

Comcast 4Q profit up on revenue boost, tax gain

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In this photo made Dec. 3, 2009, a sign outside the Comcast Center, right, is shown in Philadelphia. Higher revenue and a tax gain helped propel Comcast Corp.'s fourth-quarter earnings sharply higher Wednesday, Feb. 3, 2010, as the nation's largest cable operator solidified its position as the biggest U.S. Internet service provider as well.(AP Photo/Matt Rourke)

(AP) -- Comcast Corp. reported sharply higher fourth-quarter earnings, propelled mainly by a boost in broadband and phone revenue, and unveiled a new brand for its core cable TV operations as it transforms into a media conglomerate.

On the eve of congressional hearings on its proposed purchase of a controlling stake in NBC Universal, [Comcast](#) said Wednesday that it will change the name of its cable TV, Internet and phone services to XFINITY. The new brand will roll out in 11 markets on Feb. 12 and expand

nationally thereafter. Comcast will remain the name of the parent company.

"We are beginning to reposition the company with the consumer, demonstrating how the technical and product investments we have made can redefine how customers experience video, voice and the Internet," CEO Brian Roberts said in a conference call with analysts.

He said the company has started to integrate the NBC Universal operations into its business. Although the deal to buy a 51 percent stake from General Electric Co. faces strong opposition from many consumer groups and competitors, federal regulators are likely to approve it with conditions.

In the fourth quarter, Comcast also solidified its position as the nation's largest wired broadband provider, trumping AT&T Inc. for a second quarter in a row with 15.9 million high-speed Internet subscribers.

Comcast earned \$955 million, or 33 cents per share, in the fourth quarter. That's more than double the \$412 million, or 14 cents per share, earned in the year-earlier period, which included a \$600 million writedown of its investment in Clearwire Corp., a company that provides mobile Internet services that Comcast resells to customers.

Excluding a one-time tax gain in the recent quarter, Comcast would have earned 29 cents per share. That exceeds the 27 cents per share expected by analysts, who typically exclude one-time items.

[Revenue](#) rose 2.9 percent to \$9.06 billion, slightly ahead of the \$8.96 billion estimated by analysts surveyed by Thomson Reuters.

Free cash flow came to \$768 million, down 11 percent from the year-ago quarter. Investors watch that metric closely because it shows how

well a cable provider is able to generate cash despite needing to spend a lot to beef up its cable infrastructure, buy set-top boxes and make other improvements.

Strength in its Internet business offset a continuing decline in the number of cable TV customers and slowing growth in the phone business. As consumers increasingly watch video over the Internet, they have been turning to cable providers for higher Internet speeds that phone and satellite TV companies cannot match.

"Broadband remains the bright spot, not just for Comcast but for the cable industry as a whole," Sanford Bernstein analyst Craig Moffett said in a research note.

Comcast added 290,000 net subscribers in its core businesses of cable TV, Internet and phone during the months of October, November and December, matching gains in the 2008 period. But the total masked weakness in cable video services, as that was offset by increases in Internet and phone subscriptions.

Comcast gained a net of 247,000 Internet customers in the quarter, larger than the 197,000 added by AT&T and Verizon Communications Inc. combined. But the Philadelphia-based company lost 199,000 basic video subscribers and added just 243,000 phone customers, down 29 percent from the prior year.

Last week, Time Warner Cable Inc. showed similar trends, gaining 122,000 net Internet customers, while shedding 105,000 in basic cable.

Comcast did gain 410,000 customers who bought a digital cable package on top of the basic video services. That's up 66 percent.

Video revenue fell slightly to \$4.79 billion, while Internet and phone

revenue rose by 7 percent to \$2 billion and 17 percent to \$855 million, respectively.

Comcast said it paid out \$268 million in quarterly dividends last week, or 9.45 cents per share. Cable operators typically pour earnings back into their capital-intensive operations but recently have been bowing to shareholder pressure for a better return. Last week, Time Warner Cable said it, too, would start paying dividends.

For the year, Comcast earned \$3.64 billion, or \$1.26 per share, compared with \$2.55 billion, or 86 cents, a year earlier. Revenue rose by 3.9 percent to \$35.76 billion.

Shares of Comcast fell 31 cents, or 1.9 percent, to \$15.98.

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