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OVERVIEW:

Company Summary

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PRESENTATION

Craig Moffett - *MoffettNathanson LLC - Analyst*

Good morning, everybody and thank you for joining us for today's session with Comcast and for the MoffettNathanson Media, Internet & Communications Conference, our 12th. Jason, thank you for being here.

I want to hear about your perspective about all the things going on in your business, but I want to start this morning with theme parks because I just had the privilege of visiting Epic Universe. It's going to be opening next week and so this is an exciting time. Talk about what we should expect as investors from Epic Universe in 2025.

QUESTIONS AND ANSWERS

Jason Armstrong - *Comcast Corp - Chief Financial Officer*

Sure, and Craig, thanks for having me and thanks for having Comcast at your conference. Hard to believe it's been 12 years, but congrats on everything you've built here. It's pretty incredible.

Craig Moffett - *MoffettNathanson LLC - Analyst*

Harder for me to imagine than you. But that's okay.

Jason Armstrong - *Comcast Corp - Chief Financial Officer*

So yeah, I'm sure we'll cover broadband, wireless, and a lot of the other topics over the course of this interview, but it makes sense to start at theme parks. We've got -- and I get it, we've got, the biggest new park to be launched in the last 30 years in the US launching next week. We had a lot of the analyst community down there a week ago. It was a fantastic event. Marci did -- Marci, Jane, Marc, all in the front row did an incredible job in sort of organizing the event. The park showcases incredibly well but maybe let me use that to just step back.

It's sort of an example. It's a perfect example of if you think about this company, the capital allocation strategy, the investment strategy, and how that all comes together. Epic Universe is sort of a perfect example of that. So we've been very clear around capital allocation priorities where you know the vast majority of our capital is getting reinvested in our business across six key growth drivers.

Had a huge capital allocation priority back to shareholders, close to $60 billion returned in the last sort of 4.5 years. So relative to our market cap, that's obviously a substantial percentage returned back to shareholders and then keeping the company conservatively levered with strong free cash flow generation, growing free cash flow, balance sheet that's sort of right around 2.3x.

What that means is it's just consistency in the ability to invest, the ability to invest through economic cycles, through credit cycles, through pandemics. And so I point out that the park is a great example of this because it fits nicely. It's one of our core growth drivers. We've been very clear about what the growth drivers are. Parks is one of the key ones, and it fits in the -- we can invest through any type of cycle that comes our way.

So if you rewind the clock five years, the pandemic brought some serious challenges to the theme parks. We went from making $2.5 billion a year in theme parks to losing money and sort of having to trust what was going to come back on the other side, and we made a bet that Experiences were a category that was going to come back in a big way on the other side.

So you don't see many large, sort of, you know, think about the experience economy and large things getting launched right now. There's only really a couple in the last year. I mean, the Sphere was launched a couple of years ago, but this is sort of the big new thing.

You see a lot of things being announced right now that are at the start of a pipeline for five or six years from our peers and competitors. We're the ones with the shiny new thing right now, so I think it fits nicely into sort of the capital allocation framework and the investment priorities, but you know the park itself is fantastic and so, Craig, let me tell you about Epic, but I'm curious, I want to hear what your favorite attraction was. You can tell the audience.

Craig Moffett - *MoffettNathanson LLC - Analyst*

Well, so as the consumer who was just having fun, it was, the Ministry of Magic ride was extraordinary, just a really extraordinary piece of technology and just a fun ride. I was struck by -- thank goodness I don't have young kids anymore. I can't tell you how much -- how happy I am that I don't have young kids anymore.

They're not as mature as their ages would suggest, but I was really struck by how much you're bringing to younger children for the first time because I think I perceived the parks historically as Disney was sort of skewed to younger kids and Universal skewed to older kids. It seems like you're making a real run with the Nintendo World and even How to Train Your Dragon to appeal to younger kids and families that will now spend more days in the park even if they have younger siblings.

Jason Armstrong - *Comcast Corp - Chief Financial Officer*

I think that's fair, and I think, you know, our parks in Orlando have sort of generally fit the description you just laid out, which is eight to nine years old has sort of been the cutoff point where if you're under that age, Disney's parks are just rated substantially better than ours in terms of exit surveys and what consumers are saying on the way out.

