TelevisaUnivision

Q3 2023 RESULTS

TELEVISAUNIVISION ANNOUNCES THIRD QUARTER 2023 RESULTS

Financial and operational highlights

- Total revenue grew 11% to $1.3 billion, fueled by double digit growth in Mexico ad sales and substantial growth in global DTC
- U.S. advertising revenue grew 3%, excluding political and advocacy spend, driven by record-setting demand for sports and tentpoles
- Surpassed 40 million monthly active users on global Spanish-language streaming service, ViX, and expanded its distribution to make the service available across all major connected television devices
- Delivered highest primetime Spanish-language market share in the U.S. in nine years propelled by sports, novelas and tentpoles
- DTC losses improved by nearly 60% and total adjusted OIBDA was flat with the Company's linear networks business continuing to fully fund investments in DTC

NEW YORK, NY – October 25, 2023 – TelevisaUnivision, the world's leading Spanish-language media and content company, today announced financial results for the third quarter ended September 30, 2023.

"TelevisaUnivision delivered another strong quarter of double-digit growth, which propelled us to historic highs in a number of areas in our business, including record third quarter revenue in the U.S.," said Wade Davis, Chief Executive Officer of TelevisaUnivision. "On the linear screen in the U.S., we achieved our highest primetime Spanish-language market share in nearly a decade and in Mexico our flanker channel 5 out-delivered the main channel of our largest competitor for the first time in history. As of September 30, ViX has been live in the marketplace for four full quarters and has surpassed 40 million MAUs. Importantly, our relentless focus on efficiency and financial discipline is paying dividends as we saw nearly 60% improvement in our DTC losses this quarter and remain on track to deliver a profitable DTC business in the middle of next year, which would be the fastest trajectory to profitability for any major streamer in history."

Discussion of financial and operational results

The Company completed the acquisition of the Televisa content business on January 31, 2022; The "Pro Forma" numbers in the tables below are adjusted to include the Televisa content business for January of 2022. The pro forma and as reported amounts in the tables below are presented on an adjusted OIBDA basis.

Three Months Ended September 30, 2023 (Unaudited, in millions)

	US			Mexico			Total, as reported		
	3Q 23	3Q 22	Change	3Q 23	3Q 22	Change	3Q 23	3Q 22	Change
Advertising	$ 459.4	$ 463.4	(1%)	$ 318.0	$ 261.8	21%	$ 777.4	$ 725.2	7%
Subscription & Licensing	329.9	296.3	11%	143.3	103.2	39%	473.2	399.5	18%
Other	17.0	9.6	77%	12.9	17.2	(25%)	29.9	26.8	12%
Total Revenue	$ 806.3	$ 769.3	5%	$ 474.2	$ 382.2	24%	1,280.5	1,151.5	11%
Total Operating Expenses							868.3	740.6	17%
Adjusted OIBDA [1]							$ 412.2	$ 410.9	0%

Nine Months Ended September 30, 2023 (Unaudited, in millions)[2]

	US			Mexico			Total, pro forma			Total, as reported		
	3Q 23	3Q 22	Change	3Q 23	3Q 22	Change	3Q 23	3Q 22	Change	3Q 23	3Q 22	Change
Advertising	$1,310.4	$ 1,302.9	1%	$ 811.9	$ 665.5	22%	$2,122.3	$1,968.4	8%	$2,122.3	$1,916.1	11%
Subscription & Licensing	980.8	902.6	9%	381.8	301.0	27%	1,362.6	1,203.6	13%	1,362.6	1,172.3	16%
Other	47.8	24.7	94%	38.5	61.6	(38%)	86.3	86.3	0%	86.3	84.0	3%
Total Revenue	$2,339.0	$2,230.2	5%	$1,232.2	$1,028.1	20%	3,571.2	3,258.3	10%	3,571.2	3,172.4	13%
Total Operating Expenses							2,424.1	2,072.5	17%	2,424.1	2,022.0	20%
Adjusted OIBDA [1]							$1,147.1	$1,185.8	(3%)	$ 1,147.1	$ 1,150.4	0%

Revenue

Consolidated total revenue grew 11% to $1.3 billion, which included an approximate 600bps benefit from favorable foreign exchange rates.

