



2022

Marketplace Assessment

NBCUniversal

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2022 Market in Review

Looking Forward

Economic Indicators to Watch

Key Takeaways



Why talk so much about
economic trends?



The #1 factor
that impacts
ad spend tomorrow are
economic trends today.

Agencies and Media Companies Started 2022 Optimistic

“Advertising’s **robust** recovery this year will be followed by **double-digit gains in 2022.**”

DEADLINE

“Ad spending... [will] maintain a **healthy clip of 12% growth** in 2022”

AdAge

“UK Report **predicts** another **big year** for **ad spend**”

ADWEEK

“**TV advertising** will remain strong this year, with the **rebound in spend** experienced during 2021... **to continue.**”

campaign

BUT QUICKLY SOURED AS

World Events Dramatically Shifted Outlook

Right As Upfront Negotiations
Started In Earnest



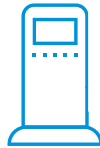
War in Ukraine

Magna projected that the **invasion of Ukraine** likely would decrease **total ad spend by 2-3pps**



Consumer Inflation

Coupled with ongoing supply chain problems, **inflation** hit its **highest increase since 1980**



Price at the pump

Gas prices hit an all time high in March (avg. \$4.33 per gallon) and continued to increase for several months



Q1 GDP

In April, **Q1 GDP was released**, showing a **-1.4%** vs Q4'21 Annualized



Recession Rumors

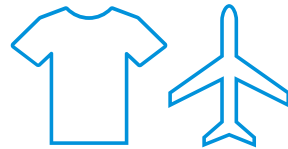
While it was a **small number**, there was a **30% increase** in economists **calling for a recession**

2022 YEAR IN REVIEW: **What We Learned**

How did the total ad market fare? Who were the winners? How did categories shift their buying behaviors? And what does this tell us for 2023?



Substantial growth
in H1, with
the year still
ending strong (8%)



As more people returned
to in-person activities,
**Apparel and Travel
Services saw growth**



Digital and OOH
saw the most growth, with
digital carrying the bulk,
growing 18%



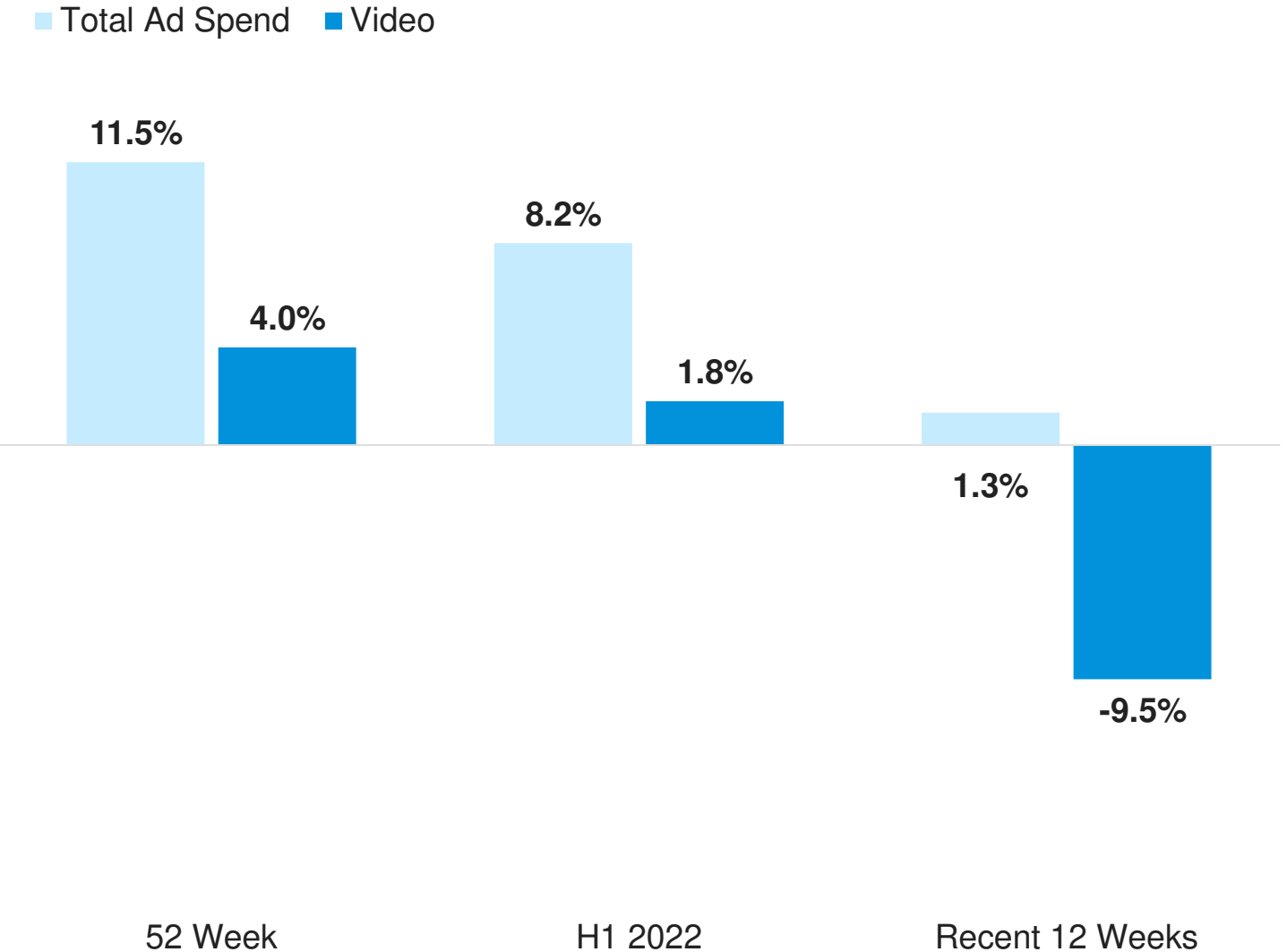
Linear dollars
shifted more to the UF
than to Scatter compared to
previous years

