

MSO OF THE YEAR

Mediacom

In Mediacom's 20-year history, 2015 is one for the scrapbook. Strong revenue (up 3.7 percent year-over-year) combined with significant PSU gains of 70,000 units helped drive record free cash flow of \$222.4 million. That's up just over 10 percent from 2014. Even video was looking up, with losses narrowed to 35,000—its best stat since 2008.

Oh, and as CEO Rocco Commisso is quick to point out—Mediacom became the 5th largest MSO this year without a single acquisition thanks to consolidation. Not that a shopping spree would be much of a problem for the company, seeing as it has paid down \$716 million in debt since going private in 2011. "We have never been at this level of leverage in my entire career," says Commisso, who is keeping mum on whether he has his eye on anything.

"Being able to drive our balance sheet leverage approaching 4x and with the help of the financial community and smart transactions, we've been able to drive our cost of debt among the lowest, if not the lowest, in the cable business," adds CFO Mark Stephan. "That's great bragging rights, but in dollars and cents, we can fund capital spending and re-invest in our business."

Mediacom is doing just that, announcing in March a \$1 billion capital investment plan that includes deployment of one-gig services to virtually all three million homes and businesses in its footprint. The investment also will see an expansion of the network for business customers. "We're going to do what we did with the cable business 20 years ago. Go out and build a franchise believing we're going to get it to X-Y-Z penetration rate. I think it's going to be a pretty solid expansion of the commercial business services customer base in the next three years," Commisso says.

And that \$1 billion commitment has helped to re-engage the company with local franchises. "They're excited to be partnering with Mediacom again," says Tom Larsen, SVP, government and public relations.

While the company has been battered—along with many of its brethren—in some consumer satisfaction surveys, the numbers paint a clearer picture. "We are seeing the lowest churn levels of our customer base and the highest sales levels of our products going into the marketplace. For me, that's really the true indicator of how customers feel," says operations EVP John Pascarelli. "They're paying their bills and continuing to keep our service. Our growth is a combination of better management and keeping more customers and adding new business to the network. We're seeing growth levels we haven't seen in a very long time."

And internally, Mediacom also take a lot of pride, whether it's assisting employees during tragedies or staving off layoffs or providing nearly \$1 million for scholarships to the children of its employees. "I think everyone who works for us who has been around for more than a year or two knows we take care of them at the end of the day," Commisso says. EVP programming and HR Italia Commisso



Weinand points to a recent employee survey that had a 40 percent response rate. "I take great pride in that as what it says to me is that people trust us as managers; they feel they can talk to upper management," she says. In local communities, Mediacom supports charity initiatives, provides complimentary broadband service, coverage of high school sports and more.

As Mediacom celebrates its 20th anniversary this year, it's worth noting that the senior management team has been together for most of that time, with Commisso in the captain's seat. "I should have fired them all a long time ago," the CEO jokes. He knows he's a passionate individual—whether it's lobbying the FCC, standing up for smaller operators or defending his company's status. "There's no one out there who has been around for as long as we have with essentially the same people at the senior level," Commisso said. "We have never had a down year or quarter of revenues in the last ten years." ★

FAST FACTS

- ▶ Mediacom went private in 2011, with CEO Rocco Commisso essentially owning the company.
- ▶ The company's \$1 billion capital investment plan includes deploying one-gig service, expanding Mediacom Business' high-capacity network, extending its deep-fiber network to pass an additional 50,000 homes and rolling out WiFi access points throughout its footprint.