

viacom FQ2 2019 RESULTS

MAY 10, 2019



BET★

CMT

COMEDY
CENTRAL

MTV

nickelodeon

Paramount

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 March 31, 2019.

ACHIEVED SIGNIFICANT PROGRESS IN FQ2

Continued to drive execution and evolution

- Achieved significant gains in distribution, securing expanded and new agreements
- Moved quickly on Pluto integration, with strong early momentum
- Delivered sequential improvement in YoY domestic advertising sales growth
- Maintained the #1 share of basic cable viewing among key demos
- Achieved ninth straight quarter of YoY Paramount Adjusted OI improvement
- Grew Adjusted Diluted EPS⁽¹⁾ 3%, marking fifth consecutive quarter of growth

Ongoing momentum driving growth

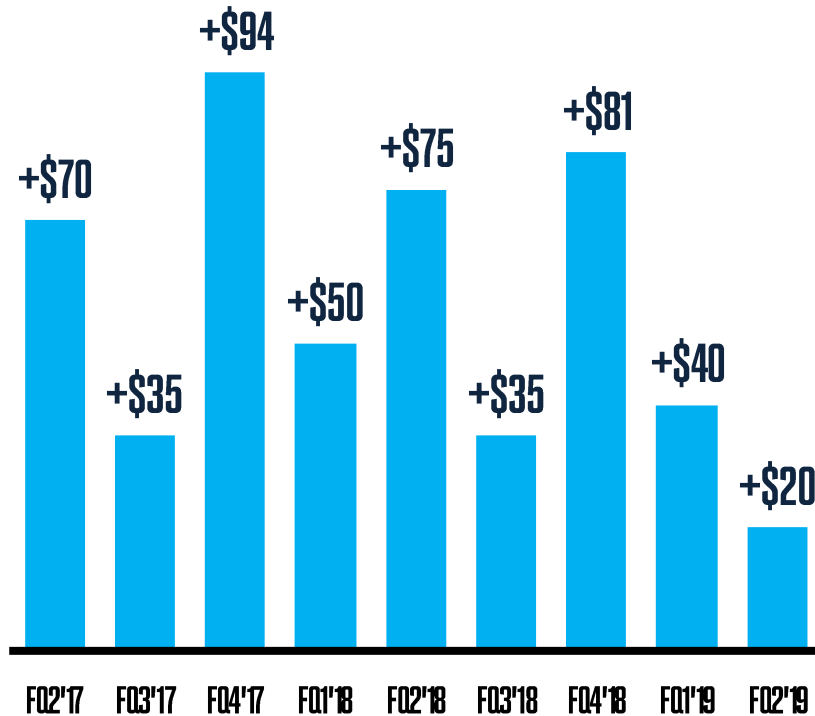
- Reaffirming full year outlook for growth in domestic ad and affiliate revenues
- On track to achieve full year profitability at Paramount
- Maximizing opportunity in new growth businesses – studio production, AMS and direct-to-consumer

(1) From continuing operations; see page 1 for information regarding non-GAAP financial measures

FILMED ENTERTAINMENT

ADJUSTED OPERATING INCOME YOY IMPROVEMENT \$ IN MILLIONS

Nine Straight Quarters of Improvement



- Paramount's Adjusted OI increased \$20M YoY in FQ2
- Slate progress continues
 - Global box office momentum in FQ2 driven by *Bumblebee* and *What Men Want*
 - *Pet Sematary*, released in FQ3, performed well in theaters
 - Remaining FY'19 film slate includes *Rocketman* in May and *Dora and The Lost City of Gold* in August
- TV production continued its momentum with 22 shows ordered to or in production
- Paramount on track to return to full year profitability in FY 2019

MEDIA NETWORKS

LEADERSHIP IN KEY DEMOS

P2-49	P2-11	P12-17	P12-34	P18-34	African Americans
#1	#1	#1	#1	#1	#1

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

FLAGSHIP NETWORK U.S. SHARE GROWTH

YOY GROWTH (%)

FLAGSHIP
+2%

 COMEDY CENTRAL **+12%**

 **+5%**

 **+3%**

Source: Nielsen Media
Note: Flagship networks are MTV, Comedy Central, BET, Nickelodeon and Paramount Network. Live+SD; FQ2'19

