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PRESENTATION

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

Okay. Good morning, everyone. I'm John Hodulik, the telecom media and communications infrastructure analyst at UBS. And I'm here this morning with Jeff Shell, the CEO of NBCUniversal. Jeff, thanks for being here.

Jeff Shell - *Comcast Corporation - CEO, NBCUniversal*

Thanks. Kind of here, I mean, here-ish, right? Nice to see to you, John.

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

So Jeff, we've got about 40 minutes of Q&A here. And as always, anybody in the audience, if you have any questions, please enter into the system. You can always e-mail me or Batya or shoot me a text, and I'll weave them into the conversation.

QUESTIONS AND ANSWERS

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

So again, Jeff, thanks for being here. You've been in the role now for about a year, having previously led the film and TV content creation business as Chairman of NBCUniversal Film and Entertainment. Taking the reins of the entire media organization there. Tell us about the recent reorganization and how it positions the company for the future?

Jeff Shell - *Comcast Corporation - CEO, NBCUniversal*

Yes. So and really, first of all, what I would say is we kind of the reasons for doing the reorganization mainly in our television group had -- were a bit coincidental with COVID and everything we're going through, they're more of a -- as a result of the trends that we're seeing in the overall TV business. If you think about the old days, the way consumers used to watch TV, you'd stay on a network for a while, and you'd be promoted into each new network and show as the night went along, long ago, long ago meaning 4, 5 years ago, people stopped watching television that way and now have kind of watched across lots of different formats, sometimes live, sometimes replay. And our business was really structured very similar to the way consumers used to use the vertical, management teams by network. And so you'd have somebody at NBC saying I need a show at 9:00 on Wednesday and going out finding a show and somebody else, USA, thinking the same thing.

What we've done is we basically pushed it all together. So we basically have structured our entire TV business as one horizontal business, including Peacock, which is an important part of the business. So one person, Susan Rovner, with her team programs across the entire platform. So similar to when somebody walks into Ted Sarandos at Netflix, he can say yes to something, Susan Rovner can say yes to something. And then rather than being distribution-driven and having to figure out what show should go where and what network, you have one person looking at the whole canvass and taking advantage of what we think is a pretty powerful platform. And then she has a counterpart, Frances Berwick, on the business side, both of whom work for Mark Lazarus, who runs the business operations. So we put everything together, one communications team, one marketing team, so on and so forth.

So it really was about realigning the massive TV operation to be more aligned with the way consumers are watching TV now in the future.

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

Got you. And as a part of that, you and I have talked about this in the past, the TV business is becoming more like the movie business. How has this changed how you've -- you approach the creative process and how you decide what projects get greenlighted?

Jeff Shell - *Comcast Corporation - CEO, NBCUniversal*

Yes. So it is -- I mean, we talked about this, John, I think 4 or 5 years ago. It's been interesting to see it kind of happen, right? You have live television, which in some ways is the theatrical window of the TV business where you can get a lot of people viewing it, a lot of excitement right upfront, people who don't want to wait and binge it on some other form of platform. And then that kind of rolls right into a whole canvas of ways to watch shows on demand.

And I think in that respect, what you're really trying to do, if you're a TV operation now, you're trying to do 3 things. You're trying to create events on the shows that you believe in. You're trying to maximize rating points, and you don't really care anymore where the rating points are coming from. Advertisers either want to reach or they want addressability and breadth. And the last thing you're trying to do is, obviously, we're -- it's very important for us to drive the distribution of our Peacock product. So we will use some of our key television properties to push distribution of our nonlinear platform as well.

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

Got you. Yes, obviously, unprecedented year. Hopefully, we're getting through and a halt to content production. Can you talk a little bit about bringing the content production back online? I mean where are you at this point? And when do you expect to get back to full production?

