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# EDITED TRANSCRIPT

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## CORPORATE PARTICIPANTS

**Steve Burke** *Comcast Corporation - EVP & CEO, NBCUniversal*

## CONFERENCE CALL PARTICIPANTS

**Jessica Reif Cohen** *Bank of America Merrill Lynch - Analyst*

## PRESENTATION

**Jessica Reif Cohen** - *Bank of America Merrill Lynch - Analyst*

We're going to get started with Comcast. Actually Steve Burke, CEO of NBCUniversal, who thank you so much for coming.

Steve, this is the job you were born to do. I don't know how many people know but Steve was born into media royalty, worked your way up through every division of Disney, Cap Cities, ABC and just knew you would do an amazing job at NBCU and you haven't disappointed at all.

In the 4.5 years since you guys took over NBCU the Company's absolutely flourished. I mean just the highlights are amazing. Obviously cable network's still the biggest cash flow generator but you've taken the network NBC from fourth to first.

The theme park business, who knew it would grow 35%-plus over the last four quarters. And the studio, I mean I don't know what you can say. What a year, what a year, both 2014 and 2015.

So given that, given the growth that you've already had in the last few years as you look at the next three to five years the next the same time period is it possible to continue this pace? What do you see as the core drivers for NBCUniversal?

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**Steve Burke** - *Comcast Corporation - EVP & CEO, NBCUniversal*

Well first of all thank you for the introduction. With 2020 hindsight we were very fortunate that we bought NBCUniversal at the time we did. We did the deal about five years ago, it took about a year for the deal to close.

And at the time the economy was in a much different place than it is right now and in particular the advertising market was in a much different place. And all of our projections in our five-year plan assume that that economic situation was going to continue for five years. And as we went out and started to invest in the business and put people in place we really had no idea that the advertising market would come back, that people would be as interested in going to theme parks, etc.

So we were very fortunate in terms of our timing. Just to refresh everybody's memory about the numbers, the Company when we looked at it to do the deal was doing about \$3.2 billion in operating cash flow. This year we will just about double that.

We'll do somewhere around \$6.4 billion, \$6.5 billion range and that doubling has occurred in a 4.5 period. What I'm very happy about is that the improvement has come in many, many different parts of the business. Theme parks are up about \$1 billion, broadcast is up, cable is up, film is way up and so it's a very broad-based improvement.

And I feel like we're about halfway through the baseball game. We're in the fifth or sixth inning and our aspiration is to continue to grow the business. We've grown, on a compounded basis we've grown about 14% since we did the deal which I think is the highest in the media business and we'd like to continue that.

We're having a great year this year. Our operating cash flow for the first two quarters was up 17% and we had Jurassic Park and Minions and some other huge movies rippling through the third quarter. So I think we're going to have another great year and our job is to continue that.



In my opinion we're still underperforming in a bunch of different businesses. And we have several businesses that have very, very strong turnaround-like growth prospects that hopefully we're going to realize in the next three to five years. But the thing I guess I am most proud of is that we put in place a very strong management team.

We have a culture where our people are doing the right thing for the right reasons which sounds almost trite. But very, very important to get people making long-term investments, making the tough decisions when they need to, doing things that may not necessarily get you awards or ratings or in the newspaper but will make the Company more money. And I'm also very proud that people are working together well.

One of the advantages of a Company like ours when you have our scale is you can take the entire Company and get behind a movie or a television show or a new theme park attraction and we've done it time and time again. One of the reasons why the movies are doing well is because the entire Company creates a phenomenon when Jurassic World comes. Out and it starts six months before at the Super Bowl when we put a 60-second spot for Jurassic Park in the best part of the Super Bowl and then continues all the way through the launch of the movie.

So people are working together. I think the incentives are right, the culture is right, we've got the right people. We're making good long-term investments and I think the growth is going to continue.

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**Jessica Reif Cohen** - Bank of America Merrill Lynch - Analyst

You've called that Project Symphony, when the whole Company gets behind a movie or a TV show or whatever it is you guys want to promote. How much more opportunity is there in Project Symphony?

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**Steve Burke** - Comcast Corporation - EVP & CEO, NBCUniversal

Well, I think we're getting better and better all the time. When we first started life as a new Company the idea is very simple, in an incredibly fragmented world one of the hardest things to do is launch a television show or a movie or theme park attraction because people have so many distractions and so many other things.

