

VIACOM F2Q 2018 RESULTS



CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

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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; various uncertainties and risks related to a potential combination with CBS Corporation, including that an agreement may or may not be reached or may take an uncertain amount of time, and that the effect of any potential transaction on Viacom and our business cannot be ascertained at this time; 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 March 31, 2018.

VIACOM F2Q'18 RESULTS

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- **Second quarter results demonstrate continued financial and strategic progress**
 - Viacom delivered significant gains in OI, EPS
 - Worldwide growth in Media Networks driven by double-digit gains across all International revenue streams
 - Paramount Pictures returned to profitability
 - Cost transformation efforts to deliver more than \$100M in savings in FY2018, and more than \$300M run-rate savings in FY2019 and beyond
- **Reaffirming adjusted OI growth in 2H'18 and, with Q2 outperformance, now expect upside to FY2018 with adjusted OI growth in the low single digits**

STRATEGIC PROGRESS

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Viacom continued to execute against three strategic priorities:

1.

DRIVE SHARE & MARGINS IN CORE BUSINESS

Capture value at Viacom's networks business and Paramount by growing audience share and operating the business more efficiently

2.

ACCELERATE PARTICIPATION IN NEXT GENERATION PLATFORMS & SOLUTIONS

Create growth by extending Viacom's brands across new and emerging content platforms, and leveraging the company's industry-leading advanced advertising and brand solutions

3.

DIVERSIFY INTO ADJACENT BUSINESSES

Leverage Viacom's IP and third-party partnerships to accelerate revenue from consumer products, recreation, live events, production and more

1.

DRIVE SHARE & MARGINS IN CORE BUSINESS

HIGHLIGHTS:

- Drove **fourth consecutive quarter of YoY flagship share growth**, with particular strength at MTV, BET and Comedy Central
- Delivered **sequential improvement in domestic advertising and affiliate revenues**
- Continued turnaround at **Paramount Pictures, with a return to profitability** in the quarter and with full year profitability expected in FY2019
- **Delivered double-digit increases across all revenue streams and Adjusted OI** at International Media Networks
- Cost transformation efforts **on track to deliver in excess of \$100M in savings this year, and more than \$300M in run-rate savings in FY2019 and beyond**

2.

ACCELERATE PARTICIPATION IN NEXT GENERATION PLATFORMS & SOLUTIONS

HIGHLIGHTS:

- Made **important strides in Advanced Marketing Solutions**, which grew 29% in the quarter, and **will contribute to the return to domestic ad sales growth in Q4**
- Leveraged Viacom Digital Studios to **make significant progress in growing digital audience** for Viacom's brands, with 4.3B video views in the U.S., up 70% YoY
- Continued to **push mobile distribution**, with new international deals in Europe and Asia
- Delivered **strong growth in international SVOD and other OTT revenues** from a range of new initiatives

3.

DIVERSIFY INTO ADJACENT BUSINESSES

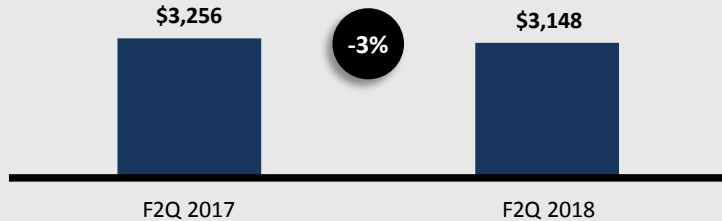
HIGHLIGHTS:

- Focus on **live events** continues to **deliver results**:
 - **Event attendance doubled YoY**
 - Recently debuted *Mean Girls* on Broadway, with **Comedy Central's Colossal Clusterfest**, **BET Experience**, **Nick's first SlimeFest in the U.S.**, and **Viacom's first-ever VidCon** to come in the third quarter
- Launching initiative to **expand flagship brands to supply 3rd party platforms** with original productions, further maximizing brand IP

