

Comcast's 2Q profit soars 53 pct, tops estimates

August 6 2009, By DEBORAH YAO , AP Business Writer



The Comcast logo is displayed on a TV set in North Andover, Mass. Thursday, Aug. 6, 2009. Comcast Corp., the nation's biggest cable TV systems operator, posted a 53 percent increase in second-quarter profit on Thursday, helped by higher prices and increased customer spending on video and Internet services. But subscriber growth markedly slowed as the recession's grip remained tight. (AP Photo/Elise Amendola)

(AP) -- Comcast Corp., the nation's biggest cable TV systems operator, posted a 53 percent increase in second-quarter profit on Thursday, helped by higher prices and increased customer spending on video and Internet services. But subscriber growth markedly slowed as the recession's grip remained tight.

Comcast said it hasn't seen much sign of an economic rebound, although July fared better than the second quarter. Local [advertising](#) remains

depressed.

The quarter's subscriber growth was dampened by the housing slump, jobless rate and competition, as well as a seasonal slowdown due to college students and senior citizen 'snowbirds' disconnecting for the summer.

"This is a very solid business in tough economic times with some unusual things going on and I think we're going to come out of it the strongest we've ever been," said Brian Roberts, CEO of [Comcast](#), in a conference call with analysts. "So we're pleased with the quarter."

Philadelphia-based Comcast earned \$967 million, or 33 cents per share, in the quarter ended June 30, compared with \$632 million, or 21 cents per share, in the year-ago quarter.

Revenue rose by 4.5 percent to \$8.94 billion from \$8.55 billion, helped by more customer sign-ups and higher prices.

The performance exceeded the expectations of analysts polled by Thomson Reuters, who were looking for earnings of 26 cents per share and revenue of \$8.86 billion, on average.

Its shares rose 28 cents, or 1.9 percent, to \$15.34 in morning trading.

Free cash flow edged up less than 1 percent to \$1.17 billion. Local [advertising revenue](#) dropped nearly 20 percent to \$325 million from \$405 million.

Comcast said it added nearly 334,200 lines of service, down from last year's nearly 960,000. The company lost about 213,800 basic video customers, up sharply from the loss of 138,100 a year ago. Digital cable TV added nearly 250,000 subscribers, but that was still well below the

nearly 320,000 added in the 2008 period.

High-speed Internet saw the biggest drop in new customers, with the company signing up just 65,000 new users compared with the 278,500 new subscribers recorded in the year-ago period. Digital voice added 233,350 subscribers, down 58 percent.

Customers spent more per month on average on video and Internet services, but not phone. Video revenue per customer rose 7.4 percent to \$117.74, helped by higher prices and customers signing up for premium services such as HD packages as they stayed home to watch entertainment rather than going out.

The monthly revenue from Internet services was \$42.06, up from \$41.98 a year ago. But phone revenue per subscriber fell to \$38.78 from \$39.46.

"As expected, unit growth metrics were weak. But also as expected, financial performance was very, very strong," said Craig Moffett, senior analyst at Sanford Bernstein, in a research note.

The company said it began trials of its online video program in July, in which 5,000 Comcast customers nationwide could access cable TV programs over the Internet with a log-in. Partners in the venture include HBO, Starz and CBS. It expects to launch the service in the fourth quarter.

The online video program, called 'On Demand Online' by Comcast and 'TV Everywhere' by Time Warner Inc., seeks to give cable customers access to cable TV content on computers and mobile phones without jeopardizing subscription revenue.

Comcast also stepped up its ultra-high-speed Internet deployment of 50 Megabits per second or higher. It now expects to launch the service in 80

percent of its markets by year-end, up from 65 percent. Comcast, like other cable TV operators, is ramping up services as it faces competition from Verizon Communications Inc.'s fiber-optic FiOS and AT&T Inc.'s U-verse.

Comcast resumed its share buyback program in the quarter, spending \$215 million to repurchase 15.5 million shares.

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