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OVERVIEW:

Company Summary

CORPORATE PARTICIPANTS

Steve Croney *Comcast Corp - Chief Executive Officer, Connectivity & Platforms*

CONFERENCE CALL PARTICIPANTS

Craig Moffett *Moffettnathanson LLC - Analyst*

PRESENTATION

Craig Moffett - *Moffettnathanson LLC - Analyst*

Good morning, everybody. And good morning to everyone joining us on the web this morning for day two of the MoffettNathanson Media and Communications Conference.

I am really excited to be joined by Steve Croney from Comcast. Comcast has been with us every year since we started this summit, but it's our first time together, Steve.

QUESTIONS AND ANSWERS

Craig Moffett - *Moffettnathanson LLC - Analyst*

So I want to start just because I think you come with the role of CEO for the Connectivity and Platforms business from an interesting perspective in that you've been both the Chief Operating Officer and the Chief Financial Officer.

So tell us how those two different perspectives shape what it is you want to accomplish at C&P and the way you think about the turnaround that you're trying to achieve? What are the things that you first saw that you wanted to -- that you either saw or inherited that you wanted to change?

Steve Croney - *Comcast Corp - Chief Executive Officer, Connectivity & Platforms*

Yeah. Sure. And first of all, thanks for having me. It's great to be here. So yeah, I've been with the company for 35 years. I spent the first 20 years out in field operations, moved to headquarters in the last 15 years. And as you stated, spent quite a bit of time in the CFO role and about a year in the COO role. So I know a lot about the business, know a lot about the company.

But what's really important is, had to bring a very different perspective. We want to change the trajectory of the business. I want to deliver different outcomes. I had to think about it through a very different lens. And the way I approached it about a year ago when I took over the COO role is I said, what if we're acquiring Comcast; let me take it through that lens. True challenger mentality and went through everything, every process, every policy, all the operations, and just challenged everything that we did and said, why are we doing this? Should we continue to do it this way?

And at the 50,000-foot level, I'd say the big three things that stood out to me were, first, we were not great of being honest with ourselves about our strengths, about our weaknesses. And I needed to really clearly define our reality. And that's the competition. That is how we go to market. That is the structure of the company. It's the talent within the company, our customer experience, really looking at things through that very different lens.

Once I defined that reality, then it was about developing the North Star. What is the business that we need to become? I think that was something that wasn't very clear, and the team wasn't rallied around that. So how do we build that true North Star business we need to become. And then once you have that --

Craig Moffett - *Moffettnathanson LLC - Analyst*

And what is the business that you need to become?

Steve Croney - *Comcast Corp - Chief Executive Officer, Connectivity & Platforms*

I think as you look at it, once again, at the 50,000-foot level, focus on three core areas and one foundational area. It's the network. We have to have a much better network and develop differentiation with our network. Two, is around the product side really focused on Wi-Fi as the centerpiece, but how do we make our products better together.

Craig Moffett - *Moffettnathanson LLC - Analyst*

So it's interesting. So you're defining the foundational product as Wi-Fi rather than broadband.

Steve Croney - *Comcast Corp - Chief Executive Officer, Connectivity & Platforms*

Absolutely, Wi-Fi. And then how do you make our products better when you have them together, better streaming experiences, better mobile experiences through the Wi-Fi.

And then from a customer experience perspective, satisfaction is not enough. You have to build loyalty and advocacy and how do you do that through personalization, simplification, taking customer effort out of the business.

And then foundationally is our ways of working and really looking at that and we have to have a challenger mentality. [You have](corrected by company after the call) to think very differently. So really focused on what are the things we need to do to have that challenger mentality. So that's the North Star at the highest level.

And then once we've developed the North Star, then it was about how do we go and execute? How do we align the organization? What are the very clear deliverables? I've spent the past four months. I've had 27 meetings talking to all of our leaders across the entire company on this is what we need to deliver, these are the objectives we need to deliver, and really focusing the team, setting clear accountability, ownership, setting up the right KPIs and metrics. So then we focus on that.

Craig Moffett - *Moffettnathanson LLC - Analyst*

That's an interesting one. So, I'm always fascinated by the KPIs and metrics that you managed to, have you made them longer term or shorter term?

Steve Croney - *Comcast Corp - Chief Executive Officer, Connectivity & Platforms*

It's a mix of both. I think that's important to balance both. As we're rolling out '26 in the execution plan, they are definitely more short term, but we tie it into the North Star. And where do we have to take those over the next couple of years? So it's balance of both.

Craig Moffett - *Moffettnathanson LLC - Analyst*

Got it. Well, there's a lot there that we're going to return to over the course of our conversation this morning.

