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CORPORATE PARTICIPANTS

David N. Watson *Comcast Corporation - President & CEO of Comcast Cable*

CONFERENCE CALL PARTICIPANTS

Philip A. Cusick *JPMorgan Chase & Co, Research Division - MD and Senior Analyst*

PRESENTATION

Philip A. Cusick - *JPMorgan Chase & Co, Research Division - MD and Senior Analyst*

Hi. Thanks for joining us. Welcome to the 51st Annual JPMorgan TMC Conference. I'm Phil Cusick. I follow the communications and media space here. I am joined by Dave Watson, President and CEO of Comcast Cable. Dave, thanks for joining us.

David N. Watson - *Comcast Corporation - President & CEO of Comcast Cable*

Good to be with you, Phil.

QUESTIONS AND ANSWERS

Philip A. Cusick - *JPMorgan Chase & Co, Research Division - MD and Senior Analyst*

Nice to see you. Your role changed a bit recently to be global, and the presentation of the company has been shifted a little bit. Maybe just talk about your overall role and how things have changed first.

David N. Watson - *Comcast Corporation - President & CEO of Comcast Cable*

Sure. The group that we developed is the Connectivity & Platforms group to really represent how we're running the business and looking at scale, looking at innovation, all the things that we do. So it's the U.S. Cable business. It's the direct-to-the-consumer, international business with Sky, lumping those things together and taking the best of kind of across the enterprise.

And when you look at it, the thing that jumps out, it's 52.5 million customer relationships, all spending about \$100 per. So it's a pretty good, solid business right from the get-go and positions us well, I think, for the growth areas.

And we have a couple that are -- not just one, several actually, that within this Connectivity & Platforms group. One is domestic broadband, domestic wireless, international connectivity and then business services. You take those 4 together, you have a \$40 billion run rate collection of growth-oriented, high-margin businesses and growing in the high single digits.

So you look at each one of them, 32 million residential broadband customers, loyal, solid base, good churn performance and solid ARPU at 4.5%. The wireless has tons of upside surrounding broadband with that. You look at then connectivity, you have business and international is the -- breaking that one down. It's a \$3 billion business, growing at a nice clip. And then business services from 20 years ago, it was 0 revenue. Now we're approaching a \$10 billion run rate, the EBITDA at \$5 billion, margins that are approaching 60%.

So there's a good collection there. We know we're up against some headwinds but -- the macro issues, but when you come back to it in the first quarter, we grew EBITDA within this category, Connectivity & Platforms 4% and grew, expanded margins by 160 basis points. So we're off to a good start with this new collection.

Philip A. Cusick - JPMorgan Chase & Co, Research Division - MD and Senior Analyst

Okay. So you started with domestic cable and broadband. And I think the big question for a lot of people in the room is where are we in the broadband sort of growth cycle? We had a big wave of growth in COVID. Housing sort of slowed pretty dramatically. Is this a business that can grow in the long term? Or are we sort of done with that period of growing broadband subs?

David N. Watson - Comcast Corporation - President & CEO of Comcast Cable

I believe strongly that we will grow customers over time. I think that there are the near-term headwinds, the macro issues, it is intensely competitive. There's no question that you have a new wave of competitors that enter the marketplace, you have that.

But when you think about the reasons why I'm confident of our ability to grow, it's that we have the best product. It's ubiquitous. We continue to consistently and steadily have invested in the network, not only for speed, but for capacity, coverage, best products, best gateway devices.

So I like our competitive position now, but in the future then you look at the ability to surround broadband with products like mobile. And it's -- competitively, I think we're in good shape. But then you do have these macro headwinds that we're facing.

So having said all that, you have the 32 million broadband relationships that are solid. Churn is one of the most important metrics in any subscription business, wireless or cable, and ours is still below the prepandemic levels. So really solid, and we're able to grow ARPU, and we grew that 4.5%.

