

TELEvisaUNIVISION Q4 AND FULL YEAR 2023 EARNINGS TRANSCRIPT

BETSY FRANK, HEAD OF INVESTOR RELATIONS:

Thank you and welcome everyone to TelevisaUnivision's fourth quarter and full year 2023 earnings call. I'm joined today by Wade Davis, CEO and Carlos Ferreiro, CFO.

This morning we issued an earnings press release which can be found at investors.televisaunivision.com. A few notes about the content of our remarks today:

- We will refer to adjusted OIBDA as EBITDA.
- Unless stated otherwise, all financial comparisons will be on a pro forma, year-over-year basis. Pro forma comparisons are adjusted to include the Televisa content business for January 2022.
- U.S. ratings and market share figures refer to primetime, audiences ages 18-49; and
- Mexico figures refer to primetime, audiences P4+.

Some of the information discussed today will contain forward-looking statements. These statements involve risks and uncertainties including those highlighted in our press release and may cause actual results to differ materially from these statements. We are not obligated to update forward-looking information discussed on this call, except as may be required by law.

Our press release and reporting package contain definitions and reconciliations of our non-GAAP measures to the most directly comparable GAAP measures.

I will now turn the call over to Wade.

WADE DAVIS, CEO:

Good morning. On behalf of myself and my partners, Alfonso and Bernardo in Mexico, thanks for joining us.

2023 was another stellar year for TelevisaUnivision. We continue to grow at a pace in excess of the general market media companies, highlighting the uniqueness of our strategy, our vertically integrated business structure and the markets and audience that we serve.

On the topline, revenues grew 5%, with the growth in core and DTC more than offsetting the massive one-time lift we had in 2022 associated with the World Cup and U.S. midterm election spending. Adjusting for those non-recurring items, we would have grown 9%. Mexico produced another year of double-digit top-line growth and our U.S. revenue was higher than it has ever been in the history of Univision and the U.S. operations.

In direct-to-consumer, a business we have essentially built from scratch in less than two years, we closed the year with more than \$700 million in revenue. I am super proud that our relentless and disciplined execution in this business allowed us to deliver this level of growth while driving steady and consistent progress towards our goal of profitability in the second half of this year.

Across all of our platforms, our content engine continues to churn out a massive volume of hits across all genres – premium series, un-scripted, documentaries, comedies, biopics, event programming and, of course, novelas. In the U.S., the strength of these primetime scripted novelas propelled our Univision network to its highest weekday market share in nearly a decade. The resonance of all of our programming has allowed us to maintain market shares that are roughly double our next closest competitors in both the U.S. and Mexico.

And nowhere was our ability to resonate with U.S. Hispanic audiences on better display than this past Sunday when we televised our first Super Bowl ever and delivered the highest Spanish-language viewership in the history of the game.

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Although we are very proud of our execution against a differentiated strategy with our unique assets, all of this is in the context of our leading position in the massive global Spanish-language market. Over the course of the year, the tailwinds from our specific markets contributed to our success and stand in stark contrast to the slowing growth of the general English-language markets. Our audience continues to grow in absolute size and economic, cultural and political relevance with most economists, analysts and demographers expecting these trends to continue. We are executing well, but of course it's always easier to grow a business in growing markets.

Our two core markets are now the #1 and #2 Spanish-speaking markets from both a population and an economic perspective.

In the U.S., the Latino market was effectively the World's fastest growing economy last year. Hispanics account for one-fifth of the total population and have grown at a rate 3x faster than the nation's total population, highlighting an important difference relative to the aging and stagnating demographics of the general market in the U.S. Cultural relevance also continues to grow. In 2023 the number of Spanish-language songs on the Billboard Hot 100 and Top 10 lists was at an all-time record and the Latino vote is widely expected to be a deciding factor in many of the 2024 elections.

Mexico's economy, benefitting from near-shoring trends and the World's second-best performing currency in 2023, grew to capture a major milestone—surpassing Spain to become the second largest Spanish-speaking economy in the world, behind only the U.S.

We are the only large-scale company exclusively focusing on these two growing and increasingly aligned markets. We are the leading media company in both markets, across all of our platforms – audio, broadcast, cable and dedicated Spanish-language streaming. No other company in the world provides investors with pure play exposure to these massive and growing markets in the way we do.

Our execution against this incredible market opportunity translates into growth for ourselves and for our clients. In 2023 we continued to outperform the broader U.S. advertising market; this year to the tune of 850bps—even against a backdrop of ad market and macroeconomic softness.