Before we dig into the individual silos of what I was going to call broadband, but I'm going to retitle it now as Wi-Fi. But before we think about the stand-alone pieces of the business, one of the things we've been focused on in this conference is convergence.

How central is the idea of convergence to your strategy? And why does it matter? Are you seeing customers think about convergence as a new product category, the connectivity everywhere. And how do you think about your competitive position in convergence?

Steve Croney - Comcast Corp - Chief Executive Officer, Connectivity & Platforms

I'd say it's core to our entire strategy, core to the North Star strategy that I talked about. And we are seeing purchase intent starting to pivot for --

Craig Moffett - Moffettnathanson LLC - Analyst

And is that something more than just I get a better price, so I like the bundle? Or is it people starting to conceptualize the connectivity everywhere as a product.

Steve Croney - Comcast Corp - Chief Executive Officer, Connectivity & Platforms

Yeah, I think it's both. I think there's a value component to the bundle and you put the two products together. But also, it's a differentiated experience. That's a key part of this.

A great example of that is when you connect our Wi-Fi with Xfinity Mobile, it's 1 gig download speeds. That's a differentiated product, and we continue to try to differentiate the product. So I think it's a combination of both.

And we've really rallied the organization around it. It's all about convergence. It's that value proposition, the differentiated experiences. And we have a very strong hand. If you think about it, 65 million passings in the footprint, all have 1 gig-plus speeds, all have a broadband offering. That's more than any of our competitors, and we're pivoting that towards multi-gig symmetrical.

So you have that same ubiquity across 65 million homes. We have the largest Wi-Fi network in the country, and we offload about 90% of the traffic. So once again, it creates that great experience like you said, inside the home, outside of the home.

And beyond that, too, is those differentiated experiences and the great Wi-Fi experience that we have as well. We invest a lot in differentiating our Wi-Fi. OpenSignal just came out with a report saying we have the most reliable Wi-Fi in our footprint. You have the reliability piece. You have the differentiated piece I talked about with the Mobile Boost, differentiating that mobile experience. We have all the features of control and coverage within the home as well. So all that's very important, and that creates a much better mobile experience.

And with the 90% offload that enables a cost structure that where we can provide a great value to our customers. And our pricing on mobile is about half of our competitors give or take. So that works really well. And then the customer experience is a huge part of this, and we're continuing to invest and focus on the customer experience as well. So overall, we're well positioned when it comes to convergence.

And one of the core metrics that we look at is converged ARPA. You take your broadband revenues, your mobile service revenues over broadband customers, we're about \$85 as it sits today, roughly one-half of where mobile ARPA is for our competitors. So that's another huge opportunity for us as we go forward.

And then you look to say in early, early innings, but you look at our first quarter results, and we like what we saw. We saw connects improve. We saw voluntary disconnects improve. Our new packaging and pricing is resonating in a couple of ways. One is, we're moving up tier and we're getting more customers in our gig products, our best broadband product with the equipment included.

Now we're getting more customers taking our gateways to get all these great experiences that I just talked about and that great Wi-Fi experience. We've seen our NPS move up the right way. So that's a leading indicator for future benefit and our mobile attach has accelerated significantly. We had our best quarter ever in the first quarter with 435,000 line net adds. So we have what it takes. It's all about execution, and I own that. So I feel very confident.

Craig Moffett - *Moffettnathanson LLC - Analyst*

And I would imagine that all of those things that you talked about, ARPA and mobile attach rate, and those things are KPIs that you are holding people accountable for and measuring people.

Steve Croney - *Comcast Corp - Chief Executive Officer, Connectivity & Platforms*

Absolutely.

Craig Moffett - *Moffettnathanson LLC - Analyst*

This is kind of the future view of convergence, I guess. Do you see your fiber competitors eventually sort of going back to the '90s ILEC model of your sort of -- you're competing against fortress Verizon in the Northeast, you're competing against fortress AT&T in the South and the West, but that it really goes back to the way it used to be 30 years ago of sort of regional phone competitors?

Steve Croney - *Comcast Corp - Chief Executive Officer, Connectivity & Platforms*

I don't. I think we control what we can control and that's what I'm focused on. And to me, that's just about how do you create the best possible experience, bringing the greatest value to customers. And hopefully, you can knock down those walls as we go forward.

Craig Moffett - *Moffettnathanson LLC - Analyst*

For example, are you seeing Verizon being the main competitor that you're up against now in the Northeast? Or do you still think of it as, no, it's still FWA from T-Mobile?

Steve Croney - *Comcast Corp - Chief Executive Officer, Connectivity & Platforms*

I think we look at it all, right? And it's a combination of fiber. It's a combination of fixed wireless. Satellite is coming into the market. So we look at it all.

