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Discovery

INVESTOR BRIEFING

DECEMBER 2, 2020

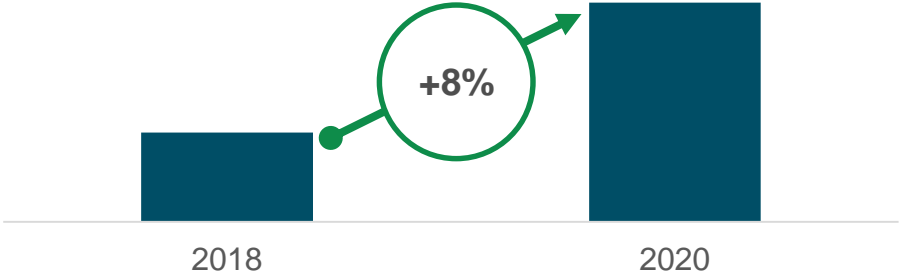
# Cautionary Statement Concerning Forward-Looking Statements

Comments today regarding the Company's future business plans, prospects, and financial performance are forward-looking statements that are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These statements are made based on management's current knowledge and assumptions about future events, and they involve risks and uncertainties that could cause actual results to differ materially from our expectations. In providing projections and other forward-looking statements, the Company disclaims any intent or obligation to update them.

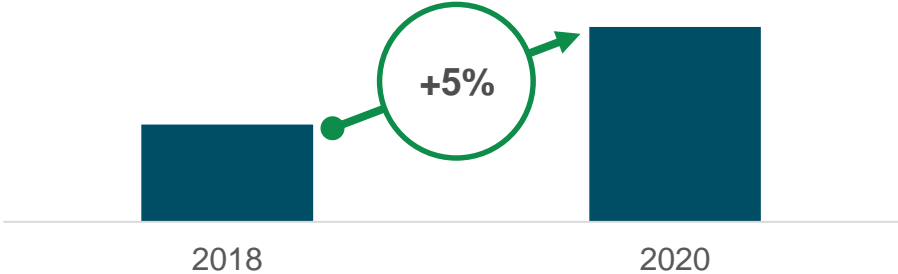
For additional information on important factors that could affect these expectations, please see our Annual Report on Form 10-K for the year ended December 31, 2019 and our subsequent filings made with the U.S. Securities and Exchange Commission.

