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OVERVIEW:

Company Summary

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PRESENTATION

Operator

Good morning, ladies and gentlemen, and welcome to Comcast's First Quarter Earnings Conference Call. (Operator Instructions) Please note this conference call is being recorded. I'll now turn the call over to Executive Vice President, Investor Relations, Ms. Marci Ryvicker. Please go ahead, Ms. Ryvicker.

Marci Ryvicker - *Comcast Corporation - EVP of IR*

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.

Michael J. Cavanagh - *Comcast Corporation - President*

Thanks, Marci, and good morning, everyone. Across the company, our team is managing extremely well in a highly competitive and evolving marketplace. We have a clear vision for how we are going to compete now and into the future, combined with a sharp focus on execution. Equally important, our disciplined capital allocation strategy, coupled with our strong balance sheet, puts us in an enviable position relative to our peers to invest organically and aggressively in our 6 scaled and diverse growth businesses namely: Residential Broadband, Wireless, Business Services, Theme Parks, Studios and Streaming. These businesses comprise more than 55% of the company's total revenue today, and that proportion will only grow over time.

In the first quarter, these businesses generated a high single-digit increase in revenue on a trailing 12-month basis. And when combined with our substantial share repurchase activity, enabled us to deliver double-digit adjusted EPS growth as well as significant growth in free cash flow per share. In fact, since 2018, we grew adjusted EPS over 50% and free cash flow per share nearly 25%.

Now for some of the highlights of the first quarter, I'll start with Broadband. The broadband market remains extremely competitive, particularly within the market for more price-conscious consumers. We continue to be intensely focused on segmentation, providing customers with options that meet both their lifestyle and budget. Importantly, we are striking the right balance between ARPU and subscribers, which is clearly reflected in our first quarter results, where despite modest subscriber losses, ARPU grew over 4%, driving mid-single-digit growth in residential broadband revenue to over $6.5 billion.

We continue to see extremely encouraging broadband consumption trends across our base of 32 million customers. Usage on our network rose double digits year-over-year with broadband-only households consuming over 700 gigabytes of data each month, and our broadband customers continue to value faster speeds. Today, over 70% of our residential subscribers receive speeds of 500 megabits per second or higher and around 1/3 are getting a gig or more.

We believe that consumers' expectations for their broadband experience in terms of speed, reliability, security and performance will only increase over time. It is extremely important to us that our network upgrades stay well ahead of this demand. Our deployment of mid splits doubled year-over-year and now reach 40% of the footprint. The investments we are making to increase capacity and incorporate multi-gigabit symmetrical speeds everywhere we offer service put us in a great position to capitalize on these very favorable consumer trends. And when combined with our rapid footprint expansion, set us up to gain market share and return to broadband subscriber growth over time.

Turning to wireless. We increased our domestic customer lines by 21% year-over-year to nearly 7 million, yet with wireless penetration of our residential broadband customer base still only 11%, we have plenty of room to grow. We continue to see the benefit of bundling broadband and mobile, which decreases churn and improves customer lifetime value. Our customers also benefit by being connected to our WiFi network, which is the largest in the nation. In fact, 90% of all Xfinity Mobile traffic is delivered over WiFi, not cellular, and we are constantly adding new features to further differentiate the experience. The most recent example is our introduction of WiFi Boost, which enables any Xfinity Mobile customer to experience speeds of up to 1 gig whenever they connect to our 23 million hotspots at no additional cost.

Across our Connectivity & Platforms business, we're focused on profitably serving each segment of the market from our premium and traditional customers who want fully featured products to more price-driven consumers. With regard to the latter, we are introducing NOW, a new brand and product portfolio targeting the prepaid market that delivers high-quality, low-cost Internet, mobile and streaming TV products with simple all-in pricing.

NOW Internet and mobile will be particularly helpful to those Americans impacted by the end of ACP, bringing them another option for affordable, reliable connectivity and supplementing our Internet Essentials program, which we offer to eligible households as part of our long-standing commitment to help close the digital divide in America.

Turning to Content & Experiences, let's start with parks. We continue to see strong underlying demand in both Hollywood and Japan, where healthy attendance and per cap levels were once again driven by the success of Super Nintendo World. Building on our momentum, later this year, we're opening our newest Nintendo-themed land, Donkey Kong Country, which will increase the size of Super Nintendo World in Japan by 70%.

Switching gears to Orlando. We started to feel some pressure on attendance levels late in the first quarter, which tends to occur in tandem with the ebbs and flows of new attractions in the market. Right now, we happen to be lapping the multiyear surge in attendance from our opening of new attractions in prior periods, but we remain confident about our longer-term growth opportunities, especially as we look ahead to next year with the opening of Epic Universe. With 3 new hotels and 5 immersive worlds featuring more than 50 attractions, entertainment, dining and shopping experiences, it will be the most technologically advanced park in the world. Together with our 3 current gates in Orlando, Epic will enable us to offer a full week's vacation experience to even more guests.

Moving to Studios, we're incredibly proud of our film team and our recent ranking as the #1 global studio by worldwide box office and winner of 8 Academy Awards, including Best Picture for Christopher Nolan's Oppenheimer. On the back of our fantastic performance in 2023, the power of our studios continued this quarter with the theatrical release of Kung Fu Panda 4, which has grossed over $480 million in worldwide box office to date. And we have an exciting slate still ahead. For the third year in a row, we'll release more movies than any other major studio with The Fall Guy, an action thriller starring Ryan Gosling and Emily Blunt coming this May; Despicable Me 4, Illumination's newest installment of this highest grossing animated franchise as well as our adaptation of Twisters, both debuting in July; and Wicked, one of the most highly anticipated movies of 2024 coming in November.

