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# EDITED TRANSCRIPT

CMCSA.OQ - Comcast Corp at Citi TMT Conference

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## OVERVIEW:

Company Summary

## CORPORATE PARTICIPANTS

**Jason Armstrong** *Comcast Corp - Chief Financial Officer*

## CONFERENCE CALL PARTICIPANTS

**Michael Rollins** *Citi Infrastructure Investments LLC - Analyst*

## PRESENTATION

**Michael Rollins** - *Citi Infrastructure Investments LLC - Analyst*

Welcome back to Citi's Global 2025 TMT Conference. For those of you I haven't met, I'm Mike Rollins, and I cover communication services and infrastructure for Citi.

We do have disclosures available at the back of the room. And if you don't have access or would like another copy, please email me at michael.rollins@citi.com.

We're pleased to welcome back Jason Armstrong, Chief Financial Officer of Comcast. Jason, thank you so much for being with us today.

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**Jason Armstrong** - *Comcast Corp - Chief Financial Officer*

Mike, thanks for having Comcast.

## QUESTIONS AND ANSWERS

**Michael Rollins** - *Citi Infrastructure Investments LLC - Analyst*

Great. Well, maybe just to get us started, what are the opportunities for Comcast to sustain annual financial growth, revenue, EBITDA, and earnings from your portfolio of assets, especially your six key growth businesses as they increase their contribution to total revenue?

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**Jason Armstrong** - *Comcast Corp - Chief Financial Officer*

Yeah. Well, thanks for starting there. I think it's important. We're totally focused on revenue growth. And I think you framed it as how do we sustain it? I would say we're aiming to do better than that. We want to reaccelerate revenue growth. In the last couple of years, obviously, you've seen revenue growth decelerate a little bit.

We have, I think, articulated a very clear strategy that sort of what the company is centered around, both for external clarity and internal clarity as well. As you mentioned, six core growth drivers that we see in large scaled markets, secular growth markets, profitable markets, or path to profitability markets, where we've got a real right to win. So those are the businesses we're focused on that.

That represents about 60% of our revenue stream right now. There's been a couple of those businesses that have seen a revenue deceleration; broadband, which is more competitive; parks, which was unwind a little bit from the experience category, sort of post-pandemic peaks, and then coming off of that a little bit, but that's more temporary.

And then there's the other 40% of what we do, which are businesses that are largely cash generative, but they're not growing, right? And so either they are cash generative and in service of the other businesses or they are -- we're looking at, are they separable and are there other options? So if you look at over the course of this past year, we've taken two actions.

We've got a spin-off of our cable networks in the form of VERSANT, which is coming right around the end of this year. And then Sky Germany, we're in the process of selling that as well. So if you look at this, this mix was 50-50 several years ago, now it's 60-40. I would tell you, with these actions and with underlying growth in the 60% category, we'll be at 70-30 in the next couple of years. And so that's the path we've been driving on.

I think the key for us is how do you take each of these six and ensure they're on the right path. That's really been the priority. So if you tick through them, there's three on the connectivity side, there's three on the content side.

On the connectivity side of the business, maybe I'd start with wireless. It's the biggest addressable market. As you stare at addressable markets, we're in and around what the size of the sandboxes are, that's the largest one. It also happens to be the one where we kind of have the smallest share out of the six. And so that's a huge category for us. It's one where we've been leaning in. I'm sure we'll talk more about it. We're happy with the progress we're making.

I think we've made a lot of progress to date, but there was room to do a lot more and really accelerate what we're doing. And we're in the middle of that process right now and seeing another quarter of good results there.

Broadband is the second category. This is, as you step back, it's a more competitive environment. At the same time, this is a secular growth market. If you look at what's happening with the average consumer, they are consuming more on a monthly basis. That's up roughly 10% year-over-year. We're over 800 gigs per customer per month. They are hanging more devices off their network substantially more than they were even five years ago.

