

viacom FQ3 2019 RESULTS

AUGUST 8, 2019

BET★

CMT

COMEDY
CENTRAL

MTV

nickelodeon



PLUTO TV

TV LAND

VH1



IMPORTANT INFORMATION

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This presentation contains both historical and forward-looking statements. All statements that are not statements of historical fact are, or may be deemed to be, forward-looking statements. Forward-looking statements reflect our current expectations concerning future results, objectives, plans and goals, and involve known and unknown risks, uncertainties and other factors that are difficult to predict and which may cause future results, performance or achievements to differ. These risks, uncertainties and other factors include, among others: technological developments, alternative content offerings and their effects in our markets and on consumer behavior; competition for content, audiences, advertising and distribution in a swiftly consolidating industry; the public acceptance of our brands, programs, films and other entertainment content on the various platforms on which they are distributed; the impact on our advertising revenues of declines in linear television viewing, deficiencies in audience measurement and advertising market conditions; the potential for loss of carriage or other reduction in the distribution of our content; evolving cybersecurity and similar risks; the failure, destruction or breach of our critical satellites or facilities; content theft; increased costs for programming, films and other rights; the loss of key talent; domestic and global political, economic and/or regulatory factors affecting our businesses generally; volatility in capital markets or a decrease in our debt ratings; a potential inability to realize the anticipated goals underlying our ongoing investments in new businesses, products, services and technologies; fluctuations in our results due to the timing, mix, number and availability of our films and other programming; potential conflicts of interest arising from our ownership structure with a controlling stockholder; and other factors described in our news releases and filings with the Securities and Exchange Commission, including but not limited to our 2018 Annual Report on Form 10-K and reports on Form 10-Q and Form 8-K. The forward-looking statements included in this presentation are made only as of the date of this presentation, and we do not have any obligation to publicly update any forward-looking statements to reflect subsequent events or circumstances.

NON-GAAP FINANCIAL MEASURES

This presentation contains certain non-GAAP financial measures. We provide reconciliations of these non-GAAP financial measures to the most directly comparable GAAP financial measures in the body of this presentation, in our Form 8-K announcing our quarterly earnings results, which can be found on the SEC's website at www.sec.gov and our website at ir.viacom.com, or in our trending schedules, which can be found on our website at ir.viacom.com. We are unable to provide reconciliations of forward-looking guidance to GAAP financial measures as, at this time, we cannot determine all of the adjustments that would be required.

This presentation is a supplement to, and should be read in conjunction with, Viacom's earnings release for the quarter ended June 30, 2019.

STRONG EXECUTION & INVESTMENT DRIVING EVOLUTION

- Grew audience share and produced a range of hits at Domestic Media Networks
- Domestic ad sales at positive inflection point
 - Returned domestic advertising to growth for the first time in 20 quarters
 - Achieved strong results in the upfront, setting up well for FY 2020
 - Benefitting from rapidly integrating and scaling Pluto TV
- Returned to growth at Viacom International Media Networks ^{* †}
- Made demonstrable and sustainable progress at Paramount; delivered 10th consecutive quarter of YoY Adjusted OI improvement
- Translating to strong financial results ^{*}
 - FQ3 revenue grew 6% with growth at both Media Networks and Filmed Entertainment [†]
 - Adjusted Diluted EPS⁽¹⁾ grew 3%, marking the 6th straight quarter of growth [†]
 - Year-to-date FCF increased 10%

