Corporation Participants

Brian L. Roberts  Comcast Corporation - Chairman & CEO
David N. Watson  Comcast Corporation - President & CEO, Comcast Cable
Jeff Shell  Comcast Corporation - CEO, NBCUniversal
Jeremy Darroch  Comcast Corporation - Group Chief Executive, Sky
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  Moffett Nathanson LLC - Founding Partner
Douglas David Mitchelson  Crédit Suisse AG, Research Division - MD
Jessica Jean Reif Ehrlich  BofA Merrill Lynch, Research Division - MD in Equity Research
John Christopher Hodulik  UBS Investment Bank, Research Division - MD, Sector Head of the United States Communications Group and Telco & Pay TV Analyst
Philip A. Cusick  JPMorgan Chase & Co, Research Division - MD and Senior Analyst

Presentation

Operator

Good morning, ladies and gentlemen, and welcome to Comcast’s Second Quarter 2020 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 to provide a detailed review of our results and answer analysts’ questions are Brian Roberts and Mike Cavanagh as well as Dave Watson, Jeff Shell and Jeremy Darroch.

Let me first refer you to Slide 2, which contains our safe harbor disclaimer, and 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 refer to our 8-K and trending schedules for the reconciliations of non-GAAP financial measures to GAAP.

With that, I’ll turn the call over to Brian Roberts. Brian?

Brian L. Roberts  Comcast Corporation - Chairman & CEO

Thanks, Marci. I’d like to start by wishing all of you well, and I hope that you are safe and settled in for what feels like a new normal... at least for the balance of this year. While none of us has a perfect crystal ball and we don’t know the path this virus might take, I could really not be prouder of how our teams across Comcast Cable, NBCUniversal and Sky are together managing our business. The response has been extraordinarily fast and effective.
Our products and brands continue to resonate strongly with our customers across all segments and all geographies. This, combined with the unwavering efforts of our employees, produce second quarter financials that highlight the strength and resilience of our company.

It starts with Xfinity, the core of the company, whose fantastic results continue to be fueled by our best-in-class broadband business, which experienced record low churn for yet another quarter while connects remained healthy. The consistency of these results confirm that our strategy and corresponding investments are working. We offer differentiated products and services, and a fantastic customer experience, all of which we are delivering even more efficiently.

Considering that NBCU and Sky are facing certain pressures that are momentary and unique to some of their businesses, I think we are performing incredibly well. Despite theme park and theater closures and most sports having been paused, we continue to transact. And more importantly, we are innovating as we position these businesses for continued market leadership and the return to strong, long-term growth.

From a broader perspective, Comcast is truly in an enviable position. We have an amazing portfolio of companies that are each successfully taking advantage of the evolving ecosystem, and together, creating complementary capabilities, technology platform and a global footprint. All of this is led by our extremely flexible and robust broadband network, which is the foundation of our connectivity-centric relationship with residential and commercial customers and heavily supports our other services, including video aggregation and mobile.

With NBCU and Sky, we have some of the most valuable global content, whether it’s news, entertainment or sports. And we are leaning into streaming. This starts with what is now our valuable 1/3rd ownership position in Hulu and is enhanced with Peacock, our own ad-supported service whose nation-wide launch earlier this month exceeded our high expectations. In fact, as of today, we already have 10 million sign-ups. With these and many other drivers of growth, I am so excited about where we are headed.

While our second quarter results were better than we previously forecasted, the reality is they only represent a 90-day snapshot. In the months ahead, there’s going to be a lot of noise, if you will, in the quarterly numbers, which will not be unique to Comcast. As usual, we will continue to be transparent so as to help you navigate the near-term complexities of our business. But we also want to provide a deeper understanding into what I believe is the underlying strength of our company and how we’re managing each business for the long term beyond the effects of COVID.

For that reason, we have changed the format of this call and have asked Dave, Jeff and Jeremy to comment in more detail about their plans for the future, specifically how they intend to tackle both the different challenges and opportunities that lie ahead. They will then be followed by Mike, who will take you through our second quarter results.

As you’ll hear, we’re playing offense, working together like never before and using our combined capabilities, our scale, our brands, our talent, our technology and our investment-grade balance sheet to ensure that we remain a leader in our markets and that we deliver superior long-term value for our shareholders.

With that, I’d like to start with Dave.

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

Thank you, Brian, and good morning, everyone. First of all, I am extremely proud of the entire team and how we're working together to handle the pandemic. Our employees have been nothing short of remarkable, moving quickly and effectively to a new way of working, and we continue to execute at the highest level. The investments we made over the years, particularly in broadband, are proving themselves out, whether it's the network, which is performing extremely well when reliability is even more important; or our digital tools, which have been instrumental during this time of need.

Our focus remains on broadband as we continue to keep people connected and informed, as evidenced by our 323,000 high-speed internet customer additions this quarter. This was the best second quarter in 13 years. It does not even include over 600,000 additional high-risk or free Internet Essentials customers that still receive our service but were not included in reported results. We'll only count these customers once they are in paid status.
We are committed to finding new ways to help all of our customers, especially those hardest hit during these challenging times. We extended our 60-day free Internet Essentials offer, and we are keeping our 1.5 million out-of-home, public WiFi hotspots available for free through the end of this year. In addition, our assistance programs allow us to work closely with those customers having trouble paying their bills. We’re pleased with how all of this is going and believe our approach has been the right one for us and for our customers.

COVID-19 is, of course, having a significant impact on small and medium businesses as well, but we’ve seen some modestly positive trends, especially in terms of new connects as markets open up across our footprint. Throughout it all, we kept our focus on how to position our businesses to win for the long term. We’re excited for the future, and we will come out of this even stronger.

Let me outline our top 3 areas of focus right now. Our #1 priority remains broadband. With only 50% of the homes and businesses in our footprint taking our data products, there is plenty of room for growth as we continue to gain share of an expanding market. We are optimistic about the runway ahead, and we will continue to invest in our broadband network to ensure we have great reliability as well as product innovation. It’s much more than speed. Our customers find value in our gateways, the management and control that xFi enables, coverage with our xFi pods and most recently, Flex. We took the creative energy that we focused on video and have applied it to broadband. We’ve got the best product and best innovation engine out there, and we’re leaning in. We’re also very focused on customer retention, and our churn remains at all-time lows. With new products like Mobile and Flex, we give our customers additional opportunities to find even more value in our data service and drive retention to record levels.

