

The Case for Comcast Corp (CMCSA)

Quality at a Great Price



COMCAST



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We believe Comcast shares currently offer the highly attractive combination of quality & value, which is why we added it to both the Zacks Earnings Certain Proxy and Zacks Earnings Certain Admiral portfolios as of the Q3 2024 update on 9/30.

Brief History of Comcast Corp



- Founded in 1963 by Ralph J Roberts among other co-founders as American Cable Systems.
- Cable TV started gaining popularity to receive longer-distance television programming vs traditional TV-top “antennae” or even rooftop anthennas
- Rapid growth through serial acquisitions throughout the 1970s, 1980s, and 1990s, mostly by acquiring small cable operators, but also a few significant M&A with MacLean Hunter in 1996 and MediaOne in 1998—two massive corporate actions that tripled their subscriber base
- 2002: expanded into high-speed internet services via DOCSIS technology and phone services to become an all-inclusive bundle of home connectivity: TV, internet and phone.
- 2011: launched Xfinity streaming services as its answer to the rise of streaming, which had rapidly eaten market share from cable TV
- 2013: entered media broadcasting by purchasing NBC Universal for \$16 billion, plus other networks like USA Network and Syfy
- 2015: launched Xfinity Mobile wireless internet services
- 2020: launched Peacock as its answer to the global rise of streaming vs traditional cable TV programming



So how does Comcast make money?



Connectivity & Platforms

Broadband and wireless connectivity services (Xfinity in the US and Sky in Europe)

66% of revenue at over \$80 billion ARR

42% adjusted EBITDA margins

Content & Experiences

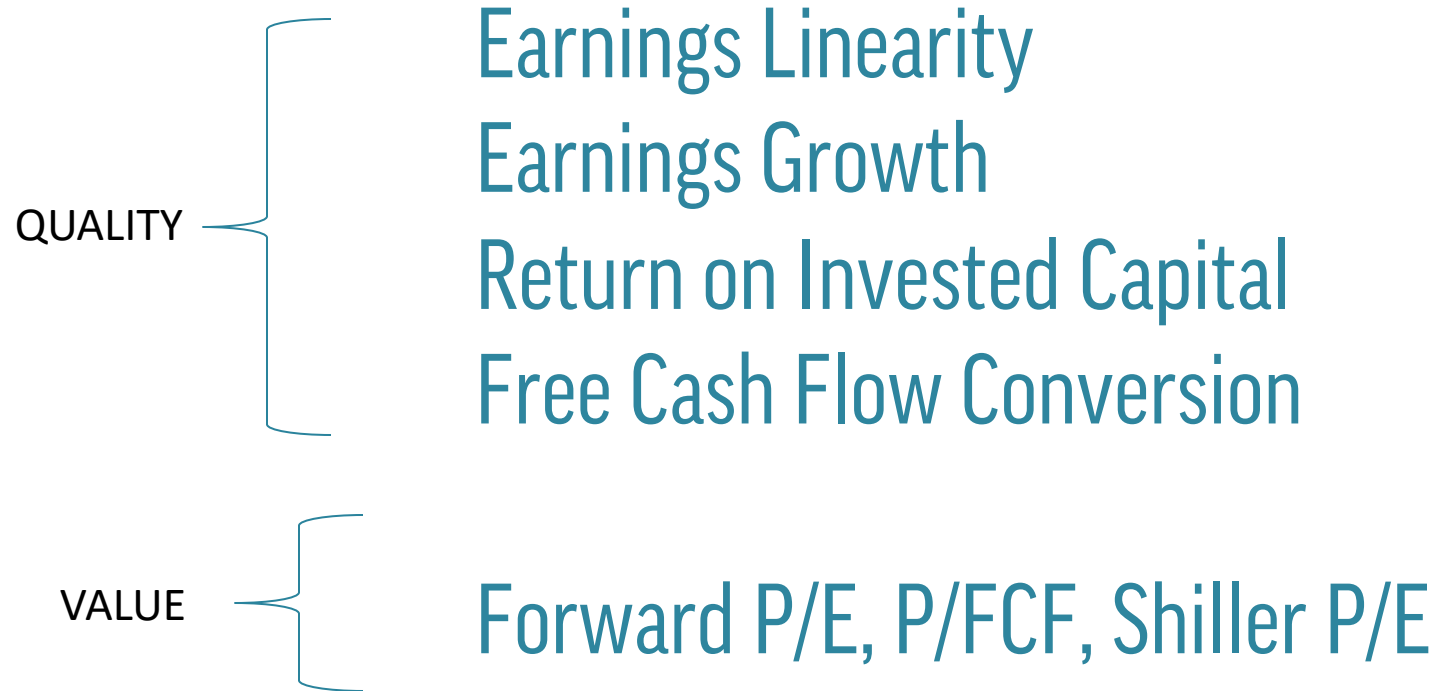
Media and entertainment businesses, including NBC Universal and Telemundo TV and streaming platforms, Peacock streaming service, film production studios, and theme parks (Universal Studios Hollywood, Universal Orlando Resort, etc).

