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PRESENTATION

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

Okay. We're going to get started. Good afternoon, everybody. I'm Ben Swinburne, Morgan Stanley's media analyst. There are some disclosures on Morgan Stanley's website, which you can check out regarding my personal holdings and other disclosures.

We are really excited to welcome to the conference, I think, for the first time, Comcast Corporation and, in particular, Jason Armstrong, who is the CFO, became CFO of Comcast in January. Jason, good to see you, and thanks for coming.

Jason S. Armstrong - *Comcast Corporation - CFO*

Ben, thanks for having me.

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

Great to have you.

QUESTIONS AND ANSWERS

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

So maybe we could start, if I think back to the beginning of this year when you became CFO, one of the things that Comcast did was sort of re-segment the whole company, which I think the goal -- one of the goals, I believe, was to allow us on the investor analyst side to sort of better track how the businesses were performing and how the overall company was growing. Could you just sort of step back and talk about the things you see as growth drivers, the areas that clearly are headwinds and try to pull it all together for us in terms of what the overall growth outlook for the business is?

Jason S. Armstrong - *Comcast Corporation - CFO*

Yes, it's a great question. It's a good way to sort of frame what we did earlier this year. So we re-segmented the company sort of along 2 categories: one being Connectivity & Platforms, the other one being Content & Experiences, which was sort of a logical way to organize the different businesses. As we think about them, one of the things that came out of that, which was a bit of an aha moment for us, but how do we go articulate the company more broadly.

We have, within that, 6 key growth drivers, right? And beauty of that is it's 6, it's not 2. We have broadly scaled and diversified growth drivers. And if you look at the growth drivers, out of $120 billion in total company revenue, these 6 represent sort of a run rate of $70 billion out of that, so well over half. These 6 have grown this year at a high single-digit rate in aggregate. And the other $50 billion are businesses that we're managing for profitability. They're good businesses, but we're in a mode of managing for profitability and being really careful around cost discipline.

So, as you unpack the growth drivers for us, there's sort of 6 categories, as I mentioned, broadband, business services, wireless, our theme parks, our streaming service and our studios and premium content. So, I'm sure we'll talk more about each one of these. But just to hit them quickly to go down the list, broadband, we feel great about the broadband business. It's the biggest growth driver we have. It's sort of 40% of that overall growth category. And we've got a base of 32 million subscribers in the U.S. We've got 7 million over here in Europe, predominantly in the U.K.

The U.S. base has been relatively flat this year in terms of subscriber growth. So it's been right around 32 million. It's a competitive environment, which I'm sure we'll get into. But we've grown ARPU 4% against that base. And so when that's your starting point, that's about $1.2 billion of high-margin revenue growth that's flowing out of that category.

In wireless, we sort of consistently been right around 300,000 net adds per quarter. Really good runway there, really good underlying MVNO we have with Verizon and I think works for sort of both partners, but ample opportunity to continue to grow that as we're only 10% penetrated of our broadband base, which is largely where you should think about us selling that into.

Business services was a category for us that 15 years ago didn't exist. It was sort of a logical extension of our network to go into small business and then extend from there. At this point, it's a $10 billion revenue business that generates 60% margins. So incredibly healthy business. I would tell you, we think the addressable market in the U.S. alone is well over $50 billion, and we think we're in the market with better products and services. So that's a business that continues to be a strong growth business at really high and accretive margins for us.

Theme Parks, we've grown double digits this year. We just -- we're coming off a record quarter. Third quarter was an all-time record high for theme parks. And we've been investing aggressively in that business to sort of constantly refresh the attractions profile, and it's working.

Streaming were -- we were, admittedly, I think, late to the game with Peacock. It was a prolonged period of time. Hulu is the streaming strategy for a number of the U.S. entertainment companies. And then all of a sudden, it sort of couldn't be for us because there was a 2/3 owner sitting on the other side. So Peacock was formed and launched 3 years ago. But 3 years later, we're 30 million -- close to 30 million paid subscribers in the U.S., generating a very healthy $10 in ARPU per month with good engagement characteristics, good and better churn characteristics than we've had. So, Peacock off to a really good start.

And then finally, studios and sort of premium content, our film studios have had just a terrific year. We are #2 in the box office this year. We've got 3 out of the top 5 films. And a lot of this is just decisions we made to continue to fund and sort of constantly invest in these businesses.

