

## Roku Q2 2024 Earnings Call – Prepared Remarks

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4 **Conrad Grodd, Roku VP of Investor Relations:**

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6 Welcome to Roku's second quarter 2024 earnings call. On today's call are Anthony Wood, Roku's founder  
7 and CEO; Dan Jedda, our CFO; and Charlie Collier, President, Roku Media.

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9 Our full results and additional management commentary are available in our shareholder letter on our IR  
10 website at [roku.com/investor](http://roku.com/investor).

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12 On this call, we will make forward-looking statements, which are subject to risks and uncertainties. Please  
13 refer to our shareholder letter and periodic SEC filings for risk factors that could cause our actual results  
14 to differ materially from these forward-looking statements.

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16 We will also present GAAP and non-GAAP financial measures. Reconciliations of non-GAAP measures to  
17 the most comparable GAAP financial measures are provided in our shareholder letter.

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19 Unless otherwise stated, all comparisons will be against our results for the comparable 2023 period. Now,  
20 I'll hand the call over to Anthony.

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23 **Anthony Wood, Roku Founder and CEO:**

24 Thanks, Conrad.

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27 This quarter, Roku continued to build on our foundation of unmatched scale and engagement, while  
28 remaining focused on operational discipline. We continue to lean into our unique asset: the Roku Home  
29 Screen, which is the beginning of the viewer's TV experience. Every day, U.S. households representing  
30 more than 120 million people begin their streaming journey on the Roku Home Screen. This fact, along  
31 with our development and operations pipeline makes me confident we will be able to accelerate our  
32 Platform Revenue in 2025.

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34 In Q2, we grew Streaming Households 14% YoY, Streaming Hours 20% YoY, and Platform Revenue 11%  
35 YoY. In the U.S., Roku is the #1 TV OS by both TV unit sales and hours streamed, and our share of each is  
36 more than double the next largest operating system. The Roku Channel was our #3 app by both reach and  
37 engagement. This is a great achievement and demonstrates that Roku is building the lead-in to TV.

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39 Another result we are proud of is our fourth straight quarter delivering positive Adjusted EBITDA and  
40 generating positive Free Cash Flow. More than a year ago, we set a target of positive Adjusted EBITDA for  
41 full year 2024. As ambitious as this target was then, we did the work of right-sizing our cost structure and  
42 delivered on it a full year early.

44 Looking ahead, we will maintain this strong track record of execution as we focus on our monetization  
45 initiatives, including maximizing ad demand for Roku, leveraging the Roku Home Screen as the lead-in for  
46 TV, and growing Roku-billed subscriptions.

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48 Now, let me turn it over to Dan.

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51 **Dan Jedda, Roku CFO:**

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53 Thanks, Anthony.

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55 We ended Q2 with 83.6 million Streaming Households. Up 14% YoY with sequential net adds of 2 million  
56 driven by both TVs and streaming players.

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58 We continue to drive strong growth in engagement, with Streaming Hours up 20% YoY. We also grew  
59 engagement per account globally, with Streaming Hours per Streaming Household per day of 4.0 hours in  
60 Q2 2024, up from 3.8 hours in Q2 of last year.

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62 In Q2 we grew total net revenue 14% YoY to \$968 million. Platform revenue was \$824 million up 11% YoY,  
63 driven by both streaming services distribution and advertising activities, while offset by a challenged M&E  
64 vertical. Streaming services distribution activities grew faster than overall Platform revenue, benefiting in  
65 part from subscription price increases. Devices revenue increased 39% YoY in Q2, driven by the expansion  
66 of the retail distribution of Roku-branded TVs.

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68 ARPU was \$40.68 in Q2 (on a trailing 12-month basis), flat YoY. This reflects an increasing share of  
69 Streaming Households in international markets where we are currently focused on growing scale and  
70 engagement, with monetization efforts in early stages.

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72 Q2 Total Gross Margin was 44%, down slightly YoY. Platform gross margin of 53% was relatively in line  
73 YoY, while Devices gross margin was negative 11%, which was up 6 points YoY.

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75 Q2 adjusted EBITDA was \$44 million, which was above our outlook. The better-than-expected  
76 performance was driven by our platform segment. Free Cash Flow was \$318 million on a trailing 12-month  
77 basis, and we ended the quarter with \$2.1 billion of cash and cash equivalents. We continue to see  
78 leverage in our operating model with our 4th straight quarter of positive Adjusted EBITDA and Free Cash  
79 Flow.

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81 Let me turn to our outlook for the third quarter. We anticipate:

- 82 • Total net revenue of \$1.01 billion;
- 83 • Gross profit of \$440 million, with gross margin of 44%;
- 84 • And Adjusted EBITDA of \$45 million

85  
86 Our outlook for total net revenue anticipates an 11% YoY increase.

- 87 • We expect Q3 Platform revenue to grow 9% YoY. This takes into account challenging YoY growth  
88 rate comparisons within Streaming Services Distribution, along with an elevated positive 606  
89 adjustment in Q3 of last year. While we expect M&E to remain challenged, we anticipate the

90 YoY growth of advertising activities to accelerate in Q3. Platform margin will be in line with Q2  
91 at roughly 53%.

- 92 • On the Devices side, we expect Q3 revenue to grow 24% and margins to be in line with Q2 in the  
93 negative low double digits, reflecting continued expansion and investment in our Roku Branded  
94 TV program.

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96 We are benefiting from operational improvements we made over the course of the past year. And as a  
97 result, we continue to expect 2024 OpEx growth rate to be in the low single digits when excluding  
98 impairment and restructuring charges.

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100 We are confident the YoY growth rate of Platform revenue will begin to accelerate sequentially in Q4 of  
101 this year, as a result of executing on our monetization initiatives to maximize ad demand and leverage our  
102 Home Screen as the lead-in for TV.

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104 With that, let's take questions. Operator?