REFINITIV STREETEVENTS

EDITED TRANSCRIPT

CMCSA.OQ - Comcast Corp at UBS Global TMT Conference

EVENT DATE/TIME: DECEMBER 04, 2023 / 2:00PM GMT

CORPORATE PARTICIPANTS

Michael J. Cavanagh *Comcast Corporation - President*

CONFERENCE CALL PARTICIPANTS

John Christopher Hodulik *UBS Investment Bank, Research Division - MD, Sector Head of the United States Communications Group and Telco & Pay TV Analyst*

PRESENTATION

John Christopher Hodulik - *UBS Investment Bank, Research Division - MD, Sector Head of the United States Communications Group and Telco & Pay TV Analyst*

Hello?

Unidentified Participant

You're on now.

John Christopher Hodulik - *UBS Investment Bank, Research Division - MD, Sector Head of the United States Communications Group and Telco & Pay TV Analyst*

All right. Now we're good. Again, I'm John Hodulik from the media, telecom and infrastructure research team. I'm very pleased to have with me here today, Mike Cavanagh, the President of Comcast. Mike, thanks for being here.

Michael J. Cavanagh - *Comcast Corporation - President*

Thanks, John. Good to be here again. It's been a couple of years.

John Christopher Hodulik - *UBS Investment Bank, Research Division - MD, Sector Head of the United States Communications Group and Telco & Pay TV Analyst*

Number of years. Yes. Been great. Let's keep it going. New building now. Just seems great. But we've got 35 minutes for Q&A here and I got a bunch of questions. And I also have the iPad. If anybody has a question, I'll try to weave it into the conversation.

QUESTIONS AND ANSWERS

John Christopher Hodulik - *UBS Investment Bank, Research Division - MD, Sector Head of the United States Communications Group and Telco & Pay TV Analyst*

But just to start things off. Comcast has been doing a really good job at managing for EBITDA growth, margin expansion and EPS growth. Our revenue growth has been below GDP. What are you focused on as you look to drive revenue growth higher over time? And then how are you managing businesses that have more structural challenge?

Michael J. Cavanagh - *Comcast Corporation - President*

Sure. And I just would take the wording of the question a little bit. I wouldn't say we're focused so -- the way you asked it makes it sound like we're focused on driving the bottom line and not the top line. And I would say we're very much focused on the -- top line will drive the bottom line for the sustained period in the future. So we're very focused on the top line.

And I think the way to really unpack it and step back is as we've been talking about. There's 6 businesses inside of Comcast that together -- I'll enumerate them in a second, but just to stay at a high level, 6 businesses that make up a little more than 50% of our revenues right now. And those businesses together, when you look back over 12 months, have been driving revenue growth in the high single digits.

And there's, obviously -- areas we're going to talk about probably all of them, but areas where we're putting substantial investment behind, continuing to drive that organic revenue growth in the future in those businesses, which we think is achievable. When you combine that with -- for the businesses that are not in that category, their contiguous business is important to what we do. But obviously, we take a very disciplined focus how we manage those businesses.

Cost discipline is a key part of it, but how they connect and what they do to drive the growth businesses is all part of the way we think about that. So everything is not one equal pile of how we manage. And that approach is allowing us to drive the strong margin improvements that we've been seeing, which then flows to the EBITDA growth that you've been seeing, which flows to the very strong EPS per share growth that you've been seeing, which is built by high levels of absolute free cash flow which, as you know, are impacted as we are building Epic theme park, making our pivot into Peacock and getting our network to DOCSIS 4.0.

So those will all -- those are all or the first 2 anyway running at somewhat higher levels. And we're doing that while returning substantial amounts of capital to shareholders and maintaining what I think is the strongest balance sheet in the industry. So that's the recent look back.

But as I sit here and sort of say back to your question about consolidated revenue growth, I think as I look out the next few years, we think we have a hand with the businesses we have to continue to drive sort of the flow down from the top line to that same sort of bottom line dynamics I just described. And in the fullness of time, as the mix of our revenue simply changes in the passage of time, I think that 50% will grow more to be 75%. That will start to flow through to what the apparent revenue growth is, even though I think we're going to manage the company the same way as you look forward. And so I think that's a pretty good formula for how we see the opportunity for Comcast when you look ahead a couple of years.