So if you look at them in aggregate, the $70 billion of revenue, and contrast that to the $50 billion of revenue on the other side, this is a margin-accretive trade-off for us. The businesses that are growing on average are the higher-margin businesses. The businesses that are shrinking are lower-than-average margin businesses. And so what you've seen this year on a revenue growth rate that's been in the low single digits is an ability to grow EBITDA at a rate higher than that. It would generate a pretty substantial margin expansion and had good operating leverage in the mix from the mix shift that we have going on.

And then bring it all the way down to the bottom line on earnings per share, through the first 3 quarters of this year, we're at double-digit earnings per share growth. Part of that from healthy EBITDA growth, part of that from share buybacks, which have been substantial for the year.

So we think we've got a really good formula. We think it takes a little bit of unpacking to get to here-- here are the growth businesses versus here's what's not growing. But this mix shift over time, right, it's 55% to 60% of what we do is in the growth categories. Now you can fast forward a few years, it will be 75% of what we do is in the growth categories.

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

Right. No, that's a great way to start the conversation. Thanks for unpacking that. We'll get into all of those businesses, the 6 and the other ones as well. But I wanted to first just ask you about M&A and capital allocation because whenever an asset is being talked about, a potential target, Comcast is always brought up as someone who might be a buyer. It came up on the earnings call as well. As the CFO and having been there for a long time, how do you think about sort of Comcast leverage, capital allocation and, just in general, the sort of acquisition appetite for the company sitting here today?

Jason S. Armstrong - *Comcast Corporation - CFO*

Well, I think it's the -- there's a couple of things that put us in that category. You're right, we are always attached to things, whether we want to be or not. And part of it is balance sheet. Balance sheet is in great shape. We're 2.3x levered. That's a firmly investment-grade balance sheet with low cost of capital, substantially elongated duration of our debt portfolio. And I think we're viewed as being good operators. So that, by nature, is going to put you in the mix for assets, whether, again, whether we want to be or not.

I do think one of the things we keep pointing to a couple of years ago, we did a small tuck-in deal for a company called Masergy. That was a tuck-in deal in business services. And the beauty of that deal was we've got kind of a scale base in business services, but we're missing certain capability sets that we just haven't been able to produce internally.

And so when you get an opportunity to look for a business that actually happens to be a product leader, a category leader, but doesn't have the scale, hasn't been able to scale, it's sort of the perfect marriage between what Comcast business is and integrating these assets in, which both expanded our addressable market, but both -- but enhanced the sales cycle and capabilities we could go after. So I just bring that -- it's a good example of a tuck-in deal.

But I would step back and back to the answer on the first question, when you have 6 growth drivers to go invest in, which we're spending a lot of capital, whether it's network augmentation, whether it's additional theme parks, investing in streaming, the beauty of 6 diversified growth drivers is there's a lot to invest in organically, which sets the bar really high for inorganic stuff.

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

Okay. Well, that's a good message. It's a good way to frame it. Okay, let's talk about the businesses, and let's start with connectivity, let's start with broadband. We've -- actually, U.S. cable has come up a bunch in this conference already because Deutsche Telekom was here yesterday talking about the strength that T-Mobile has had. Verizon was here talking about their fixed wireless business.

So, consensus is expecting you guys to have modest losses in broadband this year and next year. How would you describe kind of the state of the U.S. broadband market? And maybe more particularly, what's Comcast's strategy to sort of maximize the opportunity ahead?

Jason S. Armstrong - *Comcast Corporation - CFO*

Yes, I think the -- I would step back, the overall health of the broadband market, which I think is probably where you should start the conversation, it's a very -- it's a competitive market, but it's a very healthy market. And in that, I mean customers are doing more on our network. They're hanging more devices off our network. There's more and more, whether it's sports moving to streaming, sort of hybrid streaming or streaming only, this is -- already it has a place in the consumer hierarchy that's at the top or near the top, and that's not changing. If anything, it continues to move higher just given the usage patterns that you're seeing in households. And that's a great thing for our business. So I'd start there.

I think in the competitive environment, there's sort of 2 different factors that have been impacting us. There's fiber, which has impacted us for 20-plus years. We used to not compete against fiber. And for the last 15-plus years, we have competed against fiber. It made its way into, call it, 45%, 50% of our base. We see fiber in almost half of our footprint.