So when you look at growth in the near term, we will get to, I think, longer-term growth opportunities. And one of the reasons you noted in the past is that we're going to add this year alone about 1 million passings. And the passings are a collection of hyper-builds, of fill-in within our footprint and edge outs.

And so in '22, we added 840,000 and then now with 1 million passings. So you add all those things up over time, I'm pretty confident we'll get there. But we're also, I think, very focused on managing the macro issues with discipline, cost controls around video, fixed wireline, phone and just real extreme focus around the margin, high-margin, high-revenue growth areas. That's our focus. That's the top priorities for us.

Philip A. Cusick - JPMorgan Chase & Co, Research Division - MD and Senior Analyst

Okay. Before I follow up, there are seats in the front if anyone want to come up. I'm not offended if you do, so please come and sit rather than stand.

So let me follow up on -- you talked about churn. And part of, I think, why churn is down for everyone is that just moves are down pretty massively overall. Is churn down even more than that?

David N. Watson - Comcast Corporation - President & CEO of Comcast Cable

I think churn, that's a significant contributor. The fact that just the macro issues, people are just moving less, and so that is a piece of it. But I also felt, and when you look at our trending, you have to go back where our trending was before. And our trending for churn was steadily coming down. And it was never at a rate that was -- it was best in class for the longest stretch, but it kept just getting better prepandemic.

So there was the pull forward, the macro issues, but some of this is just building out the best broadband product in the marketplace. And when you segment the base, then you have an opportunity to deliver value. And then things like mobile, being able to go to double-play households, triple-play households and give them the packaging that they wanted and putting them in the right position, I think all those things have helped churn.

I would also say that focusing on the customer experience, we've been relentless on that, taking out unnecessary transactional activity at the same time, improving the experience, that has helped. So I think there's been a lot of contributors towards good churn performance, but certainly, the macro impact is part of it.

Philip A. Cusick - JPMorgan Chase & Co, Research Division - MD and Senior Analyst

You mentioned segmenting the base in both on the call and then Brian, last week, mentioned going after more of the low end. And on your website today, I think there's a \$25 offer. Is that something that is a new focus for Comcast, and you need to sustain that?

David N. Watson - Comcast Corporation - President & CEO of Comcast Cable

No. First off, segmentation, you really got to break it down that every day in a very large subscription business, you have acquisition activity, you have base management, you have retention. I think a lot of people think about segmentation when you think about offers upfront, but there's so much activity that goes on every day with great customer relationships that you are actively managing. So there's acquisition, base management and retention. We've been doing segmentation really forever. So we've been at this for quite some time.

And when you look at it, the net impact is this balance between share growth and revenue, ARPU. And so I think we have pretty good performance. And even without subscriber growth in broadband, we like our revenue performance and ARPU.

When you think about the -- where we start with segmentation, we start in the high end. So we start in the high end, and we -- I think the network activity that we have, we have this project where we're upgrading our existing footprint. We're 20% upgraded with the existing project that we talked about, mid splits going deeper with fiber and then giving 2 gig down and then a really healthy increase to upstream.

So -- and then at the beginning of June, we're announcing that we will be providing throughout the entire footprint multigig symmetrical. So it puts us in a position to be able to constantly be focused on the high end of the base because that's where the customer is going. The customer is going -- there's just more engagement.

When you think about broadband consumption, you have the non-video broadband customers using 700 gigabytes. And then you have the sheer amount of WiFi-connected devices. Throughout last year, we had 1 billion WiFi-connected devices.

Now granted, there's a handful of power devices that determine a lot of the consumption, but that's a lot of devices. And what's happening is there's kind of a new peak moment that's emerging. And peak moments are streaming, gaming, all happening in a relatively close period of time.

You manage a network, whether you're wireless or cable, for these peak moments. And so we start with the high end. But we surround broadband with other products that help us compete in every segment. We do have an announcement that we'll talk about because mobile has been a great part of our portfolio.

