

# VIA COM

RESULTS FOR THE QUARTER ENDED DECEMBER 31, 2015

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February 9, 2016



# Cautionary Statement Concerning Forward-Looking Statements

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VIACOM

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; the impact of inadequate audience measurement on our program ratings, advertising revenues and affiliate fees; technological developments and their effect in our markets and on consumer behavior; competition for content, audiences, advertising 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, number and availability of our motion pictures and other programming; the potential for loss of carriage or other reduction in the distribution of our content; changes in the Federal communications or other laws and regulations; evolving cybersecurity and similar risks; 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 2015 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 ended December 31, 2015.**



# Reported Results

(In Millions, except per share amounts)

	Quarter ended December 31,		
	2015	2014	B/(W) 2014
Revenues	\$ 3,154	\$ 3,344	(6%)
Expenses	(2,234)	(2,328)	4%
Depreciation and Amortization	(55)	(55)	-
Equity-Based Compensation	(26)	(26)	-
Operating Income	<u>\$ 839</u>	<u>\$ 935</u>	(10%)
Net Earnings Attributable to Viacom	\$ 449	\$ 500	(10%)
Diluted EPS	\$ 1.13	\$ 1.20	(6%)
Weighted Average Diluted Shares	398.4	416.1	4%



# Adjusted Results

(In Millions, except per share amounts)

	Quarter ended December 31,		
	2015	2014	B/(W) 2014
Revenues	\$ 3,154	\$ 3,344	(6%)
Expenses	(2,234)	(2,304)	3%
Depreciation and Amortization	(55)	(55)	-
Equity-Based Compensation	(26)	(26)	-
Adjusted Operating Income	<u>\$ 839</u>	<u>\$ 959</u>	(13%)
Adjusted Net Earnings Attributable to Viacom	\$ 470	\$ 538	(13%)
Adjusted Diluted EPS	\$ 1.18	\$ 1.29	(9%)
Weighted Average Diluted Shares	398.4	416.1	4%

See pages 16-18 for the reconciliation to GAAP results.



# Free Cash Flow

(In Millions)

	Quarter ended December 31,		
	2015	2014	B/(W) 2014
Operating Income	\$ 839	\$ 935	(10%)
Depreciation and Amortization	55	55	-
Capital Expenditures	(26)	(34)	24%
Cash Interest	(157)	(156)	(1%)
Working Capital and Other	(798)	(695)	(15%)
Subtotal	\$ (87)	\$ 105	n/m
Cash Taxes	(65)	(48)	(35%)
Free Cash Flow	\$ (152)	\$ 57	n/m

