

COMCAST CORP
 Form 10-Q
 October 26, 2017
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UNITED STATES
 SECURITIES AND EXCHANGE COMMISSION
 Washington, D.C. 20549

FORM 10-Q
 (Mark One)

Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
 For the quarterly period ended September 30, 2017

OR
 Transition Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
 For the Transition Period from _____ to _____

Commission File Number	Exact Name of Registrant; State of Incorporation; Address and Telephone Number of Principal Executive Offices	I.R.S. Employer Identification No.
001-32871	COMCAST CORPORATION PENNSYLVANIA One Comcast Center Philadelphia, PA 19103-2838 (215) 286-1700	27-0000798
001-36438	NBCUNIVERSAL MEDIA, LLC DELAWARE 30 Rockefeller Plaza New York, NY 10112-0015 (212) 664-4444	14-1682529

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding twelve months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Comcast Corporation Yes No
 NBCUniversal Media, LLC Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such period that the registrant was required to submit and post such files).

Comcast Corporation Yes No
 NBCUniversal Media, LLC Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

	Large accelerated filer	Accelerated filer	Non-accelerated filer	Smaller reporting company	Emerging growth company
Comcast Corporation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
NBCUniversal Media, LLC	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

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If an emerging growth company, indicate by check mark whether the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Comcast Corporation c

NBCUniversal Media, LLC c

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Comcast Corporation Yes No

NBCUniversal Media, LLC Yes No

Indicate the number of shares outstanding of each of the registrant's classes of stock, as of the latest practical date:

As of September 30, 2017, there were 4,664,327,455 shares of Comcast Corporation Class A common stock and 9,444,375 shares of Comcast Corporation Class B common stock outstanding.

Not applicable for NBCUniversal Media, LLC.

NBCUniversal Media, LLC meets the conditions set forth in General Instruction H(1)(a) and (b) of Form 10-Q and is therefore filing this form with the reduced disclosure format.

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Explanatory Note

This Quarterly Report on Form 10-Q is a combined report being filed separately by Comcast Corporation (“Comcast”) and NBCUniversal Media, LLC (“NBCUniversal”). Comcast owns all of the common equity interests in NBCUniversal, and NBCUniversal meets the conditions set forth in General Instruction H(1)(a) and (b) of Form 10-Q and is therefore filing its information within this Form 10-Q with the reduced disclosure format. Each of Comcast and NBCUniversal is filing on its own behalf the information contained in this report that relates to itself, and neither company makes any representation as to information relating to the other company. Where information or an explanation is provided that is substantially the same for each company, such information or explanation has been combined in this report. Where information or an explanation is not substantially the same for each company, separate information and explanation has been provided. In addition, separate condensed consolidated financial statements for each company, along with notes to the condensed consolidated financial statements, are included in this report. Unless indicated otherwise, throughout this Quarterly Report on Form 10-Q, we refer to Comcast and its consolidated subsidiaries, including NBCUniversal and its consolidated subsidiaries, as “we,” “us” and “our;” Comcast Cable Communications, LLC and its consolidated subsidiaries as “Comcast Cable;” Comcast Holdings Corporation as “Comcast Holdings;” NBCUniversal, LLC as “NBCUniversal Holdings;” and NBCUniversal Enterprise, Inc. as “NBCUniversal Enterprise.”

This Quarterly Report on Form 10-Q is for the three and nine months ended September 30, 2017. This Quarterly Report on Form 10-Q modifies and supersedes documents filed before it. The Securities and Exchange Commission (“SEC”) allows us to “incorporate by reference” information that we file with it, which means that we can disclose important information to you by referring you directly to those documents. Information incorporated by reference is considered to be part of this Quarterly Report on Form 10-Q. In addition, information that we file with the SEC in the future will automatically update and supersede information contained in this Quarterly Report on Form 10-Q.

You should carefully review the information contained in this Quarterly Report on Form 10-Q and particularly consider any risk factors set forth in this Quarterly Report on Form 10-Q and in other reports or documents that we file from time to time with the SEC. In this Quarterly Report on Form 10-Q, we state our beliefs of future events and of our future financial performance. In some cases, you can identify these so-called “forward-looking statements” by words such as “may,” “will,” “should,” “expects,” “believes,” “estimates,” “potential,” or “continue,” or the negative of these words and other comparable words. You should be aware that these statements are only our predictions. In evaluating these statements, you should consider various factors, including the risks outlined below and in other reports we file with the SEC. Actual events or our actual results could differ materially from our forward-looking statements as a result of any such factors, which could adversely affect our businesses, results of operations or financial condition. We undertake no obligation to update any forward-looking statements.

