

Comcast Corp (NYSE: CMCSA) - closing share price on Oct 10, 2025: \$29.46; dividend yield: 4.5%

Comcast is the largest cable operator in the U.S. with over 33 million domestic customer relationships (residential and business) that purchase broadband, cable TV and phone services. Comcast also owns NBCUniversal which operates media assets, theme parks and movie studios. The company is well diversified across content distribution (broadband, cable TV) and content creation (studios, TV channels), as well as geographically diversified with its Sky satellite business in Europe, an additional 18 million customer relationships.

Comcast is led by Brian Roberts, son of founder Ralph Roberts. Mr. Roberts has led Comcast for the past 30 years and is well known for his disciplined and savvy dealmaking which has grown company revenue by 11% annually since he took over the company in 2002. Most notably, Mr. Roberts negotiated a deal to purchase NBCUniversal from General Electric when GE ran into financial difficulty during the global financial crisis. The markets viewed this as a successful deal for Comcast, purchasing all of NBCUniversal for approximately \$30 billion.

Comcast has transitioned the business over the past several years and, in our opinion, now offers products and services more consistent with the evolving demands of the consumer. Through a wholesale relationship with Verizon, Comcast started offering wireless services in 2019. Comcast now has over 8.5 million wireless subscribers, acting as a key growth driver. Additionally, Comcast's Peacock streaming service has grown to over 41 million subscribers in just five years. Peacock continues to add new content and distribution deals to the platform, including exclusivity on select NBA regular season and playoff games starting in October 2025 and access to Peacock through Amazon Prime membership. Peacock revenue is growing nearly 20% annually and is approaching profitability.

We see several key catalysts for fundamental improvement in Comcast's share price – Epic Park Orlando, a new experience theme park that opened in May 2025; the announced spinoff of non-core TV networks including USA, E!, Bravo, CNBC, MSNBC, among others, to a new company named Versant; continued growth and near term profitability of Peacock streaming platform; and wireless growth through improved bundling with wireline offerings.

Despite these opportunities, Comcast shares have recently fallen out of favor with investors. Over the past several quarters, Comcast has lost broadband subscribers to the competition, most notably fiber internet providers and fixed wireless options. In Comcast's most recent earnings report, the company reported that it lost 226,000 broadband subscribers. Management has implemented new marketing strategies including broadband + wireless bundling and 5-year price locks to reduce subscriber losses. We are monitoring these metrics closely as Comcast reports future results.

Faced with these challenges, with the exception of 2020, Comcast has increased revenue every year for the past ten years and continues to generate strong cash flow. Comcast has returned \$9 billion to shareholders in the form of dividends and stock buybacks over the last 12 months. The company has increased its dividend annually for 18 consecutive years. Despite a 4.5% dividend yield, Comcast only pays a modest one-quarter of cash generated to shareholders through dividends. This leaves ample cash to invest in future growth, such as content and streaming platforms, to buy back shares and to pay down debt.

Comcast shares are currently trading at a price-to-earnings (P/E) ratio of 6.9X on a forward looking basis, below Comcast's historical P/E ratio of 13.9X and the current S&P 500 index forward P/E ratio of 23.0X.

Comcast Corporation is a core holding for our Growth and Growth & Income investment strategies.

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