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CMCSA.OQ - Q4 2023 Comcast Corp Earnings Call

EVENT DATE/TIME: JANUARY 25, 2024 / 1:30PM GMT

OVERVIEW:

Company Summary

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PRESENTATION

Operator

Good morning, ladies and gentlemen, and welcome to Comcast's Fourth Quarter and Full Year 2023 Earnings Conference Call. (Operator Instructions) Please note that this conference call is being recorded.

I will now turn the call over to Executive Vice President, Investor Relations, Ms. Marci Ryvicker. Please go ahead, Ms. Ryvicker.

Marci Ryvicker - *Comcast Corporation - EVP of IR*

Thank you, operator, and welcome, everyone. Joining us on today's call are Brian Roberts, Mike Cavanagh, Jason Armstrong and Dave Watson.

I will now refer you to Slide 2 of the presentation accompanying this call, which can also be found on our Investor Relations website and which contains our safe harbor disclaimer. This conference call may include forward-looking statements subject to certain risks and uncertainties.

In addition, during this call, we will refer to certain non-GAAP financial measures. Please see our 8-K and trending schedule issued earlier this morning for the reconciliations of these non-GAAP financial measures to GAAP.

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

Michael J. Cavanagh - *Comcast Corporation - President*

Thanks, Marci, and good morning, everyone. We're less than a month into the new year, and 2024 is already off to a great start. Two weeks ago, our entire company came together to make history: shattering records with the first exclusively streamed NFL Wildcard game on Peacock. Nearly 23 million viewers watched the Kansas City Chiefs take on the Miami Dolphins, consuming 30% of all Internet traffic in the U.S. and setting a new record in total U.S. Internet traffic for any night.

Our investment in the network and our technology platforms built over decades enabled us to shine, delivering a seamless experience on the Internet and Peacock demonstrating that our company is in an excellent position to win in this era of high bandwidth consumption.

Also, Universal Pictures' Oppenheimer picked up 5 Golden Globe awards, including Best Picture, Best Director, Best Actor, Best Supporting Actor and Best Original Score. So with 2024 off to a terrific start, let's look back at 2023, where we produced consistently strong financial results and continue to execute against our long-term strategy.

We positioned our company to benefit from a significant number of scaled and diversified growth opportunities that are margin-accretive, namely Residential Broadband, Mobile, Business Services, Theme Parks, Studios and Peacock. In aggregate, our revenue in these businesses grew 8% in 2023 and comprised 55% of our total revenue for the year.

Our healthy cash flow generation and strong balance sheet have enabled the organic investment that fuels these businesses and at the same time, fund substantial capital return, including significant share repurchases. All of this has translated into excellent financial performance.

For the third consecutive year, we generated the highest revenue, adjusted EBITDA, and adjusted EPS in our company's history.

Now let's go deeper on some of the important achievements during the year. I'm really proud of the progress we've made in our connectivity businesses. We maintained a strong trajectory in Xfinity Mobile, increasing our subscriber lines by 24% and total domestic wireless revenue by nearly 20%.

We also performed well in our Business Services segment, which grew full year revenue and EBITDA by nearly 5% with margins approaching 60%. And we exceeded our goal of adding over 1 million new homes and businesses passed and expect to do at or above this level in 2024.

Our domestic broadband business remains strong. We kept our very large and healthy base of subscribers flat, while growing residential ARPU 3.9%, the high end of our historical range, driving solid EBITDA growth in Connectivity & Platforms and expanding margins to around 40% on an underlying basis.

We achieved all of this despite an intensely competitive environment. And as I look back on 2023, I am confident that our strategy combined with excellent execution sets us up extremely well to navigate the road ahead.

While the competitive environment is likely to remain at these levels for a period of time, broadband is still a very large, healthy and profitable market. And the consumption trends that we're seeing are encouraging for the future.

Customers are connecting more devices in their homes and are using them for applications that require more capacity, faster speeds, and lower latency. Our fiber-deep and capital-efficient network is more than ready to meet this demand with 100,000 miles of fiber and a clear path to offering multi-gigabit symmetrical speeds ubiquitously across our entire footprint with DOCSIS 4.0.

I'd like to spend a minute briefly addressing the government's Affordable Connectivity Program. First, it's important to note that we built on our decade-long history in digital equity to effectively participate in ACP and have successfully leveraged to the National Verifier Program in the process.

While we hope that the White House and Congress renew this funding and keep these important resources available to the many people and households who have relied upon this program to stay digitally connected, we have already begun to communicate with ACP participants. And we'll provide a range of options, including our highly successful Internet Essentials program in the event that funding is discontinued.

Shifting to Content & Experiences, we've positioned ourselves to drive long-term profitable growth. Over the span of decades, we've built a remarkable portfolio of iconic content and strong franchises in both film and television, including live sports, news and entertainment.

Our market-leading businesses have tremendous reach and continue to perform and execute collaboratively, playing to our strengths by leveraging our IP and our incredible partners.

Let's start with our Studio Group, where we hit a major milestone ranking as the #1 studio in film by worldwide box office with hits such as Super Mario Bros., Oppenheimer, Fast X and Five Nights at Freddy's. We are proud to work alongside our creative partners like Christopher Nolan, Chris Meledandri and Jason Blum, who are innovative industry leaders to develop content that continues to delight audiences.

And I'm really excited about another fantastic film slate in 2024 with the latest installment of Kung Fu Panda in March along with Despicable Me and Twisters in July and Wicked slated for November, which will also benefit Peacock as these films and many others enter the Pay-One window.