Excluding political and advocacy, and adjusting for the sale of a portfolio of radio stations, we grew U.S. ad sales by 5% for the year. These results are fundamentally driven by our continued penetration of the huge number of U.S. advertisers who are not yet advertising to our audience in Spanish. Our new solutions, new platforms and new go-to-market approach are resonating with advertisers and saw us onboard 86 new clients this year leading us to end the year with a record client count. And this just scratches the surface of our opportunity where only about half of all meaningful TV advertisers in the U.S. are currently advertising in Spanish.

Outside of our own execution, one factor that should accelerate client adoption of Spanish-language platforms is the evolution of measurement. Last year Nielsen introduced their new currency: Panel + Big Data. This massive step forward finally illustrated what we knew had been going on for decades: Panel-only data has been systematically and structurally underrepresenting minority audiences. Because this new currency represents a share shift in its accurate measurement of minority audience relative to general market, the large English-language companies have been doing everything they can to resist adoption. Now that the Panel + Big Data currency is fully audited by the industry bodies, it will become increasingly uncomfortable for other programmers, agencies and advertisers to try to stay with the antiquated methodology that overrepresents the white majority at the expense of the growing minority audience that has been structurally marginalized by outdated measurement. We are optimistic that this year's Upfront in the U.S. will be exclusively transacted on this new currency.

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Looking ahead, I am incredibly excited about what the 2024 election cycle represents for TU. Political ad spend is expected to grow 25% over the prior Presidential election cycle to over \$10 billion—the most expensive election cycle in history. Over the same time period, eligible Latino voters represent an estimated 50% of the total growth in voters. Furthermore, and perhaps most importantly, this massive Latino electorate, likely more than any other group, tells us in our research that they are driven by where candidates are on issues and not by political party affiliation. We have the most powerful set of platforms for candidates to communicate where they stand on the issues that are most important to Latinos. We have spent the past two years building up data capabilities, targeting capabilities, and real-time sentiment analysis tools that we think are more powerful than anything that exists in the market and will position us well to capture this massive opportunity.

In Mexico, our ad business had an extraordinary year fueled by the combination of a strong and growing economy and excellent execution by our team. We grew ad sales for 2023 by 18% for the full year. Not only did we grow double digits, but this is the first time following a World Cup year that we have been able to deliver absolute sequential growth above and beyond the huge World Cup comp.

In a market where we represent more than half of both primetime viewership and linear advertising dollars, our team continued to onboard new clients and find innovative ways to work with our advertising partners. For example, the power and flexibility of our vertically integrated content engine allows us to do things with our clients that no other media company in the world can do. For our largest and most important clients we can literally create content in real time with our advertisers' brand briefs built into the shows. To this end, we recently formed a ground-breaking partnership with Coca Cola that is now integrated across a slate of more than a dozen of our novelas.

And I'm really excited for 2024 as we have just closed our Mexican upfront at an all-time high. A reminder that in Mexico, the Upfront, which typically accounts for about 90% of all private sector spend, we collect the funding at the beginning of the year which obviously mitigates any cancellations, so another historic Upfront lays in a great base for the year. Furthermore, with this year being an election year in Mexico as well, we expect advertisers to hold some of their ad spend for the scatter market, which therefore should be stronger than normal.

Moving on to direct-to-consumer, which is an incredible story. The service is building and resonating with our audience. MAUs on the free tier of the service continued to grow and in December we exceeded 7 million subscribers on our Premium SVOD tier. And perhaps most importantly, as we have continued to rapidly scale the audience, we have increased engagement. We doubled total streamed hours in 2023 and have been continuously increasing consumption per user, which grew 20% sequentially during the fourth quarter. All of this ladders up into a DTC business that was more than \$700 million in 2023 revenue, driving toward near-term profitability. And this was the first full year of operation for ViX. When we deliver a profitable streaming service in the second half of 2024, it will have been the fastest horizon to profitability of any major streaming service in history—a testament to the power of our library, content engine, promotional power and disciplined execution.

2023 was a critical year for ViX. We saw huge improvements across all major areas of the business: Content performance, product stability and features, marketing efficiency and distribution.

