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CMCSA - Comcast Corp at Goldman Sachs Communacopia Conference

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PRESENTATION

Brett Joseph Feldman - *Goldman Sachs Group Inc., Research Division - Equity Analyst*

Welcome to day 2 of the 28th Communacopia conference. I'm Brett Feldman, Goldman's U.S. telecom and cable analyst.

Our opening keynote speaker today is Brian Roberts, the Chairman and CEO of Comcast. As many of you know, Brian literally grew up in the company, which was founded by his father, Ralph Roberts. Brian became President of Comcast in 1990, and since then, it has seen its revenues grow from less than $700 million to $110 billion, making it one of the largest media and communications companies in the world.

In addition to this being our opening keynote today, this session is also being filmed as an episode of GS Talks. So Brian, welcome back to Communacopia.

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

Great to be here. I think I was at the very first Communacopia, and it's a great concept as we watch the industry evolve all these years. So thanks for having me.

QUESTIONS AND ANSWERS

Brett Joseph Feldman - *Goldman Sachs Group Inc., Research Division - Equity Analyst*

All right. So here's my first question. A few weeks ago, we published a report, and we pointed out in the report that among your large-cap peers, which is a group of over 50 companies as we defined it, you trade at one of the lowest earnings multiples, despite having an outlook for almost the fastest earnings growth. And there's no other company on that list where there was such a significant disconnect between valuation and growth.

So my question is why do you think that disconnect exists? What do you think the market's missing about the Comcast story?

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

Well, first of all, read the report, and I had never seen that thesis presented that way. And so as I look back at sort of Comcast historically, there'll be times when the stock's up and the stock's down relative to some of our peers, but what I focus first on is what's our growth, what are our investment opportunities and can we sustain and, therefore, hopefully improve that ratio. And I really believe we can. As I look at the company right now, I think our people are leading in the industry in various businesses they're running, and I think our assets are pretty unique.

So let me maybe start with just why do I feel that way and why might we be able to continue to have that faster growth than perhaps what the multiple would suggest. So there's probably 3 -- in our space, 3 big megatrends. One is broadband. That's happening globally. All these trends are happening globally: broadband, direct to consumer and advanced advertising. And I think we are the leader in broadband and video, whether it's direct to consumer or by whatever means. I think yesterday's announcement with Peacock, we'll talk shortly a little bit about that, brings in advanced advertising.

We have 55 million customer relationships now in 4 major geographies. That puts us in a position to have 200 million addressable homes that we can serve. So we're 55 million and growing, with an average of $110 ARPU, so tremendous scale. In 2018, we spent $24 billion investing in content, and that does not include Comcast Cable or Sky purchasing cable channels. This is content that we make or procure out of our content divisions.

And so if I look into those 3 growth areas, what do I see for Comcast? Well, in broadband, let me start and say that we're having a great third quarter. And we've continued for -- now, this will be the 14th straight year where we will easily surpass 1 million net adds in broadband. And I brought a little demo later to talk about why I think our leadership in broadband is sustainable.

And in the other businesses, as I look at Europe, and I look at Sky's ability with their incredible brand to offer new products, additional products and different forms of the product to their customers, we're really pleased with Sky's position. In the theme park business, we're building an incredible, fully brand-new theme park in Beijing with partners that I think will be the best in the world. At the same time, we're adding a new attraction in Osaka that's a pretty incredible investment and technological investment with Nintendo, Super Nintendo World. And we just announced in the theme park business that we're going to launch a fourth gate, an entirely new park, Universal's Epic Universe, that will take several years to build. So parks has a growth runway.

And then with OTT and direct to consumer, you have in Sky, NOW TV. In cable, we have something called Flex, which I'm going to demo. And then yesterday's announcement with Peacock. So we have growth in that world, which is based on advanced advertising.

