OVERVIEW:
Co. reported 3Q21 revenue of $30.3b and adjusted EPS of $0.87.
CORPORATE PARTICIPANTS

Brian L. Roberts  Comcast Corporation - Chairman & CEO
Dana Strong  Comcast Corporation - Group CEO of Sky
David N. Watson  Comcast Corporation - President & CEO of Comcast Cable
Jeffrey S. Shell  Comcast Corporation - CEO of NBCUniversal
Marci Ryvicker  Comcast Corporation - SVP of IR
Michael J. Cavanagh  Comcast Corporation - CFO

CONFERENCE CALL PARTICIPANTS

Benjamin Daniel Swinburne  Morgan Stanley, Research Division - MD
Craig Eder Moffett  MoffettNathanson LLC - Co-Founder, Founding Partner
Douglas David Mitchelson  Crédit Suisse AG, Research Division - MD
Jessica Jean Reif Ehrlich  BofA Securities, Research Division - MD in Equity Research
Jonathan Chaplin  New Street Research LLP - US Team Head of Communications Services
Philip A. Cusick  JPMorgan Chase & Co, Research Division - MD and Senior Analyst

PRESENTATION

Operator

Good morning, ladies and gentlemen, and welcome to the Comcast Third Quarter 2021 Earnings Conference Call. (Operator Instructions) Please note that this conference call is being recorded. I will now turn the call over to Senior Vice President, Investor Relations, Ms. Marci Ryvicker. Please go ahead, Ms. Ryvicker.

Marci Ryvicker  Comcast Corporation - SVP of IR

Thank you, operator, and welcome, everyone. Joining me on this morning’s call are Brian Roberts, Mike Cavanagh, Dave Watson, Jeff Shell and Dana Strong. Brian and Mike will make formal remarks, while Dave, Jeff and Dana will also be available for Q&A.

Let me now refer you to Slide 2, which contains our safe harbor disclaimer. I remind you that 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 schedules for the reconciliations of these non-GAAP financial measures to GAAP.

With that, let me turn the call over to Brian Roberts for his comments. Brian?

Brian L. Roberts  Comcast Corporation - Chairman & CEO

Thanks, Marci, and good morning, everyone. We had a wonderful third quarter across the entire company with 18% growth in adjusted EBITDA and 34% growth in adjusted EPS, and we generated $3.2 billion of free cash flow.
One of our goals in the past several years has been to return to a position of offensively investing in our existing businesses, paying a growing dividend and also buying back meaningful amounts of stock. So I'm pleased to report that we have now achieved all of that in this quarter, and we are back to our desired leverage ratios.

Our Cable division continues to be a standout, delivering over 7% revenue growth and the fifth consecutive quarter of double-digit EBITDA growth up 10% fueled by our broadband business, which generated 300,000 net additions and contributed to a very healthy 255,000 net new customer relationships. Business services has emerged from the pandemic and was also a key driver of our results. And we believe this momentum will continue.

Our success comes from our network advantage, innovative products and world-class operational capabilities, which enable us to provide an unparalleled experience. Just like in residential, we are proactively responding to the needs of our commercial customers and offering personalized solutions.

While small business has led our growth for the last decade, we are still significantly underpenetrated in the mid-market and enterprise segments. We see a lot of potential to take share in our large addressable market, which just got even bigger post our recent acquisition of Masergy, which builds on our strong offering of technology solutions. Masergy has become a leading provider to companies worldwide and unlocks a customer segment that we don't have today, particularly U.S.-based organizations with multi-site global operations.

Xfinity Mobile exceeded its prior record, adding 285,000 lines, the most in any quarter since launch. And we continue to evaluate ways we can accelerate this business even further as wireline and wireless connectivity services continue to converge.

We are looking at new exciting products and packaging that highlight how we're able to provide our customers with the best and most reliable broadband wherever they are or wherever they go and help them save money at the same time. And with only 6% penetration of our 32 million broadband customers, we have a long runway.

Taking all of this together, we have an incredibly robust broadband business, and we've been adding over 1 million broadband customers each year for the past 20-plus years. And we continue to deepen these relationships by offering a fantastic and differentiated in-home experience with the fastest modem and gateway and the greatest WiFi coverage. We plan to continue our relentless focus on aggressively developing and improving our suite of products around connectivity.

The foundation of all of this is our network. And we are currently in the process of deploying new technology, updating key infrastructure and accelerating virtualization across our footprint so that we can deliver even further enhancements fast and at scale to millions of customers. And we will continue to evaluate every opportunity we have to expand our passings, which will bring our amazing suite of products and services to many new homes and businesses.

All of Dave Watson and his team’s superb execution is around decades of investment that has led to constant new product innovation, including this month’s launch of XClass TV, an extension of our leadership in video aggregation. XClass is an innovative smart television powered by our global technology platform that brings the best of our company’s entertainment operating system to consumers nationwide together with the option to use either Xfinity, Charter or other entertainment apps.

At NBCUniversal, we continue to see great progress in each of our businesses, but I’d like to highlight our theme parks, especially Orlando, which just reported the most profitable quarter in its history despite having virtually no international guests due to COVID-related travel restraints.

