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WHAT THE INDUSTRY READS FIRST

Guessing Game: Verizon Growth Steady, But For How Long?

The broadband growth train at **Verizon** is still moving, but some worry the business may be losing steam.

Total broadband net additions in 1Q24 were 389,000, including 53,000 that can be attributed to Fios. The company counted 11.1 million total broadband subscribers at the end of the quarter with 3.4 million of those subscribing to a fixed wireless plan. **Verizon Business** also continues to win over customers with the fixed wireless product, recording its best quarterly result to date with 151,000 fixed wireless net additions.

While Verizon continues to add customers, investors have some huge concerns about the company's revenue. Total operating revenue was $33 billion for the quarter, up just 0.2% from 1Q23 despite the introduction of C-band spectrum and the growth in the broadband spaces. Over the next five years, **MoffettNathanson** is projecting its revenue growth to be close to zero in nominal terms, and well below zero when inflation is brought into the equation. At the same time, FCF is expected to fall. But the firm doesn't believe this is just a Verizon problem, with **AT&T**'s revenue growth expected to be even worse and even **T-Mobile** will slow down.

"There is a legitimate argument that a company balanced on the knife-edge of growth versus contraction is a particularly interesting investment—long or short—if one can gain an edge in forecasting which is which," MoffettNathanson said in a note to clients. "Unfortunately, it is exceedingly difficult to make that call with any confidence whatsoever."

There's also the question of how the end of the **FCC**'s Affordable Connectivity Program will impact the wireless providers. Verizon had approximately 1.1 million prepaid ACP subscribers at the end of the first quarter. CFO *Tony Skiadas* warned that the program's shutdown will result in lower wireless service revenue, but should minimally impact its adjusted EBITDA. The team has plans in place to address ACP's end both from the standpoint of retention and potential acquisition opportunities, but it is expected to feel more of an impact next month than companies that mostly serve ACP customers with broadband service.

On the wireless front, Verizon's Consumer segment reported 158,000 wireless retail postpaid phone net losses while Verizon Business added 90,000 phone net adds. CEO *Hans Vestberg* said things were slow in the beginning of the quarter for both business and consumer, but he continues to be a believer in the company's MyPlan product line.

"Competition is the same, there's nothing new. It's the same as we've seen for quite a while, but we just perform way better," he said. "We have the right product with the right people who have made the right changes in the operational model and that's what we're seeing right now," he said.

Verizon did raise pricing across its Consumer segment, but management is celebrating the team maintaining low churn numbers despite the increase. Vestberg attributed that not only to the team's discipline when it comes to promotions and shared management, but also how well Verizon is taking advantage of AI tools to ensure customers are getting a good value. The wireless provider is using AI for personalization within its MyPlan offerings and also takes advantage of AI-powered tools to manage network performance, power consumption and more.

"Our network was built for AI. That was my thought when I built Verizon's intelligent edge network… that we're going to have compute and storage at the edge. AI is sort of built for that with the low latency," Vestberg said. "And as we are deploying our 5G right now with the mobile edge compute and AI, this is a great long-term opportunity for us… there are multiple places we see efficiencies, but also revenue opportunities with all the new technologies coming.

FUBO GETS DAY IN COURT AGAINST 'SPULU'

Fubo's antitrust lawsuit against **Fox**, **Warner Bros. Discovery** and **Disney** over the launch of their sports streaming jv is moving forward. A judge in the Southern District of New York set the date of a preliminary injunction hearing for August 7 at 9:30am. The date of the hearing won't be moved absent extraordinary circumstances. The sports streaming partners previously filed individual motions for the suit to be dismissed, arguing that Fubo was only worried about protecting itself from competition. Fubo instead argued in its motion for a preliminary injunction that the programmers were using their control of valuable sports rights to force distributors to license and distribute general entertainment channels. It wasn't alone, earning letters of support from the likes of DISH and DirecTV.

