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# EDITED TRANSCRIPT

CMCSA - Comcast Corp at Deutsche Bank Media, Telecom and Business Services Conference

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## CORPORATE PARTICIPANTS

**Michael J. Cavanagh** *Comcast Corporation - Senior EVP & CFO*

## CONFERENCE CALL PARTICIPANTS

**Bryan Kraft** *Deutsche Bank AG, Research Division - Senior Analyst*

## PRESENTATION

**Bryan Kraft** - *Deutsche Bank AG, Research Division - Senior Analyst*

Okay. So if everyone could maybe quiet down a little bit, and we'll get started here. Okay, all right. So thanks, everyone, for joining us for our first lunch keynote. I'm really pleased to welcome Mike Cavanagh, who's the CFO of Comcast Corporation. Mike, thank you for joining us. Welcome.

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**Michael J. Cavanagh** - *Comcast Corporation - Senior EVP & CFO*

Well being here.

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## QUESTIONS AND ANSWERS

**Bryan Kraft** - *Deutsche Bank AG, Research Division - Senior Analyst*

Why don't we start high level, Mike? There's been a lot of change taking place across the media and communications landscape. We're seeing large-scale M&A underway. We're seeing Internet platform companies creating new competition and leveraging a global footprint. Technology changing the way people consume content. How do you best position Comcast and NBCUniversal for long-term success in this changing environment?

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**Michael J. Cavanagh** - *Comcast Corporation - Senior EVP & CFO*