- Domestic media networks extend their leadership
 - Flagship networks share grew 2% YoY
 - More top 30 original cable series than any other cable family among key demos⁽¹⁾
- International cornerstones continued their momentum
 - Channel 5 delivered its third consecutive quarter of share growth
 - Telefe maintained its #1 position and grew share
- Digital consumption continues to ramp
 - Viacom Digital Studios' watch time grew 153% YoY to nearly 10 billion minutes

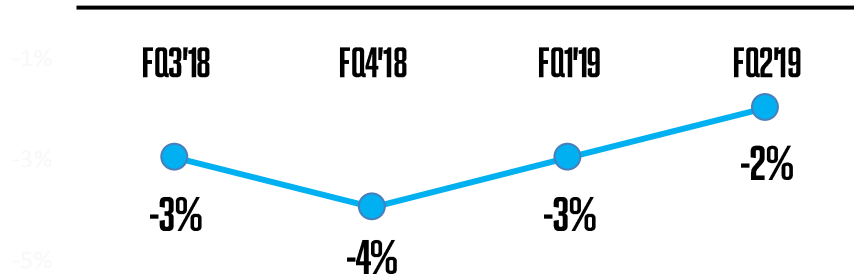
(1) Source: Nielsen Media
Note: Key demos denote P2-11, P12-17, P12-34, P18-34, P18-49 and P2-49. English-speaking basic cable. C3 for all demos, except P2-11 (L+SD); FQ2'19; new episodes only, excludes news/sports/movies/specials; 3 T/C minimum; 15 min minimum duration

DOMESTIC AD SALES

DOMESTIC AD SALES

YOY GROWTH (%)

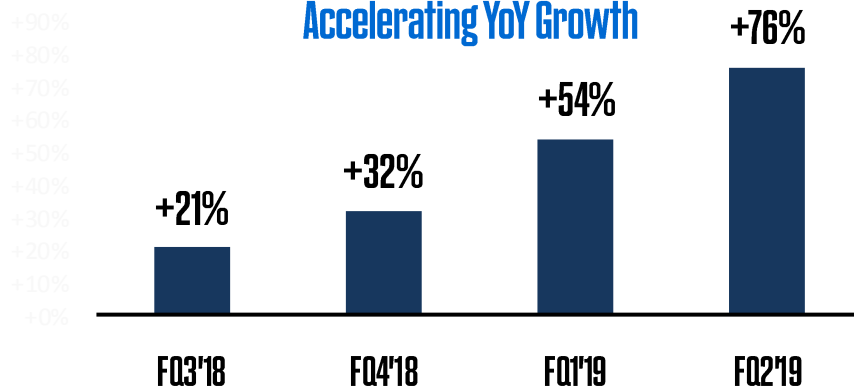
Improving Trends in Domestic Ad Sales



ADVANCED MARKETING SOLUTIONS REVENUE

YOY GROWTH (%)

Accelerating YoY Growth



- Domestic ad revenue growth trajectory continues to improve
 - YoY growth rate improved sequentially to a decline of 2%
 - Timing of Easter had a -1% impact on domestic ad revenue growth
- AMS acceleration on track
 - Organic growth supplemented by Pluto TV integration
 - YoY growth accelerated to 76% in FQ2
 - Revenue projected to nearly double in FY'19
 - AMS now expected to represent nearly 20% of full year domestic ad sales
- Reaffirming full year outlook of growth in domestic ad sales

DISTRIBUTION

ACHIEVED SIGNIFICANT GAINS IN DISTRIBUTION



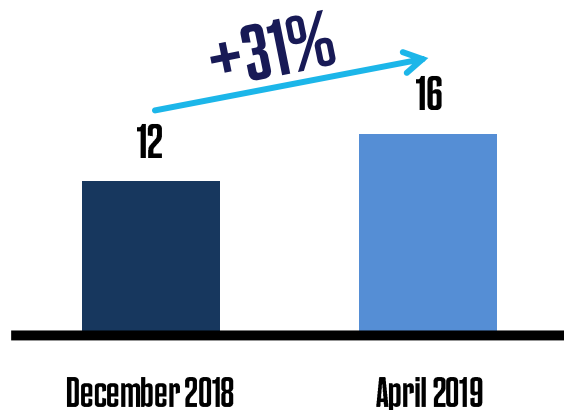
- **Secured new long-term deal with AT&T in the quarter**
 - Current management has renewed or extended vast majority of subscriber base
- **Expanded carriage on vMVPDs**
 - Included in DirecTV Now Plus and Max offerings
 - Added to fuboTV's live TV streaming service
 - Launch partner on Charter Spectrum TV Essentials
- **Growing momentum in mobile**
 - Cornerstone of T-Mobile's forthcoming mobile video service
 - Added MTV, Nick and TV Land to AT&T Watch, bringing total channels carried to 9
 - Expanded international footprint; 22 mobile-only content deals with 18 operators across 30+ countries
- **Broadened distribution of direct-to-consumer SVOD services**
 - Noggin crossed 2.5M subs worldwide; Noggin 2.0 to launch in FQ3
 - Noggin, Nick Hits, Comedy Central Now and MTV Hits will be offered as Apple TV Channels in an all-new Apple TV App for iPhone, iPad and Apple TV this month
 - In April, Paramount+, a cross-brand streaming video service, signed its first LatAm partnership with NET and Claro
- **Reaffirming full year domestic affiliate revenue growth of low single digits**