In Hollywood, we continue to see recovery, and we had a very successful and exciting opening of Universal Beijing Resort on September 20th. I also look forward to COVID-related restrictions easing in Osaka, which could happen soon.

Our Media business is also doing very well. We’re benefiting from the many changes Jeff Shell and his team implemented starting in 2020 with new hires, different roles, fresh content and a more efficient operating structure. We’re seeing the financial success in both our linear networks as
well as Peacock, which has maintained its momentum. We have a new breakout hit with La Brea, which has been a contributor to NBC’s overall audience lead this primetime season as well as the best-performing new show on Peacock.

Sunday Night Football has returned with great momentum, which we’re seeing across our platforms. And we’re thrilled with the performance of our second Halloween installment, which generated more revenue in its opening weekend at the domestic box office than any other film this year with a day-and-date streaming release and is the one non-live event premier in Peacock’s history.

We’re also looking forward to extending our streaming platforms outside of the U.S. with Peacock launching on Sky next month and SkyShowtime in the works for mid-2022. At Sky, I want to re-emphasize how well we’re performing in the U.K., which continues its growth trajectory in customer relationships led by record low churn.

We’re also seeing great momentum in our broadband and mobile businesses. Earlier this month, Dana Strong and her team introduced Sky Glass in London, a premium all-in-one streaming television and multichannel subscription package that is so much more than just a stunning TV with amazing sound. It’s an innovation platform that opens up a whole new world of entertainment for our customers and simplifies the experience so they can stream every channel, every show and every app in one easy-to-use interface. And already, the customer response has very much exceeded our initial expectations.

We’re also incredibly proud that Sky Glass is the first TV to be certified carbon neutral. Sky has been leading all of Comcast with its sustainability goals and is the first media company in the U.K. to commit to being net carbon zero by 2030.

While Glass and XClass are distinct products with different monetization and distribution strategies, they extend our customer base beyond our previous capabilities. And they run off the same global technology platform. This allows us to quickly bring the best features to consumers across territories, segments and brands and on Comcast hardware and through our syndication partners.

I’m pleased to also announce today that Apple will bring Apple TV+ and the Apple TV app to our Xfinity and Sky customers on X1, Flex, XClass, Sky Glass and Sky Q devices. And Comcast is bringing the Xfinity Stream and Sky Go apps to Apple TV devices. We’re working together with our partners to deliver the best apps and experiences on our platforms. And our teams are sharing capabilities and collaborating across the company, collectively drawing on our scale and leadership in broadband, aggregation and streaming to innovate and profitably serve new and existing customers.

Looking ahead, I am excited about the opportunities we have to both invest in our business and return capital through buybacks and dividends all while maintaining leverage around current levels. And I believe we are extremely well-positioned to continue our track record of building long-term shareholder value.

So I’m pleased to now hand it over to Mike for more detail on this strong quarter.

Michael J. Cavanagh - Comcast Corporation – CFO

Thanks, Brian, and good morning, everyone. I’ll begin on Slide 4 with our third quarter consolidated 2021 results. Revenue increased 19% to $30.3 billion. Adjusted EBITDA increased 18% to $9 billion. Adjusted EPS increased 34% to $0.87 per share. And finally, we generated $3.2 billion of free cash flow.

Now let’s turn to our business segment results, starting with Cable Communications on Slide 5. Cable revenue increased 7.4% to $16.1 billion. EBITDA increased 10% to $7.1 billion, and net cash flow grew 16% to $5 billion.

As a reminder, comparisons to last year were impacted by adjustments accrued for customer RSN fees. Excluding these adjustments, Cable Communications revenue increased 6.3% with no corresponding impact to EBITDA.
We added 255,000 net new customer relationships in the quarter once again driven by broadband, where we added 300,000 net new residential and business customers. We continue to benefit from high levels of customer retention with broadband churn improving to the lowest rate for any third quarter on record.

The strong level of net customer additions over the past year, including this third quarter, coupled with higher average revenue per customer, drove broadband revenue growth of 12%. This growth was about 1 point lower, excluding the RSN fee adjustments in last year’s results.

Wireless and business services also drove our strong Cable revenue growth. Wireless revenue grew 51% driven by growth in customer lines and higher device sales. Overall, we added 285,000 lines in the quarter, the best result since launching this business in 2017, bringing total mobile lines to 3.7 million.

Business services revenue increased 8.7%, reflecting an increase in rates and customers primarily driven by the continued improvement in small businesses. We added 18,000 net new customers in the quarter and 72,000 over the past year. We recently closed on our acquisition of Masergy, which enables us to offer a broader range of products and solutions to mid-market and enterprise customers and expands our market opportunity to customers with a global presence.

Moving to video. Revenue increased 1.4% and was flat excluding the RSN fee adjustments in last year’s third quarter driven by a residential rate increase at the beginning of the year, mostly offset by video subscriber net losses totaling 408,000 this quarter.

Last, advertising revenue increased 4.6%, reflecting a strong overall market recovery compared to last year’s third quarter, which was impacted by COVID, partially offset by lower political advertising. As a reminder, the fourth quarter year-over-year comparison will be impacted by record levels of political advertising last year.

