CORPORATE PARTICIPANTS

Thomas L. Williams NBCUniversal - Chairman & CEO of Universal Parks & Resorts

CONFERENCE CALL PARTICIPANTS

Jessica Jean Reif Ehrlich BofA Merrill Lynch, Research Division - MD in Equity Research

PRESENTATION

Jessica Jean Reif Ehrlich - BofA Merrill Lynch, Research Division - MD in Equity Research

So from Comcast, we have a very unusual guest fireside chat speaker. I haven't seen you at a conference in a long time. So really, really happy to see you. This is Tom Williams, Chairman and Chief Executive Officer of Universal Parks & Resorts part of Comcast and maybe one of the fastest-growing parts of Comcast, I may add. So Tom, I've known you for a long time over many, many, many different owners. You've been at Universal Parks since the very beginning in 1987. And in that time, as I just alluded to, Universal had many owners including -- I'm probably not even going to get them all, MCA, Seagram, GE.

QUESTIONS AND ANSWERS

Jessica Jean Reif Ehrlich - BofA Merrill Lynch, Research Division - MD in Equity Research

How does being part of the Comcast umbrella benefit Universal Parks? How is it different? How does it benefit you?

Thomas L. Williams - NBCUniversal - Chairman & CEO of Universal Parks & Resorts

First, let me say it's great to be with you again and great to be with all of you and hope you get something out of the comments that I'll share with you this afternoon. I've been with the company since '87 -- I've been in the company since 1970. Next year will be my 50 years with the company going back to Sid and Lew days at MCA and the many, many owners that we went through. It has never been better. Never could be better than it's been working with Brian Roberts and Steve Burke and Mike Cavanagh and the whole Comcast team. And I would say that regardless, I'm not trying to blow some smoke or something, they have given us the ability to invest back in our parks. We've known all along what our park guests, our park visitors wanted in terms of entertainment, expectations that they had, and we had pretty good sense on how to under-promise and over-deliver on that. And we just lacked the capital to do it. And it was especially lean during the GE years. And the timing worked out really wonderfully because we had opened in Orlando, Harry Potter. We licensed the Harry Potter theme park rights through Warner on behalf of Jo Rowling and so forth. We built the relationship, and we were able to bring to the park this attraction. And that's the timing in which -- we opened early summer -- and that's the timing in which Comcast bought out GE. And it was all done in '11, and we were just so busy.

And Steve, he had some experience in parks, and he said, we're going to give you some more capital. And so we built hotels, we built parks, we built attractions, and it's all worked. It's all been solid double-digit returns. And so they're the real deal. They're straightforward. They make decisions. They stick with them and make business a lot easier to transact. So it's been great.

Jessica Jean Reif Ehrlich - BofA Merrill Lynch, Research Division - MD in Equity Research

But as great as it's been, it feels like, and I definitely shouldn't -- I'm speaking a little maybe too soon. But it feels like there's still a long runway here. So let's just talk about...
Long runway.

Priorities for the next 3 to 5 years from your perch.

The immediate priority is -- it's hard, I keep reminding myself, in less than 2 years, about 1.5 years from now, we'll be open in Beijing, China with a fabulous resort. It will be the largest park we have ever built. You just don't show up in China and build a park. You have to go through -- I've been going over there for 16, 17 years building relationships, and Brian has been very helpful in that regard as well. And we were invited.

And so we've got a fabulous parcel of land, 1,000 acres. It's an ideal intersection of the Beijing-Harbin Expressway and the 6th Ring Road. It's about 45 minutes out of downtown Beijing. It's got all the best IPs. We're going to have 1,200 hotel rooms, including a Universal brand hotel. We'll be part of the opening. We'll have a City Walk there. We have so much land. We'll be able to -- in due course, if business warrants the investment, we'll be able to -- we have enough room to build more hotels, another park, a water park. I mean there's a lot of upside there. So we're well on our way. It's on schedule, on budget. The ops teams are progressing nicely against the timelines, and so that's coming to us in less than 2 years. About 1.5 years, it'll be open.

And then beyond that, Brian and I just announced August 1 of this year, along with the Governor of Florida, Ron DeSantis, and County Mayor, Jerry Demings, that we'd be building a whole another gate with more hotels in Orlando called Universal's Epic Universe. We have about 738 acres -- you've been there Jessica. You know it well. About 738 acres on what we call the north campus, and we have a mid-campus with another 30 acres or so upon which we're putting 2,800 hotel rooms. And to the south of that, we just acquired another 750 rooms -- 750 acres. This land is quite close to one another. It's about a 10-, 15-minute bus ride between the 2 different locations, which is actually quite quick. And so we're going to build this new whole fourth gate. And we haven't announced price. We haven't announced content in terms of the IP or even timing because it's senseless to do so. Why tell the competition what you're doing? And beyond that, why risk deferring attendance? That makes no sense. So we're hard at work. We've done our demand modeling, done our research. We've fully planned the park. We're beginning to work on it now with mass grading and so forth, preparing the land, installing infrastructure. So that's definitely a big priority.