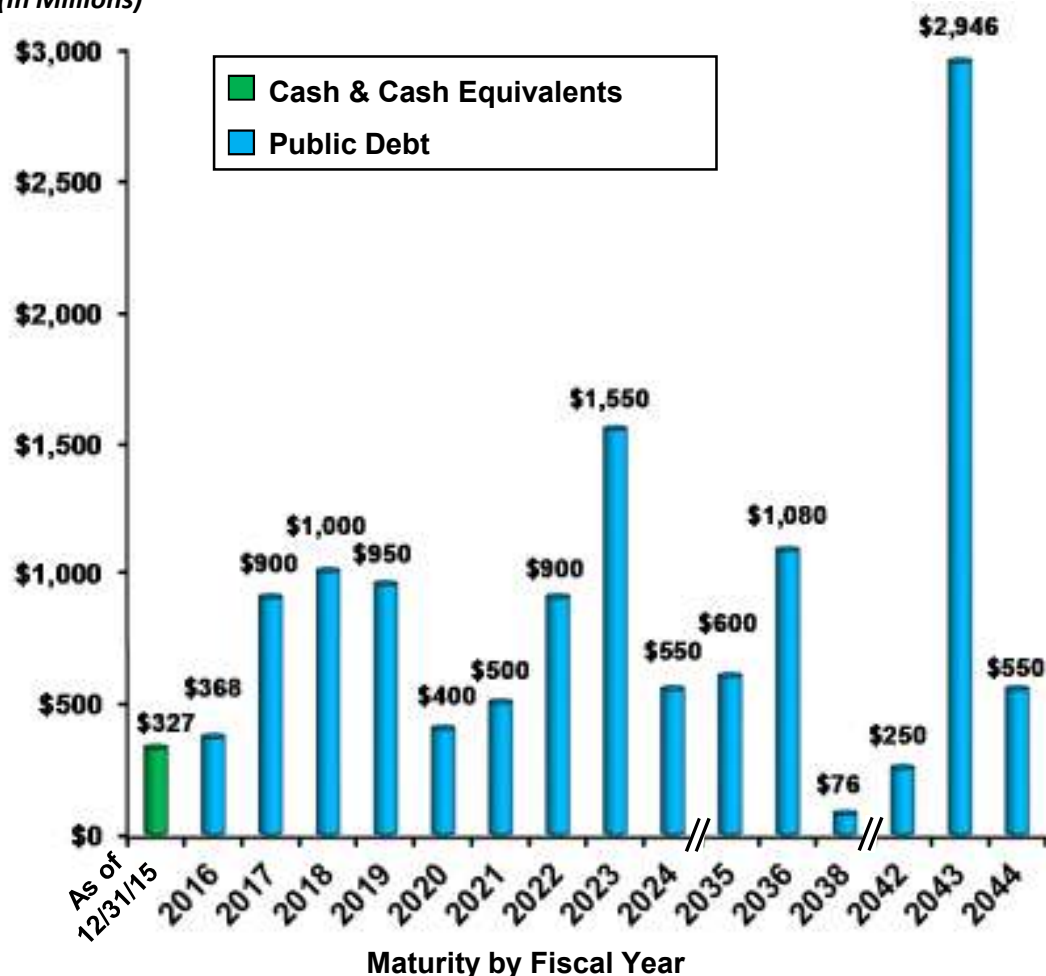
n/m – not meaningful

See pages 16 and 19 for the reconciliation of net cash provided by/(used in) operating activities to Free Cash Flow.



# Debt & Cash

(In Millions)



	<b>December 31, 2015</b>
Floating Rate Debt	\$ -
Fixed Rate Debt	12,146
Commercial Paper	290
Capital Lease and Other Obligations	131
<b>Total Debt</b>	<b>\$ 12,567</b>
Cash & Cash Equivalents	327
<b>Net Debt</b>	<b>\$ 12,240</b>
Weighted Average Rate <sup>(1)</sup>	4.6%
Weighted Average Maturity <sup>(1)</sup>	13.1

Chart excludes commercial paper, capital leases and other obligations.

