

# VIA COM

RESULTS FOR THE QUARTER AND YEAR ENDED SEPTEMBER 30, 2014

---

November 13, 2014



# 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: the public acceptance of our programs, motion pictures and other entertainment content on the various platforms on which they are distributed; technological developments and their effect in our markets and on consumer behavior; competition for audiences and distribution; the impact of piracy; economic fluctuations in advertising and retail markets, and economic conditions generally; fluctuations in our results due to the timing, mix and availability of our motion pictures and other programming; reduction in the distribution of our content; changes in the Federal communications laws and regulations; other domestic and global economic, business, competitive and/or regulatory factors affecting our businesses generally; and other factors described in our news releases and filings with the Securities and Exchange Commission, including but not limited to our 2014 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. If applicable, reconciliations for any non-GAAP financial information contained in this presentation are included in this presentation or available on our website at [www.viacom.com](http://www.viacom.com).

**This presentation is a supplement to, and should be read in conjunction with, Viacom's earnings release for the quarter and year ended September 30, 2014.**



# Reported Results

(In Millions, except per share amounts)

	Quarter ended September 30,		Year ended September 30,	
	2014	B/(W) 2013	2014	B/(W) 2013
Revenues	\$ 3,991	9%	\$ 13,783	-
Expenses	(2,701)	(15%)	(9,319)	2%
Depreciation & Amortization	(54)	13%	(217)	8%
Equity-Based Compensation	(29)	12%	(122)	5%
Asset Impairment	(43)	n/m	(43)	n/m
Operating Income	<u>\$ 1,164</u>	5%	<u>\$ 4,082</u>	6%
Net Earnings from Continuing Operations Attributable to Viacom	\$ 732	(9%)	\$ 2,392	(1%)
Diluted EPS from Continuing Operations	\$ 1.72	2%	\$ 5.43	12%
Weighted Average Diluted Shares	426.4	11%	440.2	11%

n/m – not meaningful



# Adjusted Results

(In Millions, except per share amounts)

	Quarter ended September 30,		Year ended September 30,	
	2014	B/(W) 2013	2014	B/(W) 2013
Revenues	\$ 3,991	9%	\$ 13,783	-
Expenses	(2,701)	(15%)	(9,319)	2%
Depreciation & Amortization	(54)	13%	(217)	8%
Equity-Based Compensation	(29)	12%	(122)	5%
Adjusted Operating Income	<u>\$ 1,207</u>	-	<u>\$ 4,125</u>	5%
Adjusted Net Earnings from Continuing Operations Attributable to Viacom	\$ 729	(1%)	\$ 2,376	3%
Adjusted Diluted EPS from Continuing Operations	\$ 1.71	10%	\$ 5.40	15%
Weighted Average Diluted Shares	426.4	11%	440.2	11%

See page 16-20 for the reconciliation to GAAP results.



# Free Cash Flow

(In Millions)

	Quarter ended September 30,		Year ended September 30,	
	2014	B/(W) 2013	2014	B/(W) 2013
Operating Income	\$ 1,164	5%	\$ 4,082	6%
Depreciation & Amortization	54	(13%)	217	(8%)
Asset Impairment	43	n/m	43	n/m
Capital Expenditures	(42)	33%	(123)	23%
Cash Interest	(152)	(58%)	(568)	(27%)
Cash Taxes	(335)	(16%)	(1,021)	(121%)
Working Capital & Other	464	88%	(61)	(5%)
Operating Free Cash Flow	<u>\$ 1,196</u>	11%	<u>\$ 2,569</u>	(16%)
Debt Retirement Premium	-	-	(11)	n/m
Free Cash Flow	<u>\$ 1,196</u>	14%	<u>\$ 2,558</u>	(15%)