And another one is Nintendo. We have a license deal with Nintendo, Kyoto, Japan, but the data on Nintendo was insane in terms of the number of gamers and how deep the emotional connection runs with them. And we have a deal to do substantial Nintendo park experiences at all of our parks around the world. And so we're hard at work at doing that. The first of which will be in our park in Osaka, Japan. Universal Studios, Japan, it will open up -- it will be open a year -- less than a year from now. It will be open up next spring, and it's just going to be fantastic. So a whole incremental footprint to the park. It's already our #1 -- Osaka -- or USJ, Universal Studios Japan, is our #1 attended park, single park basis. Orlando is bigger because it's got more than one park. But single part basis, it's Japan, and it's going to be even better with Super Mario World. So those are the big priorities.

So let's run through each one of them. So the U.S., I'm not sure what you're going to answer. You just said -- costs or timing? Like any color that you can give on either one of those, okay...

It's still soon for the reasons I said.
Jessica Jean Reif Ehrlich - BofA Merrill Lynch, Research Division - MD in Equity Research

And IP? Just a conceptual like...

Thomas L. Williams - NBCUniversal - Chairman & CEO of Universal Parks & Resorts

I mean it's the best. And we've tested them all, and they're killers.

Jessica Jean Reif Ehrlich - BofA Merrill Lynch, Research Division - MD in Equity Research

So this will be...

Thomas L. Williams - NBCUniversal - Chairman & CEO of Universal Parks & Resorts

It's just -- it's a great line-up.

Jessica Jean Reif Ehrlich - BofA Merrill Lynch, Research Division - MD in Equity Research

Will this be different than your other parks in Florida?

Thomas L. Williams - NBCUniversal - Chairman & CEO of Universal Parks & Resorts

It takes it to the whole next level. It's going to redefine what a park experience is like. It really is special.

Jessica Jean Reif Ehrlich - BofA Merrill Lynch, Research Division - MD in Equity Research

How long do parks take -- do you think that -- you said you've already started. You did...

Thomas L. Williams - NBCUniversal - Chairman & CEO of Universal Parks & Resorts

Acquire the land and of course, you prepare the land for development. It’s at least a 5-, 6-year process because in our business, the way we do attractions, the vendor community that can support what we want to do is pretty thin. So it’s not like you can go to a trade show and buy a ride and say, yes, I'll take that ride. It just doesn’t work that way. You have to design these from the ground up. You start with story, right? You start with popular IP that people have an affinity for and emotional connection to, take Harry Potter as an example. And you say okay, what are the most favorite parts of that story? Of all that fiction, 7 books, what are the most favorite parts? And so you select what those are, and you combine that with characters, you combine that with environment, and you then turn your attention to okay, now I know what I want to do, how do I do it? And so that takes a lot of research and development especially on the engineering side because a lot of times it involves technologies that have yet to be invented. That’s definitely the case with our Mario -- Super Mario Kart ride.

We had to invent. And then after you invent, you have to find a way to fabricate and meet all quality standards and so forth. And sometimes, like in that case, you have to do it yourself because no one -- you can’t find anybody that wants to do what you want to do. And so this takes time. And so by the time you get to design and all the R&D and eventual commissioning and soft opening, it's a good 5-, 6-year time period.
Jessica Jean Reif Ehrlich - BofA Merrill Lynch, Research Division - MD in Equity Research

Okay. So let's go to the here and now. Attendance for Universal Studios Florida rose roughly 5% in 2018 according to industry sources. And you've been gaining share for years. What do you view as the biggest drivers of your attendance long term?

Thomas L. Williams - NBCUniversal - Chairman & CEO of Universal Parks & Resorts

I think product. It's all about product. It's all about having the goods. It's having things that the kids are saying, mommy, daddy, we want to go see that. The adults are saying it as well. I think we're really targeted demographically into the right segments. It's no secret to anybody in this room that Disney owns the very young ones. We don't try to compete for that. We have something for the younger sibling in the family group to do, but we're not going to try to go head to head. We'd rather focus on where we have strength, which is in a diverse audience, which is in not thrill, it's not a matter of going how fast can you go or how high can you drop. It's more about telling the story in a way that just immerses the visitor in the experience and gives them a desire to do it again and again. So there's a lot of repeat.

