

# Comcast adds Internet customers; box office pumps up revenue

July 23 2015, byTali Arbel

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Despite a slowdown in subscriber growth, the Internet is still propelling Comcast.

The movies and theme parks in its NBCUniversal entertainment unit also bolstered results in the quarter.

The country's largest cable company added 180,000 Internet customers in the April-June quarter, the smallest gain in at least two years. That brings its total Internet subscribers to 22.6 million.

Comcast's Internet customers surpassed its cable customers in the second quarter for the first time ever, underscoring that the future of the industry is broadband. The company finished June down 69,000 TV customers, to 22.3 million.

Fears about a larger Comcast's dominance of the high-speed Internet market led to the downfall in April of its deal to acquire Time Warner Cable.

Regulators worried Comcast could undermine online video competitors by controlling how they reached many customers.

Comcast this month announced an Internet video service of its own—Stream—that will include broadcast channels and HBO for \$15 a month. It's only for its own Internet customers.

On a call with investors Thursday, Comcast Cable's CEO, Neil Smit, said that launching Stream didn't require additional payments from Comcast to the channels in the service.

He said that's because the service is covered under Comcast's existing contracts with channels like HBO—it's live TV inside a customer's home network, but to watch anything outside your home you have to log in to an individual channel's app on a mobile device, the same as a cable TV customer can do, or use Stream's DVR service.

The company is launching Stream as online TV options that don't require a cable subscription proliferate, while cable and satellite TV subscribers start to slip. Channels like Lifetime, Showtime, CBS and HBO have launched online video services. Dish Network's Sling TV gives you a "skinny bundle" of about 20 channels for \$20 a month. Verizon is working on a mobile TV service that's expected to launch this summer.

These come amid growing consolidation in traditional TV companies. Regulators are expected to soon approve AT&T's purchase of satellite TV provider DirecTV, while Charter Communications wants to buy Time Warner Cable and a smaller cable operator called Bright House Networks.

Comcast's Internet revenue rose 10 percent to \$3.1 billion in the second quarter, thanks to new customers and subscribers upgrading to higher speeds.

Video revenue rose 3.7 percent to \$5.43 billion, even as subscribers declined, helped by add-ons like signing up for another set-top box.

Rate increases also helped boost revenue.

Revenue in the NBCUniversal division rose 20 percent, to \$7.23 billion,

because of box office hits like "Jurassic World," "Furious 7" and "Pitch Perfect 2." Filmed entertainment revenue nearly doubled, to \$2.27 billion. Revenue dipped 1 percent for the company's cable networks, which include CNBC, Bravo, USA Network and E! Entertainment, and was flat for its broadcast networks, NBC and Telemundo.

In the quarter, the Philadelphia company's profit rose 7.3 percent to \$2.14 billion, or 84 cents per share. Revenue rose 11.3 percent to \$18.74 billion.

Shares fell \$1.67, or 2.6 percent, to \$62.83 in morning trading.

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