

08-May-2025

# Paramount Global (PARA)

Q1 2025 Earnings Call

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### Brian Robbins

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## MANAGEMENT DISCUSSION SECTION

**Operator:** Good afternoon. My name is Nadia and I'll be the conference operator today. At this time, I would like to welcome everyone to Paramount Global's Q1 2025 earnings conference call. At this time, all lines have been muted to prevent any background noise. After the speakers remarks, there will be a question-and-answer session. [Operator Instructions] In order to get as many questions as possible, we ask that you please limit yourself to one question.

At this time, I would now like to turn the call over to Jaime Morris, Paramount Global's EVP Investor Relations. You may now begin your conference call.

### Jaime Morris

*Executive Vice President-Investor Relations, Paramount Global*

Good afternoon, everyone. Thank you for taking the time to join us for our first quarter 2025 earnings call. Joining me for today's discussion are Paramount's Co-CEOs Brian Robbins, Chris McCarthy, and George Cheeks and our CFO Naveen Chopra. Please note that in addition to our earnings release, we have trending schedules containing supplemental information available on our website.

Before we start, I want to remind you that certain statements made on this call are forward-looking statements that involve risks and uncertainties. These risks and uncertainties are discussed in more detail in our filings with the SEC. Some of today's financial remarks will focus on adjusted results. Reconciliations of these non-GAAP

financial measures can be found in our earnings release or in our trending schedules, which contain supplemental information, and in each case can be found in the Investor Relations section of our website.

Now I will turn the call over to Chris.

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## Christopher D. McCarthy

*Paramount Global Office of the CEO and President & Chief Executive Officer-SHOWTIME & MTV Entertainment Studios, Paramount Global*

Thanks, Jaime, and good afternoon, everyone. Thank you for joining us on our Q1 2025 earnings call. I'm Chris McCarthy and I'm joined here by my fellow co-CEOs, George Cheeks and Brian Robbins. I start by saying we are very pleased with our performance in the quarter. Our focused execution with high performing content drove strong results across the company. Total company revenue grew 2% year-over-year, excluding the Super Bowl. D2C OIBDA improved nearly \$180 million year-over-year, and we generated \$123 million of free cash flow. We're off to a good start for 2025, and important to note, we have not seen a meaningful impact due to the dynamic macro environment. That said, looking forward, given the uncertainty, we are prioritizing key investments while taking incremental steps to streamline non-content expenses.

Now let's get into some of the highlights of Q1. Starting with D2C, where we continue to focus on driving profitable growth. Paramount+ ended the quarter with 79 million global subscribers, up 11% year-over-year, including 1.5 million new subscribers in the quarter. Global watch time per user increased, up 17% year-over-year and churn improved 130 basis points year-over-year. Taken together, Paramount+ revenue increased 16% year-over-year.

Now, this success was driven by our differentiated content strategy of fewer bigger breakthrough original series, where we continue to see great momentum. In the US, Paramount+ again had the second most top 10 SVOD originals for the quarter. That includes Landman and 1923, which were our number one and number two starts and engagement driver, respectively.

Looking across both Q4 and Q1 combined, Paramount+ had 25% of the top 10 SVOD originals, second only to the market leader and 2.5 times greater than the next closest competitor. On the premium tier in the US, Dexter: Original Sin was the most streamed Showtime series ever, and that was followed by Yellowjackets, which was the second most streamed Showtime series ever.

Now turning to international, all of these series are delivering strong results, combined with South Park and Yellowstone, where we have these series exclusively. South Park continues to be a top starts driver and a top engagement driver. And starting this July, the series will be coming to Paramount+ in the US.

Now turning to Yellowstone, the series remains the number one start driver and the number one engagement driver for us internationally. And the momentum will continue as we expand the franchise with three new series, starting with the Dutton Ranch, which will premiere globally in Q4. That's followed by the franchise's first procedural, the Marshals premiering on CBS and next day on Paramount+ globally, starting in Q1 of 2026. And later next year, the anthology series will continue with the next chapter 1944.