So I look at all that and say I think we can continue the model that my dad did start, which is invest in the future but take care of business in the present. And while you're investing, it doesn't retard your ability to grow, but you're building for future growth. And if I look at the last 10 years and go with the metric that you looked at, earnings per share, which is, again, somewhat different than others have used, we've grown double-digits EPS 9 of the last 10 years, and the 10th year was pretty close. So thank you for the thesis, and I feel confident about our company at this moment in time. It's really exciting.

Brett Joseph Feldman - *Goldman Sachs Group Inc., Research Division - Equity Analyst*

Well, let's get into some of those growth drivers, and I'd like to start with direct-to-consumer video. So as you disclosed yesterday, you're going to call your direct-to-consumer video service Peacock. This is going to be predominantly an ad-driven service, meaning it's going to be free to most consumers, which is a bit different than what some of your peers have done where they've decided to go with a subscription model. So why did you decide you wanted to come to market leading with an ad model versus a subscription model?

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

Well, I think we're pretty excited about Peacock for the following reasons. One, we think we can use the relationships that we have in the -- with so many, tens and tens and tens -- 75 million, 80 million customers just in the U.S. and, in some cases, more that buy our cable channels and see them. We have relationships with consumers. Can we extend with distributors, can we find a way to have Flex -- I'm sorry, Peacock be available to those customers? And if you do so, then there's no cost to the customer. And if you do that, advertising, a light ad load, with the premium content that will be on this network will be unlike any advertising inventory available, that is advanced digital ads with the kind of content -- you're talking The Office and Parks and Recreation and remakes of some of the most iconic shows and SNL and possibly Olympics.

So we looked at it and said let's do something different than the very increasingly crowded field as has been written. And what is our fastest way to get to profitability and do so with the least amount of investment? And parlaying on top of the existing relationships that we've got, we think, is one way to do that. So we think we're pretty excited about how the whole company has come together to make this possible.

One of the ways we're going to be able to go so quickly is we've drawn on the expertise of Sky, sent over top 2 leaders of NOW TV, which was really the first direct-to-consumer service in Europe. And they are now, along with Bonnie Hammer, running Peacock. And -- but the whole company is -- including Comcast Cable and Sky, are all engaged in the conversation of how to get this to as many people as quickly as possible. And with a very light ad load, we think we'll be able to have a business model that I think all of you will enjoy.

Brett Joseph Feldman - *Goldman Sachs Group Inc., Research Division - Equity Analyst*

Can we spend a little more time on the path to profitability as you just talked about it? If we look at some of your other large media peers who have announced their own plans for direct-to-consumer video, a few of them have disclosed meaningful upfront costs such as forgone licensing revenues as they pull back that content from what have been third-party distribution. And so the questions I would have for you is sort of 2 parts. First, should we be expecting any type of meaningful financial impact on the NBCU income statement next year for a similar reason? And by extension of that, do you need to materially ramp your investment in content, either through developing it yourself or perhaps going into the market through your M&A program?

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

So we're not going to give you the answer to the first question, right, today. We will have -- we're not planning to launch until second quarter of next year or thereabouts. So we will have plenty of time to comment and show you and investors, and we'll break it out separately and everything else.

But the second answer and a bit of the first question, I don't believe it's going to materially affect Comcast and our ability to grow, and that's what I was alluding to earlier. I think that we can make this investment. I think this investment can be significant but not in a way that's going to retard both NBC and the overall company from the historic kind of growth that we've been able to enjoy.

And one of the ways we can do that is the second question. We spend $24 billion a year or even more now, and we can repurpose some of that spending. And a good example of that is take a recent win, which was Chernobyl. That's a Sky production. And we partnered with HBO here in the U.S., but Sky originated that concept, it was European-driven. And so we've been looking at Sky's success and Universal Cable Productions and NBC studios, and we said, okay, we've got to ramp up more of our own production.

So in the case of Sky, we launched Sky Studios. And we're going to repurpose some of the spending that Sky is making into more productions in Sky Studios, and then those Sky Studios productions, some of those will end up on Peacock. So it's a -- the new Comcast has a capability that it's never had before, and I think it will work well with the timing of what we think is going to be a really exciting new project, which is Peacock.