WHILE Ad Spend Has Started to Slow,

The year is still expected to end strong, bolstered by holiday promotions

Source: SMI Gross Media Spend
*All periods ending June 2022
Recent 12 Weeks # Excludes Olympics

Ad Spend Trends Compared to Previous Period





Strong Growth

In the first half of 2022,
total ad spend increased

8.2%

Momentum expected to **slow**
in second half due to
economic headwinds. The year
is expected to **close at 8.1%**,
despite the turbulent economy.

Travel & Apparel

These industries reaped the benefits of return to in-person activities, as consumers eagerly packed their bags after two years of quarantine and restrictions.

Travel's strong performance is expected to carry through the rest of the year with a

57%

Increase in ad spending as restrictions lift, and **domestic travel** continues to **surpass pre-pandemic levels.**





Digital & OOH

Drove most of the growth in H1

Movie theaters saw a steep rebound,
with ad dollars reaching

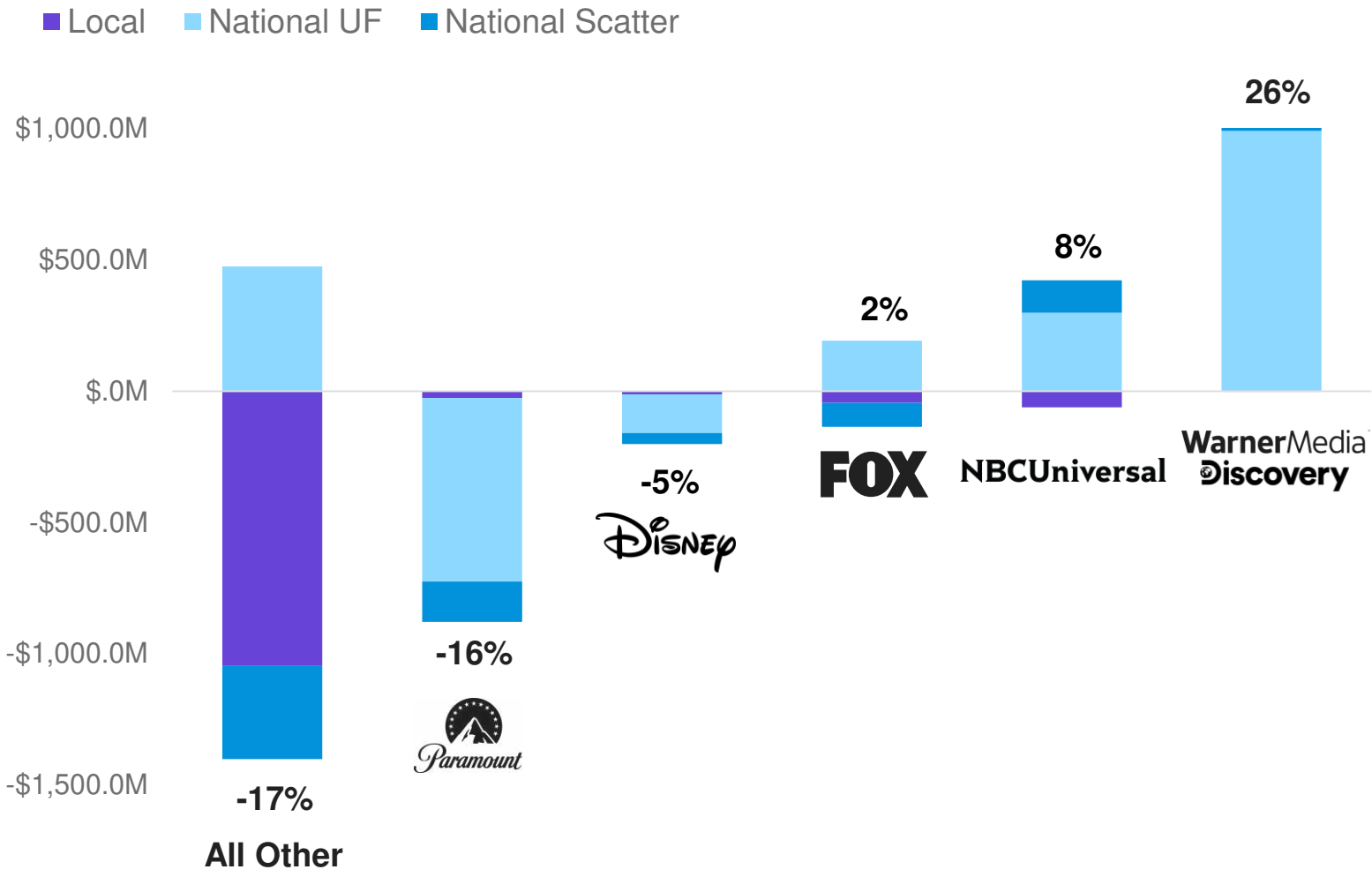
6x

compared to the same time last year
while transit grew at more than 2x. OTT
was the key driver for growth in digital.

NBCU Fared Better Than Most Competitors, Outpacing Market

Total Linear: -2%

BY21-22 Total Linear Incremental Ad Revenue
(Q4'21-Q2'22 Actuals, Q3 Projected)



Even More So
For Digital Video*,
Outpacing Traditional
Competitors

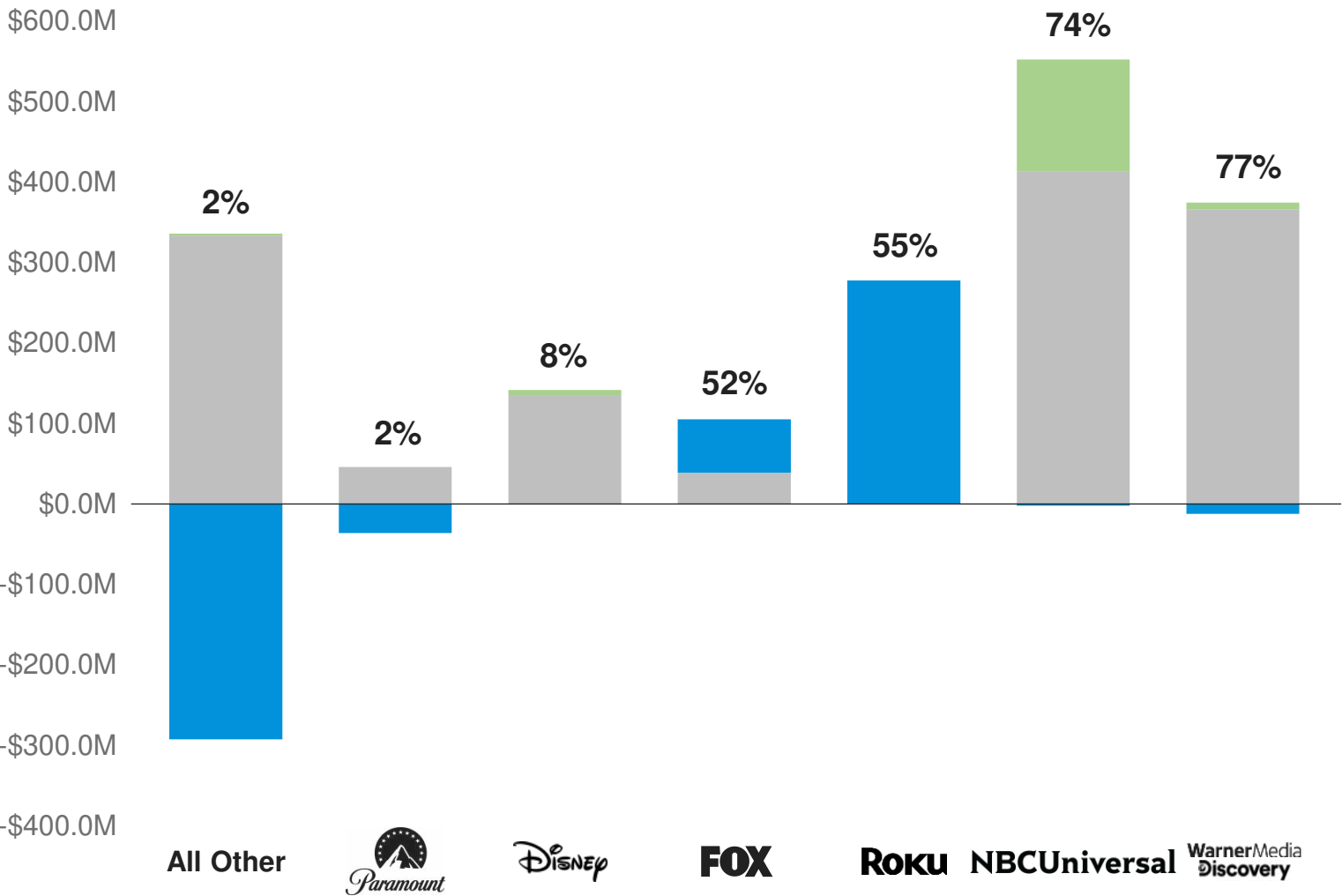
Total Digital: +22%

*Digital Video: OTT, OLV, TV Digital Networks
Source: SMI

BY21-22 Digital Video Incremental Ad Revenue

(Q4-Q2 Actuals, Q3 Projected)

