

✓ **Event Details**

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Company: Paramount Global

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✓ **Company Participants**

Jaime Morris - Paramount Global, Executive Vice President-Investor Relations

Shari Redstone - Paramount Global, Non-Executive Chairman

Christopher D. McCarthy - Paramount Global, Paramount Global Office of the CEO and President & Chief Executive Officer-SHOWTIME & MTV Entertainment Studios

Andrew Carl Warren - Paramount Global, Executive Vice President and Interim Chief Financial Officer

MANAGEMENT DISCUSSION SECTION

Operator

Good afternoon. My name is Victoria, and I'll be the conference operator today. At this time, I would like to welcome everyone to Paramount Global's Second Quarter 2025 Earnings Conference Call. All lines have been muted to prevent any background noise.

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

Good afternoon, everyone, and thank you for joining our Q2 2025 earnings call.

Before we begin, I would like to remind everyone that in addition to our earnings release, we have trending schedules containing supplemental information available on our website. In addition, 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 contains supplemental information, and in each case can be found in the Investor Relations section of our website.

As we detailed in the 8-K filed last week, we expect the Paramount-Skydance transaction to close on August 7, 2025. As a result, this will be our last earnings call with the company in its current configuration. Today, we will share highlights for the quarter, but we will not be taking questions.

On this call, we have Shari Redstone, Non-Executive Chair of our board of directors, Chris McCarthy, our Co-CEO; on behalf of his fellow Co-CEOs; and Andy Warren, our Interim CFO. Now let me turn the call over to Shari.

Shari Redstone

Thank you, Jaime. Given this is the final earnings call under our current corporate structure, I wanted to take the opportunity to express my thanks to our shareholders for their investment in our business and to the others across the investment community who have followed us for many years. I believe I can take it on faith that many on this call understand the enormous importance of this business to my family and to me.

Beginning nearly 40 years ago, my father, Sumner Redstone, built Viacom and CBS by bringing together a group of the best assets in media, news and entertainment. While people often debated whether content or distribution ruled the day, my father's steadfast belief was that content was King. Even against the backdrop of enormous change, their core business philosophy remains the reality for our business and industry.

That is a reality that Skydance surely understands. I am confident that with their vision for the business and the technology and resources they can bring to bear, they can build on Paramount's legacy and position it for long-term success and value creation. I am proud that when the transaction closes, we will be turning over a healthy business with a strong foundation for success.

One year ago, that was not a foregone (00:03:17) against the backdrop of tough industry conditions in the linear business, in a pending transaction, the progress we have made is a testament to the talent, focus and dedication of the people of Paramount, under the leadership of George Cheeks, Chris McCarthy, and Brian Robbins.

George, Chris, and Brian took on a very challenging job. While continuing to lead in their core areas of responsibility, they work together to develop new content and strategic plans for the company, while also making difficult decisions to streamline the company's cost structure and secure the stability and growth potential of the business. I will forever be grateful for their hard work, dedication and friendship.

While Chris will go into more detail about the company's financial results on this call, I would be remiss not to mention a few of the Co-CEOs accomplishments in those of the wonderful teams across our business.

I will start with Streaming because it makes me so proud that while we only launched Paramount+ four years ago, we are already a top 4 global SVOD service and we will be profitable in the US faster than many of our peers. What has driven this performance, others might have more content. But Paramount+ has distinguished itself for delivering big, bold, breakthrough original scripted hits that consistently rank in the SVOD top 10, plus incredible sports, kids and unscripted content from across the company.

And as I am particularly proud, programming that informs and educates audiences about the issues we face as a society and around the world. This is also the reason CBS has been the number one broadcast network for 17 years in a row, due also to its range of entertainment, sports and news programming. And in Cable, the company has delivered the number one scripted series, number one reality series, number one late-night show and number one kids show.

As for Paramount Pictures, it has continued to expand its hit franchises, Sonic the Hedgehog, Mission: Impossible, A Quiet Place, SpongeBob, Teenage Mutant Ninja Turtles and more. Taken together, this has driven improved bottom line performance and significantly strengthened free cash flow.

In closing, it has truly been a privilege to work with George, Chris and Brian over the past year to achieve the goals that have positioned this company so well for the future. And while it is never easy to step away, please note that it's been an honor for my family and for me to service stewards of these assets over the past

several decades. We will always be cheering on Paramount and the talented people who have made it what it is today. Thank you.

Christopher D. McCarthy

Thank you, Shari, and good afternoon, everyone. When George, Brian and I became Co-CEOs, our goal was to transform Paramount into a streaming-first company. And today, we are substantially better positioned to thrive in the streaming future. You only have to look to this quarter to see the shift, where D2C revenue growth outpaced linear declines. This was powered by an exceptional performance at Paramount+.