Finally in media. We are successfully managing the segment as one business across linear and streaming, by providing the tens of millions of traditional pay TV subscribers as well as streamers with choice in how they engage with us, we continue to generate significant audience for our programming. Big events like the Olympics, Sunday Night Football, Big Ten; top entertainment shows like Saturday Night Live and Law & Order, with strong consumer demand for our content, we're well positioned to evolve with the changing market.

Our exclusively streamed NFL Wild Card game was a big success this past quarter. We added and then retained even more new Peacock subscribers than we expected. Overall, people are staying with us to engage in a broad range of content, spending 90% of their time on the platform viewing non-sports programming. This includes scripted shows like Ted and reality shows like The Traitors, both of which ranked within Nielsen's streaming top 10. And our award-winning collection of films like Oppenheimer, which premiered exclusively on Peacock in February and was the most watched film across all streaming in its first 7 days on the platform.

Clearly, Peacock has been on a great trajectory since our launch 4 years ago, where 34 million paid subscribers having grown 12 million year-over-year and at a $10 ARPU. Looking ahead, our content offering provides such great value proposition that we should have some real pricing power over time.

Of course, sports also play an important role in our media business, and that's especially true this year. Following the Kentucky Derby in May, we'll have the Paris Olympics for 17 nights this summer. With more programming hours on the NBC Broadcast Network than any previous Olympics and over 5,000 hours of live coverage on Peacock, the games are on track to generate the most advertising revenue in history with $1.2 billion in ad sales commitments.

Right after the Olympics, we have the return of football with Big Ten, Sunday Night Football and the NFL's first-ever Friday night opening game from São Paulo, streaming exclusively on Peacock.

So wrapping up, I'm really proud of the work that our teams across the company are doing. Together, we're executing at the highest level and positioning ourselves for growth in a challenging and dynamic marketplace. So Jason, over to you.

Jason S. Armstrong - *Comcast Corporation - CFO*

Thanks, Mike, and good morning, everyone. I'll start with our consolidated results on Slide 4. Total revenue increased 1% to $30.1 billion. And within this, our 6 major growth drivers generated nearly $17 billion in revenue, well over half of total company revenue and once again have shown steady and consistent growth at a high single-digit rate over the past 12 months.

While EBITDA was in line with prior year's level at $9.4 billion, we generated a high level of free cash flow this quarter at $4.5 billion, and we returned $3.6 billion of capital to shareholders, including $2.4 billion in share repurchases. And over the last 12 months, we have reduced our share count by nearly 6%, contributing to our adjusted EPS growth in the quarter of 14%.

Now let's go through our business results, starting on Slide 5 with Connectivity & Platforms. Note that our largest foreign exchange exposure is to the British pound, which was up 4% year-over-year. So as usual, in order to highlight the underlying performance of the Connectivity & Platforms business, I will refer to year-over-year growth on a constant currency basis.

Revenue for total Connectivity & Platforms was flat at $20.3 billion, reflecting strong growth in connectivity revenues, offset mainly by declines in video revenue. Residential Connectivity revenue grew 7%, driven by 4% growth in domestic broadband, 13% growth in domestic wireless and 19% growth in international connectivity, while Business Services Connectivity revenue grew 5%.

In domestic broadband, our revenue growth was driven by very strong ARPU, which increased 4.2% and came in a bit above our historical range. Our team is doing an excellent job of customer segmentation while balancing rate and volume. And we are encouraged by the positive consumer behavior trends we see in our base of 32 million customers.

Bandwidth requirements and engagement are increasing at a rapid clip while the vast majority of our customers are now on speeds of 500 megabits or higher, and adopting advanced tiers of service like xFi complete at a higher rate. But as Mike mentioned, it continues to be a very competitive environment. And we lost 65,000 subscribers in the first quarter, following a loss of 34,000 subscribers in the fourth quarter of 2023.

As we sit here right now, we do not see this trend improving in the near term. We expect churn could be elevated given the end of ACP, which is only fully funded through April and partially funded through May. We remain in constant communication with our ACP customers and we'll continue to be diligent in helping this customer segment stay connected through various options. Whether that's our successful Internet Essentials program or our new prepaid NOW offerings, as Mike described.

In addition, I want to remind you that the second quarter also tends to experience seasonal headwinds. While it's a competitive market, especially for the price-driven segment, we will continue to compete aggressively, yet in a financially balanced way and expect to drive healthy broadband revenue growth through growth in ARPU, which we expect to remain well within our historical range of 3% to 4% growth even as we manage through the ACP transition.

Turning to domestic wireless. Revenue growth of 13% was due to higher service revenue, driven by a 21% year-over-year increase in our customer lines, ending the quarter at 6.9 million in total, including the 289,000 lines we just added in the quarter. We are consistently in the marketplace testing new offers, including some recent new pricing plans targeted at multi-line customers, the new NOW Mobile product as well as our Buy 1, Get 1 line offer.

We continue to see significant opportunity in wireless to increase the penetration of our domestic residential broadband customer base, which currently sits at 11% and to sell additional lines per account. International connectivity revenue reflects strong growth in broadband revenue, driven by solid ARPU growth as well as growth in wireless due to additional customer lines and also higher ARPU.

