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Charter Communications, Inc. Q2 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Jason Bazinet of Citigroup.

Terry Shamer - Citigroup

This is [Terry Shamer] for Jason. On the RGU net additions, historically we've seen the second half of the year stronger versus the first half and looks like in '07 the first half was stronger, '08 you've posted very strong Q1. I just wanted to ask if there is anything going on with your marketing strategies that is driving this change in seasonality, thanks.

Neil Smit

Hi, Terry this is Neil. I think that as we mentioned we're continuously managing volume and rate and trying to balance those two. In the seasonally lower volume quarter, we decided to focus on rate and we're pleased with overall ARPU increase of 12% and the revenue increases that we've seen. We did see an increase in volume in that last month of the quarter in June and we think that that was purposeful and due to our strategies and it's been healthy growth as we've been managing both the connect volume as well as the backend churn in bad debt. I always view churn and bad debt as lead indicators of the health of the business and we're pleased with the results there and we think that those trends are encouraging.

Operator

Your next question comes from Mike Pace, of JPMorgan.

Michael Pace – JPMorgan

Can we focus on the high-speed data and the telephone adds a little bit? Even when we look versus the second quarter of '07 they were down. Can you maybe add some color on why you thought that was the case and maybe think about seasonality, the economy and then competition so those three buckets, how that's impacted those two units and then the over the air digital opportunity in early 2009 on your video business, could you add some color there as well?

Neil Smit

I'll speak to the HSI and telephone and then pass it over to Mike for the DTV opportunity. As I said I think it's important to look at those rate and volumes to measure performance. We're pleased with the HSI revenue growth of 10.4% in the second quarter and 11% year-to-date. We had a higher

number of new customers rolling off 6 and 12 month promos, so we shifted to rate in this quarter as I mentioned historically, a seasonally lower volume quarter. We are seeing demand for premium speeds and customers taking 10 meg or higher, more than doubled from the first quarter.

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