Jeff Shell - *Comcast Corporation - CEO, NBCUniversal*

So I think we've been kind of pioneers, actually, on both the film and the television side. On the film side, I think Donna Langley and her team were the first to really get a major motion picture going again with Jurassic World. And as a result of kind of getting that going and working out the protocols and the testing and everything, we've actually completed most of our '21 slate. I think we have maybe 1 or 2 productions still finishing up, but now we're in post production. So we're in really good shape on the film side. And given the current surge, we're kind of pausing production on the film side for a couple of months before we gear up for '22. And as I said, in '22, we've actually already wrapped Jurassic, which is a '22 movie and some of the others.

On the TV side, we're kind of rocking and rolling. I'm here on the lot in Los Angeles today. I think across the world, we have something like 30, 31 TV shows being in production, as we speak right now, many of them here in California. We've worked out the protocols. The first priority is obviously doing it more safely. I think we've been very successful. The positivity rate we've had on our test is like 0.28% or something like that, so we're very pleased, and we're really rolling along. We've had pauses here and there when you have somebody who gets tested positive and you have to contact-trace.

I think the biggest impact, actually, frankly, now is not the pause in production but the additional costs that you have to produce because of all the testing and distancing and everything, and we expect that to kind of come down over time. But we're pleased. Our production on the television side is really up and going.

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

Got you. So the latest lockdowns in L.A., there haven't really slowed things down more recently?

Jeff Shell - *Comcast Corporation - CEO, NBCUniversal*

No. At the moment, no. We're -- our production people are essential employees, and our testing protocols are working. And so we're pleased. And obviously, many of our shows, we do out of town here, too. We do only a fraction of our production here in Los Angeles.

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

And you touched on the costs. Given the catch-up, as we look out to 2021 and the -- some of the additional costs associated with producing in this sort of new era, is there any way you can sort of give us a sense for the content spending in '21 as it relates to '20 given these extra costs and the catch-up?

Jeff Shell - *Comcast Corporation - CEO, NBCUniversal*

Yes. Individually, on each show, it's about a 10% to 20% premium at the moment, which is, as I said, I expect it to come down over time, especially when there's a vaccine, and we can start getting back to normal. But, in general, I think our content spend is going to go up across the board for a variety of reasons. It's actually not -- it's less about kind of individual show content costs. Obviously, we have escalators in some of our sports and non-sports costs. The more you -- we have a lot of successful shows. Each additional season costs more money as you renew talent, contracts and things like that.

And then we also, as you know, we're ramping up our production to fuel Peacock and some of our other networks. So I would expect our production costs to be up but not really driven by the COVID-related costs, just more spending on content.

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

Got you. Is there any way you could size that change, let's say, in '21 versus maybe where we were in 2019?

Jeff Shell - *Comcast Corporation - CEO, NBCUniversal*

No. I would say, the restructuring, obviously, one of the benefits of the restructuring is we cut some costs. And our goal is to have those cost cuts offset over time, both the increase in production spending, combined with the kind of declines in revenue from cord cutting and lower ratings and things like that. So we will spend more on content, but the goal is certainly probably not by 2021, '22 but to get -- keep our EBITDA stable for the time being as we shift our TV business massively within the structure of it.

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

Got you. On that point, let's sort of shift to cord cutting. It had been accelerating. I think over the last couple of quarters, we've actually seen some slight improvement in -- particularly in the third quarter. Do you think the improvement is sustainable? And -- or sort of how do you view the sort of linear TV world maybe over the next couple of years?

Jeff Shell - *Comcast Corporation - CEO, NBCUniversal*

I mean you look at just how your friends and my friends are watching television, there's no question that cord cutting is going to continue. There's -- that is a fact of life and I think will ever flow depending on different time periods.

The question is the bundle is a good proposition for people -- for a lot of people. And my guess is we'll be sitting here 10 years from now, and there'll be a very good business and a bundle of linear television networks and largely driven increasingly by sports and news and things that are more topical. And so the question is does it find some form of plateau at some point where you've kind of lost all your traditional viewers who have been more susceptible to cord cutting. And I don't think anybody knows that, too early in that, but we expect it to continue for the near future.

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

Right. So Peacock, obviously, off to a strong start. Even without the Olympics, I think you guys were hoping to use it to help promote the service. How would you describe the D2C marketplace and where Peacock fits in that?