Turning to expenses. Cable Communications third quarter expenses increased 5.3%. Programming expenses increased 7.6% mainly reflecting the comparison to last year, which benefited from RSN adjustments. Excluding these, programming expenses were up 2.8% as we begin to lap the large number of contract renewals that started to cycle through in 2020.

Nonprogramming expenses increased 3.9% and decreased 0.8% on a per relationship basis, reflecting our investment to drive growth in our core businesses, broadband, wireless and business services. This resulted in higher technical and product support and advertising, marketing and promotion expenses, which were partially offset by lower bad debt and customer service expense.

Cable Communications EBITDA increased 10% to $7.1 billion, including a contribution of $51 million from our wireless business. Cable EBITDA margin reached 43.9%, reflecting 120 basis points of year-over-year improvement.

While the RSN fee adjustments had no impact on EBITDA, they did impact margins last year. Excluding the RSN adjustment impact, our margin expanded 160 basis points year-over-year. Cable capital expenditures decreased 5.4%, resulting in CapEx intensity of 10.4%. But there is typically some choppiness in Cable CapEx from quarter-to-quarter mainly due to timing.

Now let’s turn to Slide 6 for NBCUniversal. Starting with total NBCUniversal results, revenue increased 58% to $10 billion, and EBITDA increased 48% to $1.35 billion. Media revenue increased 48% to $6.8 billion, including $1.8 billion associated with the Tokyo Olympics. Excluding the Olympics, revenue increased 9.2% driven by higher distribution and advertising revenue.

Distribution revenue increased over 12%, reflecting higher rates and a successful completion of several carriage renewals at the end of 2020 and a growing contribution from Peacock, partially offset by subscriber declines, which have been stable for the past few quarters. Advertising revenue increased 7.2%, reflecting an overall market recovery compared to last year, very strong demand and pricing for our ad inventory, a higher contribution from Peacock and a solid start to the new fall season, including strong NFL ratings, partially offset by the timing of sporting events compared to last year when several events had shifted from the second quarter to the third quarter.
Media EBITDA increased 1.2% to $997 million, including results of Tokyo Olympics, the favorable comparison on the timing of other sporting events and Peacock losses that were impacted by higher costs associated with the day-and-date release of The Boss Baby: Family Business. As a reminder, our fourth quarter results will face a difficult comparison to last year due to higher costs associated with the timing of more sporting events at our regional sports network, an increase in our original entertainment as we continue to launch our fall season and the inclusion of our latest studio release Halloween Kills on Peacock.

Studios revenue increased 27% driven fairly equally by growth in theatrical and content licensing revenue. The increase in theatrical revenue reflected the continued success of F9 as well as several new releases, including The Boss Baby: Family Business, which was in theaters and on Peacock. In addition, content licensing revenue growth benefited from the delivery of content to our networks, Peacock and third parties. Studio EBITDA declined 47% to $179 million, driven by higher amortization of television and film production costs as we return to pre-COVID levels of production and investment in marketing and promotion to launch our new films.

Looking to the fourth quarter. EBITDA comparisons to last year will remain challenging in the short term as we launch new theatrical releases and ramp our TV productions, which had been impacted by the pandemic. Moving to Theme Parks. Revenue increased by $1.1 billion to $1.4 billion. And we generated EBITDA of $434 million, which included about $130 million of Universal Beijing pre-opening costs. This was our most profitable quarter since the pandemic began in the first quarter of 2020 driven by improved operating results at our U.S. parks, including strong domestic attendance and per caps that were above pre-pandemic levels.

In fact, as Brian noted, Universal Orlando delivered its highest EBITDA for any quarter in its history. At Universal Studios Japan, results were challenging as we continue to operate under government capacity restrictions, keeping attendance below 2019 levels. Last, we opened Universal Beijing on September 20th, where the initial demand has been positive. While our parks offer a great experience year round, we expect some seasonality given Beijing’s weather conditions with lower attendance in the fall and winter and more in spring and summer. So overall, on parks, we are encouraged by the continued recovery, but getting back to and then exceeding pre-pandemic levels of EBITDA will likely require an improvement in international visitation.

Now let’s turn to Slide 7 for Sky, which I’ll speak to on a constant currency basis. For the third quarter, Sky revenue was $5 billion and relatively consistent compared to last year. Direct-to-consumer revenue was also consistent with last year’s results, primarily reflecting strong growth in the U.K. driven by continued growth in customer relationships and higher ARPU due to the positive impact of a rate increase earlier this year, higher mobile device sales and the continued turnaround in hospitality revenue as pubs and clubs come back. This was offset by a decrease in customer relationships and ARPU in Italy, mainly due to a negative impact from the reduction in broadcast rights to Serie A.

Sky’s overall customer relationships declined 233,000 entirely driven by customer losses in Italy. Advertising revenue increased 16% with the results in the U.K. driving the bulk of the growth and reflecting the overall market recovery from COVID-19. This increase was offset by a 26% decline in content revenue driven by the change in sports licensing agreements in Italy and Germany as well as the timing of sports events compared to last year when several events had shifted from the second quarter to the third quarter due to COVID-19.