Craig Moffett - *Moffettnathanson LLC - Analyst*

Okay. Let's talk about your go-to-market strategy in broadband or Wi-Fi. One of the first things you did was simplify broadband pricing. How does the adoption of simplified national pricing for broadband position you in the long run? And is there any risk that that limits your flexibility to compete against regional competitors?

Steve Croney - Comcast Corp - Chief Executive Officer, Connectivity & Platforms

Yeah. So when you look at it, it was essential. We were way too complex. And that complexity led to a lack of trust, a lack of transparency. So we had to make the pivot. And when you look at how we're structured today, we have our value segment with Internet Essentials and NOW, and now we have four speed tiers that range from 300 megs up to 2 gigs.

And for each of those tiers, we have three price points. We have a one-year, we have a five-year, and we have an everyday price. And that everyday price, we did adjust down. We were out of market, so now we're in market when it comes to that price.

And also from a simplicity perspective, we included the gateway in the packaging. So all essential as we move forward to the second part of your question -- and then free mobile line as well for anybody who takes our service, whether you're existing or new customer.

And then to the second part of your question, we've maintained our flexibility, and I would argue that we're actually even more effective. And the reason for that is, over the past 18 months, we've done a really nice job leveraging our data in very different ways. We've created a lot of data models, over 100 different data models.

We have thousands of attributes, internal and external, that we leverage in those data models. And what that enables us to do is really target whether it's markets, particular parts of markets, targets particular segments. And as we really dig in and we run those models across acquisition, upsell, retention, win back, collection. So we leverage that across the board. So it makes us much more effective in a much more fiscally responsible way.

And then secondarily is with the structural changes we made, we significantly improved our velocity. What used to take us kind of weeks to months to react, now it takes us days. So that's hugely beneficial as well. So we're in a good spot there.

Craig Moffett - Moffettnathanson LLC - Analyst

So you saw a 117,000 subscriber year-over-year improvement in broadband net losses. About half of that was your Legendary February, but half of that was sort of sustainable, repeatable. How much of that is coming from better connectivity that is gross adds and how much of that is coming from lower voluntary churn? And where does lower voluntary churn stand relative to the historic lows that you've seen?

Steve Croney - Comcast Corp - Chief Executive Officer, Connectivity & Platforms

Yeah. So overall, in the first quarter, we saw connect improvement. We saw voluntary disconnect improvement. And that's been really solid over time. We saw improvement in fiber footprints. We saw improvement in non-fiber footprint. So it was very broad.

So I haven't really focused on one particular metric. It was a broad improvement across the board. And as you mentioned, over 50% of that was tied into Legendary February. It was a fantastic moment for us, and we really leaned into that. But there is an organic component to this as well.

And I go back to the new pricing and packaging. It was the biggest pivot we've made in the company's history when we did that last year, and that is resonating. And on top of that, we've done a much better job, I have a new Chief Growth Officer. We have a much better job of messaging, a much better job in our creative and telling our story. So that's helped that throughout.

Craig Moffett - Moffettnathanson LLC - Analyst

Just thinking about the pricing for a second. Historically, the super low intro prices are obviously a magnet for accelerating gross adds. The problem is those customers churn off. The risk, I think all of us saw, when you went to everyday low pricing or price locks and things is,

okay, that will help churn a year from now, two years from now as those low introductory rates would have rolled off. But you're going to pay a price in new customer acquisition initially. Has it turned out that way?

Steve Croney - Comcast Corp - Chief Executive Officer, Connectivity & Platforms

The good news is we've moved up market. And the way we price it, as you know, is five years is a little more expensive than the one year and as we look at that. So we were very pleased with the early results. And to your point, there will be benefits down the road tied to that packaging.

And one other area to highlight that we haven't spent a lot of time on, on top of the new pricing and packaging is we hired a new head of sales across the company. And we've seen an improvement in our sales effectiveness. Back to evaluating every part of the business, we need to do a better job from a training perspective of our employees, from a compensation plan perspective, from a tooling perspective. So all of that has --

Craig Moffett - Moffettnathanson LLC - Analyst

So just give me one nugget of something that you changed for the sales channel that has made them more effective?

Steve Croney - Comcast Corp - Chief Executive Officer, Connectivity & Platforms

I'd say we leaned into convergence and mobile a lot more through our training, through our compensation.

Craig Moffett - Moffettnathanson LLC - Analyst

So first sell is try to get people onto the converged platform.

Steve Croney - Comcast Corp - Chief Executive Officer, Connectivity & Platforms

And going back to leveraging our data, leveraging our marketing tech stack, all of that weighs into that sales effectiveness as well. So we put a lot of time and effort into that.

