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OVERVIEW:

Company Summary

CORPORATE PARTICIPANTS

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

Mike Cavanagh *Comcast Corporation - President*

Jason Armstrong *Comcast Corporation - Chief Financial Officer*

Brian L. Roberts *Comcast Corporation - Chairman & Chief Executive Officer*

David Watson *Comcast Corporation - Chief Executive Officer, Connectivity & Platforms*

CONFERENCE CALL PARTICIPANTS

Michael Rollins *Citi - Analyst*

Michael Ng *Goldman Sachs Group Inc - Analyst*

Craig Moffett *Moffett Nathanson LLC - Analyst*

Ben Swinburne *Morgan Stanley - Analyst*

Jessica Reif *Bank of America - Analyst*

John Hodulik *UBS - Analyst*

PRESENTATION

Operator

Good morning, ladies and gentlemen, and welcome to Comcast's third quarter earnings conference call. (Operator Instructions) Please note this conference call is being recorded. I will now turn the call over to Executive Vice President, Investor Relations, Ms. Marci Ryvicker. Please go ahead, Ms. Ryvicker.

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

Thank you, operator, and welcome, everyone. Joining us on today's call are Brian Roberts; Mike Cavanagh; Jason Armstrong; and Dave Watson.

I will now refer you to Slide 2 of the presentation accompanying this call, which can also be found on our Investor Relations website and which contains our safe harbor disclaimer. This conference call may include forward-looking statements subject to certain risks and uncertainties.

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

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

Mike Cavanagh - Comcast Corporation - President

Good morning, everyone, and thanks for joining us. First, I'll start with the leadership news we announced earlier this morning, which is that Steve Croney will be elevated to CEO of our Connectivity & Platforms business at the beginning of 2026. And at that time, Dave Watson will become Vice Chairman of Comcast Corporation.

This will be a well-earned and seamless transition for Steve, who has already made a significant impact as Chief Operating Officer leading the operational transformation of our C&P business over the past year. He has the full trust and confidence of our entire management team and is exactly the right person to take the business forward.

And I want to congratulate and thank Dave for his extraordinary leadership of the business for the past eight years. Over more than three decades Dave has been an integral part of building the best connectivity business in the industry.

The fact that Steve comes from inside the company also speaks to how thoughtfully Dave has developed the leaders in his organization. And I really look forward to continuing to partner with you, Dave, in your new role as Vice Chairman.

Brian will have more to say about this leadership transition later in the call, but now let me get into the quarter. I have two topics to discuss, convergence and sports.

So starting with convergence, the broadband environment remains intensely competitive, which we do not expect to change anytime soon. Over time though, we believe that the vast majority of the broadband market will be comprised of two multi-gig symmetrical providers serving most addresses, and we aim to be a winner in this segment, with the rest of the market likely being served by capacity-limited alternatives.

We've been seeing this end state begin to take shape. Fiber expansion continues at a steady pace; and as we've said before, we expect most of our footprint will eventually be overbuilt. At the same time, fixed wireless remains a durable competitor, serving price-sensitive segments with moderate performance needs.

Against this backdrop, we have adapted our approach to compete more effectively for the long term. Our strategy rests upon three pillars: network, product, and customer experience.

Our network is built to scale and now leverages AI end-to-end to optimize performance throughout the home. This enables best-in-class WiFi, which matters more than ever as usage continues to rise. We're seeing this on our network, where broadband-only customers average 800 gigs a month in the third quarter, up 9% year over year.

In product, broadband, wireless, and our Entertainment OS operate as one system, integrated and designed for how customers actually connect. Taken together or individually, they deliver a seamless experience that differentiates us in the marketplace.

And finally, in customer experience, where we need to improve over the long term, our near-term focus is on price transparency and in making it easier to do business with us.

With respect to these pillars, we made meaningful progress in the quarter. First, we streamlined our organizational structure to better align with our strategy. Steve has centralized key functions such as marketing, data science, and customer experience, and reduced management layers to sharpen local execution.

Second, we're pressing ahead on WiFi, an area where we are already recognized as a market leader. Strong, consistent WiFi remains the number one factor driving customer choice, and this is where we excel. OpenSignal recently ranked Xfinity the top provider in our footprint, outperforming Verizon, T-Mobile, and AT&T in reliability, download speeds, and streaming.

This leadership comes from the technology behind our network, especially our gateways, which power the strength and consistency of the WiFi experience. During the third quarter, we began rolling out our most powerful gateway yet, the XB10, supporting multi-gig symmetrical speeds and up to 300 devices using AI to self-optimize network performance in real time.

With our new national pricing, gateways are included in every package, ensuring every customer receives our best technology and an integrated experience with mobile.