Turning to our EBITDA results. During the quarter, there was a change in the way we amortize sports rights. This cost is now aligned more directly to when games are played, including when seasons begin and end. This resulted in a $130 million benefit in the third quarter, which will reverse in the fourth quarter. Going forward, this change will continue to impact the quarterly pattern of recognizing sports rights amortization costs, with expense higher in the first and fourth quarters and lower in the second and third quarters, but it should not impact our full year results. Overall, Sky’s EBITDA increased 76%, reflecting this benefit as well as lower sports programming costs due to resets in our sports rights and the favorable comparison on the timing of sporting events.

Before I comment on capital returns and balance sheet, let me make a comment on our Corporate and Other segment. As we’ve done in the past with other start-up activities, launch costs related to Sky Glass and XClass will be reported in our Corporate segment, which could become more meaningful beginning with this fourth quarter.

Now I’ll wrap up with free cash flow and capital allocation on Slide 8. We generated $3.2 billion of free cash flow this quarter, including a $670 million benefit related to the tax impact of the bond exchange we completed in August. Consolidated total capital was $2.9 billion for the quarter.
And as expected, net working capital increased, reflecting our broadcast of the Olympics as well as the continued post-COVID ramp of investment in studio content. Return of capital totaled $2.7 billion, including $1.2 billion of dividend payments and $1.5 billion of share repurchase activity.

Our net leverage at quarter end was 2.4x, which means we are now back at a level that is consistent with our existing ratings and reflects substantial progress in both debt reduction and a strong rebound in our businesses post the pandemic. From here, my expectation is that we keep our leverage ratio around where we currently are and continue to execute on our capital allocation priorities, which consists of maintaining a strong balance sheet, investing organically for profitable growth and returning capital to shareholders. Looking ahead, our buyback will be a function of that balance and excess free cash flow available for capital returns.

With that, I’ll turn it back to Marci, who will lead the question-and-answer portion of the call.

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**Marci Ryvicker - Comcast Corporation - SVP of IR**

Thanks, Mike. Operator, let’s open up the call for questions, please.

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**QUESTIONS AND ANSWERS**

**Operator**

(Operator Instructions) Our first question comes from Benjamin Swinburne with Morgan Stanley.

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

Maybe, Brian, starting with you. The Sky Glass, the move towards the Smart TV seems like a really interesting evolution of your product set, taking the business beyond your footprint, as you noted, in multiple markets. Can you just talk about some of the long-term vision of what that turns into for the company? Because it seems like it’s a pretty significant opportunity as you’ve been limited essentially geographically in the past.

And then, I guess, I have to come back, Mike, to your last comment there about leverage, just doing some quick math. I mean, you guys are run rating I guess, what, $5 billion of buybacks a year, looking at the second half. You’ve got a $4 billion or so dividend. You generate a lot more free cash flow than those 2 numbers. So to stay levered here, there’s a lot of excess cash flow, which is obviously a nice problem to have. Anything else you would add in terms of how you stay at 2.5x, just given the strong free cash flow dynamics of the business, would be greatly appreciated.

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

Thank you, Ben. Let me start that if you look at where we are today, we -- the global technology platform, we do about 5 billion entertainment streams a week on 75 million devices. So we have a huge global scale. And one of the great things that we’ve been working on with Dana and Dave is having a global technology platform and working together on product innovation. So to specifically talk about the connected TV, streaming TV, which is what Sky Glass and XClass are really all about, I think it’s a natural evolution. So I think it’s a beginning of a logical extension.

And so I was in London for the launch of Sky Glass, and we've been working on it since the day we bought Sky, taken about 3 years to see it come to fruition. It's a really exciting product, just simplifies for the consumer so much. Dana can talk in a moment a little bit about it. It is a really breakthrough idea, I think, on how people buy it and pay for it.

But mostly, it’s an embodiment of what we do well, which is aggregation, and that we’re going to find a way for consumers to get to what they want faster, personalize it and have fun along the way. And then it’s a platform for innovation on a go-forward basis for where we think television may evolve. And whether it’s gaming, whether it’s fitness, health care, education. And so having that be a part of your relationship with our company,
I think, is novel territory for us to do R&D off of in the U.S. And finally, it allows us to take it all over Europe potentially, as you say, in and out of footprint.

So we’re starting in the U.K., but we have ambitions to expand quickly to other countries. And it’s great for streamers and streaming services. So our importance to the streaming universe will continue to grow. And our relationship and certainly the Apple announcement today is the latest iteration of that. In the U.S., pretty much locked in sync with our Sky team is the XClass, and Dave can talk a little bit about that. But we look at the markets, there’s different opportunities, different realities with our partnership with Hisense and with Walmart, where many Americans get their televisions.

And so we’re excited to begin. And I think -- so different ends of the market perhaps. We’ll look at this as learnings across the globe. And it follows right on the heels of X1, Q, Flex and the progress we’ve made on innovation. So I’m really excited by it, and I think it also shows the one company working well together. Let me start with Dana. Why don’t you add a few thoughts on Sky Glass? And then, Dave, over to you, and then we’ll get to the question on leverage with Mike.

**Dana Strong - Comcast Corporation - Group CEO of Sky**

Thanks so much, Brian. I appreciate it. Sky Glass is our latest innovation for new streaming TV. And as it was touched on, this eliminates the need for a dish and a set-top box, which is really, really important in the go-forward. And we believe it’s the smartest TV in the market.

