OVERVIEW:
Co. reported 4Q21 reported revenue of $30.3b and adjusted EPS of $0.77.
Good morning, ladies and gentlemen, and welcome to Comcast’s Fourth Quarter and Full Year 2021 Earnings Conference Call. (Operator Instructions) Please note that this conference call is being recorded.

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

Marci Ryvicker - Comcast Corporation - SVP of IR

Thank you, operator, and welcome, everyone. Joining me on this morning’s call are Brian Roberts, Mike Cavanagh, Dave Watson, Jeff Shell and Dana Strong. Brian and Mike will make formal remarks, while Dave, Jeff and Dana will also be available for Q&A.

Let me now refer you to Slide 2, which contains our safe harbor disclaimer and remind you that this conference call may include forward-looking statements, subject to certain risks and uncertainties. In addition, during this call, we will refer to certain non-GAAP financial measures. Please see our 8-K and trending schedules for the reconciliations of these non-GAAP financial measures to GAAP.

With that, let me turn the call over to Brian Roberts for his comments. Brian?

Brian L. Roberts - Comcast Corporation - Chairman, CEO & President

Thanks, Marci, and good morning, everyone. We just reported a strong fourth quarter to end a year that hit a number of important financial milestones. In 2021, we generated record high revenue, EBITDA, adjusted EPS and free cash flow, with contributions coming from across the company. These results reflect our resilience, strategic decision-making and disciplined approach to capital allocation, which is driven by a relentless focus on growth and creating long-term value.
I am incredibly proud of how we’ve navigated through the past 2 years amid the unique and ongoing challenges posed by the global pandemic. We’ve been able to quickly pivot, when necessary, in order to continue offering world-class connectivity, entertainment and experiences while simultaneously prioritizing the health and well-being of our customers, guests and employees.

So now turning to the specifics. Our broadband-centric businesses, residential, business services and wireless, helped drive 11% adjusted EBITDA growth and 190 basis points of organic margin expansion in Cable. And while the quarterly cadence may have come in differently than we expected, we added 1.1 million customer relationships and 1.3 million net broadband subscribers, bringing total customer relationships to 34.2 million and total broadband subscribers to 31.9 million as of year-end.

In wireless, our unique and recently enhanced relationship with Verizon enabled us to bring a more competitive offering for our wireless customers. That also improved the economics for us, resulting in our largest annual growth in wireless lines yet, while reaching profitability on a stand-alone basis for the first time since launch.

The recovery to our Theme Parks is truly remarkable. We just reported the most profitable fourth quarter on record with demand especially high in Orlando, which had the best quarter in the company’s history for any quarter. I’m even more excited for our newest theme park, Epic Universe, which is in construction as we speak. Hollywood and Osaka are also on a great trajectory. And we just opened Universal Beijing, which will provide a more meaningful contribution in the years to come.

We also accomplished a lot on the content side. We are back to normalized levels of programming and production at both NBCU and Sky. We successfully renewed a number of sports rights agreements, including the NFL, Bundesliga, PGA Tour, Premier League and others, which provides us great visibility for the next several years. And we’re monetizing IP through creative new windows. I’ll share more detail on Peacock in a bit, but 2021 was a fantastic year for our fast-growing streaming service, which has outperformed our high expectations.

At Sky, our U.K. businesses maintained wonderful momentum with very strong trends across all metrics, including customer relationships, ARPU and churn, and fueling Sky’s full year EBITDA growth of 10%. Germany is showing signs of a successful recovery. And in Italy, we’re managing the impact of the transition in our sports rights even better than we had expected.

Finally, on 2021, I’d like to highlight the strength of our balance sheet and the increase in the amount of capital we returned to shareholders. We hit our leverage goals a bit earlier than we had anticipated during the pandemic, which enabled us to repurchase $4 billion of stock, the majority completed in the back half of the year. And including our dividend, we returned a total of $8.5 billion, more than double that of 2020.

Now let me discuss our priorities for 2022. First is broadband, which is a healthy, scaled business with a structurally advantageous financial profile defined by high operating leverage and margin accretion. We believe that the broadband market conditions in 2022 will continue to be impacted by COVID. And within this environment, we will strike the right balance between subscriber acquisition against a large and expanding addressable market as well as long-term profitable growth.

On that front, we will evaluate every opportunity to increase our serviceable passings even more so than we have in the past. We will take advantage of the natural progression of new household and business formation as well as the potential subsidies from the federal, state and local governments to expand into unserved areas.

We also aggressively compete for market share through our strategy of bundling products around broadband so that every customer in every segment has plenty of choice at the right price. Convergence with Xfinity Mobile will play a big role in terms of marketing, how our sales force operates, packaging and the overall interface we have with our customers. Scaling this business is a key focus for us in ’22 and beyond.

And we will do everything we can to continue to improve the experience for our customers and maintain the high levels of retention that started well before the pandemic. Our AI technologies and digital service tools enable us to resolve issues without a call or visit. In fact, this past quarter, total calls handled by our agents decreased 18% year-over-year, and truck rolls declined by 16%, while we continue to grow our customer base and increase our NPS scores.
Broadband connectivity has never been as important as it is now to all of us, and people increasingly expect more than just speed. They also want innovative products that are easy to use and consistent and reliable service throughout their home. That’s what we deliver.

We have an incredible network, but what differentiates us even more is the ecosystem we’ve built around this network. We’ve spent the last several years developing the right processes, finding the right technology and hiring the right people so that we can execute at great scale.

I’ll share a couple of tangible examples that illustrate this. We are moving aggressively on a path to 10G while maintaining our level of CapEx intensity. It’s still early, but we already are out in the marketplace with our new technology and higher upload speeds in some of the markets. And we will continue to expand this in 2022 and beyond.