For business services connectivity, we generated 5% revenue growth driven by higher ARPU in small business and broader growth in both customers and additional solutions for mid-market and enterprise. The SMB market has gotten more competitive but we'll aggressively defend our position. And similar to this quarter, we'll grow revenue by increasing ARPU, driven by higher adoption of additional products like Mobile, Security Edge, Connection Pro and WiFi Pro and through targeted rate opportunities.

Meanwhile, our momentum continues to build in mid-market and enterprise as our expanding capabilities in managed services, wide area networking and cybersecurity have led to increasing customer wins and the expansion of existing relationships.

The strong growth in our Connectivity businesses was offset by a decline in video and other revenue. The decline in our video revenue was driven by continued customer losses and slower domestic ARPU growth versus last year, and the lower Other revenue reflects continued customer losses in wireline voice. As I mentioned earlier, Connectivity & Platforms total EBITDA increased 1.3% with margin of 50 basis points, reflecting a decline in overall expenses driven by the mix shift to our high-margin connectivity businesses, combined with a continued focus on expense management.

While margins for our domestic legacy cable business improved even more, our international business was impacted by a reclassification of some expense from capitalized software to operating expenses, creating a tough comparison to last year. We will see a similar trend until we start to lap this change at the end of this year.

I'll note that absent this change, EBITDA growth in the first quarter would have been about 1 point higher, and our margin improvement would have been about 50 basis points higher. While this change increased our operating expenses this quarter, there was an offsetting decline in Connectivity & Platforms capital, resulting in a neutral impact on net cash flow, which was up 5% this quarter.

Breaking out our Connectivity & Platforms EBITDA results further. Residential EBITDA grew 1.1% with margins improving 60 basis points to 38.3%. And Business Services EBITDA growth was lower than our typical mid-single-digit level at 2.6% with margins declining 160 basis points to 56.7%. These results include significant investments in the enterprise space, including in sales and fulfillment that we are making to drive future revenue growth. Business Services generates well over $5 billion in annual EBITDA, which is margin accretive, and we expect it to continue to be a material contributor to overall connectivity and platforms growth this year and over the longer term.

Now let's turn to Content & Experiences on Slide 6. Overall, revenue increased 1% to $10.4 billion and EBITDA decreased 7% to $1.5 billion. Let's take a closer look at the details. Starting with Theme Parks. Revenue increased 2%, while EBITDA decreased 4% for the quarter. These results reflect the negative impact of currency as the Japanese yen is at a 34-year low against the dollar.

Adjusting the results to exclude the impact of foreign currency, Parks' revenue would have increased 5% and EBITDA would have been flat compared to last year's first quarter. We had strong underlying growth at our park in Osaka, which continues to benefit from demand for Super Nintendo World. We're also seeing growth in Hollywood despite lapping the opening of Super Nintendo World in that park during the quarter.

Beijing results were relatively flat in what is typically a seasonally light quarter, and Orlando results were below last year, but still roughly in line with pre-pandemic levels. We are seeing some pullback from the unprecedented attendance we realized immediately after the pandemic, which we believe is driven by the timing of new attraction openings and some increased competition from other entertainment venues, notably cruises.

At Media, which includes our TV Networks and Peacock, revenue increased 4% as Peacock's strong growth of 54% more than offset a low single-digit decline at our linear networks. Distribution revenue growth of 7% was driven by Peacock with subscription revenue growth of 68%, powered by the 55% year-over-year increase in our paid subscriber base to 34 million including 3 million net adds in the first quarter.

We are really pleased with Peacock's trajectory. We started the year with an incredibly successful NFL Wild Card game, which resulted in a nice lift to paid subs. But even more important was how our broad content offering enabled strong consumer acquisition, retention and engagement. We've had success across a broad range of content during the quarter, including films moving into our Pay-One window like Oppenheimer, the most watched Pay-One film in Peacock's history; and The Holdovers, as well as successful originals, including Apples Never Fall, Ted and the second season of The Traitors.

Looking ahead, we'll continue to be focused on retention, particularly in the second quarter as we look forward to the second half of the year, we will have a substantial amount of acquisition-oriented content lined up. This is consistent with Peacock's historical trends, and this year is expected to be driven by the Olympics this summer and the NFL and Big Ten returning in the fall, in addition to the steady stream of films landing in our Pay-One window as well as upcoming originals.

Finally, domestic advertising revenue was flat in the quarter, reflecting a stable overall market with strong advertising growth at Peacock, offset by lower advertising revenue at our linear networks. Media EBITDA decreased 6%, reflecting the revenue pressure on our linear networks, partially offset by continued year-over-year improvement in Peacock EBITDA losses even with the addition of the wildcard rights costs. And we expect to see, on average, even better year-over-year improvement for Peacock in the coming quarters.

At Studios, the revenue decline of 7% reflects lower content licensing, which was impacted by the timing of deliverables related to our film licensing business, which was partially offset by a modest increase in theatrical revenue, driven by the strong performance of Kung Fu Panda 4 at the box office this quarter. Studio's EBITDA declined 12%, reflecting the difficult comparison to last year's film slate, including the highly successful carryover title, Puss in Boots: The Last Wish and the timing of licensing deals at film.

Now I'll wrap up with free cash flow and capital allocation on Slide 7. As I mentioned previously, we generated $4.5 billion in free cash flow this quarter, and we achieved this even with the significant investments we continue to make to support our growth drivers. Specifically, our $3.3 billion in total capital spending this quarter incorporates our efforts in expanding our footprint and further strengthening our domestic broadband network, scaling our streaming business and supporting the continued build of our Epic Universe Theme Park ahead of its 2025 opening. And working capital was a $940 million drag for the quarter, a significant improvement over last year, a lot of which is timing related.

