

# VIA COM

## FISCAL SECOND QUARTER 2017 RESULTS



# Cautionary Statement Concerning Forward-Looking Statements

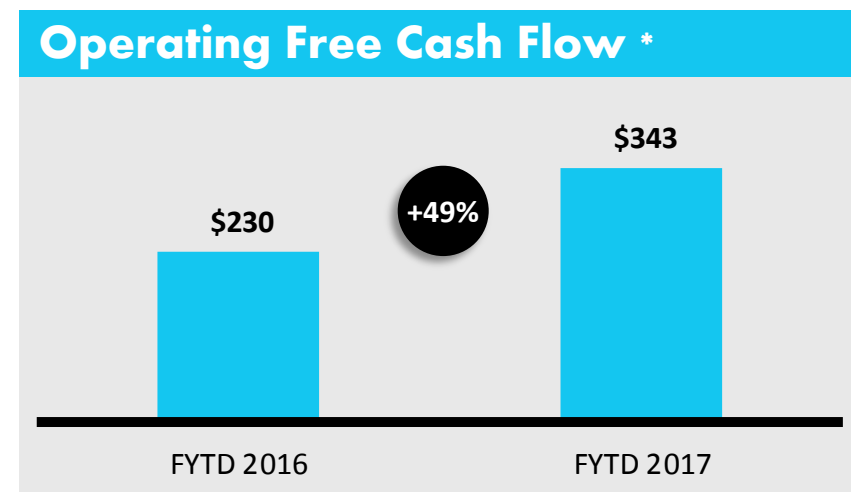
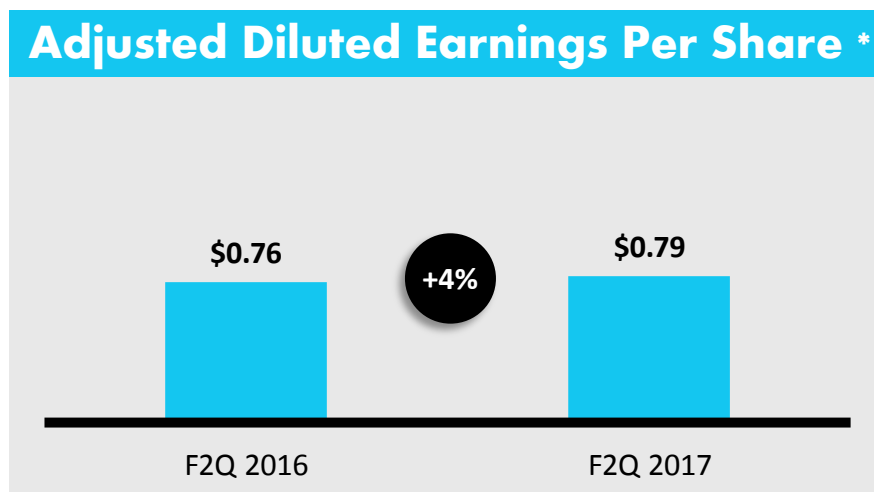
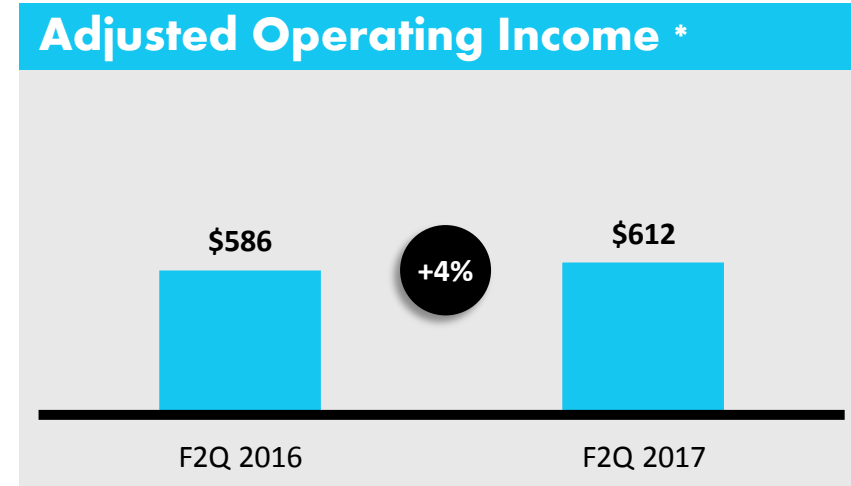
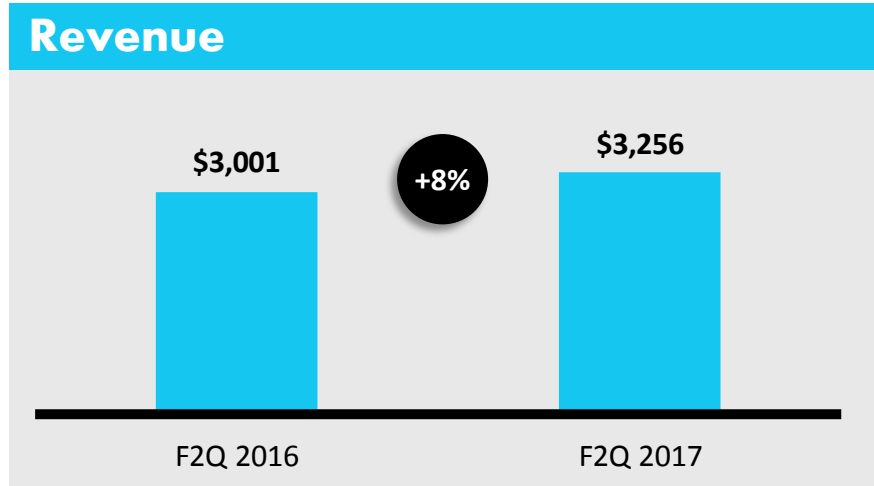
This presentation contains both historical and forward-looking statements. All statements that are not statements of historical fact are, or may be deemed to be, forward-looking statements. Forward-looking statements reflect our current expectations concerning future results, objectives, plans and goals, 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 six months ended March 31, 2017.**