And so I think that having the right IPs that we do between Universal Pictures and DreamWorks Animation and Chris Meledandri's Illumination Entertainment as well as some properties that we've licensed, we've got the best of the best. In fact, coincidentally, unrelated to being here today, I was looking at a bubble chart that we had done yesterday that measured likability with trip-driving capability, so 2 different axes and then showed various bubbles of the IPs. And we put it up against the competition's, and we're right there. We're not taking a backseat in any respect in terms of trip-driving capability, overall appeal. So we've got the right goods, and we've got a terrific creative team under Mark Woodbury, who's -- he and I have been working together since 1987, so a long time. And he's got a creative studio that dreams that stuff up. And we just did this Hagrid's Magical Creatures Motorbike Adventure attraction. Long name. We're good at long names. But it's about Hagrid. Hagrid is one of the characters in the Harry Potter fiction. He's the guy that showed Harry where to get his -- go buy his wand. And he's the groundskeeper at the Forbidden Forest, and so forth. He's kind of a big giant guy. So we did this attraction. All of the things that we've ever done, we've gotten great reviews, critical reviews... Positive. Always great. Never been better. I mean every review we got on Hagrid is just over-the-moon fantastic. So Mark and his team, they can come up with a way to make it super special, surprise people, delight people and get positive word-of-mouth, and that's how we're going to continue to grow.

Jessica Jean Reif Ehrlich - BofA Merrill Lynch, Research Division - MD in Equity Research

But as great as you've done, you're still relatively small compared to Disney. So in 2018, Disney's total attendance including water parks was estimated at roughly 51 million versus the 22 million for Universal. How do you think about the opportunity to continue to gain share versus Disney, which is also opening new attractions? I mean Star Wars just opened. So how do you think about your opportunity to gain share? And do you think that you could ultimately wind up with anything close to an even split or closer split than you have now?

Thomas L. Williams - NBCUniversal - Chairman & CEO of Universal Parks & Resorts

I think step one, Jessica, for me is look, we don't have the time, we don't have to beat them to make a lot of money and to satisfy people from around the world. We have a great business. It's a business where I can walk out at lunches as I often do and I can -- I intercept guests and I know right now what kind of a job I'm doing. And that's very gratifying. And it encourages us to do better and better. And so they've got a big head start. They opened up Disneyland in Anaheim back in '56. They heavily capitalized, terrific IP that they can apply, good for them. Hip hip hooray. That they own the very young ones. We don't try to compete for that. We have something for the younger sibling in the family group to do, but we're not going to try to go head to head. We'd rather focus on where we have strength, which is in a diverse audience, which is in not thrill, it's not a matter of going how fast can you go or how high can you drop. It's more about telling the story in a way that just immerses the visitor in the experience and gives them a desire to do it again and again. So there's a lot of repeat.

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And then another part will be, I think, we can drive more rapid repeat visitation because hey, there's something new to see, a whole new park, let's
go do it. And on top of that, I think we can drive unique visitation solely on our own behalf. We certainly did with Harry Potter. We brought people
into the world of theme park experiences that otherwise wouldn't have been part of it. And we can do it again. So it's from those 3 segments that
I think, well, certainly we'll continue to grow.

Jessica Jean Reif Ehrlich - BofA Merrill Lynch, Research Division - MD in Equity Research

And then -- right. And then here in L.A., attendance for Universal Hollywood more than doubled in the last 10 years from 4.3 million in 2009 to over
9 million in 2019 according to industry sources. Is that park space constrained or do you have the potential to double attendance again?

Thomas L. Williams - NBCUniversal - Chairman & CEO of Universal Parks & Resorts

Well, interesting -- look, it's Los Angeles, and we have 430 acres or so inclusive of the studio and all the offices and the park experience inclusive
of the tour. There is land there that hasn't been developed. It's all subject to development rights. It's all defined by a plan that's called the Evolution
Plan approved by the county and the city. It was approved a couple of years ago. And it allows for a certain level of trade-off. You can take something
that's, you don't mind, a footprint that it's okay with you to take it out and replace it with something. That's how we did Transformers. That's how
we're doing another new attraction, called Pets. It was not part of the theme park before, but now it's going to be. So you can kind of, not one for
one, but in a reasonable ratio replace old with new, so that's part of it. Another part of it is to increase operating hours to allow more time for
visitation, do things to incent off-season visitation to more evenly balanced flow through the course of the year. I mean for crying out loud, if we
could do 30,000 every single day for the whole year, we already see an improvement.

So all those different techniques allow you to grow. And the city and the county were wonderful to work with, and there's nothing that says it can't
be revisited, if there's a business case to be made. We have to be considerate of our neighbors. We have to be -- we have to take into consideration
traffic flow and the environment. So all that has to go into the mix to do the right thing, but it doesn't mean we can't grow because we will.

Jessica Jean Reif Ehrlich - BofA Merrill Lynch, Research Division - MD in Equity Research

Right. And Disney invested at least $1 billion to create each of the Star Wars: Galaxy's Edge at Disneyland and then again at Walt Disney World.
Interestingly, at Disneyland, attendance declined post the opening, which Disney attributed to crowd management. And it appears that like just
as you alluded to but not giving specifics about Epic, it appears that people -- visitors delayed their time in Orlando because they were waiting for
Star Wars to open. What impacted your thoughts in your parks both in California and Florida as a result of the Galaxy's Edge openings?

