

VIACOM F3Q 2018 RESULTS

AUGUST 9, 2018



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 brands, programs, motion pictures and other entertainment content on the various platforms on which they are distributed; technological developments, alternative content offerings and their effects in our markets and on consumer behavior; the potential for loss of carriage or other reduction in the distribution of our content; significant changes in our senior leadership and the ability of our strategic initiatives to achieve their operating objectives; economic fluctuations in advertising and retail markets, and economic conditions generally; evolving cybersecurity and similar risks; the impact of piracy; increased costs for programming, motion pictures and other rights; the loss of key talent; competition for content, audiences, advertising and distribution; fluctuations in our results due to the timing, mix, number and availability of our motion pictures and other programming; other domestic and global economic, political, business, competitive and/or

regulatory factors affecting our businesses generally; changes in the Federal communications or other laws and regulations; and other factors described in our news releases and filings with the Securities and Exchange Commission, including but not limited to our 2017 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.

This presentation is a supplement to, and should be read in conjunction with, Viacom's earnings release for the quarter ended June 30, 2018.

TURNAROUND DELIVERING RESULTS & EVOLUTION WELL UNDERWAY

- **Turnaround is beginning to deliver measurable operating and financial results**
 - Strengthened domestic affiliate
 - Increased audience viewership
 - Established path to domestic ad sales growth
 - Revitalized Paramount Pictures
 - Strengthened financial position and improved credit profile
- **While continuing our evolution into a truly multiplatform, global, brand and IP-driven entertainment company**
 - Increased digital footprint
 - Early progress with new studio production business
 - Expanding live events and adjacent businesses
- **Taken together, delivered year-to-date Adjusted Diluted EPS growth, and are on track to deliver accelerated growth in Q4**

TURNAROUND DELIVERING RESULTS

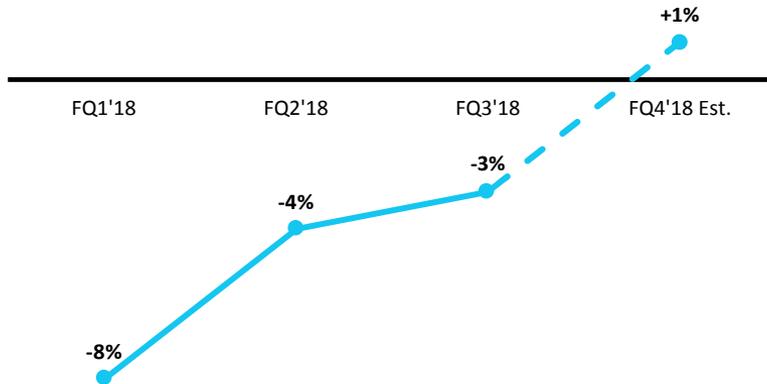
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TURNAROUND DELIVERING RESULTS

1. DOMESTIC DISTRIBUTION

Domestic Affiliate Revenue

YOY GROWTH (%)



- Delivered sequential improvement in domestic affiliate revenues throughout Fiscal 2018; anticipate growth in Q4
 - Sub declines have moderated to mid 1% range
 - Driven by full return of Viacom networks to Charter and Suddenlink and continued vMVPD growth
- Recently secured inclusion in the AT&T WatchTV mobile streaming service

TURNAROUND DELIVERING RESULTS

2. VIEWERSHIP

Flagship Ratings Share Growth

YOY GROWTH (%)