Our businesses may be affected by, among other things, the following:

- our businesses currently face a wide range of competition, and our businesses and results of operations could be adversely affected if we do not compete effectively
 - changes in consumer behavior driven by new technologies and distribution platforms for viewing content may adversely affect our businesses and challenge existing business models
 - a decline in advertisers’ expenditures or changes in advertising markets could negatively impact our businesses
 - our businesses depend on keeping pace with technological developments
 - we are subject to regulation by federal, state, local and foreign authorities, which may impose additional costs and restrictions on our businesses
 - changes to existing statutes, rules, regulations, or interpretations thereof, or adoption of new ones, could have an adverse effect on our businesses
 - programming expenses for our video services are increasing, which could adversely affect our Cable Communications segment’s video business
 - NBCUniversal’s success depends on consumer acceptance of its content, and its businesses may be adversely affected if its content fails to achieve sufficient consumer acceptance or the costs to create or acquire content increase
 - the loss of NBCUniversal’s programming distribution agreements, or the renewal of these agreements on less favorable terms, could adversely affect its businesses
 - we rely on network and information systems and other technologies, as well as key properties, and a disruption, cyber attack, failure or destruction of such networks, systems, technologies or properties may disrupt our businesses
 - we may be unable to obtain necessary hardware, software and operational support
 - weak economic conditions may have a negative impact on our businesses
 - our businesses depend on using and protecting certain intellectual property rights and on not infringing the intellectual property rights of others
 - acquisitions and other strategic initiatives, including the launch of our wireless phone service, present many risks, and we may not realize the financial and strategic goals that we had contemplated
 - labor disputes, whether involving employees or sports organizations, may disrupt our operations and adversely affect our businesses
 - the loss of key management personnel or popular on-air and creative talent could have an adverse effect on our businesses
 - we face risks relating to doing business internationally that could adversely affect our businesses
 - our Class B common stock has substantial voting rights and separate approval rights over several potentially material transactions, and our Chairman and CEO has considerable influence over our company through his beneficial ownership of our Class B common stock
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PART I: FINANCIAL INFORMATION

ITEM 1: FINANCIAL STATEMENTS

Comcast Corporation

Condensed Consolidated Balance Sheet

(Unaudited)

(in millions, except share data)	September 30, 2017	December 31, 2016
Assets		
Current Assets:		
Cash and cash equivalents	\$ 4,114	\$ 3,301
Receivables, net	7,915	7,955
Programming rights	1,779	1,250
Other current assets	2,152	3,855
Total current assets	15,960	16,361
Film and television costs	6,796	7,252
Investments	6,695	5,247
Property and equipment, net of accumulated depreciation of \$49,943 and \$49,694	37,856	36,253
Franchise rights	59,364	59,364
Goodwill	36,752	35,980
Other intangible assets, net of accumulated amortization of \$12,371 and \$11,013	18,733	17,274
Other noncurrent assets, net	3,145	2,769
Total assets	\$ 185,301	\$ 180,500
Liabilities and Equity		
Current Liabilities:		
Accounts payable and accrued expenses related to trade creditors	\$ 6,976	\$ 6,915
Accrued participations and residuals	1,811	1,726
Deferred revenue	1,572	1,132
Accrued expenses and other current liabilities	5,849	6,282
Current portion of long-term debt	5,241	5,480
Total current liabilities	21,449	21,535
Long-term debt, less current portion	59,720	55,566
Deferred income taxes	35,602	34,854
Other noncurrent liabilities	10,914	10,925
Commitments and contingencies (Note 10)		
Redeemable noncontrolling interests and redeemable subsidiary preferred stock	1,353	1,446
Equity:		
Preferred stock—authorized, 20,000,000 shares; issued, zero	—	—
Class A common stock, \$0.01 par value—authorized, 7,500,000,000 shares; issued, 5,537,118,483 and 5,614,950,039; outstanding, 4,664,327,455 and 4,742,159,011	55	56
Class B common stock, \$0.01 par value—authorized, 75,000,000 shares; issued and outstanding, 9,444,375	—	—
Additional paid-in capital	37,529	38,230
Retained earnings	24,979	23,076
Treasury stock, 872,791,028 Class A common shares	(7,517) (7,517
Accumulated other comprehensive income (loss)	381	98
Total Comcast Corporation shareholders' equity	55,427	53,943
Noncontrolling interests	836	2,231
Total equity	56,263	56,174
Total liabilities and equity	\$ 185,301	\$ 180,500

See accompanying notes to condensed consolidated financial statements.

