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CORPORATE PARTICIPANTS

Brian Robbins

President & Chief Executive Officer-Paramount Pictures and Nickelodeon; and Chief Content Officer, Movies & Kids & Family-Paramount+, Paramount Global

OTHER PARTICIPANTS

Jessica Reif Ehrlich

Analyst, BofA Securities, Inc.

MANAGEMENT DISCUSSION SECTION

Jessica Reif Ehrlich

Analyst, BofA Securities, Inc.

Hi. Well, this is maybe the first time I'm actually on time. So, thank you so much for joining us, Brian. It's great to see you. And you've had an amazing summer, as we just discussed, becoming a massive success.

QUESTION AND ANSWER SECTION

Jessica Reif Ehrlich

Analyst, BofA Securities, Inc.

Q

So, let's just start with the industry. The industry is undergoing a massive transition during COVID. What changes do you think are permanent and what's temporary? And how do you – what will you do that's different because – coming out of COVID?

Brian Robbins

President & Chief Executive Officer-Paramount Pictures and Nickelodeon; and Chief Content Officer, Movies & Kids & Family-Paramount+, Paramount Global

A

Sure. Well, obviously, COVID had a huge impact on the theatrical business. It was basically shuttered, but it also accelerated streaming. And for us, it was a good reset because it sort of pushed us towards where we are now, which is what we think is the right window. And the 45-day window seems to be the sweet spot for us and seems to be what's working. But on the other hand, we know that we're still going to be flexible, so with a movie like Top Gun, still in theaters, Memorial Day and Labor Day because people are still going. And that movie will come to streaming this year. But we're having an incredible run, not only theatrically, but digitally now.

It's an amazing experience. And we've known this [audio gap] (00:01:26) that all boats rise with marketing. So, in the example of Top Gun, we're playing out, we drop the movie digitally. A new marketing campaign kicked in, which not only made the home entertainment window extremely successful for us, but it boosted the theatrical window and then that will play out. And then eventually that movie will end up on Paramount+ this year.

Jessica Reif Ehrlich*Analyst, BofA Securities, Inc.*

Q

Do you think that theatrical windows still sets the value for movies?

Brian Robbins*President & Chief Executive Officer-Paramount Pictures and Nickelodeon; and Chief Content Officer, Movies & Kids & Family-Paramount+, Paramount Global*

A

Absolutely, Jessica. I mean, look, there is nothing that replaces that zeitgeist cultural moment than a big movie. Again, we've seen it with Top Gun, but we've seen it with other movies. I can't think of anything on television or streaming that compares to that. And it probably has to do with the weight of the marketing campaign, right, the money that's spent, the awareness, the interest that builds in a theatrical movie, and then the collective experience that you have when you watch a film, right? That doesn't happen at home.

Jessica Reif Ehrlich*Analyst, BofA Securities, Inc.*

Q

Right.

Brian Robbins*President & Chief Executive Officer-Paramount Pictures and Nickelodeon; and Chief Content Officer, Movies & Kids & Family-Paramount+, Paramount Global*

A

So that value then translates for us to all our other platforms, right? And we used to only judge that by the traditional waterfall, right? We go theatrical, home entertainment, free TV, et cetera. Now we have this thing called Paramount+, which has yet another value for us. So the bigger the hit in theaters, the greater the impact in streaming.

Jessica Reif Ehrlich*Analyst, BofA Securities, Inc.*

Q

Right. So, it's been basically a year since you took over as CEO and Chairman of Paramount Studios. How are you approaching the development of your slate and what changes, if any, should we expect going forward?

Brian Robbins*President & Chief Executive Officer-Paramount Pictures and Nickelodeon; and Chief Content Officer, Movies & Kids & Family-Paramount+, Paramount Global*

A

Well, we want to make the hits. Only the hits.

Jessica Reif Ehrlich*Analyst, BofA Securities, Inc.*

Q

That's it. Wow.

Brian Robbins*President & Chief Executive Officer-Paramount Pictures and Nickelodeon; and Chief Content Officer, Movies & Kids & Family-Paramount+, Paramount Global*

A

But a lot of it has to do with what I just said. For years, we would go into green light meetings and we'd look at that traditional waterfall. Now, I go into green light meetings, and the first thing I think about is, can we creatively execute, right. Do we have the right filmmakers, the right material? Is the idea in a wide space that that we could own? And then lastly, what could the impact of this film have on streaming for us and what value does that have? And the beauty of the service of having something like Paramount+ is now we have all this data that we get in real time and we're able to look at that data and go, hey, this genre is working, this cohort wants more of X. And we want to give the audience what they want.

Jessica Reif Ehrlich*Analyst, BofA Securities, Inc.*

Q

That's incredible feedback that nobody had before, really.

Brian Robbins*President & Chief Executive Officer-Paramount Pictures and Nickelodeon; and Chief Content Officer, Movies & Kids & Family-Paramount+, Paramount Global*

A

No.

Jessica Reif Ehrlich*Analyst, BofA Securities, Inc.*

Q

It's amazing. But you've had – or you start off like you had incredible success in the past 12 months. And, obviously, Maverick has, like, just hit it out of the world – I mean, right, it's breaking world records, but it feels like we're in the cycle of like big budget, well-known IP, kind of superheroes action, maybe horror films are working a little bit. But the rest of the movies just don't seem to be working that well right now in theaters. Is this the new normal or is it just a phase? Like, what do you think is really – is it just genre specific?