But we have -- about 1.5 weeks, we'll be launching a product called -- a streaming video product called NOW TV. And NOW TV will be something that we can have as a companion to broadband. It's a streaming product that really provides the best of Comcast.

And starting with the fact that NOW is a Sky brand, and working with Dana and the team over there on that. It has the -- it will be -- Peacock will be included. It will have live linear, it'll have the Xumo fast channels. It will have the best platform that is out there. That is the same platform that fuels X1, essentially Sky and Flex and so voice activity. It's just a great aggregation platform...

Philip A. Cusick - JPMorgan Chase & Co, Research Division - MD and Senior Analyst

Is it box?

David N. Watson - Comcast Corporation - President & CEO of Comcast Cable

With video. It will have a -- similar to Flex, it will have the puck device that will be available. And -- but it's easy. It will be super easy to get, no contracts, no additional fees, and it will be \$20. So...

Philip A. Cusick - JPMorgan Chase & Co, Research Division - MD and Senior Analyst

\$20 a month or \$20 cash?

David N. Watson - Comcast Corporation - President & CEO of Comcast Cable

\$20 a month. And it will be for us the way we're able to position, it will be accretive. So we're able to do this next-generation video tiering with the ability to make it financially accretive. But at the same time, I think it's going to be a great companion to broadband.

So you break down between the 2, you have the book end, you have the high end, multigig symmetrical. That will be...

Philip A. Cusick - JPMorgan Chase & Co, Research Division - MD and Senior Analyst

Plus great WiFi.

David N. Watson - Comcast Corporation - President & CEO of Comcast Cable

Great WiFi, great devices. And then you have mobile with broadband, and you have NOW TV, which is a great starter video service, priced attractively but still will be financially accretive for us.

Philip A. Cusick - JPMorgan Chase & Co, Research Division - MD and Senior Analyst

And you're pulling my over-the-air linear channels? Where is the linear?

David N. Watson - Comcast Corporation - President & CEO of Comcast Cable

We have a handful of video partners. We have Xumo already has a robust set of fast channels that we're doing. So we're -- this is all streaming. So it's a streaming video tier, but Peacock will be included, Peacock Premium. So we're able to give sports, live TV, the film, television, it's a good collection.

Philip A. Cusick - JPMorgan Chase & Co, Research Division - MD and Senior Analyst

I imagine the hope is that we'll go into your other cable partners that use your technology around the hemisphere anyway?

David N. Watson - Comcast Corporation - President & CEO of Comcast Cable

I think it opens up the notion that there's -- there will be a next generation of packaging opportunities that -- giving us the ability to reimagine a more, I guess, profitable way of delivering video but packaging it with broadband. And that's, that next-generation double play or even triple play in that you can combine now mobile, you think about it, it's a great -- you can layer on other streaming products if you want, Peacock's included. But \$20 is a great starting point.

Philip A. Cusick - JPMorgan Chase & Co, Research Division - MD and Senior Analyst

Yes. It turns out that aggregating video might be a good business.

David N. Watson - Comcast Corporation - President & CEO of Comcast Cable

It could once again.

Philip A. Cusick - JPMorgan Chase & Co, Research Division - MD and Senior Analyst

Someday. Okay. So I do want to go back to the lower end for a second, just one more question there. ACP is something where we were surprised recently to see that Charter gets 4x the revenue in that segment as you do. Is that an opportunity? And do you think that's a sustainable subsidy that you want to go after?

David N. Watson - Comcast Corporation - President & CEO of Comcast Cable

We've looked at the ACP as an opportunity, the predecessor, the first-generation product and then ACP. We think it's a great opportunity. I think we've been good stewards of how to run the program and being very thoughtful in terms of eligibility, making sure it's a good experience like every segment that we do.