We with all our cable channels and NBC we happen to have around 20% of all the eyeballs watching television. So one out of every five people that have their television set on watching linear television are watching one of our channels. If we can take that presence in peoples' lives the two or three weeks before a movie or a Harry Potter comes out in Orlando and make sure that wall-to-wall we're doing roadblocks, we're doing creative promotions, we have dinosaurs running across the ticker on Squawk Box and every single channel is doing their part then all of a sudden in the zeitgeist or the psyche of America, Jurassic World is on their mind.

And it's simpler, it sounds that simpler than it is in reality to do. What you have to do is go to each one of those networks and take away inventory and you've got to make sure that you take away the right inventory, not inventory at two o'clock in the morning. And then you've got to develop ads that are tailored to the individual channels and you have to develop graphics that work well on the screen and you have to develop most importantly a culture where if Chris McCumber who runs at USA Network if he gives a certain amount of spots he knows that he's going to get back something at some point when he launches Mr. Robot.

And many times companies don't foster that culture and people in the movie division hate the people in the cable entertainment group and they hate the people in broadcast and vice versa. We've tried to instill a culture that's the opposite that basically says scale is a unique advantage. Ultimately you work for NBCUniversal, not for BRAVO or SyFy or the theme parks, you work for a Company and we're all going to work together because it's such a competitive fragmented world and we'd be leaving something on the table if we didn't.

**Jessica Reif Cohen** - Bank of America Merrill Lynch - Analyst

So as part of a bigger Company I mean you have many facets in NBCUniversal and you are obviously part of Comcast but the biggest issue over the last few weeks, months has been the future of the video bundle. We've seen linear ratings fall apart, that's extreme, I mean linear ratings come under pressure.

Programming prices, affiliate fees still seem to climb for many companies but there are more and more offerings, more and more skinny bundles, more and more streamlined offerings, over-the-top offerings. There's just so much noise. From your vantage point, what do you think is happening with the video bundle?

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**Steve Burke** - Comcast Corporation - EVP & CEO, NBCUniversal

Well I have an interesting background to answer that question because I ran Comcast Cable for a dozen years and so have thought about the world from that side and are now obviously thinking about the world from the side of the content provider. To me there is nothing different, nothing different has happened in the last month that wasn't happening a year ago or two or three years ago.

I said on our earnings call, I think our third-quarter earnings call last year that given the trend in ratings I thought it was unlikely that the cable entertainment channels would grow as rapidly in the next five years as they did in the last five years. I think what you're seeing is again there's just so many viewing options and so much fragmentation and the good news is people are watching more video than ever before.

I think if that were not the case I would feel differently. They are watching more video than ever before, they are just watching it in places that many times aren't rated, that aren't monetized. And if you look at the world from Neil Smit who runs our cable business perspective it is a -- the cable distribution business is a tougher business today than it was 10 years ago but it's still a very good business.

I can remember when satellite first launched coming to conferences like this and people saying satellite is going to put cable out a business 15 or 20 years ago. The cable industry has survived satellite, the two biggest telephone companies coming into the business, the Internet and everything else and Comcast Cable I think in the 17 years I've been with the Company has never had a down quarter, not one.

There's no question in my mind on the margin there are pressures that the cable distribution business is facing that are more intense than before. But I think when you're talking about a quarter of a percent or a half of a percent in sub trends over the course of a year you look at these businesses. When 21 million people every month pay you a check of \$100 and they are consuming your products hours and hours and hours every day these marginal changes get amplified and I think when \$50 billion worth of market cap flies out the window in a week it's an overreaction.

I think these businesses are very robust and will be around for a very long time. They will just have lower growth rates than they've had in the last 5 or 10 years.

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**Jessica Reif Cohen** - Bank of America Merrill Lynch - Analyst

Right. You've recently invested in digital media companies like Vox and BuzzFeed. Can you talk about the process behind investing in some of these digital media properties?

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**Steve Burke** - Comcast Corporation - EVP & CEO, NBCUniversal

Well as pleased as I am about the overall progress at NBCUniversal and the growth of the different businesses, we need to get better in terms of taking our existing video content and bringing it to consumers directly via the Internet. And we have about 50 different websites, NBCNews.com, USA.com, E! Entertainment, etc. and those websites are in my opinion we are not as strong as we need to be, we're not as smart as we need to be, we're not as cutting edge as we need to be in terms of taking our existing content and bringing it to consumers directly via the Internet.