Brett Joseph Feldman - *Goldman Sachs Group Inc., Research Division - Equity Analyst*

All right. So before we move past NBCU, I would like to spend just a little bit of time talking about film. 2009 (sic) [2019] has probably been a relatively softer year for that segment versus the prior 2 years, which looked quite good. But if we look at the film slate over the next 2 years, you have releases from some of your key franchises coming up like Fast and Furious, Jurassic Park and Minions.

And so the first question here would be what is your general outlook for the film business? And I think the way the investors want to think about it is, what do you have to get right for this to sustainably contribute at least $1 billion a year of EBITDA to the business?

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

Well, without getting into super specific numbers here today, let me say that we take an approach that is strategic slate. We try to have a mix of the kind of films -- sometimes sequels or more in one year and less in another year. First half of this year was pretty strong. We saw some softness in the summer. So I think for this year, we're thinking we'll be about the same, slightly ahead for the full year on what we did last year. As I look to

2020, I see 3 animated sequels. We've got Trolls 2, Croods 2, Minions 2. Those won't be the names per se. But those tend to be the more profitable films, and people know the content. That's why we bought DreamWorks Animation. You mentioned Jurassic and Fast, which -- we have a Fast next year.

So we're pretty optimistic, but it's also continuing to build this kind of content that is available throughout the whole company and -- including a streaming service but also at the theme parks and for the cable channels. So we're thrilled with the film team. Donna Langley is doing a super job. Jeff Shell now has a broader portfolio. But we've had a great track record. And I think Disney's done a terrific job and is -- but after that, I think Universal's come in second the last several years, or around there.

Brett Joseph Feldman - *Goldman Sachs Group Inc., Research Division - Equity Analyst*

So when we're looking at the film business, it's not just looking at that EBITDA contribution on that portion of your reported results. It's looking at how the Theme Parks is leveraging it and increasingly, how your direct-to-consumer video product is going to differentiate based on that library.

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

The biggest attraction this year in California in theme park is a Jurassic -- a totally redo of a fantastic ride out in California. Absolutely. And Film's always punched over its weight. So yes, every year's EBITDA matters, but not quite the same because of the impact that it has throughout the rest of our company and our ecosystem.

Brett Joseph Feldman - *Goldman Sachs Group Inc., Research Division - Equity Analyst*

All right. So let's move on and talk about your Cable Communications business, and I would like to start with broadband. As you noted, this is going to be, I believe, the 14th consecutive year where you've exceeded 1 million broadband net adds based on the guidance that you've given to us. But when we look at the market, what we see is that you are approaching 50% penetration, about half the households in your footprint now via your broadband product. And we see, I guess, emerging gigabit-capable services out there. Maybe 5G is on the horizon, and we've already seen a little bit of fiber overbuilding. What is Comcast's strategy for remaining differentiated and sustaining growth in broadband subscribers and average revenue per user as competition increases and as the traditional bundle breaks down?

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

Well, I think we pivoted the whole way we're managing the company to focus on that question. And we're so fortunate that we've been able to find ways to have our cable network for a low-capital investment -- compared to starting from scratch, some of the ideas that people that are trying to build new networks. And there's been nothing like, in my lifetime, what broadband's meant to our company, so much so that we've pivoted to this is the first place to start.

And so if I might, let me pull up a slide to show sort of what's the strategy of broadband and where might that strategy go. So as you said, we've increased speeds, and we have a gigabit of speed. We've increased speeds 17x in the last 18 years since we launched the product. And I think that's powered our usage as consumers, changed our society. And that's a big part of why I was able to say in the beginning that we're having a great year and we're having, particularly, a great third quarter.

If you go to coverage, we then said, well, now that you've got the speed coming to the house, we now have all these different devices throughout the house, we all want those devices to work everywhere. So we took our -- many of you have seen we built a technology center in Philadelphia. We have offices all over the world that can assist that, but we took that group and said we want you to spend as much time innovating broadband more than just speed. So the first evidence of that was, well, let's come up with these gateways that are super fast, can -- all WiFi, and then these extenders, these pods, well, you just plug them in and automatically authenticates right for you. You don't have to do anything. They've been tremendously successful and something that we were first to market with.