So having said all that, let me just list them because I'm not sure everybody listens to all our calls all the time. But the 6 businesses would be residential broadband. So again, that's 32 million broadband subscribers, largest in the country with 4% ARPU growth this past year. It's our wireless business, which is now about 10% penetrated against that HSD base with about 6 million lines. I think revenue growth there about 16% year-over-year in the last quarter, plenty of room to run in that business, which we'll get into.

It's business services on the cable side, on the connectivity side rather, with nearly $10 billion of revenues. 60% incremental margins and solid mid-single-digit EBITDA growth with a big opportunity to be driving into the enterprise segment and the mid-market segment, which we can talk about further. And then you've got our Theme Parks business, which is having a remarkable run and lots of investment we'll get into for the future coming online.

We've got our Studios business, which Top 2 in box office for the last 2 years, this year and year-to-date and last year. 3 of the Top 5 box office movies and plenty going on in that side and the TV Studio side as we reorganized a little bit and we'll be coming out of the strike. So lots of dynamics. We feel good about our story there.

And then finally, streaming, which we'll get into with Peacock. Now at -- right at 30 million paying subscribers at about $10 ARPUs, which when you really think about it, we've been at it for 6 -- for 3 years. And to get to a level where about 60% -- remember, it's a domestic service. So that 30 million puts us about 60% of the leaders ex-Netflix and sort of in streaming, which we feel pretty good about for a lot of folks say, you don't have to scale it, like we're pretty good with the progress we've been making.

And we did -- remember, we started cold 3 years ago because of the change in ownership of Hulu, which, by the way, we collected $8.5 billion check on Friday as the first...

John Christopher Hodulik - *UBS Investment Bank, Research Division - MD, Sector Head of the United States Communications Group and Telco & Pay TV Analyst*

That Check clear? Everything is fine?

Michael J. Cavanagh - *Comcast Corporation - President*

Check's clear. It's in the account. And that's the -- and remember, that represents the beginning of the process to value. But since we value Hulu, which we expect and certainly hope to get more than that once the process ends, but it's really just the beginning because we know the minimum's a certain number. The agreement was send that piece as we get the process started. So look forward to that. So a pretty good story, I think, overall when we look at the ability of the company to drive organic growth.

John Christopher Hodulik - *UBS Investment Bank, Research Division - MD, Sector Head of the United States Communications Group and Telco & Pay TV Analyst*

Makes sense. And I like the way you framed it, and why don't we just work down the list. So started with residential high-speed data. So I mean, obviously, the environment has changed sort of pre-pandemic till today and I would say there are sort of 2 main factors. One, there's a lot less activity in the market. And two, you've got a sort of a new competitor, especially at the low end. So maybe we can start by sort of talking about those 2 issues. What it's done to your business? And maybe which do you think is having a bigger impact?

Michael J. Cavanagh - *Comcast Corporation - President*

Sure. Well, I think if you start it again, sorry to step back a little bit, but I would say, yes, high-speed data, it's very competitive right now. But it's also a very healthy business. So when you look at the business, just a couple of quick thoughts. Our consumers are benefiting from enjoying and ever more of the product. We're at 700 gigs a month average usage, that continues to grow. We've got 1 billion or so devices that people use hanging off of Xfinity WiFi in and out of homes. So -- and that number continues to grow dramatically.

So I think the utility and benefit of having as robust a network as we have, which we continue, we'll talk about -- to invest to make it be ahead of customer expectations is pretty robust. Second point would be that I think secular trends are in our favor. You look at what's gone on with just one example, which is the move of more sports to streaming. We'll see what happens with RSNs, but already Thursday night football with Amazon, we've talked a lot about. Moved the whole peak of the Internet usage from Sunday night to Thursday night so 25% of the volume that night. It needs to work, it needs to work well.