Once you start to get over that age, our parks rate incredibly well. And so whether this moves the needle on that or, you know, appeals to that type of age group, I will tell you, so if you look at Epic Universe, it is the scale of it, you're right, the scale, the technology, the immersion in the different worlds. There's four different worlds centered around Celestial Park, which sits in the middle, and Celestial Park has some pretty incredible attractions as well, including the best roller coaster I've ever been on.

But the four different worlds: How to Train Your Dragon, Harry Potter, the Dark Universe, which is the sort of monsters' portfolio from Universal, and then Nintendo, as you mentioned, all with incredible immersion. The thing that stood out to me about Harry Potter -- and I've seen it through development, but this was sort of the finished product. The first time I'd seen it, it's just -- when you walk into that world, it is 1920s Paris.

You don't know -- really don't know you're in Orlando. It's just the immersion aspect of it, and then there's several different sort of attractions within it. But I think it's going to be -- we're already, if you look at ticket bookings, attendance, what people are actually -- because we’ve soft opened for a while and that gives you a lens into sort of what people are going to do in the parks and exit surveys have been great. The reviews of it have been terrific. The analysts' comments, I think, coming back from last week, were all terrific.

What people are doing in the park in terms of per caps, merchandise has been a huge premium to what we otherwise would see. And so I think we're incredibly optimistic as to what Epic in itself represents, but more importantly, it's a -- Universal's no longer the -- let me add on a day or two and go to Universal. Universal is now a week-long destination, and we have that opportunity.

Craig Moffett - *MoffettNathanson LLC - Analyst*

It seems like the market and economists are all over the place about whether we're headed into a recession, not headed into a recession, already in a recession. Have you seen any indication in advance bookings for Epic or even in your parks around the world of -- weakness in the economy that gives you some concern?

Jason Armstrong - *Comcast Corp - Chief Financial Officer*

So we haven't. I understand and appreciate the question. It's the same thing we're staring at. It's sort of like you're waiting to see it, but we haven't yet. If you look at our different businesses, I think you know broad conclusion across our business is vast majority of what we have across Comcast would fit in the recurring subscription revenue.

That is, if you think about different categories, consumer staples-ish, right, incredibly defensive. Our balance sheet is, obviously, defensive, so not wrong to think as a, more broadly as a company we are an incredibly defensive company in this type of environment, so we'll weather it very well, but we do have a couple of pockets that people would point to, and it would be when there's consumer uncertainty, the parks tend to feel it. They tend to snap back really quickly, but they do tend to feel that.

And then business uncertainty usually impacts the advertising environment. So those are the two we're really paying attention to. On parks, whether it's current attendance trends or bookings, which bookings aren't a perfect window, but they are the window you have. There's nothing that's showing up in the bookings trends so far that would indicate any pressure. That's true in Orlando. It's true internationally.

The only hiccup we've had, and we've been very transparent about this, is Hollywood's going to take a little bit of time to get back. The fires were, sort of, in and around where our park is. You think about Palisades and then there's the Hollywood fire, so that's going to take a more -- that's going to be a more gradual recovery. We're still seeing that, but outside of that economic impacts, not seeing it.

Craig Moffett - *MoffettNathanson LLC - Analyst*

Got it. Well, let's move over to the US business and the infrastructure side of your business. You've made a big pivot in really putting wireless at the center of your go-to-market strategy. Talk about that if you would. What's your ultimate objective for wireless?

Jason Armstrong - *Comcast Corp - Chief Financial Officer*

Yeah, I think we -- if you step back, we talked about these six growth drivers across the company, and so on the experience -- on the Content and Experiences side, it's parks, as we talked about, it's studios and streaming. On the Connectivity side of the business, it's wireless, residential broadband and business services. So -- and if you were to take those and sort of say what's the size of the sandbox in each one of those that we're playing in, wireless is the one that sticks out as this is the largest sandbox.

Craig Moffett - *MoffettNathanson LLC - Analyst*

Twice the size of the US broadband business?

Jason Armstrong - *Comcast Corp - Chief Financial Officer*

Yeah. It's $80 billion is residential broadband, $200 billion is the size of the wireless market. So it's a logical place to be focused where you look at our share of that sandbox, it's probably the smallest out of the six. So it's this neat opportunity where it's biggest sandbox, we currently have the smallest share. So that's a ton of room to grow into.

So I think that's the opportunity up at 30,000 ft. Then there's the what's our right to play and right to win in that market. So it starts with what's our entry into the market, and I think you just had Verizon here. We're very happy MVNO partners on their network. We are incredibly relevant, I think, to what they do and their financial picture at this point, but it's a great partnership. It works for us. It works for them, and I think the thing that's lost on entering into the market with an MVNO structure.

