

08-Jun-2022

Paramount Global (PARA)

Annual General Meeting

CORPORATE PARTICIPANTS

Shari Ellen Redstone

Non-Executive Chairman, Paramount Global

Robert M. Bakish

President, Chief Executive Officer & Director, Paramount Global

Christa A. D'Alimonte

Secretary, Executive VP & General Counsel, Paramount Global

Anthony DiClemente

Executive Vice President-Investor Relations, Paramount Global

Naveen Chopra

Executive Vice President & Chief Financial Officer, Paramount Global

MANAGEMENT DISCUSSION SECTION

Shari Ellen Redstone

Non-Executive Chairman, Paramount Global

Good morning. And thank you for joining us today for our Annual Meeting of Shareholders. I am Shari Redstone, Chair of Paramount Global's Board of Directors, and I am joined today by the other members of our board, including President and CEO of Paramount Global, Bob Bakish.

I am pleased to share that the past year has been one of growth and success at our company. As the world has continued to navigate ongoing challenges, the teams at Paramount have come together to maximize the power of our content, accelerate our momentum in streaming, and deliver quarter-after-quarter of strong results. As you know, we recently announced at our Investor Meeting in February that we have become Paramount Global. This was in recognition of the great progress we have made since the merger of Viacom and CBS. And it is a clear symbol that we are embracing our exciting future as one powerful company with one global team.

Together, we are executing against a strategy that sets us apart from others in our industry, and positions us to compete and to win. Our differentiated strategy centers on the strength and diversity of our legacy assets, our disciplined approach to content creation for all demos and across all genres, and our diversified revenue stream, across free and pay.

So, let's talk about those assets. We have CBS, the number one broadcast network in the US for 14 straight years with the number one news, drama, and comedy offerings, as well as the largest broadcast footprint around the world. And we have Paramount+, one of the fastest growing streaming services in the United States which provides the consumer one of the fastest-growing streaming services in the United States, which provides the consumer not only with new high quality content but also with one of the largest content libraries in the world across film and TV.

All of this, plus our offering in news and sports, drove nearly 80% growth in our streaming subscription revenue, well ahead of our projections.

And speaking of growth, we have Pluto TV, the US leader in free ad-supported streaming, which is growing quickly around the world and surpassed \$1 billion in global revenue in 2021. We have a global footprint with operations across 30 countries. And of course, we have Paramount Pictures, which has delivered five number one movies to date this year from *Scream* and *Sonic 2*, to *Top Gun: Maverick*.

But even with all of that, what I am most proud of is that we have the best team in the industry not only on the business side, but with regard to the creative talent we work with across all of our platforms. Our colleagues around the world truly act as one team, innovating, collaborating and growing together. And the results we are deriving from our differentiated assets, the multi-platform offering we provide for advertisers and our broad global reach demonstrate that we have what it takes to succeed, and we are just getting started.

In a moment, you will hear from Bob Backish on the company's accomplishments since last year's meeting and our priorities going forward, after which, Christa D'Alimonte, Paramount Global's EVP, General Counsel and Secretary, will begin the official portion of our meeting. Subsequently, we will open for a general Q&A which will be moderated by Anthony DiClemente, our EVP of Investor Relations.

We look forward to answering your questions and hearing any comments you have. I am sure that what you will hear over the course of today's meeting will make clear why I have never been more excited about the future of this company and our ability to deliver on our number one commitment, maximizing the value for all of our shareholders.

With that, it is my great pleasure to welcome Bob Bakish, President and CEO of Paramount Global.

Robert M. Bakish

President, Chief Executive Officer & Director, Paramount Global

Thank you, Shari, and good morning, everyone. Since we last met, we've made a lot of progress, and I couldn't be more excited about what's next. But rather than tell you, I thought I'd show you. So take a look.

[Video Presentation] (00:04:50-00:09:02)

Shari Ellen Redstone

Non-Executive Chairman, Paramount Global

With that, let me introduce Christa D'Alimonte, our General Counsel, to conduct the official portion of this meeting.

Christa A. D'Alimonte

Secretary, Executive VP & General Counsel, Paramount Global

[audio gap] (00:09:10-00:09:14) Christa D'Alimonte, Executive Vice President, General Counsel and Secretary of Paramount Global. At this time, I will take us through the business portion of today's meeting. And I ask that you observe the rules of conduct that are posted on our Annual Meeting website.