Brian Robbins*President & Chief Executive Officer-Paramount Pictures and Nickelodeon; and Chief Content Officer, Movies & Kids & Family-Paramount+, Paramount Global*

A

I'm not sure I agree with that quite frankly. And I can only say that because of [ph] our year (00:04:49), right? So, obviously, Top Gun is the biggest film in the history of our 100 years of studio. Paramount is going to have the biggest year we've ever had by market share in – I can't count that high, but in a long time. But our – we've had four other number one films besides Top Gun open this year, right? We've had Jackass, which is a comedy; Scream, which is a horror film to your point; Sonic, which was a four-quadrant family movie, and a rom-com starring Sandra Bullock and Channing Tatum, The Lost City, which grossed over \$100 million domestically and almost \$200 million worldwide.

So we were able to make every genre work. So I don't think that every – and by the way, we didn't have a movie where anybody wore tights, a cape, or had superpowers. So, I believe that if we execute, we find the right release dates, we have the right stars, we can make any genre work, because audiences want to go to the movies. I mean, Lost City, we got older females, who people thought were never coming back to the theaters, come.

Jessica Reif Ehrlich*Analyst, BofA Securities, Inc.*

Q

So, you're kind of known for like being a franchise guy, like really supporting franchises. Are there any franchises within the Paramount umbrella that you think are underappreciated or haven't been actively mined yet?

Brian Robbins*President & Chief Executive Officer-Paramount Pictures and Nickelodeon; and Chief Content Officer, Movies & Kids & Family-Paramount+, Paramount Global*

A

Look, I think at Paramount, we're really fortunate to have an abundance of great franchises. And I think in the past, people used to think of our franchise as maybe a hit movie that had a consumer products line or a TV show that you have a spin-off of. But today, I think you have to look at a franchise very differently. Franchises sort of create what I call like the strongest emotional bond anybody could have and that's love, right? And with love comes loyalty.

And the way I identify our franchise is, first, by recognition and awareness, right? It's got to be known. And second, you have to have rich characters and lots of avenues to tell great stories. It has to have global

awareness, right? It can't just be a domestic thing. It has to really play all over the world. And then you have to have revenue and OI that scales with that business, which means you have to have a consumer products line, and you have to sell toothpaste and pajamas and rides at theme parks.

So for us, things like SpongeBob check that box, Teenage Mutant Ninja Turtles check that box, Mission Impossible checks that box, Transformers checks that box. And maybe one of the littlest but most powerful franchises we have is PAW Patrol, where we'll have another sequel next year.

Jessica Reif Ehrlich

Analyst, BofA Securities, Inc.

Q

So how deep is the Paramount franchise library? How deep does it go, and are there other ways you can monetize your franchises?

Brian Robbins

President & Chief Executive Officer-Paramount Pictures and Nickelodeon; and Chief Content Officer, Movies & Kids & Family-Paramount+, Paramount Global

A

Well, I just named five, and there's probably at least five more, right? And I don't think many – let's see.

Jessica Reif Ehrlich

Analyst, BofA Securities, Inc.

Q

Sorry.

Brian Robbins

President & Chief Executive Officer-Paramount Pictures and Nickelodeon; and Chief Content Officer, Movies & Kids & Family-Paramount+, Paramount Global

A

It's okay. I don't think there's many studios that have the breadth and the depth of these franchises. And what we've been able to do with Top Gun or PAW Patrol, as an example, is we've been able to leverage our whole ecosystem to make these things into franchises and make them successful over the last couple of years.

So when you look at Top Gun and you think about how we kicked the campaign off last year, opening the AFC Championship Game, which is the second highest football game of the year with a two-minute Tom Cruise opening with Top Gun, or with Scream last year, where all of our cable networks took all the previous Scream movies and roadblocked them across all of its cable networks for two weeks before that movie came out, and all the shoulder content with that, or what Nickelodeon was able to do to make PAW Patrol fly.

This is valuable in such a – almost intangible way, and there's not a lot of other companies that have that. So, that's what I've been very focused on. And I think that's had a lot to do with our success over the last two years.

Jessica Reif Ehrlich

Analyst, BofA Securities, Inc.

Q

Right. Another area that you're very involved or very – well-known to be very involved and/or intimate with is the [ph] kids only (00:09:23) area. And there's...

Brian Robbins

President & Chief Executive Officer-Paramount Pictures and Nickelodeon; and Chief Content Officer, Movies & Kids & Family-Paramount+, Paramount Global

A

If you have kids.

Jessica Reif Ehrlich*Analyst, BofA Securities, Inc.*

But there's a wealth of IP within the Paramount Global Company. Kids movies have had mixed – I'm sorry, but have that mixed success at the box office, at least in the last year or so, you exclude it. But they typically do better on streaming services. Just like, how do you navigate kids and family for streaming versus Paramount versus like a theatrical output?

Brian Robbins*President & Chief Executive Officer-Paramount Pictures and Nickelodeon; and Chief Content Officer, Movies & Kids & Family-Paramount+, Paramount Global*

Sure. Well, you're right. I mean, I've got great – before Paramount, I was running Nickelodeon. And I still have my day job or my night job, whichever – however you want to call it. But we're very fortunate to have that asset in the company and all the IP that goes along with Nickelodeon, some of which I just mentioned. And we know that when it comes to streaming, parents will go without eating before, like, disconnecting something that entertains their kids, right? So kids content is an amazing, amazing retention tool for us.

And a franchise like PAW Patrol is just like gold, right? So you have the movie. The movie theatrically does well. The movie goes to streaming. It brings all those kids with them. And then we're fortunate enough to have this huge kids library including all the PAW Patrol titles to feed them.

So a movie like Sonic obviously is a hit at the box office, huge hit on streaming. But even a movie like Clifford the Big Red Dog that we released during the pandemic, which did fine, not crazy theatrically, we're still in the pandemic, was a huge, huge hit for us on streaming, huge acquisition tool, huge retention tool. And, in fact, we're developing the Clifford sequel now where in the past if you just went by the box office results of that movie probably wouldn't be doing it. But because the impact that it's had on streaming and the ROI from that, we'll make another one.