Sure. So I'll try to tackle a bunch off the top here because I know people want to hear a little bit about Sky before we go on since you guys are involved, and so you can't ask me any questions there. So -- but let me take the broad question first. And so on how do you set Comcast up to compete in the world that we're in, which is ever-changing, I'd put it back in the framework that you've heard us talk about before a little bit of the capital allocation type of framework. So first leg of that is always we've got to invest in our businesses. And that means run the legacy businesses that we have really well, find the places and areas where we can handle and should feed those businesses for future growth and evolution. So examples of those are what we're doing in CapEx and our cable plant investment, in launching the XFINITY Mobile on that side; and then on the NBC side, the park strategy that you've seen us execute over the last bunch of years, investments in hotels, the acquisitions of DreamWorks Animation and the USJ park. I mean, all those things are areas where you find a way to, both through organic investments in business and some small tuck-in type of acquisitions, make sure your businesses that you have are taking every advantage they have of their position to attract great leadership talent and then kind of run that play and run it again and again and again, which leaves us in a place where that's the most important thing: To make sure we're properly investing in and growing the existing businesses. Second leg is always we want a strong balance sheet. I'll come back to that, but that's always served us well. And I think in our balancing act, we make sure that a strong balance sheet is evidenced by the type of leverage we've been running, is something that has allowed us and would continue to allow us to run that first part of the mission through thick and thin as well as set us up for opportunistic things strategically when they come along, like NBC was, for example, or for Sky, as I just described. And lastly, healthy return to shareholders, which, as you know, we're returning a 21% -- between a 21% dividend increase this year and a minimum of $5 billion in buybacks or a return close to 5% cash to shareholders during the course of the year. And getting that whole balance right is part of the formula. So Sky, I will maybe take some of the things we've been hearing last week and hit 3 or 4 points on Sky. So Sky, we like the business. So Sky, to us, it's a market leader in the video business -- pay video business. It's got great position in the U.K., Germany and Italy and is growing in some other markets. It's a content platform. So obviously, they've got exclusive or semi-exclusive rights to some of the most important sports properties in their markets: EPL in the U.K.; Bundesliga and so on; some Formula 1 in different markets. And they've got the ability to program around that much the way we do with our scale in NBC Sports for programs like Sunday Night Football or Olympics. Obviously, Sky News is a very important asset to them. And then in the entertainment side, they did 1,000 hours of original content last year, about 50 programs. It's a small part of their budget today, but it's grown 50% year-over-year last year. Again, exclusive rights to HBO and Showtime, together with the acquisition of a lot of other high-quality content. And they program it into channels, Sky channels, that are the most-watched in their marketplaces. We can come back to that. And then on the technology side, they are very much like us in terms of their Sky Q -- the Q box, which is Internet-powered, high end user interface for discovering content, much like X1, together with what they're doing in some of the OTT products like NOW TV, just as evidence of a heavy investment in innovation, creativity and on sort of front foot when it comes to delivering a great experience that's technology-enabled. Again, very similar to us. We like their financial model. They've been a steady grower -- a healthy grower of EBITDA. And without going into our views here, the Street could have got -- we're chaperoned and under U.K. takeover. Got to be careful about prognostications we're making. But if you look at some of the analyst coverage in the U.K., this business, unlike some others, that are so-called satellite, projected and expected to grow on the back of all of what that I just described. Plus, the ability to add on other services, which they've done in the U.K., with being the 25% market share in Broadband, albeit different. It's a local loop and bundling model, and they're reselling BT, but it's adding to the profile of the customer economics that we like. And they've got growth opportunities going into new markets, Spain, Switzerland and the like, and we think more to come. So all that is -- the package that we see in Sky, combined with the fact that it looks -- all those things, the integration of distribution, content and technology, that's Comcast. We see this company as very much akin to the businesses we know well here. And I guess, I'll say for my point -- it's a European acquisition, obviously. And so when I think about the -- what makes the -- we don't need to be international for the sake of being international. But if you are going to consider something that's interesting as an international opportunity, I think Sky checks important boxes, which is it's significant, it's got market leadership positions, it's got good management and solid momentum. So it's not a turnaround project by any stretch of the imagination. We don't think -- we don't see it as a satellite platform for all the reasons we just described. What satellite provider in the U.S. context has networks like that -- Sky programs that commands close to 50% of the viewing by the subscribers? And that's what Sky is, and it goes back to everything I've just described. So I won't repeat myself, but that is very different, in our minds. And second, again, is the technology side. They have invested heavily in innovation. And if you look at -- into the product rollouts they've done and the user experience, again, I think we look at it as being very distinct from what we see from some of the legacy satellite players in markets that we know. So again, we don't see it as a satellite business, much more as a -- that's an enabling technology. But as they've invested in new technologies, there'll be other ways for people to experience that video content. Third is this is something that's not spur of the moment. We've known this business for -- our focus has been -- we've got 1,500 people in the U.K. We obviously have relationships with folks around the globe, including Sky. Folks have known these guys since the inception, admired the company along the way. I've only been at Comcast for 3 -- not even 3 years, but I've been in Sky's headquarters within my first 5 months. So there's a high level of engagement and understanding and appreciation for what the company has done. And obviously, we feel like now is the time to -- where we can do something with that. And then finally, the last point, and then I'll go to the rest the list of topics, on balance sheet. Just want to clarify some of our thinking on balance sheet. So clearly, I said last week and as did Brian and Steve in the course of last week, we're committed to having a strong balance sheet. It's always been something that has served us well through tough credit times or tough economic times, together -- allowing us to continue to invest in our businesses. And it's also positioned us to take advantage of strategic opportunities like NBC, as an example, when we saw the moment to do so. So to the extent we do this or any other transaction that takes our leverage up above the level at which we're comfortable with, which is about where we are today, obviously, coming off the last quarter's earnings call, we would see, within a few years, bringing that leverage back down. And that's our view on the balance sheet.

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**Bryan Kraft** - *Deutsche Bank AG, Research Division - Senior Analyst*

Okay, all right. Why don't we talk about the businesses a bit? So you recently reported fourth quarter results, which capped off a really strong 2017, both in cable and in NBCUniversal. So maybe start with cable. What are the priorities for 2018 that you guys are focused on?

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**Michael J. Cavanagh** - *Comcast Corporation - Senior EVP & CFO*

