

Cablefax Daily™

WHAT THE INDUSTRY READS FIRST

Roku Rumble: Platform Revenue, Ads Carry Streamer into 2025

Roku's stock surged as high as 15.91% when the market opened Friday morning following a positive earnings report for 4Q24. After the bell Thursday, Roku detailed a quarter that saw platform revenue eclipse \$1 billion for the first time ever while penetration in the U.S. grew to over half of broadband households. Streaming households went up by 4.3 million sequentially to 89.8 million, and streaming hours improved by 18% YOY to 34.1 billion thanks to **The Roku Channel** seeing an 82% YOY climb in U.S. streaming hours.

"I feel like we're continuing to execute well, and I thought one of the interesting things about the quarter was just how it provided a lot of proof points that our strategy to grow our platform revenue is working and working well," Roku CEO *Anthony Wood* said on the company's earnings call. "Advertising picked up on many fronts, and one of our strategies around advertising is to continue to create more unique, high-demand, broad-reach ad units that are unique to our platform."

Platform revenue reached \$1.035 billion, helping Roku finish 2024 with \$3.5 billion of revenue in that segment—up 18% YOY. That number only falls to 15% when excluding political ad spend, and CFO *Dan Jedda* said Roku wants to see 16% growth YOY in platform revenue in 1Q25. A combination of streaming service distribution and advertising capabilities are what gives the streamer confidence in that benchmark, with the expectation that the latter will grow at a faster rate.

In 4Q24, Roku's advertising activities grew faster than platform revenue and outperformed both the overall ad market and OTT ad market in the U.S., according to **SMI** data. It saw particular growth in the political, auto and retail ad verticals, with political being a high priority for Wood and Roku moving forward. "We were very focused on political as a vertical because we want to become good at it and we knew there was a lot of opportunity there," Wood said.

Some investors on the call were interested in Roku leadership's take on Walmart's deal with Vizio and how that might impact its outlook. Of course, Wood's response began by listing several Roku milestones it reached, but he doesn't seem fazed by the acquisition.

"We're aware that Walmart bought Vizio, and that's all taken into account in our forecast and our view of the future, and I fully expect that our streaming households are going to continue to grow both inside the United States and outside the United States," Wood said.

MoffettNathanson holds the belief that the Walmart-Vizio marriage is a near-term risk of retail share losses and/or a more competitive pricing environment. The firm believes the incremental negative impacts stem from the fact that Walmart is Roku's largest source of device revenue (25% as of 3Q24). Above that, MoffettNathanson doesn't think the positive results are enough to move from its sell rating.

"Yes, Roku's 4th quarter platform revenues crushed our estimates due, in part, to much healthier political ad spending

Media and broadband executives'
NUMBER 1
TRUSTED SOURCE
for the industry's most
important developments

1 Cablefax
Daily

PARTNER WITH US TODAY: Amy Abbey • 410.979.0171 • aabbey@accessintel.com

of \$60 million vs. what the company expected (which was surprising to us because 4th quarter revenue guidance was given less than a week before the election)," the firm said in its note. "Yes, due mostly to that better-than-expected platform revenue, Roku's margins and overall profitability were also better than forecast. However, despite that impressive quarterly best, we are not making any material changes to our 2025, 2026 or 2027 models. The big reveal that 2026 operating profit would be GAAP profitable was already captured by our models. After scrubbing the model with this quarter's updates, we come to the realization that none of this information is revelatory, and in our view does not justify the move up to near \$100."

Pivotal Research Group, on the other hand, is raising its Roku rating to buy because of its position in the content ecosystem as consumers migrate to streaming platforms. "We increasingly believe that Roku's lead is insurmountable in North America and this eventually will be the case in the UK/Latin America," Pivotal said in a note. "We are also less and less concerned about the competitive environment for Roku (in particular we are highly skeptical of the effects of Walmart's purchase of Vizio) as we have seen with BUY rated SPOT and BUY rated NFLX, scale/product/focus matter and that has allowed SPOT and NFLX to win against extremely well-funded competition. It remains to be seen if ROKU can mimic these players beyond North America successfully, but early returns look good."

Looking forward, Roku expects total revenue to be \$1.01 billion for 1Q25 and \$4.61 billion for the full year. Platform revenue is anticipated to be \$3.95 billion, while net income is slated to be in the negatives at \$40 million for both 1Q25 and 2025.

PARAMOUNT, YOUTUBE TV AGREE TO SHORT-TERM EXTENSION

Although things looked bleak between **Paramount** and **YouTube TV** after both companies [issued warnings](#) of a carriage blackout, the networks are safe—for now. The vMVPD announced shortly after 11pm that it reached a short-term extension with Paramount to temporarily halt the networks from going dark. "We've reached a short-term extension as we work toward a deal with Paramount to keep their content on YouTube TV. YouTube TV subscribers continue to have access to Paramount channels, including CBS, and any recordings that are in their Library," YouTube TV said in an update. "We appreciate your patience as we continued to negotiate on your behalf. We also value Paramount's partnership and willingness to work towards an agreement." As for how long "short-term" means, YouTube TV told customers on **X**, "We'll share more updates as we have them. Thanks for your patience!" At risk is all 23 networks in Paramount's portfolio.