And if you look around the universe, whether it's the cable universe or fiber, ARPUs are up, right? And for fiber, they're up actually pretty significantly. So the overall umbrella in terms of what you're competing in and what the opportunity is for broadband is positive.

Now we're defending an incumbent position. We've made a lot of pivots this year to readdress how we go to market. I think it's resonating. We're seeing some success in there. But nonetheless, this is a long-term growth category for us. It has been historically, it will continue to be, we believe.

Business Services is the last part of connectivity. That's a \$10 billion business for us built from scratch from 15 years ago. We've got a lot of different segments that sit within that. You've covered the industry for a really long period of time. So you know the segmentation, small business, medium, enterprise, government, a lot of different tiers to it. We've made a lot of progress in small business. We're at the early stages on mid, enterprise and government. So a lot of room to run there and inside of a secular growth bucket and a massive addressable market.

If you look at the content side of the business, maybe start parks. I would put more broadly the experiences category as a large and growing category, especially coming out of COVID. Parks may be the most interesting category within experiences, and we have an incredible set of parks. We're one of two major companies out there, but we're the number two, but we're the challenger as number two. And so recently launched Epic. We're going to be launching a park in the UK; we're going to be launching smaller parks. We have a full pipeline in parks.

Mark Woodbury was presenting at a conference yesterday and laid a lot of this out, I thought in a nice way. But nonetheless, parks is a category, which is a growth engine for us. You saw that in the second quarter, you'll see more of it in the third quarter.

Streaming, a growth category for us. And if you look at the overall category, it's been a growth category. There's been questions on, okay, how can you scale into profitability and what's the ultimate profit pool look like? We're on a path to get there. We're on a path that we like.

We closed the gap by another \$250 million last quarter. So we're making progress on the profitability side. But if you look at what we've done with Peacock in, I believe, just under five years, 41 million domestic subscribers, content lineup between sports, movies, reality, and a massive library really is resonating with the customer, and we've been able to take some price against that recently, but streaming clearly a growth category for us.

And then another one that sits in the middle, because it's more of a flywheel, is Studios. And success in Studios is going to be a function of how well your content resonates. And if you look at the past several years, we've been number one or number two in global box office. And so what

that throws off in terms of licensing opportunities, consumer products opportunities, IP into our theme parks and how well it's going to resonate with the consumer. I think all that positions us really well.

And so the goal, and we're in an investment period now, for sure, we've articulated that. But the goal coming out of this is to really have this mix shift take over, have these six moving forward and be able to re-accelerate to revenue growth.

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**Michael Rollins** - *Citi Infrastructure Investments LLC - Analyst*

Great. That gives us a lot to dig into. So maybe starting with broadband, you're making a lot of strategic changes across your residential broadband business. Can you take us back to how you decided on the course of actions that you're taking? And then what gives you confidence that you're on the right path and then maybe just the other side of this is what is the definition of success when you get to the other side of what you're trying to accomplish?

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**Jason Armstrong** - *Comcast Corp - Chief Financial Officer*

It's a well-framed question, especially the last one. What is our North Star here, right? Especially in an environment that's been disrupted a little bit. So probably helpful to rewind the clock and how did we get here and then what have we done and what are we aspiring to.

If you rewind the clock, I would say we always -- if you go back a year when I was sitting here with you, if you go back two years, our narrative around fiber would have been the same, right? We always expected to see 2 multi-gig wires into the vast majority of our footprint. We've never changed on that. That's always been the planning assumption.

Now, fiber overbuilds tend to ebb and flow, as you've seen for the past 20 years, we're in a period where there's pretty intense fiber overbuilding at this point. So maybe we get to the endpoint sooner than we thought, but the endpoint isn't any different than what we thought, which is we're expecting to see fiber across the vast majority of our footprint.

I think a little bit the surprise has been the durability of fixed wireless. Fixed wireless has come in, and they're not for everybody. It's for a value-conscious consumer that's willing to make some trade-offs on speed and reliability, but they've come in with an interesting value proposition for a segment of the market. Not always the best use of spectrum.