We're going to have an exclusive playoff NFL Wild Card game in January. That'll be exclusively delivered over the Internet, probably the biggest event in concurrent usage we would expect. And then finally, we really think in the setup of the high-speed data market, we're very focused on the key competitor over the long term being fiber, right? Good news is we've competed against fiber for 20 years. We know how to compete against fiber. Fiber's covered, call it, 50% of our footprint now. It's probably heading towards 60%, and we'll keep -- visibly and probably we'll keep going.

But when you look at the amount of adds that we've had in our broadband business and the building of our business while competing against fiber, we feel pretty good there. So to your question about the threats or the drivers of the current moment of competitiveness is low-move activity, which is -- and then the other one is the entry of fixed wireless.

It's hard to your question to tease out which one is more significant, but they're both there. Speaking to -- but I would say in terms of the dynamics in the near term, nothing different than what we said on our earnings call back at the end of the quarter, in terms of how it's affecting us. But fixed wireless is -- which basically is we expect it to continue to be competitive for a while.

Fixed wireless will kind of run for a while still, it looks like. But in the end, we believe, and you said it's going after the low end. It's serving a purpose for folks that can live with a product that has its characteristics. But as time passes, and more and more activity is driven over the Internet and average usage of that 700 gigs continues to drive higher, I think we'll see the opportunity to pull some of that market back and compete effectively once the moment passes. And the moment while passing, I mean, the ability to take share. I mean I think it will be a permanent part of the marketplace.

But I think we're going to see at some point, and I'm not going to predict when, the excess capacity that's been used up is being used up to provide it as a service will start to tap out and then the dynamics, our marginal cost to deliver incremental data is going to be a big advantage. And so all the while we're continuing to focus on the long game, compete against fiber well over the long term, get our network to DOCSIS 4.0, continue to add more value around the key service, whether that's Xumo, Flex, you name it and ultimately bundle with our wireless products.

John Christopher Hodulik - *UBS Investment Bank, Research Division - MD, Sector Head of the United States Communications Group and Telco & Pay TV Analyst*

The broadband strategy has been very consistent. You're balancing ARPU growth and subscriber growth. How can you tell that you're making the sort of right trade-offs there in managing both of those drivers?

Michael J. Cavanagh - *Comcast Corporation - President*

Well, I mean, I think if you start with -- on the balance. We focus on it a lot. It's obviously very important when you have a 32 million subscriber base that you want to make sure you're making the right choices. I think it's always a derivative. I think the team, Dave Watson and team, have done a very effective job this year. We've gotten -- we basically maintained 32 million subscribers plus a smidge, minus a smidge. It's -- we're at that level. And we've gotten ARPU growth year-to-date anyway at closer to the high end of our recent historical range of 3% to 4%.

So I think we're constantly testing to make sure, especially as the competition we're seeing is coming in at the low end, fixed wireless. We got to make sure that while we're looking to -- for the long game, we certainly want to have more subscribers than fewer for the -- but at the same time, we've got to be really careful that we don't dilute the existing base.

And so I think we're -- you never have the perfect answer to your question, how do we know? You never know perfectly, but you've got to be very careful with trying to strike the right balance. And I think we'll just keep at that, especially in these moments of competitive intensity.

John Christopher Hodulik - *UBS Investment Bank, Research Division - MD, Sector Head of the United States Communications Group and Telco & Pay TV Analyst*

And on the quarter -- or at least in the last couple of months, you guys pulled back on sort of the more promotional offerings. So whatever -- can you talk about the reasons for that? Or what's happening in the market that caused you to pull back?

Michael J. Cavanagh - *Comcast Corporation - President*

No, nothing different than what Dave described on the call. I mean it's a constant effort to -- do we like what we see or -- and adjust accordingly. And you'll see us do more of that. I'm sure we'll hit wireless and where we're starting to put some offers to do connectivity bundles, which I think will be helpful in kind of a better use of promotional capacity.

John Christopher Hodulik - *UBS Investment Bank, Research Division - MD, Sector Head of the United States Communications Group and Telco & Pay TV Analyst*

So given the sort of state of play and the sort of evolving competitive landscape, what gives you the confidence that you'll return to subscriber growth sort of over time? Or is that not really a longer-term goal?

