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ViacomCBS, Inc. (VIAC)

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CORPORATE PARTICIPANTS

Naveen Chopra
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MANAGEMENT DISCUSSION SECTION

Jessica Reif Ehrlich
Analyst, BofA Securities, Inc.

Welcome back everybody. I'm Jessica Reif Ehrlich, Senior Media and Entertainment analyst at BofA Securities. It is my pleasure to welcome Naveen Chopra, CFO, ViacomCBS.

[indiscernible] (14)

Naveen Chopra
Executive Vice President & Chief Financial Officer, ViacomCBS, Inc.

Hi, Jessica. Thanks for having us.

Jessica Reif Ehrlich
Analyst, BofA Securities, Inc.

Thanks so much.

QUESTION AND ANSWER SECTION

Jessica Reif Ehrlich
Analyst, BofA Securities, Inc.
Q

Well, never a dull moment with ViacomCBS. You just announced that, literally in the last hour or so, announced that Brian Robbins is going to be President and CEO of Paramount Studios (sic) [Pictures] (00:29). In addition, David Nevins has expanded his responsibility to include Paramount Television Studios. Could you talk about the rationale behind the leadership change and what looks like another reorganization?

Naveen Chopra
Executive Vice President & Chief Financial Officer, ViacomCBS, Inc.
A

Yeah, sure. Look, Jim leaves some very big shoes to fill at Paramount. There's no doubt he has helped revitalize the studio both creatively and financially. But I think Brian is really the perfect person to take the reins from here. I've had the opportunity to get to know him a bit over the past year and I think he is definitely someone who brings incredible, creative, and strategic insights to the business. He's a very passionate storyteller and he understands the importance of leveraging our franchises, as well as building new franchises.

You see it in what he's done to-date with SpongeBob, what he's done with PAW Patrol, what he's done with iCarly, what he's starting to do with things like Teenage Mutant Ninja Turtles. But that experience goes well beyond just kids programming. I mean, he's been a director, he's been a producer, he's helped found Awesomeness TV. He led Paramount Players when he was previously at Paramount. So, I think he understands the perspectives of all of our many constituents in the filmmaking industry. And that's really critical, because we're obviously, as is sort of always the case in our industry, undergoing a lot of change. And I think Brian understands that in order to successfully navigate that change, you have to figure out how to leverage the benefits of the traditional parts of the business, including theatrical distribution, while also aggressively embracing streaming and changes in consumer behavior. So, I'm very excited about where Brian will be able to take things in the future. Similarly, the transition of Paramount TV going to David Nevins, I think, will be a very accretive move for us. David is someone that just has an incredible track record of creating culture-defining content that is both commercially successful and critically acclaimed. And now he will be able to do that with an even broader purview. So, look, at the end of the day, we're a content company. And I think that what Brian and David will be able to do to help take our content assets to the next level to feed multiple parts of our business is going to be really a great win for us.

Jessica Reif Ehrlich
Analyst, BofA Securities, Inc.
Q

Great. So, continuing on the content theme and film, there is a significant change occurring right now in the industry for films and its various windows starting with theatrical. It's been – I've never seen anything like what we've seen in the past year in terms of release strategies and schedules changing. So, if we're in an environment where windows are shrinking, which they clearly are and our return to theaters at pre-COVID levels is unclear, do you think that the value of the film is worth less today than it was two or three years ago?

Naveen Chopra
Executive Vice President & Chief Financial Officer, ViacomCBS, Inc.
A

No. Movies are extremely important to us. They continue to be a very unique storytelling medium that are critical to developing franchises and really being able to connect with audiences. Movies have always had the ability to be monetized through multiple different channels, and the difference is that today, we have more distribution options for our films than we've ever had. And you're starting to see us experiment and take advantage of that in a lot of different ways. If you take our most recent release of PAW Patrol as one example, that's a movie that we released day and date in theaters and on Paramount+.

