FRIDAY, MARCH 1, 2024 VOLUME 35 | NO.042

Cablefax Daily™

WHAT THE INDUSTRY READS FIRST

David vs Goliath: Fubo Vows Fight Against 'Sports Cartel'

If there ever was a time to flaunt a record number of paid subscribers and improved financial metrics in multiple categories, **Fubo** picked a good one. The company revealed on its 4Q23 earnings call Friday morning it had reached 1.62 million paid subs in North America on top of $402 million in total revenue and $38.6 million in ad revenue, good for 12% and 15% YOY improvements, respectively.

But behind the scenes remains Fubo's fight against the big dogs. We're almost at the one-month point since **Fox Corp.**, **ESPN** and **Warner Bros. Discovery** announced plans for a sports streaming jv scheduled to be introduced in the fall, which was followed two weeks later by lawsuits from Fubo against each of the companies. Friday's earnings call was the first time CEO/Co-Founder *David Gandler* addressed investors since filing those lawsuits, and he didn't hold back in his characterization of the situation.

"Their proposed venture is, we believe, just the latest example of this 'sports cartel's' attempt to block and steal Fubo's vision of what a sports streaming bundle should look like, resulting in billions of dollars in damages to our business," Gandler said. "We consider the defendants' pernicious contractual terms and other anti-competitive practices borderline racketeering."

Gandler was also adamant that the vMVPD's results could've been better had it "been afforded the opportunity to compete on fair market terms in line with other distributors such as **Hulu**, **Comcast**, **Charter** and **DirecTV Stream**." He went as far as saying Fubo may have been able to break even in 2023 when considering the estimated $200 million plus the service paid to media partners for content in addition to outside penetration rates and excess fees paid. Fubo is currently looking to achieve positive cash flow in 2025.

To help in its efforts against the sports streaming jv, Fubo unveiled SaveMySports.com, which features a letter from Gandler, direct links to send pre-written messages to U.S. representatives on **X** and a list of 12 representatives from both sides of the aisle who are "committed to antitrust and fair play" with their contact information.

"Right now, we can't offer you a bundle of just the sports channels you want, at the right price. These content partners require us to license and broadcast to you channels you do not want. This inflates the price we have to charge you," Gandler's letter states. "So the joint venture might sound like a solution. But, as stated in our lawsuit, we believe a marketplace that offers only one sports-focused package of channels is monopolistic. And a monopoly can charge whatever rates it wants because there will be no competition—no competition to keep prices low to attract customers."

Investors showed curiosity when it comes to scenarios in which the vMVPD finds itself on the losing side of the lawsuits. Gandler noted that Fubo has been competing with companies for nine years now. A loss wouldn't change anything.

So, what does Gandler want to achieve beyond stopping the sports streaming jv from moving forward? It can be boiled down to one word: parity.

"We just want parity," Gandler said. "Parity means that they don't levy rates on us that are 30 to 50% above market, they don't force us to license unwanted content to be able to access must-have programming and they don't impose on us penetration rates that are above market. Along with some of these restrictions, like for instance, we don't get to sell **ESPN+** despite the fact that we offered to pay for it. And Charter received it for free."

The size of the lawsuit's impact on Fubo's financial performance will be something to watch, but the company at least had positive numbers to showcase Friday (though that didn't stop its stock from falling by more than 5%). Fubo scored a record-high ARPU for 4Q23 at $86.65. Subscription revenue came in at $370.09 million, while net loss dropped by nearly $25 million to $71.04 million.

While the sports streaming jv has dominated industry headlines the past few weeks, there was also the news of **Walmart** acquiring **Vizio**. Gandler was a touch more optimistic about that deal, calling it a positive outcome for the industry as a whole. He also sees it as a potential big win for not only Fubo's audience but advertisers as well, with Walmart being able to help Vizio overlay retail data for better targeted engagement.

The countdown to fall is well underway for the sports streaming world. Whether Fubo can score in the courtroom remains to be seen, but Gandler—along with the rest of the Fubo ship—is ready for battle.