Looking ahead, we have a great slate of returning hits and big new originals. Our new series, MobLand, premiered at the end of Q1, becoming Paramount+'s biggest global series launch ever. And today, Criminal Minds evolution returned. Next week, Showtime series The Chi premieres on the premium tier in the US. Now the second half of the year will see more originals to maximize the impact of increased viewership, starting in July with South Park, followed by Dexter: Resurrection, Showtime's biggest franchise returns with star Michael C. Hall. And in August sees the first ever NCIS streaming extension with Tony & Ziva, followed by Taylor Sheridan's

powerful slate of originals, starting with Tulsa King in September, then Mayor of Kingstown in October. Last year's smash hit, Landman returns in November plus the all new Yellowstone franchise extensions, the Dutton Ranch.

Now turning to Pluto TV, the service delivered its highest consumption ever, with global viewing time up 26% year-over-year. Now, monetization has been softer than expected due to the influx of supply. We anticipate supply demand dynamics will stabilize over time and the continued increases in engagement on Paramount+ and Pluto will lead to improved monetization over time.

Turning to D2C profitability, we've made great progress driven by subscriber growth, ARPU expansion and churn reduction combined with the disciplined approach to managing investment. As a result, we continue to expect Paramount+ domestic profitability for 2025.

And now I'll turn it over to George.

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## George Cheeks

*Paramount Global Office of the CEO and President & Chief Executive Officer-CBS, Paramount Global*

Thanks, Chris. For TV Media, we continue to leverage our content investments in sports, news and entertainment across linear and streaming, with a focus on increasing cost efficiencies. On the revenue side, since early last year, we've renewed key affiliate deals that secure revenue and support streaming growth. This approach has contributed to the combination of affiliate and DTC subscription revenue returning to growth on a total company basis in Q1.

In advertising, we're leveraging our content portfolio with live sports being more valuable than ever. In Q1, TV Media advertising, excluding the Super Bowl, was flat year-over-year, powered by the NFL playoffs and March Madness. We recently kicked off our upfront dinners. We're once again highlighting the strength of our mass appeal programming, paired with Paramount's unique set of broadcast, cable, theatrical and streaming platforms across free and pay. Clients consistently remind us that in challenging markets, there are few partners that provide the reach, brand safety and impact of the Paramount portfolio.

CBS continues to deliver audiences at scale across sports and entertainment. The NCAA championship game averaged 18 million viewers, capping the most watched Final Four weekends since 2017. The Masters Sunday broadcast scored nearly 13 million viewers, the largest final round of golf on any network in seven years and CBS will win a record setting 17th consecutive season as the most watched broadcast network, with 8 of the top 10 shows.

CBS's network audience grew 3% in the quarter, compared to last year with the Super Bowl and was up 12% without the sports comp. At the same time, streaming of CBS primetime shows on Paramount+ increased by 35%. Another example of multiplatform strength, according to Nielsen competitive data for all broadcast and streaming shows, since October CBS has 6 of the top 20 slots, second only to Netflix with Tracker and Matlock ranking number 4 and number 5, respectively.

This pipeline is poised to continue. Yesterday we announced CBS's primetime schedule for the 2025-2026 season. The new shows will include franchise expansions for FBI, Fire Country and Blue Bloods. And as Chris pointed out, CBS will premiere the first broadcast procedural drama from the Yellowstone Universe. And as always, we remain laser focused on efficiency with all our content investments, monetizing current and library programming across our platforms and through licensing. Brian?