Advertising revenue increased 7%. In the U.S., advertising revenue declined 1%. Excluding political and advocacy, it grew 3%. This reflects continued outperformance relative to the broader market and was driven by strength in national advertising, offset by weaker performance in local advertising. In Mexico, advertising revenue increased 21% driven by private sector growth from both new and existing clients.

Subscription and licensing revenue increased 18%, including 11% growth in the U.S. and 39% growth in Mexico. Growth in both geographies was driven by ViX's premium tier, pricing growth on linear subscribers and increased content licensing revenue driven by demand for ViX premium content.

Expenses and profitability

Adjusted OIBDA was flat with the prior year. Operating expenses reflect investments in ViX, including new original premium content, sports rights, marketing and technology, and grew 17% to $868 million.

Cash flow and balance sheet

Cash flows used in operating activities for the nine months ended September 30, 2023 were $17 million, compared to $249 million of cash provided in the prior year. Investing activities for the nine months ended September 30, 2023 included capital expenditures of $134 million compared to $87 million in the prior year. The Company ended the quarter with $283 million in cash on its balance sheet.

During the quarter the company refinanced $700 million of its outstanding debt through the issuance of $500 million of new Senior Secured Notes, and a $200 million add-on to its existing Term Loan A facility. The leverage ratio, or net debt to OIBDA, remained flat with the prior quarter at 5.9x.

TelevisaUnivision Combination

On January 31, 2022, Grupo Televisa, S.A.B ("Televisa"; NYSE:TV; BMV:TLEVISA CPO) and Univision Holdings II, Inc. ("UH Holdco") (together with its wholly owned subsidiary, Univision Communications Inc., "Univision") announced the completion of the transaction between Televisa's media content and production assets and Univision. The new company, named TelevisaUnivision, Inc. (the "Company" or "TelevisaUnivision"), creates the world's leading Spanish-language media and content company. TelevisaUnivision produces and delivers premium content for its own platforms and for others, while also providing innovative solutions for advertisers and distributors globally. During the first quarter of 2023, the Company completed the purchase accounting for the TelevisaUnivision combination.

Forward-Looking Statements / Safe Harbor

Certain statements contained within this press release constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. In some cases you can identify forward looking statements by terms such as "anticipate," "plan," "may," "intend," "will," "expect," "believe," "optimistic" or the negative of these terms, and similar expressions intended to identify forward-looking statements. These forward-looking statements reflect our current views with respect to future events and are based on assumptions and are subject to risks and uncertainties. Also, these forward-looking statements present our estimates and assumptions only as of the date of this press release. We undertake no obligation to modify or revise any forward-looking statements to reflect events or circumstances occurring after the date that the forward-looking statement was made.

Factors that could cause actual results to differ materially from those expressed or implied by the forward-looking statements include: risks and uncertainties related to, and disruptions to the Company's business and operations caused by, the ongoing integration of the Televisa content business following the closing of the TelevisaUnivision Business Combination risks and uncertainties with respect to our ability to execute our growth strategy; risks and uncertainties as to the evolving and uncertain nature of the COVID-19 pandemic and its impact on the Company, the media industry, and the economy in general, including interference with, or increased cost of, the Company's or its partners' production and programming, changes in advertising revenue, suspension of sporting and other live events, and disruptions to the Company's operations; and other factors as described under "Forward-Looking Statements" in the Company's Reporting Package. Actual results may differ materially due to these risks and uncertainties. The Company undertakes no obligation to modify or revise any forward-looking statements to reflect events or circumstances occurring after the date that the forward-looking statement was made.

Conference call

TelevisaUnivision will conduct a conference call today to discuss its financial results at 10:00 a.m. Eastern Time / 7:00 a.m. Pacific Time. The call will be available via webcast at investors.televisaunivision.com or by dialing (800) 225-9448 (within U.S.) or (785) 424-1699 (outside U.S.).