Please note that we will have a general question-and-answer session following this business portion of the meeting, so I ask that you limit your questions at this time to the specific agenda items being voted on. You may submit any questions by following the instructions on our Annual Meeting website.

Joining us for today's meeting are representatives of PricewaterhouseCoopers, our independent Auditor; American Election Services, our independent inspector of election; and Broadridge Financial Solutions, which has certified that it properly mailed our Proxy Materials on our behalf.

Stockholders who held Paramount Class A common stock at the close of business on our record date of April 11 are entitled to vote today. A list of the stockholders entitled to vote is available for inspection if you click on the Registered Shareholder List link found on our Annual Meeting website. Based on information provided by Broadridge, I can confirm that we have a quorum of stockholders present so that we can conduct today's meeting.

The polls for the items to be voted on at this meeting are now open. Class A stockholders who have not already voted or who wish to change their votes may do so now by following the instructions on the Annual Meeting website. Please note that if you have already voted and don't wish to change your vote, you do not need to vote again at this time.

The first item of business is the election of directors. The 12 nominees named in our Proxy Statement are Bob Bakish, our President and Chief Executive Officer; Candace Beinecke, the Senior Partner of the law firm of Hughes Hubbard & Reed; Barbara Byrne, Former Vice Chairman of Investment Banking at Barclays; Linda Griego, President and Chief Executive Officer of business management company Griego Enterprises; Robert Klieger, a Partner in the law firm of Hueston Hennigan; Judith McHale, President and Chief Executive Officer of private investment company, Cane Investments. Ronald Nelson, Former Executive Chairman of the Board and Chief Executive Officer of Avis Budget Group; Charles Phillips, Co-Founder and Managing Partner of technology investment company Recognize; Shari Redstone, Chairperson, CEO and President of National Amusements and Co-Founder and Managing Partner of Private Investment Company, Advancit Capital; Susan Schuman, Executive Chair and Co-Founder of consulting firm, SYPartners; Nicole Seligman, Former President of Sony Entertainment and Sony Corporation of America and Former Senior Legal Counsel of Sony Group; and Frederick Terrell, Senior Advisor with investment management firm, Centerbridge Partners.

Biographies for each of the nominees are included in our Proxy Statement, and our board recommends a vote for each of the 12 director nominees.

The second item of business is the ratification of the audit committee's appointment of PricewaterhouseCoopers to serve as our independent auditor for fiscal year 2022. And our board recommends a vote for this proposal.

The third item of business is a stockholder proposal from Mr. Kenneth Steiner, requesting that our board take steps to reduce the threshold at which Paramount stockholders may call a special meeting. [ph] Mr. John Chevedden (00:13:06) will be presenting the proposal.

Operator, please open the line for [ph] Mr. Chevedden. And Mr. Chevedden (00:13:11-00:13:12) we appreciate you joining us today. And as you know, we've allocated 3 minutes for your presentation and ask that you please go ahead.

Unverified Participant

Hello. This is [ph] John Chevedden (00:13:23). Can you hear me okay?

Christa A. D'Alimonte

Secretary, Executive VP & General Counsel, Paramount Global

We can, [ph] Mr. Chevedden (00:13:26).

Unverified Participant

Now, proposal 3, special shareholder meeting improvement shows – asked our board to take the necessary steps to amend the governing documents that give the owners of a combined 25% of our outstanding common stock the power to call a special shareholder meeting.

It now takes a theoretical 50.1% of all shares outstanding to call for a special shareholder meeting. This translates into 55% of the Paramount shares that typically vote at the Annual Meeting. It would be hopeless to think that the shares that do not have the time to vote at the Annual Meeting would have the time to take a special procedural steps to call for a special shareholder meeting.

Plus, a group of 55% of shareholders who went through the special procedural steps to call for a special shareholder meeting would likely represent support from more than 67% of shares because many shareholders do not have the time to take the special procedural steps to call for a special shareholder meeting, even though they would support calling for a special shareholder meeting.

Thus, it's easy to make a small disqualifying paperwork errors and calling for a special shareholder meeting, although a shareholder may be completely eligible to participate in calling for a special shareholder meeting. Thus, the current face value of 50.1% stock ownership requirement can easily represent support from 67% of shares, a high bar.