Investors aren't wrong. We get a lot of questions on this in the meeting. The history of MVNOs is sort of checkered in this state. You've written a ton about it, Craig, probably more than anybody. That's not an unfair conclusion. Ours is a little bit different, right? We negotiated it in the context of a sale of a spectrum position. We had AWS Spectrum back 15 years ago.

Where the deal was, if we're going to forego optionality we have here, we want to replace it with optionality in the form of an MVNO, which was a very good deal, for us, works for Verizon, but that's the starting point. Then you say, okay, do our consumer patterns look a little bit different than the wireless industry in a way that would advantage us.

And when we say, more than 90% of our traffic is offloaded onto our WiFi network, we've made huge investments in WiFi. We're the country's largest WiFi provider we've got. We're the largest broadband provider. We've invested in a ton of WiFi to just make sure our hotspot network is sort of second to none. And so we offload at a much higher rate.

I think a typical wireless company would tell you they're sort of low 80s and we're low 90s. So if you think about the overall industry and, I think, your work and others' work would suggest a typical cellular customer's using something like 20 gigs a month on a tower-based network as opposed to WiFi. We're a fraction of that, right, which impacts the cost structure and how we can go serve a customer.

And then if you go to the next layer down and say what's our acquisition cost look like, I'd just point out we're selling into our broadband customer base, right? So that is a very different sales and acquisition cycle than someone that's got to go attract a customer that they don't currently have. So it just means how we've sort of interface with the market looks a little bit different. It's an advantage acquisition cost perspective -- from that perspective. But that means, our economics and wireless are strong, right?

And so we're firmly profitable, but then there's the decision on the back of that. Is this a standalone business that you're thinking purely about in revenue and EBITDA terms for the wireless business or can you go reinvest, right, and drive outsize growth, maybe accelerate your growth, and that's the decision we've made this year.

We're leaning in and we do have -- we've got a free line out there for a year, gives us incredible monetization after that year. We're starting to tear into different segments. We've got a premium segment we just announced. It's a little bit higher price point, but still a huge discount to the wireless industry, so it fits nicely but gets us a little bit more in the handset game, probably.

You know, heard Verizon's comments earlier, but that probably means you can hit different segments that maybe you haven't hit before. So I think we're going to be -- have an incredible year in wireless. We started to accelerate in the first quarter. I think you're going to see more of that over the course of the year.

Craig Moffett - *MoffettNathanson LLC - Analyst*

So has there been a mind shift in thinking about wireless as it's primarily there to help you retain broadband to no, wait a second, this is really a growth engine in and of itself, and not to dismiss that it can actually be important to broadband too, but it sounds like what you're saying is this is really a strategic priority because it's just a good business.

Jason Armstrong - *Comcast Corp - Chief Financial Officer*

Well, I think it's both. I think it's -- there's always this debate, profitability and sort of stand-alone versus in-service of broadband. It sort of fits nicely in between where the economics, the offloading, the acquisition cost advantage suggest we've got powerful economics on a standalone basis, but then that means you can make decisions on accelerating this, attaching it to broadband more aggressively, having a customer think holistically about, you know, the broadband plan is X, it's a five-year price lock, and I get a free line attached to it that for us doesn't break the bank and gives us monetization a year from now across a much larger base. So it's -- it probably sits in between those two.

Craig Moffett - *MoffettNathanson LLC - Analyst*

So you -- the offload that you talked about on WiFi, which is, so if you're putting one-third less over the cellular network than you would -- you've got a third lower variable cost and you've probably got at least double the margins, probably triple the margins that a normal MVNO would have even if you didn't have a better contract.

But there's an opportunity to take that even to the next level with CBRS offload and offload even more and lower your costs even more. Talk about that. How much -- you've cited that statistic that's so compelling that 60% of the traffic in your footprint comes from 3% of the square mileage. Is that sort of the way we think about the CBRS offload opportunity, is that how much you could eventually offload?

Jason Armstrong - *Comcast Corp - Chief Financial Officer*

Yeah, and I would step back because a lot -- we get this question a lot. Sometimes it's rooted in, is there something wrong with the MVNO that's going to point you in this direction. I would just start right there. Nothing wrong with the MVNO. We have a great MVNO. We have a great partnership with Verizon. You and I have talked about this. If you look -- and I think, they would say if you look at how relevant we are, us plus Charter, what that means to their overall growth profile and revenue and EBITDA, it's a significant part, starting to creep into becoming a significant part of the overall free cash flow picture.