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## Brian Robbins

*Paramount Global Office of the CEO and President & Chief Executive Officer-Paramount Pictures and Nickelodeon, Paramount Global*

Thanks, George. In filmed entertainment, we are continuing our focus on delivering a slate with widespread audience appeal and one that balances investment across titles and drives downstream revenue. The performance of the segment in Q1 was strong, thanks to the major theatrical success of Sonic the Hedgehog 3, delivering box office sales of nearly \$500 million, our franchise best, which continued to excel in both home entertainment and streaming. Sonic 3 was a top acquisition driver on Paramount+ following its mid-February release and ranks as a top 5 movie on the service. Not only did a growing fan base come to the service for Sonic 3, but we also saw a nice lift for Sonic 2 and the Knuckles series on Paramount+.

Another huge win for us was the streaming performance of Gladiator II, which became the number one movie in Paramount+ history. And speaking of powerhouse franchises, Mission: Impossible – The Final Reckoning promises to be a global event with its premiere on May 23. Mission continues to be instrumental in lifting the value of Paramount IP permeating almost every line of business across the organization since the film franchise's inception nearly 30 years ago. Holistically, we built our slate this year to balance the scope and scale of a film like Mission: Impossible, with other titles that span genres and budget levels, which better positions the studio for profitability. This includes Edgar Wright's The Running Man, a reboot of the comedy The Naked Gun, starring Liam Neeson and our family animation titles, Smurfs and The SpongeBob Movie: Search for SquarePants, with the goal of driving profitability. We successfully reduced average production costs on Paramount Pictures films by 35% over the last 24 months.

All of this momentum across every aspect of our business is underpinned by our world class entertainment offerings across all of our verticals. We have much to be excited about as we continue to advance the business. Every day, our teams remain focused on execution, delivering hit series, blockbuster films and live sports to audiences around the world. And we're seeing that payoff. We also remain on track to close our pending transaction with Skydance in the first half of this year.

Now, let me turn it over to Naveen to provide more details on the financials. Naveen?

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## Naveen K. Chopra

*Chief Financial Officer & Executive Vice President, Paramount Global*

Thank you, Brian. Good afternoon, everyone. In Q1, Paramount generated total company revenue of \$7.2 billion and adjusted OIBDA of \$688 million. Adjusted OIBDA reflects year-over-year improvements in DTC and filmed entertainment, while results at TV Media were heavily impacted by the comparison to last year's Super Bowl. Free cash flow was \$123 million, including \$108 million in payments for restructuring and other initiatives.

Now let's turn to our operating segment results, starting with direct to consumer. In Q1, D2C continued to deliver healthy top line growth, up 9% year-over-year to \$2 billion. Subscription revenue grew 16%, driven by Paramount+, but was somewhat offset by a 9% decline in D2C advertising revenue, which includes an 800-basis point headwind from the comparison to last year's Super Bowl. Excluding this comparison, D2C advertising was down 1%, largely due to increased supply in digital video. This disproportionately affected Pluto TV, which has the greatest exposure to the indirect marketplace.

Despite the advertising headwinds, D2C OIBDA improved by \$177 million to a loss of \$109 million through a combination of healthy subscription revenue growth and continued expense management.

Turning to TV Media, Q1 revenue and OIBDA trends reflect the comparison to CBS's broadcast of the Super Bowl last year. TV Media advertising revenue, excluding the Super Bowl, was flat year-over-year, and we saw improvement compared to the underlying trends in Q4.

Linear advertising in the quarter benefited from continued strength in sports, including strong demand for the NFL playoffs and the NCAA men's basketball tournament. Affiliate revenue declined 8.6% in the quarter, principally as a result of subscriber declines as well as the impact of recent renewals.

TV Media OIBDA was \$922 million in the quarter. Expenses declined 4% year-over-year, primarily driven by the comparison to the Super Bowl. We remain highly focused on delivering incremental cost efficiencies and maximizing earnings in our TV Media business.

In Filmed Entertainment, we generated revenue of \$627 million, up 4% year-over-year and OIBDA of \$20 million, which compares to a loss of \$3 million in the year ago quarter. Our Q1 results primarily benefited from the success of Sonic the Hedgehog 3, which was released late in Q4.