We exited 2023 with a distribution footprint that is nearly complete in our core markets with a handful of significant partnerships pending and in the later stages of execution. Q4 was a critical quarter in our distribution journey. In Mexico, we launched with the #1 ecommerce platform, Mercado Libre, and we expanded our cash payment network. In the U.S., after finalizing and launching distribution on all major CTV platforms, we rolled out our FAST channel strategy with Samsung, Roku and Amazon and the pending majors to follow soon. Not only does our FAST channel strategy provide incremental reach and monetization, but it expands the top of the free funnel, which we have used so effectively to drive down SAC for the paid service.

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On the content side, we now have sufficient audience scale and consumption data to scientifically refine our content offering. In Q4 our new original series, *“El Gallo de Oro,”* was the strongest premiere to date in terms of U.S. user engagement; and one of our ViX original films, *“Radical,”* became the highest-earning Spanish-language movie in the U.S. in nearly four years, winning 11 awards, including the “Festival Favorite” at Sundance. Our 2024 content slate, informed by our data, will be the strongest yet.

One of the most exciting evolutions of ViX for 2024 will be the launch of the ad-supported Premium tier. As our service has matured and with the success of our ad products in the U.S., we are now in a position to launch this new tier, which will expand the market and should drive ARPU up across all tiers. We plan to soft launch this tier on a DTC basis in early Q2, followed by a full-scale launch across the entire Spectrum base in early Q3, which is a great segue to discuss the innovations we are driving with our partners in the U.S. pay TV ecosystem.

Our strategy to create distinct and complementary content propositions for linear and streaming has differentiated us from the start. It’s also positioned us incredibly well to work with our distribution partners to enhance and stabilize linear platforms and work together to grow streaming.

We think the expanded partnership we recently announced with Charter is reflective of where the pay TV ecosystem is likely to head over time. In order for the pay TV ecosystem to stabilize and grow, consumers need to see improvement in the value proposition and that is only going to happen through innovation—innovation in product, interface, platform availability, packaging, pricing, choice and of course, content. Charter is pushing this forward and our new partnership enables their offering on a number of these fronts.

First, the re-bundling of streaming packages with the basic linear package. This obviously improves the value proposition for consumers, but only to the extent that the content in the streaming service is not redundant to the content in the linear package. And as I said, this has been our strategy since the launch of ViX. Our assets, our library and our vertically integrated content machine have enabled us to continue to invest in original linear content for multiple hours, 365 days a year, and at the same time program a unique streaming service with different original content and live sports that is completely additive to our linear proposition – serving new audiences that are not on TV and super serving our linear viewers. Charter’s partnership with us to fully distribute the new ad supported premium tier of ViX to all of their expanded basic subscribers is a recognition of the complementary and additive nature of our two products and a validation of the strategy that we launched less than two years ago.

The second example is us providing our linear services as the cornerstone of Charter’s upcoming launch of a lower-priced, Spanish-only OTT product. This new packaging and pricing creates a valuable choice for price- and platform-sensitive consumers. Given our market share in excess of 60% of linear viewing, our networks will be the anchor of this new service. We think this is a great product that can attract new subscribers into the pay TV ecosystem, growing the pie for everyone.

Lastly it’s important to point out that this renewal happened early, which is unique in an environment of increasing tension between programmers and distributors. This is clearly a recognition of the value of our services and the ways that we can work collaboratively to help our partners build their businesses. And of particular note, carriage of all of our linear networks was maintained and/or expanded in this partnership.

2023 was a great year for us. We outperformed the industry, accomplished many important milestones, set new records and galvanized many aspects of our business for future growth.

We continue to benefit from our leadership of a massive and attractive market where the demographic and economic tailwinds are intensifying, and alignment between our two core markets—the U.S. and Mexico, now the two largest Spanish-language markets in the world—is increasing.

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However happy we are about the performance of 2023, we are even more excited about what is ahead for 2024. We are positioned to deliver a record political year from an ad sales perspective, and a profitable streaming services in the second half of the year – faster than any other major streaming service in history – which should then return our company back to overall EBITDA growth, and allow us to continue to focus on strengthening our balance sheet through deleveraging and through extending and smoothing our maturities.

Thanks so much for joining us and thanks for your interest in, and support of, our amazing company. Before taking Q&A, let me hand the call over to Carlos to take you through our financials in more detail.

CARLOS FERREIRO, CFO:

Thanks Wade, and good morning everyone. It's great to be here today to share our fourth quarter and full year 2023 results. We continue to execute on our differentiated opportunity in the media landscape. I'm happy to say that we had another solid year.

Now I'll go through our full year 2023 results in more detail.

