

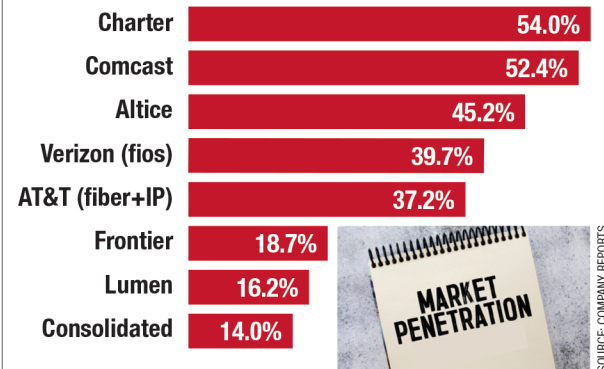
Running the Numbers

"Datapoints" is supplied by MS Consulting LLC.

Despite Fiber and FWA, Cable Remains Penetration Leader

WHAT'S INTERESTING: While fiber and FWA can lead the Wall Street broadband narrative these days, it's worth a reminder to look who's on top. The top cable operators remain above 50% broadband penetration, and even though AT&T and Verizon are in the 37% to 40% range, that doesn't account for their still operating DSL businesses, which pass more than 5 million homes with less than 10% penetrations. Factor that in and on a true apples to apples basis, AT&T and Verizon's broadband penetration is in the low 30% range. For all the fiber penetration talk at Frontier, Lumen and Consolidated, their rollouts have yet to push their overall penetration needle past 20%. FWA is making a dent, but the math there is still in the low single digit penetration range.

BROADBAND PENETRATION — Q4 2022



SOURCE: COMPANY REPORTS

	Q4 2021	Q4 2022
% of gigabit subs	12.2%	26%
Avg BB usage (gigabyte)	528	586.7
1 TB users	16.1%	18.7%
2 TB users	2.7%	3.4%

The Pace of Broadband Usage Increases is Slowing

WHAT'S INTERESTING: Despite the launch of multigigabit tiers, the number of 1 TB broadband users rose only slightly over the past year, from 16.1% to 18.7%. Streaming subscriber growth is slowing and more people are working from offices, versus a year ago. Gigabit tier growth more than doubled, however, presenting a best of both worlds for ISPs: higher broadband revenue but perhaps less than anticipated usage of the network.

	2019	2020	2021	2022
Gross DTC adds on ad tiers	17%	20%	26%	32%
Gross DTC adds on non ad tiers	83%	80%	74%	68%

GROSS ADDS ON AD TIER — 2022	
discovery+	48%
Disney+	20%
HBO Max	33%
Hulu	62%
Netflix	12%
Paramount+ gross	37%
Peacock	78%

Here Comes the DTC Ad Tier Growth Story

WHAT'S INTERESTING: Nearly one third of all new DTC subscribers are taking lower priced ad tiers, and that number stands to grow even further in 2023, with the new tiers launched from Disney+ and Netflix. Throw in a likely ad tier from Apple TV+, and an uncertain economy causing consumers to look at cheaper choices, and ad tier growth should advance further in the years ahead, and that will pressure the ad revenue streams of both linear TV and digital.

MLB's Local Rights Dilemma

WHAT'S INTERESTING: The travails of RSNs, particularly Sinclair's Bally Sports franchises, have been one of THE sports stories of 2023. MLB makes up a substantial portion of most RSNs schedules and the league banks on local media contracts for 23% of its revenue, more than double most other sports. The NFL remains the most lucrative and durable league, with the added benefit of having very little local revenue dependence. As the RSN business model gets redefined, by definition, so too will the business models of the leagues, led by MLB.

PERCENTAGE OF REVENUE

	NFL	MLB	NBA	NHL
Local media	2%	23%	13%	12%
National revenue	64%	26%	40%	19%
Team sponsorships	9%	11%	12%	14%
Seating/suites	19%	31%	27%	44%
Concessions/parking	6%	10%	7%	12%



SOURCE: SPORTSCO / IMAGES: SHUTTERSTOCK