By the way, we know how to compete against fiber. We've competed against fiber for a long period of time. They tend to take a decent amount of share upfront and then we reach an equilibrium and then we actually start to get in win-back mode. We've sort of consistently seen that against fiber launches. But nonetheless, it's a strong competitor of the long term.

The 50% or so of our territory now will go to 60% in the next couple of years, and it probably won't stop at 60%. It will go beyond that. But that's very much a known quantity. We know how to compete. We know how they calculate returns. The newer entrant, if you will, has been fixed wireless. And that's been in the market for a couple of years at this point. You're seeing between mostly Verizon, T-Mobile, maybe to a lesser extent, AT&T, although they're in the mix a little bit now, you're seeing that category add about 1 million subs per quarter. And that's been in place for the last several quarters. I would predict it's probably going to continue to be in place for the next several quarters.

But that drives us to say, how do we compete in this environment? When we look at fixed wireless, it is taking share at the low end, for sure. And our priority managing a base of 32 million subscribers has been in an environment like this, where eking out the next 100,000 subscriber additions becomes more challenging. The best thing we can do is sort of manage rate and volume and get that balance right. And I credit the team, Dave Watson and his team, I think, have done a really nice job of that this year.

So, we've grown ARPU despite the competitive environment. Over the first 3 quarters, we've been right around 4% ARPU growth. So back to what does that mean? That means close to $1.2 billion in incremental revenue that comes into the system at very high margins. And if that's how you're managing the most competitive environment you've seen in a long time and that's what you're able to produce, that's a good outcome while you position, hopefully, for what sits on the other side, which is fixed wireless sort of rationalizes. It will have a place in the market, but it's a niche place, we believe. And hopefully, we're in position to be on the other side of this where we can ramp up volumes again and have a volume story. But for now, we've got a very solid pricing story.

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

It's been a little bit of a rollercoaster this year, certainly the last few quarters on the stock price reacting to some pretty small changes in the actual numbers. But in the second quarter, you guys had a -- you outperformed expectations, you added customers, and I think there were some offers at the lower end, which you just touched on that may have helped.

It seems like you backed away from that in Q3. I'm sure investors and shareholders like small adds better than small losses. Why not continue some of those lower-end promotions to sort of drive some growth? How do you think about sort of -- I know you just touched on it a little bit, but sort of the puts and takes around promotional activity.

Jason S. Armstrong - *Comcast Corporation - CFO*

Yes. Well, I think these are smaller changes on the edges. As you know, we don't release what churn is in broadband. But if you're in super rough terms, if there's $2 million coming out, $2 million coming in, in a quarter, then small changes. When you're talking about 20,000 subscribers against the base of 32 million, tough to be all that fine-tuned.

But we were -- we are constantly trying to go, what I think Dave and team would say, as pulse offers into the market, right, and see how we can compete in certain segments, but with an eye towards are we changing the acquisition mix unfavorably or are we putting the base of 32 million customers at risk in terms of tiering down. And so it's a constant balance. We're going to constantly have offers in the market where we try to test that balance and see if we can compete without cannibalizing.

I think we've had different offers in the market over the first half of the year. By the way, we'll have more offers that sort of look like that as we continue to test how we compete here. But most importantly, I think as you said and you've written in your research, we probably have the same view, protecting ARPU growth in an environment like this is, I think, priority #1, and we've delivered on that this year.

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

Is there anything you'd take from the success fixed wireless has had, which I think everyone in the market, buy side, sell side, et cetera, probably underestimated the impact that it would have in the marketplace. Anything that you, as a company, you guys take away from this as you plan the strategy over the next few years?

Jason S. Armstrong - *Comcast Corporation - CFO*

Yes, I think on the strategic side, we're -- trust us to play our game, which is we're going to continue to move the network ahead. We're going to continue to welcome people doing more on the network. We've got 1/3 of our base on plans that are over 1 gig. We've got the vast majority of our base on plans that are over 400 megs, which is a healthy amount of speed, and we'll continue to move that higher. We've got the average broadband-only customer using something like 700 gigs a month on our network, and that continues to grow at a pretty healthy clip.

Those are all good things, right? And so I think you're right with fixed wireless. I think a lot of folks probably underestimated in how far actually can you sell into this and is it really excess capacity, which I think there's still probably an active debate on. But nonetheless, it's here. I think it's here to stay. I think it's going to carve out a more permanent niche in the U.S. market, but I do think it will be a niche.