So they've talked about this being a fallow capacity model. Maybe that's true, maybe that's shifting a little bit. Nonetheless, this is going to be a permanent niche of the market, we think. And so, that's been the narrative internally for the past several quarters, if not years. This is a permanent change in a competitive market. And so then it's, how do you go compete against this and in this new reality.

And so as we look at how we were competing, what we do well, what we do not so well and what competitors have poked on, I'd put it in three buckets.

So network, product, and experience. On the network side, our network broadly is gig-plus capable right now. It's on a path through our Genesis upgrade to be multi-gig symmetrical. So we're convinced that we've got a leadership position, we're right there with fiber from a network perspective right now. And to the extent the world is going to multi-gig symmetrical, we've got a capital-efficient way of getting there, which we're well down that path at this point.

So network, we check the box very well. Product, which is, in my mind, what you do in the home, right? Gateways, coverage, control features, app-based control for the average customer to see what's actually on their network and maybe dictate who gets what in the home.

We rank second to none. OpenSignal has us ranked as the number one company in reliability in the home. So from a product perspective, we rank really well. There's no gap there. The experience category for the most part, we do well, but to be fair, we had some gaps.

So if you look at what, in particular, fixed wireless has picked on and where we get consumer feedback, it's we want more pricing transparency from you guys, and we want pricing stability. So it's two big metrics. Then it's, we want you to be easier to do business with. So those are broad and important categories.

So if you look at what we've done this year to get after that is we've made major pivots, so starts with national pricing. We've rolled everything up into just simplistic. There's four categories depending on speeds. And here's the price and it's consistent, it's national. It actually helps us from a marketing perspective as well.

We had separate equipment charges, separate taxes, and fees. There were some unlimited data versus limited. We've taken all that out of the picture and sort of said, here's what you get: it's true unlimited data, it's our equipment included. Our equipment rates is the best out there. So we want our equipment in homes. So equipment is included.

And we've launched one year and more importantly, five-year price locks to give customers certainty and transparency. And so all that's out there at this point. In addition to that, we've said where else can we lean in to support broadband in a way that is helpful for us long term and supports revenue growth, and that's wireless.

So we've done a couple of different things on wireless. We've gone free line for a certain segment. If you heard of us, but you're nervous about trying us what better way to try us, then you take a free line for a year, and then we'll hopefully convince you it's worth sticking around and we'll monetize that at the one-year-plus mark.

And then at the other end of the spectrum, we've got premium mobile plans that are out that really get after the traditional postpaid market from data allotments and handset availability. So we're making a lot of progress there. I think as you step into this quarter, we're continuing to see wireless momentum.

We're on pace for another record quarter this quarter. And on the broadband side, I think we like what we're seeing. It's starting to resonate with customers. And so I think we're confident we're moving in the right direction.

Now this has a cost. We've said this is an investment year, right? So there are -- whether it's five-year price lock, free mobile lines, or some of the investments in customer service we're making, which we just moved on to the Google AI platform, which for customer interactions, it's helping a lot, but all these things are a transition from a cost structure perspective.

And so we're making investments in that. The investments -- we're phasing into them. You'll see more of that in the third quarter and fourth quarter into early next year. We've said in that context, it's going to be more difficult for us to be able to grow EBITDA this year. We've been very transparent about that in the last couple of quarters. We articulated the pivot that we're going through.

And so I would say the view is no different than that, and you'll start to see investments make their way into the system. But to your question on the North Star and where we end up, starting as early as second half of next year, we'll be anniversary investments at the same time, a lot of these free wireless lines come up for monetization and we can roll those into paying relationships.

And then fast-forward even further beyond that, which you don't have to go too far out, we'd say if the vast majority of our broadband customer base is on one year and more -- probably more five-year rate lock plans where it's -- you're taking care of all the pain points, you've got your equipment included, you've got wireless bundled in that you can go monetize against a massive addressable market and your starting point is it's free, so you got a lot of room to go between free and where the market currently sits, that's a pretty good North Star because that's a real recipe for significant improvements in customer satisfaction, but also a real runway for revenue growth.