Jeff Shell - *Comcast Corporation - CEO, NBCUniversal*

Well, I think we got -- in a weird way, we got kind of lucky because not only did the Olympics move out of the year, but a lot of our original production moved out a year at which you would think would be terrible given you're launching a new service. But what we found and what we're finding literally every day is that we found kind of this-- our business plan for the -- for Peacock, which was driven by, we thought, there's room for a service, which is either free or much cheaper than other services and largely ad-supported driven by -- think about it as basically a digital broadcast network. Lots of procedurals, lots of comedies, a couple of good dramas, sports, news. It is kind of the next-generation broadcast network, and it's kind of the back end of our traditional broadcast network.

And that kind of business plan, which is a theory, that in a world where people are spending a lot of money on Netflix and Disney+ and HBO Max, that there'll be room for a more affordable ad-supported service. That business plan is clearly true. We measure Peacock -- because we're -- advertising is our primary revenue stream on Peacock, we're really measuring amount of people that sign up, how many of them use the service regularly, and of those regular users, how often they use it or how many hours per month. We're above on the metrics for Peacock. On each of those 3, we're above where we were in the business plan despite not having the Olympics or any of our original programming. In fact, I think last time we spoke publicly, we were -- I think Brian said 20 million or 21 million sign-ups. We're, as of yesterday, over 26 million sign-ups.

So the momentum just continues in a very strong linear way. And we don't have any of our strong programming yet. So we get The Office exclusively on January 1, which is one of Netflix's top shows. If you try to watch The Office on Netflix right now, pretty hard to find it. But despite the fact that they're making it harder to find, it's still particularly amongst people under the age of 34 is the top show. We get that in January. We get a lot of our original programming. And as you mentioned, we not only have the Olympics in August -- July and August, but we have a second Olympics 7 months later. So a lot of the innovations we make as far as how we're going to program that on Peacock, we can leverage cost to Olympics. So we could not be more excited about where we are at Peacock right now.

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

On the AVOD side, you talked about strong engagement. Can you give us a sense of sort of the advertising revenues per sub that we expect to see as the engagement scales?

Jeff Shell - *Comcast Corporation - CEO, NBCUniversal*

It's really hard to say, John, because we started Peacock rather than kind of go right out of the gates and sell advertising in the traditional way, which was -- here's a spot and here is its cost and here is its guaranteed and so on and so forth. What we did was we sold, well, something called share of voice. We had 10 kind of charter advertisers who bought a share of voice. We sold that out. We probably could have sold a lot more than 10, but we wanted to start slow, not have a big ad load and have advertisers that were with us from the beginning.

As you know, what's happening in traditional television right now is the advertising market is red hot, right, because you don't have enough rating points. As cord cutting has its impact and obviously less and less new production, you just don't have enough rating points to sell the advertising on traditional media. So we have very strong demand on Peacock. We could sell any spot we had on Peacock, and so it's really hard to judge over time how that is going to roll out and what the ARPU is going to be. But we feel very comfortable about the ARPU that we said way back on Investor Day, I think, almost a year ago, right, more than a year ago. And we're on a trajectory to certainly beat that. And until we start selling in a more traditional way, we won't really know.

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

When do you expect Peacock to have an impact on the sort of overall NBC advertising business?

Jeff Shell - *Comcast Corporation - CEO, NBCUniversal*

Well, it already is. I mean the -- if you look at advertising revenue, both -- linear is declining because of the lack of rating points. Digital is starting to fill the hole, and a lot of that digital is Peacock. So I think from a top line perspective, it's already having an impact. And given its success on sign-ups and engagement, I think we're comfortable it's going to continue to have a growing impact on it.

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

Got you. Maybe let's talk about basically the AVOD service versus the premium service. I, by the way, am a premium customer of yours given the -- it seems that all the English Premier League, all the best games are now on the platform. So if I want to watch Liverpool, Man United, I got to be a subscriber. So how is that...