And we went out and looked. There are four companies that caught our eye as being very successful, creating content and distributing it directly to consumers on the Internet. And those four companies are BuzzFeed, Vox, Vice and Huffington Post and I'm sure there are others but those are the four that we concentrated on.

And we decided to make a minority investments \$200 million each in BuzzFeed and Vox. And the idea we think they are wonderful companies and we think they are companies with very bright futures who have very clearly defined businesses and brands and relationships with consumers. We like their businesses.

But the real reason why we did it is to get smarter. And we have specific operating plans with both companies of ways that we're going to cooperate. We may work -- we will work on the Olympics with one of those companies.

We will work with NBC News with another company. We will work on joint advertising packages with both companies. And in the process I think we have a chance to help those companies grow.

I think we have a chance to help over 50 websites grow and then maybe as importantly I think we have a chance to get smarter. And I think all of our businesses, both the traditional analog businesses and the people who run them and the digital business that we're currently in will be better for being around people who have proven they are so good at what they do.

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**Jessica Reif Cohen** - Bank of America Merrill Lynch - Analyst

You said that NBCUniversal is underweight internationally. Can you talk about some of the things you might do internationally?

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**Steve Burke** - Comcast Corporation - EVP & CEO, NBCUniversal

Well if you look at NBCUniversal about 20% of our revenues come from international and that's much lower than News Corp or Disney or some of the other media businesses. And obviously with the growth all over the world but particularly in places like China and India and Latin America you want to have a higher percentage of your revenue and of your business coming from overseas.

If you then look back and look at it from a Comcast point of view because Comcast Cable is 100% a domestic Company there are very few companies that have a \$150 billion market cap that have so little of their revenue coming from outside of the United States. So we see it as acute opportunity. There are a lot of things we're doing.

We've announced we're going to build a theme park in Beijing which I think is a tremendous opportunity for our theme park business. We actually had the number one American film of all time was Fast and Furious 7 in China, did \$400 million in China. More in China than we did in the United States.

So it's not like we don't have international plans. But I think whether it's M&A activity or organic growth international is a huge opportunity for us. And it's something that I think you'll see us pursue over the next 5 or 10 years.

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**Jessica Reif Cohen** - Bank of America Merrill Lynch - Analyst

Another area of focus, you want me to show this, has been investing in sports rights. The Olympics for a long-term deal, NFL long-term, English Premier League, I'm sure I'm going to miss a few but NASCAR was another one that you recently got. Can you talk about I guess the investment in sports, how you see sports rights and sports programming evolving over time, how do you monetize these investments?



**Steve Burke** - Comcast Corporation - EVP & CEO, NBCUniversal

So when you look at the decline in broadcast and cable ratings, the decline is really in scripted programming. And in particular the decline is in repeat programming or acquired syndicated programming that has aired somewhere else. If you think about it very logical why you can get repeated programming on a time shifted basis so many different ways you don't need to sit in front of linear television to get it, if you want it you can consume it so many other ways.

So that's really the area where the defragmentation or a decline in ratings has occurred. By and large it has not occurred with live programming. And by the way live programming includes The Voice and includes America's Got Talent as well as sports.

But if you look at sports ratings whether it's the Olympics of the NFL the ratings have not declined and we don't think they will decline. We think our Olympics deal which we're very proud of the association with the International Olympic Committee and also the structure of the deal itself goes all the way through 2032. And we have clauses in the deal that allow us to bring the Olympics presentation to people in different ways if the world changes in a material way, if people are consuming on a pay-per-view basis or whatever we have the ability to change.

But our bet is whatever happens to the world technologically, whatever viewing options people have in 2032, the safest bet that we can think of is that families will want to sit down and watch the Olympics. And the value of that to advertisers will be greater, much greater in 2032 than it is today. So we like live sports.

You have to have a deal that makes sense for the Company which fortunately our Olympic deal does, our NFL deal does, our NASCAR deal does. And we have the Olympics for 17 more years, we have the NFL for another eight years, we have NASCAR for nine years, we have English Premier League for another six years, so we have the NHL for a long period of time.

