

ON WITH THE SHOW

Managing the money of media and technology giant Comcast Corporation keeps Rosemarie Teta and her treasury team thoroughly entertained

Words: **Sally Percy** / Photos: **Douglas Bovitt**

What does the hit television series *Downton Abbey* have in common with the tallest building in Philadelphia? The answer is that they are both associated with US media giant Comcast. Besides being the largest video and residential internet services provider, and the fourth-largest phone company in the US, Comcast is also a power player in Hollywood these days. That's down to its acquisition of broadcaster, film producer and theme park operator NBCUniversal in 2011.

It also knows how to manage its money. In 2012, its revenues grew by 12% to \$62.6bn and it boasted a 9% increase in operating cash flow to \$20bn. On top of that, it returned an impressive \$4.6bn to shareholders through dividends and share repurchases. In the company's 2012 *Annual Review*, Comcast's CEO, Brian Roberts – a son of its founder, Ralph Roberts – commented on the pride that it takes in its financial discipline, pride that is evidently well deserved.

Rosemarie Teta has the enviable job of being president of Comcast Capital Corporation, the Delaware-based subsidiary

that holds and manages Comcast's cash. She has been with Comcast for 27 years in a range of treasury roles, having joined the company from rayon producer Avtex Fibers in the 1980s. "I would probably have moved on except for the fact that Comcast is acquisitive," she says of her long tenure with the organisation. "You don't have to change jobs. Your role changes frequently. It's very dynamic here at Comcast. Technology has also evolved and changed over time. I'm passionate about technology and that's what's held my interest."

In her role, Teta is supported by CertICM-qualified Kimberly Potts, Comcast Capital Corporation's director of treasury services, as well as Sandra Crowell, senior director of treasury operations, and Stuart Brown, director of treasury. Potts, who joined Comcast last year, after working for pharmaceutical leader GlaxoSmithKline for more than a decade, loves the buzz that surrounds her new employer. "Working in pharma was a good feeling because you knew the company was working on medicines to make people feel better and live longer, but





The treasury team of Comcast Capital Corporation (from left to right): Sandra Crowell, Stuart Brown, Kimberly Potts and Rosemarie Teta

Comcast is exciting because it's growing and everyone wants to hear about what's next in entertainment," she says.

Together, the team manages Comcast's global liquidity and the investment of excess funds while executing its cash strategy. It also oversees the integration of the banking architecture of the businesses that the company acquires. "Historically and strategically, our priorities have been to be a responsible custodian and fiduciary of the company's financial assets, and to support the company's growth initiatives," says Teta. "Part of our job is integrating acquisitions on the cash side, managing liquidity and having liquidity available for acquisitions."

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Comcast's most recent high-profile acquisition – the \$27bn (approx.) purchase of NBCUniversal from General Electric accomplished in two stages between 2011 and 2013 – has been the greatest challenge. Comcast bought the first part of General Electric's holding in NBCUniversal (51%) in January 2011 for \$10bn (approx.). It then headed to the bond markets when interest rates were low in 2012 and then again earlier this year to raise cash for the second instalment of \$17bn (approx.), surprising the markets with a final buyout in March 2013. In anticipation of the buyout, the company had accumulated over \$10bn on its balance sheet at the end of the 2012 financial year. "That was a large amount of cash for us," says Teta. "It was historically high, but it all went away on 19 March 2013 when the deal with GE closed."

Comcast's acquisitions have certainly kept Teta and her team on their toes. When an acquisition has completed, it's their job to review the bank accounts and relationships that exist, consolidating bank services and products, removing duplicative processes and upgrading software systems. "We're focused on >



ROSEMARIE'S TOP TIPS FOR SUCCESS:

◆
“Be a proponent of technology. It has served us well.”

◆
“My favourite gadget is my iPad. I have an insatiable appetite for knowledge and I use it for updates on the weather, news and stock market, and to check my Facebook friends. It's such a versatile tool.”

◆
“It's important for treasurers to network with professionals at other companies to find out how they do things. You also need to have a strategic vision and curiosity.”

◆
“The best way to wind down after a long day is to do something physical, like taking a long walk.”



KIMBERLY'S TOP TIPS FOR SUCCESS:

◆
“Continually learn and network with other treasurers to stay abreast of the current environment and technology. Pay attention to current affairs as well.”

◆
“CertICM has opened a lot of doors for me personally and professionally. Even though I don't have direct exposure to FX, having the CertICM has given me enough knowledge to understand how to make different decisions.”

◆
“My favourite gadget is my BlackBerry. I didn't have one before this position. It's new and exciting to find out all the things I can use it for and also to be in communication all the time.”

◆
“I've had some amazing mentors throughout my career and that guidance has really helped. I have also had the opportunity to work for some terrific companies. The places that I've worked for are known for being the best. They support you and offer you opportunities to grow.”

making the necessary changes to improve operational efficiencies and increase margins,” Teta explains.