I can say based on our experience of product launches, the consumer reaction here has been fantastic. And I think that really starts with the product itself, which is quite innovative. We’ve changed the commercial model of the product to follow the approach of the mobile handset sales. So we’ve converted a large upfront payment to an affordable monthly payment with ownership, of course.

It establishes a long-term relationship with the customer, as a result. And it really improves -- the product really improves our acquisition economics because it allows for self-installation, and there’s no longer a need for a dish and a set-top box.

I think another big part of the product innovation has been reducing the complexity of the purchase decision itself. So everything is inside, all of the highest specs. And the customer really only needs to choose the size, inclusive of the audio, which is truly fantastic all built in.

And then the breakthrough in the experience, and that’s where Sky really does shine is in the fully integrated product. So that interplay between linear, on-demand and app content, which can really enhance people’s time spent viewing. So you’re no longer coming in and out of apps, but the content is lifted up and able to toggle across content more easily, this is what kind of makes the product such a standout and I think is driving some of the consumer reaction that we’ve seen.

As Brian touched on, we think Sky Glass gives us some interesting headroom. It opens up customers we haven’t been able to reach before if they’ve been prohibited from having satellite dishes or didn’t want them. It opens up customers who are more interested in streaming content. It opens up syndication opportunities for us.

And importantly, as Brian touched on, it opens up a lot of opportunity for both stickiness and potentially, new revenue areas when we think about things like watch together or fitness and health long, long term. We think that this is a platform for innovation and really, really just the beginning.

And I think the compelling part about this is that all of the guts of this are exactly the same as all of the Comcast technology. So this is all built through the collaboration and enablement of Comcast. And so the synergies between this and some of the smart TV developments in the U.S. are huge synergies where the hardware, the software, the cloud services are almost entirely the same.
David N. Watson - Comcast Corporation - President & CEO of Comcast Cable

This is Dave, Ben. So -- and I think Dana hit it, Brian hit it. It really is for XClass, we're not starting from scratch because of this constant focus around innovation and working with the Sky team, working together the Cable group. So we're excited about XClass. It's early days.

But it is -- clearly, the smart TV is a really important device to get to. So we're able to take our software stack, working across the board and focus on the right segment that wants very little friction. It just wants the smart TV to work, and we're able to do 2 things: one, deliver the world-class UI. So great voice, great data integration, able to add things like the Charter app, our app on top of it. So we can -- there's a lot of flexibility that we have and the business model that we have. We can go to market with the TV manufacturers, the retailers in mind and pull it all together in a unique way because we're coming in a little bit later.

So it's a great product. We're very excited about it, within our footprint, outside. And we're able to position Peacock as a key part of the offering in a great way and within the UI. And so overall, very excited, early, but this is clearly a focus of ours.

Michael J. Cavanagh - Comcast Corporation - CFO

So Ben, it's Mike. So on capital allocation and leverage, so just to recap things, we ended at 2.4x leverage. So like I said earlier, I think we intend to stay around this level from here. So plus or minus, a tick or so because we're not trying to stick the landing each and every quarter on a specific number by any stretch.

But that's right. I think the -- we've said all along that our businesses are healthy, as you're going to hear from all the operating executives here. They're all going to grow free cash flow over the long term. And that does create a big long-term picture for us that will put us in a great position to continue to maintain the strong balance sheet we have, continue to invest organically in the businesses and then return ample capital back to shareholders. And the performance of the business and the patterning of those investments are what will dictate the outcome. But it's -- we feel very good about being back at this place where that's what the picture looks like.

Operator

Our next question comes from Doug Mitchelson from Credit Suisse.

Douglas David Mitchelson - Crédit Suisse AG, Research Division - MD

So I guess that leaves broadband for me. And so I think, Dave, in particular, Brian, I'm not sure if you have thoughts as well, there's just a lot of concerns in the marketplace by investors on fiber build-outs in fixed wireless. And then, of course, 3Q came in below 3Q '19.

And I think, Dave, a couple of questions. One is, what's the right baseline for growth in broadband net additions that investors should think about? I think during the pandemic, as we moved through a lot of us look at 2019 as a normal year pre-pandemic. It was a good year for you and the industry for broadband growth. So one, when you look forward, like what's the right baseline for growth that you measure your businesses on? And then secondarily, any thoughts on how momentum looks in 4Q and how you feel about competitive threats would be helpful.

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

You got it, Doug. So first off, as you said, we're still clearly in a fluid environment. To be clear though, the fundamentals of the business are very strong, and there's a really long runway of growth in broadband. So we haven't changed our feeling on that at all.

We have a terrific network. It's scaled, it's ubiquitous, and it continues to perform exceptionally well. And we're in a good position for the future. So we haven't changed our view on the long-term trajectory of the connectivity business. I'm just as confident and optimistic in the prospects for this business as I've ever been.
So when you look at the whole year, I think it underscores the strength of broadband. Year-to-date, we’ve added over 1.1 million net additions, and we’ve been adding over 1 million broadband subscribers each year for the past 20 years.

And as you said, while the pace in Q3 was slower than we saw earlier in the year during the height of the pandemic, our broadband net adds are still very healthy, and our churn remains at record lows, certainly for a Q3. I think it’s important to look at the current environment. And I think that points a little bit, Doug, to what you’re talking about.