So we feel like we've got long-term deals that make sense and that 40% of the NBC schedule I think as long as those deals are structured is about as good at that as any. Again you have to have the right deal, it has to be the right property but people love live sports and there's no substitute for the immediacy of watching the Williams sisters play at the time they are playing. And I think that will be true for a long, long time.

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**Jessica Reif Cohen** - Bank of America Merrill Lynch - Analyst

So many topics to cover, I'm just going to keep moving even though there is a lot to ask on sports. But you know you mentioned scripted programming and there's more scripted programming now, I think there's like 370 -- we've heard numbers 375 to over 400 original scripted series across broadcast and cable for this coming season which is crazy.

Plus Netflix is doing more originals, Amazon, Hulu, etc. How much content license revenue do you NBCU currently generate? How quickly do you think it will grow and can you talk a little bit about the drivers behind the growth?

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**Steve Burke** - Comcast Corporation - EVP & CEO, NBCUniversal

Well in any endeavor whether it's sports which we just talked about or acting or writing or directing, the talent pool is not infinite. And when 400 television -- 400 scripted television shows are being made a year you worry about where you're going to find the talented people necessary to make the 401st show a good show. So that's an issue and a challenge and that affects everyone.

You have to ask yourself what's driving that. I think what's driving that is there's a almost insatiable demand for great video, professionally produced great video programming and when you have Netflix, Hulu, Amazon, all these technological ways to deliver that product and companies that are willing to pay a lot of money for those shows we have two of the top five cable scripted shows happen to be ours, Mr. Robot and The Royals, and the amount of money people are willing to pay for those series and pay for those series right away, not having to await the traditional four or five years that we used to have to wait, encourages people, ourselves and others, to take those creative swings.



My bet is that the sheer volume will not continue to increase at the pace it has. I think people are starting to feel and realize there's been too much here. But it's a logical response to the fact that you can get paid for these shows in so many new ways and people are trying to do things to define their networks and stand out and have their ratings go up.

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**Jessica Reif Cohen** - Bank of America Merrill Lynch - Analyst

You've had another great upfront \$6 billion or so in total commitments across your portfolio. Obviously Sunday Night Football helped, you've got a wide array of differentiated programming. Can you talk about some of the unique ways that you sell across your portfolio, what you're doing to really use big data to sell to advertisers?

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**Steve Burke** - Comcast Corporation - EVP & CEO, NBCUniversal

So about four years ago we decided to put all of our advertising sales groups together. And so a woman named Linda Yaccarino who is in charge of ad sales for all of NBCUniversal and I think we were the first, I'm pretty sure we were the first big media Company to ever do that. And it sounds like a logical and simple thing but organizationally if you put everything together you get the benefit of scale.

You have one person representing everything from Sunday Night Football to digital sales for NBC news.com and that's clearly an advantage for a whole variety of reasons. But it's organizationally difficult to take revenue away from different parts of the Company and put it all together. But we felt it was the right thing to do and we did it and it took a while to mature but it is not fully matured and we think it's a tremendous advantage.

Believe it or not Sunday Night Football was the number one show in America a few years ago, still is, but Sunday Night Football had never been sold with any other part of NBCUniversal's assets. So Sunday Night Football was never sold packaged with entertainment programming on NBC.

Now when we sit down and we'll sit down with a big advertising and media buying group we'll have a conversation about all of our assets. And if someone wants to buy Sunday Night Football we'll certainly talk to them about shows on Telemundo or BRAVO or E! or digital properties or Saturday Night Live and I think that gives us a tremendous advantage.

We tend to talk to the big buying agencies first because we're the largest seller of advertising in America and that allows all of our various assets to in effect make their pitch first and do their business sometimes before their competitors ever even meet with a media buying group which I think is a tremendous advantage. But it requires everybody to play together and say no, we're going to be selling together and sometimes that means that you may get a dollar less for a strong property but you get \$2 more for another one that we're trying to build up. I think it's a unique advantage.

In addition because our sister Company is Comcast Cable and because we have all these various assets we're starting to use data and the ability to go to advertisers and give them very targeted and unique capabilities that are much more like what advertisers get when they go to Facebook or Internet providers, data rich providers. And we're finding that a lot of advertisers are disappointed if that's the right word with their advertising on the Internet that they don't get the same kind of broad reach.

