

Viacom (VIAB) 2018 Q2 Earnings Summary

August 2018

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Viacom Is Evolving Into A Multi-Platform Company To Take Full Advantage Of Their Strong Brands And IP

STUDIO

- **Building a cross-portfolio studio to capitalize on the insatiable demand for premium episodic video content**
 - Not for wholesale licensing of their library to SVOD players, but instead using a cost plus model (not deficit financing) to produce new content
- **Mandate is to leverage existing and new IP to create new original content for SVOD platforms and 3rd party customers**
 - Have now established studio production units at Nickelodeon, MTV and Viacom International Media Networks, with Comedy Central and BET launching shortly
 - Set their sights on building this into a billion dollar business by 2020

PAY-TV

- **Rebuilding and expanding relationships with distribution partner, to close major renewals and secure incremental carriage**
 - Returning to a place where contractual pricing increases are more than offsetting subscriber declines
 - Broadened the scope of the partnerships to include advanced advertising and coproduction deals
- **See strong virtual MVPD contribution both from a volume and pricing standpoint and just secured carriage on AT&T Watch**
 - vMVPDs are a good contributor for the AMS business, because they carry addressable units which boosts AMS inventory

ADVERTISING

- **Drove strongest upfront pricing in 5 years across all their cable networks, reflecting the improved strength of its flagship brands**
 - strategy was to use scarcity to drive aggressive pricing and packaging, which is critically important in a supply-constrained world
- **Reflected the demand for their AMS portfolio, which includes branded content, advanced advertising and experiential offerings**
 - Excited by the potential of this new business to accelerate the ecosystem and evolve into an incremental revenue stream
 - Licensing to other publishers for an upfront fee associated with the tech and implementation and a variable part to participate in the upside