33% of revenue at \$40 billion run rate

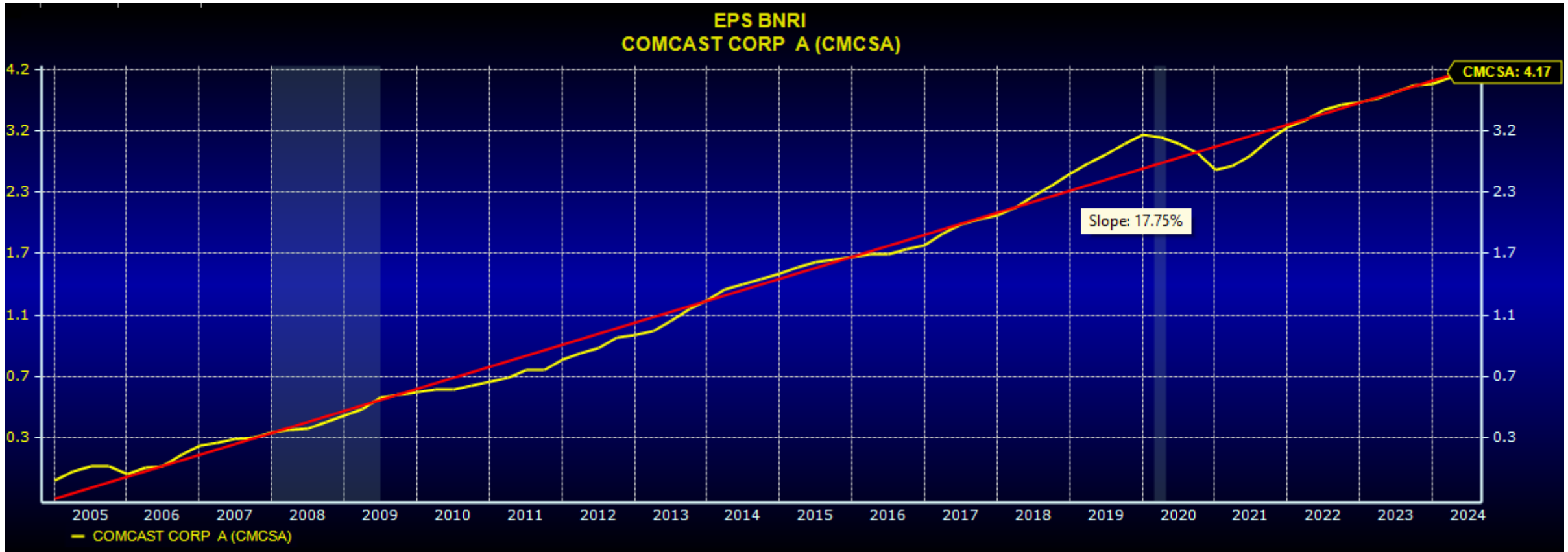
18% adjusted EBITDA margins



Peacock streaming service just surpassed \$4 billion ARR in Q2 2024 and is Comcast's strongest growth driver at +28% YoY across their portfolio of assets.



Strong Long-Term Earnings Durability and Sustainable Growth





How do companies attain high earnings linearity over long periods of time?