Consolidated revenue grew by 5%. We achieved this growth despite lapping \$200 million of non-recurring revenue in 2022 associated with two items: First, the sublicensing of the World Cup rights in Latin America which was approximately \$150 million, and second, about \$50 million of U.S. political spend around Midterm elections. Excluding these items, revenue grew 9%. In 2023, we also benefited from favorable foreign exchange rates which boosted our revenue growth by approximately 500bps.

The vast majority of this \$200 million non-recurring revenue fell in the fourth quarter of 2022, leading to a 7% revenue decline in the quarter. When excluding these items, revenue grew 6%.

Now looking at the components and starting with advertising revenue which grew 6% in 2023.

In the U.S. ad revenue declined 1%, or grew 5% excluding political, advocacy and the impact of certain divested radio stations. This strength was driven primarily by DTC as we continue to see strong demand for ViX. Our national business, which accounts for the majority of our U.S. advertising revenue, grew 6% as we benefitted from strength in our primetime novelas, and strong demand for our sports properties. Our local business grew 3% with growth accelerating in the final quarter of the year. Notably, in local we saw a rebound in the auto sector, which historically has been its largest category.

In Mexico, advertising revenue grew 18% in 2023 driven by growth in DTC and linear across all sectors. Despite being the clear leader in the entire linear advertising market, our team continued to onboard new clients and grew the business.

Moving to subscription and licensing, where revenue grew 2% in 2023.

In the U.S. the reported 4% decline reflects the absence of the \$150 million of World Cup sublicensing revenue, making the true underlying growth 8%. This was driven by subscriber growth on ViX's premium tier, while linear subscription revenue declined low single digits as a result of subscriber declines that were partially offset by contractual rate increases.

Mexico subscription & licensing revenue grew 23% for the full year, driven mainly by ViX's subscription tier while linear subscription revenue grew as price increases were partially offset by modest subscriber declines.

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Turning to expenses, which grew 10% for the full year. Expense growth reflected investments in ViX—both from a content and marketing standpoint, as we scaled the service and grew it to more than \$700 million in annual revenue. In the fourth quarter operating expenses declined 6% due to lower sports rights costs – primarily related to the World Cup.

Adjusted EBITDA declined 4% for the full year, and included approximately 400bps of FX benefit. Excluding the contribution from the \$200 million of non-recurring revenue in 2022, adjusted EBITDA grew 3%, and reflected a reduction in losses related to our DTC business. In the fourth quarter adjusted EBITDA declined 7%. When excluding the non-recurring revenue from 2022, where the vast majority fell in the fourth quarter, adjusted EBITDA grew 16% as we improved DTC losses while benefitting from the absence of World Cup related costs in Mexico.

Now let's cover the balance sheet. We ended the year with \$221 million of cash on our balance sheet, with incremental liquidity available through credit lines of around \$900 million. Our capex was \$168 million for the full year, and included some final integration-related costs. We expect it to decline to a more normalized level of approximately \$125 million in 2024.

As part of our annual testing requirement for our long-lived assets, which we perform at year end, we recorded a \$1 billion non-cash impairment loss, driven by the impact of current macroeconomic conditions, including comparable market valuations and rising interest rates. The vast majority of this impairment was done against goodwill and intangibles, and as I mentioned before, it's non-cash and does not affect liquidity or leverage.

Our leverage ratio ended the quarter at 6.0x, consistent with 5.9x at the end of the prior quarter, as fourth quarter EBITDA declined modestly against a challenging comp. As I have said in the past, leverage remains elevated as we work our way through DTC losses; however, we are progressing on our path towards profitability, which we continue to expect to reach in the second half of this year, and we expect leverage to reduce accordingly.

Looking more closely at our debt, we now have no maturities until March 2026. We refinanced \$1.5 billion of debt during 2023 and an additional \$341 million in January of 2024. We accomplished this through several transactions, including new Senior Secured Notes due 2028 as well as add-ons to the existing Term Loan A facility.

As we look ahead to 2024, there are several tailwinds in our favor both internally and externally, including our large and growing audience, our U.S. political opportunity and our DTC business reaching profitability, which will put us on a path of deleveraging the company.

And with that, let's take your questions. Operator, please open the line.

Q&A SESSION

JESSICA REIF EHRLICK, BANK OF AMERICA:

Two questions, or two topics. If you could get under the covers on some of the bigger drivers – advertising and DTC. Wade, you covered a lot of ground. On the positive side, you mentioned political, new advertisers coming in and measurement and I guess potential challenges would be the economy and digital competitors. So, as the world migrates from linear to streaming, can you just give us more color on how you see the year shaping out and any other drivers that exist?

