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CMCSA.OQ - Q3 2026 Comcast Corporation Earnings Call

EVENT DATE/TIME: OCTOBER 22, 2026 / 12:30PM GMT

OVERVIEW:

Company Summary

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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 Corp - 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 Steve Croney.

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.

Michael Cavanagh - Comcast Corporation - President, Co-Chief Executive Officer

Thanks, Marci, and good morning, everyone. Let me start with an update on the separation of NBCUniversal and Sky.

We are on track to complete the transaction by the middle of next year and are well into the execution phase, which includes building the stand-alone public company infrastructure, and I'm pleased that Chris Halpin has joined us as NBCUniversal's CFO as we announced earlier in the quarter.

While there is still significant work ahead, we have a clear path to completion and remain focused on creating two companies with the strategic flexibility, financial strength and leadership to compete and grow independently. And we have tremendous confidence in the future of both companies. Each has significant structural advantages, a strong competitive position and substantial opportunities for long-term growth and value creation. I want to spend a few minutes highlighting what gives us that confidence.

At Comcast, we have been operating in an intensely competitive environment for some time. Fixed wireless remains aggressive and continues to take share, while fiber construction remains elevated with pockets of irrational pricing and promotional activity. And while satellite is not yet a material factor, we recognize the importance of anticipating emerging forms of competition and positioning our business to respond as the market evolves.

This quarter's financial results reflect the significant investments we're making to strengthen our competitive position, including fundamental changes to our pricing, packaging, and overall customer proposition. These investments are creating near-term financial pressure, but we believe they're necessary to strengthen customer relationships and position the business for return to growth over the long-term.

Importantly, we have a set of structural advantages that are difficult to replicate. Our focus is on fully capitalizing on these strengths through better execution and improved customer experience and a more agile operating model.

Our capital-efficient network is the foundation of our best-in-class Wi-Fi experience and the products and services we build around it. That leadership continues to be validated by independent third-party testing with Xfinity ranked number one nationally for consistent quality, download speed and video experience and recognized for the most reliable Wi-Fi in our footprint.

We're extending that leadership through network virtualization and upgrades to multi-gigabit symmetrical speeds, delivering even greater capacity, speed, and reliability at attractive economics. We're bringing the same commitment to excellence to the customer experience. The changes we've made are simplifying how customers interact with us and making it easier to do business with Comcast. We're seeing encouraging results with NPS improving both sequentially and year-over-year.

As we build on this progress by delivering greater value and a more seamless experience, we believe we can better translate our product advantages into stronger customer loyalty and retention. Wireless gives us a powerful competitive advantage in a market substantially larger than broadband.

We are the challenger with a capital-light model that avoids the spectrum and network costs of traditional wireless operators while leveraging our broadband and Wi-Fi leadership to deliver compelling value. And with approximately 90% of Xfinity Mobile traffic traveling over Wi-Fi, we're able to leverage our existing infrastructure to deliver a great wireless product at highly attractive economics.

Importantly, convergence also strengthens our core broadband business by deepening customer relationships, reducing churn and increasing customer lifetime value. And we're able to generate an attractive return across both businesses without meaningful incremental capital investment. We believe we have the best hand in convergence with significant opportunity to expand our position in wireless.

And in Business Services, we have built a highly profitable business generating nearly \$6 billion annually in EBITDA with substantial opportunity ahead, particularly in enterprise, where we're taking share in a market dominated by legacy providers by delivering more flexible, integrated solutions to increasingly complex customer needs. Our network and established small business presence provide a strong foundation, but our talented sales force is a real differentiator.

Combined with our expanding portfolio of advanced networking, security, and managed solutions, we're deepening customer relationships, capturing more of their technology spending, and extending our reach well beyond our network footprint. We're already seeing the results with solid enterprise revenue growth and increasing adoption of advanced services.

But these advantages alone aren't enough. The competitive environment demands that we execute at a higher level, move faster, and operate more efficiently. That's exactly where the team, working closely with Michael Angelakis as he prepares to become Comcast CEO next year is focused.

We're taking decisive steps to change how we operate, structurally improve our cost base, and create greater capacity to invest in growth. Building on the organizational changes Steve has made, including strategic external hires, we've embarked on the most significant operating and cost transformation in our company's history, with an opportunity we believe will ultimately amount to billions of dollars over time.

This goes well beyond cost savings. We're challenging established ways of working and redesigning how we make decisions, allocate resources and run the business to create a more agile, efficient organization that can compete more effectively and invest more decisively in growth.

Taken together, these advantages and the significant changes underway give us confidence in Comcast's ability to compete more effectively and create meaningful value for shareholders.

Turning to Content & Experiences, we're equally confident in the future of NBCUniversal and Sky. We have an exceptional portfolio of businesses, a strong competitive position and significant opportunities for long-term growth and value creation, and there are several reasons why we believe we are so well positioned.