Craig Moffett - Moffettnathanson LLC - Analyst

So the intense competitive environment and that phrase, intense competitive environment, is something that we now hear all the time on every conference call. The broad characterization, I think, is fiber competing at the high end, FWA, and maybe soon satellite competing at the price end of the market. What's priced into your stock price is that you will decline forever and the penetration is going to the 20s. Why is that wrong? Give us a picture of where you think the market ultimately shakes out.

Steve Croney - Comcast Corp - Chief Executive Officer, Connectivity & Platforms

Yeah. I think first and foremost is that we are operating under the condition that fiber will continue to build. Now how deep they take that will be dependent on their build economics and returns, but fiber will continue to build. Fixed wireless will continue to be aggressive. Obviously, satellite will be in the market in some capacity. So I think that's essential.

I'd say good news is, back to the pricing and packaging and what we've done, that is resonating. And we're competing well on the low end with our 300-meg product, competing well on the high end with our gig product. But where we spend a lot of our time is focused on what's

the end state. And our belief is in the end state, there's going to be two multi-gig providers to the side of the home. And obviously, fixed wireless and satellite will continue to be active. So that's the bit of the end state.

And if you think about the end state, we've competed with fiber for 20 years. So we know they take share early. Over time, both share and ARPU come to kind of overall market norms.

Craig Moffett - *Moffettnathanson LLC - Analyst*

An equilibrium.

Steve Croney - *Comcast Corp - Chief Executive Officer, Connectivity & Platforms*

Yeah. Exactly. So we know that. From a fixed wireless perspective, it's different. I'd say they did really well in simplicity and ease. They did a great job there. And that's a lot of what we've leaned into with all the investments we're making, is how do we simplify, make it easier for our customers to install, to do business with us.

So big focus there. And it becomes very tactical as well as back to leveraging the data and all those models. How do you go after the value conscious customer? Leverage our performance. Win back is a big part of that.

And then we look at satellite, I think everything we're doing is going to benefit us against satellite. I'd say in reference to fixed wireless and satellite, our network by far exceeds what they have, and they are capacity constrained. So if you look at that, for me, the more bits, the better. Usage is up 10% overall for our broadband-only customers, upstream is up even more.

When you look at the usage patterns, it used to be we know certain nights of the week or certain time, now it's driven by new gaming launches, sporting events. It's very choppy, which I think benefits us as well. So we have this great advantage and opportunity with our network.

So to answer your question in the end state, I mean we feel good. We've competed with fiber for a long time, and it's just continuing to differentiate ourselves. Once again, the Wi-Fi experience, the network. All of that makes sure that we're competitive from a pricing and packaging perspective, better customer experience.

We know increased NPS scores leads to less churn and then the mobile component of this all. The convergence and the value proposition tied to mobile is essential as we go forward.

Craig Moffett - *Moffettnathanson LLC - Analyst*

You've called 2026 an investment year for broadband. Part of that was you didn't take a price increase this year. Is '27 a return to normal? And is 3% to 4% ARPU growth long term, which used to be your North Star for how to think about ARPU growth for the stand-alone product. Is that still the right way to think about it?

Steve Croney - *Comcast Corp - Chief Executive Officer, Connectivity & Platforms*

So as you step back, back to the point, we were not competitive in the market. Not only were we complex, we were not competitive from a price perspective in the marketplace. So it was essential that we did what we had to do.

You go back to when we did that mid last year, we said we feel pressure in ARPU as we turn into the new year, some incremental pressure in the second quarter, and then we'd start to see relief as we come out of the year.

And the big drivers of that were what you touched on, the piece of it was we didn't take the rate increase. Secondly, was the free wireless lines and the way accounting recognition works that impacts broadband ARPU. And then the third is some additional transactional activity from our base as people moved into the new packages.

So you step back and say, okay, now let's look forward, what do we have? One, that incremental transactional activity will lap itself. And over time, to the point you made earlier, should actually start to diminish because more people are locked in.

Two, we have flexibility on pricing. So we maintain that flexibility as we go forward. A big part of it is on the mobile free line. So when you look at the mobile free lines, where early cohorts are starting to happen, but we're seeing a significant majority of those customers roll that becomes accretive to broadband as well.

And just having more mobile in general, becomes accretive over time just as we sell in new services, etc. So there's a lot there. And then like I said, the mix has shifted as we sell into our new pricing and packaging. So we're selling more gig tiers, over 40% now. So that's another benefit as we go forward. So I think it will continue to move.

And as I touched on, this concept of converged ARPA. One big component of that is broadband into broadband revenue. But another big component is how do we improve our sell into new customers to our existing broadband base. How do we improve sell-in of more mobile lines to our existing mobile customers? Last two quarters, 30% of our line net adds came from existing mobile customers.

Craig Moffett - *Moffettnathanson LLC - Analyst*

Yeah, the point that you made about your ARPA is half of what the mobile-only ARPA is for your competitors. Some of that is the introductory discounts. But most of that is just you've got fewer lines per account.