Turning to return of capital. For the quarter, we returned a total of $3.6 billion to shareholders, an increase of 13% year-over-year. This includes share repurchases of $2.4 billion and dividend payments of $1.2 billion. Putting it all together in the last 12 months, we've returned over $16 billion in capital to shareholders between share repurchases and dividends, reducing our share count by nearly 6%.

At the same time, we invested nearly $17 billion back into our businesses in the form of capital and working capital, carefully and consistently balancing reinvesting in our businesses for growth, returning significant capital to shareholders and doing so with a very strong balance sheet, which facilitates this consistency through a variety of operating environments.

Now let me turn it over to Marci for Q&A.

Marci Ryvicker - *Comcast Corporation - EVP of IR*

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

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Our first question today is coming from Ben Swinburne from Morgan Stanley.

Benjamin Daniel Swinburne - *Morgan Stanley, Research Division - MD*

Two questions maybe for Dave on the Cable side. Could you talk maybe bigger picture about customer segmentation, particularly some of the new efforts around prepaid and the NOW brand as well as some of the speed boost you've done, and just how you think about that impacting the business over time? And then if you're willing to give us a little more on how you are able to deliver ARPU growth within the historical range through the ACP transition, just given, obviously, the subsidies going away.

And then I think for Jason. We expect EBITDA growth this year, free cash flow growth this year. You guys had a nice free cash flow, first quarter. I guess, I would have expected buybacks to grow as well year-on-year. And as you point out on that last slide, trailing 12 months, $11.5 billion, $2.5 billion in the first quarter. So it looks like it's slowing a bit. So just wondering if you could comment or if there's anything that's changed on sort of the capital allocation leverage math that we should be thinking about with Comcast this year?

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

Ben, Dave. So let me start with segmentation and a little bit more context on NOW. So stepping back, our segmentation strategy is really key. It starts with the beginning point always for us is premium and traditional broadband customers. We've focused there and invested in terms of better network, better products around providing a better service for the premium segment.

We have consistently competed for all segments. And as we break it down, we've focused where we think the main point is where broadband is going. And broadband is going is the engagement. And so our focus is to continue to deliver multi-gig symmetrical and build towards that point. And do this for a variety of Internet options. And the proof is in the pudding in terms of segmentation in that 70% of our HSD-only customers receive speeds of 500 megabits per second or higher and 1/3 of our customers -- resi customers receive gig plus. So it never has been one-size-fits-all.

[There is] start there and the focus on premium. But there is currently a lot of activity at the low end of the market. And we've not been as competitive in this space. We've had great products and several options, but we -- in the prepaid area, in particular, we believe there is an opportunity to improve our effectiveness there.

And so thus NOW. And NOW, there are 3 components of NOW. One is prepaid broadband, which, by the way we've had prepaid broadband for some time. We've just improved upon the value proposition there. So it's a new prepaid broadband update. And second, we have prepaid NOW mobile, which is new and then we feel that it's positioned for an alternative to fixed wireless and just a lot of activity there. The focus there is no credit checks. It's easy.

It's no contract and on an everyday price point. So not a lot of movement in terms of just a competitive value-based price point. At the time we're doing NOW, obviously, it's a good alternative to ACP and where that goes. So early to talk about any progress but we're real pleased with the positioning of the NOW product for the income-constrained segment of the market. We've had NOW TV for some time and traction there. So it's a stand-alone product suite. I feel very good about that.

On ARPU, this is a strength that we've had. We've been balancing ARPU growth, along with share volume for a very long time. So we feel good about this quarter, came in very strong at 4.2% and a bit above the historical 3% to 4% range. It's a very competitive marketplace, to say the least, and we're just striking the right balance, we think, in volume and rate. And our approach is reasonable rate increase. The teams have managed this well leading to rate yield results that exceeded our expectations a bit.

But also it goes back to the first point. We're segmenting the marketplace and tailoring product approaches that meet each specific segment. So it starts with the high end that I've talked about and very focused there and the results that I've talked about. So that's the starting point. But when you look at our long-standing approach to pricing and packaging, we're going to compete for every segment. And it's really focused, though, where the market is going and making sure that in the long run as the overall usage goes up.

And to me, that is the main point. You have double-digit increases in terms of overall broadband consumption. You have lots of customers, a lot of interest in our high end of our portfolio and strength in a ubiquitous, reliable, great network that can stand up for every segment, but power through every application that is there. So I think for us, pleased with ARPU. And I think we can muscle through this ACP thing and feel good about the guidance that we've been giving at 3% to 4% historical range.

Brian L. Roberts - *Comcast Corporation - Chairman & CEO*

This is Brian. I just want to just underscore that last point that Dave was making. As you look with a longer lens, which I -- hopefully, the company tries to do, there's -- and we -- just even yesterday, we're looking at our technology road map internally and seeing some demonstrations of innovation. It's inspiring and exciting to think about what broadband will actually help you do in the next 5, 10 years as a consumer and as a business. And it's kind of in some levels, unimaginable. A lot of discussion about AI but so much happening in the entertainment sector, sports sector and also in the health care sector, and then things we're not even talking about.

And so our strategy is pretty simple. But having NOW, this NOW strategy to help consumers with are super easy-on, it's all there in a prepaid market. But the main strategy has always been to have the superior product in the market with fantastic service and constant innovation and do it in a capital way where our investment is consistent and within the guidelines that we've previously talked about.