First, we operate an integrated model across some of the most attractive and fastest growing segments of media and entertainment. At the center, are our industry-leading film and television studios, home to iconic franchises that fuel creativity and innovation across our businesses. We're also one of only two globally scaled theme park businesses, welcoming millions of guests annually and bringing our stories and franchises to life through immersive experiences.

Our media business, anchored by NBC and Peacock, reaches more than 100 million US households each quarter while Sky extends our scale internationally through a leading European media platform with deep direct-to-consumer relationships and premium sports, news and entertainment offerings, further strengthened by the proposed acquisition of ITV.

Finally and importantly, we also have limited exposure to areas facing greater secular pressure, including linear pay-TV networks.

Second, we are a natural home for the world's best creators, talent, IP, and fandoms. We attract the world's leading creators and storytellers. Across film and television, we've built an extraordinary collection of enduring franchises from Jurassic, Despicable Me and Minions, Shrek, and Fast and Furious, to Law & Order, One Chicago, Love Island, and Dateline.

This extends to live programming. We have one of the strongest sports portfolios in the industry, including the NFL, NBA and WNBA, MLB, Big Ten, Olympics and Premier League.

Beyond sports, iconic live events such as Saturday Night Live, The Macy's Thanksgiving Day Parade, and Bravo signature programming bring audiences together at scale. Creators, talent, and partners choose to work with us because they understand and value our ability to develop IP, build fandoms, and extend successful franchises across film, television, streaming, live programming, and theme parks.

Third, our open architecture approach is a real competitive advantage. Fragmentation and diversity are the reality of the media and entertainment landscape, no one company can serve every consumer with everything. In that context, we believe being a closed shop or walled garden serves both the company and consumers poorly. Our core strategy is to combine our exceptional content and distribution with select partners and third-party IP to reach audiences wherever they choose to engage.

You can see this in our recently announced bundle with YouTube, which will expand Peacock's reach and accessibility while introducing our content and brands to a new and younger audience. It's also reflected in our theme park partnerships with franchises like Nintendo, Pokémon and Harry Potter, where we bring some of the world's most beloved IP to life through immersive experiences.

Finally, we intend to enter this next chapter with a strong investment-grade balance sheet enabling continued investment in our brands, content, technology and experiences while preserving the financial capacity to capitalize on future opportunities.

Combined with our diversified revenue streams across advertising, subscriptions, licensing and experiences, we believe we are positioned to drive long-term growth and value creation.

Now reflecting on this quarter, in Media, Peacock was profitable for the second consecutive quarter and ended the period with 48 million subscribers. We also delivered the highest rated Spanish-language World Cup in US history across Telemundo and Peacock. In Studios, Universal reached another significant milestone this quarter, becoming the first studio this year to surpass \$5 billion at the global box office, led by an exceptional slate that included The Odyssey, which became the highest grossing film in the studio's history.

Finally, in Parks, we remain confident in the long-term outlook for this business. Our powerful IP differentiated attractions and world-class destinations position us well for long-term growth. While we continue to see near-term demand pressure across portions of the parks business, including in Orlando and certain international markets, we view these trends as temporary rather than structural due to the confluence of a few factors.

In addition to the macroeconomic and geopolitical headwinds we have referenced in the past, we believe two other factors have contributed to this recent softness.

First, we believe competitors were quicker to anticipate and recognize softness in demand and adapt their marketing strategies. And second, we continue to work through capacity challenges and ride throughput at Epic given the complexities of opening the most technologically advanced theme park ever built.

We are taking action to address both of these challenges. Additionally, we are investing in our management team. Earlier this month, we announced a new Chief Brand & Commercial Officer, Luc Bondar, who joins from United Airlines and started this week, and we just announced that Randy Culbertson, who until recently served as NBCUniversal's CFO, will also be joining Universal Destinations & Experiences as Chief Business Officer.

The fundamentals of the business remain strong. In Orlando, attendance, guest spending and overall financial performance remain materially above where they were two years ago and guest satisfaction continues to rise.

Looking ahead, we expect performance to strengthen as we move through 2027 with a return to growth in the second half of the year. While the path may not be linear, particularly given the broader operating environment, we remain confident in the underlying strength of the business. And in closing, as we prepare for our next chapter as an independent public company, we believe NBCUniversal is exceptionally well positioned for long-term growth and value creation.

With that, I'll hand it over to Jason.

Jason Armstrong - Comcast Corporation - Chief Financial Officer

Thanks, Mike, and good morning, everyone. I'll start with an overview of our consolidated results before turning to the performance of our businesses.

On a pro forma basis, third-quarter revenue was flat, while adjusted EBITDA increased approximately 1%. The adjusted earnings per share were \$1.07, and we generated a strong \$4.2 billion in free cash flow in the quarter.

Let me now get into more detail on our businesses, starting with Connectivity and Platforms. Mike outlined the scale of the transformation ahead and the significant opportunity we see to strengthen our competitive position and unlock the full potential of this business.