I think when you think about our network and the amount of investments we're making to try to take our network to multi-gig symmetrical, which we'll do in the next couple of years and how that compares and contrasts to fixed wireless, when fixed wireless has to sort of explain the businesses, it's excess spectrum, excess capacity we're selling into, and we'll fine-tune the network on a cell-by-cell basis to try to get our mobile traffic peak patterns in line with our fixed wireless peak patterns. And hopefully, those 2 sync up and are perfectly organized.

It's a tough -- I find that to be a tough conversation because our priority is we want Ben to be able to use as much of the network whenever he wants, right? We would love for you to go from 700 gigs to a terabyte. And we are, we think, have the lowest marginal capacity to go serve that. So secular trends, I would tell you, we think are our friend. To the extent more sports are going streaming, to the extent that's in 4K or ultra HD and that's the way the world is going, we can handle that at a substantially lower cost than peers.

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

Make sense. What's the opportunity in mobile for Comcast? I think there's still a debate in the market over sort of whether the MVNO model is the right model. And also what success is for Comcast in wireless, wireless EBITDA, pulling along broadband? Are those -- is that a false choice? How do you think about the opportunity in wireless for you guys?

Jason S. Armstrong - *Comcast Corporation - CFO*

No, I think that's -- there's a little bit of that for sure. I think wireless is in -- it's 1 of the 6 key growth drivers we have. It's a terrific business. It has really good stand-alone economics. It's a profitable business for us with a healthy margin and a growing margin. It's a business that attaches well to broadband. So, whether that's as an acquisition tool or a retention tool, it's a business where we have strong economics, but what we're delivering to the consumer is a really good value.

If you look at where we are in service plan pricing relative to the industry, we're at a substantial discount. So, it's our way of delivering value, but doing that in economics that make sense for us and a business that has a decent margin profile attached to it. And we can determine whether we want to drive that margin higher or whether we want to use it as a competitive lever and go reinvest. Those are great decisions to be able to make.

It's a business that scales well for us. So we're not having to make network trade-off decisions to advance this business. If you think about it, the only gating factor on this business is broadband penetration because wireless is going to be attached to broadband. That's what it's ultimately sold with. And right now, we're 10% penetrated on our broadband base.

So, I would tell you this is firmly in the growth category for us. We've been doing 300,000 subs a quarter. We think we'll have the opportunity to probably accelerate that. And if it's 10% of our base right now, it should be multiples of that over time. So I think we're excited to continue to build into this.

Then you get into, is our strategy the right strategy? We really like the capital-light MVNO strategy that we have. We've got a terrific partnership, we think, with Verizon. We have an opportunity to have ample margins. I think for them, the opportunity is this is substantial part of the revenue and EBITDA growth. It's part of -- it's a business that others in the industry, you can imagine, look at and say, we'd love to have that business because it's an accretive business to what they do. It's a reasonable gross margin and then no acquisition cost.

So it kind of works on both sides, but for us, it allows us to enter into the market in a capital-light way. But also, if you think about the advantages we have relative to our broadband footprint, ubiquity of our broadband footprint, but also the distribution we have at the edge where we have modems with dual SSIDs and, hence, hotspots everywhere, if the wireless industry averages sort of 17 gigs per mobile customer in terms of what they're doing actually on cellular capacity every month, we're substantially lower than that.

And so that provides us with an advantage. But then we can go decide over time to the extent we want to press that advantage and with a spectrum position that we have and the ability to go build out hotspots, if we have really concentrated traffic, we can make unique decisions over time to go offload more under our own network. So it's a business that we feel like we're in control of, has healthy margins, we'll continue to grow margins, packages well with broadband. So we're really excited about wireless.

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

It seems like the convergence offers you have in the market are a real differentiator, particularly the fiber versus your fiber-only competitors. Why not get more aggressive? I think Dave mentioned on the earnings call, you had some trials maybe in the market in the fourth quarter with some free lines, maybe some handset subsidies. Can you just talk a little bit about getting more aggressive and what you're thinking there?