# Strong Operating Momentum to Seize Global DTC Opportunity

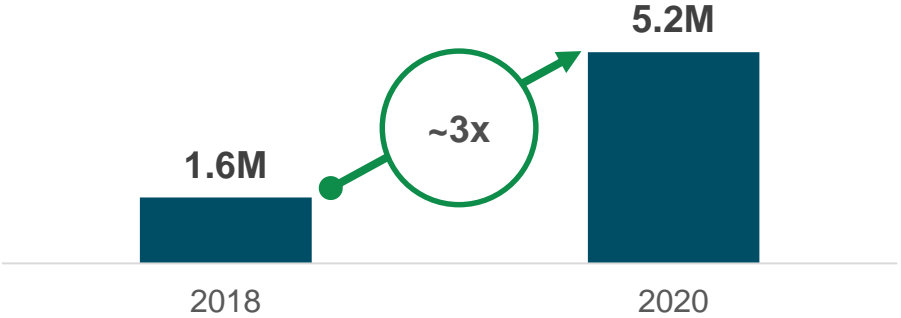
US Share



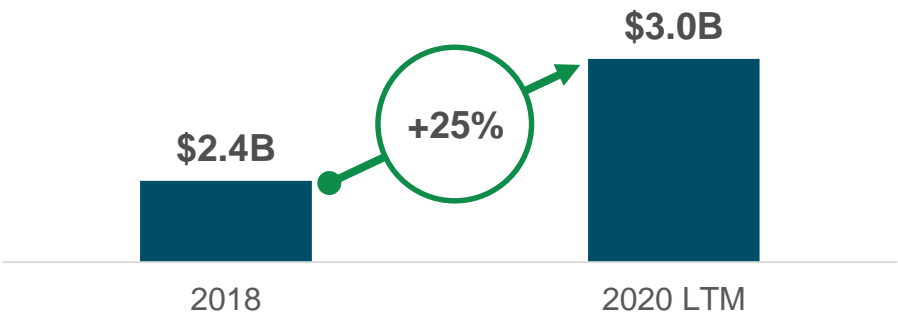
Int'l Share



DTC Subscribers

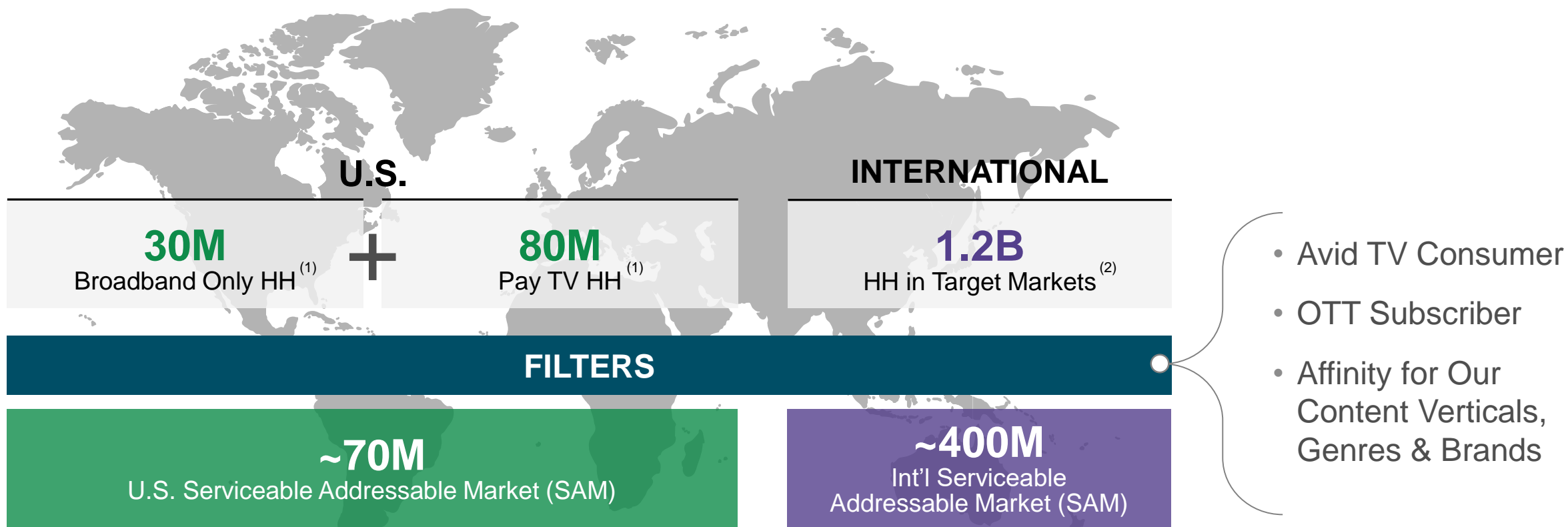


Free Cash Flow



