



IS T-MOBILE U.S. A GOOD TARGET FOR COMCAST?

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Abstract

Throughout 2015 there was a rumor in the market that the U.S.-based cable company, Comcast, could be expanding its segments to wireless. Despite offering cable TV, broadband and voice or even by operating theme parks, the company may be after T-Mobile U.S., a Deutsche Telekom subsidiary. Despite its failed attempt to buy Time-Warner Cable, it is expected that such a deal would occur for Comcast in a near future. Therefore, following the company strategic objectives, this thesis stresses the effects of acquiring T-Mobile U.S. in both, financial and strategic terms. With total synergies expected to achieve \$5,130M and a total premium of \$4,429M, such a deal would bring Comcast a net benefit of \$5,632M. With a final price offer of \$41.61 per share, the deal is recommended and should occur as soon as possible for the sake of the companies in the process.

Ao longo de 2015 houve rumores no mercado de que a Comcast - empresa de cabo que opera nos Estados Unidos, poderia expandir a sua atividade em direção à indústria de telecomunicações móveis. Mesmo tendo segmentos como televisão por cabo, internet e voz, ou até mesmo parques de diversão temáticos, é possível que a empresa esteja inclinada a comprar a T-Mobile U.S., subsidiária americana da Deutsche Telekom. Depois de falhada a tentativa de compra da Time Warner Cable, é possível que a Comcast continue a procurar novos negócios dentro do mesmo segmento num futuro próximo. Assim, e de acordo com os objetivos estratégicos da empresa, esta tese pretende identificar quais as consequências de tal aquisição, em termos financeiros e estratégicos. Com sinergias totais estimadas em \$5,130M e um prêmio de \$4,429M, a Comcast teria um benefício líquido de \$5,632M. Com um preço final de \$41.61 por ação, e tendo em conta os objetivos das duas empresas, o negócio é recomendando e deve até ocorrer nos próximos tempos para benefício das partes envolvidas.

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List of Abbreviations

APV	Adjusted Present Value
ARPU	Average Revenue per User
AWS	Advanced Wireless Service
CAGR	Compound Annual Growth Rate
CAPEX	Capital Expenditures
CAPM	Capital Asset Pricing Model
CDMA	Code Division Multiple Access
CHTR	Charter Communications, Inc.
CMCSA	Comcast
COGS	Cost of Goods Sold
Cord-cut	Patterns of viewers cancelling subscriptions television services or reducing the number of hours of subscription TV viewed in response to competition from rival media
CVC	Cablevision Systems Corporation
D&A	Depreciation and Amortization
DCF	Discounted Cash Flow
DT	Deutsche Telekom AG
E	Expenses of the acquisition process
$E(R_i)$	Expected rate of security i
$E(R_M)$	Expected return of the market
EBIT	Earnings Before Interest and Taxes
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
EDGE	Enhanced Data rates for GSM Evolution
EV	Enterprise Value
FCC	Federal Communications Commission
FCFE	Free Cash Flow to the Equity
FCFF	Free Cash Flow to the Firm
G	Terminal Growth Rate
GDP	Gross Domestic Product
GPRS	General Packet Radio Service
GSM	Global System for Mobile Communications
HSPA	High Speed Packet Access
LTE	Long-Term Evolution
M&A	Mergers and Acquisitions
M2M	Machine-to-Machine
MRP	Market Risk Premium
MVNO	Mobile Virtual Network Operator
MVPD	Multichannel Video Programming Distributor
NBCU	Comcast business segment of NBC Universal
NOPLAT	Net operating profit less adjusted taxes

NPV	Net Present Value
NWC	Net Working Capital
OCF	Operating Cash Flow
P	Premium paid for B
P/Sales	Price-to-Sales Ratio
PCS	Personal Communications Service
PER	Price-to-Earnings Ratio
Quad Play	Bundled service of television, internet, mobile and fixed voice
R_D	Cost of Debt
R_E	Cost of Equity
R_F	Risk-free rate
ROE	Return on Equity
ROIC	Return on Invested Capital
Skinny Bundle	Web services from providers such as Dish Network Corp. and Apple Inc. that offer just a few popular channels at a lower price
STRIP	Fixed-income securities sold at a significant discount to face value and offer no interest payments because they mature at par
SVAR	Shareholders' Value at Risk
T	Tax Rate
TMUS	T-Mobile U.S.
Triple Play	Bundled service of television, internet and fixed voice
TV	Terminal Value
TWC	Time-Warner Cable
U.S.	United States of America
UMTS	Universal Mobile Telecommunications Systems
V_A	Value of company A
V_{AB}	Combined value of the two firms
V_B	Value of company B
VoD	Video on Demand
VoIP	Voice Over Internet Protocol
WACC	Weighted Average Cost of Capital
YTM	Yield-to-maturity

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1 Introduction

This thesis is pretended to study the case of an acquisition between two U.S. companies. It is intended to explain all the financial and strategic decisions that may be behind such deal. Essentially, the present dissertation investigates the real case of Comcast, a cable company, with T-Mobile U.S., a wireless operator.

Since recent reports show that the market conditions in the U.S. will remain positive, it is expected that large companies look for new acquisitions. Companies are now seated in large cash piles, with easy access to credit, since the interest rates are now at a lower level with investor's confidence on a rise. If one puts together these facts, with the will to grow even further and take part of the existent strategic opportunities, it is easy to assume that large deals are emerging, with companies reviewing their portfolio of business units, products and assets for potential acquisition targets.

This dissertation is structured in the following pattern. Firstly, one is able to get insights on the topic by a literature review section. Secondly, it is presented an industry analysis. Thirdly, one can analyze each company under study. In the following section, this thesis presents a merged entity with detailed synergies and the respective valuation. In the end, it is explained all the deal details.

2 Literature Review

In this section, it is expected that the reader gets an insight into two topics addressed in this dissertation, which are firm valuation and mergers and acquisitions (M&A). Some concepts are briefly explained, such as the different valuation technics, or the different discount rates used in the models. When it becomes to M&A, this section clarifies what kind of transactions are available, how can one value synergies, and also an outlook on M&A trends.

This section provides background on the mentioned topics. All the concepts used throughout this dissertation are somehow referred. Nonetheless, further readings are advisable to get a thoroughly understanding in M&A.

2.1 How much is a company worth?

Understanding valuation has become a prerequisite for meaningful participation in a company's resource-allocation decisions (Luehrman 1997). According to the author, managers need to be able to value *operations*, *opportunities* and *ownership* claims. Thus, each firm has structural characteristics that set it apart from the others and present individual analytical challenges. For that reason, different methods to value enterprise value must be applied.

Table 2-1 - Valuation Approaches

	Equity Values	Enterprise Values (Equity and Debt)
Cash Flow Approaches	Dividend Discount Model	Discounted Cash Flow
Returns Based Approaches	Dynamic ROE	Economic Value Added
	Dividend Yield	Free Cash Flow Yield
Multiples	Price to Earnings Ratio	Enterprise Value to EBIT
	Price to Book Value	Enterprise Value to EBITDA
		Enterprise Value to Capital

Source: Goldman Sachs.

2.1.1 Cash-Flow-Based Valuation

Generally, a company drives value depending on its ability to earn fair returns on invested capital (ROIC) and its growth rate (g). This will, ultimately, lead to a growth in cash-flows, which is the foundation of value creation (Koller, et. al 2010). These cash-flows are computed for a limited period, called the explicit period, and afterwards, the estimations lead to the terminal value, which assumes growth at a constant rate.

2.1.1.1 The Cost of Capital

To value a company, one needs to assess the cost of capital, as it can be defined as the opportunity cost investors would face in a project of similar risk (Copeland, et. al 2000). To estimate the WACC, one must include the opportunity cost for all investors (Koller, et. al 2010). Also, it should weight each security's required return by the target capital structure and it ought to be calculated within after taxes terms, since cash flow is computed after-tax (Fernandez 2010).

$$WACC = R_E \times \frac{E}{D+E} + R_D \times \frac{D}{D+E} \times (1-T_C) \quad (2.1)$$

Taking into consideration that the WACC stands for the aggregate risk of a company, it is not transversal to all academics that it is correctly used to compute the cost of capital. Some authors even state that the WACC is obsolete (Luehrman 1997). The problem with the WACC is that it may undervalue the interest tax shields or other cash flows associated with the project or its financing. On the contrary, others mention that the WACC allows for minor capital structure changes over time, and so, it is still worthwhile to use (Damodaran 2012).

However, the WACC is still a fair model that is under use throughout the finance world, as long as the company is relatively stable in terms of capital structure.

2.1.1.1.1 Cost of Debt (R_D)

In terms of debt, the cost is the rate at which a company is able to currently borrow (Damodaran 2006). Nowadays, large companies have a wide array of financing tools that they can use tailored to each specific objective, such as bonds, bank loans, leasing, hybrids, convertibles or securitization (Shivdasani and Zak 2007). However, there is evidence that firms tend to be cautious when increasing leverage, making a trade-off between tax benefits and costs of financial distress, since they increase the cost of capital (Korteweg 2007).

Thus, to estimate R_D for investment-graded companies¹, one ought to use the YTM of that company's long-term bonds (Koller, et. al 2010). That occurs because the probability of default of these investment-graded firms tends to zero.

$$R_D = R_F + \text{Default Spread} \quad (2.2)$$

2.1.1.1.2 Cost of Equity (R_E)

There are several ways one can use to compute R_E : (1) the Fama-French three factor model, (2) the arbitrage theory model or (3) the Capital Asset Pricing Model (CAPM) (Koller, et. al 2010). This last model is the most used due to its simplicity.

CAPM, introduced by Sharp (1964) and Lintner (1965), states that the expected return of a specific security is the risk-free rate (R_F) plus a risk-premium ($E(R_M) - R_F$) that is weighted by the covariance of that security with the market (β_i).

$$E(R_i) = R_F + \beta_i [E(R_M) - R_F] \quad (2.3)$$

Nevertheless, it is noteworthy that debt holders have priority over equity holders. Therefore, a leverage increase in the company reduces the probability that an investor gets paid in case of financial distress. Thus, the cost of levered equity (R_E) must be higher than the cost of unlevered equity (R_U).

¹ Companies whose debt rates are at BBB or better.

$$R_E = R_F + \beta_L (R_M - R_F) \quad (2.4)$$

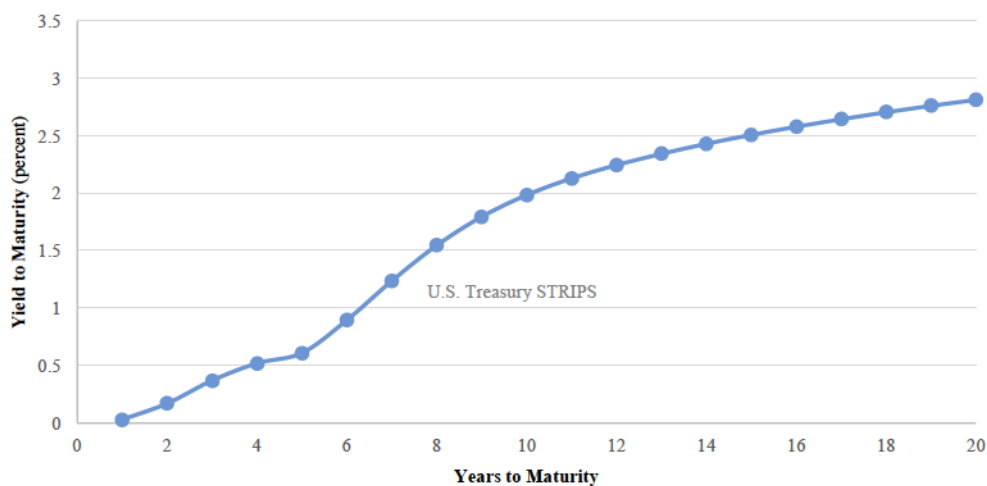
$$R_U = R_F + \beta_U (R_M - R_F) \quad (2.5)$$

2.1.1.1.2.1 Risk-Free Rate (R_F)

The risk-free rate is the expected return of an investment that has no default risk. That is, a rate that matches a portfolio that has no covariance with the market (CAPM beta of 0) (Damodaran 2008). The focus is on the long-term government *default free* bonds, and not necessarily *risk-free* government bonds, since in the U.S. these have already extremely low betas (Koller, et. al 2010).

Usually, the choice is between the 90-days Treasury bond yield and the long-term one. Nonetheless, the yield curve is typically flat beyond ten years, thus the choice of which yield to use in the long run is not critical (Bruner, et al. 1998).

Figure 2-1 - Government Zero-Coupon Yields, November 2015



Source: Thomson Reuters.

2.1.1.1.2.2 Equity Market Risk Premium

The market risk premium (MRP) is the excess return investors expect when investing in a market portfolio compared to a riskless asset, since they are risk averse (Bruner, et al.

1998). Nonetheless, expected market returns are unobservable. Also, the possibility that stocks outperform bonds over the long run has implications for valuation, corporate finance and portfolio structure (Koller, et. al 2010). Thus, investors demand a premium for holding stocks instead of bonds. For the MRP computation, several models may be applied, though the most used approach is still to estimate MRP by extrapolating historical returns (Goetzmann and Ibbotson 2005). Moreover, if the risk aversion level has not changed in the past years, it is fair to assume that historical excess returns are a great proxy to compute the MRP. Nonetheless, as Damodaran (2011) pointed out, the MRP varies with different factors, such as the macroeconomic volatility, behavior components and investor risk aversion.

According to Koller et. al (2010), it is believed that the MRP is within an interval from 4.5 to 5.5 percent, taking into account the main models of MRP computation and a 10-year zero-coupon government bond, while other authors state a 6 percent MRP as the most adequate one (Bruner, et al. 1998).

$$\text{MRP} = R_M - R_F \quad (2.6)$$

2.1.1.1.2.3 Beta (β)

The beta coefficient is an estimation of how much does a stock varies with an entire market. Beta, by not being directly observed, needs an *estimation*. For that, one computes the raw beta by the use of a regression (2.7), and then it is improved with some other procedures (Koller, et. al 2010).

$$R_i = \alpha + \beta \cdot R_m + \varepsilon \quad (2.7)$$

In equation 2.7 one is able to find the correlation between the asset's return (R_i) against the market's return (R_m). Thus, an estimated β higher than 1 would mean that the asset has a higher risk than the market, as the opposite is still true.

Moreover, beta tend to converge to the grand mean over time (Blume 1975). That is, firms with extreme risk - high or low -, tend to adjust it over time. This occurs because (1) risk projects become less risky and (2) new projects are less risky since management wants to limit the riskiness of the firm.

$$\text{Adjusted Beta} = \frac{1}{3} + \frac{2}{3} \text{ Raw Beta} \quad (2.8)$$

The reason behind the assumption that debt beta is zero is that debt claims have priority over equity holders (Damodaran 2006). Consequently, levered beta is always larger than the unlevered one (Koller, et. al 2010). Then, it is assumed that the company keeps its capital ratio constant, leading the value of tax shields to fluctuate on the same pattern as the value of the operating assets, leaving equation (2.10) as the conventional approach.

$$\beta_L = \beta_U \left[1 + (1 - t) \frac{D}{E} \right] - \beta_{debt} (1 - t) \frac{D}{E} \quad (2.9)$$

$$\beta_L = \beta_U \left[1 + (1 - t) \frac{D}{E} \right] \quad (2.10)$$

2.1.1.2 Enterprise Discounted Cash Flow (FCFF)

The FCFF model has become the standard to value corporate assets. According to this model, the value of a business equals its expected future cash flows discounted at the WACC (Luehrman 1997). Equation (2.11) is divided in two parts: (1) PV of FCFF *during* explicit period forecast and (2) PV of FCFF *after* explicit period forecast. The first should last until the firm reaches stability of cash-flows. In what concerns (2), one should pay attention to the fact that the terminal value may represent over 75 percent of the total market value estimation. Thus, it is essential that this value is well deduced (Young, et al. 1999).

$$\text{Enterprise Value (EV)} = \sum_{i=1}^n \frac{\text{FCFF}_i}{(1+\text{WACC})^i} + \frac{\text{FCFF}_{n+1}}{\text{WACC} - g} \frac{1}{(1+\text{WACC})^n} \quad (2.11)$$

Being,

$$\text{FCFF} = \text{EBIT}(1-t) + \text{D\&A} - \Delta\text{Net Working Capital} - \text{Capex} \quad (2.12)$$

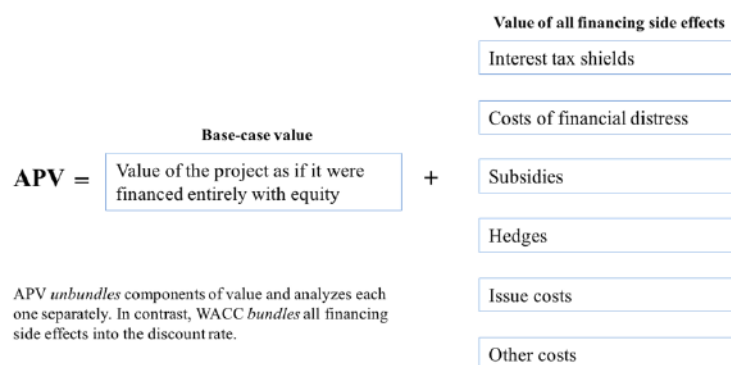
Moreover, it is important to value all the debt and other nonequity claims on the enterprise value, such as employee options or preferred stock. These occur because one needs to subtract those values to EV to achieve to the value of common equity, which is the ultimate goal (Koller, et. al 2010).

$$E = EV - D \tag{2.13}$$

2.1.1.3 Adjusted Present Value (APV)

APV appears as one of the alternatives to the often use WACC-based DCF, introduced by Myers (1974). The major question one expects to answer with APV valuation is ‘How much are the expected future cash flows worth, once the company has made all the major discretionary investments?’ (Luehrman 1997). Thus, the valuation problem here is valuing operations, or assets-in-place. APV not only allows managers to know how much is an asset worth, but also where the value comes from. For example, one should be aware that interest is tax deductible, and some firms are able to pay less taxes by increasing leverage. Nonetheless, if these rely too much on debt, stakeholders may fear bankruptcy, which are called distress costs. Thus, managers have to make a trade-off between these options. For that, APV can value finance cash-flows separately (Koller, et. al 2010).

Figure 2-2- APV



2.1.1.3.1 FCF at Unlevered Cost of Equity

To value a company as if it was entirely equity-financed, one needs to use the unlevered cost of equity (R_U).

$$\text{Value of Unlevered Company } (V_U) = \sum_{i=1}^n \frac{\text{FCFF}_i}{(1+R_U)^i} + \frac{\text{FCFF}_{n+1}}{R_U - g} \frac{1}{(1+R_U)^n} \quad (2.14)$$

After, one needs to add the values that are created by the company's use of debt:

$$\text{Present Value of Tax Shields (PVTS)} = \sum_{i=1}^n \frac{D_i \times R_D \times T_C}{(1+R_D)^i} + \frac{D_i \times R_D \times T_C}{R_D - g} \frac{1}{(1+R_D)^n} \quad (2.15)$$

Actually, in equation (2.15) one is able to see that the PVTS is discounted at the cost of debt rate (R_D) (Myers 1974). Some authors mention the importance of using the cost of equity - both levered and unlevered - as the discount rate (Miles and Ezzell 1980). Whilst others prefer to use a rate a bit larger than the average cost of debt (Luehrman 1997). The author refers that in the long-run, some firms may be able to afford the interest payments but they are not allowed to use more tax shields. That is the reasoning why he believes that tax shields are more uncertain and they need a greater discount rate. Some others mention that one should take into account the probability of bankruptcy at each debt level, computed by the bond rating of each firm (Damodaran 2012). This bond rating gives a good proxy for the default risk of the company (Altman 2006).

$$\text{EV} = V_U + \text{Tax benefits of debt} - \text{Expected bankruptcy costs} \quad (2.16)$$

Where,

$$\text{Tax benefits of debt} = \text{Dollar debt} \times \text{Tax rate} \quad (2.17)$$

$$\text{Expected bankruptcy costs} = \text{Probability of bankruptcy} \times \text{Cost of bankruptcy} \quad (2.18)$$

Discussion apart, APV provides more insights into the valuation rather than the simple WACC-DCF. Usually one chooses between one model or the other, based on the changing capital structure (Luehrman 1997).

2.1.2 Returns Based Valuation

This model is based on the capital stock and the difference between the return and the cost of capital (Young, et al. 1999). Nonetheless, there is small evidence that firms that perform poorly in terms of stock price prefer to use the economic value added model (EVA) (Ferguson, et. al 2005). For that reason, this model will not be further addressed throughout this dissertation.

2.1.3 Multiples Analysis (Relative Valuation)

Market multiples assume that the value of a financial asset is the result from the price of a similar asset (Damodaran 2012). To perform this model, one needs to multiply the median multiple on these companies by the appropriate financial figure (Lie and Lie 2002). For the price multiples, one should use the value in *per share* terms on common equity. Any other model uses the forecast for the enterprise value. Thus, to value a firm in relative terms, one has to (1) choose the comparable firms and (2) select the relevant multiples.

Damodaran (2012) mentions that any firm with similar size, growth, cash-flows, risk, business segments or leverage can be used in the peer group.

In terms of multiples, there are some differences among them, with some models outperforming others. Universally accepted, P/E ratio may be misleading in its traditional format, with differences in non-operating items or capital structure, for instance (Koller, et. al 2012). Thus, some analysts prefer to use enterprise-value multiples: EV/EBITDA or EV/EBIT. That is, these multiples are not jeopardized by the biases that affect earnings ratios. These multiples can be based in some financial figures, such as sales, cash-flow, profits, book-value or assets (Goedhart, et. al 2005).

Lastly, multiples allow one to make a valuation that is simple and easy to use, which can later on compare with the DCF valuations. Also, they refer the current market conditions, and so, momentum, which is important in terms of M&A and IPO's (Damodaran 2012). The

downside of relative valuation is that it may be too simplistic, leading to some pitfalls in the way. These are also some way easy to manipulate due to provisions or depreciations, for example. Finally, and perhaps the most important disadvantage, is the question one should ask: Is this the right peer group?

2.2 Mergers and Acquisitions (M&A)

A KPMG study carried with M&A professionals showed that the main reasons behind an intended acquisition are either opportunistic - a certain target becomes available - or that firms can expand its geographical area, clients base, or enter new lines of business. Firms tend to see M&A as a way to secure growth opportunities and attain increased market share (Cioffi, et al. 2015). Generally, M&A seem to appear in waves, linked to the global economic conditions (Damodaran 2012).

2.2.1 What drives M&A?

There are some main reasons why companies merge or target another one. Firstly, firms tend to acquire more when their stocks are high priced. Stocks that are highly valued suggest growth in the future and profits that the markets recognize. Also, these are typically associated with easy access to liquidity (Zenner, et al. 2008). Also, the fact that synergies may be created, managers have a desire for growth and portfolio diversification may be reasons behind M&A (Damodaran 2012). Some companies have to make a large amount of investments and sometimes they highly depend on fixed costs such as R&D or infrastructures. In this case, economies of scale presents as the major reason for M&A, since a combined company may have larger revenues and may reduce costs per unit, which will ultimately lead to better profitability. In terms of strategic alignment, one is able to see that M&A allows a company to make a faster adjustment to its business rather than internal development, with more costs and more time consumption. Moreover, reasons as substantial liquidity, low borrowing costs, a mature business model already implemented or investor activism have also made M&A to occur (Shivdasani and Zak 2007).

2.2.2 Synergy

Synergies is the argument most managers use to rationalize an acquisition. It translates the possibility that a combined firm is more valuable than the sum of their individual parts (Gaughan 2011). This opportunity allows firms to incur in an acquisition process and still be able to give a premium to the target's shareholders for their shares. This new combined firm should have a positive NAV (net acquisition value).

$$NAV = V_{AB} - [V_A + V_B] - P - E \quad (2.19)$$

Only if the value of the synergistic effect is greater than the sum of P + E is the merger justifiable. If it does not occur, then the acquiring firm has overpaid for the target. By synergistic effect, it is intended the elimination of the inefficient management in the target, and the introduction of a new, more capable management (Asquith 1983) (Bradley, et. al 1983).

There are several sources to synergies. Damodaran (2005) separate them between *operating* and *financial* synergies. Operating synergies are the ones that come in two different forms: revenue enhancement or cost cutback. Whilst financial synergy, simply put, is the reduction in the cost of capital that surges from the combined entity (Gaughan 2011). When two firms are combined into one entity, it offers the leverage of risk-decrease due to diversification (Leland 2007).

SYNERGIES	
Operating	Financing
Economies of Scale	Cash Slack
Greater Pricing Power	Debt Capacity
Combination of Functional Strengths	Tax Benefits
Higher Growth in New or Existing Markets	Diversification

2.2.3 To Whom Does M&A Creates Value?

Typically, it seems that M&A is a loser's game (R. Bruner 2004). Nonetheless, most studies find that the shareholders of the selling firms can earn large returns from M&A. Thus,

the shareholders of the buyers and the sellers *combined* earn significant positive returns, and the shareholders of the acquirer firm usually earn around the required rate of return on investment (R. Bruner 2004). When markets are reasonably competitive, players earn a “fair” rate of return, which is, as an investor, one gets paid for the investment one takes, but no more.

Additionally, it can be seen that after a merger there is an increase in terms of cash flows. After the deal, the asset productivity of the acquiring firms improves significantly, when compared to the non-acquiring peers (Healy, et. al 1990), which leads to larger post-merger operating cash flows. Also, it is important to mention that, according to Healy et al. (1990), merged entities do not decrease their long-term investment, which means that these companies keep their capital expenditure rate when compared to the industry peers.

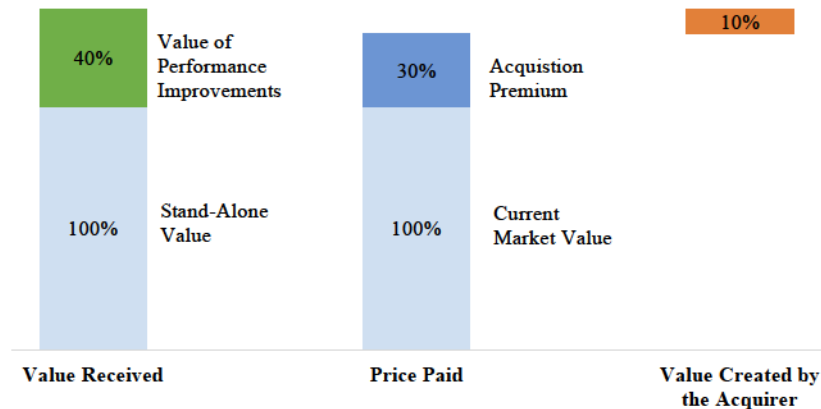
M&A is said to improve cash flows due to economies of scope and scale, synergies or market power. This model implies that mergers of companies that have similar production or products will experience greater cash flow improvements rather than mergers from unrelated businesses (Healy, et. al 1990).