I want to build on that by highlighting three priorities where we're taking decisive action to change how we operate, structurally improve our cost base and create greater capacity to invest in growth.

First, we are fundamentally redesigning our organization. We've already made important leadership changes across customer experience, growth, and marketing. We're simplifying our organizational structure to move faster, improve execution and operate more efficiently. As part of this transformation, we do expect to take a significant charge in the fourth quarter. I'll have more on that in a minute.

Second, we're accelerating our technology transformation, product innovation, and AI adoption. We're bringing in new technology leadership to increase the pace of innovation. AI is already embedded across our network to optimize performance, and we're expanding its application across customer experience through partnerships with Sierra and Cresta. These capabilities are central to our new operating model, enabling us to bring products to market faster, simplifying customer interactions and deliver a better experience more efficiently.

We've already reduced customer service contact rates by roughly 20% and eliminated more than 30 million service interactions year-to-date versus the prior year. And as personal AI agents reshape how consumers discover, purchase, and manage services we're positioning Comcast to capitalize on that shift. In a consumer agentic world, it's logical that differentiation is a key to success, and we've got a culture of innovation pointed at just that.

Third, we're sharpening our focus on retention, delivering more value and giving customers more reasons to stay with us. We've reduced historical pain points around promotional pricing expirations. We've invested to increase awareness of our wireless product and now we'll push wireless relationships even deeper.

Our free line strategy has been a key tool in building awareness, but we're now positioned to push further on multiline customers, premium plans, and new device offerings, which meaningfully reduce churn and strengthen the overall relationship. And we'll continue to innovate with new products and features like Xfinity Shield, which we launched this quarter.

We see home security, protection and cyber as a category we can reposition for the benefit of the broader relationship. While significant work remains, we're confident these actions will strengthen our competitive position, improve operating efficiency and unlock greater earnings and cash flow potential for the long term.

Between the internal and external changes that are underway, it is our intention to provide more context early next year with Michael Angelakis joining us at that point to discuss in detail.

Now let me turn to the results of the quarter. Our performance continues to reflect the financial impact of the go-to-market changes we've made over the past year, including simpler pricing and packaging, an improved customer experience and deeper convergence through wireless. As expected, these investments continued to pressure near-term financial results with revenue declining 2.6% and EBITDA declining 4.4%. But as the quarter demonstrated, we're beginning to see modest improvement as we lap our initial investments and convert free wireless lines into paid relationships.

In the third quarter, year-over-year declines in convergence ARPA and broadband ARPU narrowed sequentially by 100 and 90 basis points, respectively, while the Connectivity and Platforms EBITDA decline narrowed by 140 basis points. We're also seeing encouraging operational indicators. NPS improved again year-over-year, reflecting stronger customer perceptions of our service experience, and approximately 45% of our broadband base is now on gig-plus speed tiers, up nearly 10 percentage points from a year ago.

Looking ahead, we expect further slight improvement in these underlying financial trends in the fourth quarter even as we continue migrating broadband customers to our new pricing and packaging and offering free wireless lines. Convergence remains central to our strategy with a focus on increasing wireless penetration to grow the value of our broadband relationships.

Convergence revenue and ARPA remain key measures of our progress. In the quarter, convergence revenue declined 2% and convergence ARPA declined 0.5%, reflecting continued pressure on broadband revenue, partially offset by nearly 15% growth in wireless service revenue.

Turning to customer trends, we lost 144,000 broadband subscribers and added 368,000 net wireless lines in the quarter. As Mike highlighted, competition remains intense with particularly aggressive fiber promotions in certain markets during the quarter. At the same time, we had a higher than typical volume of customers facing pricing transitions across our legacy broadband customer base. Together, these dynamics contributed to higher churn and year-over-year pressure on both broadband and wireless subscriber trends.

In response, as I mentioned earlier, we've been refining our offers and retention strategies to better manage these transitions and strengthen customer retention. On wireless, we're continuing to make progress converting free lines into paying relationships and moving customers towards higher-value plans.

Approximately half of our residential postpaid phone connects continued to come from customers taking a free line, and we're now converting 70% of those free lines into paying relationships. This is an important validation of our strategy to build wireless awareness, move customers into paying relationships and drive upsell into multiline and premium wireless.

On that note, we're also seeing encouraging progress at the premium end of the market. Premium unlimited plans represented approximately 40% of our postpaid phone connects, up from 30% last quarter, and premium customers now account for roughly 25% of our phone base. This improving mix, combined with our opportunity to add more lines per household, positions us to deepen customer relationships and support convergence ARPA growth over time.

We ended the quarter with 10.6 million total wireless lines, up 18% year-over-year and 40% over two years. That represents nearly 18% penetration of our residential broadband base and approximately 7% of the total addressable wireless lines in our footprint.