Additionally, on the connectivity side, we feel very good about the future growth and business services. We’re taking care of our existing customers and continue to take share. We’re still the challenger-- with a great product set, marketing and sales strategy and customer care, we are in a great position to win.

Second, we will continue to lean into our digital applications and raise awareness with our customers. We had been on a great path, but with the current environment, this gave us an opportunity to accelerate that. We integrated our Xfinity Assistant into Help & Support online, built new capabilities and entry points across the unassisted ecosystem, and the result of our efforts is that consumer awareness and use of our digital applications are at all-time highs and are having a meaningful impact on the business, driving record achievements across many key operating metrics, including customer call-in rates, digital interactions and churn, to name a few. In fact, we’ve seen more than a 15% increase in the percentage of transactions that we can complete digitally.

I’m also particularly pleased with the progress we’ve made in our NPS scores, which have seen a dramatic improvement over the last few months and well exceeded our own aggressive targets, hitting our highest scores in the company’s history. The incredible acceleration we drove in the last few months has set us up very well for the future and put us far ahead of our plan. This transformation will allow us to continue to take unnecessary costs out of the business while delivering a better experience for our customers.

Third, video is still a core product and component of our packaging, and its platform is strategically important to us. We will continue to evolve our strategy around video, but our goal is to always enhance the long-term value of the customer relationship. Some customer segments, that is done with a great video package at a great value with X1, voice remote and all of the innovation we put into making that a great product. But we’re not subsidizing video for those that don’t value it from us. We are very focused on maximizing the EBITDA per customer relationship and lifetime value of each customer. For others, that means offering them the best broadband service with the Flex platform, so they have the brains and power behind X1 to navigate the streaming video they choose. In both cases, we’re adding to the customer experience, helping reduce churn on the broadband product and cementing a deeper relationship. The launch of Peacock and Hulu on X1 and Flex as well as Sling on Flex are all part of doing just that: enhancing the value through our technology and bringing choice to our customers.

Mike will go through the more detailed financial results, but from what I see today, the trends at work as we remain focused on connectivity and not chasing unprofitable video, together with a consistent discipline on expenses, to be confident in our long-term ability to drive margins higher. Margins may ebb and flow depending on programming renewal cycles, but the factors at play are all moving in the right direction. At the same time, I don’t see any changes in the capex intensity trajectory even as we continue to innovate and make the appropriate high-return investments in our network. We have proven once again how important that investment is. Our network rose to the challenge of the surge in traffic this spring. And we will continue to invest to stay ahead of demand and differentiate our services.
With that, I turn the call over to Jeff.

Jeff Shell - Comcast Corporation - CEO, NBCUniversal

Thanks, Dave. The effect of the pandemic have obviously influenced every single business at NBCUniversal, but given the circumstances, I’m pleased with our results for the second quarter. At the moment, NBCUniversal is really the tale of 3 cities, with Parks, Film and Television all facing very different and unique challenges.

Let me briefly comment on each one. Starting with theme parks, where the financial impact has been the most significant and immediate and the operational challenge is the most daunting. As you know, by March, we had shut down all of our theme parks along with the construction of our theme park in Beijing a month earlier. Our talented team, working with local government authorities, have been working hard to get us back open. We were able to resume construction in Beijing in April, and remarkably, we remain on budget and on track to open in mid-2021. In Florida, we opened in early June with industry-leading protocols in place at significantly reduced capacity. And in Japan, we opened with similar protocols and capacity a few days later. While attendance in both locations is much lower than our typical summer levels, we are still doing better financially than if we were closed. And even more importantly, our guest satisfaction scores are at record highs. Unfortunately, a park here in California remains closed with no timetable at the moment to reopen. As is typical in past downturns, the road back will be gradual and bumpy, but I’m confident that this business will return to its historical levels of financial performance. In the meantime, we are continually adjusting our cost base and capital spend, including pausing development of our Epic Universe project in Florida, for example, until the future becomes more certain.

Now let me turn to our film business. In some ways, the film business has been impacted as dramatically as our theme park business as we completely shut down production and stopped releasing films in March. Due to the timing of revenue and expenses in the film business, however, the financial effects are not as immediate. In fact, since we are not spending as much money on production or marketing and continue to enjoy revenues from past years’ slates, the immediate financial impact is actually positive. But obviously, making and releasing films is our lifeblood, so it’s anything but positive, and the negative financial effects will be felt in coming years particularly 2021.

Fortunately, our strong management team in film has been pioneers in getting our production up and running again. We started several films, including Jurassic World in the U.K. in the past few weeks and continue full steam ahead on our important animation slate. And of course, they’ve also been pioneers in pursuing new distribution models. Our release of Trolls World Tour and King of Staten Island and other titles on premium video-on-demand exceeded our expectations and had a significant positive impact in the quarter, and led to our groundbreaking partnership that we signed with AMC earlier this week. We’ve always believed that PVOD can be a complement rather than a replacement for a robust theatrical release, and I commend Adam Aron at AMC for his vision that together, we can build a new, more attractive business model for us both.

Finally, let me spend a few minutes on our television and streaming businesses. As you can see in our results, even though scripted television production ceased in March similar to film, our talented alternative and late night teams have continued to find ways of getting us fresh content. While the advertising market was hit hard, it is coming back more rapidly than we anticipated, and the upfront is now in full swing. We believe we can get our scripted production going again later this summer, and when combined with sports that are returning, we will have a full schedule of fresh and compelling programming on our various platforms in the fall.

Our news group, now under the leadership of Cesar Conde, has been a real source of pride for us in the past few months. Our networks, not just NBC, MSNBC and CNBC but also Telemundo and our local stations, have not only generated strong ratings but have provided a critical lifeline to our viewers isolated at home. I want to thank our brave journalists who report from the office and out in the field.

Finally, it is said that prices fees tend to accelerate and exacerbate trends that are already happening. And that is certainly true in the television business, where viewership is rapidly shifting from linear to non-linear. A few months ago, we combined our television and streaming businesses under Mark Lazarus, which will allow us to more rapidly shift our resources and investment from linear to streaming. Mark is finalizing a new structure that will demonstrate the unique way we intend to manage this business going forward. We will announce the structure soon.

