

# VIA COM

## FISCAL THIRD QUARTER 2017 RESULTS



# Cautionary Statement Concerning Forward-Looking Statements

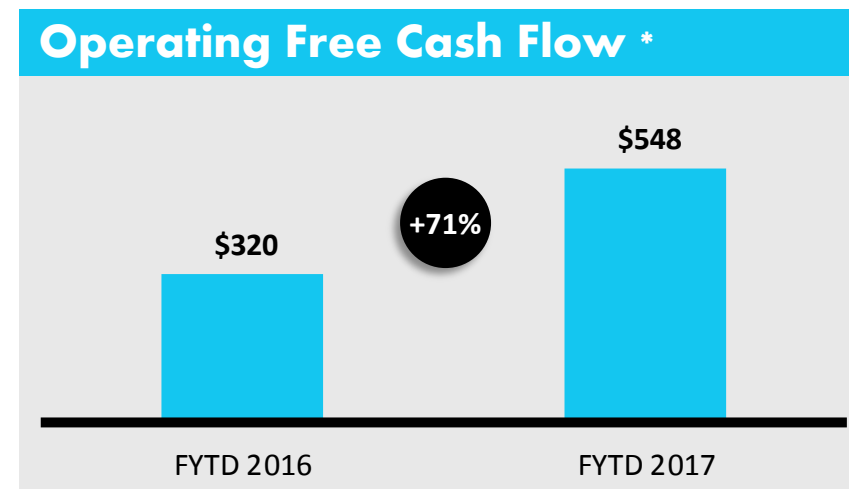
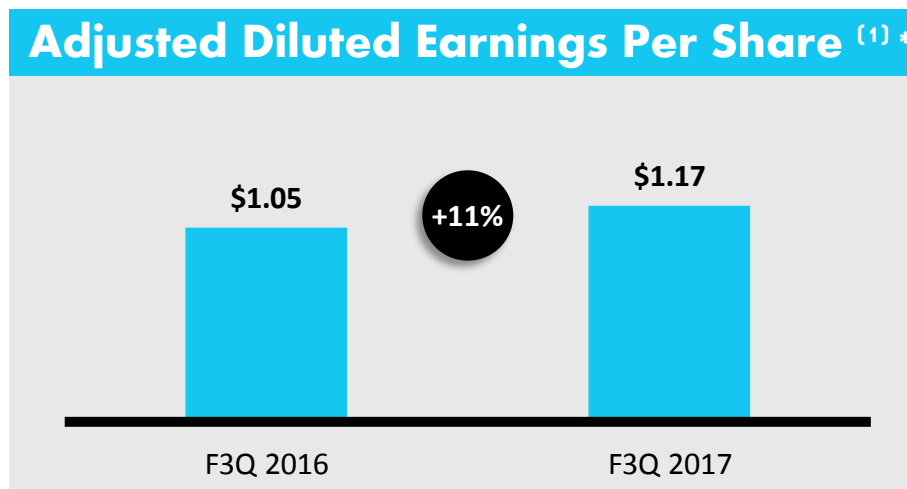
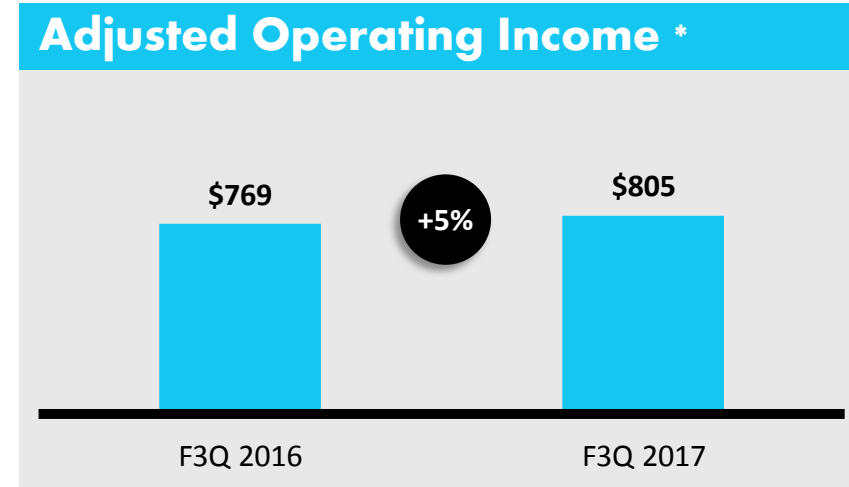
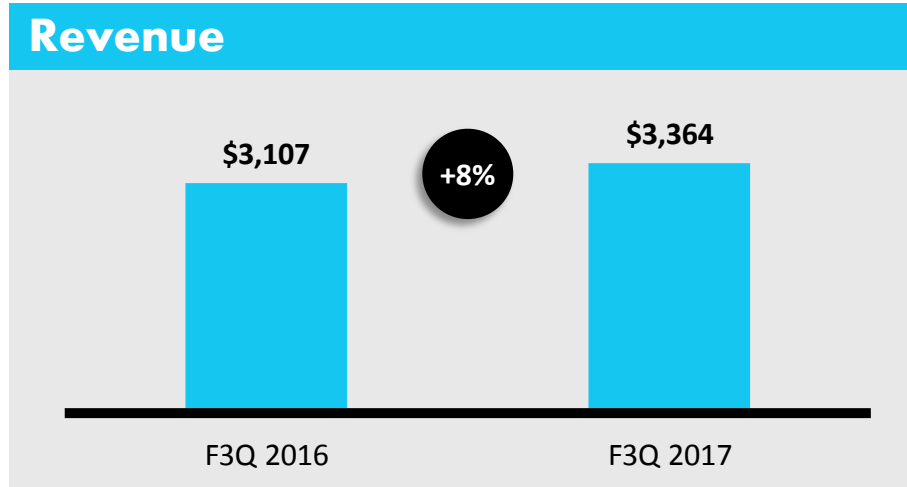
This presentation contains both historical and forward-looking statements. All statements that are not statements of historical fact are, or may be deemed to be, forward-looking statements. Forward-looking statements reflect our current expectations concerning future results, objectives, plans and goals, 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 effect of recent changes in management and our board of directors; the ability of our recently-announced strategic initiatives to achieve their operating objectives; 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 and advertising and affiliate revenues; 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 2016 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 nine months ended June 30, 2017.**