We also just launched the first WiFi 6E gateway, truly the first DOCSIS 4.0 device with the capability of delivering multi-gigabit speed. Our goal is to continue to innovate on top of this and further widen the gap between the in-home experience that we offer versus any of the competition.

Priority #2 is Peacock. Premium video consumption continues to increase across the industry, currently approaching 600 billion hours per year in the U.S., up from 350 billion hours annually in the broadcast-led era of the early 1990s. We’ve also seen that the average household spend on video continues to grow by over 10% since 2014 alone, which is constantly expanding the addressable market.

NBCUniversal has played a significant part in this ecosystem, ranking as the #1 TV portfolio audience and #2 film business in box office with incredible engagement. Today, NBCU reaches over 100 million U.S. households, which is nearly 80% of the population, every quarter. Of that 100 million, Nielsen reports that nearly 60 million households watch at least 10 hours of our content every single month. That’s more households than our competitors in both linear TV and streaming.

When we introduced Peacock to you back in early 2020, our vision was to launch a streaming service that offers premium content and is supported primarily by advertising. What we’ve learned so far is that we started with the right business model. With over 300 million hours of content consumed on Peacock per month, the engagement with our platform has proven extremely valuable to advertisers. We also realized the importance of diversity when it comes to genres, and so we added sports. We introduced early-access movies, and we started ramping up some originals.

Behind these investments, we found ourselves well on our way to exceeding the MAA and revenue targets we initially discussed. In fact, at the end of 2021, we had 24.5 million monthly active accounts in the U.S. or about 75% of the guidance we have provided for 2024. Within these 24.5 million MAAs are over 9 million paid subscribers approaching $10 in paid ARPU, which includes the advertising.

And that is without much focus on paid subscriber growth. We have another 7 million highly engaged bundled subscribers from Xfinity and other top distributors, who use Peacock every single month and currently receive Peacock Premium at no extra cost. We expect strong conversion of this group to paid subscribers over time.

We’ve accomplished all of this despite our movies and NBC content still premiering on other streaming services through the end of 2021, including HBO and Hulu, and with the majority of our best content still to come. We just started, including the NFL, our Pay-One movie deal kicks in this year, and we have a growing number of originals in the pipeline.

Our research indicates that 80% of consumers prefer an ad-supported service over a higher-cost, ad-free SVOD offering. We see this in our customer mix, with the vast majority of our paid subscribers choosing the $5 paid AVOD tier over the $10 tier without ads. You combine this with the fact that our paid subscribers have much lower churn and significantly higher engagement.

And we think the most valuable end state for Peacock is to have 2 revenue streams. And so while we will continue to leverage the more than $20 billion of programming spend we already have across NBCU and Sky, we are committed to reallocating and increasing investment on top of this to drive further growth in paid subscribers, which we believe is the right path to creating long-term value.
I couldn’t be more excited about the momentum we are seeing with Peacock in the U.S. as well as the international opportunities ahead. In late 2021, we introduced Peacock on Sky in the U.K. and Ireland. Then earlier this week, we announced the rollout of Germany and Austria. And plans are in place for our own SkyShowtime joint venture to launch later this year.

Next, our company’s third priority for 2022 is to monetize and expand the reach of our proprietary global technology platform and our addressable customer base. In October, we launched Sky Glass in the U.K. and XClass in the U.S., both built upon our investments in X1, Flex and Sky Q. This year, we’ll continue to evolve this strategy to incorporate more markets, additional partners and new distribution outlets. I look forward to updating you on our progress.

Our fourth priority is to continue to have a positive impact on society and the communities we serve. A big part of that work is our commitment to DE&I and digital equity. A decade ago, we created Internet Essentials, which has become the nation’s largest low-income broadband adoption program. And we have recently expanded our efforts with the launch of Lift Zones, where we brought free WiFi to more than 1,000 community centers around the country. These are just 2 examples of how our teams have come together to help connect more people to the tools and resources they need to succeed in a digital world.

So I am really proud of our many accomplishments in 2021 and extremely optimistic about the opportunities that lie ahead for our company. I firmly believe that our integrated strategy with the assets, capabilities and talent we have today will continue to drive growth across our businesses and create long-term shareholder value.

Michael J. Cavanagh - Comcast Corporation - CFO

Thanks, Brian, and good morning, everyone. I’ll begin on Slides 4 and 5 with our consolidated 2021 financial results. Revenue increased 9.5% to $30.3 billion for the fourth quarter and 12% to $116.4 billion for the full year. Adjusted EBITDA increased 17% to $8.4 billion for the fourth quarter and 13% to $34.7 billion for the full year. Adjusted EPS increased 38% to $0.77 per share for the fourth quarter and 24% to $3.23 for the full year.

And we generated $3.8 billion of free cash flow for the fourth quarter and $17.1 billion for the year on a reported basis, which includes a $1.3 billion benefit related to the tax impact of the bond exchange we completed in August, $620 million of which fell in the fourth quarter as well as roughly $1 billion from returns on investing activities, most of which occurred in the fourth quarter. Excluding these items, free cash flow was $14.8 billion for the year.

Now let’s turn to our business segment results, starting with Cable Communications on Slide 6. For the fourth quarter, Cable revenue increased 4.5% to $16.4 billion, EBITDA increased 7.8% to $7.1 billion and net cash flow grew 9.2% to $4.5 billion.

For the full year, we grew customer relationships by 1.1 million, with 169,000 net additions in the fourth quarter. Overall, customer growth continues to be driven by broadband, where we added 1.3 million net new residential and business customers for the year and 212,000 in the fourth quarter. Our net adds this quarter reflect the continuation of lower overall marketplace activity, particularly move activity, compared to historical trends.