Turning to Business Services, revenue increased 2.7% and EBITDA grew 1.7%. In small business, revenue was essentially flat. And while we are seeing ongoing competitive pressure, we are offsetting this through uptake of additional products and services, including mobile, Wireless Connect for backup connectivity and security solutions like SecurityEdge, together, helping us increase the value of our existing customer relationships. Enterprise Solutions remains the primary growth driver within business services, supported by healthy demand for advanced connectivity, managed networking, and security solutions.

Moving to Content & Experiences, there are a few items I'd like to highlight. Starting with Media, revenue increased 13% and EBITDA grew more than \$500 million to \$769 million, driven by strong growth at Peacock. The World Cup on Telemundo and Peacock aired across both second and third quarters and generated incremental advertising of \$224 million in the third quarter and \$664 million in total.

Peacock was the primary driver of Media results, delivering its second consecutive quarter of profitability with \$261 million of EBITDA, a \$478 million improvement year-over-year. Peacock revenue increased 34%, reflecting strong growth in both distribution and advertising.

Distribution revenue increased 44%, driven by higher sub fees and growth in paid subscribers, which increased by 7 million year-over-year.

Importantly, paid subscribers remained stable sequentially, demonstrating strong retention, even as we began implementing a price increase earlier in the quarter. And advertising revenue grew 23%, driven by the FIFA World Cup, Love Island, which was the number one streaming show this summer and Five-Star Weekend, our top scripted series.

At Studios, revenue declined 1%, reflecting the timing of lower-margin television licensing deals. However, theatrical revenue increased 77%, contributing to 19% growth in Studios EBITDA. Our film slate delivered exceptional results led by Christopher Nolan's The Odyssey, which generated \$1.8 billion in worldwide box office to become Universal's biggest film ever; and Obsession, which set a new box office record for Focus Features and became the top grossing original film of 2026.

Turning to Theme Parks. Revenue declined 4% and EBITDA declined 17%, primarily reflecting continued pressure in Orlando and Japan. In Orlando, the softness that began in June continued through the third quarter and was the primary driver of weaker financial results. And in Japan, China-related travel restrictions continue to weigh on attendance and financial performance.

Looking ahead, we expect to begin lapping the initial pressure in Japan in the fourth quarter, while Hollywood should benefit from the recent opening of the new Fast and Furious coaster. However, softer demand and difficult comparisons in Orlando are expected to remain headwinds to overall theme park results in the fourth quarter.

Now let me wrap up with free cash flow and capital allocation. But before I do that, as I said earlier, we expect to have a significant charge in the fourth quarter related mostly to our transformation efforts, and I would quantify that at over \$1 billion.

In the quarter, we delivered \$4.2 billion of free cash flow, reflecting the underlying strength and cash-generating capacity of our businesses as well as favorable timing impacts that we expect to reverse in the fourth quarter. We paid \$1.2 billion in dividends to shareholders. As previously announced, we paused our share repurchases as of July 1 and expect that pause to remain in place at least through the separation, as we ensure both businesses are positioned with strong balance sheets and investment-grade ratings.

Our priority is to provide the financial flexibility for both companies to pursue their respective growth strategies for the long term.

With that, let me turn it back to Marci for Q&A. Marci?

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

Thanks, Jason. Operator, please open the call for Q&A.

QUESTIONS AND ANSWERS

Operator

Thank you. We'll now begin the question-and-answer session.

(Operator Instructions)

Craig Moffett, MoffettNathanson

Craig Moffett - Moffettnathanson LLC - Analyst

A question for Jason, I guess. Jason, about a month ago, you talked about irrational competition. You mentioned it a short time ago in your prepared remarks as well. In -- just in the past, I guess, two weeks or so, we've seen AT&T raise prices pretty considerably. We've seen just about everybody now start to raise prices in broadband. I know it's very early days.

But have those price changes that have happened in the market had any impact yet on the kind of results that you're seeing as the competition, I guess, to use your words, maybe becomes a little less irrational?

Jason Armstrong - Comcast Corporation - Chief Financial Officer

Thanks, Craig. It's Jason. I'll start and Steve can chime in as well. I think if you rewind the clock, that's right, we were at a conference in September and highlighted what we thought was some irrational competition that we started to see at the end of the second quarter, saw it sort of consistently through the third quarter. And I would tell you there's still pockets of it out there, certainly in the fourth quarter.

I would generally characterize -- the environment is -- it's been competitive all year. It's been more competitive in the second half than it had been in the first half for sure. As we step back, the irrational comment was we know what the cost of building fiber is. We obviously do a lot of overbuilding and deploy a lot of this ourselves.

So it's \$1,500 plus per home, getting more expensive with construction costs up as you get into more suburban and rural areas, that the underlying cost structure of deploying fiber going up, against what we saw as \$30 to \$40 pricing in specific markets in the third quarter.

As we look at the return profile of that, to us, that is irrational competition. A lot of people have asked us the subsequent question on our wireless strategy and sort of pointed the finger back at us and said, "Well, you guys are offering free wireless lines, isn't that irrational?"