Jason S. Armstrong - *Comcast Corporation - CFO*

Yes, I think it's a fair question. We've been right around 300,000 for a considerable period of time. I think we'll probably accelerate that a little bit. You'll see a little bit of that in the fourth quarter. We do have some new offers in the market. There's a buy one, get one line that we have that sort of started out in test phase, and we've moved more broadly than that.

I also think people tend to do the compare and contrast versus Charter. They're a peer of ours. To the extent they're doing really interesting things, we -- there's nothing that stops us from being a fast follower. I think if you look at the history of this relationship, we were the ones that negotiated this wireless deal-- MVNO, we're the ones that launched first. And so there's a lot of things where they learned from us.

But to the extent they're doing something really interesting with what they've been doing for the last year in accelerating their subscriber growth, we're coming up on the 1-year mark, where people are going to get a test to that. What percentage of the subscribers stick around versus what percent don't. To the extent that plays out favorably, we can be in the market pretty quickly with something like that. So we're looking in anticipation of kind of what the results are from the back of that. But I think you're right, we potentially have the opportunity to really accelerate.

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

Okay. Great. Just going back to the beginning of your -- of our conversation, you talked about kind of low single-digit revenue growth and double-digit earnings growth. I think one of the areas that I get pushed back sometimes on the sort of Comcast growth story is how to sustain that. And that takes us to sort of the margin story at connectivity and what you guys are able to do on the expense side.

So you touched on mix shift, which I think is pretty intuitive, and maybe spend a minute on that. But talk a little bit about some of the more shared costs like customer service, marketing, tech ops. I mean these expenses have been down in dollars, which feels like more than just mix shift, but I'd love to hear your answer on how we think about the sustainability of the margin expansion in that business.

Jason S. Armstrong - *Comcast Corporation - CFO*

Yes, I think we think it is sustainable. But I think to get there, you unpack it and can assess for yourselves. Number one, you mentioned it's the mix shift in the business. The higher margin businesses are the ones that are actually growing. So that's broadband, business services and wireless, sort of that category on average are higher margins than sort of the core business.

So, I think mix shift is a really big driver of potential margin expansion. That's what you've seen over the last few years, that's what you'll continue to see. But then I think there's cost discipline, there's efficiencies, there's how do you go make life easier for your customers and, hence, eliminate interactions with them that they don't want and we don't necessarily want from a cost perspective.

And within that, we've seen -- I think we reported 6 different categories of expenses in our connectivity business. 5 out of the 6 move backwards on an absolute basis in the last year. The only one that grew is our direct product costs, which are the costs that are MVNO costs or the cost of Sky to support the connectivity businesses there. So those are all costs associated with the growth categories. But if you look at the other 5, they were backwards year-over-year. And I was looking at this the other day, so since 2017, our truck rolls are down 50%, 5-0, which is just a massive percentage.

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

On a larger customer base?

Jason S. Armstrong - *Comcast Corporation - CFO*

On a larger customer -- on a larger number of customer relationships, that's right. Our call center interactions, our broader customer interactions, which are predominantly call centers, down 40% in that time frame. So we're doing a really nice job of sort of taking interactions that neither side wants out of the system. And Dave and his team have done a nice job of that.

So, when you put these together, the mix shift and the cost discipline and the changing the shape of the customer interaction, these are all structural, which to me suggests there's ample opportunity for them to continue for the foreseeable future.

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

Great. Last on the cable business, you mentioned it earlier, you guys are upgrading your network, on your way to DOCSIS 4.0. So as we come out of -- as you come out of 2025, the network will be in an even stronger position than it is today. What does that do for you competitively? I know you're not going to predict the fixed wireless rollover that I think people are focused on down the road. But what does it give Comcast to have the network upgraded? And anything we should be thinking about that might drive CapEx up or down meaningfully between now and then?

Jason S. Armstrong - *Comcast Corporation - CFO*

Yes. I think the team has done a really nice job sort of managing capital, but not doing it in a way where they're being restrained by a certain CapEx intensity metric. Instead, we're going as quickly as we can on network upgrades. So our path towards mid-splits in DOCSIS 4.0, and we are going faster at this point on new home formation, builds into communities that we don't currently serve, so we're doing both of those.

But to get into the sort of the network CapEx and what it looks like, we sort of have 2 big categories. One is under the label of scalable infrastructure, sort of rolls off the tongue, but that's largely augmentations to your existing base. So it's taking how we serve you right now and augmenting that to deliver you faster speeds, better in-home coverage and do that over time. So we're in the middle right now of mid-splits in DOCSIS 4.0. That's a lot of technology that basically says we're going to multi-gig symmetrical in the household.