Third, we've accelerated momentum in wireless, now reaching more than 14% penetration of our broadband base and adding over 400,000 lines in the quarter, our best result yet. Xfinity Mobile is a standout growth engine for us. We're leaning in with sharper marketing, stronger brand awareness, and compelling offers like a free mobile line for one year.

This was also the first full quarter of our new Premium Unlimited plan designed for higher-value customers that delivers what they want at \$40 per line on a two-line plan and the ability to upgrade devices twice a year with a guaranteed discount on a new phone. Our progress in mobile is clear, with meaningful product uptake, higher attachment rates across our broadband base, and growing recognition of Xfinity Mobile as a leader in value and performance.

Fourth, video performance improved meaningfully this quarter with subscriber losses down more than 100,000 year-over-year, which is our best result in nearly five years. Churn is at record lows supported by our focus on delivering the right products for each customer segment. Our Entertainment OS continues to lead the market, enhanced by features like Multiview, which allows our customers to view several live events simultaneously.

Fifth, we introduced a simpler, more transparent pricing model. As we detailed last quarter, we've moved to nationwide offers built around four clear speed tiers. Each plan includes our gateway, unlimited data, WiFi controls, and cyber protection at a lower everyday price, backed by a one- or five-year price guarantee. It's a more predictable experience for the customer and a clearer value proposition in the market.

And finally, we're taking meaningful steps to simplify the customer experience across all channels. Our new AI engine now supports agents, technicians, and customers through assisted chat, phone, our website, and our AI-enabled Xfinity Assistant platform.

We also launched a program that connects customers to a live agent in seconds, which is now available to half of our customer base. It's still early, but we're moving fast and executing with focus towards a simpler, smarter, and more seamless customer experience.

So taken together, these efforts mark tangible progress in what is an important shift to position our Connectivity business for future sustained growth. This is a deliberate investment phase, one that will take time and carry a cost as reflected in the 3.7% decline in Connectivity & Platforms EBITDA this quarter. And we expect this decline to build slightly over the next several quarters as we continue to invest in pricing, product, and customer experience.

And my second topic is sports. Last week's NBA tip-off marked the start of one of the biggest stretches of live sports in our history and drew the largest audience for an NBA opening double header since 2010. We're in the heart of the NFL and college football seasons and in February, we'll have the Super Bowl, Winter Olympics, and NBA All-Star Weekend, followed by the World Cup on Telemundo in June.

Sports remains a cornerstone of our Media business. The NBA's return to NBC and now Peacock, expands both our reach and our creative opportunities. Sunday Night Basketball launches in February, modeled after the success of Sunday Night Football, which has been the number one prime time show for 14 straight years and now averages roughly 25 million viewers.

We're proud of the sports portfolio we've built. Each property adds value across our entire Media ecosystem, driving NBC's distribution, helping Peacock attract and retain subscribers, and powering our advertising business. And as audiences continue to shift from linear to streaming, the multiple benefits of sports becomes an even greater advantage.

Live sports continue to deliver strong viewership and ad performance across broadcast and streaming, momentum at Peacock remains solid, and retention has held steady even after our \$3 price increase. Running linear and streaming as one integrated Media business gives us real scale and flexibility.

It allows us to align programming, marketing promotion and monetization across NBC, Peacock, and our Studios. And as we near completion of the Versant spin, NBCUniversal's Media business will be more focused and well positioned to grow.

So now let me turn it over to Jason to go over the third quarter results in more detail.

Jason Armstrong - Comcast Corporation - Chief Financial Officer

Thanks, Mike, and good morning, everyone. Let me start with a high-level overview of our consolidated results before getting into more detail on our businesses.

Total company revenue declined about 3% year over year, primarily due to the tough comparison to last year's Paris Olympics. Excluding that impact, revenue increased nearly 3%, driven by strong performance across our six growth businesses, highlighted by nearly 20% growth in Theme Parks and 14% growth in domestic wireless.

EBITDA and adjusted EPS were both consistent with last year, while free cash flow increased 45% to \$4.9 billion. We returned \$2.8 billion to shareholders this quarter, including \$1.5 billion in share repurchases and \$1.2 billion in dividends, reflecting our ongoing commitment to disciplined capital allocation.

Now turning to our businesses, starting with Connectivity & Platforms. The competitive environment for broadband remains intense. As we've highlighted, we've made a significant pivot in our go-to-market strategy this year, focused on simplifying pricing, improving transparency, and enhancing the customer experience.

While it's still early, we're encouraged by what we're seeing in our broadband customer base: continued stabilization in voluntary churn, a healthy mix of customers opting into our five-year price guarantee, and nearly 40% of new connects choosing gig-plus speeds, which is up about 10 points from the start of the year.