Thomas L. Williams - NBCUniversal - Chairman & CEO of Universal Parks & Resorts

Because we opened both, Hagrid in Orlando, we opened that on June 13. So we had -- they didn't open Star Wars in Orlando until I think it was
August 27. So we had a head start. So Orlando did fine. We just went through a hurricane, Hurricane Dorian, so that slowed things down for about
a week. But we really came out of it pretty -- well, physically unscathed, just a matter of attendance drop-off because, obvious and logical, people
have concern about visiting during that timeframe.

In Hollywood, we had the brand-new, recently refurbished Jurassic World ride, which has really been a hit with local since we opened. So we've
been fine on both coasts. I think both markets have seen some level of decreased visitation, and perhaps part of that is holding off in anticipation
of the Star Wars opening. I think that's behind us now. I -- for certain, the chapters -- the final chapter of the book is not closed on Star Wars. There's
going to be plenty of opportunity for success going forward for them. And one of the things we've learned through research is that Star Wars fans
are also Harry Potter fans, and we've got Harry Potter in heavy doses on both coasts, so I think we'll get our fair share in both cases.
Jessica Jean Reif Ehrlich - BofA Merrill Lynch, Research Division - MD in Equity Research

Right. And then just on the delayed visitation, would you open your new attractions in all over the world in here? How did you make sure? Is there anything you can do to make sure that visitors don't delay their visits?

Thomas L. Williams - NBCUniversal - Chairman & CEO of Universal Parks & Resorts

Yes. I mean we've been doing the same thing for years, which is there's an annual travel mart for worldwide travel agents, wholesalers, packagers and so forth, takes place every year in May. And in May of every year, we tell them what we're going to be doing the next year. Well, because they need to put it into their packages and their brochures and so forth. And so by the time you get to May, people have already made summer vacation travel plans, so you're not dissuading any attendance. You haven't hurt yourself at all. And then when you get through the summer, you're back to school, but then we have our Halloween event, which Steve Burke finally calls our 13th month because it is our 13th month. We do -- we have Halloween in all of our parks around the world, and it's a huge after-hours separately ticketed event that drives enormous volumes of business. So you're in to Halloween, then you're in to Thanksgiving, and you're in the holiday programs. We have big holiday programs at all the parks. Then by the following year, we do have the new attraction opened. So we've been quite successful at avoiding deferring attendance.

Jessica Jean Reif Ehrlich - BofA Merrill Lynch, Research Division - MD in Equity Research

Okay. Steve Burke discussed expanding hotel capacity at Universal Orlando Resort for years, I mean pretty much since the day Comcast came in. You currently have 7,000 hotel rooms. I think the plan is for 9,000 by next year in Orlando. And there were probably 2,400 when Comcast first bought you. What's the plan or the vision for continued room expansion? And how important is that?

Thomas L. Williams - NBCUniversal - Chairman & CEO of Universal Parks & Resorts

It's really important, and we're all in on it. We got a great hotel partner in Loews. Jon Tisch, great, great partner. The way we do it is we design and we build and we market. And then Jon and his team at Loews manage. And we're 50-50 partners, and it works great. We want to do the marketing because we want to sync the hotel offerings up with the park offerings, have the ability to control price, package and so forth to make a compelling offer to consumers. As a matter of fact, close to 95% of the people that stay in the hotels logically go to the theme parks, buy tickets. And they buy multi-day tickets. So it's a very solid hotel business in its own right, and it's great for the parks as well because it takes away the uncertainty. You can say we're going to go to Orlando for a theme park vacation, I'm going to stay in Hotel XYZ. Then when you get there, you can change your mind. You might have it in your head, you're going to go to us and then you're going to go to Disney or whatever you're going to do. And then kind of the dynamics of the vacation, kid saying I rather do this, rather do that. They see a billboard or whatever, maybe they'd change their mind. Well, when they're staying in your hotel and they buy your package, they're not changing their mind. So it's a way for us to secure visitation in advance assure people of what they're going to pay, here's the all-in price for the whole experience, and we have hotel product that goes from value to premium, have 4, 5 different levels in there, all different price points. This latest 2,800 that we're building, the 750 that we already opened and the 2,050 that complement it. It will open next year. They're all value properties. The standard room is $85.

Now there are a lot of hotels -- motels or hotels up and down International Drive, which is the tourism drive right there in Orlando, that they're 200, 300 room properties. And people aren't going to stay there when they can stay at Universal and get early park admission and get transportation to the park and have character breakfast and all the theming and everything. So it really is -- I mean we just opened this Endless Summer, we got a 94% occupancy. It's crazy.

Jessica Jean Reif Ehrlich - BofA Merrill Lynch, Research Division - MD in Equity Research

How many rooms do you think you'll ultimately have in Orlando? I mean not forever, but I mean in the next, let's say, 5 years.
Thomas L. Williams - NBCUniversal - Chairman & CEO of Universal Parks & Resorts

At least 11,000. A couple of thousand more than the 9,000 we've already announced.