Economic Moat + Required Products/Services

A moat is created around a business when it has high barriers to entry (large upfront fixed costs or regulatory hurdles), advantages in scale, large network effects, R&D technological leadership, valuable intellectual property with patent protection, brand value, or any combination of the above.

Comcast Checks off Multiple Boxes to be a Moated Business



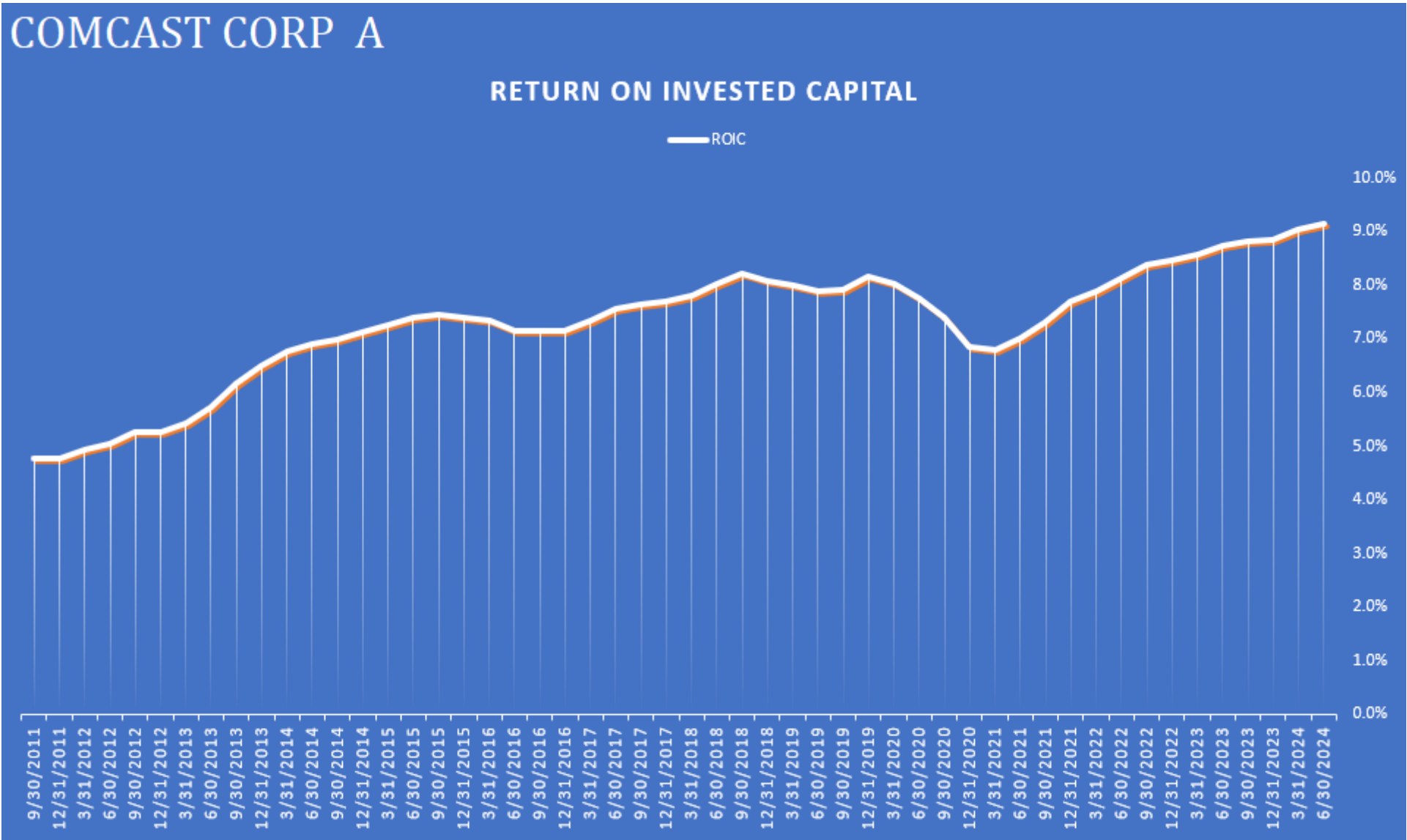
- Large scale distribution to drive down costs
- Large barriers to entry due to infrastructure costs
- Duopoly industry (Comcast and Verizon)



A core principle of the Zacks Earnings Certain Proxy is to pick businesses with a strong moat and who produces a product or service that is required rather than discretionary.