Yes, yes. So maybe I'll take you to top of the wave. So we feel -- so total Comcast, about just over 5% revenue growth last year, 6% EBITDA growth, consistent trend of driving those kind of results. And so as we enter 2018, a lot of confidence that, that formula will continue to work for us. We're focused on continued EBITDA growth through a combination of solid top line and margin improvement across the businesses generally. In doing that, obviously, remember, on top of EBITDA growth, we've got the benefit of lightening up of capital intensity in the cable business, and obviously, the benefits on -- of tax reform, of which we're a substantial beneficiary, both contributing to significant free cash flow growth as we look ahead. And then finally, with the share buybacks that we've said we'd do a minimum of $5 billion of share buybacks this year, maintaining leverage at the 2.2x level, whatever that might amount to. That's going to yield even higher free cash flow per share growth. So that is the kind of overarching algorithm that we have, so to speak. Within that, cable business is really driven these days by our connectivity businesses. So high-speed data deliver both residential and business services. About a $20 billion top line business. Very high profit margin and growing at 10% top line last year. And we think we've got continued runway for growth in those businesses, and we -- in the broadband business, in terms of subscribers, and we continue to invest -- keep a pace in terms of value ahead of customer expectations. So we feel great about having a long runway on the resi side. Business services, we got a $6.5 billion top line business growing at 13%. We've got a great suite of services that compete very well, been growing that fast and continue to have years ahead of great growth opportunity in business services side. In video, we think we have the best product in the marketplace with X1. We think that the full bundle, combined with X1, is still the best value for most customers. That said, we're trying different products for different market segments. Obviously, competitive times in the video space, but we feel like we're well positioned. Launching XFINITY Mobile, we ended with about 380,000 lines at the end of the fourth quarter. Very happy with the start we got to there. It's resonating with our customer base. And all that together, in the context of we know how to sell subscription services and deliver value in a bundle, and so that's the priority and focus in cable. And NBC came off -- coming off a double-digit EBITDA growth last year on the back of many years of strong results from the time of the GE acquisition. And we'll get to some of that later, but big night strategy on the TV network side. Very successful Super Bowl. Most profitable night in our history. Super Bowl followed by This Is Us, 10 years -- best launch into a scripted show following the Super Bowl in 10 years' time. 18 nights of the Olympics, where our ratings on Olympics nights were more than double the sum of the other 3 networks, which is a wider spread than we've seen in prior Olympics. And again, a profitable Winter Olympics for us, which, as you all know, wasn't always the case before we owned the company. So those together give you a feel for strategy of big nights. We'll have 60% of the big nights on television in the course of 2018. We've got the World Cup coming up in Telemundo. That drives -- helps drive the business and strategy there. Parks continues to be a great growth business for us, $2.4 billion of EBITDA -- adjusted EBITDA last year versus $400 million 5 or 6 years ago. We continue to feed that with investment in new attractions each of the parks, adding 600 hotel rooms in the near future there. We're on a path to 10,000 hotel rooms, which adds to visitation. We've got our Beijing park underway and lots of exciting stuff coming in the parks business. And then finally, Film. In the last 4, we've had 3 of the most profitable years in the Film business in -- of the 100 years of the studio. And that business is on a trajectory to do that again. End of this year, we released Grinch, which will lead into a 12-month period, which, for the first time, we'll have 4 animated movies in 1 year, which was a big logic behind buying DreamWorks Animation. And so that starts to kick in as we roll from '18 into 2019. And in film, of course, we have Jurassic World coming back in June, which we're excited about. So between those businesses, that's the high-level outlook.

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**Bryan Kraft** - *Deutsche Bank AG, Research Division - Senior Analyst*

Okay, all right. We'll -- let's get into some of that into a little more detail. I mean, starting with cable, the sustainability of the high-speed Internet subscriber growth has been one of the key areas. Obviously, a focus among investors over the past year. You mentioned being able to sustain growth. What's the confidence level in continuing to be able to drive residential subscribers by 1 million or more annually? And perhaps, more importantly, what are the factors that are underlying that confidence?

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**Michael J. Cavanagh** - *Comcast Corporation - Senior EVP & CFO*

Sure. We're confident, optimistic. I mean, the -- it's been 12 years above that number. I wouldn't put any particular line in the sand on that number. But we feel we have quite a bit of runway looking ahead in Broadband. Why? Only 80% of Americans have Broadband, so we think there's room for just more penetration of Internet -- high-speed data looking ahead. We've got an opportunity in our footprint through new home formation and just extending plants where we already exist to grow homes passed on a steady basis, have been doing so, and we get a couple of points out of that on a steady basis. And then finally, we're taking market share. The investment in the quality of our product is -- comes through in share gains. And so what are we doing in product? Product on the high-speed data side. Obviously, it's the speed and capacity of the network, which we're well known for. So 75% of our customers are getting 100 MB per second speed or better. We are now with DOCSIS 3.1 rollout. We now in -- as we ended 2017, we now have 80% of our footprint 1 GB-enabled. And by the end of '18, we'll be 100%. So we're putting the highest quality XB6 gateways in the home that can then translate that speed into the home with the best Wi-Fi. We've invested in our xFi branding of the in-home WiFi experience with software controls on what devices are on, which kids are using at what time for what purpose, so the brain behind it all. xFi Pods, which smart mesh technology to extend it throughout the home. And so all that wraps up into a very high level of energy in terms of continuing to distinguish the Broadband product. And so I think that all ties up into why we feel confident. And I guess, one last point. We continue to see massive growth in the use of our network. So median usage of -- by median customer, up 50% from a year ago, and we've seen those kind of increases. So to us, that's a very healthy sign of what our business in Broadband looks like. Because obviously, when we get to substitution cases, at those level -- that level of usage, it's going to be very hard to see how we have other than the market-leading solution for that kind of usage. We've got something like an expectation of 50 Internet-connected devices in the home by end of 2020 for the average home. Obviously, many of us are going to have -- end up with way more than that. And when you come back to investment in xFi and the ability to automatically connect, control, locate, problem-solve and building all that into our product, together with -- this is -- we've been steadily improving. The product has so much value. We've been successful in following pace on the ARPU side in Broadband and at very high margins as we're growing the business. It's a great formula.