Now let me provide some color on Q2, starting with linear advertising, where sports demand continues to be robust. Although consistent with prior year's, Q2 results will reflect a lower volume of sports versus Q1. In digital advertising, we expect trends in Q2 to look similar to the underlying trends in Q1. At Paramount+, we continue to expect healthy revenue growth, driven by an acceleration in ARPU, consistent with our plan to achieve domestic P+ profitability this year.

Additionally, the combination of our traditional and streaming businesses will again yield net growth in total company affiliate and subscription revenue, a key indicator of our ongoing transition to streaming. Q2 subscribers will decline given the combination of content seasonality and the termination of an international hard bundle partnership.

In Film, we expect strong revenue contribution from the release of Mission: Impossible – The Final Reckoning. However, given the timing of marketing spend for the film, we anticipate that the segment will generate an OIBDA loss for the quarter. In terms of free cash flow, we expect Q2 to look similar to last year, including cash restructuring payments of approximately \$100 million.

Looking further ahead, our priorities for the full year have not changed. We continue to expect to deliver Paramount+ domestic profitability for 2025. We're also working toward the full year OIBDA and free cash flow outlook we provided on our Q4 call, though growing macroeconomic uncertainty, particularly in advertising, has the potential to impact our results later in the year. In the meantime, we continue to proactively manage spend while prioritizing investment in key growth initiatives.

Coming into 2025, we have continued driving D2C growth and significant improvements to profitability, leveraging the powerful reach of broadcast while capturing cost efficiencies and maximizing the value of our deep library and iconic IP. Although we are operating in a dynamic macro environment, the progress we've made on our strategic priorities, combined with focused execution and some of the industry's most compelling and enduring content positions Paramount Global for the long term.

With that, operator, please open the line for questions.

## QUESTION AND ANSWER SECTION

**Operator:** Thank you. [Operator Instructions] We ask that you please limit yourself to one question. Our first question goes to Steven Cahall of Wells Fargo. Steven, please go ahead.

**Steven Cahall**

*Analyst, Wells Fargo Securities LLC*

Q

Thank you. Just first on advertising, interesting comment you made on Pluto and digital advertising and some of the pressure there. I think Chris, you said that you expect that that pricing pressure might abate over time. So I'm just wondering if you're seeing that yet, is it firming up? There's a lot of new digital inventory coming to market from a variety of platforms. So just wanted to see if that's a trend you have line of sight on yet.

And then separately, maybe for George, so the FCC has been pretty vocal about some things they want to do with affiliates and talking about reverse comp. I want to ask you to comment specifically on what the FCC may plan to do, but as you look at the reverse compensation contribution to your affiliate revenue, I think it's a little more than \$1 billion. Is that something that you think you could have some pressure over time or do you think this is just a lot of noise and you'll be able to work around this and hold that line relatively flat? Thank you.

**Christopher D. McCarthy**

*Paramount Global Office of the CEO and President & Chief Executive Officer-SHOWTIME & MTV Entertainment Studios, Paramount Global*

A

Hey, Steve, thanks for your question. This is Chris. I'll take the first part of that and then I'll pass over to George to take the second piece of that. Listen, we're definitely pleased with our performance for the quarter from the total [indiscernible] (00:19:40) perspective, broadcast really was significant. CBS Sports and the stable of hits really helped us to make up some for some softness in the digital space.

Now, as you know, last year there were some new entrants that came into the digital supply space, which is impacting the volume of supply. Now, we do definitely expect that that is going to balance out as supply demand dynamics will balance out. We've yet to see that at this moment, but we're confident that that's going to happen.

Now, more importantly, though, Steve, we are very pleased with the engagement that we continue to drive at both Paramount+ and Pluto. At the end of the day, this is a hits driven business and our hit volume and hit content continues to drive more and more engagement. And over time, we are definitely confident that that will turn into increased monetization.