The most important development for NBCUniversal in the second quarter was our launch of Peacock, and we could not be more pleased. We launched it in Comcast homes back in April and nation-wide 2 weeks ago, and we have already surpassed 10 million sign-ups. Not only are more
people signing up than we projected, but they are watching more frequently and engaging much longer than we projected. The technology has worked seamlessly, and the service is improving on a daily basis. With much of our strong programming coming in January, including the exclusive rights to The Office, we feel very encouraged.

So I obviously didn’t expect my first six months on the job to be anything like this, with basically the whole company working from home and large parts of our business not operating. But if there is a silver lining, it has been in the performance of our talented leadership team who, from the beginning, made the difficult and bold decisions required by this unprecedented time. As a result of their work, I’m confident we will come out the other side of this positioned very strongly.

Now let me turn it over to Jeremy.

Jeremy Darroch - Comcast Corporation - Group Chief Executive, Sky

Thank you, Jeff. Now at Sky, COVID-19 has certainly posed near-term challenges to our business with the delay of sports, pressure on DTC sales and a tough macro environment for advertising. But the strategies we’ve implemented to manage through the crisis have proved incredibly successful. We worked with our customers, pausing subscriptions where it made the most sense, especially for those on sports products that tend to be sold separately. And this resulted in retention of 99% of our total customers and over 95% of our sports base.

Customer loyalty throughout the quarter remained at record levels and viewership on Sky’s own branded channels was significant— as Sky Cinema, Sky basic channels and Sky News increased 29% year-on-year, and were ahead of free-to-air and partner channels in Sky homes. And as sports returned to screen, we’ve achieved some of the highest viewing levels we’ve seen in 10 years, especially in football.

We’re also reducing operating expenses, while still maintaining good momentum in our key initiative, such as Sky Q, which is now in close to 50% of customers’ homes or over 10 percentage points higher year-on-year, and the successful launch of Sky Broadband in Italy, utilizing Comcast’s xFi technology.

We closed the quarter much stronger than we started, with employees both in corporate and in the field returning to work safely and DTC sales starting to improve. Sports package upgrades are on track with our plan, and we are outperforming in non-linear advertising. We continue to face near-term COVID-related challenges as the linear TV advertising market remains depressed. The pub and club sector is slow to recover. We are working closely with our customers, and we’re encouraged by consistent month-to-month improvement in that segment.

We’re operating well throughout the period. And as we continue on this path to recovery, we’ve got one priority. That’s to grow our revenue base to restart sustained growth. And to do that, we’ll focus on building our trading momentum across both TV and communications. We’ll continue to deliver our strategic plan to Sky Q, Sky Studio and Broadband in Italy. We’ll lower cost through restructuring of our operating model, and we’ll close the remaining contract renewals due this year in line with or even ahead of our plan.

We are also implementing a new leaner operating model for the business, which will be more centrally led. Now all of this will be anchored by our business in the U.K. that will come from a combination of growth in our existing direct-to-consumer brands as well as new market opportunities.

In the U.K., our Sky TV business remains very healthy as we offer the strongest aggregation platform, the best range of content and the most innovative and flexible product experience in the market. In addition, our NOW TV streaming business is well set to continue to deliver strong growth by adding new Pay TV customers as well as increasingly upselling more content tiers to our existing base.

Sky Broadband, which is already the #2 ISP in the U.K., has significant opportunity for continued growth through our network partnerships and strong brand over the coming years. Our newest business, Sky Mobile, is now EBITDA positive only three years after launch, and we expect to increase profitability as we continue to scale.
Later this year, we’ll debut our broadband product to businesses in the U.K. ahead of a full launch in 2021. Now we have zero share of this adjacent $15 billion addressable market. We already have got strong brand recognition, and we’re fully leveraging the talent, experience and other capabilities of Comcast’s successful Business Services division.

In Continental Europe, our markets remain less developed, but with strong growth potential, and where we have good market positions. In both Germany and Italy, we will significantly broaden our offering of pay content by rolling out the channel portfolio that’s been developed in the U.K. The rollout of broadband in Italy, benefiting from the xFi product ecosystem from Comcast, will provide a strong standalone profit opportunity as well as leveraging our ability to cross-sell and bundle all of our TV services more effectively in this market, of course, underpinned by the trusted Sky brand. We’ve already achieved good success with this approach in the U.K.

And across all of our markets, we are executing a range of opportunities to increase our efficiency and control costs while continuing to enhance our products and services, especially as part of the broader Comcast group. Our U.K. business will continue its disciplined cost strategy, We’ve held SG&A flat from the past 5 years and will advance further into automation, digital and advanced analytics. Alongside this, we are rightsizing what has proved to be too high a cost base in sport, that has not been supported by the growth we’ve seen in subscribers. We’ll be more selective with the sport we buy and don’t buy, for example, adding exclusive Formula 1 in Germany, which will unlock a new segment of sports fans that we haven’t previously served.

Recently, we concluded important new agreements with Discovery and Sony at attractive terms, we renewed our Bundesliga contract at materially lower cost, we launched new Sky entertainment channels to strong customer approval, and we introduced simplified packaging and pricing in Germany. All of these will deliver important benefits to the business longer term.

In total, the significant operational changes we have on board, combined with what is an already extremely strong brand and market position, should in 2020 put us on a path to more than double our EBITDA over the next several years. We don’t expect to get that overnight, but our goals are all based on opportunities that are already either in market today or are already well advanced, whether that be in product development, content creation or organizational change. Sky is well-positioned, and we’re looking forward to executing on the opportunity we have before us.

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

Michael J. Cavanagh - Comcast Corporation - CFO

Thanks, Jeremy, and good morning, everyone. Now I’ll review our second quarter 2020 results and offer some commentary on the current conditions in our businesses, with the caveat that circumstances around us remain fluid, and therefore, our outlook is subject to change at any time.