This significantly increases earnings certainty into the future.

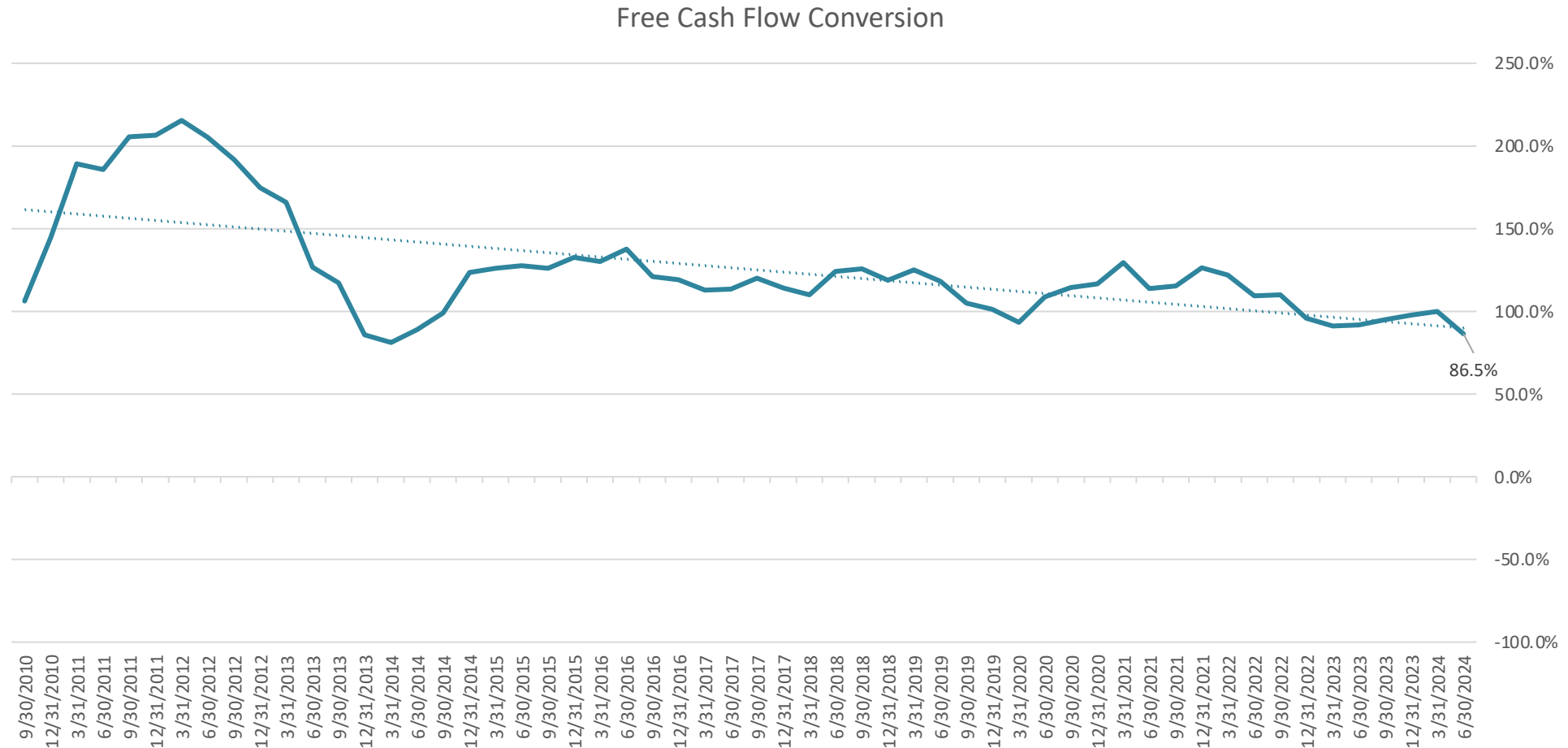
Strong and Increasing ROIC





High and stable ROIC over long periods of time (>5 years) is potentially evidence of a strong moat around the business.