At the same time, our Media segment continues to deliver, reaching over 100 million households every quarter with leading sports, news and entertainment. We have the #1 most watched news organization in the U.S., and Sunday Night Football is pacing to be the most watched Prime time show for an unprecedented 13th consecutive year.

Peacock continued to be the fastest-growing streamer in the U.S., a result of our holistic business model, which leverages all of our brands to serve a broad range of viewers by providing them with options to match their evolving habits. In the short period of time since we launched in 2020, we've seen strong momentum, ending the year at 31 million paid subscribers at a $10 ARPU supported by healthy trends in both engagement and churn and I'm excited for 2024.

We started with a successful Wildcard game, which will soon be followed by Oppenheimer coming exclusively to Peacock and a full slate of both new and returning originals such as Ted, Peacock's most watched original title, additional Pay-One movies and the Summer Olympics later this year. These next Olympic Games promised to be nothing short of spectacular, with the return of fans, this time to Paris, one of the most beautiful cities in the world.

With the NBC Broadcast Network airing more content than ever before and Peacock as the streaming home for all games, NBCUniversal would be the most comprehensive Olympic destination in U.S. media history, with Xfinity once again playing a huge role in delivering each game on our entertainment OS platform, which is now also available to charter customers through Xumo.

At Parks, we achieved record high revenue and EBITDA in 2023 and have exciting new attractions and experiences in the years ahead. We'll open Donkey Kong, another Nintendo-themed land next year in Osaka, which will expand Super Nintendo World by another 70%. We expect continuation of the strong trends in Hollywood also driven by Super Nintendo World. And we'll see the completion of Epic Universe, our fourth gate in Orlando, prior to its grand opening in 2025.

In summary, we are very pleased with all that we have achieved in 2023. We have incredible teams in each of our businesses and have executed against our plan exceptionally well, delivering very strong EBITDA, EPS, and free cash flow.

Going forward, our highest priority is to continue our strong operational performance, enabled by the investments we are making in our 6 key growth areas, fueling their growth and further improving the profile of our business mix. The strength and stability of our company, including our balance sheet, enables us to make these investments while also providing our shareholders with substantial capital returns.

Since we started buying back stock in late May of 2021, we have repurchased approximately 15% of our total shares outstanding. And with today's announcement, we've now increased our annualized dividend by 150% since I joined the company in 2015.

Putting it all together, our strategy is working, and we see many years ahead that this formula will continue to deliver for our company and shareholders.

Jason, over to you.

Jason S. Armstrong - *Comcast Corporation - CFO*

Thanks, Mike, and good morning, everyone. I'll begin on Slides 4 and 5 with our consolidated results. Total revenue increased 2% to $31.3 billion for the fourth quarter and was consistent at $121.6 billion for the full year.

On a reported basis, EBITDA was consistent at $8 billion for the fourth quarter and up 3% to $37.6 billion for the full year. Our EBITDA results include severance and other in this quarter as well as in last year's fourth quarter. Excluding these items totaling $527 million this quarter and $638 million in last year's quarter, adjusted EBITDA decreased 1% in the fourth quarter and remained at 3% growth for the full year.

Adjusted EPS was up 2% to $0.84 a share for the fourth quarter and increased 9% to $3.98 for the full year. We generated $1.7 billion of free cash flow for the quarter and $13 billion for the full year, which translates into $3.13 in free cash flow per share, which was up 10% year-over-year. And we returned over 100% of this to shareholders with $4.7 billion of capital returned to shareholders in the quarter and $15.8 billion for the full year.

Our strong level of free cash flow includes the significant investments we're making to support and grow our business in 6 broad and diversified growth categories, including Residential Broadband, Wireless and Business Services Connectivity along with Theme Parks, Streaming and Premium content at our Studios. Taken together, these growth areas generated more than half of our total company revenue and grew at a high single-digit rate during the quarter and for the full year.

Now let's turn to our business results, starting on Slide 6 with Connectivity & Platforms. As a reminder, our largest foreign exchange exposure is to the British pound, which was up nearly 6% year-over-year. As usual, in order to highlight the underlying performance of the Connectivity & Platforms business, I will refer to year-over-year growth on a constant currency basis.

Revenue for total Connectivity & Platforms was flat at $20.4 billion. Unpacking that, revenue in our core connectivity business, domestic broadband, domestic wireless, international connectivity and Business Services Connectivity, increased 7% to $11 billion, while video, advertising and other revenue declined 8% to $9 billion.

Our strategy is to invest to drive growth in our core connectivity businesses, while at the same time, carefully managing businesses that are important but face secular headwinds. On balance, this is a favorable mix shift for the profitability of our overall Connectivity & Platforms segment as reflected in our results.

EBITDA for total Connectivity & Platforms increased 3% with EBITDA margins improving 130 basis points year-over-year. This includes severance and other of $422 million in the quarter and $456 million of charges in last year's fourth quarter. Excluding these items in both periods, EBITDA increased 2% to $8 billion, and EBITDA margins improved by 110 basis points.

Margins for our domestic legacy cable business improved 70 basis points to 46.2%.

In terms of how our underlying performance in Connectivity & Platforms breaks out between residential and business on the same basis, excluding severance and other from both periods, residential EBITDA grew 2% with margins improving 120 basis points, and business services EBITDA increased 5% with margins nearly unchanged at an impressive 57%.