Beginning on Slide 4 with our consolidated results. Revenue decreased 11.7% to $23.7 billion. Adjusted EBITDA decreased 9.1% to $7.9 billion. Free cash flow generated in the quarter was $6 billion, and adjusted earnings per share decreased 11.5% to $0.69. Second quarter financials reflected strong results in cable, which were more than offset by declines at NBCUniversal as well as an increase in Corporate and Other losses due to Peacock costs and severance and restructuring costs related to organizational changes at NBCUniversal and an increase in Eliminations due to the licensing of content between NBCUniversal and Peacock. Excluding the severance and restructuring costs, consolidated adjusted EBITDA would have declined in the mid-single-digit range.

Now let’s turn to our business segment results, starting with Cable Communications on Slide 5. For the second quarter, Cable revenue was relatively flat at $14.4 billion, while EBITDA increased 5.5% to $6.2 billion and EBITDA less capital increased 11% to $4.4 billion. Cable Communications revenue was impacted by adjustments accrued for customer RSN fees. Excluding the impact of accrued customer RSN fee adjustments, Cable Communications revenue would have risen by 1.4% with no corresponding impact to EBITDA. We generated 217,000 customer relationship net additions in the quarter, a 43% increase year-over-year and the best second quarter on record with strength driven by our high-margin connectivity businesses. Together, Residential High-Speed Internet and Business Services generated 323,000 broadband customer net additions, which excludes over 600,000 additional high-risk or free Internet Essentials customers that still receive our services and marks the best second quarter result in 13 years. High-Speed Internet revenue increased 7.2% to $5 billion. Excluding the impact of accrued RSN fee adjustments for the customers taking bundled
services, High-Speed Internet revenue would have been up close to 9%. Business Services revenue grew 3.6% to $2 billion despite a 24,000 net loss in customer relationships this quarter, which was within our expectations of the impact from COVID-19.

Turning to video. Revenue declined 3.2% to $5.4 billion, with higher rates more than offset by a 477,000 loss in video subscribers. Excluding accrued RSN fee adjustments, video revenue would have declined by 1.2% and video ARPU would have grown by 4.1% year-over-year.

Wireless revenue increased 33.9% to $326 million driven by 126,000 additional lines, resulting in 2.4 million total lines as of quarter-end. These results reflect the significant impact of our decision to close the majority of our retail stores during the second quarter in the interest of keeping our customers and employees safe. Advertising revenue decreased 30% to $428 million, reflecting reduced advertiser spend due to COVID-19.

Turning to expenses. Cable Communications second quarter expenses decreased 4%, with programming expenses down 5% primarily as a result of the accrued RSN fee adjustment. Without these adjustments, programming expenses would have increased by 1.5%. Non-programming expenses declined 3.4% due to a slowdown in business activity directly resulting from COVID, in addition to the implementation of longer-term cost efficiencies. Cable Communications EBITDA grew by 5.5% and margin reached 42.8%, reflecting 230 basis points of year-over-year improvement. While accrued RSN fee adjustments had no impact on EBITDA, they did impact our margins. Excluding the impact of accrued RSN fee adjustments, margins would have expanded by 170 basis points year-over-year.

Cable capital expenditures decreased 8.9%, resulting in CapEx intensity of 10.1%, an improvement of 90 basis points year-over-year driven by lower spending on customer premise equipment, partially offset by higher spending on scalable infrastructure, which continues to increase due to our ongoing investment in the network.

I’ll now touch a bit on what we’re seeing so far in the third quarter. We are very pleased that residential high-speed data net adds are off to a solid start in July. We expect residential High-Speed Internet revenue growth to accelerate from that of the second quarter as we benefit from the high subscriber contribution we experienced in the first half of the year, combined with a lesser impact from our proactive response to COVID-19. While we anticipate third quarter business services revenue growth will moderate as a result of the subscriber losses we experienced in the second quarter, we are already seeing sequential albeit modest improvement in net additions.

On the video side, we expect subscriber net losses in the third quarter to be somewhat similar to what we saw in the second quarter resulting primarily from lower connects due to a combination of several factors, such as the lingering effects of the rate increases we took at the beginning of this year, the overall economic pressures resulting from COVID-19 and our limited ability to perform in-home installations.

Turning to our outlook for expenses and margins: For programming costs, we continue to expect underlying increases in the second half of 2020 as a result of anticipated programming renewals, which will be somewhat offset by potential additional RSN fee adjustments in the third quarter. I remind you that accrued RSN fee adjustments should have no impact on our overall EBITDA results. For non-programming costs, we expect year-over-year declines to moderate in the second half of the year as business activity starts to pick up.

Given our first half results, combined with our outlook for the back half of this year, we now expect full year Cable EBITDA margins to improve by up to 100 basis points year-over-year versus our prior guidance of up to 50 basis points year-over-year improvement. We also expect our full year CapEx intensity to improve by up to 100 basis points year-over-year versus our prior guidance of approximately 50 basis points of improvement.

Now I'll turn to NBCUniversal’s results on Slide 6. Revenue for the second quarter declined 25.4% to $6.1 billion, while EBITDA was down 29.5% to $1.6 billion. Cable Networks revenue was down 15% to $2.5 billion as a 15% decline in distribution revenue and a 27% decline in advertising revenue was somewhat offset by a 23% increase in content licensing and other, which includes transactions with Peacock. Distribution revenue was adversely impacted by accrued RSN fee adjustments. Without such adjustments, distribution revenue would have declined in the low-single-digit range. Second quarter Cable Networks EBITDA grew 3.5% primarily due to the shift of sports rights amortization costs into the third quarter.

Turning to Broadcast, revenue declined 1.6% to $2.4 billion as the 28% decline in advertising revenue more than offset the 9.2% growth in distribution and other, which was driven by retrans, and the 59% growth in content licensing, which again includes transactions with Peacock. Second quarter
Broadcast EBITDA grew 20% as declines across the majority of our cost base related to the general slowdown in business activity and specific savings initiatives were able to fully offset the lower revenue.

Film revenue in the second quarter declined 18% due to the closure of theaters and cinemas throughout the pandemic, which was partially offset by about 20% growth in content licensing due to the success of our PVOD titles. Film EBITDA for the quarter grew 25% primarily due to lower advertising, marketing and promotion expense.

Theme parks generated revenue of $87 million and an EBITDA loss of $399 million. Late in the quarter, both Universal Orlando Resort and Universal Studios Japan reopened with the appropriate safety protocols and associated attendance restrictions, while Universal Studios Hollywood remains closed.