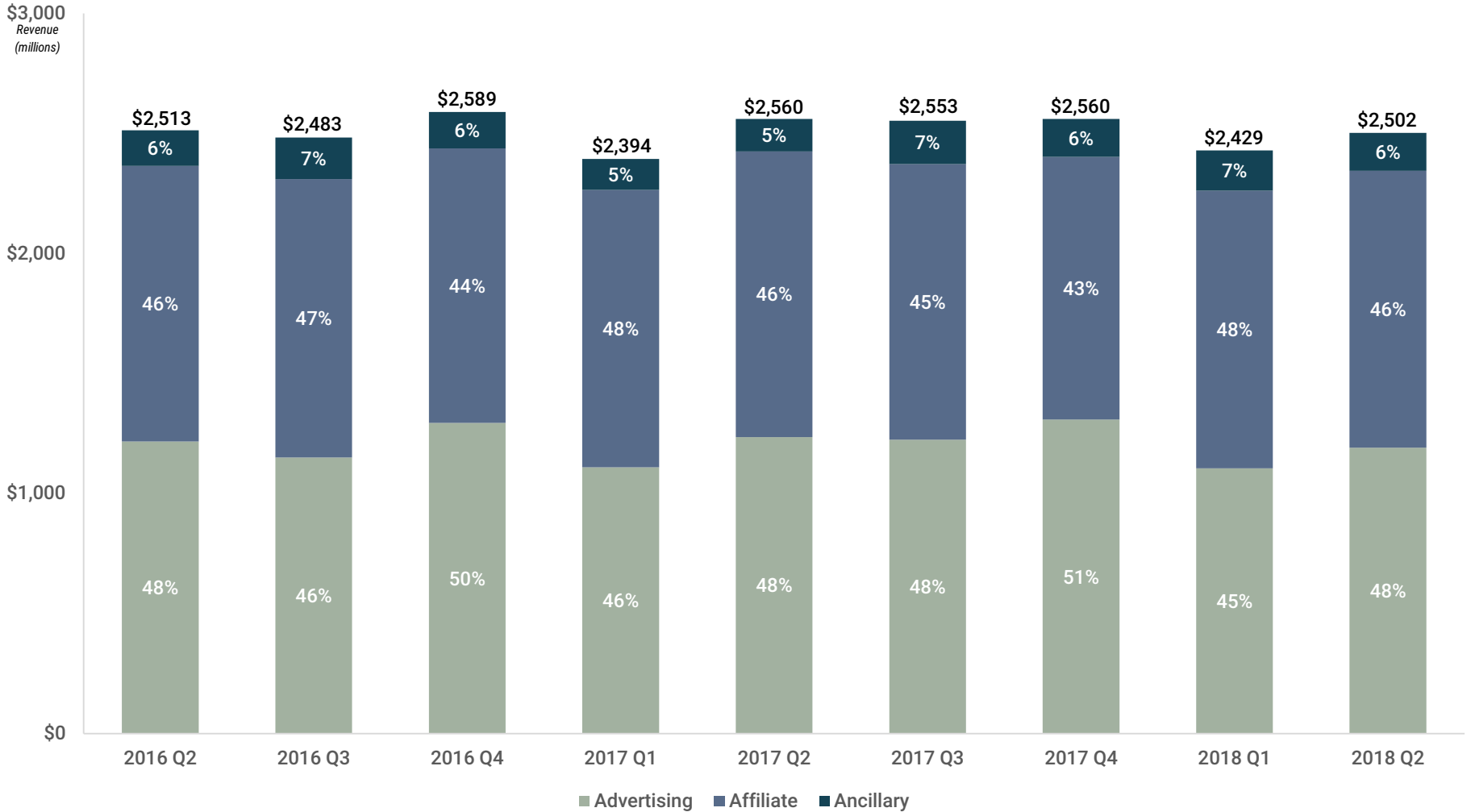
INTERNATIONAL

- **Continue to expand their footprint internationally through partnerships with OTT and mobile providers**
 - Expect to close 2 additional deals with mobile carriers in Europe, which will be announced shortly
- **A big hub for the studio production initiative is Argentina, so they are looking at what else they can move into there to even get more benefit, given the cost economics**
 - In very early stages of developing a retransmission consent-driven affiliate revenue stream, enabled by some regulatory changes

The goal of the studio initiative is to promote the networks and drive awareness to other elements of their DTC strategy

Media Networks

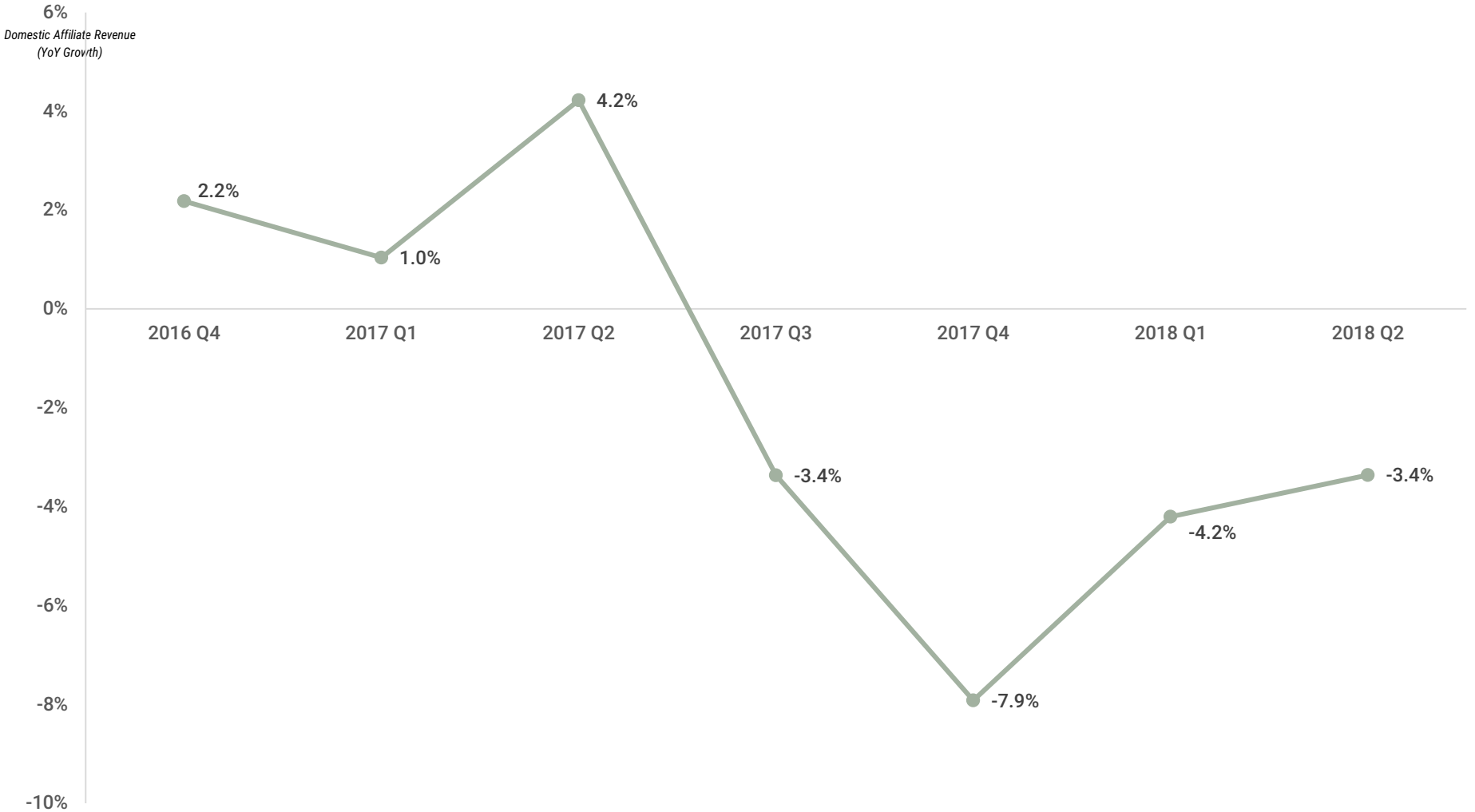
Turnaround Strategy Is Built On Creating Incremental Revenue Streams, Not Just Transitioning To New Ones