# Consolidated Financial Summary

## ➤ Growth in Key Metrics Including Revenue, Adjusted OI, Adjusted EPS and Year-to-Date Operating FCF

(\$ in millions except per share data)

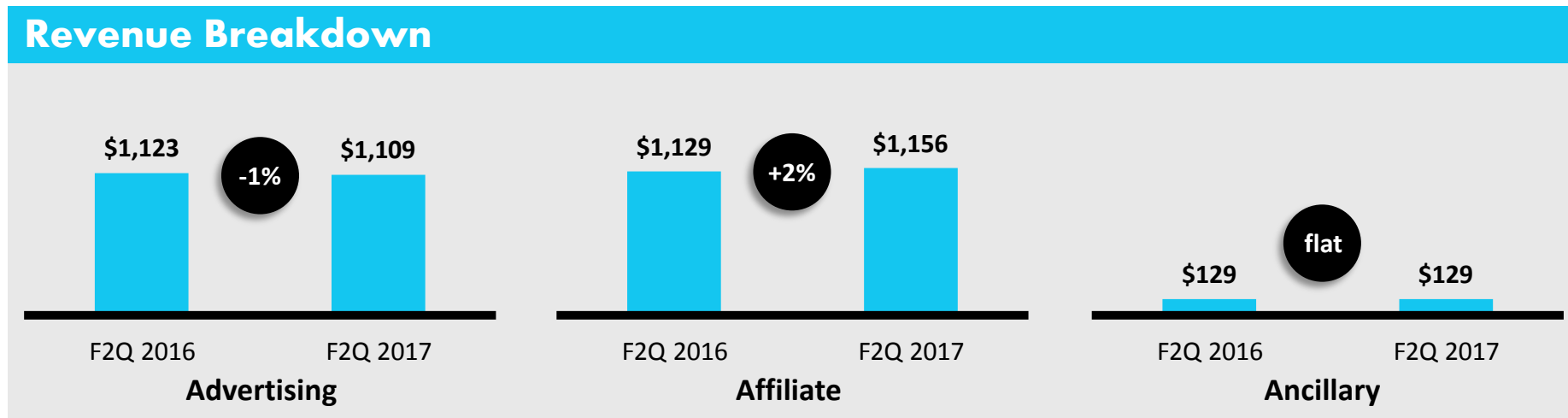
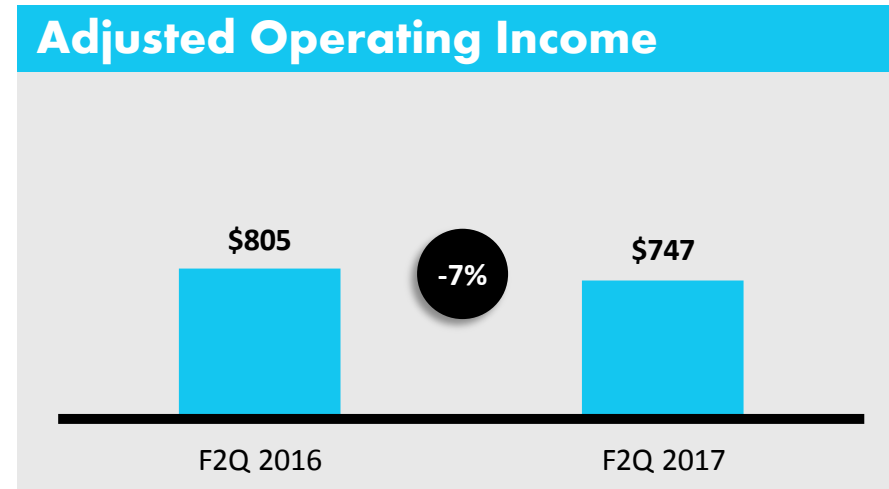
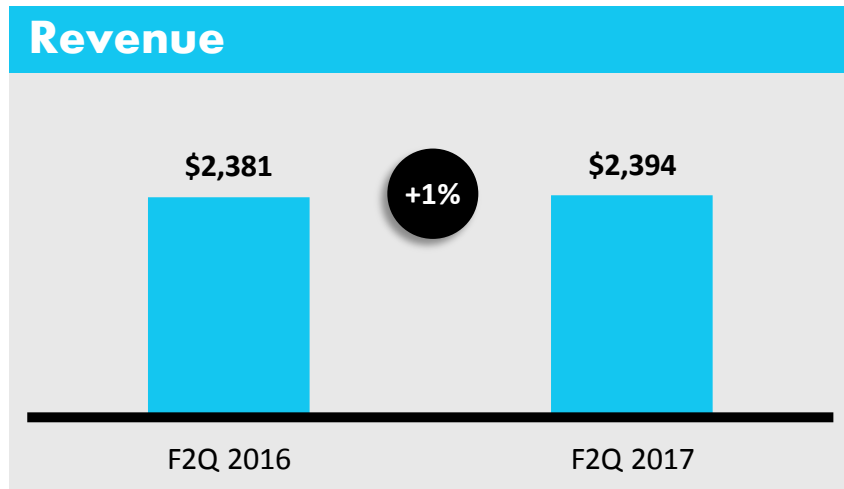


\* See page 12 for information regarding non-GAAP financial measures.

# Media Networks: Financial Summary

- Revenue Growth Driven by Affiliate
- Adjusted OI Impacted by Ad & Promotion Costs