I would just point out, we actually think we're competing very rationally in wireless. When we offer a free wireless line it is against zero capital deployed. We don't have spectrum. We don't have towers. Our model is an MVNO model. To the extent people are using our network, engaging with us, they're converting into paying subscribers within a year to a very rational price point, we think. And then our goal is obviously to upsell them over time.

So I won't call the last couple of weeks is a real change in trend. I think it continues to be very competitive, but Steve can fill in some of the details as well.

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

Yes, as we really assess the marketplace, we maintain that gig pricing at \$30 to \$40, in some cases even less, it's going to be really hard to sustain. So as we assess the overall environment, we're going to continue to compete aggressively, but we're going to compete with discipline and really focus on differentiating our products, adding values through deepening our customer relationships and continuing to provide a great customer experience so we're not giving our customers a reason to leave.

Operator

Michael Rollins, Citi.

Michael Rollins - Citi Infrastructure Investments LLC - Analyst

So keeping on the theme of broadband and convergence, curious, as you're at an 18% penetration of your residential broadband customers, is there a tipping point that we should all keep in mind that you can get to where that then starts to show meaningfully better performance in converged revenue and particularly in broadband as you keep building that scale of the bundle?

Jason Armstrong - Comcast Corporation - Chief Financial Officer

Yes. So I'll jump in there. We feel mobile remains a tremendous growth opportunity for us. It's a capital-light model, leverages our existing customer broadband base. We have Wi-Fi leadership that helps with the offload, which enables us to create a great value proposition that's resonating with our customers, as you stated, at 18% penetration, 7% of lines, there's a huge upside there.

But similar to broadband, it remains competitive, that marketplace. And we saw switching activity slow down a bit in the quarter with some of the new product offerings in the marketplace, some of the new converged offerings in the marketplace. But that being said, we still added close to 370,000 lines, and in 2026, it will be our best mobile line net add year in the company's history.

Now we look at it strategically how we're attacking the market, our free wireless offer has delivered on the intended objectives. First and foremost, it rallied the organization and really focused the organization on mobile and the value of convergence. Secondly, it increased awareness with our customer base, which was hugely important, and that has since driven adoption and expanded the wireless space.

And the great news is 70% of those customers are rolling to paid. And when we look at the dynamic of those customers, porting is very similar to a paid customer, usage is similar to a paid customer. Our premium mix is actually a bit higher in that free line base as we really leaned into the premium segment. Average lines per account are a bit less, but the good news there is we continue to see those lines per account increase over time. So really, really pleased with that strategy.

Then as I touched on leaning into the premium strategy, if you go back a year or so ago, we weren't even competing in that marketplace. We're now connecting at about 40% attach and 25% of our base has a premium product, and that's really improving the quality of our mobile customer base, which is great. And now we're really focusing on investing in multiline attach and further deepening our relationships, which is hugely important to us. So I think, once again, back to that 7% number, we have a long runway ahead of us and we really like the benefits we see in the broadband base when we do attach mobile.

Operator

John Hodulik, UBS.

John Hodulik - UBS AG - Analyst

Maybe a couple of questions on Peacock for Mike. Obviously, strong profitability this quarter. Do you expect that to continue on a quarterly basis going forward? Anything you can tell us about sort of longer-term target margins? And then should we see an uptick in the overall profitability of the Peacock business when the YouTube agreement kicks in early next year?

Michael Cavanagh - Comcast Corporation - President, Co-Chief Executive Officer

Thanks, John. So we're very pleased, obviously, with what we've been seeing of late with Peacock, holding our subs at 48 million this quarter. As Jason said, that's on the back of a successfully landed price increase that was so far successfully landed in the late in the summer and another profitable quarter. I think the quarters ahead are you get lumpy depending on when rights kick in for different properties.

So not so much focused on profitability quarter-by-quarter, but I think if you start looking back prospective years on an annual basis on a look forward or look back basis, I expect us to continue to drive profitability in the business. For all the reasons we've been focused on and talking about, it's a great value, it's got an unbelievable portfolio of sports and successful path on bringing in Pay-1 movies from Universal plus library plus originals. It's a formula that we like what we see.

It works in concert with what we're doing at NBC and Universal Studios, so it's a strategy that works well for us. And I think the thing that you mentioned separately was YouTube. So let me just come back to the states that we've been through, I think we just passed our sixth anniversary of Peacock and we did quite a good job, I would say, in the early years, focusing on building primarily direct-to-consumer customer base at high ARPUs. And that's been what you can see when you look at our results versus others.

We always thought there would be a point, and we're at that point recently where being bundling with others was going to be a part of the strategy for Peacock. And it goes back to my earlier comments about being open architecture and working with other partners in the ecosystem in a variety of different ways. And certainly, having Peacock bundled with others is part of that.

You've seen us do things with Apple, Amazon and Walmart, working on things with other bundles with others, but let me talk about YouTube for a second, which is going to be a bundled offering of YouTube Premium with Peacock, another step in this strategy I just described.

