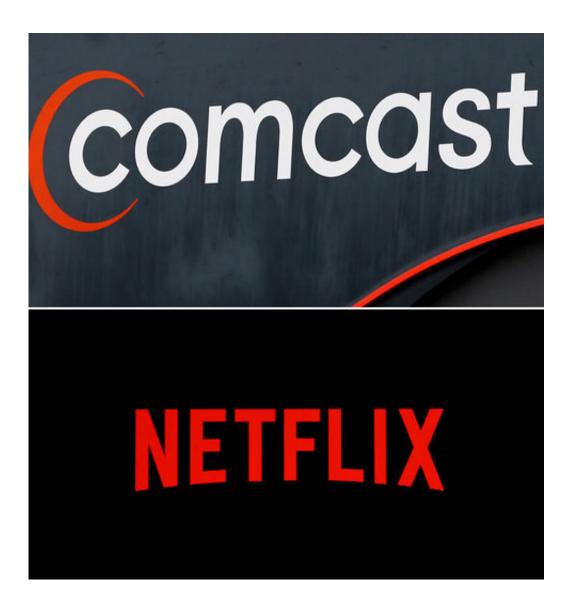


How Comcast is trying to change the cable game

April 25 2018, by Mae Anderson



This combo of file photos shows a Netflix logo on an iPhone in Philadelphia on July 17, 2017, bottom, and a Comcast sign on Oct. 12, 2017, in Hialeah, Fla. Comcast is trying to refigure the traditional cable bundle, adding services like



Netflix to its subscription packages and offering internet-only TV streaming. The moves come as Comcast, the world's largest cable company, and other cable operators try to work out relationships with once fierce rivals in a changing media landscape. (AP Photo/File)

If you can't beat them, join them. Comcast is trying to refigure the traditional cable bundle, adding services like Netflix to its subscription packages and offering internet-only TV streaming.

Comcast, the world's largest cable company, and other <u>cable operators</u> are trying to work out new relationships with once fierce rivals in a changing media landscape.

Comcast and others have been trying to build a business that combine both the "pipes"—the internet services that connect everyone—and the producers of shows, movies, and other video.

Cable operators and internet service providers say this business model is key to their survival, given the inroads companies like Google and Apple have made on their turf.

In this environment, Comcast reported a strong first quarter, boosted by \$1.6 billion in ad revenue from NBC's broadcast of the Super Bowl and the Olympics.

Philadelphia-based Comcast's net income rose 21 percent to \$3.12 billion, or 66 cents per share, from \$2.57 billion, or 53 cents per share a year ago. Excluding a one-time benefit from the federal tax overhaul and the gain on the sale of an asset, net income totaled 62 cents per share. That beat analyst estimates of 59 cents per share, according to FactSet.





This March 29, 2017, file photo shows a sign outside the Comcast Center in Philadelphia. Comcast Corp. reports earnings Wednesday, April 25, 2018. (AP Photo/Matt Rourke, File)

Revenue rose 11 percent to \$22.79 billion from \$20.59 billion last year, edging past analyst expectations of \$22.75 billion.

Also on Wednesday, Comcast made a bid for British broadcaster Sky Plc for 22 billion pounds (\$30 billion), topping an offer from Rupert Murdoch's 21st Century Fox and sparking a possible bidding war.

Sky is based in London but has strong news and pay-TV operations across Europe, and is particularly prized for its sports broadcasting operations, including the English Premier League soccer matches.



Comcast has been leading the way in marrying pipes with the entertainment that flows through them. It bought NBCUniversal's cable channels and movie studio in 2013 and added Dreamworks Animation in 2016. It has been tinkering with the traditional cable bundle, offering a la carte subscription services and so called "skinny bundles." Earlier this month, Comcast said it will add Netflix to some cable bundles.

The Netflix move was an effort to offer customers more "choice, value and flexibility," Sam Schwartz, chief business development officer at Comcast Cable said at the time—words not often used to describe traditional take-it-or-leave-it <u>cable</u> bundles.

But combining the distribution of entertainment with its producers has drawn new concerns about monopoly. The Department of Justice is in the middle of a lawsuit against AT&T and Time Warner, claiming that their proposed \$85 billion merger would harm consumers.

AT&T and Time Warner argue they're simply trying to stay afloat in the new streaming environment. But the Justice Department says the merged company could exert monopolistic control—for instance, by charging rivals like Comcast higher prices for Time Warner Channels like CNN or HBO, which would likely push up consumer prices as well.

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