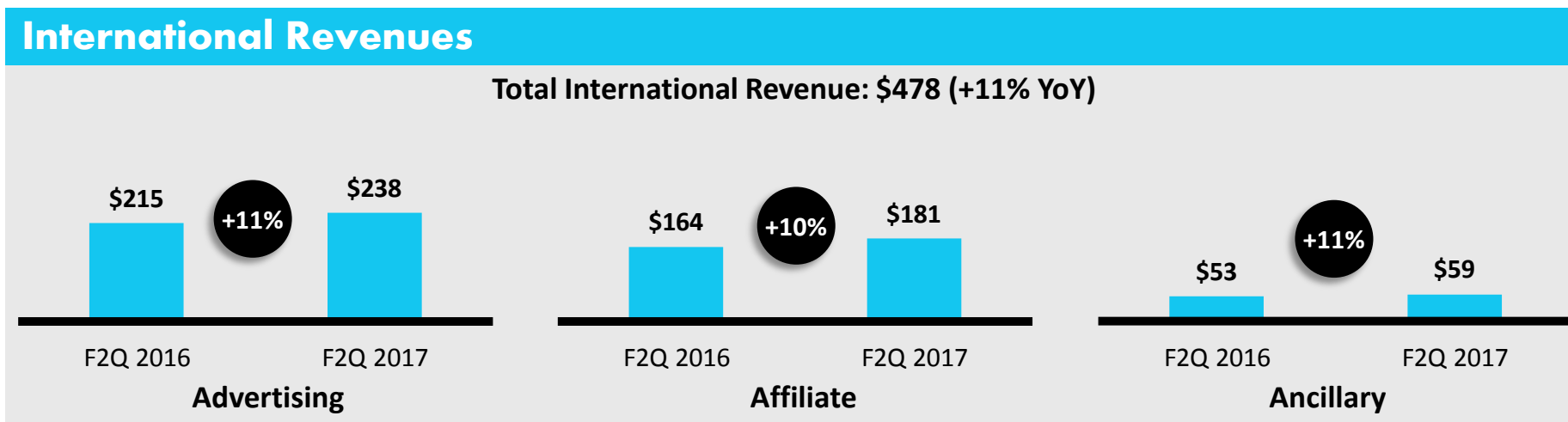
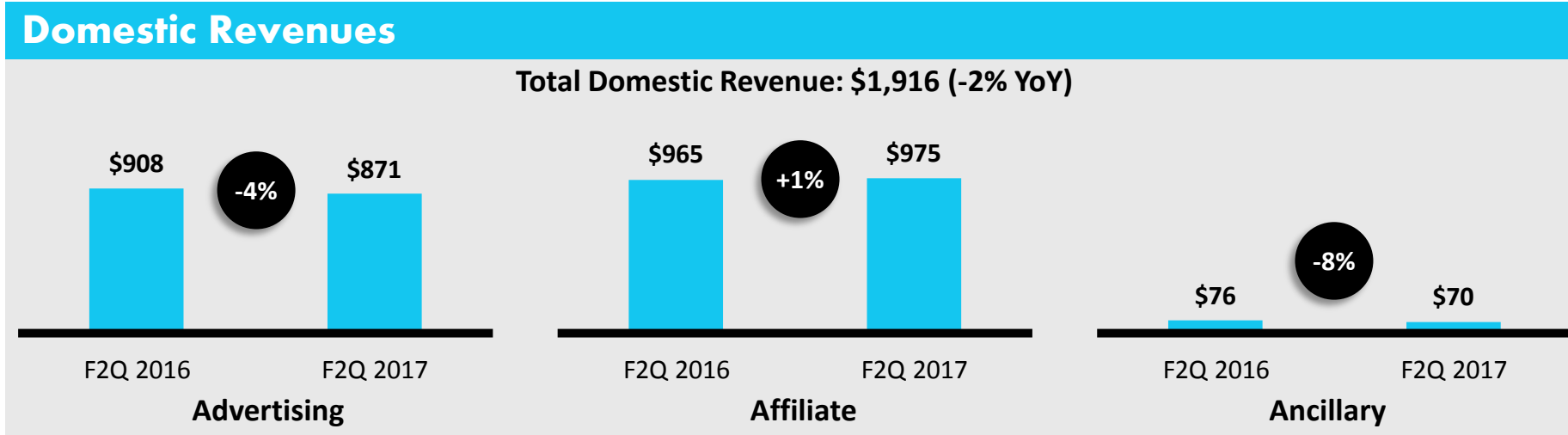
(\$ in millions)