Steve Croney - *Comcast Corp - Chief Executive Officer, Connectivity & Platforms*

And lower penetrates.

Craig Moffett - *Moffettnathanson LLC - Analyst*

Yeah. And so how are you thinking about raising, not just the attach rate, but also the number of lines per account?

Steve Croney - *Comcast Corp - Chief Executive Officer, Connectivity & Platforms*

Yeah. I'd say the one thing that's been great about the free line offering, you know, being transparent, I wish we would have done it sooner, but you know, we're in that game now. What it does is it allows our customers to test out the product and it drives awareness with the product.

Like I said, once we get the folks in, we spend a lot of our time on lifecycle management. Is those free lines and like I said, the early cohorts, a significant majority of the customers are rolling to paid.

Craig Moffett - *Moffettnathanson LLC - Analyst*

Yeah, I was going to say those customers who are rolling to paid, are you seeing any particular churn issues with those customers?

Steve Croney - Comcast Corp - Chief Executive Officer, Connectivity & Platforms

We're not and one of the big components of that is, they're rolling from zero, but they're rolling to \$30, \$40.

Craig Moffett - Moffettnathanson LLC - Analyst

Which is still like less than anything that (multiple speakers) --

Steve Croney - Comcast Corp - Chief Executive Officer, Connectivity & Platforms

Exactly. About half of what else they can get and you go back into the old days, and we had the low broadband offers, and we roll into EDPs are well above market. We saw that churn and we saw that pain. We're not seeing that as much.

But back to the point of, as we manage that lifecycle management, we're looking at porting, we're looking at usage, we're looking at how many customers are in equipment installment plans. We're looking at the premium sell-in. Our premium product is fantastic. And a big one is those incremental number of lines.

And as I said, 30% of our record-setting mobile line net adds are coming from existing mobile customers adding more. Once they get in with the free line, then they say, hey, I'm going to bring my next line.

Craig Moffett - Moffettnathanson LLC - Analyst

I was going to say, so is that the dynamic you're kind of seeing, let me try it out, make sure the water is warm and then if it is, I'll bring my kids and my spouse.

Steve Croney - Comcast Corp - Chief Executive Officer, Connectivity & Platforms

Exactly, VIPs are up. Yes, exactly right.

Craig Moffett - Moffettnathanson LLC - Analyst

The day before you reported results, you introduced new mobile plans. And for example, they included device insurance, which is an interesting wrinkle. It's a profit center for some that is it a profit pool that you can attack? Is that resonating with customers? What kind of response have you seen from customers.

Steve Croney - Comcast Corp - Chief Executive Officer, Connectivity & Platforms

It is. So if you take a step back and you go back about a year, we knew there was a big TAM in the premium marketplace, and we just didn't have the right product. We didn't have the feature-rich product that people are looking for.

So about a year ago, we introduced our Premium Unlimited product and that was you get the 1 gig download speeds, but you get 4K streaming, anytime device upgrades, simplified international plans. And we got to about 30% sales. So we're really pleased. It was well above what we had modeled.

And then we said, okay, how do we further disrupt that? How do we drive more of that premium penetration? There's benefits to that from a churn perspective, from a revenue perspective. And we said, no one has ever done this. Let's include device protection.

And we think a good chunk of our competitors' customers take a device protection plan probably in the \$10 to \$20 range. That's incremental value for our customers and another way to position that product. So it just came out, but our expectation is that we improve upon that 30% number.

Craig Moffett - *Moffettnathanson LLC - Analyst*

Can you say what the sell-in rate is among gross -- for new gross adds into your broadband product? What percentage of them are taking wireless along with the broadband?

Steve Croney - *Comcast Corp - Chief Executive Officer, Connectivity & Platforms*

Yeah, I got to look at Marci on that. I don't think we've talked about that one yet, so I won't go there specifically.

Craig Moffett - *Moffettnathanson LLC - Analyst*

You haven't said.

Steve Croney - *Comcast Corp - Chief Executive Officer, Connectivity & Platforms*

But obviously, it's improving. You can see it in our results.

Craig Moffett - *Moffettnathanson LLC - Analyst*

Your overall market share is still in the mid-single digits. And we've looked at the share of gross adds making assumptions about churn, would say your share of gross adds is in the 20% range. So there's a long runway there. And the question is sort of are you seeing that at the front edge of --

Steve Croney - *Comcast Corp - Chief Executive Officer, Connectivity & Platforms*

And I would say when we released, 16% of our broadband customers have mobile, if you take it down to mobile lines in our footprint, we're probably about 6%, 6.5%, so we have a massive runway. And that's what we're focused on.

