



WWE (WWE) 2020 Q2 Earnings Summary

July 2020

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Key Takeaways



WWE Has Seen Ratings Decline As Marquee Programs Are Not Quite The Same Without Live Audiences

CONTENT

- **TV ratings have struggled because audience is integral to their success and they shoot the audience a lot more than any sport**
 - Since March 13, ratings for Raw and SmackDown have been down approximately 19% and 15%, respectively
 - This decline also reflects the seasonal pattern post WrestleMania, media industry factors and channel performance
- **Adapting to the changing environment with a focus on enhancing the production content and furthering fan engagement**
 - Can have more compelling characters and better storylines, and will focus more on their personalities and story outside of the ring

EVENTS

- **Not able to accurately predict when they will begin hosting fans at their venues, but intend to return as quickly as they safely can**
 - It's going to be very much market by market because there's likely to be limitations, and the situation is changing quite rapidly, almost city by city
 - Believe it's going to be a phased approach because that's what they are hearing from the various locales and venues
- **Highly uncertain what the size of the audience can be, and what the appetite of the consumer will be to come to those events**
 - Cost of doing social distancing and other factors to put on the events would not allow them to fully recoup the incremental costs

WWE NETWORK

- **Continue to believe in the viability of alternative strategic options for the network and these discussions have been extended as potential partners have been impacted by COVID**
 - Currently unable to estimate when an alternative option will be completed, but still believe in the potential for a transformative transaction
- **Since March 13, consumption by paid subscribers on the WWE Network increased 55% through quarter end**
 - WrestleMania, which occurred in April, set viewership records with nearly 1 billion video views across platforms and generated the highest level of weekend subscriber additions in history

FREE VERSION

- **Successfully launched free version of the WWE Network, which is designed to further engage fans with exclusive content, and of course, convert viewers to subscribers**
 - Made progress introducing localized pricing in select international markets and in further developing the Network's advertising capabilities.
 - Built the ad tech capability right now, and evaluating their philosophy around advertising.
 - The strategy is just encouraging sampling of the content, and the KPIs they are looking at are active users and how they convert those active users to the paid service

There is still interest in licensing WWE Network content, but conversations with major media companies have slowed

Live Events



Live Events Are Not A Big Driver Of Revenue, Except In Q2, When They Host Their Biggest PPV Event