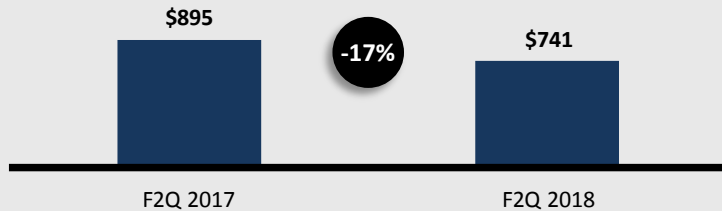
REVENUE SUMMARY

(\$ in millions)

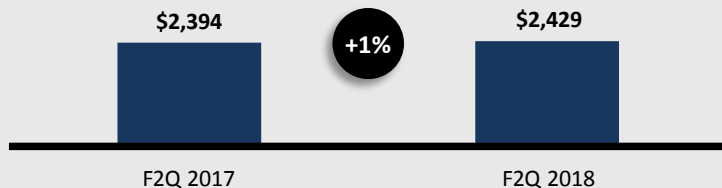
CONSOLIDATED REVENUE (1)



FILMED ENTERTAINMENT REVENUE



MEDIA NETWORKS REVENUE



(1) Consolidated revenue is net of eliminations.

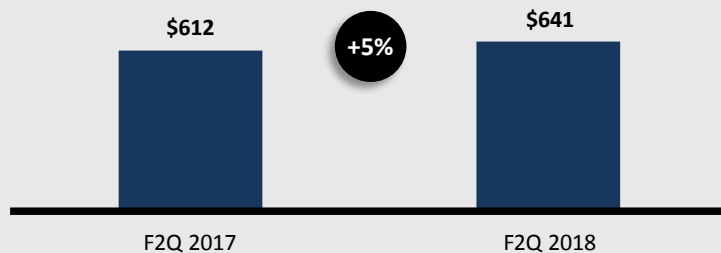
HIGHLIGHTS:

- Consolidated revenue decline driven by Filmed Entertainment, principally due to fewer in-quarter releases and the carryover performance of the legacy slate, partially offset by growth at Media Networks
- Media Networks revenues grew, as strong international performance more than offset domestic declines
- Delivered sequential improvement in both domestic advertising and domestic affiliate revenue
- Progress on strategic initiatives to drive revenue growth in second half of FY2018

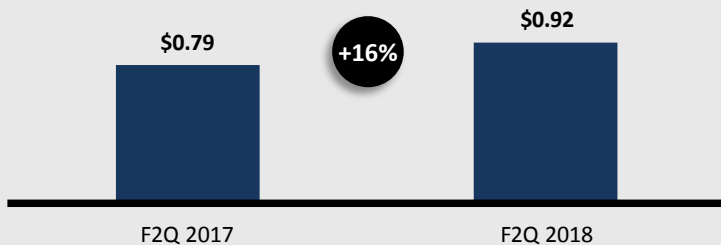
CONSOLIDATED ADJUSTED OI & EPS

(\$ in millions except per share data)

ADJUSTED OPERATING INCOME *



ADJUSTED DILUTED EPS (1) *



HIGHLIGHTS:

- Adjusted Operating Income performance reflects growth in international Media Networks and improvement at Filmed Entertainment, offset by a decline at domestic Media Networks
- Strong double-digit growth in Adjusted Diluted EPS driven by improved operating performance, as well as the benefit of tax reform and lower interest expense from prior de-levering actions
- Reaffirming adjusted OI growth in 2H'18 and, with Q2 outperformance, now expect upside to FY2018 with adjusted OI growth in the low single digits

(1) From continuing operations.

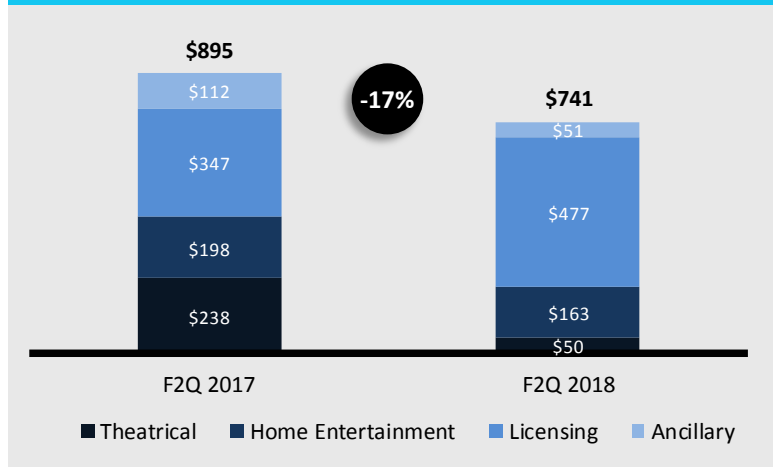
* See page 15 for information regarding non-GAAP financial measures.