About TelevisaUnivision, Inc.

TelevisaUnivision is the world's leading Spanish-language media company. Powered by the largest library of owned Spanish-language content and a prolific production capability, TelevisaUnivision is the top producer of original content in Spanish across news, sports and entertainment verticals. This original content powers all of TelevisaUnivision's platforms, which include market-leading broadcast networks Univision, Las Estrellas, Canal 5 and UniMas, and a portfolio of 38 cable networks, which include TUDN, Galavision, Distrito Comedia and TL Novelas. The Company also operates the leading Mexican movie studio, Videocine, and owns and operates the largest Spanish-language audio platform in the U.S. across 35 terrestrial stations and the Uforia digital platform. TelevisaUnivision is also the owner of ViX, the largest Spanish-language streaming platform in the world. For more information, please visit televisaunivision.com.

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CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited and in millions)

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022
Revenue	$ 1,280.5	$ 1,151.5
Direct operating expenses	505.8	430.3
Selling, general and administrative expenses	386.8	365.7
Impairment loss	—	1.9
Restructuring, severance and related charges	10.8	10.9
Depreciation and amortization	145.2	135.1
Gain on dispositions	(29.5)	—
Operating income	261.4	207.6
Other expense (income):		
Interest expense	173.0	137.8
Interest income	(5.7)	(3.0)
Amortization of deferred financing costs	4.0	3.5
Gain on refinancing of debt	(3.1)	(0.1)
Other, net	21.1	9.8
Income before income taxes	72.1	59.6
Provision for income taxes	25.7	26.0
Net income	$ 46.4	$ 33.6

	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Revenue	$ 3,571.2	$ 3,172.4
Direct operating expenses	1,411.5	1,232.1
Selling, general and administrative expenses	1,087.8	951.5
Impairment loss	0.4	1.9
Restructuring, severance and related charges	29.2	55.7
Depreciation and amortization	429.4	384.2
Gain on dispositions	(28.9)	(12.2)
Operating income	641.8	559.2
Other expense (income):		
Interest expense	504.0	377.4
Interest income	(15.6)	(6.3)
Amortization of deferred financing costs	11.3	8.9
Gain on refinancing of debt	(3.1)	(5.4)
Other, net	24.3	77.5
Income before income taxes	120.9	107.1
Provision for income taxes	75.7	45.0
Net income	$ 45.2	$ 62.1

CONSOLIDATED BALANCE SHEETS
(In millions, except share and per-share data)

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 282.9	$ 538.6
Accounts receivable, less allowance for doubtful accounts of $20.1 in 2023 and $25.8 in 2022	1,104.3	971.2
Program rights and prepayments	158.4	68.8
Income taxes	207.6	143.1
Prepaid expenses and other	373.0	327.4
Total current assets	2,126.2	2,049.1
Property and equipment, net	1,195.8	1,113.0
Intangible assets, net	6,487.6	6,579.2
Goodwill	6,639.0	6,319.8
Program rights and prepayments	1,126.9	731.5
Investments	303.5	239.1
Operating lease right-of-use assets	148.6	176.0
Deferred tax assets	142.5	131.3
Other assets	136.6	155.4
Total assets	$ 18,306.7	$ 17,494.4
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	$ 1,150.7	$ 1,072.0
Deferred revenue	387.8	204.1
Current operating lease liabilities	38.4	45.9
Current portion of long-term debt and finance lease obligations	229.1	113.8
Total current liabilities	1,806.0	1,435.8
Long-term debt and finance lease obligations	9,804.7	9,911.4
Deferred tax liabilities, net	838.5	844.2
Deferred revenue	85.4	70.8
Noncurrent operating lease liabilities	145.7	171.8
Other long-term liabilities	217.0	186.5
Total liabilities	12,897.3	12,620.5
Stockholder's equity:		
Common Stock, $0.01 par value; 100,000 shares authorized in 2023 and 2022, 1,000 shares issued and outstanding at September 30, 2023 and December 31, 2022	-	-
Additional paid-in-capital	5,843.8	5,809.5
Accumulated deficit	(1,375.9)	(1,421.1)
Accumulated other comprehensive income	941.5	485.5
Total stockholder's equity	5,409.4	4,873.9
Total liabilities and stockholder's equity	$ 18,306.7	$ 17,494.4