We're also seeing higher utilization of our new packaging, including new everyday pricing in retention, helping transition more of the base into simplified market-based plans. And we continue to accelerate our wireless net additions this quarter to a new record high.

As we've said from the beginning, this pivot carries several costs, including rate reinvestment through pricing simplicity, which carries revenue dilution, as well as investment in customer experience, which carries additional operating costs.

This quarter is the first quarter where these impacts are reflected in our financial results. You see it in broadband ARPU growth dilution as well as elevated marketing, product, and customer service expense, all contributing to a 3.7% decline in EBITDA this quarter. As Mike mentioned, as these investments continue, we expect continued EBITDA pressure over the next several quarters until we lap this transition.

On the other side of this, we're positioning ourselves for growth with a more durable broadband customer base on stable market-based rate plans, combined with a larger wireless base, that gives us a very strong hand in convergence, along with meaningful monetization upside as customers roll off promotions and we expand the relationship over time. All in, our converged product offerings provide customers with substantial savings versus comparable plans from telecom competitors.

Now let me get into some further details of the quarter. Broadband subscribers declined 104,000 in the quarter. We saw the typical seasonal benefit from back-to-school activity as well as the early traction from our new go-to-market initiatives, but this was more than offset by the continued intense competitive environment.

The rollout of our new everyday pricing structure at the end of June, combined with the success of our free wireless line offer, caused a deceleration in our broadband ARPU growth, resulting in 2.6% growth this quarter. As we continue to transition customers to more consistent pricing and ramp up free wireless line additions, we expect ARPU growth to step down more than 1 point in the fourth quarter.

And we expect continued pressure on ARPU in early 2026 as our current plan is to not take a rate increase in broadband in the early part of next year.

As we've said, this pivot we are making will take time, but it sets the foundation for a far more stable broadband base in a more challenged competitive environment, and we're confident we're on the right path.

And while we invest to stabilize broadband, wireless is our core growth engine. On that note, convergence revenue grew 2.5%, supported by mid-teens growth in wireless. Wireless net additions hit a new record at 414,000, and nearly half of our residential postpaid phone connects came from customers taking a free line, which is a great way to bring new customers into the ecosystem.

At the same time, we saw a strong uptake in our new Premium Unlimited plans, enhancing our position in the high-value postpaid market. Our total wireless lines are now approaching 9 million, with penetration of our broadband base surpassing 14%, and we're pleased with the momentum in wireless net additions.

Looking ahead, in the second half of next year, many of the free lines will come up for monetization. Our intention is to convert the majority to paying relationships, which should provide a significant tailwind to convergence revenue growth at that point.

Turning to Business Services, consistent with prior quarters, revenue was up 6% and EBITDA grew by nearly 5% in the quarter. In the SMB segment, we're seeing elevated competition, particularly from fixed wireless. Despite this, we still delivered modest revenue growth by driving ARPU higher through increased adoption of our advanced services like cybersecurity, cloud solutions, and Comcast Business Mobile.

Where we're seeing real momentum is in our Enterprise Solutions, which continues to be a key growth driver. These customers have more complex needs, and we're leaning into deepen relationships and expand our advanced solutions mix. It's a segment where we're investing, and we expect continued strong growth.

In Content & Experiences, there are a few items I'd like to highlight. At Parks, we delivered another strong quarter with revenue up 19% and EBITDA growth of 13%, benefiting from the first full quarter of Epic Universe. We're really pleased with the early results from Epic, which are driving higher per cap spending and attendance across the entirety of Universal Orlando.

We remain focused on expanding ride throughput as we build to run rate capacity and expect Epic to continue scaling over the next year with higher attendance, stronger per caps, and improved operating leverage.

At Studios, we had solid theatrical results led by the strong performance of Jurassic World Rebirth early in the quarter, which has grossed nearly \$900 million in worldwide box office and pushed the franchise's cumulative total to \$7 billion. While this success contributed to top line growth, Studios EBITDA was impacted by higher marketing spend tied to our larger film slate this year.

Looking ahead, we're excited for a strong fourth quarter slate, including the highly anticipated release of Wicked: For Good, on November 21.

In Media, excluding the comparison to last year's Paris Olympics which generated \$1.9 billion in incremental revenue, revenue increased a healthy 4%. And on the same basis, Peacock revenue grew at a mid-teens rate driven by strength in both advertising and distribution.

Advertising was up 2.6%, our best result year-to-date, fueled by sports with the strong return of Sunday Night Football. In fact, our 20th season is our highest grossing season to date. Distribution revenue grew 1.5%, supported by 25% growth at Peacock.