While this resulted in lower connect volumes, it also contributed to high levels of customer retention, with broadband churn improving to the lowest rate for any fourth quarter on record. Broadband was also the largest contributor to our Cable revenue growth, with broadband revenue increasing 8.5% in the quarter, driven by the strong net additions over the past year as well as healthy growth in average revenue per customer.

Moving to wireless. Revenue increased 40%, driven by growth in customer lines and higher device sales. Overall, we added 1.2 million lines for the year and 312,000 lines in the quarter, the best results since launching this business in 2017, bringing total mobile lines to 4 million.

As Brian noted, over the past year, we have made tremendous strides fully integrating wireless into our core Cable operations, achieving stand-alone profitability of $157 million this year. Now that we’ve crossed strongly into profitability and the business is deeply integrated into our core Cable operations, we won’t be disclosing stand-alone wireless EBITDA going forward.
Business services revenue increased 11.5% or approximately 7%, excluding the acquisition of Masergy, which closed at the beginning of the fourth quarter. Our strong organic results were driven by customers taking faster data speeds, higher attach rates of our advanced products and rate increases on some of our services as well as the continued growth in our customer base, which grew by 63,000 net new customers over the past year, with 17,000 additions in the fourth quarter.

For video, revenue declined 1.2%, driven by customer net losses totaling 1.7 million over the past year, including 373,000 in the fourth quarter, partially offset by higher average revenue per customer. This higher revenue per customer was driven by the residential rate adjustment we implemented at the beginning of 2021, which, we believe, was also a driver of video subscriber losses. We implemented a similar rate increase earlier this month, so we expect this trend to continue throughout 2022.

Last, advertising revenue decreased 12.5%, reflecting lower political advertising compared to record levels in last year's fourth quarter. Excluding political, advertising was up 9%, with modest growth in core and double-digit growth in advanced advertising.

Turning to expenses. Cable Communications fourth quarter expenses increased 2%. Programming expenses decreased 1.2%, reflecting a decline in video customers, partially offset by higher rates. As we enter 2022, programming expenses should reflect the benefit of fewer contract renewals, combined with the impact from our anticipated decline in overall video customers.

Nonprogramming expenses increased 4.1% and were flat on a per relationship basis, reflecting investment to drive organic growth in the business as well as the expenses related to our recent acquisition of Masergy. The primary driver of the year-over-year change was technical and product support, which increased about 10%, largely related to growth in our wireless business and was partially offset by lower bad debt and customer service expense.

Cable Communications EBITDA increased 7.8% to $7.1 billion for the fourth quarter. And Cable EBITDA margin reached 43.4%, reflecting 130 basis points of year-over-year improvement. We believe we are striking the right balance by continuing to invest in our growth businesses, which are driving the top line and proving to be a great return for us, while, at the same time, continuing to increase our operating efficiency and take unnecessary costs out of the business.

All of this together should enable us to drive higher profitability and expand margins, both in 2022 and thereafter. Cable capital expenditures increased 3.7% in the quarter and 4.9% for the year, resulting in CapEx intensity of 10.8%, our lowest full year on record and essentially in line with 2020’s 11%, driven by lower spending on customer premise equipment and support capital, partially offset by higher spending on scalable infrastructure and line extensions.

As we noted on our call in July, we expect our Cable CapEx intensity will remain around 11% for the next few years as we continue to increase the number of homes and businesses that we pass and accelerate our investment in the technology that will enhance the overall capacity of our network, both downstream and upstream. This is a direct step to DOCSIS 4.0, which allows for multi-gig symmetrical speeds essentially with a software update, providing very little to no disruption to the home in a very capital-efficient way.

Now let's turn to Slide 7 for NBCUniversal. Starting with total NBCUniversal results, revenue increased 26% to $9.3 billion and EBITDA decreased 6.8% to $1.3 billion. Media revenue increased 8.4% to $5.8 billion, driven by higher distribution and advertising revenue, with a significant contribution from Peacock.

Distribution revenue increased 12%, reflecting higher rates post the successful completion of several carriage renewals at the end of 2020 and a growing contribution from Peacock due to our growth in paid subscribers, partially offset by subscriber declines at our networks. As a reminder, beginning in the first quarter of 2022, we will lap these carriage renewals.

Advertising revenue increased 6%, reflecting higher pricing, which benefited from our strong upfront, and a growing contribution from Peacock, which was only partially offset by ratings declines and a difficult comparison to record levels of political advertising at our local stations in last year's fourth quarter.
Media EBITDA decreased 49% to $721 million in the fourth quarter, including a $559 million EBITDA loss at Peacock. Excluding Peacock, Media EBITDA decreased 24%, reflecting higher costs associated with more sporting events at our regional sports networks compared to last year when the NBA and NHL delayed the start of their seasons due to COVID-19, as well as higher television programming and marketing costs, driven by the return of our full schedule compared to last year when our schedule was impacted by COVID-19. This difficult cost comparison will continue in the first quarter.

Before moving on, I want to build on Brian’s comments regarding Peacock. In 2021, Peacock generated revenue of nearly $800 million and an EBITDA loss of $1.7 billion, which includes content spend of over $1.5 billion.

Even with a relatively limited programming slate, we’ve achieved a level of success in MAAs, paid subs and engagement that is driving our decision to double our content spend on Peacock in 2022 to over $3 billion with the goal of ramping domestic content spend to $5 billion over the next couple of years, some of which will be incremental and some of which will be a reallocation from linear programming. For 2022, while we expect a significant step-up in revenue, the incremental investment we are spending in both content and marketing and service will likely result in an EBITDA loss of roughly $2.5 billion.