You know what you're getting when you advertise on The Voice. You know if you have a movie coming out or a new car to launch and you advertise on The Voice you're going to reach 10 million people. You don't exactly know what you're getting at times with some of the digital areas and yet advertisers love the data intensive targetability of the Internet.

If we can provide some of that data intensity and the targetability with traditional television I think we've given advertisers something that they're clamoring for and we've started to do that. We had two or three products that we launched this year that are getting a great reception. And it has proven that having our scale, our unique set of assets and having Comcast Cable as a sister Company is a real benefit to a big advertising business.



**Jessica Reif Cohen** - Bank of America Merrill Lynch - Analyst

And I just had a quick question on the tone of the current market. Anything you can say?

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**Steve Burke** - Comcast Corporation - EVP & CEO, NBCUniversal

I think right now the advertising market is restrung. Scatter is strong. We're seeing tremendous strength across the board.

And what we hoped is that the upfront which was not strong a big question was how much of the upfront's relative lack of strength was due to diversion of dollars to digital versus advertisers holding back. We always thought it was as much holding back or more holding back than digital and I think the scatter market is proving that thesis to be true, that people said well, there's no reason for us to jump in and overly commit upfront. We'll just wait and there will always be inventory available.

I think the advertisers that did jump are now feeling smart that they did because scatter prices are high enough and there just isn't enough inventory to meet the demand in some instances. So I think the advertising market right now is very good.

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**Jessica Reif Cohen** - Bank of America Merrill Lynch - Analyst

That's a welcome relief. On retrans can you give us an update on where you sit on your retrans cycle and do you have a significant number of renewals coming up in 2016 and 2017?

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**Steve Burke** - Comcast Corporation - EVP & CEO, NBCUniversal

So if you go back to four years ago and just to show you how smart we were when we did all the projections for the deal, we had zero in for retransmission consent for NBC when we did the five-year plan that we showed our Board. And this year retransmission consent for us will be somewhere around \$500 million which is an astonishing change in a relatively short period of time which obviously is very good for NBC, not as good for Neil Smit and our cable business but we're nicely hedged if you will.

I don't think -- I'm pretty sure our retransmission revenues are lower than CBS, ABC Fox on average and part of that is where we started from, part of that is the way we've conducted ourselves. But I think over time you could argue we should get as much as CBS, ABC or Fox if we continue to have good ratings performance and we have Sunday Night Football and the Olympics and everything else.

So I think -- I know you'll see that \$500 million go up nicely over time and to a degree our growth rate might be higher than some of the other broadcasters because we're behind them. We do have a number of deals expiring in the 2016 time frame but it's proven to be a very important part of the broadcast ecosystem and an area where we talk a lot about the monetization gap. I think we have a monetization gap both on retransmission consent where the other players in the industry are making more than we are.

We also still have a monetization gap on the advertising side where we had a CPM discount if you will to ABC, CBS and Fox of over 20% four years ago because NBC had not done well and the CPMs got chipped away in successive upfronts. We had a discount of 22%. We think we've closed about half of that discount, made some progress last year, made progress again this year.

But still there is no reason if we're the number one 18 to 49 network and we have The Voice and Blacklist and Sunday Night Football that an eyeball should be 10% less expensive on NBC than it is on Fox or ABC or CBS. So I think the good news is, well the bad news is it's frustrating that we have to discount it, it shouldn't exist. The good news is it's a multi-hundred million dollar opportunity over time as we get that discount back.

Now we need to keep performing and making good shows and being a network that people feel they want to buy and they need to buy. But if we do I think we can eliminate that discount and make our broadcast business more profitable.

**Jessica Reif Cohen** - Bank of America Merrill Lynch - Analyst

Okay, we still have to cover cable networks, theme parks and Telemundo in like 9.5 minutes so I'm just going to run through it. So on cable networks against the question would be you talked about this entitlement gap on broadcast. Can you just maybe address that also for cable and what you think about cable?

**Steve Burke** - Comcast Corporation - EVP & CEO, NBCUniversal

I think we have an entitlement gap, meaning that our affiliate fees for USA, Syfy, BRAVO and our cable networks relative to other cable channels our affiliate fees are lower than they should be given our ratings and everything else. And then we have the same phenomenon on the CPM side where channels like USA, BRAVO, Syfy make less money in terms of CPMs and total advertising than they should.