Jeff Shell - *Comcast Corporation - CEO, NBCUniversal*

It's only $4.95. It's very affordable.

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

It's true, but it adds up. I've got like 5 or 6 of these things now. So should we expect more of that to drive premium subscriptions? I mean is there more you can do with your existing sports portfolio? And then also, sort of higher-quality content like with The Office, I mean, is that all going to be on the AVOD platform? Or should we see efforts to drive people into the premium tier?

Jeff Shell - *Comcast Corporation - CEO, NBCUniversal*

Our first goal is obviously make the AVOD -- the free AVOD service as strong as it can be because we want penetration, right? So we will have the vast majority of our strong programming on the AVOD service to continue this momentum that we're seeing in our distribution. The more Peacock sign-ups and usage we get, the more optionality we have going forward with lots of things we might think about doing on the subscription side.

I think that we've had success. As you said, there's many people like you, John, that are signing up for the premium version of Peacock to get specific niche programming that we're not offering on the AVOD service. And I think that we'll continue to do that, especially since that's been stronger than we've actually expected. And I think in the overall, if you take a step back in the sports world, I think you're going to see a real divergence in the sports world. My background is in sports. And I think what you're going to see is big sports that require reach that really -- things like the NFL and the Olympics where they're really driven by vast percentage of the population, and the strength of the sport is really reliant on reaching vast majority of the population. That's going to be the anchors of our broadcast service, right?

And then I think, increasingly, you'll see places where sports has a niche following which is not as driven by advertising, and I think we will be selective in using those sports to increase Peacock. But I think that goes for other forms of content like news, too. So yes, that is our strategy, and we'll continue to do that.

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

Got you. And are there international aspirations for Peacock? And if so, does Sky somehow fit into the equation?

Jeff Shell - *Comcast Corporation - CEO, NBCUniversal*

So Peacock is -- as we've talked about, is kind of a digital next-generation broadcast service, right? So there are markets around the world where you don't have -- if you look at the United States right now, we essentially, before Peacock, had one broadcast network, and that was called YouTube. Everything else is becoming basically a paid network. So the U.S. was very ripe for this type of service, an affordable, ad-supported, broad service. There are other markets around the world that are right for that kind of service, and there's markets that are not. U.K., for example, has freeview, has ITV, has a pretty robust over-the-air sector. So I think Peacock is a product that we will use selectively in markets.

Obviously, with Sky, we have a very strong kind of pay television proposition in the U.K., Germany and Italy, and I know Sky has plans to continue to extend that outside of those 3 core territories. And so I think that Peacock is not likely to be in the EMEA. But I think the programming -- the original programming that we're making for Peacock will obviously be shown and used on Sky services as well. So we'll use the programming to bolster, but I think we'll really look at each market individually based on our assets and the market dynamics.

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

Got it. In the prior session here, Jeff, we had John Stankey from AT&T. But obviously, the topic of putting premium content on your D2C platform was sort of front and center. How do you -- first of all, I'd say do you think that what we're currently witnessing here in the film business that are sort of permanent shifts in windowing? And just what are your thoughts on moving some of your feature films to D2C platforms? Obviously, a little different with you guys focusing on AVOD, but just how do you expect that to evolve maybe from an industry standpoint over the next several years?

Jeff Shell - *Comcast Corporation - CEO, NBCUniversal*

Yes. So I -- obviously, I spent 8 years in the film business before my prior job. And what is clear about the film business is, while the rest of the entertainment business evolved in a rapid way across the world, the film business really stayed stuck in the mud on the traditional kind of windowing basis. And so what naturally happened was you have a whole segment of people who love movies who either don't go to the movie theater as often as they could, don't have a babysitter, can't afford it, prefer to watch things at home this way. And we did not serve as a movie industry. We did not serve those customers. So somebody gets excited to watch movie, can't get a babysitter that weekend, doesn't see it and then say that I'll see it in a couple of months or I'll see it next year when it's on HBO, whatever. And that is not the right way to maximize what is the Rolls-Royce content of the entertainment business. Movies drive platforms. And we all invest a lot of money in movies, and we're leaving a lot of money on the table.