AI BILL MOVING THROUGH CONNECTICUT LEGISLATURE

Connecticut is poised to take another step forward in the regulation of AI, but not everyone is cheering the state's regulators on. The state legislature is considering State Bill 2, which would establish requirements concerning the development, deployment and use of certain AI systems and establish an Artificial Intelligence Advisory Council. It would block the spread of certain images altered or created by AI systems and prohibit the distribution of and agreements to distribute some deceptive media tied to elections. State agencies will be required to get involved to study potential uses of generative AI and put forth ideas for pilot projects. The federal government has taken steps forward in addressing the need for AI rules, but Congress has yet to pass a bill addressing the challenges Connecticut hopes to look at with its legislation. The bill is being opposed by those who believe in a federal set of rules governing the responsible use of artificial intelligence rather than a state-based patchwork of regulation, including the **Consumer Technology Association**. "Congress must act with urgency to promote the national AI rules needed for the U.S. to lead in AI innovation, protect privacy, reduce risk and ensure clear guardrails for innovators, avoiding harmful state legislative impacts on competitiveness," CTA CEO *Gary Shapiro* said in a statement.

NBA, FIFA MEDIA RIGHTS TALK

Next up on the wild ride that is sports media rights negotiations is the **NBA**. Reports indicate that the league's exclusive rights negotiation window with **ESPN** and **TNT Sports** is set to close tonight at 11:59pm without any new agreements being reached. That's setting up for other players to step in and make their cases. According to *The Athletic*, which cites league and TV executives briefed on the plans, both ESPN and TNT Sports remain interested and could still end up retaining their rights. However, **Prime Video** is gearing up to throw its hat into the ring, and it's not just for a few games—Prime Video could grab the rights to Conference Finals games or the NBA Finals at some point. It would happen down the line, though, as the NBA is seeking a long-term deal stretching 10 or more years. Another company that wants in on the media rights pie is **NBC**, which previously had NBA rights from 1990-2002. Others such as **Netflix**, **YouTube TV** or **Apple** could make a pitch as well. On the regional market front, the NBA will look into partnering with the likes of ESPN, Prime Video, Apple or YouTube TV for possible DTC offerings. Another option includes selling games to fans on a local level whether it's via a season pass or single-game purchase, similar to what RSNs like **MSG Network** does for its NY-local teams. With all these talks still remains the impending sports streaming jv with **Fox**, **ESPN** and **Warner Bros. Discovery**, which owns TNT Sports. One of those digital players that could take its shot at the **NBA** is making another move on the pitch. A *New York Times* report reveals **Apple** is primed to secure the worldwide TV rights to FIFA's new 32-team club tournament that's set to debut in summer 2025 in the U.S. The tournament will mimic the format of the World Cup and feature top teams from around the world. The agreement could be announced as soon as this month. If the deal crosses the finish line, it'd be the first time FIFA agreed to a single worldwide media rights contract. It's also unclear if Apple's deal includes free-to-air rights.

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DISNEY/ESPN CTO TO LEAVE

Disney Entertainment and **ESPN** CTO *Aaron LaBerge* is leaving in the summer to take the same role at **PENN Entertainment**. LaBerge, who cited personal reasons for the decision, has been under the Disney umbrella for more than 20 years. Although he's technically leaving the Mouse House in June, LaBerge still gets to be involved with ESPN since PENN owns the network's sports betting venture, ESPN BET. He'll begin at PENN come July 1. Current EVP, Content Operations for Disney Entertainment and ESPN *Chris Lawson* will fill in for the interim after LaBerge officially departs. A search for a permanent replacement is underway. LaBerge has had his hand in several Disney advancements including the combination of **Disney+** and **Hulu**, the introduction of ads on Disney+, **ESPN+** and the upcoming sports streaming jv with **Fox** and **Warner Bros. Discovery**. He first joined Disney in the late 1990s when the company acquired the technology company Starwave.