■ Remaining Video ■ Mid Tier ■ Premium OTT



First Look Forecast 2023 & Beyond

A look ahead at key trends impacting how categories are going to market

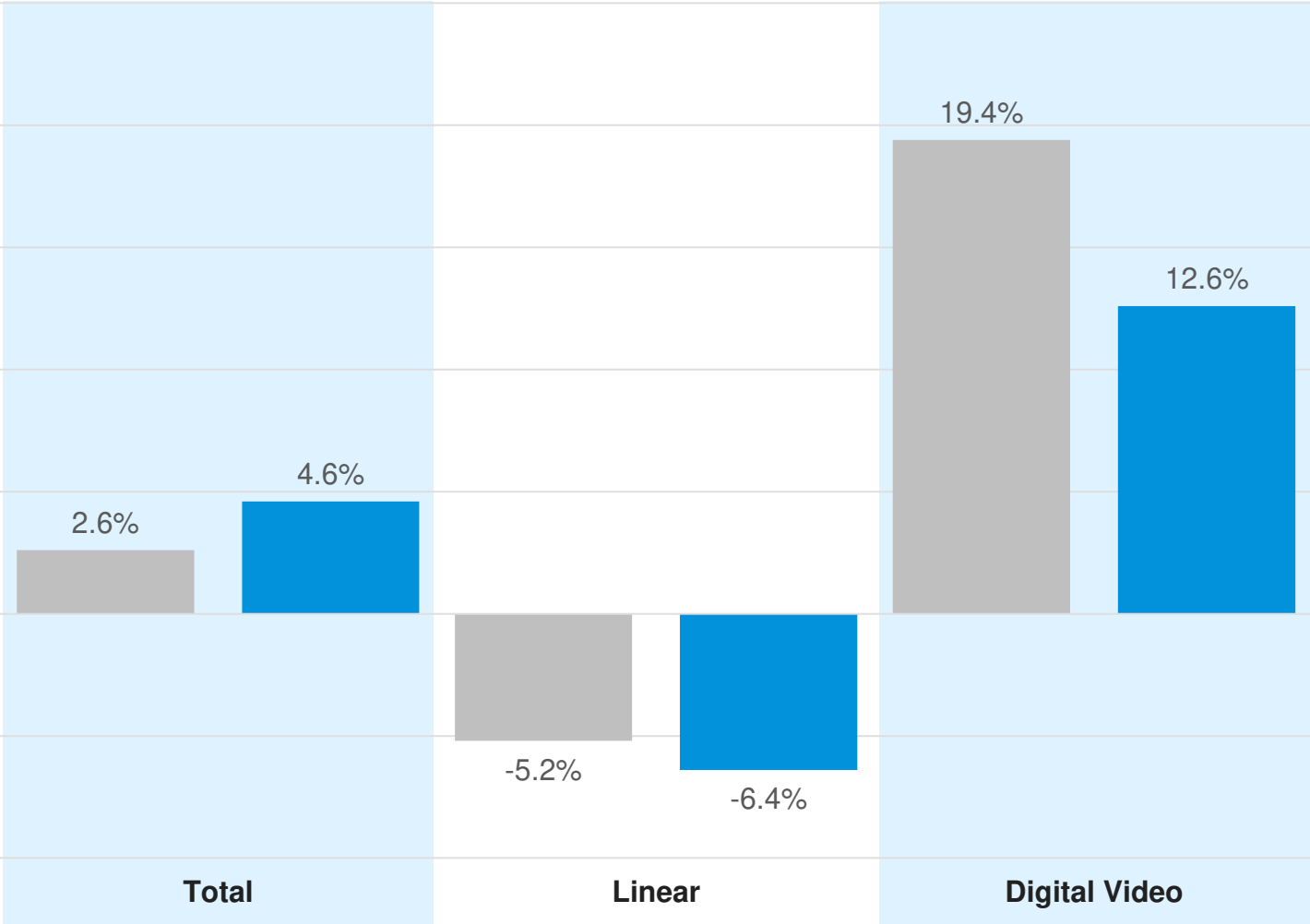
HOW WE'VE APPLIED THOSE PRINCIPALS FOR 2023:

Outlook Positive, Likely to Drive Healthy Ad Spend

2023 Forecast

Weighted consensus forecast across Magna, Zenith, eMarketer, Kantar, S&P Global, Cowen and Company

Our forecast



WHILE ECONOMIC SIGNALS REMAIN MIXED IN THE NEAR-TERM,
Market to Strengthen in Q2 and Beyond