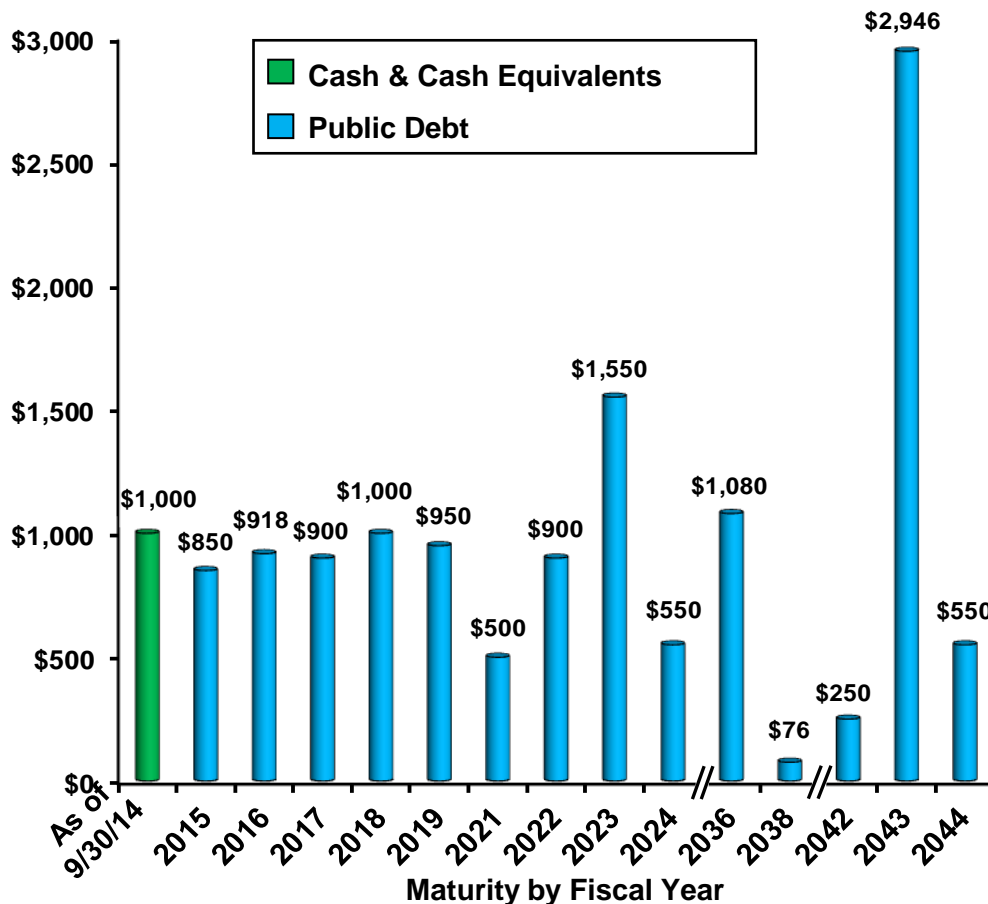
See page 21 for the reconciliation of cash provided by operations to Operating Free Cash Flow and Free Cash Flow.

n/m – not meaningful



# Debt & Cash

(In Millions)



	<b>September 30, 2014</b>
Floating Rate Debt	\$ -
Fixed Rate Debt	12,601
Capital Lease and Other Obligations	168
<b>Total Debt</b>	<b>\$ 12,769</b>
Cash & Cash Equivalents	1,000
<b>Net Debt</b>	<b>\$ 11,769</b>
Weighted Average Rate <sup>(1)</sup>	4.6%
Weighted Average Maturity <sup>(1)</sup>	12.9

Amounts in the chart exclude capital leases and other obligations.