In terms of destruction of value, one needs to acknowledge that the poor performance of corporations after an acquisition may be due to economic turbulence in the industry instead the deal itself (Mitchell and Mulherin 1996). When managers foresee changes approaching, such demographic, technological or regulation, they intervene by taking another firm to alleviate the problem, for instance. In these cases, one can see that the problems arise due to the foreseen turbulence, rather than the acquisition itself (R. Bruner 2004).

2.2.4 M&A Analysis

One can figure the price of one acquisition by simply looking at similar deals rather than value the deal by itself. That is, sometimes managers are not able to see if the price they are paying for that target is the right one (Koller, et. al 2010).

Figure 2-3 - Acquisition Valuation Framework (Illustrative)



Source: Koller et. al (2010).

However, to analyze performance gains, there is a simple tool that analysts usually use, which is the Shareholder Value at Risk (SVAR). That is, the premium paid for an acquisition divided by the market value of the buyer before the deal announcement is made (Sirower and Sahni 2006). In cash transactions, the whole risk is supported for the acquiring shareholders, whereas in stock-for-stock acquisitions, risk is shared with selling shareholders as well.

2.2.5 Means of Payment

Stock-for-stock exchanges tend to be worse for buyers than cash deals (R. Bruner 2004). Acquiring companies tend to pay for a deal with shares when they consider these are overvalued. Frequently, acquirers prefer to use cash instead of stock to finance a deal, when possible and if the balance sheet allows it. That occurs because stock deals are seen by the market as negative returns for the buyer's stockholders. Also, a sign that managers consider that stock price is overpriced. Moreover, it is shown that when payment is made with stock, buyers returns are significantly negative, whereas with cash deals, these returns range from 0 to positive (Sirower and Sahni 2006). According to R. Bruner (2004), greater cash deals have more positive returns and greater equity deals deliver more negative returns. One can also figure that if managers of the acquiring firm are certain about reaching the stated synergies why would they split the benefits with the old stockholders by paying with stock? Thus, stock payment is seen as a signal of lower assurance in the deal. And usually, paying with cash would require the issuance of new debt, and that brings discipline for management (Damodaran 2012).

However, if the target's cash flows are uncertain, the acquirer ought to use stock (Zenner, et al. 2008). However, in the case that the deal is made with cash, studies show that target shareholders' return tend to be higher, even though these are highly taxable (R. Bruner 2004).

When deciding between these two options, managers assess the impact of these finance choices on their capital structures, and mainly, on their credit ratings (Zenner, et al. 2008). This, having in mind that the most common funding source for an acquisition with cash is the raise of new debt. Moreover, one has to look at the transaction-related taxes that may arise. Nonetheless, about half of the acquisition deals are tailored to be tax-free, or at least, only partially taxable (Hayn 1989).

2.2.6 M&A Outlook

M&A activity in the U.S. rushed last year, which were the most active 12 months of deals since before the global economic crisis², with large companies looking at least once a year for deal possibilities. And according to executives at U.S. corporations, it is expected that M&A should continue the pace in 2015 (McGee, et al. 2015). This same study revealed that high-tech companies and telecom are the ones that will most likely increase the number of deals.

One can consider several factors that make this a significant time for deal making. Firstly, firm's balance sheets are still large with cash, due to high cash-flows uncertainty in the past (Bates, et. al 2009). Secondly, the U.S. stock market is still on a bull run, providing capital to these transactions. Thirdly, the Federal Reserve still maintains its effort to keep interest rates low, thus making easy for companies to finance deals by issuing debt. Lastly, the U.S. economy is forecasted to grow at a rate of no more than 3% a year until 2017.

² Thomson Reuters, Mergers and Acquisitions Review, 2014.

3 Industry Analysis

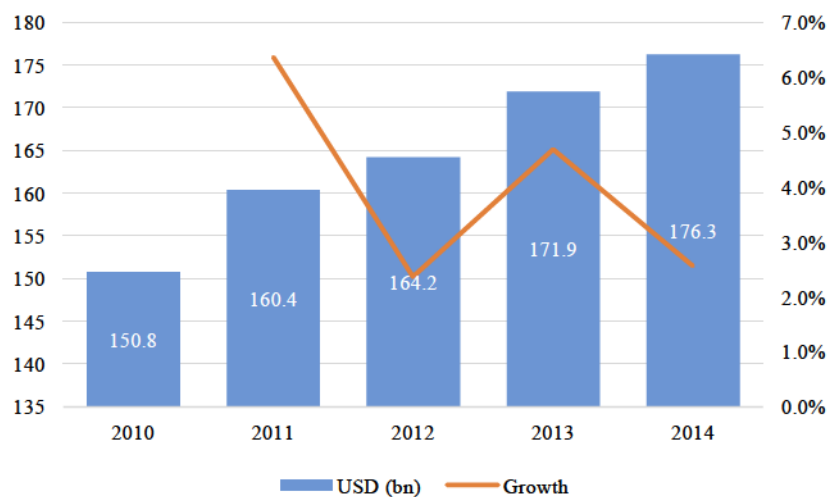
3.1 Cable Industry

The cable industry is the aggregation of all terrestrial, cable and satellite broadcasters of analog and digital programming. Lately, in the U.S., the industry has shown moderate to low growth, which is forecasted to continue for next years.

The U.S. is the leading global market of the industry and much of this is due to the investment in content and in its reputation abroad. Growth is mainly driven by advertising and subscriptions, despite the trends shifting towards digital.

TV subscriptions was the market's most profitable segment in 2014, with total revenues of \$102.2B, corresponding to 57.9% of the market's value.

Figure 3-1 - U.S. Broadcasting and Cable TV Market Value



Source: comScore.

Analysts believe that the launch of new “skinny” bundles³ and *à la carte* offerings will disrupt the traditional industry, and it will create a change of strategy for both distributors and cable networks. Also, the fact that consumers are shifting to online video consumption will create a new growth opportunity for the owners of the best content and HSD.

³ Pay-TV packages that include Internet access and a relatively small number of TV channels.

Figure 3-2 - Daily Usage Minutes for Netflix Is 31 Minutes per Day and is Growing at >40% pa...

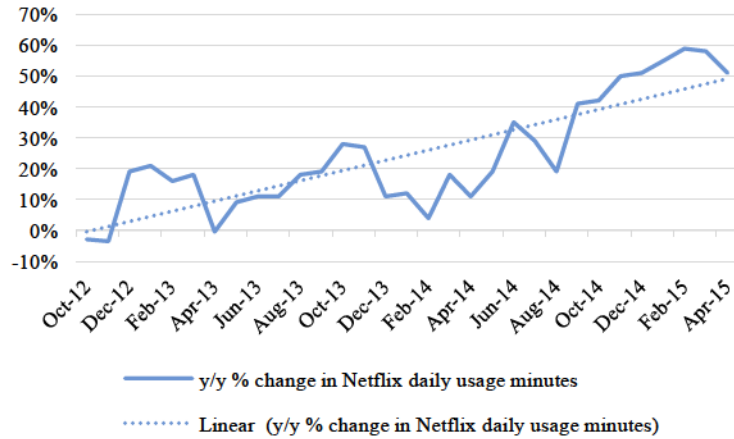
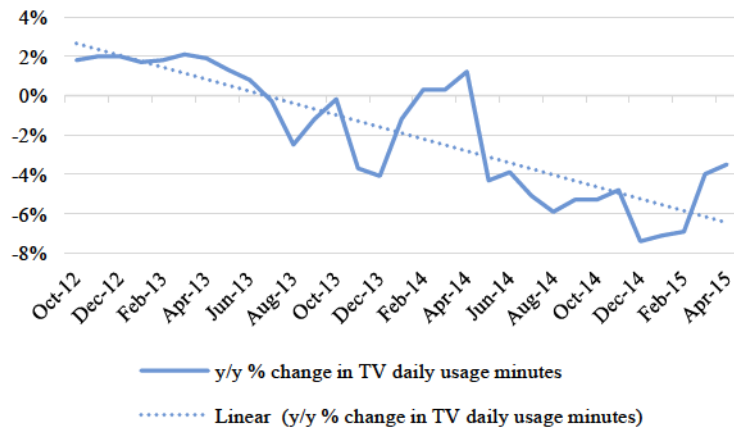


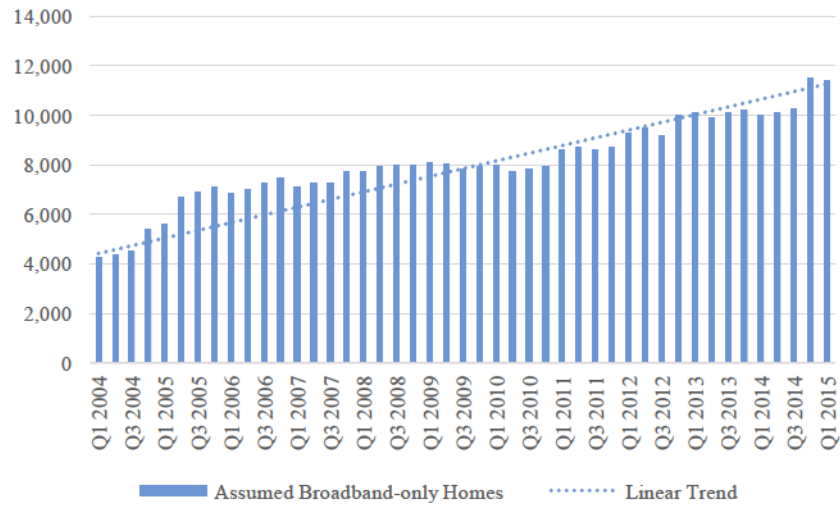
Figure 3-3 - ...While Daily Usage Minutes for TV is 270 Minutes per Day but Declining at >2% pa



Source: comScore.

This trend is expected to make fewer homes demanding cable TV, but on the contrary asking for more high speed internet that will enable consumers to watch this online content with high quality. This specific data usage may be from cable or through wireless. One can see this trend by the increase in broadband-only homes.

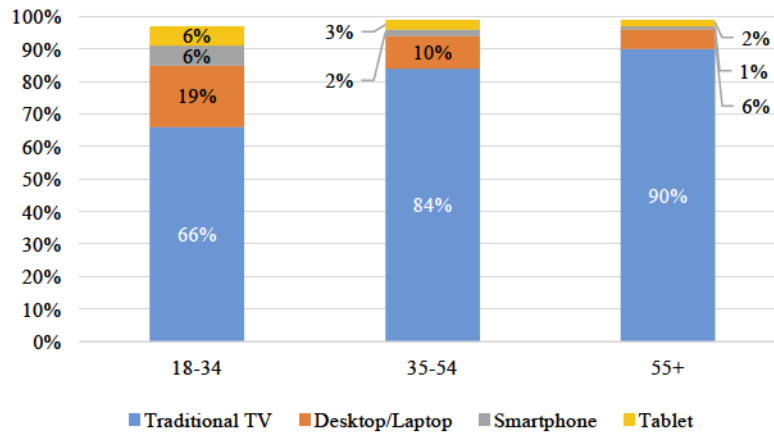
Figure 3-4 - Broadband-only Homes



Source: Company Data, Credit Suisse estimates.

As this video consumption continues on a rise, one is left to think of what are the consequences for the regular cable distributors that are already watching a decline in their video business? Here, one can guess that there is a major leverage that cable distributors may use, which is their “natural hedge”, the HSD. For these distributors, typically, the revenue from video distribution are twice the size of broadband revenues, and this new trend will make these companies to rethink their business operations in strategic terms. It is important to acknowledge that video profits are declining, and analysts believe it will continue to decline, driven by the increase in programming costs. As of today, losing the profits from a video subscriber has a somewhat negative effect on profitability, on average, even if the customer keeps his broadband connection. Operators such as Verizon or AT&T, Apple or Sony are not making any money out of MVPD. Apple and Sony are in the business to sell their hardware, whereas AT&T and Verizon are to make profits by selling network access. Cable companies like Comcast are now following the same pattern, and trying to increase their profit from broadband and business services.

Figure 3-5 - What Percentage of the Time Do You Use the Following Platforms to Watch Original TV Series? (By age)



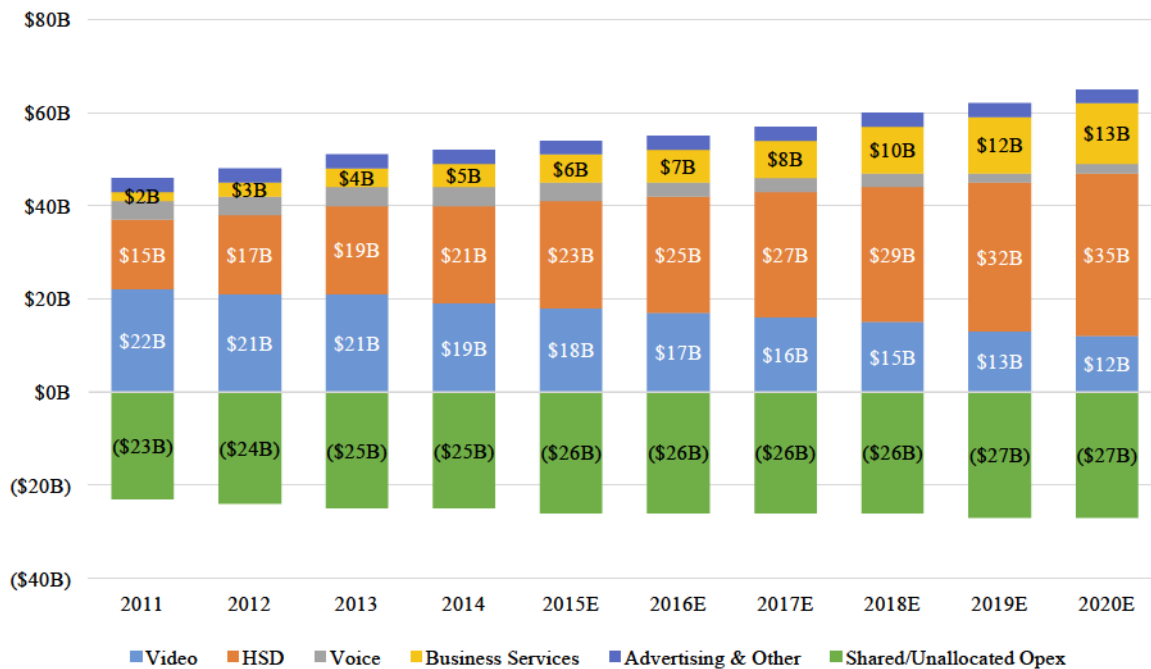
Source: comScore.

3.1.1 “Cut the Cord”

As the volume of online content increase, so does the consumer’s will to “cut the cord” retaining their broadband connection, i.e. joining the pool of broadband-only houses. As this increases so does the will of content owners to distribute to these homes better and at a lower cost.

The chart below represents the gross profit pool contributions of the 3 major residential services, business services, advertising and others. That is, revenue less direct variable costs. Consistent with the previous premises, the analysis reflects that HSD, business services and advertising are driving this growth, whilst voice and video are to decline. This trend is expected to continue.

Figure 3-6 - Gross Profit Pools 2011-2020 (CMCSA, TWC, CHTR & CVC)



Source: Company data, Deutsche Bank estimates.

However, it is important to acknowledge that cable operators can protect their cash flows in four different ways. Firstly, they can offer smaller bundles. Secondly, operators can discriminate broadband-only packages from triple-play or quad-play bundles, with value-added services. Thirdly, they can increase the price of broadband-only to customers who switch from triple-play. Lastly, in terms of costs, companies can reduce the amount they pay for cable networks which are less demanded, when contracts are renewed.

The key companies operating cable in the U.S. are Comcast, DISH, Time Warner Cable and Charter.

To conclude, one may see that consolidation has been a major topic for the industry that keeps changing. There are some attempted mergers such as Charter-Time Warner Cable-Bright House, Cogeco in Canada or Altice (in Europe) that has recently acquired Suddenlink and PT Portugal, with an interest in TWC. This trend is expected to continue.

3.2 Wireless Industry

Wireless is responsible for providing fixed and mobile voice, text, and data transmission to consumers or businesses. Normally, telecom firms would generate revenue

through voice calling, text messaging and internet service by wireline networks. Nowadays, the industry is shifting towards wireless.

In their wireline segment, operators offer voice and data services to consumers. They sell traditional landline phones and VoIP to the usual high-speed connections. In their home entertainment segment, firms deliver television services through IPTV.

The wireless segment comprises subscription plans for voice and data, and it also retails equipment, such as tablets or phones. Moreover, this section provides Wi-Fi hotspots across the U.S. Whilst home consumers use primarily the wireless services, the business segment use wireline to achieve the high-capacity broadband the operators provide.

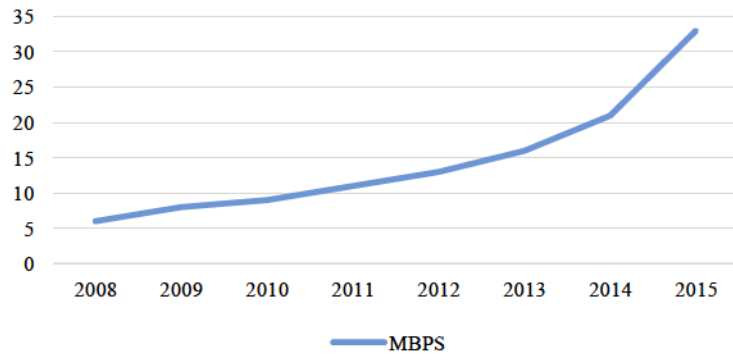
The key companies operating telecom in the U.S. are AT&T, Verizon, and Sprint, which operates wireless and wired services, whilst T-Mobile U.S. is only a wireless provider.

In recent years, the industry experienced a solid growth, and this trend is expected to continue at least until 2020, although with a lower rate. In 2014 its market value was of \$186B, a growth of 2.8% from 2013.

3.2.1 Mobile as a New Profit Pool for Cable

The Wi-Fi service seems to be one natural extension of the cable portfolio given the access network the industry has built. Any network engineer can tell that he aims to get the bits onto fiber over a short a distance as possible. And this is the role played by Wi-Fi operators. For instance, in 2014, 50% of tablets and smartphones usage was made through Wi-Fi, according to Juniper. The cable industry can reach more locations with a more robust connectivity than any other wireless network. However, one needs to pay attention that cable operators, such as Comcast should demand premium mobile products with Wi-Fi first capability to be built on them, such as iPhones or Androids, so they are able to increase the network usage. But since the large mobile operators are the ones that demand more to the handsets manufacturers (and they are not to demand this type of devices) there are some costs that cable need to incur. Thus, the possibility that both cable and wireless converge to offer the same bundle of products, with Wi-Fi and broadband access will create one major revenue synergy.

Figure 3-7 - U.S. Average Download Speed)



Source: Ookla Net Index.

4 Companies

4.1 Comcast Corporation

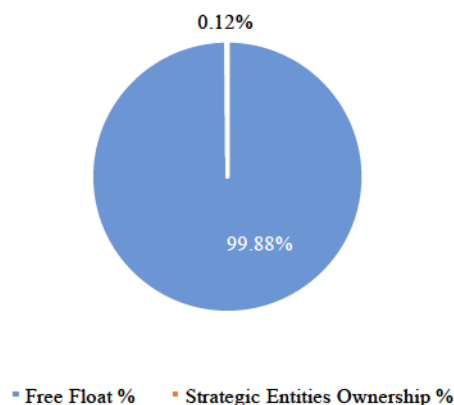
4.1.1 Company Overview

Comcast Corporation, 2001, is a media and technology company that is involved in the operation of cable systems over its cable segment and in the production, development and distribution of news, entertainment or sports through NBC Universal (Appendix 1 - Comcast Segments). Its major operation is within the U.S., where it is also headquartered (Philadelphia, PA). As of December 31, 2014 Comcast employed around 139,000 people and it is the the largest broadcasting and cable company in the world by revenue. Nonetheless, it is the second largest pay-TV company, after the AT&T-DirectTV merger.

4.1.2 Ownership

The major part of Comcast shares is free floating (approximately 2,429.9M). Nonetheless, there are some top investors like *The Vanguard Group*, or *Capital World Investors*, which own around 5.5% of the total number of shares outstanding, each.

Figure 4-1 - Ownership Summary



Source: Thomson Reuters.

4.1.3 Strategy

The company, which is vertically integrated, has the most exposure to cord-cutting as viewers explore alternatives such as Hulu or Netflix, as well as “skinny” bundle offerings. Nonetheless, the vertical integration that has been occurring between cable networks, broadcast, content studios and distributors position Comcast in an upright place for the structural changes underway in video consumption. Moreover, Comcast’s investments in its network and platform put the company in a leading position to benefit from the rising demand for high bandwidth broadband services. Lastly, Universal Pictures has one of the strongest film schedules in the industry, which gives NBCU’s a solid OCF growth profile.

Figure 4-2 - Comcast logo



It is also important to acknowledge that NBCU acts as a natural “hedge” against disturbance to the position of MVPDs as consumption of video drifts online. As Comcast owns leading broadcasts and cable networks, the company has unique insights when negotiating distribution contracts with other MVPDs.

Analysts believe that the company is well positioned as a leader in the communications and media sector and will be a steady compounder of equity returns on the next few years. They foresee positive long-term optionality since Comcast may target new profit pools in wireless and advertising (Appendix 2 - SWOT Analysis).

4.1.4 Key Financials

From a financial point of view, one may see that Comcast has been assisting to a great increase in its revenues, both from cable and NBCU (CAGR 5.7% 10-14). However, this growth is not associated with a relative increase in operating costs, since the company has stabilized its EBITDA margin in 32.6%, on average. In terms of consolidated revenue in 2014, it includes \$1.1B of revenue associated with the broadcast of the Sochi Olympics and 2012 revenue includes \$1.4B of revenue related with the broadcasts of the Super Bowl and the London Olympics, all of which are included in the NBCU segment. The company was able to ensure the broadcasting of all the Olympic games until 2032, which means that it will generate similar amount of revenue for those years, in terms of advertisement and paid fees.

For gross debt, Comcast is somehow constant, with it representing about 66.8% of revenues for the period under analysis. Whilst for the NWC, Comcast has not been able to maintain it stable throughout the past few years.

Table 4-1 - Comcast Key Financials

Year ended December 31 (in millions of USD)	2010	2011	2012	2013	2014	CAGR 10-14
Revenues						
Total Cable	35,363	37,226	39,604	41,836	44,140	5.7%
Total NBCU	20,374	21,124	23,812	23,650	25,428	5.7%
Other	(684)	(689)	(846)	(829)	(793)	
Total Consolidated Revenue	55,053	57,661	62,570	64,657	68,775	5.7%
YOY Growth %		4.7%	8.5%	3.3%	6.4%	
EBITDA						
Total Cable	14,302	15,288	16,255	17,205	18,112	6.1%
as a % of Cable Revenues	40.4%	41.1%	41.0%	41.1%	41.0%	
Total NBCU	3,684	3,769	4,107	4,732	5,588	11.0%
as a % of NBCU Revenues	18.1%	17.8%	17.2%	20.0%	22.0%	
Other	(291)	(331)	(385)	(503)	(777)	
Total EBITDA	17,695	18,726	19,977	21,434	22,923	6.7%
YOY Growth %		5.8%	6.7%	7.3%	6.9%	
EBITDA Margin	32.1%	32.5%	31.9%	33.2%	33.3%	
Operating Income	11,079	11,090	12,179	13,563	14,904	7.7%
YOY Growth %		0.1%	9.8%	11.4%	9.9%	
Operating Margin	20.1%	19.2%	19.5%	21.0%	21.7%	
Net Income	6,747	4,529	6,203	6,366	7,285	1.9%
EPS	2.40	1.65	2.32	2.43	2.82	4.1%
YOY Growth %		-31.4%	40.5%	4.7%	16.3%	
BALANCE SHEET						
Cash & Cash Equivalents	5,984	1,989	11,320	2,207	4,503	-6.9%
as a % of Revenues	10.9%	3.4%	18.1%	3.4%	6.5%	
Gross Debt	31,415	39,309	40,458	47,847	48,234	11.3%
as a % of Revenues	57.1%	68.2%	64.7%	74.0%	70.1%	
Net Debt	25,431	37,320	29,138	45,640	43,731	14.5%
as a % of Revenues	46.2%	64.7%	46.6%	70.6%	63.6%	
NWC	2,452	(2,932)	6,022	(1,068)	931	-21.5%
as a % of Revenues	4.5%	-5.1%	9.6%	-1.7%	1.4%	
Shareholder's Equity	44,434	47,655	49,796	51,058	53,068	4.5%

4.1.4.1 Ratio Analysis

In terms of liquidity, the company tries to keep this ratio close to 1, which means that there is less dependence on operating cash-flows and outside financing to match current obligations.

Concerning financial leverage, one can consider that Comcast has more assets being leveraged than its industry peers. That means that the company is using more debt and other liabilities to finance its assets. However, in terms of debt-to-equity, the company has a somewhat strong solvency, taking into account that only in the past 2 years it has had a ratio

above the industry mean. However, this ratio has been about constant on the period under analysis, and one may consider that Comcast is operating in its optimal capital structure.

Finally, Comcast has been able to generate an increasing operating return over its invested capital.

Table 4-2 - Comcast Key Ratio Metrics 2010-2014

	Industry Median 2014	2010	2011	2012	2013	2014
Liquidity						
Current Ratio	1.32	1.08	0.65	1.2	0.74	0.78
Leverage						
Assets/Equity	2.85	2.67	3.34	3.34	3.13	3.02
Debt/Equity	0.85	0.71	0.83	0.82	0.94	0.92
ROIC	-	3.40%	4.30%	6.10%	5.30%	6.20%

Source: Thomson Reuters.

Overall, Comcast has been a stable company throughout these past few years. Despite its pronounced growth in terms of revenues, the company has a healthy condition. That is, Comcast is maintaining its operating margins stable and even growing.

4.2 T-Mobile U.S. Corporation

4.2.1 Company Overview

T-Mobile U.S., 2004, provides mobile communications services. The company provides wireless communications services, including voice, messaging and data, to over 55 million customers in the postpaid, prepaid and wholesale markets. TMUS offers its services under the brands T-Mobile and MetroPCS, in the United States, Puerto Rico and the United States Virgin Islands.

The firm provides mobile communications services using 4G LTE, Evolved HSPA+, UMTS, GPRS, EDGE, GSM and CDMA technologies. T-Mobile also offers a selection of wireless devices, including handsets, tablets and other mobile communication devices, and accessories. It provides mobile communication services utilizing low-band spectrum licenses, consisting of 700 MHz A-Block, and mid-band spectrum licenses, such as AWS and PCS.