Forecasted to Decline






Categories for New Business
Development/prospecting/demand

Forecasted to Grow

Categories to prioritize






THE NEXT 5

Mid-Tier + Longtail Categories Poised for Explosive Growth in 2023

		2023 Total Spend Forecast Growth Range	Key Themes
	Baby and Children Toys	\$613M – \$838M	<ul style="list-style-type: none"> Ad spending pacing 59% for CY-2022 Significant revenue increases forecasted through 2027
	Activity Education/ Lessons	\$186M – \$630M	<ul style="list-style-type: none"> Higher interest for in-person lessons driving growth 208% ad spend increase YoY for the 1H'22
	Home Maintenance Service	\$35M – \$86M	<ul style="list-style-type: none"> Ad spend expected to be up 24% for CY-2022 Mortgage rates are causing consumers to pivot toward remodeling
	Energy	\$30M – \$55M	<ul style="list-style-type: none"> Natural gas to power 50% of US HH in 2023 More than 1 in 7 U.S. homes will have a rooftop solar power system by 2030
	Pet Discretionary Spending (Hobby)	\$9M – \$13M	<ul style="list-style-type: none"> Consumers are still steadily spending on discretionary pet services such as dog walking, grooming (specifically mobile groomers) and boarding care.

THE NEXT 5

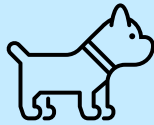
Mid-Tier + Longtail Categories Likely to Decline in 2023

Key Themes		
	Athletic Associations	<ul style="list-style-type: none">▪ Athletic associations are declining. COVID negatively impacted participation in sports▪ Ad spend declined 71% in H1, primarily from digital
	Packaged Breakfast Foods	<ul style="list-style-type: none">▪ As people return to the office, more consumers are eating breakfast on the way to work▪ Packaged breakfast food saw ad spend decline 44% in H1
	Fitness Equipment	<ul style="list-style-type: none">▪ Fitness equipment ad spending down 25%▪ Consumers are returning to gyms, slowing home athletic equipment sales
	Real Estate Investment Services	<ul style="list-style-type: none">▪ Real estate investment services cut ad spend by 50%▪ Inflation + interest rates are slowing demand for real estate
	Food Subscription Services	<ul style="list-style-type: none">▪ Food subscription boxes ad spend saw a 14% decline▪ Consumers are cutting discretionary expenses as food costs remain high

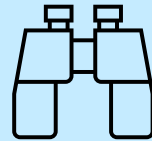
WHAT ARE WE WATCHING FOR 2023?

4 Economic Indicators That Could Sway Ad Spend

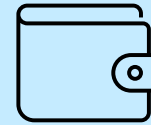
NBCU Custom Analytics



Pet
Spend



Ad Market
Index



Stock Market
Performance

Publicly Available Data



Price
Inflation

Discretionary Pet Spend Serves As a Good Indicator of Retail Sales

EXECUTIVE SUMMARY

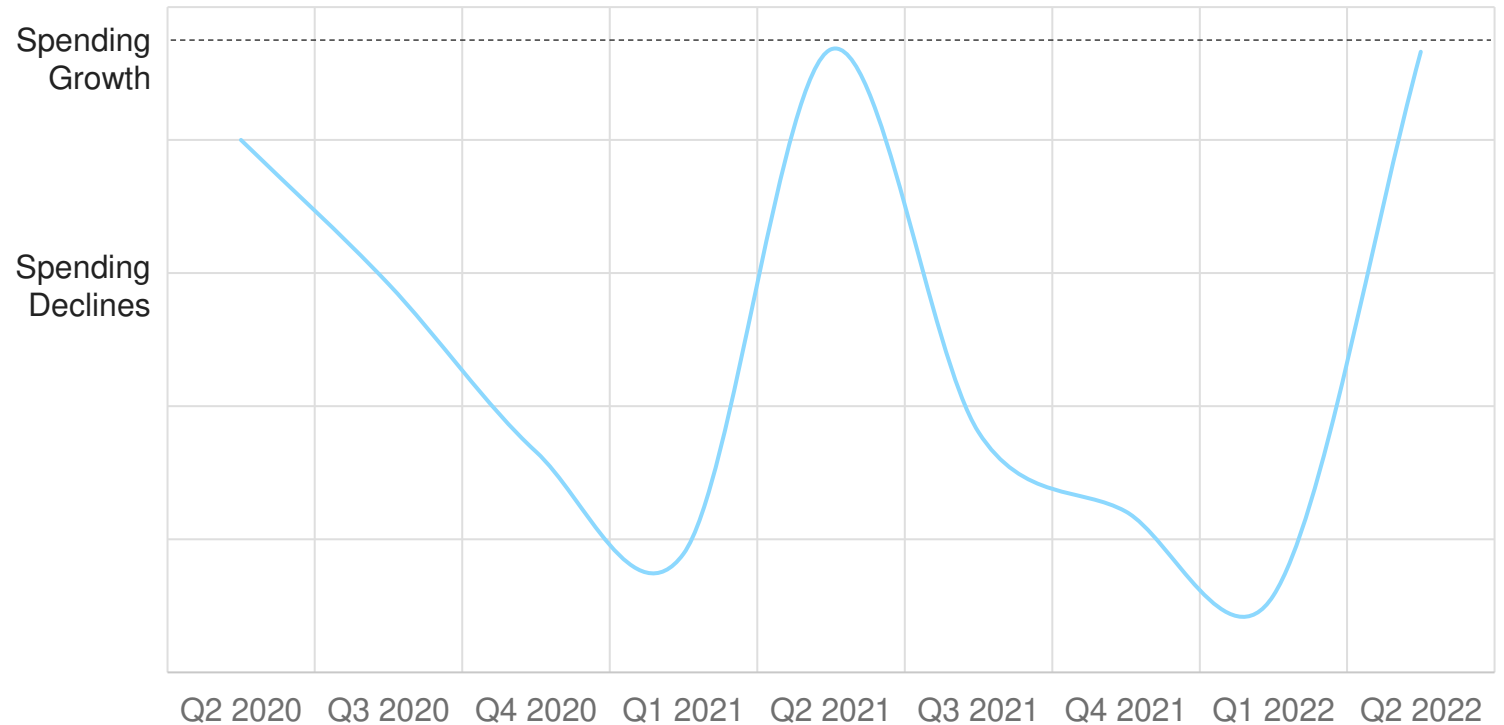
With over 70% of US HH owning pets, how people spend on pets gives us clues about Main Street's financial health.