While the timing of when Peacock breaks even may be pushed out from where we originally expected, we believe pursuing a dual revenue stream is the right strategy to create long-term value. And given the strength in our Theme Parks and high-margin linear businesses, the good news is that we will fund this pivot out of NBCUniversal’s cash flows.

Moving next to Studios. Revenue increased 36% to $2.4 billion, but EBITDA declined 34% to $51 million. This decline was driven by the timing of our film slate, partially offset by growth in TV content licensing.

Film has a multiyear business model, with titles monetized over time as they transition through different theatrical and licensing windows. As a result of pausing film releases in 2020 during the pandemic, we had fewer new titles come into the licensing window in the fourth quarter compared to a year ago.

And at the same time, marketing costs were higher as we released Sing 2 and Halloween Kills in theaters. This impact of fewer carryover titles and higher year-over-year marketing costs associated with more theatrical releases will begin to diminish as we move forward but will continue to pressure EBITDA growth for the next few quarters.

Last, at Theme Parks, revenue increased by $1.2 billion to $1.9 billion. And we generated EBITDA of $674 million, which was our highest on record for any fourth quarter, driven by strong momentum in the U.S. and Japan. At our U.S. parks, we benefited from strong domestic attendance and per caps that were above pre-pandemic levels. At Universal Studios Japan, we saw improved attendance levels as government-mandated capacity restrictions were eased during the quarter.

At our newly opened park, Universal Beijing, we are pleased with our first full quarter of operations, where the level of demand from our guests was high, but overall attendance was impacted by COVID-related restrictions. Despite that, Beijing’s EBITDA was essentially breakeven in the quarter, and we anticipate modest profitability in our first full year of operation in 2022. For total Theme Parks, while we have been very pleased with the pace of our recovery, particularly in the U.S., we recognize that the business is subject to variability related to the pandemic, which tends to be more pronounced at our international parks.

Now let’s turn to Slide 8 for Sky, which I’ll speak to on a constant currency basis. For the fourth quarter, Sky revenue decreased 2.5% to $5.1 billion as solid growth in the U.K. was offset by our results in Italy, where we continue to transition through the change to our Serie A broadcast rights.

Direct-to-consumer revenue decreased 1%, reflecting a modest decline in average revenue per customer relationship and overall customer relationship additions of 61,000 in the fourth quarter. This gain mostly came from a meaningful increase in streaming subscribers, primarily driven by seasonally strong entertainment content as well as a widely viewed sports schedule. The higher level of streaming additions in the quarter more than offset the level of customer losses we experienced in Italy, which were also better than we had anticipated.
In the U.K., direct-to-consumer revenue increased mid-single digits, driven by continued healthy customer additions, supported by record-low churn and higher average revenue per customer. Revenue growth benefited from growth in broadband and wireless, streaming and hospitality as pubs and clubs revenue has recovered back to 2019 levels. This was offset by a decrease in customer relationships and average revenue per customer in Italy, both mainly due to the change in our Serie A broadcast rights.

Rounding out the rest of revenue, content revenue declined 23%, driven by the change in sports licensing agreements in Italy and Germany. And advertising revenue increased 1%, with healthy growth in the U.K. and Germany mostly offset by a decline in Italy.

Turning to our EBITDA results. Sky's EBITDA increased 188% to $464 million, driven by our strong performance in the U.K. and improvements in Germany and Italy. Overall, the results reflect lower sports programming costs due to resets in our sports rights, partially offset by a change in sports rights amortization, which resulted in an increase of $130 million.

As a reminder, we announced this change last quarter. It did not impact our full year results, but it does impact the quarterly pattern of recognizing sports rights amortization costs, with expenses higher in the first and fourth quarters and lower in the second and third quarters.

I’ll wrap up with free cash flow and capital allocation on Slide 9. As I mentioned previously, in 2021, we generated around $15 billion in organic free cash flow, excluding the items I referred to earlier. Consolidated total capital increased 3.6% to $12.1 billion, largely driven by higher investment on our broadband network.

Looking ahead to 2022, we expect Cable CapEx intensity to stay around 11% and NBCUniversal CapEx related to the construction of Epic Universe to be up around $1 billion. Working capital was $1.5 billion for the year, a $1.3 billion increase over last year’s level, reflecting a post-COVID ramp of investment in studio content and our broadcast of the Summer Olympics, but less than we originally expected, largely due to the timing of content spend at both NBCUniversal and Sky and a faster-than-expected recovery of Theme Parks.

Turning to capital allocation. We ended the year with net leverage at 2.4x and returned a total of $8.5 billion to shareholders, including $4.5 billion in dividend payments and $4 billion in share repurchases. For 2022, as I said previously, we expect to continue to maintain leverage at around current levels, which I expect will support continued strong capital returns.

As we announced this morning, we are raising the dividend by $0.08 to $1.08 per share, our 14th consecutive annual increase. And our Board of Directors has increased our share repurchase authorization to $10 billion. This capital allocation policy will allow us to maintain the balance we’ve talked about, investing organically in the businesses, maintaining a strong balance sheet and returning capital to shareholders.

So thanks for joining us on the call this morning. With that, I’ll turn it back to Marci, who will lead the question-and-answer portion of the call.
Benjamin Daniel Swinburne - Morgan Stanley, Research Division - MD

I'd like to ask a question about the sort of first 2 priorities, Brian, that you laid out at the top. So on broadband, you talked about a balance between volume and rate. Obviously, the environment is tricky right now.

And maybe, Dave, you could talk a little bit about your philosophy on pricing, bundling with wireless, whether there's an opportunity to sort of let wireless pull broadband through, and how you think that sort of segmentation activity can help net adds? And any expectations we should have about net adds for '22 would be helpful.