* See page 1 for information regarding non-GAAP financial measures

† Figures presented on a constant currency basis

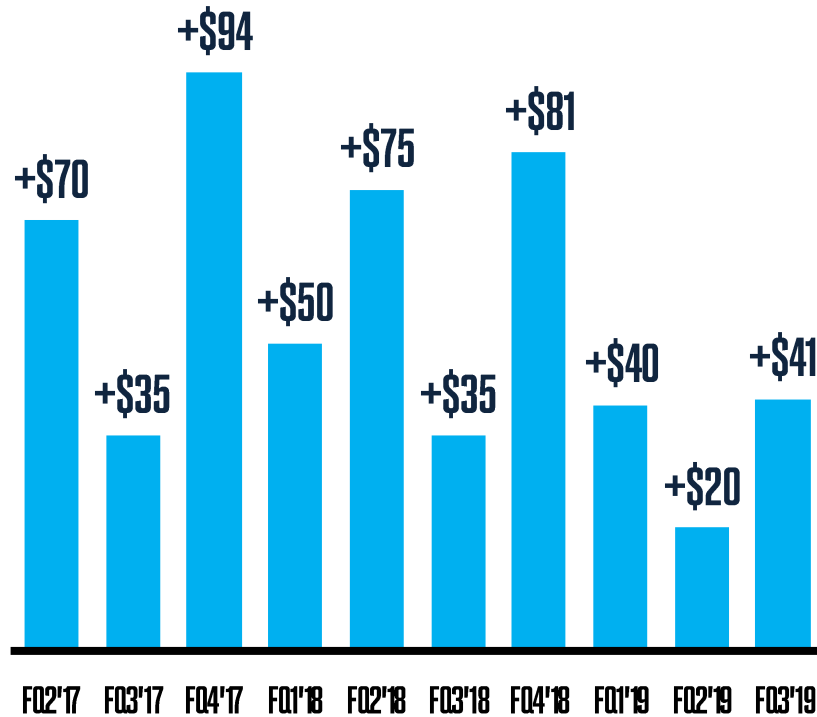
(1) From continuing operations

FILMED ENTERTAINMENT

TEN STRAIGHT QUARTERS OF YOY ADJUSTED OI IMPROVEMENT

Adjusted OI YoY Improvement

\$ in Millions



- Paramount Adjusted OI increased \$41M YoY in FQ3
- Box office success continues with *Rocketman* generating over \$185M in theaters worldwide
- *Dora and the Lost City of Gold* premieres in August, rekindling this beloved Nickelodeon franchise
- FY 2020 film slate is now at 16 films, including *Gemini Man*, *Terminator* and *Top Gun*
- Paramount TV continues to grow, with 26 shows ordered to or in production
 - New series ordered include *The Angel of Darkness*, sequel series to *The Alienist*, on TNT, and *Shantaram* for Apple
- Paramount on track to deliver full year profitability in FY 2019

MEDIA NETWORKS

LEADERSHIP IN KEY DEMOS



Source: Nielsen Media.
Note: English-speaking basic cable; Live+7.

DELIVERED #1 HITS ACROSS BRANDS*



Ryan's Mystery Playdate

#1 with K2-5 & Top 5 with K2-11
42% of viewers new to Nick



Double Shot at Love

#1 new reality series for young adults

The Hills: New Beginnings

#1 new reality series for P18-49



Yellowstone

Cable's most-watched summer series with an average of 5M viewers

Source: Nielsen Media.
* English-speaking basic cable; Live+SD for Nick and Live+7 for MTV and Paramount Network.

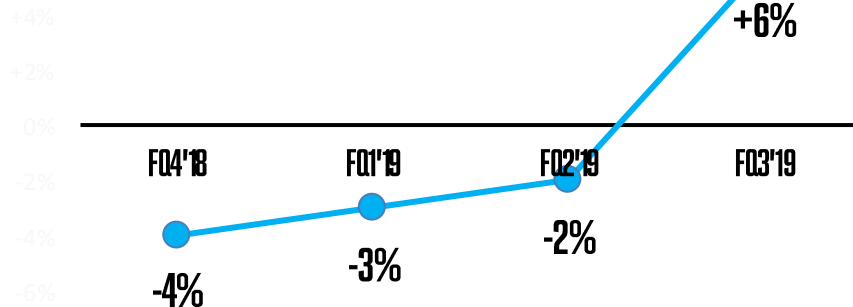
- **Media Networks continued to grow audience share**
 - Domestic Media Networks grew share with Comedy Central and Paramount Network delivering its ninth and third consecutive quarters of share growth, respectively
 - Had more top 20 original series than any other cable family among key demos in the U.S.
 - VIMN benefitted from Telefe remaining #1 in ratings, while Channel 5, Comedy Central and Paramount Network all grew share
- **Renewed distribution agreement with NCTC**
- **Studio production continued to expand**
 - Awesomeness premiered *Light as a Feather* on Hulu, as well as *Trinkets* and *The Perfect Date* on Netflix
- **Expanding suite of D2C products**
 - BET+ will launch this fall in partnership with Tyler Perry