Earnings Backed By Free Cash Flow



Deep Value Multiple



P/E - F12M
COMCAST CORP A (CMCSA)



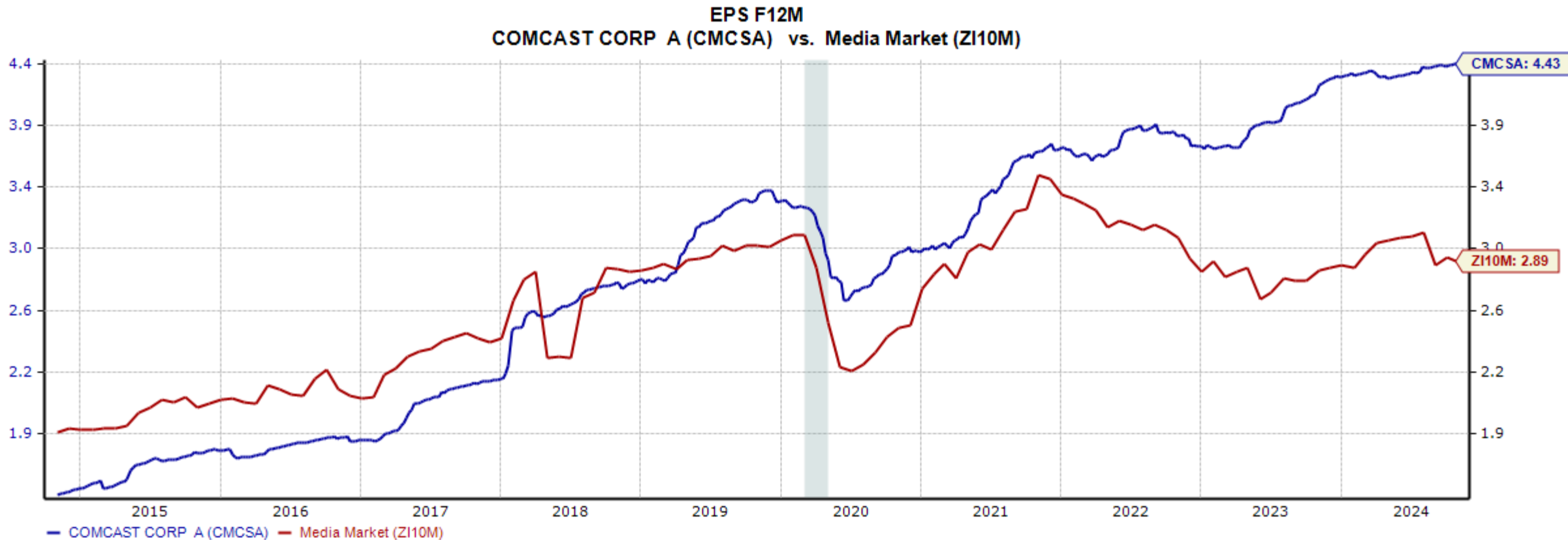
Title	High	Low	Median	Current	Start Date	End Date
COMCAST CORP A (CMCSA)	54.34	7.66	16.08	9.41	10-31-2004	10-24-2024



I believe Comcast currently represents an attractive risk/reward imbalance as a high quality, moated business that continues to compound at high single digit EPS thanks to services that are staples for every household and business, and with streaming services that are gaining stride.

Yet shares trade at extremely depressed multiple to earnings as the stock has been thrown out with the rest of the pure media industry (Disney, Warner Bros, Cumulus) as significant disruption from both technology and consumer choices continues to rattle these companies.