All that's happening, and we're making great inroads on that. And if I had to pick one number this quarter that excites me, it was a double-digit growth of bits per home, which is showing that usage for whatever it is, gaming, multi streams, whatever. And then the actual high definition becoming even higher definition over time with the quality of the picture. So hopefully, all that's useful, and we're pretty pleased with how the team is executing. Jason?

Jason S. Armstrong - *Comcast Corporation - CFO*

Yes. Great. Thanks. So just to round that out, Ben, just you think your question specifically on ARPU and how do you go through the ACP cycle and have confidence in ARPU growth. I think all these points are relevant and valid. Number one, we continue to see usage grow at a rapid rate. So the value that the consumer is getting is higher. That's a tailwind in general for ARPU growth. I think number two is segmentation that Dave's talked about. We see a lot of competition in a certain segment of our base, the value-conscious segment of our base. The segmentation allows you to keep that from seeping into other segments of the base. And the team has done a nice job executing there.

Final thing I'd point out is as we said, ACP customers have got about 1.4 million in our base that we'll need to manage through. This is very similar, though, to -- if you think about how this business is wired, Dave and his team, it's promotional roll-offs. This is something we're dealing with every single quarter, how do you navigate a base of customers that's on promotion and roll them into new rate plans and keep them as customers? So this is very much what the Cable business is wired to do.

On buybacks, Ben, I would go back and over the last few years. We've had a very consistent capital allocation strategy starting with reinvesting in our business, layered into protecting the balance sheet. We really like our current credit rating and have committed to metrics that are associated with the credit rating as you've seen. And as you point out, very strong free cash flow last year and expectation for similar this year. As you mentioned, allows for substantial share repurchase activity. So since we restarted the buyback in 2021, we bought back over 15% of our share count. If you look at the last year, we bought back over 6% of our share count. So both very strong metrics.

I would point out the tail end of last year, we were pretty clear in the third quarter that we were going to accelerate the buyback, anticipating minimum floor Hulu proceeds, which came in at the very end of last year. And that's in advance of more full proceeds for full value this year, but we did get a minimum floor payment last year and hence, accelerated the buyback in 3Q and 4Q to $3.5 billion.

Michael J. Cavanagh - *Comcast Corporation - President*

And Ben, I'll just come in on the back of the question about any changes in how we think about capital allocation. I think Jason and team are carrying on a phenomenal tradition. I've been here now close to 10 years. And I think the idea of taking our well-generated capital across our businesses, and first and foremost, investing them back in the business with a very long-term view of what the future can be, where there's expected return. Whether that's the Parks business, whether that's the broadband network, whether that's streaming, whether it's just broad innovation.

I think it's in our DNA at this place to try to figure out ways to invest wisely for the future, while at the same time, maintaining a very strong balance sheet and we like the way the balance sheet is set up. When you go through these long arcs of change across industries with disruption, it allows you to sleep better at night knowing the strength of balance sheet we have and allows us to continue making those earlier investments. And then so to do those 2 things together with the very substantial interest on the part of the management team and the facts that we've done it to just get lots of capital return to shareholders. Not many companies are inclined to manage those 3 priorities as much as we are. And I can commit that that's where our head is as we look forward to the next 10 years ahead.

Operator

Your next question is coming from Craig Moffett from MoffettNathanson.

Craig Eder Moffett - *MoffettNathanson LLC - Co-Founder, Founding Partner Senior MD & Senior Research Analyst*

Two questions about broadband, if I could. First, you talked about how your broadband business -- or sorry, your wireless business is helping broadband churn. I wonder if you could just talk a little bit more about that. How you -- first, can you put some numbers around the churn reduction that you see when a customer bundles broadband and wireless together?

But more importantly, how do you think about wireless? Is it a stand-alone business to you? Or is it really in service of broadband churn? And then I wonder if you could -- maybe I was just -- I missed it. But Jason, I think you mentioned the margins for this domestic Cable-only business. But I think I may have missed the number. I wonder if you could just repeat that for us.

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

Craig, Dave. Let me start with wireless and then hand it over to Jason and folks. But let me -- wireless is an absolute integral part of our overall strategy. And specifically to your question, we've always thought the main value for us, wireless is connected with broadband. And that it adds -- it surrounds broadband with value. I think we don't give specifics on exactly the churn benefits, but we do see it. And whether it's acquisition-oriented, connected to broadband; whether it's base management upgrading; whether it's retention, wireless plays a role in all of them.

So it's a key growth opportunity. But it's also -- it's a product where our marginal economics are strong. So it's good to have that, but it's -- the way we go to market, it's connected to broadband and it's connected to packaging. So it's performing well. We like our consistency in the marketplace and love the fact that we have a good runway ahead only about 11% penetrated, now 7 million lines. And so I really like the opportunity in front of us. And for us, we've constantly been evolving our approach towards wireless and how we connect it with broadband and how we use it.

So we have, for example, new pricing plans. Our new mobile plans that are really targeting multiline customers. Excited about that. The new mobile product and segmentation. We've already talked about that in the prepaid area. And for that segment, we've had a Buy 1, Get 1 program for the base. So almost every single segment. And then just announced, the WiFi boost for our mobile customers being able to open up the public. The WiFi, hotspots and open it up as fast as devices can go and leveraging WiFi complement to mobile. So I think we've demonstrated that we're in this business, we love this business, and it's -- but it is definitely the core part of our strategy is how it impacts broadband over the long run. Jason?