WHY THIS MATTERS?

Lower consumer spending almost always precedes lower advertising spend.

Dog Treat Spending Rates Indexed to 2019

■ Dog Discretionary Spending



By studying spending on cats and dogs, we have near real-time consumer spending and retail sales, months ahead of when official government spending numbers are released, giving us a competitive advantage

PREDICTING THE FUTURE With Our Very Own Forecast Index

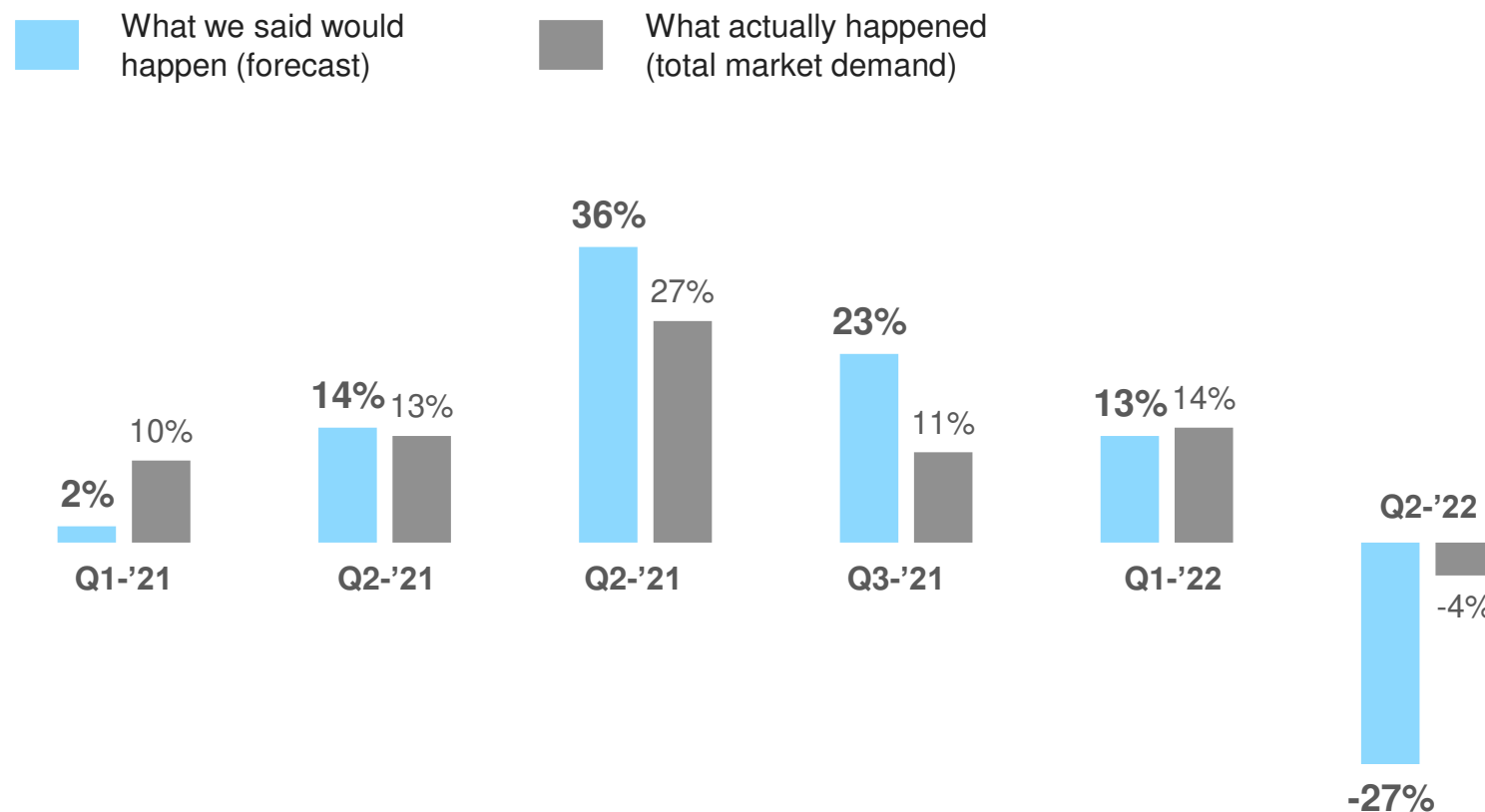
EXECUTIVE SUMMARY

We are tracking near-time real trends, that impact ad spend, like search traffic.