However, Comcast is unlike the rest of the industry, as it has powered forward while the rest have languished on average



Title	High	Low	Median	Current	Start Date	End Date
COMCAST CORP A (CMCSA)	4.43	1.63	2.95	4.43	10-31-2014	10-24-2024
<u>Media Market (ZI10M)</u>	3.50	1.92	2.79	2.89	10-31-2014	10-24-2024

CMCSA Appears to Be Following a Classic Bullish Technical Setup: 1-2-3 Reversal



Zacks Earnings Certain Proxy: Recession-Resistant, Durable Moat-Protected, Low Volatility, Steady Compounders





The 4 Pillars of Quality:

Earnings stability

Earnings growth

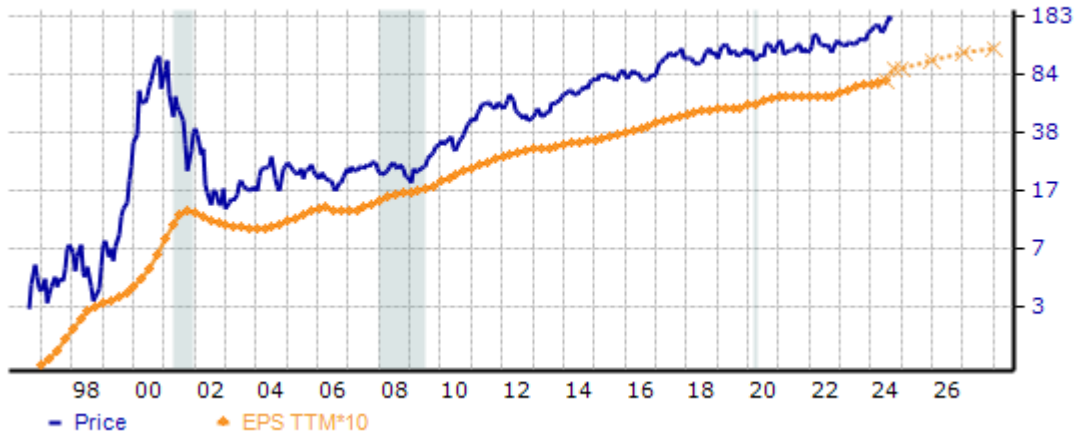
Return on invested capital

Free cash flow conversion



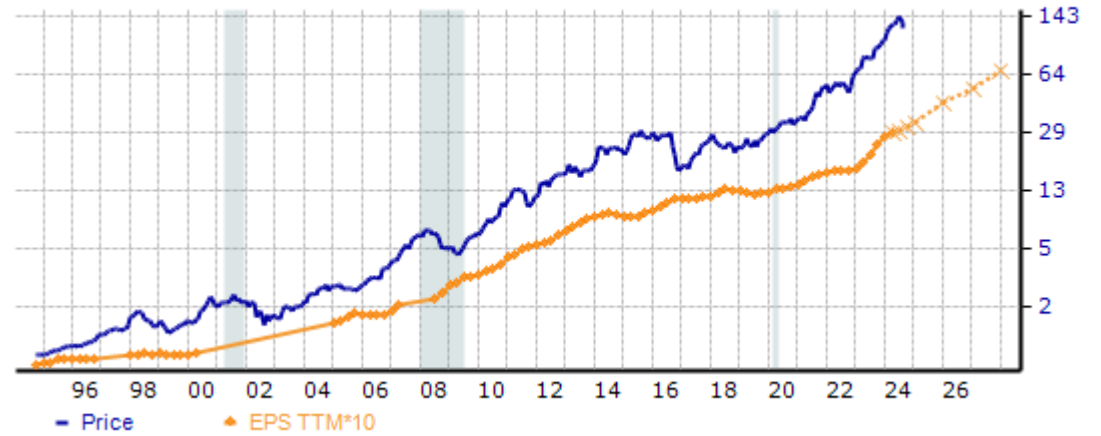
Price & Earnings
CHECK PT SOFTW (CHKP)

Price \$ | EPS*10



Price & Earnings
NOVO-NORDISK AS (NVO)