And then, I think, for Jeff, obviously, after Netflix last week, the market's view on streaming has cooled a bit. No surprise. You guys seem to be pacing on ARPU well ahead of where you thought back when Steve presented the thesis a couple of years ago. Can you put sort of the business plan in front of us a little bit more so we can understand the incremental investment, the kind of returns you expect? And how does this translate into sort of growth for NBC, the company, over time, so we can get a little more context around your decision to step in this much.

Brian L. Roberts - Comcast Corporation - Chairman, CEO & President

Thanks so much. So I think demand -- let me just start higher level with what I think our principles are, and then Dave can get into the specifics of some of the more detail of that question. For broadband, just -- demand just keeps going up. That's the importance of the product. And I think we're incredibly well positioned to service our customers and monetize on the investments that we want to make.

And the industry penetration has continued to expand. But despite that, we think we have a long runway for growth. We still believe, with about 50% penetration in our footprint, that, that leaves us with the long part of the field to keep going.

And we also are expanding the field because we're able to grow the footprint and grow the addressable market, as I talked about, given extensions and government subsidies and some of the investments by the government in broadband. And we're going to evaluate every opportunity we have to accelerate our passings.

So from here, I expect the growth is going to be fueled by the strength of the network, focused on innovation and product differentiation. We're going to continue to improve our products to be best-in-class, increase our speeds and always enhance the customer experience.

And so our ability to compete and segment the customers and do it throughout the entire market, not just regionally, I think these are all the advantages we've got and why I think we're going to keep growing. But Dave, why don't you go into some of the pricing and volume and some of the questions that Ben asked?

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

Sure. Ben, so let me start with trends. So you asked about that, and so we're seeing a lot of the same trends we experienced at the end of last year, with connect activity remaining lower than what we experienced towards the end of last year. And one of key drivers -- other than seasonality just not being as normal, one of the key drivers of this is lower move activity. And when you look at external move data, which we track very closely compared to '19, this move data tracks fairly closely to our connect indexing.

So -- however, in terms of trending, the great news is churn. Churn is at record lows and continues to get better. So one other thing in terms of trending is our focus we talked about. We go after every segment, and we're going to also make sure we're competitive in the income-constrained segment. So it's early. But I think we've done a nice job marketing the benefits of the new ACP program. So in terms of trending, that's where things stand right now.

Mobile, I think it's a very good point and totally agree. Our mobile is key for us, in and of itself, is a great growth opportunity, but it's also very important to broadband. We talked a lot about broadband churn benefits. That continues, but we want to bring mobile value to every segment in every offer.
So as we segment the marketplace in broadband, whether it's a stand-alone broadband relationship, which is fine, but we're going to talk about broadband and mobile. And every single product and offer construct, we will deliver that. And we're simplifying and converging mobile offers just to make sure every single sales channel is optimized to deliver on these offer constructs. So look more in '22, but more of that as we go throughout the year.

And then last but not least is pricing. In terms of broadband, we've had a very consistent approach to broadband pricing. We've been competing for a long time and in all sorts of different competitive environments. And we focus on different levels of broadband speeds. We focus on innovation and surrounding broadband with product enhancements that are embedded within broadband like Flex. You get security, coverage, great gateway devices.

We just tested a device that points towards longer term, where we can deliver 4 gigabits in this trial symmetrically up and down. So we have a long road map of innovation that we feel very good about that will eventually go into pricing. So -- but our general approach is a holistic one in that we are not -- we focus on every single product area, but it's the total bill that we look at. And so that is our main focus, leveraging speed tiers, taking always a look at the total customer bill.

And from that perspective, we're a little bit lighter on broadband the last couple of years, including this year. And as in video, we take a little bit more in video because of the carriage renewals. You can see our pricing approach as we balance, just to your initial point, share and rate. We think we have a good formula. We've been competing like this for some time, and we feel good about this approach going forward.

Jeffrey S. Shell - Comcast Corporation - CEO of NBCUniversal

Ben, it's Jeff. So let me just give a little bit more color on Peacock. So going back to when we did our Investor Day, which was just over 2 years ago, we believe that the best model for us was an ad-supported model. And we plan to offer, and we did offer, back at that point when we launched 3 different ways to get Peacock: a free AVOD-supported model; a light -- $4.99 light advertising-supported dual revenue stream model with some more premium content; and then we offer -- also offer a $9.99 SVOD product.

At the time, we believed that the free AVOD product would kind of be our most popular and our leading product. What we found is that consumers are voting with their feet. And the vast majority of them are choosing the middle model, the $4.99 model, with more premium content and a light ad load, an ad load that's much lighter than linear and much lighter than some of our competitors. And that's resulted in some of the numbers that Brian and Mike laid out.

Our MAAs are 24.5, which is 75% of the way that -- to where we thought we'd be in '24 back then. We haven't really focused on paid subscribers, and we're already over 9 million people paying us real money. And when you add the fact that in Comcast territory and some other of our distributors, we offer this premium product bundled for free. And over time, those will convert to pay. That's a pretty favorable model.

And our ARPU has resulted in -- has responded. I think in our Investor Day, we expected to get to $6 to $7 in ARPU, and we're already approaching $10, as Mike said in his comments. So this is really favorable for us. And what we've done is we've invested behind this, as Brian said.

So we've put some more money into bringing our content back, our Pay-One movies especially from HBO, which are going to be coming back later this year. And that's resulting in the greater investment and the greater losses that were laid out, but we think also greater returns because this model, this dual revenue stream model, really mirrors our existing business. And we think that the peak investment year will probably be '23 based on our plans. And then the revenue growth will overtake the investment growth, and we'll start turning positive.

