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OVERVIEW:

Company Summary

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PRESENTATION

Operator

Good morning, ladies and gentlemen, and welcome to Comcast third quarter earnings conference call. (Operator Instructions) Please note that this conference call is being recorded.

I will now turn the call over to Executive Vice President, Investor Relations, Ms. Marci Ryvicker. Please go ahead, Ms. Ryvicker.

Marci Ryvicker - *Comcast Corporation - Executive Vice President, Investor Relations*

Thank you, operator, and welcome everyone. Joining us on today's call are Brian Roberts, Mike Cavanagh, Jason Armstrong, and Dave Watson. I will now refer you to slide 2 of the presentation accompanying this call, which can also be found on our investor relations website, and which contains our Safe Harbor disclaimer. This conference call may include forward-looking statements, subject to certain risks and uncertainties.

In addition, during this call, we will refer to certain non-GAAP financial measures. Please see our 8-K and trending schedule issued earlier this morning for the reconciliations of these non-GAAP financial measures to GAAP.

With that, I'll turn the call over to Mike.

Mike Cavanagh - *Comcast Corporation - President*

Thanks, Marci, and good morning. Before I hand it over to Jason, I'll touch on a few topics that are top of mind for me as we report our third-quarter results and head into the home stretch of 2024. First is convergence, second is Epic Universe, and third is media.

On convergence, which we define as the combination of ubiquitous high-speed internet along with wireless phone, by that definition, we are positioned to win. And that is because today, we have 63 million homes and businesses already able to receive gig-plus broadband speed, and we also offer wireless service everywhere we provide broadband. This reach far exceeds the fiber footprints of the largest three telecom companies combined, and our footprint is growing at a rapid pace.

In fact, we've extended our network to more than 1.2 million additional homes and businesses over the last 12 months, a 50-plus percent increase over what we were able to do just two years ago. So even accounting for the announced fiber buildout plans of those three wireless companies, we expect to maintain this lead well into the future.

Broadband usage is skyrocketing. Our broadband-only customers are heavy data users, averaging 700 gigabytes per month. And we want it that way, because our existing network can handle significant increases in bandwidth consumption at a very low marginal cost.

In addition, we're on a path over the next few years to being able to deliver multi-gigabit symmetrical speeds, which will be competitive with any technology out there. The other side of our converged offering is Xfinity Mobile, which matches the capabilities of any wireless network in America.

We bundle Xfinity Mobile with our best-in-class broadband service everywhere we compete, at a price that offers great savings to the consumer. And when combined with broadband, our wireless offering both improves churn and increases overall customer satisfaction.

We also look for opportunities to enhance our converged experience; an example being a new feature we are rolling out now called WiFi Boost, which automatically increases Xfinity Mobile customer speeds up to 1 gig on our WiFi network, which is also the largest in the nation.

To close out these comments on convergence, it's important to note that our strategy is proving out in financial performance. Our domestic broadband plus wireless revenue has been growing at 5%, which consistently leads the industry when you look across our competitors.

The second topic I want to touch on is Epic Universe, which will be the most groundbreaking park ever introduced in the United States. We recently announced that Epic will open on May 22 of 2025 and have also started to activate our sales and marketing plans, including the sale of vacation packages that provide the opportunity to visit Epic, which we expect to be in very high demand.

This park will offer a level of immersion that is unmatched, transporting guests to expansive worlds featuring more than 50 awe-inspiring attractions, entertainment, dining, and shopping experiences. Once Epic opens, Universal Orlando will be transformed into a week's-long vacation, offering four theme parks, a city-walk, dining, retail, and entertainment district, and 11 hotels.

Epic will build on everything we've excelled at in the present and in the past, and make it even better by infusing iconic storytelling with cutting-edge technology in five fully-themed worlds, each one telling a fantastic story based on world-renowned movies and literature such as Dark Universe, which capitalizes on our Universal Monster franchise, Isle of Berk, which brings DreamWorks' How to Train Your Dragon to life. There is the wizarding world of Harry Potter, Ministry of Magic, as well as Super Nintendo World, and all of these are connected by Celestial Park, a world in and of itself. We could not be more excited for what's ahead of us with Epic, and our entire destination and experiences business.

Finally, let me talk about media, where the truly outstanding and universally praised production of the Paris Olympics demonstrated the power of NBC broadcast and Peacock. We brought new relevance and excitement to the Olympics by flawlessly presenting the biggest and most complex Olympic games in history, dominating television, streaming, news, and social media for 17 straight days.

Daily viewership averaged over 30 million across our platforms; an increase of 80% compared to the prior Summer Olympics in 2021. And Peacock streamed 23.5 billion minutes, up 40% from all prior summer and Winter Olympics combined; all of this leading to a record-high $1.9 billion of incremental Olympics revenue in our media segment this third quarter.

We achieved this result by leaning in with the full symphony of Comcast NBCUniversal playing together and a big bet on new ideas and innovation that paid off. We are all very grateful to our NBC sports team and look forward to them bringing the lessons learned and momentum to our entire sports portfolio, especially as we begin to prepare for the relaunch of our partnership with the NBA, starting with the 2025-2026 season.

The regular and post-season NBA games across both NBC and Peacock, in addition to a number of exclusive Peacock games, will bring in broad and diverse audiences, allowing us to also create new entertainment content that will work beyond the basketball season with exciting opportunities for companion programming and marketing collaborations that tap into the NBA's pop-culture appeal.