Overall Media EBITDA increased 28%, driven by nearly \$220 million year-over-year improvement in Peacock losses, which landed at a loss of just over \$200 million in the quarter. Peacock subscribers were flat this quarter as the strength of our content slate late in the quarter as well as our strategic distribution initiatives offset the impact of additional churn from our in-quarter \$3 rate hike.

Looking ahead, the NBA just premiered on NBC and Peacock last week and is off to a great start. While we expect a positive impact on advertising and distribution revenue, it also introduces a new expense. As we've said, we'll straight-line the amortization of these sports rights, which will create some upfront dilution, particularly in the first season, with the game counts driving quarterly realization of this expense.

But over time, we'll offset this through advertising growth, a recent record upfront tied to sports, including the NBA, is a good indicator, and through subscriber acquisition and monetization across both linear and Peacock. We also expect to optimize NBCUniversal programming investment across sports, entertainment, and news.

Now I'll wrap up with free cash flow and capital allocation. As I mentioned earlier, we generated \$4.9 billion of free cash flow this quarter, up significantly year over year. And year to date, we have generated \$14.9 billion in free cash flow.

The increase in the quarter was driven by a tailwind in cash taxes from the new legislation, along with favorable working capital timing, particularly around studio production spend, and the comparison to the Olympics.

These benefits were partially offset by higher organic investment with total capital expenditures of \$3.1 billion this quarter, reflecting increased spending in Connectivity & Platforms, where we're investing to pass more homes, to strengthen our broadband network, and to deploy our market-leading gateways into homes at a faster rate. Our gateway is now included in our broadband offers, which is a key part of our product strategy.

On the Content & Experiences side, capital spending declined as we're past the construction on Epic that elevated capital spending last year. Through our investments and our significant pivot in broadband, we have maintained a healthy balance sheet, ending the quarter with net leverage at 2.3x. We also returned \$2.8 billion to shareholders, including over \$1.5 billion in share repurchases, contributing to a mid-single-digit year-over-year decline in our share count.

As we look ahead to next year, our capital allocation strategy remains unchanged. Our priorities are to invest organically in our growth businesses, maintain a strong balance sheet, and return capital to shareholders. That formula has served us well and it will continue to guide our approach. At the same time, we'll stay disciplined and balanced as we move through this transition.

We do have some near-term headwinds, namely the EBITDA impact from our broadband repositioning, the onboarding of NBA rights and the spinoff of Versant and its associated EBITDA and free cash flow. For those reasons, we reduced our quarterly buyback pacing a touch to \$1.5 billion in the quarter.

I'd point out that this remains one of the strongest absolute and percentage buybacks in our broader peer group. At the same time, our healthy dividend offers a yield that is multiple times the yield of the broader market. So, we believe we are balancing strong returns back to shareholders with significant reinvestment in our business, and doing so in the context of a balance sheet that provides cushion through any operating or macroeconomic environment.

With that, let me turn it over to Brian for a few remarks.

Brian L. Roberts - Comcast Corporation - Chairman & Chief Executive Officer

Thanks, Jason. Mike, as you referenced a moment ago, I want to talk about our recent leadership announcements. Let's start with you, Mike.

I could not be more thrilled to have you become our co-CEO. Working side by side for over a decade, you're an incredible partner. And now especially as we manage the pivot we're making to meet the moment in all of our businesses that you just laid out so well, you are critical to navigating our plan to achieve sustainable growth for the future.

I'm also very excited and proud for you, Dave, to become Vice Chair, working with me, Steve and all the others on the strategic initiatives as we look forward. But as I step back and think about Comcast's culture, doing the right thing, caring about people, building something truly unique, so much of that started with my dad, but has actually been brought to life for decades now by you, Dave. So on behalf of thousands and thousands of employees, a huge thank you.

And Steve, who's sitting right here, not going to speak today, we're going to start him next quarter, you have been off and running from day one when you became COO just under a year ago. All of the changes you're hearing about and have seen in our pricing, packaging, customer experience, and infusing AI across the connectivity businesses have been driven really by Steve and his energized team.

We're clearly at an inflection point in the industry and transformational moment in our company. And we now have a leadership team adding on to the great successes of the past that's leaning in to change and actionize all the plans you just heard about, and we're excited about the future.

So before we get to Q&A, Mike, back to you for one last word.

Mike Cavanagh - Comcast Corporation - President

Thanks, Brian. I truly appreciate the confidence that you and the Board have in me, and I couldn't be more excited to become Co-CEO at such interesting times in our industries. I know that I, and I think I can speak for the next wave of leaders across the company, are very eager to meet these challenges.

