

Cablefax Daily™

WHAT THE INDUSTRY READS FIRST

Tough Hit: Charter Stuns With Broadband, Video Losses

Charter stock dropped more than 16 points Friday after it reported combined residential and SMB broadband customer net losses of 61,000 in 4Q23.

CEO *Chris Winfrey* identified “more persistent” competition from fixed wireless providers and similar levels of wireline overbuild activity as the primary drivers behind the hardship. He stands by his previous statements surrounding pressure from fixed wireless being temporary as customers’ need for more bandwidth increases, but he told analysts he can’t promise when that will happen. On the impact of wireline overbuild, he doesn’t see overbuilders reaching their penetration and ROI goals now or in the future within Charter’s footprint.

“Our assumption is that our competitors are rational economic players with shareholders and balance sheets, which require adequate return on investment. That isn’t within our control,” he said. “So, we are focused on the key strategic initiatives that enhance our long-term competitiveness and growth capabilities, and we expect to return to a more normalized internet growth over time.”

CFO *Jessica Fischer* also made a point to address the customers who signed up for Spectrum One in 4Q22 and reached their 12-month anniversary during the quarter. She said those promotional roll-offs didn’t drive incremental internet churn.

A highlight in the disappointing news was Charter’s rural construction initiative. Fischer said cohorts that have reached or

passed the 12-month mark are generating customer penetration of close to 50%. Additionally, the attach rate of additional services is high with wireless notably hitting 25%. In 2024, Charter expects to reach more than 450,000 new subsidized rural passings, approximately 50% more than it did in 2023. It expects its RDOF build to be completed by the end of 2026, two years ahead of schedule.

Some believe Charter needs to do more than simply keep with its existing plans to fight off the new competitors that are aggressively trying to win customers. “The plan to get more net adds via rural builds is not playing out as losses from competition overcome those gross adds. BB ARPU growth is also slowing in a bid to keep subscribers from defecting. That leaves Charter with just one tool to grow EBITDA and FCF—cost cutting, which it’s doing, but there’s a limit to that (so much juice to squeeze out of investment in employees),” **Bernstein Research** said in a note to clients.

Charter has just over five million households receiving a subsidy benefit from the **FCC’s** Affordable Connectivity Program, all for wireline internet. It’s the largest ACP provider in the country, and most of its ACP customers were internet customers before the program began. Winfrey still believes there is a significant possibility that Congress takes action to allocate more funding to the program and save it for the time being, but should it not, leadership is going to work hard to keep customers connected.

“We’ve been working on this possibility for some time. We have significant tools to save customers hundreds or even



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thousands of dollars,” he said. “In the meantime, having said all that, it’s actually pretty challenging for us to predict the impact that a potential end of the program is going to have to our customer disconnects, but we’re going to report that consistently over time.”

Wireless continues to soar with Charter reporting 546,000 net additions in the quarter, and as the discounts on its Spectrum One plans expire, the division’s ARPU will rise to new levels. “With a rapidly growing subscriber base, their wireless revenue growth should continue to accelerate despite what is now a much larger wireless revenue base,” **MoffettNathanson** said.

Charter was the first to release the **Xumo** platform into the wild in October, becoming the MVPD’s first choice platform for new video sales. It is approaching one million deployed Xumo boxes, and Winfrey said customer feedback has been great so far. Overall video customers declined by 257,000 in 4Q23. Programming costs dropped by 10.6% YOY due to a 6.8% YOY drop in video customers and a higher mix of lighter video packages.

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ASSOCIATIONS BAND TOGETHER TO ASK NTIA TO STICK WITH FIBER

The leaders of **ACA Connects**, the **Fiber Broadband Association** and **NTCA-The Rural Broadband Association** joined Friday to ask **NTIA** to stand by its initial decision to prioritize fiber projects and maximize the deployment of those networks in its running of the BEAD program. In a letter sent Friday to NTIA Administrator *Alan Davidson*, the associations said that too often, federal broadband programs move into the implementation phase and settle for supporting broadband infrastructure that is just good enough for the moment. That won’t do this time around, they said, and NTIA’s initial goals are the ones they believe will best prepare the nation for the future. “Abandoning these goals would not only flout the law but would disserve the public interest, relegating generations to less-capable broadband access,” ACA Connects CEO *Grant Spellmeyer*, FBA President/CEO *Gary Bolton* and NTCA CEO *Shirley Bloomfield* said. “The BEAD Program promises to achieve the kind of lasting success that so many programs before it have failed to realize, and we hope that NTIA will hold fast to this vision—and to ensure that the States and Territories will do the same—as it completes its review of initial proposals for BEAD implementation.”

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ALL EYES ON COX MEDIA-DIRECTV

Cox Media Group stations were still available on **DirectTV**, **DirectTV Stream** and **U-verse** at our deadline Friday evening. “We continue to work on behalf of our customers to reach

an agreement that aligns the value and quality they receive with the price they pay,” DirecTV said. CMG’s portfolio of 14 stations includes Atlanta ABC affil WSB and Seattle’s CBS station. Stations were warning Friday of a potential blackout if a new deal isn’t reached.