Michael J. Cavanagh - *Comcast Corporation - President*

Well, I would say it's a goal. And I think we run our business -- start with we want to have the best high-speed data product out there. And I think you see the value of all we've done with the network that we have and the -- it's not just speed and it's not just -- but it's ubiquity, which we have. When we roll out first, it was a gig and ultimately, it will be DOCSIS 4.0. We're getting our network to a place once we enhance the level of service, it goes everywhere. That's what we mean by ubiquity.

So that is an advantage of the kind of network we run that we can through mid-splits and ultimately DOCSIS 4.0 get to a multi-gig symmetrical in a reasonable time frame at a very efficient capital cost, and position ourselves to be in a spot where that plus everything else we do to drive the performance of the product reliability wise, smart networks. We kind of know when things are down and how to get them fixed fast. Latency, which is important as well as, obviously, speed. I think all those dynamics as we kind of build out our network, continue to build our network, together with what we hang around the network. Again, it's the best use today, who knows what the best use tomorrow is, but one of the best uses today is consuming video.

Hence, our appetite always has been to build and invest in X1, to invest and build Sky Glass and now we have a singular road map for helping consumers aggregate that we think is an example, whether you're buying a video product from us or not. We want to provide value around the core network itself and bundle it with wireless, which we think gives real value.

So I think the point of how do we -- is our goal to grow. Our goal is to grow because one day, it's going to be about who's got the best product and can be a net taker of market share, and that's what we always want to do. I think beyond that, we are looking to expand our footprint. So you've seen us go from about 800-or-so-thousand new passings in the last year to around 1 million this year. And we'll keep working to kind of build that expansion muscle in fundamentally fill in and contiguous space.

We'll participate in BEAD, where we're interested in that as well. And so I think the combined effect of that should certainly say that the ambition and goal to your question is to be a net adder of subscribers. Not with any dilution in the ambition around ARPU, which is very important over the long term as well but that should be what we're out to try to do.

And I think you'll see that. When -- I can't pick a date of when our goal or ambition is to get there because of the competitive intensity you described. But I believe that, that -- for the reasons we already discussed that, that intensity should settle at some point. And we'll be well positioned to -- for the marketplace for the future at that stage.

John Christopher Hodulik - *UBS Investment Bank, Research Division - MD, Sector Head of the United States Communications Group and Telco & Pay TV Analyst*

And the 1 million homes you guys are doing, is that a good number as we look further out or does BEAD potentially some winnings and sort of the conditions and then you guys winning in terms of that process. Could that sort of drive that number higher?

Michael J. Cavanagh - *Comcast Corporation - President*

Hopefully, it goes a little bit higher. And as we've said, the team in Cable, if they can at good returns, do more, we'll see -- we would look to do more. But I think that's a -- going back to how important the broadband this business is, period, today into the growth of tomorrow, you can imagine that's been an ongoing conversation for years as we do. You're talking about why is it so busy in December as we're doing budgets and the like. Those are the conversations we repeatedly have. And whatever we put in the budget, if somebody comes back in and says we can do better.

But we are always pushing. Let's -- our balance sheet and our earnings power and our actual earnings gives us the ability to sit around and push our businesses on ask for proof that you can get a return on it and ask. And -- but I think where that goes is because we've been having those conversations, I think what you see in terms of 1 million, pushing a little bit higher than that, maybe it's all inside the envelope of around 10% capex intensity that we've been talking about for a while now.

John Christopher Hodulik - *UBS Investment Bank, Research Division - MD, Sector Head of the United States Communications Group and Telco & Pay TV Analyst*

Got it. So turning to wireless. Obviously, that's a nice growth driver for you. And like you said, it does seem like you're looking at some of the more recent promotions you guys have been leaning in a little bit more. So what's the overall sort of goal of this business? Is there a profitability aspect? Or is it -- do you guys think of it as sort of supportive of your broadband franchise? Or how should we think of business?

Michael J. Cavanagh - *Comcast Corporation - President*

I think it's all of the above, right? I mean I think when we got started, we wanted to make sure that there was a path to profitability, that we weren't trying to do something to benefit broadband at losing economics when that really wasn't perceived to be the initial -- that wasn't what we wanted to start with certainly.