So I think that's a positive. The obvious challenge or the 800 pound gorilla in the room is what is going to happen to the growth rate of cable entertainment channels as the fragmentation continues on scripted programming and acquired repeats. There's no question in my mind that the cable entertainment business is going to continue to be a good business, it is just not going to grow the way it has grown.

It's not going to grow 8%, 9%, 10%, 12% a year anytime in the future in my opinion. When you look at the makeup we used to say we love the cable channel business because it was a dual income stream, affiliate fees and advertising. Now it's a multi-revenue stream.

You've got affiliate fees, advertising but you've also got SVOD, big international sales, you've got sales to other Internet providers other than SVOD. And when you look at that I think advertising represents, I know it represents less than half, I think it's around 45% of the revenue of those businesses. And when you look at that 45% I think it's unrealistic to assume that a portfolio of cable entertainment channels is going to grow ratings.

You may have years where one or two of the channels have a big hit and they grow but in general I think they're going to be on a declining course most likely, we'll try to do better if we can, but most likely on a decline in course. That will be partially offset by CPM increases as the supply of ads is constrained and demand continues to be strong. So if you look at the advertising side I don't think it's going to grow but I don't think it's going to decline materially and that's 45% of the revenue base and then the other 55% I think is all likely to grow.

The affiliate side is likely to grow. The SVOD side and international is likely to grow. And when you put that all together if you manage your businesses responsibly we think they should grow low single digits.

They won't grow 8%, 9%, 10%. It will not be the business that it was 5 or 10 years ago. But these are very strong, vibrant, great businesses, well run and if we invest in them appropriately the cable entertainment businesses should grow.

You mentioned some of the other businesses. Telemundo which we don't talk about a lot is a huge opportunity. Traditionally Univision had an 80% so a share and Telemundo had a 20% or so share, and Univision you'd know better than I made over \$1 billion in operating cash flow and Telemundo essentially didn't make money.

We've now gotten to Telemundo to the point where we're at winning almost every night at 10 o'clock with our 10 o'clock Novella winning by 40% or 50%, doing very, very well with a very focused strategy on doing programming that's very different that Univision is doing and it's really connecting. And we have a strategy that we're going to be rolling out for 9 o'clock and 8 o'clock and we've had several nights where we have beaten, with regularly scheduled programming we've beaten Univision which was unthinkable years ago. We've had many times where our news in big markets like Los Angeles and New York beats Univision's local news.

So we've made tremendous strides. And I think over the next three to five years Telemundo is one of the biggest opportunities that NBCUniversal has because if we can get our share, if we can get our share to 35%, 40% there is no reason why there isn't big, big upside --

**Jessica Reif Cohen** - Bank of America Merrill Lynch - Analyst

It's like hundreds of millions of dollars.

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**Steve Burke** - Comcast Corporation - EVP & CEO, NBCUniversal

I think it's hundreds of millions of dollars.

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**Jessica Reif Cohen** - Bank of America Merrill Lynch - Analyst

Okay and then moving on to film this is -- Fifty Shades of Gray, Jurassic World -- Straight out of Compton, I mean it's just been one thing after the other. What are you and Jeff Shell and his team doing to really drive these results and do you think you can keep it up?

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**Steve Burke** - Comcast Corporation - EVP & CEO, NBCUniversal

Well just to give you a sense for how great this year has been for us Universal Studios has been around for 101 years. The record year before this year for Universal Studios in 101 years was last year when we made a little over \$700 million. This year we'll do call it \$500 million more than that.

So it's a record year by 50%, 60%. A big part of it, and no one should ever be confused about this, a big part of this is just good fortune. We made a number of bets that worked out beautifully.

We made a number of changes that sometimes you do things and you get lucky and a big part of this is good fortune. But I think a fair amount of it is due to a number of changes that we made in the business over the last four, five years. We have a very strong management team.

Ron Meyer has been with the Company a long time. He's been integral to the culture and the success of Universal Studios. And then we put Jeff Shell in as the head of Universal Studio group and he works with a woman named Donna Langley who's been at Universal for a long time, very talented moviemaker and they've assembled a very strong team.