Thus, it may be impossible for 50.1% of all shares outstanding to call for a special shareholder meeting because only record holder shares can call a special shareholder meeting, and all record holder shares in existence may not equal 50.1% no shares outstanding. Please vote yes, special shareholder meeting improvement, proposal 3.

Christa A. D'Alimonte

Secretary, Executive VP & General Counsel, Paramount Global

Thank you, [ph] Mr. Chevedden (00:15:15). Paramount is committed to understanding and considering the viewpoints of our stockholders through effective stockholder engagement. But based on a careful review of the proposal, as well as our current corporate governance and stockholder outreach practices, we do not believe changing the current threshold that is required to call special stockholder meetings is the right approach for Paramount. For the reasons described in our Proxy Statement, the board recommends a vote against this proposal.

Since there is no other business to come before the meeting and no questions on the items to be voted on, the polls are now closed. I have the preliminary report of the inspector of election on the voting results. Each of the proposals voted on today, other than the stockholder proposal, has been approved by a majority of the shares entitled to vote at this meeting and present directly or by proxy and is, therefore, approved.

Less than a majority of the shares entitled to vote at this meeting and present directly or by proxy were voted in favor of the stockholder proposal. And that proposal is, therefore, not approved. We'll report the voting results of today's meeting on a Form 8-K in the coming days, and the final report of the inspector of election will be included in the records of this meeting.

That concludes the formal business of the meeting, and the business portion of our meeting is now adjourned. We're now happy to open the meeting to questions from stockholders. And so I'd like to introduce Anthony DiClemente, our Executive Vice President of Investor Relations, who will moderate our Q&A session.

QUESTION AND ANSWER SECTION

Anthony DiClemente

Executive Vice President-Investor Relations, Paramount Global

A

Great. Thanks, Christa, and thank you all for joining us for this meeting this morning. We're happy to have with us Shari, Bob, Naveen, and Christa to answer your questions. And so let's move forward with the Q&A portion of the meeting.

We've received a number of questions from folks regarding the competitive landscape and Paramount's position within the industry. So, let's start with that. Competition among streaming players is intense and expensive. How does Paramount Global and Paramount+ differentiate itself amongst this competitive landscape?

Robert M. Bakish

President, Chief Executive Officer & Director, Paramount Global

A

Yeah. Anthony, this is Bob. I'll take that. So, look, competition is intense in this market, but it's not a winner take all situation. The market is clearly large, and it continues to grow nicely. And consumers are subscribing to multiple services. In fact, we've seen that number continuing to tick up over time.

And as you saw in the tape, we really do have a differentiated approach, one that leverages our specific portfolio of assets, and one that we believe produces a superior financial outlook relative to pure-play streamers. When you look at the differentiation, you really see four pieces of it, which in combination makes us unique.

The first one, as always, is our content. You know, some of it started decades ago. Content is king. It's really true. If you look at Paramount's diversity and quality of content, it really sets us apart. We've got movies, we've got scripted and unscripted originals, we have kids and family, we have news, sports, and events, animation, live action. And by the way, that's all on the original basis and a huge library behind it. That allows us to serve audiences of all ages, all over the country and, in fact, all around the world.

You know, one example I would highlight today is Top Gun: Maverick. As you know, the film opened number one on Memorial Day weekend, and in fact, set a new record for the holiday for a film. It's done around \$600 million globally to-date. You know, bottom line, it's a great film and, again, highlights the power of the Paramount content engine.

Our second differentiator is really our broad streaming business model. You know, there was a time when pure-play SVOD was in vogue, but now many of the legacy streamers, really all of them are rethinking their paid-only models. Contrast that with our mix of free ad-supported and paid subscription streaming, that's been a hallmark for us from the start. We offer viewers the freedom to choose a plan that's right for them, and that in turn allows us to serve the largest possible TAM or largest possible target – total addressable market.

I'd also note that we have real traction with this strategy. In 2021, we are the fastest growing brand and subscription streaming service in the US, and that of course is Paramount+, and Pluto TV on the free side extended its number one position as the number one free ad-supported streaming television service in the US. So, it's not just an idea, it really is working.

Now, we all know people consume content on a variety of platforms. There's some shows that are worth a subscription, and you just want to watch them the second they drop. There's some movies like Top Gun: Maverick

that you want to see on the big screen. And for big games, there's nothing like live television, or of course, Paramount+.