Jessica Reif Ehrlich*Analyst, BofA Securities, Inc.*

It's actually a really great example of how you can do other things. Are there other ways to monetize that kind of content besides theatrical and streaming, I guess consumer products, TV shows?

Brian Robbins*President & Chief Executive Officer-Paramount Pictures and Nickelodeon; and Chief Content Officer, Movies & Kids & Family-Paramount+, Paramount Global*

Consumer products is a big, big, big business for us. Again, PAW Patrol is the greatest example, because last year, we had the movie, we had the show. So, the movie did surprisingly well at the box office, even though when D&D did \$140 million worldwide in the height of the pandemic, D&D. [ph] Feel that (00:12:13) it was by far the number one acquisition tool at that time for us in streaming. The whole library of PAW Patrol lifted on Paramount+ and then PAW Patrol on Nick Linear had its best year in the years. And so all the boats rise.

So, next year, we'll come with the PAW Patrol sequel and a spinoff series of PAW Patrol right around the same time. But the greatest impact for us, as you just said, was in consumer products, where we had our best year in consumer products for a franchise that's been a multibillion dollar franchise for us in consumer products. And the thing that it does is you'd get the lift in a year in consumer products, but that tail of what that movie does for that franchise probably runs for another three to five years from that theatrical. So, it's a big deal.

Jessica Reif Ehrlich*Analyst, BofA Securities, Inc.*

Q

Right. So, I guess, when you think of streaming services that are available today, each one sort of has a personality or a trait. You think of HBO, and you think of really in a premium video content, and you think of Disney, it's kind of iconic family brands. When you think about Paramount+, it just seems more general, like, how would you describe what Paramount+ stands for?

Brian Robbins*President & Chief Executive Officer-Paramount Pictures and Nickelodeon; and Chief Content Officer, Movies & Kids & Family-Paramount+, Paramount Global*

A

I'd say it this way, you probably know that Walmart+ just chose us as their streaming partner, their first streaming partner and hopefully their last streaming partner. And I think the reason they did that is that we were very aligned with the Walmart brand. Everybody knows, I think, that there's 120, 140 customers pass through their doors every week. And the reason they chose us is they really felt that our content, whether that's Yellowstone or our NFL content or our kids content really aligned with their consumer. So, I'd like to think that the Paramount, Paramount+ content is really for everybody and sort of stands for what that Walmart customer stands for.

Jessica Reif Ehrlich*Analyst, BofA Securities, Inc.*

Q

Right. And then could you talk a little bit about that partnership that you have with Walmart? So, I saw somewhere, I mean, common or not, there are 11 million members on the Walmart Club, but how exactly does that partnership work?

Brian Robbins*President & Chief Executive Officer-Paramount Pictures and Nickelodeon; and Chief Content Officer, Movies & Kids & Family-Paramount+, Paramount Global*

A

I think if you're a Walmart, it's pretty easy. You're a Walmart+ customer, you get a notification, you click on it, and you sign up for Paramount+ for free. And it could be less friction. It's very, very easy. And I believe that the partnerships are going to be really robust. I think they're in the early days of Walmart+ and the combination that I know of the marketing campaign that's about to kick in from them and from us. I think you're going to see growth for Walmart+ in a big way as they lean into scaling that service for their customers. And in turn, we're going to benefit from it. And hopefully, we're going to not only drive consumers to Walmart+, but we're going to drive traffic in stores with things like our Teenage Mutant Ninja Turtle movie next year and PAW Patrol and Yellowstone and et cetera.

Jessica Reif Ehrlich*Analyst, BofA Securities, Inc.*

Q

When does the marketing campaign kick off?

Brian Robbins*President & Chief Executive Officer-Paramount Pictures and Nickelodeon; and Chief Content Officer, Movies & Kids & Family-Paramount+, Paramount Global*

A

Soon, in a couple of weeks or next week, I think. Yeah.

Jessica Reif Ehrlich*Analyst, BofA Securities, Inc.*

Q

Right, so [indiscernible] (00:15:51)...

Brian Robbins

President & Chief Executive Officer-Paramount Pictures and Nickelodeon; and Chief Content Officer, Movies & Kids & Family-Paramount+, Paramount Global

A

It's September already, right? Yeah.

Jessica Reif Ehrlich

Analyst, BofA Securities, Inc.

Q

Yeah.

Brian Robbins

President & Chief Executive Officer-Paramount Pictures and Nickelodeon; and Chief Content Officer, Movies & Kids & Family-Paramount+, Paramount Global

A

In a couple of...

Jessica Reif Ehrlich

Analyst, BofA Securities, Inc.

Q

Q3.

Brian Robbins

President & Chief Executive Officer-Paramount Pictures and Nickelodeon; and Chief Content Officer, Movies & Kids & Family-Paramount+, Paramount Global

A

Next week.

Jessica Reif Ehrlich

Analyst, BofA Securities, Inc.

Q

Q3, Q3, Q4.

Brian Robbins

President & Chief Executive Officer-Paramount Pictures and Nickelodeon; and Chief Content Officer, Movies & Kids & Family-Paramount+, Paramount Global

A

Yeah.

Jessica Reif Ehrlich

Analyst, BofA Securities, Inc.

Q

Okay. So with the proliferation of streaming services, along with Linear, consumers have, as you guys say, a mountain of content to choose from. And you perform well. I mean, your subscriber growth has been great on Paramount+. Can you talk about like the marketing, how – you talked a little bit about, you touched on it, but what's differentiated to attract viewers or consumers? What have you found like the real differentiator between Paramount+ and some of the other streaming companies...