Reinforced Operational, Strategic and Financial Strength

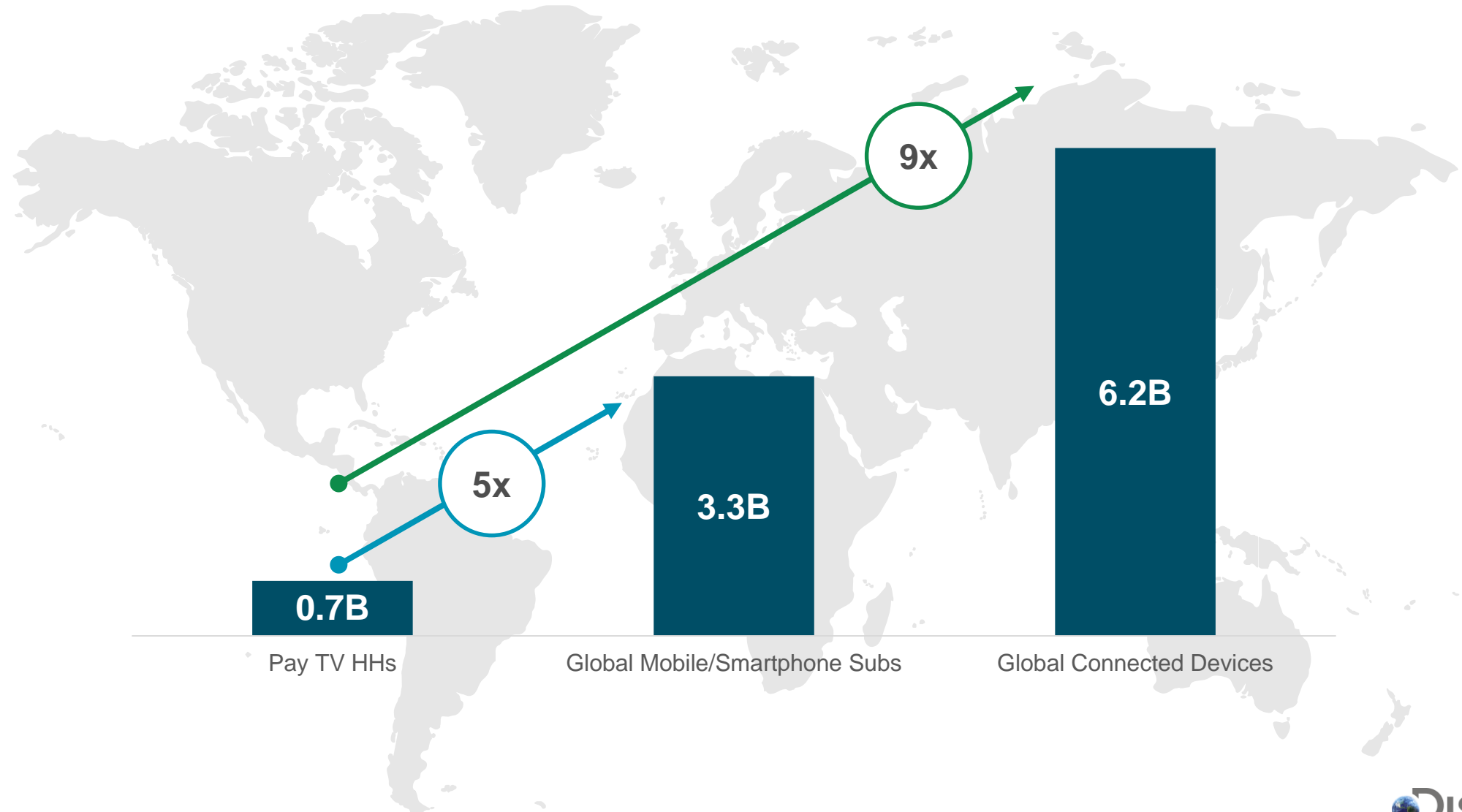
# Significant Global Addressable Market Opportunity



...And Significant Mobile Opportunity in Many International Markets Not Fully Factored into Our SAM

