



WWE Q1 2016 RESULTS – MAY 10, 2016

# Forward-Looking Statements



This presentation contains forward-looking statements pursuant to the safe harbor provisions of the Securities Litigation Reform Act of 1995, which are subject to various risks and uncertainties. These risks and uncertainties include, without limitation, risks relating to: WWE Network; major distribution agreements; our need to continue to develop creative and entertaining programs and events; the possibility of a decline in the popularity of our brand of sports entertainment; the continued importance of key performers and the services of Vincent K. McMahon; possible adverse changes in the regulatory atmosphere and related private sector initiatives; the highly competitive, rapidly changing and increasingly fragmented nature of the markets in which we operate and greater financial resources or marketplace presence of many of our competitors; uncertainties associated with international markets; our difficulty or inability to promote and conduct our live events and/or other businesses if we do not comply with applicable regulations; our dependence on our intellectual property rights, our need to protect those rights, and the risks of our infringement of others' intellectual property rights; the complexity of our rights agreements across distribution mechanisms and geographical areas; potential substantial liability in the event of accidents or injuries occurring during our physically demanding events including, without limitation, claims relating to CTE; large public events as well as travel to and from such events; our feature film business; our expansion into new or complementary businesses and/or strategic investments; our computer systems and online operations; privacy norms and regulations; a possible decline in general economic conditions and disruption in financial markets; our accounts receivable; our revolving credit facility; litigation; our potential failure to meet market expectations for our financial performance, which could adversely affect our stock; Vincent K. McMahon exercises control over our affairs, and his interests may conflict with the holders of our Class A common stock; a substantial number of shares are eligible for sale by the McMahons and the sale, or the perception of possible sales, of those shares could lower our stock price; and the relatively small public "float" of our Class A common stock. In addition, our dividend is dependent on a number of factors, including, among other things, our liquidity and historical and projected cash flow, strategic plan (including alternative uses of capital), our financial results and condition, contractual and legal restrictions on the payment of dividends (including under our revolving credit facility), general economic and competitive conditions and such other factors as our Board of Directors may consider relevant. Forward-looking statements made by the Company speak only as of the date made and are subject to change without any obligation on the part of the Company to update or revise them. Undue reliance should not be placed on these statements. For more information about risks and uncertainties associated with the Company's business, please refer to the "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Risk Factors" sections of the Company's SEC filings, including, but not limited to, our annual report on Form 10-K and quarterly reports on Form 10-Q.

This presentation contains non-GAAP financial information, including OIBDA. We define OIBDA as operating income before depreciation and amortization, excluding feature film and television production amortization and related impairments. OIBDA is a non-GAAP financial measure and may be different than similarly-titled non-GAAP financial measures used by other companies. A limitation of OIBDA is that it excludes depreciation and amortization, which represents the periodic charge for certain fixed assets and intangible assets used in generating revenues for the Company's business. OIBDA should not be regarded as an alternative to operating income or net income as an indicator of operating performance, or to the statement of cash flows as a measure of liquidity, nor should it be considered in isolation or as a substitute for financial measures prepared in accordance with GAAP. We believe that operating income is the most directly comparable GAAP financial measure to OIBDA. Reconciliations of OIBDA to operating income can be found in the Company's earnings release dated May 10, 2016.

# 2016 Q1 – Highlights



- Delivered strong earnings growth and 13% revenue growth, reflecting execution of strategy
- *WWE Network* averaged 1.29M paid subscribers over the quarter, 39% above Q1 2015, and reached 1.47M total subs at quarter-end
- WWE content had 4 billion video views on social and digital platforms (vs. 1.6B in Q1 2015)
- Social media reached ~650 million followers (As of April 28; +34% from 2015)
- *WrestleMania* achieved record breaking attendance, ticket sales, viewership and social activity
  - *WrestleMania* broke WWE attendance record, attracting 101,763 fans
  - *WWE Network* reached a record 1.82 million total subscribers
  - During *WrestleMania Week*, *WWE Network* featured 19 hours of prime-time, premier programming; subscribers watched 22M hours of content (12 hours per subscriber)
- Excited about new content coming to the Network including *Camp WWE*, *Swerved Season 2* and *Holy Foley!*
- Announced new television series, *Total Bellas*, spin-off of *Total Divas* to debut in Fall 2016 on E! along with the sixth season of *Total Divas*