Brian Robbins

President & Chief Executive Officer-Paramount Pictures and Nickelodeon; and Chief Content Officer, Movies & Kids & Family-Paramount+, Paramount Global

A

Sure.

Jessica Reif Ehrlich

Analyst, BofA Securities, Inc.

Q

...or services?

Brian Robbins

President & Chief Executive Officer-Paramount Pictures and Nickelodeon; and Chief Content Officer, Movies & Kids & Family-Paramount+, Paramount Global

A

Well, I think we obviously have a very differentiated service, right. First of all, we have live sports.

Jessica Reif Ehrlich

Analyst, BofA Securities, Inc.

Q

Right.

Brian Robbins

President & Chief Executive Officer-Paramount Pictures and Nickelodeon; and Chief Content Officer, Movies & Kids & Family-Paramount+, Paramount Global

A

Obviously, Netflix, HBO, it's not there for them. We have, like we talked about, a very, very robust kids content selection and we've been able to leverage our other distribution platforms to drive people to Paramount+. So Yellowstone is a great example, right. Yellowstone's number one show on television. It's on the Paramount Network. 1883 went straight to Paramount+, but we were able to premiere that show on linear for free for people to see it, and then drive them to 1883. Now, we'll continue to do that with the next spinoff that comes from the Taylor Sheridan universe.

Same thing for SpongeBob, we put the SpongeBob movie in the height of COVID. It was supposed to go theatrically. We put that on Paramount+ at launch. And at the same time, we delivered the first-ever spinoff of SpongeBob Kamp Koral to Paramount+ and the whole entire SpongeBob library. But we premiered that show on linear. We ran a cart of Kamp Koral during our telecast of the Wild Card Game last year, the Nickelodeon Wild Card Game. And all of that drove audience to Paramount+.

And then there's this sort of great flywheel of, sometimes, in the SpongeBob universe, a spin-off premiere on Linear and then go to Paramount+. Sometimes it will premiere on Paramount+ and then go to Linear. So we're constantly driving our audience from platform to platform. And interestingly, like when it comes to kids, linear television has obviously been declining ratings for a while now. But what we've seen is, if you take our linear share and the audience for kids that we've picked up on Paramount+, we actually have more audience and share of kids 2 to 11 than we've had in the years when you combine them both. That's powerful.

Jessica Reif Ehrlich

Analyst, BofA Securities, Inc.

Q

How much crossover is there, like it's – how – in terms of reach? Like there are some homes...

Brian Robbins

President & Chief Executive Officer-Paramount Pictures and Nickelodeon; and Chief Content Officer, Movies & Kids & Family-Paramount+, Paramount Global

A

You mean overlap...

Jessica Reif Ehrlich

Analyst, BofA Securities, Inc.

Q

Yeah.

Brian Robbins

President & Chief Executive Officer-Paramount Pictures and Nickelodeon; and Chief Content Officer, Movies & Kids & Family-Paramount+, Paramount Global

A

...between linear and...

Jessica Reif Ehrlich*Analyst, BofA Securities, Inc.*

Q

Linear...

Brian Robbins*President & Chief Executive Officer-Paramount Pictures and Nickelodeon; and Chief Content Officer, Movies & Kids & Family-Paramount+, Paramount Global*

A

Surprisingly, it's not as much as you'd think. That's why – hence the share picking up.

Jessica Reif Ehrlich*Analyst, BofA Securities, Inc.*

Q

Right. The incremental reach is incredible, like...

Brian Robbins*President & Chief Executive Officer-Paramount Pictures and Nickelodeon; and Chief Content Officer, Movies & Kids & Family-Paramount+, Paramount Global*

A

Yeah. And it's a great story, right? So we were in this declining reach for years, and now we're – it's a growth story for us.

Jessica Reif Ehrlich*Analyst, BofA Securities, Inc.*

Q

Right.

Brian Robbins*President & Chief Executive Officer-Paramount Pictures and Nickelodeon; and Chief Content Officer, Movies & Kids & Family-Paramount+, Paramount Global*

A

And that growth will drive all the other lines of business, right? It will drive consumer products. It will drive our theatrical business. And it's really been powerful and it's been fast.

Jessica Reif Ehrlich*Analyst, BofA Securities, Inc.*

Q

And what is the difference, if any, between – kids view – kids watch a lot and often.

Brian Robbins*President & Chief Executive Officer-Paramount Pictures and Nickelodeon; and Chief Content Officer, Movies & Kids & Family-Paramount+, Paramount Global*

A

Yes.

Jessica Reif Ehrlich*Analyst, BofA Securities, Inc.*

Q

Like they can repeat stuff over and over. But what – is there any difference in viewing habits between linear and streaming?

Brian Robbins*President & Chief Executive Officer-Paramount Pictures and Nickelodeon; and Chief Content Officer, Movies & Kids & Family-Paramount+, Paramount Global*

A

Well, look, I definitely think linear for kids is a very lean back experience, right? I mean, linear is – we kind of put it on and it's on all day. And you're kind of watching it, but you're probably on another device at the same time. This is my experience with my eight-year-old. We're streaming – you're more proactive, right? You're going, you're searching for the thing you want, you're watching it how you want to watch it on whatever device you want to

watch it, when you want to watch it. So I think just the sort of search function and the need and the want is different.

Jessica Reif Ehrlich

Analyst, BofA Securities, Inc.

Q

And are there differences for kids programming in ad loads, not little tiny kids, but just like your eight-year-old, are there differences in ad loads?

Brian Robbins

President & Chief Executive Officer-Paramount Pictures and Nickelodeon; and Chief Content Officer, Movies & Kids & Family-Paramount+, Paramount Global

A

You mean on linear...