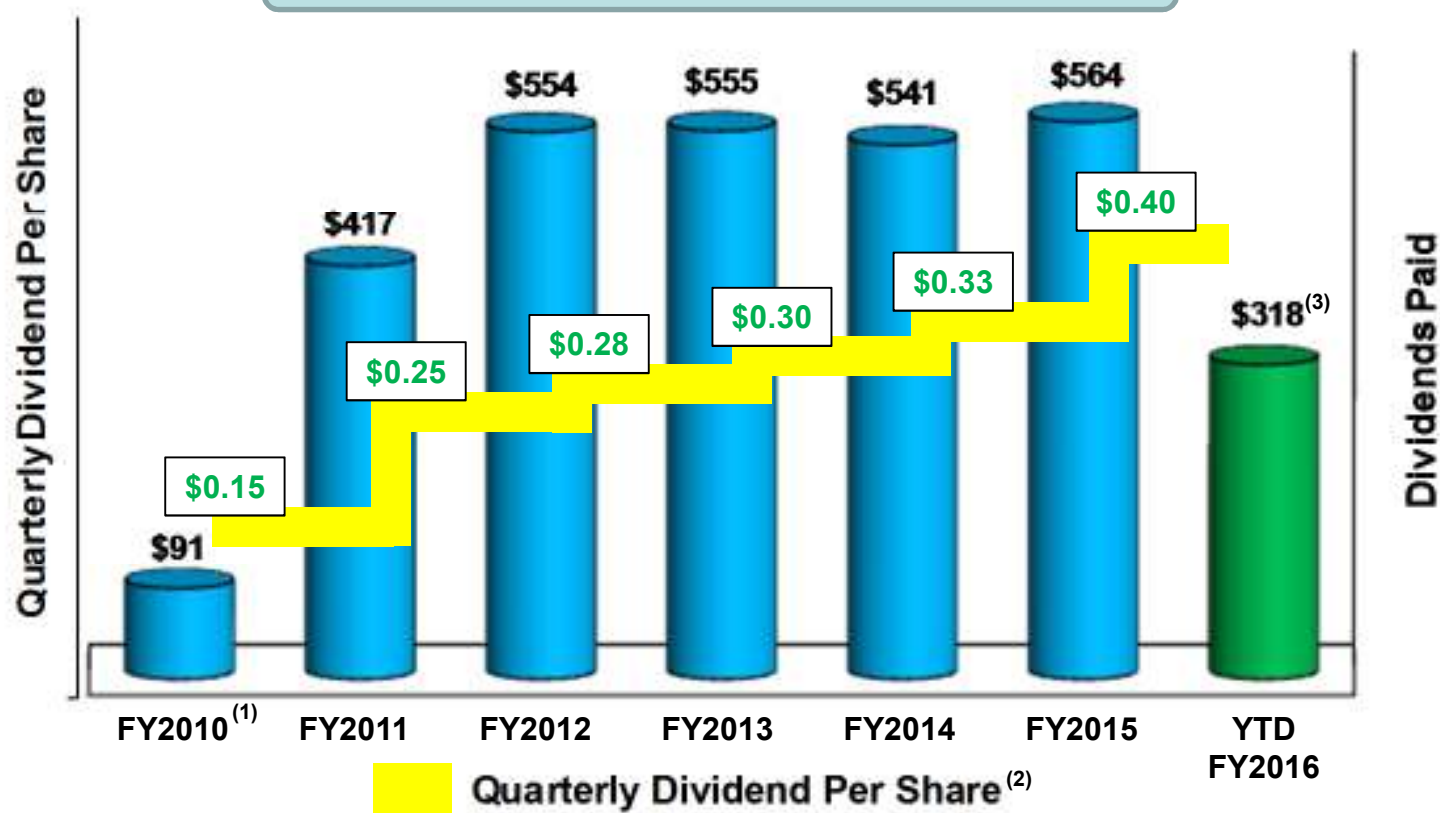
(1) Calculations are based on the book value of fixed rate debt.



# Dividends Paid

(In Millions, except per share amounts)

Cumulative Dividends Paid: \$3.0 billion



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

(2) We increased our quarterly dividend per share in the 4<sup>th</sup> fiscal quarter of each fiscal year.

(3) We paid a quarterly dividend of \$0.40 per share in the 1<sup>st</sup> and 2<sup>nd</sup> fiscal quarters of 2016.



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## SEGMENT HIGHLIGHTS

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# Media Networks – Revenues by Type

(In Millions)

	Quarter ended December 31,		
	2015	2014	B/(W) 2014
Advertising	\$ 1,320	\$ 1,367	(3%)
Affiliate Fees	1,119	1,132	(1%)
Ancillary	126	155	(19%)
<b>Total</b>	<b>\$ 2,565</b>	<b>\$ 2,654</b>	<b>(3%)</b>