So we're running a profitable wireless business at this stage. But we certainly look at it in combination with the 32 million broadband subscriber business that we have and want to get value from giving customers value in a bundle with broadband, which will drive, in addition to profitability on wireless itself a little -- some profitability. It will certainly benefit us on retention on broadband, which is a goal unto itself. And then as we are more and more into it, I think it becomes the lead bundle for acquiring new customers. The ability to deliver, our MVNO with Verizon with the best products, together with best broadband on a path to multi-gig. I mean that bundle becomes sort of the center of the play product.

So I think it will help us with acquisitions when you look into that future that we were just talking about. So I don't think it's one -- it's not any one of those things. It's kind of all those things. And at different moments in time, we can emphasize different things. But I think there's lots of runway. We're at 10% penetration. I think we've been adding 300,000 or so a quarter roughly, 6 million lines or so. And I think as we discussed at the last call, we're looking to come up -- we started to roll out some promotions and probably we'll see some lift from that, some lift but -- as we roll into next year.

John Christopher Hodulik - *UBS Investment Bank, Research Division - MD, Sector Head of the United States Communications Group and Telco & Pay TV Analyst*

Yes. It seems like this -- we focus on the Black Friday promotions. You guys, in terms of year-over-year change, have -- I think you have an offer there where you get a free line for 2 years, which is as we look at everybody's promotions over a 2-year period, you -- we would say you guys had the biggest change. So that I mean, could, I guess, drive...

Michael J. Cavanagh - *Comcast Corporation - President*

One's like a limit -- that one in particular kind of a limited time, but it goes to the let's test and see what works. Let's -- is a constant -- we'll be in and out of the market with some offers. But then buy one, get one is also out and that's starting to be something that you'll see cross over -- across the footprint and start to kind of build momentum hopefully as we roll in -- as we get into the new year. So our mind is that it's a -- I think it's a very important element of driving the broader connectivity business that we're talking about earlier. So we'll continue to be focused and Charter, obviously, is doing the same there. They've -- and so we'll be -- we always get the benefit of watching what a player like Charter does, given they're...

John Christopher Hodulik - *UBS Investment Bank, Research Division - MD, Sector Head of the United States Communications Group and Telco & Pay TV Analyst*

JV, partnership...

Michael J. Cavanagh - *Comcast Corporation - President*

Playing with the same kind of hand in many ways. So no pride of authorship. So as we watched and how effective some of their strategies are, there's no reason to think we won't be copying, fast follower, if there's good ideas that didn't originate with us where we'll be all over it.

John Christopher Hodulik - *UBS Investment Bank, Research Division - MD, Sector Head of the United States Communications Group and Telco & Pay TV Analyst*

You guys have a test network in Philly with this using the CBRS spectrum. Maybe you can talk about sort of early learnings there in terms of traffic performance, maybe even -- I don't know if you can get the sort of the sort of margin improvement. And I think you've talked about new markets like Pittsburgh and Atlanta. How many markets do you eventually see yourselves doing? And in terms of that out-of-home traffic that you generate right now and pay Verizon for. I mean, how much of that do you think you can offset over time?

Michael J. Cavanagh - *Comcast Corporation - President*

Well, it's still early and just start -- the building blocks are -- I know, Hans was up here right before me, but...

John Christopher Hodulik - *UBS Investment Bank, Research Division - MD, Sector Head of the United States Communications Group and Telco & Pay TV Analyst*

I think he's gone. So you can...

Michael J. Cavanagh - *Comcast Corporation - President*

I kind of said hello, we are all good. I think they and we are pleased with the MVNO we have, right, so -- and I think it gives us the chance to do all that we just described in a capital-light way. They're sort of the experts in the wireless business. They've got the capital invested. If we can drive good economics for them and a capital-light strategy for us as we try to achieve what I just described. That's plan A, just keep driving the benefits for them and for us in the MVNO as we scale our business further. Noteworthy though is that 90% of the volume of the data volume for Xfinity Mobile already passes over Xfinity WiFi, in and out of the home, right?