Now let's move to Sky results on Slide 7. As a reminder, I will be referring to Sky's growth rates on a constant currency basis, consistent with what's reflected in our earnings release. For the second quarter, Sky revenue decreased 12.9% to $4.1 billion, while EBITDA was relatively flat at $749 million. As expected, our results were impacted by the postponement of a significant number of sporting events. This postponement was the primary driver of the 6.7% decline in direct-to-consumer revenue and a 36% decline in content revenue. Additionally, the lack of sports on the air contributed to the 41% decline in advertising revenue, which was also impacted by a weak macro environment as well as the change in legislation relating to gambling advertisement in the U.K. and Italy - which we will begin to lap in the third quarter.

Looking ahead, customer trends are improving as home installation activity has restarted and sports have returned. And as Jeremy mentioned, we were able to successfully retain the vast majority of our total customer base, including those who take sports. That said, we continue to monitor the overall linear TV advertising market in our pubs and club sector, which are likely to remain under pressure for the remainder of this year. We continue to experience a shifting of sporting events, both football and non-football, that it's likely to create near term volatility in our quarterly results particularly on the cost side. While we expect revenue declines to moderate as we move through the year, sports rights amortization will be highest in quarters that air the most events. Given a slightly later return of European football than we originally expected, and the shift of other sports programming later into the year, we now expect that the majority of the expense impact will occur over the next 2 quarters. Importantly, we were able to secure rebates related to this disruption to our sports programming, which we will benefit from over several years. We have also resumed the investment activity that had paused as a result of COVID-19, such as acceleration of Sky Q, the launch of broadband in Italy, and expansion of our Sky entertainment channels. Based on our current visibility, we now expect Sky EBITDA for the third and fourth quarters combined to decline roughly 60% year-over-year with a more significant decline in the fourth quarter.

Wrapping up on Slide 8 with free cash flow and capital allocation. Free cash flow was $6 billion in the quarter, an increase of 40.5% or $1.7 billion. The year-over-year comparison is affected by the COVID-19-related delay in tax payments from the second quarter to the third quarter of 2020. Consolidated total capital, which includes capex as well as software and intangibles, decreased 4.2% in the second quarter to $2.7 billion primarily driven by declines at Cable as well as at NBCU.

Finally, we continue to remain committed to our longstanding balanced capital allocation approach of maintaining a strong balance sheet, investing organically for profitable growth and returning capital to shareholders through a strong commitment to our recurring dividend and eventual return to share repurchases.

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

---

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

Thanks, Mike. Dorothy, let's open up the call for Q&A, please.
QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Our first question comes from the line of Ben Swinburne from Morgan Stanley.

Benjamin Daniel Swinburne - Morgan Stanley, Research Division - MD

Two questions. Dave, you talked about more than just speed being a driver for the data success. So I wanted to ask particularly about Flex because it’s sort of an interesting product that leverages both your investments in connectivity and video. What is that product doing in the market today? Anything you could share with us? What does that business look like to you over the course of time? What’s sort of the road map to make that a more substantial driver of the overall business?

And then for Jeff. What are the implications of this premium video-on-demand agreement with AMC? And what I mean by that is, obviously, it’s helpful during the COVID period to have this flexibility. But is this a big benefit to the film business in NBC long-term? And do you need more than just the U.S. and AMC to make it -- to maximize the benefits?

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

Ben, this is Dave. I’ll start off and then hand it over to Jeff. So as you said, the broadband -- we think we've redefined what great broadband is, and it goes beyond speed. And it’s helped our momentum, I think, quite a bit. For many quarters now, we’ve grown. And as everything has changed here -- the fundamentals, I think, of this repositioning of the category that hasn’t changed. So we're -- the market is growing. We're taking share across the board. And in addition to speed, we’re very focused on coverage, control, and as you said, now with streaming and Flex. So we made it simple, a very straightforward value proposition with Flex included with the broadband relationship. And we're using it, again, to remind everyone, in a targeted basis to go after the streaming segment. But we're not bashful about leading with it to this segment. So it is very much part of the broadband experience.

And it's still early, but as I said in my earlier comments that it really does -- it's a result of the innovation around X1, with all the capability: the voice remote, the metadata integration that takes all of these different apps and combines them and makes it easier for the consumer. So it's early, so we're not giving out the specifics in terms of the actual monthly users, but I would tell you, it's very encouraging. Customer feedback just in terms of the experience has been really strong. And so we look at this as a very broad platform that helps this particular segment as we segment the different base.

So I think it's a catalyst for broadband. We designed it to, I think, help broadband retention. Early results point towards that. And we do think the way that we define success over time will be engaged Flex users, people that are just on it and using it. And for those customers that are very active, the consumption is very good on this platform and will act as a substantial offset to some of the video losses. So we're real pleased with the start of Flex. More to come over time.

Jeff Shell - Comcast Corporation - CEO, NBCUniversal

Thanks, Dave. Let me jump in on the question on the AMC deal, Ben. So a couple of implications. I think long-term, the -- we've always believed that there is a segment of the population out there, a growing segment of the population out there that just doesn't go to movie theaters. And this structure with AMC allows us to take advantage of people who do go to movie theaters, 17 days of exclusivity at minimum for theaters. But very soon after in the same marketing window, we can tap into that very large audience that doesn't go to movie theaters and right now is just going to SVOD to watch movies. So -- and that's within the kind of the marketing window of the giant marketing we spend traditionally on movies that go to theatrical.

So we think the structure allows us to tap into that incremental revenue stream, allowing AMC to share in a little bit and other exhibitors, and at the same time, preserve that theatrical window, which is so critical to the film business. As you mentioned, it's U.S. only, although we have a deal...
with AMC to look into other international territories. And obviously, this is going to be a territory by territory type of look at this. We still need theatrical and need different business models in other markets.

Shorter term, one of the implications of this, I'm hoping, is that we currently are stuck in a bit of a chicken-and-the-egg situation in the theatrical business, where movie studios like ours don’t want to release movies into theaters when we will have only a smattering of theaters open. We need a pretty robust amount of theaters open to justify our spend. But the flip side exhibitors can’t open a bunch of theaters that they don’t have any new movies to put in. Old library movies are not going to drive people to movie theaters. So we think this model will actually allow movies to come back to theaters when it’s safe a lot more quickly than they would have in the current environment. So those are just some implications.