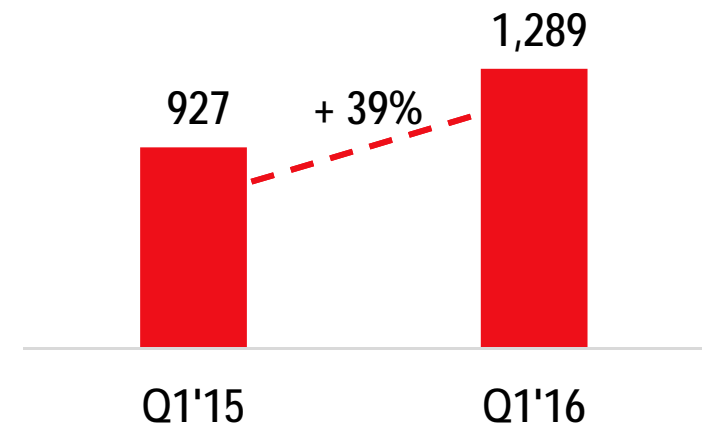
# 2016 Q1: WWE Operating Highlights



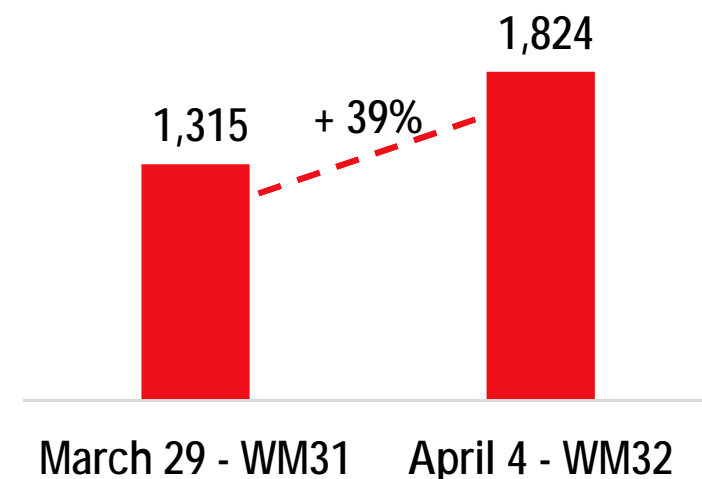
*Q1 2016 results demonstrate the increasing strength of WWE's brands and potential to capitalize on these strengths to drive long-term growth*

- Sustained growth of *WWE Network* on year-over-year basis
- Avid consumption of video content across platforms
- *Raw* and *SmackDown* continued to deliver among the highest level of average primetime ratings on cable<sup>1</sup>
- *WrestleMania* delivered record breaking results

Average Paid Subscribers (000s)



Total Subscribers (000s)



\* See notes on pages 18 of this presentation

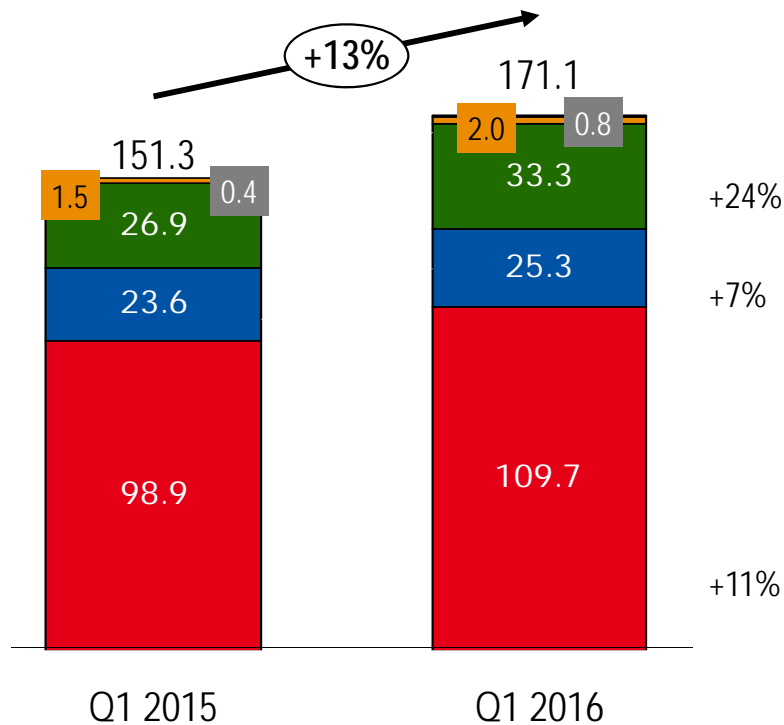
<sup>1</sup> Average primetime ratings are measured on a live and same day basis