Jessica Reif Ehrlich

Analyst, BofA Securities, Inc.

Q

Linear versus streaming.

Brian Robbins

President & Chief Executive Officer-Paramount Pictures and Nickelodeon; and Chief Content Officer, Movies & Kids & Family-Paramount+, Paramount Global

A

Well, sure, the ad load in streaming is lighter.

Jessica Reif Ehrlich

Analyst, BofA Securities, Inc.

Q

Can you make it up with – is there a way you can compare like how...

Brian Robbins

President & Chief Executive Officer-Paramount Pictures and Nickelodeon; and Chief Content Officer, Movies & Kids & Family-Paramount+, Paramount Global

A

You mean from a revenue...

Jessica Reif Ehrlich

Analyst, BofA Securities, Inc.

Q

From a revenue perspective?

Brian Robbins

President & Chief Executive Officer-Paramount Pictures and Nickelodeon; and Chief Content Officer, Movies & Kids & Family-Paramount+, Paramount Global

A

Well, it's like, look, the streaming revenue is growing, right? It's early days. And I would imagine as – like I just said, the reach continues to scale on streaming, so will the revenue go with it. And there's multiple passive monetization with streaming, right? You have the ad-supported tier and then the non-ad tier, and then we also have Pluto, which is free, but also has a ton of our kids content on, which is obviously ad-supported.

Jessica Reif Ehrlich

Analyst, BofA Securities, Inc.

Q

Right. And then just the thing – internationally, as you guys are expanding and you're now in – I mean, the – well, it's, I guess, SkyShowtime but then Paramount+ is, right, you have...

Brian Robbins

President & Chief Executive Officer-Paramount Pictures and Nickelodeon; and Chief Content Officer, Movies & Kids & Family-Paramount+, Paramount Global

A

Italy coming soon, UK, Latin America. Yeah.

Jessica Reif Ehrlich

Analyst, BofA Securities, Inc.

Q

So can you talk about the content decision-making and how do you pick – do you pick shows to offer like global appeal, or do you have different shows in different countries? How do you think about that?

Brian Robbins

President & Chief Executive Officer-Paramount Pictures and Nickelodeon; and Chief Content Officer, Movies & Kids & Family-Paramount+, Paramount Global

A

I think it's both. I think you have to do, right? I mean, we are very focused on trying to make global hits. Now, the kids content, much easier, travels globally. It has worked that way for years [ph] the new (00:21:40) content, very successful around the globe.

Scripted content, you're still trying to make global hits. But there are certain shows that are going to perform better here than – and won't perform as well overseas, or a show like Halo, which did very well here, but blew away all expectations internationally.

So we're focused on making global hits, but we also then have to be very selective about the local content in each market because it's not enough just to send our content one way. There's an expectation in all these markets that there will be some local flair.

Jessica Reif Ehrlich

Analyst, BofA Securities, Inc.

Q

Right. Coming back to the box office, it's been such an unusual, like, last few years. I'm just wondering how...

Brian Robbins

President & Chief Executive Officer-Paramount Pictures and Nickelodeon; and Chief Content Officer, Movies & Kids & Family-Paramount+, Paramount Global

A

C'est la vie.

Jessica Reif Ehrlich

Analyst, BofA Securities, Inc.

Q

C'est la vie. It's – more change in the last two years than the last, like, 30 years. But how do you think about the next 5 to 10 years? Do you think the box office will be the same, bigger, or lower, like [ph] fewer (00:22:42) films?

Brian Robbins

President & Chief Executive Officer-Paramount Pictures and Nickelodeon; and Chief Content Officer, Movies & Kids & Family-Paramount+, Paramount Global

A

It's funny. I – obviously, everybody has predicted the death of theatrical for probably as long as you've been doing this, right? How many times that have you sat up here and said theatrical is over? The television came...

Jessica Reif Ehrlich

Analyst, BofA Securities, Inc.

Q

Not me, but...

Brian Robbins*President & Chief Executive Officer-Paramount Pictures and Nickelodeon; and Chief Content Officer, Movies & Kids & Family-Paramount+, Paramount Global*

A

...streaming came, DVDs came, right? There's...

Jessica Reif Ehrlich*Analyst, BofA Securities, Inc.*

Q

I've lived through broadcast, cable and...

Brian Robbins*President & Chief Executive Officer-Paramount Pictures and Nickelodeon; and Chief Content Officer, Movies & Kids & Family-Paramount+, Paramount Global*

A

Right.

Jessica Reif Ehrlich*Analyst, BofA Securities, Inc.*

Q

And broadcast is alive and well.

Brian Robbins*President & Chief Executive Officer-Paramount Pictures and Nickelodeon; and Chief Content Officer, Movies & Kids & Family-Paramount+, Paramount Global*

A

But as this summer has showed, people still want the theatrical experience. They want to sit in the theater, and they want to be moved, and they want to do it in a communal way. So I think that theatrical is here to stay. I actually am not going to say that it's going to be a growth business. I think franchises matter. I think quality matters.

Jessica Reif Ehrlich*Analyst, BofA Securities, Inc.*

Q

Right.

Brian Robbins*President & Chief Executive Officer-Paramount Pictures and Nickelodeon; and Chief Content Officer, Movies & Kids & Family-Paramount+, Paramount Global*

A

I think that you will see more films. Right now, we're in this weird post-COVID, movies got shut down, development got shut down, things were slow. I know from where we stand, we'll only have, I think, eight releases this year in total. Next year, we'll have 10 to 12. But we know because of the impact on streaming, we want to get that up. I'd like to get to 12 to 15 because the path to monetization now is greater. And we still have to be careful about how we size these movies, but I'm very bullish on the future.