# Media Networks – Financial Results

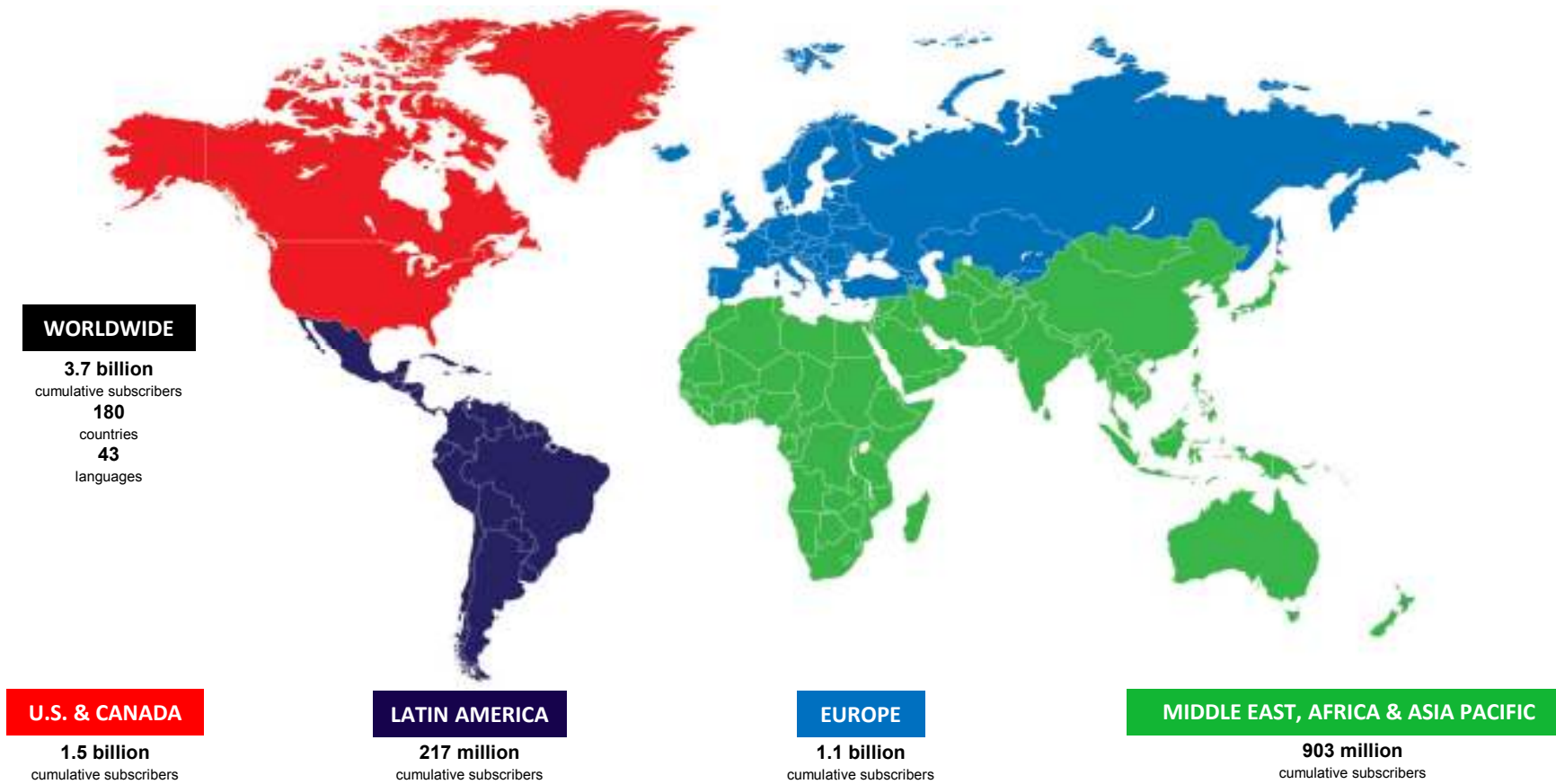
(In Millions)

	Quarter ended		
	2015	2014	B/(W) 2014
Revenues	\$ 2,565	\$ 2,654	(3%)
Expenses	(1,467)	(1,509)	3%
Depreciation and Amortization	(41)	(41)	-
Adjusted Operating Income	\$ 1,057	\$ 1,104	(4%)
Equity-Based Compensation	(9)	(10)	10%
Operating Income	\$ 1,048	\$ 1,094	(4%)



# Media Networks – International

Strongholds in the most important developing and developed markets



Source: Cumulative subscriber numbers aggregate subscribers to each channel. Includes all owned and operated, joint venture and licensee channels. Domestic subscriber numbers are based on Nielsen Media Research as of December 2015 and Canadian subscriber numbers are based on MediaStats as of November 2015. All other international subscriber numbers are based on internal figures as of October 2015, plus November and December channel launches.