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**Bryan Kraft** - *Deutsche Bank AG, Research Division - Senior Analyst*

So what about 5G? How do you assess the potential impact from competitors deploying 5G for fixed wireless broadband? And also, the telco fiber builds and offerings, how is that going to impact the business?

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**Michael J. Cavanagh** - *Comcast Corporation - Senior EVP & CFO*

Sure. So on 5G, we've talked about it before. Nothing really new to report here. Given the quality of the product I just described, the substitution case using 5G has a pretty high bar to clear. We look at it. We study it. We're experimenting. We've -- we're running our own pilots. And we don't see -- given the obvious limitations of how it propagates and over what distances, and I've seen our field tests, videos of our truck, which has a tower on top with a fixed tower. And as it drives -- as it's sitting there, it's amazing, as you start to move away, get a little bit of obstruction or do it on a day when there's a little bit of weather or turn the corner, it gets -- it loses power, right? And that's the known challenges there. So when you think about what it's going to take to really make it work, I'm not -- the amount of investment in small cells across -- and fiber connection to those small cells, starts to look a lot like a cable plant, right? And us having already invested in that plant and us being on our toes in terms of overbuilders, we've seen overbuilders before, right? And this would be just another flavor. So we know how to compete, and we know what areas would be most likely targeted for -- because of density and income, and we'll respond accordingly. So I think that goes to the same answer to the question about more fiber overbuilding. It's the same approach we've seen before. We've had competitors -- and recently, competitors like Google, we've learned a lot in the various iterations of -- from FiOS to others coming through our marketplaces. So we have a playbook.

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**Bryan Kraft** - *Deutsche Bank AG, Research Division - Senior Analyst*

You mentioned $6.5 billion in business service revenue. What are the dynamics within your business services operations that are driving the growth? And how are those dynamics shifting as you start to focus to upmarket toward enterprise to drive that next leg of growth?

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**Michael J. Cavanagh** - *Comcast Corporation - Senior EVP & CFO*

Sure. So to start with, it's connectivity. So it's high-speed data, very much like what we've already built to serve our residential business. And especially, with DOCSIS 3.1 now enabling gigabit speeds, we get the benefit in our business services product automatically. We've done in targeted markets, where we do fiber straight into Chicago markets, called a hyperbuild, just hitting -- and with the success rate of knowing how many businesses we're going to pick up as we go in with a superior speed product versus legacy approaches, we've gotten a rhythm of investing ahead of acquiring the customers and do quite effective job distinguishing our product in the marketplace. And hence, the growth. And so we very -- done very well in the small business side. Still have a huge amount of opportunity in the middle-size businesses. And then when you think about the enterprise side, without naming names, we've had multiple thousand-plus location wins, whether it be banks, retailers, fast casual dining/fast food, where the local operations' needs are very much like what we can deliver. And what we've done to enable more of that is small acquisitions or investing in capabilities that sit on top of connectivity, whether it be voice, surveillance, network management, security, what have you, to control the prioritization of traffic usage on the network. So all these things are increasingly making our product relevant as you move up the chain.

We're not going after the most complex headquarters of global multinationals, but there's something like a $40 billion market opportunity in the spaces that we're focused on across our footprint.

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**Bryan Kraft** - *Deutsche Bank AG, Research Division - Senior Analyst*

I think when the cable industry started to talk about going upmarket and into enterprise, a lot of investors had concerns about, "Well, how can you really compete with those big multinationals? The margins are low. The competition is fierce." I mean, it sounds like given the enterprise segments you're going through -- you're going after, is it fair to assume that the returns and the margin profile are more similar to the small and mid segment? Is that...