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DEMS SUPPORT E-RATE HOTSPOTS

A group of Senate Democrats wrote a letter to **FCC** Chair *Jessica Rosenworcel* in support of a proposal to expand the Commission’s E-Rate program to allow schools and libraries to loan out WiFi hotspots to students and educators. They highlighted how the program would continue to open opportunities to students from all backgrounds, and spoke to how important the expansion of E-Rate could be should the Affordable Connectivity Program be shuttered this spring. “When a sixth grader is completing a homework assignment through an online educational platform or a ninth grader is attending class through a video conferencing application, they are clearly engaged in educational activities,” said the letter, which was led by Senators *Ed Markey* (D-MA), *Chris Van Hollen* (D-MD) and *Grace Meng* (D-NY). “With millions of students at risk of losing internet access at home, we are glad to see the FCC exercising this authority and modernizing the E-Rate program, and we encourage the Commission to provide schools and libraries with the flexibility to adapt their programs to local conditions while continuing to effectively guard against fraud and waste.”

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INTRAPRENEURSHIP ACADEMY SWITCHES UP FORMAT

As the general workplace changes, so does the **Syndeo Institute at The Cable Center** and its Intrapreneurship Academy. The organization unveiled a revamped Academy that saw changes to its format and offerings in order to best meet the leadership and development needs its partners desire. “We’ve really been talking to the people on our board, the leaders, the C-level leaders of the organizations that we partner with, our constituents, about how best they can consume the content and what works best for them—both with financial and time constraints happening. That’s really when we started to morph to this new format,” *Camilla Formica*, Chief Program Officer at The Cable Center, told **CFX**. The changes include shifting from the Academy’s previous eight-week course structure and implementing different modes of learning. Those come in the form of courses, which are three 105-minute sessions per course; masterclass, which provide half- or full-day instruction; one-hour webinars and online, asynchronous learning modules called “Sprints.” The content itself can be chosen from four tracks:

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driving innovation, leading with agility, intrapreneurial leadership and human innovation in the AI world. Each of those tracks contains three courses that cover topics from problem solving, to managing workplace politics and the inevitable application of AI in the workplace. For the new-look Academy, it's about packaging content to meet the specific desires of what partners want their participants to learn. Formica says the new format allows for tweaks and changes along the way, reflecting the agility that it has taught to many. "The format is something that will stick," she said. "What we'll change is whether we tweak some content because maybe there's other things that our customers need, but certainly because it is an iterative process, we will be adding new classes. You'll see that coming." No guarantee on if that'll happen in 2024 as the Academy gets its new bearings straight, but time will tell what new topics and areas companies begin to prioritize.

PROGRAMMING

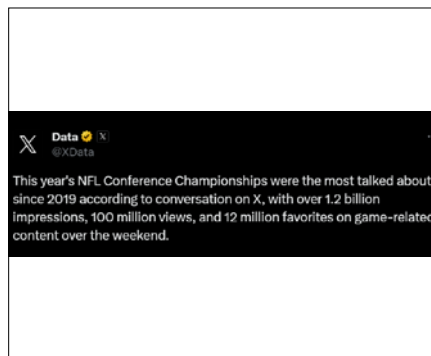
"Priscilla," Sofia Coppola's film based on Priscilla Presley's book "Elvis and Me," will be making its streaming debut on **Max** come Feb. 23. – Production has begun for an untitled **Netflix** documentary about the Carman family, where a young man *Nathan Carman* was lost at sea for a week and subsequently sparked interest in the unsolved murder of the family's grandfather years earlier. – "Diarra From Detroit" will premiere on **BET+** March 21. – **Paramount** renewed "Bar Rescue" for a ninth season. The new season will debut Feb. 25 at 10pm. – *Eddie Jackson* signed a new exclusive deal with **Food Network**. Jackson co-hosts "Christmas Cookie Challenge," which garnered over 11.4 million viewers P2+ in its most recent season, and hosts "Outchef'd."

PEOPLE

NCTA—The Internet & Television Association named *Robert Cantu* its VP, Cybersecurity and Broadband Technology. He arrives after serving as Director, Cybersecurity Operations for Inova Health Systems and was previously Director, Cybersecurity for **CTIA**. Cantu also held several roles at the U.S. Department of Energy.

CABLEFAX DASHBOARD

Social Media Hits



Research

(Source: [Hub Research "Video Redefined" Survey](#))

- > Nearly twice as many Gen Z consumers use a smartphone to watch video in a typical week as they use a traditional MVPD set top box.
- > Gen Z's entertainment time spent watching TV is less than half that of viewers over 35. Gaming, non-premium video and social media are on par with TV and movies among young viewers.
- > Gen Z viewers spend nearly two hours a day watching non-premium video (short form, user generated, influencer, etc.), considerably more than older adults. But people 35 and up are watching two more hours a week than they were a year ago, largely to keep up to date on news and other current topics of interest.

Up Ahead

- FEB. 8:** [Regional Fiber Connect](#); Richmond, VA
- FEB. 25-27:** [NCTC Winter Educational Conference](#); Las Vegas
- MARCH 5-7:** [ACA Connects Summit](#); D.C.
- APRIL 13-17:** [NAB Show](#); Las Vegas

Quotable

"As detailed in Disney's proxy statement, two hedge funds, *Trian Fund Management, L.P.* and *Blackwells Capital*, are each seeking to replace a portion of your Board with their own separate nominees, all of whom your Board believes do not possess the appropriate range of talent, skill, perspective and/or expertise to effectively support the Board's ongoing efforts to drive profitable growth and shareholder value creation in the face of continuing industry-wide challenges. Your Board believes that the attempts by the *Trian Group* and *Blackwells* are likely to derail Disney's progress as election of any of their less qualified nominees would hinder the transformation efforts underway."
 – A letter from Disney's Board of Directors to shareholders addressing the most recent attempt by Nelson Peltz to put forward his own slate of board nominees