# Consolidated Financial Summary

- Growth in key metrics including revenue, adjusted OI, adjusted EPS and YTD operating FCF
- Third straight quarter of year-over-year revenue growth

(\$ in millions except per share data)



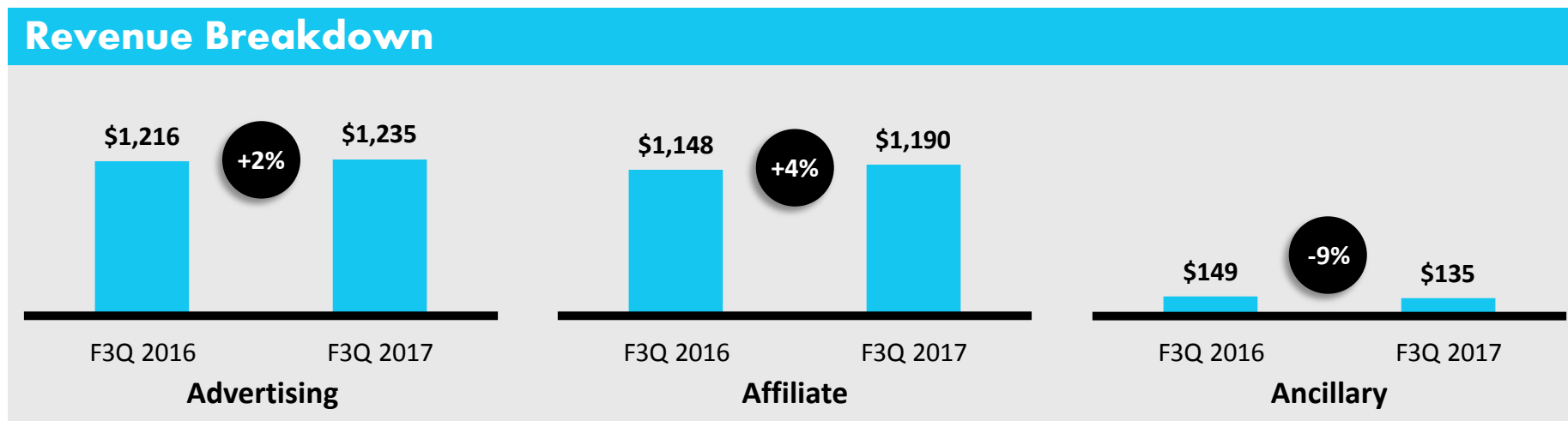
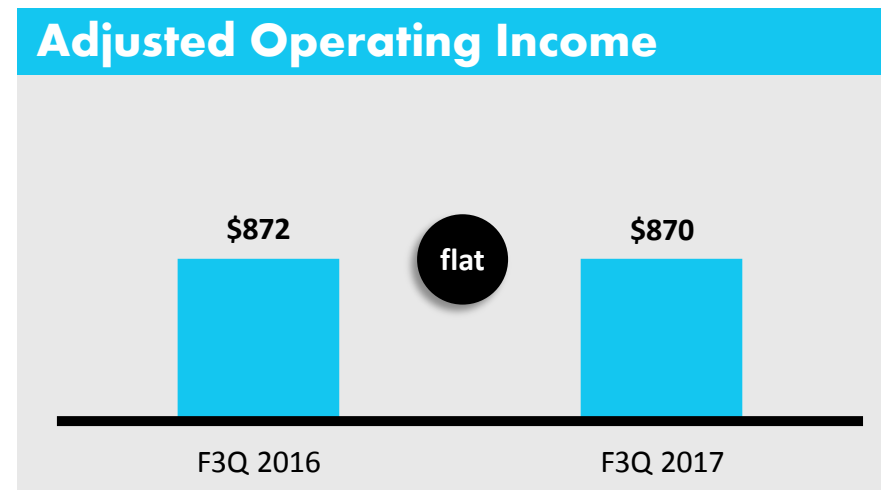
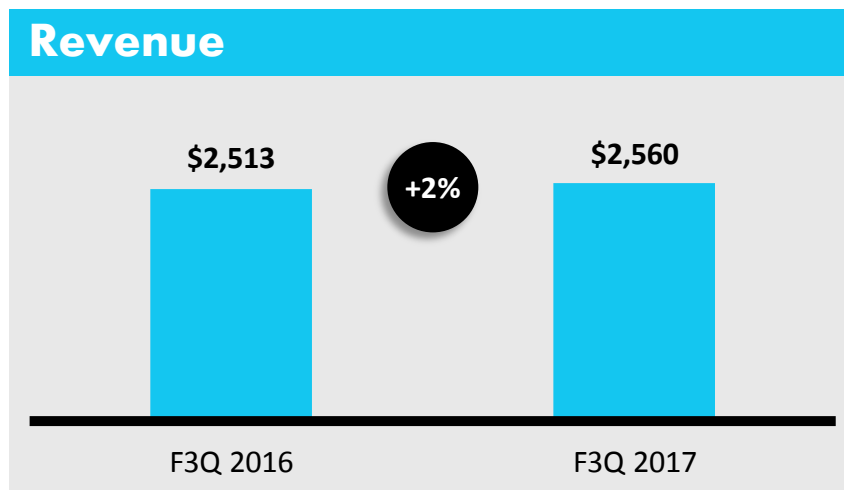
(1) From continuing operations.

\* See page 12 for information regarding non-GAAP financial measures.

