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Cablefax Daily™

WHAT THE INDUSTRY READS FIRST

## Home Stretch: Sports Streamer Still On Track for Fall Release

It appears we have a name for the impending **Fox**, **ESPN** and **Warner Bros. Discovery** sports streaming jv, but the public will have to continue playing the waiting game.

During Fox Corp.'s 3Q24 earnings call Wednesday, Executive Chairman/CEO *Lachlan Murdoch* reaffirmed a fall release timeframe and noted the streamer is currently undergoing an internal beta trial period. He has actually been using the service for the past week, and not surprisingly, dubbed it "an incredibly exciting product." Over 150 engineers and executives are working on building the product, something that has ramped up since March following the announcement that *Pete Distad* would be the streamer's CEO.

"In the room behind me, I've got the beta version of the streaming app, and I don't think we've announced the name yet so I won't inadvertently do it on this call," Murdoch said. "It's designed to be entirely focused on the cord-nevers, cord-cutters, people who are not in the cable bundle and who frankly won't be able to compare it to a tier of live channels. It's a very different, digital-first product which when you eventually get it and get to enjoy it, you'll understand how groundbreaking—certainly in this country—it really is."

Murdoch didn't give a timeline for a name reveal, but with Fox, **Disney** and WBD hosting their upfronts next week in NYC, it'd make sense if that announcement comes sooner rather than later.

While those working on the product's interface and back-end engineering are running at full speed, some noticed a small disclaimer on Disney's 2Q24 earnings presentation Tuesday. It stated a final agreement for the service hasn't been signed yet "subject to the negotiation of definitive agreements among the parties." Murdoch, however, downplayed the footnote.

"I wouldn't read anything into final deal terms being signed. It's just a matter of everyone running on all cylinders to get this finished," he said.

Murdoch was asked about whether Fox's current free streaming service **Tubi** would potentially be bundled with the sports streamer. He said there aren't any plans to bundle it with the jv, but there will likely be bundles with other SVOD services in the future. In Murdoch's eyes, Tubi's strengths currently stand with the fact that 90% of its viewing comes on demand. That's key for advertisers since on-demand viewing is more proactive compared to passively watching a FAST channel. Tubi ended 3Q24 with 22% revenue growth upon a 36% increase in total view time and a 20% improvement in monthly active users, which is now just under 80 million.

Overall, Fox's total revenue for the quarter came in at $3.45 billion, which is down from the $4.08 billion recorded in the prior year quarter. Affiliate fee revenues increased 4% YOY to $1.94 billion thanks to 9% growth in the television segment and 1% growth in cable network programming. Ad revenues fell YOY from $1.88 billion to $1.24 billion due to the absence of a Super Bowl broadcast and fewer **NFL** games.

"If not for the difference in our NFL postseason schedule,


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our total advertising revenues would have increased a few percent," Murdoch said. "Advertising trends at Fox are clearly moving in the right direction, both in the scatter market and in early upfront discussions."

Fox's adjusted EBITDA came in with 7% YOY growth at $891 million. Operating expenses decreased from the prior year to $499 million primarily because of lower sports programming rights amortization and production costs.

"As we look ahead to FY 2025, we do not expect significant bumps in the company's road. Affiliate fees should continue to post modest growth. Advertising on an underlying basis should be relatively steady, though will see a significant boost from the Super Bowl and political ramping up," **MoffettNathanson** said in a note. "It is easy to look at the forest around it—cord cutting knocking down trees on one end, social and user generated video burning through thrush on the other, general chaos and uncertainty blowing gales throughout—and forget that Fox has been and continues to be a solid oak standing strong."

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## DISNEY, WBD TEAM UP ON NEW STREAMING BUNDLE

It's not quite the same as the unnamed, upcoming sports streaming jv that includes linear content, but the latest sign of a shifting video marketplace with unusual bedfellows came at 6pm ET on Wednesday. Rivals **Disney** and **Warner Bros. Discovery** dropped the news that starting this summer, customers will be able to purchase a streaming bundle that includes **Disney+**, **Hulu** and **Max** thanks to a new partnership between the two content giants. Both an ad-supported and ad-free bundle will be made available, but no word yet on what pricing will look like for either option. "Offering this unprecedented entertainment value for fans across all the complimentary genres these three services offer, presents a powerful new roadmap for the future of the industry," said a statement from *JB Perrette*, CEO and President, Global Streaming and Games for Warner Bros. Discovery. Plenty of questions, including what all this means to MVPD partners...