Craig Moffett - *Moffettnathanson LLC - Analyst*

So your predecessor when I would be on the stage with Dave over the last 10 years, it was pretty clear that he viewed broadband more as a defensive strategy to protect -- or sorry, wireless more as a defensive strategy to protect broadband than as a revenue-generating opportunity in itself. It's obviously both.

But what do you see it as first? Is this first and foremost playing offense and trying to grow the revenues of the business by adding a new product line? Or is it primarily about trying to protect the broadband business?

Steve Croney - *Comcast Corp - Chief Executive Officer, Connectivity & Platforms*

I'd say unequivocally, it's about playing offense. It's our number one priority as we push forward. And it's stand-alone, it's a firmly profitable product. So we had a couple of options.

One is you can maximize the short-term profitability, or we can invest some of the profitability to create the value that we've created to drive mobile lines to create a much better mobile converged experience. And with a roughly \$200 billion TAM in the mobile space, we've definitely chosen the latter. We're going to make those investments as we move forward.

Craig Moffett - *Moffettnathanson LLC - Analyst*

And as it relates to the profitability of the product, obviously, a big part of the profitability is how much of the traffic you can offload on to Wi-Fi and how much of the traffic you can offload on to CBRS. Can you just talk about those two things and the progress and the vision that you have for those two things?

Steve Croney - *Comcast Corp - Chief Executive Officer, Connectivity & Platforms*

So we've said about 90% is offloaded onto Wi-Fi. As I mentioned before, the nation's largest Wi-Fi network, and it creates a much better experience for our customers back to the 1 gig of download speed when you attach to our Wi-Fi. And then we do have many markets up with CBRS, and we look at that on a cost to build and does it make sense and based on the densities, etc, but that's some additional offload that's included in the overall 90% number.

Craig Moffett - *Moffettnathanson LLC - Analyst*

And where does that fit in your priority stack? Because I have a question coming up about your network upgrades. But there are obviously issues of just how much labor you have and what do you tell them to do first? Where does CBRS fit in the priority?

Steve Croney - *Comcast Corp - Chief Executive Officer, Connectivity & Platforms*

I think we look at it if there's a great return on it; we'll go ahead and put up some cell site. But if not, it's all balanced across the broader piece. But I would say the general overall network evolution is prioritized because our offload is so good on Wi-Fi.

Craig Moffett - *Moffettnathanson LLC - Analyst*

And I realize I characterized it wrong in that I called it offload. And I think one of the things that you guys have done a good job at is articulating a strategy that it's not offload, it's Wi-Fi first. And it's the component that goes over the cellular network that is the offload.

Steve Croney - *Comcast Corp - Chief Executive Officer, Connectivity & Platforms*

You're exactly right. So that's the way we look at it, kind of the inside and outside of the home. So -- but I think -- and then in addition on the cost as you get that cost benefit. And then we're selling to our existing broadband customers. So the cost of that is less expensive. And that's what's enabled us to create this great value proposition at about half the rate of our competitors.

Craig Moffett - *Moffettnathanson LLC - Analyst*

Do you have a vision where you have CBRS strand-mounted small cells sort of ubiquitously across your denser markets so that it --

Steve Croney - Comcast Corp - Chief Executive Officer, Connectivity & Platforms

Yeah. I don't know that we fully get it. It totally depends because the Wi-Fi offload is so good, so does that add the extra value that we want. And we assess on a case-by-case basis.

Craig Moffett - Moffettnathanson LLC - Analyst

Got it. Let's talk about video for a second. Your video subscriber losses have eased, but not -- you're still contracting at a 9.5% annual rate. Charter has gotten that down to 1.3% rate of decline. So something that I think most of the people in the room never would have thought was possible to see again.

Is there a reason you haven't replicated that kind of offering of the free streaming services along with the traditional video packages? Or is it simply a matter of timing in your programming agreements? And that you'll get there along the way.

Steve Croney - Comcast Corp - Chief Executive Officer, Connectivity & Platforms

I think the way we look at it is convergence first and obviously, for a segment of the market, video is very relevant. But we focus more on giving our customers optionality and control. So when you look at it, we've simplified our video packages just as we have with our broadband packages. So we have some skinnier bundles in our NOW construct and then we have four linear packages that now have fees and the primary set-top box included.

Underneath that, though, we've really leaned into bundling of apps. So we had one we call StreamSaver app, we now have 12 and it includes anywhere between three, four, and five apps and mixes of those in those bundles, but provides a value to the customer about 25% to 40%.

So once again go back to this optionality and give the customer choice. But we also make that available not only our video customers, but to our broadband customers as well. So it's another value component with broadband.

And when you think about Wi-Fi, you're creating a great Wi-Fi streaming experience, 4K, etc. So we provide that optionality. So I think when you really think about it, we always look at profitability by every one of our products and where we want to invest and what drives the biggest benefit for broadband and for mobile. I mean that's how we look at it.