# Media Networks: Financial Summary

➤ Revenue growth driven by advertising and affiliate

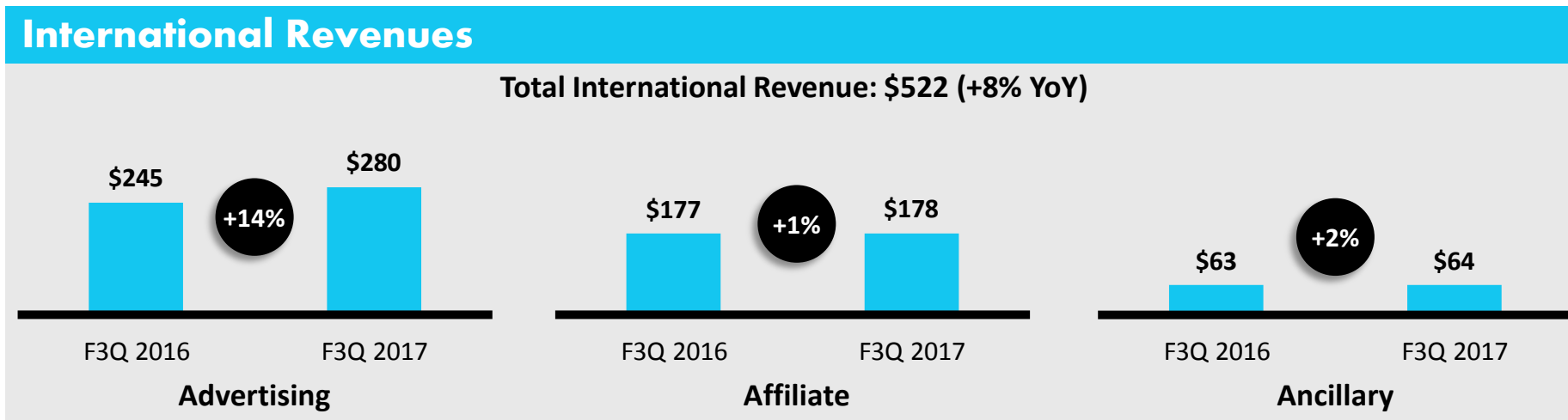
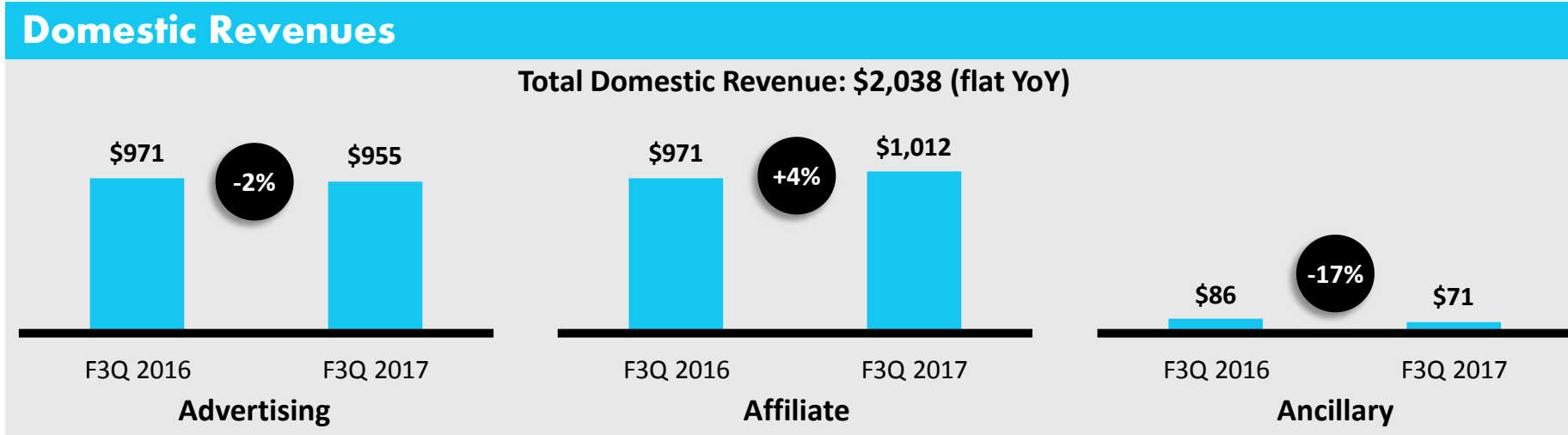
(\$ in millions)



# Media Networks: Revenue Breakdown

- Continued strength in international driven by Telefe and growth in our global brands, partially offset by the UK due to Brexit
- Growth in domestic affiliate driven by SVOD and rate increases