# 2016 Q1: Financial Highlights\* (\$ in millions)

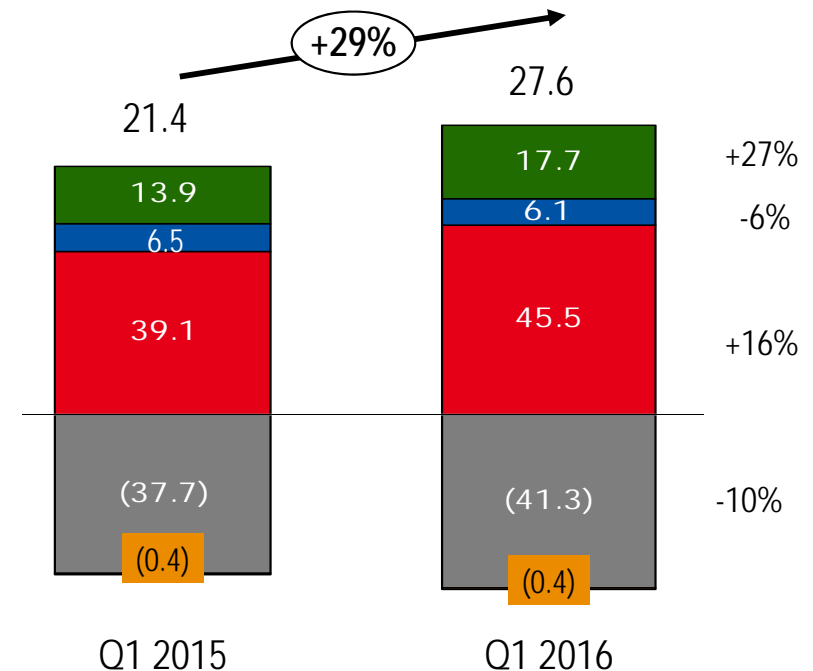


Revenue and OIBDA growth, on a pro forma basis, was driven by the growth of WWE Network, contractual escalation of TV rights fees and higher revenue from video game licensing

Revenue Pro forma



OIBDA Pro forma



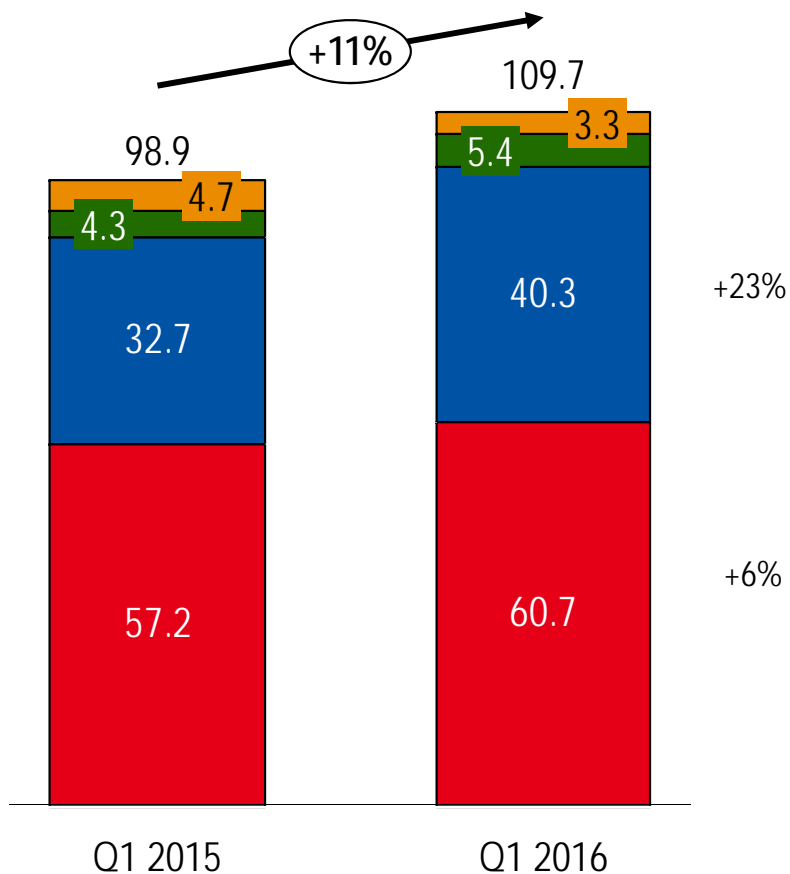
Corporate & Other
  WWE Studios
  Consumer Products
  Live Events
  Media

