



SiriusXM (SIRI) 2019 Q2 Earnings Summary

July 2019

*Sign Up For Additional Research From Evolution Media Capital*



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# Key Takeaways



## SiriusXM Is Partnering With Popular Artists To Provide Exclusive, Differentiated Content For Their Platform

### PODCASTS

- **Very committed to the podcast space and have a really good understanding of what listeners want in terms of spoken word**
  - Right now, it seems to be a race to just put the most stuff up, which they don't believe is going to win
  - Branded content is probably more important in the space and a few big things need to happen before this becomes a mega audience
- **Pandora will acquire many podcasts because there is a lot of convenience of having most of the major ones available**
  - Picked up about 3,000 podcasts and well on their way towards their goal of between 5,000 and 10,000 by the end of the year

### CONTENT

- **Branded channels provide differentiation and a unique entertainment experience that subscribers are willing to pay for**
  - Deal with Drake is very deep, across both platforms and has multiple content components, including marketing which will be rolled out later
  - Expanded relationship with comic superstar Kevin Hart, doubling the time and number of shows on his exclusive Laugh Out Loud channel
- **They look for interesting brands that haven't gone into the audio space and figure out if they are suited for their audience**
  - Anyone jogging or working out at home is looking for some sort of music or backdrop to this and SoulCycle is a natural extension to that

### IN-VEHICLE

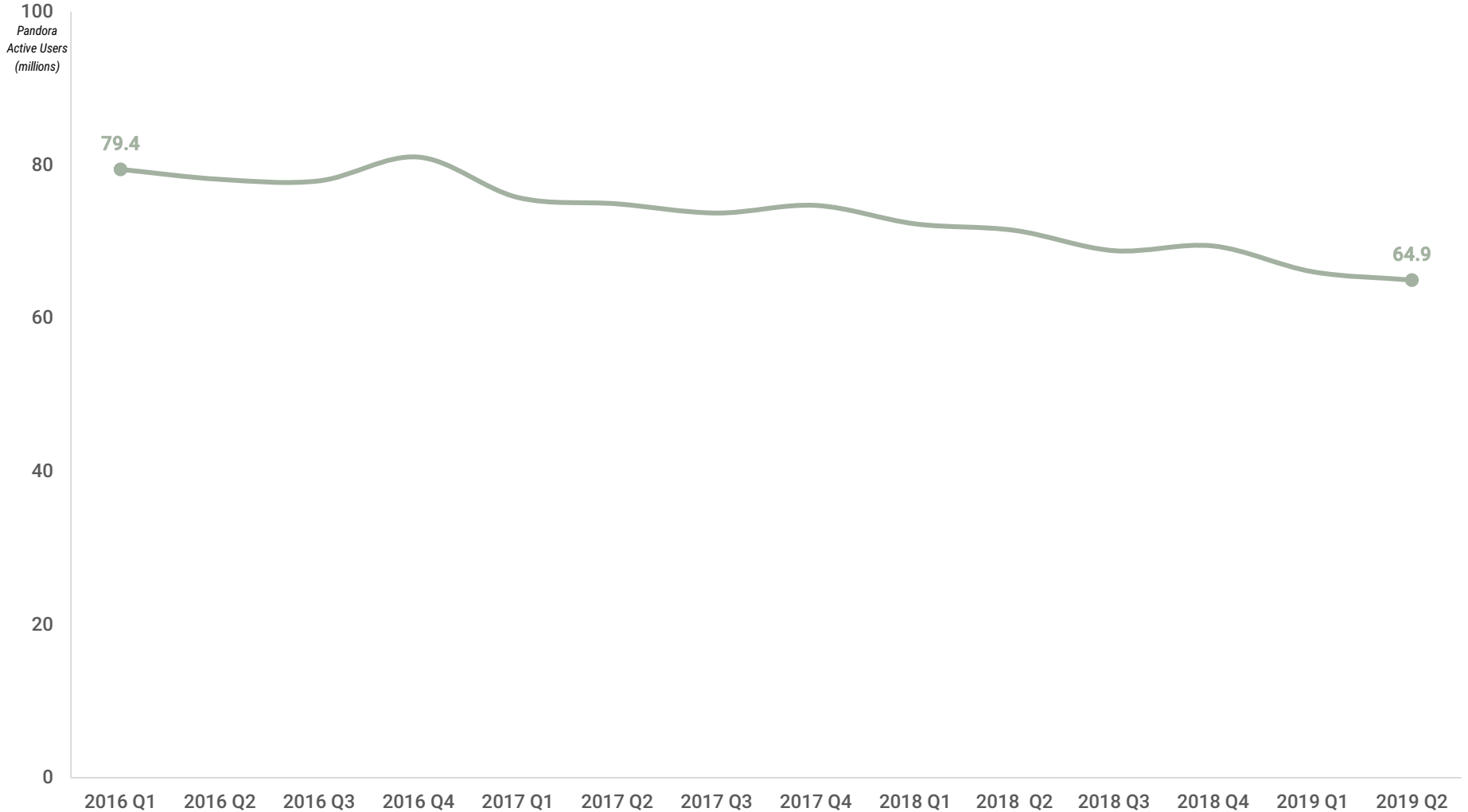
- **Strong OEM relationships lets them build out car fleets for many years to come, powering growth from new and used car buyers**
  - Vast majority of automakers offer entry-level cars that have the lowest kind of features across everything, such as not including satellite radio
- **Until the 360L is more broadly rolled out, they are pretty limited in what they can deliver into the car**
  - It will improve listener engagement and listener satisfaction because it is fundamentally easier and such an improved customer experience
  - The largest automaker in the country, GM, is rolling it out across multiple brands and there should be a real stepping stone in '21