And that's why our broad set of platforms is a powerful third differentiator here. We have real expertise, real reach across theatrical, broadcast, cable and streaming. And that gives us a real advantage particularly over more focused pure-play streamers. And that's advantages in content, those are advantages in marketing, those are advantages in serving partners and really advantages in driving the bottom line. And these advantages really matter over the term.

The fourth and last major differentiator is our international operating scale. Paramount is a truly global operating company. We have teams on the ground in more than 30 markets and we have a dozen studios plus creating content all around the world. That international presence is a powerful advantage particularly in streaming. It helped us launch Paramount+ in 21 markets in 2020 – in 25 markets in 2021, sorry, and we continue to expand the service rapidly to the biggest markets of the world this year in 2022 starting this month with June with the UK and South Korea.

And by the way, it's driving Pluto too, that is a service that is rapidly expanding outside the United States, and it's rapidly becoming a global fast leader, not just a US-class leader. So, bottom line, by going broad on content, broad on streaming models, broad on platforms and on global reach, we're executing a differentiated strategy to grow a diversified entertainment company, and that in turn is building a financially attractive business with healthy margins. So, yes, the market's competitive but we feel good about our position in it.

Back to you, Anthony.

Anthony DiClemente

Executive Vice President-Investor Relations, Paramount Global

A

Great. Thanks so much, Bob. Our next question is related to that answer and it's about scale. Does Paramount Global have enough scale to compete? Shari, why don't you take that one?

Shari Ellen Redstone

Non-Executive Chairman, Paramount Global

A

Sounds like a plan. Along the lines of what Bob just highlighted, if you look at our company, we have a world-class portfolio of assets and we're executing on the strategy that is driving growth and differentiated from our competitors. As I often say, scale is not about market cap or not even about how much money you spend on content. It's about having enough money to spend on the content that resonates with our audiences and that keeps them wanting more. And it's, of course, about having a library which we have that is unparalleled in the industry. So we definitely have the scale that we need to compete.

We deliver leading content that reaches across all demographics, genres, and platforms. We have a dual-revenue streaming model. We have a mix of platforms including free and pay and a stable, robust TV media business. We have a multiplatform and unparalleled offering for all of our advertisers. We have an incredible global reach and a strong balance sheet. So, I believe without a doubt we have a great asset portfolio. We are leveraging our content, and we have what it needs to succeed.

The momentum we've created over the past year is tremendous, and we see plenty of upside going forward. And we 100% believe that we have the scale as defined to succeed and to win.

Anthony DiClemente

Executive Vice President-Investor Relations, Paramount Global

A

Awesome. Very clear. Thank you, Shari. We've received a couple of questions on the theme of the cost of investing in content and how that investment affects our bottom line. So, creating content is expensive. How much does Paramount spend on content each year? And how do we think about the returns on that content investment? Naveen, maybe this is one for you.

Naveen Chopra

Executive Vice President & Chief Financial Officer, Paramount Global

A

Sure. Thank you, Anthony. Look, on a company-wide basis, our content investment in 2021, obviously, our most recently completed full year was around \$15 billion. And I can say confidently that we like the return on that investment because we leverage the content across broadcast, cable, theatrical, streaming, and third-party platforms. There are many examples of this. You can just look at the box office successes that both Bob and Shari mentioned. All of these number one films are either currently or will be available on Paramount+, which means that they generate additional return through our streaming service on top of what they've already earned in theaters.

There are similar dynamics with things like our CBS broadcast lineup where you take shows like NCIS, FBI or Ghosts, which have been powerful drivers of broadcast advertising revenue and are also very strong performers on Paramount+ both in driving starts as well as driving engagement. I think it's fair to say that our position as a diversified media business provides many advantages with respect to both minimizing the magnitude of content costs, while also maximizing the return that we get from those investments.

For example, as Shari just touched on, we have a major advantage with library content, which is essential for streaming engagement. In fact, when you look at the content spend of some of our competitors, you'll see that in some cases they spend billions of dollars a year renting library content. We don't need to rent library content because we own it. And in many cases, we're able to simultaneously monetize our library through co-exclusive or non-exclusive third-party licensing arrangements while we also use it on our own streaming services.