Now let's get further into the details, starting with our connectivity growth drivers. Residential connectivity revenue grew 7% driven by 4% growth in domestic broadband, 15% growth in domestic wireless, and 19% growth in international connectivity, while Business Services Connectivity revenue grew 6%.

Domestic broadband was once again driven by very strong ARPU growth of 3.9% for the quarter and for the year, landing at the high end of our historical 3% to 4% range, while our base of 32 million broadband subscribers remained stable over the past year, including the 34,000 subscriber loss this quarter.

We remain focused on competing aggressively, but in a financially balanced way, as evidenced by this quarter and past year's results. With the broadband marketplace remaining extremely competitive, we will continue to manage this balance and expect ARPU growth will remain strong within our historical range and continue to be the driver of our residential broadband revenue growth in 2024.

While we do not expect subscriber trends to improve in the coming quarters, we do expect them to improve over time. At the macro level, customers are consuming more, connecting more devices in their homes and are using them for applications that collectively require even faster speeds, lower latency and higher reliability over time.

These secular trends are all moving in our favor, and we believe our marginal cost to add capacity to our network is unrivaled. This is why we are investing in our fiber-fed network to further increase capacity and offer multi-gig symmetrical speeds ubiquitously across our footprint and ensure that we stay way ahead of consumer demand with the best broadband offering and experience.

We have deployed mid-splits to about 35% of our footprint and expect that to reach around 50% by the end of 2024. On the back of this, we launched our first DOCSIS 4.0 market during the fourth quarter, and we'll continue to launch additional markets this year.

We are focused on what we can control. That means segmenting our customer base by offering our customers the right price, including value options at different speed tiers and driving ARPU ahead in an environment where broadband subscriber growth remains challenged. And we're doing this in the context of aggressive network upgrades and expansion, putting us in a great position to eventually return to subscriber growth.

Speaking of network expansion, we exceeded our goal of passing 1 million new homes and businesses in 2023, landing at nearly 1.1 million. And we plan to replicate this in 2024 with this level or potentially even greater footprint expansion.

Switching to Wireless. We had a great milestone, eclipsing $1 billion in quarterly revenue for the first time this quarter with the year-over-year increase due to higher service revenue driven by continued strong momentum in customer lines, which were up 1.3 million or 24% year-over-year to 6.5 million in total. This includes 310,000 lines we just added in the quarter. We've had a healthy run rate, generating around 300,000 net additional lines per quarter for the last 2 years.

And we're consistently in the market testing new offers, and we'll continue to do that throughout the coming year with the goal that some of these offers will translate into accelerated line additions as the year progresses. With only 11% penetration of our domestic residential broadband customer accounts, we still have a big opportunity and a long runway ahead for growth in Wireless.

International connectivity revenue increased 19% driven by steady mid-teens growth in broadband, along with strong growth in wireless, which had healthy growth in both device sales and service revenue.

Finally, Business Services Connectivity revenue increased 6% driven by consistent growth in our small business category as we grew ARPU through rate and higher penetration of additional products like Security Edge and from strong growth in mid-market and enterprise.

The revenue growth in our connectivity businesses was offset by declines in video, advertising and other revenue. The video revenue decline was driven by continued customer losses. The lower other revenue reflects similar dynamics in wireline voice. And advertising was impacted by a tough comparison to last year, which benefited from higher political revenue in our domestic markets.

As I mentioned earlier, excluding severance and other, Connectivity & Platforms total EBITDA increased 2% with adjusted margin up 110 basis points. To unpack this improvement, the main driver is the mix shift to our high-margin connectivity businesses, a transition you've seen for the last few years and that we expect to continue.

In addition to the mix shift, we are benefiting from ongoing cost discipline. For every quarter this year, including the fourth quarter, 5 out of 6 categories of expenses we report have decreased. The only category that grew is direct product costs, which are success-based and directly associated with the significant growth in our connectivity businesses.

In addition, we continue to get more efficient with better tools and technology. Compared to 2017, we reduced our domestic truck rolls by nearly 50%. And customer interactions are down nearly 40% even while we increased our domestic relationships by nearly 5 million over this same time period.

The investment we were making in our network, including virtualization and using technology to enhance the customer experience, not only makes us more competitive, it makes us more cost efficient. Together, the mix shift, the cost discipline and the technology advances we've made in customer service are all structural, and we expect them to continue, positioning us to drive higher profitability and further margin expansion in 2024 and for the foreseeable future.

Now let's turn to Content & Experiences on Slide 7. Revenue increased 6% to $11.5 billion, and EBITDA increased 2% to $932 million. Excluding severance of $101 million this quarter and $186 million in last year's fourth quarter, adjusted EBITDA decreased 6%, reflecting a decrease in Media, partially offset by strong growth of Studios and record results at Parks.

Now let's take a closer look at Content & Experiences, starting with Media. Media revenue increased 3% driven by strong growth at Peacock, which was up 57% and similar to wireless, crossed the $1 billion in quarterly revenue mark for the first time.

Domestic distribution increased 9% driven by Peacock subscription revenue growth of 88%, fueled by the continuation of solid growth in our paid subscriber base. We ended the quarter with 31 million Peacock paid subscribers, up 10 million over the past year, including 3 million net additions in the quarter driven by sports, including the NFL and the Big 10; and movies, notably the day-and-date movie Five Nights at Freddy's and a variety of originals and other entertainment programming.

International networks revenue, which is mainly distribution revenue for Sky Sports, increased 17% primarily due to the increase in sports content this year as well as the positive impact of foreign currency translation. And finally, domestic advertising declined 7% due to a tough comparison to last year, which included a significant incremental contribution in advertising from Telemundo's broadcast of the FIFA World Cup.