So we think it's a very attractive program, and we're all for it. What we want to do is just make sure we're delivering it to the right customer and doing a good job fulfilling it. So I think it will be an ongoing. We'll see where it goes long term, but we're right there and participating and trying to get customers that are eligible into the program.

Philip A. Cusick - JPMorgan Chase & Co, Research Division - MD and Senior Analyst

And that low end was, I think, a couple of weeks of it was what took first quarter to positive subscribers.

David N. Watson - Comcast Corporation - President & CEO of Comcast Cable

To your earlier question, we always do come in. And so what we segment the base, we'll go in with offers in the \$25. You look, there are some \$35 offers out there. We're trialing \$50 offers with a mobile extension included.

And so there are different offers. We've always done that, the ability to go into different geographic areas, test things, learn from it and move on. And the net of this when you do segmentation is still solid ARPU growth in broadband of 4.5%.

Philip A. Cusick - JPMorgan Chase & Co, Research Division - MD and Senior Analyst

And the seasonality you've talked about is sort of you've expected less-than-normal seasonality this quarter as sort of the base evens out through the year a little bit. Is that still something that is valid?

David N. Watson - Comcast Corporation - President & CEO of Comcast Cable

I think what's happening, you have parts of the company, places like Florida, that will have more normal seasonal activity. So people are leaving when they used to leave. And so there's just beginning to be more normal activity. It's -- I don't think you can historically completely compare it to where it was, but aspects of it will be more normal.

Philip A. Cusick - JPMorgan Chase & Co, Research Division - MD and Senior Analyst

Okay. Well, let's go back to the 1 million passings you talked about. As you said, it was 840,000 last year, 1 million this year. And comments have been that you would like to do more over time if that becomes available.

What's the sort of -- what does it look like now to build broadband? And most of this is not subsidized, right?

David N. Watson - Comcast Corporation - President & CEO of Comcast Cable

That's right, right now.

Philip A. Cusick - JPMorgan Chase & Co, Research Division - MD and Senior Analyst

Right. So how are you sort of building engines and getting ready for those subsidy programs to come along?

David N. Watson - Comcast Corporation - President & CEO of Comcast Cable

Well, first off, when you look at the entire amount of 1 million, it's -- the majority continues to be near term, the fill-ins. And so there's still activity building out too within our footprint. Then there's the ongoing hyper-builds for business services. Business services continues to be an awesome business for us, I mentioned earlier. And so a lot of capital dollars go towards business services right from the get-go.

But the third one are the edge outs. And so our focus has been to these -- that is really a key difference between the 840,000 last year to the 1 million is just more edge outs. And the way we look at it, it's proximity to current plant, density that we look at, doing it in a profitable way.

But it is a new opportunity in that we have a whole portfolio of products to be able to go to these communities with, mobile included, and being able to talk about business services, residential, so -- but we will be very disciplined in terms of profitable outcomes and how aggressive we are.

But we're having good success and at the state level, where most of these new programs are focused and handed and the applications are being reviewed and then handed out at the state level. And so we're winning our fair share. I think most of the benefit of this will begin to be seen next year. This is -- a lot of this right now is not grant wins quite yet. We'll see that activity beginning to show up next year.

Philip A. Cusick - JPMorgan Chase & Co, Research Division - MD and Senior Analyst

Has the math on building new footprint changed either your assumptions on penetration or ARPU or margin? Or it seems like this is a bigger focus of the company than it's been in a long time.

David N. Watson - Comcast Corporation - President & CEO of Comcast Cable

I think it's a unique opportunity. It's a unique opportunity that you have with the stimulus dollars that are available. It's a unique opportunity with the range of products that we now have. And then even what I announced earlier, NOW TV being able to show up with an affordable video product right from the get-go that's streaming, it certainly is a new set of variables that we have.

So it is -- but we're still extremely focused on profitable outcomes. But if you get it right in terms of proximity to your existing infrastructure, and what we're talking about is that 200-plus range, 200,000-plus range of edge outs.