# Filmed Entertainment – Revenues by Type

(In Millions)

	Quarter ended December 31,		
	2015	2014	B/(W) 2014
Theatrical	\$ 94	\$ 169	(44%)
Home Entertainment	239	316	(24%)
License Fees	237	189	25%
Ancillary	42	46	(9%)
<b>Total</b>	<b>\$ 612</b>	<b>\$ 720</b>	<b>(15%)</b>



# Filmed Entertainment – Significant Releases

Theatrical	
Qtr ended December 31, 2015	Qtr ended December 31, 2014
Paranormal Activity: The Ghost Dimension	Interstellar
The Big Short	Top Five
Daddy's Home	The Gambler
Anomalisa	Selma <sup>(1)</sup>

Home Entertainment	
Qtr ended December 31, 2015	Qtr ended December 31, 2014
Terminator: Genisys	Hercules
Mission: Impossible - Rogue Nation	Teenage Mutant Ninja Turtles

(1) Limited release in the December quarter 2014. Wide release in the March quarter 2015.



# Filmed Entertainment – Financial Results

(In Millions)

	Quarter ended December 31,		
	2015	2014	B/(W) 2014
Revenues	\$ 612	\$ 720	(15%)
Expenses	(745)	(767)	3%
Depreciation and Amortization	(13)	(13)	-
Adjusted Operating Loss	\$ (146)	\$ (60)	(143%)
Equity-Based Compensation	(3)	(4)	25%
Operating Loss	\$ (149)	\$ (64)	(133%)



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## APPENDIX RECONCILIATIONS

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# Supplemental Disclosures: Non-GAAP Financial Information

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Non-GAAP measures, including consolidated free cash flow and adjusted results that exclude the impact of certain items identified as affecting comparability, 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/(used in) operations, operating income, net earnings 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 these tables have been calculated using the rates applicable to the adjustments presented.





# Supplemental Disclosures: Non-GAAP Financial Information

VIACOM

(In Millions, except per share amounts)

	Quarter ended December 31, 2015			
	Operating Income	Pre-tax Earnings	Net Earnings Attributable to Viacom	Diluted EPS
Reported Results	\$ 839	\$ 717	\$ 449	\$ 1.13
Factors Affecting Comparability:				
Discrete Tax Expense <sup>(1)</sup>	-	-	21	0.05
Adjusted Results	\$ 839	\$ 717	\$ 470	\$ 1.18

(1) The net discrete tax expense is principally related to a reduction in qualified production activity tax benefits as a result of retroactively reenacted legislation.



# Supplemental Disclosures: Non-GAAP Financial Information

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(In Millions, except per share amounts)

	Quarter ended December 31, 2014			
	Operating Income	Pre-tax Earnings	Net Earnings Attributable to Viacom	Diluted EPS
Reported Results	\$ 935	\$ 790	\$ 500	\$ 1.20
Factors Affecting Comparability:				
Loss on Pension Settlement <sup>(1)</sup>	24	24	15	0.04
Discrete Tax Expense <sup>(2)</sup>	-	-	23	0.05
Adjusted Results	\$ 959	\$ 814	\$ 538	\$ 1.29

(1) The pre-tax non-cash charge of \$24 million was driven by the settlement of pension benefits of certain participants of our funded pension plan.

(2) The net discrete tax expense is principally related to a reduction in qualified production activity tax benefits as a result of retroactively reenacted legislation.



# Supplemental Disclosures: Non-GAAP Financial Information

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(In Millions)

	Quarter ended December 31,	
	2015	2014
Net Cash Provided By/(Used In) Operating Activities	\$ (126)	\$ 56
Capital Expenditures	(26)	(34)
Excess Tax Benefits	-	35
Free Cash Flow <sup>(1)</sup>	<u>\$ (152)</u>	<u>\$ 57</u>

(1) We define free cash flow as net cash provided by/(used in) operating activities 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. Free cash flow is a non-GAAP measure. Management believes the use of this measure provides investors with an important perspective on our liquidity, including our ability to service debt and make investments in our businesses.



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