Before I hand it over to Jason, let me talk about our recent execution against an outlook for our capital allocation priorities, which are threefold: to maintain a very strong balance sheet, which we feel great about given the industry low leverage we maintain; to return significant capital to our shareholders, which we have done consistently since we reinstated our buyback program in May 2021, and have since returned $50 billion of capital equaling 100% of our free cash flow and reducing our share count by 20%; and third, to invest in our growth businesses both organically and inorganically.

Organically, we've invested heavily in our growth businesses including the upgrade of our broadband network to a ubiquitous 1 gig speeds and counting; the incubation, launch, and success of our wireless and business services units; the investment in Peacock and our studios; and the creation of the Epic Universe theme park, to name just a few.

And while we remain most focused on driving our growth businesses, we also look to maximize the significant legacy value in our portfolio of more mature businesses. As you know, we chose not to participate in the M&A process around Paramount in the earlier part of this year. But we would consider partnerships in streaming despite their complexities.

And like many of our peers in media, we are experiencing the effects of the transition in our video businesses and have been studying the best path forward for these assets. To that end, we are now exploring whether creating a new well-capitalized company owned by our shareholders and comprised of our strong portfolio of cable networks would position them to take advantage of opportunities in the changing media landscape and create value for our shareholders. We are not ready to talk about any specifics yet, but we'll be back to you as and when we reach firm conclusions.

And to sum it up, we are very proud of the job we've done on the capital allocation front over the past few years, and we are highly motivated to maintain the same level of discipline.

With that, it's over to you, Jason.

Jason Armstrong - *Comcast Corporation - CFO*

Thanks, Mike, and good morning, everybody. I'll start with our consolidated results, on slide 3.

Total revenue increased 6.5% to $32.1 billion, benefiting from NBCUniversal's highly successful airing of the Paris Olympics. Excluding the Olympics, our revenue was relatively flat year-over-year. Our six major growth drivers including residential broadband, wireless, business services connectivity, theme parks, streaming, and premium content in our studios - generated nearly $18 billion in revenue; well over half of our total company revenue, and grew 9% in the quarter and at a mid-single digit rate over the past 12 months.

Total EBITDA decreased 2% to $9.7 billion, while we generated free cash flow of $3.4 billion during the third quarter and returned $3.2 billion of capital to shareholders, including $2 billion in share repurchases. Over the last 12 months, we've reduced our share count by 6%, contributing to our adjusted EPS growth in the quarter of 3%.

Let's dive deeper into our results for the third quarter, starting on slide 4 with connectivity and platforms. As usual, I will refer to our year-over-year growth on a constant currency basis. Revenue for total connectivity and platforms was consistent year over year at $20.3 billion, reflecting strong growth in our connectivity businesses and political advertising, offset by declines in video and voice revenue, as well as nonpolitical advertising in our domestic and international markets.

Residential connectivity revenue grew 5%, comprised of 3% growth in domestic broadband, 19% growth in domestic wireless, and 8% growth in international connectivity. Business services connectivity revenue also grew 5%.

In domestic broadband, our revenue growth was driven by ARPU growth of 3.6%, another strong result in the context of a continued competitive backdrop. Our team continues to effectively balance rate and volume through customer segmentation.

In terms of broadband subscribers, we reported a net loss of 87,000 in the quarter, which included an estimated net impact of 96,000 associated with the end of ACP. Excluding this ACP-related subscriber loss, we would have reported positive 9,000 broadband net additions in the third quarter.

Before I cover ACP in more detail, I want to spend a moment addressing the quarter's underlying results in broadband. Keep in mind that in the third quarter, we typically benefit from seasonal tailwinds due to back-to-school activity. And this year was no different as we performed very well in that category. In addition, we believe we also benefited to some extent from a competitor's work stoppage as well as from leveraging the Olympics by investing in incremental nationwide brand marketing behind our Olympic-related offers.

Now let me cover ACP. As I mentioned, we had 96,000 losses related to ACP in the quarter. That's roughly one-third direct losses we experienced in the quarter and the other two-thirds reflects a reserve we took for the number of subscribers that we predict will turn in the coming months due to a non-pay or delinquency status.

Turning to domestic wireless. Revenue growth was mainly driven by service revenue, fueled by strong growth in customer lines, which were up over 1.2 million or 20% year over year, reaching 7.5 million in total, including 319,000 line additions this quarter. Importantly, our wireless customers are also broadband customers, and when bundled together, drive overall customer relationship ARPU growth, churn benefits for broadband, and higher profitability.

With wireless penetration at 12% of our broadband subscriber base, we have a very long runway for growth. We're pleased with our strategy and will continue to test new converged offers to capitalize on the significant opportunities we see ahead of us in wireless, including both increasing the penetration of our domestic residential broadband customer base, as well as selling additional lines per account.

And just to reiterate what Mike mentioned, we have an incredible hand to play in convergence. We currently have an offering for gig-plus speeds and wireless available ubiquitously to our footprint of 63 million homes and businesses today. And by ubiquitous, I mean, we are not making any network tradeoffs, and every customer gets access to the same offerings.

We believe we have a leadership position in convergence, and we think we can sustain that. We're on a clear path to offer multi-gig symmetrical speeds and we'll continue to grow our footprint, projecting to add over 1.2 million new homes passed this year.

International connectivity revenue growth of 8% was driven by broadband, reflecting strong ARPU growth, and in wireless, healthy service revenue growth was offset by lower device revenue. Business services connectivity, revenue growth of 5% reflects steady growth in small business, and even faster growth in enterprise.