We also have a great portfolio of well-known franchise IP with built-in audiences that we can bring to streaming without having to invest as much as others in marketing and awareness. So, think about titles like a Paw Patrol or Transformers or South Park. These are all [indiscernible] (00:27:14) that audiences speak out, and therefore, we don't have to invest as much as many of our competitors to market and drive awareness.

And when we do launch new IP, we have access to some very powerful promotional inventory across our broadcast, cable, digital, and social channels, which makes it even more efficient for us to build awareness for new content. Think about our launch of Halo where we used the massive audience of the AFC Championship game on CBS to help preview that content for people. And I think that has been a resounding success given the viewership we've seen on Paramount+.

So, you know, hopefully that gives you a sense of not only the magnitude of our content spend, but also the ways in which we can apply it in a very efficient way, leveraging the combination of our traditional and streaming businesses to generate both significant growth and very importantly, compelling ROI.

Anthony DiClemente

Executive Vice President-Investor Relations, Paramount Global

A

Thanks, Naveen, and thank you for that question. Our next question is about international expansion. So, can you talk a bit about your international business and how it fits into the overall revenue strategy for the company? Bob? Naveen?

Robert M. Bakish

President, Chief Executive Officer & Director, Paramount Global

A

Yeah. Let me take this to start. Look, as I said off top, international, our international operating scale really is a major differentiator for us. We are a truly global operating company. We're not just a licensor of content and our international presence, those [ph] 30 teams and 30 markets (00:28:56) are – is unquestionably a powerful advantage when it comes to streaming. And by the way, we've moved quickly to benefit from that.

Through those international operations, we've long known the nuances of market-by-market execution. And believe me, when you live outside the US, you've got to look at specific markets. Also, we have strong relationships and we've quickly deployed them to drive streaming distribution. Among other things, that international presence has led us to an innovative distribution strategy. Sure, we're using direct-to-consumer distribution like others. But we're also deep on the partnership side.

And those are partnerships with people that span or lead the OTT space like the Amazon Channel Store or Roku. But also those are partnerships with MVPDs where we've really blazed kind of a new path with Sky, with Canal+, with others, that provide really a compelling dimension that enhances our streaming execution.

As I said earlier, next up for Paramount+ this month in June, we're launching in the UK, and we're launching in South Korea. In the back half of the year, we'll be in Italy, Germany, France, Switzerland, and Austria. In 2023, the only market we've announced thus far is India. And we're doing that with our joint venture partner, Viacom18, where they're going to be distributing it in a very compelling model, and Naveen will touch on that in a minute.

And also just know that, that international portfolio is driving Pluto. So, there again, we're in all of Latin America today. We definitely benefited from our established business in that region of the world. In fact, later today, we're going to be announcing the next Pluto partnership deal. I won't tell you on this call because it hasn't announced yet, but later today you'll read about it. It's another innovative deal that will continue to press Pluto's leadership position as we can convert it from a domestic leader to a global leader. I'm very excited about that.

So, a lot going on, leveraging our international footprint, Naveen, maybe you want to talk a little, as I said, about India, but also about the Sky relationship because I think it's pretty interesting.

Naveen Chopra

Executive Vice President & Chief Financial Officer, Paramount Global

A

Yeah. Sure, Bob. Well, you know, we actually have two different relationships with Sky. First, we have commercial relationships in the UK, Italy, Germany and Austria, where Sky will offer its customers a hard bundle with Paramount+. And what do we mean by a hard bundle? Well, that's a deal construct where we receive a wholesale subscriber fee and Sky Cinema customers, which is a tier of the Sky pay-television service, get access to Paramount+ at no additional charge.

And that bundle will complement other distribution channels that we operate in those markets, including, obviously, direct sales, as well distribution on platforms like Amazon Channels, Roku, etcetera. And we like this model because it allows us to scale rapidly with very low acquisition cost and very importantly at much lower churn rates than what you typically see on a direct-to-consumer streaming service.

The second relationship we have with Sky and Comcast is a joint venture known as SkyShowtime. Now, SkyShowtime is primarily focused on some smaller European markets, and it will soon be bringing a new streaming service to about 20 different European markets that encompass about 90 million homes. From a content perspective, it's going to be a combination of content from Paramount+, Peacock, Showtime, Sky Studios, Nickelodeon, Paramount Pictures and Universal Pictures. So, we're really looking forward to delighting a lot of customers with what will undoubtedly be a very powerful content offering when you stitch together those respective portfolios.