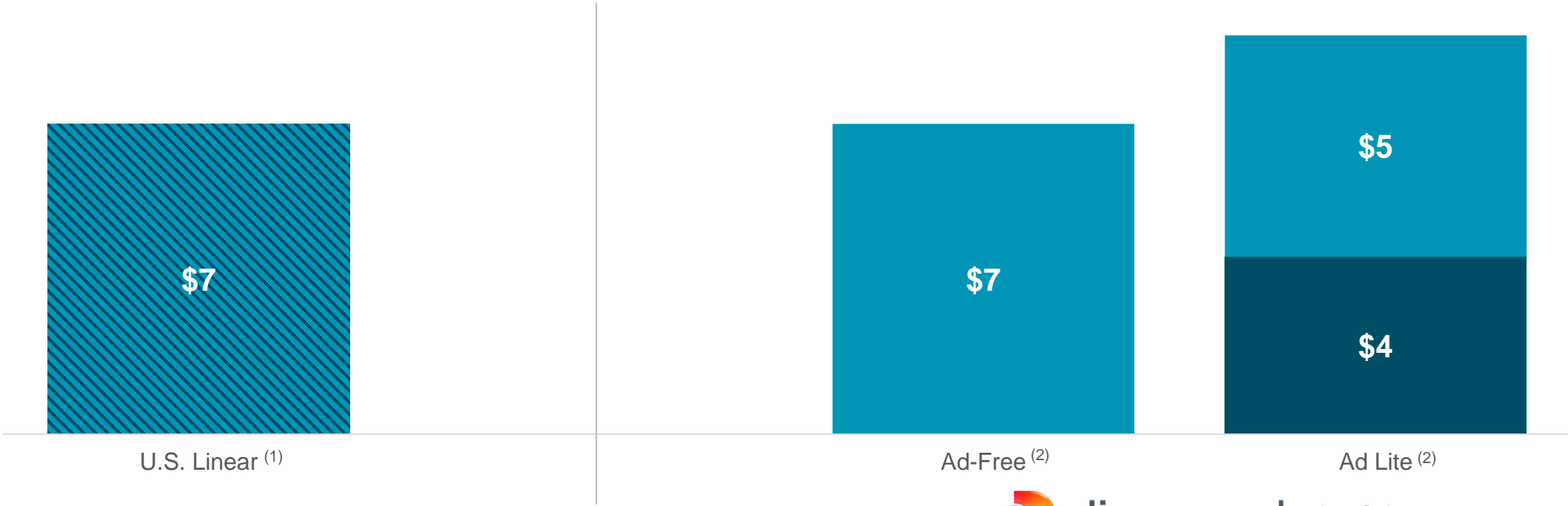
(1) Based on research analyst estimates  
(2) Excludes China and inoperable nations

# Global Connected Device Marketplace Represents a Long-Term Market Opportunity



# Expect discovery+ ARPU to Equal or Exceed Linear in the Near to Mid-Term

- Subscription
- Advertising



**discovery+ ARPU Expected to be 3-4x Linear in Many International Markets**

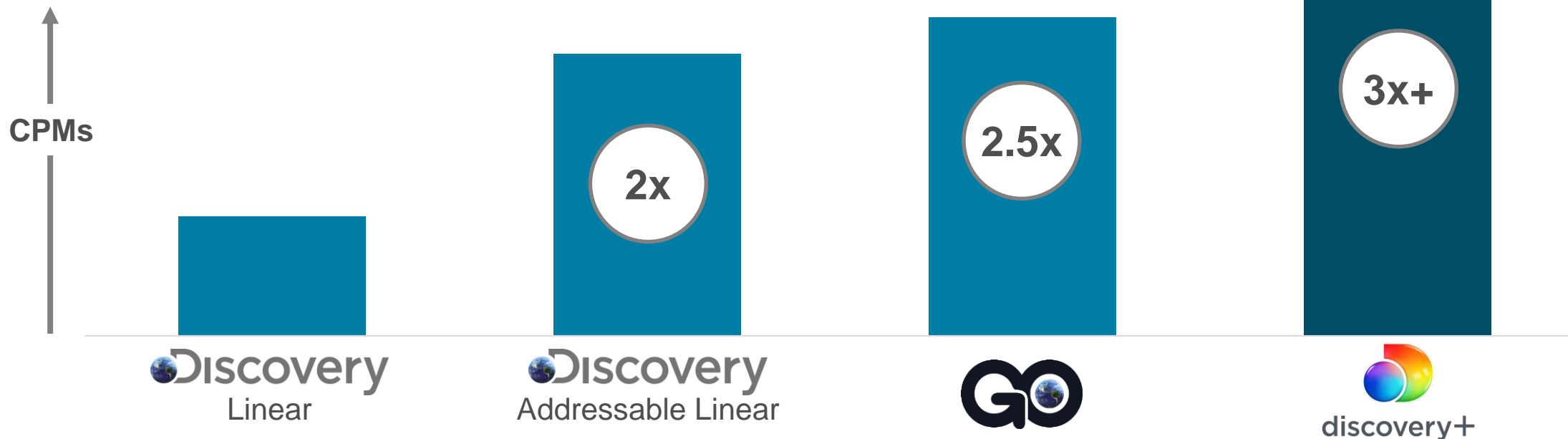
(1) Based on YTD Q3 2020 reported total U.S. revenues and 80M pay TV households per research analyst estimates  
(2) discovery+ ARPU represents direct retail price