Now, a lot of sort of conventional wisdom would say while streaming and theaters are going to cannibalize one another, but in this case, what we saw was that PAW Patrol's box office results actually exceeded the expectations that we set when we thought it would be an exclusive theatrical release, meaning that the simultaneous release on P+ and theaters was very synergistic. I think the streaming release definitely helped drive awareness and interest in seeing the movie in a theater, and obviously, the theatrical release did a lot to eventize the release of the movie on Paramount+ and really drove it to very quickly become one of the most watched originals that we've released on the service.

And then in the case of PAW Patrol, there's also a whole consumer products angle that I think greatly benefited from the broader distribution and all of the incremental promotion and awareness that goes along with that.

Now that being said, it's not a one-size-fits-all approach. You've seen us use different windowing strategies for other movies. A Quiet Place Part II as an example was a movie that had an exclusive theatrical release with a fast follow 45 days later on Paramount+. And then we've done other movies that we've released as streaming exclusives, things like Infinite and which we will do with the next installment of Paranormal Activity. So, the reality is that, what we're doing is we're looking at our films on a case-by-case basis. And we're trying to optimize based on the specifics of the movie, based on other constituents that are involved and quite frankly, the realities of the pandemic. And we're trying to make the best decisions for each of those movies. And so far, I think it's worked very well in terms of both helping our streaming services, creating opportunities for theatrical release when possible and ultimately, continuing to build our franchises and our IP and helping us connect with audiences.

Jessica Reif Ehrlich
Analyst, BofA Securities, Inc.

Q

So, one more on film before we [ph] do (07:25) talk about all of your streaming services and that's – could you give us the rationale for delaying your theatrical film releases, your 2021 releases into 2022, especially in light of the performance of some of the more recent films that have come out?

Naveen Chopra
Executive Vice President & Chief Financial Officer, ViacomCBS, Inc.

A

For the big releases, a Mission Impossible, a Top Gun, those are really pandemic-driven decisions. The fact is that the theatrical environment is still very dynamic and very different in different parts of the world. And we just have found that in order to really maximize the value of those assets, it makes sense to wait. And again, we will continue to look at this on a case-by-case basis as the situation evolves. But I think that really the key thing is that it is not one-size-fits-all. We're going to look at every movie depending on what we think makes sense for that particular movie at that particular point in time. And as I said, I think so far, we've had a pretty good track record there.

Jessica Reif Ehrlich
Analyst, BofA Securities, Inc.

Q

Okay. Let's move on to Paramount+. Can you talk about what particular content or genres you're seeing the greatest engagement on Paramount+? And based on the consumer behavior that you've seen so far, are you revising at all how much you allocate to TV versus films or any other types of content?

Naveen Chopra
Executive Vice President & Chief Financial Officer, ViacomCBS, Inc.
A

Yeah. So, Paramount+ is intentionally a broad service. A lot of the existing large-scale streaming services, probably with the exception of Disney+, have really focused on big scripted dramas for adult audiences, and we know in part from our experience in a linear world that there's a whole world of viewing out there that is drawn to sports, to news, to unscripted content, to kids content, and we're trying to really lean into that. I think it allows us to differentiate Paramount+, it allows us to serve multiple members of a household, and it maximizes engagement, acquisition, consumption on our service, all of which are critical to ultimately driving lifetime value. And that strategy you can see in the content that is resonating on Paramount+ today and what has helped drive the service over the last few months. You look at the strength we've had in kids content with things like our reboot of iCarly, movies that we've released on the service, whether that's a SpongeBob, PAW Patrol, Infinite, those have all helped drive acquisition. Sports has been very powerful. In fact, we just finished the – our opening weekend of the NFL, which – where we saw more viewers consuming NFL content on our streaming platforms than on any opening weekend to-date. So, we continue to be excited about that as a differentiator for Paramount+.