Then on DTC, obviously you said the second half of the year reaching profitability. So, on this path to quite rapid profitability, could you talk about the drivers in a little more detail? You didn't talk too much about pricing, or advertising or the mix of revenue. How many subscribers are coming in from Charter? Is there a driver in cost or is it really just driving revenue?

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WADE DAVIS, CEO:

In terms of advertising in 2023, a lot of the headwinds we had were really just the comping of 2022 political and the sale of some of our radio stations that that happened last year. Q4 2023 was significantly impacted by this. Inclusive of this, we did grow the business globally 1% in the quarter but excluding political and the impact of these divested stations, we would have grown the ad sales business 7% globally.

On a full year basis, political and these divested stations had about a four-point negative impact. So, if you adjust out for that, we would have seen 10% growth from an ad sales standpoint globally.

We continue to meaningfully outperform the broader U.S. ad market where our growth was about 850 basis points above the overall U.S. ad market. In terms of drivers, I would really focus on one of the biggest and most differentiated parts of our business – the opportunity that we have that doesn't really exist for English-language. Of course we have to continue to deliver for our existing clients, but the big growth opportunity for us is defined by our ability to activate the massive pool of major U.S. advertisers that aren't yet advertising in Spanish and therefore not exposed to this enormous economic opportunity that I talked about in my prepared remarks.

What I would say is honestly, 2023 was a little bit mixed for us in this regard. We did a great job on the hardest part of this equation, which was activating new advertisers, getting them onto the platform and showing them the power of what this audience can do for their business. As I said in my remarks, this was a record year for us in that regard.

However, the issue in the latter part of 2023 is that we saw these new clients activate at a smaller size than they did last year. This manifested in lower scatter volume. If you look at pricing and the other metrics around the health of our advertising business, all of these metrics were strong. We had strong Upfront pricing and great volume, DR pricing and volume were strong, and even scatter-over-scatter and scatter-over-Upfront pricing was good. The challenge was that scatter volume was down and that was a function of what I just described. Of course, some of that was marketplace driven, where advertisers were being a little bit more conservative in general so their initial their initial foray into Spanish-language was a little bit more conservative.

We saw these trends materializing and took pretty significant action to retool the groups and functions of our sales force that are responsible for new client activation and growth. We added new talent, new leadership, and probably the most important thing that we did is we reorganized all of these activities into industry and category specific groups and reoriented them to be more solutions providers.

They're now agnostic across all of our platforms and inventory categories since the scope of our offering across cable, broadcast, audio, events, streaming, tentpoles is unique relative to anybody in the U.S. media landscape. We've created new dedicated sales support, customized solutions, and performance management that are all category specific. And we pretty materially changed our pipeline management and CRM in this part of the business for tighter sales cycle management and insights.

The one thing that was a little soft for us, we took really comprehensive action starting in the late summer. All of this stuff is online. In the near term, we expect to see benefits from the changes that I just described and also, of course, a record setting political year that we expect in 2024. So, we're really bullish on the outlook for 2024.

In terms of the drivers of streaming profitability and our confidence in achieving this unprecedented timeline to profitability, I feel really good about the trajectory we're on and our ability to hit these profitability goals. We built a large DTC business over the course of 2023—now well over \$700 million in revenue. I think it bears remembering that this is the first full year of ViX operation and we're carrying a lot of that momentum into 2024.

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So, in terms of these drivers, we are maniacally focused on a portfolio of KPIs – across both the ad and premium tiers of the service. We look at the thresholds across this portfolio of KPIs that are going to drive us to sustainable profitability and we look at everything from an operational standpoint through the lens of driving this KPI improvement past these thresholds.

When I look back to where we are at the end of January, we are pacing extremely well on this, and probably even better if you look at it through the lens of where we ended last week. In a number of cases, we're in the high 90th percentile of where we need to be to cross those thresholds, and therefore, pacing significantly above the trajectory we've mapped out, which would have us there in early Q3. In a handful of cases, we have progress that we still have to make, but we're on track and the initiatives to drive these improvements are in flight and paying dividends already.

On top of this momentum in the business that exists, there's huge initiatives that haven't even yet begun to contribute to our financial performance and KPIs. Probably most notably is the launch of the ad-supported subscription tier. And as you touched on, the associated rollout to Charter's entire expanded subscriber base of this new tier.