Jason S. Armstrong - *Comcast Corporation - CFO*

Craig, so on margins, we said overall Connectivity & Platforms margins were up 50 basis points and said domestic was an even greater increase. The domestic was up 70 basis points year-over-year, sort of continuing the formula of a mix shift in our business to higher-margin businesses. Our connectivity businesses are growing faster than our non-growth video businesses. So that's a margin favorable trade-off for us as we said historically and then operating efficiencies in the business. I think we gave a stat last call that I'd reiterate, we've taken 50% of our truck rolls out of the system in the last 6 years. We've taken 40% of customer interactions out of the system in the last 6 years. So lot of good progress on expense efficiency. But Craig, the domestic margin's up 70 basis points.

Operator

Next question is coming from Jessica Reif Ehrlich from Bank of America Securities.

Jessica Jean Reif Ehrlich Cohen - *BofA Securities, Research Division - MD in Equity Research*

I have a question on NBCU and also on Comcast Cable. On the Theme Parks, which is clearly one of your growth pillars, can you give us the investment levels you expect over the next 5 years? Obviously, Epic will be in there, so it will be a little elevated. But you have other new parks and you're also investing in the existing parks. And how different is the return on invested capital for Theme Parks versus your other businesses? And then one more on NBCU, are there other areas that NBCU should or you're thinking about investing in like video games?

And then on Cable, on Comcast Cable. Just a question on your programming expense or programming contracts. Presumably, you have MFNs, I think you've always had them. How should we think about the impact on Comcast Cable programming expenses as some major programming contracts come up with other distributors?

Michael J. Cavanagh - *Comcast Corporation - President*

Jessica, it's Mike. So on parks, as we've said, this is a year in 2024, where CapEx in parks and at NBCUniversal overall will sustain at the level it was in '23. So it remain elevated. In '25, when we open Epic, it will begin to step down. And then after that, it will return to a more normal level with adjustments for the Hollywood Horror Nights and the Kids park in Frisco, Texas that we've talked about. But those, as we've said, are not of the same size and scale as a large park like Epic but we do have a bigger footprint of parks than we did, say, 5 years ago.

So you're right, part of the part of the capital equation for parks is to continue to invest in new attractions within existing parks. So again, once we get to '26, you'll see us easing into a new steady state that does include continued experimentation with some of our alternative concepts. And then certainly, we hope over the longer term to come up with some ideas for bigger deployments of capital, but that's what we have in our plans as we sit here right now. But we love the business.

And to the question of returns, we think the returns are very strong. We take a careful look at that every time we're greenlighting a new park. And I think we like the stability of the long-term nature of the return. It's us and one other great company that are world leaders in that level of park experience. The response to our parks has been phenomenal coming out of COVID. And so we see that being a place, live entertainment at the level we're talking about, being just a strong pillar of the media and entertainment side of the company for a long time ahead.

And then in terms of other areas. I think the success that we've had across parks and experiences are -- lead us to plenty of opportunities to think about gaming and other areas around live entertainment that go around and cross between our businesses. So we experiment with things and we look, and it's our job to see if there are great opportunities to do that, but nothing to report today.

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

Jessica, Dave. Just so on your question on renewals and our point of view. Yes, look, from our view, there's not a single approach towards -- we handle it on a case-by-case basis. When you step back for a second though, we evaluate each one in 3 primary areas. One, the overall cost relative to the content, flexibility that's required in a very fast-changing environment and the overall consumer value. And so -- and we're going to look at this significant transition that has been going on. We'll continue to go on between linear and streaming. And so that is something that we think we can play a unique role in, in terms of win-win opportunities between the content providers and distribution.

And for us, we have a unique platform that is positioned well to be able to do -- handle everything that video can handle, linear channels, on-demand, DVR and streaming. We've been doing streaming packaging on the platform for some period of time. So we can build bridges as these things come up. And -- but our goal consistently has been to find win-win opportunities as we examine each and every specific renewal, but that's how we'll evaluate each one.

Operator

Our next question is coming from John Hodulik from UBS.

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

Two, if I could, maybe first for Jason. Just finishing up on ACP. Given the strong start you guys had to the year and the strong ARPU, do you guys think that you can keep domestic cable EBITDA flat to up for the year even with ACP going away? That's first.

And then maybe for Dave, the wireless companies are definitely talking at sort of bigger game on fixed wireless in the business market. I know you guys had some sort of strong comments in the prepared remarks about the business market. But are you starting to see some increasing competition leak in at the low end because of fixed wireless?

Jason S. Armstrong - *Comcast Corporation - CFO*

Yes, John, let me hit domestic or Cable EBITDA, C&P EBITDA over the course of the year. So I think as you mentioned, it's competitive market. We've got ACP coming our way. At the same time, the balance, I think about broadband specifically. The balance between rate and volume we've seen, obviously, a little bit of pressure on volume. But 4.2% ARPU growth in the quarter, an outlook for -- we continue to stay at 3% or 4% during the year. So we still think there's tailwinds for broadband revenue growth. We had 3.9% this quarter.

We're growing business Services, we're growing Wireless, and we're offsetting video and other revenue declines. But at the total level, that's a margin accretive mix shift. I'd go back to what I've said before on some of the expense initiatives across the company and being very disciplined, taking volumes out of the system and that's providing a tailwind as well. So without giving specific guidance for EBITDA growth, I would give you the components and our confidence in them.