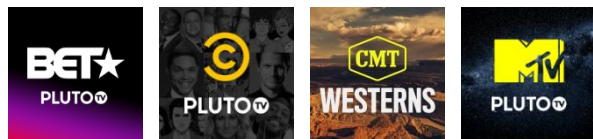
STRONG EARLY MOMENTUM

MONTHLY ACTIVE USERS

IN MILLIONS



RECENT CHANNEL LAUNCHES INCLUDE



- **Accelerating leadership in free streaming TV**
 - MAUs up 31% year-to-date to ~16M
 - Tens of millions of additional Pluto TV enabled devices coming in the next few months
- **Progress on advertising monetization**
 - Early traction with linear advertisers
 - Well received in upfront presentations given highly monetizable “TV quality” inventory
- **Traction with distributors**
 - Available on Comcast’s Xfinity Flex and coming soon to Xfinity X1
- **Expanding premium content offering**
 - Recently launched 14 Viacom library channels
 - Launching Pluto Latino, its U.S. Hispanic channels, in July
 - Growing roster of content partners with 150+, including the recent additions of CNN, BBC and Major League Soccer
- **Coming international expansion**
 - Expanding offering in the U.K., Germany and Austria
 - Launching in LatAm in CY 2019
 - Additional territories to come in CY 2020

FINANCIAL RESULTS

CONSOLIDATED FINANCIAL RESULTS

ACHIEVED FIFTH CONSECUTIVE QUARTER OF ADJUSTED DILUTED EPS⁽¹⁾ GROWTH

FQ2'19 KEY CONSOLIDATED FINANCIALS*

\$ IN MILLIONS, EXCEPT PER SHARE DATA

		<i>Year-over-Year</i>	
		<i>Reported</i>	<i>Constant Currency</i>
Revenue	\$2,958	-6%	-4%
Adjusted OI	\$637	-1%	-1%
Adjusted Diluted EPS ⁽¹⁾	\$0.95	+3%	+3%

HIGHLIGHTS*

- Revenue decline principally driven by Media Networks
- Adjusted OI performance due to revenue decline partially offset by growth in Filmed Entertainment OI, and lower expenses at Media Networks
- Adjusted Diluted EPS⁽¹⁾ grew 3%, marking the fifth consecutive quarter of growth
 - Growth benefitted from de-leveraging actions

(1) From continuing operations

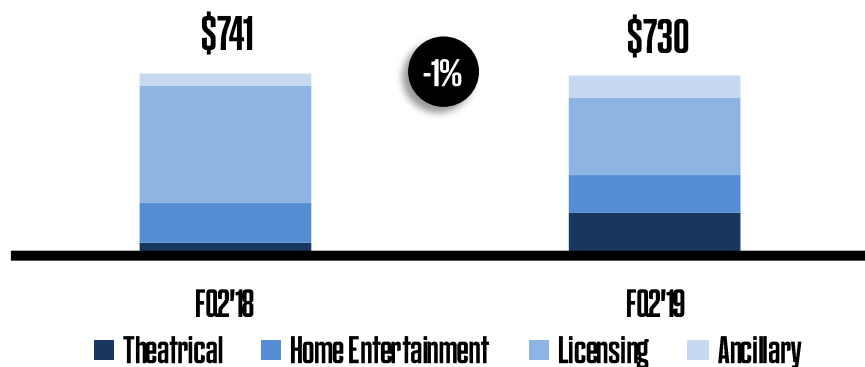
* See page 1 for information regarding non-GAAP financial measures