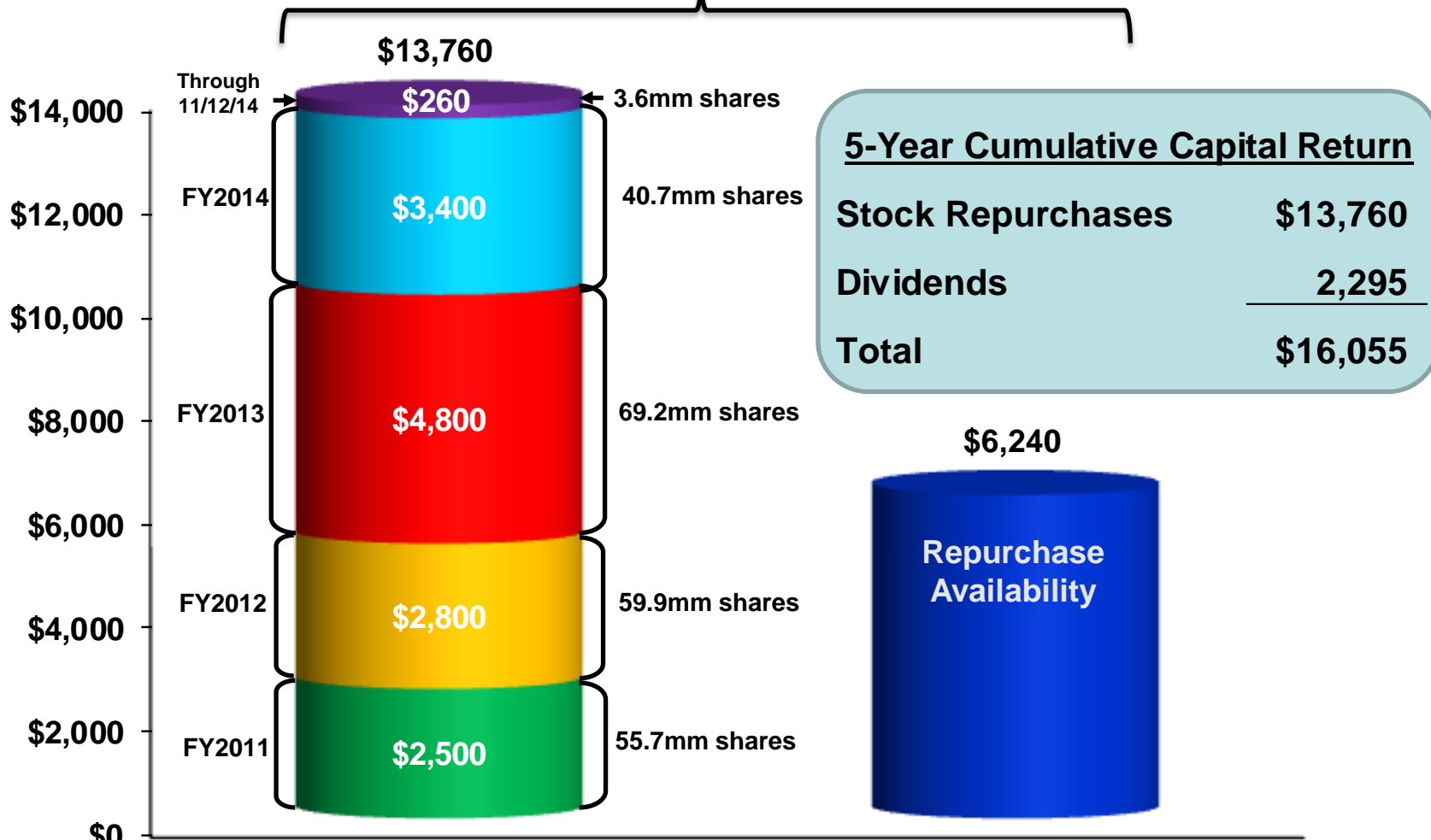
(1) Calculations are based on the book value of fixed rate debt.



# Capital Returned to Shareholders

(In Millions)