DOMESTIC ADVERTISING

RETURN TO DOMESTIC ADVERTISING GROWTH

Domestic Advertising Revenue

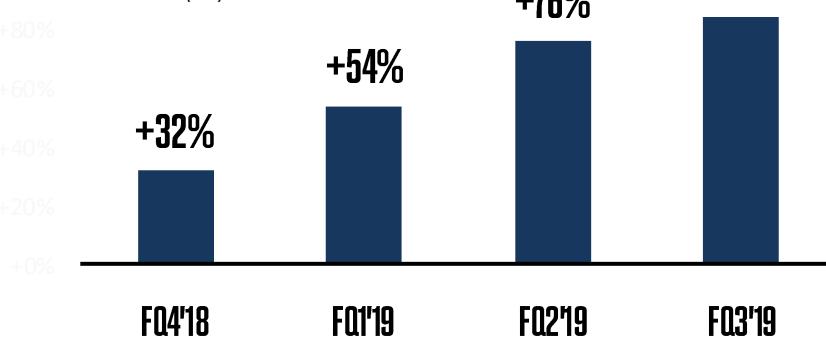
YoY Growth (%)



CONTINUED ACCELERATION IN AMS

Advanced Marketing Solutions Revenue

YoY Growth (%)



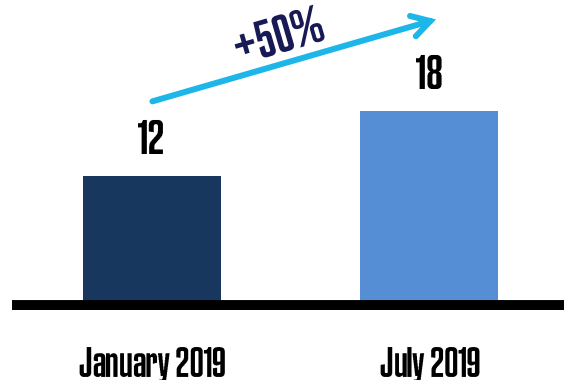
- **Domestic advertising revenue returned to growth**
 - YoY growth rate of 6% improved 800bps sequentially
 - On track to deliver full year domestic ad sales growth
 - Reflects successful execution of strategy enabling return to full year growth
- **AMS continued to accelerate**
 - Up 84% in FQ3
 - Projected to represent nearly 20% of full year domestic ad sales, almost doubling versus the prior year
- **Upfront strategy delivered strong results**
 - Secured high single to double-digit price increases, delivering the highest rate of change in over a decade
 - Doubled agency commitments to AMS, including Pluto TV, driving significant shifts to Viacom's premium digital video inventory



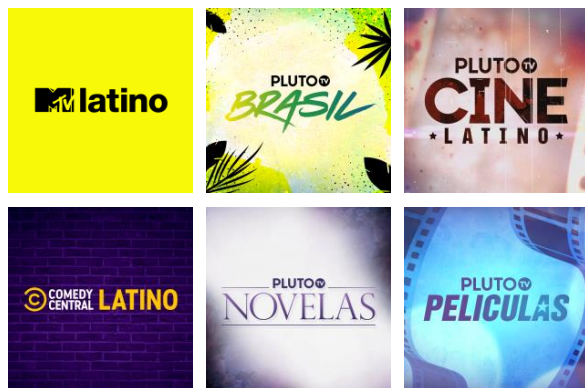
RAPIDLY INTEGRATING AND SCALING PLUTO TV