Jessica Reif Ehrlich*Analyst, BofA Securities, Inc.*

Q

Right. That's a pretty big increase. How long do you think it takes to get to that kind of the cadence...

Brian Robbins*President & Chief Executive Officer-Paramount Pictures and Nickelodeon; and Chief Content Officer, Movies & Kids & Family-Paramount+, Paramount Global*

A

It'll take us a couple of years, at least. We have to ramp up development. And look, there's only so much talent in the world, right? There's only so many movie stars. There's only so many filmmakers. There's only so many great scripts. So it takes a while. What's interesting is the streaming effect. Everybody talks about how people are taking their theatrical films and moving to streaming. What we're experiencing is because we're making a handful

of films for streaming directly, but I still take these movies and test them because I want to see how they're playing. We do the same process.

We have a movie coming out September 30 called Smile. So – it's a thriller/horror film. This is a movie – it was a little movie with a first-time director that we made for streaming. We tested the movie. The movie scored so well. I mean, crazy well, and played so well that we looked at each other and said, we have to release this movie theatrically. And so, that's just another great side effect of having a streaming service.

Jessica Reif Ehrlich

Analyst, BofA Securities, Inc.

Q

Right.

Brian Robbins

President & Chief Executive Officer-Paramount Pictures and Nickelodeon; and Chief Content Officer, Movies & Kids & Family-Paramount+, Paramount Global

A

And this is – I'm sure is going to happen from time to time, and it's great and fun.

Jessica Reif Ehrlich

Analyst, BofA Securities, Inc.

Q

And coming out of COVID, like, what are the COVID incremental cost impacts? Like, do you still have all the protocols in place?

Brian Robbins

President & Chief Executive Officer-Paramount Pictures and Nickelodeon; and Chief Content Officer, Movies & Kids & Family-Paramount+, Paramount Global

A

Some of them, it's easing up a little bit, thank goodness. We're not experiencing the shutdowns. The shutdowns were the most expensive part of the costs, right, where you were shutting down for days, shutting down for days, having to restart, losing locations, losing actors. Thank goodness, over the last several weeks and months, that has slowed down. There's still testing in place from the unions, but the shutdowns are few and far between.

Jessica Reif Ehrlich

Analyst, BofA Securities, Inc.

Q

And with the growth in streaming of like – during this COVID period, it's like a lot going on. So, with the growth in streaming, you're competing for talent. You mentioned talent is limited, but you're competing for talent, even theatrical stars who are now going to streaming projects. So, what's going on with that pool of talent? I guess, the demand for talent, how hard is it to get and what's going on in the cost side?

Brian Robbins

President & Chief Executive Officer-Paramount Pictures and Nickelodeon; and Chief Content Officer, Movies & Kids & Family-Paramount+, Paramount Global

A

Well, the tide has shifted again, right? If you had asked me this question two years ago, I would say, talent is running towards streaming because they want these enormous checks, right? They were getting their back ends bought out, and it was it was tricky.

What's turned around now, I think our stars are realizing that they obviously to be stars and command those [ph] paydays (00:26:48). They need to be relevant. And they were not getting the marketing campaigns from streaming services. You look at a marketing campaign like Top Gun or Lost City, where you drive all over the town and you see billboards or you walk into a theater and you see one sheet for the poster and trailers and TV spots. This is really valuable to stars, and they're realizing they want that. They need that for their brand. They are

brands, they need marketing. So, it's shifted back in our favor a little bit. So, we're in business with John Krasinski and Ryan Reynolds and Tom Cruise, and big stars that want to be – have their movies seen on the big screen.

Jessica Reif Ehrlich

Analyst, BofA Securities, Inc.

Q

Right. So, when you – you kind of said, it – this – an extra window streaming, but when you kind of like think about – it's – theatrical always set the tone, and then you kind of knew what the downstream value was. With streaming, it's – maybe, as outsiders, it's a little harder to – for us to – we don't see your gross ads based on a film. So...

Brian Robbins

President & Chief Executive Officer-Paramount Pictures and Nickelodeon; and Chief Content Officer, Movies & Kids & Family-Paramount+, Paramount Global

A

Well, I can tell you we've had the fastest growing streaming service of the year...

Jessica Reif Ehrlich

Analyst, BofA Securities, Inc.

Q

[indiscernible] (00:28:03)

Brian Robbins

President & Chief Executive Officer-Paramount Pictures and Nickelodeon; and Chief Content Officer, Movies & Kids & Family-Paramount+, Paramount Global

A

...and we had the most additions and most ads.

Jessica Reif Ehrlich

Analyst, BofA Securities, Inc.

Q

Yeah. No, it's been really...

Brian Robbins

President & Chief Executive Officer-Paramount Pictures and Nickelodeon; and Chief Content Officer, Movies & Kids & Family-Paramount+, Paramount Global

A

So, yeah.

Jessica Reif Ehrlich

Analyst, BofA Securities, Inc.

Q

I have to say, it's been really impressive, and you still have massive international rollout to go.

Brian Robbins

President & Chief Executive Officer-Paramount Pictures and Nickelodeon; and Chief Content Officer, Movies & Kids & Family-Paramount+, Paramount Global

A

We have some run – enormous runway. Yeah. Yeah.

Jessica Reif Ehrlich

Analyst, BofA Securities, Inc.

Q

So, do you think – instead – on the film side, is the film more or less valuable today than it was five years ago?

Brian Robbins

President & Chief Executive Officer-Paramount Pictures and Nickelodeon; and Chief Content Officer, Movies & Kids & Family-Paramount+, Paramount Global

A

Way more. Way more, because, look, not everybody has their own service, right? But when Top Gun comes to Paramount+ this year, think about that impact. Think about what that's going to do to us as a company. It's already been so successful for us, but yet, we get – this is another added benefit. That's a big deal.