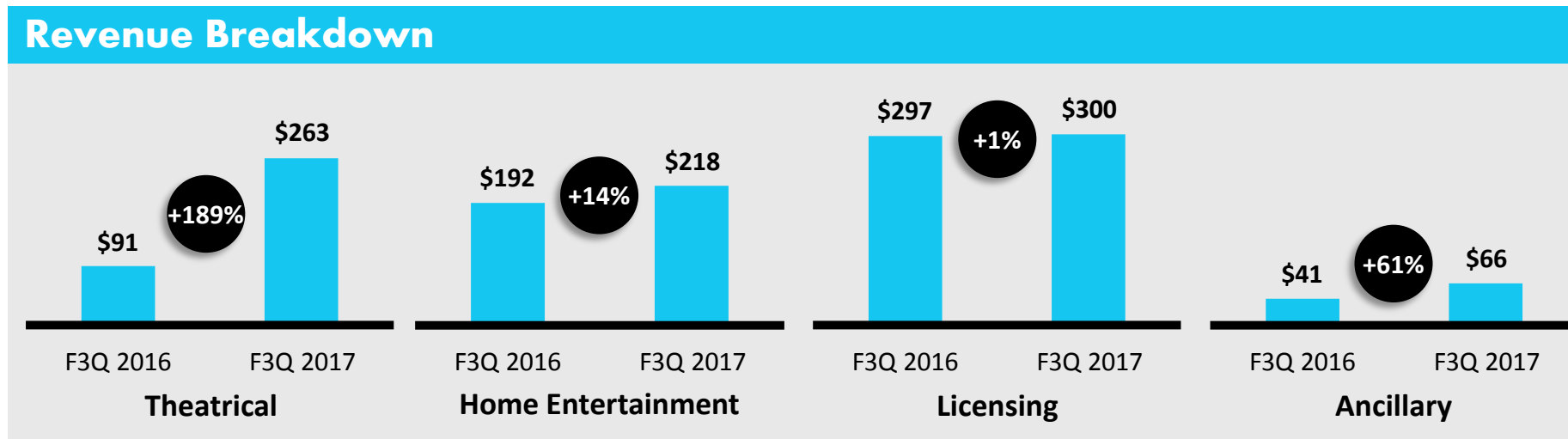
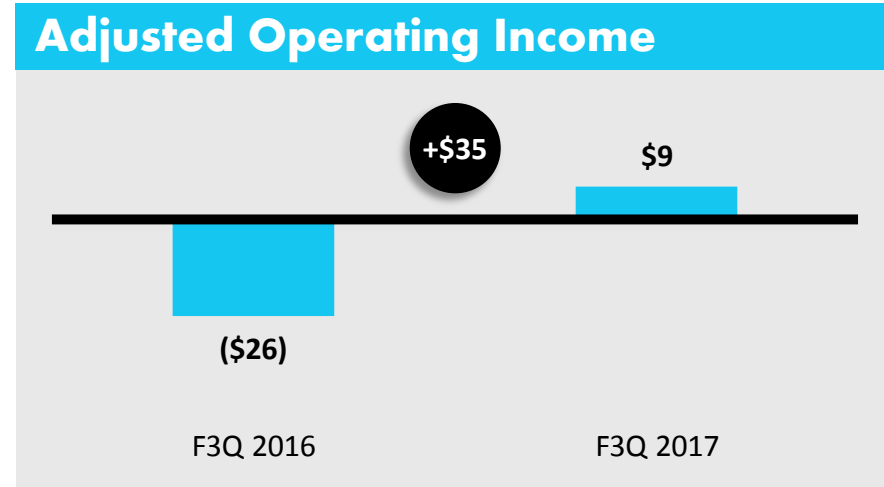
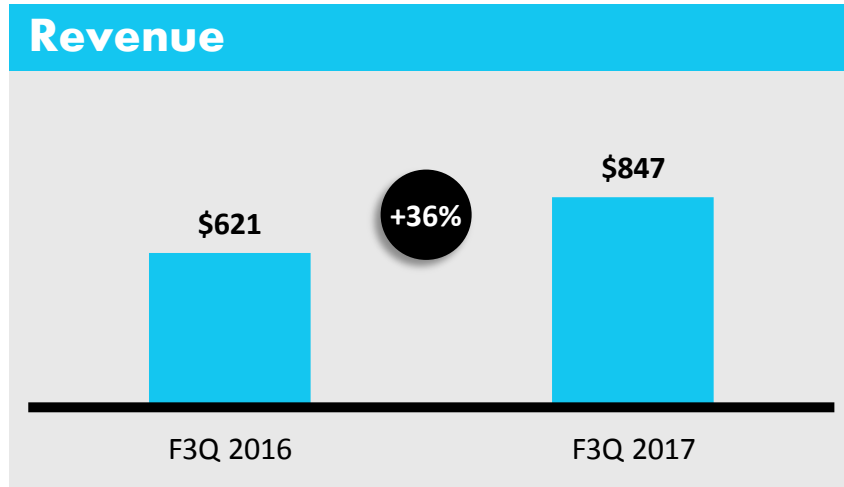
(\$ in millions)