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited and in millions)

	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Cash flows from operating activities:		
Net income	$ 45.2	$ 62.1
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation	168.1	147.9
Amortization of intangible assets	261.3	236.3
Amortization of deferred financing costs	11.3	8.9
Amortization of program rights and prepayments	653.3	555.0
Deferred income taxes	(25.5)	(7.3)
Non-cash deferred advertising commitments	(22.1)	(13.8)
Impairment loss	0.4	1.9
Debt extinguishment expense	—	17.6
Share-based compensation	66.3	85.2
Gain on dispositions	(28.9)	(12.2)
Other non-cash items	(22.9)	(29.7)
Changes in assets and liabilities:		
Accounts receivable, net	(115.1)	76.6
Program rights and prepayments	(1,105.3)	(735.4)
Prepaid expenses and other	(40.7)	(13.6)
Accounts payable and accrued liabilities	(58.6)	(90.5)
Deferred revenue	174.5	(24.3)
Other long-term liabilities	34.0	(1.9)
Other assets	(12.1)	(14.1)
Net cash (used in) provided by operating activities	(16.8)	248.7
Cash flows from investing activities:		
Capital expenditures	(133.6)	(87.3)
Proceeds on sale of investment and other assets	1.2	9.8
Investments and other acquisitions	(52.6)	(34.4)
Acquisition of businesses, net of cash acquired	0.1	(3,192.7)
Net cash used in investing activities	(184.9)	(3,304.6)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	800.0	2,937.3
Payments of long-term debt and finance leases	(868.5)	(1,931.3)
Payments of refinancing fees	(7.7)	(83.4)
Proceeds from (payments of) swap interest	50.9	(18.6)
Dividend on behalf of TelevisaUnivision, Inc.	(32.0)	(27.5)
Repurchase of common stock on behalf of TelevisaUnivision, Inc.	—	(3.8)
Tax payment related to net share settlement	—	(4.0)
Proceeds from stock options exercised	—	0.3
Capital contribution from Parent, net of fees	—	1,002.4
Net cash (used in) provided by financing activities	(57.3)	1,871.4
Net decrease in cash, cash equivalents, and restricted cash	(259.0)	(1,184.5)
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	3.3	2.9
Cash, cash equivalents, and restricted cash, beginning of period	545.2	1,720.1
Cash, cash equivalents, and restricted cash, end of period[3]	$ 289.5	$ 538.5

RECONCILIATION OF OPERATING INCOME TO ADJUSTED OIBDA[1]

Management of the Company evaluates operating performance for planning and forecasting future business operations by considering Adjusted OIBDA (as described below) and Bank Credit Adjusted OIBDA (as described below). Management also uses Bank Credit Adjusted OIBDA to assess the Company's ability to satisfy certain financial covenants contained in the Company's senior secured credit facilities and the indentures governing its senior notes. Adjusted OIBDA and Bank Credit Adjusted OIBDA eliminate the effects of certain items that the Company does not consider indicative of its core operating performance. Adjusted OIBDA represents operating income (loss) before depreciation, amortization, and certain additional adjustments to operating income (loss). Bank Credit Adjusted OIBDA represents Adjusted OIBDA with certain additional adjustments permitted under the Company's senior secured credit facilities, new term loan and indentures governing the senior notes that include add-backs and/or deductions, as applicable, for specified business optimization expenses, and income (loss) from equity investments in entities, the results of which are consolidated in the Company's operating income (loss), that are not treated as subsidiaries, and certain other expenses. Adjusted OIBDA and Bank Credit Adjusted OIBDA are not, and should not be used as, indicators of or alternatives to operating income (loss) as reflected in the consolidated financial statements. They are not measures of financial performance under GAAP and they should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. Since the definition of Adjusted OIBDA and Bank Credit Adjusted OIBDA may vary among companies and industries, neither should be used as a measure of performance among companies. The Company is providing a reconciliation of the non-GAAP terms Adjusted OIBDA and Bank Credit Adjusted OIBDA to operating income, which is the most directly comparable GAAP financial measure.

