectivity product, but they are going to have the best price in the marketplace as well as \$29.99."

During T-Mobile's call Thursday, CEO Mike Sievert said they felt pretty sure Charter had a "blockbuster" quarter in terms of mobile, but chalked it up to "drop[ping] a free line in the bag." He estimated that about 75% of the uptick was from those types of adds. "It's kind of important to adjust for all that, at least for us, as we make our operating decisions," he said.

Charter rebutted T-Mobile's comments, reporting that less than 5% of lines are tablets and those lines have the same rate plans as phones (wearables aren't included in mobile numbers).

"I always find it strange when somebody tries to do your IR for you, but we had a great quarter. These are great adds. We said what we said, and they are going to stick because it's a high-quality product," Winfrey said. "I think we will leave it at that and continue to grow our line counts and we will do our own IR."

There are customer acquisition costs associated with those mobile gains, but New Street Research believes some are underestimating the timeline for margin improvement. "Wireless economics are improving from a starting point that we think is better than people realize. Wireless is still a material headwind to EBITDA because gross adds are accelerating. When gross adds stabilize, there will be an impetus to EBITDA that few anticipate," the firm said in a research note. Mobile traffic offload to WiFi will also help wireless economics. Charter's advanced WiFi is in 40% of residential homes today and is beginning to launch for SMB.

Charter did add broadband subs, posting 76,000 adds (67,000 residential) despite what Winfrey called a "low transaction environment." The operator's goal for the year is still to have high internet adds than last year. Winfrey attributed the overall slowdown in broadband growth partly to the headwind of all the COVID volume as well as lower moving activity and housing starts. "The difficulty that I think you hear from the entire industry is when is it going to come back to normal and none of us really have a crystal ball. But if I listen to what others are saying, including our peers, there is no reason to think that we don't get back into the normalized market environment," he said.

Video losses totaled 241,000 in the quarter, much better

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than **Comcast's** 614,000 loss. Management is clearly excited for the upcoming **Xumo** streaming JV with Comcast. We don't have an exact launch date, but Charter expects it to be fully deployed by the end of the year.

Charter activated 44,000 subsidized rural passing during 1Q23, despite some of the difficulties associated with winter construction. As the weather gets better, look for rural passing growth to accelerate (20,000 subsidized passings were activated in March). Management expects to hit 300,000 passings this year, with Charter projecting 1.5 million homes in the next 4-5 years. Winfrey predicted the company could complete its RDOF commitments two years ahead of the federal deadline if it gets pole attachment permit support. As for Charter's network evolution, it has completed the physical work for high split in two mid-size markets, increasing network capacity to 1.2 Ghz. It's launching similar high split upgrades in 6 more markets that represent about 15% of its footprint. Charter expects its network evolution plan to be complete by the end of 2025 at \$100/passing.

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SUNS, MERCURY DITCH DIAMOND

It's another gut punch for **Diamond Sports Group** and RSNs. On Friday, the **NBA's** Phoenix Suns and **WNBA's** Phoenix Mercury struck a local media deal with **Gray Television** as well as the streaming platform **Kiswe** to broadcast the teams' games starting next season. The Suns' agreement will run up to five years while Mercury's deal is for two years. They're the first teams to officially exit the **Bally Sports** family since DSG [filed for bankruptcy](#) last month. The new deal will have both teams' games broadcast on Gray's stations KTVK, KPHE or its **CBS** affiliate KPHO, covering the Phoenix, Tucson and Yuma markets. That'll put the overall reach of games at nearly 2.8 million households in Arizona—more than triple what Suns and Mercury games currently encompass. At least 40 regular-season Suns games will go on KTVK and the remaining on KPHE, with an overall minimum total of 70 games to be broadcast. For streamers, they'll be able to watch through the Suns or Mercury-branded apps or their respective websites. While no pricing has been set for the Suns' DTC option, the franchise is making all Mercury games available for free this upcoming season. Diamond isn't going down without a fight, however. "The Phoenix Suns breached our contract and violated bankruptcy law, and Diamond Sports Group will pursue all remedies against any parties that attempt to exercise control over our property interests while we reorganize," it said in a statement.

SHENTEL'S GLO-ING QUARTER

Shentel had a record quarter for its broadband segment thanks to positive results from **Glo Fiber**. Broadband revenue grew 12.5% YOY in 1Q23 to \$67.2 million, with Glo posting \$7 million

in revenue and having 4,507 net additions after it accelerated network expansion over the past several months. Glo added 71,447 new passings in the quarter, increasing the total to 165,058 passings. That expansion has been met with customer growth, too, with Glo having nearly 29,000 customers as of the end of March. Total cable and Glo Fiber markets' broadband data RGUs were 138,713 as of March 31, good for a 14.6% improvement compared to the same quarter last year. Shentel reported consolidated revenue of \$71.68 million.

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HALL OF FAME WRAP-UP

Kudos to *Diane Christman* and team for a lovely event Thursday celebrating the *Cable Hall of Fame*. **Bresnan Ethics in Business Award** honoree *David Van Valkenburg* put the night in perspective, saying that the award's namesake, the late *Bill Bresnan*, would consider it very appropriate that half of the [2023 Hall of Fame class](#) "are highly successful female executives and two are industry leaders of color." One of the women honorees was *Italia Commisso Weinand*, who has been in the industry for more than 46 years. She reflected that "for more than half of those I have been fortunate enough to work to build and continue to build my brother *Rocco's* vision of **Mediacom**: trust, honor, integrity. These are words that matter." Fellow Hall of Famer *Tom Adams* of **Charter** said "to be able to make a living in the cable industry doing something that I call fun versus work every day is only something that people can dream about." Loving the industry was a theme, with honoree **Hallmark** CEO *Wonya Lucas* recalling how she went through 37 interviews and took a sizable pay cut from her job at Coca-Cola to become part of it. "I'm pretty sure that's a lesson in humility, tenacity, or maybe it was just crazy determination. Either way, I never looked back," she said. Honoree *Doug Holloway* of **Homewood Media** credited his mother for having the foresight to secure a place for him in 1958 on "Romper Room." He fell in love with television. He also was one of the first Black children on local TV. "Now I have fulfilled my lifelong dream of owning my own media company... all of this because when given the opportunity diversity is good for business and good for this industry," he said. **Cable One** CEO *Julie Laulis* accepted the honor, but made it clear it's not about her. "What it is about is the 3,200 associates, the Cable One family of brands, that I've worked with to connect our communities to the things that matter most to all of them," she said. **One Touch Intelligence** VP/Lead Analyst and former **Cablefax** Publisher *Michael Grebb's* original song "Rock the Wires" was back for the night, this time with a music video featuring **NCTC's** *Lou Borrelli* on drums and **C-SPAN's** *Rob Kennedy* on keyboard. Next year, we're hoping for a live performance that includes *Camilla Formica*, who wowed the crowd by singing catchy jingles to help us remember the Cable Center's new brand name **Syndeo Institute**.