

COMCAST CORP
 Form 10-Q
 April 25, 2019

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 March 31, 2019

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 every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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Large
accelerated
filer

Smaller
reporting
company

Emerging
growth
company

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

NBCUniversal Media, LLC

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 practicable date:

As of March 31, 2019, there were 4,529,070,833 shares of Comcast Corporation Class A common stock and 9,444,375 shares of 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;” NBCUniversal Enterprise, Inc. as “NBCUniversal Enterprise;” and Sky Limited and its consolidated subsidiaries as “Sky.”

This Quarterly Report on Form 10-Q is for the three months ended March 31, 2019. 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 online video distribution platforms for viewing content could 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 impose additional costs and restrictions on our businesses
 - programming expenses for our video services are increasing, which could adversely affect Cable Communications’ and Sky’s video businesses
 - NBCUniversal’s and Sky’s success depends on consumer acceptance of their content, and their businesses may be adversely affected if their 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 our businesses
 - less favorable regulation, the loss of Sky’s transmission agreements with satellite or telecommunications providers or the renewal of these agreements on less favorable terms, could adversely affect Sky’s businesses
 - the loss of Sky’s wholesale distribution agreements with traditional multichannel video providers could adversely affect Sky’s 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
 - our businesses depend on using and protecting certain intellectual property rights and on not infringing the intellectual property rights of others
 - we may be unable to obtain necessary hardware, software and operational support
 - weak economic conditions may have a negative impact on our businesses
 - acquisitions, including our acquisition of Sky, and other strategic initiatives present many risks, and we may not realize the financial and strategic goals that we had contemplated
 - unfavorable litigation or governmental investigation results could require us to pay significant amounts or lead to onerous operating procedures
 - 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 Statement of Income

(Unaudited)

	Three Months Ended March 31	
(in millions, except per share data)	2019	2018
Revenue	\$26,859	\$22,791
Costs and Expenses:		
Programming and production	8,569	7,429
Other operating and administrative	7,900	6,514
Advertising, marketing and promotion	1,888	1,604
Depreciation	2,240	2,011
Amortization	1,080	588
Total costs and expenses	21,677	18,146
Operating income	5,182	4,645
Interest expense	(1,150)	(777)
Investment and other income (loss), net	676	126
Income before income taxes	4,708	3,994
Income tax expense	(1,076)	(818)
Net income	3,632	3,176
Less: Net income (loss) attributable to noncontrolling interests and redeemable subsidiary preferred stock	79	58
Net income attributable to Comcast Corporation	\$3,553	\$3,118
Basic earnings per common share attributable to Comcast Corporation shareholders	\$0.78	\$0.67
Diluted earnings per common share attributable to Comcast Corporation shareholders	\$0.77	\$0.66
See accompanying notes to condensed consolidated financial statements.		

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Comcast Corporation

Condensed Consolidated Statement of Comprehensive Income
(Unaudited)

(in millions)	Three Months Ended March 31	
	2019	2018
Net income	\$3,632	\$3,176
Unrealized gains (losses) on marketable securities, net of deferred taxes of \$— and \$—	1	(1)
Deferred gains (losses) on cash flow hedges, net of deferred taxes of \$9 and \$(9)	(59)	29
Amounts reclassified to net income:		
Realized (gains) losses on cash flow hedges, net of deferred taxes of \$(11) and \$6	58	(20)
Employee benefit obligations, net of deferred taxes of \$3 and \$2	(7)	(8)
Currency translation adjustments, net of deferred taxes of \$(12) and \$(47)	807	157
Comprehensive income	4,432	3,333
Less: Net income attributable to noncontrolling interests and redeemable subsidiary preferred stock	79	58
Less: Other comprehensive income (loss) attributable to noncontrolling interests	10	4
Comprehensive income attributable to Comcast Corporation	\$4,343	\$3,271
See accompanying notes to condensed consolidated financial statements.		