The most important thing to keep in mind is that we're playing really a different game than our competitors. We really believe that Peacock is not a separate business for us. It's an extension of our existing business, dual revenue stream. We are organized in our television business so that we run all of them together as one business. We program together as one business, picking the right model for each of our pieces of content that maximizes that.
And we think, over time, that’s not just going to lead to good growth on Peacock, but it’s going to lead to our TV business once we hit that peak investment period on Peacock returning to growth overall. So that we’re -- as Brian said in the outset, we’re #1 on NBC, we’re #1 on news. We’re -- our Studio is really strong.

We have, in my opinion, the top content company in the world. And we're using that strength, along with our business model, to really play a different game in streaming than everybody else is. And we're really pleased with our performance so far.

Operator

Your next question comes from the line of Phil Cusick with JPMorgan.

Philip A. Cusick - JPMorgan Chase & Co, Research Division - MD and Senior Analyst

So one follow-up and then a separate question. First, on the Peacock side, I think you have an opportunity to pull content back from Hulu this year. Does it make sense to do some of that as part of this Peacock investment? Or is this more organic?

And then second, on capital return, you have a $10 billion buyback authorization. Do you think that's a good guide for 2022? Or do you think it could be substantially different just given what you’ve outlined today?

Brian L. Roberts - Comcast Corporation - Chairman, CEO & President

Jeff, why don’t you start with the Hulu question?

Jeffrey S. Shell - Comcast Corporation - CEO of NBCUniversal

Yes. Thanks for the question. So obviously, much of our strong NBC content, as Brian mentioned, premieres on Hulu. And over time, we'd like to bring that back to Peacock. But any discussions that we're having with Hulu or we'll have with Hulu we're really not going to comment on. So there's nothing really to report at this time. Mike?

Michael J. Cavanagh - Comcast Corporation - CFO

Thanks, Jeff. So Phil, so on capital return, I would not take the authorization of $10 billion as a guide of anything, not trying to send a signal there. That's the level that the Board last authorized. We used some of that up, and we wanted to top it up as we started the year. And as you know, it's easy for us to go back when called for and quickly get greater authorization.

So what I'd tell you is what we talk about capital return and buybacks is Brian and I and all of us here have been talking about our excitement and the imperative of getting back into balance, where strong capital turn through dividends and buybacks, which has been a hallmark of this company over decades and decades, would be back on the table, along with keeping the balance sheet strong and obviously prioritizing making high-returning investments in our business, which we talked a lot about what's going on, on that side on the call earlier.

So I think it sets us up to be at the place we're at now back in balance, with leverage at 2.4. And I would point everybody not to a number I expect us to buy back, but rather the leverage level that I expect us to stay at, which is around this level of 2.4x.

I think that is going to set this company up for, in 2022 and beyond, very strong capital returns. And the number you guys all come up with is really just a function of doing your model for your own growth. I think we're going to grow EBITDA, but there's a variety of views there.
And I think we enumerated a lot of the areas from Epic, the park in -- theme park in Orlando to Jeff's commentary and my commentary on the expected losses of Peacock as we invest there. Yet that's to be funded out of cash flows that the business itself, NBC Media, will generate. So we think that's a very thoughtful way of funding the pivot to future growth in the Media side, to name just a few.

So -- and obviously, CapEx intensity of Cable, maintaining at around the 11% level, I think, is an important element for people to think about, with Dave having talked 6 months ago on this call about what he wanted to do to drive towards DOCSIS 4.0, which, I think, sets our network up for the future. So that's what I got for you on capital return. Hopefully, it hits it all for everybody.

If I can follow-up on one thing. You mentioned that working capital was a little lower in 2022 than -- for '21 than you expected. How should we think about '22 versus '21?

You know, I could make a quip, but your guess is good as mine. But really, it’s a hard number to forecast. It goes -- obviously, as we get back post-COVID and ramp up some production, I might tell you to expect it to trend a little bit higher than it was and get back more towards 2019. But I said that last year, and it didn’t happen.

So I will leave it to the point that it’s a number that’s -- we’re -- obviously, when we spend money on working capital, we’re expecting to get a good return. But I think somewhere in the range of where it’s been last year. The range would be where we were last year or higher up to where we were in '19 pre-COVID. But I'm not in a position to give you a prediction other than to give you some color.

One for Brian, one for Dave. Brian, on connected TV, what should we expect the next few years as guidepost for what you would consider success with your connected TV efforts? And now that you have some learnings -- early learnings with Sky Glass and XClass TV, do you have all the assets you need to be as successful in CTV as you would like to be?

Dave, on the wireless side, AT&T indicated yesterday what investors already thought, which is that the overheated wireless market net adds would slow in 2022. How does that dynamic -- or would that dynamic, a slowing wireless market, impact the pace of net adds and promotional strategy for Comcast?

And sorry, Dave, as part of that, now that you've reached full year profitability in that business, should we think the strategy going forward is to sort of invest in customer acquisition and sort of maintain breakeven or slight profitability? Or even though you're not reporting any more, should we expect margins to continue to improve on the wireless side of the Cable business?
But I think that’s the big picture answer that I would give, Doug, is that we see people connecting to our network in a variety of ways in the future. And different generations of customers have different needs. So from the great new WiFi device that Dave just talked about to what we can do with a new platform, whether that gets you into telemedicine, gaming, education, above and beyond all the entertainment that -- and news that we’re doing today.

And so when you play with Sky Glass or a connected television, you see the potential opening up. It also creates the potential for partnerships with companies that want to use that platform, want to extend their own products to different ways. So it creates relevancy for us with consumers. And our early learnings have been, I think, pretty spectacular.

So Dana, why don’t you take a minute and just -- what you’ll hear about Sky Glass also can relate to eventually XClass TVs. But Dana, over to you.