### COMBINED PLATFORM

- **Well under way with much needed restructuring efforts, but the real work on changing usage trends is just beginning**
  - Will come from adding more content to the platform, improving the app and user experience and better deploying Pandora in car.
  - Moving toward a strategy of increasingly differentiated content with more curation
- **Have a full product offering that ranges from super premium, high-value subscriptions to advertising-supported free services**
  - Driving cost efficiencies throughout the combined business using their scale to strike new deals that would not have been previously possible

*Unique relationship with car manufacturers remains crucial as they aim to improve the in-vehicle listening experience*

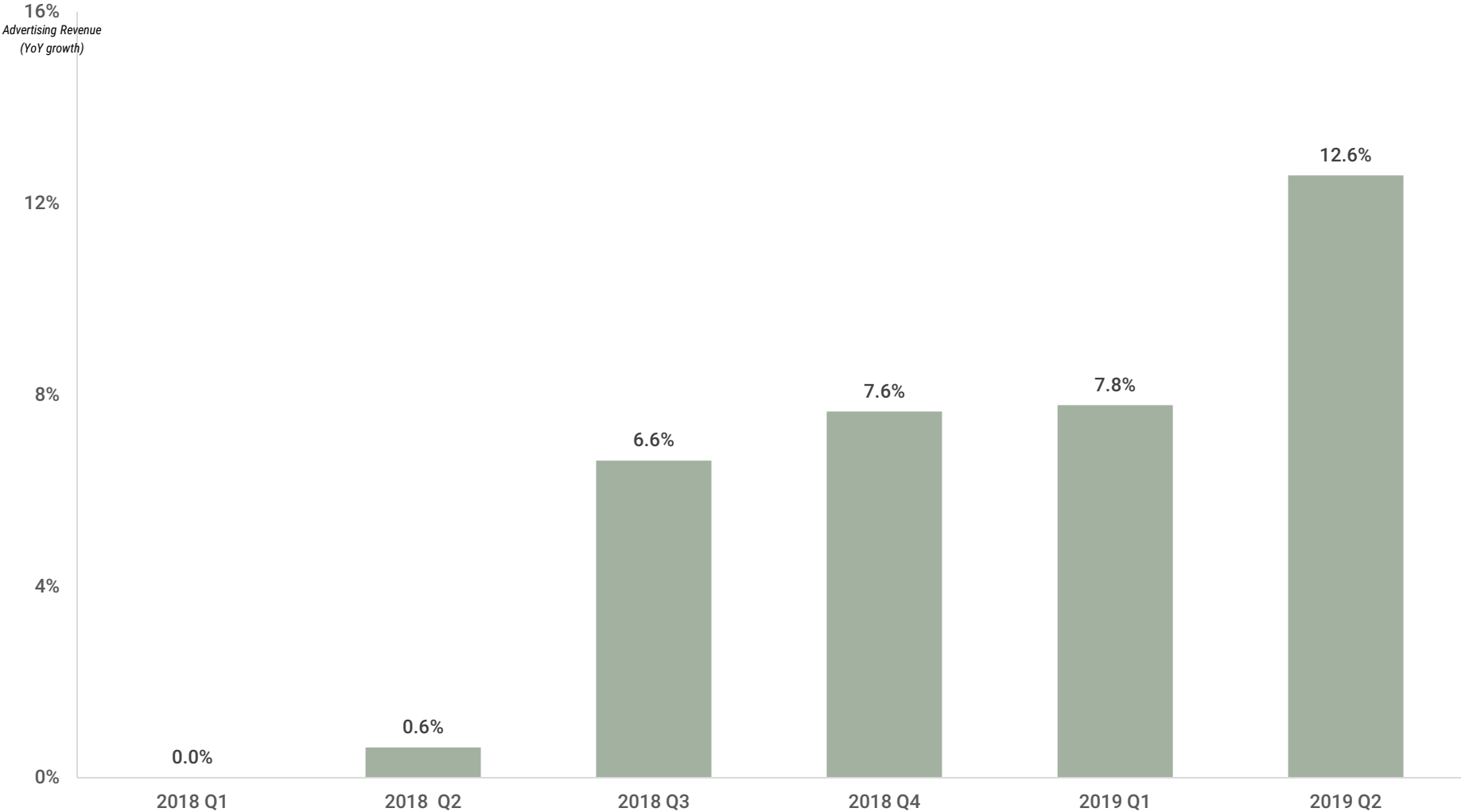
## Listeners Have Continued To Leave Pandora For Competitive Streaming Services That Offer More Choice



*Wider distribution across smart speakers and discounted plans for students/family can help stabilize the listener base*

# Advertising

With The Acquisition Of AdsWizz, They Now Have Programmatic Inventory To Offer To Advertisers



*Audio advertising industry is relatively nascent, so there is plenty of runway to take a greater share of marketing budgets*

# Royalties

Integrated Platform Will Give Them Additional Leverage In Negotiations With The Major Music Labels



*Podcasts are gaining mainstream popularity and are a cheaper form of content that can drive listener engagement*