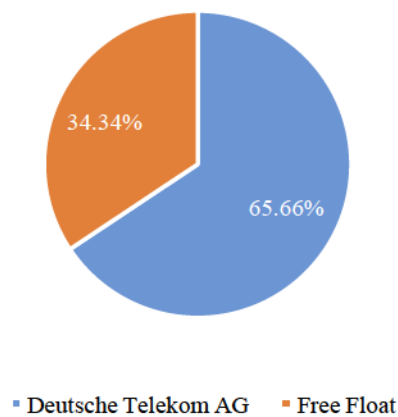
TMUS delivers wireless communication services to three key categories of customers: branded postpaid, branded prepaid and wholesale. Branded postpaid customers include

customers that pay after incurring wireless communication service. Branded prepaid customers include customers who pay in advance. Its branded prepaid customers include customers of the T-Mobile, MetroPCS and certain partner brands. Wholesale customers, which include M2M and MVNO, operate on the T-Mobile network and are managed by wholesale partners. The services, devices and accessories are provided directly to consumers through owned and operated retail stores, as well as through its websites. In addition, TMUS sells devices and accessories to dealers and other third party distributors for resale through independent third-party retail outlets and a variety of third-party websites. The Company, headquartered in Bellevue, Washington, competes directly with AT&T, Verizon and Sprint and it is the third largest wireless company operating in the U.S., in terms of subscriptions. As of December 31 2014 it employed approximately 45,000 people.

4.2.2 Ownership

T-Mobile U.S. is mostly owned by its holding firm, Deutsche Telekom, with a total of 816M shares outstanding.

Figure 4-3 - TMUS Ownership



Source: Thomson Reuters.

4.2.3 Strategy

TMUS has a very aggressive pricing strategy. That competitive advantage allowed the company to drive its growth from an increase in its subscription base and thus, an improvement in its market share. However, the competition within the sector may be fierce and it may affect its growth rate in the future, which can ultimately impact the overall operation. The company continues its investment in network infrastructure and spectrum licenses. TMUS has already announced its strategy of network modernization and 4G. In 2013 and 2014 the company's CAPEX only for this enhancement was \$4B and \$4.3B, respectively. When compared to the 2012, \$2.9B, one may see this strategy already occurring.

Figure 4-4 - TMUS logo



In terms of spectrum licenses, TMUS is still aggressively purchasing licenses to cover new people. Only in 2014, the company acquired 700 MHz A-Block AWS and PCS licenses from Verizon covering 150 million people (Appendix 3 - SWOT Analysis).

4.2.4 Key Financials

The company suffered a drawback during 2011 and 2012, as one can see from the negative EBITDA margin and its net income. That was due to a decrease in its subscription base. Nonetheless, TMUS is now focused on improving its EBITDA mostly driven by revenue. In 2014, it has increased 26.1% from the previous year \$4.6B. The competitive advantage that T-Mobile is pursuing with its pricing strategy has allowed the company to increase its customer base in all its services and even in the selling of accessories and handsets. The focus in retaining its clients through churn reduction initiatives has made the company to grow in the past few years.

TMUS' largest expenses are related to their objective of targeting and retaining high-quality customers, and these are expected to continue so it can support the growth of its subscribers, such as promotional activities to reach new consumers or even, paying higher commissions to its employees in equipment sales.

Also, as part of its network modernization the company had an increase in its depreciation expense on the new LTE network and other cells.

Figure 4-5 - TMUS Key Financials

Year ended December 31 (in millions of USD)	2010	2011	2012	2013	2014	CAGR 10-14
Revenues						
Service Revenue	18,733	18,481	17,213	19,068	22,375	4.5%
Equipment Sale	2,404	1,901	2,242	5,033	6,789	29.6%
Other	210	236	264	319	400	17.5%
Total Consolidated Revenue	21,347	20,618	19,719	24,420	29,564	8.5%
YOY Growth %		-3.4%	-4.4%	23.8%	21.1%	
Total EBITDA	5,478	(1,297)	(3,210)	4,623	5,828	1.6%
YOY Growth %		-123.7%	-147.5%	244.0%	26.1%	
EBITDA Margin	25.7%	-6.3%	-16.3%	18.9%	19.7%	
Service Margin	29.2%	-7.0%	-18.6%	24.2%	26.0%	
Operating Income	2,705	(4,279)	(6,397)	996	1,416	-14.9%
YOY Growth %		-258.2%	-49.5%	115.6%	42.2%	
Operating Margin	12.7%	-20.8%	-32.4%	4.1%	4.8%	
Net Income	1,354	(4,718)	(7,336)	35	247	-34.6%
EPS	7.65	(8.81)	(13.70)	0.05	0.30	-55.4%
YOY Growth %		-448.4%	-55.5%	100.5%	605.7%	
BALANCE SHEET						
Cash & Cash Equivalents	109	390	394	5,891	5,315	164.3%
as a % of Revenues	0.5%	1.9%	2.0%	24.1%	18.0%	
Gross Debt	16,659	16,095	15,274	20,388	22,191	7.4%
as a % of Revenues	78.0%	78.1%	77.5%	83.5%	75.1%	
Net Debt	16,550	15,705	14,880	14,497	16,876	0.5%
as a % of Revenues	77.5%	76.2%	75.5%	59.4%	57.1%	
NWC	1,661	3,144	1,568	6,863	5,526	35.1%
as a % of Revenues	7.8%	15.2%	8.0%	28.1%	18.7%	
Shareholder's Equity	20,492	15,785	6,115	14,245	15,663	-6.5%

4.2.4.1 Ratio Analysis

T-Mobile is underperforming its peers in terms of profitability, mainly due to its high costs. In what concerns liquidity, TMUS is above its peers, meaning that the company has a greater ability to meet its short-term obligations to its capital providers. From this ratio one acknowledges that T-Mobile U.S.' inventories and accounts receivables are in fact, liquid. For solvency, the major part of TMUS' assets are being supported by its LT debt and other liabilities, and it is in fact a large amount, mainly when compared to the industry mean of 2.40. This means that the firm may be too levered, despite the fact that it may derive more tax shields from this fact, and lately, higher profit. Nonetheless, it may increase its risk of default as well as its borrowing costs. Lastly, from the return on invested capital, the table shows that T-Mobile U.S. is in fact, destroying value from its operations. The company has a small return for the capital invested, or even negative in 2011 and 2012. This is a fact that may jeopardize the company's future, since this ratio represents a driver for growth.

Table 4-3 - T-Mobile U.S. Key Ratio Metrics 2010-2014

	Industry Median 2014	2010	2011	2012	2013	2014
Liquidity						
Current Ratio	1.22	1.99	3.36	0.99	2.11	1.59
Solvency						
Assets/Equity	2.40	3.12	3.24	5.5	3.51	3.62
Debt/Equity	0.78	1.49	1.62	2.64	1.59	1.56
ROIC	-	2.80%	-59.80%	-40.00%	0.10%	0.50%

Source: Thomson Reuters.

All in all, one is able to see that TMUS has been in the wrong path for the past few years. Nonetheless, with their new strategy bringing results, there may be a chance that the company is still profitable in the future and may act as one of the largest players in the industry.

For the stock market performance, refer to Appendix 4.

5 Valuation

5.1.1 Comcast

5.1.1.1 *Financial Projections*

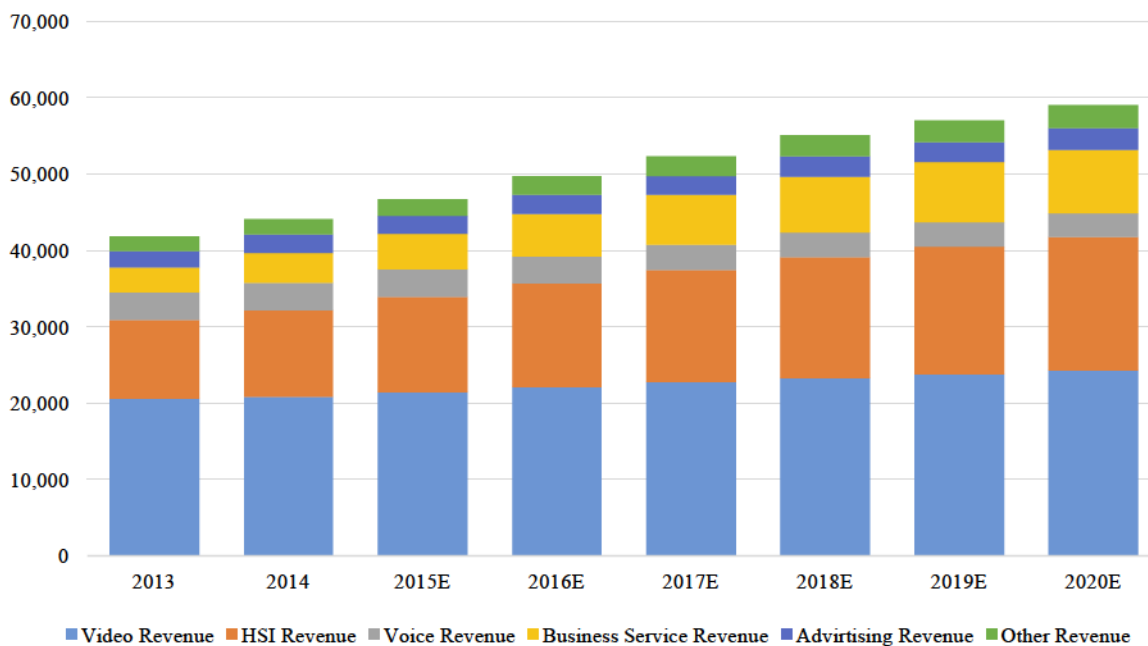
In terms of financial projections, most lines depend on total revenue (Appendix 5 - Financial Statements). In the case of Comcast, there is a split between its cable and its NBCU segments for all the lines in the income statement until EBITDA. After that, the company is analyzed as a whole, and the lines depending on sales are based on total revenue.

For the cable segment, it is expected that Comcast will keep exploiting its market share. Comcast is the player in the industry that can mention to have a cost advantage over its peers due to its large scale. The increasing demand for speedier bandwidth, driven by the larger use of bandwidth-intensive applications, such as online video or cloud storage, will continue to drive dial-up and DSL costumers toward cable (CAGR 6.4% 14-20E).

Comcast premium costumers are the primary target for video due to its X1 platform that represents its largest subscriber base. Nonetheless, Comcast is trying to achieve more segments (CAGR 2.2% 14-20E). For example, in late 2013 the company launched “Internet Plus” to reach consumers that would be cord-cutters in the future. In terms of its voice segment, it is expected that consumers still deliver value, since there is still a large amount of home phones. However, the charged prices are going to decrease, on average, and that may jeopardize the growth rate of revenue in this segment (CAGR -2.1% 14-20E).

Comcast’s \$4B business service revenue represents a 25% of market share, on average in the small segment and +5% of the mid-size business segment, taking into consideration that each one of them has an addressable market of \$12-\$15 billion, according to managers. In the next few years, one can expect Comcast to follow the large business segments, which may be a great source of revenue, even though the company chooses only to work with profitable clients. The estimations lead us to a growth in business service revenue of 11.1% CAGR 14-20E, to \$8.2B.

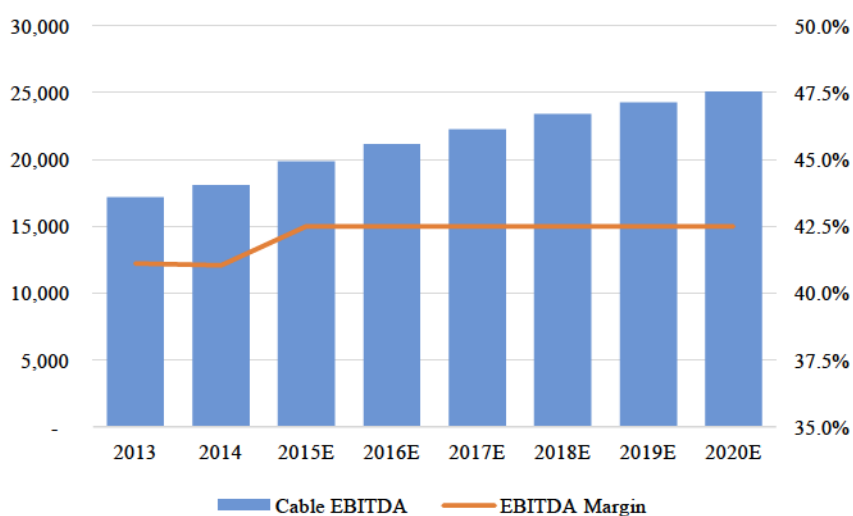
Figure 5-1 - Comcast Cable Revenue (USD M)



Source: Company data, estimations.

Comcast Cable has recorded significant growth in its margins in the past years, due to economies of scale and scope that were derived from its larger subscription base. It is forecasted that this margin will continue during the explicit period under analysis and thereafter.

Figure 5-2 - Comcast Cable EBITDA Forecast (USD M)



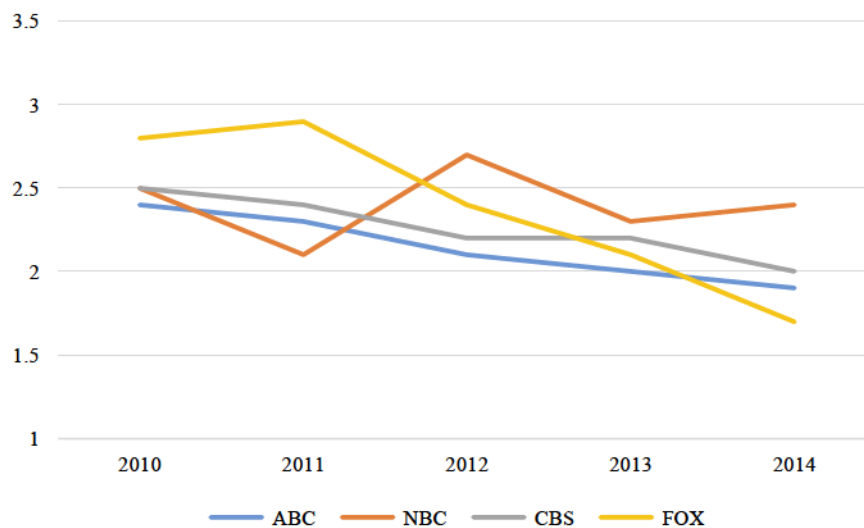
Source: Company data, estimations.

In terms of the NBCU segment, it is also important to refer the forecast in revenue of each group.

Distribution is expected to increase its revenue at a higher rate in the next five years than it did within the past few ones, which is expected to more than offset the continue decrease in cable networks advertising revenue. In 2020, one can expect a total revenue for this segment of about \$11.7B, against \$9.5B in 2014.

The broadcasting segments is forecasted to grow 3.5% CAGR 14-20E. NBC, for instance, was rated #4 out of the four major broadcasters before Comcast was on fully-control early 2011. Since that period, NBC has been on a rising, and was even ranked #1 between 2012-2014, helped by the air of Superbowl. Nonetheless this growth may be jeopardized in the future, since this position may not be held for good.

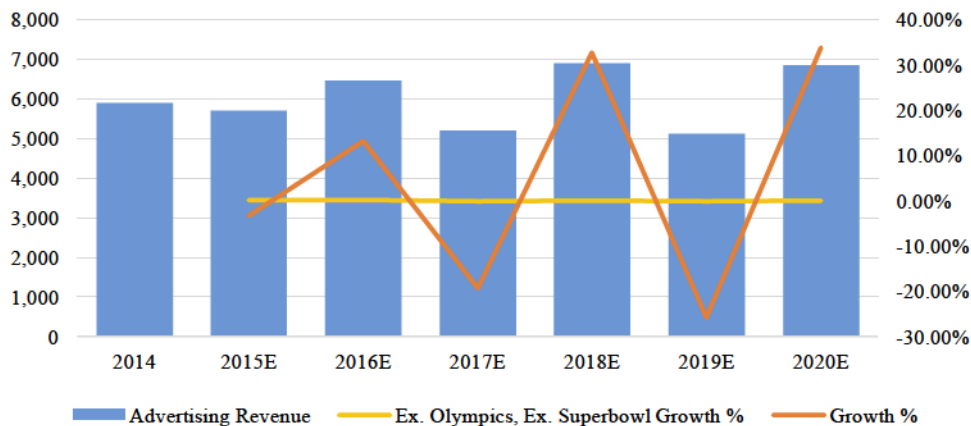
Figure 5-3 - Broadcast Network Average Viewership, 18-49 demo, L+3, Primetime, as a % of TV Households



Source: Nielsen.

Also, advertising has a large effect in the broadcast TV segment. In the next figure, one is able to see the difference in advertising revenue on NBC only due to events such as the Superbowl or the Olympics.

Figure 5-4 - NBC Advertising Forecast (USD M)



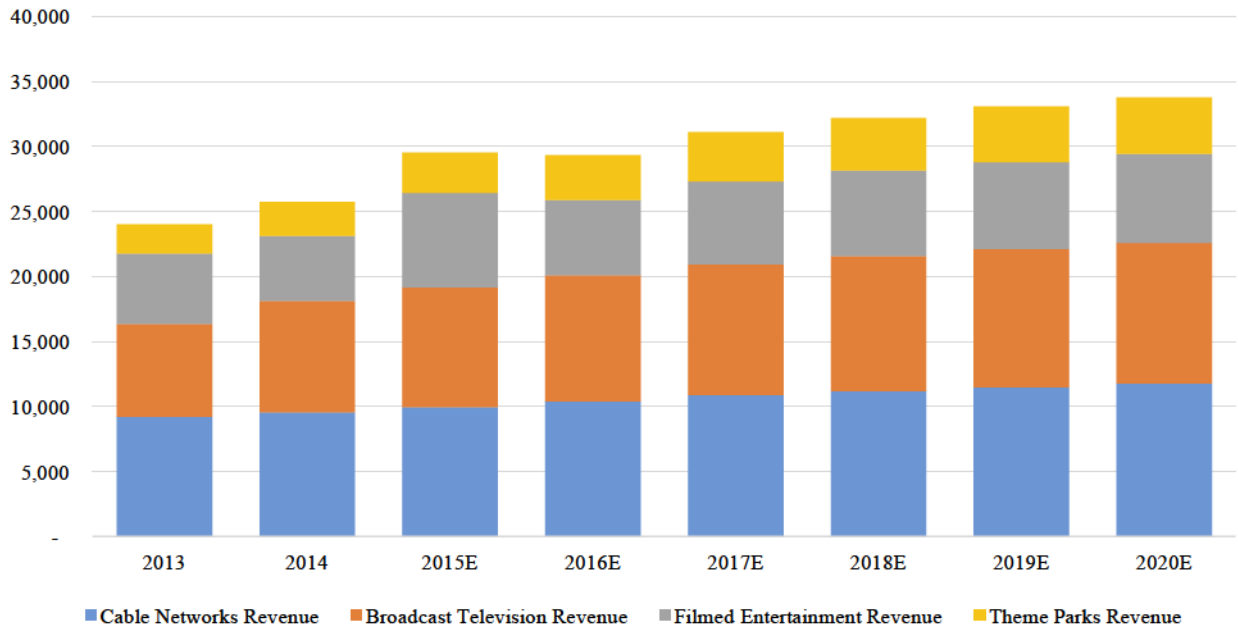
Source: Deutsche Bank.

For 2015, analysts forecast one of the greater years for Universal Studio’s in terms of film revenue. This fact is due to the release of pictures such as Jurassic World or Furious 7. Only in the first half of 2015, this business segment grossed \$3.8B worldwide.

The next years, on the other hand, will face some tough times to replicate this year’s revenue. However, that is part of the nature of film industry. Thus, film slates can be difficult to forecast to the future. For that reason, managers look at past blockbusters and try to replicate them in the future (CAGR 4.5% 14-20E).

In what concerns theme parks, the business segment has continuously exceeded expectations, particularly last year. The reasoning behind is the combination of the increased investment in theme parks to build new attractions, growing travel to Orlando and better management in general terms. This last reason was due to the flexibility gained when Comcast acquired Blackstone’s share in the Orlando Park. As the owner, Comcast is continuously investing to create new attractions its Parks, but also in the hotel capability in Orlando to play an important role in the growing market of that Park. The final goal is to make consumers to stay longer, subsequently, spending more (CAGR 7.6% 14-20E).

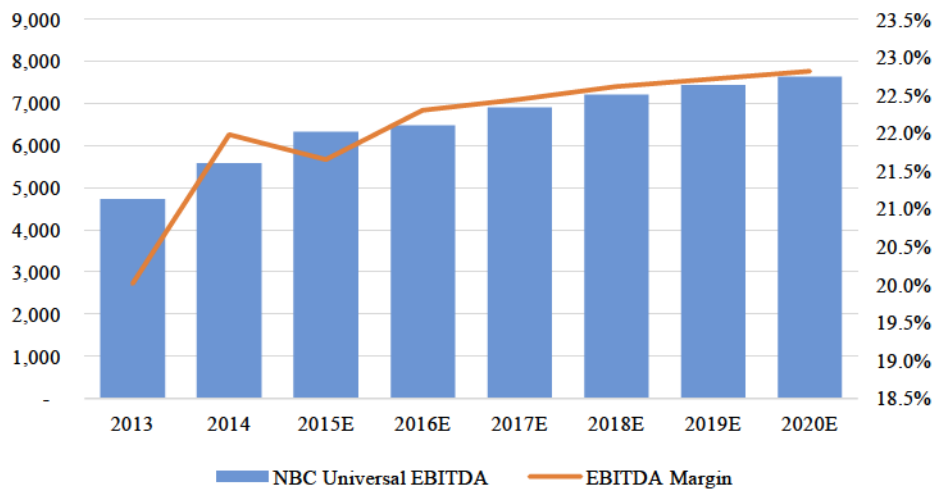
Figure 5-5 - Comcast NBCU Forecast (USD M)



Source: Company data, estimations.

In terms of EBITDA, Comcast NBCU’s segment is forecasted to have an increase for the years under analysis, with an average growth of 4.6% CAGR 14-20E. However, as mentioned before, this is a segment that needs a larger amount of assumptions due to the high volatility in the market. When it comes to costs, one can see that the major part of NBCU costs’ increase are in the theme park segment, with a 7.4% CAGR 14-20E.

Figure 5-6 - Comcast NBCU EBITDA Forecast (USD M)



Source: Company data, estimations.

5.1.1.1.1 Capital Expenditures

Capital expenditures play a critical role in the cable industry. As a matter of fact, these high costs represent a rough barrier to entry in the industry and they play an important role for these companies to keep the pace of innovation and go even further in technological developments. Yet, one has to take into consideration that this kind of investment is made today, and depreciated over the long-run, sometimes 50 years, whilst payment is made upfront. This leads the operators with the leverage that they can depreciate over this whole period, but the downside that companies are investing in a technology that can be rapidly obsolete.

For Comcast it is estimated that investment in CAPEX will be 10% of its total revenues, in line with the previous years' average. Whilst for the D&A, it is assumed that assets will be deployed on about 4.5 years, on average. The total amount of assets to be depreciated is represented in the starting value of Net PP&E.

Table 5-1 - CAPEX and D&A Forecast (USD M)

Asset Life (Including Amortization)	2015E	2016E	2017E	2018E	2019E	2020E
Starting Net PP&E	30,953	32,094	33,264	34,602	36,026	37,410
+ Capex	7,520	7,802	8,230	8,613	8,890	9,154
<i>Asset Life</i>	4.5	4.5	4.5	4.5	4.5	4.5
- D&A	(6,878)	(7,132)	(7,392)	(7,689)	(8,006)	(8,313)
- Other	500	500	500	500	500	500
Ending Net PP&E	32,094	33,264	34,602	36,026	37,410	38,751

5.1.1.1.2 Working Capital

For the net working capital it is assumed the regular definition of current assets less current liabilities. It is kept the same ratio of accounts receivables to sales for the forecasted period, whilst accounts payables are linked to the COGS of Comcast. Thus, the final amount of NWC is kept somehow constant.

Table 5-2 - Comcast NWC Forecast (USD M)

	2011	2012	2013	2014	2015E	2016E	2017E	2018E	2019E	2020E
NWC	(2,932)	6,022	(1,068)	931	2,342	4,290	6,474	8,869	11,259	13,564
Change in NWC		8,954	(7,090)	1,999	1,411	1,949	2,184	2,395	2,389	2,306
Cash Generated NWC		(8,954)	7,090	(1,999)	(1,411)	(1,949)	(2,184)	(2,395)	(2,389)	(2,306)

5.1.1.2 WACC-Based DCF

The valuation on Comcast implies that some assumptions ought to be made to reach a final value of equity per share. Most of these assumptions were explained in the literature review. For that reason, it is only briefly mentioned the most important assumptions.

The cost of debt refers to Comcast's 10-year bonds and its YTM, at the time of December 1 2015. These are the ones used, since they have implied the risk that debt holders face in the long-run by lending money to the company. For tax purposes, it is assumed a 38% rate, in line with the analysts' estimates for the U.S. economy. The equity risk premium is 5.50%, estimated by Deutsche Bank, with a risk-free rate of 2.00%. When it refers to the beta used for the valuation, the value is 1.09, that was adjusted thereafter to 1.06 by the formula explained in the literature review. The value of the beta, which was sourced by Thomson Reuters, refers to the 5-year monthly long-term volatility of Comcast stock when compared to the market. All in all, the cost of equity is 7.83% leaving a value of the WACC estimated in 6.52%.

In perpetuity, all the assumptions are expected to hold, inclusive the tax rate, the D&A rate, the CAPEX and the evolution of EBITDA. The terminal value is computed with a 2% rate of growth, proxy from the OECD long-term U.S. inflation forecast.

Figure 5-7 - WACC Assumptions

Assumptions:	
Valuation Date	12/01/15
Market Price	\$61.75
Cost of Debt	3.32%
Tax Rate	38%
Equity Risk Premium	5.50%
Risk free rate (normalized)	2.00%
CMCSA Beta	1.09
CMCSA Adjusted Beta	1.06
CMCSA Cost of Equity Capital	7.83%
Current EV	192,399
Net Debt	43,731
Weight Debt	22.73%
Weight Equity	77.27%
WACC	6.52%

All things considered, Comcast has an Enterprise Value (EV) of \$211,796M, and an equity value of \$166,645M, after the subtraction of net debt and non-controlling interests. In its turn, one can consider a target price for Comcast of \$64.52 per share, according to the DCF WACC-based approach.