Excluding the World Cup, advertising increased nearly 3% driven by strong Peacock advertising and from our strong sports lineup. Peacock advertising increased 50%, again excluding the World Cup, and hit an all-time high.

Media EBITDA decreased 50% mainly due to higher sports costs, reflecting a full quarter of the contractual rate increase in our NFL programming, the addition of Big 10 to our sports programming lineup this year and higher Premier League costs compared to last year when games were paused for 4 weeks to accommodate the timing of the World Cup.

At Peacock, EBITDA losses continue to moderate in the fourth quarter with nice year-over-year improvement resulting in full year losses for Peacock of $2.7 billion, which was slightly better than the expectation we had previously communicated. 2023 marked the peak in annual losses at Peacock. And for 2024, we expect to show meaningful improvement in losses versus 2023.

Turning to Studios. Revenue increased 4% driven by theatrical revenue growth of 59% due to our performance at the box office this quarter with Five Nights at Freddy's, Trolls Band Together, the Exorcist and Migration. In fact, Five Nights at Freddy's was the highest grossing horror film of 2023 and also set a record on Peacock as the most watched title of all time in the first 5 days of its release. In addition to the films this quarter, we benefited from prior period titles moving through profitable licensing windows, driving EBITDA growth of 83% to $308 million.

At Theme Parks, revenue increased 12%, and EBITDA also increased 12% to $872 million for the quarter. These strong results were again driven by growth at our international parks, especially as Osaka continues to benefit from strong demand from Super Nintendo World, driving higher attendance and per cap spending relative to both last year and pre-pandemic levels.

In Hollywood, we also continue to benefit from the positive consumer reaction to Super Nintendo World, which opened earlier in 2023, driving strong attendance and growth in per caps and resulting in Hollywood's best fourth quarter EBITDA in its history. In Orlando, our results were also strong with attendance in line with 2019 pre-pandemic levels and revenue substantially ahead.

Now I'll wrap up with free cash flow and capital allocation on Slide 8. As I mentioned previously, we generated $1.7 billion in free cash flow this quarter and $13 billion for the year. And we achieved this while absorbing meaningful capital investments to expand our footprint and further strengthen our domestic broadband network, scale our streaming business and support the continued build of our Epic Universe Park ahead of its 2025 opening.

As a result, total capital spending increased 13% for the year driven by higher CapEx. At Connectivity & Platforms, CapEx increased 1.5% for the full year with CapEx intensity coming in at 10.1% primarily driven by investments to further strengthen and extend our network. In 2024, we expect CapEx intensity to be in the same range as we continue to transition our U.S. network to DOCSIS 4.0 and accelerate our growth in homes passed.

I'll just note that while our CapEx intensity at Connectivity & Platforms has been at around 10% for the past few years, this is not a specific internal target for us. Rather, it's an output. Our teams are going as fast as possible. However, if for example, we have an opportunity to accelerate further our growth in homes passed at accretive economics, then we'd welcome that opportunity. But right now, the envelope has been right around 10%, and we're very happy with the pace that we're on and the progress we're making.

Content & Experiences' CapEx increased by $1.2 billion for the full year driven by Parks, with Epic accounting for the majority of the increase in spend. In 2024, we expect Parks' CapEx to remain elevated and then decrease in 2025 when we open Epic.

Working capital was $2 billion for the year, which was better than we expected, improving $1 billion over last year's level. Our 2023 results included benefits from the pause in production during the work stoppages associated with the writers' and actors' strikes during the year.

Turning to return of capital and our balance sheet. For the full year, we returned a total of $15.8 billion to shareholders. This includes share repurchases of $11 billion, including $3.5 billion in the fourth quarter.

In addition, dividend payments totaled $4.8 billion. As we announced this morning, we are raising our dividend by $0.08 a share to $1.24 per share. That's our 16th consecutive annual increase.

We ended the year with net leverage of 2.3x, in line with our target leverage of around 2.4x. And we expect to remain at this target level in 2024.

Wrapping up, we had a very solid quarter and a great year. And we're focused on continuing to execute our long-term growth strategy, supported by our balanced and disciplined approach to capital allocation. I'm proud of the steady and consistent framework, which guides our decision-making. We're going to invest aggressively for organic growth across our 6 key areas. We'll protect our balance sheet and cash flow position and return capital to shareholders.

Now I'll turn it over to Brian for a few remarks before we turn to Q&A.

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

Thanks, Jason, and good morning, everyone. I'd like to emphasize a couple of points. As I think about the year, it's hard not to be really proud of what we've accomplished. 2023 was the best financial year in our 60-year history, and we already have nice momentum in 2024.

As Mike and Jason just outlined, we have a unique company that is incredibly well positioned. We always try to think about and invest for the long term particularly across the 6 key growth drivers.

What's also important is that in 2023 alone, we returned $16 billion in capital to our shareholders. And as you just heard, it's the 16th straight year that we just raised our dividend. That's consistency.

So when you put this all together, we have a great team. That's always most important to me, and we're making the right adjustments to our businesses to position us to win, grow and continue to return capital to shareholders.

And while there may be speculation of what we could do next, I'd like you to hear it directly from me. I love the company we have. So the bar continues to be even higher for us to do anything other than the plan you heard today. I want to thank all our employees for a great 2023 as they continue to execute at the highest level.

With that, let me hand it over to Marci to take all your questions.