And kind of just a couple of drivers to call out. One, when you look at the slowdown and Mike talked about this earlier, there have been a slowdown in connects across our footprint. And we look very closely at the move activity. There’s more activity earlier in the year around moves, slower now. And certainly, the last couple of months below 2019 levels, in terms of moves. So a little bit less college student activity, not alarmingly so, but just a little bit less and just a little bit less switching activity overall.

I think if you look at other operators, everyone’s churn is down. So that means just some less jump balls where we do well. I think the other thing to call out in terms of drivers, we’re seeing less growth from the lower income segment. We’re still adding customers in this segment, but not at the same rate as earlier. There are new government programs like EBB. We’re seeing traditional wireless, not fixed wireless, but traditional wireless participate, and be very active in this program.

And last point on competition. Look, we take it all very seriously. And we’ve been in a very competitive situation for some time. Our focus has not wavered. We innovate. We deliver the best product for each segment. We break the market down in terms of segments, and we compete at a very local level. We have our granular view literally at the block level geographically and by each segment from HSD-only to multiple product households.

So you add it all up, our churn remains at record lows, whether it’s fiber, whether -- or not. And we look at our competitors’ performance overall to ours historically and now, and I think this says it all.

So as for expectations for full year results, while current visibility and overall activity creates a little bit of modest risk, we still believe full year net adds will be around 2019 levels. So overall, when you look at this year, and you go back to 2019, 2019 was the second best year that we’ve had in well over a decade. It’s just a terrific year. And so for us to be at that level and the consistency that we’ve had has been so strong, and you point to the fundamentals.

There are some things that we’re on, but like always, you attack them, and you break them down. But I really like the fundamentals and the momentum that we have. So I think the runway is absolutely still there. And the last point is business services, a very important part of the connectivity story. And there, I love their momentum as well. So you add it all up, I like where we’re at with connectivity.

Operator

Our next question comes from Jonathan Chaplin with New Street.

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

Dave, I’m wondering if I can follow up on that last question. The -- if the full year is around 2019 levels, it suggests that 4Q is a bit below where you were in 2019. Is it your sense that we sort of pulled growth from the fourth quarter into the -- earlier into the year and 2022 will be sort of back to that normal trend? Or do you think the slowdown that we’re seeing in 4Q might continue into 2022?

And I recognize that it’s difficult to have visibility given all of the sort of the puts and takes coming out of the pandemic. But any color around the progression of the trend would be, I think, would be really helpful to investors.
David N. Watson - Comcast Corporation - President & CEO of Comcast Cable

Understood. As I mentioned around the visibility, so I wouldn't comment yet at this point on '22 other to say what I’ve already said around '19 being very strong and point back towards the fundamentals in terms of the trending around churn, the activity that we have. And so I think more to come later, but I think there’s -- we have this consistent momentum.

If you -- going back -- pointing back to over 1 million broadband net adds over a 20-year period just -- it speaks to the strength of the category. So overall views, long runway for growth, where we’re at with penetration. We haven’t changed our longer-term view of that.

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

And just following on from that. It’s presumably the low churn that you’re seeing is feeding into the tremendous EBITDA growth that you’re seeing in the Cable segment as well. If churn has to -- if churn for the industry has to recover for growth in broadband to recover, would that -- is there sort of an offset to growth in EBITDA than as we think -- as we look ahead as well?

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

I think the main point churn is already did a very good place. I think they’re overall at record lows. So I think what we’re dealing with is transactional activity, it’s a little bit lighter on the connect side. So we’re already in a good position. I think we have a balanced approach towards ARPU growth. We have a balanced approach towards customer share growth. So those fundamentals, I think, are consistent.

Brian L. Roberts - Comcast Corporation - Chairman & CEO

That’s the one point. I just -- this is Brian. I just want to add to Dave. I think, gave a very comprehensive and totally agree with the 2 questions that got asked, his answer. I think that, that last point I just want to underscore, which is we’re -- the record low churn suggests, to me anyway, a very stable business. That’s what’s so great about the 32 million broadband customers that we have. We have a recurring business. So while maybe there was a pull forward, maybe there’s a slowdown, time will tell as your question suggests.

We’re looking at how do we grow EBITDA, how do we grow margins, how do we maintain and offer more product connectivity, kind of the very first thing we talked about, what else can you do with broadband, what will broadband evolve to over the next 5, 10 years. So we’re super focused on minute to minute, but we’re also, I think Dave put in context just how good we feel and it's certainly business services, the same kind of innovation that we’ve been doing in residential we’re doing in business services.

And so it’s not some change in market conditions that really we’ve all been reading about. While there may be coming and maybe there’s some of that, I actually think it’s personally the disruption from the pandemic, coupled with a large percentage of Americans have broadband. So the question for us going forward is how do we continue to grow the value of that broadband and obviously, therefore, grow the value to our shareholders.

Operator

Our next question is from Jessica Reif from BoA Securities.