Figure 5-8 - Comcast WACC-based DCF

Year ended December 31 (in millions)	2014	2015E	2016E	2017E	2018E	2019E	2020E
EBITDA	22,923	25,587	27,033	28,558	30,040	31,093	32,117
Less: D&A	8,019	6,878	7,132	7,392	7,689	8,006	8,313
EBIT	14,904	18,709	19,901	21,166	22,351	23,088	23,803
Normalized Tax Rate	31.1%	38.0%	38.0%	38.0%	38.0%	38.0%	38.0%
(1-T) x EBIT	10,273	11,599	12,338	13,123	13,858	14,314	14,758
D&A	8,019	6,878	7,132	7,392	7,689	8,006	8,313
Change in NWC	(1,999)	(1,411)	(1,949)	(2,184)	(2,395)	(2,389)	(2,306)
<i>Less:</i>							
Capital Expenditures (including intangibles)	(8,542)	(8,020)	(8,302)	(8,730)	(9,113)	(9,390)	(9,654)
Unlevered Free Cash Flows	7,751	9,047	9,220	9,601	10,039	10,541	11,112
Y/Y % Change		16.7%	1.9%	4.1%	4.6%	5.0%	5.4%
Perpetual UFCF Growth Rate ("g")							2.0%
Terminal Value							\$250,860
Weighted Average Cost of Capital (WACC)							6.52%
NPV of Unlevered Free Cash Flows							\$40,049
+ Present Value of Terminal Value							\$171,747
= Enterprise Value							\$211,796
- Non-controlling Interests							\$1,420
- Net Debt (excl. collateralized indebtedness)							\$43,731
= Equity Value							\$166,645
/ Diluted Shares Outstanding							2,583
= Equity Value per Share							\$64.52

5.1.1.2.1 Sensitivity Analysis

Being the WACC and the terminal value growth rate the two major components of the DCF analysis, it is important to estimate variations of the EV and the equity per share that may arise due to these assumptions. These are estimated with a 0.5 p.p. change in both values. Ultimately, Comcast is worth between \$50.49 to \$86.51 per share.

Figure 5-9 - Sensitivity Analysis on Comcast EV

		Enterprise Value				
		Perpetual UFCF Growth Rate ("g")				
		1.50%	1.75%	2.00%	2.25%	2.50%
WACC	6.02%	\$216,409	\$227,164	\$239,258	\$252,957	\$268,602
	6.27%	\$204,572	\$214,087	\$224,716	\$236,669	\$250,207
	6.52%	\$193,926	\$202,393	\$211,796	\$222,302	\$234,114
	6.77%	\$184,300	\$191,874	\$200,242	\$209,537	\$219,920
	7.02%	\$175,557	\$182,364	\$189,850	\$198,121	\$207,307

Figure 5-10 - Sensitivity Analysis on Comcast Equity Value per Share

		Equity Value per Share				
		Perpetual UFCF Growth Rate ("g")				
		1.50%	1.75%	2.00%	2.25%	2.50%
WACC	6.02%	\$66.30	\$70.47	\$75.15	\$80.45	\$86.51
	6.27%	\$61.72	\$65.40	\$69.52	\$74.15	\$79.39
	6.52%	\$57.60	\$60.88	\$64.52	\$68.58	\$73.16
	6.77%	\$53.87	\$56.80	\$60.04	\$63.64	\$67.66
	7.02%	\$50.49	\$53.12	\$56.02	\$59.22	\$62.78

5.1.1.3 APV Analysis

When one wants to value a company through the APV analysis, it should take into consideration the financial side effects. Thus, this model takes into consideration two different discount rates. Firstly, the FCFE is discounted at the unlevered cost of equity, 7.11%. Secondly, the interest tax shields are discounted at the above-mentioned cost of debt, 3.32%. And finally, the valuation subtracts the bankruptcy costs, which are computed with the default rate given by Fitch credit rating for Comcast and a cost of bankruptcy proposed by Schuermann (2004). In the end, one ends up with an approximate EV of \$204,651M, which leads to an equity value per share of \$61.75.

Figure 5-11 - APV Assumptions

Equity Risk Premium	5.50%
Risk free rate (normalized)	2.00%
CMCSA Unlevered Beta	0.93
CMCSA Cost of Unlevered Equity Capital	7.11%
Cost of Debt	3.32%

Figure 5-12 - Comcast APV Valuation

Year ended December 31 (in millions)	2014	2015E	2016E	2017E	2018E	2019E	2020E
EBITDA	22,923	25,587	27,033	28,558	30,040	31,093	32,117
Less: D&A	8,019	6,878	7,132	7,392	7,689	8,006	8,313
EBIT	14,904	18,709	19,901	21,166	22,351	23,088	23,803
Normalized Tax Rate	31.1%	38%	38%	38%	38%	38%	38%
(1-T) x EBIT	10,273	11,599	12,338	13,123	13,858	14,314	14,758
D&A	8,019	6,878	7,132	7,392	7,689	8,006	8,313
Change in NWC	(1,999)	(1,411)	(1,949)	(2,184)	(2,395)	(2,389)	(2,306)
Less:							
Capital Expenditures	(8,542)	(8,020)	(8,302)	(8,730)	(9,113)	(9,390)	(9,654)
Unlevered Free Cash Flows	7,751	9,047	9,220	9,601	10,039	10,541	11,112
Y/Y % Change	27.4%	16.7%	1.9%	4.1%	4.6%	5.0%	5.4%
Discounted Unlevered Free Cash Flows	7,751	8,447	8,036	7,813	7,627	7,477	7,359
Terminal Value							97,280
EV 100% equity-financed		144,040					
Finance Side Effects							
Gross Debt	48,234	48,100	48,100	48,100	48,100	48,100	48,100
Interest Expense	(2,617)	(2,814)	(2,814)	(2,814)	(2,814)	(2,814)	(2,814)
Tax Shield	994	1,069	1,069	1,069	1,069	1,069	1,069
PVTS	994	1,035	1,002	969	938	908	879
Terminal Value							55,834
Discounted TS		61,565					
Enterprise Value (EV)		205,605					
Perpetual UFCF Growth Rate ("g")							2.0%
Expected Bankruptcy Costs							
Credit Rating by Fitch							A-
Probability of Default							1.4%
Bankruptcy Costs							47.0%
Total Bankruptcy Costs		955					
EV 100% equity-financed							\$144,040
Discounted TS							\$61,565
- Total Bankruptcy Costs							-\$955
= Enterprise Value							\$204,651
- Non-controlling Interests							\$1,420
- Net Debt (excl. collateralized indebtedness)							\$43,731
= Equity Value							\$159,500
/ Diluted Shares Outstanding							2,583
= Equity Value per Share							\$61.75

5.1.1.4 Multiples Valuation

The chosen peer group include Time-Warner Cable, DISH, Cablevision and Liberty Broadband Corp. These companies are similar to Comcast in terms of industry, growth and risk. All the estimations were computed from Thomson Reuters for 2014.

Under this analysis, one is able to see that the price per share of Comcast ought to range between \$62.53 to \$79.99, whilst its EV range between \$208,296M to \$287,926M.

Figure 5-13 - Comcast Multiples Valuation

Id	Company Name	Price	Market Cap (millions)	P/E	P/Book	P/Sales	EV/Sales	EV/EBITDA	EV/EBIT
CMCSA	Comcast	58.01	147,225	18.23	2.80	2.17	2.82	7.63	13.00
TWC	Time-Warner Cable	152.06	42,698	21.55	5.39	1.89	2.94	8.19	13.84
DISH	DISH Network	72.89	33,640	40.52	21.76	2.32	2.60	13.44	21.70
CVC	Cablevision	20.64	5,648	18.55	-1.11	0.88	0.18	7.75	15.39
LBRDA	Liberty Broadband Corp	50.09	5,159	NA	1.55	75.71	74.70	NA	NA
Average		73.92	21,786.24	26.87	6.90	20.20	20.11	9.79	16.98
Median		61.49	19,643.82	21.55	3.47	2.11	2.77	8.19	15.39
St. Deviation		56.31	19,276.51	11.91	10.26	37.01	36.42	3.17	4.16

Price			EV		
79.99	71.82	62.53	208,296	209,558	287,926

Source: Company data, estimations, Thomson Reuters.

5.1.1.5 Valuation's Output

In conclusion, Comcast EV ranges from \$204B to \$287B, with an average of \$224,445M. All in all, the values are similar, which may imply that the true EV of Comcast is close to the ones the model arrives.

In terms of price per share, Comcast ranges from \$61.75 to \$79.99, with an average of \$68.12. With a current market price at \$61.75, one is lead to figure that Comcast is undervalued.

Figure 5-14 - Comcast EV Output (Millions)

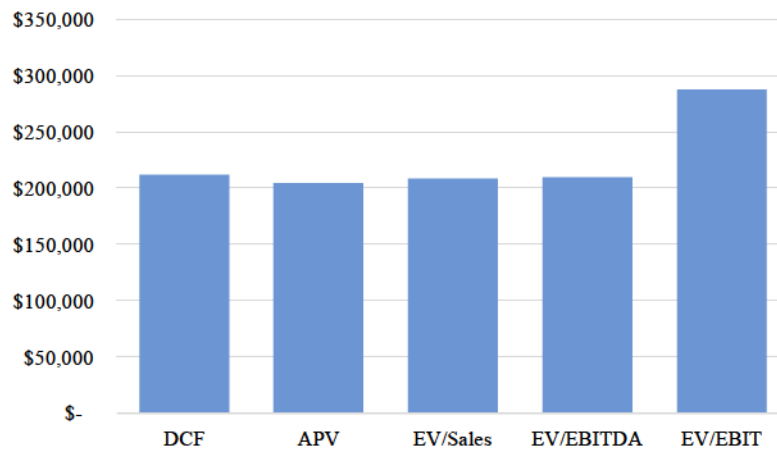
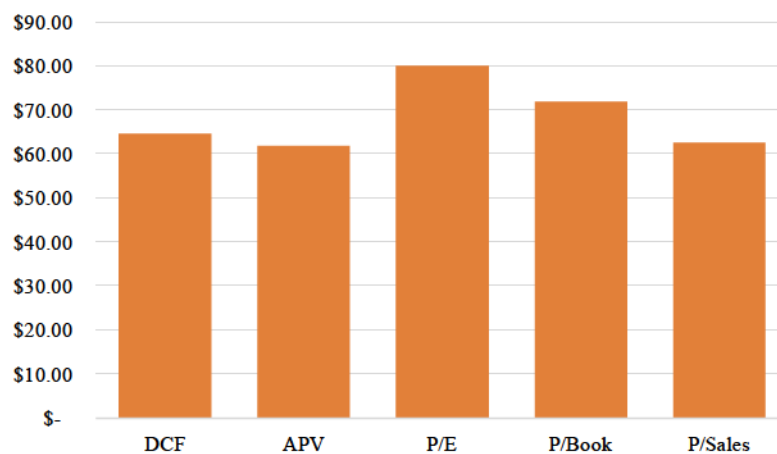


Figure 5-15 - Comcast Equity Value per Share Output



5.1.2 T-Mobile U.S.

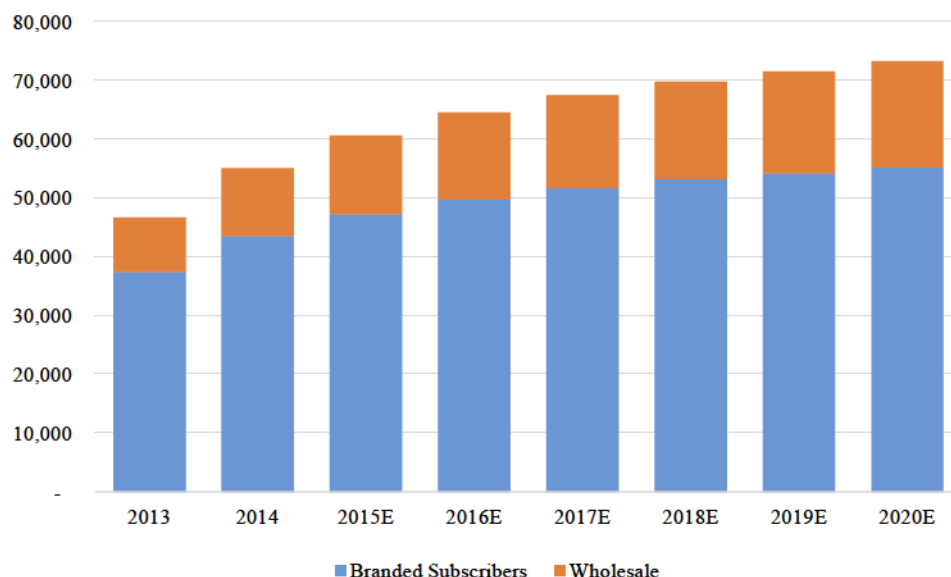
5.1.2.1 Financial Projections

For TMUS, like Comcast, most lines depend on total revenue (Appendix 6 - Financial Statements). In the case of T-Mobile U.S., there is a split between its service and its equipment segment for all the lines in the income statement until EBITDA. After that, the company is analyzed as a whole, and there may be lines depending only in the service revenue, such as the purchase of PP&E. Nonetheless, it is often used the total consolidated revenue.

In terms of revenues, it is forecasted that TMUS will continue to have an increase in its subscribers' numbers. All the segments in which the company operates, such as branded

postpaid phones and broadband, wholesaling and prepaid clients will see this increase. According to Nomura, there is going to be an increase of 4.2% CAGR 14-20E in the total number of subscribers.

Figure 5-16 - TMUS Total Number of Subscribers Forecast



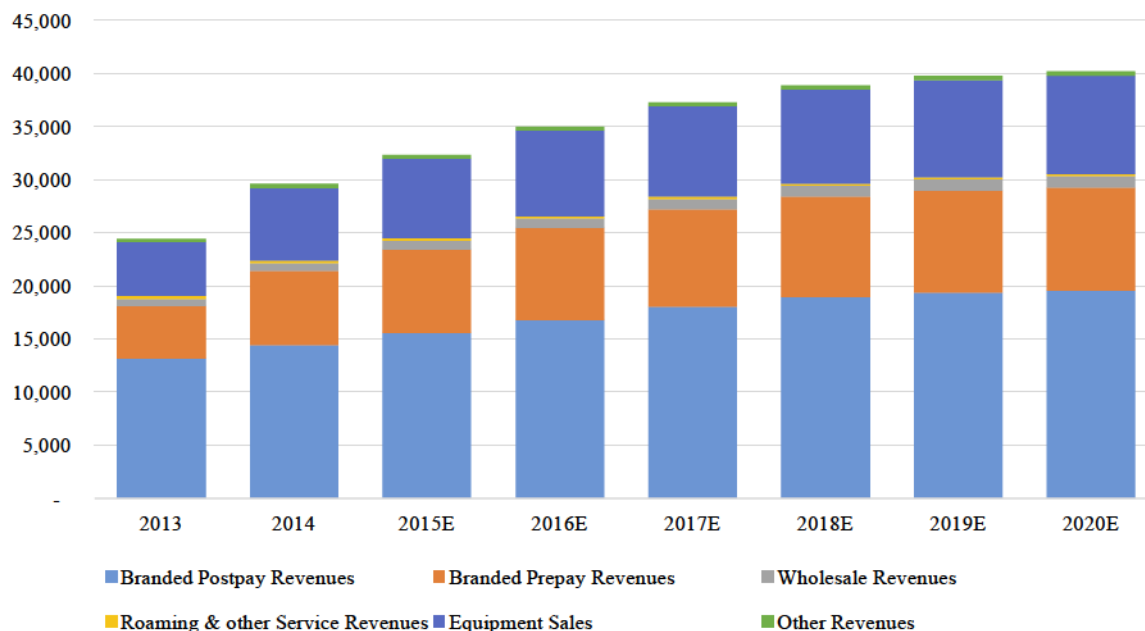
Source: Company data, Nomura estimations.

TMUS started 2015 at the same level where it left in 2014, by being a market leader for the industry’s most profitable subscribers - branded postpay. Nonetheless, as said by the management of the firm, the company only holds 16.5% of the market share, which suggests that there is still a long path to run and growth ahead. That is the reason why it is forecasted a great increase in terms of clients. Also, the company has improved its network and has expanded it as well. That combination with good pricing policies and a great brand awareness will make TMUS to expand its market share in a large way for the upcoming years, leading to a more stable growth after 2018. Thus, total service revenue is expected to increase at 4.5% CAGR 14-20E, whilst total equipment revenues at 4.6%.

The main driver of growth for branded postpay is the number of average customers increase due to the success of their Un-carrier proposition and their strong response to promotions for devices and services, which is expected to continue. In terms of TMUS’ branded prepaid revenues, the driver of growth has been their customer base expansion from the MetroPCS brand. Wholesale revenues, on the other hand, is expected to grow even further

taking into consideration the increasing number of customer programs and monthly plans provided by TMUS' MVNO partners.

Figure 5-17 - TMUS Revenue Forecast (USD M)



In terms of ARPU, one can forecast that TMUS will assist to a small decrease in 2015. That is, since there is a growing pattern of subscriptions, matched with an aggressive pricing policy, ARPU is likely to decrease. Nonetheless, the increase in TMUS' customer base is expected to more than offset this trend in terms of revenue.

Table 5-3 - TMUS ARPU Forecast

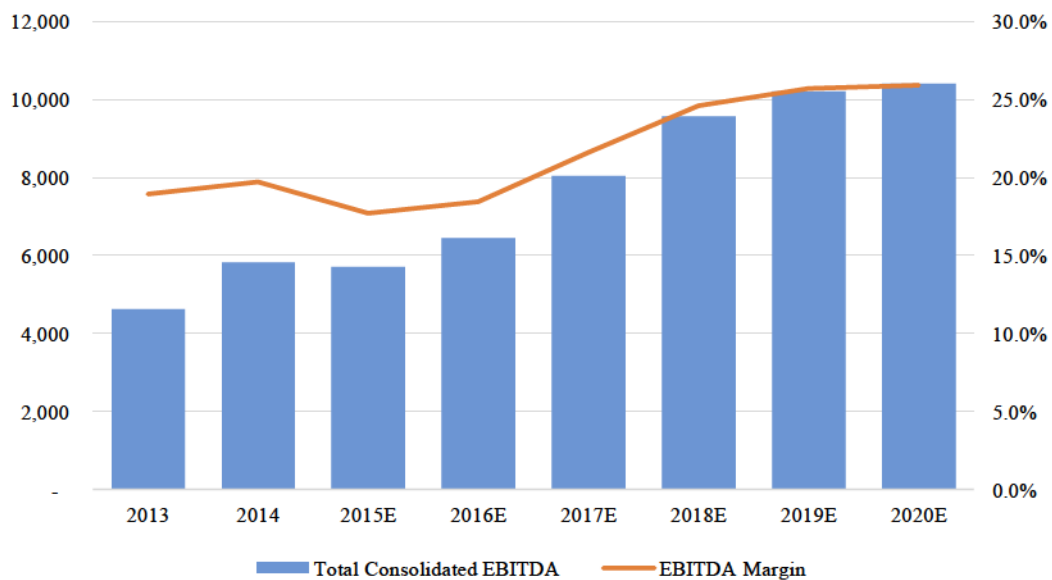
Year ended December 31 (USD)	2013	2014	2015E	2016E	2017E	2018E	2019E	2020E	CAGR 14-20E
ARPU									
Branded Contract	52.60	48.55	48.55	48.80	49.04	49.29	49.53	49.78	0.4%
Branded Prepaid	34.59	37.50	37.50	38.25	39.02	39.80	40.59	41.40	1.4%
Branded Subscribers	45.50	44.06	43.70	44.13	44.58	45.02	45.47	45.93	0.6%

Source: Company data, Nomura estimations.

Concerning EBITDA margin, there is a clear upward trend in the forecasted period, until total EBITDA reaches \$10,406M in 2020 (CAGR 8.6% 14-20E). This growth is mainly due to the projected increase in revenue. However, it is clear in the model that costs are

increasing as well to match TMUS' growth in the market. Nonetheless, whilst revenues increase by 4.5%, costs increase by 3.2% (CAGR 14-20E). This means that the company is becoming more efficient and better allocating its resources so that costs and revenues are optimized to increase final profits. TMUS acts in an extremely competitive market, and the fact that the firm is pursuing a growth strategy in terms of market share, allows it to become a more efficient firm due to some economies of scale that may derive from its net additions in terms of subscriber base. All in all, T-Mobile U.S. is forecasted to arrive to its steady state with a 25.9% EBITDA margin.

Figure 5-18 - TMUS EBITDA Forecast (USD M)



Source: Company data, estimations.

5.1.2.1.1 Capital Expenditures

In the last few years, TMUS has been having a higher CAPEX per revenues due to its intentions in improving quality and expand its network infrastructure. The company now covers 275 million 4G LTE POPs and it is forecasted to reach 300 million by the end of 2015. TMUS has deployed its 700 MHz A-Block spectrum in more than 50 markets, including Philadelphia and Houston. Moreover, about 80% of the MetroPCS spectrum has been restructured and now, less than 500,000 customers are still operating with CDMA network, which is expected to shutdown in the end of 2015, as well.

Lastly, one needs to take into attention that this industry, as in the Comcast case, there is a great amount of capital expenditures to be made. According to TMUS' strategy, there is an increase in total CAPEX, matched with an increase in total services revenues, representing around 17 percent of these in the forecasted period, taking into consideration the previous ratios.

Table 5-4 - CAPEX and D&A Forecast (USD M)

Asset Life (Including Amortization)	2015E	2016E	2017E	2018E	2019E	2020E
Starting Net PP&E	16,245	16,748	17,236	17,632	18,123	18,577
+ Capex	4,645	4,773	4,821	5,029	5,132	5,184
<i>Asset Life</i>	3.5	3.5	3.5	3.5	3.5	3.5
- D&A	(4,641)	(4,785)	(4,925)	(5,038)	(5,178)	(5,308)
- Other	500	500	500	500	500	500
Ending Net PP&E	16,748	17,236	17,632	18,123	18,577	18,953

As Comcast, T-Mobile U.S. is expected to continue to deploy its assets on about the same rate as before. For the investments that are now made, depreciation will only start to be noticeable in the future years. Thus, one can assist to a growth in terms of D&A over the forecasted period. However, TMUS deploys its assets in 3.5 years.

5.1.2.1.2 Working Capital

For the net working capital it is assumed the same assumptions as in for Comcast. Thus, the final amount of NWC is kept somehow constant. This ratio shows that TMUS has been able to cover its short-term obligations. NWC represents an average of 12.25% of the total revenues, and that value has been residually decreasing, which may represent that TMUS is efficiently using its available cash, and can finance itself from current operations in a better way.

Table 5-5 - TMUS NWC Forecast (USD M)

	2011	2012	2013	2014	2015E	2016E	2017E	2018E	2019E	2020E
NWC	3,144	1,568	6,863	5,526	2,241	1,866	2,385	3,551	4,515	5,352
Change in NWC		(1,576)	5,295	(1,337)	(3,285)	(375)	519	1,166	964	837
Cash Generated NWC		1,576	(5,295)	1,337	3,285	375	(519)	(1,166)	(964)	(837)

5.1.2.2 WACC-Based DCF

All the macroeconomic assumptions previously stated hold for the T-Mobile U.S. valuation. The cost of debt refers to TMUS' 10-year bonds and its YTM, at the time of December 1 2015. When it refers to the beta used for the valuation, the value is 1.09, that was adjusted thereafter to 1.06. The value of the beta, which was sourced by Thomson Reuters, refers to the 5-year monthly long-term volatility of TMUS stock when compared to the market. All in all, the cost of equity is 7.83%. Concluding, the WACC is estimated to be 6.12%. In perpetuity, all the assumptions are expected to hold.

Figure 5-19 - WACC Assumptions

Assumptions:	
Valuation Date	12/01/15
Market Price	\$36.18
Cost of Debt	5.95%
Tax Rate	38%
Equity Risk Premium	5.50%
Risk free rate (normalized)	2.00%
TMUS Beta	1.09
TMUS Adjusted Beta	1.06
TMUS Cost of Equity Capital	7.83%
Current EV	40,919
Net Debt	16,876
Weight Debt	41.24%
Weight Equity	58.76%
WACC	6.12%

All things considered, TMUS has an EV of \$51,330M, and an equity value of \$34,454M, after the subtraction of net debt. In its turn, one can consider a target price for TMUS of \$42.23 per share, according to the DCF WACC-based approach.

Figure 5-20 - TMUS WACC-Based DCF

Year ended December 31 (in millions)	2014	2015E	2016E	2017E	2018E	2019E	2020E
EBITDA	5,828	5,717	6,454	8,048	9,567	10,212	10,406
Less: D&A	4,412	4,641	4,785	4,925	5,038	5,178	5,308
EBIT	1,416	1,076	1,669	3,123	4,529	5,034	5,098
Normalized Tax Rate	38.0%	38.0%	38.0%	38.0%	38.0%	38.0%	38.0%
(1-T) x EBIT	878	667	1,034	1,936	2,808	3,121	3,161
D&A	4,412	4,641	4,785	4,925	5,038	5,178	5,308
Change in NWC	1,337	3,285	375	(519)	(1,166)	(964)	(837)
Less:							
Capital Expenditures (including intangibles)	(7,217)	(6,741)	(4,773)	(4,821)	(5,029)	(5,132)	(5,184)
Unlevered Free Cash Flows	(590)	1,853	1,421	1,521	1,651	2,203	2,447
Y/Y % Change	-	214.0%	-23.3%	7.0%	8.5%	33.4%	11.1%
Perpetual UFCF Growth Rate ("g")							2.0%
Terminal Value							\$60,559
Weighted Average Cost of Capital (WACC)							6.12%
NPV of Unlevered Free Cash Flows							\$8,933
+ Present Value of Terminal Value							\$42,397
= Enterprise Value							\$51,330
- Net Debt (excl. collateralized indebtedness)							\$16,876
= Equity Value							\$34,454
/ Diluted Shares Outstanding							816
= Equity Value per Share							\$42.23

5.1.2.2.1 Sensitivity Analysis

The same variations of WACC and perpetual growth rate hold, as in the case of Comcast. Ultimately, TMUS is worth between \$30.54 to \$61.37 per share, with an EV between \$45,365M and \$58,965M.

Figure 5-21 - Sensitivity Analysis on TMUS EV

		Enterprise Value				
		Perpetual UFCF Growth Rate ("g")				
		1.50%	1.75%	2.00%	2.25%	2.50%
WACC	5.62%	\$47,792	\$50,106	\$52,701	\$55,630	\$58,965
	5.87%	\$47,170	\$49,452	\$52,010	\$54,899	\$58,186
	6.12%	\$46,559	\$48,808	\$51,330	\$54,178	\$57,419
	6.37%	\$45,957	\$48,175	\$50,662	\$53,470	\$56,665
	6.62%	\$45,365	\$47,552	\$50,004	\$52,772	\$55,923

Figure 5-22 - Sensitivity Analysis on TMUS Equity Value per Share

		Equity Value per Share				
		Perpetual UFCF Growth Rate ("g")				
		1.50%	1.75%	2.00%	2.25%	2.50%
WACC	5.62%	\$43.64	\$47.22	\$51.29	\$55.96	\$61.37
	5.87%	\$39.80	\$42.93	\$46.46	\$50.48	\$55.10
	6.12%	\$36.38	\$39.14	\$42.23	\$45.72	\$49.69
	6.37%	\$33.31	\$35.75	\$38.48	\$41.53	\$44.98
	6.62%	\$30.54	\$32.72	\$35.14	\$37.83	\$40.85

5.1.2.3 APV Analysis

Firstly, the FCFF is discounted at the unlevered cost of equity, 6.64%. Secondly, the interest tax shields are discounted at the above-mentioned cost of debt, 5.95%. And finally, the valuation subtracts the bankruptcy costs, which are computed with the default rate given by Fitch credit rating for TMUS of BB. Thus, a cost of bankruptcy of \$3,241M, with 12.2 percent probability of default.