FQ3'17 +2%

FQ4'17 +11%

FQ1'18 +3%

FQ2'18 +1%

FQ3'18 +8%

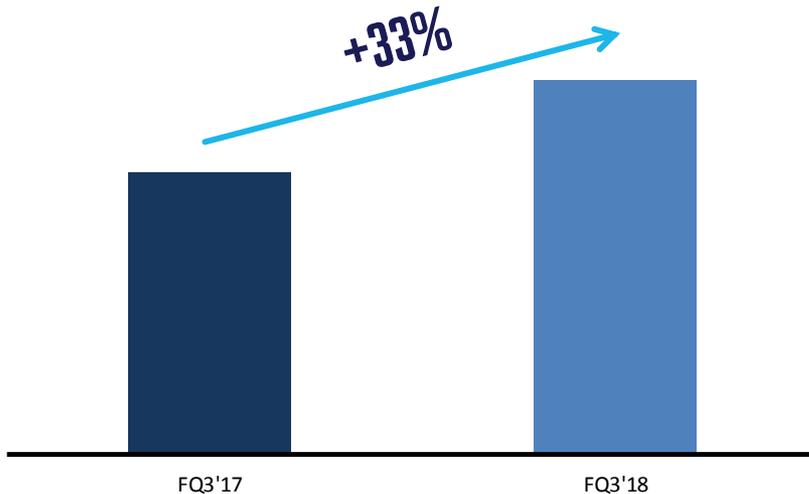
- Flagship brands have produced fifth consecutive quarter of YoY ratings share growth
 - Particular strength at MTV, BET and Comedy Central
- 9 of the top 10 unscripted shows on cable TV for 18-34
- Two of the biggest scripted hits of the year on television with *Yellowstone* and *Younger*

Source: Nielsen Media; Program QTR-HR Data for All Nets
% Change is based on YoY revenue-weighted Flagship 6 Nets share% performance
NKJR/BET Total Day based on internal definitions

TURNAROUND DELIVERING RESULTS

3. DOMESTIC AD SALES

Advanced Marketing Solutions Revenue



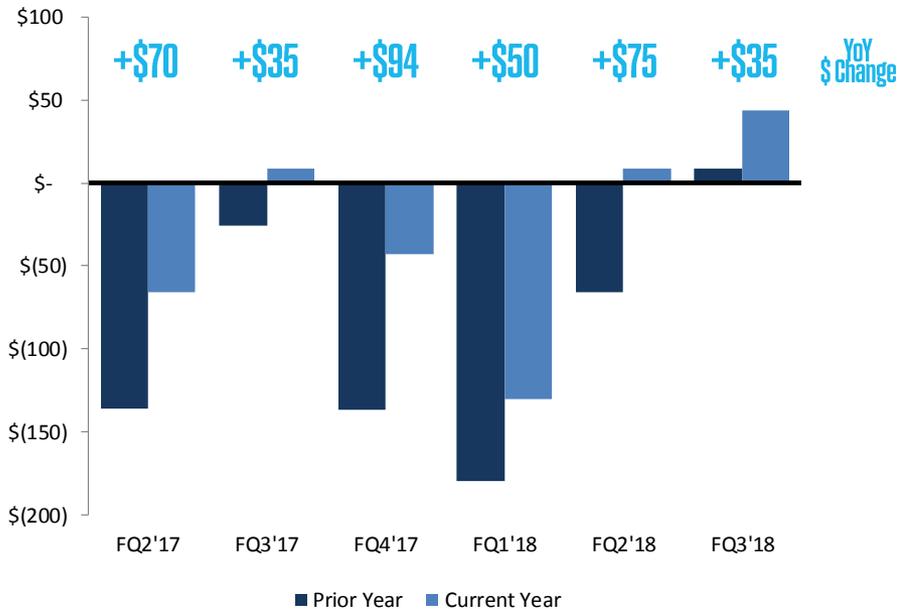
- **AMS benefiting ad sales in Q3**
 - O&O digital video impression supply up 129%, from 1.2B to 2.7B impressions
 - O&O video revenue +\$20M or 89%
- **On track for FY 2018 AMS revenue of approximately \$300M as business scales**
- **Strong upfront sets foundation for future total ad sales growth**
 - CPMs up mid to high single digits across all networks – significant improvement vs. last upfront
 - Strong packaging of linear and AMS
- **Fox now licensing Vantage targeting engine to power their advanced TV product; new revenue stream for Viacom**

TURNAROUND DELIVERING RESULTS

4. PARAMOUNT

Paramount Adjusted Operating Income

\$ IN MILLIONS



- Six straight quarters of Adjusted OI improvement; will deliver well over \$200M in OI improvement for the full year
- *A Quiet Place* and *Book Club* together earned over \$250M at the domestic box office
- *Mission: Impossible – Fallout* had the most successful opening in its franchise history and, coming out of its 2nd weekend, grossed ~\$330M in global box office
- Launched in 2014, Paramount TV is expected to reach \$400M in annual revenue in fiscal 2018