We've had some great success with shows that have big, well-known IP and libraries associated with them. Think of a Survivor or a Big Brother. And we've also had success with unscripted content. RuPaul's Drag Stars – excuse me – All Star Drag Race (sic) [RuPaul's Drag Race All Stars] (11:16) was a very popular title on Paramount+. So, it does span a lot of different genres that's by design. And we think it's – it will continue to be a strength going forward. And that's reflected in what we have coming up from a content perspective, which I think is equally exciting to what we've done. The CBS fall season will come to Paramount+ soon, which means a lot of our perennial hits in NCIS, FBI, as an example, SEAL TEAM, we're going to do an interesting thing where we'll have four episodes going on CBS, which will then launch it to become an exclusive title on Paramount+.

We will be launching two original South Park movies later this year. We'll have some big scripted dramas exclusive to Paramount+ from Taylor Sheridan, including the Mayor of Kingstown, which you've started to see some promos that I think look really, really cool, and Y: 1883, which is the backstory for Yellowstone, which, as you know, is one of the most popular shows on cable today. We also have some great kids programming coming in later this year, Star Trek: Prodigy, which will be another part of our broader Star Trek franchise tailored at younger audiences is a great show, and I think will contribute to Paramount+ as well. So, it's all about breadth, it's all about serving a lot of different audiences and continuing to differentiate our service.

Jessica Reif Ehrlich
Analyst, BofA Securities, Inc.
Q

How should we think about reprioritization of content spend away from the linear business [ph] and to (13:04) your streaming businesses? And what does that say about your overall content spend for the company over the next couple of years?

Naveen Chopra
Executive Vice President & Chief Financial Officer, ViacomCBS, Inc.
A

Yeah. Well, like if you step back, the reality is our business is becoming more and more streaming-oriented. Streaming revenue will be roughly 15% of total company revenue this year and obviously, meaningfully higher next year. So, you'd expect that our streaming content expenses would grow as we lean more into streaming. We said as much during our Investor Day back in February, I think at that point I indicated that we expected streaming content expense to exceed $5 billion by 2024 that's compared to about a $1 billion in 2020. We're already starting to see that happen. I think this year streaming content expense will be more than double what it was in 2020. But that's not all incremental to total company content expense, because there is remixing going on, meaning reallocation of content investment from linear to streaming. There's also a lot of content that does double duty on both platforms. Think about something like the NFL or our movies. They obviously generate revenue both in linear or traditional channels, as well as in streaming. And we're also finding ways to get more leverage from our content investments. We're increasingly focused on creating content for global audiences rather than having US content and then producing different content internationally. And we're also leveraging more and more of our production capabilities outside the US, which allows us to be a lot more efficient in what it costs to produce content. So, when you put all those things together, the impact is that total company content expense will increase over time relative to where we are today, but at a lower rate than the increase in streaming content investment because of the remixing, because of content doing double duty, because of incremental leverage that we're getting in those investments. And so, I think it's a great balance between being able to drive streaming growth with a prudent level of investment.

Jessica Reif Ehrlich Q
Analyst, BofA Securities, Inc.

Right. And then over the next few years, do you view your DTC offering as incremental to your financial profile or is it more of a substitute for the linear networks, which we know are faced with secular decline subscriber declines? And maybe in that mix, you could even include film, given the reorganization and the changing of windows, how do) you see overall DTC?

Naveen Chopra A
Executive Vice President & Chief Financial Officer, ViacomCBS, Inc.