WHY THIS MATTERS?

It provides us a more accurate view into the future of the ad market, sooner.

Demand Model Forecast vs. Market Demand



The index helps us predict next month's direction in the ad market (will go up, will go down) based on near-real time inputs like economic data, search traffic, and spending on competitive networks.

OUR VERY OWN STOCK INDEX

Predicting the Ad Spend of Top Accounts

EXECUTIVE SUMMARY

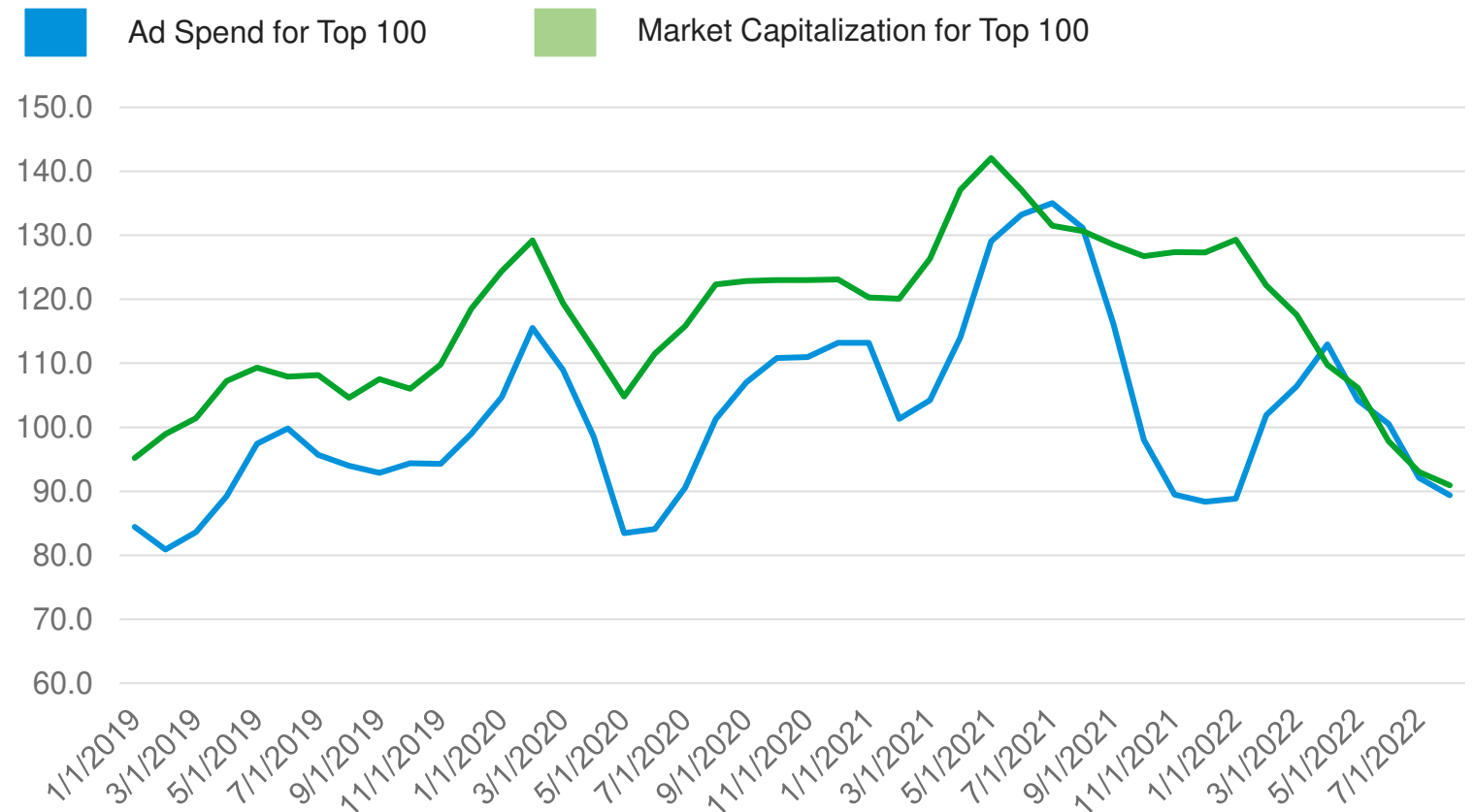
The best predictor of ad spend for our Top 100 clients is their stock market performance.

WHY THIS MATTERS?

The top 100 clients represent 80% of total spend at NBCU.

Sources: MediaRadar; S&P Global CIQ Custom Stock Index Top 100 Ad Spenders, 2017-2022; Publicly Traded Companies only

Top 100 Spenders Stock Activity vs. Ad Spend



Watching the stock performance of our top accounts helps us better predict their future spend and strategize accordingly.