**George Cheeks**

*Paramount Global Office of the CEO and President & Chief Executive Officer-CBS, Paramount Global*

A

Great. Hi, it's, George. So look, Steve, the relationship between CBS and our affiliate partners is really a mutually beneficial one. We provide valuable content and our affiliates provide scale distribution. We're investing heavily in must-have live sports and the most watched primetime entertainment schedule. Now, if this dynamic were to change, it would be difficult for us to continue to foot that bill. And in that case, the affiliates and local viewers, they would be harmed. So we have a strong record of securing partnerships with all our station groups, including renewing 60 CBS affiliates over the past year alone. So I think that will continue.

**Jaime Morris**

*Executive Vice President-Investor Relations, Paramount Global*

A

Thanks, Steve. Operator, next question.

**Operator:** The next question goes to Robert Fishman of MoffettNathanson. Robert, please go ahead.

**Robert Fishman**

*Analyst, MoffettNathanson LLC*

Q

Thank you. Hi, good afternoon, everyone. Can you help us think about the right balance in licensing your library and some of these new original content to third-party streamers versus keeping the content exclusively for Paramount+? Just curious if an arms dealer licensing strategy is still able to command the strong economics that it once did?

And then maybe if I can shift over to sports, given the success of sports driving that, the strong viewership that you talked about on CBS, just interested in your current thoughts on bidding for more sports right, like ESPN's MLB package or the UFC package that's in the marketplace now. How do you differentiate between must have and nice to have? Thank you.

**Brian Robbins**

*Paramount Global Office of the CEO and President & Chief Executive Officer-Paramount Pictures and Nickelodeon, Paramount Global*

A

Hey, Robert, this is Brian. I'll take the licensing piece. Content licensing is a growth business for us. In particular, our secondary licensing business. Our content is valuable and it drives demand for us. That said, we believe in using our most valuable IP to grow our owned and operated assets. That doesn't mean we're not going to continue to license that product as well, maybe on a co-exclusive basis or after it premieres on one of our owned and operated stations, but we believe that's the best path for our content.

**George Cheeks**

*Paramount Global Office of the CEO and President & Chief Executive Officer-CBS, Paramount Global*

A

Great. Thanks, Robert. On the sports side, look, I believe we have a very robust sports portfolio. We've got core franchises. We feel very good about it, but we're always going to be open and opportunistic. We'll continue to take a disciplined approach and our goal will always be to ensure that we have the optimal sports portfolio. We're always looking for sports rights that really matter and that really drive audience and scale.

**Jaime Morris**

*Executive Vice President-Investor Relations, Paramount Global*

A

Thanks, Robert. Operator, next question.

**Operator:** The next question goes to Ben Swinburne of Morgan Stanley. Ben, please go ahead.

**Benjamin Swinburne**

*Analyst, Morgan Stanley & Co. LLC*

Q

Thanks. I guess this is probably for Naveen, but obviously interested in what everyone's take on it is, Naveen you mentioned you expect another quarter of net subscription revenue growth in Q2. So streaming growing fast enough to offset the linear declines. As you take a longer term view, can you talk a little bit about the expectations you have for linear declines and streaming growth, kind of the drivers behind those things? Would be curious if you think what we're seeing in linear this year is unusual based on some of the renewals you had last year or if this is sort of normal trend? And how you think about the drivers of D2C subscription revenue growth kind of longer term from the scale that you've achieved today with Paramount+? Thank you.

**Naveen K. Chopra**

*Chief Financial Officer & Executive Vice President, Paramount Global*

A

Yeah. Hey, Ben. Thanks for the question. So look, on the linear side of the business, the two major drivers there are the rate of, call it, Pay TV subscriber decline in the ecosystem more broadly. And then the nature of the deals that we negotiate. Certainly the primary factor that is driving the revenue trend is the subscriber decline. And I think that will likely continue to be the case.

There has been some impact from deal renewals in the last couple of quarters, but if I look at the trends, for instance, in Q1, I don't expect major changes over the next few quarters there. So the net of what you're seeing in terms of sub-declines and deal renewals, I think in Q1 is indicative of what we'll see over the next few quarters.