# Media Networks: Revenue Breakdown

➤ Continued Strength in International and Growth in Affiliate

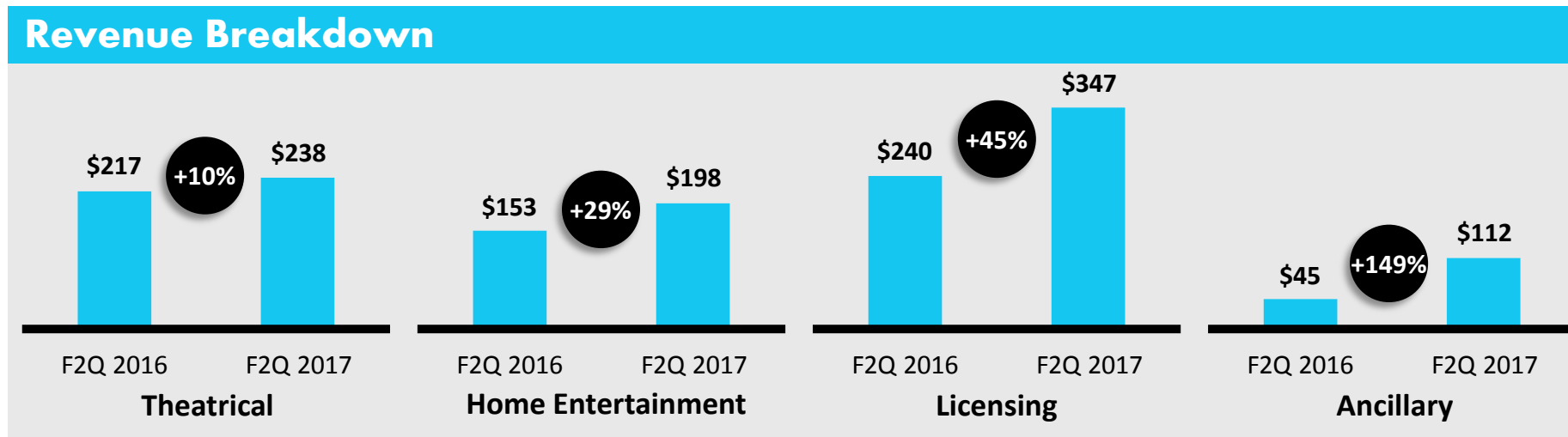
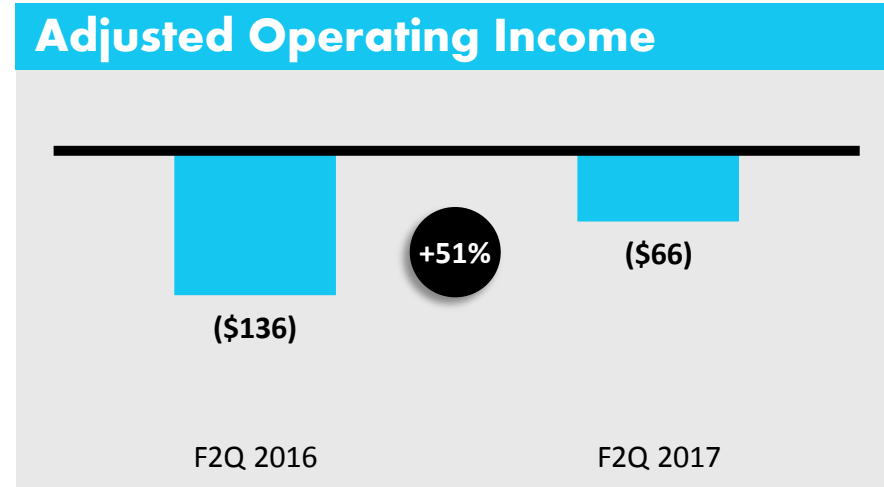
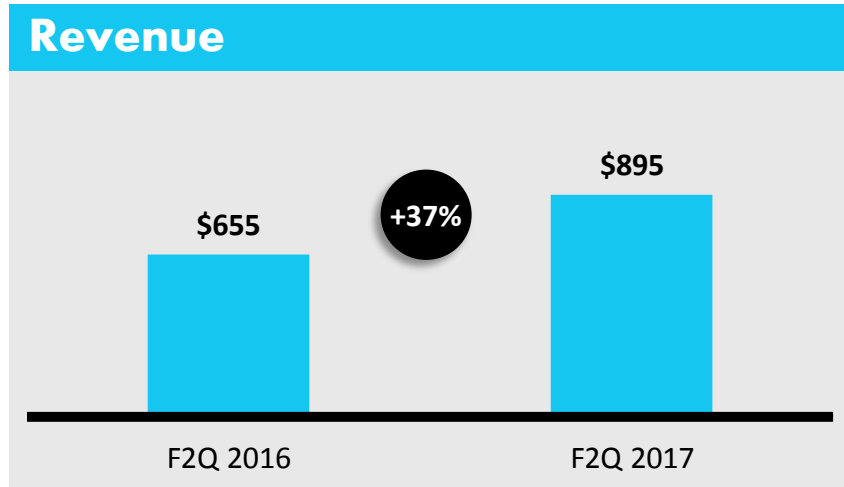
(\$ in millions)



# Filmed Entertainment: Revenue Breakdown

- Strong Growth Across All Revenue Streams Led by Licensing
- Year-Over-Year Improvement in Adjusted OI

(\$ in millions)



# Media Networks Performance Highlights



- Achieved year-over-year ratings growth of 6% with kids 6-11 and 5% with kids 2-11. In the quarter, the network also had 10 of the top 10 TV shows with kids 2-11 and 6-11, and four of the five top shows for kids 2-5.



- *The Daily Show with Trevor Noah* – the number one daily late night show with millennials – delivered its most-watched quarter to date, and digital viewing was up 37% versus the prior-year, marking its best quarter ever for digital consumption.