Jessica Reif Ehrlich*Analyst, BofA Securities, Inc.*

Q

Absolutely. But when you kind of balance it against like what the home entertainment would have been, like, the home video market would have been for Top Gun, that would...

Brian Robbins*President & Chief Executive Officer-Paramount Pictures and Nickelodeon; and Chief Content Officer, Movies & Kids & Family-Paramount+, Paramount Global*

A

No, no, no, it is.

Jessica Reif Ehrlich*Analyst, BofA Securities, Inc.*

Q

Right.

Brian Robbins*President & Chief Executive Officer-Paramount Pictures and Nickelodeon; and Chief Content Officer, Movies & Kids & Family-Paramount+, Paramount Global*

A

But remember, we're not foregoing that window. It's on home entertainment...

Jessica Reif Ehrlich*Analyst, BofA Securities, Inc.*

Q

Right.

Brian Robbins*President & Chief Executive Officer-Paramount Pictures and Nickelodeon; and Chief Content Officer, Movies & Kids & Family-Paramount+, Paramount Global*

A

...right now and it will go to physical before then. And I hope, I don't mess this up. But I think in one week – in the first week, it's already the biggest home entertainment video we've ever had. And it's broken the top 20 of all time in the first week. So, we will enjoy all that revenue, our partners will enjoy all that revenue, and we'll still get the impact on streaming. And that's what we're seeing. All boats rise. And everybody thought there was going to be – they were going to sort of steal from each other, but indeed that hasn't happened.

Jessica Reif Ehrlich*Analyst, BofA Securities, Inc.*

Q

Right. So let me just see – one last question, but I want to see if anybody in the audience has any questions for a second, see if there's any question. Okay. You guys can think about, if you want to ask something. I will just – last question from me is, what upcoming Paramount content are you the most excited about, and I'll expand that to film and TV, like, concept?

Brian Robbins*President & Chief Executive Officer-Paramount Pictures and Nickelodeon; and Chief Content Officer, Movies & Kids & Family-Paramount+, Paramount Global*

A

That's a tough question because I'm going to get in trouble or hurt somebody's feelings, but I'll tell you the truth. We have an amazing theatrical slate next year. We go – first of all, Damien Chazelle's Babylon, which, if you look at Vanity Fair today, there's a sneak peek of all the photos of this movie starring Brad Pitt and Margot Robbie; Damien Chazelle, Academy Award winner for La La Land, directed Whiplash.

The film is incredible. We're unveiling a trailer soon. And then we go to Dungeons & Dragons, and Transformers, Mission Impossible, Teenage Mutant Ninja Turtles, PAW Patrol, Scream. So we have an incredible slate, to your point, of franchises next year. But I'd be lying if I told you guys, you're going to just – your mind will be blown when you see Mission Impossible.

Jessica Reif Ehrlich

Analyst, BofA Securities, Inc.

Everyone says that...

Q

Brian Robbins

President & Chief Executive Officer-Paramount Pictures and Nickelodeon; and Chief Content Officer, Movies & Kids & Family-Paramount+, Paramount Global

Your mind is going to be blown. Yeah. So that movie is next July. And I just – I can't wait. I can't wait. I wish you could see what I've seen.

A

Jessica Reif Ehrlich

Analyst, BofA Securities, Inc.

Yeah. No, the word of mouth is absolutely incredible. And then on the – if you expand it to the television side, is there anything that you would kind of call out at this point?

Q

Brian Robbins

President & Chief Executive Officer-Paramount Pictures and Nickelodeon; and Chief Content Officer, Movies & Kids & Family-Paramount+, Paramount Global

Well, the next chapter in the Yellowstone universe with Harrison Ford and Helen Mirren. I think it's 1823 or 1923, I think [ph] of the year right (00:31:24), that show is going to be fantastic. I don't know if you've seen Star Trek: Strange New Worlds. The show is really, really terrific and maybe the best one in that franchise. That just dropped. We have a tremendous kids slate coming next year. And if you have a little one, there's a PAW Patrol spin-off that you'll be happy about or they'll be happy about and you might be miserable about. But...

A

Jessica Reif Ehrlich

Analyst, BofA Securities, Inc.

Okay. Audience, any questions? There's one here.

Q

Brian Robbins

President & Chief Executive Officer-Paramount Pictures and Nickelodeon; and Chief Content Officer, Movies & Kids & Family-Paramount+, Paramount Global

I [ph] can (00:32:00) hear you.

A

[Technical Difficulty] (00:32:03-00:32:19)

Brian Robbins

President & Chief Executive Officer-Paramount Pictures and Nickelodeon; and Chief Content Officer, Movies & Kids & Family-Paramount+, Paramount Global

...business as usual of what we're – what we need to do to open a movie, we're going to continue to do that. We do leverage all of our platforms, right? So, a lot of our spend is internal, which is great, and my colleagues like that. So, it's nothing different for us. Now, I know there's headwinds in the advertising coming in to us, but that's different than what we're spending out beyond marketing. I think it's challenged. I think there's definitely headwinds for sure as we've all heard in the second half of this year and probably into the beginning of next year.

A

Q

As you think about just your long-term goals strategically and you just look at your current scale, do you feel like you have all the scale and resources currently to achieve your long-term strategic goals, or do you think, either now or in the future, acquisition opportunities would be a better fit to help you get to the scale for you to achieve your long-term goals?