In small business, it continues to be a competitive market, but we are growing revenue with ARPU growth driven by higher adoption of a suite of additional products that expand our relationship with our SMB customers. At the enterprise level, we are taking share and continue to scale this business. In advertising, growth of 2% reflects stronger political revenue this quarter, partially offset by lower nonpolitical domestic and international advertising revenue.

Finally, video and other revenue declined in the quarter. The 7% decline in our video revenue is a function of continued customer losses coupled with slower domestic ARPU growth versus last year. And the lower other revenue mainly reflects continued customer losses in wireline voice.

Connectivity and platform's total EBITDA was consistent year over year, at $8.3 billion, with margins up 50 basis points, reflecting a decline in overall expenses driven by the continued mix shift to our higher margin connectivity businesses, and ongoing expense management, partially offset by an increase in marketing and promotion expense, driven by our incremental brand marketing investment during the Paris Olympics.

Breaking out our connectivity and platforms' EBITDA results further, residential EBITDA was consistent with margins improving 40 basis points to 38.6%. And business services EBITDA growth was at a mid-single-digit rate with margins fairly stable at 57.4%.

Rounding out connectivity and platforms, I'd note that our business continues to evolve as the mix shifts towards our connectivity growth drivers. As such, you've seen us take some cost reduction actions in our fourth quarter for the past several years. We expect to take similar actions again this fourth quarter at about an equal magnitude to last year.

Now let's turn to content and experiences on slide 5. Revenue increased 19% to $12.6 billion, and EBITDA decreased 9% to $1.8 billion. At theme parks, revenue decreased 5%, and EBITDA declined 14% in the quarter compared to last year's all-time record high.

The majority of the decline was driven by lower attendance at our domestic parks when compared to last year. As we've highlighted, our view is there was both a pull forward of demand that we clearly saw in 2022 and 2023, which were record years for the theme parks and beyond our expectations, as well as the new attraction pipeline, which is light this year, but building towards a substantial pipeline next year.

We think these factors will likely be in place until the second quarter of next year, which is both when we start to lap the pressure we saw this year and the launch of Epic Universe.

Looking ahead, we couldn't be more excited about Epic Universe, and how it will transform Universal Orlando into a weeklong destination. And as we gear up for the May 2025 opening, we expect to incur preopening costs of about $150 million in total over the fourth quarter this year and the first quarter next year. We remain bullish about the long-term trajectory of parks.

In addition to Epic Universe, we have a fantastic slate of new attractions and experiences on the horizon. Donkey Kong Country in Osaka and a Fast & Furious rollercoaster in Hollywood, as well as Universal Horror Unleashed in Vegas and our Universal Kids Resort coming to Texas.

Now let's turn to media, where revenue increased 37% to $8.2 billion including the strong results from the Paris Olympics, which generated $1.9 billion in revenue, a record level for any Olympics. Strength in the Olympics was mainly driven by a record $1.4 billion in advertising revenue, with Peacock contributing over $300 million of that.

Excluding the Olympics, total advertising revenue was flat year over year, as the overall market remained stable, while total media revenue increased 5%, driven by an exceptional quarter for Peacock. Revenue growth for Peacock was 82% and still a very robust, greater than 40% excluding the Olympics.

This was also a strong quarter for Peacock paid subscribers, as we added 3 million net new additions driven not only by the Olympics, but also the return of the NFL, including our Peacock exclusive NFL game from Brazil, the return of the Big Ten, and several entertainment hits during the quarter including Love Island, Bel Air, and Fight Night.

Looking ahead, we will continue to be focused on strong revenue growth and improving profitability at Peacock, in the broader context of expected revenue and profit growth across the entire media segment. Media EBITDA in the quarter declined 10% to $650 million.

But this was largely timing-related as a profitable Olympics was offset by higher expenses due to the timing of other sports, including two additional NFL games in the quarter, an additional Sunday Night Football game, and Peacock's exclusive game from Brazil.

At studios, revenue increased 12% and EBITDA increased 9% driven by the success of our film slate, including Despicable Me 4, as well as Twisters. Year-to-date, we have three of the top-10 box office titles, including Twisters, Kung Fu Panda 4, and Despicable Me 4, which has already grossed nearly $1 billion, and it's the first animated franchise in the industry to surpass $5 billion in global box office.

Looking to the fourth quarter, Wild Robot debuted in September to terrific reviews and has had nice success at the box office, a great achievement for original animation, and we are particularly excited about Wicked opening in November. I'll wrap up with free cash flow and capital allocation on slide 6.

As I mentioned earlier, we generated $3.4 billion in free cash flow this quarter and achieved this even with significant organic investment. The $3.6 billion in total capital expenditures this quarter reflects spending to bolster our six key growth areas and most significantly, our efforts in expanding our connectivity footprint through accelerating homes passed, and further strengthening our domestic broadband network, and the continued buildout of our Epic Universe Theme Park ahead of its opening in May of 2025.

Turning to return of capital, we returned a total of $3.2 billion to shareholders in the quarter including share repurchases of $2 billion and dividend payments of $1.2 billion. In fact, our share count has been consistently shrinking mid-single-digits on an annual basis for the past several years. We've been straightforward and consistent in our priorities around investing in our six key growth drivers, protecting our strong balance sheet and returning a significant amount of capital to the shareholders. This quarter is yet another example of that.

Now let's turn it back to Marci for Q&A. Marci?

Marci Ryvicker - *Comcast Corporation - Executive Vice President, Investor Relations*

Thanks, Jason. Operator. Let's open the call for Q&A, please.

QUESTIONS AND ANSWERS

Operator

Thank you. We will now begin the question-and-answer session. (Operator Instructions)

Ben Swinburne, Morgan Stanley.