## Stock Repurchase Program \$20,000 Current Authorization

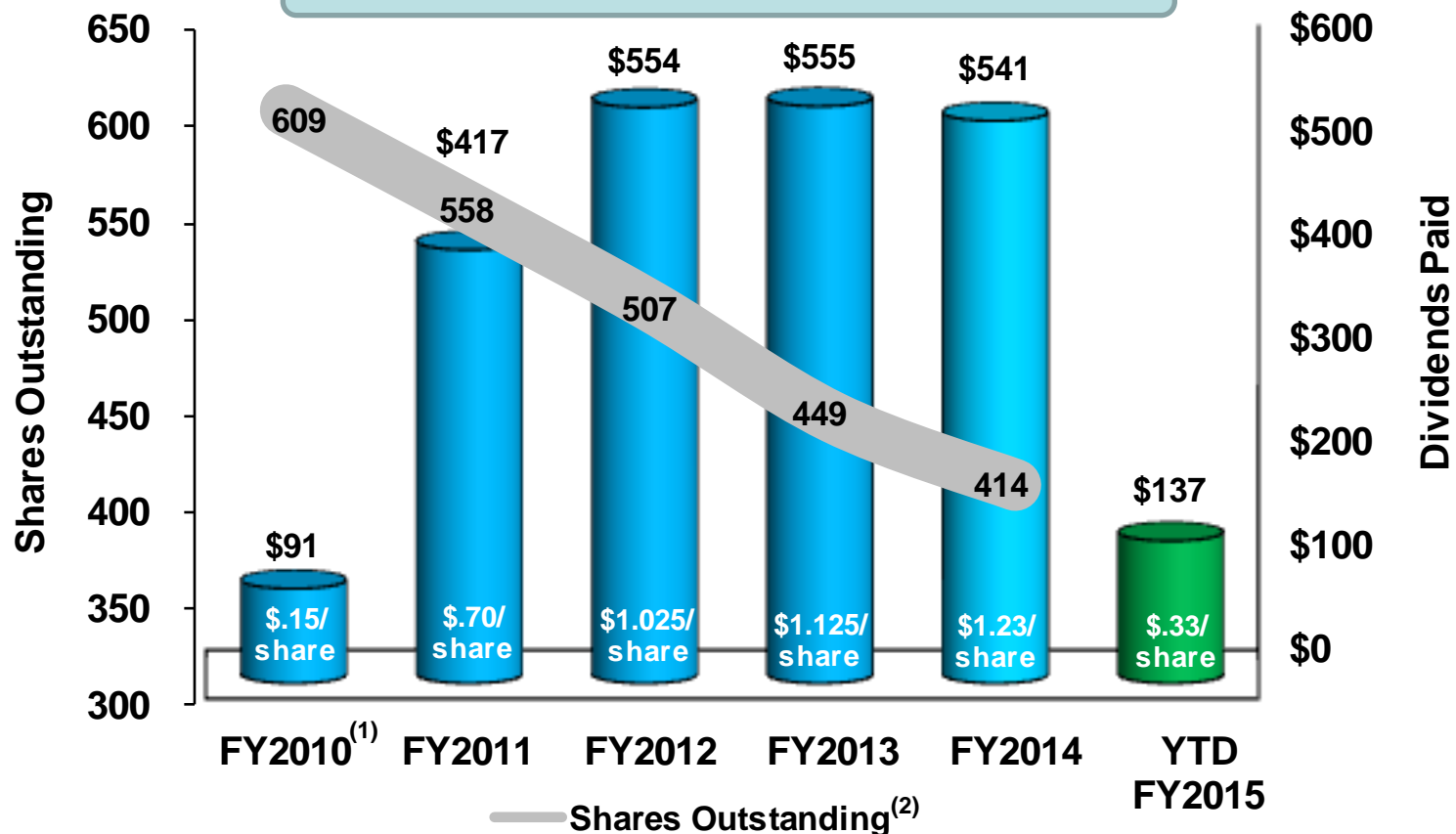


# Capital Returned to Shareholders

(In Millions, except per share amounts)

## Shares Outstanding and Dividends Paid

Cumulative Dividends Paid: \$2.3 billion



(1) We paid our initial quarterly cash dividend on July 1, 2010.

(2) Shares Outstanding are as of the end of the fiscal period.





# VIA COM

## SEGMENT HIGHLIGHTS

---



# Media Networks – Revenues by Type

(In Millions)

	Quarter ended September 30,		Year ended September 30,	
	2014	B/(W) 2013	2014	B/(W) 2013
Advertising	\$ 1,255	(2%)	\$ 4,953	2%
Affiliate Fees	1,256	22%	4,660	10%
Ancillary	153	1%	558	-
<b>Total</b>	<b>\$ 2,664</b>	<b>8%</b>	<b>\$10,171</b>	<b>5%</b>



# Media Networks – Financial Results

(In Millions)

	Quarter ended September 30,		Year ended September 30,	
	2014	B/(W) 2013	2014	B/(W) 2013
Revenues	\$ 2,664	8%	\$10,171	5%
Expenses	(1,537)	(11%)	(5,752)	(6%)
Depreciation & Amortization	(40)	(5%)	(148)	(3%)
Adjusted Operating Income	\$ 1,087	5%	\$ 4,271	4%
Equity-Based Compensation	(10)	-	(39)	(3%)
Asset Impairment	(43)	n/m	(43)	n/m
Operating Income	\$ 1,034	10%	\$ 4,189	5%

n/m – not meaningful



# Filmed Entertainment – Revenues by Type

(In Millions)