Jessica Jean Reif Ehrlich - BofA Merrill Lynch, Research Division - MD in Equity Research

Okay. And then you just mentioned briefly the Halloween events that you have. You do -- I mean you promote them. I've seen major promotions of this, but the parks are transformed at night. Can you discuss the worldwide impact from the Halloween events, Halloween Horror Nights, Surprise Halloween? I mean it's...

Thomas L. Williams - NBCUniversal - Chairman & CEO of Universal Parks & Resorts

It's the 13th month. We do it in Singapore, Osaka. We're going to do it in Beijing in its own form. We customize it to the market. We license the park. We have licensed the park in Singapore, and I was shocked to find out that there are some Malaysian ghosts -- Singapore is not part of Malaysia, but it used to be. It's right next door. It's an island state. And some super-feared Malaysian ghosts that they did a haunted maze around, but none of the employees wanted to work there because they were too afraid. I mean it was -- when you stop laughing, you realize they were serious. It's a huge success. We drive millions of people. And as Jessica said, we sweep the park at 6:00 at night, and we reopen it an hour later. And we stay open until 2:00 in the morning, and there's food sales, merchandise sales. We have, like in Orlando, 11 different haunted houses as well as a huge show on the main lagoon. We have a great -- a number of different shows, contortionists and magicians and different things of the like that really entertain people, and it's just been a huge success. We've been doing it in Orlando for 30 years. I mean it's terrific.

Jessica Jean Reif Ehrlich - BofA Merrill Lynch, Research Division - MD in Equity Research

So let's move on to Beijing. So you have a 30% ownership stake there, right? So I mean there's been so much tension recently between U.S. and China. Has that had any impact at all on the development?

Thomas L. Williams - NBCUniversal - Chairman & CEO of Universal Parks & Resorts

It just hasn't. You would logically think it has, but it's almost like if you ask anybody in this room, what have you seen as the result of China imposing these tariffs on us that you really are all that shook-up about? I mean in your everyday work, you're not talking about that. I mean because of what you do, maybe you're talking about it, but you're not actually making big consumer decisions on it. The people we work with, they're all in on building this park and getting it ready to open. That's all they're focused on. And believe me, when you go to China, you don't start talking about politics. You don't start talking about the leadership of China. You don't -- you'd be crazy to bring up Hong Kong, Taiwan. You would never start talking that way. You just focus on what you're trying to do. These are happy people. I remember when I went there 16 years ago, I was shocked, I was standing at the hotel right across Tiananmen Square, I look out the window, and there's a Porsche dealership across the street. I thought, wow, the last thing I would expect. I go to the Forbidden City and right inside the front door is a Starbucks. This is 16 years ago. So it's -- Beijing is a cosmopolitan city. You go down to their heavy shopping districts, and all the major brands are there. The fashion houses are all there. I mean not everybody, but they've got money to spend, and they're happy, content people. And they're thrilled to have the theme park Universal Studios come. I'm very proud of the fact that we're -- in People's Republic of China, we're going to open up -- you can't get a more Americana brand than Universal Studios. And it's all with welcome -- open arms.

Jessica Jean Reif Ehrlich - BofA Merrill Lynch, Research Division - MD in Equity Research

So the press has speculated that the investment in the park is now set at total at $6.5 billion. And again, you have 30% stake. But that's even larger than the $5.5 billion Disney -- of Disney Shanghai or Shanghai Disney.
Thomas L. Williams - NBCUniversal - Chairman & CEO of Universal Parks & Resorts

Reported.

Jessica Jean Reif Ehrlich - BofA Merrill Lynch, Research Division - MD in Equity Research

Reported. All reported. Can you talk about the plans there, the opportunity, key attractions?

Thomas L. Williams - NBCUniversal - Chairman & CEO of Universal Parks & Resorts

Yes. I mean, like I said, it’s our largest park. It will have the 1,200 rooms to begin with, located in 2 different locations, got a great location going forward. It’s got Harry Potter. It’s got Transformers. It’s got Minions. It’s got Hollywood. It’s got Jurassic Park with new rides that we’ve never done before. I mean it’s a terrific lineup, giving weight to the winter weather in Beijing. For about a month, it’s got colder temperatures in Osaka. Our park in Osaka is open 12 months of the year. So we know we’re going to get wintertime visitation. But in deference to it, 2/3 of the attractions are indoors. About 40% of the total park facilities are completely indoors. Now the Kung Fu Panda land is 100% indoors. The rides are indoors. The shops are indoors. It’s all indoors. And so we think that ratio of the total park capacity aligns nicely with the expected visitation on those cold, cold days. You wouldn’t need anymore because not that many more people are going to come. So we think we planned it correctly.

Jessica Jean Reif Ehrlich - BofA Merrill Lynch, Research Division - MD in Equity Research

And what’s your assessment of the competitive environment in China? It feels like there’s a lot of parks going on.