Brian L. Roberts - Comcast Corporation - Chairman & CEO

I just want to add one thing. This is Brian. But I think you were touching on, obviously, a critical set of subjects here. The company is really trying to lean into streaming. And we are, I think, somewhat uniquely positioned to do this in ways different. Obviously, we’re a very EBITDA-focused company, and there are other ways to build new businesses and enhance our strong cash flows.

And so if you look at what you just heard, Flex is all about helping broadband, but we’ve been able to put Peacock as a very important part of it. Now we’re going to have more streaming of films. We use NOW TV, a technology from Sky and they’re already streaming relationships. So we want to remain relevant to customers so that user interface, part of the answer on Flex, allows you to stream across many properties that aren’t Comcast content or NBCUniversal or Sky content. It’s, we think, the best interface around. And that same team is -- part of that team is helping build Peacock with Matt Strauss and other people.

So I’m pretty excited that as the world is transitioning, broadband is the center of making a lot of that possible. And now we can bolt on a whole bunch of content and interfaces and hopefully do that in a way that customers really enjoy, and that's what's been happening so far.

Operator

Our next question comes from Doug Mitchelson from Crédit Suisse.

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

A question for Dave and Jeff as well. Dave, on the 600,000 subscribers that were at risk or free Internet Essentials customers. I’m trying to understand how much of that was 2Q activity versus that bucket at the end of March already having some customers in it, because it certainly looked like a strong 2Q quarter, and maybe it was even stronger if a lot of that 600,000 was potential 2Q activity.

And then for Jeff, I wanted to follow up further on PVOD. Obviously, a hot topic today. Does a new, more attractive business model for Universal, if you're able to get the rest of the theater companies on board, mean you'll make more movies for theatrical release or just make more money on the same number of movies that you're releasing and sort of lock in your business model and your incentive to invest what you invest in movies? And any further thoughts on the 17-day window? I think that's what surprised a lot of folks. I think a lot of us were focused on a 30-day window. Are you confident that the theater business will be healthy enough to provide your movies, particularly your blockbusters, enough distribution in the future given the risk on a 17-day window pushing a lot of movie viewing to in-home?

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

Doug, Dave. I'll start and hand it over to Jeff. So the 600,000 customers reflects a combination of free Internet Essentials customers and a reserve that we set up for the high-risk customers that are in a non-pay status but are still receiving service. So there -- to answer your question, there was -- some of that happened in Q1. It rolled into Q2 and probably a bit more in Q2 than Q1 for sure. And to clarify what we said and Mike said earlier in the remarks, we're only going to count these customers when they convert to paying status. So we have a very good operational plan. We're
going to constantly work with customers throughout, including these customers. So it’s early to predict the conversion rate, but that’s just a little bit more perspective on that base.

Michael J. Cavanagh - Comcast Corporation - CFO
It’s Mike. I’ll just jump in, Doug. I think that number, the 600, was, call it roughly 1/3 the size at the beginning of the quarter.

Jeff Shell - Comcast Corporation - CEO, NBCUniversal
Let me jump in. This is Jeff. Yes, let me jump in on PVOD, Doug. So what was happening to the movies, movies are obviously critical across our whole distribution channel. Movie consumption on Peacock, for example, has been higher than we thought it would be and really across all of our platforms. So as things transition, as Brian talked about, the streaming, movies are life. But the problem is that over the last couple of years, it’s been more increasingly difficult to generate the same returns over the first couple of windows, and that has put a lot of pressure on our model.

So I -- we believe that this new model in the U.S. and hopefully other places will restore some of those economics for us to allow us to probably not make more movies but to keep our production levels the same as they’ve been in the past. While at the same time -- remember, AMC and hopefully other exhibitors will be sharing in the new revenue stream, which will hopefully keep their business a little healthier because they’re under a lot of stress right now.

And on the 17 days, that is -- 17 days is -- means the Monday after the third weekend is when movies will be available on PVOD at a minimum. It’s important to remember that, that’s a minimum. So I fully anticipate some movies will stay in theaters exclusively a lot longer than 17 days if we’re having a good theatrical run. And some movies, for example, King of Staten Island with Judd Apatow is a perfect example of the kind of movie that can thrive in this kind of model because it would do well theatrically. But for most people, watching it at home is another option, and that would be a movie that 17 days, probably a normal time, would be the right period of time. So 17 days is just the minimum, and we can toggle that based on the type of movie.

Operator
Our next question comes from Jessica Reif Ehrlich with Bank of America Securities.

Jessica Jean Reif Ehrlich - BofA Merrill Lynch, Research Division - MD in Equity Research
If I could, for Jeff, Jeremy and maybe Brian. So Jeff, with Peacock successfully launching without the Olympics, can you talk about how you guys will -- how you will use the Olympics next year to help Peacock?

On the AMC deal, just one last question. How does that change the longer-term windowing for films? Like when will they come to Peacock? And do you have any change in the losses of $2 billion over the first 2 years?

And then moving on to Jeremy. You mentioned TV production plans. There seems like there’s been a lot of activity at Sky. Can you just talk about kind of your longer-term goals? And do you need to buy, or can you just build it internally?

And finally, Brian, sorry for some of the questions, but organizational changes were mentioned in 2 of your 3 divisions. Is there anything that you think you need from a corporate perspective? Any areas that you need to pivot in the business? COVID-19 seems to be a great time to just look strategically about where the business should go over the longer term and how you can change it.
Jeff Shell - Comcast Corporation - CEO, NBCUniversal

Jessica, this is Jeff. I'll start and maybe hand it over. So the Olympics right now is a bit of a bummer because we would be in Tokyo right now under normal circumstances. So it’s a total bummer for our company that we don’t have the Olympics right now. But for Peacock, it’s a bit of a silver lining for next year. And you got to remember, not only will we have the Olympics in the summer of ’21 in Tokyo, but then we’ll have the Winter Olympics 7 months later in Beijing. So we have two Olympics. And Mark Lazarus and the people back in their team are currently working on lots of different things that we can do to innovate on those Olympics and use the Peacock product, which by then will be even more distributed to do some really innovative and cool things on the Olympics, so in addition to promoting it, obviously. So I actually am very excited. And I think with Peacock’s successful launch this year without the Olympics, having the Olympics back-to-back next year and early ’22 is really great for Peacock.