Marci Ryvicker - *Comcast Corporation - EVP of IR*

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

QUESTIONS AND ANSWERS

Operator

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

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

I wanted to ask you guys about broadband and separately about Peacock. I guess, Jason, you talked about and Mike talked about sort of the consumer trends that you think play to your strengths. But you guys are doing a lot at the network level, including in '24. You talked about your converged offers that you're testing and maybe getting more aggressive.

I know you're not going to put a timeline on it, but can you talk a little bit about the opportunity to reaccelerate broadband customer trends, because the product you are bringing to the marketplace is seemingly getting better even this year. And I realize you're talking long term, but I just wanted to hear more from you on the things you're doing in the business and product today and how that may or may not translate into better trends on the customer front over the course of the next kind of 12 to 24 months.

And then on Peacock, I guess maybe for Mike, how much more investment does this business need? I think you guys had talked a while ago about getting to $5 billion of programming investment.

If you look at the fourth quarter anyway, you're basically there now. We got good revenue momentum. I'm trying to think about the path to getting this business to breakeven. So I'd love to hear what you think the business needs in terms of incremental investment from here.

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

Ben, this is Dave. Let me start with broadband and then hand it over to Mike and Jason. But on broadband, as Mike and Jason said, the environment pretty much remains the same. There's still -- the macro activity moves are down. And -- but to your point, it is intensely competitive, especially the difference that has kind of been there in this particular competitive cycle. It's especially in the lower-income segment.

So the result of it is the main driver, customer activity continues to be lower connects as churn remains near record lows. And despite this, we're striking I think the right balance between customer growth and ARPU.

We kept our sub base relatively flat and grew ARPU 3.9% for the quarter and the year. And so we're also growing C&P EBITDA and expanding margins. So competitive cycles like this one, we've been through many. And this -- what makes -- what happens during some of these cycles, there's new footprint, the competitive footprint, some unique discounting occurs.

I think fiber is a pretty good example of one that we went through years ago and continue to have. There's pressure on net adds as you go through the initial phase of the cycle. But we evolved our approach, and we have and continue to compete very well against fiber. So I think this cycle is headlined by fixed wireless and really the emphasis on more of the lower-income segment.

They added new footprint. There's some offer pressure, but we have continued to adapt. The keys for us through this cycle is to continue to build better products and from the network to the WiFi experience.

And the network investments that we're making are very consistent, and we've laid it out. Mid-splits, we're pleased with our progress. We're finishing '23, 33% upgraded. We'll be around 50% by year-end '24, and we've started to deploy 4.0 and our path towards symmetrical service offerings.

So this is all due to where we believe strongly the market is going. And the market is going to have more devices that will be used and be hung on the network, and there will be more usage and engagement.

So that -- for the long run, we want to be in a position to compete as things shift. We're going to compete in a segmented way for every segment, and we'll be aggressive in each one. But, we don't expect subscriber trends to improve over the coming quarters, but we do expect to grow over time. So we will compete aggressively, and be in position when the macro environment shifts. And as we see with fixed wireless that there's an opportunity and will be an opportunity to get more win backs, we want to be in position for that as well.

So -- and throughout it all, we're going to protect the healthy base of 32 million broadband customers managing rate and volume throughout.

Michael J. Cavanagh - *Comcast Corporation - President*

It's Mike, Ben. So thanks for the question on Peacock. I'll just kind of expand a little bit on the question but get to it in terms of where we see programming going in the end.

So you got to say we couldn't be prouder of what we accomplished with Peacock in 2023. So to end the year with paying subs at 31 million, up 50% year-over-year, and that's only 3 years in. We're achieving a level of scale with paying subs that's about 60% of the level of the streamers that have been out there for many years, domestically ex-Netflix. And we're holding a very strong ARPU at $10 per sub.

So while it's not the scale we ultimately plan to get to, I got to say the team has done a fantastic job when a lots questioned can we even get this far. So from here, it's really a matter of continuing to execute against the strategy that's gotten us here.

And that is expected, as we said earlier, to drive improvement in Peacock's bottom line from the peak losses that we saw in 2023. And we really think about what that strategy is, it's to manage Peacock and our linear TV businesses as one.

The strategy really is to leverage the great relevant content properties we have both at NBC, which is news and sports and entertainment, obviously, Bravo and some of the other assets we have in the Cable business and Universal with the Pay-One window.

So when you put it all together, continuing to execute against that, we're going to look to get more scale. And the things we're doing are both to drive more scale, more subs but also get more engagement with the subs we have and drive improvements in churn, which we've been pretty pleased with.

So ultimately, your question, where are we relative to -- leveling off a little bit of the growth rate of programming spend as we get to this level is clearly part of the improvement in Peacock losses standalone that will be a factor as we see continued strong growth on the revenue side, given the higher level of subs and the expectation for continuing to add.

But again, I would just say I'm less focused on what standalone Peacock losses are doing than I am on doing what's right for the long term for the totality of the Media business, which is linear and streaming. I think we've navigated a very good path for us. So really pleased with what we've done.

Operator

Next question is coming from Craig Moffett from MoffettNathanson.

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

I wonder if you could do an early postmortem on the Chiefs-Dolphins playoff game. What kind of subscription growth it drove at Peacock and what kind of early churn impact you've had on that? And I know there was some chatter that you guys tried to play down about whether that amount of traffic load on the Internet would have some impact on fixed wireless, but I'm wondering if you just have any observations about how other platforms handle the kind of volume that, that game drove in terms of traffic.