So then we pivoted to the next platform, which was control. So again, I sometimes like to do demos here in New York because many of you don't get to experience our products. So we branded all of this xFi, and the control evidenced itself with some of the commercials that -- the kids are playing, doing different things on their computers, playing games, talking to their friends. And the parents say, "It's dinnertime," and boom, push the button, shut down the WiFi in the whole house. And she'll pause it, have dinner, turn it back on, gets your attention. These are, A, fabulous commercials, immediately tells people if you buy Xfinity xFi you're getting something different than just 200 megabits of speed or whatever your package would get, and it becomes a relationship.

So what we've thought is that we should have a fourth leg to that stool. And a growing segment in our broadband success has been broadband-only. And so we have looked at our capabilities that we've created with our boxes, our voice remote and our X1 platform and we said what if we can bring that to streaming-only customers, broadband-only customers? And so what we're announcing this morning is that we're going to take this product called Xfinity Flex, which, as you can see here, has some real connection back to the X1 platform. And again, for those of you who don't have X1, we're pretty convinced it's the best way to get video in the world. It's for live television, sporting events, networks, on-demand, streaming services. It does it all. And we've had multiple Emmy Awards and as well as consumer acceptance that this is the best product in the market.

We'd been able to take that platform and bring it to Xfinity Flex. And just as an example, if you take Netflix or Amazon Prime consumption on an X1 customer's home on our X1 platform, it's the #1 way they consume within 90 days after they had X1, had Netflix and Amazon on the network. So we know that for streaming, it's the best way to do it. And so what we're announcing today is that we're going to give that box and the remote -- a new remote free to any broadband-only customer.

So what I thought I would quickly do is just give you a sense of what the product, what Flex is, which not many people have seen. So when you come to it, turn it on, it immediately goes back -- and we think streamers really want very personalized experiences. They know what they want, when they want it or they know what they like, and they're not just trying to navigate these broad packages. These are products they bought. So if we scroll across, it immediately starts playing video.

This is a return -- the first row are things you've already been watching, and you come back to them to start. If I drop down, we have something called Free to Me, and Free to Me is your entitlements. So if you have HBO or you have Hulu, then it's included. But we start with everybody has 10,000 free television shows and movies that we, Comcast, have procured for you just to get Flex -- or just by having Flex right off the bat, and then we add to it.

If you come down, you'll see the new Peacock but also YouTube, Netflix, Hulu, Prime, HBO, Showtime, right on down. If you come down, you'll see recommendations, which is something that we found extremely popular, and what's trending and on and on, different ways to consume the content. And that's -- really what all of us have suffered with is how do I know what I want to do and how do I get there quickly.

Just as we have with X1, if you say, "Show me romantic comedies," you will quickly see that -- different is the way we present the results, it's here's romantic comedies on Netflix, here they are on Prime. Again, these are only going to show up with the services that you've purchased. By the way, if you want to buy one of these services that you don't currently subscribe, it's a couple of clicks, really frictionless, and you then add to it. And your entitlements, it knows that here's all romantic comedies for you.

If I say, "The Walking Dead," what you'll see pop up is something that I think -- with the way content companies are licensing their content, sometimes you don't know what you're entitled to. So if we pop to over this example, Walking Dead, I go into episodes, here's the current season and it's not service that I've bought. So it's going to cost me $2.99 an episode. But if I go down to season 9 and I come down, here, it shows it's free for me because I'm a Netflix customer. So we're finding ways to continually add value.

If we come back down to this line, we talked about Free to Me, here's Live TV. So there are a number of streaming services like ESPN3, which we have, which is live, which is free. Here's Cheddar. Here's Sky News, and we'll be adding to that. At the same time, if I came down, here's, surprise, X1. And if you want to buy live TV, you could just click and upgrade. Obviously, that's not what all will do, but we wanted to make it as easy as possible, and may do that with other services as well. So we'll be adding as we go.