And so that's the way we see it. Obviously, there's a transition period right now, but early signs are positive. And then at the one-year-plus mark, we think we're set up really favorably.

**Michael Rollins** - *Citi Infrastructure Investments LLC - Analyst*

So when we pull all this together, you take the new promotions, the bundles, the price locks, how is it impacting the broadband ARPU? And maybe to take it to a higher level, what's the opportunity to continue to grow broadband revenue on an annual basis?

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**Jason Armstrong** - *Comcast Corp - Chief Financial Officer*

Yeah. Well, I'd go back to what's the category look like. That's always the starting point for me. I used to wear the analyst hat just like you did, and that was always what's the macro environment and then how are you competing within that macro environment? So if you step back up to the macro environment, subscribers are growing at a macro level, customers are doing more in their home. They're at 800 gigs at this point. That's double-digit growth year-over-year.

So clearly, there's more value that's accruing to broadband. It's moving its way continually up the utility stack for the average customer, that's a very good thing. They're hanging more devices off their network. We're seeing 40% more devices in the home connected to WiFi relative to five years ago.

And competitors, in particular, fiber, which really is the long-term competitor in our view, you're seeing ARPU growth in the mid- to high single-digit range. That's actually a very good thing for everybody involved in broadband and how we look at it.

Now us specifically, the long-term path is we'll continue to grow broadband revenue. We'll continue to grow broadband ARPU. Near term, I think we've been pretty transparent that a lot of the things we're doing, whether it's free wireless line or inclusion of equipment are going to be headwinds to broadband ARPU growth. So you'll start to see a little bit of that this quarter. At the same time, we've put bookends around that and said, we still expect to be able to grow ARPU at a healthy rate.

So, while there's a little bit of headwind coming that should be expected from any one of these changes, that's how I'd step back and look at it. But more importantly, to your earlier point, you've written a lot about this, we're really focused on what does the total convergence picture look like and what's our role to play there?

So as we step back and look at total convergence revenue, the ability to continue to grow broadband revenue, get pricing and packaging that really stabilizes the customer base so we can turn around that metric, continue to grow ARPU, but then a huge amount of runway in wireless, which I think everything we've done recently, we were already on a path to monetize wireless at a pretty good rate. With all the changes now, we're on a path to make this a real part of the consideration set for every consumer out there.

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**Michael Rollins** - *Citi Infrastructure Investments LLC - Analyst*

And one more on broadband. You mentioned Project Genesis earlier. So just curious, as you're making the forward progress on upgrading the plant, are you seeing anything different from the markets that are getting Genesis and how customers are responding?

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**Jason Armstrong** - *Comcast Corp - Chief Financial Officer*

Yeah. Genesis is sort of our term for upgrading the network. And so our path was always going to be and is currently mid-splits, which are foundational and then DOCSIS 4.0 right after that. And that was the path to multi-gig symmetrical speeds in every market we operate in.

So we are well down the path on mid-splits, majority of our footprint has it. We're earlier stages on DOCSIS 4.0 because mid-splits was the foundation, 4.0 was after that, but we're starting to make progress on the 4.0 launches. It's early, but what we're seeing in terms of repair calls, time to repair, all the things from a network layer are showing positive early signs.

But to be fair, it's very early. But the path this puts us on multi-gig symmetrical is on par with anything out there. So as I said earlier where are the gaps, from a network perspective, we're equivalent to anything out there. We want to be best-in-class. Fiber has got a reputation to sort of be there. We're right with them, right?

And so -- and we want a network path that actually keeps us on that path as well. I think importantly, the secular characteristics are we continue to see usage growth. That's a very good thing for us. If you look at our Genesis upgrade, it's a capital-efficient upgrade, it leverages existing infrastructure, it can be done in an efficient way and can handle a lot of incremental traffic.