The tables below set forth a reconciliation of the non-GAAP terms Adjusted OIBDA and Bank Credit Adjusted OIBDA to operating income.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	**2022**	**2023**	**2022**
(Unaudited, in millions)				
Operating income	$ 261.4	$ 207.6	$ 641.8	$ 559.2
Less expenses included in operating income but excluded from Adjusted OIBDA:				
Depreciation and amortization	145.2	135.1	429.4	384.2
Impairment loss[4]	—	1.9	0.4	1.9
Restructuring, severance and related charges	10.8	10.9	29.2	55.7
Gain on dispositions[5]	(29.5)	—	(28.9)	(12.2)
Share-based compensation	22.8	26.9	66.3	85.2
Purchase price adjustments[6]	1.3	26.4	7.7	70.5
Other adjustments[7]	0.2	2.1	1.2	5.9
Adjusted OIBDA	$ 412.2	$ 410.9	$ 1,147.1	$ 1,150.4
Adjusted OIBDA	$ 412.2	$ 410.9	$ 1,147.1	$ 1,150.4
Less expenses included in Adjusted OIBDA but excluded from Bank Credit Adjusted OIBDA:[8]	5.3	4.9	14.3	13.6
Bank Credit Adjusted OIBDA[9]	$ 417.5	$ 415.8	$ 1,161.4	$ 1,164.0

[1] See page 8 for a description of the non-GAAP term Adjusted OIBDA, a reconciliation to operating income and limitations on its use.

[2] Pro Forma results assume that the Televisa content business acquisition occurred on January 1, 2022. Prior to the completion of the TelevisaUnivision Transaction certain adjustments have been made to the Televisa content business as part of finalizing the purchase accounting.

[3] Restricted cash included within Prepaid expenses and other and Other assets was $6.6 million at both September 30, 2023 and December 31, 2022. The 2023 and 2022 Restricted cash balance pertain to escrow amounts for certain lease, grant payments and transition service agreement on the non-strategic radio stations sold on December 30, 2022.

[4] Impairment loss in 2023 and 2022 relates to the write down of program rights.

[5] Gain on dispositions in 2023 primarily relates to the sale of certain assets. Gain on disposition in 2022 primarily relates to the sale of certain assets and write-off of facility-related assets.

[6] Purchase price adjustment relates to amortization of the step-up balance of the Televisa program rights acquired on January 31, 2022.

[7] Other adjustments in 2023 and 2022 to operating income are primarily comprised of unusual and infrequent items as permitted by our credit agreement and operating expenses in connection with COVID-19.

[8] Under the Company's credit agreement governing the Company's senior secured credit facilities, the new term loan facility and indentures governing the Company's senior notes, Bank Credit Adjusted OIBDA permits the add-back and/or deduction, as applicable, for specified income (loss) from equity investments in entities, the results of which are consolidated in the Company's operating income, that are not treated as subsidiaries, in each case under such credit facilities and indentures, and certain other expenses. The amounts for certain entities that are not treated as subsidiaries under the Company's senior secured credit facilities, new term loan facility and indentures governing the Company's senior notes above represent the residual elimination after the other permitted exclusions from Bank Credit Adjusted OIBDA. In addition, certain contractual adjustments under the Company's senior secured credit facilities, new loan term facility and indentures are permitted to operating income under the Company's senior secured credit facilities, new term loan and indentures governing the Company's senior notes in all periods related to the treatment of the accounts receivable facility under GAAP that existed when the senior secured credit facilities were originally entered into and other miscellaneous items.

[9] The Bank Credit Adjusted OIBDA above does not include the revenue and cost synergies expected from the Televisa content business acquisition.