Comcast works with what Teta describes as a “large portfolio of relationship banks” for its cash management needs. “We select cash management products and services based on who provides the best products and services for the best price,” she explains. “Our cash investments are diversified among a number of banks and money market funds. It's a very conservative investment policy and we pay attention to diversification, quality of investments and counterparty risk.” Comcast's priority is to preserve its principal rather than chase yield and it does not typically maintain significant levels of non-strategic cash, hence its history of debt retirement and share repurchase programmes stretching back over the past decade. Teta's team produces monthly counterparty risk reports for its banks using ratings from Moody's and Standard & Poor's and, occasionally, analyses credit default swaps to monitor counterparty risk.

Inevitably, US treasurers face similar challenges to their peers elsewhere in the world. They have concerns around regulation, according to Teta, particularly the Securities and Exchange Commission's proposal to introduce a variable net asset value requirement for money market funds (MMFs), similar to the plans mooted in Europe. “It will probably bring changes to how we invest our portfolio,” says Teta. “I think treasurers using 2a-7

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funds will use alternatives such as treasuries and commercial paper.” She predicts that the \$2.8 trillion sum currently invested in US MMFs will fall by 50% if the changes take effect as companies seek other investments. Already the amount invested in MMFs has plummeted since 2008 when \$4 trillion was held in funds that comply with Rule 2a-7 of the 1940 Investment Company Act.

Treasurers in the US are also concerned by the potential fallout of the Federal Reserve starting to taper off its quantitative easing programme, notes Teta. “It's evidenced by the enormous amount of bonds that are being issued. Most US corporations have recapitalised their balance sheets and there has been a record amount of bond issuance. Corporations are issuing bonds with very large notional values and some are issuing bonds with very long terms, even 50 years. It's a case of get it while it's on sale.” But she remains conscious that once tapering takes place “we'll be back to historically higher market rates. Rates are being held artificially low”.

The Single Euro Payments Area (SEPA) might be causing headaches for lots of European treasurers, but Comcast is in the enviable position of being fully prepared for the end date of 1 February 2014. Thanks to the NBCUniversal acquisition, it has a 12-person treasury team based in Amsterdam that is ready to go. Comcast has significantly invested in its European treasury centre, with the team there taking responsibility for payables and receivables. “We were so lucky to inherit such a fabulous team in Amsterdam,” Teta reflects.

Teta's career in treasury, like many of her peers, “started by accident” after she initially trained as an auditor with Deloitte. She moved into the industry as a tax manager with Avtex Fibers

VITAL STATISTICS

<p>1963 the year in which Comcast was founded as American Cable Systems</p>	<p>\$62.6bn Comcast's revenues for the financial year ending 31 December 2012</p>	<p>\$4.6bn the amount Comcast returned to shareholders through dividends and share repurchases in 2012</p>	<p>297 metres the height of skyscraper Comcast Center, the tallest building in Philadelphia and the 15th-tallest building in the US</p>	<p>\$27bn the amount Comcast paid for media conglomerate NBCUniversal between 2011 and 2013</p>	<p>61% the total return increase in Comcast's share price in 2012</p>	<p>24 the number of hours a day Comcast's news channel MSNBC operates</p>	<p>219 million the number of Americans who watched the London Olympics on the networks of NBCUniversal in 2012 - the most watched television event in US history</p>
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and was given additional responsibility for treasury and pensions. Treasury has been her primary focus ever since and she holds the US certified treasury professional (CTP) designation. Potts, who is also CTP-qualified, researched a position in treasury while she was working in accounting and thought that it looked exciting. "What I like about treasury is that it's different every day," she says. "You work with so many business units and you get involved with mergers and acquisitions. Whenever there's an acquisition, you go in and take over the bank account first. You get to learn about the new companies before the rest of the business does." Potts decided to study for the ACT's CertICM qualification because she had a keen interest in international cash management. "You learn the tools so that you know how to do the job and can draw on that knowledge in your everyday activities."

At Comcast, the pace of change is as fast as the rides in NBCUniversal's Orlando theme parks, but the company values have held firm over time. This helps to explain why the group is so respected in its US homeland. "I was fortunate enough to be here when it was a much smaller company; Ralph Roberts headed it and Brian [Roberts] was just out of college," says Teta. "There's a very strong culture of integrity, of family, of doing the right thing and being responsible. The company has tried very hard to carry on that culture and have it transcend to over 129,000 employees." Not surprisingly then, Comcast is seen as a very desirable employer and reportedly receives over seven million curriculum vitae every year. "I'm excited to be here. Everyone wants to work at Comcast," says Potts. ♥

Sally Percy is editor of *The Treasurer*