"I think that this is a duel to the death. It has been when we started this company. We are fighting for consumers. We are fighting for our customers. We are fighting for the 10s of billions of dollars that are wasted annually by consumers paying for the same content multiple times," Gandler said.

ECHOSTAR'S DEBT MOUNTS FOLLOWING DISH MERGER

Echostar's 4Q23 earnings call Friday was full of questions about the future of the company following its combination with **DISH**, particularly as its debt mounts. President/CEO *Hamid Akhavan* told those on the call that financing will be required to pay off a $2 billion debt maturity coming in November, and he's optimistic that will come through. Pay TV subscribers fell by 314,000 in 4Q23, compared to a decline of approximately 268,000 in 4Q22. Echostar ended the quarter with 8.53 million total pay TV subscribers with 6.47 million subscribing to DISH TV and 2.06 subscribing to **Sling TV**. Retail wireless net subscribers also plummeted with 123,000 net losses compared to 25,000 in the year-ago quarter. Echostar said that figure was in part due to lower gross new sub activations and was partially offset by a lower churn rate due to an emphasis on acquiring and retaining high-quality subscribers. "This is a very strong statement, but I would not attribute in any way a slower start of a postpaid business to lack of customer interest. We have metrics here that say we had a phenomenal number of customers, hundreds of times more than the customers we activated, interested in coming in," Akhavan said. "We just didn't have, us and our strategic partners, didn't have the right system set up." He also couldn't hold back his excitement about DISH's mobile network, calling it "awesome." Time will tell whether leadership is able to execute and pull off what seems to be an impossible task. "DISH is losing subscribers in every business. Revenues are declining in all segments. Each quarter comes with new defections of senior management," **MoffettNathanson** said in a note to clients. "It is simply not realistic to expect a turnaround." Analysts' eyebrows also raised when Board Chair *Charlie Ergen* was absent from the call, but Akhavan said it was Ergen's birthday and he wanted him to take the day off. Even if this was a one-time situation, Ergen is certainly stepping back from certain aspects of the business as he entrusts more to Akhava post-merger. "As I have taken over the day-to-day operation of the business—I've been in the seat now for slightly longer than 90 days running the business—that's given Charlie the ability to focus on more strategic and long-term developments," Akhavan said. "I'm so delighted that Charlie has felt comfortable enough to let me run the business and so we can focus on bigger-picture opportunities in the future."

SHENTEL SELLING TOWERS FOR $310 MILLION

After teasing that it may do so during its 4Q23 earnings call, **Shentel** has reached a deal to sell its tower portfolio and operations to **Vertical Bridge** for $310.3 million in cash. That portfolio includes 226 tower sites, and it generated $18.6 million in revenue for Shentel in 2023. Vertical Bridge will make its cash payment at the time of the deal's closing, and the companies expect an initial closing this month. Shentel still expects to pay up to $10 million this year in 2024 income taxes as a result of the gain on the sale. "The proceeds from the sale of our Tower business will provide Shentel with additional growth capital to support the planned expansion of our **Glo Fiber** line of business to approximately 600,000 homes and business passings by the end of 2026," Shentel President/CEO *Christopher French* said in a statement.

FRONTIER LATEST TO LAUNCH REWARDS PROGRAM

Frontier is joining the group of operators offering customers perks through a reward program, dubbing its version ForMe Rewards. The app-based program offers a wide range of rewards,