Thomas L. Williams - NBCUniversal - Chairman & CEO of Universal Parks & Resorts

Well, not in Beijing. I mean there’s -- 22 million people live there and 275 million people visit, and we’ve been able to substantiate the number. When the mayor first told me that, I thought he was exaggerating, but no, it’s correct. Because there’s a lot of cultural effects, a lot of places to visit from a cultural standpoint in Beijing. Orlando, by comparison, has 80 million visitors that come, whereas Beijing has 275 million. Now they’re not all going to be income-qualified, but it’s certainly going to be more than enough of a pool for us to be quite successful. And Disney has been successful in Shanghai.

Jessica Jean Reif Ehrlich - BofA Merrill Lynch, Research Division - MD in Equity Research

And finally, in China, what’s your plan for additional gate openings or parks in China?

Thomas L. Williams - NBCUniversal - Chairman & CEO of Universal Parks & Resorts

No plan except we know we’ve got the land, and we have the product because we’ve developed it elsewhere. We have 2 gates in Orlando and so forth. And so when the timing is right, and it makes sense, you have to be open for a few years to get your feet on the ground and do a great job and really confirm all the assumptions that you made were correct. And those that weren’t correct, fix them, and plan accordingly. But the important part is the opportunity is there, when and if we choose to avail ourselves of it.

Jessica Jean Reif Ehrlich - BofA Merrill Lynch, Research Division - MD in Equity Research

Right. Moving on to Japan. In 2017, you -- Comcast bought out the 49% stake that your former partners owned for $2.3 billion. You now have full ownership of Universal Japan which, as you just said, measured by attendance is your single largest park. Attendance for the park was affected by the typhoon last year. Can you give us color on attendance trends in the park this year and what’s your outlook moving forward for the next year or so?
Thomas L. Williams - NBCUniversal - Chairman & CEO of Universal Parks & Resorts

Yes. Year-over-year, it’s been great because last year, in the course of two months they had five typhoons, an earthquake and a heatwave. It was really rough, and this year has been great. Last year was a total abnormality. We’ve been open 16 -- 17 years and never had anything like that happen before. So it was a one-off deal. It was all over in a couple of months, and we’ve fully recovered, and we’re up double digit, equivalent time period, way up. So they’re into Halloween now. They opened -- they started Halloween last week. We did a Sing attraction there based on Illumination Entertainment movie, Sing, which has gone over great because of its popular Western songs, and it’s a sing-along kind of a show. So it’s been done really well. The employees there are super dedicated, super friendly. I would really like to bottle them, so to speak, in all of our parks around the world because there’s culturally, they’re very considerate, very considerate. When you see everybody walking around with a mask, it’s because they don’t want to give you their illness, and they don’t want to get one either. But they’re very considerate, very thoughtful. And it’s just a great environment.

Jessica Jean Reif Ehrlich - BofA Merrill Lynch, Research Division - MD in Equity Research

Is there anything you can tell us about the economics of that park?

Thomas L. Williams - NBCUniversal - Chairman & CEO of Universal Parks & Resorts

It’s very, very strong. Otherwise, we wouldn’t have bought it. We were an investor in that park when we first opened it back in ’01. I think we had a 24% stake, and GE had to sell it. And when we started talking about international expansion after Comcast acquired us, I kept calling Steve, step one is we have to buy Japan back because we designed it, we staffed it. It was all our key management. We opened it. We marketed it. It’s -- this is good -- this is like old home week. This is our park. And I was pleased when there was agreement to do so.

Jessica Jean Reif Ehrlich - BofA Merrill Lynch, Research Division - MD in Equity Research

So in 2015, you signed the partnership with Nintendo. And as you said before, this will be the first park to open a Super Nintendo World. The -- I think the plan is to open in time for the 2020 Olympics in Tokyo. The total cost has been reported at between $350 million and $550 million. Is there -- can you give us -- can you -- are you on track for that opening? Are there any details you can provide there?

Thomas L. Williams - NBCUniversal - Chairman & CEO of Universal Parks & Resorts

We’re on track. We’re going to open up next spring. It’s a whole new separate area of the park. It’s got food. It’s got merchandise. The first phase will have 2 rides, Super Mario Kart ride as well as Yoshi’s Adventures. Yoshi is one of the other Nintendo characters. There will be 2 rides. The whole land is interactive, and you’re going to have a wristband. It’s got the big red Mario symbol on it. It’s -- by the way, the wristband is supercool. It’s all magnetic. You slap it at your wrist, and it just snaps on, and it won’t come off. And that allows you to, on an interactive basis, hit -- throughout the entire land, which is built on 3 different levels. And it’s got all the pop -- Bowser’s, in Princess Peach’s castle and all the different key elements, and you’ll be able to go up and keep score and play with the various games, and that also translates to a score-keeping capability if you choose to do so within the rides and actually interfaces back with your game consoles. So you can build on it and come back again, and it’s really got everything going on.