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

I guess a bigger picture question and then it's something really short. You look out towards next year, I mean, NBCU will clearly have a record year with the Olympics, Super Bowl, record upfront. Political looks like there's a lot of money being raised. Hopefully, we'll see a return of international theme park visitors, and movies seem to be stabilizing.
Sky, obviously, you've got this rollout of Sky Glass and Peacock and hopefully benefit from some of the past investments. And Cable, as you guys have just discussed, you're going out of footprint with XClass TV, which I'd love your comments, but it seems like it would benefit broadband, Peacock and advertising. Mobile is more aggressive.

So with that long-winded introduction, just could you talk about your priorities for 2022 and beyond? How different will the business look over the next 3 to 5 years? And then the kind of quick short question is just on Peacock. You didn't mention anything about usage or monthly active accounts. So if you could give some color there.

Brian L. Roberts - Comcast Corporation - Chairman & CEO

Let me start. Thanks for -- you're all over the kind of sense of optimism that, at least, I think we all feel for the company, where I think we're one of the fortunate companies. We -- during the pandemic, we've talked in the past about how well I think we transition to work from home, customer care, continued productions. So as we come hopefully out of this in the U.S. and globally, where are we driving our company? And I think we ultimately go where the consumer wants to be. And we have products and different prices that allow customers to come to our company.

We're getting close to nearly 60 million customer relationships, I think, 57 million or 58 million global relationships. And these are $100 a month plus type relationships. And so we want to be the best leader, and that's why we're continuing the innovation. And then you add in theme parks, as you talked about, and the big events that people come to our company, whether they're advertisers or business partners.

So I think that's all driven off a global technology platform, and that's where I think we have the real leadership. So -- and then I want to echo what Mike has said a couple of times. We feel like we're back in balance in our priorities, and that really puts us in a position to go forward to be disciplined in what we're doing, be a leader. And that's going to produce after all the many years that our company has been building these relationships around the world to produce a lot of free cash that will be returned to shareholders. But Jeff, why don't you go specifically to the Peacock and other NBC? We haven't heard from you yet. So maybe talk about the company in general.

Jeffrey S. Shell - Comcast Corporation - CEO of NBCUniversal

Yes. Thanks. Thanks, Brian, and thanks, Jessica. So everything on Peacock is heading in the right direction, and there's really nothing from a trajectory perspective that's any different than it was last quarter or the quarter before. All metrics are pointed up. Our usage continues to be great. Our mix of users continues to be great. We added a few million more subs, more MAAs, everything. Advertising, we -- in this quarter, we just at the tail end of the quarter, we started selling advertising beyond sponsorship of which in the fourth quarter, it's all beyond sponsorship. And that is going spectacularly well. So we're really pleased with Peacock. It's way ahead of where we expected to be at this point. And every month, every quarter, it gets further ahead. And as you were talking about the business overall for next year, I was getting excited because we're very excited about next year with everything that we've got coming across NBCUniversal from the Olympics to the Super Bowl to a spectacular movie slate to a very strong advertising business, ratings, our linear networks improving.

And I think Peacock -- I would add to that, that Peacock is doing really well right now without most of its programming strength. So if you look at the future, and you look at where we're headed with Peacock, we have -- because of the pandemic, we were behind on our original production. So we're going to start to see a ramp-up in originals on Peacock, which is very necessary to continue to grow to have successful and robust original programming. And we're excited about a lot of the things that we're making for the service.

We decided to buy our first window as we talked about last call of our movies. So our Pay-One rights, so to speak. And the first movie in our Pay-One rights will hit Peacock in the first quarter, and then we'll have a steady supply of movies. We've seen across all streaming platforms that movies move the dial. They moved the dial for Peacock in this quarter with Boss Baby, recently with Halloween Kills, which, by the way, was a huge hit on the Peacock and a huge hit at the box office. So it shows that you can kind of play in 2 different markets.

So we have all of our movies coming to Peacock, and we couldn't be more excited about where Peacock is. And we'll continue to invest behind that success. I think it's important to remember, too, that we launched just over a year ago. We launched in July of last year. So we've been a business
for just over a year. We’re already more than 1/3 of where Hulu is now, which is a service that’s been more than decades in the making. So excited about the year overall in the company and really excited about where Peacock is going.

Operator

Our next question comes from Craig Moffett with MoffettNathanson.

Craig Eder Moffett - MoffettNathanson LLC - Co-Founder, Founding Partner

So I guess, having talked about broadband and some of the growth initiatives across the company, let’s talk about wireless as the other big growth initiative. I guess, first, the way I would question sort of we’ve seen some data that suggests that your WiFi is offloading a lot more traffic than we would have expected from the contract. So that the gross margins of that business may be much more -- much higher than we had previously believed.

It makes me wonder, what’s the strategic goal for that business? Is it really to drive the business into being the largest, most profitable business it can be? Or is it still largely to reduce churn on broadband and think of it as more of a defensive product for protecting your existing business?

And then if I could just squeeze in a second unrelated question. Can you just update us on your thoughts of Hulu, which, I guess, doesn’t necessarily come up until 2024? But is there any opportunity that you might do something with Hulu sooner?

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

Hey, Craig, Dave here. So let me start with wireless. So I don't think -- we really haven't changed our strategic imperative behind mobile. But most certainly, things have accelerated and that we are very focused on how we leverage mobile to support broadband.