- In March, Viacom announced programming for the launch of the Paramount Network in 2018. Four original productions (*American Woman*; *Heathers*; *Waco*; and *I am Martin Luther King, Jr.*) will premiere in the second fiscal quarter along with new seasons of *Lip Sync Battle*; *Ink Master*; and *Bar Rescue*; and new events from *Bellator MMA*.



- VH1 continues its resurgence with a seventh consecutive quarter of year-over-year ratings growth, while TV Land and CMT achieved their best quarterly ratings in three years.



- Telefe was Argentina's monthly ratings leader in every major time period, while Colors in India co-led primetime ratings across Hindi general entertainment channels in the quarter.

# Filmed Entertainment Performance Highlights

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- In March, Viacom announced the appointment of industry veteran Jim Gianopulos, as Chairman and CEO of Paramount Pictures, whose responsibilities include the implementation of a new strategic plan for the studio.
- Achieved significant revenue gains across all of its business units: theatrical, home entertainment, licensing and ancillary.
- *xXx: Return of Xander Cage* showed global strength, grossing more than \$346 million at the worldwide box office.
- Paramount Television continues to build on its growing success as a premier content producer, delivering multiple hits including original series *13 Reasons Why* and *Shooter*.



# Nickelodeon In Focus

## ➤ The Premier Brand for Kids

### Leadership Across All Kids' Demos

- #1 Network for K2-11, K6-11 and K2-5
  - 7<sup>th</sup> straight quarterly win with K2-11 and K2-5 and 2<sup>nd</sup> straight quarterly win with K6-11
- 64% ahead of Disney Channel and 109% ahead of Cartoon Network in K2-11
- 65% of all ad-based kids' viewing in the marketplace

### Diversified Portfolio of Hits with a Robust Pipeline



- Nearly 700 episodes of new and returning series

### Co-Branded Film Presence

- Announced new slate of films *Amusement Park* (2018) and *SpongeBob* (2019)
- *Henry Danger* and *Loud House* in development
- *Amusement Park* will be a television show on Nick in 2019

### Expanding in the Physical and Digital Worlds

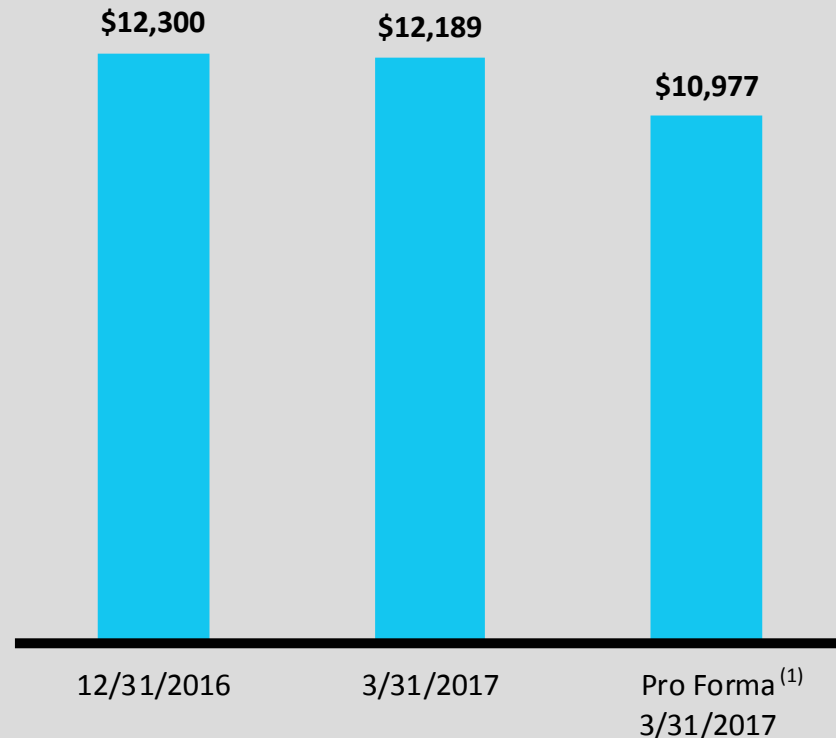
- Building on the success in live events across the globe including *PAW Patrol Live Tour* and *Slimefest*
- Expansion into licensed resorts including the Dominican Republic and Mexico (2018) with more to come
- More than doubled the number of consumer products properties in our preschool portfolio with *PAW Patrol* being named License of the Year by the Toy Association
- Year-to-date, full stream episodes on Nick and Nick Jr digital platforms were up 31% and 105%, respectively
- More than 50 gaming apps across 7 properties, with over half hitting #1 at launch