So, on the Charter front, this is a huge number of subscribers that have come in essentially with zero SAC. In general, beyond the Charter footprint, the ad-supported tier is going to open up reach for us, drive significant incremental consumption and, therefore, inventory and should drive up ARPUs across all tiers. I guess the answer is, in conclusion, we're very confident with respect to the trajectory we're on in hitting our profitability goals.

MICHAEL NATHANSON, MOFFETT NATHANSON:

You talked about how the renewal with Charter was early. Can you talk a bit about whether you think this is the roadmap for the industry going forward? What you accomplished here—how does this play out over time everywhere else?

Then the opportunity for you to benefit from a Spanish-language-only video package, have you thought about the TAM of that? How big of a tailwind could it be for your business? Then third, we've seen mobile operators become really promotional with bundling streaming services at discounts into their customer base—can you talk about how you approach this and anything you can call out on the benefit of bundling with mobile operators?

WADE DAVIS, CEO:

Let's start with Charter. The Charter deal is a fantastic deal for us and a fantastic deal for them. Frankly, we applaud their leadership in this space. We think ultimately the only thing that's going to curtail subscriber declines in pay TV is innovation. We think that Charter taking a leadership position in driving a re-bundling of certain video services is super powerful. We think Charter taking leadership in terms of aggressively going after customer segments that are underserved is great.

So, in terms of—is this the model going forward? We think that this, and other things like this, will be what distributors need to be thinking about doing. From the beginning we built our overall service, the combination of linear and streaming, as complementary services because we believe people still want to watch channel-based programming. And there are other use cases that on-demand programming is better for their needs.

That's the reason that when we saw Charter doing this, we approached them and said we're totally supportive of this and we would like to partner with you to help build your business in areas that we think are big opportunities. That was the basis of it and that's how we ended up with a renewal that was done out of cycle, because there's big opportunities for us to make each other money by continuing to push this whole thing forward. I think this partnership underscores many of the elements that make TelevisaUnivision unique and illustrate why our opportunity from a pay TV distribution standpoint is differentiated and more attractive.

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The first thing is it's important to note that all of our linear networks maintained or expanded carriage as part of this partnership. Our four networks all have powerful, well-defined consumer propositions and are leaders in their respective genres.

Second, because ViX and our linear product are complementary, the bundling of these two services creates THE Spanish-language bundle. On a more tactical level, launching this new ad-supported premium tier to their entire base helps us because it gives us massive scale day one for this new tier with zero marketing, zero SAC and probably a much lower churn as part of a bigger bundle.

Third, on the Spanish-language OTT package that they're launching and the associated TAM – we think there are a large number of more price-sensitive consumers who aren't interested in any English-language programming, particularly if that means they have to pay for a \$100 bundle. Today, they're largely getting their Spanish television free-over-the-air, but we think, and I think Charter also believes, that they'd prefer the choice, the platform convenience, and the quality of pay TV package focused on Spanish but at the right price. Because these people in general are not in the pay TV ecosystem today, because there's not a product that's relevant to them, bringing these subs in will be additive for everyone since they're not currently in the ecosystem.

In terms of sizing it, I think that this TAM is measured in low single digit millions, which is material for everybody. It's material for the distributors that choose to go down this path, and it's material for us because the economics are likely to be superior to us just given our share of viewership in any product like that.

In terms of further ViX distribution and mobile operators in particular, at a macro level I'd say we're about 85% done on building out the full distribution infrastructure in our core markets. I said in my remarks we made huge progress in 2023. We got full carriage on all CTV platforms, we launched Mercado Libre in Mexico, we launched with AT&T in Mexico. Importantly, we built and launched an integrated FAST channel strategy that expands on top of the free funnel in our service. Obviously, that strategy of having an expanded free funnel continues to allow us to drive down SAC, while at the same time creating incremental monetization against the ad inventory there.

I'd say that there are a few more significant partnerships in the pipeline that we're very bullish on. Telecom continues to be a great channel for us, and we think there's big upside in fixed wireless broadband as well, and those are obviously the same partners.

As we thought about the rollout of ViX, we actually pursued telecom anchors in each of our key regions. In Central America we launched everything there around the exclusive partnership that we have with Tigo, who's the largest operator in the region. In Mexico, we have a great partnership with AT&T and we have others in the pipeline. In the U.S., T-Mobile was our launch partner and had a period of exclusivity. That period of exclusivity has expired and we expect to expand our U.S. partner footprint very soon in that category.