**Dana Strong - Comcast Corporation - Group CEO of Sky**

Thanks, Brian, and thanks, Doug, for the question. We appreciate it very much. I’ll just start by saying really pleased, 12 months in, with how Sky performed in 2021. And I’d like to highlight landing EBITDA at a 10% growth rate, really underpinned by the U.K., which continues to perform very well, with growth in EBITDA, revenue and customers and a good turn as we head out of COVID here. And we also have made the adjustment in our sports rights strategy very successfully in Italy and Germany, with both entities outperforming our expectations.

So I would say overall confidence in the Sky business as we walk into 2022 is feeling very good, feeling very confident about our growth prospects. And part of that also leads me to Glass because Glass is -- this will be our first full year in Glass. We launched in the fourth quarter last year just before. We’re really excited about it because it opens up new headroom for us.

So what I mean by that is, first, it opens up new customer segments as we move into an IP-based service. So it gives us the opportunity to sell to customers that previously couldn’t have the service because they weren’t allowed DISH’s. It opens up new customers who are more streaming-focused and value-conscious customers.

As we convert the cost of the TV into a monthly low-cost price point, like the mobile phone model, it opens up new value-conscious segments for us. And it’s important to kind of say that this is a really good retention product as it’s a 48 -- 24, 48-month contract. It also appeals to existing customers, and it really deepens our relationship with them. So we’re feeling really good about how it appeals to new customer segments and shores up existing customers.

The second big source of value for us is it’s a new ability to make a margin on equipment. So that’s a new headroom for us.

And the third area for us, and Brian referenced this, is a new platform. And what we mean by that is a new platform for innovation, for future services. So whether that’s syndication to new markets like our Foxtel deal in Australia or new services like fitness, watch together games and other things we’ve got in the hopper, we’re feeling like this becomes a continuous source for innovation to either drive retention or launch into new revenue streams, depending on what the service is.

We're off to a strong start. So we’ve got a great reaction from the market. In the launch phase, we focused on our existing customer base, our most loyal customers, as we always do on Sky. We’re really excited as we head into quarter 1 to open it up to general market more so and really start to step on the pedal.

So for us, as we enter into 2022, we really feel that Sky is in a strong position. We think that Glass is really off to a strong start. We’re feeling good across all of our products and markets. And we think Glass is a really important growth opportunity for the organization for all the reasons we just touched on. Brian?
Brian L. Roberts - Comcast Corporation - Chairman, CEO & President

Go ahead, Dave.

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

Thank you, Doug. A couple of things, and just following quickly on Dana's point. We're very excited, the Cable Group in the U.S., to focus in on that global tech stack and being able to pull off connected devices. And over time, we'll be opportunistic with what Dana is doing and that we're leveraging our organizations just brought over from Sky, working both with Sky and with cable Fraser Stirling that's looking across at all product innovation and now not only video, but also broadband.

And that global tech stack is really important for us, XClass TV. It's early, but every single aggregation point will be converged over time. So I think that's a real leverage opportunity.

On your point on wireless, I think the biggest thing, Doug, is that there's just so much upside for us. The way we look at it, every single broadband home is an opportunity. And every single broadband home should have at least a couple of lines.

So to me, the addressable market expands. And as we continue to build out and add more homes, just more opportunities. So we go after a converged approach with broadband and mobile. And it's a real opportunity to drive share. In and of itself, mobile is a great product. But when you add it together, it just gives value to every single segment that's unique to us that we can do differently.

So to me, '22 is a year of optimizing that. As I mentioned earlier that we're going to take every single sales channel, simplify the go-to-market approach with mobile included for every segment, whether it's income constrained right on up, there'll be a mobile component in everything that we do.

So I think that's just a really big opportunity over time. And you look at it from an operational standpoint, one bill, one app, converged features in and out, leveraging WiFi, there's a lot of opportunities for us in mobile. And by the way, we just launched it in business services and small business, and we're having great early success there. So mobile, I think, will impact just about everything we do.

One last thing, just a quick clarification for folks. When I was talking about trending, it was -- I was talking about not the last quarter, of course, I meant worse than 2019, 2020, but just to clarify that.

Operator

Your next question will come from the line of Jessica Reif Ehrlich with Bank of America Securities.

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

I have 2 NBCU questions. First, Theme Parks is a division, which seems to have the most upside for the company. And once demand turns, it tends to be just like a pent-up demand for years. So can you give us some color on like what the underlying -- what's going on underneath the surface? Are international visitors coming back yet? How much more leverage do you think you'll have in the Parks? And what's the timing of the Epic Universe opening?

And then the second question, I just want to do a follow-up -- ask a follow-up on Peacock. You came -- as you guys said, you came out of the gate with a different strategy, but a lot has happened in the last 2 years with increasing global competition.
So can you just talk about your longer-term goals? Do you want to be a global platform? You seem more focused on profit and subs versus some of your competitors. How do you think about -- I guess, Jeff said that you're managing the television business as one unit. So how do you think about differentiating content among your different TV businesses?

Jeffrey S. Shell - Comcast Corporation - CEO of NBCUniversal

Thanks, Jessica. So let me take those kind of in order. So first of all, it's impossible not just to be excited about our Theme Park business. We had a great year. We had a great fourth quarter, as Brian mentioned, in really across all the metrics of that business.

We haven't seen any impact of Omicron in Florida, for example, and very limited impacts, which would seem to be past in Hollywood and Japan. So everything is kind of going in the right direction. And even as we start the first quarter, continuing in that direction.

I think part of that, by the way, is because we continued to invest in our attractions during the pandemic, as Brian also mentioned, with VelociCoaster in Orlando and Pets in Hollywood and Nintendo, which is doing really well in Japan, has led that park to rebound really, really quickly. So all signs are pointed up in our Theme Park business. And I agree with you, we have a lot of growth ahead.