Yeah. It's an interesting question, which I think is an important thing for investors to understand. And if you really boil it down, we strongly believe that streaming is a net addition to our business. It's not just replacement and that manifests in a variety of ways. So, if you look, for instance, at the affiliate or the subscription parts of our business, the fact is that streaming is a global opportunity with more distribution channels than we have ever had in the linear world. And that translates to a much bigger TAM than what has been available to us in the past. I think streaming also has more long-term upside in the unit economics, because we have more control over pricing and advertising monetization than what we've had in the historical linear environment. And the combination of those things means that the growth in streaming should more than offset declines in linear affiliate revenue. Similarly, if you look at the advertising side of our business, we're already seeing digital video advertising as a major growth driver, which in combination with rate increases on the linear side, allow us to be choosing. It allows us to number one, make available more total impressions for our advertisers than we could in the linear world. And it allows us to secure greater aggregate economics than through the combination of streaming and linear. Obviously, Paramount+ and Pluto are the engines of creating that inventory. So, they are key parts to making that equation work. So, [ph] as I said (18:19) both on the advertising and the affiliate side, it's a net gain. The other important point here is that I don't think streaming and linear are necessarily a zero-sum game so to speak. The reality is we monetize many viewers today in both our linear and streaming services. And I think that'll continue to be the case for many years, because there is unique content available in both channels and we're already seeing that when you think about the fact that the declines in affiliate viewership today are significantly smaller than the growth that we are seeing in streaming. And [ph] as I said (19:12) I think that'll continue to be the case for the next few years. So, streaming is definitely additive to the business. And that's obviously the big reason that we are investing so aggressively behind it.

Jessica Reif Ehrlich Q
Analyst, BofA Securities, Inc.

So, why don't you talk about the deal structure you made, two recent deals with Sky/Comcast and they're really different. One is in Western Europe, which seems more traditional in Sky markets. And the other one is largely Eastern Europe, [ph] is just (19:43) a little bit of crossover into Western, which is a JV. Can you talk about the strategic rationale between the varied approaches for the deals in each region and also the financial implications since reporting for both should be different?

Naveen Chopra
Executive Vice President & Chief Financial Officer, ViacomCBS, Inc.
A

Yeah. We're very excited about both of these deals. And as you said, there are sort of some similarities and some differences. The consistent theme for both of them is that it's all about achieving rapid global expansion of our streaming presence. But the way we're going about it is different in each of these markets. So, let me add a little bit of color to those.

So, the first deal that we announced, as you noted, is a commercial deal with Sky. It's focused on key Western European markets, including the UK, Italy, Germany, Ireland, Switzerland and Australia. And under that deal, Sky will distribute Paramount+ to its paid television subscribers that take their Sky Cinema tier. Now that's millions of customers, who upon the launch of our service in those markets will immediately have access to Paramount+. We like that because it sits alongside our D2C owned and operated launch of Paramount+ in those markets, but gives us sort of a slingshot into the market with a large number of subscribers coming onboard very quickly with very attractive acquisition costs and lower churn than what we would see in a more traditional model. It also makes Paramount+ an even more compelling consumer proposition in those markets, because it adds to the content that we're able to provide, specifically Paramount+ will become the exclusive home for Showtime series and Paramount Originals in those markets. Paramount+ will become the co-exclusive home with Sky for [ph] Paramount Pay1 Movies (22:06). And the combination of those things, I think, really magnifies our presence in some of those key Western European markets and allows us to have a very accretive deal on day one. And those subs will be part of our standard sub reporting. These are the kinds of deals that we anticipated doing when we put together our long-term plans earlier in the year. We do think this will allow us to move more quickly than we had originally expected, which is obviously very exciting to us.

The other deal that we announced with Comcast, as you pointed out, is a joint venture and it's focused on different types of markets, primarily smaller markets in mostly Eastern Europe. And in that case, we're creating a new streaming service called SkyShowtime, which is a combination of both our content assets and Comcast content assets, which when you put those two things together, really is a powerful combination for consumers. I mean, think about franchises like Mission Impossible or Star Trek, Fast & Furious, Transformers, kids content like Shrek, PAW Patrol, SpongeBob, Dora, all being available through a single service. It is, I think, really going to be attractive to customers in those markets. And although they are relatively small markets, it does cover about 90 million broadband homes today. So, we think that's an interesting opportunity.