FILMED ENTERTAINMENT

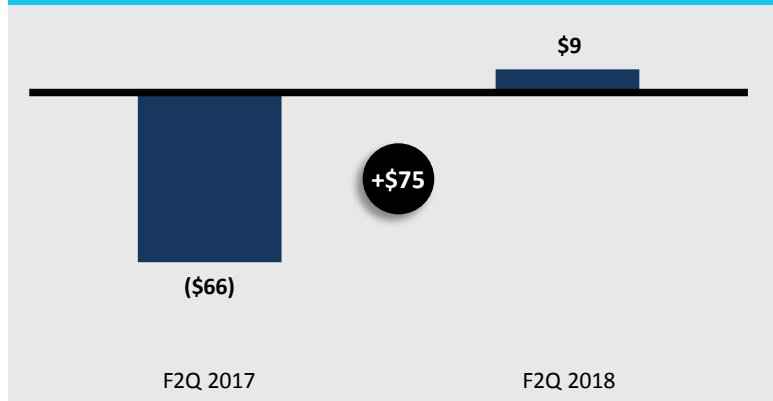
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(\$ in millions)

REVENUE BREAKDOWN



ADJUSTED OPERATING INCOME



HIGHLIGHTS:

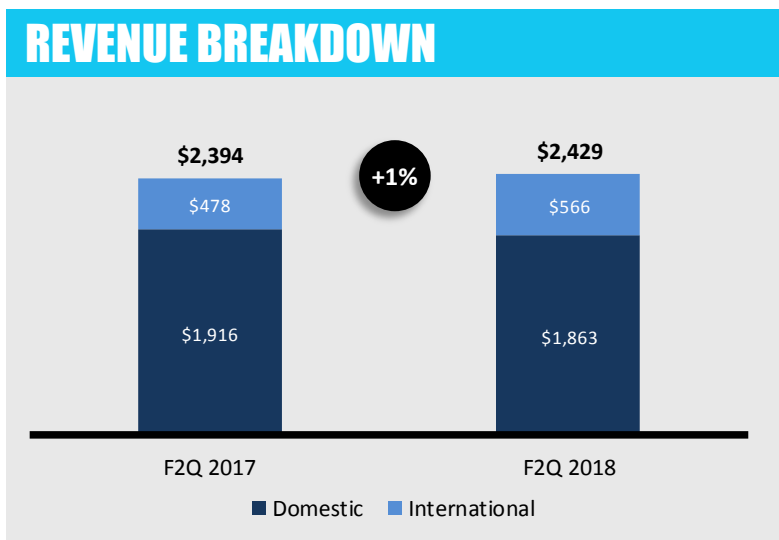
- Revenue in the quarter principally reflects fewer theatrical releases and the carryover performance of the legacy slate
 - Modification of the release strategy on certain films shifted revenue from Theatrical into Licensing
- Year-over-year improvement in Q2 Adjusted OI driven by lower distribution expenses associated with fewer theatrical releases
- TV production business continues to gain momentum with 17 series ordered or in production
- Success of the April release of *A Quiet Place*, the first film produced & released under new management team, illustrates momentum at Paramount
- Expect to deliver upside from previous outlook for FY2018 Adjusted OI and anticipate a return to full year profitability in FY2019