And we're very confident, I'm very confident, that we will drive value over the next several years on the back of the strength of our people, our business assets, and the strategies that we already have in flight. And we'll make whatever adjustments need to be made, but couldn't feel more excited and more confident.

So with that, I look forward to diving into your questions. And back to you, Marci.

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

Operator, let's open the call for Q&A, please.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

Michael Rollins, Citibank.

Michael Rollins - Citi - Analyst

Congratulations, Mike, on being named co-CEO, and Dave becoming Vice Chair. Just a couple of questions, so first on broadband. Just curious if you could share some more context around the evolution of ARPU and what you're seeing in terms of customers migrating to the new plans and the opportunities to build better retention, but the cost of that coming through on the revenue side.

And then on convergence, you referenced the 2.5% growth in the quarter. As you continue to market the new slate of offers and promotions, is there an anticipation that this rate of growth should improve over time? Thanks.

David Watson - Comcast Corporation - Chief Executive Officer, Connectivity & Platforms

Mike, this is Dave. So let me, if I could, just take a quick moment -- I appreciate your comments on Mike and I and Steve, but I do want to just take a brief moment to say what an incredible privilege it's been to help to lead this team in this business.

Working alongside Brian, Mike, Jason, and the entire management team has truly been the highlight of my career. Very proud of the progress that we've made, Brian touched on some of that. But we've built a world-class network and the products that set the industry standard.

And leaning in with new businesses and wireless and Comcast Business, which continue to create real momentum, I'm optimistic about the future. There's so much opportunity ahead as we bring our broadband, wireless, and entertainment products together, and we'll continue to innovate.

And that's why I'm so confident in Steve. As Brian said, Steve and his team are leading these big changes that we're rolling out. Steve is an exceptional leader; thoughtful, decisive, and focused on innovation, customer experience, and execution, qualities that will position us for success in the years ahead.

I want to thank our teams across Comcast for their relentless focus and hard work every day. It's been an extraordinary journey, and I look forward to what's ahead for all of us.

So, speaking of what's ahead, let me answer your question on the revenue side, on ARPU, and then hand it over to Jason to talk a little bit about convergence. So given the investments we're making, as we've said, it's unlikely that we'll be able to grow ARPU in 2026, especially in the early part of the year.

But part of it is, to your question, Mike, we're going to be very active, and we are active, migrating customers to the new pricing and packaging with lower EDPs, an all-in approach, and of course, all eligible for that free mobile line.

So as Jason said, and you talked about the timing in Q4, and the current plan is to not take a rate increase in broadband in the early part of the year. But we're real confident that we can get back to ARPU growth as we migrate through and manage through the transition.

So, we are very focused on the tier mix and the higher packages. So we're being deliberate and focused to the base on how we're going to the customers and through multiple ways. And most certainly, as you brought out, retention is a key one. And so tons of value that we have with the free mobile line and the all-in approach that we have in the lower EDPs.

In Q3, nearly half of our resi postpaid phone connects were free lines. So it's working, you saw it through the phone results. And it gives us longer-term growth potential as these migrate off and convert later on next year.

So, we're very focused to the base and will not be hesitant to move the customers to these new packages, and we'll take every appropriate opportunity to do that. No specifics in terms of the actual migration amounts, but our focus is long-term revenue growth, that's sustaining and continuing to work on the competitive landscape and getting customers into these packages. So that's the overall view in terms of our ARPU management.

Jason Armstrong - Comcast Corporation - Chief Financial Officer

Yeah, Mike, let me -- maybe I'll put those two questions together, as Dave said, sort of the broader strategic framework, which is we're in a transition period, we're pivoting, but the mandate here is let's get to the other side as quickly as possible.

And Dave, Steve, and team are driving towards that. So that's the common thread. If you look at the repackaging we're doing, whether it's five-year price locks, whether it's free wireless lines, we're seeing good uptake. And we're moving the base along as quickly as possible and there's no mandate to slow that down. Instead, let's get to the other side.

And so as you've seen, that's going to create a little bit of ARPU pressure. You saw that in the quarter. You'll see it again next quarter. We're not taking a broadband rate hike, at least in the early part of next year, so that will compound the pressure a little bit more. Saying that, we're adding a lot of wireless lines and we're adding free wireless lines.

So if you think about sort of the other side of this, vast majority of our base on super competitive broadband pricing where we're a lot more competitive than we used to be and wireless lines more broadly deployed in our base and a bunch of free lines that right now are diluting ARPU, but we are absorbing the cost for them.

We're proud of what we're seeing. We're actually seeing people activating. We're seeing them using the lines, which portends, I think, good things for the activation rates next year and our ability to translate those into paying lines. So what is a headwind right now in the form of wireless to our broadband ARPU becomes a tailwind. And so we're setting ourselves up for the other side, but there's going to be some near-term headwinds as we said.