FILMED ENTERTAINMENT

MOMENTUM CONTINUES DRIVEN BY SUCCESS AT THE BOX OFFICE

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*

- Growth in theatrical and ancillary revenues was offset by a decline in licensing revenue
 - Theatrical revenue more than tripled benefitting from carryover performance of *Bumblebee* as well as current quarter releases
 - Ancillary revenue grew 75% principally due to a new music rights licensing agreement
 - Licensing revenue declined due to timing of TV production availabilities and comparisons to last year's direct-to-SVOD release of certain films
- Achieved ninth consecutive quarter of Adjusted OI improvement, up \$20M YoY
 - On track to deliver full year profitability

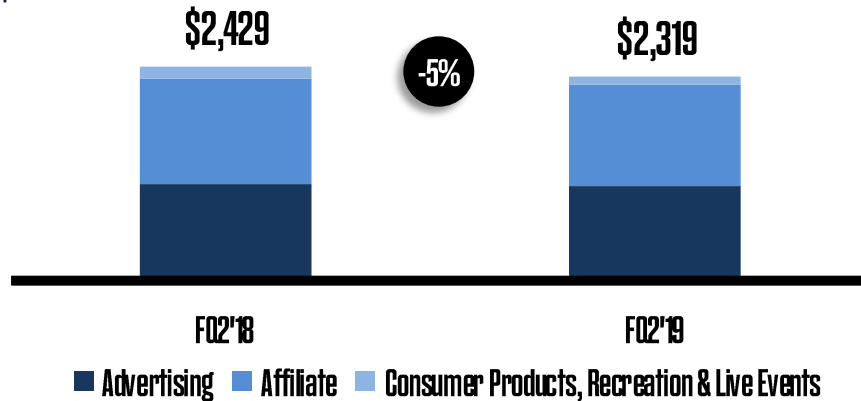
MEDIA NETWORKS

SEQUENTIAL IMPROVEMENT IN DOMESTIC AD REVENUE GROWTH; REAFFIRMING DOMESTIC AD AND AFFILIATE OUTLOOK

*All figures presented on a constant currency basis **

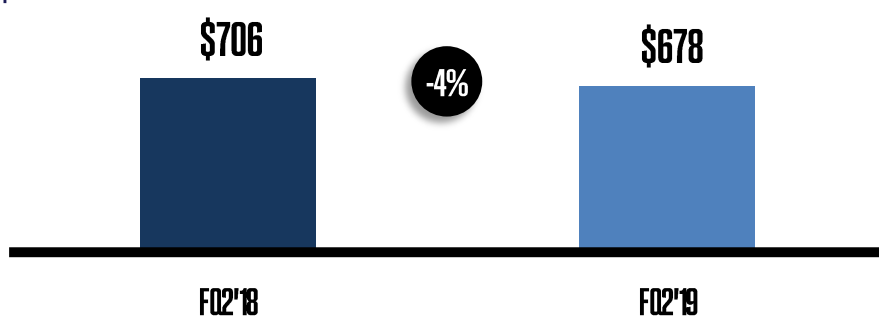
REVENUE BREAKDOWN *

\$ IN MILLIONS



ADJUSTED OPERATING INCOME *

\$ IN MILLIONS



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

HIGHLIGHTS *

- Domestic ad revenue growth rate improved sequentially to a decline of 2%
 - AMS revenue growth accelerated to 76%, benefitting from the integration of Pluto TV
 - Timing of Easter had a -1% impact on domestic ad revenue growth
 - Reaffirming outlook for full year growth
- Domestic affiliate revenue declined 2% due to SVOD library licensing
 - Contractual rate increases were largely offset by subscriber declines
 - Library content licensing to SVOD was halted while finalizing Pluto TV content strategy
 - Reaffirming full year growth of low single digits
- International revenue impacted by macro headwinds in the U.K. and the timing of SVOD
- Adjusted OI impacted by lower revenue, partially offset by the timing and mix of original program launches and cost transformation savings