In the end, TMUS ends up with an EV of \$62,431M, leading to an equity value per share of \$55.83.

Figure 5-23 - APV Assumptions

Equity Risk Premium	5.50%
Risk free rate (normalized)	2.00%
TMUS Unlevered Beta	0.84
TMUS Cost of Equity Capital	6.64%
Cost of Debt	5.95%

Figure 5-24 - TMUS APV Valuation

Year ended December 31 (in millions)	2014	2015E	2016E	2017E	2018E	2019E	2020E
EBITDA	5,828	5,717	6,454	8,048	9,567	10,212	10,406
Less: D&A	4,412	4,641	4,785	4,925	5,038	5,178	5,308
EBIT	1,416	1,076	1,669	3,123	4,529	5,034	5,098
Normalized Tax Rate	38%	38%	38%	38%	38%	38%	38%
(1-T) x EBIT	878	667	1,034	1,936	2,808	3,121	3,161
D&A	4,412	4,641	4,785	4,925	5,038	5,178	5,308
Change in NWC	1,337	3,285	375	(519)	(1,166)	(964)	(837)
<i>Less:</i>							
Capital Expenditures (including intangibles)	(7,217)	(6,741)	(4,773)	(4,821)	(5,029)	(5,132)	(5,184)
Unlevered Free Cash Flows	(590)	1,853	1,421	1,521	1,651	2,203	2,447
Y/Y % Change	-	414.0%	-23.3%	7.0%	8.5%	33.4%	11.1%
Discounted Unlevered Free Cash Flows	(590)	1,737	1,250	1,255	1,277	1,597	1,664
PV Terminal Value							47,744
100% equity-financed	56,523						
Finance Side Effects							
Gross Debt	22,191	22,117	22,097	22,297	22,497	22,697	22,897
Interest Expense	(1,073)	(1,106)	(1,105)	(1,115)	(1,125)	(1,135)	(1,145)
Tax Shield	408	420	420	424	427	431	435
PVTS	408	397	374	356	339	323	308
Terminal Value							7,052
Discounted TS	9,149						
Enterprise Value (EV)	65,672						
Perpetual UFCF Growth Rate ("g")							2.0%
Expected Bankruptcy Costs							
Credit Rating by S&P							BB
Probability of Default							12.2%
Bankruptcy Costs							47.0%
Total Bankruptcy Costs	3,241						
100% equity-financed							\$56,523
Discounted TS							\$9,149
- Total Bankruptcy Costs							-\$3,241
= Enterprise Value							\$62,431
- Net Debt (excl. collateralized indebtedness)							\$16,876
= Equity Value							\$45,555
/ Diluted Shares Outstanding							816
= Equity Value per Share							\$55.83

5.1.3 Multiples Valuation

The peer group valuation of P/Sales and EV/Sales goes in line with the obtained results in the APV computations, when compared the other multiples. However, ratios may be misleading in the T-Mobile U.S. case, since the change in networking capital made the results to be somehow deviated from their normal behavior. Also, the company is under a great process of restructuring towards a new strategy path.

In what concerns the selection of the peer group, it followed the same methodology as in the Comcast case.

The chosen peer group include AT&T, Verizon, Sprint and American Tower. These companies are similar to TMUS in terms of industry, growth and risk.

Under this analysis, one is able to see that the price per share of Comcast ought to range between \$1.84 to \$108.17, whilst its EV range between \$25,562M to \$68,992M. Nevertheless, it is important to acknowledge that this valuation form shows a great discrepancy in the final results.

Figure 5-25 - TMUS Multiples Valuation

Id	Company Name	Price	Market Cap (millions)	P/E	P/Book	P/Sales	EV/Sales	EV/EBITDA	EV/EBIT
TMUS	T-Mobile US	26.94	21,750	179.85	1.50	0.77	1.47	7.65	37.51
T	AT&T	33.59	174,231	10.15	1.88	1.33	1.89	5.13	8.29
VZ	Verizon	46.78	194,371	9.71	11.71	1.56	2.38	6.69	10.70
S	Sprint	4.15	16,417	NA	0.67	0.47	1.23	6.98	53.23
AMT	American Tower	98.85	39,214	53.93	9.34	9.81	13.22	21.83	36.83
Average		45.84	106,058	24.60	5.90	3.29	4.68	10.16	27.26
Median		40.19	106,723	10.15	5.61	1.45	2.14	6.84	23.77
St. Deviation		39.58	91,196	25.40	5.45	4.37	5.71	7.82	21.60

Price			EV		
1.84	108.17	56.94	68,992	39,076	25,562

Source: Company data, estimations, Thomson Reuters.

5.1.4 Valuation's Output

In conclusion, TMUS EV ranges from \$25,562M to \$68,992M, with an average of \$49,478M, close to the WACC-based DCF value that it is abovementioned of \$51,330M.

In terms of price per share, TMUS ranges from \$1.84 to \$108.17, with an average of \$53.00. With a current market price at \$36.18, one is lead to figure that TMUS is also, undervalued.

Figure 5-26 - TMUS EV Output (Millions)

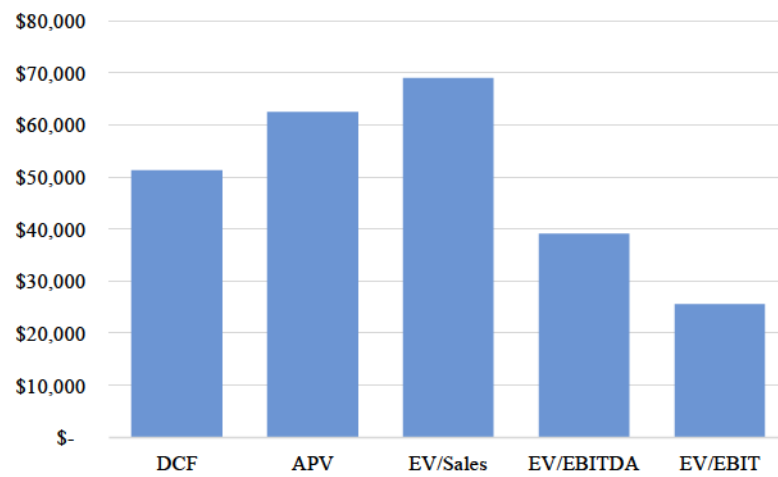
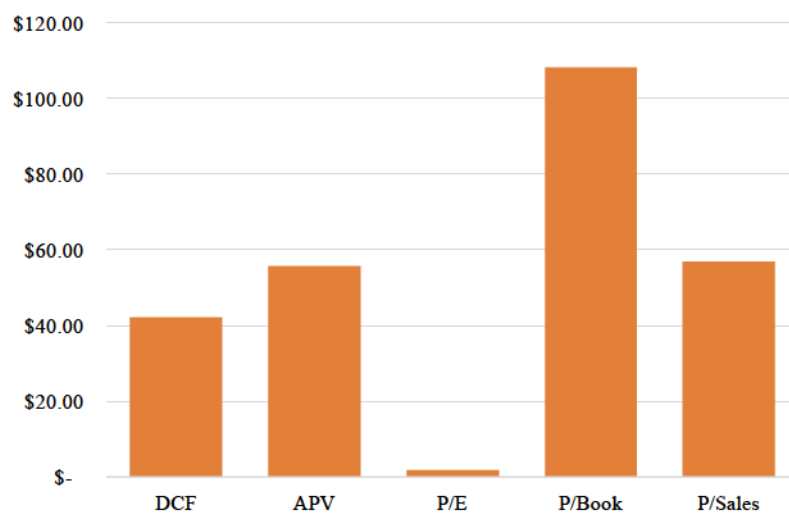


Figure 5-27 - TMUS Equity Value per Share Output



6 Merged Entity

This section is intended to explain how would a merged entity work in the future, with all the synergies that are derived from the acquisition. Starting from the literature review section, the value of a synergy can be computed by the difference between the value of a single entity that incorporates the benefits from a joint firm with the sum of the two entities separately. Consequently, it is of major importance to build a model that values a combined (Appendix 7 - Financial Statements).

6.1 Valuation With No Synergies

To value a new merged-entity with no benefits from diversification it is important to estimate its value with no synergies. For that, the model estimates this entity with the WACC-based DCF approach. That results in a company's EV of \$263,127M and an equity value of \$201,100M, which corresponds exactly to the values of Comcast and TMUS added up. These values were computed from a 6.41% WACC, corresponding to the weighted average WACC of both companies.

6.2 Synergies

A consolidated Comcast/T-Mobile U.S. is intended to create synergies that otherwise each company would not be able to achieve separately, and, if achieved in the future, one will be able to see the how good the deal was. For that reason, this deal will be mainly focusing on the revenue and cost synergies. Financial synergies will not be addressed since both companies are already operating at their target capital structure. Nonetheless, there is a possibility that TMUS' segment takes advantage of Comcast cash slack to finance its expanding network and spectrum licenses. However, this type of synergy may be an uncertain task to quantify, as it should be too speculative for the model.

6.2.1 Revenue Synergies

In terms of revenue enhancements, both companies ought to achieve a better market share together. Also, the fact that the subscription base merge enables that new cable services

are offered to wireless consumers, as the opposite is still true. For that reason, it is fair to assume that there will be an additional service revenue of 0.3% and an additional cable revenue of a 0.5% per year (4.6% and 4.3% CAGR 14-20E). Comcast cable segment will be able to get to the new customer base that TMUS is achieving lately. Moreover, a single entity will be able to face the growing broadband market, in which consumers are looking for internet-only packages, both at home and outside. In terms of equipment sales, it is expected that the new number of subscribers will look to purchase new equipment, since they can switch from their usual network provider to the new merged entity. For this segment, one may expect an increase of 0.05% in sales.

Figure 6-1 - Revenue Synergies

Year ended December 31 (in millions)	2015E	2016E	2017E	2018E	2019E	2020E
Revenue						
T-Mobile US						
Service Revenues	-	80	85	89	91	91
Equipment Sales	-	4	4	4	5	5
Total T-Mobile Revenues Synergies	-	84	89	93	95	96
Comcast Cable Revenue	-	249	262	276	285	295
Total Revenues Synergies	-	333	351	369	381	391
as a % of Total Revenues		0.29%	0.29%	0.29%	0.29%	0.29%

6.2.2 Cost Synergies

6.2.2.1 SG&A

In terms of costs synergies, one can expect a decrease in some administrative figures since both companies share the same set of inputs, such as the marketing office, for instance. These economies in costs will be reflected in higher margins than if the firms were valued separately. Thus, there is a decrease of 0.2%, divided among the previous SG&A costs of TMUS and Comcast.

6.2.2.2 Revenue Costs

These are the costs of goods sold (COGS) and the costs of services rendered to consumers. The joint firm would be able to have one only network operating, rather than several lines. Also, it is expected that both companies' clients will migrate into this one entity. Moreover, this synergy will allow a greater pricing power due to the reduced competition and

the higher market share. For this computations, the model computes a 0.8% reduction in costs of services that were previously rendered by TMUS (6.6% CAGR 14-20E). It is a somehow conservative approach, since not all segments can align together, once one company operates mostly with cable, and the other company, with wireless services.

Figure 6-2 - Cost Synergies

<i>Year ended December 31 (in millions)</i>	2015E	2016E	2017E	2018E	2019E	2020E
Operating Costs and Expenses						
T-Mobile US						
Cost of Services	-	(64)	(68)	(71)	(72)	(73)
Selling, general and administrative	-	(10)	(11)	(11)	(11)	(11)
Total T-Mobile US Operating Costs	-	(74)	(79)	(82)	(84)	(84)
Synergies						
Total Comcast Operating Costs	-	(5)	(5)	(5)	(5)	(6)
Total Cost Synergies	-	(79)	(84)	(87)	(89)	(90)

6.2.3 Integration Costs

So far, our analysis has been on positive synergies that may arise in the deal. Nonetheless, it is important to acknowledge that their development carries costs. Therefore, the net synergy value is obtained by taking into consideration the integration costs.

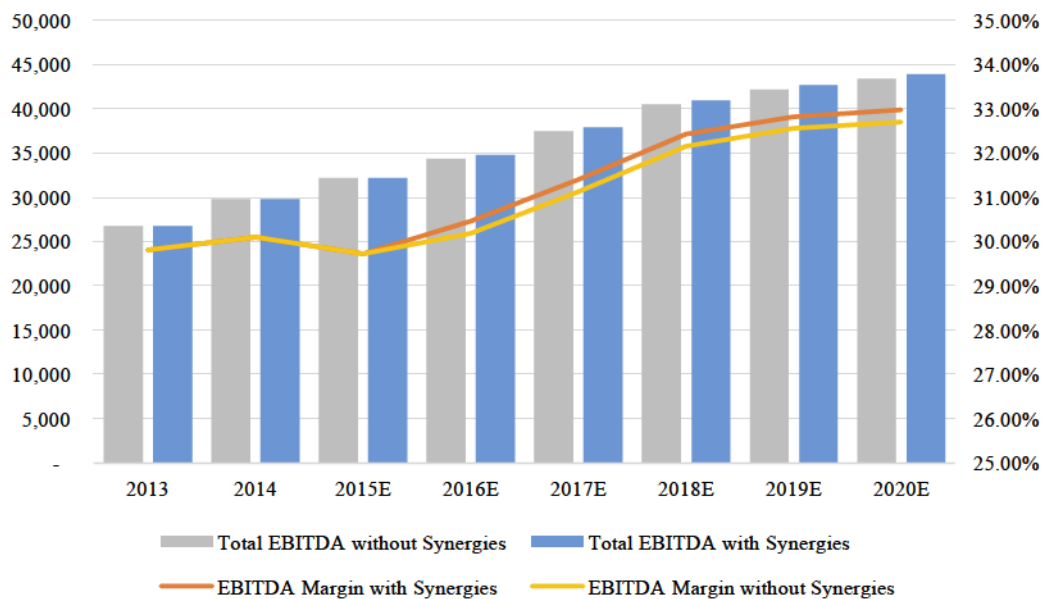
Firstly, the transaction itself. Such kind of deal would bring up high costs in terms of law firms, or any other entity that would raise both parts interests into the business. Then, one has to pay attention to the integration costs themselves. For instance, the new workforce restructuring may come at a cost in which firms ought to pay compensation benefits to its employees. This is particularly important in the first year of operations, 2016. Thirdly, market recognition. It is going to be a major task to re-configure the strategy of this single entity, that will ultimately lead to considerable strategic management consultancy companies' costs. Fourthly, the integration of all the internal network and systems in a single platform available for this new entity. Lastly, there is the need to create a new statement of purpose and join the two companies' culture. One has to take into consideration that it may have implications in terms of employees' motivation, for example. Thus, it is necessary to start an internal marketing program so it is possible to build the new brand.

Therefore, and due to this unpredictable assumptions, the model forecast that these costs will represent 1% of the total deal amount.

6.3 Valuation with Synergies

All in all, after the acquisition, it is expected that their EBITDA margin changes with the revenue enhancements and the cost reductions. Thus, when comparing the sum of the two separated entities, one can see an increase for 32.98% from the 32.71% in their EBITDA margin, and an increase in 1.11% in their total EBITDA for the last year computed.

Figure 6-3 - EBITDA Margins



Taking into considerations the exact same assumptions as in part 7.1, it is estimated that the final EV of this new merged entity with synergies is approximately \$269B, compared to the \$263B with no synergies. Thus, the total amount of synergies is forecasted to be \$5.1B, roughly.

Figure 6-4 - Total Synergies

EV with no Synergies	\$263,127
EV with Synergies	\$268,597
Integration Costs	\$339.5
Total Synergies	\$5,130

Figure 6-5 - WACC-Based DCF Approach for the Merged Entity with Synergies

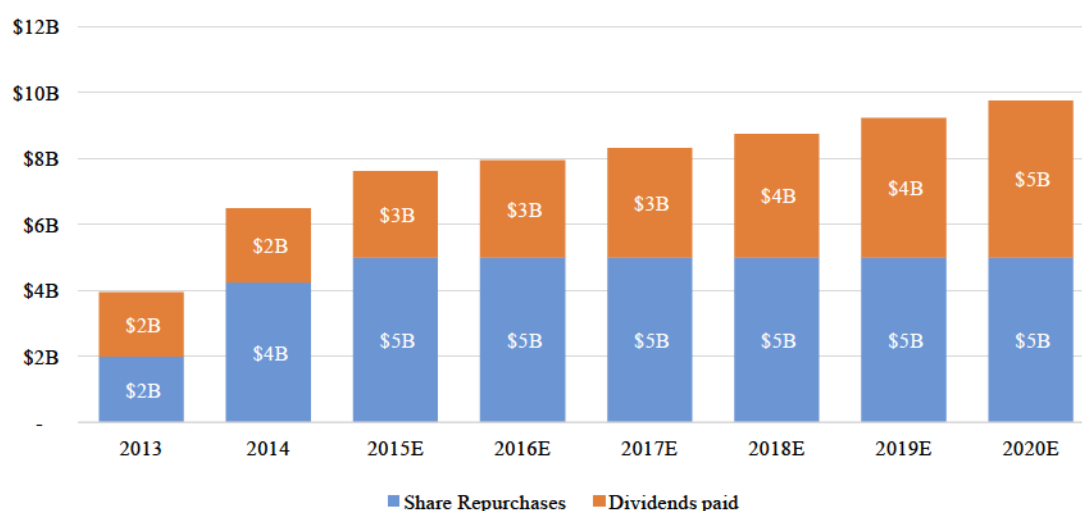
Year ended December 31 (in millions)	2014	2015E	2016E	2017E	2018E	2019E	2020E
EBITDA	26,803	29,834	32,179	34,773	37,916	40,939	42,650
Less: D&A	11,498	12,431	11,520	11,917	12,317	12,727	13,184
EBIT	15,305	17,403	20,659	22,856	25,599	28,211	29,466
Normalized Tax Rate	28.9%	38.0%	38.0%	38.0%	38.0%	38.0%	38.0%
(1-T) x EBIT	10,877	10,790	12,809	14,170	15,871	17,491	18,269
D&A	11,498	12,431	11,520	11,917	12,317	12,727	13,184
Change in NWC	(662)	2,875	(1,574)	(2,703)	(3,561)	(3,354)	(3,143)
Less:							
Capital Expenditures (including intangibles)	(15,759)	(14,761)	(13,075)	(13,550)	(14,142)	(14,522)	(14,838)
Unlevered Free Cash Flows	5,954	11,335	9,679	9,835	10,485	12,343	13,472
Y/Y % Change		90.4%	-14.6%	1.6%	6.6%	17.7%	9.2%
Perpetual UFCF Growth Rate ("g")							2.0%
Terminal Value							\$311,707
Weighted Average Cost of Capital (WACC)							6.41%
NPV of Unlevered Free Cash Flows							\$53,870
+ Present Value of Terminal Value							\$214,727
= Enterprise Value							\$268,597
- Non-controlling Interests							\$1,420
- Net Debt (excl. collateralized indebtedness)							\$60,607
= Equity Value							\$206,570

7 Acquisition

The deal is expected to be the case where Comcast acquires all TMUS' equity. Firstly, due to its dimension, since they have an EV ratio of 1:4.1. Secondly, TMUS has an equity structure that is 65.66% belonging to its parent company, Deutsche Telekom. A more concentrated structure will make it easier to acquire control. And finally, despite the fact that TMUS is growing its customer base, it is not enough to maintain its billion-dollar infrastructure in the long-run, and according to DT's CEO, "*T-Mobile's current approach is not sustainable, especially given the need to invest between \$4 billion and \$5 billion each year just to keep up [with competition].*" Even TMUS' CEO had already mention that Comcast's future in wireless is not going to be made by themselves: "*You really believe that the Comcast future in wireless is to be an MVNO with Verizon? I mean, give me a break...The timing of when the cable players come into the wireless phase — it's purely determined by who blinks first.*" Thus, it leads one to believe that, if there is a fair price, DT's shareholders accept to sell their position at T-Mobile U.S.

Moreover, despite losing the TWC bid, Comcast may consider targets' balance sheet to increase its shareholder returns. The company has been pursuing a policy of dividend distribution and share repurchase every year, and it is expected to continue in the future years. That represents liquidity that is not necessary for capital spending.

Figure 7-1 - Comcast Dividend and Share Repurchase Forecast



Source: Company data, estimations.

7.1 Deal Rationale

7.1.1 Advantages of the Acquisition

A combined CMCSA/TMUS will enable to provide quad-play wireless, wireline, HSD and video services, together with a great portfolio of contents, such as film production, theme parks and broadcast TV. One can also see that there is the need to respond to the new bundled services from AT&T/DirecTV. The subscription base of both companies may converge, which entails the main strategic objective of TMUS - to increase its customer base. Also, for Comcast that fact may entail a growth in the U.S., which is already its market, and it is becoming saturated, as there is not much room for improvement in cable terms. Moreover, this new entity would have a much larger debt capacity to keep TMUS pursuing its strategy of buying spectrum licenses and investing in new technology. With more customers, and cutting edge technology, this merged entity would become one of the largest companies in the world for cable and wireless. Also, it could deliver stronger cash flows with a conservative capital structure.

7.1.2 What Obstacles Can the Acquisition Face?

Firstly, Comcast faced a high level of regulatory opposition in the TWC deal. Thus, a deal with TMUS would be harsh to make it until the end, which Comcast is unlikely to discount, given the underperformance of the stock over the last year.

Secondly, analysts forecast that is only a matter of time until Comcast offers a wireless service. Moreover, it is believed that Comcast does not need to buy TMUS, since the company already has a MVNO agreement with Verizon and Sprint.

Thirdly, cost synergies independent of corporate expenses might be tough to realize, given the different platforms between the two companies. Furthermore, revenue synergies could be expressive over time, however, it may take some years to realize.

Fourthly, regarding regulation, a merger between Comcast and TMUS can be blocked by the FCC. There is antitrust regulation that stop companies of becoming too large and taking part of its potential power to control the market.

Also, Comcast may be faced with the need to sell some of its U.S. assets to seal the deal, as it as occurred with some of the largest deals, such as the recent AB InBev - SAB Miller deal.

7.2 Mode of Acquisition

The deal consists of an equity acquisition from Comcast to T-Mobile U.S. to all its 100% shareholders. The participation of DT will be a 100% cash payment, and minority shareholders will follow the same approach in this tender offer. The deal requires that Comcast takes on all of T-Mobile's liabilities in addition to the firm's assets.

The decision behind the all-cash deal is the outcome of several factors that should be considered: (1) Comcast shares are undervalued in the market, according to the abovementioned valuations, (2) Comcast balance sheet allows such a transaction, since the company is seated in a large cash pile, (3) this method sends a signal to the markets that the managers are confident on the expected synergies, (4) easy access to capital due to the historical low interest rates.

7.2.1 Premium Offered

For this transaction, it is estimated a premium of 15% over TMUS' market value. Thus, Comcast would buy the total amount of TMUS for \$33,953M. This value compares to previous offers in the industry, for example Liberty acquired Virgin Media with a 23.73% premium, in a 2013 merger. Also, Lliad made an offer in middle 2014 for T-Mobile U.S. in which the company offered a 30.9% premium, and later that year, the markets speculated that Deutsche Telekom was seeking a buyer for its U.S. subsidiary for \$35 per share. Also, the fact that its an all cash deal makes the premium to be lower, according to the literature review section. This Comcast acquisition is expected to have a final price offer of \$41.61. Lastly, one needs to consider that such a deal would face a high degree of regulation due to antitrust laws, which should also be discounted in the acquisition premium.

All in all, taking into consideration DT fast will to sell off its subsidiary, the industry deals and its paid premiums, it is reasonable to assume a 15% premium.

Figure 7-2 - Deal Terms

Ownership of T-Mobile U.S.	
# shares	816M
% owned by Deutsche Telekom AG	65.66%
% owned by free float	34.34%
Acquisition Premium	15%
Total Premium Paid	4,429
Current Market Capitalization	29,524
Equity Acquisition Value	33,953
Acquisition Parts (100% cash)	
Value to acquire	33,953
From:	
Deutsche Telekom	22,293
Free Float and Other Institutional Investors	11,659
Offer Price	\$41.61
Current Price	\$36.18

7.2.2 Shareholders' Value at Risk

In this operation, Comcast shareholders are facing a risk of 2.93% of its total market value. This risk is somehow small due to the difference in the market values of both companies. That is, even with Comcast offering a 15% premium over TMUS' market cap, its risk is still limited in the case that the estimated synergies are not accomplished.

Figure 7-3 - SVAR

SVAR	2.93%
Acquisition Premium	4,429
Comcast Current Market Cap	151,388

7.3 The Takeover Offer

To keep the deal terms, and to be consistent with a good market reaction, Comcast's offer should be strictly enforced. That is, the company needs to make a large finance effort to keep its conditions, and the markets should acknowledge that. For this deal, Comcast is in

need to raise more financial debt to pay to TMUS' shareholders, and that will put T-Mobile U.S.' shareholders in a greater pressure, since this is perceived as a friendly deal, and it should reduce the probability of competition in a potential rivalry offer.

Taking into consideration that the new merged stops Comcast share repurchasing program for the next 2 years, it will free approximately \$10M in cash, that should be adjusted with a \$23,953M increase in debt to pay for the whole acquisition. This debt ought to be paid within the next 5 years in even installments, since the new entity has a large capacity in its balance sheet to account for this numbers. It is not expected that this debt increase has an effect in the investment grade of the final merged entity.

7.4 Is There Other Potential Target for Comcast?

After Comcast deal with TWC had terminated due to antitrust regulation, the company could not become the largest pay-tv operator in the U.S. Nonetheless, the company keeps its interest in increasing its services to offer new wireless possibilities. There is the case in which the company makes the investment in the spectrum itself. However, it should auction for spectrum and compete with the players that are already operating in the market, which is something that Comcast is not looking for due to its high capital expenses and its lack of market expertise. Another approach for Comcast to follow its wireless strategy should be to merge with a wireless entity, such as Sprint.

7.5 Is There Other Potential Acquirer for T-Mobile U.S.?

At the moment, Deutsche Telekom clearly wants to sell its U.S. subsidiary. Having that in mind, there is the possibility that TMUS change its strategy investors to another cable company, rather than Comcast.