So that -- the kind of natural offload, so to speak, simply because of the broadband network and wireless network and WiFi network we have is significant, to begin with. So that helps the economics going back to our wireless business onto itself versus what folks might think about. Then you get to the place where of the traffic that goes over Verizon's network, 60% of that volume is happening in 3% of our geography. So going to the conceptual idea of how much of a build-out of a wireless network owned by us in our own spectrum needs to ultimately happen to have the possibility of driving economics. It's pretty focused, right, in that regard. And so we're off doing it.

Philly is lit up. It's -- we've walked around a block with 2 phones, and teams look like a bunch of idiots just -- when does this cell pick up? How does it -- guys walking us -- the engineers walking us back across the street. It's kind of fun, and we did that early days. It's getting too cold to do it now. But it can work, right? So -- but I think it's -- so it's good that we're testing and rolling out and -- but it's still early days, right? I think there's so much good in the existing base business that it's optionality more than it is necessity, I guess, in my -- the way I would put it.

John Christopher Hodulik - *UBS Investment Bank, Research Division - MD, Sector Head of the United States Communications Group and Telco & Pay TV Analyst*

Do you think you can address that majority of that 60% of traffic in that 3% of the footprint?

Michael J. Cavanagh - *Comcast Corporation - President*

In due course. If it makes sense to us to do it, I think we -- I think in due course, we figure out how to do it.

John Christopher Hodulik - *UBS Investment Bank, Research Division - MD, Sector Head of the United States Communications Group and Telco & Pay TV Analyst*

And lastly on this topic and then we'll go off wireless. You guys have an agreement to sell the 600 megahertz spectrum. It's sort of a strange structure. I think they can use it now, but I think you guys can decide not to sell it later or decide to move forward on it. And that's just a function of if CBRS is working, if you're taking a lot of traffic off, if you're doing it economically, you keep the spectrum? And if not, you monetize.

Michael J. Cavanagh - *Comcast Corporation - President*

Yes. I wouldn't read too much -- I mean I would read into that, that we bought at a price, sold at a better price, but we kind of effectively have done that in areas where we don't have existing footprint. So primarily, right, not exclusively but primarily. So I think the -- and doing that allows help in meeting the build requirements we have against some of the spectrum that we purchased. So it's sort of a sensible transaction, but I wouldn't read too much -- I wouldn't read anything strategically into it against our ability to do whatever we want to do in terms of offload.

John Christopher Hodulik - *UBS Investment Bank, Research Division - MD, Sector Head of the United States Communications Group and Telco & Pay TV Analyst*

Got it. Before we quick move over to the media side, just quickly on business services. I mean you guys breaking out those numbers to show how profitable that -- how attractive the business that is. A, can margin, the business segment improve from here? Where -- and where is there sort of the most opportunity? Small business, medium or large?

Michael J. Cavanagh - *Comcast Corporation - President*

Well, I think we've built the business from zero, 20 years ago to close to $10 billion in revenue now. In the footprint that we're addressing, that's about a $50 billion market. It gets bigger as you, partnering with other providers out of footprint, start to service mid and larger and enterprise size that need to go out of footprint. So there's probably a bigger market that you can really think about as you go upscale.

I think we've done a very effective job starting the business out in the small business segment, serving relatively simpler needs that were easily achieved with the network and service we had. But as time has passed, we've increased the capability set and followed customers as they've gotten larger and gone gradually up the food chain.

So I think now we're in an area where we're going after sort of the right -- coming from my JPMorgan managing complex transactional businesses with big, complicated clients, you got to be careful. You don't go after the most complicated. You will find it very hard to build what you need to do there. So we're trying to follow what we're good at, what scales well to go to the places in the mid and enterprise size that actually makes sense. So I think the opportunity is going to continue to run for quite a while, and I think the emphasis will start to move to mid and enterprise.

Not that there's not a remaining opportunity in small business, but the small business opportunity is to continue to add capabilities. And then those can hit a very, very big base as we do more sophisticated network management services, security services and the like are all ones that kind of hit a big base, but also are the building blocks to go into the enterprise and mid.