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**Michael J. Cavanagh** - *Comcast Corporation - Senior EVP & CFO*

That's exactly right. I mean, we're not -- for that very reason, we're picking the segments of the large market that make the most sense given the product that we've already built and what we can logically do to augment it with add-on capabilities.

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**Bryan Kraft** - *Deutsche Bank AG, Research Division - Senior Analyst*

Okay, all right. Maybe just talk for a minute about the video part of your business. Comcast has led the industry in innovation with the X1 platform. The industry is obviously changing now with new competition from virtual MVPDs and SVOD services. Consumers are demanding smaller packages. How do you plan to maintain your leadership position in the market and maintain your competitiveness amidst these changes?

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**Michael J. Cavanagh** - *Comcast Corporation - Senior EVP & CFO*

Yes. Well, I think it's important to think of video in the context of where we position ourself. X1, we think, is the best platform, the best product. We've put a lot into it, obviously. We're very proud of it. That, combined with the full bundle, and that now combined with the integration of other video sources like Netflix, makes it a very powerful proposition that, we think, for most people, continues to be the best value for -- in the marketplace. That said, as you pointed out, not everybody's looking for that, but we're very confident in the road map for that product to continue to integrate and become an aggregator of aggregators and continue to be associated with the finest video product in the marketplace because it's obviously a great reason to have the high-speed broadband product that we just spent time talking about. So don't expect to see us decide that video is not something that we care about. That said, we do have an understanding some different segments require -- have different needs, different wants. And so we -- over the past several years that we've talked about, we've got Instant TV, which is more of a streaming product in-home for somebody that really is -- starts out as an HSD-only customer. We've got a campus product. We've got an Internet Plus product for lower wallet, lower income that really don't have the potential to participate. But as we've done with those, we think about selling it all in the context of our bundled strategy. And we have good success in seeing up-purchasing by customers as they experience the product and move up. So we feel good about what we're doing. And again, very tied into the strategy. Near term, recent past, third and fourth quarter, and the first quarter continues to be just as competitive as it's been. And so we're competing effectively, but it continues to be as competitive as we've talked about in recent earnings calls. But not more so, but just as much as. And our strategies are -- we think are working. We're taking a little less price this year. We took a little more price in high-speed data, a little bit less price in video, as you see through some of the market takes that you all have. But again, bringing it all back to we think we've got a very effective product in the marketplace and our aggregation strategy around content in a world where people are consuming more video than ever. And it's the, again, the best reason for having our broadband product. We like what we're doing there.

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**Bryan Kraft** - *Deutsche Bank AG, Research Division - Senior Analyst*

Why don't we talk about margins in cable a little bit? So you've guided to some margin improvement in the cable business this year. I understand that's partly due to slower programming expense growth. Should we think of the slower programming expense growth rate as also indicative of the next few years? Or is there something anomalous about 2018?

**Michael J. Cavanagh** - *Comcast Corporation - Senior EVP & CFO*

So on margins, we've done the team in cable -- over the last couple of years, have done a very effective job protecting margin, even as we saw higher-than-normal programming cost increases. I think it was 10% 2 years ago. 12% last year on the programming side, which, as we said, is above the historical 7% to 8%. That, in large part, was due to some big contracts or a bunch of contracts renewing in those years. This year is a year where we don't have renewals happening. So you just have the normal escalators coming off of early years. So if anything, this year, we'll see our programming cost increase running even a little bit below our historical averages.

**Bryan Kraft** - *Deutsche Bank AG, Research Division - Senior Analyst*

Okay, all right. Anything about beyond?

**Michael J. Cavanagh** - *Comcast Corporation - Senior EVP & CFO*

And so -- and margin-wise, everything that we were doing, as we've said, to just effectively manage nonprogramming cost weren't pulling one-off levers. There's a consistent focus in the business under Dave Watson and his team. So the net of all that is we think that cable margins are -- improved by up to 50 basis points this year versus last. And I'd say, we don't go beyond a year, but I guess, I'd harken back to what I said at the beginning. We are very focused at the total level and in each of the businesses in the algorithm that allows you to continue to deliver EBITDA growth and managing all the levers in these various businesses.

**Bryan Kraft** - *Deutsche Bank AG, Research Division - Senior Analyst*

It sounds like the nonprogramming costs containment is more product of the natural efficiency from improving really the way you're running the business in terms of minimizing call center activity, repeat calls. Is that fair? Or is it more conscious?