Craig Moffett - Moffettnathanson LLC - Analyst

I would imagine the churn rate of customers who are in those video packages, their broadband churn rate is meaningfully lower? Is that what --

Steve Croney - Comcast Corp - Chief Executive Officer, Connectivity & Platforms

It's lower, yeah. Same with the streaming as well.

Craig Moffett - Moffettnathanson LLC - Analyst

It sort of works the same way as wireless does, that the deeper the relationship, the better the churn rate.

Steve Croney - Comcast Corp - Chief Executive Officer, Connectivity & Platforms

Exactly. And what we have seen is, like I said, we have seen improvement. We had 100,000 better in the first quarter. And I think it was -- it was our best first quarter from -- since first quarter of '19. So it's moving in the right direction, just a different approach.

Craig Moffett - Moffettnathanson LLC - Analyst

Business Services never quite gets the attention it deserves. There's always been a fair amount of attention and acknowledgment of your SMB business. But you're still reasonably new in the enterprise market. Can you just talk about the enterprise market for a second.

And if I think about all the connectivity opportunities that are arising in data centers and what have you, how are you competing in that, and even thinking about positioning for edge inference and for AI and that sort of thing?

Steve Croney - Comcast Corp - Chief Executive Officer, Connectivity & Platforms

That's great. Amen. I agree with you 100% that it's undervalued. If you think about our overall business services segment, \$10 billion of revenue, roughly a \$60 billion marketplace. It's approaching 25% of our connectivity revenues, running at a 55% margin, and we've been significantly outperforming our competitors and peers when it comes to growth.

And to your point, SMB, we're the largest provider of the SMB businesses in the country. To your point, where a lot of the momentum and growth is coming in is in the mid-market and enterprise space. And what we're really focused on there is selling solution.

Connectivity is foundational, but it's selling solutions. And one of the metrics we look at is for every dollar of connectivity, we now sell in \$0.70 of solutions. If you go back a few years, it was one-third of that. So it's a big area of focus. And that's where we spend a lot of our time innovating.

We've taken on smaller acquisitions along the way to fill either whether it's capabilities or products that we don't have. Masergy and Nitel are examples of that. So we're going to continue to drive that forward. And our goal there is to take a much bigger share of the Fortune 500's communications spend. And we do serve most of those customers. So we have an opportunity to take more of that spend.

To the second part of your question, we're looking at a lot of different options. So I think our network and the intelligence we've built in the network and how we built our network, along with -- we have thousands of edge facilities, hubs and head-ends along the way. So that provides a great opportunity, to your point, to bring AI solutions closer to the customer, provide different experiences for our customers tied into that.

So it's an area we're leaning into, similar with data centers and connectivity to the data center. So we're spending a lot of time in that space, but we do think that's going to be a big opportunity for us as we move forward.

Craig Moffett - Moffettnathanson LLC - Analyst

You just talked about the opportunity created by the infrastructure in the plant. If I just look at your stock prices, the market believes that your infrastructure is inferior and that ultimately, I guess the narrative would be that you're going to have to eventually upgrade to fiber and HFC is going to come to the end of its life cycle. Why is that wrong?

Steve Croney - Comcast Corp - Chief Executive Officer, Connectivity & Platforms

Yeah. What I would say is if you really look at our end state, you know, full duplex DOCSIS 4.0, there isn't anything a fiber path, you know, fiber competitor – [can do] that we can't from a network perspective. And you look at our network overall, it'll be ubiquitous. There's flexibility in the network, intelligence in the network. It still has active devices, which is really important as we go forward.

And you look at overall total cost of ownership, we're in a really good spot. You start with capital. Cost is about \$200 a passing, so 1/7 to 1/10 of a fiber passing as you get the drop to the side of the home. From an operating expense perspective, maybe \$1 to \$2 more, but we'll take that trade-off any day because that's the power going to the active devices. And those active devices enable the intelligence that we're putting into the network.

In core of that intelligence is, if you think about it, our nodes are amplifiers, all the way down to the gateway, AI-capable chips and the telemetry we can build upon that. We fully virtualize the network as well. So we're looking at self-healing that's going on through the amplifier.

Craig Moffett - Moffettnathanson LLC - Analyst

That was -- and it's really important for repair and maintenance.

Steve Croney - Comcast Corp - Chief Executive Officer, Connectivity & Platforms

Absolutely. And you look at, yeah, and being proactive with our customers. So -- and we can predict much better than we ever have.

So when you look at some of the early metrics on our end state, trouble calls are down 15%. Our time to repair is down 35%. We know exactly where the issue is. Impaired devices on the network is down 50% because we can get ahead of that and work the plant. So there's a lot of power in that.