Brian Robbins*President & Chief Executive Officer-Paramount Pictures and Nickelodeon; and Chief Content Officer, Movies & Kids & Family-Paramount+, Paramount Global*

A

I think we like our chances and we like where we are. Look, from a streaming perspective, we're growing faster than anybody. That's exciting. From an IP perspective, we are in really great shape as you could tell by the films we have and the franchises we have on television. And I think what differentiates us from the rest is all of our distribution platforms, right, to be able to have the number one broadcast network, the number one kids network, the fastest growing streaming service, the biggest film studio by share for the year.

We're actually really working together in leveraging all these assets to grow. So, yes, obviously, if something fell out of the sky and you got more scale, I wouldn't say no. But I feel like we are really in a great position to grow and to leverage everything we have.

I [ph] can (00:34:40) hear you. [indiscernible] (00:34:47). It's a tough – that's kind of above my pay grade. Like I said, above my pay grade. Sorry.

Jessica Reif Ehrlich*Analyst, BofA Securities, Inc.*

Q

There's a question here and another one there.

Q

So maybe before we get to long term, just in the medium term, as you look at the different distribution channels, how are you balancing where you want the eyes to be, whether it's profitability, like, as you think about where you place the content? What's kind of the guiding principle as we go quarter-to-quarter on where you move the films and TV shows?

Brian Robbins*President & Chief Executive Officer-Paramount Pictures and Nickelodeon; and Chief Content Officer, Movies & Kids & Family-Paramount+, Paramount Global*

A

Sure. Well, look, like I said, theatrical still has the greatest impact, right? And that sort of theatrical, 45 days later is streaming. That's working beautifully. If you were to see a chart of our biggest acquisition tools and engagement tools, the movies just really sit nicely.

On the series front, obviously, the franchises – the franchise [ph] tagged (00:36:11) with series is also working, the Taylor Sheridan universe, taking something like Star Trek franchise – building franchise out of it. And even on the kids side, the SpongeBob universe and the PAW Patrol universe where you get something new and you have the library underneath it. So, windowing from theatrical to streaming and then back to linear is really working for us, but we're also having great success starting some things on linear and then moving them to streaming. And it sort of creates, I hate to use that word, but that flywheel really works for us. And I think it's a big advantage for us. It's a big advantage for us to launch something to be able to have linear or theatrical to launch a franchise.

Jessica Reif Ehrlich

Analyst, BofA Securities, Inc.

Q

And there's another one here.

Q

With respect to the Pluto platform, I know that it's relatively nascent at this point, but hasn't met your expectations in terms of growth so far. And then also with Pluto, I know you're selling advertising, are you packaging those ad sales with the network as well as linear, or how does the actual go-to-market...

Brian Robbins

President & Chief Executive Officer-Paramount Pictures and Nickelodeon; and Chief Content Officer, Movies & Kids & Family-Paramount+, Paramount Global

A

I'm going to say that's above my pay grade, too.

Q

Okay.

Brian Robbins

President & Chief Executive Officer-Paramount Pictures and Nickelodeon; and Chief Content Officer, Movies & Kids & Family-Paramount+, Paramount Global

A

[indiscernible] (00:37:23)

Jessica Reif Ehrlich

Analyst, BofA Securities, Inc.

Q

[indiscernible] (00:37:34)

Brian Robbins

President & Chief Executive Officer-Paramount Pictures and Nickelodeon; and Chief Content Officer, Movies & Kids & Family-Paramount+, Paramount Global

A

Go ahead. Yeah. We just re-signed that deal.

Q

Yeah. That's fantastic. Can you talk a little bit about how those content costs are – have been rising at competitive dynamic with sports and how you think about that more longer term? And I think the second question, I can get to after this.

Brian Robbins

President & Chief Executive Officer-Paramount Pictures and Nickelodeon; and Chief Content Officer, Movies & Kids & Family-Paramount+, Paramount Global

A

Okay.

Q

[indiscernible] (00:38:00-00:38:07)

Brian Robbins

President & Chief Executive Officer-Paramount Pictures and Nickelodeon; and Chief Content Officer, Movies & Kids & Family-Paramount+, Paramount Global

A

I only have three jobs. I don't run sports.

Q

[indiscernible] (00:38:12) Okay. Fantastic. Okay. The second question is regarding franchises that you talked about, the monetization strategies, toys, you mentioned theme parks. Is that something you yourself leaning into more in the future? And what...

Brian Robbins

President & Chief Executive Officer-Paramount Pictures and Nickelodeon; and Chief Content Officer, Movies & Kids & Family-Paramount+, Paramount Global

A

Absolutely. I think...

Q

...would that look like?

Brian Robbins

President & Chief Executive Officer-Paramount Pictures and Nickelodeon; and Chief Content Officer, Movies & Kids & Family-Paramount+, Paramount Global

A

Like I said, consumers want more of the things they love, right? They want to see the movie, watch the show, read the book, wear the pajamas, use the toothpaste, ride the ride, right? So we're very focused on that. We want to be everywhere the consumer is with our franchises because that's what creates love and ultimately long-term monetization. So, we're very – our CP business is great, but we're – we have a Nick Hotel that we – a new Nick Hotel that we just opened. We'll be opening more around the world. We hope to have rides in theme parks everywhere, and it's definitely a big focus for the company.

Jessica Reif Ehrlich

Analyst, BofA Securities, Inc.

Great. With that, we actually are out of time. Thank you so much, Brian.

Brian Robbins

President & Chief Executive Officer-Paramount Pictures and Nickelodeon; and Chief Content Officer, Movies & Kids & Family-Paramount+, Paramount Global

Thank you.

Jessica Reif Ehrlich

Analyst, BofA Securities, Inc.

Thank you.

Brian Robbins

President & Chief Executive Officer-Paramount Pictures and Nickelodeon; and Chief Content Officer, Movies & Kids & Family-Paramount+, Paramount Global

Thanks, guys.

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