Here's a category we have, New, which -- what new episodes out this week, what new series are out that you're entitled to, that you like based on your preferences. But I pick Music here for a second. And again, we found, as I'm sure you know, television speakers are now becoming the speaker in the house, an important speaker in the house. So having all the music services available real easily was pretty important to us.

And then finally, we're experimenting with a section. We're kind of saying, "What's your digital dashboard? Could a television be that device?" So we'll have information for you. But if I scroll over, here's your home camera, and you can begin to use the television. But as -- if I come down, I can see how many WiFi, if my signal's got an issue, I can do -- I can see how many devices I've got and make sure they're all online in a proper way. And we'll add -- as we go into internet of things and other things, could this be a digital dashboard? So it's really exciting to be able to say to our customers here, "This is free for you taking our broadband," and I think that given the scale and leveraging the investment that we've been able to make with X1, I think customers are going to love this.

Brett Joseph Feldman - *Goldman Sachs Group Inc., Research Division - Equity Analyst*

All right. So with Flex, you're basically reconnecting your broadband service with the feature side of video but without requiring those consumers to take on the cost that they historically would have been required.

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

Correct. And one of the things that we said years ago when streaming started to look more technically viable is that video over the internet is more friend than foe to Comcast. I've said that many times, and this is an example of it. I mean people are consuming more video than ever before. There are more choices than ever before. But they want to do it differently, and we want to have the best product for our customers in each category. And for many customers, they're going to want to just buy streaming services. They're buying our broadband-only. We'd like them to see that this strategy are those 4 pillars now, not just the first one.

Brett Joseph Feldman - *Goldman Sachs Group Inc., Research Division - Equity Analyst*

Yes. And if we just think a little bit more broadly about video because this is clearly a big part of the future of that business, you obviously are still a very large distributor of content through your traditional cable business. Historically, you've been willing to absorb a lot of the programming cost increase there because you wanted to make sure your price points were supportive of customer growth, but we've clearly seen the trend in the sector go the other way for your business and really for everybody. And so a question that a lot of investors have is how are you thinking about the role of your traditional video business in Comcast as cord-cutting seems like it's accelerating?

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

I think that trend's here and that trend's going to stay. And we pivoted the strategy of the company, and we're not -- we're heading back to where you started the very first question. We want to have a growth trajectory of our company. So how do we accomplish that with those facts?

Well, what's happened is not all video customers are profitable anymore for us. We do see programming costs can be lumpy, and we think, some years, they're going to go up more than we would like or can control. And I think that's very possible in the future. But what we've done is, in most cases, we've tried to pass that along to the consumer, and that depends on the competitiveness of the market. But we've also recognized that for some customers, they're valuable to us and others are less valuable. So let's not try to fight that trend. Let's try to react to it and lower the bill to the consumer, like you just suggested, with what Flex could do.

So how we look at ourselves is -- has been a big shift and, therefore, would suggest it's how you should look at us. And that is overall customer relationships. And so in the first half of this year, our customer relationships were up 3%. We then look at what's the EBITDA per customer relationship to the point that not all revenue is the same, given the expense that comes with it. Our EBITDA per customer relationship was up 5% in the first half of the year, and our net cash flow per customer relationship was up 18% in the first half of the year. And I think that's what we're driving our operators to focus on.

Brett Joseph Feldman - *Goldman Sachs Group Inc., Research Division - Equity Analyst*

So even though the headline video losses may be greater than we've seen before, because of the holistic way you're managing that customer relationship, you still think you can stay on this growth trajectory at that level?

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

Yes. And we've taken tremendous costs out of the business; putting programming costs aside, truck rolls, phone calls, capital expenditures. You can see it in why the net cash flow number was the largest, and what I just talked about, that's been happening for several years. And broadband, strategically, to the question we were talking about, is how can you make broadband more important as you rely more on that cash flow so you can continue to have that growth. And the answer will be, for some, it's video/broadband double play. And for others, it will be broadband, Flex. But that customer relationship is much richer, and that's why I think we've been able to grow broadband for the 14 straight years or whatever stat we were just talking about with over 1 million a year.