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Comcast Corporation

Condensed Consolidated Statement of Cash Flows
(Unaudited)

	Three Months Ended March 31	
(in millions)	2019	2018
Operating Activities		
Net income	\$3,632	\$3,176
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	3,320	2,599
Share-based compensation	245	199
Noncash interest expense (income), net	77	75
Net (gain) loss on investment activity and other	(498)	(74)
Deferred income taxes	271	389
Changes in operating assets and liabilities, net of effects of acquisitions and divestitures:		
Current and noncurrent receivables, net	449	85
Film and television costs, net	559	(45)
Accounts payable and accrued expenses related to trade creditors	(574)	200
Other operating assets and liabilities	(250)	(1,130)
Net cash provided by operating activities	7,231	5,474
Investing Activities		
Capital expenditures	(2,092)	(1,973)
Cash paid for intangible assets	(547)	(419)
Acquisitions and construction of real estate properties	(16)	(59)
Construction of Universal Beijing Resort	(220)	(42)
Acquisitions, net of cash acquired	(48)	(89)
Proceeds from sales of investments	37	81
Purchases of investments	(439)	(220)
Other	99	429
Net cash provided by (used in) investing activities	(3,226)	(2,292)
Financing Activities		
Proceeds from (repayments of) short-term borrowings, net	(1,288)	(902)
Proceeds from borrowings	222	4,043
Repurchases and repayments of debt	(2,084)	(1,265)
Repurchases of common stock under repurchase program and employee plans	(247)	(1,729)
Dividends paid	(869)	(738)
Distributions to noncontrolling interests and dividends for redeemable subsidiary preferred stock	(85)	(79)
Other	26	94
Net cash provided by (used in) financing activities	(4,325)	(576)
Impact of foreign currency on cash, cash equivalents and restricted cash	8	—
Increase (decrease) in cash, cash equivalents and restricted cash	(312)	2,606
Cash, cash equivalents and restricted cash, beginning of period	3,909	3,571
Cash, cash equivalents and restricted cash, end of period	\$3,597	\$6,177
See accompanying notes to condensed consolidated financial statements.		

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Comcast Corporation

Condensed Consolidated Balance Sheet
(Unaudited)

(in millions, except share data)	March 31, 2019	December 31, 2018
Assets		
Current Assets:		
Cash and cash equivalents	\$3,498	\$ 3,814
Receivables, net	10,736	11,104
Programming rights	2,942	3,746
Other current assets	3,097	3,184
Total current assets	20,273	21,848
Film and television costs	8,051	7,837
Investments	9,159	7,883
Property and equipment, net of accumulated depreciation of \$51,932 and \$51,306	45,721	44,437
Franchise rights	59,365	59,365
Goodwill	68,073	66,154
Other intangible assets, net of accumulated amortization of \$15,042 and \$14,194	36,902	38,358
Other noncurrent assets, net	8,645	5,802
Total assets	\$256,189	\$ 251,684
Liabilities and Equity		
Current Liabilities:		
Accounts payable and accrued expenses related to trade creditors	\$10,232	\$ 8,494
Accrued participations and residuals	1,739	1,808
Deferred revenue	2,485	2,182
Accrued expenses and other current liabilities	8,832	10,721
Current portion of long-term debt	4,629	4,398
Total current liabilities	27,917	27,603
Long-term debt, less current portion	104,464	107,345
Deferred income taxes	27,819	27,589
Other noncurrent liabilities	18,811	15,329
Commitments and contingencies (Note 11)		
Redeemable noncontrolling interests and redeemable subsidiary preferred stock	1,316	1,316
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, 5,401,861,861 and 5,389,309,175; outstanding, 4,529,070,833 and 4,516,518,147	54	54
Class B common stock, \$0.01 par value—authorized, 75,000,000 shares; issued and outstanding, 9,444,375	—	—
Additional paid-in capital	37,621	37,461
Retained earnings	44,379	41,983
Treasury stock, 872,791,028 Class A common shares	(7,517)	(7,517)
Accumulated other comprehensive income (loss)	422	(368)
Total Comcast Corporation shareholders' equity	74,959	71,613
Noncontrolling interests	903	889
Total equity	75,862	72,502
Total liabilities and equity	\$256,189	\$ 251,684

See accompanying notes to condensed consolidated financial statements.

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Comcast Corporation

Condensed Consolidated Statement of Changes in Equity
(Unaudited)

(in millions, except per share data)	Redeemable	Common		Additional	Retained	Treasury	Accumulated	Non-	Total
	Noncontrolling	Stock	Stock						
	Interests	A	B	Capital		Cost	Comprehensive	Interests	
	and						Income		
	Redeemable						(Loss)		
	Subsidiary								
	Preferred								
	Stock								
Balance, December 31, 2017	\$ 1,357	\$ 55	\$	\$37,497	\$38,202	\$(7,517)	\$ 379	\$ 843	\$69,459
Cumulative effects of adoption of accounting standards					(43)		76		33
Stock compensation plans				127					127
Repurchases of common stock under repurchase program and employee plans									