EVOLUTION WELL UNDERWAY

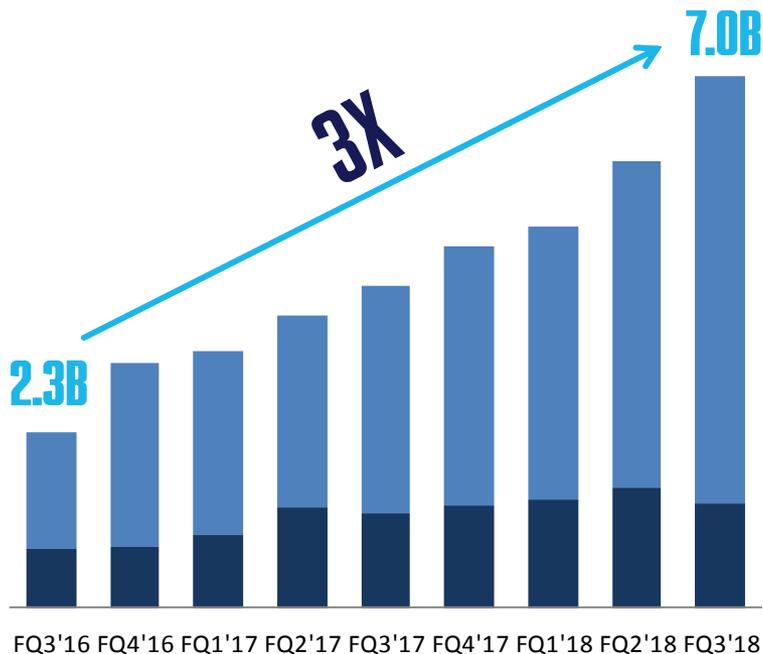
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EVOLUTION WELL UNDERWAY

1. DIGITAL

Viacom Digital Streams

■ O&O ■ Social



- Total video streams tripled to 7B views in Q3 with sequential growth every quarter
- Q3 watch-time increased 104% YoY across O&O and social platforms
- Moved up in industry rankings from #22 to #12 in video views among entertainment companies
- Recent acquisition of Awesomeness will further strengthen digital, original programming offerings for global Gen-Z audiences; complements our studio production strategy

EVOLUTION WELL UNDERWAY

2. STUDIO PRODUCTION

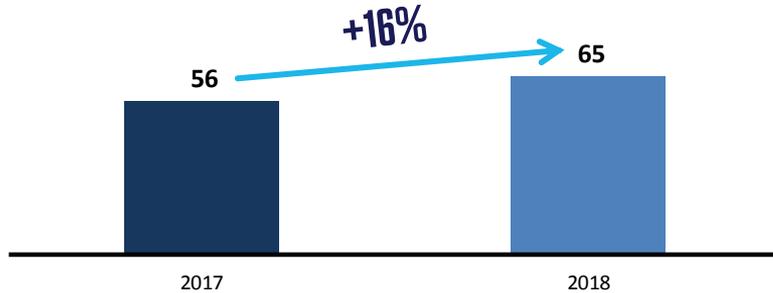


- Paramount TV continues to scale – notable series include *13 Reasons Why*, *Jack Ryan*, *Maniac* and *Catch-22*
- New studio production units at Nick, MTV and Viacom International
 - Viacom International Studios is already producing shows for Netflix, Amazon, Telemundo and Fox, among others
 - Nickelodeon licensed *Pinky Malinky* to Netflix in a 59 new episode deal
 - MTV Studios to leverage one of the largest libraries of youth-focused and music-related IP in television globally
- BET & Comedy to launch production units shortly

EVOLUTION WELL UNDERWAY

3. EVENTS & EXPERIENTIAL

Viacom Live Events Through 6/30



- Millions of people around the world attended a total of 65 Viacom events through Q3 this year
- In June, held:
 - First VidCon and U.S. Slimefest
 - Returning BET Experience and Comedy Central Clusterfest
 - 16th Isle of MTV in Malta
- Bellator formed a partnership with streaming service DAZN
 - A multi-year, nine-figure distribution deal
 - Will more than double Bellator's revenue in 2019, fueling growth in live events