Ben Swinburne - *Morgan Stanley & Co. LLC - Analyst*

Thanks. Good morning. Mike, just coming back to your comments on strategic reviews on the media side, which obviously are quite interesting. Can you talk a little bit about the assets you're looking at in this portfolio review? It sounded like domestic cable networks, but you also mentioned streaming.

And in particular around your point about complexity, trying to think about the ability or challenges of separating Peacock from your Linear Networks. Maybe it's not as complex as I'm thinking, but operationally, how do you think through the pieces? And do those assets need to travel together or perhaps not?

And then for either Dave or Jason, just would love to hear how you guys are thinking about the fourth quarter broadband subscribers. Do you think you can be -- can grow again in Q4, given normal seasonality and other factors as we move beyond ACP? Thanks so much.

Mike Cavanagh - *Comcast Corporation - President*

Thanks, Ben. It's Mike. So let me be clear and just for everybody that may be just picking up on this, I want to be clear about what I said, is that we're going to commence a study of whether there is a good idea in the idea of creating a new well-capitalized company that would go to our shareholders, existing shareholders -- comprised of our cable portfolio networks. So that's the group. It's -- I'm not talking about Peacock or broadcast. So that's what I said before.

And I think the questions about how to do it are the reason we're announcing here, that we want to study it. There are a lot of questions to which we don't have answers so we want to do the work, and we want to do the work with transparency around it so that as rumors fly and the like, we expect that. But we want our shareholders to understand what we're willing to look at.

And that's in the context of broader we look at a lot of things. And I do think in a moment of a lot of transition in the industries we're part of, I think we've got a very strong hand given the strength of the businesses. We just went through all of them with third quarter results, and I think I'm proud of every part of it. And I think the idea of playing some offense when you combine the balance sheet strength that we have, the assets we have, and the management team we have, there may be some smart things to do, and we want to study that.

David Watson - *Comcast Corporation - President & CEO, Comcast Cable*

Okay. Ben, this is Dave. Let me go into broadband. I think before getting to Q4, I think providing just a little bit of context on Q3 is important and -- starts with the underlying market that remains competitively intense. So that hasn't changed. It continues. But we are pleased with our overall performance in Q3, and it was driven at the very top level with very good execution on the fundamentals.

But as Jason said, there are three factors that were unique to Q3: one is back-to-school, always a contributor to Q3. We did perform well this Q3 and did around the same level as last year in back-to-school activity. So that's number one.

Number two, the Olympics; not only good for NBC, good for cable and connectivity and platforms. So we did invest, a really effective go-to-market plan; strong offers, good product positioning. And the Olympics provide perhaps the best showcase for us to talk about what's fully capable, end-to-end with great content being easy and simple to access. And people are highly engaged and so it was an overall good plan, but that drove consideration unique to that time frame.

And the third one was the AT&T labor work stoppage. It was limited to part of the footprint. And it was, I think, about a 30-day thing. Not a major driver, but it did have an impact. So if you exclude the incremental benefits of the Olympics and the competitor's work stoppage as well as the ACP impact, while it is tough to completely pinpoint, our best estimate is HSD subs would have been slightly worse than last year's Q3.

So then you shift to Q4, to your question. Let me remind you and everyone, first off, we had two hurricanes impact some of our cable systems. And while we're still assessing the impact, from what we can see today, the potential impact looks like it could be really significantly less than the impact from Hurricane Ian in 2022 in terms of both subscriber and financial impacts. But we don't have an exact number to share at this moment. But there will be some impact tied to the two hurricanes.

Also, in Q4, while the return of seasonals to the Southeast usually provides a good tailwind, not like back-to-school, but still a nice impact. We'll have to see what the potential impact we see with this activity due to the hurricanes.

So going to Q4, the underlying environment remains the same, very competitive. But remind you also, that we expect churn to continue to remain low levels as we focus on retention channel management, our segmented approach and leveraging offers and product packaging, with mobile being front and center, but leveraging everything, including new video products like NOW TV, NOW Latino and StreamSaver, all surrounding broadband with good value.

And at the same time, we're introducing -- we're excited about AI and what we can do in every single sales channel, including retention. So we're rolling that out. But the last point to remind you, Q4 doesn't have back-to-school. So that's where we're at, and perspective in Q4.

Ben Swinburne - *Morgan Stanley & Co. LLC - Analyst*

Thanks very much.

Marci Ryvicker - *Comcast Corporation - Executive Vice President, Investor Relations*

Thanks, Ben. Operator, we'll take the next question.

Operator

Craig Moffett, MoffettNathanson.

Craig Moffett - *MoffettNathanson LLC - Analyst*

Hi, thank you. Two questions, if I could. Let me start on the theme park side. As you look forward to Epic for next year, first, how do we think about the capacity of Epic? And how do you think about balancing the potential demand in terms of volume versus perhaps trying to more significantly price it so that you get a better experience with lower crowds? I'm just wondering how you think about that balance.

And then a housekeeping question, by the way, is are you seeing -- you mentioned $150 million of cost expected in Q4. Should we -- was there anything in Q3 that we should be aware of in terms of Epic anticipation costs?

And then on the cable side, if I could just squeeze in one more. How are you thinking about BEAD at the moment? And at the rate that you're expanding the footprint, should we expect any significant capital intensity changes as you have now a little more insight about the BEAD program and what you might do in rural markets?