And what makes YouTube particularly attractive is that we've already had a significant amount of NBC clips and content consumed there. So there's an awareness of that, but those viewers are typically, while familiar with our brands and franchises, they're not currently Peacock subscribers. So this bundle will give us another opportunity to reach a younger and incremental audience and in concert with the YouTube main fandoms drive greater engagement around our content.

So it's -- we feel very good about the strategy there. And with YouTube as well, there was more to it than just the bundle with Peacock, we extended our linear portfolio distribution deal with YouTube TV, expanded some aspects of our advertising relationships with them and are looking at some international opportunities as well.

So we're very excited about the relationship with YouTube, and we'll talk more as we get into the New Year, when we start to get ready to talk to investors about our excitement for the new NBCUniversal. But yes, to your point, I think we would -- we are interested in doing this with others as well.

Different bundles will be different for different types of partners but we're looking to do exactly what I said, which is make them additive to the business we've already built, be careful about cannibalization of our existing business and come up with win-win solutions given the power of our content that's embedded in Peacock. And that's resonating well in the marketplace.

Operator

Jessica Reif Ehrlich, Bank of America.

Jessica Reif Ehrlich - Bofa Merrill Lynch Asset Holdings Inc - Analyst

I guess just maybe staying on NBCU but moving on to advertising. Can you give us an update on what you're seeing in the overall market? Any flow-through benefits from the World Cup? And just a follow-up on Peacock. I ask this question every quarter, but do you feel like you have enough scale and are there any other -- you've obviously just talked through the YouTube Premium bundle. Any thoughts on other partnerships or bundling, which seems like the direction the industry has headed anyway?

Michael Cavanagh - Comcast Corporation - President, Co-Chief Executive Officer

Jessica, so on advertising, I'd say the environment when you normalized for World Cup and game counts in this quarter versus others say that the overall environment is stable, relatively stable and mix in categories with some tech growth offsetting weakness in consumer-driven categories. But overall, pretty stable and strength, obviously, around live programming and sports and so our portfolio performs very well in that regard.

I mean in terms of scale, I think as I just commented on Peacock, we have a strategy of bundling with others as well as building and investing in our own direct consumer. And that's working, and we are open to doing more of the same and it's key to the fundamental strategy of the new NBCUniversal. But when you ask the question of do we have scale. I mean, I'd like to just make the point that we have scale, as I talked about last time and earlier in these remarks.

When you think about scale in terms of our position in businesses, we are the number two player, or one of two in the global theme parks business. Obviously, one of the best film studios in the world, consistently in the top three, and a fundamentally strong position in sports, both at NBC Sports, as we mentioned earlier, in Sky Sports, a leading brand in reality with Bravo and like I said earlier, limited exposure to areas facing the greatest secular pressure, which is pay-TV networks.

And I would add to that, a very outstanding and stable leadership team. So I think we have the ingredients we need to pursue a strategy of growth and investing in what NBCUniversal and Sky together are going to be once we complete the spin.

Operator

Kutgun Maral, Evercore ISI.

Kutgun Maral - Evercore Inc. - Equity Analyst

I was hoping to get more color on the operating and cost transformation plan. I know it's early days but is there anything more you can share on how we should think about the financial implications beyond the Q4 charge, especially as we look to 2027 operating EBITDA and free cash flow trends.

And importantly, I know this is not just a cost cut exercise it's a reshaping of how you operate with the goal to reinvest in the business. So what can these reinvestments look like? Will this be about driving growth in areas like mobile or edge compute or maybe helping to reshape your ongoing go-to-market evolution, including maybe pricing constructs that impact ARPU? Thank you.

Jason Armstrong - Comcast Corporation - Chief Financial Officer

I'll start. And I think you answered a lot of the question in your question, there are a lot of things we're focused on. So you're spot on. So what we said is we'll take a \$1 billion-plus charge in the fourth quarter. That is to get ahead of cost actions that will facilitate sort of a fast start into 2027 as we get into some of these initiatives. But you're right to sort of more broadly frame this as a transformation exercise. We don't look at it as a cost-cutting exercise.

This is the ability to simplify in order to move faster, to be more nimble in decision-making and I think really create capacity to invest for growth, whether it's the knowns, you talked about it, Steve talked about it. Pushing into wireless, we've had the free line strategy, we're going to increasingly push into premium. We see a place for us in multi-line. So I think that's a big opportunity.

Business services, which we haven't talked about. We've had a history of pushing into additional markets through advanced services and adjacent products across a continually expanding base. There's more opportunities to do that. So freeing up capacity to do more of that.

And then there's the other, perhaps more speculative things the things we got to go take our shot at and see what's real over time and have some growth drivers that are in addition to sort of what I just laid out. So you mentioned edge compute. That's a very good one. We're staring at that right now. We've got 1,400 sort of head ends out there. We've got 250 megawatts of capacity. We've got space, power, cooling, and capabilities along with high-density networks going into every one of these. So we think that's a big opportunity. I wouldn't put that in front of you super near-term. But that's one thing we're investing in, obviously, to see what the opportunity is long term.