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

John, Dave. So just a follow-on to Jason's point in terms of ACP. Remember, I think a really important point. We've been segmenting the marketplace, and I think we've had the industry-leading platform in terms of Internet Essentials for a very long time so a decade-plus. So we are familiar with the segmentation in this area and we're very familiar in terms of promo roles and bigger moments like this. So I -- because of that, in particular, the ARPU point that's connected to it is we feel pretty good about the historical range of 3% to 4%. So -- but we've had a long-standing approach towards this.

On your question around business services, there's no question, John, that we -- the SMB market has become a bit more competitive and fixed wireless is a part of that. So they are -- you've seen it in the results. We now have 3 fixed wireless competitors that are in it. When you have that much all at once, there's some impact. So we're seeing it in SMB. It's unique to SMB. But our game plan consistently has been to focus on both the share and the overall -- the rate and we have a great slate of products. We have multiple segments within Business Services, mid-market and enterprise that offset a lot of this and great product road maps that have.

But really important point as you feel competitive pressure, I think it's important to keep in mind, uniquely to SMB that reliability and ubiquity of our products and business services is really key here. For businesses, they get 24/7. They're always on. It has to work. I think over time, we will continue to press that point and have -- we're not going to chase things down to zero in terms of discounting. We're going to offer better products and surround those products with features that make sense for business customers. But we will make sure that customers know the reliability and ubiquity of what we do is unique and different than fixed wireless.

Brian L. Roberts - *Comcast Corporation - Chairman & CEO*

And just -- Brian. One -- just again, just as we talked about in the residential market, the long-term opportunity where we're only just getting started is that large enterprise and medium-sized business. And as you think about cybersecurity and other data reliability and just consumption behavior of businesses and think of your own businesses and where that might lead to the use of new tools and video and everything else, you want to have the best network. And once again, we have a really exciting team and road map on that front. So again, we're battling the reality in one segment with great opportunity in others and long-term, love our situation.

Operator

Our next question is coming from Steven Cahall from Wells Fargo.

Steven Lee Cahall - *Wells Fargo Securities, LLC, Research Division - Senior Analyst*

Maybe first just on broadband trends. I think you've been pursuing a line extension strategy for, at least, 18 months and that will continue. So is it correct to assume that your gross adds on broadband are starting to pick up just as you add more passings in the market? And if that's true, can you give us any color on within the deactivations where they're headed? I think you've always said that you view fiber as the bigger competitive threat. And so does that kind of help us understand what's going on between gross adds and net adds?

And then separately on Peacock. You talked about retaining subs between some of your big marquee sporting events and you've got a lot of great film on Peacock as well. I'm wondering what your tolerance is for original content and original content spend and how we think about originals on Peacock maybe, vis-a-vis, a long-term breakeven goal.

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

Steven, this is Dave. Let me start with footprint and then go to competition views. So let me -- in terms of overall footprint expansion, the vast majority of our new passings each quarter are fill-ins within our existing footprint. The balance of the growth is mostly from our organic edge-outs into adjacent areas. And so with some government subsidized builds representing a much smaller, albeit increasing portion. So it's really the kind of 3 different components of it that we're looking at.

And so it's still early and -- but we are very disciplined. We evaluate the risk adjusted returns of each -- one of these network builds on a case-by-case basis. And generally, though the edge outs as that will increase, they're adjacent, sometimes located in between geographic markets that we currently serve. So looking ahead, we expect these edge out projects to continue to contribute to the future growth in our total passings. And we don't give -- to your question, the specific numbers on this.

I could tell you that we're going to reach very healthy penetration levels in a few years on these edge out projects. So the ramp-ups happen pretty quickly, and we're pleased with the returns though. So pretty disciplined process. We look on the returns. And then as you shift towards the competition, the environment, let me back up and just its overall -- it's a very intense competitive environment that is very consistent the last several years.

And so it's picked up a bit. And when you have, again, 3 fixed wireless competitors coming in pretty much at the same time and you have the fiber level, about half of our footprint now has fiber competition of some form and it's an intense competitive environment. But we have adjusted. We've been going up against fiber competition now for over 15 years. And it is -- we've made adjustments. We've done, I think, very well in going toe-to-toe for the -- exactly as Brian laid it out, that our long-term game plan is to focus on a better network, ubiquitous network, better products.

Surround it with the full portfolio of better products and not chase units just for the sake of it. And we've had moments going up against fiber where they've gone way down market. They've become rational. We've had different cycles. And so I think we've made adjustments and we have proven that we more than hold our own in that footprint. What we're seeing now is kind of an intense -- more intense competitive focus around the lower end of the market.

And that's why we're segmenting. That's why we're doing what we're doing, never losing sight though. That we're going to have a better product than anybody in the marketplace. The better network and backing it up with better devices, that can eventually -- as we get to multi-gig symmetrical. And that's the key. Every single application ubiquitously delivered, that's our focus. So it's a tough competitive environment but I think we have a unique differentiated approach.

Michael J. Cavanagh - *Comcast Corporation - President*

And so on Peacock. I mean we're very pleased as we -- both Jason and I said earlier, with a quarter where we ended at 33.5 million subs, 3.5 years in. We are at a place now where we really are seeing traction in our approach to providing a service for consumers that is a combination of both entertainment and sports and how those 2 go together.

Very much a reflection, as we said from the beginning, of our -- a mirror image of what we see as our strengths at NBCUniversal itself. And so when you look at this quarter in particular, you end up with a start with a Wild Card game that brought in a tremendous number of subs ahead of where we expected it to be. And then retention, that was ahead of where we expected it to be. And so that's obviously great and the power of sports to bring audiences together and will stay committed because of our strength in sports.