Michael J. Cavanagh - *Comcast Corporation - President*

Craig, it's Mike. I'll start, and Dave can chime in if you like. So -- but as we said earlier, we couldn't be more pleased with the way we performed in the Wildcard game. It was the biggest livestream event in U.S. history, which is no small feat to have performed so seamlessly, which really highlights what we've done in Dave's business on the broadband side and the technology platforms that we've built and have talked about repeatedly that are supporting Peacock, Sky, and our Xfinity products and now Xumo.

So I think we've built tremendous advantage and are always looking for ways to -- we're very happy to see the impact on our broadband usage, regardless of what it means for other ways of getting the platform across. We couldn't be happier that it's -- that it worked well and performed really well with that many concurrent streams.

But what -- in terms of adding subs, we would expect to see -- we're not going to comment on it today, but we would expect to see increase in paid subs. We're focused now on retention of the subs that came in right around the game.

What's important is it's both the subs that came in during the game and the engagement of the people that were already on the platform. So engagement and retention is really going to be focused on what's coming next.

And we teased a lot of that, including Oppenheimer coming to the platform on February 16. We have Summer Olympics coming. And now that we're post strikes, you'll see a number of Peacock originals and additional movies from Pay-One window that we've got with Universal.

But really, when I think about it, it's at the scale we've gotten to, what's important is to keep people engaged with the platform, and all the content that's there, not the Wildcard game onto itself. So the job always was to get more people in the door and get everybody that's already in the door reengaged with the platform around that game and then try to continue to drive engagement afterwards.

And happy to report that we've seen record levels of hours viewed in the days that have followed the Wildcard game itself, including launching Ted, our new comedy series. That's been the most watched original series for Peacock in its first 7 days yet on the platform, which speaks to the benefit of getting that much engagement at the moment we're launching that.

And likewise, the second season of the reality show "Traitors" premiered right afterwards. And it's also the biggest original reality season launch for us through its first 4 days on the platform. So I think that's the way I look at the total picture there. Brian, I think you want to chime in.

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

I just want to say that we thank the NFL for having the confidence in picking our total company to carry this out. And the entire industry cooperated and participated, and it was a very proud moment for I think U.S. Internet in history, worked flawlessly and I think is just another proof point of all the investments that have been made. And thank you again. We'll see how the results all turn out, but we're really, really pleased.

Operator

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

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

It's a 2-parter. As Brian just said, you have a unique mix of assets. So can you talk a little bit about your longer-term video strategy from all sides of the company from both cable and NBCU, meaning do you have any plans to take Peacock global? Your recent Paramount affiliate renewal deal kind of seems like status quo.

And then a separate question. You kind of just touched a little bit on Epic. It's only 1 year away. Can you give us some color on size and scope and how differentiated the offering will be?

Michael J. Cavanagh - *Comcast Corporation - President*

Jessica, thanks. So on Peacock and in particular, let's take video in a couple of pieces. So on our streaming ambitions, clearly, we viewed it, and we've talked about it for a long time. We want our existing Media assets to have a strong future in a world where consumer behavior is taking people more to streaming because that's the way they want to experience it.

So our strength, obviously, in video distribution from the NBC side has been U.S.-focused. And I think we are focused on -- very focused on getting domestic scale. What we've done internationally and what we might do 1 day is a separate story. But for now, we've been focused on making sure through partnerships, JVs, whether it's Sky Showtime, whether it's Peacock-type content that makes its way onto Sky platforms, we've got a venture partner in MultiChoice in Africa.

So we're looking for ways and sort of a rational approach economically to scale up Peacock domestically while not giving up too much in terms of economics. A lot people talk about us having global scale. We want to win here first and get to the place we need to go, and that's really where we're most focused.

In terms of what's happening on the domestic side through video distribution, I think we're -- continue to be a big player in the space with our own content from NBC but also as I think the best partner, given the scale of our reach in broadband for both traditional linear but at the same time, streaming partners, we've seen a lot of progress and a lot of collaboration with players and partners that want to reach the kind of customer base we have with our broadband customer base, the natural point of engagement with them, aggregating content and acquiring new content if they don't have it through Xumo, X1 and the platform that Dave and team have built, I think we're really well positioned to play a part in that as well.

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

Jessica, this is Dave. I can just would add, when you think about the overall video approach, it's linear, streaming, on-demand. You sell DVR, it's all of them, that I think we are in a unique position to be able to tie together.

And back to the Wildcard game, it's an example of great broadband being able to handle it. And at the same time, what's really important in video is the experience matters. The experience get connected to the overall network performance is so critical, finding what you want easily and simply and being able to engage. So the platforms that we've built over time, starting with X1, now Xumo, very important to us in the long run.

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

One thing I would add, it's Brian, on Epic, just to touch on that part of the question. It's completely original. It's maybe the most exciting project I've seen since we bought NBCUniversal getting built. I think it's the first new entire theme park in decades in the U.S. And we're so excited.

We're taking the Board of Directors to see the construction in the next couple of weeks, which is something we don't -- haven't ever done before. So I think you all want to be there.

Sometime, I think, '23 and '24 are the peak CapEx years for the construction. We expect to open in '25. And I give Mark Woodbury and the entire team at Universal incredible kudos to coordinate something of the scale and magnitude that's being built.

Operator

Our next question is coming from John Hodulik from UBS.

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

Two questions, if I could. First, on the ACP commentary. I think you guys had to contact ACP subscribers this week. I mean, any way you could quantify the size of the base or maybe the financial impact? And should we see anything in this quarter? Or is it really sounds like if it doesn't get renewed that we really expect for, say, second quarter?