**Michael J. Cavanagh** - *Comcast Corporation - Senior EVP & CFO*

Yes, I mean -- my take would be -- and I said this at the time when -- right after the Time Warner Cable merger was turned off. A lot of the energy Neil Smit and team put into customer service was the same amount of people that would have done the next integration, then really went after customer service, went after the underbelly of all the underlying systems and service models and the like, which, from my banking days, it's very much like what you do when you roll up, like Bank One did, 100 retail banking acquisitions over 20 years. The work you got to do at some point is when acquisitions stop happening is clean it all up. And when you clean it all up, you have opportunities to go fix root causes, spend the time to take it all the way back to underlying systems, think about it from the perspective of the customer, and we're on that journey. So we had a little bit of a bubble to put sneaker brigade out there to meet some of our commitments on on-time appointments and the like. And now we're continuing to stack up the next thing we ought to do in taking cost out and improving the experience, but it's actually a virtuous cycle.

**Bryan Kraft** - *Deutsche Bank AG, Research Division - Senior Analyst*

Yes, okay. That makes sense. Let's talk about capital intensity. Cable capital intensity is going to decline in 2018 according to your outlook, and that's after being flat as a percentage of sales for the past 3 years. The maturing X1 deployment, I think, is the main driver of that. But I think there are some other areas within the capital budget that are seeing increased investment. Can you talk about these other areas where you're investing more? And what kinds of revenue opportunities do you see from that increased investment?

**Michael J. Cavanagh** - *Comcast Corporation - Senior EVP & CFO*

The question gives most of the answer there. But yes, I -- we said we expect capital intensity in cable to improve by about -- as much as 50 basis points in '18 versus '17. So remember, it's about 50 basis points of improvement in EBITDA margin, too. So between the 2, 100-ish basis points together. And you're right, as we now are 60% penetrated or so with X1, as we enter this year, you start to see some -- the peak of spend on CPE, we're past that. Doesn't go to 0, but it's the largest component so as that hits its apex and starts to come down in terms of intensity. That's the key driver. On the other hand, the things we're doing is continued investment behind business services. So some more of those hyperbuilds that I described earlier, together with just a steady -- given the 50% growth and the uses of the network and the moat we want to have around our broadband product, we continue to properly invest in capacity and speed, fiber deeper in the network, the right approaches, together with -- to really continue to stay ahead of consumer expectations of the product, which we think is wise. And we're happy to continue to see that usage metric continue to go higher, and we see no sign of it stopping.

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**Bryan Kraft** - *Deutsche Bank AG, Research Division - Senior Analyst*

Yes. Why don't we talk about mobile? So maybe just to start off, talking -- mobile is an area you launched about a year ago and -- I think in employee trials, actually, just about a year ago. What's the strategy in mobile? What are you trying to achieve there? What are your goals?

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**Michael J. Cavanagh** - *Comcast Corporation - Senior EVP & CFO*

Sure. I think we went to customer market around May or June or so. We ended year with about 380,000 lines. We -- our goal, as we said at the beginning, is retain and lower churn of existing business as an objective. Obviously, having a high-quality wireless product as part of the offering for a customer -- we can't sell it alone. We sell it as part of a bundle. So that, paired with some of our existing products, I think, encourages us about the trajectory of future net adds as the product comes -- ramps up fully. And then finally, we hope to make some money. I mean, the structure of the economics, once we get some scale, we think we'll be offering a better deal on wireless than -- which is the proposition for the customer, to begin with, but offer a better deal and still have some incremental marginal economics to the household relationships. That's, in a nutshell, what we're trying to do, and it's still early days. We're learning as we go, but we're pleased with the momentum. We're pleased with the reaction to our -- we have full power to sort of position and package the product. So for those that don't follow, we've got an unlimited offering, and we've got a By the Gig offering. And families can mix and match within a household, no line charges, so up to 5 lines free. And so all that, most families can come -- can lower their wireless bill as a result of doing this, happens to be the best wireless network. So when you think about why now or other attempts to make an MVNO work, it hasn't been with a counter-network under those terms as what we're doing now. So that's our -- that's what we're hoping to do, and we're encouraged. And again, our definition of success here is not going to be how do we stack up against the 4 carriers. It's going to be, have we done a good job? Because we get to target. We've got 30 million customers. If we can do a good job with our -- particularly with our best customers, adding value to another product that -- where we can actually affect stickiness and churn and user engagement and happiness, we're going to be really pleased we did this.