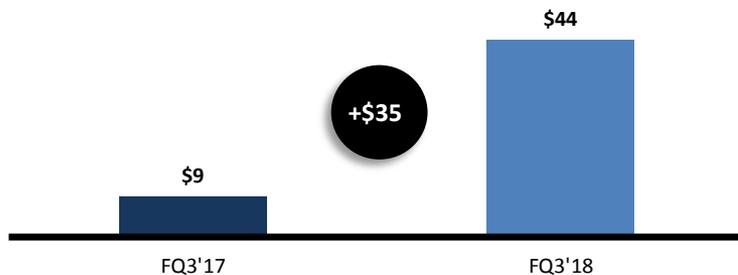
FINANCIAL RESULTS

FILMED ENTERTAINMENT

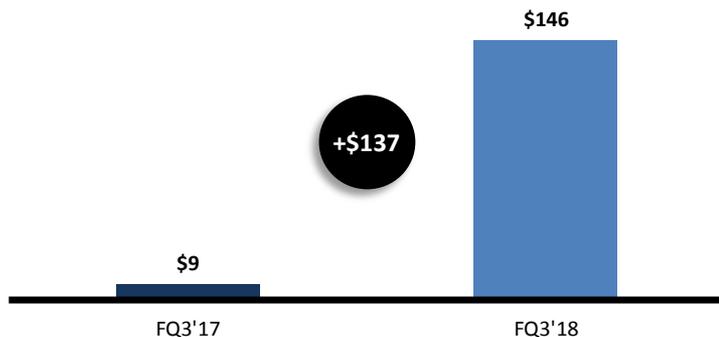
PARAMOUNT IS DELIVERING ON ITS TURNAROUND, WITH STRONG CURRENT QUARTER RELEASES DRIVING DOMESTIC THEATRICAL REVENUE GROWTH, CONTINUING GROWTH IN TV PRODUCTION AND INCREASING PROFITABILITY

(\$ in millions)

ADJUSTED OPERATING INCOME



REVENUE HIGHLIGHTS – PARAMOUNT TV



Highlights

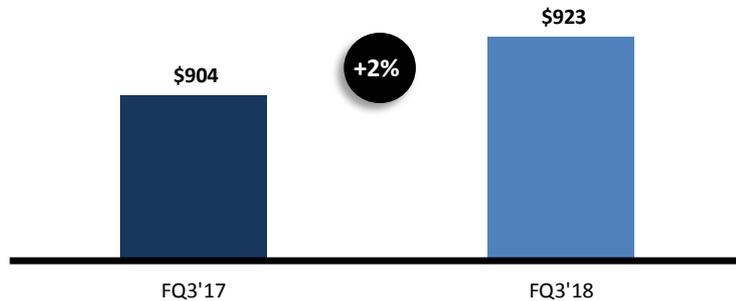
- **Q3 Adjusted OI of \$44M**, driven by growth in domestic theatrical revenues, as well as strength in TV Production
- Revenue performance driven by mix of titles with current quarter releases generating higher profitability from lower theatrical revenues
- Licensing revenues up 35% as Paramount TV continues to scale
 - Driven by ongoing deliveries, including the second season of *13 Reasons Why*
 - 19 series currently ordered or in production
- **Q4 expected to be the third consecutive quarter of profitability. On track to deliver well over \$200M of improvement in Adjusted OI in FY2018**

MEDIA NETWORKS

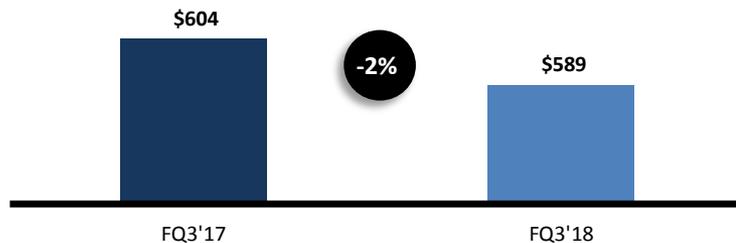
INCREASED MOMENTUM WITH GROWTH IN TV SHARE, GAINS IN DIGITAL CONSUMPTION AND LIVE EVENT ATTENDANCE, SEQUENTIAL IMPROVEMENT IN DOMESTIC AFFILIATE REVENUE GROWTH AND SAVINGS FROM COST TRANSFORMATION

(\$ in millions)