And then over on the Media side, it looks like you guys saw some real ad strength. So just any commentary on what you're seeing in the ad market. It looks like if you sort of look at core advertising, it was actually up this year. I'm wondering if that's just strength in NFL and maybe Big 10 or just what you -- some of the underlying factors are there would be great.

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

John, this is Dave. Let me start with ACP to specifically answer your question. We have 1.4 million customers that have benefited from this program, which we obtained through the National Verifier Program. So feel good about the credentials of these customers.

Most of these customers in this customer base were already our customers prior to the ACP program. Been very consistent on this, we want the program to continue. But I think we're very well positioned to support these customers if it does not.

We have a good business and model in place and a history with knowing how to segment our customer base and have products and packages at a variety of price points to serve our customers well, including well over for a decade that would include Internet Essentials. So we -- this -- we'll evaluate this as it plays out, may be a risk, but one we feel is very manageable for us given how we work with this program and how we manage our customer base in general.

Michael J. Cavanagh - *Comcast Corporation - President*

And John, it's Mike. On the advertising side. I'd say that the ad market, we have seen it remain stable and definitely pleased with our performance in the fourth quarter. When you exclude 2022 World Cup and normalize for that, we did grow ad revenue even with the difficult comparison to last year's political quarter.

So we are seeing a few encouraging signs like stabilization across most categories. CPG and retail too that improved in particular. We're not seeing any pressure -- any real pressure on cancellations from last year's upfronts, which is good. And scatter premiums are pretty healthy, double-digit increase is what we've seen recently.

But I would say that it's too early to say that there is a sustainable rebound going on. Too much remains uncertain on the macro side, and we're heading into a period for us at least that has less sports programming in the early part of the year.

So but regardless of the full year ahead, whether the environment macro-wise gets better from here or it doesn't, we feel like we're well positioned with our must-see tent poles, which include, obviously, the Olympics coming up, the elections. And then going back to the real points of now being much more scaled at Peacock, we're seeing nice progress on the capacity and inventory that we have there. So those are the dynamics I think we're seeing in advertising.

Operator

Next question is coming from Jonathan Chaplin from New Street Research.

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

Two for Jason. You mentioned that if you saw opportunities to expand your footprint with good economics, you'd do it in a heartbeat. Is -- are you referring to the opportunity in BEAD? And is that something that you expect to potentially hit sort of later this year? Or is that more of a 2025 impact?

And then on repurchases, we saw the reauthorization of $15 billion. You're going at a pace of $3.5 billion a quarter at the moment. Should we expect that to continue through 2024?

Jason S. Armstrong - *Comcast Corporation - CFO*

Thanks, Jonathan. Let me take them in reverse order and then potentially tag team with David, if he wants to on the footprint side. So buybacks, you're right, we reauthorized or re-upped this morning for $15 billion. Never meant to be guidance when we do this, but nonetheless, healthy reauthorization saying that.

I think the formula that's been in place for very strong capital returns, yes, continues to be in place. I think we're comfortably within our leverage range, as I stated, which is right around 2.4x, continue to generate very strong free cash flow.

And if you look at the recent history since mid-'21 since we started buying back or we started the buyback program, we've bought back 15% of our stock in that time frame, so a very good metric there. So more capital returns to continue.

I feel very good about the trajectory into 2024. I think on the footprint side, we've been very clear that to the extent, first and foremost, as we talk about CapEx intensity in Dave's world, right around 10%. It's been there for the last couple of years. The expectation is that it will be there again in 2024, but we've also been very clear that, that's not necessarily a constraint on the business. To the extent we can move faster, we'll do that, and we'd like to.

I think as you look at the past couple of years on homes passed, we did 850,000 homes passed in 2022. We were able to accelerate that in 2023 up to 1.1 million, and we gave guidance this morning for 1.1 million or slightly higher for next year. So we think we can further accelerate that.

Most of that in terms of the guide for 2024 is self-funded, but we have been making our way into the ARPA programs and had some success there. To the extent we're successful with BEAD, and I think we certainly expect to be, that would be more 2025 and beyond.

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

This is Dave. I would only add that when you do these programs, we have started and we are aggressively pursuing opportunities, as Jason said, this stage, mostly self-funded, but we are working with the local governments on programs like ARPA and others. But we are going for opportunities where it makes sense.

The great part and a little bit what Brian mentioned right from the get-go, there's just been terrific execution as we scaled operationally getting ready for this. So the 1.1 million that we did this past year, looking to do that or more into '24, we are on it. And this is a real opportunity for us.

Having said that, the nature of these projects, it takes a while to build them up and then driving penetration. And I would look for more of the benefit in '25. BEAD, we plan to participate where it is consistent with our business goals, but the process, quite frankly, would be to still in flux.

Operator

Next question is coming from Steven Cahall from Wells Fargo.

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

Maybe first, I was wondering if you could expand on your Xfinity Mobile plans for 2024. One of your peers has been more promotional. I think that's something you've kept an eye on, and we saw you get a bit more promotional last year with the iPhone deal.

You also talked about broadband ARPU being the biggest driver of broadband revenue, and I know that can suffer on a GAAP basis if you do lean into mobile. So I would love to just hear more about how you're thinking about the broadband and mobile strategies coming together.

And then, Jason, just the severance that you took in the quarter, the lion's share fell at Connectivity & Platforms. How should we think about the benefits to OpEx in 2024? You said 5 out of the 6 buckets decreased last year. So maybe you can give us a bit of a view of what non-programming OpEx looks like for Connectivity & Platforms this year.