So it's relevant to them, I think to the extent, we serve different segments. I heard their answer on sort of convergence. There's a limited amount that they can serve with sort of fiber and wireless, and if we sort of fill the bucket on things that they can't do, it's a niche for them that may be more appropriately served by us.

I totally agree, and if you start with their framework of we want to build a network once and then we want to add as many profitable connections onto that as possible, we are squarely in the middle of that definition. So I think it's a very healthy relationship. I think it works for both sides. You know, saying that, we are -- we have the benefit of being 64 million homes passed in the US, almost half the US footprint, and as you know from a network perspective that is broadband plus power, strand mounts along the way with a spectrum position that we have through CBRS.

So that just gives us the option over time to the extent we're seeing an opportunity in really high-density areas where we're paying a lot of money on an MVNO and we can say, we've got capacity, power, sites around there where we can just offload and the mechanics sort of -- it's just a trade-off. It's just a math exercise of what's the cheaper path for us? So I think as we continue to scale wireless, we're going to have more and more of those decision points because we'll have more traffic density. And so, it's the right question.

Craig Moffett - *MoffettNathanson LLC - Analyst*

There's a little bit of waiting for the handsets to be able to do it too, right, because it's not -- not all handsets can see that network yet but give it a couple of years and they will.

Jason Armstrong - *Comcast Corp - Chief Financial Officer*

I think that's exactly right, and we're in several markets, so, you know, the way Charter talks about it, I probably wouldn't say we're going to every market with this or have a plan near term too, but we're in several markets already and you're going to continue to see that move up.

Craig Moffett - *MoffettNathanson LLC - Analyst*

Would you do it? You have -- I don't want to get too geeky about the differences in CBRS, but you have the preferred access licenses in some markets. You have the general access or the GAA available everywhere. Would you do it in places where you don't actually have PAL licenses, but you can still do it on the general access because it just works there too?

Jason Armstrong - *Comcast Corp - Chief Financial Officer*

That's super geeky. I will leave it as we've got several markets right now where we have --

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Craig Moffett - *MoffettNathanson LLC - Analyst*

And those are your major -- the major NFL cities or the places where you have spectrum, so you -- (multiple speakers)

Jason Armstrong - *Comcast Corp - Chief Financial Officer*

That's fair. Starting with Philadelphia and then moving out from there, but that is exactly right. And I think what we've seen so far in the trials, we've been encouraged by.

Craig Moffett - *MoffettNathanson LLC - Analyst*

Got it. Last thing is your peer, Charter, has actually been through this process of seeing what a free line does for -- to ARPU, I should say, not just to wireless ARPU, but also because of the required GAAP allocations to broadband ARPU as well. So just take us through what we should expect because of the nature of the way that's accounted for and what that does to your income statement.

Jason Armstrong - *Comcast Corp - Chief Financial Officer*

Yeah. I think we came into this year -- and that was a key question people had. Last year, we sort of said 3% to 4% is the right range for ARPU growth. We didn't necessarily say that this year other than to say we expect healthy broadband ARPU growth. And the intention there is we're focused on convergence revenue growth. And so if I had to tell you, hey, we've got a real opportunity to go accelerate wireless, it's going to help our broadband business, it's going to see wireless and more of our base, and then we're going to have a huge monetization opportunity in the back of that. But we can't do it because we don't want to disrupt ARPU growth in a particular quarter.

I think you would say go disrupt ARPU growth. And I'm not saying it's going to be all that disruptive, but that -- you're right about the consideration. There's a -- when we start offering wireless as part of a bundle, there's a revenue allocation and you can take a little bit from broadband, put it in wireless. My goal for the team is to sort of be making decisions up at the convergence revenue layer and what is the best thing for the company up at that level.

So when we lean into wireless, you're right, you may see a little bit of that happen this year. But I wouldn't go too far with that. I think that's -- when you look at convergence revenue and measure us by that and think about what we're setting up for, in a year from now, two years from now, when hopefully, we've got broadband volumes and ARPU sort of rowing in the same direction and we've got a huge unmonetized base of wireless customers that are really happy with us at a huge discount to the wireless industry on the best network.