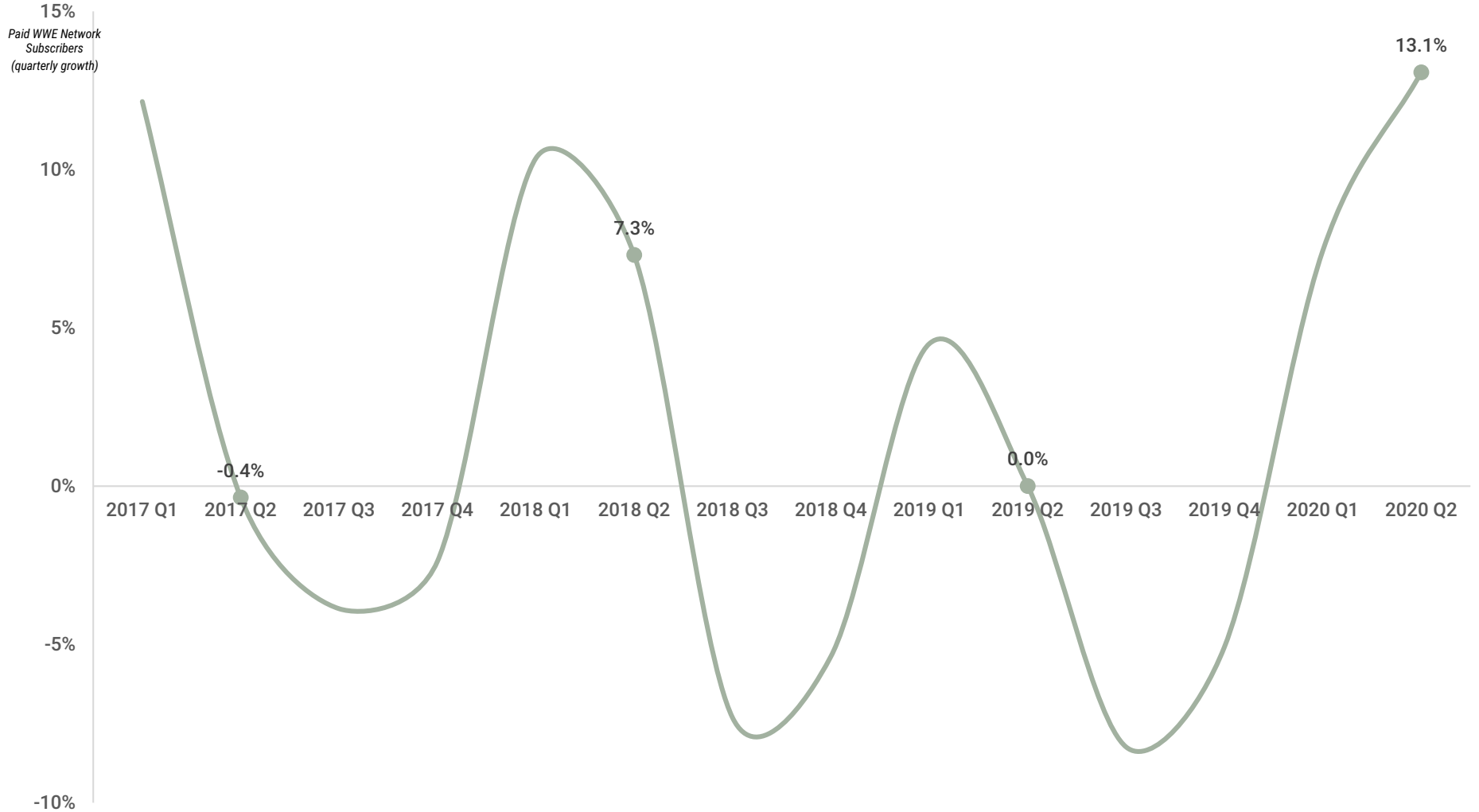


They are able to continue to produce new content from their Performance Center in order to fulfill media obligations

OTT Subscribers



With Fans Unable To Attend The Shows, WWE Network Had Strong Subscriber Growth In The Quarter

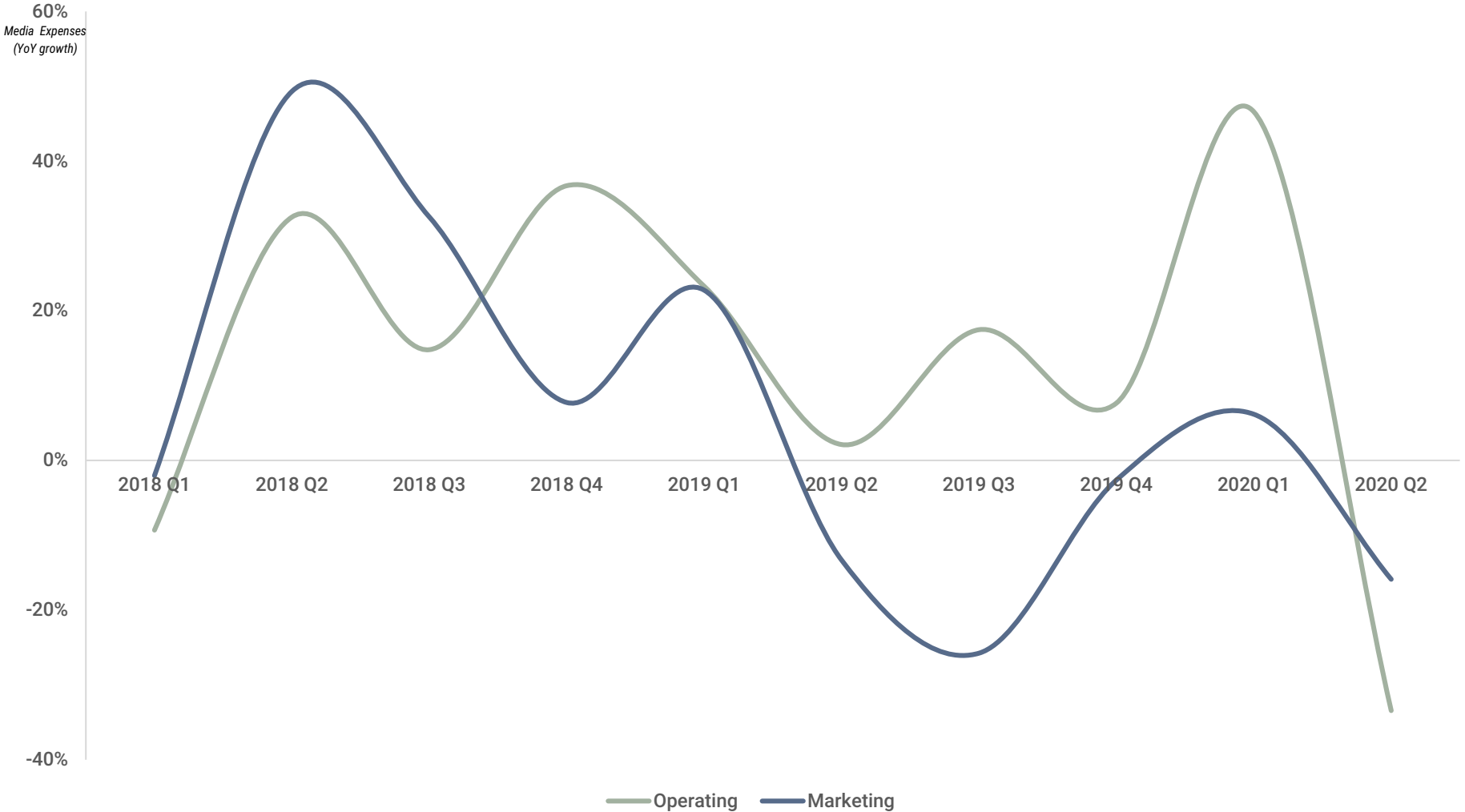


The launch of a free version will serve as a funnel for the paid product, and will keep fans engaged throughout the year

Media Expenses



At The Onset Of The Pandemic, Management Took Decisive Action To Drastically Reduce Expenses



In their new model for producing content, they can identify efficiencies that can improve margins over the long-term