Price \$ | EPS*10



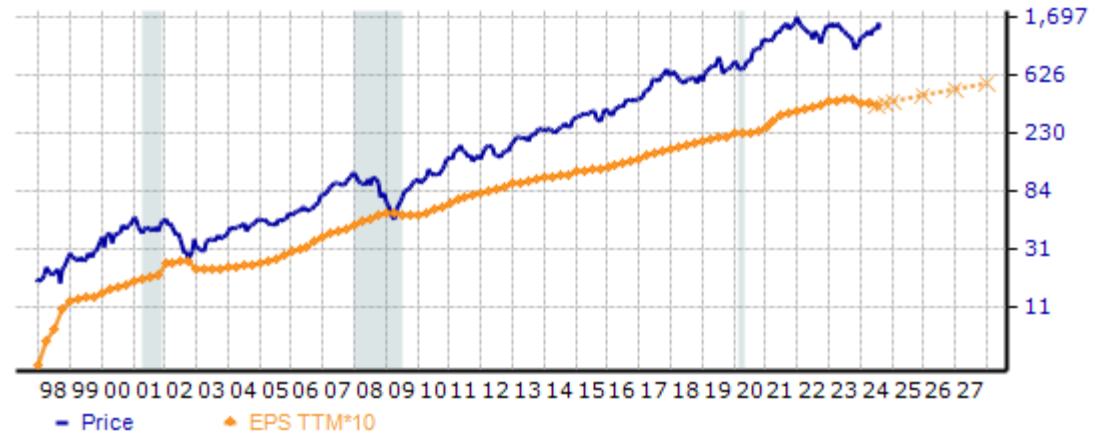
Price & Earnings
CENCORA INC

Price \$ | EPS*10



Price & Earnings
METTLER-TOLEDO (MTD)

Price \$ | EPS*10

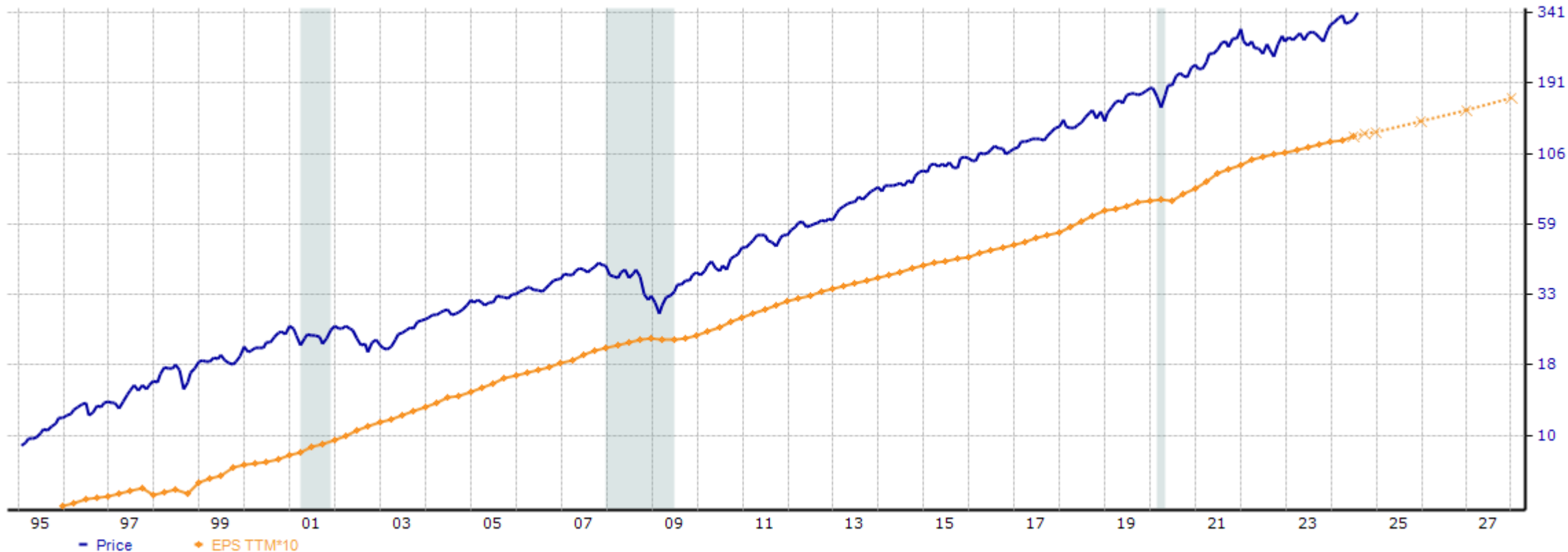


Built for Long-Term Durability



Price & Earnings
ZacksEarningsCertainProxy (ZECPE) MN-Wtd

Price \$ | EPS*10



Thank You for Attending!



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