Craig Moffett - *MoffettNathanson LLC - Analyst*

So convergence, Chris Winfrey at Charter has said that the -- when they introduced that plan a couple of years ago, it wasn't a promotion in his mind, it was a new product category. It was selling connectivity everywhere. You've got to be sort of delighted that the telephone companies are sort of leaning into that narrative too because that's a narrative where you kind of -- if that's the way consumers start to see it you win, right?

Jason Armstrong - *Comcast Corp - Chief Financial Officer*

I think that's right. I'm not -- I think that's the right narrative, I'm not sure we've captured that narrative, just to be totally frank. But I agree with that. I think if you think about how we're positioned, 64 million households, half of those take broadband from us. Anyone that we're selling wireless into, it's a completely ubiquitous product offering across the entirety of our footprint, right?

Here's the underlying broadband offering, here's a free line and the wireless packaging on top of it that we can offer to everyone without having to make network trade-offs between the two. So I think that's -- I think our hand in convergence is incredibly strong. I think the -- what we've set out to do -- because we made a pivot this year in broadband, obviously, we were -- we've been largest broadband company for a long period of time. We have really happy customers.

But we've seen -- we just came off a quarter where we lost 199,000 broadband subscribers. And so that is a real what just happened a moment. There's a real sense of urgency across the company. And as we look at, okay, why did this happen, I mean, the obvious answer is there's just more competition in the market, right?

There's three fixed wireless companies. That's not slowing, nor will it slow anytime soon, in my opinion. And there's fiber competition that continues to creep into the footprint, it's sort of 3%, 4%, 5% per year. That's been true for a long period of time, but it's just -- it's not slowing.

So the competitive aspects are there. But then if you really say what are they poking on? Why would someone leave us for either fixed wireless maybe at the lower end or fiber at the higher end, really interesting sort of what comes back. Because what comes back is not I'm leaving you for network, that's not -- actually not how the consumer thinks of it. They're not thinking fiber versus coax, that's not how a consumer thinks about that.

They think about speed, reliability, pricing transparency. It's how you would think about it. It's how I think about it. And so as we look at the world along those lines, network, we're at parity with the best network out there. Multi-gig, symmetrical, that's where we are near-term headed to. That's where fiber is. Product in the home, we actually -- our gateways, our in-home coverage and the control features that we have through the apps rate better than anything else out there.

So on those two categories, we rate incredibly well. Where we started to miss the mark is in the pricing construct and simplicity. So pricing construct, the age-old pricing construct sort of was, here's the promotional opportunity, and then two years from now, there's a big step-up. But that's sort of the cycle the cable industry was on. That's not working at this point.

So what's working is people may be willing to pay a little bit more upfront for transparency in the context of a multi-year relationship, sometimes even five years. So we've gone directly after that with price lock. We've really tried to address simplicity. And when people say simplicity, a large part of it actually relates to pricing transparency. But then there's other things, well, how quickly can you get to an agent, other things that I think we probably are in the process of investing in to get to the other side.

But back to your point on wireless and sort of the opportunity and putting it all together in convergence terms, if you could wave a wand and say, where do we think we're going in two years? Two years from now, if, again, we've got a vast majority of our customer base on five-year price locks sort of in line with market base pricing on broadband, we've got wireless much deeper into our base at substantial discounted rates to the wireless industry. A lot of people coming off of free lines, rolling into either $20 or $40, which by the way, is still a 50% to 80% discount to where the wireless industry pricing is.

So if you're -- if the only roll-offs you have in the system are rolling off to rates that are a substantial discount to what the customer would pay otherwise, that's a pretty good place to be.

Craig Moffett - *MoffettNathanson LLC - Analyst*

Do you have to sacrifice any broadband gross adds early on though by winning yourself from those kind of crazy first year promotions that you used to have?

Jason Armstrong - *Comcast Corp - Chief Financial Officer*

We'll see. I think the data would say while you may sacrifice in that category, there's another category that picks up from that that says, I just didn't trust your pricing before because I know the cycle, and I'm going to be on the two-year cycle, and I've got to call in, threaten to leave. That's a tough place to be with the customer.

So if you can replace that with here's the five-year price lock -- and to be fair, it's going to take a little bit of time to get over that perception and mentality. We're going to have to have sort of durability of these in the market. And we're going to make some other changes that you'll see in the next month or so that just sort of get directly at this. But I'm optimistic.

This is -- if you took the two-year lens, this is the right trajectory for us. It is what stabilizes it and back to the where are the consumer pain points, to the extent it was network or product, those would be harder things to fix, right? That's not what we're hearing from anybody. It is the pricing, transparency, simplicity, and we're on all that stuff.