And the great part about Comcast is -- and again, Brian, Mike and everybody have been -- if there are opportunities to do more, we will. And -- but we're very disciplined in how we do it. But I think the addition of the new products has added a little bit better returns, but we're going to look to build out as many as we can.

But -- and operationally, I think we're in a good position to be able to pull this off and walking through exactly how to build it. We want to be there for the communities and be that partner where they can count on us for the long run.

Philip A. Cusick - JPMorgan Chase & Co, Research Division - MD and Senior Analyst

You said about 200,000, 200-plus thousand edge outs, that's the number this year.

David N. Watson - Comcast Corporation - President & CEO of Comcast Cable

That will be this year.

Philip A. Cusick - JPMorgan Chase & Co, Research Division - MD and Senior Analyst

And that's a good run rate going forward. You think that can ramp?

David N. Watson - Comcast Corporation - President & CEO of Comcast Cable

Hard to say. We'll see where it goes at the state level, but we're going to be aggressive. This is a huge opportunity for us. So I can't give you the exact number, but we're going to be on this for the next couple of years, I think.

My sense of things in terms of funding, it will be available through next year. Different states have different times where they are in terms of the bidding process. Some got out a little bit early, and some are going through a different process.

So we're right there arm in arm, trying to help figure out the process with them. But I like that it's a little bit more seasoned right now. The capital markets are slightly less frothy right now, and you have a better line of sight on returns right now. So we're going to participate fully and completely, I think, going forward.

Philip A. Cusick - JPMorgan Chase & Co, Research Division - MD and Senior Analyst

The states that have got to, whether it's a bidding process, I don't think anyone is in an award process, are they?

David N. Watson - Comcast Corporation - President & CEO of Comcast Cable

No, some states, they've had different sources of money for some time. So they have handed out -- they've started the process of handing out grants already.

Philip A. Cusick - JPMorgan Chase & Co, Research Division - MD and Senior Analyst

And have you seen a sort of a bidding down of value in those from some of your competitors? Or it's pretty reasonable?

David N. Watson - Comcast Corporation - President & CEO of Comcast Cable

I could go on for hours talking about...

Philip A. Cusick - JPMorgan Chase & Co, Research Division - MD and Senior Analyst

We have 14 minutes.

David N. Watson - Comcast Corporation - President & CEO of Comcast Cable

Now it is -- they have a very -- and it varies by state, but they have a whole bidding process on points typically in terms of how you build it, where you build it, time to market, an assortment of different variables that go into it.

Philip A. Cusick - JPMorgan Chase & Co, Research Division - MD and Senior Analyst

Yes. Well, I'm going to go back to NOW TV because I thought Brian last week was pretty clear. To paraphrase the way I heard it was video is going over the top, period. We're going to take a football game, and we're going to put it on Peacock. This is how it's going to be. And there's nothing we can do about it, so we might as well get on board.

And so how does that change how you think about the Connectivity & Platforms business? And NOW TV is obviously a piece of that. Where do you see our all video watching in 5 years? Is that -- like what's the North Star you're looking for?

David N. Watson - Comcast Corporation - President & CEO of Comcast Cable

Well, clearly, everyone's seen the data where things have flipped. That the -- most of the engagement has gone towards streaming, but there's still moments. So I know there's a lot of speculation of what happens to sports. But I think there's still a longer runway there in terms of -- but at the same time, what we're witnessing, and we saw it already last fall, there is a new peak moment for broadband connectivity engagement, Thursday nights. So it's Amazon with football. So we're all over that.

We think that we're there for those peak moments. What I mentioned earlier, Phil, is that you look at all those devices, you look at the sheer amount of engagement. I think anyone that thinks about your own personal situation or anybody, you have to ask yourself where do you think broadband is going? And broadband is going to continue to see more streaming. You're going to see more video games, more applications. And so there'll be these new peak moments that occur in terms of streaming.