BRIAN PITTS, BMO:

Congratulations on the highest Spanish-language viewership for the Super Bowl. Curious to hear more insights around your viewership trends and specific comparisons around either U.S. versus Mexico and streaming versus linear. Also, any broader insights on pricing and whether you're able to capitalize on basically higher rates for that event.

WADE DAVIS, CEO:

We've been working with the NFL for years, but recently have started ramping up our partnership. I'd say the NFL, like many brands, have identified the Spanish-speaking audience as their number one priority for audience expansion and growth. Like any business with this priority, we're by far the best partner to execute these objectives. Airing the Super Bowl in the U.S. is a natural evolution in the expansion of this partnership.

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The broadcast earlier this week was overwhelmingly successful. We broke records for viewership in both the U.S. and Mexico. We broke records on our streaming platform. And probably most importantly for the NFL, these were all significant incremental audience increases. Over 70% of the people on our platforms that watched the Super Bowl didn't watch any of the playoff games. So, it's a really good reflection of just how incremental the viewership and engagement that we were able to drive was.

We aired the event on our main broadcast channels in both the U.S. and Mexico. We streamed it behind the paywall in both regions. While we've broadcast the event in Mexico for well over a decade, this was obviously our first broadcast in the US, and obviously the first time in both regions that we had it on streaming.

In the U.S., we delivered the highest Spanish-language telecast in history with an average of 2.3 million viewers and a peak of 2.6 million. We set new records by many multiples in terms of one-day ViX premium sign-ups in the U.S. In Mexico, we also set records both in terms of absolute audience in the country and in terms of the gap of the audience on our platforms over the next closest competitor since in Mexico, we're not the exclusive broadcast partners, but we are the exclusive streaming partner.

From a monetization standpoint, this was an amazing first event for us in the U.S. We set records on the unit rates that we charged. They were non-guaranteed, so behaved in a way that's kind of similar to how the U.S. Super Bowl spots are sold. I would say that there was a lot of training of the advertisers, and many of these advertisers didn't have Super Bowl-ready ads in Spanish. But notwithstanding that, we hit new records in terms of the CPMs, as I said, and we sold out 100% of the inventory across all platforms against the property.

The advertisers that were able to create original ads in language, and in culture, like Toyota and Nissan, saw incredible results. This was also a great vehicle for us to activate new advertisers on the platform, which, as I said in my answer to Jessica's question and in my prepared remarks, is a huge strategic and operational priority for us.

I would say that given the work that we did training people, helping them with creative, helping them understand the audience in future cycles, there will be a lot of upside for us and for our clients now that we've been through this with them once.

MICHAEL MORRIS, GUGGENHEIM:

I'd love to follow up on the last question regarding the Super Bowl and the opportunity in sports. Can you remind us of your current portfolio of sports rights and whether this is an area of incremental investment interest for you, especially on the back of the success of the Super Bowl? Does that set something of a precedent for you to take advantage of other opportunities with sports leagues, teams, conferences, as we see some disruption in that area in the U.S.?

Then the second question, was just on political. You cited it a couple times as a key growth driver. I'm wondering if you'd be willing to size at all how much growth you anticipate or maybe a bit more generally if we look on the two-year cycle, is political growing faster than your sort of relative growth overall? Are there any other insights you can share on how you're reaching audiences for your political buyers?

WADE DAVIS, CEO:

On sports, what I would say there is that our main focus is on soccer. We have been building out our soccer offering and honing down other rights that we see as non-core to the soccer offering over time.

We have the highest volume of soccer in the U.S. across our broadcast, our cable, and our streaming platforms. Last year we had over 7,000 hours of live exclusive soccer behind the paywall on ViX. In terms of what that offering is comprised of across all the platforms, it's anchored by Liga MX, where last year we had all of the teams except for one, which is a

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huge evolution for the consumer in terms of being able to get essentially all of Liga MX in one place, whether that's our broadcast platforms or streaming.

We have the most important European tournament play for our audience, which is UEFA Champions, UEFA Nations. We have the most important tournament play in the Americas. This year we have the Gold Cup, Copa America, and then we have national level play with the Mexican men's national team in the U.S. It's a huge volume of soccer. It's been carefully curated to be the most important soccer rights for our audience. We have these rights for the long term, and we have them at a very efficient cost.