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## AMENDMENT KEEPS ACP HOPE ALIVE, WOULD FUND RIP & REPLACE

Is Congress down with ACP? Maybe. Late Tuesday, a bipartisan group of Senators filed an amendment to the **FAA** reauthorization that would include $6 billion for the Affordable Connectivity Program. With Republican senators *Roger Wicker* (MS), *Steve Daines* (MT) and *J.D. Vance* (OH) on board, this feels like the most likely scenario for ACP refunding. Vance, speaking to **Scripps News** Wednesday, said he would procedurally hold up the reauthorization bill to ensure the amendment gets a vote. "If people want the FAA to move and proceed smoothly, which I think all of us do, I think having some votes on critical programs that have lapsed is really important." The amendment seeks to address some of the concerns about the program by eliminating the alternate verifier process, instead requiring participants' eligibility to be validated through the national verifier program. **Charter**, the largest recipient of ACP funds, has used an in-house verifier process that was first established to meet **FCC** merger conditions for its acquisition of **Time Warner Cable**. The amendment features some other reforms, including elimination of the device subsidy, a requirement for the FCC to develop anti-fraud controls and the elimination of eligibility through the USDA's Community Eligibility Program (Free & Reduced Lunch recipients would remain eligible). The measure sweetens the pot by returning auction authority to the FCC and requiring the agency to auction AWS-3 licenses as well as providing money for the Rip & Replace program's $3.08 billion shortfall. Numerous trade groups, including **NCTA**, **USTelecom**, **INCOMPAS**, **WISPA** and **WIA**, are urging support of the amendment. "For companies participating in the Rip & Replace

## The *WHO* and the *WHY*

CFX's spotlight on recent new hires & promotions

DAVID
**Bank**
CFO
A+E NETWORKS

**3 THINGS TO KNOW**

- It's fitting someone with the last name Bank has extensive experience on Wall Street, and now David will oversee financial functions across all of A+E's divisions in the U.S. and internationally. He takes the role from Art Vomvas, who was the company's interim CFO for the past year and will now retire after a nearly 30-year run with A+E Networks' finance and business planning team. David will report to Paul Buccieri, President/Chairman, A+E Networks Group.
- David joined A+E Networks five years ago following a 3.5-year stint as EVP, Investor Relations at CBS Corporation. As A+E Networks' EVP, Corporate Development and Strategy, he was responsible for setting A+E's long-term strategic and business development. That entailed identifying and implementing investments to create new revenue streams.
- David spent nearly 16 years at RBC Capital Markets before CBS, climbing to Managing Director, Media/Advertising Equity Research and ADOR U.S. Equity Research. He used his industry knowledge to publish several research pieces from 2011-15 that spanned subjects such as syndication and the SVOD market for TV content, the impact of sports economics on media and the evolving TV bundle.

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Program, the situation is dire. Absent immediate funding from Congress, it is very likely that millions of Americans will experience catastrophic losses in connectivity as soon as this summer," the associations wrote. On ACP, the groups said the subsidy program has made an outsized impact on the economy. "This amendment also makes important reforms to the ACP, offering commonsense policy to reflect the evolution from a COVID-19 era endeavor to a sustainable and responsible initiative," they added.