John Christopher Hodulik - *UBS Investment Bank, Research Division - MD, Sector Head of the United States Communications Group and Telco & Pay TV Analyst*

Great. So let's move to Content & Experiences, starting with Parks. Obviously, that's been a great business for you guys. And you clearly seem to be leaning in. You have the new gate in Orlando and you're trying, it looks like, some smaller footprints in Texas and Nevada. How should we think of that as an opportunity and sort of for growth in that segment of the business?

Michael J. Cavanagh - *Comcast Corporation - President*

Well, we love the business, right? I think the characteristic of the business, when you talk about all things media, we're 1 of 2 players that have that kind of business. There are other parks players, but nobody at the caliber and scale other than ourselves and Disney.

Interestingly, Disney typically, I mean, never say never, but they're capitalizing on their own IP, puts us in a very interesting position to be the -- take our own IP. But others, as you've seen with Harry Potter and now Nintendo and be a partner that can take advantage of all the cool IP out there.

So when you think about -- it's a business where you got to keep thrilling your audience. So it's new attractions on a regular basis into existing parks. So we've done VelociCoaster into Florida, which is phenomenal. We've, in the recent past, had Nintendo in Hollywood and Japan, to name a couple.

And I think as we then look at the performance of all the existing businesses, Florida is running at attendance levels sort of flat to where we were in 2019. And -- but with revenues much higher as per cap spending has increased. You look at Hollywood, and we opened Nintendo, February, I think of this year. And we've had record quarterly profits each quarter since then.

In Japan and Beijing, international parks have really kind of picked up this year on the back of Nintendo again, in the case of Japan and just the passage of COVID and getting really into the opening of Beijing. And when you look ahead, we're going to open Donkey Kong in Japan next year. That's going to increase the size of the -- our Nintendo land there by 70%. So I think quite excited about that. And you mentioned we'll have Epic opening in 2025 in Florida, which is phenomenal. I was there a couple of weeks ago. It's like the biggest construction site in the United States. It's going to be amazing, and more to come in all of the parks as we look ahead.

And then plenty of ideas coming out of our Parks business and plenty of encouragement going back to the architecture of investing growth areas. Lots of good ideas. We're going to try out a Halloween Horror Nights in Vegas, which opens in a year round since that's such a successful seasonal thing in our existing parks, have a full-time product in Vegas in 2025 and in 2026. They're clearing the field now in Frisco, Texas for a kids park. A lot of good stuff going on in parks. We're very excited about it.

John Christopher Hodulik - *UBS Investment Bank, Research Division - MD, Sector Head of the United States Communications Group and Telco & Pay TV Analyst*

Turning to Studios. Obviously, big hits with Super Mario and Oppenheimer this year. How should we think of '24, especially with the strikes at which were, thankfully, successfully concluded. But how does that affect the numbers as we look to 2024?

Michael J. Cavanagh - *Comcast Corporation - President*

Well, you'll have the ebbs and flows of just the timing of cash and how you've got to ramp back up production and working capital. But we have a phenomenal business with, add Fast X to your list of movies in 2023, so we'll be #2 at the box office this year, at least as we sit here now. And as we look to next year, we've got 2 more animated movies with Despicable Me 4 and -- as one of them. We've got one that I'm very excited about is Wicked. So a year from now, we'll be opening the first of 2 movies we've done that are just finishing up.

So there's some issue around potential for moving around the scheduling, but we feel actually pretty good about 2024 slate. But really, what's most important is I think the -- we've got such good leadership, such good relationships in Hollywood. I think the -- our reliance rather than being on formulaic series has been more around originality and creativity.

So the partnerships we have with creators like Steven Spielberg, Christopher Nolan with Oppenheimer; Christopher Meledandri in Illumination; Jason Blum on the horror side, Jordan Peele. I think we're a place where creators want to bring original ideas. And we're known to be a good partner in creating that. And that feels a little bit like what the moment calls for in Hollywood. So feel good about the studios that we look ahead.

John Christopher Hodulik - *UBS Investment Bank, Research Division - MD, Sector Head of the United States Communications Group and Telco & Pay TV Analyst*

Got you. And the last sort of segment in that Content & Experiences is the Media business. Can you talk about how you view the -- maybe sort of the legacy network business and Peacock and the role that Peacock plays in that segment?