DISH Network, is one of the possible acquirers to TMUS. Despite the fact that the company already operates small wireless segments, it still wants to increase its spectrum. Nonetheless, there is rumor that DT's demands for the deal are not matched by DISH, mainly due to the type of acquisition that the holding prefers. That is, according to its CEO reports, a cash deal is favored and DISH is not ready to make one of this kind.

8 Conclusions

M&A activity is on a rise again, since the financial crisis that took place worldwide a few years ago, and companies are thriving for growth. The number of rumored deals in the market is on a rise, with the case of Comcast and T-Mobile U.S. being one of them. It is clear from an industry point of view that Comcast will not be able to pursue U.S.-based growth for much longer, since it is already the largest cable operator in the country. Nonetheless, the company is placed in a dynamic industry that have been structurally changing for the last few years, since consumers themselves are changing their habits regarding TV, internet and general communication. With customers dropping traditional services, Comcast may face a decrease in revenue from in its largest segment, video. Even though the company is vertically integrated, and therefore it can control to whom it sells its content, it may not be enough to keep its growing strategy. Moreover, cable companies are looking for supplying wireless service, and Comcast is no exception. With a strong past in M&A, and due to its large financial capabilities, the company may look for a deal with such a company, in this case T-Mobile U.S.

For Deutsche Telekom this deal offers the opportunity to spin-off its U.S. segment, and even leave with a premium. Moreover, due to its pricing strategy and network investment, TMUS is operating below its optimal profitability. With new subscribers coming from Comcast and by using its cash slack, T-Mobile U.S. may keep its strategy and even taking it to the next level.

Consequently, I recommend a price offer of \$41.61 for all TMUS' stock to be paid by Comcast. This deal is expected to create a value for the acquirer of \$5,632M, which represents the total TMUS' estimated equity value with synergies net of the total acquisition value. However, it is important to highlight that T-Mobile U.S. stocks are undervalued by the market. Taking into consideration the value of Comcast, it is clear that this would be a purely strategic deal from Comcast to increase its market share in the U.S. by the increase of its subscribers' base, and it will be able to drive the industry towards internet, which is already occurring by consumer's choice.

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10 Appendices

10.1 Appendix 1 - Comcast Segments

Comcast's business line shells five segments: Cable Communications; Cable Networks; Broadcast Television; Filmed Entertainment, and Theme Parks. Other business involves Comcast-Spectacor, which owns the Philadelphia Flyers and the Wells Fargo Center arena in Philadelphia, Pennsylvania and operates arena businesses.

Comcast's cable communications segment consists of the operations of Comcast Cable, which is the provider of video, Internet and voice services (cable services) to residential customers under the XFINITY trademark.

Then, the second largest segment is NBCU, formed by cable networks, broadcast TV, filmed entertainment and Theme Parks. The cable networks segment comprises a portfolio of U.S. cable networks that provide a variety of entertainment, news and sports content, its regional sports and news networks, various international cable networks, and its cable television production operations.

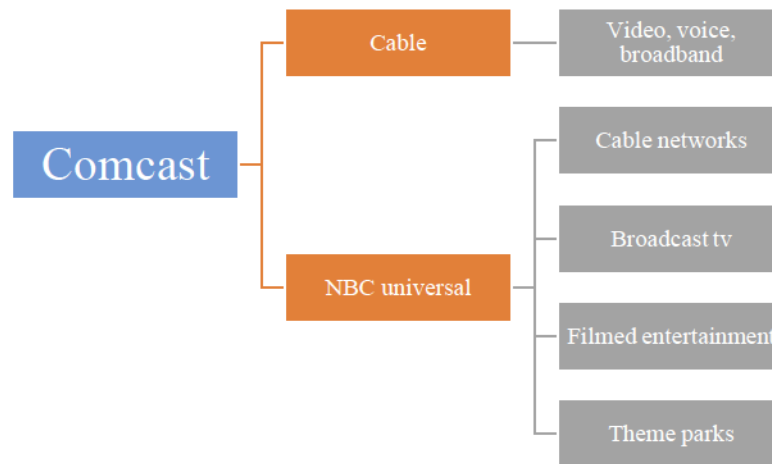
Then, the broadcast television segment operates the NBC and Telemundo broadcast networks, which together serve audiences and advertisers in all the U.S.

The filmed entertainment segment produces, acquires, markets and distributes both live-action and animated filmed entertainment worldwide, and it also develops, produces and licenses live stage plays. Comcast produces films on its own and together with other studios companies. Its films are produced primarily under the Universal Pictures, Focus Features and Illumination labels. This segment creates revenue primarily from the worldwide distribution of its produced and acquired films for exhibition in movie theaters, from the licensing of its owned and acquired films through various distribution platforms, and from the sale of its owned and acquired films in home entertainment formats, such as DVDs, and electronically through digital distributors.

Comcast's theme parks segment consists predominantly of its Universal parks in Orlando, Florida and Hollywood, California. Universal Orlando includes two theme parks, Universal Studios Florida and Universal's Islands of Adventure, as well as CityWalk, a dining, retail and entertainment complex. Universal Orlando also features on-site themed hotels, in which the Company owns a non-controlling interest. Its Universal theme park in Hollywood, California consists primarily of Universal Studios Hollywood. In addition, the Company licenses the right to use the Universal Studios brand name and other intellectual property, and

also provide other services, to third parties that own and operate the Universal Studios Japan theme park in Osaka, Japan and the Universal Studios Singapore theme park on Sentosa Island, Singapore. Comcast's theme parks segment creates revenue mainly from theme park attendance and per capita spending at its Universal Orlando and Hollywood theme parks.

Figure 10-1 - Comcast Business Segments



10.2 Appendix 2 - Comcast SWOT Analysis

Table 10-1 - Comcast SWOT Analysis

Strengths	Weaknesses
Extensive reach Vertically integrated Strong margin growth	Program expenses increase Legal files
Opportunities	Threats
Great market outlook for U.S. broadcasting and cable Online streaming services Growth in on-demand services	Competition is fierce Highly regulatory environment Consumer behavior trends

10.2.1 Strengths

Comcast is one of the leading providers of entertainment, information and communications products and services. It operates vast entertainment networks, covering a broad spectrum of audience in its markets. Its cable communications segment has an extensive customer reach. At the end of 2014, Comcast's cable served 22.4 million video customers, 21.9 million HSD customers and 11.2 million voice customers. Comcast has steadily outperformed its cable peers in terms of customer growth as it builds on the Xfinity brand name although launching services improvements and refining customer service. For instance, in FY2014, Cablevision Systems, one of the company's competitors, served approximately 2.7 million video customers, 2.8 million HSD customers and 2.3 million voice consumers.

Likewise, the Comcast's cable networks segment consists of a diversified portfolio of national cable networks that provides a variety of entertainment, news and information. The company's USA Network attended approximately 96 million subscribers at the end of 2014, while SyFy and E! attended approximately 95 million and 94 million subscribers respectively; MSNBC had approximately 95 million subscribers; and CNBC and Bravo had 94 million and 92 million subscribers, respectively. Also, Comcast's NBC affiliated local television stations reached approximately 32 million television homes, representing approximately 27% of general television households in the US in 2014.

In terms of integration, some topics must be addressed. Firstly, the company is vertically integrated and is positioned throughout the entertainment supply chain. A key segment of this

model is NBCU, fully acquired in 2013. With this acquisition, the company's further strengthened its incorporated business model. This deal has enabled the company to diversify its offerings to other areas of the media and entertainment industry as NBCUniversal's diversified portfolio includes national cable networks, regional sports or news networks. Accordingly, with the full ownership, the company has strengthened its presence in cable networks, broadcast television, filmed entertainment and theme parks. With the emergence of online streaming and advancement in technologies, content has become highly important and NBCU's cable networks and broadcast TV segments are absorbed in content licensing of their own programming content.

The company is involved in both the production and distribution of content. As the distribution of the content is likely to be commoditized, the programming part of the business will remain a differentiate factor for Comcast when compared to other cable companies, which are only distributors. Additionally, control over programming and distribution makes Comcast in a better position compared to programming peers. Finally, its long-standing expertise will enable it to innovate multi-platform offerings, a key industry growth driver.

10.2.2 Weaknesses

The programming cost for the company's video services are increasing over the years and it is expected to surge in the foreseeable future. The company's video programming expenses include the fees paid to programming networks to license the programming distributed by the company to its video customers. In recent years, the MVPD industry has continued to experience an increase in the cost of programming, especially sports programming. Moreover, Comcast has been involved in some legal proceedings which could result in important outflow of cash.

10.2.3 Opportunities

The U.S. broadcasting and cable television market has seen a decent growth and is expected to continue to grow at a stable rate in the forecast period. Comcast is the leading broadcasting and cable television company in the U.S. That is, the firm is well positioned to take advantage from the strong outlook for the industry.

The market for video on-demand (VoD) has been growing over the past few years and is expected to grow even further. According to industry estimates, VoD market is expected to reach \$61B in 2019 from its \$25B in 2014 (CAGR 19% 14-19). The strong growth is attributed to the rising usage of smart devices, changing customer preferences and viewing experience.

Comcast offers a choice of digital video services that provide consumers access to On Demand service and an interactive, onscreen program guide. The company's On Demand service provides its digital video customers with almost 55,000 programming choices, including 20,000 in high definition. The company's On Demand service also allows video customers to view new release movies and special-event programs, such as sporting events or concerts. Earlier 2014, Comcast and Netflix announced an interconnection agreement, which will provide Comcast's U.S. broadband customers with a high-definition Netflix experience.

The vigorous growth in on demand market is expected to deliver new revenue opportunities for the company, diversifying its business risk and boosting margins.

The demand for online video streaming has been increasing in recent times. This growth in streaming subscribers is driven by the increasing media consumption over the internet, which increases broadband penetration, higher download speeds and growth in connected devices.

Comcast has its focus on offering live streaming services to its consumers to leverage opportunities. For example, in 2015, the company launched Xfinity Share, the first live streaming app that allows users stream content directly to the television. Comcast announced to launch a new streaming service, Stream, which will offer access to a range of networks, including the big four (NBC, CBS, ABC, Fox), HBO, PBS, The CW and Telemundo, in Boston, Chicago and Seattle during 2015. Moreover, this service would be available to all of the company's high-speed internet subscribers in 2016. The streaming service will allow Comcast to deliver growth from the increasing demand for online streaming services and also to hedge the losses associated with decline in the pay-television segment.

10.2.4 Threats

Comcast has been facing intense competition from several emerging players that provide a range of communications products and services. Technology changes that influence the consumer behavior have intensified the competitive environment even further.

In terms of regulation, the company is subject to federal, state and local governments, which extensively regulate the video services industry and may increase the regulation of the internet service. The Communications Act of 1934 and the Federal Communications

Commission (FCC) regulations and policies influence important aspects of the company's businesses, including cable system and broadcast station ownership, video services customer rates, carriage of broadcast television stations or broadcast programming content and advertising.

In terms of consumer behavior, Comcast expects that new technologies, particularly alternative methods for the distribution, sale and viewing of content, will further increase the number of competitors that Comcast's businesses face. If the company fails to effectively anticipate or adapt to cutting edge technologies or changes in consumer's behavior, it can jeopardize its business. Furthermore, consumers are progressively interested in accessing information, entertainment and communications services anywhere and anytime; newer services in wireless such as 4G wireless broadband services and Wi-Fi networks, and devices such as wireless data cards, tablets or smartphones, may compete with Comcast's high-speed internet services. Comcast's voice segment is facing increased competition from wireless and internet-based phone services as more people choose to replace their traditional wireline phone service with another phone services. Future developments in this area may have an adverse impact on the company's cable communications' competitive position and results of operations.

10.3 Appendix 3 - T-Mobile U.S. SWOT Analysis

Table 10-2 - T-Mobile U.S. SWOT Analysis

Strengths	Weaknesses
Aggressive pricing strategy	Declining ARPU
Investment in network infrastructure and spectrum licenses	Lack of scale
Improved margins	
Opportunities	Threats
Great market outlook for high-bandwidth mobile communications	Competition is fierce
Increasing in the penetration of smart devices	Highly regulatory environment
	Saturation in wireless market

10.3.1 Strengths

T-Mobile adopted an aggressive pricing model and a low cost strategy that allowed the company to increase significantly its subscriber base and enhance its revenue. The company's low-cost business operating model enables it to simplify its business and drive operational efficiencies and cost savings in areas, such as network optimization, customer roaming, customer service and improved customer collection rates.

As part of its phase 3 of the Un-carrier initiatives, TMUS enabled tablet users to use up to 200 MB of free LTE data every month for all the tablets on the company's network, including non-T-Mobile customers. Moreover, in 2014, the company announced the 4th phase of its strategy, which is to offer early termination fees to the customers when they switch from other carriers to T-Mobile. Another phases are in the company plans to grow even further its customer base.

TMUS's price cutting and promotional strategies allowed it to resist competition and drive significant net additions to its customer base. The company's branded postpaid net customer additions were 4.9M in 2014, compared to 2M in 2013. The company had a customer base of 55M customers in 2014 compared to 47M in 2013. The substantial growth in the subscriber base enabled the company to improve its market share and establish itself as the third mobile communications services provider in the U.S. This strategy transformed the wireless market in the U.S. and provided significant competitive advantages to the company.

TMUS has been investing over the years for its network enhancement and provide faster high-bandwidth mobile communications services. The company declared its network transformation strategy in 2012, focused on network modernization and 4G. Over the last few years, the company invested primarily in modernizing its network to support growing demand for this services. TMUS' capital expenditures were primarily associated with the continued expansion of its network coverage. For that, the company also entered into transactions to acquire 700 MHz A-Block, AWS and PCS spectrum licenses covering an additional 40 million people. These transactions are expected to be completed this year. Earlier, the company acquired AWS spectrum licenses covering approximately 97M people for an aggregate bid price of \$1.8B. These licenses are expected to be awarded to T-Mobile U.S. during the second quarter of 2015. The company is now focused on building the network over its 700 MHz A-Block spectrum licenses to expand its coverage to more areas. The company's network covers all major metropolitan areas and approximately 90% of people in the U.S.

The company's substantial investments in network infrastructure allowed it to expand its network coverage and establish itself as one of the fastest 4G services providers in the U.S. It also allowed it to expand its customer base and drive significant revenues. Thus, it is expected for the company to strengthen its leadership position in the U.S. wireless communications market.

In terms of margin improvement, one can see that T-Mobile U.S. witnessed a significant growth in its margins in the last few years. The company reported an operating profit of \$1,416M in 2014 compared to an operating profit of \$996M in 2013 and an operating loss of \$6,397M in 2012. Similarly, it recorded a net income of \$247M in 2014 compared to a net loss of \$7,336M in 2012. Consequently, the company's operating margins improved from -32% in 2012 to 4.8% in 2014 and its net profit margin reached 0.8% in 2014 compared to a net loss margin of 37.2% in 2012. This growth in the margins was attributed to strong revenue growth across various service lines.

10.3.2 Weaknesses

T-Mobile U.S. witnessed a significant decline in its average revenue per user (ARPU) over the last few years. It declined from \$57.20 in 2012 to \$49.40 in 2014 (CAGR -7% 12-14). The decrease was primarily due to the continued growth of customers on Simple Choice plans, which have inferior monthly service charges compared to traditional bundled plans. The

significant decline in branded postpaid ARPU, which accounted for approximately 48.70% of the total revenues in 2014, may impact the profitability of the T-Mobile U.S. and affect its future business prospects.

Concerning scale, TMUS is small when compared to other major wireless communications service providers in the U.S., including AT&T and Verizon Communications. Verizon reported revenues of \$127,079M for 2014. Likewise, AT&T reported revenues of \$132,447M for the same period. Relatively, T-Mobile U.S. generated revenues of \$29,564M. More than revenues, T-Mobile U.S. lacks scale in term of its operations. AT&T and Verizon had LTE subscriber base of 300M and 309M during 2014, respectively. Comparatively, T-Mobile U.S. offered its LTE services to 200M people. Furthermore, AT&T offers wireline communications services, internet protocol broadband or television services. Correspondingly, Verizon offers a range of wireline services, such broadband video and data, corporate networking solutions, data center and cloud services. However, T-Mobile U.S.' operations are focused on wireless communications services, which limits its presence. The lack of scale reduces T-Mobile U.S.' bargaining power.

10.3.3 Opportunities

The U.S. broadband market flourished strongly over the historical period and is expected to continue growing. This growth is primarily attributable to the high data consumption by mobile devices, including smartphones and tablets. Industry estimates suggest that the global mobile data traffic is expected to grow from 2.5 exabytes (EB) in 2014 to 24.3 EB in 2019. North America and Asia Pacific are expected to account for more than 50% of the global data traffic. According to MarketLine (a unit of Informa) the U.S. mobile broadband market is expected to reach \$95.5B in 2019 from \$65.8B in 2014 (CAGR 8% 14-19E). T-Mobile U.S. has a robust network infrastructure which enables it to supply to the increasing demand for high-bandwidth mobile communications.

Concerning the increase in smart devices, T-Mobile U.S. is poised to benefit from the growing smartphones and tablets markets. According to industry estimates, smartphones and tablets are expected to constitute 87% of the total connected device market by 2018. Further, the smartphones market increased by 19.3% to reach a total of 1.2B units shipped in 2014.

TMUS offers an assortment of wireless devices, including smartphones, tablets and other mobile communication devices, which are manufactured by various suppliers. Thus, T-

Mobile U.S. is well poised to exploit the demand for these data intensive mobile devices which will enable the company to boost revenues.

10.3.4 Threats

The wireless telecommunications industry in the U.S., in which the company operates, is highly competitive. The company's rivals include national carriers, numerous smaller regional carriers and mobile virtual network operators (MVNOs). In addition, the company competes with other providers who offer similar communications services, such as voice and messaging, using alternative technologies or services. The competition is based on various factors, including pricing, market saturation, service and product offerings, customer experience, network investment and quality, development and deployment of technologies, availability of additional spectrum licenses or regulatory changes.

Therefore, joint ventures, mergers, acquisitions and strategic alliances in the wireless industry have resulted in and are expected to result in larger competitors competing for a limited number of customers. Also, the largest competitors may be able to enter into exclusive handset, device, or content arrangements and execute intensive advertising and marketing campaigns. These factors, together with the effects of the increasing aggregate penetration of wireless services in all metropolitan areas and the ability of these larger competitors to use resources to build out their networks and to quickly deploy advanced technologies, increases the competitive pressure on smaller carriers like T-Mobile U.S. to attract and retain customers.

Regulatory environment

In regulatory terms, the company, as part of its operations across the U.S., Puerto Rico and the U.S. Virgin Islands is subject to legislative action by applicable local, state and federal governmental entities. The U.S. FCC regulates the licensing, construction, modification, operation, ownership, sale, and interconnection of wireless communications systems, along with other state and local regulatory agencies. Non-compliance with these regulations may result in revocation of licenses, or any related fines. In addition, the FCC periodically reviews its policies on how to evaluate a carrier's spectrum holdings in the context of transactions and auctions. A change in these policies could affect spectrum resources and competition among the company and other carriers.

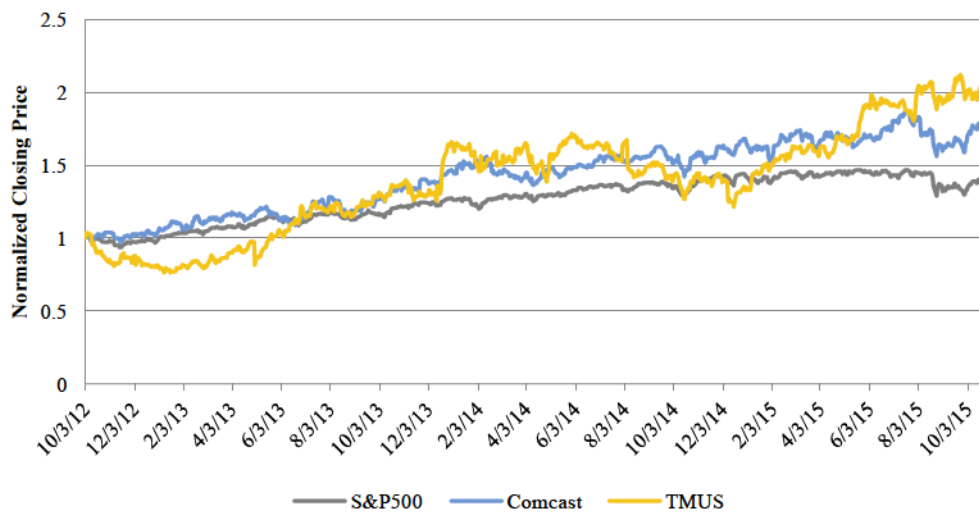
Finally, the U.S. wireless market has become increasingly saturated with wireless connections having exceeded the population in 2011. This has made the acquisition of new

subscribers, especially those that pay for higher-margin data plans. According to the industry estimates, wireless penetration in the U.S. is over 105%. Accordingly, subscription growth will be negatively impacted as the companies will not be able to drive this growth by market penetration in the years ahead. As the wireless industry continues to mature, the future wireless growth will gradually depend on TMUS's ability to offer innovative data services to customers, which in turn, will depend on the availability of additional spectrum.

10.4 Appendix 4 - Stock Market Performance

The graph below compares daily change between the stocks of both companies, currently trading at the NASDAQ stock market. This evolution is then compared with the S&P 500 stock market index that include Comcast itself, and some of both companies' competitors such as Time-Warner Cable, AT&T, Cablevision Systems Corp. or Verizon. The graph assumes that \$1 was invested on October 3rd 2012 in all these three stocks, and one can see that both TMUS and Comcast have been outperforming the market since June 2013, on average. Moreover, throughout 2015, T-Mobile U.S. has been even outperforming Comcast in terms of stock market performance.

Figure 10-2 - Normalized Closing Price for S&P500, Comcast and T-Mobile U.S.



Source: Thomson Reuters.

10.5 Appendix 5 - Comcast Financials

Comcast Cable Model Summary

<i>Year ended December 31 (thousands)</i>	2010	2011	2012	2013	2014	2015E	2016E	2017E	2018E	2019E	2020E	CAGR 14-20E
Homes and Business Passed	51,925	52,502	53,154	53,836	54,673	55,657	56,659	57,339	58,027	58,723	59,545	1.2%
Video Customers												
Beginning Subscribers	23,571	22,802	22,331	21,995	21,690	21,496	21,346	21,196	21,046	20,896	20,746	
Net Additions (Losses)	(769)	(459)	(336)	(305)	(194)	(150)	(150)	(150)	(150)	(150)	(150)	
Ending Subscribers	22,802	22,331	21,995	21,690	21,496	21,346	21,196	21,046	20,896	20,746	20,596	-0.6%
Growth %		-2.1%	-1.5%	-1.4%	-0.9%	-0.7%	-0.7%	-0.7%	-0.7%	-0.7%	-0.7%	
Penetration of Homes Passed	43.9%	42.5%	41.4%	40.3%	39.3%	38.4%	37.4%	36.7%	36.0%	35.3%	34.6%	
Video ARPU	69.77	71.90	75.08	75.35	77.04	80.08	81.76	85.61	87.32	89.07	90.85	2.4%
Growth %		3.1%	4.4%	0.4%	2.2%	3.9%	2.1%	4.7%	2.0%	2.0%	2.0%	
High-Speed Internet Customers (HSI)												
Beginning Subscribers	15,929	16,985	18,144	19,367	20,685	21,962	23,252	24,554	25,870	27,199	28,541	
Net Additions (Losses)	1,056	1,159	1,223	1,296	1,277	1,290	1,303	1,316	1,329	1,342	1,356	
Ending Subscribers	16,985	18,144	19,367	20,685	21,962	23,252	24,554	25,870	27,199	28,541	29,897	4.5%
Growth %		6.8%	6.7%	6.8%	6.2%	5.9%	5.6%	5.4%	5.1%	4.9%	4.7%	
Penetration of Homes Passed	32.7%	34.6%	36.4%	38.4%	40.2%	41.8%	43.3%	45.1%	46.9%	48.6%	50.2%	
Broadband ARPU	40.30	41.48	42.41	43.03	44.27	45.94	47.43	48.85	50.07	51.07	52.10	2.4%
Growth %		2.9%	2.2%	1.5%	2.9%	3.8%	3.2%	3.0%	2.5%	2.0%	2.0%	
Voice Customers												
Beginning Subscribers	7,622	8,610	9,342	9,955	10,723	11,193	11,293	11,393	11,493	11,593	11,693	
Net Additions (Losses)	988	732	613	768	470	100	100	100	100	100	100	
Ending Subscribers	8,610	9,342	9,955	10,723	11,193	11,293	11,393	11,493	11,593	11,693	11,793	0.7%
Growth %		8.5%	6.6%	7.7%	4.4%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	
Penetration of Homes Passed	16.6%	17.8%	18.7%	19.9%	20.5%	20.3%	20.1%	20.0%	20.0%	19.9%	19.8%	
Voice ARPU	33.88	32.52	30.71	29.50	27.88	26.55	25.14	23.88	22.81	21.89	21.02	-4.0%
Growth %		-4.0%	-5.6%	-4.0%	-5.5%	-4.7%	-5.3%	-5.0%	-4.5%	-4.0%	-4.0%	

(continue)