\*For further detail of WWE's Pro forma results, see WWE's Q1 2016 Earnings Release on the Company's website at [ir.corporate.wwe.com](http://ir.corporate.wwe.com) and on pages 16 & 17 of this presentation

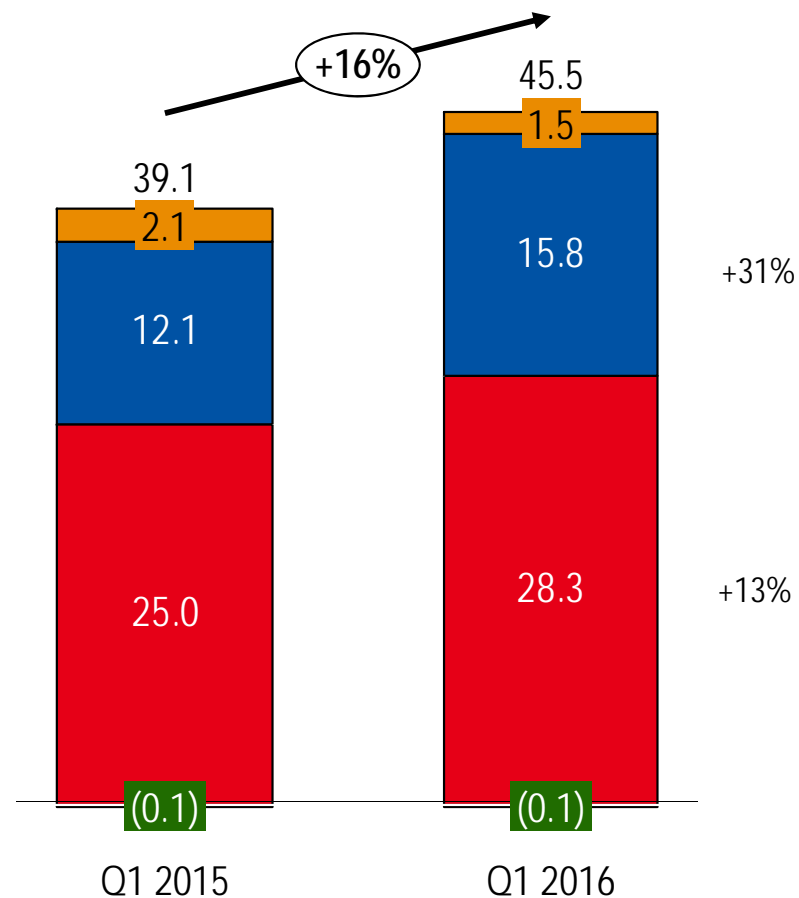
# 2016 Q1: Media Division\* (\$ in millions)