Just on your other question on Peacock. We don’t anticipate, whether Peacock or otherwise, windows changing down the line after this kind of theatrical PVOD window. And I think that the Peacock losses that I think Mike has outlined in the previous earnings call are -- were right exactly within that range. So we don’t anticipate anything different in the next 2 years.

Over to Dave or Jeremy now.

Jeremy Darroch - Comcast Corporation - Group Chief Executive, Sky

Yes, I’ll jump in. So Jessica, yes, in terms of TV production, if you -- if you talk to a typical Sky customer, he will tell you 3 things. They’ll say, "I'll rely on Sky to make all the free content that's available in Europe just better than anywhere else and just make that whole experience better," which is what we do. "The second thing I'll rely on Sky to do is to scour the world, get more than their fair share of the very best content internationally and bring that to me." And then thirdly, and this is becoming more and more important, "I want Sky to create unique European content and stories that's unique to my market or to Europe and to make that exclusive to its own platform." That's what they get Sky for. And sometimes that can be local sport. But increasingly, it's now becoming our own produced local entertainment, which is why we think Sky Studios is so important.

And of course, from a business model point of view, we can play tunes on that or we can decide relatively where we shift investment over time to optimize both the customer experience but also our financial returns. So I'm very confident we've got all the capabilities required to build that ourselves. I think being part of the group and being alongside NBCU and Jeff's team really caught the bottoms up, and we're starting to accelerate how we work together. But I think we've got all of the factors of production in place, and we'll just intend to do more. Over time, as we start to pivot away from other content, we’ll invest more in our own originated content, but that will be financially enhancing as we do that.

Brian L. Roberts - Comcast Corporation - Chairman & CEO

Okay. And finally on that question, I’m really pleased with, first of all, Mike’s leadership during this -- and the team that reports to him and many others at corporate for how well we've handled all the uncertainties. And our balance sheet strength and liquidity are -- really, really speak for themselves, and I’m very satisfied there.

I think the restructuring that you’re hearing about is about the businesses, as Jeff and Jeremy both talked about. I think to reinforce how well our broadband business is performing and the cable company, we’re always looking at can we reduce expenses and can we be more efficient in how we run the company. That’s definitely always top of mind, but I think we have all the parts. I think we’re taking advantage of this transition. Some parts of it are uncomfortable, for sure. But for the most part, our company is getting better. And I think, going to be one of the -- emerges one of the winners of the new age. And a lot of that is giving customers more flexibility to do and see what they want. And as Jeremy just said, this is happening all over the world. And I’m really pleased with how well it’s been put together. And we wanted everybody on this call to hear even more detail from the three operating businesses so you can see how well they’re working together and how they’re tackling the challenges ahead at corporate, we’re helping create the environment for that to happen. I hope that answers your question.
Our next question comes from Craig Moffett from Moffett.

Craig Eder Moffett - Moffett Nathanson LLC - Founding Partner

Two questions, if I could, both on the cable side. First, I'm sure you saw that Charter announced that they would participate in the RDOF auctions. I wonder if you could just talk about is there any appeal to you of participating in the -- either the RDOF auctions as a way to expand your rural footprint or simply just doing more edge out to grow your subscriber base or your footprint faster?

And then second, I wonder, would you just drill in a bit to the Business Services segment and share with us some of what’s going on with respect to volumes? And in particular, are the -- is the - what’s going on with respect to customer bankruptcies versus fewer new share gains? And then what’s going on with pricing? Just to get a sense of the Commercial segment and what we have to look forward to.

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

Craig, Dave here. So I think as people know, we decided not to participate in this round of the rural digital opportunity fund. And the main reason was in this round, there are relatively few adjacent rural areas to offset the additional regulatory costs associated with the auction, including submitting to ETC status in any states where bids are successful. So -- however, at the same time, we continue to pursue, as you mentioned, the edge expansion to new areas. If you go back and you look at expansion, which includes edge extensions but also areas -- pockets within our footprint, we've increased more than 2 million passings. And so that's resulted in -- it’s helping us with customer relationship growth and a number of things. So we're very focused on the logical, efficient expansions. We'll continue to address opportunities in rural as they come up over time.

So in Business Services, switching gears there, we are seeing encouraging trends, as mentioned earlier, and small business, particularly in the states that have reopened. The customer losses that we incurred in Q2 were absolutely within our expectations. And the good news is that the level of losses has moderated and connects are rebounding. So it’s a -- overall, we are encouraged with the current activity. And when you break it down a little bit further and you look at what, well, what segments within SMB are impacted, you have bars and restaurants that were part of the mix, but they’re not the majority, not close to the majority. We have a very -- Bill Stemper and his team have done a really nice job over the years, building a robust, diverse, small business customer base.

So as people come back, I think we're really well positioned. We have local operations, the region level, that are ready to help our clients out. And so we'll cut across the board. So it’s -- we're still the challenger. As I said before, we're going to help customers when they come back. And again, that connect level of activity is what we're focused on.

And we do think, just to clarify, that the subscriber losses that we incurred during the second quarter will have a more meaningful impact on the financials as we move to the back half of the year. And as Mike mentioned earlier, revenue is likely to moderate a little bit from the growth we saw in Q2. But we're really pleased with the rebound in connects.

Our next question comes from Phil Cusick with JPMorgan.

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

Mike, can you talk more about how we should think about sports and RSN amortization in the third quarter across the business, including why the RSN holdbacks impacted broadband ARPU? We've had some questions here. And you mentioned 3Q as well. Why shouldn't all that flow back in the third quarter?
And then for Peacock, can you put the 10 million subs into context? What does that mean for MAUs? And how should we think about licensing in broadcast and cable nets going forward as it relates to Peacock?