PAYING ATTENTION TO Inflation's Impact on Everyday Americans

EXECUTIVE SUMMARY

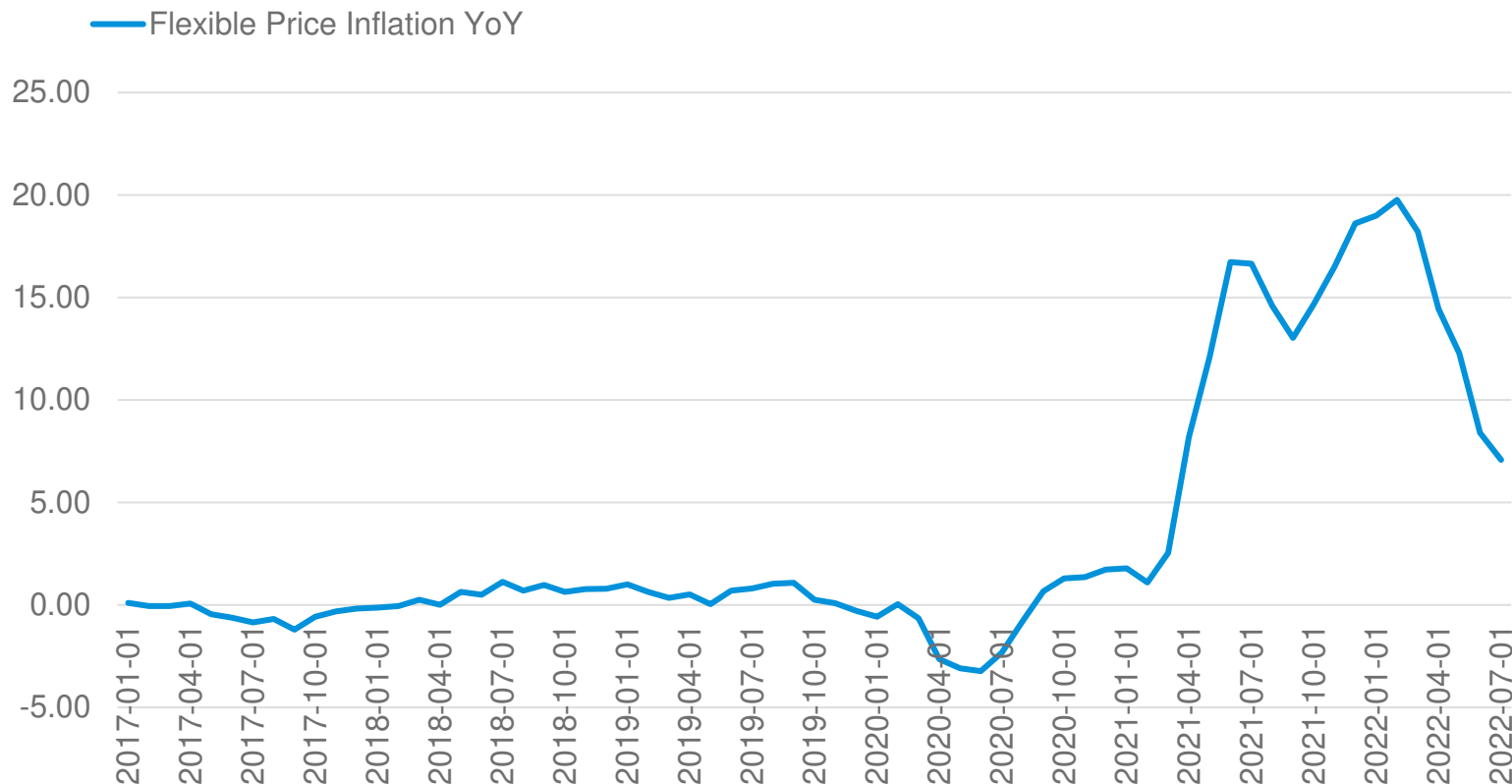
We follow the Atlanta Federal Reserve's measure on inflation, which only tracks things like food or clothes.

WHY THIS MATTERS?

Not only does it track closer to how advertisers spend, but it is also the type of inflation that impacts Main Street.

Source: Federal Reserve Bank of Atlanta, Flexible Price Consumer Price Index

Flexible Price Inflation YoY Change



The index helps provide a better view of inflation and the economy, which has declined for 3 consecutive months, as the goods people are paying for have become cheaper.

AS WE LOOK TO 2023:

Executive Summary

Even among mixed headlines, most indicators point to a modest but positive Q4



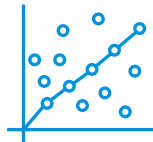
Consumer Inflation

Likely to remain high but **according to most measures is improving** going into holiday season



Retail Sales

At least according to our Pet index, **retail sales** likely to see continued **growth through Q4**



Q4 Scatter Market

Our demand forecast sees the video ad market **relatively healthy** at **10% growth in Q4 scatter**



Growth Categories

Ad growth likely to come from **travel, mid to small sized categories** going into Q4



2022

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NBCUniversal

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