Jason Armstrong - *Comcast Corporation - CFO*

Hey Craig, let me just hit your quick question on just the preopening costs around Epic. So for third quarter, minimal cost there, I'd say, in the range of $20 million or so in terms of preopening costs. We did say, just to clarify your comment, you said $150 million for fourth quarter. What I said in my prepared remarks was $150 million in preopening costs split between the fourth quarter and the first quarter. I think between the two, it will be more weighted towards the first quarter.

Mike Cavanagh - *Comcast Corporation - President*

Yeah, Craig. This is Mike. So on Epic, like I said, we couldn't be more excited. It is our most ambitious parks experience we've ever put together, right? So it will warrant a premium and -- think about ticket pricing at a premium level, but consistent with the market in Orlando. But I think the way to think about how we're going to manage it, and we started this with we want to drive Orlando.

We've got now the -- one of the -- in addition to being what it is, a stand-alone park that's going to be magnificent, it transforms Universal Orlando into a weeks' long vacation with the other existing parks. So I think we'll look at it through the lens of how to optimize the totality of our Orlando footprint while making sure the park-goer experience is a great experience for Epic, which we on itself priced at a premium.

We are seeing great demand in the early days since we announced that May 22nd next year is opening day, and we'll be putting together a lot of NBCUniversal Symphony effort to now raise awareness of the park, as you see in the months and months ahead and leading up to opening day.

David Watson - *Comcast Corporation - President & CEO, Comcast Cable*

Hi Craig, you got Dave here. So on BEAD, obviously, the process is ongoing. And to the extent we are successful, and we will -- we're looking at it and planning around it. I think we certainly expect to be there. This is more of a 2025 and beyond, the opportunity. So this is -- we are active in federal, really the state level, a lot of the states have offices of broadband established to look at this. The rules are being finalized as we speak.

And assuming the final state BEAD participation rules allow for rational private sector investment and do not impose price controls or other things that exceed the statute, we will -- we do plan to participate with reasonable conditions. So and always -- as long as they're just consistent with our business goals. So we have tight thresholds.

We use a lot of financial discipline around these things. And it's too early to really comment in terms of how much activity. But we do not -- as we anticipate the activity here, we do not anticipate any change to CapEx intensity from what we can see. So as always, if there are unique opportunities that fit within our financial returns, then we'll always evaluate that.

Jason Armstrong - *Comcast Corporation - CFO*

Hey Craig, let me broaden that out to footprint expansion in general and just our philosophy there. We've obviously accelerated our footprint expansion a couple of years ago. If you rewind the clock, we were at 800,000 homes passed per year. Dave and team has nicely driven that 1.2 million homes and pacing towards that this year.

What underpins that view and how we're underwriting it, because obviously, we're putting capital towards it, is a view of structural competitive environment over the long term. And from our perspective, as we see it, the two key competitors, as you look at it this past year, fixed wireless has obviously taken its toll. We think that's a market that's going to continue to exist, continue to be around.

But it's for the value-conscious consumer. It has carved out a niche in the market that whether it's 10%, 15%, I'm not sure we've got a crystal ball, but it is a niche. Fiber, as we've said, is the real long-term competitor. That's an entity that's been building out against us for almost 20 years at this point. It's been a steady increase in our footprint right now. We're about 50% overbuilt. We would tell you that will go higher. Obviously, the carriers have announced plans to take that higher.

So we expect it to go higher, and we expect to see competition across the majority of our footprint including two wires, one of which is ours, which is currently a gig-plus, and we'll go to multi-gig symmetrical through how we're investing; and the others of which is fiber. But the long-term view is, we've competed against fiber for almost two decades at this point. So we are seasoned in competing against fiber and we know exactly what fiber markets look like.

So if you go back and look at some of the early fiber markets and tenure markets where we've had a chance to see the competitive progression, what you see is initial uptake. And then you see the competitive environment sort of leveling out, and you see relatively even share between us and fiber. We see ARPUs in those markets that are very consistent with our overall ARPU.

So when you think about a long term, how do you invest against this, are you comfortable taking your footprint expansion to a greater level, these are all things that underpin our current investment and future investment.

David Watson - *Comcast Corporation - President & CEO, Comcast Cable*

Thanks. That's really helpful, Jason.

Marci Ryvicker - *Comcast Corporation - Executive Vice President, Investor Relations*

Thanks, Craig. Operator, next question please.

Operator

Michael Ng, Goldman Sachs.

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Michael Ng - *Goldman Sachs Group, Inc. - Analyst*

Hi, good morning. I just have two, one housekeeping one. Just on the Olympics, encouraging to see the record $1.9 billion of revenue. I was just wondering if you could comment on profitability as well. And any way to better think about the potential uplift from Olympics on broadband net adds?

And then second, I wanted to ask about video. You had very good video net adds performance in the quarter as well as on programming costs. Anything that you would call out there that may be improving the trends within video? Thank you.

Mike Cavanagh - *Comcast Corporation - President*

Thanks, Michael. It's Mike. So just on the Olympics, as I said earlier, we couldn't be more proud of what our teams accomplished across the whole company on the Olympics. So we are cautiously optimistic going into the games that they would perform well, given all the effort we put in and Paris as a backdrop. But viewership, ad sales exceeded our expectations and the games were profitable. I won't go into the level of profitability, but profitable games for us.

And so we walk away from it very excited as we look forward to future Olympics from here. Because it was a spell leading up to Paris, where prior Olympics, for a variety of reasons, had not performed as well as we had hoped. So I think there's an incredible amount of energy and excitement as we look ahead to LA and beyond and Milan in between.

And so I know Brian wants to jump in here.