Our international visitation has not returned to what it was historically would be. In Florida, we generally are in the low 30s. Right now, we're just above 20, with most of that visitation now coming from the U.K. and Europe. Latin America hasn't returned yet. So we have upside there as people continue to increase travel.

And we're also, I should mention, very happy with Beijing, which is open. People love the park. And when travel opens up in China after the Olympics, we are really optimistic of that park long term. So everything is going well, and they're trending in the right direction.

Epic is full steam ahead. We're -- I was down there a couple of weeks ago and the construction is going really well. And I think we've said this in the past, but we expect that park to open in '25, and certainly in time for the summer of '25. And we'll be back to you and everybody when we get more granular on the date.

Brian L. Roberts - Comcast Corporation - Chairman, CEO & President

Yes. Just on that point, if I look back over COVID, one of the things I wish we could redo was slowing down Epic because I agree with your -- both what Jeff's saying and with your point, Jess. This is a business that if you build wonderful attractions, there is pent-up demand. And we're going to make a fabulous park at Epic, and we're full steam -- we're going as fast as we can now to make up for lost time.

Jeffrey S. Shell - Comcast Corporation - CEO of NBCUniversal

Yes. Turning to Peacock. So let me just first say that we believe, as everybody else does, that you need global scale, ultimately, to compete in the streaming business. That is clear, both in terms of your content spend and your technology and brand spend. Like everything else, we're taking a little bit different approach than everybody else.

First of all, if you look at where we are today, just like Comcast put their shoulder into Peacock domestically to get us where we are. Without Sky, we would have been in a much different place. With Sky, which has launched Peacock in the U.K. and Germany, thanks Dana, and is launching in Italy later this year, combined with the SkyShowtime joint venture that we have, we believe those -- all of those territories get us with the U.S. to 70% of the overall streaming market. Because remember, you can't launch streaming in places like China. There's parts of the world that just doesn't work.

So the real question is how we get to the next 30%, and we're going to be disciplined about it. We're going to look to partnerships and really on a bespoke country-by-country basis of how we expand internationally. And we're going to get to global scale, but we're going to look to do it really probably in a more measured country-by-country way and optimistic that we can get there.
And then lastly, your question on content is an interesting one. We believe very strongly that windows matter in the content business. Windows matter in the movie business. Windows matter in the TV business. When you take a piece of content and you put it on different platforms, sometimes you get a new user base, which then feeds into demand back in your original platform.

And we're going to use the strength of our platform to optimize across each piece of content and give each piece of content the biggest chance of success. So it's not really a science. It's more of an art where we think content can work.

And you'll see content from us going across multiple platforms in multiple ways. And we'll really look at it for each piece of content, whether we think it can drive Peacock subscription, which will start on Peacock, or whether we think it can drive reach and will start in NBC or some of our linear platforms. So hopefully, that answers your question.

Operator

Our final question will come from the line of Craig Moffett with MoffettNathanson.

Jay Li - MoffettNathanson LLC

This is Jay Li on for Craig Moffett. On broadband, could you talk a little bit about what you're seeing competitively in the market, whether it's fixed wireless or fiber?

And then in the context of share buybacks, can you give any color on the expectation of Peacock content spend in terms of incremental versus reallocation that you mentioned earlier in the call? And then it sounds like you're doing a bit more edge out on the Cable side and any impacts in terms of pace and impact on CapEx there as well.

Michael J. Cavanagh - Comcast Corporation - CFO

Yes, it's Mike on the last 2. Peacock, we kind of covered the color there. The expectation that losses this year with the investment net of what gets reallocated via Peacock, loss of $2.5 billion is the likely number, we think. And then on Cable, the 11% CapEx intensity that we talked about is all-in for the -- all the initiatives Dave described.

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

So on competition, really, hasn't been a notable shift in the competitive environment from either fiber or fixed wireless. Still very competitive, plenty of activity going on in terms of overbuild. And we've been at it for quite a while. And by the way, including fixed wireless, where the earliest market launches, we -- it's almost 3 years since we've competed against those early launches in fixed wireless.

So -- our game plan is to anticipate where and how competition happens. We have a constantly evolving playbook, and we're -- the key point is we're growing penetration where we compete against both fiber and nonfiber.

So we take it seriously. It's -- we look at each one of the areas, all the varieties of overbuild fiber and fixed wireless. And our goal and the game plan is to focus on our ubiquitous network advantage that we have, not looking at our competitors so often at a very local level have to make trade-offs on their network decisions.

Our DOCSIS 4.0, DOCSIS game plan is a very robust one, puts us in position to deliver capacity and speeds on every application that's out there. Our goal has always been, I mentioned earlier, to develop a better product and deliver it. That's very different from our competitors where you just add value and now including mobile. But we just have a different broadband product that's better in terms of overall speed and coverage and WiFi.
When you pull it all together, the net of that is a ubiquitous, better product. And we're delivering more passings. And so as competition talks about that, we're adding passings and did a really nice job the last handful of years, and we'll continue to do that. So our goal is to stay ahead of every single application that's out there and deliver the best broadband service, and we feel like we're in a good position.

**Marci Ryvicker** - Comcast Corporation - SVP of IR

Great. That will conclude our fourth quarter 2021 earnings call. Thank you, everyone, for joining us.

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

Thanks, everybody.

**Operator**

There will be a replay available of today's call starting at 12:00 p.m. Eastern Time and will run through Thursday, February 3, at midnight Eastern Time. The dial-in number is (855) 859-2056, and the conference ID number is 2698862. A recording of the conference call will also be available on the company's website beginning at 12:30 p.m. Eastern Time today.

This concludes today's teleconference. Thank you for participating. You may all disconnect.