Craig Moffett - *MoffettNathanson LLC - Analyst*

Interestingly, your messaging -- it's funny, I used -- when my son first got his apartment, I remember he would say, well, I've got to get my electric turned on and I've got to get WiFi. And I used to try to correct him, and no, you don't need to get WiFi, you need to get broadband. And then realize, no, everybody in that generation thinks they're buying WiFi. That's the product. Your messaging has now fully embraced that and that -- the product you're selling is WiFi, right?

Jason Armstrong - *Comcast Corp - Chief Financial Officer*

Yeah. And the root of that is we have said all along, if you step back and think about the structure of this market, and really maybe a way to think about this is when we're investing and we're building out, we're building out 1.25 million new homes a year, what's the investment thesis around that? You have to be underwriting a 5 to 10-year structural view of the industry. And what we're underwriting there is, here's the structure.

We do think we're going to face fiber in the vast majority of our footprint. It's over 50% right now. That's going a lot higher. We don't see that slowing. We do see fixed wireless continuing as a category, but it's a capacity-constrained category. You got to put satellite in that mix as well. Satellite potentially could play a bigger role. SpaceX may play a bigger role, Starlink.

But it's a capacity-constrained category, and we continue to see usage, which is something we should talk about, because we may have a slightly different -- some of the research, where we may have a slightly different view, usage continues to move up and to the right. It's 10% per year. We saw a massive bump through COVID. We saw a year where it stabilized. And then ever since then, it's been 10% plus or minus. And that's a great thing for us, because that shifts you to the left in the who are the real competitors over time, it's us versus fiber.

And so then when you look at, okay, how are we positioned versus them? We think we're at parity on network. We think it's multi-gig symmetrical. We think we can do better in the home, which is why we've invested in so much in the XB8s, XB10s, the gateways and how we show up in a customer's home and why it's important to us to have our own devices in the customer's home.

We just know we cover that home better and then the control features we can put on top of it, which people that use our app, love the app. It's parental controls. It's what devices they're doing what, who has activated the network when? How many devices are sort of synced up right now. And people love it.

We've seen devices up 40% on our network per household in the last four years. So everything continues to move to the right. I would predict it continues to, with the movement of sports in particular, to streaming. And so that's how the consumer -- actually, when you have to remind your son that no, no, no, it's broadband. My guess is he probably said, no, no, it's WiFi. That's -- consumer thinks about WiFi. So that's what we're leaning into. And then as I said, we're going after the pain points on the pricing side.

Craig Moffett - *MoffettNathanson LLC - Analyst*

And the WiFi is booming. It's actually -- it's, I think, a compelling way to sell the product. Before we turn to Content & Experiences, I just want to make sure we don't forget about Business Services. Talk to us a little bit about Business Services because it's a part of the business that gets way too little attention, I think, from most investors.

Jason Armstrong - *Comcast Corp - Chief Financial Officer*

Yeah. I couldn't agree more. And it's -- part of it, shame on us, we just need to be showcasing it more. We actually had an Analyst Day, not equity analyst, but sort of the Forresters, Gartners, IDCs. We had -- our Business Services team does a day like that every year. And we just did that a month ago or so. The room was packed. It was very different than sort of what it was 5 and 10 years ago, which just tells you where we are in Business Services at this point.

But just for context, it is 25% of what we do on the connectivity side. So I got it, there's a ton of focus on the 75%, but the 25%, by the way, is a $10 billion revenue business we've built in the last 15 years, is a $6 billion-ish EBITDA business, so incredibly strong margins. And a business where if you sort of took it into its parts, you would say, we've done incredibly well in small business. That was sort of the foundational aspect of Business Services, where it just made sense.

It was sort of proximity to our existing network, could drop access in and could serve it, similar to almost how we serve the residential market because it was very similar characteristics. Now that business has migrated into midsize, enterprise, government, which is sort of -- that's where the industry analysts come in and they're weighing in on what your capability set actually is. And we are -- there's sort of quadrants they put you into. We're moving into the top quadrant pretty much every product, which I think is just an incredible feat.

So as you -- you've covered the enterprise sector for a long time as I did before this role, there's sort of the credibility stamp type deals where you need because there have been any enterprise purchaser has to -- there's career limitations with selecting the not standard vendor and taking a risk, we're well past that stage. We've just made our way into the mainstream. We continue to add to the capability sets. And we're large enough that we can -- with a suite of products where we have existing customers sort of knocking on the door saying, I wish you did the following thing, X, Y, Z.