And for us, it's a very cost-efficient way to go after those customers. We will share both investment in the venture with Comcast and we will share a control. Unlike the commercial deal with Sky, because of the JV structure in this deal, these subs will not be part of our standard sub reporting and in fact, they're incremental to the expectations that we shared earlier in the year. So, each of these deals, I think, is interesting sort of for its own right. But at the end of the day, it's all about helping us become a bigger player on the global streaming stage.

Jessica Reif Ehrlich
Analyst, BofA Securities, Inc.
Q

So, when you go into new markets, like how do – what are the considerations, whether you do a more traditional deal or do a JV? And as you expand like – to expand your business even in existing markets, like whether it's the

US or other areas, to get – can you talk about scaling quickly, breadth of content, depth of content, does it make sense in – to do these kinds of deals, which deal make sense in which areas or you go it alone, I guess?

Naveen Chopra
Executive Vice President & Chief Financial Officer, ViacomCBS, Inc.
A

Yeah. Well, I think the way people should think of that is it, we look at every market and we start with our default position that we want to be a major D2C player with our owned and operated service on a fully independent basis, because we think that generally, we bring a very powerful combination of content and IP and production assets that give us the ability to build a very compelling streaming service, as you've seen us do in key markets, obviously, including the US.

There are some markets where we have the ability to enhance those positions through partnerships. And that leads to a variety of different models in different markets. You saw that we entered Latin America and Australia as an example on a full O&O basis. Again, those are markets where we have that full complement of content, existing MVPD relationships that can be leveraged for distribution. We have promotional channels that are available to us. We have local production capability. So, it makes a ton of sense to sort of replicate our US model in those markets. There are other markets, like we just talked about, UK, Germany, Italy, where we start with an O&O presence, and then we augment that with distribution partnerships, just like what we're doing with Sky in the UK, because those help accelerate what we're doing to try to grow our streaming presence. But then there are also markets where JVs make sense, like we talked about with SkyShowtime. There are other examples of that where we found success. India is, I think, a great example where we have – there's real interest in our content in those markets, but we don't have the same local presence that we do in the US or the UK as an example, and in that case, we chose to enter into a joint venture with Reliance, which is obviously a very powerful distribution partner, and I think that's a better approach for us there. So, it is market by market. It starts with figuring out if we can go it alone, and then looking to see if there are opportunities to enhance that with partnerships.

Jessica Reif Ehrlich
Analyst, BofA Securities, Inc.
Q

Is there an opportunity to further integrate Showtime and Paramount+ over time domestically?

Naveen Chopra
Executive Vice President & Chief Financial Officer, ViacomCBS, Inc.
A

[ph] Okay (28:10). We've sort of built our streaming strategy around the notion of a streaming ecosystem that has a free pay and premium component to it. And we continue to like that strategy. I think it's worthwhile to-date. It gives us the ability to cross-pollinate between those services while at the same time serving the broadest possible base of customers. And I think we found interesting ways to create value out of that ecosystem by sampling, by doing promotions, by creating bundles across those different services. For example, we have created channels on Pluto TV that make Paramount+ content available. We've got a Paramount+ [ph] Epix (29:06) channel. We've got a channel on Pluto that allows people to sample Showtime content. Similarly, on Paramount+, we just recently launched the first three seasons of Billions ahead of the launch of the new season on Showtime. We've got a Paramount+ Showtime bundle that we'll be launching later this month. So, we really like what we can do from a marketing and an acquisition perspective with that portfolio. Similarly, on the advertising and the distribution side, having all three services, I think does unlock incremental value. The EyeQ platform is our one-stop shop that allows advertisers to buy high-quality digital video inventory across that entire portfolio. So, it's a way of having a larger audience that we can make available to advertisers. And similarly, anytime we're in a distribution negotiation, whether it's with a connected TV platform, a Roku, an Amazon, a traditional MVPD, when we show up with Pluto, Showtime, Paramount+, it's really just more arrows in our quiver to find value that we can inject into

these partnerships. And the reality is, some of our partners care more about free, some of them are very focused on subscription. And so, having that portfolio allows us to be very creative in how we put those partnerships together. So, it's obviously still early days for us in streaming, but we like the strategy that we have. And I think, we'll continue to find ways to use all those three services to complement one another.