## ECHOSTAR OUTLOOK ROUGH WITH DEBT MATURITY LOOMING

**Echostar**'s 2Q24 earnings call was a tough one with the company once again reporting that it has not been able to secure the funding it needs to operate in the fourth quarter. It has $2 billion in debt maturing in November, and EVP/CFO *Paul Orban* said on the call that Echostar still does not have the necessary cash on hand or projected future cash flows to fund operations in 4Q or that debt maturity. Even though Orban said leadership is in conversations with funding sources, **MoffettNathanson** sees bankruptcy in the next four to six months as the most likely outcome for Echostar. It's easy to begin to pick apart Echostar's business and ask questions about how much spectrum it has to liquidate, but MoffettNathanson doesn't believe the presumed buyers (**AT&T**, **Verizon** and **T-Mobile**) are in any position to make new spectrum purchases any time soon. "But remember that the bulk of EchoStar's spectrum can't be sold before the end of 2026. To avoid a bankruptcy before then, they need to slash their cash burn," MoffettNathanson said in a note to clients. "Easier said than done." Total revenue came in at $4.01 billion, down from the $4.39 billion recorded in the year-ago quarter. Net loss attributable to Echostar was $107.38 million, and net pay TV subscribers fell by 348,000. The company closed the quarter with 8.18 million pay TV subscribers, 6.26 million **DISH** TV subscribers and 1.92 million **Sling TV** subscribers. The company said it was focusing on acquiring higher quality subscribers, and both the DISH TV churn rate and the number of Sling TV customers losses declined. Notably, the company and broadcaster **Cox Media Group** ended a 17-month retransmission blackout late last month. Echostar Chair *Charlie Ergen* (absent from the call for the second quarter in a row) has previously shared his thoughts of an inevitable DISH/**DirecTV** merger at some point in the future, and this quarter was CEO *Hamid Akhavan*'s turn to address that ever-persisting M&A rumor. He said there are obviously significant synergies that come with combining two businesses in a space that is under attack from content providers and a number of other challenges. "It's a matter of us finding the right time and economics to look at it, and right now, my focus more than anything else is to address the two significant challenges ahead of us," Akhavan said. "One is just immediate financing needs and second is getting our business operationally to the point where, post-financing challenges overcome, having a business that is sustainable and generating significant economic value. And those two priorities right now are taking, I would say, 99% of my time."

## DIAMOND SPORTS ASKS FANS FOR SUPPORT AFTER COMCAST DROP

**Diamond Sports** is speaking out after **Comcast** dropped **Bally Sports** RSNs from its lineup last week. It launched a website with an open letter claiming the MVPD put forth a proposal that would put Bally Sports RSNs on a higher tier that would require sports fans to pay more to watch that content. It also claimed Comcast has not been willing to engage in meaningful discussions since the blackout, and Diamond is now asking fans to share their discontent over the blackout with Comcast. Diamond was able to complete a renewal with **DirecTV** last week, and it has asked the Southern Texas Bankruptcy Court to authorize its assumption of that carriage deal. A hearing has been set for May 15 to discuss the agreement. Diamond continues to progress through its bankruptcy proceedings, asking the court Tuesday for permission to prematurely exit an agreement with **AT&T** that is set to expire in February. The pair have a deal where AT&T provides broadcasting services through AT&T Global Video Service to Diamond. But in its overview of operational costs, Diamond has found an alternative service provider willing to offer similar services at a more affordable price.

## YOUTUBE TV CALLED OUT FOR NOT CARRYING C-SPAN

**C-SPAN** earned a shoutout from former **FCC** Chair (and ex-**NCTA** President) *Tom Wheeler* in a Wednesday op-ed for *The Hill*. The topic: why **YouTube TV** doesn't carry C-SPAN as part of its programming lineup. He posited that YouTube TV has benefited immensely from the cordcutting movement, being one of the most popular options for those looking for cheaper alternatives from MVPDs. But its refusal to carry C-SPAN not only harms subscribers, but also threatens the future of the network. "C-SPAN has never lobbied Congress to make its channels—and thus live coverage of the Congress itself—'must carry' by video distributors. As more people opt out of traditional cable and satellite television, the channel is facing a threat that could be existential," Wheeler said. "And if C-SPAN is lost, the country would be the poorer for it. YouTube TV carriage would go a long way in easing that threat."

## QVC BETS ON WOMEN 50+

**QVC** and **HSN** owner **Qurate** likes 50. It just launched the "Age of Possibility" marketing initiative focused on its core customer, women over the age of 50. It's bringing together the Quintessential 50, or Q50, a group of celebs, activists QVC hosts and business leaders, including *Christina Applegate*, *Martha Stewart* and **Liberty Media** Chief Legal Officer/CAO *Renee Wilm*. These ambassadors, who have a total social following of 78 million, convened in late April for a summit at the Sphere in Las Vegas. The event included a bit of everything, such as keynotes on navigating menopause and *Rita Wilson*'s performance of her new song "Set You Free," and it was broadcast across QVC channels and social platforms.