Cablefax Daily (ISSN 1069-6644) is published daily by Access Intelligence, LLC | www.cablefax.com | 301.354.2101 | Editorial Director: Amy Maclean, 301.354.1760, amaclean@accessintel.com | VP/Group Publisher, Cablefax and Cynopsis: Robbie Caploe, 917.974.0640, rcaploe@accessintel.com | Managing Editor: Sara Winegardner, 301.354.1701, swinegardner@accessintel.com | Associate Editor: Noah Ziegler, 301.354.1704, nziegler@accessintel.com | Director of Business Development, Cablefax: Ellen Kamhi, 917.626.5574, ekamhi@accessintel.com | Production Manager: Joann Fato, jfato@accessintel.com | Kerry Smith, Divisional President, Marketing & Media Group, ksmith@accessintel.com | Group Subs/Subscription Questions, Client Services: 301.354.2101, clientservices@accessintel.com | Annual subscription price: $1,999.00/year | Access Intelligence, LLC, 9211 Corporate Blvd., 4th Floor, Rockville, MD 20850

including Frontier speed upgrades, free lunch from preferred restaurants and discounts from popular brands like Samsung and Gap. Customers can filter those based on their preferences. Customers don't have to do anything to earn those rewards beyond checking the app, and Frontier hopes that it also encourages customers to check the app for information they need about Frontier's offerings and their existing subscriptions.

OPTIMUM PICKS NEW AOR

Altice USA's **Optimum** has chosen New York-based **01**, as its creative, media, PR and production agency of record, effective immediately. 01 was created as a dedicated team for Optimum and is powered by a collective of **Publicis Groupe** agencies. Its goal will be to grow the Optimum brand as well as its suite of internet, mobile, TV and phone services for residential and business customers. **Saatchi & Saatchi** will lead brand strategy and creative development; **Connect at Publicis Media** will support national, regional and local media planning and buying; **MSL** will guide external media relations and brand reputation building; and **PXP** will lead performance-driven production.

COMSCORE, TEGNA STRIKE DEAL

Comscore and **TEGNA** shook hands on a comprehensive multi-year agreement on cross-platform audience measurement. It is an extension of their existing relationship, and Comscore will be a key measurement partner in all TEGNA markets across its local TV, major affiliate and digital businesses.

RATINGS

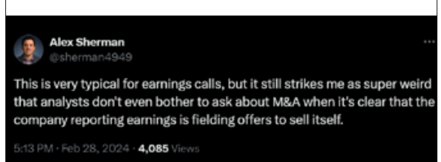
It was a record-breaking premiere for "The Walking Dead: The Ones Who Live" in terms of viewership and customer acquisition on **AMC+**. Sunday's episode garnered nearly 3 million premiere night viewers according to Nielsen live+3 ratings. That's the biggest premiere night audience for a new AMC series in six years, surpassing the debut of "The Terror" in 2018. Sunday was also the biggest day for sign-ups in AMC+'s history.

PROGRAMMING

Season 3 of **Max**'s "Hacks" will begin May 2. It'll be a nine-episode season that begins with two episodes before releasing two more each week. The season finale will drop May 30.

CABLEFAX DASHBOARD

Social Media Hits



Research

(Source: FCC)

➢ 68% of those enrolled in ACP say they had inconsistent or zero connectivity prior to the program's introduction. 80% of this group cited affordability as the reason.

➢ 77% said losing their ACP benefit would disrupt their service by making them change their plan or drop their internet service entirely.

➢ 72% say they use ACP service to schedule or attend healthcare appointments, 48% use it to complete work or apply for jobs and 75% of those aged 18-24 use it to do schoolwork.

Up Ahead

MARCH 5-7: ACA Connects Summit; Washington, DC

APRIL 3-4: Mid-America Cable Show; Dallas

APRIL 10: T. Howard Foundation Diversity Awards Dinner; NYC

APRIL 10-11: Pennsylvania Broadband Summit; Lancaster, PA

APRIL 13-17: NAB Show; Las Vegas

Quotable

"We're big believers in bundling. It is one of the tried and true methods of value creation in media. It's certainly the case in streaming. When you think about streaming, the benefits or potential benefits of bundling includes strengthening your consumer proposition. That allows you to drive subscribers, enhance your share, reduce your churn… This is not a conceptual theory for us. We already have substantial experience with the power of bundling and streaming. We have hard bundles internationally with Sky, Canal and others. They've been key to our market entry strategy. They're unquestionably additive to our Paramount+ sub base and economics."

– Paramount Global CEO Bob Bakish on the company's 4Q23 earnings call this week