Jessica Reif Ehrlich
Analyst, BofA Securities, Inc.

Q

Right. And you've launched the Paramount+ [ph] ad-light (31:03) product in June, so a couple of months ago. What – can you talk about the relative mix of net adds since that time between premium versus the [ph] ad-light (31:13)? And how different are the economics between the two services? Some of your competitors have said they actually have higher ARPU in their [ph] ad-light (31:22) product versus their pure subscription?

Naveen Chopra
Executive Vice President & Chief Financial Officer, ViacomCBS, Inc.

A

Yeah. So, as you pointed out, our Essential tier, which is our ad-supported product, launched relatively recently. I think thus far, it's performed very much in line with expectations, which is to say there is a significant portion of our new subscribers who take the ad-supported tier. And as you hinted, the economics between the two are not as different as some might imagine because of the contributions from advertising. And we do think that while ARPUs on both services will continue to grow both domestically and internationally, the delta between the two will probably narrow over time. And we could get to a point – we're not there today, but we could get to a point where, yeah, the ad-supported service actually generates higher ARPUs than the ad-free service. So, we don't really think about trying to steer customers into one service or the other. We're really focused on getting people into whichever tier of service is going to be the most sticky for them, because at the end of the day, if the unit economics don't differ that much between the services, the way you maximize lifetime value is by making sure people stick around as long as possible. So, we want our customers in whichever tier fits the best for them.

Jessica Reif Ehrlich
Analyst, BofA Securities, Inc.

Q

I mean, Pluto [ph] seems (32:57) incredibly – given how strong the ad market is, I mean, Pluto is sitting in a kind of a sweet spot at the moment. And you said this will be a $1 billion business this year. How big do you think it will be over the next – I don't know – whatever, three years, three to five?

Naveen Chopra
Executive Vice President & Chief Financial Officer, ViacomCBS, Inc.

A

Yeah. [indiscernible] (33:14), I mean, Pluto has just been an incredible performer breaking $1 billion this year. That's relative to I think what was probably well under $100 million of revenue just two or three years ago. And we expect that the growth in Pluto will continue. It's an extremely powerful, capital-efficient, multidimensional business model that we really like. Going forward, there will be growth still coming from MAU growth, but also increased engagement and improvements in monetization. We've got a goal of achieving between 100 million and 120 million MAUs in Pluto by the end of 2024. We're well on our way to achieving that. We finished Q2 at just over 52 million MAUs. We're also seeing some great growth in engagement on Pluto TV. We announced last quarter that time spent per user was up 45% domestically, and that's largely driven by our ubiquitous kind of connected TV presence and the continued expansion of content on Pluto TV.

I think we've got over 200,000 hours of content on the service today. And monetization is continuing to mature and evolve. We've made big gains in sell-through. I think we're in a great position to continue to drive price on Pluto. And there's plenty of innovation that we can bring to the ad product itself with more data capabilities continuing to optimize ad load, et cetera. So, we're all in on Pluto. We're very bullish about its future. And I think there are a lot of folks who probably underestimate the capability and the value of Pluto, just given its current scale and growth trajectory relative to peers, and I think we're going to continue to prove exactly what an incredible asset it is.

Jessica Reif Ehrlich
Analyst, BofA Securities, Inc.

Q

So, we're getting a few investor questions, I'll just ask one before I go back to kind of – we have to get to advertising, but – the question is, would you consider giving more subscriber detail, net adds and ARPU to be more aligned with some of the companies that do report that like Netflix and Disney?