So I've always been a big believer that -- in 2 things, John. One -- and you and I talked about this before, one, I think theatrical is a critical part of the movie business, right? What makes movies, movies is they're events. And what makes an event is that you can actually get in your car and drive somewhere and watch something on a big screen with great sound, the way that directors and filmmakers had meant for you to see the property, right?

But there is also going to be a growing segment of population. We already watch movies and other windows downstream on your device. There's going to be a growing segment that wants to watch movies in a non-premium way, which is at home. And I think that theatrical will continue to thrive. And I think that the more windows can collapse, so there's other ways to see things at home in a less premium fashion, the more money is going to be made by everybody involved in the movie business and is better for consumers.

So I don't know how it's going to evolve. Our particular model at Universal is we believe in the transactional nature of movies because we think that preserves the event nature, whether you're going to a theater and paying for a theatrical experience or whether you're paying for a movie at home, $19.99 to watch it, it makes it a little bit more premium than just turning on your TV and watching something somewhere. But -- and that's the model that we've been pursuing on our PVOD model, which has been very successful. And obviously, AT&T is taking a different strategy certainly this year with their slate. But anything that, in my opinion, collapses windows, I've been pretty outspoken, I think, is going to add value to the whole business. And I think theaters are going to be more than fine over the long term.

I do think one additional thing, John, that I will say. I think that when the pandemic is over, God willing, whenever this ends, I think people are going to -- there's going to be a bit like the Roaring Twenties effect where you're not going to want to be at home anymore, right, at least for a period of time. The idea of sitting at home in your apartment on a Friday night, watching Netflix is going to be less appealing than it was before this. And I think people are going to going to want to leave their house, whether it's to go to a sporting event or a concert or a restaurant or hopefully a theme park and certainly to the movie theaters. So I actually think movie theaters are going to be just fine, and that's where we want our movies to be seen. But we -- it's a good thing for the economics of the movie business to have another window at home where people can watch movies as well.

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

Got you. So lastly, on D2C, how do you take all that information, the changing viewership, the pandemic to make potential changes to windows, how do you sort of balance between feeding the linear networks, monetization to pay one and content licensing versus driving users to Peacock? I mean that -- is that sort of one of the biggest challenges you face? Or are there some sort of rules of thumb that you guys use to sort of guide the overall business of this distribution?

Jeff Shell - *Comcast Corporation - CEO, NBCUniversal*

Yes. So I think that is one of the challenges we face, and that is, by the way, the fundamental reason for our restructuring of our TV group is so we can answer that question each time a piece of content comes in the door, either from our studio or from somewhere else. I think the reality is, if somebody walks into Netflix and says to Ted Sarandos, "I have a show," he can say yes, and then it goes on Netflix. We think we have a superior platform because we cannot only say yes to a piece of content, but we can decide what way of showing that content is going to maximize the chance of that content being successful. So is it a big buzzy show that we could put live on NBC on Monday night after The Voice and give it a lot of promotion and propel it through other windows? Or is it a more specific show that we can find an audience on Peacock and use it to drive Peacock subscriptions?

So I think given that all of that is together in one operation now under Mark and Susan, we can really specifically gear content to where it drives the best goal for our platforms but also give each piece of content the greatest chance of success. And we think this model and structure is best for the way consumers are viewing television content right now.

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

Got you. All right. So maybe let's pivot to areas that have seen the biggest impact from the pandemic. Maybe advertising, we'll touch on. We've already touched on film a little bit and the parks. First of all, for advertising, obviously, you mentioned that the TV advertising market is red hot. Are you surprised at how quickly and how strongly it's bounced back? It was one of the themes of our advertising panel yesterday. And do you have line of sight to these revenues sort of returning to pre-COVID levels? Or do you think that there'll be maybe more lasting impairment?