# Balance Sheet

## ➤ Focus on Capital Structure and De-levering Actions

(\$ in millions)

### Gross Debt



### Debt Overview

Gross Debt	\$12,189 million
Pro Forma Adjusted Gross Debt <sup>(1)</sup>	\$10,977 million
Cash	\$671 million
Net Debt	\$11,518 million
Weighted Average Rate	4.8%
Weighted Average Maturity	13.5 yrs

### 2017 Fiscal YTD De-levering Actions <sup>(2)</sup>

- ✓ Entered into a multi-year slate financing deal
- ✓ Issued \$1.3 billion of hybrid securities <sup>(1)</sup>
- ✓ Redeemed near term maturities improving our liquidity profile and reducing leverage
- ✓ Executed on the sale of non-core assets including the pending sale of our stake in EPIX for \$634 million <sup>(3)</sup>
  - After-tax proceeds of ~\$570 million will be used to pay down debt

(1) Pro Forma Adjusted Gross Debt reflects 50% equity credit (as per S&P and Fitch) applied to the \$1.3bn of hybrid securities and the expected after-tax proceeds from the pending sale of our stake in EPIX, reducing gross debt by \$642mm and \$570mm, respectively.

(2) Includes activity through 5/3/2017.

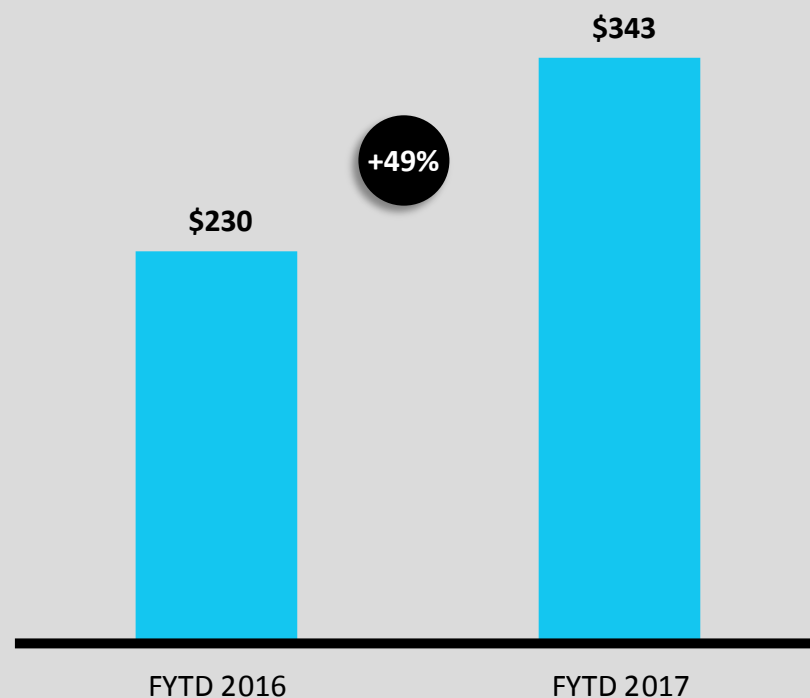
(3) Inclusive of a dividend.

# Free Cash Flow

## ➤ Increase in Year-to-Date Operating FCF driven by Lower Film Spend

(\$ in millions)

### Operating Free Cash Flow \*



	FYTD 2017	FYTD 2016	B/(W) %
Operating Income	\$ 1,038	\$ 1,425	(27%)
Depreciation and Amortization	114	111	3%
Restructuring and Programming Charges	322	-	n/m
Capital Expenditures	(95)	(54)	(76%)
Cash Interest	(320)	(302)	(6%)
Cash Taxes	(315)	(204)	(54%)
Working Capital and Other	(401)	(746)	46%
<b>Operating Free Cash Flow</b>	<b>\$ 343</b>	<b>\$ 230</b>	<b>49%</b>
Debt Retirement Premium	(33)	-	n/m
<b>Free Cash Flow</b>	<b>\$ 310</b>	<b>\$ 230</b>	<b>35%</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 before provision for income taxes, provision for income taxes, 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.

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).