And we're already starting that. We're 1/3 of the way through mid-splits. We've actually launched DOCSIS 4.0 in the last couple of months. So we're out of the gates on that and expect to scale that across our base in the next several years and sort of have ubiquity of multi-gig symmetrical in every home, which I think is important even back to the fixed wireless discussion. The ability for every home to have access to the same experience and ubiquity in your network is an important one. So that's our augmentation CapEx.

The other form of CapEx we have on network are line extensions. And so that's our way of either building into new communities or subdivisions that are new home formation in our territories where we have the kind of right to serve or it's us taking on areas we haven't previously served, whether it's more rural or whether it's edge out, same with the competitive territories in suburban markets, and we've accelerated that this year as well.

So last year, we did -- for 2022, we did 850,000 new homes passed. This year, we came into the year saying we do right around 1 million. We updated that and said we'll do over 1 million. And I would look for us to probably improve on that number even as you look to 2024, and we'll have opportunities to continue to be at kind of elevated rate of build.

So we're doing this all in the context of, if you look at the CapEx intensity budget, we've seen customer premise equipment come down a little bit. That's sort of the third bucket. But network spending, whether it's augmentation or line extensions, go up against that. But still within an envelope, it's right around 10% of sales. So CapEx intensity right around 10%.

We've been there actually for the past few years. As I said earlier, we're not managing to that number. That's an output. Our teams are going as fast as possible. And if they come back to us with another 500,000 homes passed that they'd like to do at accretive economics, then that's a -- that will be a great discussion to have, and we'd probably welcome the discussion. But right now, the envelope has been right around 10%, and I think I'm very happy with the progress we're making.

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

Okay. Great. All right, let's turn to the -- almost said NBCU segment, the Content & Experiences. I want to ask you about parks, right? So parks is the biggest business from an EBITDA point of view over NBCU, $3 billion EBITDA run rate. It's performed really well coming out of the pandemic. But it's a cyclical business, and there's a lot of concerns about the macro and the economy and the U.S. consumer. What's your perspective on the growth outlook for your Parks business sitting here today, looking out over the next couple of years?

Jason S. Armstrong - *Comcast Corporation - CFO*

Yes. I think parks is just a real bright spot in the portfolio. So we had just -- we're coming off a third quarter which was a record third quarter, best quarter in the history of the Parks division. They've grown EBITDA in the, call it, kind of double digits this year overall in parks. And I -- this is one where -- to go back to the opening question, the growth drivers and then marry it with capital allocation, this is a great example of -- the fruits of what you're seeing right now actually are rooted in the pandemic, which is an odd thing to say, but there were decisions made through the pandemic. They were tough decisions.

You're operating a little bit in the fog at that point, in particular, we had 2 businesses. Think about it, movie theaters and parks during the pandemic were -- both were closed, right? We went from making billions of dollars in parks to losing a decent amount in parks all of a sudden. And when you're in the fog like that, it's sort of -- you fall back on, do you have balance sheet, cash flow, long-term orientation in your thinking. And do you trust that the experiences that people want in parks or in theaters are going to come back.

And credit to Brian, Mike Cavanagh, the team, the decision was we're in -- this is actually a time when we're investing even more, right? And so Epic Universe, through that time period, we had to pause it for a brief moment, but got back going pretty quickly. And then really refreshed the attractions portfolio and continue to refresh it, assuming and banking on the customers' demand for experience on the back of a pandemic is going to be substantial. And that's exactly what's played out.

If you look at our parks right now, we have brand-new attractions in Osaka with the Nintendo attraction. We've got new Nintendo attraction in Hollywood. We've got the VelociCoaster, new coaster in Orlando. And we've got a pipeline from here that with -- that all sort of is the journey to

2023. But if you look at the journey beyond, we've got a new Donkey Kong attraction coming in Tokyo -- or in Osaka next year. We've got Epic Universe, which is the largest U.S.-based park to have been built in a very long time. That will launch in 2025 in Orlando. It's going to have sort of 5 different worlds that are all incredible.