On the streaming side, the growth drivers there are very clear. It is continued subscriber growth. It is improvement in churn and ARPU which ultimately drive revenue growth. And given that it's largely a fixed cost business, the more we can scale that revenue, we see significant improvements in profitability similar to what you've seen over the course of both 2024 and continuing to move forward in 2025.

**Jaime Morris**

*Executive Vice President-Investor Relations, Paramount Global*

A

Thanks, Ben. Operator, next question.

**Operator:** The next question goes to Richard Greenfield of LightShed. Richard, please go ahead.

**Richard Greenfield**

*Analyst, LightShed Partners*

Q

Hi. Thanks for taking the question. Chris, I was watching your interview or read your interview the other day about Taylor Sheridan. And I think the amount of times that you mentioned Taylor Sheridan between you and George earlier, it's obvious how important Taylor Sheridan is to Paramount's current and future. I'm curious why you haven't thought to acquire 101 Studios to be fully vertically integrated with Taylor? 101 has been reportedly been for sale on and off for several years. I mean, I guess another way of asking the same question is like, why is the current state of your relationship with Taylor Sheridan the optimal model for maximizing value for Paramount?

**Christopher D. McCarthy**

*Paramount Global Office of the CEO and President & Chief Executive Officer-SHOWTIME & MTV Entertainment Studios, Paramount Global*

A

Hey, Rich, thanks for your question and thanks for reading the article. Listen, we absolutely value both of those parties. Let me first start by saying that they are two separate entities, Taylor and 101. Now, Taylor's a very gifted and unique creative and Paramount has an exclusive with him through 2028 and we own all the IP that comes out of that. We have a great relationship with him, deep partnership that we've built over time and it's working. The results really speak for themselves and we're confident that that partnership and hits will continue.

Now, as it relates to 101, they're absolutely a preferred partner. We love working with them and David and what he and his team have built and so much so that we've invested in them, but we do like the relationship we have. We think the incentives are based on where they should be. And so we maintain – we plan to keep the current process and the current relationship as it is.

Now related to Taylor, he really helped us to learn some new models. He's a unique creative and we built a model that was uniquely around him as opposed to forcing him through our structure. Now, we've since used that as a

playbook to bring in new creatives and Jez Butterworth is one of the most recent ones where we've seen great success with him, with The Agency and most recently with MobLand. And MobLand, as we talked about, was the biggest global premiere that we've had on Paramount+ to date. So listen, we love the relationship with Taylor. We're welcoming in new creatives and we definitely will continue to use 101 as a preferred partner, but we like the relationships we have today.

**Jaime Morris**

*Executive Vice President-Investor Relations, Paramount Global*

A

Thanks, Rich. Operator, next question.

**Operator:** The next question goes to Ric Prentiss of Raymond James. Ric, please go ahead.

**Ric Prentiss**

*Analyst, Raymond James & Associates, Inc.*

Q

Thanks. Good afternoon. Obviously, a lot of industry attention on streaming, potential for bundling, joint ventures, maybe M&A, domestic, international. Maybe you can just walk through the different types of combinations and the pros and cons of how you think about your desire or interest in participating in some of those versus a do nothing?

**Christopher D. McCarthy**

*Paramount Global Office of the CEO and President & Chief Executive Officer-SHOWTIME & MTV Entertainment Studios, Paramount Global*

A

Hey, Ric, how are you doing? It's Chris again. Now, happy to take that question. Listen, we're very happy with the success that we've had to date. We only launched just a few years ago, and we're already up to nearly 80 million global subs, revenue this quarter up 16%. So real momentum. We're seeing great engagement growth, really good, solid improvement in churn. And listen, all of that is driven by our hits. And we have a powerful combination between the CBS primetime slate, sports and our originals on streaming where we really are in a class of our own. So we feel great about the momentum. We're just on the cusp of Paramount+ domestic profitability, so we feel really good.