## Revenue Pro forma



## OIBDA Pro forma



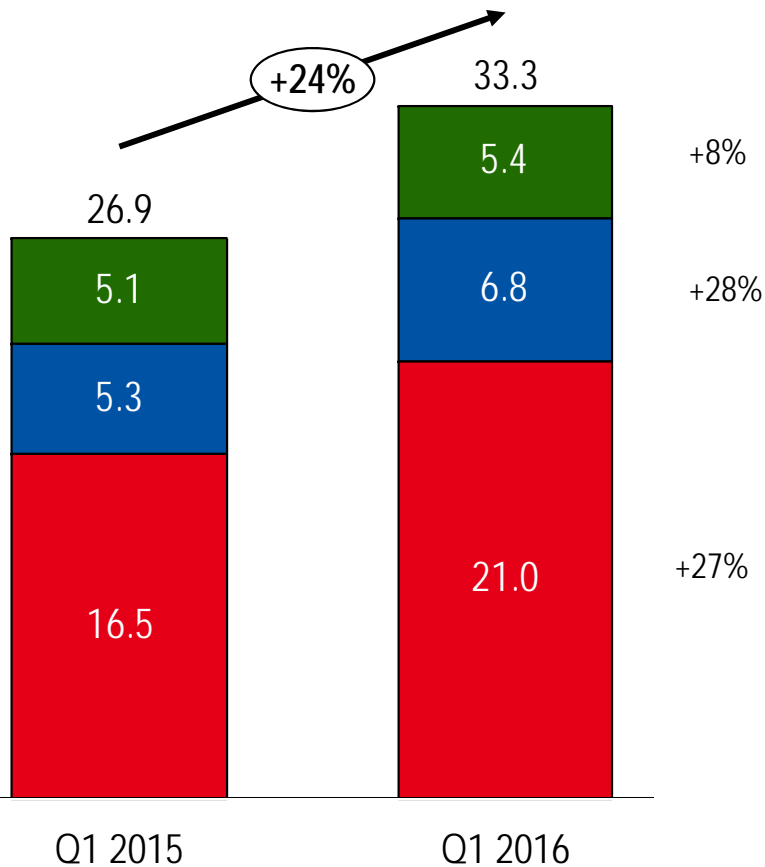
■ Home Entertainment 
 ■ Digital Media 
 ■ Network segment 
 ■ Television

\* See notes on pages 16 and 17 of this presentation

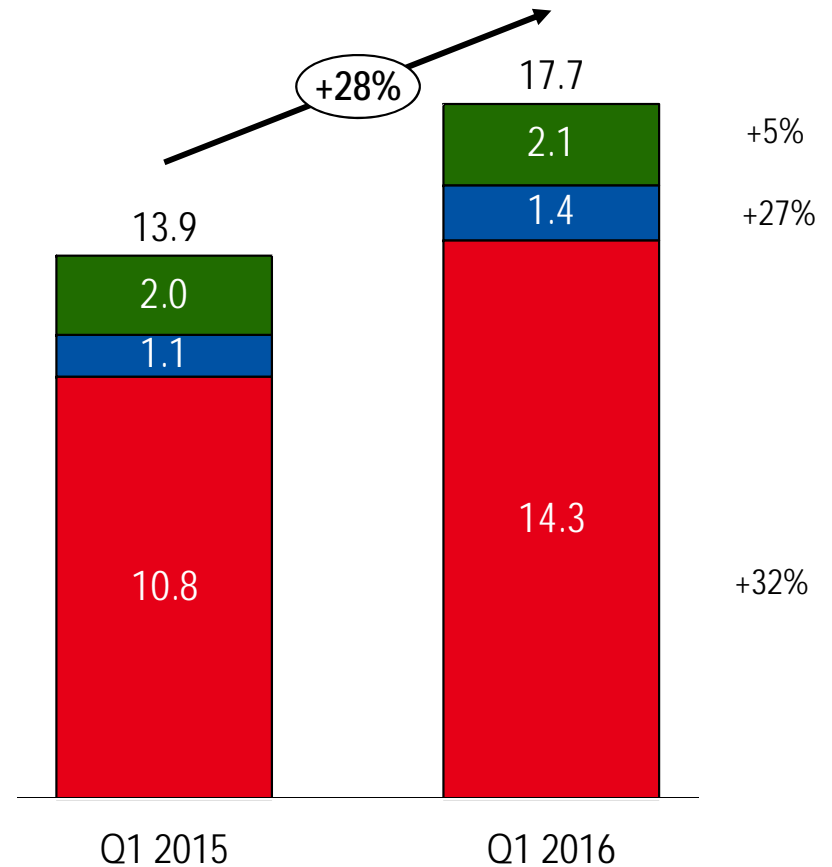
# 2016 Q1: Consumer Products\* (\$ in millions)