Jessica Jean Reif Ehrlich - BofA Merrill Lynch, Research Division - MD in Equity Research

What are the plans to take Nintendo to your other parks, Florida and everywhere?
**Thomas L. Williams - NBCUniversal - Chairman & CEO of Universal Parks & Resorts**

We'll be taking it everywhere. The only place we're not going to start round one is in Beijing. There's a tension between a Japanese product and China.

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**Jessica Jean Reif Ehrlich - BofA Merrill Lynch, Research Division - MD in Equity Research**

So what's the time frame for bringing it to the States?

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**Thomas L. Williams - NBCUniversal - Chairman & CEO of Universal Parks & Resorts**

I know we're bringing it, but I don't want to defer attendance. But we're bringing it. You can count on it.

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**Jessica Jean Reif Ehrlich - BofA Merrill Lynch, Research Division - MD in Equity Research**

As you look across the globe, what areas would you like to have more of a presence?

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**Thomas L. Williams - NBCUniversal - Chairman & CEO of Universal Parks & Resorts**

I think that China would be the first logical opportunity. There's additional opportunity in Japan. Right where we are in Osaka, the government has created a man-made island, more than one, but one called Yumeshima. They bid for and got the world's fair rights for 2025. So they're going to host the world's fair there, and we're in discussions with them about how we can perhaps support them in that. They also are likely to be 1 of 3 cities in Japan that get awarded the rights to do an integrated resort, which would include gaming, and the most important part is entertainment. We would not participate in any gaming. But we could see how that could be something we could participate in. So I think Asia would be the logical place to look for expansion first. It would not be South America. It would not be North America and highly unlikely any place in Europe.

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**Jessica Jean Reif Ehrlich - BofA Merrill Lynch, Research Division - MD in Equity Research**

What are some of the biggest differences in developing a park internationally versus building or adding to an existing domestic park?

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**Thomas L. Williams - NBCUniversal - Chairman & CEO of Universal Parks & Resorts**

Local custom. You have to be respectful. You have to learn what they are. You have to play by their rules. Everybody's got -- all the different countries have their different permitting processes, bidding processes. Sometimes require public bidding on things you wouldn't otherwise consider to publicly bid. Different metrics of measurement and different construction codes and a lot of different things you have to become familiar with and hire the right people to know what they're doing to make sure that you do it right. Books have been written about how to get along in Japan, how to get along in China. I've never found it to be particularly difficult. I think it kind of goes back to the golden rule, treat people the way you want to be treated, and everything turns out pretty good.

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**Jessica Jean Reif Ehrlich - BofA Merrill Lynch, Research Division - MD in Equity Research**

So let me ask one more question, and then we'll open it up. But on pricing, how do you think about pricing and price increases across your various parks?
Thomas L. Williams - NBCUniversal - Chairman & CEO of Universal Parks & Resorts

Pricing is an obvious -- it’s an important ingredient in getting a fair and reasonable profit, and you can’t make an investment without getting some type of reward, both in form of attendance as well as pricing power. And we have leveraged that to -- over the -- we’ve got a double-digit CAGR over the last 5, 6 years on pricing. While we take pricing, we at the same time say look, look, look, we got to be -- we got to offer something for everybody. So we always have the resident pricing. We do various promotions for various affinity groups like first responders, teachers, military and the like. So there’s -- you’re not forced into buying gate price, purchasing at gate price at all times. Plus we do packaging, where we lump everything together, hotels, meals, parks and so forth, and make it very appealing. And then we have seasonal pricing as well. So as an example, there’s 3 different seasons in Orlando, value, peak and regular. And so if you want to come in a high-demand period, you pay more. If you want to have a -- take it easy on your pocket book, you might come during a value period. Same for the hotels. So we think we offer something that’s diverse and meets everybody’s requirements.

Jessica Jean Reif Ehrlich - BofA Merrill Lynch, Research Division - MD in Equity Research

Are there any questions in the audience?

Unidentified Participant

I had one on competition. I know you talked about Disney obviously, but you had a lot of success and growth, but who else do you compete with? I mean what are you competing with to get people into your parks? Is it available time, sporting events? Is it the smaller parks like a SeaWorld?