But -- and the way we look at it is that we go down to the application layer and look at our performance in terms of where our broadband network is and how we built it with one of your points, the great WiFi capability that we have with these gateway devices. And we look at the Netflix scoring in terms of the best ISP. We have the top score for that.

We look at gaming companies in terms of lag rates. We perform extremely well. We got top scores for that. Speed test, we do -- so we look at streaming, we look at applications. And I think we're positioned well for today, but where the network is going, we're building for the future as well.

That's one of the -- I think one of the most important parts. There's not this peak moment, a bubble that's happening. We're planning out capital, I think in a very thoughtful way that people can understand and doing that now with this new Connectivity & Platforms group with clear line of sight in terms of how we're going to spend capital. But we're getting prepared for where I think the customer is going, not where they're at right now.

Philip A. Cusick - JPMorgan Chase & Co, Research Division - MD and Senior Analyst

You've rhetorically asked where broadband is going. I think it's going up into the right at 35%. It's not going to stop. So let's just talk about wireless really quick because this is one of the things that you can layer on top of that broadband connection.

And we've had these discussions about wireless. We've had the carriers here yesterday. And I think everybody's dinging Comcast and Charter right now, and a little more Charter than you, for going after the low end.

But what I remember, and you mentioned business services, is 15 years ago, Comcast was going after the low end in business services because that was easy, and it was sort of free pickings. How should we think about how wireless evolves over the next 5 or 10 years? Has that low-end customer base either gets -- you pick them all up or more competition focuses on it, and it sort of evens out?

David N. Watson - Comcast Corporation - President & CEO of Comcast Cable

Well, we're clearly a challenger. It's good to be a challenger in a line of business, business services and mobile. But with mobile, I think we're uniquely positioned in terms of by the gig and unlimited. But what I said earlier in terms of how we manage going after broadband, very similar way with mobile, where we focus on acquisition, base management, upgrades, downgrades and then retention.

Mobile is such a huge part of all 3 of those efforts. And one of the things that we've done in the last 1.5 years or so, we've rolled out higher tiers of unlimited in terms of performance, in terms of capabilities, and it comes at a higher price point. So our mobile ARPU is hanging in there as well because we manage things that way.

And one of the things, too, that we have, we have this companion, which is just great WiFi, and being able to have WiFi do a lot of the lifting in the home, the 20 million hotspots that we have. So we talked to our customers, not just about that we're at the low end of the marketplace. We talk about mobile as if we're the leader because we have built the next-generation mobile capability when you combine great WiFi with great mobile service.

So we have a wonderful wholesale deal with Verizon, really like our positioning there, but it helps us compete in every single segment. And we think we -- whatever they do, we get access to. So I think we're in a good position to compete in every single segment. And not surprisingly, our focus does start in the high end, but we'll compete in every single segment.

Philip A. Cusick - JPMorgan Chase & Co, Research Division - MD and Senior Analyst

So Charter talks about -- I think it's 85% of the traffic on phones is off cellular now. Is that a similar number for you?

David N. Watson - Comcast Corporation - President & CEO of Comcast Cable

Very much so.

Philip A. Cusick - JPMorgan Chase & Co, Research Division - MD and Senior Analyst

Yes. And can that keep going higher as your WiFi gets better and is more ubiquitous? Or is that sort of the right level?

David N. Watson - Comcast Corporation - President & CEO of Comcast Cable

Well, we'll see. One of the questions that gets asked is the offload, and that would be with private spectrum not necessarily WiFi, but we offload a ton in those public hotspots today. And we think of WiFi as part of our network. We literally manage it that way in terms of capacity, coverage and capabilities.

So I think that there may be opportunities. But for our offload approach, we'll be very opportunistic because we simply don't have to because we have a great MVNO, and it puts us in a position to compete aggressively all over. But we could.