Once we were successfully worked on the Verizon relationship and improved the MVNO relationship, we're able to go to market with and launching the new unlimited plans, combining that with By the Gig, just puts us in a unique position. So I think our goal is what we said earlier is to go faster and leverage mobile completely and everything that we do and how we surround broadband with a terrific product. I think it is profitable. It'll continue to be. I feel confident of that.

But the main focus is to drive broadband. And there are a couple of key things. One, it is -- it continues to support the broadband churn and pointing towards record low broadband overall churns. Mobile is just one piece of that. But it also drives consideration on the front end. So when things -- some -- the activity overall begins to tick back up, I think retail and mobile play a huge role. As you pointed out, I think the other key point is how do we leverage product integration with WiFi. We already do a great job, thus the -- every mobile device we contribute just a ton of broadband traffic through these mobile devices over our WiFi network, and it's part of our network.

So over time, we want to work hard on how do we integrate the experience and just do more so I think in the home and we'll be opportunistic outside the home. So I think it's -- we're accelerating mobile [in] every single sales channel, every marketing plan. And we'll continue to package mobile with broadband in unique ways going forward.

Michael J. Cavanagh - Comcast Corporation - CFO

Craig, it's Mike. So on Hulu, just tremendous increase in value there. Obviously, great business that's participating in one of the hottest areas of value, increased streaming. So we're happy to be along for that ride, obviously, while we set up our own thing in Peacock. In terms of the deal, it is a couple of years out. But remember, we kind of put this together a couple of years ago. And I'm certainly glad we didn't exit at the time 3 or so years ago. So like the deal we have, and I think we're always open for business. But it will be fine if we stay to the end because I expect value to keep increasing.
Operator
Our last question comes from Phil Cusick with JPMorgan.

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

I want to ask a couple of follow-ups. First on the broadband trends. The last few quarters and in September, you've been pretty specific about how you thought the year would come in. Is there just less visibility today compared to where we were in September? And it sounds like this isn't a competition issue, just more of an underlying demand. How also does that make you think about price increases this year for broadband and video, with the pandemic still going on and the new FCC?

And as well on the buyback. In the last cycle, you weren't really willing to borrow money to buy back stock, preferring to use cash flow and let leverage drift lower. It sounds like it's different this time. And is that driven by the stock price being really attractive where you really want to just keep that leverage in that sort of mid-2-ish range?

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

Well, Phil, let me start. It's Dave. Let me start with the broadband. So as I said, there is some limited visibility on what we've seen and obviously, an acceleration of activity earlier in the year that was more like '20, in the first part of '21. But primarily really on the connect side, and I think I walked through some of the drivers behind that. But again, pointing towards the whole year gives perspective on Q4 around the 2019 levels. Still I think the key is the overall churn level is just being where they're at, and I've talked about that.

Your point, our approach is to consistently focus on value and whether it's fiber or not. Our goal is constantly innovate, position the greatest network, I think, for today and tomorrow. And we're constantly adding speeds. We've improved coverage, great devices, the gateways, the pods, control improvements that we've had, streaming with the Flex, now XClass and mobile. We're surrounding broadband with products that eases some of the pressure around pricing when you can package with so many alternatives.

The other thing that we do is we provide multiple tiers of broadband. And we market -- we break down the broadband marketplace into segments. So we have a lot of choice out there. And so it is -- we go, and we consult with the prospects upfront and customers all the time what's best for them. And we put them in packages that work and that gives an opportunity to drive ARPUs when you do it that way. So overall, the fundamentals, again, I talked about. And you look at the long-term runway of broadband and the consistency of how we performed. And to me, that's -- I think, points towards the future. So Brian?

Brian L. Roberts - Comcast Corporation - Chairman & CEO

Okay. Well, I think it's a perfect way to end the call, Phil, with your question. Let me again state that I think it was a great quarter. And one of the highlights of the quarter was returning after several years to what we have, our target leverage ratio, which Mike talked about.

And so we sort of separate, at least I do in my mind, the borrowing from the buybacks. They're not linked the way you described. It may appear that way. And I just want to give a compliment to our treasury team, Jason Armstrong and the team. During the last 18 months, our balance sheet has now never been in a stronger position.

We've done some long-term rollovers and extensions at historically low rates. And so you put all that together with this operating performance, and it does get us back to where we wanted to be, which will then allow us to more aggressively take advantage of what a number of us believe is a great company. And therefore, you can put your own value on it as shareholders.
But we certainly are looking forward to buying back stock. And I think Mike described the logic well in the ratios. And all in all, a really great quarter. So thank you, team, and thanks for your support on the call to the shareholders. Marci, over to you.

Marci Ryvicker - Comcast Corporation - SVP of IR
Thanks, Phil, and thank you, everyone, for joining us on our third quarter call. Have a great day.

Brian L. Roberts - Comcast Corporation - Chairman & CEO
Thanks, everybody.

Operator
There will be a replay available for today's call starting at 12:00 p.m. Eastern Standard Time. It will run through Thursday, November 4, at midnight Eastern Time. The dial-in number is (855) 859-2056, and the conference ID number is 4073347. A recording of this conference call will also be available on the company's website beginning at 12:30 p.m. Eastern Standard Time today.

This concludes today's teleconference. Thank you for participating. You may all disconnect.