Thomas L. Williams - NBCUniversal - Chairman & CEO of Universal Parks & Resorts

No, I don’t -- there’s a big difference, I think everybody understands, between a destination park and a regional park. Six Flags will be a regional park, Cedar Fair and so forth. SeaWorld is not quite the player that they used to be ever since Blackfish was on the air every 5 minutes. And so it really is us and Disney as far as parks. In the world of entertainment, cruises in Florida is more of a factor. As they introduce private islands with rides and types of entertainment, it’s not nearly on the scale of what we offer at our parks though, and a cruise isn’t for everybody. And one of the downside of cruising is once you’re on that ship, you’re on that ship till the end -- that cruise is over. I hope you like it. But that would be one, not at all that -- there’s no concern in Southern California. Cruising isn’t so much of a factor here. There’s a lot to do in SoCal, a lot to do, beaches and shopping and the various entertainment experiences. Probably undeniably, people go, by far and large, to Orlando for the theme park experience. That wouldn’t necessarily be the case in Southern California. If you’re going to go to Southern, you got to go to Los Angeles. And then while you’re there, we hope you want to see a genuine holiday -- Hollywood authentic experience and go to Universal Studios Hollywood. So that would be it. People want a shared experience. Oh, virtual reality is going to cause you trouble. No, it’s not going to cause us any trouble. Sitting in -- and first off, you can’t stand to have the headset on for very long. But even if you do, even with gaming, at a point, you want to get out and do something that’s not individualistic, just you. You want to share with people. And particularly for parents, they want to go on the ride because they want to see what the youngster -- they want to see the youngster enjoying themselves. They want to have a shared experience. They want to get off the ride and say, were you scared, daddy? I wasn’t scared? Were you scared? That’s what gets -- that’s what makes it fun? That’s what makes it a memorable experience. And so I think we’ve got -- we’re in a unique spot in the marketplace that’s enjoyed a lot of success, and I think we’re going to continue to do so for those reasons.

Jessica Jean Reif Ehrlich - BofA Merrill Lynch, Research Division - MD in Equity Research

We’ve got a question here.
Unidentified Participant

My question is just around pricing, and I guess there’s 2 questions. One is because there seems to be some discussion or debate particularly around Disney’s pricing, how high is up and how far is too far, and I think the question really not just about Disney but about the industry as a whole. And some of the conversations also that kind of bleed into maybe concerts and other experiences at your discretion. Can you just walk us through a little bit like where do you see the pricing ceiling? How do you benchmark it? Like is it inflation times 2 -- like -- and how we should think about that as we go forward, and then maybe any thoughts just on the pricing ceiling that competitors put out there and how that allows you to operate. It will be fascinating to get your thoughts on that.

Thomas L. Williams - NBCUniversal - Chairman & CEO of Universal Parks & Resorts

Yes, I know, that’s really a legitimate question and one that we spent a lot of time thinking about. First off, we don’t make pricing decisions independent of deep research. We do a lot of work, force choice, what’s your priority, how are you making your vacation plan, how are you making your decision. You’d be surprised, pricing falls -- it’s not #1. It’s not #2. It’s not #3. It’s mostly about what is the experience. What are we going to do when we get there? And how appealing is that to me? So that’s not to say pricing is not important because if people feel gouged, that’s not going to work. But it isn’t the #1 thing that comes to mind when you’re trying to make a decision. And we tease out of all the research we do where we can be priced in order to get the returns that we feel are warranted based on the investments that we’re making.

To some extent, we keep an eye on what the competition is doing because we don’t want to be too far out of wack but we’re not led by them. And one of the things that really is very much on our minds now is to not make it too doggone complicated. The competition has got 9 different tiers for 1-day ticketing. That -- it’s complicated. And then when you start throwing in multi-day and add-ons and so forth, it can be a frustrating experience. And pretty soon, you say, who needs this? And so we’re focused on trying to keep it simple, trying to be straightforward, trying to not have any hidden aspect to it. There’s no tricks. There’s no reservation fee. There -- no nonsense that somebody’s going to say, well, what’s that all about.

So I think between simplicity offering various types of rates, based on whatever level of experience you want, we’ve been able to walk a fine line to get the double-digit pricing CAGRs, but at the same time, not drive off business because people are saying you’re too expensive. And so when you look at it on an hourly basis, which nobody does, but if you did and you’d say well, your ticket is $115 and the average length of stay is 8 hours, geez, that’s pretty cheap entertainment compared to going to a concert or going to a ballgame or you can -- in some ways, go into a movie if you buy enough popcorn and Coke.

So I think there’s real value. And with all the social media, when you get positive reviews on Yelp and TripAdvisor, our Islands of Adventure have been rated #1 theme park in the world by TripAdvisor 5 years in a row. We’re -- we’ve got 2 of the top 5 -- 3 of the top 5, excuse me, 3 of the top 5. Islands of Adventure in Florida, USF in Florida and Hollywood. 3 of the top 5, TripAdvisor, we’re #1. You get that positive word-of-mouth on your side, and people say, yes, they had a good time. Let’s go give it a try. And then the positive word-of-mouth builds on this when you do a good job, and we put a lot of effort into that. There are 3 drivers of success in a theme park business: the product, probably applicable to a number of other businesses too, the product; the guest experience itself once they get there; and of course, the marketing that drives people to give it a try.

Jessica Jean Reif Ehrlich - BofA Merrill Lynch, Research Division - MD in Equity Research

Great. We have run out of time, but thank you so much. This is amazing. Great to see you. Thank you.

Thomas L. Williams - NBCUniversal - Chairman & CEO of Universal Parks & Resorts

Good to be here. Thank you.