MEDIA NETWORKS

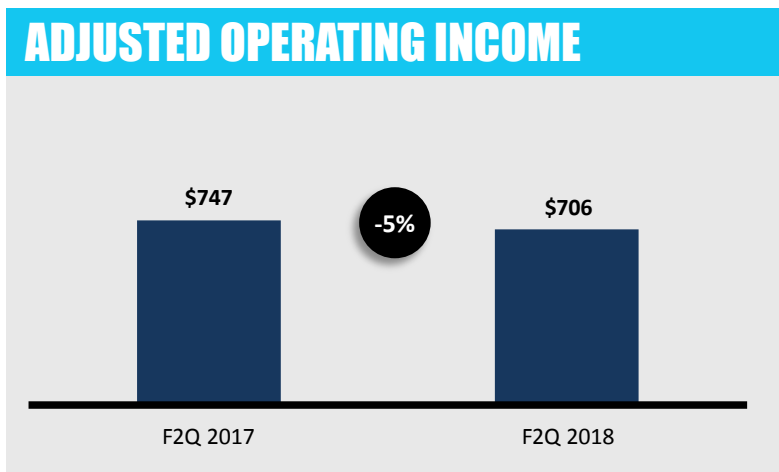
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(\$ in millions)

REVENUE BREAKDOWN



ADJUSTED OPERATING INCOME



HIGHLIGHTS:

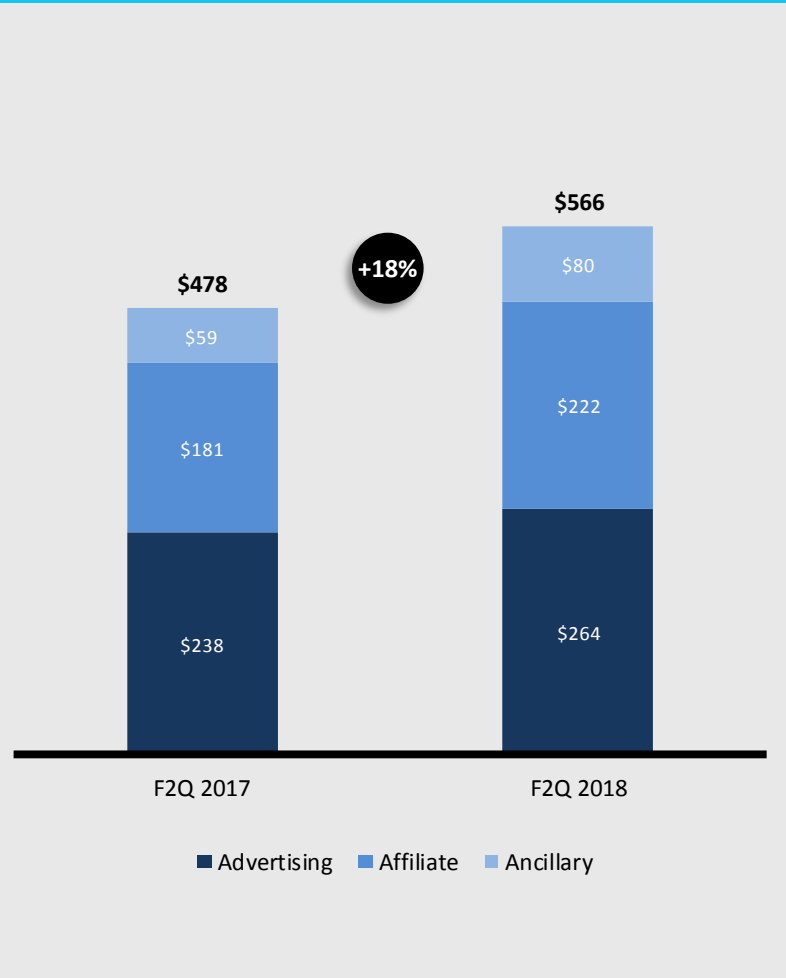
- Worldwide Media Networks revenue grew, as strong international performance more than offset declines at domestic
- Sequential improvement in domestic ad sales with strong growth in Advanced Marketing Solutions; continue to expect sequential improvement with a return to growth in Q4
- Sequential improvement in domestic affiliate in line with guidance; reiterate FY2018 outlook
- Worldwide ancillary up 30% driven by growth in consumer product, recreation and live event revenues
- Adjusted OI decline driven by domestic revenue performance, as well as investment in original programming, higher participations expense and costs related to growth initiatives

INTERNATIONAL MEDIA NETWORKS

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(\$ in millions)

REVENUE BREAKDOWN



HIGHLIGHTS:

- Strong double-digit revenue growth across all lines of the business
- Advertising revenue growth of 11%, largely driven by foreign exchange; expecting continued strong growth
- Affiliate revenue increased 23% driven by increased SVOD and other OTT revenues as well as foreign exchange
- Ancillary revenue increased 36% benefitting from consumer products licensing
- International revenue and profitability on pace for a record year

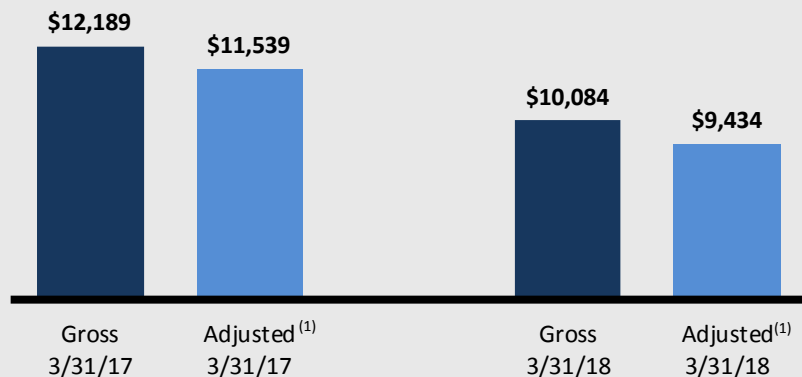
COST TRANSFORMATION

- **Cost transformation a material component of Viacom's strategy to grow share and margins**
 - On track to deliver in excess of \$100M in savings in FY2018 – and more than \$300M in run-rate savings in FY2019 and beyond
 - Cost transformation is a driver of increased confidence in ongoing OI improvements at Media Networks
 - Restructuring and related costs charge of \$185M in Q2, largely at domestic Media Networks, with additional related charges of approximately \$40M expected in 2H'18
 - Note that programming investment is not within the scope of the cost transformation and that a significant majority of the savings is not related to headcount reductions
- **Now a strategic capability of the company**
 - Team in place, with personnel across multiple functions, dedicated to ongoing re-engineering of the cost base
 - Extension of efforts to de-silo the company and act as 'one Viacom' – consolidating real estate within given markets, standardizing policies and procedures, benefiting from our purchasing scale, and more
- **The combination of the actions we took in FY2017 – and the current cost transformation activities underway – will deliver approximately \$500M of run-rate savings**
 - While the savings from our FY2017 initiatives were reinvested into the business, the savings from our current initiatives will drop to the bottom line

DEBT & FREE CASH FLOW

(\$ in millions)

GROSS DEBT



FREE CASH FLOW *

	FYTD 2018	FYTD 2017	B/(W) %
Operating Income	\$ 1,173	\$ 1,038	13%
Depreciation and Amortization	108	114	(5%)
Restructuring and Related Costs	185	322	(43%)
Capital Expenditures	(64)	(95)	33%
Cash Interest	(300)	(320)	6%
Cash Taxes	(100)	(315)	68%
Working Capital and Other	(767)	(401)	(91%)
Operating Free Cash Flow *	\$ 235	\$ 343	(31%)
Debt Retirement Premium	-	(33)	n/m
Free Cash Flow *	\$ 235	\$ 310	(24%)

DEBT OVERVIEW

Gross Debt	\$10,084
Adjusted Gross Debt ⁽¹⁾	\$9,434
Cash and Cash Equivalents	\$417
Net Debt	\$9,667
Weighted Average Rate	4.96%
Weighted Average Maturity	16.5 yrs

n/m – not meaningful

* See page 15 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

HIGHLIGHTS:

- Reduced debt by ~\$3B or 23% since announcing plans to de-lever in February 2017
- Operating FCF decline principally driven by a ramp up in film and TV production, partially offset by lower cash taxes

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.

A woman with short blonde hair and blue eye makeup is wearing a shiny, metallic space suit. She is looking directly at the camera. The background is a deep blue space filled with stars and nebulae. The word "viacom" is written in large, white, lowercase letters across the center of the image.

viacom

BET★

5



colors

COMEDY C

CENTRAL



nickelodeon

Paramount
NETWORK



telefe

TV LAND

VH1