Monthly Active Users

In Millions



Pluto TV Latino Channels



- **Continued to grow leadership in free streaming TV**
 - 18M MAUs, up 50% this calendar year
- **Significant progress on advertising monetization**
 - Contributor to FQ3 ad sales growth and strong upfront results
- **Expanded premium content offering**
 - Added 28 new channels in FQ3
 - Launched Pluto TV Latino, a suite of 11 free linear channels with 2,000+ hours of Spanish and Portuguese TV programming
 - Added to the U.K. on-demand platform My5
- **Securing new distribution**
 - Integrated on Comcast's Xfinity X1
 - Launching on Cox Communications' Contour video and broadband platforms

FINANCIAL RESULTS

CONSOLIDATED FINANCIAL RESULTS *

DELIVERED STRONG TOP LINE GROWTH; ACHIEVED SIXTH CONSECUTIVE QUARTER OF ADJUSTED DILUTED EPS⁽¹⁾ GROWTH

Key Consolidated Financials

\$ in Millions, except per share data

		Year-over-Year	
		Reported	Constant Currency
Revenue	\$3,357	+4%	+6%
Adjusted OI	\$757	-1%	0%
Adjusted Diluted EPS ⁽¹⁾	\$1.20	+2%	+3%

Highlights †

- Top line driven by growth at both Filmed Entertainment and Media Networks
- Adjusted OI was flat as growth in Filmed Entertainment was offset by investment at Media Networks
- Adjusted Diluted EPS⁽¹⁾ grew 3%, marking the sixth consecutive quarter of growth

* See page 1 for information regarding non-GAAP financial measures

† Figures presented on a constant currency basis

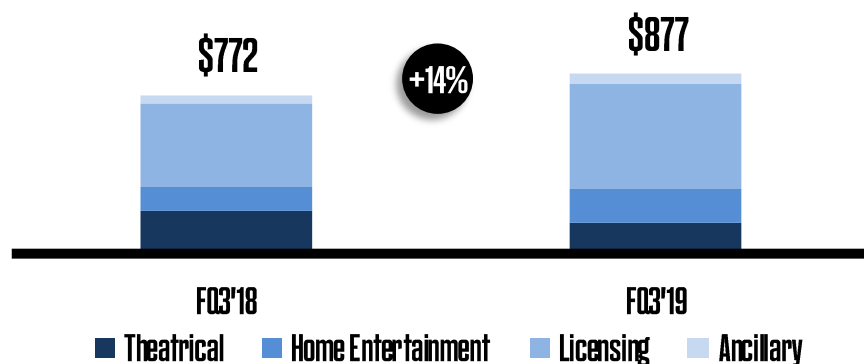
(1) From continuing operations

FILMED ENTERTAINMENT*

CONTINUED MOMENTUM DRIVING TOWARDS FULL YEAR PROFITABILITY

Revenue Breakdown

\$ in Millions



Adjusted Operating Income

\$ in Millions



* All figures are presented on a reported basis as impact from foreign exchange is not material

Highlights

- Revenue performance driven by strong growth in Licensing and Home Entertainment
 - Licensing revenue increased 29% driven by monetization of the library and growth in TV production
 - Home Entertainment revenue grew 35% benefitting from *Bumblebee*
 - Theatrical revenue reflected strong performance of *Rocketman* and *Pet Sematary*, which was more than offset by performance of *A Quiet Place* in the prior year quarter
- Achieved tenth consecutive quarter of Adjusted OI improvement, up \$41M YoY
- On track to deliver full year profitability