	Quarter ended September 30,		Year ended September 30,	
	2014	B/(W) 2013	2014	B/(W) 2013
Theatrical	\$ 557	226%	\$ 1,209	(2%)
Home Entertainment	267	(38%)	872	(33%)
TV License Fees	330	(14%)	1,092	(9%)
Ancillary	203	(10%)	552	2%
<b>Total</b>	<b>\$ 1,357</b>	<b>12%</b>	<b>\$ 3,725</b>	<b>(13%)</b>



# Filmed Entertainment – Significant Releases

## Theatrical

**Qtr ended September 30, 2014**

Hercules

Teenage Mutant Ninja Turtles

**Qtr ended September 30, 2013**

No Releases

## Home Entertainment

**Qtr ended September 30, 2014**

Noah

Transformers: Age of Extinction

**Qtr ended September 30, 2013**

G. I. Joe: Retaliation

Pain and Gain

Star Trek Into Darkness

World War Z



# Filmed Entertainment – Financial Results

(In Millions)

	Quarter ended September 30,		Year ended September 30,	
	2014	B/(W) 2013	2014	B/(W) 2013
Revenues	\$ 1,357	12%	\$ 3,725	(13%)
Expenses	(1,131)	(27%)	(3,456)	13%
Depreciation & Amortization	(13)	46%	(64)	28%
Adjusted Operating Income	\$ 213	(27%)	\$ 205	(12%)
Equity-Based Compensation	(4)	20%	(15)	6%
Operating Income	\$ 209	(20%)	\$ 190	(2%)



# VIA COM

## APPENDIX RECONCILIATIONS

---



# Supplemental Disclosures:

## Non-GAAP Financial Information

---

**Non-GAAP measures, including consolidated operating free cash flow, free cash flow and adjusted results that exclude asset impairment, loss on extinguishment of debt, restructuring and other charges, gains from the sales of our interests in certain investments and discrete tax benefits, are relevant and useful information for investors because they clarify our actual operating performance, make it easier to compare our results with those of other companies and allow investors to review performance in the same way as Viacom management.**

**These are not measures of performance calculated in accordance with GAAP. They should not be considered in isolation of, or as a substitute for, cash flow provided by operations, operating income, net earnings from continuing operations attributable to Viacom and diluted EPS as indicators of operating performance, and they may not be comparable to similarly titled measures employed by other companies. The tax impacts included in the tables have been calculated using the rates applicable to the adjustments presented.**





# Supplemental Disclosures:

## Non-GAAP Financial Information

(In Millions, except per share amounts)

	Quarter ended September 30, 2014			
	Operating Income	Pre-tax Earnings from Continuing Operations	Net Earnings from Continuing Operations Attributable to Viacom	Diluted EPS from Continuing Operations
Reported Results	\$ 1,164	\$ 1,008	\$ 732	\$ 1.72
Factors Affecting Comparability:				
Asset Impairment <sup>(1)</sup>	43	43	26	0.06
Discrete Tax Benefits <sup>(2)</sup>	-	-	(29)	(0.07)
Adjusted Results	<u>\$ 1,207</u>	<u>\$ 1,051</u>	<u>\$ 729</u>	<u>\$ 1.71</u>

(1) Represents a non-cash pre-tax impairment charge of \$43 million related to an international trade name at Media Networks.

(2) Represents \$29 million of discrete tax benefits, principally related to the reversal of deferred taxes on earnings deemed permanently reinvested.



# Supplemental Disclosures:

## Non-GAAP Financial Information

(In Millions, except per share amounts)

	Year ended September 30, 2014			
	Operating Income	Pre-tax Earnings from Continuing Operations	Net Earnings from Continuing Operations Attributable to Viacom	Diluted EPS from Continuing Operations
Reported Results	\$ 4,082	\$ 3,514	\$ 2,392	\$ 5.43
Factors Affecting Comparability:				
Asset Impairment <sup>(1)</sup>	43	43	26	0.06
Loss on Extinguishment of Debt <sup>(2)</sup>	-	11	7	0.02
Discrete Tax Benefits <sup>(3)</sup>	-	-	(49)	(0.11)
Adjusted Results	\$ 4,125	\$ 3,568	\$ 2,376	\$ 5.40

(1) Represents a non-cash pre-tax impairment charge of \$43 million related to an international trade name at Media Networks.