We've got things coming in Hollywood from a new coaster. We've got a horror-themed sort of attraction in Vegas coming that plays off of Halloween Horror Nights. We've got a smaller park that we're sort of testing for the younger kids. It may not fit exactly with what we are in Orlando and Hollywood, but it's sort of a smaller park concept that we can roll out that we're doing in Frisco, Texas that will launch in 2026. So we've got a pipeline that we've invested in from here.

And the roots to this, again, through the pandemic, the stability in the company when, through the pandemic, actually, broadband was doing incredible. Everybody was at home all of a sudden and working from home, schooling from home and the benefits accrued to the best network operators, and that was us, right? So we had a year where we added 2 million subscribers through the pandemic. We had never done more than 1.3 million. At the same time, broadband was benefited. There were real questions in parks and studios, and that was actually a real time for us to invest and trust what was going to come out the other side.

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

So you remain bullish on the Parks business here looking out?

Jason S. Armstrong - *Comcast Corporation - CFO*

We do. I can't wait to have you down to experience all the new attractions we have.

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

Yes, looking forward to it. So you mentioned the studio. So you guys have had a great year. Trolls 3, I think, is that opening tonight? Tomorrow? Something like that.

Jason S. Armstrong - *Comcast Corporation - CFO*

It is, yes, actually, 17th. There we go.

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

Going straight to the premier from here? But the industry has gone through quite a year. I mean the strikes finally have ended or are in the process of ending, but there's been production shutdowns, et cetera. How do you -- how should all of us think about the growth ahead for the studio from here? And in particular, anything we should be thinking about, about how the production shutdown may impact profitability or revenues as you sort of come back into producing content again at a full clip?

Jason S. Armstrong - *Comcast Corporation - CFO*

Yes. I think it's been a terrific year in the film studios, you're right. So we've been #2 in the box office for each the past 2 years, as I mentioned. We've had 3 out of the top 5 films this year, including Mario, which ended up as the #2 animated film ever, just behind Frozen, but incredible accomplishment there. We had another -- the latest in the Fast & Furious franchise this year that did well. We had Oppenheimer over the summer that substantially exceeded expectations and was just incredible.

And this is, again, back to the pandemic when it was unclear what was coming out the other side, and everybody was making decisions around box office versus streaming and day-and-date decisions. The ability to kind of see through that, stick to your knitting, have a plan for the other side and to consistently invest in sort of creativity and originality and be the home for that accrued us a lot of benefits. Actually, we were able to attract some key creative talent through that time frame when others were wobbling a little bit. So we're seeing the fruits of that now.

As it relates to 2024, but maybe even before that, you're right, Trolls is coming out imminently. So everybody should go see that. We've got another one -- so Trolls is from DreamWorks. We've got another one called Migration. That's the latest installment from the Illumination entity that sits internally. That's the home of Despicable Me and Minions and Secret Life of Pets and Sing. So Migration will be the next one. It's going to be great. It launches right around the holiday time frame. So that rounds out this year.

And then as you think about 2024, we have the next Despicable Me coming. We have the next Kung Fu Panda coming. We have Wicked. We have Twisters. So really good pipeline for 2024. The strikes and whether they're -- that creates a little bit of uncertainty on the actual dating, I think that's probably valid. So things may be moving a little bit. But nonetheless, I still think that's going to be the pipeline for 2024. So whether there's a little bit of movement in that, yes, probably, but we're super excited about what we have coming.

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

Great. Maybe just to round out on the NBC side. There isn't a lot of debate over the pressures that the linear TV industry is seeing, including the NBC networks. I know you're navigating that. Peacock, you guys have articulated those losses have peaked and start to come down. But this is an area that gets an outsized amount of attention from investors or potential investors in Comcast. So what can you tell us about the outlook for sort of the television assets at NBCU? And how you think about the long-term potential for these businesses given where they are today and where I think we all know linear continues to trend?

Jason S. Armstrong - *Comcast Corporation - CFO*

Yes. I think the history of NBCUniversal is one of sort of leading reach and leading engagement. And if you take that to sort of the current state and what the portfolio looks like, it's Sunday Night Football, it's Olympics, it's Premier League, it's Big Ten; and the entertainment portfolio, it's the Chicago series, it's Law & Order, Saturday Night Live, Poker Face on Peacock. And so as you think about this, you think about relevance there. Are you still relevant to the consumer? And I would say our relevancy is just as strong as it's ever been.