We essentially had no one on the ground in China four or five years ago, now we have a great team in China and as I mentioned Fast and Furious set the record for a US movie in China. We centralized all of our marketing so that all around the world we have coordinated programs and we have a new head of international distribution, new head of domestic distribution, many changes to the sort of overall complexion of our team. And the question is I think what percent of it is good fortune and what percent of it is good management and it's difficult to precisely say.

But I think our prospects look at materially better in the movie business which is always going to be a cyclical business and we will never -- it is quite unlikely that we will repeat the success we had this year next year or the year after or maybe ever. But I think we're going to be flying at a much higher altitude because we have a very good team, very disciplined, they are making great decisions, they are making decisions again for the long term.

If a movie isn't ready we hold the movie and try to make it better. If the right time to launch a movie is at a time when the overall Company might be having other financial pressures we say launch the movie at the right time, do the right thing.

And that kind of culture and the appropriate attitude toward risk I think you're seeing is at least partially due partially creating the results we see. And we're going to try to keep that culture.

When you're on a run like this you want to figure out a way to keep it going and keep the ingredients in your success together and we've spent a lot of time thinking and talking about that. Hopefully we'll fly at a higher altitude than we have in the last 5 or 10 years.

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**Jessica Reif Cohen** - Bank of America Merrill Lynch - Analyst

One of the best businesses in media is the theme park business, best returns on capital. Can you talk about, and you've had an astounding last four or five years. Can you talk about what you plan on doing to continue to drive growth both domestically and internationally?

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**Steve Burke** - Comcast Corporation - EVP & CEO, NBCUniversal

Well, we have a very interesting hand in the theme park business because we have about 25% marketshare and we have a really good product. If you go to Orlando and you go visit Harry Potter 1 or 2 or go see Transformers or go to Universal Studios Hollywood we've really improved the product, invested a lot in it. And it's a product that deserves a higher market share than 25%.

So we've taken operating cash flow from \$400 million to about \$1.4 billion, so we've taken operating cash flow up \$1 billion in a five-year period and we're going to keep investing. We're going to keep having one major new attraction every year. Orlando for example had 2,500 hotels and every person who stays in our hotel spends an extra day in our theme parks.

So ideally you want to have as many hotels as you can while still being profitable in the hotel business. We did a study that said we should have at least 10,000 hotels, so we've added a couple thousand rooms. We're going to add a couple thousand rooms in the not-too-distant future and that's contributing to improved attendance.

And we have a great management team, an excellent executive in Tom Williams who runs our theme park business. And we think we have lots of runway for a decade, two decades, we have a lot of growth in that business.

We're going to be very aggressive in Orlando, very aggressive in Hollywood. I mentioned the Beijing Park. We have a park in Osaka that has had great growth and we think will continue to have great growth. And we really like the theme park business.

Again it's like the Olympics, it's hard to predict where the world is going to be in 10 or 20 years but families, maybe even more so when everybody's got tablets and smartphones, families are going to want to vacation together and they are going to want to go to special places that can create a special experience for that family. And I think Universal Studios is a one of those places and we're really happy it's part of the Company.

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**Jessica Reif Cohen** - Bank of America Merrill Lynch - Analyst

So I know we're out of time but the last follow-up on theme parks. Because China seems to be such an enormous opportunity, can you just give us a little bit of color about what to expect time frame and how big you might become in that country?

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**Steve Burke** - Comcast Corporation - EVP & CEO, NBCUniversal

Well we're going to be a 30% partner in a theme park in Beijing and Disney is going to Shanghai and Beijing wanted us for their city and the Beijing government and our joint venture partners have been wonderful. We have a very, very big area that will allow us to eventually have two theme parks and hotels and city walk and everything else. And it's just staggering the size of that market and the hunger that the Beijing or Chinese market in general has for American entertainment and movies and everything else.

We've done a lot of research. We're being very, very careful with the creative product. We're probably about five years away so this is not anything that's going to affect our numbers next year or the year after but we have a great -- we're off to a great start and I think it's going to be a wonderful business for us.

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**Jessica Reif Cohen** - Bank of America Merrill Lynch - Analyst

Great, thank you so much Steve.

**Steve Burke** - Comcast Corporation - EVP & CEO, NBCUniversal

Thank you Jessica.

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