Brett Joseph Feldman - *Goldman Sachs Group Inc., Research Division - Equity Analyst*

All right. So we talked a little bit more about the profit profile of the cable business and put some numbers on it. Your outlook is that you expect your cable EBITDA margin to improve by a little better than 100 basis points this year and that your CapEx intensity, your capital expenditures as a percentage of your revenue will decline by at least 100 basis points.

And so it certainly seems that as your cable business becomes more broadband-driven, your margins likely continue to trend higher or your capital intensity likely continues to trend lower. So I guess my question is do you actually agree with that? And if not, are there areas where you do think you need to step up some investments and make sure that, that part of your business remains on a growth trajectory?

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

Well, I'm not going to comment outside of the numbers you just referenced. We wouldn't do that in the middle of the year. But I think we haven't seen anything change the trajectory of the company as we've been talking about, save for programming costs year-over-year. So I guess I rely less on absolute margin and I look at, as I said, customer relationship, EBITDA or net cash flow or the overall health of our customer relationship. And that then says how good is your product versus your competitor and what is the value you're giving to the consumer.

I don't think we've ever been in a better place with our peer set. I think our products are great. There's a benefit to the scale, putting together the company parts into a unique Comcast, NBCUniversal and Sky. We're feeding off each other. And so I'm hopeful that the trends you're talking about can continue.

Brett Joseph Feldman - *Goldman Sachs Group Inc., Research Division - Equity Analyst*

All right. So let's talk more about Sky because it's been almost a year since you acquired that business. You talked earlier about how you're leveraging some of Sky's skill sets in the direct-to-consumer video product. I was hoping we could talk maybe even more broadly about some of the key ways that you are leveraging Sky's capabilities and vice versa. And then just generally speaking, what should investors be looking for to see these benefits flowing through in your financial performance?

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

Well, what difference a year makes. It's hard to believe it's almost a year since we've closed, not even. And I feel fantastic about Sky. And I have to say it was complicated and, at times, uncertain as to how all would work out, and it feels like more than a million years ago when that happened.

And so that's because, to my delight, that when we got there, we found an incredible management team. They were relieved to be done with all the drama of the deal that had been overhanging them for as much as 5 years, going way back before we entered the scene. Their market position is kind of even better than I realized, we realized. And so we found a culture where, where they thought the world was going and where Comcast Cable thought the world was going and where NBCUniversal thought the world was going was identical. And we are well beyond integration, and we were immediately into how do we work together and make each other better than where we are apart. And culturally, they're entrepreneurial and they're winners. And I can't say enough great things about Jeremy Darroch and the team that we inherited.

So one of the first things we did is people and helping us be better, what are the proof points of why are you better together than you were alone. So NBC wanted to launch Peacock. That was one of the first things Steve Burke wanted to do. And he said, "Well, we now have a company, NOW TV, that has billions of experiences of customers doing streaming. " So they took the top 2 leaders, Gidon, Patrick moved to the States. They joined with Bonnie Hammer who was running all the programming for NBC cable. And together, they're creating Peacock. We have hundreds of people working on creating that streaming service. 70%, 80% of them are in Europe and were repurposed to this project.

Next, Comcast Cable has to build and make the boxes and the voice remote and the software to create X1. One of the chief engineers in the company, a gentleman named Fraser, had worked at Sky many years back. And we hired Fraser to Comcast Cable and he lived in Philadelphia the last 5 years. He's now moved back to Sky as the Chief Product Officer reporting to Jeremy but staying connected to the procurement and the design process for all of the boxes we have here in the U.S.

So all of our hardware and all of our software is sort of synced up at the hip between the 2 companies, even though we come from a cable versus a satellite background. What we're going to give the consumer and products for the future, a big part of that will be Cable having helped Sky by having Fraser go back.