So as a low-cost provider of marginal traffic, we want traffic growth. So the fact that we're over 800 gigs, we're growing double digits, we importantly see not just average tonnage increasing by that amount, but the peaks are increasing by that amount, which is important because if you think about -- you've covered networks for a longer period of time than I have, but it's -- that's where it really matters is where are the peaks hitting?

Are you seeing peaks increase at the same rate that the average usage is? And the answer is yes. I would point to tonight and tomorrow night; we've got some big new things back in the mix. So tonight, Thursday Night Football, Eagles Cowboys coming back, that will be a big event for Peacock, obviously, and those things are always tests of network capacity. But those are the type of things we look forward to. Tomorrow night might be the even bigger one, quite frankly.

So it's not on us, but it's on YouTube, but it's the Chiefs and Chargers, but any game involving the Chiefs obviously is a spectacle. And that's the first game that's not behind a streaming paywall, it's on YouTube, right?

So as you think about the next peak in the network, I predict tomorrow might be the peak, right, the next peak that we see. And we look forward to that type of event. Our network engineers have been all over it. We've been supplying additional port capacity, but we're ready for it.

And I would predict others in the industry are sort of -- a lot of others are sort of looking at it the same way, but there's some that are more capacity constrained and really trying to manage capacity that that's going to be more nerve-racking event. Whereas for us, it plays right to our sweet spot.

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**Michael Rollins** - Citi Infrastructure Investments LLC - Analyst

Maybe shifting over to wireless. Following on the announcement that AT&T is buying spectrum from EchoStar, does this effectively remove a facilities-based option from your menu of future ways that you could operate within the wireless landscape? And maybe it's an opportunity to discuss the durability of your wireless MVNO strategy you mentioned earlier, your expectations for that to continue to contribute?

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**Jason Armstrong** - Comcast Corp - Chief Financial Officer

Yeah. So listen, wireless, we've got a pretty incredible path into wireless, which was an MVNO negotiated from a position of strength, which has worked for us. I mean, obviously, we've been at wireless for quite a period of time, seven-plus years at this point. We've scaled revenue. We've also scaled profitability on the back of that, so firmly profitable.

But then we make decisions on the back of that. Are we maximizing EBITDA or are we maximizing the contribution to overall connectivity and helping support the broadband business? And I think the answer is more of the latter, it's not to say we can't be profitable in wireless, we will be, but in support of broadband as well as a primary objective.

Our path on the network side. We've got a strong MVNO, but saying that, we're a huge infrastructure player, obviously. We've got over 20 million WiFi hotspots out there that act as many access points, act as many cell towers, quite frankly. And so if you look at the offloading potential that we have and the reality we're offloading greater than 90% of traffic.

So what customers are doing on their cellular phones, 90% is already accommodated by our own infrastructure. The wireless industry on average is in the low to mid 80s on that metric. So we happen to be advantaged on the infrastructure side already.

To the extent we wanted to do more, a lot of this plays into our hands. We've got a spectrum position. We've got deep capillary networks. We've got powering. So to the extent we wanted to go strand mount antennas we'd have the opportunity to do that on a broader basis, and then it just becomes -- it's quite frankly, just a math exercise, right? Where do you see concentrations of capacity?

And is it better to offload on an MVNO or is it better to drop in access points and offload? And every day that goes by as we scale wireless business, you get more and more data in terms of where these traffic aggregation points are and the heat map of what's busy and what's not busy and your actions can be informed by that.

But saying that we've got a very good MVNO, and we're happy with the MVNO. We've attracted other partners because they've seen the success. If you look at our current MVNO partner and what it's meant for their revenue, EBITDA, and cash flow trajectory, it's been a significant contributor.

So that's attracted other people to look at this. And we've announced recently T-Mobile's coming in on the business side. So I think we're happy with where we are, that the wireless business, as I mentioned, we continue to accelerate. There hasn't been, as people look at how do you go take on wireless really fully in your territory? I would say there's really no gap on the product side, right?