So as we think about all these, that's the opportunity around transformation, and it's obviously sort of strengthening our competitive position. It is unlocking greater earnings and cash flow potential for the long term at its core, but namely in the form of growth.

Operator

Sean Diffley, Morgan Stanley.

Sean Diffley - *Morgan Stanley - Analyst*

Two, if I may. First, I wanted to hear how you're thinking about your overall pricing power in broadband? And do you think the rise of AI agents like Muse could potentially impact the connectivity sector. Do you think it could be a deflationary force or an opportunity for you on both the customer acquisition and retention front?

And then separate question. Would you ever consider doing a wholesale partnership with a satellite player leveraging your CBRS spectrum and Wi-Fi? Or do you think that would be too great of a risk to enable a potentially disruptive competitor down the line? Thanks.

Jason Armstrong - *Comcast Corporation - Chief Financial Officer*

Thanks, Sean. Let me start with pricing power sort of related to AI in an agentic world. Steve will pile on to that. And then I think Steve will take the partnerships question, as you mentioned, with satellite. So AI, we've -- obviously, there's been a lot of noise of this in the past months. It was coming at some point. It seems to have arrived. I think as you step back, there's sort of two layers of consideration in a consumer agentic world.

And the first is you have a product that consumers are using or engaging with less, and hence, the question might be, are they getting value? An AI agent might point that out and say, are you getting the right value? Do you still want the service? Or do you want to pay or could you pay less for the service? I think the connectivity industry, in general, is pretty well positioned there.

So if you look at rates of usage, broadband usage up 10% year-over-year pretty consistently that could be poised to accelerate more in an agentic world. We're actually really well positioned for that. By the way, the industry is pretty well positioned.

If you look at the number of devices in particular that are hung off a local broadband network continues to move higher and higher every year. So the first principle and first question in a consumer agentic world are customers getting more and more value out of your core product? Are they engaging with you more year-over-year? Are they using you more? The industry checks the box pretty well on that.

The second layer of consideration, I would argue, is probably within your product category, where are you on the scale of commoditization or do you have forms of differentiation that increasingly protects you against this question.

And so I think as you think about the things we've said over the course of the past year in terms of the transformation efforts, we are leaning heavily into the customer experience, right, whether that was addressing pain points and the pricing and packaging in addition to how do we lean into additional drivers of growth over time, where do we actually think we can differentiate, right?

Wireless is a good one we offload at a higher rate, increasingly penetrate multi-lines. We do think we can reinvent as I mentioned, the home security, home protection category. So all these things offer layers of differentiation, hence protection, in a consumer agentic world. But there's also ways we can play offense, right?

So if you look at where wireless is a great example. I think anybody looking to save money on their bill and agentic world would likely point them to us in our territory. So there's ways we can play offense. But we're doing a lot on the ground. I would invite Steve to kind of comment sort of tactically everything we're doing in an AI world.

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

Absolutely. And then you touched on the foundational elements, Jason, primary focus deepening the customer relationships, simplifying our interactions, and improving the customer experience, not giving them a reason to leave. But if you jump in tactically, we've launched an agentic front end from Cresta for our assisted channels, which is really helping us effectively manage bot to human interactions and over time, also in partnership with Sierra, bot-to-bot interactions and all this is supported by our personalized data models and offer recommendation engine, which really enables us to differentiate treatments, depending on the type of transaction and the specific customer.

And on top of that, additionally, we joined the recently announced personal Agent protocol group, and this was led by Sierra and Meta, and that's to develop standards for personal agents interacting with businesses, providing additional visibility and control. So we're really leaning into this and we think we're well positioned as this continues to progress over time.

And then to your second part of your question, today, we do partner with Starlink today in Comcast business. We combine our connected managed connectivity portfolio with their satellite capabilities for our enterprise customers. And overall, we're very pleased with our MVNO partners, Verizon, T-Mobile, they're great. But as we've always shown, we're open to strategic discussions and partnerships that make sense for us.

Operator

Michael Ng, Goldman Sachs.

Michael Ng - Goldman Sachs Group Inc - Analyst

I'll ask a couple about parks. First, it was encouraging to hear about Park's performance expected to strengthen throughout 2027. Just in terms of some of the factors that you called out on the Orlando side, when do you think we could see Orlando trends begin to improve? Will we have to wait until the lapping of those initial headwinds in June of 2027. And then anything you could share as it relates to kind of in-state, out-of-state, and international patrons to Orlando.

And then second, just on Hollywood, maybe just philosophically, like how do you usually think about the ROIs for new attractions like the fast coaster. Is that a capacity expansion and attendance opportunity? Is that a pricing opportunity? Just would love some thoughts around that. Thank you very much.

Michael Cavanagh - Comcast Corporation - President, Co-Chief Executive Officer

Sure. Thanks, Michael. So I said a lot of this earlier but let me add a little color. I think the -- we've seen the combination of macro effects in Orlando now -- economic softness that we talked about previously and sort of the lapping of the opening of Epic in 2025 around June of this year.