Mike Cavanagh - Comcast Corporation - President

And I'll just add, long term, I completely agree with what Jason said, but this is Mike. We're encouraged when you look at how fiber pricing, broadband pricing is increasing across the industry. That's quite a good backdrop for where we're taking the business over the long term, as well as the continued data usage across our networks, which continued to grow this quarter, up 9% year over year.

So continued strong growth in the use of the service. So good backdrop for, once we get to the other side, confidence that we'll have a revenue growth in the broadband business in the years ahead.

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

Operator, we're ready for the next question.

Operator

Michael Ng, Goldman Sachs.

Michael Ng - Goldman Sachs Group Inc - Analyst

I wanted to just ask a little bit more about the trajectory of C&P EBITDA next year. We obviously talked a lot about the ARPU side. Just on the OpEx side, could you talk a little bit about the investments that you're doing there, whether that be in CPE, sales and marketing, or customer service to support the reset here?

David Watson - Comcast Corporation - Chief Executive Officer, Connectivity & Platforms

Sure. This is Dave. So we talked about, and Jason, Mike, myself, talked a little bit about the revenue approach being aggressive, deliberate on getting to new and existing customers, the new packaging and the simple, transparent approach that we have. So that has an investment attached to it.

But in addition, we're also focused on making sure the Media supports the strategy, the marketing sales channels, everything, and the experience, in particular, is consistent with everything that we're doing. So we are investing in sales channels and in marketing.

But the biggest impact where we will experience in terms of timing, is the things that we've already talked about in terms of free mobile line, the revenue investments that we're making – there's a ton of activity, but the marketing effort connected with the customer experience improvements, making sure that every tool, every aspect of the business is going to continue to improve, those are things that are just as important.

Jason Armstrong - Comcast Corporation - Chief Financial Officer

And I think along with that, just to round out the question and cost opportunities, I think we -- the team to their credit has been fairly aggressive in cost rationalization. You've seen that more recently with some realignment around divisional structures and cutting out layers in the company. So that continues at pace. A lot of that, though, obviously being reinvested in the pivot, which we think is the appropriate thing to do.

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

Operator, next question, please.

Operator

Craig Moffett, MoffettNathanson.

Craig Moffett - MoffettNathanson LLC - Analyst

Two questions. First, Dave, I just want to say congratulations on an exceptionally successful and long run as President of the cable side of the business. Two questions, if I could. First, I have to ask about all the speculation about Warner Bros. Discovery.

So Brian, if you could just share any thoughts about how you think about those assets, the complementarity of those assets and whether or not, in this political environment, M&A of that kind is even possible. And then on the cable side of the business, I wonder if you could just talk about the transition at Verizon to Dan Schulman and whether you expect that to have any implications for the relationship you have with Verizon and the MVNO?

Brian L. Roberts - Comcast Corporation - Chairman & Chief Executive Officer

Let me kick it over to Mike as co-CEO to answer those questions. But on the second one there, on Verizon, we wish him well and we have an important relationship with Verizon, and we are confident that we'll find ways to work together very successfully in the future. But Mike, why don't you take the --

Mike Cavanagh - Comcast Corporation - President

Sure. Our Media M&A, or M&A generally, I mean, I think we've said repeatedly and I'll say it again, that the bar is very high for us to pursue any M&A transactions given how strongly we feel about the businesses we have, the strategies we're pursuing, and the opportunities we have ahead of us.

So that continues to be an important anchor point for how we think about things. Second point I'd make is that you should expect us to look at things that are trading in the space around our industry. So it's our job to try to figure out if there's ways to add value.

But I would point out that with the kind of Versant spin, we've set NBC Media business up pairing Peacock on the streaming side with NBC Broadcast. You've seen lots of news lately about us attracting the NBA and Taylor Sheridan and the like over the long term, and you put that business alongside one of the finest Studio businesses in the industry and our Parks business, and I think the strategies we have are really sound and durable without M&A.

That said, the question about what's feasible to get any deals through, obviously, the fact that we've been taking the path of setting Versant up as our cable network business to pursue strategies that didn't fit inside the sort of the new NBC Media business, with great strength in assets and the cash flows they have with light leverage, and that is on track to happen, you can expect that any view we would have about other media assets that could be complementary to our existing Media business would be of the same sort.

So in this case, it would be streaming assets and studio assets since there's no other parks assets out there, and that makes us such a unique company ourselves. So I think in light of that, what we'll be looking for and what we're going to look like post the Versant spin, I think more things are viable than maybe some of the public commentary that's out there.

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

Thanks, Craig. Operator, next question, please.