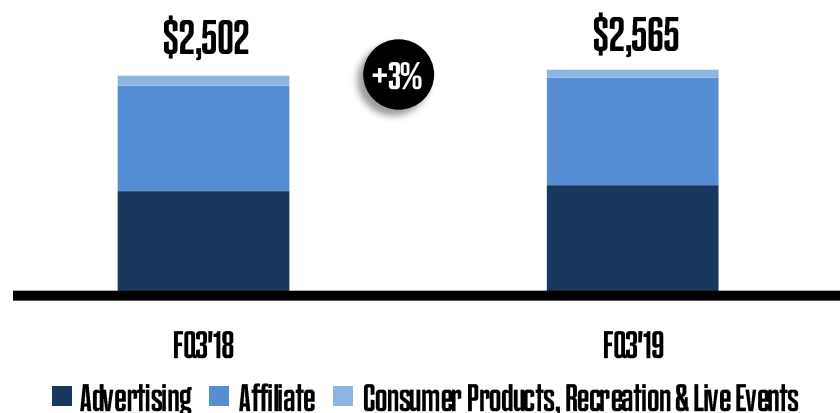
MEDIA NETWORKS*

RETURN TO DOMESTIC AD REVENUE GROWTH; REAFFIRMING DOMESTIC AD AND AFFILIATE OUTLOOK

All figures presented on a constant currency basis

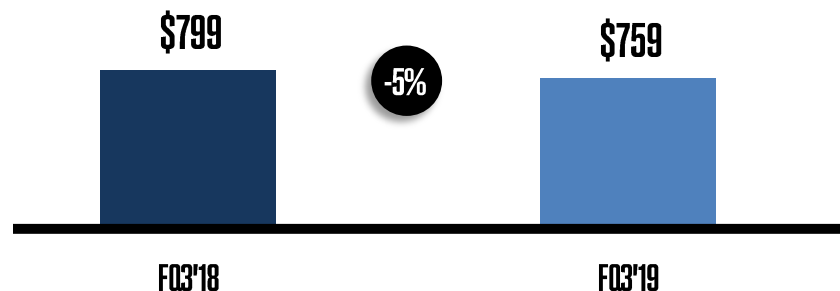
Revenue Breakdown

\$ in Millions



Adjusted Operating Income

\$ in Millions



* See page 1 for information regarding non-GAAP financial measures

Highlights

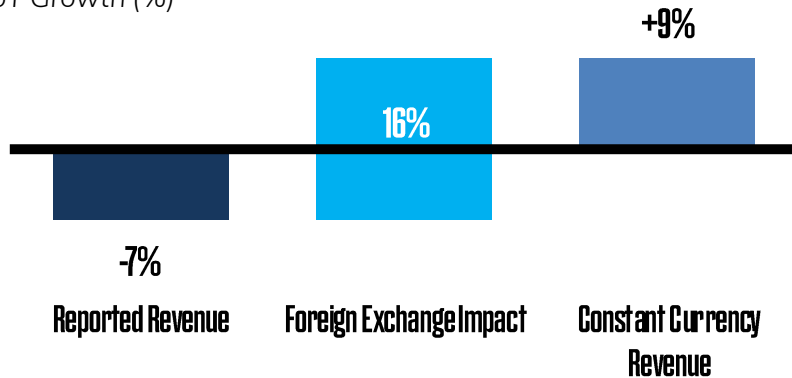
- Domestic ad revenue achieved strong growth – up 6% – the first time in 20 quarters
 - AMS revenue growth accelerated to 84%
 - Timing of Easter had a +1% impact on domestic ad revenue growth
- Domestic affiliate revenue declined 1%
 - Performance driven by subscriber declines, partially offset by higher contractual rates and OTT and studio production revenues
 - From a timing perspective, certain revenue shifted from FQ3 to FQ4
- Adjusted OI impacted by marketing for current and upcoming original program launches, as well as investments in key growth initiatives