PRODUCTION & PROGRAM EXPENSE



SG&A EXPENSES



Highlights

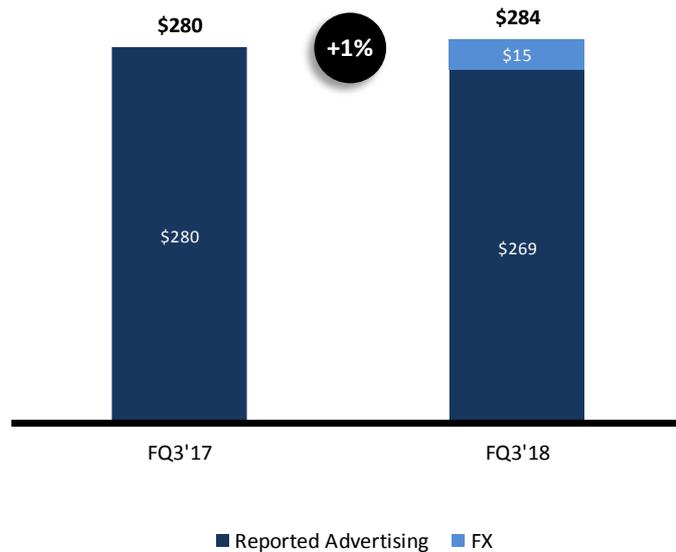
- Revenue performance driven by declines in domestic advertising and worldwide SVOD licensing, partially offset by growth in worldwide ancillary and worldwide linear affiliate revenues
- **Sequential improvement in domestic affiliate revenue growth versus Q2**
 - **Anticipate return to growth in domestic affiliate revenues in Q4**
- **Advanced Marketing Solutions** delivered strong growth in the quarter (+33%); on track to deliver \$300M of revenue in FY2018
- **Worldwide ancillary revenue growth of 17%** due to live events and consumer products
- Adjusted OI decline driven by revenue decline, investments in original programming and growth initiatives; **cost transformation drove a 2% decrease in SG&A**

INTERNATIONAL MEDIA NETWORKS

CONTINUE TO EXPECT A RECORD YEAR FOR INTERNATIONAL REVENUE AND PROFITABILITY

(\$ in millions)

REVENUE HIGHLIGHTS — ADVERTISING REVENUE EX FX



Highlights

- International Media Networks revenues were negatively impacted by foreign exchange, particularly in Argentina, and timing of SVOD licensing
- Affiliate revenue decline driven by the timing of SVOD, which will now benefit Q4; **continue to expect double-digit growth for full year**
- Excluding foreign exchange, **advertising revenue was up 1% in the quarter**
- **Continue to expect a record year for International revenue and profitability; anticipate continued growth in FY2019**

DEBT & FREE CASH FLOW

AFFIRMATION OF INVESTMENT GRADE RATING REFLECTS CONTINUED IMPROVEMENTS IN FILMED ENTERTAINMENT AND MEDIA NETWORKS OPERATING PERFORMANCE, COMBINED WITH DE-LEVERING ACTIONS OVER THE LAST 18 MONTHS

(\$ in millions)

HIGHLIGHTS

- Improved credit rating agency outlook given operating progress and de-leveraging actions
- Operating FCF growth driven by lower cash taxes related to tax reform and lower cash interest due to de-leveraging actions
- Reduced debt by ~\$3B or 23% since announcing plans to de-lever in February 2017

DEBT OVERVIEW

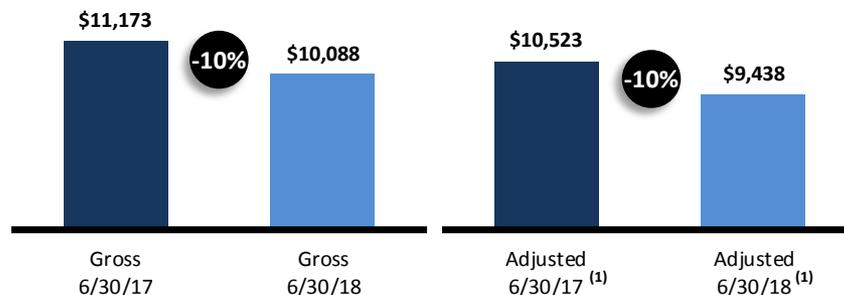
Gross Debt	\$10,088
Adjusted Gross Debt ⁽¹⁾	\$9,438
Cash and Cash Equivalents	\$929
Net Debt	\$9,159
Weighted Average Rate	4.96%
Weighted Average Maturity	16.3 yrs