Operator

Ben Swinburne, Morgan Stanley.

Ben Swinburne - Morgan Stanley - Analyst

I guess two questions. One, I wanted to get a sense a little bit of how you're thinking about the conversion of free wireless lines to pay next year. We've sort of seen this in others in the industry. But how are you guys just ensuring that the customer quality is there and making sure you're putting in kind of the right guardrails, so that when you get to that point a year from now, we see that nice uptick in convergence revenue growth?

And then, Jason, you mentioned a couple of things on Epic, focusing on expanding ride throughput, etcetera, operating leverage. Can you just talk a little bit more about what you were referring to there and kind of what we should expect as we move through 2026? Thanks so much.

David Watson - Comcast Corporation - Chief Executive Officer, Connectivity & Platforms

Let me start, Ben, this is Dave on the wireless migration. So we've had solid momentum leading up to this quarter. We've been in 300,000-ish net new additions prior to launching the free line package. So we just stepped up to a nice level for the first time, a new record that we've all been talking about.

I can't think of too many other things that are as important as making sure quality connects coming in, and there's going to be a real focus around making the transition to paid status for those free lines as they come off next year.

So we have a lot of experience with promotional activity, very accustomed to proactive and reactive approaches and we've watched it closely in the marketplace, those that have done this. So tried to learn quite a bit. But our focus has been and continues to be providing real choice in the marketplace. And we've been very consistent going after quality, high-end segments.

We want to compete in every segment, and so whether it's broadband and mobile or broadband and other packages. And we've launched, for example, new high-end wireless tiers that have been really attractive in the marketplace. And so that's a good sign. We've seen these new wireless plans, our gig speeds, 4K, the ultra-high-def streaming capability, more WiFi hotspots, advanced spam call protection, and guaranteed device upgrade capabilities.

So you can see our focus is to stay very much, and when we go after mobile relationships, we'll maintain the history that we have going after the best customers. And the experience itself, I think, is critical. And we continue to make sure people know we have the best along with great mobile service, great WiFi, and that it all comes together and converged in a way from a product experience that it really works in. So the migration activity next year, we will be all over. That will be an important part of our plan.

Jason Armstrong - Comcast Corporation - Chief Financial Officer

And Ben, it's Jason. Just rounding that on wireless. The steps we've taken this year, I think, broadly, were to get after two particular issues in our wireless space. So on the one hand, we've got 14% penetration of our broadband base. That's a lot of progress in seven years since launching wireless. So that's terrific. On the other hand, it's a captive base to sell into. So we all think our natural penetration over time is a lot higher than 14%.

Two things related to that. Number one, an awareness issue in our base, which the solution for that is, if you don't know about us or don't trust the network, the product, etcetera because you haven't had any exposure to it, what better way to do that than a free line for a year? So that's designed to sort of push through that side.

And then the other, I think, critique was, can you really serve the high end? Historically, we launched on a By-the-Gig plan that was sort of our niche early on in the market, that's not a high-end plan. We've evolved since then and more recently, with the Premium Unlimited plan, exactly what Dave was talking about, that is a very competitive plan with high-end wireless. That is full data allotments, that is access to handset upgrades on a regular cycle. So very much looks like a typical high-end postpaid plan.

So rounding that out, I think we're kind of -- we're set to be much more competitive in wireless. This is an investment year, obviously, as we push free lines into the base, but this sets us up well beyond that.

Mike Cavanagh - Comcast Corporation - President

And then on Parks, let me just step back on that. We had another strong quarter. Revenue is up 19% and EBITDA up 13% year over year, and that's, of course, driven by the first full quarter of Epic. Orlando, broadly, the full resort of Orlando is very strong. So we're very pleased.

The idea was to have Epic head us towards a weeklong vacation type of experience. And what we're seeing as Epic is now in the market is that it's driving higher per cap spending and attendance across the entirety of Universal Orlando. And one of the nice things is that lesser cannibalization of attendance from our two pre-existing parks than we had expected.

In terms of Epic itself, our focus now is just driving increased ride capacity. It's a new park and very technologically advanced. So working on the labor and the kinks to drive it to full capacity. We've been holding back a little bit to make sure the experience is what we want it to be. So we expect it to fully scale up in the months ahead, and we'll really be driving higher attendance per caps and improved operating leverage, which is what Jason referred to as you look out over the next year plus.

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

Thanks, Ben. Operator, next question, please.

Operator

Jessica Reif, Bank of America.

Jessica Reif - Bank of America - Analyst

Two things. Given the meaningful sports investment plus the overall content investment at Peacock, what are your plans to scale up, if any, globally? If you are, do you need to participate in M&A to actually do that? And if not, I know there was an earlier question, but what is your view on NBCU's competitive position if you don't participate since this seems like a moment in time?