(2) Represents a pre-tax debt extinguishment loss of \$11 million on the redemption of all \$600 million of our outstanding 4.375% Senior Notes due September 2014.

(3) Represents \$49 million of discrete tax benefits, principally related to the reversal of deferred taxes on earnings deemed permanently reinvested and the recognition of capital loss carryforwards.



# Supplemental Disclosures:

## Non-GAAP Financial Information

(In Millions, except per share amounts)

	Quarter ended September 30, 2013			
	Operating Income	Pre-tax Earnings from Continuing Operations	Net Earnings from Continuing Operations Attributable to Viacom	Diluted EPS from Continuing Operations
Reported Results	\$ 1,107	\$ 1,079	\$ 806	\$ 1.69
Factors Affecting Comparability:				
Restructuring, Asset Impairment and Other Charges <sup>(1)</sup>	106	106	74	0.15
Gains on Sales of Certain Investments <sup>(2)</sup>	-	(111)	(111)	(0.23)
Discrete Tax Benefits <sup>(3)</sup>	-	-	(30)	(0.06)
Adjusted Results	\$ 1,213	\$ 1,074	\$ 739	\$ 1.55

(1) Represents \$81 million and \$25 million of restructuring, asset impairment and other charges at the Media Networks and Filmed Entertainment segments, respectively.

(2) The tax provision associated with the gains was offset by the reversal of a valuation allowance on capital loss carryforwards.

(3) Represents \$30 million of discrete tax benefits, principally related to the release of tax reserves with respect to certain effectively settled tax positions, as well as the recognition of certain capital loss carryforward and tax credit benefits.



# Supplemental Disclosures:

## Non-GAAP Financial Information

(In Millions, except per share amounts)

	Year ended September 30, 2013			
	Operating Income	Pre-tax Earnings from Continuing Operations	Net Earnings from Continuing Operations Attributable to Viacom	Diluted EPS from Continuing Operations
Reported Results	\$ 3,836	\$ 3,519	\$ 2,407	\$ 4.86
Factors Affecting Comparability:				
Restructuring, Asset Impairment and Other Charges <sup>(1)</sup>	106	106	74	0.15
Gains on Sales of Certain Investments <sup>(2)</sup>	-	(111)	(111)	(0.22)
Discrete Tax Benefits <sup>(3)</sup>	-	-	(54)	(0.11)
Adjusted Results	\$ 3,942	\$ 3,514	\$ 2,316	\$ 4.68

(1) Represents \$81 million and \$25 million of restructuring, asset impairment and other charges at the Media Networks and Filmed Entertainment segments, respectively.

(2) The tax provision associated with the gains was offset by the reversal of a valuation allowance on capital loss carryforwards.

(3) Represents \$54 million of discrete tax benefits, principally related to the release of tax reserves with respect to certain effectively settled tax positions, as well as the recognition of certain capital loss carryforward and tax credit benefits.



# Supplemental Disclosures:

## Non-GAAP Financial Information

(In Millions)

	Quarter ended		Year ended	
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
Cash Provided By Operations	\$ 1,234	\$ 1,051	\$ 2,597	\$ 3,083
Capital Expenditures	(42)	(63)	(123)	(160)
Excess Tax Benefits	4	58	84	97
Free Cash Flow <sup>(1)</sup>	\$ 1,196	\$ 1,046	\$ 2,558	\$ 3,020
Discontinued Operations, net	-	28	-	31
Debt Retirement Premium	-	-	11	-
Operating Free Cash Flow <sup>(1)</sup>	\$ 1,196	\$ 1,074	\$ 2,569	\$ 3,051

(1) We define free cash flow as cash provided by operations minus capital expenditures, plus excess tax benefits from equity-based compensation awards (actual tax deductions in excess of amounts previously recognized, which is included within financing activities in the statement of cash flows), as applicable. We define operating free cash flow as free cash flow, excluding the impact of discontinued operations and the cash premium on the extinguishment of debt, as applicable. Free cash flow and operating free cash flow are non-GAAP measures. Management believes the use of these measures provides investors with an important perspective on, in the case of free cash flow, our liquidity, including our ability to service debt and make investments in our businesses, and, in the case of operating free cash flow, our liquidity from ongoing activities.



# VIA COM

---