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

Steven, this is Dave. Let me start with wireless. And so I think we've been consistent on this one, too. The wireless is one of the key long-term growth drivers for us. It's been pointed out, it's been the 6 that the team has talked about, and it is absolutely a great companion to broadband. It has a good standalone economics and a great runway ahead for penetration mobile to the broadband base.

So it's performing well. Our domestic revenue was up over 15%. We have over 6 million lines, including the 310,000 that we added in the quarter, and we're only at 11% penetration, as Jason said, to the broadband base. So a lot of runway ahead.

And it is absolutely a key part of all our go-to-market activity, whether it's acquisition, base management, upgrade activity to the base. As you've noted, Steven, we have been very focused on upgrade activity and retention.

So our results have been consistent right around 300,000 lines per quarter, pretty healthy run rate for a considerable period of time. Having said that, I think we can improve on these results. We are consistently in the market trying new offers, both in terms of broadband and mobile together, and we segment the opportunity.

And so we do have unique opportunities that we evaluate. And we continue to be hopeful that some of these offers will accelerate our line additions over time and as the year progresses. So we have a great road map in terms of innovation and offers between WiFi and mobile. And we want to leverage both and continue to build a better product and service.

Our mobile service, our core service offering delivers better value day in, day out. We really like though our approach, capital-light approach with the MVNO. And I think we're in a great position to win in conversion.

So I think we have a leg up on the competition with this capital-light strategy that does and it have to involve customer and/or network trade-offs. So we'll continue to be opportunistic in evaluating progress, but I think there's upside.

Jason S. Armstrong - *Comcast Corporation - CFO*

And Steven, let me just round that out quickly, because part of the question was seemed like, are we governing wireless at all as it relates to broadband ARPU growth and GAAP realization of broadband ARPU growth. The 2 are not connected. We will do what's right for the business, first and foremost. To the extent we're finding ways to accelerate wireless. And I think we'll have opportunity to do that and not be held back by what it means for broadband ARPU. Although we do see, just to reiterate, broadband ARPU growth in both the fourth quarter and for the full year, 3.9%, high end of our historical range of 3% to 4%. And we guided to the coming year to sort of still be in that range of 3% to 4%, so consistent and strong ARPU growth.

And on the severance question, as we step back, we're focused on investing capital and resources in our key growth areas. We've identified 6 key growth areas where investments in OpEx are being directed while managing carefully businesses that are important to us that face secular headwinds.

And so I think you saw that in the fourth quarter with severance actions. We took these actions to get ahead and position ourselves for continued transitions in these businesses in 2024 and beyond.

I would point out, you mentioned Connectivity & Platforms specifically. That's where the bigger severance charges were. You're right, 5 out of 6 categories of expense were down year-over-year in 2023.

These types of actions in transitioning our business and managing the expense base are a big part of that. And if you look at margin expansion, which we've seen for a long period of time in the C&P business and gave an outlook that we expect to continue that. This is all part of that taking action to sort of get ahead of these transitions.

I will point out what we also said in the prepared remarks, if you look back in the last 6 years, we've taken 50% of our truck rolls out of the system. So truck rolls versus 2017 are down 50% so cut in half. And transactional volumes, if you will, our interactions are down 40%. So pretty significant expense opportunities relative to that, that we see continuing as well.

Operator

Our final question today is coming from Sebastiano Petti from JPMorgan.

Sebastiano Carmine Petti - *JPMorgan Chase & Co, Research Division - Analyst*

Just want to see if you could provide additional color on perhaps the Content & Experiences segment CapEx expectations as we look beyond kind of Epic. I think, Jason, you did say in '25 capital intensity in Content & Experiences should tick down as the Epic build finishes.

But as we think about your plans for regional parks in the U.S., headlines about a U.K. park construction perhaps over the next several years as well. Any color on how we should be thinking about? Is there a Parks CapEx holiday for a reacceleration?

And then just a housekeeping question on Peacock. Obviously, very strong net adds inside of 2023. Mike, you did say that you do expect sub growth that to kind of continue. But could you perhaps quantify what the benefit of the conversion from Comcast bundle subs from free to paid was within the year and as we're kind of thinking about organic or underlying growth that will benefit from the NFL playoff game, Oppenheimer, and some of the other stuff you kind of listed up?

Michael J. Cavanagh - *Comcast Corporation - President*

Sure. So on Parks, it's as Jason said, we are going to remain at the elevated level around Epic with the 2 expansion parks, Hollywood Horror Nights and the Universal Kids in Frisco, Texas, underway at this stage. So we'll remain elevated in 2024. And then as we come to completion of Epic in 2025, rolling into 2025, we'll ease off from there.

I think the easing off is, yes, I wouldn't necessarily call it a holiday so much as we'll much likely talked about adding additional passings in cable. If we see these projects pencil out for good return, we'd be excited in the years that follow.

I can't predict when, to continue to give the Parks and Experiences business whatever capital it requires. But right now, with the visibility we have for what's in the pipeline, what Jason described as a trajectory, is the right trajectory.

And then on Peacock, I think we did a good job converting our Comcast free subs to paid subs, and they're now rolling into after a few months of -- at a lower price or rolling into the full price. So I think we did a great job across the company on executing that.

Marci Ryvicker - *Comcast Corporation - EVP of IR*

Thanks, Sebastiano. That concludes our call. We appreciate all of you joining us this morning.

Operator

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