AMCN LOOKS TO REBOUND

It wasn't the end of 2024 that **AMC Networks** might've hoped for. AMCN saw 4Q24 net revenue fall 11.7% YOY to \$599.31 million, with domestic operations' revenues decreasing by 11% to \$520 million. Quarterly subscription revenues dipped by 4% YOY to \$314 million due to linear subscriber declines, partially offset by streaming revenue growth. Affiliate revenues were cut by 13% as were content licensing revenues by 30% to \$67 million due to availability of deliveries in the period. Ad revenues were among the AMCN declines as well, decreasing by 12% YOY to \$139 million due to linear declines and a challenging entertainment advertising marketplace. Friday morning's call saw AMCN lay out expectations for 2025. Cumulative free cash flow is set to be approximately \$550 million by the end of the year. Total consolidated revenue is expected to decrease by 5% to around \$2.3 billion, and domestic subscription revenue should remain flat YOY despite streaming revenue growth anticipated to grow in the low- to mid-teens percent area. Ad revenue is also believed to decline by 10%. This year will see a decrease in cash programming spend after that segment came in below expectations for 2024, though EVP/CFO *Patrick O'Connell* said that isn't an indicator that AMCN is slowing down its shows. "The strategy has not changed. In terms of the specifics, the cash programming spend came in a little bit lighter in 2024 than we had initially guided to. This is us just being prudent," O'Connell said. "We're able to produce on a per-episode basis, a little bit better than we expected. We've got some fantastic people internally who are taking advantage of all the tools available to produce efficiently. So we've been the beneficiary of that."

'NFL REDZONE' IN FLUX AMID HANSON, ESPN TALKS

There could be a new face of "NFL RedZone" next season. *Front Office Sports* [revealed](#) *Scott Hanson* is in discussions with **NBC Sports** in a role that'd have him work on **NFL** and Olympics coverage, citing sources. Hanson worked with NBC Sports in the Summer to helm the RedZone-esque "Gold Zone" show, and the hope would be to have him host Gold Zone for the 2026 Milan Winter Olympics and possible the 2028 Summer Games in L.A. Hanson's contract with NFL Media ran out at the conclusion of this season, and though he's still in negotiations with the league entity, things have stagnated. That's because talks have [resumed](#) between **ESPN** and the NFL for the network to purchase NFL Media assets including **NFL Network**, **NFL RedZone**, **NFL.com** and its fantasy business, according to *Puck*. Though still in the early stages, it'd help ESPN bolster its imminent (and still nameless) DTC product.

NIelsen, GRAHAM MEDIA RENEW

Nielsen and Graham Media Group agreed to a multi-year renewal for local TV measurement across Graham's six markets: Detroit, Houston, San Antonio, Orlando, Jacksonville and Roanoke, Virginia. The renewal includes Nielsen's local OTT measurement and digital content readings as well as Scarborough, a product that provides consumer insights that link media consumption and local brands, retailers and consumer behaviors.

FIBER FRENZY

Zipty Fiber is up and running for 75 homes and businesses in Langlois, Oregon. Residential customers can switch for as little as \$20/month for the symmetrical 100 Mbps plan, and Zipty is also offering a \$50 bill credit for folks and any new customer they refer.

PEOPLE

West Carolina Rural Telephone Cooperative CEO Jeff Wilson retired after spending over a decade in the role and 47 years in telecommunications. Replacing him will be Chris Townson, who arrives from being CEO of Tennessee-based DTC Communications. Under Wilson's leadership, the co-op obtained more than \$100 million in federal funding for fiber buildouts to unserved and underserved areas, propelling West Carolina to a 500% surge in customer base and a 186% spike in revenues. Other milestones include the creation of Upcountry Fiber, a JV with Blue Ridge Electric Cooperative that is anticipated to serve up to 75,000 addresses in five other SC counties.

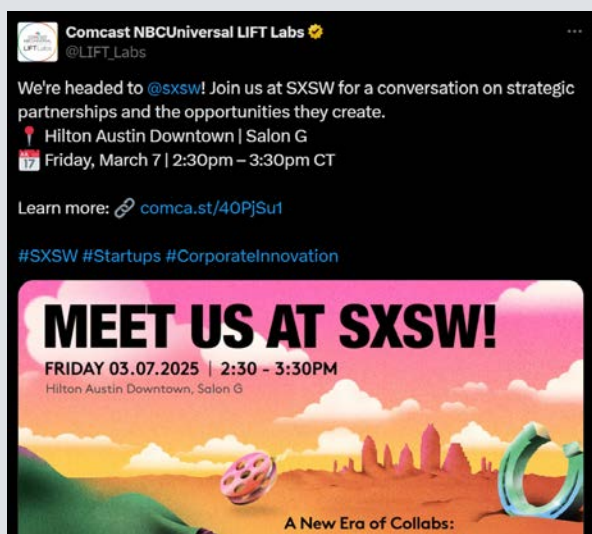
EDITOR'S NOTE

Cablefax Daily will not publish Monday in observance of Presidents' Day. The next issue will hit inboxes Tuesday, Feb. 18. Stay tuned to Cablefax.com for any breaking news updates.



CABLEFAX DASHBOARD

Social Media Hits



Up Ahead

FEB. 23-25: NCTC Winter Educational Conference; Atlanta

FEB. 23-26: NTCA's RTIME; San Antonio

MARCH 4-6: ACA Connects Summit; D.C.

MARCH 10-13: CableLabs Winter Conference; Orlando

MARCH 11: INCOMPAS Policy Summit; D.C.

APRIL 30: CTAM Think; NYC