Now, listen, that said, we're always going to take an opportunistic look at different opportunities, whether that's bundling, whether that's doing something maybe more deeper with a partner. Certainly nothing to announce today, but I can say that we are big fans of bundles. In fact, we were some of the early movers, but it's important that when you look at bundles, we do that at a very incremental audience point of view.

So particularly when they're hardest to secure. So you take something like what we did with Walmart, which has been, has been and continues to be a great partnership for us or whether we bundle with hard bundle internationally, with some great partners to get some distribution. We'll continue to look at all types of bundles, but really going to take an opportunistic look at that, at really what's going to drive the most value and what's going to accelerate our plans.

**Jaime Morris**

*Executive Vice President-Investor Relations, Paramount Global*

A

Thanks, Ric. Operator, we'll do one last question.

**Operator:** Thank you. The final question goes to Kutgun Maral of Evercore ISI. Kutgun, Please go ahead.

**Kutgun Maral**

*Analyst, Evercore ISI*



The TV media were well ahead of expectations and above the core trends you saw last quarter. Maybe you could talk about what drove the upside there in the quarter. And maybe looking to Q2, I appreciate that sports ad inventory is sequentially lighter, but separate to that, can you help us think about any current linear trends, especially as you head into the upfronts?

And Naveen, I just want to make sure in terms of the guidance for the full year on OIBDA and free cash flow, I just want to make sure that I didn't miss it, that you're effectively reiterating the prior guidance? Thank you.

**Christopher D. McCarthy**

*Paramount Global Office of the CEO and President & Chief Executive Officer-SHOWTIME & MTV Entertainment Studios, Paramount Global*



Hey, Kutgun, I'll take the first half of that question and then I'll pass it over to Naveen for the second half. Listen, we're absolutely pleased with the performance that we had this quarter, as it relates to revenue. And certainly the strength of CBS and the broadcast slate, 17th straight year in a row where they're number one and sports was a really big driver.

Now, that helped us to make up for some softness in the digital landscape and as Naveen talked about, we still have good solid sports in Q2, although a little lighter. So we continue to expect those trends to look very similar.

And in terms of how things are looking in the upfront, listen, we feel really good about the conversations and discussions that we've been having. I will note that scatter in this quarter is up double digits, which has always been a really interesting early indicator for us for the upfronts. So we're feeling really good. Now, listen macro is certainly on people's mind, but everyone is giving us great feedback. We continue to hear good things, particularly around the unique set of assets and the volume of hits and the really strong sports portfolio. So we feel pretty good. Naveen?

**Naveen K. Chopra**

*Chief Financial Officer & Executive Vice President, Paramount Global*



Yeah. Thanks, Chris. So with respect to our comments on full year guidance, I think it's important to remember a few things. Number one, the fundamental drivers of earnings improvement that was built into our 2025 plan remain in place. That includes significant improvements in DTC profitability that take advantage of the improvement in churn, in ARPU and sub revenue growth that we highlighted. It includes the ongoing non-content expense reductions that we're making across the company. And it includes finding ways to get more leverage from those content investments across all the dimensions of our business; linear, streaming, licensing, theatrical and you heard a number of examples of that from the CEOs today.

All that said, the macro environment is uniquely dynamic right now and that does create some uncertainty, which has the potential to impact revenue primarily in advertising. At the same time, we are pushing the pedal harder on expense reductions, but I think it's premature to try to quantify the impact of that on earnings and cash flow until we have more clarity on how all the macro stuff will unfold.

**Naveen K. Chopra**

*Chief Financial Officer & Executive Vice President, Paramount Global*

So with that, I just want to thank everyone on behalf of the co-CEOs for joining us today. We are proud of the progress we're making to drive value as we deliver high-performing content and continue to advance the

business. We also want to thank our teams and our partners for their continued contributions. Have a great evening, everyone.

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**Operator:** Thank you. This now concludes today's call. Thank you all for joining. You may now disconnect your lines.

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