So a couple of years ago, three years ago, it was -- you're really great at the following things, how about you do -- what are your capabilities in SD-WAN, can you build into that? And we sort of said, we can build into it or we could go buy Masergy, which is a top company in this space. And it's sort of immediately accretive because you got a huge book of business that wants you to do this. You had a company that's sort of a silo product offering company, and now you can spread that across the base. It's sort of the same concept we have with Nitel, which we closed earlier this year.

So Business Services is -- it is the fastest-growing Business Services company out there. It's closing in on the number two position in the market and still growing at mid-singles both in revenue and EBITDA terms, with that type of trajectory ahead, we think.

Craig Moffett - *MoffettNathanson LLC - Analyst*

Well, I will call on you to make sure it gets more attention. Before we talk about the spin, which I think is where we'll end it. We just came out of the Upfront. I got a chance to see the Upfront on -- what was it, Monday morning, I guess it was, right? Talk about what you saw at the Upfront. And you mentioned before, you're not seeing any weakness, how strong was the upfront for this year?

Jason Armstrong - *Comcast Corp - Chief Financial Officer*

Yeah. I think the -- maybe starting with macro, that's right, I'd put us in the category. We're not seeing it yet on the advertising side. The upfronts we expect to be strong, sort of, current pacing, is very strong. There's similarities between this and parks, right, where we're not seeing anything yet. To the extent we do see something -- by the way, in both categories, we're the ones with the new shiny object in each category.

So in parks, we're the ones with Epic. To the extent you've got cyclical pressure, there's clearly an offset to that because you got the best new thing in the market. You probably saw in the upfronts, what we have in the market for the coming year is, if you were to take all the big events on TV, streaming or TV, and say who has what? We've got 40% of them this year. So that's an enormous percent.

You sort of saw that come through. A lot of it is sports centric. But February, just for example, it is on NBC and Peacock, Super Bowl, 17 nights of the Winter Olympics, the NBA All-Star game. And then in addition to that, we have NFL. Number one NFL -- Sunday Football number one NFL property out there. NBA, which is new to us, we've got the most tonnage, most games of anybody that has an NBA contract. So that will be new and seriously additive.

We got Premiere League, WWE, NASCAR, Golf, as I mentioned, Olympics. So it's a huge table of events, which is beneficial. Upfronts have now sort of merged into -- it's not just linear networks; it's Peacock and you're selling advertising across the entire thing. And all of that is beneficial both on the advertising side, but also on the subscription side, in particular for Peacock, a lot of exciting things coming this year.

Craig Moffett - *MoffettNathanson LLC - Analyst*

Is Peacock -- the question that you always get, we always get, is Peacock sufficient scale in its current form now that it has the NBA? Or is there still a round of consolidation in this industry that's going to be required to get it to the right scale?

Jason Armstrong - *Comcast Corp - Chief Financial Officer*

I think Peacock is going to be well positioned for either one of those categories. So as a stand-alone business, we're 41 million subscribers in less than five years. It's one of the fastest trajectories as you've seen. We relate to the market for sure. But upon entry, we've scaled it incredibly well.

We just grew that 20%. So it grew revenue 20%, close to 20% this past quarter. We shrunk our losses by $400 million. So $200 million loss in the first quarter and continue to make progress there, so we're really sort of narrowing the losses.

Craig Moffett - *MoffettNathanson LLC - Analyst*

Will the loss step back up now that -- when you add the NBA? Or will the revenue that that brings in, offset that pretty quickly?

Jason Armstrong - *Comcast Corp - Chief Financial Officer*

Well, I think people have looked at this and said, is the NBA sort of a headwind to the trajectory? Long term, the NBA is a positive thing for us. Otherwise, we wouldn't have done it. It fills a lot of different things, both for Peacock and for linear, which are important for us. Our production quality is going to be incredible. Michael Jordan is coming our way, which was a pretty incredible announcement from Monday.

But we will turn the NBA, at least our programming will be, we think, second to none, which is sort of our legacy with the NBA as of 20 years ago. On Peacock itself, NBA, no doubt, there's a lot of costs associated with that, both on the linear and the Peacock side. But our ability to go monetize that is sort of the question.

So when you step back and think about the strength of Peacock, I would tell you and question of does it have enough scale, think about categories that fall into Peacock. So sports, right? We have -- you literally go, and we saw earlier this week, ESPN sort of announced their plans. $30 a month. I'd challenge you to go put side by side, our sports content versus their sports content, it's not far off, right?