Brian L. Roberts - *Comcast Corporation - Chairman & CEO*

I just want to add, it was probably the proudest moment that I can think of since we've owned NBCUniversal or certainly right up there, just a tremendous team effort. Technologically, what Peacock pulled off and Xfinity, with a combination of using just every athlete, every sport, every country, you could search it many different ways, the social media impact with celebrity, the quality, the two broadcasts in prime time and just really bringing the whole country and nation into the drama, the ratings, and the ability to use that platform, as we said, for things such as broadband growth but also awareness for everything from Wicked to Epic to new shows being launched and many other initiatives in the company.

So one of the proudest moments. We really look forward to LA in four years. We've got Milan in between, and then we go on from there. So it's a great partnership. And kudos to Molly Solomon and many, many, many other people who had made that broadcast happen and Rick at NBC Sports and many others. Dave?

David Watson - *Comcast Corporation - President & CEO, Comcast Cable*

Thank you, Brian. Michael, so two things. One, as Brian just said, it really was a great moment. So -- and again, unique to Q3 with the media investment behind it and just the overall go-to-market plan. And one of the things that we look at is just the engagement. And with such a -- you have a unique position of streaming and all the other content of how it's delivered, it was a significant Internet moment, quite frankly, in that we are right there and positioned to be able to deliver at all.

So -- and just in a really simple and easy way. The way the Peacock team did it, it was just great. And so -- but we don't have a specific number in terms of broadband impact, but it was a contributor to Q3 for sure. In video, there are two primary drivers as we look at video. Obviously, still in the negative terrain but an improvement. And one, that there's churn. And we have seen churn continue to stabilize and has been stabilizing for a while. And we look at things that -- and break it down.

Most certainly, when we introduced mobile into the mix, mobile helps and there's churn reduction there. So surrounding broadband with the right package, the right segment, it does help video. So -- and then when you have engagement levels, like you see with the Olympics, then that helps. But churn has been a driver, improvement in churn in video.

The second side of it are connects. And we've seen on the connect side, it's the NOW portfolio that has helped. NOW TV, NOW Latino, these are products that we segment, use it surgically, and have helped video. And it's a nice way to reimagine the platform to be able to deliver good content for the right segment.

Marci Ryvicker - *Comcast Corporation - Executive Vice President, Investor Relations*

Operator, next question please.

Operator

John Hodulik, UBS.

John Hodulik - *UBS Securities LLC - Analyst*

Great. Thanks. Two, if I could. I guess, first, following up on Jason's comments, we're definitely getting a better picture of what the competitive fiber footprint is going to look like in the US over the next five years. And I think Jason's comments addressed the impact on subs. But maybe for Dave, can you talk a little bit about the impact on ARPU and pricing power when a new fiber provider opens in an Xfinity market?

And then secondly, I guess, for Jason, I realize we're probably early in what might be a longer process. But maybe at a high level, can you help us -- can you maybe frame the potential change in the growth rate of the remaining Comcast assets that you may see, if you guys -- if you do move ahead with the spin of the cable nets? What bump in terms of the growth rate are we looking at here? Thanks.

David Watson - *Comcast Corporation - President & CEO, Comcast Cable*

John, this is Dave. Let me start with the fiber impact on ARPU, just a general impact. When -- there are two things that we look at and we've been balancing throughout: market share and rate. So when fiber comes into one of the markets, and been dealing with it for two decades, so we have a pretty good track record in terms of when this happens, how it happens. But we do see that there is an impact on penetration levels, so on the market share side.

But we compete aggressively, have a very strong playbook that has evolved over time, and then share does eventually even out between the two of us. So then you look at the healthy ARPU levels that are really no different, quite frankly, in terms of fiber versus non-fiber markets, and it goes to our playbook in terms of segmentation.

And the focus that Jason talked about with the core network and the fact that we start at the premium levels, job one is delivering the best Internet experience that it's not -- it's speed, multi-gig, but it's everything that we do and how we compete around coverage, capacity, latency, all these things we deliver and critically, the best WiFi in the marketplace with the great gateway device. And that is how content is really delivered in people's homes and businesses.

So great WiFi has helped, I think. And we look at solid churn rates, but ARPU is really no different as we've seen as things level out.

Mike Cavanagh - *Comcast Corporation - President*

And John, it's Mike. On the question about the potential for a spin and impact on revenue, I would just say I don't want to get ahead of ourselves. Obviously, we do anything like that, it will have an impact on the consolidated company. But I think the point that we'd make is that it doesn't change the fact that within the business today, we've got six growth drivers that represent more than half of our revenues that are growing this quarter at 9% or so and on a trailing basis been in that high single digits, sometimes 10%.

So the company is transforming itself to a top line growing company as our mix changes. Whether we do something like a spin or not, I'd focus everybody on what the underlying is.

Marci Ryvicker - *Comcast Corporation - Executive Vice President, Investor Relations*

Thanks, John. Operator, next question, please.

Operator

Jessica Reif Ehrlich, Bank of America Securities.

Jessica Reif Ehrlich - *BofA Securities, Inc. - Analyst*

So of course, one on NBC and one on cable. NBC is actually a multi-parter. There's just a lot going on there in coming years. So just kind of maybe a follow-up on Epic. But can you kind of give us some color on your thoughts on what -- how it will impact the bottom line over the next three to five years? Obviously, you'll take share in Orlando. It's a big market. But how do you think about it impacting the bottom line?

On NBA, can you talk a little bit about monetization? Obviously, there's a big increased investment. But you mentioned something interesting on the call that there's an opportunity outside of the regular season, and of course, it will be NBC and Peacock.