We delivered industry-leading TV hits across both streaming and linear while at the same time, this quarter breaking a record with the Mission: Impossible franchise. At Paramount+, we made a content strategy choice to go against conventional wisdom of more originals is better. Our strategy isn't about the volume of originals, rather, it's about the volume of original hits.

We closed 2024, our first year as Co-CEOs, and it was a transformative year. OIBDA grew 30% to \$3.1 billion, driven by a nearly \$1.2 billion improvement in D2C profitability. Now this was powered by Paramount+, where our content strategy delivered, we led with the most top 10 SVOD originals behind only the market leader, which drove increased engagement, improved churn. We added 10 million new subscribers, which solidified our place as a top 4 SVOD and resulting in revenue growth of 33%. Now since then, we have not slowed down. In the first half of 2025, we again scored with the most top 10 SVOD originals behind only the market leader.

Paramount+ revenue continued to grow, up 19%, driven by strong subscription revenue growth of 22%. Watch time per subscriber increased 14% and churn improved another 100 basis points.

Over at CBS, we continued our leadership position as the most watched broadcast network in prime time for the 17th consecutive season. We have 8 of the top 10 series, 14 of the top 20 series. That's more programs in the top 10 and top 20 than all other networks combined.

And Paramount Pictures continue to drive revenue for the business, successfully monetizing the value of our IP in theaters and downstream. Over this past year, we added new installments of our valuable bank of franchises, including Sonic the Hedgehog, Smile, A Quiet Place, and Mission: Impossible. We also reshaped the organization to be leaner and more nimble, reducing redundancies, all with the goal to drive productivity. Over the past four quarters, we've implemented over \$800 million in annual run rate non-content expense savings.

Our progress is reflected in the results for the quarter. Total company revenue grew 1% year-over-year to \$6.8 billion. Most notably, D2C revenue growth outpaced linear declines. In fact, strong subscription growth at Paramount+ drove total company affiliate and subscription revenue growth, which accelerated to 5%. D2C generated adjusted OIBDA of \$157 million, an improvement of 6x versus a year ago. To put that in perspective, this year alone, we've improved D2C profitability by \$300 million versus the comparable period a year ago.

Now, let's get into some detail at D2C. Revenue growth accelerated to 15%, driven again by Paramount+, where total revenue grew 23% year-over-year and records were set. For the third consecutive quarter, watch time per subscriber increased and was up 11% year-over-year. And churn improved again by 70 basis points year-over-year, achieving a record low.

These results were powered by a strong content slate of original hits with Landman, Yellowjackets, The Chi and MobLand, our newest top 10 SVOD series, which ranked as the number one series globally and active subscriber households on Paramount+ this quarter. Looking ahead, we're thrilled to welcome South Park to Paramount+ this month here in the United States. It has consistently been a top acquisition and engagement driver in international, and we have every confidence it will do just as well for us here in the US.

We have our biggest hits to come kicking off with Dexter: Resurrection, followed by the first NCIS franchise extension with Tony & Ziva and continues with the nonstop Taylor Sheridan slate of hits. Starting with Tulsa King in September, Mayor of Kingstown in October, followed by Landman in December and, of course, an all-new Yellowstone franchise extension, The Dutton Ranch.

Now turning to TV Media, when we talk about transforming into a streaming-first company, nothing says it better than the alignment with CBS and Paramount+. This season, streaming of CBS series on Paramount+ grew 42% over the last year. And year-to-date, CBS content accounts for nearly half of all viewing on Paramount+. CBS has consistently ranked as the number one broadcast network in prime time. And moreover, CBS is also ranked number one in multi-platform viewership.

Now turning to sports, live sport is more valuable today than ever before across both platforms. This year's Final Four was the most watched in 8 years. And CBS' Sports golf coverage in 2025 is up 13% year-over-year, its best performance in 7 years.

The power of this combined content is evident across distribution and advertising. In June, we signed a new deal with DIRECTV that includes a curated selection of Paramount's most popular networks across entertainment, news, and sports in various DIRECTV genre packs, and we're nearing the completion of our upfront where we see strong advertiser demand for sports and entertainment program.

Turning to Filmed Entertainment. This quarter, a record was achieved with Mission: Impossible – The Final Reckoning, which was the biggest global opening in franchise history. And when a new film hit theaters, we see an immediate lift in the library content on Paramount+. For example, following the release of Mission: Impossible – The Final Reckoning, for the month, the Mission franchise library saw a 60% lift in daily active subscriber households on Paramount+. Now this is a good example of how franchise drive revenue across every part of our business.

We are pleased with the results for the quarter, which represent our strong and continued progress in executing as a streaming-first company.