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Comcast Corporation

Condensed Consolidated Statement of Income
(Unaudited)

(in millions, except per share data)	Three Months Ended September 30		Nine Months Ended September 30	
	2017	2016	2017	2016
Revenue	\$20,983	\$21,319	\$62,611	\$59,378
Costs and Expenses:				
Programming and production	6,077	7,003	18,492	17,926
Other operating and administrative	6,423	5,996	18,310	17,285
Advertising, marketing and promotion	1,553	1,485	4,748	4,510
Depreciation	1,991	1,865	5,876	5,518
Amortization	589	530	1,747	1,544
Other operating gains	(442)	—	(442)	—
Operating income	16,191	16,879	48,731	46,783
Other Income (Expense):	4,792	4,440	13,880	12,595
Interest expense	(766)	(751)	(2,279)	(2,186)
Investment income (loss), net	82	80	205	168
Equity in net income (losses) of investees, net	(39)	(34)	12	(64)
Other income (expense), net	27	(11)	82	104
Income before income taxes	(696)	(716)	(1,980)	(1,978)
Income tax expense	4,096	3,724	11,900	10,617
Net income	(1,413)	(1,400)	(4,035)	(3,989)
Net (income) loss attributable to noncontrolling interests and redeemable subsidiary preferred stock	2,683	2,324	7,865	6,628
Net income attributable to Comcast Corporation	(33)	(87)	(136)	(229)
Basic earnings per common share attributable to Comcast Corporation shareholders	\$2,650	\$2,237	\$7,729	\$6,399
Diluted earnings per common share attributable to Comcast Corporation shareholders	\$0.56	\$0.47	\$1.64	\$1.32
Dividends declared per common share	\$0.55	\$0.46	\$1.61	\$1.31
See accompanying notes to condensed consolidated financial statements.	\$0.1575	\$0.1375	\$0.4725	\$0.4125

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Comcast Corporation

Condensed Consolidated Statement of Comprehensive Income
(Unaudited)

(in millions)	Three Months Ended		Nine Months Ended	
	September 30 2017	2016	September 30 2017	2016
Net income	\$2,683	\$2,324	\$7,865	\$6,628
Unrealized gains (losses) on marketable securities, net of deferred taxes of \$35, \$26 and \$(1)	(\$59)	(1)	(42)	2)
Deferred gains (losses) on cash flow hedges, net of deferred taxes of \$(9), \$(7), (\$16) and \$46	16	12	28	(79)
Amounts reclassified to net income:				
Realized (gains) losses on marketable securities, net of deferred taxes of \$—, \$—, \$— and \$1	(1)	—	(1)	(1)
Realized (gains) losses on cash flow hedges, net of deferred taxes of \$7, \$(6), \$15 and \$(42)	(12)	11	(26)	73
Employee benefit obligations, net of deferred taxes of \$3, \$—, \$(30) and \$(2)	(6)	—	51	2
Currency translation adjustments, net of deferred taxes of \$(8), \$(6), \$(47) and \$(122)	20	45	166	532
Comprehensive income	2,641	2,391	8,041	7,157
Net (income) loss attributable to noncontrolling interests and redeemable subsidiary preferred stock	(33)	(87)	(136)	(229)
Other comprehensive (income) loss attributable to noncontrolling interests	(5)	(34)	(87)	(321)
Comprehensive income attributable to Comcast Corporation	\$2,603	\$2,270	\$7,818	\$6,607
See accompanying notes to condensed consolidated financial statements.				

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Comcast Corporation

Condensed Consolidated Statement of Cash Flows
(Unaudited)

(in millions)	Nine Months Ended September 30	
	2017	2016
Net cash provided by operating activities	\$15,961	\$13,989
Investing Activities		
Capital expenditures	(6,839)	(6,562)
Cash paid for intangible assets	(1,240)	(1,163)
Acquisitions and construction of real estate properties	(325)	(303)
Acquisitions, net of cash acquired	(429)	