And then finally, one last question on this potential spin-out. Can you just talk about the thought process? Is it -- do you view it as a roll-up vehicle for the industry? And then on cable, it's kind of a video question, but we see Charter signing agreements with all of the streaming platforms, you included. And you've taken a very different approach. Can you just maybe discuss how your video offering will evolve over time?

Mike Cavanagh - *Comcast Corporation - President*

So Jessica, it's Mike. I'll hit these quick. I mean, I think Epic, as we said, in the near term is going to have the $150 million of preopening costs, and then it will open midway through the year. So it will be accretive to the parks P&L next year. And then obviously, beyond that, we hope it does all the things I said earlier in terms of driving the week's long experience in getting a nice return on the capital put against Epic and the entirety of what we have in the ground in Orlando period. 11 hotels, the multiple parks. It is something that we feel very confident about in the long term. But I won't give particular guidance on that front.

NBA, I think you should think about that as a -- it's a long term -- over the long term, we expect the NBA to be something that adds value to our company broadly, particularly in the media segment. It's going to help broadcast and benefit from broadcast. We obviously saw that during the Olympics, the interplay of broadcast and streaming for sports and the technology for some audiences of what you can do on the streaming side and the reach that broadcast has.

So I think when you think about how it will play into the two audiences, streaming and traditional, which are frankly very different, and there was great viewing of the Olympics on linear despite the unbelievable production in Peacock. So I think we feel really well balanced between the broadcast side and the Peacock side.

And then the point for Peacock, NBA makes us a -- NBC -- makes us a year-long sports destination. So I think that's something that we think is very helpful over the long term as we think about churn as something that needs to be managed a little more carefully, a little differently in the streaming world than the linear world.

And then the point you're really getting at is -- that we've talked about before, is the NBA will bring a younger, more diverse audience. And I think as you bring an audience into a platform like NBC and Peacock, Donna Langley and – Pearlena Igbokwe and the team at our studios have the chance to think about how to tap into that audience, together with the talent, frankly, that comes from the NBA themselves. And so I think that was the point I was making on that.

On the spin, really nothing more to say than what I said earlier. These are all the questions that we're going to go off and think about. We think there could be an opportunity to place some offense, like I said, and we'll be back. But that is the thinking. We think we have great assets and a great balance sheet and that's the thinking.

And on Charter, before -- and I'll hand it over to Dave on his side. But just a comment for the NBC side on distribution. Obviously, it's a key revenue stream for any media business. And I got to say, we're very pleased that we've now completed 10 renewals in the past 15 months, most recently Charter and Hulu. And it's a mix of both traditional and streaming distributors. And so that just speaks to the power of the content we have and our ability to work with very important distribution partners, who themselves, have different business priorities and objectives from one to the next. So, we're really pleased with that.

We're in the middle of -- last one for this year is coming up in a few days, which is DIRECTV. We're in constructive dialogue with folks over there and hope to finish up that negotiation shortly without disruption, just like the rest of the ones we've done in the last bunch of years. And all that adds to just a certain stability and strength of the revenue stream in our business.

David Watson - *Comcast Corporation - President & CEO, Comcast Cable*

Jessica, this is Dave. So on the -- in terms of our video strategy, the overall -- one of the core operating principles that we've had for a long time, we talked about it quite a bit across all of our products, is segmenting the marketplace to give consumers what they want at the right price and the right package. So no surprise that video follows that. And with a very strong focus on connectivity, how do we surround connectivity with the right package offerings? And that is fundamental to how we look at it.

Now having said that, I think the Charter Group does really smart things, and we pay attention to everything that they do. And if there's opportunities, then we always evaluate. But if you break it down further, we all -- we look at the experience that the customer has, we look at choice and ultimately by segment, the value, those three things.

And you look at experience, with our -- because we've invested over a very long period of time and a great platform, we talked about it with the Olympics, but it could be Sunday Night Football, it could be you name it, Premier League Soccer. We have a unique platform to deliver video content. So then you have choice, you have value.

And a good example of an extension of this is StreamSaver. And StreamSaver for us is an example of choice that we have to try to deliver customers. Could be broadband only to -- on top of an existing video package. But StreamSaver is a great example of taking the advertising tiers, Netflix, Peacock and obviously, Apple TV, putting it together at a great consumer price point, not subsidizing. It's profitable and it makes a lot of sense. So I think it's an example of good video choice, and that is -- look for more of that from us over time.

Operator

Jonathan Chaplin, New Street.

Jonathan Chaplin - *New Street Research LLP - Analyst*

I'm wondering, so CapEx year-to-date is running a little bit below the 10% in connectivity & platforms that you would expect at the beginning of the year. Should we anticipate a big catch-up in 4Q?

And then I'm wondering if you can give us a quick update on where you are with the upgrade of the cable plant, where you expect to be at the end of the year. Are you moving through that at the pace that you anticipated? Or as you've gained more clarity on the sort of evolution of the competitive dynamics, is that maybe not quite as urgent as initially anticipated?

And then on the footprint expansion, Jason, you mentioned this is sort of part of the -- really your competitive strategy. Are you expanding your footprint? If I think about the difference between the 800,000 that you were at and the 1.2 million that you're at now, is that incremental piece mostly in rural markets where you don't expect to have fiber competition?

Jason Armstrong - *Comcast Corporation - CFO*

Thanks, Jonathan. Let me take the first couple and hand it to Dave on footprint. So on CapEx and capital intensity, yes, we came into the year and said similar capital intensity to last year. Obviously, the pacing to the first three quarters is sort of on that track, maybe on the low end. But I would point you to -- just stepping back, we're not using capital intensity as sort of a gating factor.