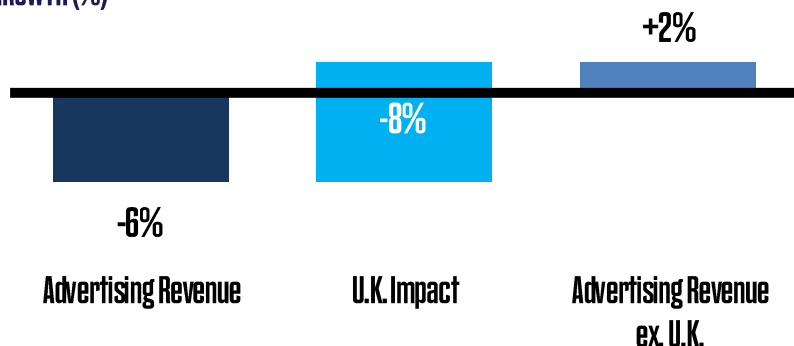
INTERNATIONAL MEDIA NETWORKS

CLEAR LINE OF SIGHT TO IMPROVING REVENUE TRENDS IN THE BACK HALF OF THE YEAR

*All figures presented on a constant currency basis **

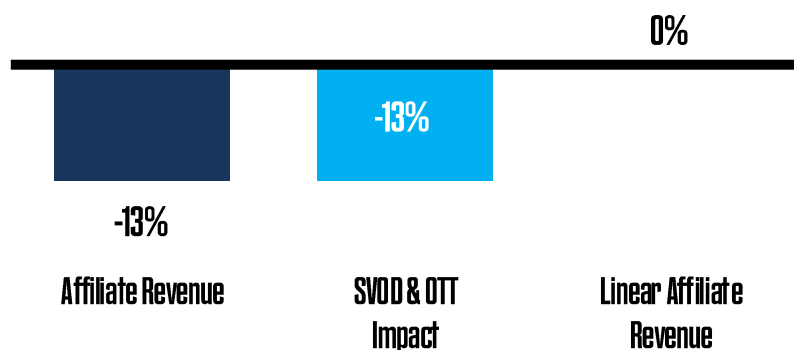
INTERNATIONAL ADVERTISING REVENUE *

YOY GROWTH (%)



INTERNATIONAL AFFILIATE REVENUE *

YOY GROWTH (%)



HIGHLIGHTS *

- International Media Networks revenue declined 13% in the quarter
 - U.K. advertising adversely impacted by macroeconomic headwinds; excluding the U.K., ad revenue grew 2%
 - SVOD and OTT timing a headwind in the quarter; linear affiliate revenue was flat
- Clear line of sight to improving trends in the back half of the year
 - Projecting return to ad revenue growth in FQ3
 - Affiliate revenue will benefit from significant SVOD and other OTT deliveries in the back half

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

DEBT & FREE CASH FLOW

CONTINUED FOCUS ON DE-LEVERAGING; GENERATED STRONG YTD FREE CASH FLOW

HIGHLIGHTS*

- Generated YTD FCF of \$642M, an improvement of \$407M, driven by improved working capital management and the timing of programming and production spend
- Gross debt declined 11% versus the prior year

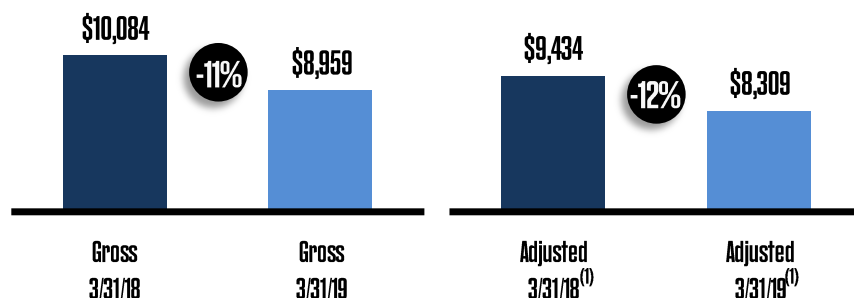
FREE CASH FLOW*

\$ IN MILLIONS

	FYTD'19	FYTD'18	B/(W) %
Adjusted Operating Income	\$ 1,387	\$ 1,359	2%
Depreciation and Amortization	104	108	(4%)
Capital Expenditures	(77)	(64)	(20%)
Cash Interest	(266)	(300)	11%
Cash Taxes	(199)	(100)	(99%)
Working Capital and Other	(307)	(768)	60%
Free Cash Flow	\$ 642	\$ 235	173%

DEBT*

\$ IN MILLIONS



DEBT OVERVIEW*

\$ IN MILLIONS

Gross Debt	\$8,959
Adjusted Gross Debt ⁽¹⁾	\$8,309
Cash and Cash Equivalents	\$486
Net Debt	\$8,473
Weighted Average Rate	5.05%
Weighted Average Maturity	16.7 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

VIACOM

BET★



nickelodeon



PLUTO TV

TV LAND

VH1