# discovery+ Expands Our Targeted Advertising Capabilities

## LEVEL OF TARGETING

● One-to-Many ————— One-to-HH ————— One-to-One →



discovery+ Broadens Our Portfolio of Premium CPM Products

# discovery+ Offers a Better Experience for Advertisers and Viewers



**discovery+**

5 Minutes of Ads on  
\$4.99 Ad-Lite Product

## **ADVANCED ADVERTISING OPPORTUNITIES**

- More Targeted and Relevant
- Innovative Products

## **MEASUREMENT & DATA**

- Discovery's Proprietary OneGraph Cross-Platform Measurement and Analytics Technology
- Digital Ad Ratings (Nielsen)
- Validated Campaign Essentials (ComScore)
- Scaled Opportunity to Collect and Apply 1st Party Data

## **SPONSORSHIPS**

- Limited Commercial Interruption
- Interactive Experiences
- Curated Content Collections

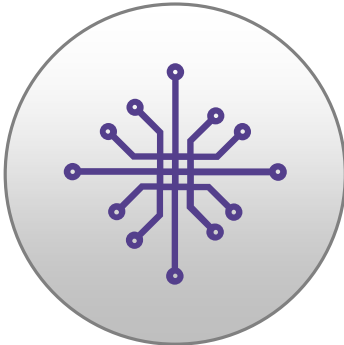


# Long-Term AOIBDA Margins at Scale

HIGHER ARPU  
VS. LINEAR



Content



Tech



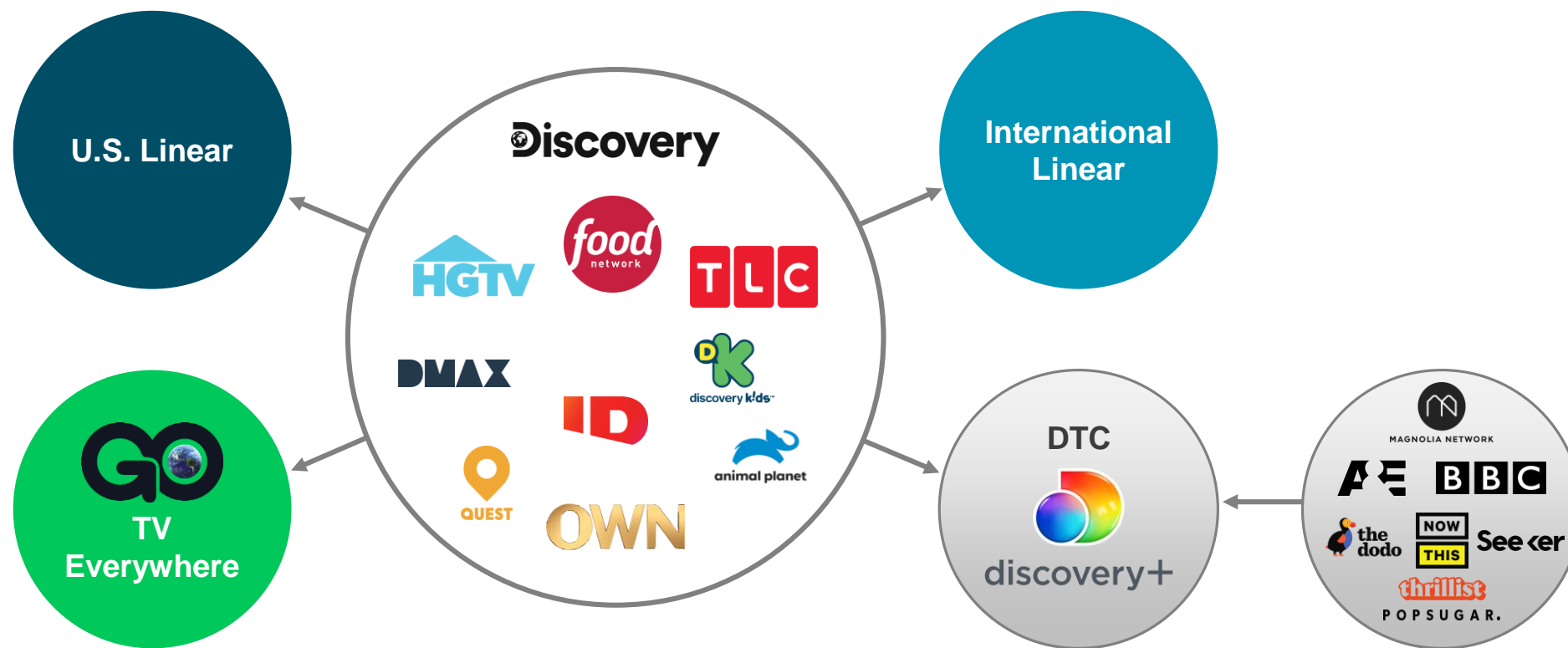
Marketing



20% AOIBDA  
MARGINS  
@ SCALE

Our Operating Model Offers Advantages in Both Time and Cost to Achieve Scale

# discovery+ Enhances Our Existing Content Exploitation Model



Global Content Ownership and Control Supports Uniquely Superior Economic Framework

# Control of Our Technology Stack Allows...

✓	Significantly Faster Time to Market and Launch
✓	Reduced Dependencies on 3rd Party Providers
✓	More Robust Consumer Experience
✓	Streamlined Process to Upgrade/Iterate Platform
✓	Ability to Integrate Multiple B2B Partners Globally



Bellevue (WA)-Based Team with Depth of Experience From Leading Global Technology Organizations