In the weekend after launch, new customer accounts grew 110% compared to the same weekend prior, Qurate Retail President/CEO *David Rawlinson* said during Wednesday's 1Q24 earnings call. "We are excited about the Age of Possibility launch and believe the iconic ambassadors, including *Billie Jean King*, *Queen Latifah*, and our very own—can't believe she's really 50—*Renee Wilm*, will help unlock the opportunities across the multiplatform business. We remain confident in the execution of the turnaround and the trajectory of the business," Executive Chairman *Greg Maffei* said during the call. Total revenue was down companywide 4% YOY to $2.34 billion, with QVC US and HSN revenue down 4% to $1.54 billion. QVC International was down 3% to $572 million. On the plus side, the company expanded gross margins for the fourth consecutive quarter, increased adjusted OIBDA over 40% and improved free cash flow YOY for the fifth consecutive quarter. Qurate is continuing to break away from the home shopping shows of old. In 1Q, it introduced the limited run series "Over 50 & Fabulous," which reached an average of 481,000 households per hour on linear, making it one of the top reaching primetime programs of the quarter. Series sales exceeded 3 million. Actor/writer /activist *Busy Phillips* is returning to host talk show "Busy This Week" exclusively on the **QVC+** platform as the company continues to push to grow it streaming business. Streaming comprised about 5% of overall viewing minutes last year. Rawlinson said it's "high single digits and growing fast now."

## MORE TO AIR FEVER GAMES

Eleven additional markets across Illinois, Indiana, Iowa, Kentucky and Ohio have signed deals with **TEGNA** and the **WNBA**'s Indiana Fever to air 17 games for free over-the-air. That means 4.6 million homes will be able to watch the Fever and No. 1 overall draft pick *Caitlin Clark*. TEGNA and the WNBA worked with other broadcasters including **Gray**, **Sinclair**, **Nexstar**, **Weigel** and **Coastal Television** to expand the Fever's game distribution. WTHR and WALV, TEGNA's **NBC** and **MeTV** affiliates in Indianapolis, had already signed to air games. The first of the 17 games will come May 16 at 7pm.

## AMAZON INTRODUCES NEW AD FORMATS AHEAD OF UPFRONT

**Amazon Ads** is growing its portfolio of interactive and shoppable ad formats as it gears up for its upfront Tuesday. It's adding shoppable carousel ads to allow viewers to browse multiple product variations during ad breaks in shows and movies on **Prime Video**. Also coming to Amazon platforms are interactive pause and brand trivia ads during shows, movies and live sports. Prime Video currently has an average monthly ad-supported reach of more than 200 million customers from around the world.

## DISNEY ADDS WALMART CONNECT TO STREAMING INVENTORY

**Walmart Connect**, the retailer's audience solutions and measurement insights, is joining **Disney Advertising**'s addressable streaming inventory. The two will enable audience targeting and outcome-based measurement for brand campaigns across Disney's streaming portfolio, doing so by combining Walmart's customer insights with Disney's proprietary audience graph. Advertisers will also be able to apply Walmart's proprietary omnichannel purchase data to campaigns for measurement. Additionally, Disney will join Walmart Connect's Partner Lab, which is a testing ground for omnichannel connections across CTV, social, livestreaming and more.

## CARRIAGE

**Pluto TV** is bringing in 15 **NBC** and **Telemundo** local streaming news channels this month. Starting today, Pluto TV users can see the NBC local news offerings for New York, L.A., Chicago, Philadelphia and D.C. Other markets—Boston, Dallas-Ft. Worth, the Bay Area, South Florida, San Diego and Connecticut—will be added throughout May. Also coming this month are **Noticias Telemundo**'s FAST channels for California, Texas, Florida and the Northeast.

## SPORTS RATINGS

**ESPN** recorded its third most-watched **NBA** Playoffs First Round ever on its platforms. The network averaged 3.91 million viewers across 15 games, according to **Nielsen**. On the diamond, viewership for ESPN's Sunday Night Baseball is averaging 1.64 million viewers through six games. That's good for a 16% improvement compared to the 1.42 million recorded at this point last year. Sunday's game that saw the Phillies outlast the Giants 5-4 averaged 1.68 million, beating out last year's comparable game with the Dodgers vs Padres (1.62 million). Phillies vs Giants peaked with 1.81 million viewers at 8pm.

