

# Comcast drives growth with pricier bundles

October 27 2010, By ANDREW VANACORE , AP Business Writer

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In this Dec. 3, 2009 file photo, a sign outside the Comcast Center, left, is shown in Philadelphia. Comcast Corp. reported an 8 percent drop in third-quarter earnings Wednesday, Oct. 27, 2010, a decline caused by expenses related to its pending acquisition of NBC Universal and other one-time costs.(AP Photo/Matt Rourke, file)

(AP) -- Comcast Corp., the country's biggest cable TV company, continues to generate more money by attracting customers to pricier bundles of TV, Internet and phone service - even as a sluggish economy hampers efforts to sign up new subscribers.

Comcast released third-quarter results Wednesday that showed its revenue is growing at its fastest clip since the fourth quarter of 2008.

Net income dipped 8 percent, but only because of one-time costs, including legal bills and other expenses related to its pending takeover of NBC Universal. [Comcast](#) is hoping to win federal approval for its

purchase of a controlling stake in the entertainment company from General Electric Co. by the end of the year.

Comcast shares rose 75 cents, or 3.8 percent, to \$20.39 in midday trading Wednesday.

"They performed well in a difficult environment," Kaufman Bros. analyst Todd Mitchell said.

The company faces two sets of obstacles in trying to win new customers.

First, a depressed housing market and high unemployment mean fewer people are moving to new homes and adding new cable hookups.

Second, Comcast is competing with an array of satellite and phone companies providing television in a market that is basically mature. Most households in the U.S. already have some kind of [subscription TV](#) service, so the search for new customers comes down to who can offer a package enticing enough to get people to switch.

At the same time Comcast's expenses are rising. The fees that it pays ESPN, MTV and other [cable channels](#) continue to increase. And over the past few years broadcast stations that used to allow cable companies to retransmit network television for free have been asking for fees as well, often resulting in nasty public feuds; [Cablevision Systems](#) Corp. and Fox remain locked in a fee dispute that has left the network off lineups in the New York area since Oct. 16.

Comcast paid \$1.85 billion for programming in the third quarter, up 5 percent from a year ago.

That contributed to a 7 percent increase in overall operating expenses to \$3.79 billion, from \$3.53 billion.

Comcast was able to overcome fierce competition and bigger costs by getting more cash out of its existing customers.

The company added fewer subscribers in the third quarter than it did in the same three months of 2009. It ended the quarter up 2.5 percent at 48 million, compared with growth of 3.4 percent in the same quarter a year ago.

But its average revenue per customer climbed more than 10 percent to \$129.75 as subscribers took advantage of high-definition video and digital video recorder service. Revenue from each of its offerings - cable, high-speed Internet and voice - all grew from a year ago.

A recovery in television advertising also helped. Revenue from local ads shown on its cable channels continued to rebound off of steep declines last year, growing 27 percent.

Overall, revenue climbed 7 percent to \$9.49 billion, topping the average forecast from analysts of \$9.36 billion, according to a survey by Thomson Reuters.

Net income fell to \$867 million, or 31 cents per share, in the three months ended Sept. 30. It was \$944 million, or 33 cents per share, a year ago.

Stripping out one-time items, the company said earnings would have climbed to 32 cents per share from 28 cents a share a year ago. Analysts expected 30 cents per share, on average. Costs from debt refinancing as well as legal fees related to the NBC Universal deal cut earnings by \$66 million, or a penny per share.

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Citation: Comcast drives growth with pricier bundles (2010, October 27) retrieved 12 September 2024 from <https://phys.org/news/2010-10-comcast-growth-pricier-bundles.html>

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