And we look at the 3% of our footprint contributes 60% of the traffic in those spots we're testing. I think Charter has talked about this too, we're testing very actively that offload approach with our own spectrum. And we'll see. There's not a need to, but there could be an opportunity to do it.

Philip A. Cusick - JPMorgan Chase & Co, Research Division - MD and Senior Analyst

Yes. 3% of your footprint is still a huge number of square miles.

David N. Watson - Comcast Corporation - President & CEO of Comcast Cable

Yes.

Philip A. Cusick - JPMorgan Chase & Co, Research Division - MD and Senior Analyst

Yes. It's a big place. So I want to switch gears quickly to international connectivity recently under your group. How do you think about the opportunities here? And what's really driving what was a very strong connectivity revenue growth last quarter?

David N. Watson - Comcast Corporation - President & CEO of Comcast Cable

Yes. It really is. First off, it is great to be able to work with Dana and the Sky team, very talented group, a great brand, very well regarded in Europe and gives them the opportunity to extend into these profitable categories, broadband and mobile. So when you look at the \$3 billion in terms of revenue, 2/3 of it's broadband. You had 7 million broadband customers between U.K. and Italy. And mobile is the other 1/3, and that's U.K. So it is growing in the -- take the connectivity business in the U.K. and Italy, growing in the mid-teens, and it's a terrific business.

So we -- they've done a nice job positioning it. They also have a very thoughtful approach towards acquisition, base management, going to and helping upgrade and then retention. But really like their broadband performance and opportunities. And U.K. mobile, more to come. Outside of the U.K., we'll see, but it's -- they're doing very well so far in the connectivity business, really like the \$3 billion trajectory.

Philip A. Cusick - JPMorgan Chase & Co, Research Division - MD and Senior Analyst

Is there a need for capital in that business to own some network in those markets? Or MVNO's fine?

David N. Watson - Comcast Corporation - President & CEO of Comcast Cable

I think there are similarities between what we've done in terms of being able to strike a really good wholesale deal. I think their approach is capital light as well, but then they're able to deliver a great customer experience in -- with the U.K., and then they have great WiFi. So we're able to help with them with the same gateway devices, the same software layer that we're able to leverage.

And again, think about the 52.5 million at the beginning in terms of relationships. We have a single stack of software that will help us fuel the best video platform. And then we have the great operating system for broadband as well that can deliver great WiFi inside their home, and that's international or domestic.

Philip A. Cusick - JPMorgan Chase & Co, Research Division - MD and Senior Analyst

What's the business mix in the European businesses? Can you take that U.S. sort of knowledge and move it over?

David N. Watson - Comcast Corporation - President & CEO of Comcast Cable

That is a big opportunity for us. They do a really good job with bars and restaurants, not as much still in the early, early stages of thinking through the business opportunity. And we're absolutely -- that's one of the ones that we'll work with them on.

Philip A. Cusick - JPMorgan Chase & Co, Research Division - MD and Senior Analyst

This is the regulated wholesale opportunity for fiber the same in business as it is in consumer? Or is it tougher to get access?

David N. Watson - Comcast Corporation - President & CEO of Comcast Cable

No, I think you start with small business, and I think it's very similar.

Philip A. Cusick - JPMorgan Chase & Co, Research Division - MD and Senior Analyst

Okay. You mentioned the sort of value of putting this all together and 52 million global connections. How should we think about the sustainability of what was really amazing margin growth in the first quarter over time?

David N. Watson - Comcast Corporation - President & CEO of Comcast Cable

Well, there is a little bit of the Olympics that we had in the first quarter, but the real story to me is just the focus that we have around the revenue growth, the high-margin opportunities that we have in the 4 categories that I talked about, just the fact that we can manage the headwinds but still just go after the business services, which didn't spend a lot of time on, but think about just that one area for business services to be able to -- from 0 to 20 years ago for it to be the kind of business.

And the big part about business services is staying so focused on high-revenue, high-margin opportunities. They have a long runway ahead, really long runway.