Third, we took, these are just a few examples, the Head of Global Strategy for all of Comcast Corp working for Mike Cavanagh, Devesh, wanted to get into operations. He's now living in Germany and helping Sky's leadership in Continental Europe.

Then Sky has tremendous customer loyalty programs and marketing success with their brand, which is there's no brand in the U.S. in our space that's like Sky's brand in Europe. One of their senior marketing leaders just announced as moving to Comcast Cable to be the chief marketing officer for the company. And so it goes. I won't go through.

We have -- business services. We've taken one of our business service leaders. They don't do business services at Sky. It may take a while to ramp it up. We've sent them over. We've taken the xFi pods and the xFi app and the entire broadband strategy and we're taking that to Italy to help Sky launch.

So Sky has helped NBC. Sky's helping Cable. Cable's helping Sky. NBC content, we're going to, as I mentioned with Sky Studios, be synced at the hip, where when we build Sky Studios, probably 60% of the productions will be Universal. So we are deeply integrated. Right out of the box, consumers are going to see these benefits. And I guess I would just end that question by saying, sitting here a year later, I feel so much better about Sky than the moment in time when we had to do it or don't do it given what was going on. And I think it's going to be a really valuable part of having the unique 55 million customers around the world that no other company quite has.

Brett Joseph Feldman - *Goldman Sachs Group Inc., Research Division - Equity Analyst*

Your acquisition of Sky more than doubled your international exposure to a little over 25% of your revenue. And you had previously noted that when you were bidding for Fox, it was mostly about an international expansion opportunity. So the question here is what is Comcast's international strategy? And do you think you have the right scale as -- really as the media model becomes more global, I guess?

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

I think Sky was unique. It was #1 by a wide margin. It's really healthy. We've seen European and other economies all have some softness here with things that are the time that you live in and these will come and go. But over many, many decades, they've been #1, and I think their lead is widening. And so no, I don't feel that we have to go to other geographies. This was a unique opportunity. And the Sky brand is available in other geographies with different technologies. So we're pretty happy, to say the least.

Brett Joseph Feldman - *Goldman Sachs Group Inc., Research Division - Equity Analyst*

All right. So I want to end sort of where we started. And as you alluded to with your comments earlier, for 9 of the last 10 years, you've been able to grow earnings per share at a double-digit rate, and you were very close in that 10th year. Is that the right way of thinking about the earnings growth outlook for Comcast over the next 10 years?

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

Well, I'm not going to take the bait on the next 10 years. And I don't know that any of us have a crystal ball, right? The one thing -- the way I have tried to function is have the absolute best people and let them -- they're going to be smarter than you are, and let them do the thing and have a culture that they want to work on the team and there's a satisfaction to be on the team that's the best team. And so we've got to get in the right swim lanes. And I think go back to that first question. Broadband is a great swim lane, and we're not even 50%. And we like our competitive offering, and we're going to make it better every day.

If I look at the change in video, NBC's got a rich history. We needed to find a way that works for us, not just follow the pack. And I think we're doing that, and I'm excited. And we'll make changes as we go. That's just how we operate. And then you need a strong balance sheet and a philosophy of returning capital to shareholders and making it a win.

And so if you said to me, "Is 9 out of 10 your most proud statistic?" No, I would sit here and say the most proud statistic is that we went public in 1972, and we've had over 17% compounded return on the stock for almost half a century. And -- but some periods, as you started, people put a higher value, then a lower value. Try to operate in a world that you think you can build shareholder value. And so in that regard, our balance sheet has been important to us. And so we paused the buyback with the purchase of Sky, but it's our hope to pay down the debt as quickly as possible. And to that end, we went out and monetized Hulu or a portion, hopefully, of our Hulu stake to accelerate some of the debt paydown, but we were able to increase the dividend last year and return to the philosophy or try to get to the philosophy where we can invest in the business, return capital to shareholders and have success in the longer term.

Brett Joseph Feldman - *Goldman Sachs Group Inc., Research Division - Equity Analyst*

Brian, thanks for being here.

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

Thank you. It's great.

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