<i>Year ended December 31 (\$ in millions, customers in thousands, except per customer data)</i>	2010	2011	2012	2013	2014	2015E	2016E	2017E	2018E	2019E	2020E	CAGR 14-20E
Video Revenue	19,363	19,464	19,952	20,535	20,783	21,406	22,049	22,710	23,278	23,790	24,266	2.2%
Growth %		10.5%	10.5%	2.9%	1.2%	3.0%	3.0%	3.0%	2.5%	2.2%	2.0%	
HSI Revenue	7,958	8,743	9,544	10,334	11,321	12,476	13,599	14,686	15,788	16,735	17,488	6.4%
Growth %		10.5%	10.5%	8.3%	9.6%	10.2%	9.0%	8.0%	7.5%	6.0%	4.5%	
Voice Revenue	3,300	3,503	3,557	3,657	3,671	3,616	3,526	3,420	3,317	3,218	3,153	-2.1%
Growth %		10.5%	10.5%	2.8%	0.4%	-1.5%	-2.5%	-3.0%	-3.0%	-3.0%	-2.0%	
Business Service Revenue	1,267	1,953	2,565	3,241	3,951	4,741	5,618	6,461	7,269	7,850	8,243	11.1%
Growth %		10.5%	10.5%	26.4%	21.9%	20.0%	18.5%	15.0%	12.5%	8.0%	5.0%	
Advertising Revenue	2,020	2,001	2,284	2,189	2,430	2,321	2,553	2,463	2,710	2,615	2,929	2.7%
Growth %		10.5%	10.5%	-4.2%	11.0%	-4.5%	10.0%	-3.5%	10.0%	-3.5%	12.0%	
Other Revenue	1,455	1,562	1,702	1,880	1,984	2,182	2,444	2,615	2,772	2,869	2,941	5.8%
Growth %		10.5%	10.5%	10.5%	5.5%	10.0%	12.0%	7.0%	6.0%	3.5%	2.5%	
Total Cable Revenue	35,363	37,226	39,604	41,836	44,140	46,742	49,788	52,356	55,134	57,077	59,020	4.2%
Growth %		5.6%	5.6%	5.6%	5.5%	5.9%	6.5%	5.2%	5.3%	3.5%	3.4%	
Operating Costs and Expenses												
Programming	7,438	7,851	8,386	9,107	9,819	9,816	10,456	10,995	11,578	11,986	12,394	3.4%
Growth %		5.6%	6.8%	8.6%	7.8%	0.0%	6.5%	5.2%	5.3%	3.5%	3.4%	
Technical and product support	2,263	5,048	5,187	5,349	5,517	5,609	5,975	6,283	6,616	6,849	7,082	3.6%
Growth %		123.1%	2.8%	3.1%	3.1%	1.7%	6.5%	5.2%	5.3%	3.5%	3.4%	
Customer service	1,833	1,911	1,995	2,097	2,205	2,337	2,489	2,618	2,757	2,854	2,951	4.3%
Growth %		4.3%	4.4%	5.1%	5.2%	6.0%	6.5%	5.2%	5.3%	3.5%	3.4%	
Franchise and other regulatory fees	-	1,104	1,176	1,246	1,296	1,402	1,494	1,571	1,654	1,712	1,771	4.6%
Growth %		N/A	6.5%	6.0%	4.0%	8.2%	6.5%	5.2%	5.3%	3.5%	3.4%	
Advertising, marketing and promotion	2,161	2,430	2,731	2,896	3,075	3,272	3,485	3,665	3,859	3,995	4,131	4.3%
Growth %		12.4%	12.4%	6.0%	6.2%	6.4%	6.5%	5.2%	5.3%	3.5%	3.4%	
Other	7,366	3,594	3,874	3,936	4,116	4,441	4,730	4,974	5,238	5,422	5,607	4.5%
Growth %		-51.2%	7.8%	1.6%	4.6%	7.9%	6.5%	5.2%	5.3%	3.5%	3.4%	
Total Operating Costs and Expenses	21,061	21,938	23,349	24,631	26,028	26,877	28,628	30,105	31,702	32,819	33,936	3.9%
Growth %		4.2%	6.4%	5.5%	5.7%	3.3%	6.5%	5.2%	5.3%	3.5%	3.4%	
Cable EBITDA	14,302	15,288	16,255	17,205	18,112	19,866	21,160	22,251	23,432	24,258	25,083	4.8%
EBITDA Margin	40.4%	41.1%	41.0%	41.1%	41.0%	42.5%	42.5%	42.5%	42.5%	42.5%	42.5%	
Growth %		6.89%	6.33%	5.84%	5.27%	9.68%	6.52%	5.16%	5.31%	3.53%	3.40%	

Comcast NBC Universal Model Summary

Year ended December 31 (in millions)	2010	2011	2012	2013	2014	2015E	2016E	2017E	2018E	2019E	2020E	CAGR 14-20E
Revenues												
<u>Cable Networks Revenue</u>	7,679	8,496	8,773	9,201	9,563	9,946	10,393	10,861	11,187	11,466	11,753	3.0%
Growth %		10.6%	3.3%	4.9%	3.9%	4.0%	4.5%	4.5%	3.0%	2.5%	2.5%	
<u>Broadcast Television Revenue</u>	6,888	6,399	8,154	7,120	8,542	9,225	9,687	10,074	10,376	10,636	10,848	3.5%
Growth %		-7.1%	27.4%	-12.7%	20.0%	8.0%	5.0%	4.0%	3.0%	2.5%	2.0%	
<u>Filmed Entertainment Revenue</u>	4,576	4,592	5,159	5,452	5,008	7,262	5,809	6,390	6,582	6,714	6,814	4.5%
Growth %		0.3%	12.3%	5.7%	-8.1%	45.0%	-20.0%	10.0%	3.0%	2.0%	1.5%	
<u>Theme Parks Revenue</u>	1,600	1,989	2,085	2,235	2,623	3,095	3,467	3,779	4,062	4,245	4,372	7.6%
Growth %		24.3%	4.8%	7.2%	17.4%	18.0%	12.0%	9.0%	7.5%	4.5%	3.0%	
<u>Headquarters and Other Eliminations</u>	(369)	(352)	(359)	(358)	(308)	(325)	(325)	(325)	(325)	(325)	(325)	
Total NBC Universal Revenue	20,374	21,124	23,812	23,650	25,428	29,203	29,031	30,779	31,882	32,735	33,463	4.0%
Growth %		3.7%	12.7%	-0.7%	7.5%	14.8%	-0.6%	6.0%	3.6%	2.7%	2.2%	
Operating Costs and Expenses												
<u>Cable Network Costs</u>	4,513	5,094	5,424	5,700	5,974	5,967.31	6,235.84	6,516.45	6,711.95	6,879.75	7,051.74	2.4%
Growth %		12.9%	6.5%	5.1%	4.8%	-0.1%	4.5%	4.5%	3.0%	2.5%	2.5%	
<u>Cable Networks EBITDA</u>	3,166	3,402	3,349	3,501	3,589	3,978	4,157	4,344	4,475	4,586	4,701	3.9%
EBITDA Margin	41.2%	40.0%	38.2%	38.1%	37.5%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	
Growth %		7.5%	-1.6%	4.5%	2.5%	10.8%	4.5%	4.5%	3.0%	2.5%	2.5%	
<u>Broadcast Television Costs</u>	6,770	6,340	7,842	6,775	7,808	8,764.09	9,202.30	9,570.39	9,857.50	10,103.94	10,306.02	4.0%
Growth %		-6.4%	23.7%	-13.6%	15.2%	12.2%	5.0%	4.0%	3.0%	2.5%	2.0%	
<u>Broadcast Television EBITDA</u>	118	59	312	345	734	461	484	504	519	532	542	-4.2%
EBITDA Margin	1.7%	0.9%	3.8%	4.8%	8.6%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	
Growth %		-50.0%	428.8%	10.6%	112.8%	-37.2%	5.0%	4.0%	3.0%	2.5%	2.0%	
<u>Filmed Entertainment Costs</u>	4,346	4,568	5,080	4,969	4,297	6,172.36	4,937.89	5,431.68	5,594.63	5,706.52	5,792.12	4.4%
Growth %		5.1%	11.2%	-2.2%	-13.5%	43.6%	-20.0%	10.0%	3.0%	2.0%	1.5%	
<u>Filmed Entertainment EBITDA</u>	230	24	79	483	711	1,089	871	959	987	1,007	1,022	5.3%
EBITDA Margin	5.0%	0.5%	1.5%	8.9%	14.2%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	
Growth %		-89.6%	229.2%	511.4%	47.2%	53.2%	-20.0%	10.0%	3.0%	2.0%	1.5%	
<u>Theme Park Costs</u>	1,009	1,122	1,132	1,231	1,455	1,702.33	1,906.61	2,078.20	2,234.07	2,334.60	2,404.64	7.4%
Growth %		11.2%	0.9%	8.7%	18.2%	17.0%	12.0%	9.0%	7.5%	4.5%	3.0%	
<u>Theme Parks EBITDA</u>	591	867	953	1,004	1,168	1,393	1,560	1,700	1,828	1,910	1,967	7.7%
EBITDA Margin	36.9%	43.6%	45.7%	44.9%	44.5%	45.0%	45.0%	45.0%	45.0%	45.0%	45.0%	
Growth %		46.7%	9.9%	5.4%	16.3%	19.2%	12.0%	9.0%	7.5%	4.5%	3.0%	
<u>Headquarters and Other Eliminations</u>												
HQ, Elims EBITDA	(421)	(583)	(586)	(601)	(614)	(600)	(600)	(600)	(600)	(600)	(600)	-0.3%
NBC Universal EBITDA	3,684	3,769	4,107	4,732	5,588	6,322	6,473	6,907	7,209	7,435	7,633	4.6%
EBITDA Margin	18.1%	17.8%	17.2%	20.0%	22.0%	21.6%	22.4%	22.4%	22.6%	22.7%	22.8%	
Growth %		2.3%	9.0%	15.2%	18.1%	13.1%	2.4%	6.7%	4.4%	3.1%	2.7%	

Comcast Consolidated Income Statement

Year ended December 31 (in millions of USD)

	2010	2011	2012	2013	2014	2015E	2016E	2017E	2018E	2019E	2020E	CAGR 14-20E
Revenues												
Total Cable	35,363	37,226	39,604	41,836	44,140	46,742	49,788	52,356	55,134	57,077	59,020	4.2%
Total NBCU	20,374	21,124	23,812	23,650	25,428	29,203	29,031	30,779	31,882	32,735	33,463	4.0%
Other	(684)	(689)	(846)	(829)	(793)	(748)	(797)	(838)	(882)	(913)	(944)	2.5%
Total Consolidated Revenue	55,053	57,661	62,570	64,657	68,775	75,197	78,022	82,297	86,133	88,899	91,538	4.2%
YOY Growth %		4.7%	8.5%	3.3%	6.4%	9.3%	3.8%	5.5%	4.7%	3.2%	3.0%	
Operating Costs & Expenses												
Total Cable	13,695	18,344	19,475	20,695	21,912	22,436	23,898	25,131	26,464	27,397	28,330	3.7%
Cable Network Costs	4,513	5,094	5,424	5,700	5,974	5,967	6,236	6,516	6,712	6,880	7,052	2.4%
Broadcast Television Costs	6,770	6,340	7,842	6,775	7,808	8,764	9,202	9,570	9,858	10,104	10,306	4.0%
Filmed Entertainment Costs	4,346	4,568	5,080	4,969	4,297	6,172	4,938	5,432	5,595	5,707	5,792	4.4%
Theme Park Costs	1,009	1,122	1,132	1,231	1,455	1,702	1,907	2,078	2,234	2,335	2,405	7.4%
Selling, General and Administrative	7,366	3,594	3,874	3,936	4,116	4,441	4,730	4,974	5,238	5,422	5,607	4.5%
Depreciation & Amortization	6,616	7,636	7,798	7,871	8,019	6,878	7,132	7,392	7,689	8,006	8,313	0.5%
Total Consolidated Op. Costs & Expenses	44,315	46,698	50,625	51,177	53,581	56,361	58,043	61,094	63,789	65,850	67,804	3.4%
EBITDA												
Total Cable	14,302	15,288	16,255	17,205	18,112	19,866	21,160	22,251	23,432	24,258	25,083	4.8%
Total NBCU	3,684	3,769	4,107	4,732	5,588	6,322	6,473	6,907	7,209	7,435	7,633	4.6%
Other	(291)	(331)	(385)	(503)	(777)	(600)	(600)	(600)	(600)	(600)	(600)	
Total Consolidated EBITDA	17,695	18,726	19,977	21,434	22,923	25,587	27,033	28,558	30,040	31,093	32,117	4.9%
YOY Growth %		5.8%	6.7%	7.3%	6.9%	11.6%	5.7%	5.6%	5.2%	3.5%	3.3%	
Operating Income (Loss)	11,079	11,090	12,179	13,563	14,904	18,709	19,901	21,166	22,351	23,088	23,803	6.9%
YOY Growth %		0.1%	9.8%	11.4%	9.9%	25.5%	6.4%	6.4%	5.6%	3.3%	3.1%	
Operating Margin	20.1%	19.2%	19.5%	21.0%	21.7%	24.9%	25.5%	25.7%	25.9%	26.0%	26.0%	
Other income (expense):												
Interest Expense	(2,156)	(2,505)	(2,521)	(2,574)	(2,617)	(2,814)	(2,814)	(2,814)	(2,814)	(2,814)	(2,814)	1.0%
Net Investment Income (Loss)	288	159	219	576	296	250	250	250	250	250	250	
Net Equity in the Net Income (Losses) of Investees	(141)	(35)	959	(86)	97	100	100	100	100	100	100	
Net Other Income (Loss)	133	(133)	773	(364)	(215)	50	50	50	50	50	50	
Pretax Income (Loss)	9,203	8,576	11,609	11,115	12,465	16,295	17,487	18,752	19,937	20,674	21,389	8.0%
Income Tax Expense	2,471	3,050	3,744	3,980	3,873	6,192	6,645	7,126	7,576	7,856	8,128	11.2%
Effective Tax Rate	26.8%	35.6%	32.3%	35.8%	31.1%	38.0%	38.0%	38.0%	38.0%	38.0%	38.0%	
Net Income before Minority Interest	6,732	5,526	7,865	7,135	8,592	10,103	10,842	11,626	12,361	12,818	13,261	6.4%
Net Income attributable to Minority Interest	15	(997)	(1,662)	(544)	(601)	(707)	(759)	(814)	(865)	(897)	(928)	
Net Income attributable to Comcast Corporation	6,747	4,529	6,203	6,591	7,991	9,396	10,083	10,813	11,496	11,920	12,333	6.4%
/Diluted Weighted-Average Number of Common Shares	2,808	2,746	2,678	2,625	2,583	2,531	2,481	2,431	2,382	2,335	2,288	-1.7%
1-x Adjustments	-	-	-	(225)	(706)	-	-	-	-	-	-	-
Adjusted Net Income	6,747	4,529	6,203	6,366	7,285	9,396	10,083	10,813	11,496	11,920	12,333	7.8%
Adjusted EPS	2.40	1.65	2.32	2.43	2.82	3.71	4.06	4.45	4.83	5.11	5.39	9.7%

Comcast Consolidated Cash-Flow Statement

Year ended December 31 (in millions of USD)

	2010	2011	2012	2013	2014	2015E	2016E	2017E	2018E	2019E	2020E	CAGR 14-20E
Operating Activities												
Net income	3,668	5,526	7,865	7,135	8,592	10,103	10,842	11,626	12,361	12,818	13,261	6.4%
Adjustments to reconcile net income to net cash provided by operating activities:												
Depreciation and amortization	6,616	7,636	7,798	7,871	8,019	6,878	7,132	7,392	7,689	8,006	8,313	0.5%
Amortization of film and television cost	187	6,787	9,454	8,249	-	-	-	-	-	-	-	-
Share-based compensation	300	344	371	419	513	395	406	428	447	461	475	-1.1%
Noncash interest expense (income), net	141	146	193	167	180	183	183	183	183	183	183	0.2%
Equity in net (income) losses of investees, net	141	35	(959)	86	(97)	(116)	(140)	(168)	(201)	(241)	(290)	16.9%
Cash received from investees	-	311	195	120	104	100	100	100	100	100	100	-0.6%
Net (gain) loss on investment activity and other	(267)	23	(1,062)	(49)	108	100	100	100	100	100	100	-1.1%
Deferred income taxes	549	1,058	139	16	1,165	-	-	-	-	-	-	-
Changes in operating assets and liabilities:												
Current and noncurrent receivables, net	(131)	(427)	(823)	(721)	(33)	(447)	(254)	(385)	(345)	(249)	(238)	32.6%
Film and television costs, net	(191)	(7,080)	(9,432)	(8,205)	(562)	(339)	(200)	(200)	(200)	(200)	(200)	-13.7%
Accounts payable and accrued expenses related to trade creditors	37	(85)	366	(667)	153	668	159	357	299	218	205	4.2%
Other operating assets and liabilities	129	440	749	(141)	(1,093)	1,515	103	271	222	163	152	-
Net cash provided by operating activities	11,179	14,714	14,854	14,280	17,049	19,039	18,432	19,704	20,654	21,358	22,062	3.8%
Investing Activities												
Capital expenditures	(4,961)	(5,307)	(5,714)	(6,596)	(7,420)	(7,520)	(7,802)	(8,230)	(8,613)	(8,890)	(9,154)	3.0%
Cash paid for intangible assets	(536)	(954)	(923)	(1,009)	(1,122)	(500)	(500)	(500)	(500)	(500)	(500)	-10.9%
Acquisitions and construction of real estate properties	-	-	-	(1,904)	(477)	(24)	-	-	-	-	-	-
Acquisitions, net of cash acquired	(183)	(6,407)	(90)	(99)	(43)	-	-	-	-	-	-	-
Proceeds from sales of businesses and investments	99	277	3,102	1,083	666	180	-	-	-	-	-	-
Return of capital from investees	190	37	2,362	149	25	-	-	-	-	-	-	-
Purchases of investments	(260)	(135)	(297)	(1,223)	(191)	(32)	-	-	-	-	-	-
Other	(60)	(19)	74	85	(171)	181	-	-	-	-	-	-
Net cash provided by (used in) investing activities	(5,711)	(12,508)	(1,486)	(9,514)	(8,733)	(7,715)	(8,302)	(8,730)	(9,113)	(9,390)	(9,654)	1.4%
Financing Activities												
Net Flows due to debt	2,267	(2,672)	1,119	1,834	503	-	-	-	-	-	-	-
Repurchases and retirements of common stock	(1,200)	(2,141)	(3,000)	(2,000)	(4,251)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	2.3%
Dividends paid	(1,064)	(1,187)	(1,608)	(1,964)	(2,254)	(2,620)	(2,953)	(3,328)	(3,750)	(4,227)	(4,763)	11.3%
Issuances of common stock	34	283	233	40	35	28	-	-	-	-	-	-
Purchase of NBCUniversal noncontrolling common equity interest	-	(119)	(473)	(10,761)	-	-	-	-	-	-	-	-
Distributions to noncontrolling interests	(67)	(206)	(218)	(215)	(220)	(220)	(220)	(220)	(220)	(220)	(220)	0.0%
Settlement of Station Venture liability	-	-	-	(602)	-	-	-	-	-	-	-	-
Other	(125)	(159)	(90)	(211)	167	141	-	-	-	-	-	-
Net cash provided by (used in) financing activities	(155)	(6,201)	(4,037)	(13,879)	(6,020)	(7,671)	(8,173)	(8,548)	(8,970)	(9,447)	(9,983)	7.5%
Increase (decrease) in cash and cash equivalents	5,313	(3,995)	9,331	(9,113)	2,296	3,654	1,957	2,427	2,571	2,522	2,425	-
Cash and cash equivalents, beginning of year	671	5,984	1,989	11,320	2,207	4,503	8,157	10,113	12,540	15,111	17,633	-
Cash and cash equivalents, end of year	5,984	1,989	11,320	2,207	4,503	8,157	10,113	12,540	15,111	17,633	20,058	23.8%

Comcast Balance Sheet

Year ended December 31 (in millions of USD)

	2010	2011	2012	2013	2014	2015E	2016E	2017E	2018E	2019E	2020E	CAGR 14-20E
Assets												
Current Assets:												
Cash and cash equivalents	5,984	1,989	11,320	2,207	4,503	8,157	10,113	12,540	15,111	17,633	20,058	23.8%
ST Investments	-	54	1,464	3,573	602	100	100	100	100	100	100	-22.6%
Receivables, net	1,855	4,652	5,521	6,376	6,321	6,768	7,022	7,407	7,752	8,001	8,238	3.9%
Programming rights	122	987	909	928	839	945	945	945	945	945	945	1.7%
Other current assets	925	1,260	1,146	1,480	1,859	1,504	1,560	1,646	1,723	1,778	1,831	-0.2%
Total current assets	8,886	8,942	20,360	14,564	14,124	17,473	19,741	22,638	25,631	28,457	31,172	12.0%
Film and television costs	460	5,227	5,054	4,994	5,727	6,066	6,266	6,466	6,666	6,866	7,066	3.0%
Investments	6,670	9,854	6,325	3,770	3,135	3,035	2,935	2,835	2,735	2,635	2,535	-3.0%
Property and equipment, net	23,515	27,559	27,232	29,840	30,953	32,094	33,264	34,602	36,026	37,410	38,751	3.3%
Franchise rights	59,442	59,376	59,364	59,364	59,364	59,364	59,364	59,364	59,364	59,364	59,364	0.0%
Goodwill	14,958	26,874	26,985	27,098	27,316	27,316	27,316	27,316	27,316	27,316	27,316	0.0%
Other intangible assets, net	3,431	18,165	17,840	17,329	16,980	13,911	14,434	15,225	15,935	16,446	16,935	0.0%
Other noncurrent assets, net	1,172	2,190	2,180	2,034	1,616	880	951	1,057	1,153	1,222	1,069	-5.7%
Total assets	118,534	158,187	165,340	158,993	159,215	160,140	164,271	169,503	174,826	179,717	184,208	2.1%
Current Liabilities:												
Accounts payable and accrued expenses related to trade creditors	3,291	5,705	6,206	5,528	5,638	6,306	6,465	6,822	7,121	7,339	7,544	4.2%
Accrued participations and residuals	-	1,255	1,350	1,239	1,347	1,600	1,600	1,600	1,600	1,600	1,600	2.5%
Deferred revenue	83	790	851	898	915	920	920	920	920	920	920	0.1%
Accrued expenses and other current liabilities	3,060	4,124	5,931	7,967	5,293	6,306	6,465	6,822	7,121	7,339	7,544	5.2%
Current portion of long-term debt	1,800	1,367	2,376	3,280	4,217	3,100	3,100	3,100	3,100	3,100	3,100	-4.3%
Total current liabilities	8,234	13,241	16,714	18,912	17,410	18,232	18,551	19,264	19,861	20,298	20,708	2.5%
Long-term debt, less current portion	29,615	37,942	38,082	44,567	44,017	45,000	45,000	45,000	45,000	45,000	45,000	0.3%
Deferred income taxes	28,246	29,932	30,110	31,935	32,959	32,500	32,500	32,500	32,500	32,500	32,500	-0.2%
Other noncurrent liabilities	7,862	13,403	13,640	11,564	10,695	10,914	11,413	12,179	12,823	13,208	13,300	3.2%
Redeemable noncontrolling interests and redeemable subsidiary preferred stock	143	16,014	16,998	957	1,066	1,099	1,099	1,099	1,099	1,099	1,099	0.4%
Equity:												
Preferred Stock	-	-	-	-	-	-	-	-	-	-	-	-
Class A Common	24	25	25	25	25	25	25	25	25	25	25	-
Class A Special	8	7	6	5	5	5	5	5	5	5	5	-
Class B Common	-	-	-	-	-	-	-	-	-	-	-	-
Additional paid-in capital	39,780	40,940	40,547	38,890	38,805	35,000	35,000	35,000	35,000	35,000	35,000	-1.5%
Retained earnings	12,158	13,971	16,280	19,235	21,539	24,416	27,712	31,438	35,496	39,548	43,520	10.6%
Treasury Stock	(7,517)	(7,517)	(7,517)	(7,517)	(7,517)	(7,517)	(7,517)	(7,517)	(7,517)	(7,517)	(7,517)	0.0%
AOI (Accumulated other comprehensive income [loss])	(99)	(152)	15	56	(146)	-	-	-	-	-	-	-100.0%
Total Comcast Corporation shareholders' equity	44,354	47,274	49,356	50,694	52,711	51,929	55,225	58,951	63,009	67,061	71,033	4.4%
Noncontrolling interests	80	381	440	364	357	466	484	510	534	551	568	6.8%
Total equity	44,434	47,655	49,796	51,058	53,068	52,396	55,709	59,462	63,543	67,612	71,601	4.4%
Total liabilities and equity	118,534	158,187	165,340	158,993	159,215	160,140	164,271	169,503	174,826	179,717	184,208	2.1%
Check	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	

10.6 Appendix 6 - T-Mobile Financials

T-Mobile U.S. Model Summary

Year ended December 31 (in USD millions)

Customers (in thousands)

	2010	2011	2012	2013	2014	2015E	2016E	2017E	2018E	2019E	2020E	CAGR 14-20E
Branded Contract	24,574	22,367	20,293	22,299	27,185	30,435	32,435	33,935	34,935	35,435	35,935	4.1%
M2M	1,873	2,430	3,090	3,602	4,421	5,121	5,721	6,221	6,721	7,221	7,721	8.3%
T-Mobile Contract	26,447	24,797	23,383	25,901	31,606	35,556	38,156	40,156	41,656	42,656	43,656	4.7%
T-Mobile Branded Prepaid	4,497	4,819	5,826									
MetroPCS	8,155	9,347	8,887									
Branded Prepaid	12,652	14,166	14,713	15,072	16,316	16,716	17,216	17,716	18,216	18,716	19,216	2.4%
MVNO	2,790	3,569	4,180	5,711	7,096	8,346	9,096	9,596	9,846	10,096	10,346	5.5%
Prepaid	15,442	17,735	18,893	20,783	23,412	25,062	26,312	27,312	28,062	28,812	29,562	3.4%
Branded Subscribers	37,226	36,533	35,006	37,371	43,501	47,151	49,651	51,651	53,151	54,151	55,151	3.4%
Wholesale	4,663	5,999	7,270	9,313	11,517	13,467	14,817	15,817	16,567	17,317	18,067	6.6%
Total Subscribers	41,889	42,532	42,276	46,684	55,018	60,618	64,468	67,468	69,718	71,468	73,218	4.2%
Total T-Mobile	33,734	33,185	33,389	46,684	55,018	60,618	64,468	67,468	69,718	71,468	73,218	4.2%
Net Subscriber Additions (in thousands)												
Branded Contract	(1,068)	(2,207)	(2,074)	2,006	4,886	3,250	2,000	1,500	1,000	500	500	
M2M	751	557	660	512	819	700	600	500	500	500	500	
Contract	(317)	(1,650)	(1,414)	2,518	5,705	3,950	2,600	2,000	1,500	1,000	1,000	
T-Mobile Branded Prepaid	(514)	322	1,007									
MetroPCS	1,516	1,192	(460)									
Branded Prepaid	1,002	1,514	547	359	1,244	400	500	500	500	500	500	
MVNO	775	779	611	1,531	1,385	1,250	750	500	250	250	250	
Prepaid	1,777	2,293	1,158	1,890	2,629	1,650	1,250	1,000	750	750	750	
Branded Subscribers	(66)	(693)	(1,527)	2,365	6,130	3,650	2,500	2,000	1,500	1,000	1,000	
Wholesale	1,526	1,336	1,271	2,043	2,204	1,950	1,350	1,000	750	750	750	
Total Subscribers	1,460	643	(256)	4,408	8,334	5,600	3,850	3,000	2,250	1,750	1,750	
Subscriber Churn												
Branded Contract	2.40%	2.70%	2.40%	1.69%	1.58%	1.55%	1.60%	1.65%	1.65%	1.65%	1.65%	
Branded Prepaid	5.15%	4.78%	4.53%	5.37%	4.76%	4.90%	4.80%	4.80%	4.80%	4.80%	4.80%	
Branded Subscribers	3.30%	3.45%	3.24%	3.02%	2.82%	2.77%	2.72%	2.74%	2.73%	2.73%	2.74%	
ARPU												
Branded Contract	54.78	57.56	56.79	52.60	48.55	48.55	48.80	49.04	49.29	49.53	49.78	0.4%
Branded Prepaid	33.68	35.48	35.82	34.59	37.50	37.50	38.25	39.02	39.80	40.59	41.40	1.4%
Branded Subscribers	47.83	49.51	48.26	45.50	44.06	43.70	44.13	44.58	45.02	45.47	45.93	0.6%