# Filmed Entertainment: Revenue Breakdown

- Growth across all revenue streams led by theatrical
- Continued year-over-year improvement in adjusted OI

(\$ in millions)



# Performance Highlights

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## Distribution

- Global, multi-year agreements announced in May with Altice USA
  - Extends Viacom's Cablevision agreement and reintroduces Viacom networks on Suddenlink
  - Includes first-of-its-kind data and advanced advertising partnership
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## Ad Sales

- Sequential quarterly improvement in domestic ad sales revenues
  - Momentum from U.S. upfront, with volume growth and mid-to-high single-digit CPM increases across the board
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## Brands

- First-of-its-kind, cross-portfolio talent deal with Tyler Perry, spanning TV, film, short-form and digital
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# Performance Highlights



- Achieved year-over-year ratings growth in June for first time since 2011
- Claimed four of the top 30 cable series in the quarter, including a rebooted *Fear Factor* – the network’s highest rated new series in two years



- Experienced its strongest June year-over-year ratings growth in four years
- July was the network’s second consecutive month of year-over-year growth



- *The Daily Show with Trevor Noah* achieved its highest-rated and most-watched quarter ever
- Inaugural Comedy Central Clusterfest attracted more than 40,000 attendees to rave reviews



- Continues to dominate the ratings in its major demographics – with nine of the top 10 shows for kids 2-11 and four of the top five shows for kids 2-5
- Grew year-over-year ratings by 5% and remains the #1 kids network for eight consecutive quarters



# Performance Highlights

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- Revenue weighted share for flagship brands increased 6% internationally
  - Channel 5 outperformed the market, growing share for a sixth straight quarter
  - Successful integration of Telefe continues as the network maintains its strong market leadership in Argentina
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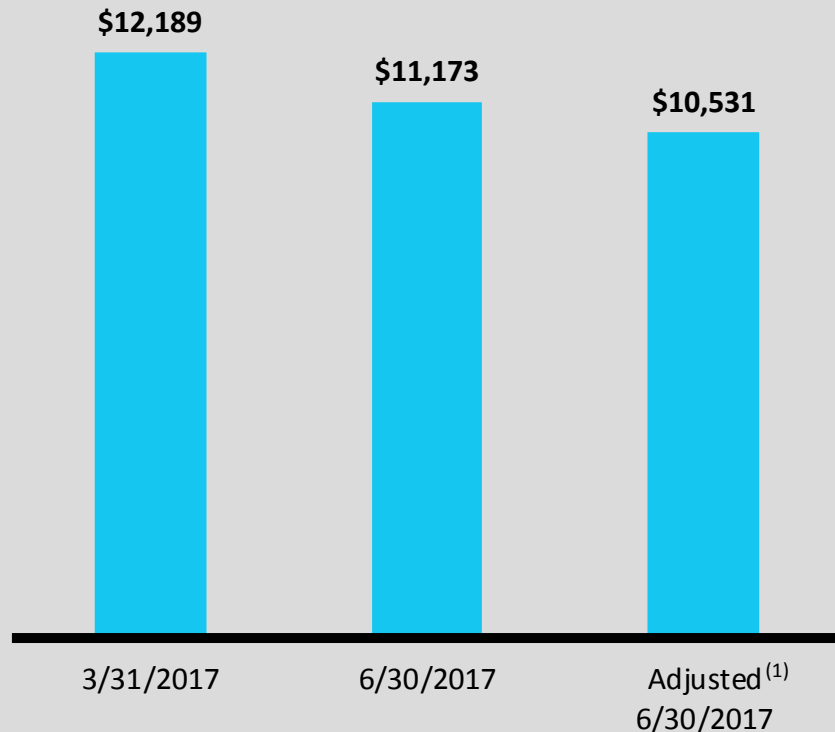