n/m – not meaningful

* See page 19 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

DEBT



FREE CASH FLOW *

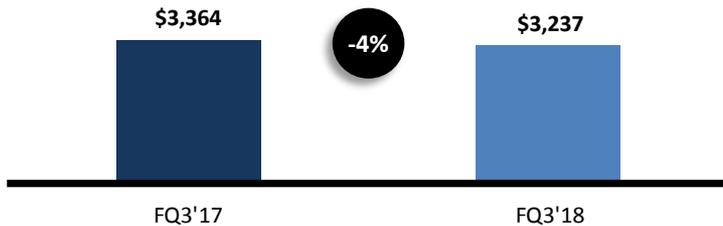
	FYTD 2018	FYTD 2017	B/(W) %
Operating Income	\$ 1,925	\$ 1,784	8%
Depreciation and Amortization	159	167	(5%)
Restructuring and Related Costs	200	381	(48%)
Capital Expenditures	(102)	(139)	27%
Cash Interest	(403)	(455)	11%
Cash Taxes	(95)	(480)	80%
Working Capital and Other	(789)	(710)	(11%)
Operating Free Cash Flow *	\$ 895	\$ 548	63%
Debt Retirement Premium	-	(33)	n/m
Free Cash Flow *	\$ 895	\$ 515	74%

CONSOLIDATED FINANCIAL RESULTS

EXPECT FULL YEAR ADJUSTED DILUTED EPS GROWTH; ACCELERATING MOMENTUM IN Q4 WITH GROWTH IN REVENUE AND ADJUSTED OI, AND MID TO HIGH TEENS GROWTH IN ADJUSTED EPS

(\$ in millions except per share data)

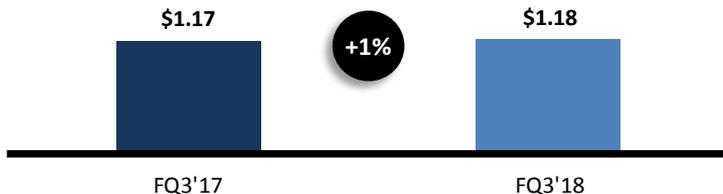
CONSOLIDATED REVENUE ⁽¹⁾



ADJUSTED OPERATING INCOME *



ADJUSTED DILUTED EPS ^{(2)*}



(1) Consolidated revenue is net of eliminations.

(2) From continuing operations.

* See page 19 for information regarding non-GAAP financial measures.

Highlights

- Consolidated revenue declined as growth in domestic revenues was more than offset by lower international revenues, principally at Filmed Entertainment
 - **Q3 theatrical releases generated higher profit from lower revenues**
- Adjusted Operating Income performance reflects growth at Filmed Entertainment, which was more than offset by a decline at Media Networks
- Adjusted Diluted EPS grew for the second consecutive quarter and is up 4% year-to-date
- **Momentum in Q4 with growth in revenue and Adjusted OI, and mid to high teens growth in Adjusted Diluted EPS**
- **Confident in delivering full year Adjusted Diluted EPS growth**

SUMMARY – TURNAROUND DELIVERING RESULTS & EVOLUTION WELL UNDERWAY

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SUPPLEMENTAL DISCLOSURES: NON-GAAP FINANCIAL INFORMATION

Non-GAAP measures are measures of performance that are not calculated in accordance with GAAP. They should not be considered in isolation of, or as a substitute for, net cash provided by operating activities, operating income, earnings from continuing operations before provision for income taxes, provision for income taxes, net earnings from continuing operations attributable to Viacom and Diluted EPS from continuing operations as indicators of operating performance, and they may not be comparable to similarly titled measures employed by other companies.

Consolidated operating free cash flow, free cash flow and adjusted results that exclude the impact of certain items identified as affecting comparability are non-GAAP measures. These measures 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. We provide reconciliations of our reported results and net cash provided by operating activities (GAAP) to our consolidated adjusted results and operating free cash flow and free cash flow (non-GAAP) in our Form 8-K (Quarterly Earnings Release) announcing our quarterly earnings, which can be found on our website at ir.viacom.com.

BET★

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CMT

colors 

 **COMEDY
CENTRAL**

**M
TV**

nickelodeon

Paramount
NETWORK

 *Paramount*


telefe

TV LAND

VH+1