We are there from a network perspective. We offload at a higher rate. We sell into our own broadband base, which has huge acquisition cost advantages versus the wireless industry. So no real limitations there.

Second question you get into, though, is, is the awareness there in your community, right? So are the people -- when they think wireless, they're still in big three mode. And I think that's a very fair question. We've made a lot of progress, but I think we came into this year saying we can go accelerate this.

And so let's go attack this from two sides. How about free line for anybody that hasn't explored what our product is, what better way to do it than a free line. And then for the -- if there was any question in our ability to serve the real true high-value postpaid market, we're coming in with premium plans that are -- they are \$40, but that's still a discount to where the postpaid industry is.

So it's savings versus where you'd otherwise be. But that is full-fledged data allotments, that's handset upgrade eligibility. So that is very much a competitor in the postpaid world. And I think we're seeing really good early signs in that. We set a record for wireless sub adds in the second quarter, we'll be there again in the third quarter.

So really good underlying momentum in that business.

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**Michael Rollins** - Citi Infrastructure Investments LLC - Analyst

And maybe rounding out the connectivity conversation on the business segment. You referenced earlier the opportunity in mid, enterprise and government. What are the products and the opportunities to accelerate share gains from those customer verticals?

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**Jason Armstrong** - Comcast Corp - Chief Financial Officer

Yeah. And shame on me, I should have started with Business Services. This is one that's always through the last question in connectivity. And at one point, we're going to flip this. It's 25% of what we do in connectivity. It's growing at a very healthy clip. It's been growing mid-single digits for the past several quarters in both revenue and EBITDA terms.

I would split it into its effectively two different markets. One is small business, which very much looks like and resembles residential, especially at the lower end of small business. We've been at that for 15 years. We started at 0. Now we're, in a lot of our markets, the incumbent provider in small business.

So we've made a ton of progress there. It's a business that's more competitive at this point. Fixed wireless is making its mark at the very low end of small business. But for the higher tiers of small business, they care a ton about reliability, they actually care more about the consumer base because their livelihood is on the transactions generated out of their small business, and that is network connectivity reliant.

So we're positioned very well, but we're driving ARPU growth there that's not really coming from underlying pricing, it's coming from additional services. So the average connectivity client for every dollar of connectivity revenue -- a couple of years ago, they were taking \$0.20 of additional services as their advanced services. Now they're taking \$0.50, and that continues to grow. So we've got a real opportunity in small business to do more with existing customers.

And then the medium, high, and government sections, we're still very new there. But if you look across the category, network, product, sales force, which is different than residential, so that's the additional thing you have to have to go serve that market. We're the new game in town, we are the ones that are growing, we're the ones coming in with a really strong product set and new energized sales force and we've been winning a lot of share.

So that's actually the bigger growth engine within the Business Services segment. And we've had a lot of success right out of the gates, but the underlying connectivity base, we keep having customers come back to us and saying, we love what you're doing at the foundational layer, how about you do more in SD-WAN? And when we ask ourselves, can we build that internally or should we go find the product specialist out there that we can buy and then go monetize across our entire base and have it be an immediately accretive transaction?

The decision there was inorganic, and we bought a company called Masergy. The same question came up a year ago where a company said, we really want carrier aggregation in place for you to help us with that. Question was, can we do that internally and how fast? Or is there a company out there that might be interesting?

And so the result was the acquisition of Nitel about a year ago. And so we're on a path that's an accretive path. This is a business that \$10 billion in revenue generates well over 50% margins. So a lot of cash coming out of this business and tremendous runway for growth.

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**Michael Rollins** - *Citi Infrastructure Investments LLC - Analyst*

Maybe flipping over to streaming. You referenced a little this earlier. You've got a very busy sports line-up coming up over the next several months. So NFL, NBA, Super Bowl, Winter Olympics, what are the opportunities to accelerate subscriber growth, pardon the pun, with all these shots on goal that you'll have? And how do we think about the investment side as well, as you're approaching the start of this NBA deal and you might have to ingest some costs from that?