# Brands and Reach Support Powerful and Efficient Marketing Funnel

## POWERFUL BRANDS



## GLOBAL REACH

Available in **200+ Global Markets**, 49 Languages

Reaching **~800M Monthly Unique Viewers Globally**<sup>(1)</sup>

**250M Hours Viewed Daily** Across the Globe

Extensive Social Following **~1B**<sup>(2)</sup>



## PERFORMANCE MARKETING

**Center of Excellence**

**Leveraging Best Practices** Across All Products & Markets

Measured Assessment of **ROI and Efficiency of Spend**

**Provides Scale and Efficiency to Drive Awareness and Engagement**

(1) 2020 YTD  
(2) As of September/October 2020

# discovery+ Has Secured Key Distribution Partnerships



Verizon to offer discovery+ to 50M+ wireless subscribers

New and existing wireless customers:

- Play More Unlimited – 12 months
- Get More Unlimited – 12 months
- Start Unlimited – 6 months
- Do More Unlimited – 6 months

New customers:

- 5G Home Internet – 12 months
- Fios 1GB – 12 months
- Fios Other BB – 3-6 months



Launched in UK and Ireland in November

Aggregates Discovery UK's premium pay-TV and free-to-air brands for first time

Sky Q customers can access discovery+ at no extra cost for 12 months

...And More to Come

# Financial Considerations for 2021 vs. 2020

- 1 Peak Next Gen AOIBDA Investments in 2021:** Incremental (\$200M) to (\$300M)
- 2 Continuing Transformation:** Low to Mid Single Digit % Core Opex Savings
- 3 Olympics AOIBDA Impact:** (\$175M) to (\$200M)
- 4 AOIBDA to FCF Conversion Rate:** At least 50%
- 5 Expect Significant Next Gen Revenue Growth in 2021**



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