And then the second thing, if you could talk a little bit more -- in more detail about your advertising outlook. We saw Google had like really strong results yesterday. Maybe you could drill down a little bit on -- not that you're competing directly, but just what you're seeing in your various lines of business, both Cable and Media, and how the move towards programmatic might be affecting those businesses? Thank you.

Mike Cavanagh - Comcast Corporation - President

Sure. Well, on the first, I kind of said what there is to say about the business. I think NBC is -- just look at the partners we've attracted, and again, on the talent side from, Taylor Sheridan, Jason Blum, Chris Meledandri, Steven Spielberg, Jordan Peele, and others. I mean we just have a -- and Christopher Nolan, coming up. So obviously, Pay-One movies and originals are a piece of the pie of driving scale in Peacock.

And likewise, sports. Sports has been very successful for us. It's live as a lot of the coverages had, and it's hard to build the kind of portfolio that we have. So obviously, you have to pay the bill to meet the market. But beyond that, you have to produce it well.

And I think some of the -- and NBC Sports has just got a great tradition of working with partners. And so I think many partners look to us to broaden their reach, increase the brand of their own properties.

And I think that's a durable advantage for NBC broadly, so I don't think M&A is necessary. And you think about the nature of sports is fundamentally market by market as opposed to global. We do have the Olympics, but those rights are in the US. So I think that's where I'll leave it on that front.

And on the advertising front, another strong quarter, we're up 3%, excluding last year's Olympics. And again, sports is a big driver. Sunday Night Football returned, 20th season, the highest grossing season to date. So we had a strong upfront, and we're using more and more programmatic and digital. And obviously, as we talked in prior calls, Peacock is up over 20% year over year in this past year's upfront, and that was one-third of NBC's total upfront commitments.

So feel good that the balance between linear and digital, particularly as we look to what our portfolio is post Versant spin, is balanced and strong and benefits greatly from sports and the other properties, Pay-One window, and NBC content and originals in Peacock. Dave, I don't know if you want to add anything on the advertising side on cable. But I think there, it's sort of similar trends.

David Watson - Comcast Corporation - Chief Executive Officer, Connectivity & Platforms

Very similar.

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

Operator, we have time for one last question.

Operator

John Hodulik, UBS.

John Hodulik - UBS - Analyst

Great. Maybe a follow-up to a previous question. Is there evidence that wireless and convergence in general is lowering churn in the broadband base? And if we focus more just on the free line promotion, is that helping the overall trend as it relates to new connects?

And then a second question on the business market. Business trends have held up pretty well, actually been pretty stable. And I realize you have the acquisition in there. But you guys gave a lot of forward comment on what I think related to the residential business, but how do you see competition shaping up in the business market? And can those business trends sort of remain pretty solid right now, as you look forward?

David Watson - Comcast Corporation - Chief Executive Officer, Connectivity & Platforms

Let me -- this is Dave. In terms of -- when we add wireless to the relationship, it's positive, the impact to churn. So it has been, continues to be. From the impact to the free line plan, part of the deliberate strategy that we have is really a longer-term bet. On the connect side, there's a little bit of an uptick of help, but it's really a longer-term bet around churn.

Already, has been noted by Jason and Mike, that we're really encouraged by the early results. The fact that we have this step up to 400,000 is a real opportunity, not just in terms of relationships that we'll continue to build, but it's also an opportunity financially down the road as they convert. But it's the longer-term bet around churn, that's where the benefit is.

Business Services, it is competitive. There's more activity in fixed wireless as we've seen the telephone companies talk about that. There's a fair amount -- we have, I think, a really good portfolio though. We've done -- I think Ed Zimmermann and the team, and Steve driving that as well, \$10 billion and growing in terms of mid-single digits, great margins, and a huge addressable marketplace at over \$60 billion.

So we've become a leader in the small business space. We are the challenger when it comes to mid-market and enterprise. And there's just upside as you look at how the strategy has come together around expanding relationships. But as importantly as anything, adding more capability and more value and the additional services. And we're just getting going in terms of mobile in Business Services.

So we're thrilled to have a great relationship with Verizon as noted, but we're thrilled to have the new relationship with T-Mobile to be able to go after the Business Services side of things. Mobile is just one more great product to add to the portfolio around everything else that we're doing. So a lot of upside on the Business Services area.

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

Thanks, John, and thank you for everyone joining our call this morning.

Operator

Thank you. That does conclude today's conference call. A replay of the call will be available starting at 11:30 AM Eastern Time on Comcast Investor Relations website. Thank you for participating. You may all disconnect.

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