Philip A. Cusick - JPMorgan Chase & Co, Research Division - MD and Senior Analyst

They're still shooting higher in terms of customers and potential.

David N. Watson - Comcast Corporation - President & CEO of Comcast Cable

And total growth because they have a good balance between -- we're 20% of a \$50 billion marketplace. And that's just within our footprint. If you go off-net and think about business services, which we can now do with Masergy, we can now do mid-market and deliver that throughout the world. It grows the addressable market to 70 billion to 100 billion.

So our folks starts with -- when you go to margin, it starts with just relentless focus on where is the growth and how we're going to continue to grow these businesses. So that is the main focus.

And then you go to the cost side, and we've been very focused on taking out transactional activity on necessary things, truck rolls, telephone calls, doing better with digital, doing better with customer service and a disciplined cost control around fixed costs. So just not a lot of drama, but a lot of disciplined focus around taking out where you just don't need it and how you can be a better operator.

So when you add all that up, the real story behind margin and you look at where we're at between legacy and then the fact we -- between Connectivity & Platforms, expanded 160 basis points, it's really the focus around high-margin, growth-oriented businesses. So -- and managing the ones that are a little bit harder, video and taking a disciplined approach towards profitability with those categories that have those headwinds.

So I like the runway. I like our position in the marketplace and the growth prospects. So I think the network position, the product position, competitive position, it is intensely competitive, make no mistake about it. But we've been at it for some time.

We've been up against fiber for 20 years now. We've learned a lot from it, and we're going to go through this surge where fixed wireless has a little bit of momentum. And until -- same thing we saw with fiber. Until you get a little bit of that base built, and then you start getting win-backs, you start getting a little bit more fluid activity back and forth, I believe over time that will happen. And so be back to looking at a different story with broadband, but we'll be able to grow the business because of ARPU, multiple products and disciplined approaches towards these growth-oriented businesses.

Philip A. Cusick - JPMorgan Chase & Co, Research Division - MD and Senior Analyst

And that sort of -- you bring us back to where we started. So as I -- we sort of wrap up, it seems like this is a period where you're growing the business through new products, revenue per user, sort of driving more devices into customers' homes like Now TV. At some point, you think the broadband starts growing again. And in the meantime, focusing on costs, is there any sort of new cost program that you're doing? Or is this just regular way?

David N. Watson - Comcast Corporation - President & CEO of Comcast Cable

Every year.

Philip A. Cusick - JPMorgan Chase & Co, Research Division - MD and Senior Analyst

Yes.

David N. Watson - Comcast Corporation - President & CEO of Comcast Cable

Every year as long as I can remember, we've been focused on taking a healthy approach towards cost control and a lot of it in cable, we can still get better. There's still runway for getting better around the customer experience and again doing if there's going to be a beneficiary in the AI world, it's going to be cable.

And so there have been lots of winners in that, but we will be focused on and already leveraging it and being able to do where there's a fiber cut exactly where the interval to do a better job getting to it. We're going to continue to take cost out in a disciplined fixed way.

So we're, I think, positioned well for the future, good focus on where the network is going. And it is -- I think it starts with, though, that we still have growth prospects ahead of us in these growing categories in mobile and most certainly broadband. But nice to be able to have good news for the high end, good news for every segment, including the value-oriented segment and being able to leverage our capabilities, like we announced today with Now TV.

Philip A. Cusick - JPMorgan Chase & Co, Research Division - MD and Senior Analyst

Good. Good place to leave it. Thanks, Dave.

David N. Watson - Comcast Corporation - President & CEO of Comcast Cable

Thank you, Phil. Thank you, everyone.

Philip A. Cusick - JPMorgan Chase & Co, Research Division - MD and Senior Analyst

Nice to see you.

David N. Watson - Comcast Corporation - President & CEO of Comcast Cable

Thank you.

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