Jeff Shell - *Comcast Corporation - CEO, NBCUniversal*

Yes. So it's interesting. I am a little surprised at how quickly it's come back. I think that it's a bit of a supply squeeze, though, right now is what's happening. So you have had advertisers who are more optimistic about the economy, certainly, in lots of different sectors who are -- want to go back into the market and advertise and tell consumers about their products. But at the same time, what's happening is because of both cord cutting and the lack of new content, you have less and less rating points to sell those advertisers. So as a result, the -- people like us who have stuff to sell are really benefiting from that. So we're clearly not back yet to where we were before. I don't want to overstate it. You need both rating points and demand to maximize your revenue.

But I think, certainly, each quarter is stronger than we expect it to be. I think '21 looks to be -- we're -- I'll give you an example. We have sold -- we have more revenue in the door right now for the Olympics in '21 than we had at this point for the Olympics in '20. So if you move the Olympics a year, we had a pandemic, and we actually have more rating points in the door -- I'm sorry, more revenue in the door. So if you have rating points, if you have a property to sell, the market is very strong right now. But because of the lack of rating points and because it's not broad-based in every sector, it's going to take a year or 2 to get back to where we were. But it is pretty strong right now.

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

Yes. Well, that's great to hear. I mean, that sort of puts a premium on that long-term Olympics commitment you guys have.

That brings up another point: sports. Sports ratings have obviously been under pressure. NFL has head up better, but certain properties have certainly seen some pressure. Is this cause for concern from you as a major sports rights holder in the U.S.?

Jeff Shell - *Comcast Corporation - CEO, NBCUniversal*

Yes. I think, first of all, all ratings, everything are now, right? So as people have more to do at night and as you have more options to watch on television, it's just a -- and so that is a trend that's never going to change. And to think that sports were immune from that would be pretty silly. Everything is -- I mean, I think NFL, we've invested a lot in NFL and the Olympics. Those are our 2 -- and we have a lot of golf and obviously NASCAR. But NFL and Olympics, for us, we like those 2 properties. We think that despite the fact that there may be ratings declines over time, it's just the whole market flattens, the reach premium that those -- if you look at the ratings declines everywhere else are greater. So your reach premium continues to grow. And if you're an advertiser and you want to have reach, I don't think there's a better place to advertise than the Olympics or the NFL. So we're not particularly concerned about those right now.

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

Got you. And if...

Jeff Shell - *Comcast Corporation - CEO, NBCUniversal*

The other thing, too, John, I'm sorry to interrupt you, if you look at the history of NFL, you always have a ratings decline in election season, the last kind of 4, 5 election cycles. So a little bit this year, I think, some of that is really to do a very robust election cycle that's now over.

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

I would agree, and we saw that play out in the news side, to NBC's benefit, for sure.

Anything you can tell us about the status of the NFL rights renewal in terms of timing? Or do you expect to keep the Sunday night package?

Jeff Shell - *Comcast Corporation - CEO, NBCUniversal*

It's a good question for the NFL. No. We're in discussions, like everybody else. We strongly value our partnership, and we hope and expect to continue to be partners with the NFL for a long time.

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

Lastly, on sports, obviously, great color on the '21 Olympics. You have a lot of big events coming up over the next 2 years. You've got 2 Olympics. You've got Super Bowl, World Cup. Did the dynamics that you talked about for the '21 Olympics in terms of having high-quality inventory and being ahead of where we were sort of last year or last quarter, I mean, does that -- is that -- do you expect that to play out with all of these large events? Is large events -- are there sort of even bigger premium on live -- big live events as a result?

Jeff Shell - *Comcast Corporation - CEO, NBCUniversal*

Yes. So I think that, first of all, what Linda Yaccarino, who runs our advertising group, has kind of taught me is that the market is becoming very barbell. So if you're an advertiser, you either want reach, right, and you want to continue to try to reach the broadest amount of customers with one blast as you can or you want addressability and specific demos in a way that's increasingly kind of targeted and measurable. And so that -- we sell our advertising as something called ONE PLATFORM. So you can buy -- you buy across all of our platforms, and you get a certain amount of demos. And I think the investments we've made and the technology in our ad sales group around that have really benefited us. And to have these big reach vehicles, as you mentioned, over the next kind of 18 months is gold with where the advertising business.