Michael J. Cavanagh  
Comcast Corporation  
CFO

I'll start, then the others can just chime in. So I'll take the sports in two different pieces. Just on the RSN impact, so we expect that we'll be getting some monies back from some of the sports leagues based on games played or not played in the U.S. And when that does happen, we -- as we've said, we'll pass that back along to customers. So we've accrued for that on the revenue line, not billing people, and we'll get that back on the expense line. But I think the question that's coming in is why does that affect high-speed data revenue growth rates, which we said adjusted for that are up 9% versus the printed number. And that's simply accounting revenue recognition rules that when you have products sold in a bundle, there's a formula relative to sort of list price that has to flow through into revenue attribution. I don't love it, but it's the rules we live by consistently. So the fact that we have some RSN rebates coming is what's driving that. So hopefully, we can take that off-line for anybody that wants more details on that. But that's simply a revenue recognition item.

And then on sports amortization. As we said in both NBC and Sky, both impacted by recognizing sports rights amortization expense when events or games are played. And so in the case of Sky, the start of the games and the proportion of games pushed a little bit back into the third and fourth quarter relative to what we expected 90 days ago, and some of the new season games will spill into 2021, against which, we have a little bit of rebate expense. But that's -- the reason for the combined down 60% for Sky EBITDA in the third and fourth quarter is really the movement of football. But then you think about golf and Formula 1 and all the other events. It's going to be a packed third and fourth quarter, so expense will follow that. And basically, the same is true for NBC.

And then on Peacock, I'll let Jeff comment further. But as you said, we're encouraged by the number of people we have, in my language, giving Peacock a try or taste. I mean the way we'll measure users over the long term is monthly active users. So these are sign-ups. So in due course, we'll start giving you some color on the activation side. But I think pretty much against every measure that we look at, sign-ups, usage, etc., it's running ahead of what we had hoped for in early days.

Jeff Shell  
Comcast Corporation  
CEO, NBCUniversal

Yes, Phil. Yes, yes. So thanks, Mike. I don't have anything to add on the RSN side. On the Peacock side, Phil, it's confusing because it's different in the ad-supported world obviously than the SVOD world. And there's really three different metrics: there's sign-ups, there's monthly active accounts, and there's monthly active users. I have seen people use all of them. Monthly active account is obviously household, whereas users, sometimes there's more than 1 user per household.

The guidance we gave at the Investor Day was monthly active accounts, MAAs. And the 10 million we're talking about today is sign-ups. And the way sign-ups kind of convert to MAAs is how many people come back and how long do they use it? And since a lot of our users are in the last couple of weeks, as we've rolled out nationally, it's too early to actually convert that, but as Mike said, across the board were better than expectations. We didn't expect this many sign-ups. We didn't expect people to come back as frequently as they're coming back. And we didn't expect people to watch as long as they're watching once they come back. So we're very encouraged. It's early days, but we're very encouraged as we look forward on our Investor Day guidance.

Operator

Our final question comes from John Hodulik from UBS.
Great. Maybe first for Dave on the cable margin side. Obviously, great leverage on the non-programming costs. It sounds like there's some cross currents there related to COVID. Should we expect some of the benefits that you've seen to continue and maybe even some acceleration as you get some of those efficiencies that you talked about?

And then maybe over to Flex. You guys obviously talked about adding Sling TV to the package there. Do you still plan to add other virtual MVPDs? And given that's the cost or price differential versus the traditional product, do you expect over time that the availability of these services to add pressure to the traditional video product?

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

John, so on the margin side, the non-programming OpEx, we're really -- the fundamentals have not shifted. There has been an acceleration, for sure, during the COVID period and where there's just a lot of different approaches towards digital and things like self-install kit, the tools that we're using that are going to, I think, be long-lasting for us. We've learned a lot. Our field teams have done an extraordinary job in terms of the deployment of the new protocols and the approaches.

So I think what -- we're seeing an ongoing, we saw it before COVID, reduction and reduction in transactional activity as we started digital some time ago. And so this is an acceleration of all of that. So we're going to continue to prioritize the network and key innovation efforts around digital. So I think that in terms of how you look at margin, I think there's still upside. And so we see a moment in time where there's an acceleration. You can't comment completely on the future exactly where that will go. But I think the learnings will serve us well, and we're just going to keep at it. And as much noise that we could take out of the system and just taking out unnecessary transactions, I think that is one of the fundamental keys that are -- is toward margin.

In regards to the second point on Flex and Sling, let me again remind you and everyone that Flex, in and of itself, again comes with broadband. We're going after the streaming segment. We use it in a targeted way to go after these customers. So I think there's a fair amount of activity that the streaming segment has, that they're looking at a bunch of options. We want to give customers more choice. And so our goal is to provide the best video experience. I think we are uniquely positioned to participate, as Brian said, in the streaming world. Great broadband with Peacock but others like Sling and that -- I think that this is the first one. We'll evaluate on a case-by-case basis the other virtual operators, and we'll see how that goes. But we're going to continue to be clear to -- we're going to invest in X1. We look at X1 and Flex as a very broad video platform that for today, I think, helps us compete, as I said, with certain video segments with X1, and most certainly, the streaming segment with broadband and Flex and partners like Sling and many others. We've added Hulu. We've added a whole bunch of people. We look forward to adding CBS All Access, HBO Max later that we talked about. So we're going to have a wide variety of partners that will be on Flex and X1. And for us, yes, we're going to break down the segments, and they'll be very focused on providing the best video and broadband platform experience in the market.

Brian L. Roberts - Comcast Corporation - Chairman & CEO

I just want to just add that I hope you've enjoyed the format of this call, particularly at this time. We wanted to talk about not only the 90 days but really how we're running the company. I couldn't be more pleased with the team and the progress. And we're also -- things we didn't touch on were some of our social commitments. There's a lot of just quality to thought that has gone into how do you handle pandemics such as this and how do you position the company for the future and try to do the right thing in the moment.

So thanks for your support and the questions, and we're available to do follow-up. Marci, back to you.

Marci Ryvicker - Comcast Corporation - SVP of IR

Thanks, everyone. That concludes our second quarter 2020 earnings call. Thank you for joining us, and we wish you all well.
Brian L. Roberts - Comcast Corporation - Chairman & CEO

Thanks.

Operator

There will be a replay of today's call starting at 12:00 p.m. Eastern Standard Time. It will run through Thursday, August 6, at midnight Eastern time. The dial-in number is (855) 859-2056, and the conference ID number is 5765399. A recording of the conference call will also be available on the company's website beginning at 2:30 p.m. Eastern Standard Time today.

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