But when you really reflect on what then happened in the weeks that followed our viewing was the record highs across all parts of our non-sports portfolio. And in fact in the quarter, we launched our biggest original, Ted, to the greatest success of any of the originals we've ever launched. And Traitors 2, our reality series on Peacock, both of those were in the Nielsen Top 10 streaming in the earlier part of the year.

So I think we see the 2 -- the parts of the portfolio interplaying well with each other. And obviously, the strength of our movie studio, which we talked about earlier with Oppenheimer and Holdovers and now coming up in future quarters, Kung Fu Panda 4. That is another great source of strength into our portfolio. So I think you can expect to see us having a very broad approach to it's sports, it's originals, it's next-day airing of NBC content, it's our library, and it's our Pay-1 movies. All those things going into a service that we think is one of the best values in streaming and a very distinct place over time in the streaming marketplace for consumers.

And when you look ahead from where we started the year, we are now in continue to focus hard on retaining the growth in subs we had. Second quarter will be a little lighter in terms of the cadence of our content. But when you look to the middle of the year, we've got Olympics. Right after that, we've got the return of NFL, Big Ten and our exclusive NFL game in São Paulo, Brazil, along with the tremendous movie slate: Fall Guy, Twisters, Despicable Me 4, in addition to Kung Fu Panda 4.

And so we feel great about what we're doing and the progress we're making, and it's very consistent with the way we've described Peacock as taking advantage of what makes us great at NBCUniversal to begin with, and taking our existing strengths and assets into a digital future. So that's -- and it's one of our 6 big growth drivers, so glad to get a chance to comment on it.

Marci Ryvicker - *Comcast Corporation - EVP of IR*

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

Operator

Our final question today is coming from Jonathan Chaplin from New Street.

Jonathan Chaplin - *New Street Research LLP - US Team Head of Communications Services*

One for Dave and one for Jason. Dave, taking a step back from the sort of the increased competitive intensity you're seeing in the broadband market, I would love your perspectives on how the overall market is trending. As we tally up all the adds from the quarter, it looks like we're sort of trending to somewhere around half of what we normally see for the industry in the first quarter. Everybody's adds are down. And I'm wondering if you've got any thoughts as to what might be driving that?

And then, Jason, on the segmentation strategy. You hit the low end of the market with some offers last year and then pulled back because you're worried about cannibalization. I'm wondering how the NOW -- you've sort of structured NOW differently so you don't end up seeing that cannibalization impact.

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

Jonathan, Dave. Let me start with the broadband in its entirety, the whole market and a viewpoint. So let me begin with the broadband market as a whole is still growing, maybe at a slower pace than it was last year and the year before, but there's still going to be a pretty healthy amount of net adds in 2024 and likely beyond. The right way, though, in addition to that, I think you got it. Everything we've talked about before, the right way we think to look about it is it's holding our own, growing relationships responsibly, but it's also where the market is going and how broadband is being used.

And that -- as we've talked about the utility of the broadband product itself is only going up. So when you look at the health of the entire category, it's the relationships, but it's also the overall usage and consumption. And for us, you can see usage is up double digits. Broadband-only subs using over 700 gigabytes of data a month. Over 70% of our subscriber base is on speed tiers of [500] (corrected by company after the call) megs or more, nearly 1/3 of our customers are on 1 gig. Those are great trends for us over the long term and gives us the great confidence as we're investing, continuing to invest in a better network and a better customer experience, as Brian has said.

So when you look at things, I think it's clearly competitive as we've talked about. One other factor that enters into it, in some cases, in certain segments. There are some people that revert back to mobile-only, that can happen. So there's a variety of factors that could enter into it. But overall, as a category and a growth opportunity, quite optimistic about broadband.

Jason S. Armstrong - *Comcast Corporation - CFO*

Jonathan, let me start on segmentation and Dave probably wants to chime in as well. So on NOW, I think what's interesting and exciting about it is it's a dedicated sort of flanker brand strategy. We've had prepaid offers in the past sort of wedged into our existing portfolio. This is a more dedicated and branded strategy around it.

By the way, the branding around this has worked very well in our U.K. market for Sky. It's actually where the brand name came from. And so we expect this to have some resonance. I would point out the -- if you look at where it's sort of targeted, we've got 100 meg offer for $30. It's inclusive of taxes, fees and equipment. We've got a $45 offering that's 200 megs and inclusive as well, very competitive versus fixed wireless, right? That is in this range, maybe slightly higher without the same reliability and ubiquity that we have.

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

Yes. Just adding on to that, Jonathan. But again, we've been doing prepaid broadband for a while, years. And it's just we needed to refresh it, needed to update it and put it in a more competitive position. The prepaid mobile is new, and NOW TV is relatively new. But it's a segmented approach. And if you think about -- it's all in pricing, it's very simple. It's really easy.

There's no contracts, no credit checks, customers can sign up, pause, cancel online, anytime. It's a very straightforward -- but feature-light product as we keep our focus on the high end in terms of fully featured things. We'll continue to do that. But this just gives us a brand, gives us a product suite to be able to clearly and define segmentation in a way that we can manage through.

Marci Ryvicker - *Comcast Corporation - EVP of IR*

Thanks, Jonathan, and we want to thank everyone on the call for joining us this morning.

Operator

Thank you. That concludes the question-and-answer session and today's conference call. A replay of the call will be available starting at 11:30 a.m. Eastern Time today on Comcast Investor Relations website. Thank you for participating. You may all disconnect.