## FIBER FRENZY

**UTOPIA Fiber** made news at the Broadband Communities Summit, revealing it added **WiFi Pros**, **ETS** and **Fusion Networks** as residential ISPs. UTOPIA now offers its communities a choice of 18 providers. WiFi Pros' options start at 250 Mbps for $38/month and go as high as 10 Gbps for $208/month. ETS offers 1 Gbps for $55/month and Fusion's options include 250 Mbps for $35/month and 1 Gbps for $45/month.

## PROGRAMMING

**Paramount+ with Showtime** is giving "The Chi" a Season 7 renewal. The show is currently counting down to the second half release of its sixth season, which will hit screens Friday for streaming viewers and Sunday at 9pm for those watching on linear. – **Food Network** renewed "24 in 24: Last Chef Standing" for a second season. The culinary competition series premiered on April 14 and has reached more than 10 million total viewers across Food Network, Max and **Discovery+** to date. – "Teen Mom: The Next Chapter" returns to **MTV** on May 30 at 8pm.

## Think about that for a minute...

# Follow the Bouncing Ball?

*Commentary by Steve Effros*

Sometimes it's not really worth it. Part of the challenge of writing this column is my effort to explain, in English, what the heck is going on regarding cable, broadband and internet law and policy. But there are times when things get so totally convoluted that I question whether it's worth the effort. Now is one of those times.

Today's subject: internet access. The key ingredients: the FCC's new "net neutrality" decision, the NTIA's Broadband Equity Access and Deployment (BEAD) grants, the FCC's Affordable Connectivity Program (ACP), and, of course, random court decisions! Hold on to your hat, I only have 600 words! I'm going to use a lot of generalizations. We can get to the nitty gritty details another time.

To begin with, the FCC has now made it clear that internet access is so important that regulation of the companies providing that access, the "ISPs" (Internet Service Providers) should be considered "common carriers" providing a "utility - type" service. That means the Commission has lots more power to regulate under "Title II" of the Communications Act rather than "Title I" which regulates information services, and was the original venue for Commission regulation.

Congress has made it clear that internet access is important to them, too. Two major actions resulted in the creation of the ACP, which provided very low cost subsidized ISP service to low income folks (this was part of the effort to deal with the isolation of COVID) and the BEAD program, which provided over $40 Billion to help fund expansion of broadband infrastructure around the country in those areas allegedly not already served.

The original ACP budget to subsidize hookups, laptops, etc., for low income folks was $14 Billion. It's running out of money with 23 million folks taking advantage of the program. There are now bills in Congress to provide another $7 Billion to continue the program. The BEAD program is much more complicated and long term since it is funding the construction of facilities nationwide. The problem is a lot of those new builds are in places which already have internet access, but maybe not as "fast" as what the regulators would like to see.

Anyway, the bottom line is that internet access is important to the government. Private companies have built the entire infrastructure, to date, and a vast majority of the country has been provided that access, whether by wire, wireless or satellite. So the real issue is who and how rates for service are established, and at what level of service. That's where this gets messy.

The feds for a long time said regulating rates was a bad idea. Then came the ACP program which subsidizes rates, but it's running out, and there are members of Congress saying the private companies should continue the subsidies on their own! That sentiment had already flowed through to some States, which adopted rate regulations for low income residents. That, in turn, led to court suits saying the feds had already assumed control of that national aspect of broadband development. The feds, as noted, said rate regulation wasn't advisable because it could slow the expansion of this important service.

Follow me, now. A State Court decided that the states could regulate rates, because while the feds assumed regulatory authority, they did not, under Title I, have specific authority to preempt the states. But then the FCC changed the game by announcing that they were going to regulate under Title II, and that does give them specific authority to regulate rates, and to preempt the states! These two things both happened in the same week last month.

But, but..now the FCC is indicating that it may allow local, state rate regulation! Got it? Don't spend too much time on this one. More court cases are coming.

Steve

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