INTERNATIONAL MEDIA NETWORKS*

RETURN TO GROWTH IN BOTH ADVERTISING AND AFFILIATE REVENUE

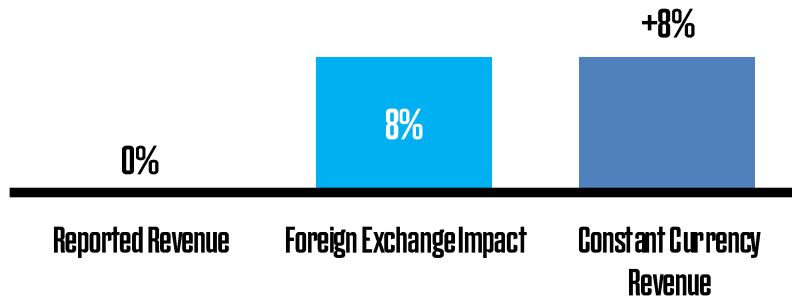
International Advertising Revenue

YoY Growth (%)



International Affiliate Revenue

YoY Growth (%)



Highlights†

- International revenue returned to growth, up 7% YoY
- Advertising revenue increased 9%
 - Argentina and the U.K. had strong growth despite macroeconomic challenges
 - International, outside of the U.K. and Argentina, also delivered growth
- Affiliate revenue increased 8% benefitting from growth in linear, as well as SVOD and other OTT deliveries
- Expect continued momentum and growth in revenue in FQ4

* See page 1 for information regarding non-GAAP financial measures

† Figures presented on a constant currency basis

DEBT & FREE CASH FLOW *

CONTINUED TO STRENGTHEN THE BALANCE SHEET; GENERATED STRONG YTD FREE CASH FLOW

Highlights

- Generated YTD FCF of \$984M, up 10% YoY, driven by an improvement in working capital management, partially offset by higher cash taxes
- Gross debt declined 11% versus the prior year

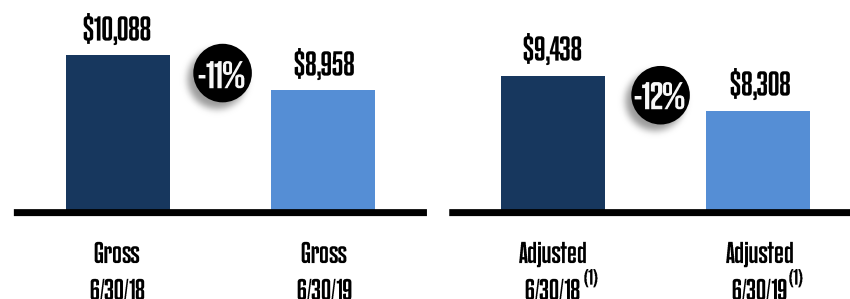
Free Cash Flow

\$ in Millions

	FYTD'19	FYTD'18	B/(W)%
Adjusted Operating Income	\$ 2,144	\$ 2,126	1%
Depreciation and Amortization	159	159	0%
Capital Expenditures	(119)	(102)	(17%)
Cash Interest	(347)	(403)	14%
Cash Taxes	(217)	(95)	(128%)
Working Capital and Other	(636)	(790)	19%
Free Cash Flow	\$ 984	\$ 895	10%

Debt

\$ in Millions



Debt Overview

\$ in Millions

Gross Debt	\$8,958
Adjusted Gross Debt ⁽¹⁾	\$8,308
Cash and Cash Equivalents	\$722
Net Debt	\$8,236
Weighted Average Rate	5.05%
Weighted Average Maturity	16.5 yrs

* See page 1 for information regarding non-GAAP financial measures

(1) Adjusted Gross Debt reflects 50% equity credit applied by S&P and Fitch to \$1.3B of hybrid securities, reducing gross debt by \$650M

VIA COM

AWESOMENESS

BELLATOR

BET★

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colors



nickelodeon



PLUTO



TV LAND

VH-1