When you ask about incremental areas, in particular building off the Super Bowl, I think that we're going to continue to be principally focused on soccer other than for strategic areas, which are really event level sports. I said before our move into American football, is much more about a strategic partnership with the NFL than just saying we're going to start appending other rights around soccer. I think a lot of that just has to do with the cultural nature of football in the United States and the cultural importance of the U.S. Hispanic audience and thinking about the evolution of those two things in the U.S.

In terms of political, at the moment, the best way to size it for you is that this is going to be by far a record year for us. We have a new team, we have new tools and capabilities and there's huge audience-related tailwinds that are working in our favor.

This election cycle, political ad spend is expected to grow 25% from 2020 and be over \$10 billion. At the same time, Latinos are a more and more important part of how candidates think about advancing their agenda. Latinos represented 50% of the total growth in eligible voters and by both parties are increasingly viewed as a key swing vote.

In terms of how we're going to execute this and why I have confidence that we're going to deliver a record year by a meaningful amount, I'd break it into two categories. First, what are we doing from a news and programming standpoint? And two, the solutions we're going to go to market with. In terms of news and programming, we have by far the number one Spanish-language news platform. In aggregate, we are number one in local news regardless of language in our top six markets, which are the largest Hispanic markets.

We've been steadily building a more balanced and relevant news product and set of capabilities – a process we started in 2022. We've been investing in new programs, new voices, new platforms and since then we've nearly doubled our overall volume of news coverage across all of our platforms, while many of the other news outlets in the U.S. are reducing resources and coverage associated with news. Under the leadership of Daniel Coronell, our relevance has increased, our ratings have increased, and we've been host to some of the most meaningful voices on both sides of the aisle – something that definitely couldn't be said of Univision in 2020.

In terms of solutions, we've talked a lot about over the last couple years the U.S. Hispanic household data graph. We continue to make progress with that. It now has nearly 100% coverage of mapping U.S. Hispanic households. That continues to mature and be an important part of our solutions, but on top of that, in 2023, we kind of accelerated this investment with a series of much more election-specific tools and solutions so that we would have them ready for the first part of 2024.

In partnership with one of the leading data mapping and analysis companies in the political space, we've invested in building a near real-time sentiment analysis tool that enables our clients to tailor their campaigns as we look at changes in surveyed sentiments among Hispanic voters, which is really, really important because they're more than anybody influenceable based on the issues.

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Then we've also made investments in creating better planning and transactional tools that allow buyers to target these specific audience segments, execute the transaction and flight the schedules based on their political affiliation and sentiment.

I think the last part of your question is political on an average basis, if you look back across the cycles, growing at or in excess of the rate of the core ad sales business? It will be growing wildly in excess of the average rate of our core ad sales business.

DAVID JOYCE, SEAPORT PARTNERS:

If I could ask some more detail on advertising in another way. The industry is seeing more ad avails come to market with the new streamers' ad tiers in the past several months – definitely a step up of activity there with some of the ad budgets coming out of linear going in that direction. Granted your ad sales numbers include both DTC and linear, but what have you been seeing from the advertisers? Are they broadening their budgets to address the Spanish-language media market? Or are you seeing them coming from some other areas in the media ecosystem?

WADE DAVIS, CEO:

There's definitely a lot more premium video streaming supply coming on the market. But it's really coming on the market from all of the general market companies. There's a few things that I would say. First, it's important to remember we built this service from day one to contemplate ads as part of the overall offering. We think that's really strategically and operationally important. Remember, we launched the free tier first and then migrated the premium tier on top of that and then we'll be filling back in this intermediate ad-supported tier in between now that we have such strong performance with respect to our ad business. That's going to enable us to lift ARPU, as I said before, across all tiers.

There's definitely price pressure in the general market around streaming inventory. Given our leadership in our space, we have not seen the same pricing pressure. Pricing continues to hold in at about 80%+ premiums to linear and we are continuing to see extremely strong sellouts in the 90%+.

In general, what I would say with Spanish-language, the math is pretty obvious, right? If we're growing in excess of the rate of the rest of the market, what you're really seeing is people reallocating their ad budgets towards Spanish-language, which just makes economic sense because when they look at such an enormous economic opportunity that they're not even speaking to the consumers, by definition they're overspent on English-language and underspent on Spanish. When you look at the rebalancing of a marginal dollar away from English-language into Spanish-language, it's just very clear and obvious to them that they're able to lift reach and objectives when they weren't even speaking to this customer group in the past. It's much more of a share shift than a budget expansion.