Michael J. Cavanagh - *Comcast Corporation - President*

Sure. And it's really a great question. It's really one thing, right? When I look back and I do a long-term look back and you think about what is the business? The business is the totality of sort of the television platforms that we have, which what's important about NBCUniversal in that sense is we've been a leader in kind of reach, just how many folks experience our products, still running like 100 million a month, actual usage, hours on our various platforms, top 3 and sort of quality, it's high-end content.

I don't know how many people you got to read the New York Times Magazine article yesterday about Sunday Night Football and what goes into creating that. It is no small feat, and it gets lost in the -- who's buying what finished product from what studio. We have the capacity to do that. We have the capacity to get Kristen Welker and Lester Holt tuned up to do the Republican debate that we did in Miami that was out a couple of weeks ago.

I think there's so much power in the legacy businesses that even though the linear business model is changing based upon how consumers want to consume, it is the platform to build a future that has to include a digital element as consumers change. So in that context, we still have very significant distribution as much as anybody in the traditional linear world.

Nothing is going to change the gravity that, that side of the business is feeling. But the infrastructure that we have as we bring it to life in the form of Peacock is a great way to think about the game we're trying to play. And to be at 30 million paying subscribers for Peacock now, switching gears to that, at roughly $10 monthly ARPU and having done that in only 3 years, and again, we're focused on domestic.

We can take the content that doesn't go into Peacock and monetize it outside the United States. I think for us, that's not the ambition. We'll figure out how to make sure our international joint ventures and partnerships and the like solve for the problem, what it means not to have a global service of our own, but -- and that can change over time. But our primary focus is figure out domestic and make sure that we continue to have the reach and relevance between linear and digital as we look several years down the road.

And I think that will set us up for plenty of good -- both sustainability of what we currently are, which is a pretty powerful thing and good optionality for the future. And I think the fact that when you roll it all together, we make money, right? Let's not -- like we disclose what we "lose" in Peacock for clarity, and it's going to peak this year at 2.8 billion of losses.

But don't forget that the counternarrative of what would it all look like if we weren't trying at Peacock, you'd be asking a different set of questions, which is where the linear business is going if you're not trying to figure out a future for the powerful platforms you have, right?

John Christopher Hodulik - *UBS Investment Bank, Research Division - MD, Sector Head of the United States Communications Group and Telco & Pay TV Analyst*

So last question, and we're running out of time. But M&A in the Media side has sort of come back into focus. I think a lot of it.

Michael J. Cavanagh - *Comcast Corporation - President*

Some people's focus.

John Christopher Hodulik - *UBS Investment Bank, Research Division - MD, Sector Head of the United States Communications Group and Telco & Pay TV Analyst*

Exactly. I think a lot...

Michael J. Cavanagh - *Comcast Corporation - President*

The financial press and the media press.

John Christopher Hodulik - *UBS Investment Bank, Research Division - MD, Sector Head of the United States Communications Group and Telco & Pay TV Analyst*

And I think Malone, a couple of weeks ago at the Liberty Day, said that there are some of these companies that don't have your guys balance sheet but might end up in some financial distress. I mean as you look at your assets and the sort of where you think the ball is going in terms of the Media business over the next 5 years? I mean does large-scale M&A potentially play into the strategy for you guys?

Michael J. Cavanagh - *Comcast Corporation - President*

Listen, the bar is really high. For all the reasons we just described, I'm not eager to distract us from everything that we've been talking about from the very top unless there's a strong and compelling reason to do it. And so I think our job always to look at things, but all I can say is the bar is really high because I really like the organic hand we have against all the businesses that are the growth businesses we have. We don't need to do anything inorganic acquisition-wise to make any of what I described happened. So therefore, the bar has to be really high on that front.

John Christopher Hodulik - *UBS Investment Bank, Research Division - MD, Sector Head of the United States Communications Group and Telco & Pay TV Analyst*

That's good. Well, that's all we have time for today. Thank you all for coming.

Michael J. Cavanagh - *Comcast Corporation - President*

Thanks, everybody. Appreciate it.

REFINITIV