I mean if you think about January and February of '22, which, hopefully, the market by then is really returning -- starting to return to normal, we're going to have 2 weeks of the Winter Olympics with right smack in the middle, a Super Bowl in L.A. So you'll have a week of Olympics, promoting people into a Sunday, where we'll have an Olympics from SoFi Stadium in Los Angeles, blasting people right into the second week of the Olympics. The -- for an advertiser, not to be with us in '22 is a real risk as a company advertising to consumers. So no, we're pretty excited about that.

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

Yes. Makes sense. Maybe lastly on theme parks, obviously, probably the area most dramatically impacted by the pandemic. How do you think of the sort of slope of the recovery? We talked about, hopefully, things getting back to normal middle of next year. But do you expect -- is that -- do you think we should hit the ground running by the second half of next year? Or do we have to really wait till '22 before we get the numbers maybe comparable to '19?

Jeff Shell - *Comcast Corporation - CEO, NBCUniversal*

So first of all, I will say that the theme park business is a great business, and it's pretty binary, right? It's not like huge changes that are happening in the television business or film business that are very complicated, and we're going to come out of the pandemic in a very different place in both of them than we went in.

The theme park business, we love the theme park business. The Roaring Twenties effect that happens, like I talked about earlier, I think the theme park business will be a more attractive business. We have a big theme park opening in China, which is great. We have a Nintendo attraction, which we think is a strong or stronger than our Harry Potter attraction, which is going to open up around the world, starting in Japan in February. So we love that business. How fast it recovers is really anybody's guess.

What I would say is, first of all, we came into this. I'm proud of the team because our first priority was always the health and safety of our employees and our customers, and I think we really were pioneers in this business, too, of how we went in with testing and distancing and masks. And we've had no problem in our theme parks that have been opened since June.

The other encouraging thing, other than the health and safety aspects of it, is we are operating in Orlando, for example, at about 35% capacity when you -- there's no hard and fast rule. But when you factor in all the distancing and the protocol, you really can't put more than 35%. And what's encouraging is in the last couple of weeks, we've been bumping up against that 35% on a number of occasions. So even with no people flying from overseas, which is a big chunk of our business traditionally, even with a big decline in people flying from across the country coming to Florida, so largely driven by local and drive-in audiences, we're kind of hitting that capacity.

So I don't know how fast that trajectory is going to happen. It depends on international travel. It depends on vaccines. It depends on infection rates. It depends on when we can start loosening distancing and things like that, but I'm pretty optimistic that we'll have the demand when things do come back. What happens, who knows, right?

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

Right, right. Makes sense. Yes, you mentioned Universal Beijing, and actually, Nintendo, we can get to that in a second. But with Beijing, I believe, opening up next year, can you talk about the -- what's the size of the park and the impact that could have financially on that segment?

Jeff Shell - *Comcast Corporation - CEO, NBCUniversal*

Physically, it's our largest park, right? So it is a gigantic park with really spectacular things that we've never done anywhere else in the world, so very excited to open that. And we're on track and we're on budget to open it end of May, early June of next year.

From an EBITDA perspective, when the park gets up to kind of cruising altitude, it will be our third-biggest contributor of profit behind Florida and Osaka. The reason why it doesn't get higher than that is because we have the JV nature of it and how we make economics on management fees and things like that. But it should be more profitable than our Universal L.A. or Hollywood Park and a pretty significant contributor to EBITDA once it gets up and running. I don't expect, given the opening midyear, given pre-operating, I think it will have a marginal impact on our profitability in '21, but I think you should expect a fairly significant impact in '22.

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

Got you. And then sort of same for Nintendo, Japan in February and then again potential impact of that gate. And just maybe an update on -- I believe that's part of the story for the Epic park in Florida, the new gate in Orlando. Can you maybe give us an update on the timing there and when we could expect what kind of impact you could see there?