You mentioned India. That is a market where we will be bringing Paramount+ in 2023. In fact, it's another example of our ability to use joint ventures to pursue certain markets like India where we have a JV that we've actually been a part of for several years called Viacom18. Our partner in that JV is Reliance which, as many of you know, is a hugely influential player in the Indian marketplace. They can contribute great local content, and I think it's fair to say they have unrivaled distribution capabilities.

So it's an opportunity for us to participate using the JV structure without having to invest incremental capital as the business continues to expand, and we think of it as a very smart and efficient way to help build scale in what is obviously a very important but also highly complex market.

Anthony DiClemente

Executive Vice President-Investor Relations, Paramount Global

A

Great. Thanks, Naveen. Our next question is as follows. As a media company, you have a responsibility to lead by example. Can you talk about Paramount's culture and diversity, equity and inclusion both on and off the screen? Shari, do you want to take that one?

Shari Ellen Redstone

Non-Executive Chairman, Paramount Global

A

I am happy to take that one because I really think that is one of the most important responsibilities that we have as a company. As a leading media company, we fully believe in leading by example, and we take the opportunity this presents and the responsibility very, very seriously. We are very focused on building a positive inclusive culture at every level of the company to ensure that Paramount is a place that empowers employees to innovate, to learn, and to be the best creators and storytellers our industry has.

And we're committed to having a workplace that reflects to the diversity of our audiences. The commitment starts at the top with me and Bob in the board, but it exists at every single level of this company, and everyone is dedicated to guiding this mission in achieving our goals. I might add, not only because it is the right thing to do, but because it really does have an impact on our businesses and our ability to succeed in everything that we do.

And just this past year, Paramount has launched an expanded initiative focused on social justice, equity, including providing more opportunities for underrepresented voices, both in front of, and behind the camera. And this includes something I'm very proud of, called Content for Change. I have always believed that content leads to conversation that leads to change. And our Content for Change initiative is focused on inclusive, thought-provoking storytelling designed to counteract bias, racism, and hate, not only inside our company, but with our audiences around the world.

In addition, our company also took action in our response to COVID-19, social and racial justice, mental health, civic engagement, and giving back. This is very, very important to our company, and I believe also a key to our success. It matters to our employees. And if you want to learn more about these actions, I encourage you to look

at our 2021 Environmental, Social, and Governance Report and Social Impact Review, which reflects the fact that we are 100% focused on advancing our culture of inclusion and of having an impact where it matters.

Thank you, Anthony. I love talking about it.

Anthony DiClemente

Executive Vice President-Investor Relations, Paramount Global

A

Great answer. I could tell. All right. Our next question is about executive compensation. Can you please talk about executive compensation and how it ties in to our company's performance? Excuse me. Christa, would you like to take that one?

Christa A. D'Alimonte

Secretary, Executive VP & General Counsel, Paramount Global

A

Sure, Anthony. I'm happy to. First, I'd note that our board's compensation committee, which reviews and approves all components of our named executive officer compensation, is comprised solely of independent directors and is advised by an independent compensation consultant. Our compensation programs are designed to motivate and reward business success and to increase stockholder value. And the core objectives of these programs are to provide compensation arrangements that are performance based and focused on shareholder value while also sufficiently market competitive to adequately attract, retain and incentivize talented executives in a highly specialized and competitive industry.

The compensation committee believes that our programs accomplish these objectives while aligning compensation with performance measures that are directly related to the company's financial goals and the creation of shareholder value. And I just refer to our Proxy Statement, which includes a lot more detail on the steps that our executive compensation program has – how it has evolved in the last couple of years and steps that have been taken to improve our pay for performance linkage in the couple of years since the merger.

Anthony DiClemente

Executive Vice President-Investor Relations, Paramount Global

A

Great. Thanks, Christa. Our next question is about inflation. Maybe this is a good one for Naveen. How is inflation impacting the operations of Paramount and how will it impact operations moving forward?