Now, let me turn it over to Andy to provide more detail on the financials.

Andrew Carl Warren

Thank you, Chris, and good afternoon, everyone. Let's dive right into the second quarter numbers. Paramount generated total company revenue of \$6.8 billion and adjusted OIBDA of \$824 million, reflecting continued year-over-year improvement in our direct-to-consumer segment. Free cash flow improved to \$114 million, including approximately \$70 million in payments for restructuring and cost reduction initiatives.

Now, let's discuss our operating segment results, starting with direct-to-consumer. Paramount+ finished the quarter with 77.7 million subscribers, a year-over-year increase of 9.3 million subscribers but down 1.3 million subs versus 1Q 2025, primarily reflecting the anticipated expiration of an international distribution agreement as well as the timing of Paramount+ Premiers.

Paramount+ ARPU growth accelerated in the second quarter to a positive 9% increase year-over-year. Importantly, the combination of year-over-year subscriber growth, churn reduction and ARPU improvement drove Paramount+ revenue to increase nearly \$330 million versus 2Q 2024.

In total, direct-to-consumer generated revenue of \$2.2 billion, growing 15% year-over-year despite a 4% decline in DTC advertising, which continues to be impacted by increased supply in the digital ad marketplace. Separately, DTC subscription revenue growth accelerated and was up a robust 22%.

Turning to our TV Media segment. Linear TV trends continue to pressure advertising and affiliate revenue. TV Media revenue was \$4 billion in the second quarter with OIBDA of \$863 million. TV Media advertising revenue was down 4% year-over-year as higher CPMs were more than offset by viewership declines. We are nearing completion of our 2026 upfront, which will remain overall volume consistent with last year, driven by increased sports and streaming sales.

Streaming accounted for almost 30% of total upfront volume while demand for our sports portfolio was very strong across the board and saw double-digit growth. Our TV Media affiliate revenue declined 7% versus the prior year, largely reflecting market subscriber trends. However, and more importantly, the combination of our traditional and streaming businesses again yielded net positive growth, with total company affiliate and subscription revenue up 5% in the second quarter, a positive acceleration versus the first quarter of this year.

Lastly, in the Filmed Entertainment segment, we generated second quarter revenue of \$690 million, up 2% year-over-year. Adjusted OIBDA was a loss of \$84 million in the quarter, which compares to a loss of \$54 million in this year-ago quarter. This year-over-year change in OIBDA primarily reflects lower profit from licensing.

Regarding forward-looking statements, as you can appreciate with the Skydance transaction closing on August 7, it would be inappropriate for us to outline full-year 2025 financial expectations for Paramount standalone results. In summary, our first half results demonstrate that our global teams remain focused on operating execution as we prepare for the deal to close.

Now, let's turn the call back over to Chris for closing comments.

Christopher D. McCarthy

As this will be our last earnings call before we close the Skydance transaction, allow me to take a moment on behalf of my Co-CEOs, Brian and George, to thank the people responsible for our successful shift into a streaming-first company. To our teams, our partners, the board, and to Shari, thank you for your support and efforts.

We talk a lot about hit TV series and blockbuster films. That doesn't happen in our content teams without the support and hard work and efforts from every person in every department across the entire company. Against enormous headwinds and challenges, this team continued to be resilient and unwavering in your commitment to execute with excellence and more importantly, to support each other with compassion. It's

that combination that truly made the difference. You should be very proud of all of your efforts they have helped to make Paramount substantially stronger today.

We'd also like to thank the Redstone family for their stewardship of the company over the last 40 years. Sumner Redstone was a visionary, who predicted where the industry was going before anyone else. And under Shari's leadership, Paramount has transitioned from a disconnected collection of TV assets into a streaming-first company with a powerful portfolio of hit content and franchises.

Now, despite the naysayers and against all the odds, Shari, you did what you thought was right. You pushed us forward with the mission to combine these companies and just look at what we've achieved. While we're the last to launch only four years later, Paramount+ is a top 4 global SVOD service. Your vision has been realized.

And what made that possible with content being king. Hit TV series and blockbuster films, just as your father had predicted. We thank you, Shari, for your vision to see where it was all going and your leadership of the company. And on a personal level for your friendship to all of us. And to our board, thank you for your dedication and guidance. Throughout a very eventful year, we appreciate each and every one of you.

Now looking ahead under David Ellison's, the next chapter of Paramount is sure to be another historic one. We'd like to thank David and the Skydance RedBird teams of Jeff Shell, Andy Gordon and Cindy Holland for their partnership throughout this transition. We are excited to see what you do, and you have a great team here to help you.

With that, thank you for joining us, and have a good night.

Operator

That concludes today's call. Thank you for your participation, and enjoy the rest of your day.