Now you think about, okay, how do you navigate a linear to streaming transition within that? It starts with, are you relevant? That's a very good starting point to have. And then you get into, do you have -- are you sort of managing the business as one, which we are. And do you have flexibility in programming decisions where you have the rights to sort of think about, do we want to put this on linear? Do we want to put it in streaming? Do we want to have it sort of simulcast on both? And we have all those decisions sort of at our discretion.

So when we think about the transition into streaming, there's an opportunity in a very robust market around third-party sales. We certainly participate in that. But then we have our own streaming service as well in Peacock, which in a short 3-year time frame, just domestic only, we're close to 30 million subscribers at $10 in ARPU, and that continues to have a lot of momentum. So when we think about the path forward, it starts with relevancy, moves into engagement, and then do you have flexibility to sort of move content between the 2. And are you making decisions holistically across sort of the media portfolio, if you will, and I think all those are in place for us.

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

Okay. And so we should expect losses to come down if you guys talked about meaningful improvement in '24 and then visibility beyond that? Anything you would add around...

Jason S. Armstrong - *Comcast Corporation - CFO*

We peaked in 2023. We initially came into the year and said we expected roughly $3 billion in losses. We've narrowed that to $2.8 billion and then we'll improve from here. And the drivers of improvement are obviously going to be subscriber growth, engagement, which is ultimately going to drive ARPU growth. I think the price value for Peacock is pretty strong if you look at engagement and relevance relative to the price point that's in the market. So I think we've got opportunities there. So all those create a path to continuing to narrow losses for Peacock and get to a point we're at breakeven and beyond.

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

Okay. All right. Well, maybe to wrap up, Jason, here in our last couple of minutes. Coming back to kind of capital allocation. In years past, I probably would have asked -- argued you guys are under-levered. But in this interest rate environment, that is no longer the case. So you have a balance sheet that's a real advantage, it seems, in this environment. What's the message to the market in terms of how you guys think about your balance sheet, leverage and your financial capacity and how you use that to create value?

Jason S. Armstrong - *Comcast Corporation - CFO*

Yes, I think we've made a ton of progress in the last -- if you look at sort of since the end of 2018, maybe just to start with the balance sheet, but then lead into kind of what that creates for us, we have, since that time frame, taken total leverage from $108 billion to $88 billion. We've taken our leverage ratio from 3.3 to 2.3, which is sort of a good landing point. We're not looking to move it any lower.

We have refinanced $40 billion of debt in that time frame. And we've sort of changed the shape or arc of our portfolio to extend duration by 4 years. So our average duration across $88 billion of debt, which is a very large debt balance, 17-year duration, 3.6% average cost, which is down from 3.8% at the end of 2018. So we've made a ton of progress on the balance sheet. At this point, 97% of what we have is fixed rate. So we haven't really been impacted all that much in the floating rate environment in the last year.

But I think more importantly, so what does that create for the company? That creates -- back to the opening, it just creates this consistency in the ability to invest, to return capital to shareholders and to really have a long-term orientation in the business. So on returns to shareholders, we've returned in that time frame, since the end of 2018, $45 billion back to shareholders, $24 billion in the form of share repurchases and then $21 billion in the form of dividends.

But all this in the context of we are investing aggressively behind these 6 growth drivers. We're investing in network capacity for our broadband business. We're investing in the next new park. We're investing to build and scale a streaming business. And we're all doing -- we're doing it without sacrificing one of these growth businesses for the other, that the balance sheet and the type of free cash flow we have sort of allows for that capacity.

And so, if I could hopefully predict, being back here in a couple of years, not that I'll come back next year, but 2 years out -- 2, 3 years out, hopefully, the question is something along the lines of, hey, how did you go reaccelerate broadband growth, right? And I would tell you, the answers are in what we're doing right now, right, between network capacity, line extensions to sort of position ourselves for the other side when the competitive intensity maybe abates a little bit, I think we're in really good shape.

So, another example of -- this is a very competitive environment in broadband, but much like 2, 3 years ago, 4 years ago in film and parks when we made a bet on what the other side looks like, we're making the same bet right now on broadband.

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

Great. Well, we look forward to having you back next year and the years after that, Jason. Thanks for coming.

Jason S. Armstrong - *Comcast Corporation - CFO*

Thank you.

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

Thanks, everybody.