We are similar in NFL packages, similar in NBA packages. We've got more golf. They've got a little bit more baseball, but that's in flux. We've got Premier League Soccer. We've got Olympics. We've got WWE. We've got NASCAR. So if you sort of stack them up next to each other, it'd be an interesting conclusion. And it's helpful if they're going to price that at $30.

If that's right, then you look at Peacock and say, we've got a top two sports portfolio, we've got -- if sports and movies are sort of one, two in streaming, we've got a top two movie studio. Tremendous successes over the last several years and an incredible pipeline going forward. We've got a massive library from the NBC library and other. And that just tells you, it's an incredible price value proposition for the consumer, which to us tells us and for a guy like me in my seat, we've got monetization opportunities.

And so how the NBA fits into that, NBA solves specifically for a couple of things. It is -- if you look at the calendar in Peacock -- and to be fair, the streaming world is different than a linear world. The big bundle protected linear in a way that streaming doesn't have that protection.

So one way to protect it is continuity in the sports calendar, which now the NBA fits exactly what we need. We had a real void in the second quarter. NBA, that's when you get into the heart of the playoffs. I was watching a couple of playoff games last night, and playoffs have been fantastic, right? So can't wait for NBC to be part of that next year.

And then there is the -- just the pure tonnage we have, and do you have opportunities on the back of that? Can you monetize advertising in a different way? So I think we've got opportunities along those lines. And whether that means the standalone case for Peacock and here's how we march forward towards profitability and scale and do you have survivability in sort of its current form, or how relevant you are to partners, whether it's the channels business, whether it's looking at joint ventures with companies, we're incredibly relevant in that conversation because we come into it armed with a top two sports portfolio and a top two movie portfolio.

Craig Moffett - *MoffettNathanson LLC - Analyst*

I want to wrap up by thinking about the Spin. And maybe two simple questions. One is if you could just take us through what we can expect in terms of timeline and when things -- when key milestones happen. But first, take us back to the concept because there were two arguments for why. One was to highlight the growth profile of RemainCo. And one of them was to create this entity in SpinCo, now Versant, that will be a vehicle for presumably consolidating that industry. Take us through both of those things, if you would.

Jason Armstrong - *Comcast Corp - Chief Financial Officer*

Yeah. So let me -- just technically with SpinCo, where -- we announced it late last year, sort of had a path to getting it done by year-end this year. We're on track for that. You've seen the recent announcements with the name Versant, with the management team. So a lot of folks in this room know, Mark Lazarus, know Anand Kini are two incredible operators that are off and running already. They're rounding out the management teams sort of around them.

We're on track in terms of filings, transition services agreements you have to have. So I would say on track for year-end. If you step back up and say, okay, remind us as to why you're doing this, it gets back to sort of the first answer overall, which is how are we structured as a company? What do we look like? We have been very clear we're really focused on six growth drivers, where we have a right to play, they are massive addressable markets.

We have really strong moats in a couple really sort of attacker positions and a couple of the others, and it's a really nice portfolio. That's 60% of what we do, and that 60% is growing mid to high-single digits, which is terrific. But overall, as a company, we're not growing revenue, right? That sort of has been what you saw in the first quarter, what you saw late last year. And it's because the other 40%, there's parts of that, that are not growing revenue.

So the question becomes, we've been very clear on the 60%, how do you think about the 40%? So this was a part of the 40% that was separable. And when we say separable, is it feeding into Peacock in a way that you would say probably you can't separate this because you need to keep it? Only 2% of Peacock's content is coming from the channels that we're separating. So that's what sort of created the opportunity.

But for Versant, their opportunity is going to be a well-capitalized company, very strong management team, a lot of free cash flow, the ability to go do some things maybe in digital that we weren't necessarily thinking of and maybe the opportunity to look at things over time, exactly as you mentioned. And not being too prescriptive about that, but if you look at the way they're going to be set up, with the talent, the leadership team and the strong balance sheet, they're going to have a lot of options.

Craig Moffett - *MoffettNathanson LLC - Analyst*

We're just about out of time. So I will end it there. I want to thank you for joining us, and I look forward to doing this again next year.

Jason Armstrong - *Comcast Corp - Chief Financial Officer*

Thanks, Craig.

Craig Moffett - *MoffettNathanson LLC - Analyst*

All right.