We are coming into this saying, what amount do we want to -- what can we upgrade by both in terms of network upgrade and then footprint expansion? What makes logical sense? How fast can the engineers move? And so we -- that is largely going to dictate our pacing. So I wouldn't change the guidance for the full year, which implies a little bit of a catch-up in the fourth quarter.

On the upgrade of the cable plant, I would say, as you step back, our network upgrade is on plan. We think we have a cost-effective strategy that gets us faster speeds across the entire footprint. As I mentioned earlier, we are ubiquitous at a gig now. That's very important from a marketing perspective as you think more broadly about convergence. We've said we think we have the largest convergence footprint. But importantly, we can do things from a ubiquitous perspective, ubiquitous speeds plus ubiquitous wireless on top of it.

So we've got a good path there, gig now and then headed to multi-gig over time. We've got a plan to get there today. Roughly half our footprint is updated with the mid-split technology, which was sort of foundational in that effort. We expect to actually be through the vast majority of that effort by the end of next year. And then DOCSIS 4.0 sort of rides right on the back of that.

David Watson - *Comcast Corporation - President & CEO, Comcast Cable*

Yes. Jonathan, just in terms of the operational planning around it, so as Jason just said and talking about it, we have the fundamental path that's being built, one half and then going to the vast majority by the end of next year in terms of mid-split. And then on the heels of that will be the DOCSIS 4.0. So it's a clear path to the strong ubiquitous product offering. And for us, it's an operational than getting all the components, getting everything ready, everything from SIKs to you name it. We get all these pieces pulled together and then we go.

So we have a really good plan. We are definitely on track and really like the road map to where we stand. We're ahead of every single application in terms of broadband capability. And so -- and even, I think, doing a better job in things like WiFi, as I mentioned earlier. So we're in good position with the network plan.

Operator

Steven Cahall, Wells Fargo.

Steven Cahall - *Wells Fargo Securities, LLC - Analyst*

A couple of media questions. So first, you made the interesting Paramount streaming call out. I was just wondering, since you were both excluded from the venue initiative, if there's any intentionality there that we can think about in terms of potential bundle that you might have mentioned? It seems like it would be pretty sizable in terms of sports rights, movie, and TV library. So anything you could expand on there in terms of whether you're just looking at a bundle? Something that's more of a deeper integration for the customer, that would be interesting.

And then a related question kind of tying a lot of these things together. I thought it was interesting how you called out the Olympics as one of the drivers of the broadband strength in the quarter. We don't often think about content as a driver of broadband subscriber acquisitions. Is that something that you think could be happening more in the future? Did that inform your decision on the NBA rights? And is that one of the reasons that you also want to keep the growth media assets together with your connectivity business longer term? Thank you.

Mike Cavanagh - *Comcast Corporation - President*

Steven, it's Mike. So on streaming partnerships, I think we are open to having discussions. But as I said, exploring the idea, I think you put it in context. The bar is really high for whole company media type of acquisitions. That's why what I paired together and the answer is streaming partnerships could be interesting. Details matter one to the next to the next. So my only point is we're open to them. But they are very complicated, and they could vary in form.

We like what we've got very much. So it would just be as and when a good idea comes along, we're just open to it. That's point one. And two was the other side of it, is cable networks, which we talked about earlier.

On Olympics and broadband, I think -- and Dave can chime in here, but I think the whole company looks through symphony and otherwise to say what makes us a unique place and how do we drive value for our company across all swim lanes, especially around something like the Olympics, but not only that. And when you look at what happens through X1 in terms of presentation of content, it's not just ours. But clearly, it's ours when it's the Olympics. And we have all the power of the technology to do what we did with them.

But it carries over to how we present other streaming services or integrate other content or navigate through that content with the X1 remote. I do think great content does feed into the thinking of why our company is one company, but I'll let Dave and Brian chime in.

Brian L. Roberts - *Comcast Corporation - Chairman & CEO*

Just jump in for a second and say that last part you made is what I think makes our company pretty special and different. In the Olympics -- during the Olympics, I believe, and Dave tell me -- correct me if this is not right. In many, many of our Xfinity markets, the viewing of Olympics content in those households was, in many cases, double what the national averages were for the same content. So the ability for consumers to easily navigate, find what they want, be marketed to, we do it for others, we do it for big moments in the company.

And we're getting better at that all the time. And a seamless way to log in once to Peacock and also the Xfinity apps that they had, the Stream app, it's all getting better every year that we -- and that platform, which a lot of it we call the entertainment operating system, we now syndicate. We partner with Xumo, Sky all over Canada. So it's a big strategic asset that you saw a great quarter, and really proud of the company.

David Watson - *Comcast Corporation - President & CEO, Comcast Cable*

No question. And Brian nailed it. It really -- for us, that experience is so key and look for us to do more, to your question. We are -- if there's a big sports moment, I think people want to work with us. We love doing it. We make it simple and easy to find what you want in the moment. And then -- and the Sky team does an excellent job of bringing shows to life. And there's unique shows that they do, and we've taken that playbook to the US. So when there's a big moment in entertainment in any form, look for us to continue to do it.

Marci Ryvicker - *Comcast Corporation - Executive Vice President, Investor Relations*

Thanks, Steve. That concludes our call. Thank you all for joining us this morning.

Operator

Thank you. This concludes the call. A replay of the call will be available starting at 11:30 AM Eastern Time today on Comcast Investor Relations website. Thank you for participating. You may all disconnect.