Naveen Chopra
Executive Vice President & Chief Financial Officer, ViacomCBS, Inc.

A

Yeah. We made some changes to our disclosure earlier this year, as I think many people know, in order to try to provide more visibility as to our progress on streaming, including the breakdown of streaming revenue as between subscription and advertising. We will continue to look at those disclosures. I think, right now, that provides a pretty good sense of where we're going. But I think it's been well-received by investors, and we'll continue to evaluate whether there are other things we should do as we continue to evolve our streaming business.

Jessica Reif Ehrlich
Analyst, BofA Securities, Inc.

Q

Okay. Let's move on to just advertising. The upfront market was beyond anybody's [indiscernible] (36:42) – beyond anything we've ever seen. And it was all parts of it, including digital advertising. So, could you talk about how digital played a role in the upfront this year? What are your expectations as we go – [ph] get to (36:56) – as we see the impact of that in Q4 and beyond?

Naveen Chopra
Executive Vice President & Chief Financial Officer, ViacomCBS, Inc.

A

Well, [ph] as you said (37:00), I mean, digital was a huge part of the story of this year's upfront. It really is the thing that allows us to provide a great reach story for advertisers by combining linear, which is obviously still the place they go to get the broadest reach, with large numbers of incremental impressions and a very large audience through our digital assets, which, or as I mentioned earlier, can be bought through EyeQ. EyeQ gives them access to 60 million households of very, very high-quality digital video inventory. When I say high quality, I mean, this is viewing a full professionally produced episodic content on the big screen, very different than what advertisers get through things like a YouTube or a Facebook. So, it was, I think, a very powerful and very successful story for us in the upfront. It's one of the things that helped us negotiate some very nice rate increases, and will be part of what underpins our advertising story as we move from Q3 into Q4 and start to get the benefits of that new upfront pricing. Remember, we're still operating under the prior broadcast year through Q3, which includes upfront pricing that was negotiated during the depths of the pandemic. So, Q4 will be the first quarter where we'll have the combination of improved pricing and continued growth in digital demand coming together. So, we're really looking forward to that.

Jessica Reif Ehrlich
Analyst, BofA Securities, Inc.

Q

Okay. I'm going to squeeze one last question, and even though we're sort of out of time, that's the mandatory capital allocation. I guess, broadly, could you speak about priorities? But also, you did that opportunistic equity raise, should be getting proceeds from Simon & Schuster soon. The Black Rock building is for sale. Your balance sheet is in a really strong position. I don't know. Could you – priorities and also are there other assets for sale? I mean, there has been speculation about Paramount [ph] a lot (39:23). So, all of that rolls into one.

Naveen Chopra
Executive Vice President & Chief Financial Officer, ViacomCBS, Inc.

A

Yeah. Well, obviously, sort of those two questions are related. I think as we've said before, one of our strategic priorities is to divest non-core assets and to use the proceeds of that to invest in our priorities, which really are about funding streaming growth, continuing to return capital to shareholders through our dividend and then to delever our balance sheet.

As you pointed out, we've made progress on all of those, whether it's the sale of Simon & Schuster, sale of the Black Rock building. We sold CNET last year. We will continue to shift assets from non-core legacy things to assets that can help us in streaming, including acquisitions that we think can bolster our streaming presence, including things like the – buying a controlling position at Miramax that we did earlier this year, some of the international acquisitions we've made to try to help us get access to more local content, more international production capability, et cetera.

So, it's all consistent with where we're going. And as you pointed out, I think we've got a very strong balance sheet with which to continue invest in streaming.

Jessica Reif Ehrlich
Analyst, BofA Securities, Inc.

Great. With that, Naveen, we are out of time. But thank you so much for joining us. And I'll be back at 12.30 with Warner Music Group. Thank you.

Naveen Chopra
Executive Vice President & Chief Financial Officer, ViacomCBS, Inc.

Thanks Jessica.