So I think in Orlando, I'd expect to see the softness there, just trend similarly at least next quarter and in the year -- the first half of next year and start to lap from there. We're not complacent about that. We're focused on the things we can control. So we've got a new head of marketing. So we're going to bring some promotional and product packages into the market, three park passes and the like, really focus on meeting investment on high return opportunities to get people into our collection of parks in Orlando.

Operationally, we're doing a lot of work. The team is doing well to make progress on Epic capacity, which is another item I talked about earlier to get reliability of attractions and availability, throughput, load times. That's a combination of just getting the tech settled down, getting the staff trained to load and unload at the right speed and the like, things that are just a challenge, a particular challenge given the sophistication of that park.

But we are going to continue to invest behind long-term growth in Orlando. Next year, we'll have fast attraction coming into the -- not Epic, but the other parks. So the whole campus will be an investment area for the future, the team's got lots of ideas, and it's an important market for us, and we'll be there when you step back and look at Orlando on a two-year period, we've got an attendance, per cap spending, overall financial performance. They're all materially above where they were a couple of years ago and guest satisfaction continues to be strong.

So before I go into California, I mean, the point is we invest with a long -- these are long-duration assets. We're going to have these for decades and decades and decades. So once you're in one, you then move to what brings incremental attendance, refreshes the attendance that you're going to have, takes you above the baseline that you would otherwise have without that investment.

And that's where something like the coaster in Hollywood comes into -- which I think is there's a natural level of what you'd call sort of I think of maintenance capital expenditure for parks you've already built. You see us and competitors that are good at this business do the same and you factor all that into your ROI calculations to make sure that you're getting the lift and it could be a combination of pricing and attendance that you model out against what you hope to do.

And that coaster is fantastic, and we'll be bringing a version of it to Orlando and satisfaction on that is some of the best we've seen in any attraction we have opened anywhere.

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

Thanks, Mike. Operator, we have time for one last question.

Operator

Sebastiano Petti, JPMorgan.

Sebastiano Petti - JPMorgan Chase & Co. - Analyst

Just a quick follow-up. Jason, in your prepared remarks, you talked about I think there's a higher than typical volume of customers facing transition. Can you maybe just help unpack what that is -- does that pertain to the legacy customers? Is that new pricing and packaging customers? I just wanted to kind of double click on that.

Jason Armstrong - Comcast Corporation - Chief Financial Officer

Yes. Thanks, Sebastiano. I'll start, and Steve can chime in as well. But what we're referring to their it's largely two-year sort of promotional roll-off, which would refer back to our legacy base. I think I highlighted that in the script, that has been a pain point for us.

Obviously, we have in the last year and going forward, it's going to be on us to figure out how to increasingly inoculate that part of the base and make sure our customers aren't rolling off step-ups. I think we've done a better job on that, but there's more to come. And so I highlighted that this quarter is we had an unusually high volume of those rolling off in addition to what I've highlighted before, which is a very competitive environment with pretty aggressive pricing activity in the third quarter.

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

I think you covered it, Jason.

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

Thanks, Sebastiano. Brian is here, so I'm going to hand it to him for a few comments before we end the call.

Brian Roberts - Comcast Corp - Chairman and Co-Chief Executive Officer

Let me just say, I think the team is doing a great job. Really there's an energy and excitement with the proposed separation in both organizations. You've heard a lot of the plans today. I think we're on track and we spent years building these businesses. And as the industry transforms itself, we're meeting the moment. And I think you've heard really good plans. The transformation plan really is underway.

You can see it in broadband, while the market is super competitive, we're -- we've got, I think a very intelligent remaking of our relationship with our customers, using technology to our advantage, having the best products, and having a workforce that knows we're investing behind the business.

And you look at the results in wireless, having our best year, having a plan again in the future to now go to with only 7% of the lines, how do we rethink and now that we have 10 million plus relationships and lines, how do we really step on the pedal there? Business Services continues to be something we excel at and we've got a large market, differentiated from a lot of other companies in that regard with a great margin.

Over at NBCUniversal, Mike has laid out, really pleased with Peacock, what we've accomplished, excited about what we described with our open architecture and some of the relationships we're going to be able to have really gives us a unique place in the market working with hopefully everybody or many companies and a trusted partner.

Just the other night, we launched the NBA season, and I think we had the highest ratings of any NBA opening night in their history with the way NBC Sports goes about and does these things. And of course, The Odyssey and the global box office success this year. And in parks, we're one of two with so many ideas that the team, when we go there and talk to them of what could happen over the next many years with the great Universal brand and attractions and creativity in the pipeline. So lots to do.

We have a discipline to our balance sheet and want to meet the moment head on and want to thank the teams for what they've accomplished this quarter and look forward to doing it again.

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

Thank you for joining us, everyone.

Operator

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

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