Distribution deals with international wireless carriers allows them to reach consumers outside of the Pay-TV ecosystem

Domestic Affiliate

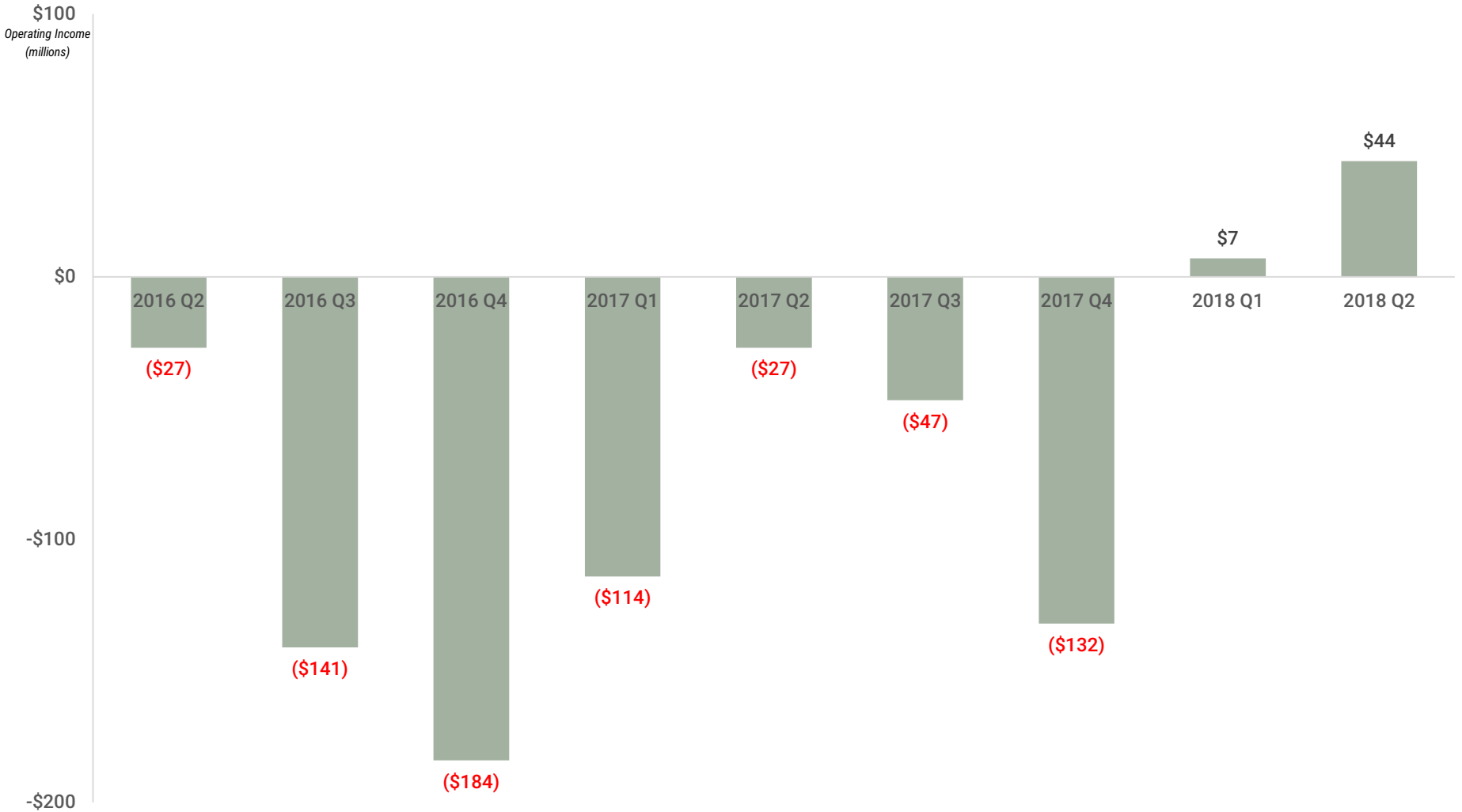
Repairing Relationships With MVPDs Was Important To Maintain The Health Of Their Flagship Brands



AwesomenessTV enhances their digital footprint and allows them to target audiences who have already cut the cord

Filmed Entertainment

The New Theatrical Strategy Is Centered On Making Highly Targeted Films Or Very Broad Ones



With new management in place, there is more confidence in the 2019 slate which will incorporate their flagship brands