Jeff Shell - *Comcast Corporation - CEO, NBCUniversal*

We also have a Nintendo -- a smaller version of Nintendo that we're building here in Hollywood, too, that I can see on my window right now. So we continue -- construction continues during the pandemic, and it's been going up on my window over the past 6 months.

No. We -- first of all, in Japan, just to clarify, Nintendo is not a second gate. It's kind of a land. It's more than an attraction. It's a -- it's almost hard to describe until you get in there. You can buy a wristband and get points on different things and different rides and different attractions. It's kind of a physical version of the Nintendo game, unlike anything that Mark Woodbury and the team down in Orlando have designed something that's truly extraordinary with the Nintendo folks. So we think it's going to have a big impact on our Osaka park, and it's kind of perfectly timed for driving our attendance back there as things start to open up in Japan, also in advance of the Olympics there in Tokyo. So -- and then obviously, we'll have it in Beijing. And as you mentioned, someday at Epic in Orlando.

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

Got you. And have the plans for Epic been pushed out? Or when can we expect you guys to sort of move forward on that project?

Jeff Shell - *Comcast Corporation - CEO, NBCUniversal*

So we've paused it to put billions of dollars of capital in the ground when you have such uncertainty about when and how the theme park is going to come back. We thought it was not prudent. So at the moment, we paused it, and we'll continue to evaluate it over time. And at some point, we intend to build that park. So at some point, we'll restart it and start building it. But until we know the trajectory of how the film -- theme park comes back and how fast demand is going to come from overseas and everything, we're not going to restart it just yet.

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

Got you. That makes sense. Okay. Lastly for me. Given all the change we're talking about in terms of how video content is consumed and new distribution models, in your mind, does NBCU have the scale it needs in order, in its current state, to sort of compete in this new landscape, especially now that competition is not just other media companies. It's sort of larger tech companies and Internet companies that have massive resources? I mean how do you -- do you believe that you have all the pieces to the puzzle you need to be successful?

Jeff Shell - *Comcast Corporation - CEO, NBCUniversal*

Yes, I do. I actually do. I mean if you look at just 2 data points, I mean, if you look at -- over my tenure at the company, I've never once gone in with an investment that I thought would have a good return for shareholders and been told, no, we don't have enough capital to do that. So we have plenty of capital to do the things that we need to do within reason and financial returns.

If you look at Peacock, which is obviously our big growth priority right now, right, we don't even get, as I mentioned, a lot of our strong programming until next year. So if you said, "Oh, you need to go -- let's go buy some stuff for that," we don't need to do that right now. We're growing in a kind of an explosive fashion. Now without the strength of our key programming, we get The Office in January. We have 2 Olympics. We have all of original programming. So I think from a growth perspective, we have the scale that we need.

And then obviously, our parent company. I mean, I think people underestimate the impact of kind of the ecosystem of Comcast on our ability to grow. Peacock is a perfect example. If you go on and use Peacock right now, it looks like a product that looks and feels, and you use it, John, I know, because of the Premier League, the reason why the product is so good is because we were able to basically take the Sky technical team and say, "Please build this for us," and they basically took the NOW TV platform and rolled it out. If we had been on our own, we would have had to go either buy BAMTech or something like Disney did or figure out a way to do it. So we were able to do it much more effectively and quickly with Sky. And then we launched on Comcast. We didn't start nationally. We launched in April Peacock on Comcast. We got kind of this jet fuel propulsion of Comcast, putting it on the Xfinity platform and promoting the programming which gave us a good momentum out of the gates and then allowed us to launch nationally in July.

So I think the scale of the overall company shouldn't be underestimated. When you figure Comcast in their direct-to-consumer business and broadband business and obviously Sky in EMEA, we don't have to think about Peacock expanding in EMEA. We already have a strong SVOD strategy in EMEA. So no, I think we have the scale -- plenty of scale to operate in this environment that we are right now.

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

Perfect. That's all we have time for. Jeff, informative session. We really appreciate the time.

Jeff Shell - *Comcast Corporation - CEO, NBCUniversal*

Stay safe. Thanks for having me, John.

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

Okay. Take care. Take care, everyone.