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**Bryan Kraft** - *Deutsche Bank AG, Research Division - Senior Analyst*

Yes. What about the economics? What makes the economics in mobile attractive under an MVNO agreement? What's the secret sauce, if you will, that makes this model work for Comcast?

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**Michael J. Cavanagh** - *Comcast Corporation - Senior EVP & CFO*

Secret sauce is a good MVNO agreement. So remember, we -- this was before my time. As part of a sale of a valuable spectrum, the wireless MVNO was born. We don't get into details, but that's just historical context. That it's not your off-the-rack arrangement. And then the idea from there is we get to leverage the fact that we already know the customers we're trying to target. We already have systems to market to them, to serve them and the like. Obviously, we got to build a new marketing team, a logistics team to handle all of the -- get the phone out, get the phone back, deal with fraud and the like. So we need a little bit of scale to cover that not out of the marginal economics of the customer and in its capital life because we're not building the network. We're not building -- other than some overhead. And we have to finance -- we have to deal with providing the phones. So they create a cash flow drag, which is why we kind of separate all this out, but we think we're creating value in doing this. Those are the reasons why.

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**Bryan Kraft** - *Deutsche Bank AG, Research Division - Senior Analyst*

Yes. So it's the CPGA that drives the losses basically where you're scaling?

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**Michael J. Cavanagh** - *Comcast Corporation - Senior EVP & CFO*

Yes.

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**Bryan Kraft** - *Deutsche Bank AG, Research Division - Senior Analyst*

Okay. Why don't we talk about NBCUniversal a little bit? You mentioned in your opening remarks on the business. But you've delivered impressive growth there, more than doubling EBITDA since you acquired the company, delivering double-digit EBITDA growth last year. What are the top priorities and drivers in 2018 for NBCUniversal?

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**Michael J. Cavanagh** - *Comcast Corporation - Senior EVP & CFO*

Yes. I think I hit on a bunch of these earlier. But when you really think about it, it's something like 20, 22 businesses inside NBCU. When you really go down to the Cable Networks inside of broadcast, you got the broadcast network, you have the news division, NBC Sports. In film, you got the Film business itself. You got the -- a whole set of digital businesses. Fandango, I don't know how many people know we own Fandango, but we've done a bunch of things to build and grow Fandango. So when you really look underneath the hood, Steve and the team have done a great job trying to go back to the very first point I made of running their legacy businesses well. And I think each and every one of them, almost -- I mean, last year, I think all were improved over where they were the prior year. All are at or above the best they've ever been, great talent. Success like that breeds the desire for people to work in those kind of businesses. So we love the team we have. We love the culture inside NBC to this concept of symphony, which I think we've done better than anybody in this space, which is leveraging the combined assets, not the spiffs or incentives. Do you do this if I do that, which is, it's the ethos of that management team to help drive results. I think it was Sing or Secret Life of Pets that was the largest opening of a -- launch of an animated film. And you think about the value created on the day when a new animated film opens up. If it's going to be a -- if it becomes a franchise and the economics in animation are fantastic, so making sure you get your launch done well. And I think symphony, that was, to me, the best example. It was the largest opening ever of an animated film, and we had roadblocks in the Today show. We had the pets popping up on the bottom of CNBC. We had talent being interviewed across the board. So it's mobilizing the whole place continues to be a priority. But I hit on a bunch of the other things in NBC. TV is a great story. Parks, we're really proud of. And really looking forward to getting going on Beijing, which is a couple years out. And in film, you hit on earlier. And then the gradual shift to digital with our -- some of the investments we've made there and just putting a lot of energy and taking the high-quality management team and increasing the digital DNA across all those businesses.

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**Bryan Kraft** - *Deutsche Bank AG, Research Division - Senior Analyst*

Okay. Is there anything else that you'd like to close on? Or any closing remarks before we finish up?

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**Michael J. Cavanagh** - *Comcast Corporation - Senior EVP & CFO*

No. I think -- well, thanks, everybody, for being here. We feel quite good about the outlook for Comcast and look forward to talking to you soon.

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**Bryan Kraft** - *Deutsche Bank AG, Research Division - Senior Analyst*

Okay. Thanks, Mike.

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**Michael J. Cavanagh** - *Comcast Corporation - Senior EVP & CFO*

Thanks.

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**Editor**

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