Naveen Chopra

Executive Vice President & Chief Financial Officer, Paramount Global

A

Yeah. Sure. Look inflation is obviously very much top of mind for consumers and businesses alike. Although, I would say that I think the diversity of our business of Paramount is a relative advantage in a period of high inflation. And I say that because historically, home entertainment, including things like streaming and even theatrical entertainment have fared well in periods where you have rocky consumer confidence, because it provides such a great value for consumers who may be otherwise trying to avoid high costs of transportation, food, etcetera.

And then when you look at our MVPD business or our pay television business, that is typically contracted on a multiyear basis and along with rate escalators has some degree of built-in protection and can also benefit from consumers who may choose to stay home for leisure and entertainment.

And then I think if you look at our advertising business, that is the part of the business that has probably the most exposure to the broader macro environment, so I'd say even there, we've seen strength in certain categories like travel, entertainment, sports while other sectors may actually be dialing back advertising spend.

And then on the costs side, the primary input for our business is labor. So, we do closely monitor changes in the cost of labor and its associated impact on production costs. But the fact is that those costs have been moving up quite aggressively for several years now, and we've developed a number of different strategies to help mitigate that inflationary trend, which includes things like increasing our utilization of global production capabilities, which are typically much, much lower cost than production here in the United States, evolving the mix of scripted versus unscripted programming, and expanding the use of program formats that allow us to create multiple shows from effectively a single production instance, if you will.

So, it's definitely something that we are conscious of. But as I said, on a relative basis, I think the businesses that we operate in can continue to grow and thrive even in an inflationary environment.

Anthony DiClemente

Executive Vice President-Investor Relations, Paramount Global

A

Great. Thank you, Naveen. Okay. So, we're going to answer one more question. This is actually my favorite question of the meeting, and it's about Top Gun and the movie business. Top Gun: Maverick is a massive hit. When do you think the domestic box office will return to pre-pandemic levels of performance? Bob, would you like to answer that one?

Robert M. Bakish

President, Chief Executive Officer & Director, Paramount Global

A

Yeah. Look, so I'm happy to say that the Memorial Day weekend was really a big milestone for our company, for Paramount Pictures, but really also for the industry. As you know, Top Gun: Maverick set a new record for a Memorial weekday opening in the US. It's a fantastic film. It brought consumers back to theater at scale. And it proved that if you make great, great content, they will come. And there's still a great power to that communal, theatrical experience. And you only had to go to the theater and hear people cheering at certain parts in the movie to know that.

The film had stellar reviews. Incredible, really incredible word-of-mouth buzz. It got an A+ CinemaScore, 97% Rotten Tomatoes critic score. And by the way, the critics never really like action movies, so that's stunning. And it's truly delivered, really, across all demos. You know, there was a question if the older folks would show up with COVID and if the younger folks would show up because it was an older property, and the reality is, the elder folks showed up and the younger folks showed up. Everybody showed up. So, great milestone.

As we noted earlier, that's actually our fifth in a row, number one at the box office this year. That is unique in Hollywood. And by the way, all the films were different. You know, we had a romantic comedy in The Lost City that was number one. We had a family film in Sonic The Hedgehog 2, that was number one. We had [indiscernible] (00:43:57) films really like Scream and Jackass Forever, those were number one. And of course, we had Top Gun: Maverick.

So, look, what does that tell you? It tells you great films drive people to the box office. And it also tells you that Paramount makes great films. So, I couldn't be happier about it. I think there's light at the end of the tunnel, and that's going to work out well for us, and frankly, the industry, because films matter, pure and simple, and we got great ones.

Anthony DiClemente

Executive Vice President-Investor Relations, Paramount Global

Great. Bob, I think...

Robert M. Bakish

President, Chief Executive Officer & Director, Paramount Global

I'll just make a...

Anthony DiClemente

Executive Vice President-Investor Relations, Paramount Global

Go ahead.

Robert M. Bakish

President, Chief Executive Officer & Director, Paramount Global

...couple remarks in closing, because that was really the last of the submitted questions. You know, we had a fantastic 2021 at Paramount, and we really are off to an excellent start thus far in 2022. Our momentum continues to build, and we're more bullish than ever about our future, and that's about our differentiated strategy. It's about a strong execution, and it's our ability to deliver, because it doesn't matter if you don't deliver, and we've been consistently delivering.

So, we see tremendous opportunity ahead. We're committed to growing shareholder value. And we're just going to keep doing it every day with our heads down. So, thank you for your ongoing support of Paramount and till the next time we speak. Stay well, everyone.

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