- Established Paramount Players and appointed AwesomenessTV founder Brian Robbins to lead division
  - Named accomplished filmmaker and producer Mireille Soria as President of Paramount Animation
  - *Transformers: The Last Knight* opened #1 in the U.S. and in 53 markets internationally
  - Paramount TV continued to strengthen portfolio, with 16 shows ordered to production and more than 50 projects in development
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- **Reduced debt by \$2 billion, or 15%, since announcing plans to de-lever on Feb 9th**
- **De-levering actions in the quarter include the sale of our stake in EPIX and our recent tender offer for over \$1 billion of debt**

(\$ in millions)

## Gross Debt



## Debt Overview

Gross Debt	\$11,173
Adjusted Gross Debt <sup>(1)</sup>	\$10,531
Cash	\$425
Net Debt	\$10,748
Weighted Average Rate	4.9%
Weighted Average Maturity	13.3 yrs

## 2017 Fiscal Third Quarter De-levering Actions

- ✓ Executed on the sale of non-core assets including the sale of our stake in EPIX for \$634 million<sup>(2)</sup>
- ✓ Completed upsized tender offer for over \$1 billion of debt to bring total year-to-date redemptions to \$3.3 billion

(1) Adjusted Gross Debt reflects 50% equity credit (as per S&P and Fitch) applied to the \$1.3bn of hybrid securities, reducing gross debt by \$642mm.

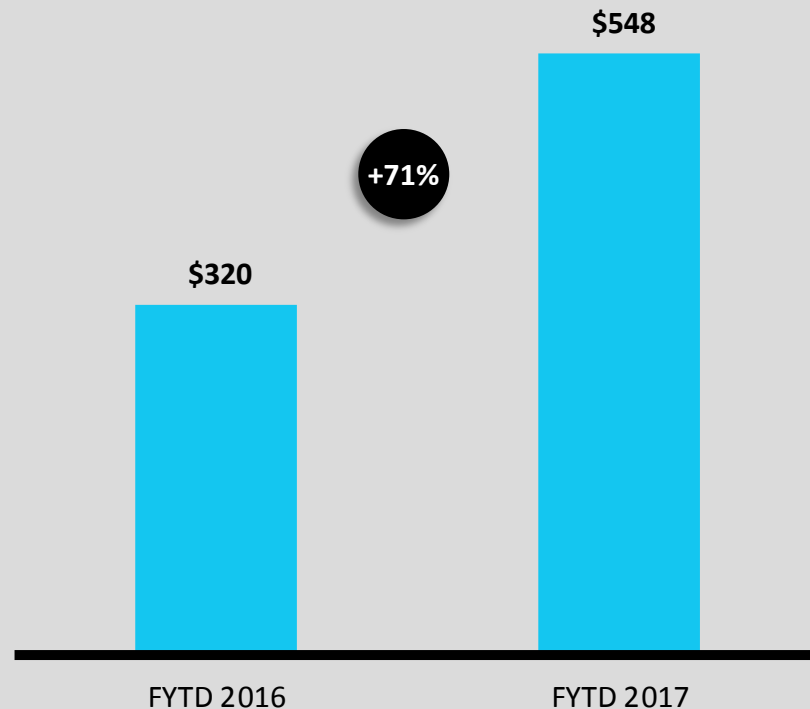
(2) Inclusive of a dividend.

# Free Cash Flow

- Q3 and YTD operating FCF were up 128% and 71%, respectively
- Increases were driven by improvements in working capital at Filmed Entertainment including lower film spend

(\$ in millions)

## Operating Free Cash Flow \*



	FYTD 2017	FYTD 2016	B/(W) %
Operating Income	\$ 1,784	\$ 2,194	(19%)
Depreciation and Amortization	167	166	1%
Restructuring and Programming Charges	381	-	n/m
Capital Expenditures	(139)	(80)	(74%)
Cash Interest	(455)	(464)	2%
Cash Taxes	(480)	(253)	(90%)
Working Capital and Other	(710)	(1,243)	43%
<b>Operating Free Cash Flow</b>	<b>\$ 548</b>	<b>\$ 320</b>	<b>71%</b>
Debt Retirement Premium	(33)	-	n/m
<b>Free Cash Flow</b>	<b>\$ 515</b>	<b>\$ 320</b>	<b>61%</b>

n/m – not meaningful

\* See page 12 for information regarding non-GAAP financial measures.

# Supplemental Disclosures: Non-GAAP Financial Information

Non-GAAP measures, including consolidated operating free cash flow, 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, 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.

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](http://ir.viacom.com).