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**Jason Armstrong** - *Comcast Corp - Chief Financial Officer*

Yeah. We'll certainly be ingesting NBA costs starting in the fourth quarter. So that's the right place to start. But streaming more broadly, and I would broaden it out to: we're really running the streaming business plus think about broadcast, which is what's going to remain, broadcast and Bravo, out of the linear businesses.

But if you want to think about what relates into streaming from a sports perspective, you mentioned the pipeline we have coming. I would think about those two together. And you're right, we've got an incredible pipeline. So NFL, where Sunday Night Football has been sort of the dominant rated category within the NFL, so the highest rated of the highest rated category.

NBA, which we have coming first time back in 20 years with an incredible lineup coming with the NBA. College football, the Super Bowl, the Winter Olympics, it's the greatest sort of content lineup we've had in a very long period of time that's sort of coming at us in the next 6 months.

So that will be on both sides of the business. If you think about the advertising side, we were out there already talking about our Upfront. But if you just say, what's the sports Upfront done? This has been the most successful sports Upfront in the company's history by a good margin.

So ton of progress there. We put out some stats yesterday on the NFL and sort of the progress we've made there, where the regular season is already on pace. This is mostly Sunday Night Football, where we include the Thursday Night Football game tonight. We're already on pace to exceed anything we've ever seen in our 20-year history in terms of gross receipts for the NFL. So very strong start there.

Then you get into the subscriber side, whether it's on broadcast and how this relates to future distribution deals, which is going to relate to how important is your content, we feel very good about the content portfolio.

And then if you look at streaming, we scaled the 41 million customers, but now we've got an incredible content lineup coming up from here, which NFL is always a driver, NBA will be a new driver for us. And so as you look at the opportunity for additional subscribers, that's always going to be driven by do you have relevant and unique content. So that ultimately feeds into subscriber growth.

But then ultimately, the monetization of streaming is going to be a function of subscribers and engagement, right? That's going to drive your monetization over time. And I think we feel very strongly about the sort of content that we have coming up. And then there's a how relevant are you to consumers and do you have an opportunity against that drive price a little bit higher?

And we took a \$3 rate hike about a month ago. It seems to be landing very well. So I think we're happy with that, how that's settled out. And then on the engagement side, with the pipeline we have coming, with our strength in reality, with our movie slate, which is kind of the -- those are the 3 big categories for Peacock, I think we've got a very strong outlook.

On the NBA, we're going to have to absorb those costs, right? So -- and we're sort of full freight on year 1. So they're hitting us starting in the fourth quarter. But the monetization engines we have against that, the NBA is a young, broad, diverse audience, right, that looks a little bit like what we have in football, but it's sort of different in many ways as well.

So this will give us yet another lever. We're out of the gate strong on the advertising side. We expect to drive subscription growth and this was a big part of how we could land a price hike, which we just took about a month ago, and it's landing very well. So all the monetization mechanisms you'd expect are in place against the NBA.

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**Michael Rollins** - Citi Infrastructure Investments LLC - Analyst

And maybe switching over to capital allocation. You mentioned the spin earlier. Do you have an update just in terms of cap structure or any other details that we should be mindful of around the VERSANT spin?

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**Jason Armstrong** - Comcast Corp - Chief Financial Officer

Yeah. I think our -- the VERSANT spin, I'd step back and say this is part of a strategy where we've said for the other 40% are there other ways we can run these businesses, right. And either they're cash generative and permanently in support of the existing businesses and the existing growth businesses or they're separable, right.

And we came to the conclusion, these businesses were separable saying that in spinning it off, we want it really well positioned. And we've gone out of our way to say, how do you do that conservatively leveraged. So I won't give you the number, but the Form 10 will be out there shortly.