TEGNA HAS THE FEVER

All eyes are on the **WNBA**'s Indiana Fever as *Caitlin Clark* gets prepared for her rookie season. The Fever is looking to capitalize on the hype, agreeing to a partnership with **TEGNA** to broadcast 17 games for free over the air on Indianapolis' **NBC**-affiliate WTHR and **MeTV**-affiliate WALV. The first game will be May 16 when the Fever take on the New York Liberty at 7pm on WTHR. TEGNA will work with more broadcast companies in the coming weeks to expand OTA access to all available markets outside of Indianapolis. The Fever will have 36 of its 40 regular-season games broadcast on national television as well across **ABC**, **ESPN**, **ESPN2**, **Prime Video**, **CBS**, **CBS Sports Network**, **ION** and **NBA TV**.

RATINGS

HGTV had its best-rated series to date in 2024 with the fifth season of "Rock the Block." The seven-episode season averaged a .61 live plus three-day rating among A25-54 and a .84 live plus three-day rating among W25-54, while also accumulating 13.6 million total viewers since the season debuted on March 4. Additionally, Season 5 garnered a .71 L3 rating among upscale A25-54 and a .97 L3 rating among upscale W25-54. -- "Rebel Moon – Part Two: The Scargiver" on **Netflix** had 967,000 U.S. households watched during the L+2D window after its premiere Friday, according to **Samba TV**. That's down 15% from Part 1 which had 1.1 million U.S. households watched during that same time frame. Black and Hispanic households each over-indexed by 16% compared to average U.S. household viewership.

FIBER FRENZY

Google Fiber is making some upgrades in San Antonio. The company has been installing XGS PON technology to allow customers in the area to sign up for 5 Gig and 8 Gig plans. Those plans offer symmetrical speeds, a GFiber WiFi 6E Router and up to two Mesh Extenders. In the community, Google Fiber is working with multiple organizations to advance digital equity. That includes collaborating with San Antonio Digital Connects to increase access to quality internet, the San Antonio Food Bank and its digital inclusion programs and Latinitas' workshops and afterschool programs.

PROGRAMMING

Peacock's comedy series "We Are Lady Parts" will return for Season 2 on May 30. All six 30-minute episodes will be released upon the premiere. -- "Expedition From Hell: The Lost Tapes," a docuseries about a dangerous expedition through the Amazon and across South America, will have a two-hour debut May 12 at 10pm on **Discovery Channel** and **Max**. -- *Rashida Jones* will star in **Apple TV+**'s new mystery thriller "Sunny." It'll begin with 10 episodes, and the first two are set to be released on July 10. -- **CNN**'s latest FlashDocs program will spotlight *Beyoncé* and her recent album "Cowboy Carter." "Call Me Country: Beyoncé & Nashville's Renaissance" will be available to stream on Max on April 26. -- **Roku** is greenlighting new seasonal specials for both of its tentpole series "The Great American Baking Show" and "Honest Renovations," and the former is getting an early Season 3 renewal as well. Season 2 for both series will begin later this year. The first seasons of both series opened as the top on-demand titles on **The Roku Channel** during their respective opening weekends.

OBITUARY

Lucille Larkin, one of the founders of **The WICT Network**, has passed away. The organization announced the news of her passing over the weekend. Larkin joined **NCTA** as VP, Public Affairs in 1976 and managed the creation of the Cable ACE Awards before becoming the first Executive Director of The WICT Network in 1979. The Lucille Larkin Fellowship, named in her honor, helps deserving candidates attend the organization's Leadership Conference every year. Over the next decade, she led her own business handling marketing, communications and PR for channels including **C-SPAN** and **Discovery Channel**. Other stops included a stint as Regional Sales, Northeast for **Jones Intercable**, time as President of **Citizens for Better Television** and two years as a media and cable TV consultant to the **U.S. Census Bureau**. Her other passions included theater, and she was a board member for **Tiny Dynamite Productions** for 13 years.