T-Mobile U.S. Consolidated Income Statement

Year ended December 31 (in millions)

	2010	2011	2012	2013	2014	2015E	2016E	2017E	2018E	2019E	2020E	CAGR 14-20E
Branded Postpay Revenues	16,538	16,230	14,521	13,166	14,392	15,543	16,787	18,046	18,948	19,327	19,520	4.5%
YOY Growth %		-1.9%	-10.5%	-9.3%	9.3%	8.0%	8.0%	7.5%	5.0%	2.0%	1.0%	
Branded Prepay Revenues	1,384	1,307	1,715	4,945	6,986	7,859	8,645	9,164	9,439	9,628	9,724	4.8%
YOY Growth %		-5.6%	31.2%	188.3%	41.3%	12.5%	10.0%	6.0%	3.0%	2.0%	1.0%	
Wholesale Revenues	199	443	544	613	731	804	885	946	994	1,033	1,049	5.3%
YOY Growth %		122.6%	22.8%	12.7%	19.2%	10.0%	10.0%	7.0%	5.0%	4.0%	1.5%	
Roaming & other Service Revenues	612	501	433	344	266	240	200	200	200	200	200	-4.0%
YOY Growth %		-18.1%	-13.6%	-20.6%	-22.7%	-9.8%	-16.7%	0.0%	0.0%	0.0%	0.0%	
Total Service Revenues	18,733	18,481	17,213	19,068	22,375	24,447	26,517	28,356	29,581	30,188	30,493	4.5%
YOY Growth %		-1.3%	-6.9%	10.8%	17.3%	9.3%	8.5%	6.9%	4.3%	2.1%	1.0%	
Equipment Sales	2,404	1,901	2,242	5,033	6,789	7,468	8,065	8,509	8,892	9,159	9,296	4.6%
YOY Growth %		-20.9%	17.9%	124.5%	34.9%	10.0%	8.0%	5.5%	4.5%	3.0%	1.5%	
Other Revenues	210	236	264	319	400	400	400	400	400	400	400	0.0%
YOY Growth %		12.4%	11.9%	20.8%	25.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Total Revenues	21,347	20,618	19,719	24,420	29,564	32,315	34,982	37,265	38,873	39,747	40,189	4.5%
YOY Growth %		-3.4%	-4.4%	23.8%	21.1%	9.3%	8.3%	6.5%	4.3%	2.2%	1.1%	
Operating Costs & Expenses												
Cost of services, exclusive of depreciation and amortization	4,895	4,952	4,661	5,279	5,788	7,334	7,955	8,507	8,874	9,056	9,148	6.8%
Cost of equipment sales	4,237	3,646	3,437	6,976	9,621	9,335	10,082	9,785.26	9,336	9,158.58	9,203	-0.6%
Selling, general and administrative	3,532	6,728	6,796	7,382	8,863	9,779	10,341	10,775	10,945	11,170	11,282	3.5%
Depreciation and amortization	2,773	2,982	3,187	3,627	4,412	4,641	4,785	4,925	5,038	5,178	5,308	2.7%
Cost of MetroPCS business combination	-	-	7	108	299	150	150	150	150	150	150	-9.4%
Impairment charges	3,205	6,420	8,134	-	-	-	-	-	-	-	-	
Gains on disposal of spectrum licenses	-	-	(205)	(2)	(840)	(10)	(10)	(10)	(10)	(10)	(10)	-46.9%
Other, net	-	169	99	54	5	10	10	10	10	10	10	10.4%
Total Consolidated Op. Costs & Expenses	18,642	24,897	26,116	23,424	28,148	31,239	33,313	34,142	34,343	34,713	35,091	3.2%
YOY Growth %		33.6%	4.9%	-10.3%	20.2%	11.0%	6.6%	2.5%	0.6%	1.1%	1.1%	
Total Consolidated EBITDA	5,478	(1,297)	(3,210)	4,623	5,828	5,717	6,454	8,048	9,567	10,212	10,406	8.6%
EBITDA Margin	25.7%	-6.3%	-16.3%	18.9%	19.7%	17.7%	18.4%	21.6%	24.6%	25.7%	25.9%	
Service Margin	29.2%	-7.0%	-18.6%	24.2%	26.0%	23.4%	24.3%	28.4%	32.3%	33.8%	34.1%	
YOY Growth %		-123.7%	-147.5%	244.0%	26.1%	-1.9%	12.9%	24.7%	18.9%	6.7%	1.9%	
Operating Income	2,705	(4,279)	(6,397)	996	1,416	1,076	1,669	3,123	4,529	5,034	5,098	20.1%
Operating Margin		-20.8%	-32.4%	4.1%	4.8%	3.3%	4.8%	8.4%	11.7%	12.7%	12.7%	
Other Costs & Expenses												
Interest expense to affiliates	(266)	(670)	(661)	(678)	(278)	(100)	(100)	(100)	(100)	(100)	(100)	-13.6%
Interest expense	(263)	-	-	(545)	(1,073)	(1,106)	(1,105)	(1,115)	(1,125)	(1,135)	(1,145)	0.9%
Interest income	2	25	77	189	359	350	250	250	250	250	250	-5.0%
Other income (expense), net	(2)	(10)	(5)	89	(11)	20	20	20	20	20	20	-208.9%
Total Other Expenses, Net	(529)	(655)	(589)	(945)	(1,003)	(836)	(935)	(945)	(955)	(965)	(975)	-0.4%
Pretax Income (Loss)	2,176	(4,934)	(6,986)	51	413	240	734	2,178	3,574	4,069	4,123	38.9%
Income Tax Expense	822	(216)	350	16	166	91	279	828	1,358	1,546	1,567	37.8%
Effective Tax Rate	37.8%	4.4%	5.0%	31.4%	40.2%	38.0%	38.0%	38.0%	38.0%	38.0%	38.0%	
Net Income (Loss)	1,354	(4,718)	(7,336)	35	247	149	455	1,350	2,216	2,523	2,556	39.6%
/Diluted Weighted-Average Number of Common Shares	177	535	535	677	816	820	825	830	835	840	845	
EPS	7.65	(8.81)	(13.70)	0.05	0.30	0.18	0.55	1.63	2.65	3.00	3.03	38.9%

T-Mobile Consolidated Cash-Flow Statement

Year ended December 31 (in millions)

	2010	2011	2012	2013	2014	2015E	2016E	2017E	2018E	2019E	2020E	CAGR 14-20E
Operating Activities												
Net income	1,354	(4,718)	(7,336)	35	247	149	455	1,350	2,216	2,523	2,556	39.6%
Adjustments to reconcile net income (loss) to net cash provided by operating activities:												
Impairment charges	-	6,420	8,134	-	-	-	-	-	-	-	-	-
Depreciation and amortization	2,773	2,982	3,187	3,627	4,412	4,641	4,785	4,925	5,038	5,178	5,308	2.7%
Stock-based compensation expense	-	-	-	100	196	120	120	120	120	120	120	-6.8%
Excess tax benefit from stock-based compensation	-	-	-	-	(34)	-	-	-	-	-	-	-
Deferred income tax expense	822	(233)	308	10	122	-	-	-	-	-	-	-
Amortization of debt discount and premium, net	-	(84)	(81)	(62)	(47)	(30)	(30)	(30)	(30)	(30)	(30)	-6.2%
Bad debt expense	619	713	702	463	444	430	430	430	430	430	430	-0.5%
Losses from factoring arrangement	-	-	-	-	179	-	-	-	-	-	-	-
Deferred rent expense	-	218	206	229	225	230	230	230	230	230	230	0.3%
Losses (gains) and other, net	111	(43)	(258)	209	(755)	(480)	(480)	(480)	(480)	(480)	(480)	-6.3%
Changes in operating assets and liabilities												
Accounts receivable	(862)	(558)	(299)	(158)	(90)	(100)	(110)	(110)	(110)	(110)	(110)	2.9%
Equipment installment plan receivables	-	-	(521)	(2,016)	(2,429)	(2,650)	(2,869)	(3,056)	(3,188)	(3,259)	(3,296)	4.5%
Inventories	19	166	(2)	42	(499)	97	105	112	117	119	121	-
Deferred purchase price from factoring arrangement	-	-	-	-	(204)	-	-	-	-	-	-	-
Other current and long-term assets	62	-	(196)	314	(328)	(600)	(600)	(600)	(600)	(600)	(600)	9.0%
Accounts payable and accrued liabilities	7	103	(32)	611	2,395	2,200	2,386	2,552	2,662	2,717	2,744	2.0%
Other current and long-term liabilities	-	14	50	141	312	150	150	150	150	150	150	-9.9%
Net cash provided by operating activities	4,905	4,980	3,862	3,545	4,146	4,157	4,573	5,593	6,555	6,988	7,144	8.1%
Investing activities												
Purchases of property and equipment	(2,819)	(2,729)	(2,901)	(4,025)	(4,317)	(4,645)	(4,773)	(4,821)	(5,029)	(5,132)	(5,184)	2.6%
Purchases of spectrum licenses and other intangible assets, including deposits	(18)	(23)	(387)	(381)	(2,900)	(2,096)	-	-	-	-	-	-
Short term affiliate loan receivable, net	(2,315)	(2,005)	(651)	300	-	-	-	-	-	-	-	-
Proceeds from disposals of property and equipment and intangible assets	-	2	51	3	20	5	5	5	5	5	5	-
Cash and cash equivalents acquired in MetroPCS business combination	-	-	-	2,144	-	-	-	-	-	-	-	-
Payments to acquire financial assets, net	-	73	(5)	-	(9)	(3)	(3)	(3)	(3)	(3)	(3)	-
Change in restricted cash equivalents	-	-	-	(100)	-	-	-	-	-	-	-	-
Investments in unconsolidated affiliates, net	26	(17)	(22)	(33)	(40)	(35)	(35)	(35)	(35)	(35)	(35)	-
Net cash used in investing activities	(5,126)	(4,699)	(3,915)	(2,092)	(7,246)	(6,774)	(4,806)	(4,854)	(5,062)	(5,165)	(5,217)	-4.6%
Financing activities												
Proceeds from issuance of long-term debt	-	-	-	2,494	2,993	(63)	-	200	200	200	200	-32.1%
Repayments of long-term debt and capital lease obligations	-	-	-	(9)	(1,019)	-	-	(146)	(300)	(800)	(1,000)	-0.3%
Proceeds from issuance of preferred stock	-	-	-	-	982	-	-	-	-	-	-	-
Proceeds from issuance of common stock	-	-	-	1,787	-	-	-	-	-	-	-	-
Proceeds from financial obligation	-	-	2,469	-	-	-	-	-	-	-	-	-
Repayments of short-term debt for purchases of inventory, property and equipment, net	-	-	-	(244)	(418)	(17)	-	(350)	(350)	(350)	(350)	-2.5%
Repayments related to a variable interest entity	-	-	(9)	(80)	-	-	-	-	-	-	-	-
Distribution to affiliate	-	-	(2,403)	(41)	-	-	-	-	-	-	-	-
Proceeds from exercise of stock options	116	-	-	137	27	-	20	25	30	40	40	5.8%
Taxes paid related to net share settlement of stock awards	-	-	-	-	(73)	-	-	-	-	-	-	-
Excess tax benefit from stock-based compensation	-	-	-	-	34	-	-	25	25	25	25	-4.3%
Other, net	7	-	-	-	(2)	-	-	-	-	-	-	-
Net cash provided by financing activities	123	-	57	4,044	2,524	(80)	-	(251)	(400)	(895)	(1,085)	-
Increase (decrease) in cash and cash equivalents	(98)	281	4	5,497	(576)	(2,696)	(233)	489	1,094	928	842	-
Cash and cash equivalents, beginning of year	207	109	390	394	5,891	5,315	2,619	2,386	2,874	3,968	4,896	-
Cash and cash equivalents, end of year	109	390	394	5,891	5,315	2,619	2,386	2,874	3,968	4,896	5,737	1.1%

T-Mobile Balance Sheet

Year December 31 (in millions, except share data)

	2010	2011	2012	2013	2014	2015E	2016E	2017E	2018E	2019E	2020E	CAGR 14-20E
Assets												
Current Assets:												
Cash and cash equivalents	109	390	394	5,891	5,315	2,619	2,386	2,874	3,968	4,896	5,737	1.1%
Accounts receivable, net of allowances	2,857	2,697	2,678	2,148	1,865	2,262	2,449	2,609	2,721	2,782	2,813	6.0%
Equipment installment plan receivables, net	-	-	-	1,471	3,062	1,616	1,749	1,863	1,944	1,987	2,009	-5.8%
Accounts receivable from affiliates	310	1,820	682	41	76	-	-	-	-	-	-	-
Inventories	621	455	457	586	1,085	2,800	3,024	2,936	2,801	2,748	2,761	14.3%
Deferred tax assets, net	914	668	655	839	988	500	500	500	500	500	500	-9.3%
Other current assets	500	572	675	1,252	1,593	1,300	1,300	1,300	1,300	1,300	1,300	-2.9%
Total current assets	5,311	6,602	5,541	12,228	13,984	11,097	11,408	12,082	13,233	14,213	15,121	1.1%
Property and equipment, net	13,213	12,703	12,807	15,349	16,245	16,748	17,236	17,632	18,123	18,577	18,953	2.2%
Goodwill	12,044	8,134	-	1,683	1,683	1,683	1,683	1,683	1,683	1,683	1,683	0.0%
Spectrum licenses	15,282	12,814	14,550	18,122	21,955	24,000	24,000	24,000	24,000	24,000	24,000	1.3%
Other intangible assets, net	113	61	79	1,204	870	800	800	800	800	800	800	-1.2%
Equipment installment plan receivables due after one year, net	328	-	-	1,075	1,628	-	-	-	-	1,200	2,200	4.4%
Other assets	-	295	645	292	288	363	700	1,304	1,944	2,001	2,544	36.5%
Total assets	46,291	40,609	33,622	49,953	56,653	54,691	55,827	57,501	59,783	62,474	65,301	2.1%
Current liabilities:												
Accounts payable and accrued liabilities	3,248	3,058	3,475	4,567	7,364	7,871	8,517	8,638	8,599	8,602	8,666	2.4%
Current payables to affiliates	805	1,046	1,619	199	231	220	200	200	200	200	200	-2.0%
Short-term debt	-	-	-	244	87	400	400	1,900	2,900	3,900	4,900	77.9%
Deferred revenue	-	257	290	445	459	500	500	500	500	500	500	1.2%
Other current liabilities	402	143	208	353	635	485	525	559	583	596	603	-0.7%
Total current liabilities	4,455	4,504	5,592	5,808	8,776	9,476	10,142	11,797	12,783	13,798	14,869	7.8%
Long-term debt	15,854	15,049	13,655	14,345	16,273	15,897	15,897	14,597	13,797	12,997	12,197	-4.0%
Long-term debt to affiliates	-	-	-	5,600	5,600	5,600	5,600	5,600	5,600	5,600	5,600	0.0%
Long-term financial obligation	-	-	2,461	2,496	2,521	1,000	1,000	1,000	1,000	1,000	1,000	-12.4%
Deferred tax liabilities	3,756	3,282	3,618	4,645	4,873	4,873	4,873	4,873	4,873	4,873	4,873	0.0%
Deferred rents	-	1,672	1,884	2,113	2,331	1,800	1,800	1,800	1,800	1,800	1,800	-3.6%
Other long-term liabilities	1,734	317	297	701	616	234	248	217	97	50	50	-30.1%
Total long-term liabilities	21,344	20,320	21,915	29,900	32,214	29,404	29,418	28,087	27,167	26,320	25,520	-3.3%
Equity:												
5.50% Mandatory Convertible Preferred Stock Series A (000)	-	-	-	-	-	-	-	-	-	-	-	-
Common Stock	-	-	-	-	-	-	-	-	-	-	-	-
Additional paid-in capital	31,600	31,600	29,197	37,330	38,503	38,503	38,503	38,503	38,503	38,503	38,503	-
Treasury stock, at cost	-	-	-	-	-	-	-	-	-	-	-	-
Accumulated other comprehensive income	(39)	(28)	41	3	1	1	1	1	1	1	1	-
Accumulated deficit	(11,069)	(15,787)	(23,123)	(23,088)	(22,841)	(22,692)	(22,237)	(20,887)	(18,671)	(16,148)	(13,592)	-
Total Equity	20,492	15,785	6,115	14,245	15,663	15,812	16,267	17,617	19,833	22,356	24,912	6.9%
Total Liabilities and Equity	46,291	40,609	33,622	49,953	56,653	54,691	55,827	57,501	59,783	62,474	65,301	2.1%
<i>Check</i>	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	

10.7 Appendix 7 - Merged Entity Financials (Synergies Included)

Year ended December 31 (in millions)

	2013	2014	2015E	2016E	2017E	2018E	2019E	2020E	CAGR 14-20E
Revenue									
T-Mobile US									
Service Revenues	19,068	22,375	24,447	26,596	28,441	29,669	30,279	30,585	4.6%
Equipment Sales	5,033	6,789	7,468	8,069	8,513	8,896	9,163	9,301	4.6%
Other Revenues	319	400	400	400	400	400	400	400	0.0%
Total T-Mobile Revenues	24,420	29,564	32,315	35,065	37,354	38,966	39,842	40,285	4.5%
Growth %	24.0%	21.1%	9.3%	8.5%	6.5%	4.3%	2.2%	1.1%	
Comcast Cable Revenue	41,836	44,140	46,742	50,037	52,618	55,409	57,363	59,315	4.3%
Growth %	5.6%	5.5%	5.9%	7.0%	5.2%	5.3%	3.5%	3.4%	
Comcast NBCU									
Cable Networks	9,201	9,563	9,946	10,393	10,861	11,187	11,466	11,753	3.0%
Broadcast Television	7,120	8,542	9,225	9,687	10,074	10,376	10,636	10,848	3.5%
Filmed Entertainment	5,452	5,008	7,262	5,809	6,390	6,582	6,714	6,814	4.5%
Theme Parks	2,235	2,623	3,095	3,467	3,779	4,062	4,245	4,372	7.6%
Headquarters and Other Eliminations	(358)	(308)	(325)	(325)	(325)	(325)	(325)	(325)	0.8%
Total NBCU Revenue	23,650	25,428	29,203	29,031	30,779	31,882	32,735	33,463	4.0%
Growth %	-0.7%	7.5%	14.8%	-0.6%	6.0%	3.6%	2.7%	2.2%	
Total Revenues	89,906	99,132	108,260	114,133	120,751	126,257	129,940	133,063	4.3%
Operating Costs and Expenses									
T-Mobile US									
Cost of services, exclusive of depreciation and amortization	5,279	5,788	7,334	7,891	8,439	8,803	8,984	9,075	6.6%
Cost of equipment sales	6,976	9,621	9,335	10,082	9,785.26	9,336	9,158.58	9,203	-0.6%
Selling, general and administrative	7,382	8,863	9,779	10,331	10,765	10,934	11,158	11,271	3.5%
Depreciation and amortization	3,627	4,412	4,641	4,785	4,925	5,038	5,178	5,308	2.7%
Other, net	160	(536)	150	150	150	150	150	150	-183.4%
Total T-Mobile US Operating Costs	23,424	28,148	31,239	33,239	34,063	34,261	34,629	35,007	3.2%
Total T-Mobile US EBITDA	4,623	5,828	5,717	6,611	8,216	9,742	10,391	10,586	8.9%
Total Cable	20,695	21,912	22,436	23,898	25,131	26,464	27,397	28,330	
Total NBCU									
Cable Network Costs	5,700	5,974	5,967	6,236	6,516	6,712	6,880	7,052	
Broadcast Television Costs	6,775	7,808	8,764	9,202	9,570	9,858	10,104	10,306	4.0%
Filmed Entertainment Costs	4,969	4,297	6,172	4,938	5,432	5,595	5,707	5,792	4.4%
Theme Park Costs	1,231	1,455	1,702	1,907	2,078	2,234	2,335	2,405	7.4%
Selling, General and Administrative	3,936	4,116	4,441	4,725	4,969	5,232	5,417	5,601	4.5%
Depreciation & Amortization	7,871	8,019	6,878	7,132	7,392	7,689	8,006	8,313	0.5%
Total Comcast Operating Costs	51,177	53,581	56,361	58,038	61,089	63,784	65,845	67,799	3.4%
Total Comcast EBITDA	22,180	24,006	26,462	28,162	29,700	31,196	32,259	33,292	4.8%

Year ended December 31 (in millions)

	2013	2014	2015E	2016E	2017E	2018E	2019E	2020E	CAGR 14-20E
Depreciation & Amortization									
TMUS	3,627	4,412	4,641	4,785	4,925	5,038	5,178	5,308	2.7%
Comcast	7,871	8,019	6,878	7,132	7,392	7,689	8,006	8,313	0.5%
Total D&A	11,498	12,431	11,520	11,917	12,317	12,727	13,184	13,621	1.3%
Interest Expense									
TMUS	(545)	(1,073)	(1,106)	(1,105)	(1,115)	(1,125)	(1,135)	(1,145)	0.9%
Comcast	(2,574)	(2,617)	(2,814)	(2,814)	(2,814)	(2,814)	(2,814)	(2,814)	1.0%
Total Interest Expense	(3,119)	(3,690)	(3,920)	(3,919)	(3,929)	(3,939)	(3,949)	(3,959)	1.0%
Other Income (Expense)									
TMUS	(400)	70	270	170	170	170	170	170	13.5%
Comcast	126	178	400	400	400	400	400	400	12.3%
Total Other Expenses, Net	(274)	248	670	570	570	570	570	570	12.6%
Tax Expense									
TMUS	16	166	91	279	828	1,358	1,546	1,567	37.8%
Comcast	3,980	3,873	6,192	6,645	7,126	7,576	7,856	8,128	11.2%
Total Tax Expense	3,996	4,039	6,283	6,924	7,954	8,934	9,402	9,695	13.3%
CAPEX									
TMUS	(4,406)	(7,217)	(6,741)	(4,773)	(4,821)	(5,029)	(5,132)	(5,184)	-4.6%
Comcast	(7,605)	(8,542)	(8,020)	(8,302)	(8,730)	(9,113)	(9,390)	(9,654)	1.8%
Total CAPEX	(12,011)	(15,759)	(14,761)	(13,075)	(13,550)	(14,142)	(14,522)	(14,838)	-0.9%
Cash Generated for NWC									
TMUS	(5,295)	1,337	3,285	375	(519)	(1,166)	(964)	(837)	-193.5%
Comcast	7,090	(1,999)	(411)	(1,949)	(2,184)	(2,395)	(2,389)	(2,306)	2.1%
Total NWC	1,795	(662)	2,875	(1,574)	(2,703)	(3,561)	(3,354)	(3,143)	24.9%

Consolidated Income Statement

Year ended December 31 (in millions)

	2013	2014	2015E	2016E	2017E	2018E	2019E	2020E	CAGR 14-20E
Revenues									
Total TMUS	24,420	29,564	32,315	35,065	37,354	38,966	39,842	40,285	4.5%
YOY Growth %		21.1%	9.3%	8.5%	6.5%	4.3%	2.2%	1.1%	
Total Cable Communications	41,836	44,140	46,742	50,037	52,618	55,409	57,363	59,315	4.3%
YOY Growth %		5.5%	5.9%	7.0%	5.2%	5.3%	3.5%	3.4%	
Total NBC Universal	23,650	25,428	29,203	29,031	30,779	31,882	32,735	33,463	4.0%
YOY Growth %		7.5%	14.8%	-0.6%	6.0%	3.6%	2.7%	2.2%	
Total Consolidated Revenue	89,906	99,132	108,260	114,133	120,751	126,257	129,940	133,063	4.3%
		10.3%	9.2%	5.4%	5.8%	4.6%	2.9%	2.4%	
Operating Costs & Expenses									
Total TMUS	23,424	28,148	31,239	33,239	34,063	34,261	34,629	35,007	3.2%
YOY Growth %		20.2%	11.0%	6.4%	2.5%	0.6%	1.1%	1.1%	
Total Comcast	51,177	53,581	56,361	58,038	61,089	63,784	65,845	67,799	3.4%
YOY Growth %		4.7%	5.2%	3.0%	5.3%	4.4%	3.2%	3.0%	
Total Operating Costs	74,601	81,729	87,600	91,277	95,152	98,045	100,474	102,805	3.3%
		9.6%	7.2%	4.2%	4.2%	3.0%	2.5%	2.3%	
Total Consolidated EBITDA	26,803	29,834	32,179	34,773	37,916	40,939	42,650	43,879	5.7%
YOY Growth %		11.3%	7.9%	8.1%	9.0%	8.0%	4.2%	2.9%	
EBITDA Margin	29.8%	30.1%	29.7%	30.5%	31.4%	32.4%	32.8%	33.0%	
Depreciation & Amortization	11,498	12,431	11,520	11,917	12,317	12,727	13,184	13,621	1.3%
Operating Income (Loss)	15,305	17,403	20,659	22,856	25,599	28,211	29,466	30,258	8.2%
Interest Expense	(3,119)	(3,690)	(3,920)	(3,919)	(3,929)	(3,939)	(3,949)	(3,959)	1.0%
Other Income (Loss)	(274)	248	670	570	570	570	570	570	
Pretax Income (Loss)	11,912	13,961	17,410	19,507	22,240	24,843	26,087	26,869	9.8%
YOY Growth %		17.2%	24.7%	12.0%	14.0%	11.7%	5.0%	3.0%	
Income Tax Expense	(3,996)	(4,039)	(6,616)	(7,413)	(8,451)	(9,440)	(9,913)	(10,210)	14.2%
Effective Tax Rate	33.5%	28.9%	38.0%	38.0%	38.0%	38.0%	38.0%	38.0%	
Net Income before Minority Interest	7,916	9,922	10,794	12,094	13,789	15,402	16,174	16,659	7.7%
Minority Interest	(544)	(601)	(707)	(759)	(814)	(865)	(897)	(928)	
Net Income (Loss)	7,372	9,321	10,087	11,335	12,975	14,537	15,277	15,730	7.8%
/Diluted Weighted-Average Number of Common Shares	2,625	2,583	2,531	2,481	2,431	2,382	2,335	2,288	
1-x Adjustments	(225)	(706)	-	-	-	-	-	-	
Adjusted Net Income (Loss)	7,147	8,615	10,087	11,335	12,975	14,537	15,277	15,730	9.0%
EPS	2.81	3.61	3.98	4.57	5.34	6.10	6.54	6.87	9.6%