And then with all the AI that's in the network, just being able to optimize the experience, the Wi-Fi experience all the way down to the customer level. So there is a tremendous amount of value and power in that. So I think -- but we're 60% of the way there as we sit here today, less on the end state.

Craig Moffett - Moffettnathanson LLC - Analyst

And that's just with the split strategy, but not with DOCSIS 4.0.

Steve Croney - Comcast Corp - Chief Executive Officer, Connectivity & Platforms

And that DOCSIS 4.0 deployments are starting to accelerate. So you have the -- with amplifiers, we're kind of the long pole in the tent. We now have those. So we're out enabling that back to our mid splits as well as anything new that we're building.

So as we get to scale, then we'll finally be able to market multi-gig symmetrical. We'll be able to market intelligence. We'll be able to market the low latency. All these things that we have yet to be able to do that will happen as we get through the end of this year.

Craig Moffett - Moffettnathanson LLC - Analyst

So I'm always fascinated in finding naturally occurring experiments that sort of point the direction of where we're going. You have a lot of your plant like every cable operator does. That's FTTH already where you've been doing edge outs and rural builds and that sort of thing.

Steve Croney - Comcast Corp - Chief Executive Officer, Connectivity & Platforms

Most of the plant is fiber as well, it's just not the drop right now.

Craig Moffett - Moffettnathanson LLC - Analyst

Yeah. So do you see -- if I think of the three cohorts of already finished with the mid-splits, already FTTH because it was built after a storm or what have you and then the rest of your plant. Are you seeing real differences in the way customers think about those geographies?

Steve Croney - Comcast Corp - Chief Executive Officer, Connectivity & Platforms

Not so much as we sit here today. And I think a lot of it is we just haven't marketed the capabilities. And so do the customers know, obviously, we let them know that, hey, the mid-splits here, you've got additional downloads. There's some slight benefits there, but it's going to be as we get out in the market. That's where it's going to really take hold.

Craig Moffett - Moffettnathanson LLC - Analyst

Yeah. The last question, I guess, is the one that everybody is most focused on, which is just when can you grow again, and how can you grow again? Make the case for how Comcast returns to being a growing or at least C&P becomes returns to a growing business?

Steve Croney - Comcast Corp - Chief Executive Officer, Connectivity & Platforms

Absolutely. So we've talked about it before, we're in a deliberate investment cycle, right? So we invested in a lot of rate to become much more competitive in that space. We've invested a lot on the expense side as well from a customer experience perspective, a product perspective, a go-to-market strategy perspective. So all of that with time will lap.

But if you look at the fundamentals and the foundation, is tremendous demand for broadband, right? That usage continues to grow, it's essential with people's lives and intermingle the terms, but really around that Wi-Fi experience in the home. So that's a big positive for us.

And then you look at our converge strategy. We have a tremendous value proposition, differentiated both on price, but also on the experience and what we bring with Wi-Fi, and how we can differentiate that mobile experience and differentiate other products in the home with the great Wi-Fi experiences that we've created. Business Services we touched on. \$10 billion business, great run rate for growth. We're proving that we are growing in that space. So that's another significant opportunity for us.

Tied in the convergence piece is mobile, continue to penetrate mobile. And as we talked about, you add more lines in, you add more premium services, you have a huge benefit coming in from mobile.

Another one we haven't talked a lot about, but I focused on, as we came in, is we're doing a better job of leveraging the totality of the company. Matt Strauss, who is CEO of NBC Media, and I have been working very, very closely together on a project we call Harmony. It's an always-on approach just to leverage all the assets within the company. You saw that a little bit with Legendary February.

Craig Moffett - Moffettnathanson LLC - Analyst

Yeah. I was going to say Legendary February is really an interesting proof point.

Steve Croney - Comcast Corp - Chief Executive Officer, Connectivity & Platforms

It's all the impressions we've got and how we can leverage data in different ways. So there's value in that.

And then from a cost perspective, right, is we're improving the experience and always doing [it] from a network perspective. That's taking cost out of the business. You're going to have that as a tailwind as well. And we're continuing to look at the structure of the company and just continue to gain efficiencies and building more effectiveness along the way as well.

So there's a lot there. It's -- we have a great hand, and it goes back to -- we just need to execute, but I'm confident we'll get there.

Craig Moffett - Moffettnathanson LLC - Analyst

All right. Well, it's a good place to end it. I thank you for spending the time with us this morning, and I think all of us wish you great success in your new role and with the turnaround that you're trying to pull off.

Steve Croney - Comcast Corp - Chief Executive Officer, Connectivity & Platforms

Thank you. I appreciate you having me, Craig. Thank you. Great time.

Craig Moffett - Moffettnathanson LLC - Analyst

Thank you.

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