So that will be VERSANT's strategy, their capital structure and then they're going to be on the road talking to everybody once the Form 10 is out, and so I'll let them sort of articulate that. But with a focused and strong management team with a pretty healthy free cash flow that comes out of those businesses and with a conservative capital structure, they're going to have a lot of options. At the same time, it really helps clarify who we are and really continue to point us towards these six growth drivers and take the mix that's exposed to that higher.

**Michael Rollins** - *Citi Infrastructure Investments LLC - Analyst*

And is there an update on how Comcast is thinking about M&A and the ways in which you could further optimize the portfolio beyond the opportunities you mentioned earlier?

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**Jason Armstrong** - *Comcast Corp - Chief Financial Officer*

I think the portfolio optimization, hopefully, we've sort of answered that question over the course of the year and even in this discussion. We've taken a bunch of actions this year. So whether it's shrinking the 40% and figuring out inorganic ways to do that with a spin-off of VERSANT -- the sale of the German business and continuing to focus on -- we've got six core growth drivers.

That's opportunities to invest across the six, most of its organic. If you look at -- you were just there, Epic Universe is the biggest new park to launch in the US in several decades, extremely technologically sophisticated park, really good feedback so far.

So really happy with the pipeline in parks. And if you look at from here, we've got a UK park coming that will be on a similar scale to Epic. We've got some smaller things coming in Halloween Horror Nights opportunities, Horror Unleashed, and then a kids park in Texas.

And so we've got different sort of categories we're punching into in parks. So really good outlook there. Wireless, you've mentioned that there's a lot of different things you could consider, but we've got the tools in-house to go accelerate this business.

So that's exactly what we're focused on now. Broadband, we're in the process of a pretty big pivot, but that's really going to help stabilize and ultimately grow the base. Streaming is a category where you could easily bring this up. I think in streaming, we see a lot of logic for partnerships and bundles. There may be circumstances where full on consolidation makes sense, but really, it's the first two categories we've been focused on. You've seen us take some steps there.

And the importance related to that is just make sure you've got the strongest hand possible going into that, which is why, to your question before, between NBA, NFL, college football, Premier League, parts of NASCAR, Super Bowl, World Cup next summer with Telemundo, Olympics.

It's an incredibly strong hand to have along with a top 2 movie studio that's feeding box office hits into pay-one window, which the first place it goes is Peacock and then incredible success we've had in reality programming, particularly more recently. So that's strengthening the hand of Peacock into any potential partnership or bundling opportunity you could talk about, which is really where we're focused.

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**Michael Rollins** - *Citi Infrastructure Investments LLC - Analyst*

Maybe one last one. Just maybe an update on how you're thinking about returning capital to shareholders.

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**Jason Armstrong** - *Comcast Corp - Chief Financial Officer*

Yeah. I think we've had a very strong history and trajectory here. Since -- looking at this yesterday, since 2021, we've returned \$62 billion back to shareholders. So it's a staggering amount in particular, relative to our current market cap, and it's almost half of our current market cap.

So we've been no stranger in this category. I would look for more of the same. Our priorities always have been. We were asked this question on the last call, hey, you got a favorable bill that's going to help you with cash taxes, that's true, about \$1 billion in incremental benefit over -- on average, in the next five years.

And that gets plugged into our traditional capital allocation formula, which is, number one, reinvest in the business and really reinvest in these six businesses for growth and we've laid out exactly what we think the pipeline is there. Number two, it's continue to fortify the balance sheet, make

sure the balance sheet is as strong as possible. And number three is returns back to shareholders, which we've got a really healthy trajectory historically.

And there's nothing I would point you to that would say there's anything different in the coming quarters and years ahead. We'll continue to return a lot of capital to shareholders.

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**Michael Rollins** - Citi Infrastructure Investments LLC - Analyst

Jason, thanks so much for joining us today.

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**Jason Armstrong** - Comcast Corp - Chief Financial Officer

Mike, thanks for having me.

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**Michael Rollins** - Citi Infrastructure Investments LLC - Analyst

Thank you.

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**Jason Armstrong** - Comcast Corp - Chief Financial Officer

Yeah, thanks.

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