Revenue Pro forma



OIBDA Pro forma



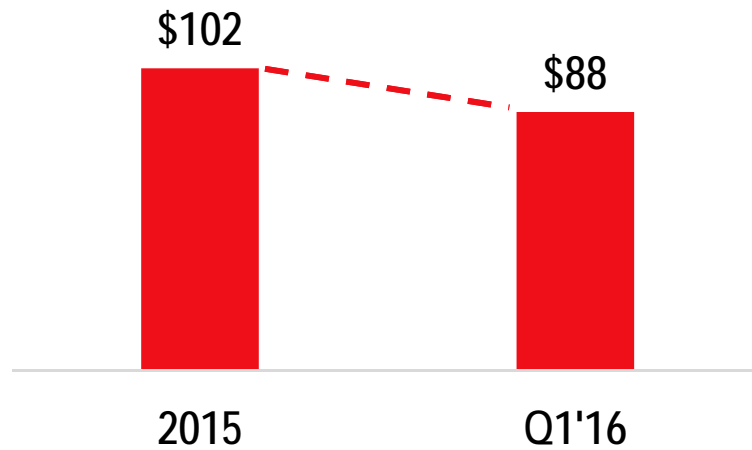
■ Venue Merchandise 
 ■ WWEShop 
 ■ Licensing

\* See notes on pages 16 and 17 of this presentation

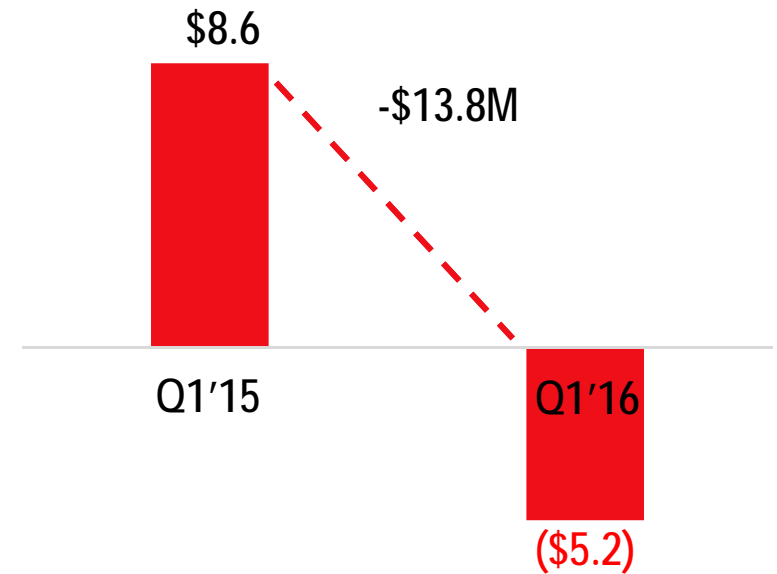
# Capital Structure (\$ in millions)



## Cash & ST Investments



## Free Cash Flow



- Debt capacity under revolving credit facility at quarter-end 2016 = ~\$200M (equivalent to year end 2015)
- Decrease in free cash flow reflected an increase in the annual payout of management incentive compensation

\* See notes on page 19 of this presentation



# Continued Innovation



## Q2 Business Outlook\* (\$ in millions)



- For Q2'16, the Company projects average paid subscribers of approximately 1.5 million
- Estimate Q2'16 Adjusted OIBDA<sup>1</sup> of \$5 to \$9
- Q2'16 Adjusted OIBDA estimate represents decline from Q2'15 primarily due to incremental strategic investments, timing of *WrestleMania* production costs and timing of video game royalties

\* See notes on pages 18 & 19 of this presentation

<sup>1</sup> The definition of Adjusted OIBDA and a Reconciliation of Q2 2016 Operating Income to Adjusted OIBDA can be found in the Supplemental Information in the Company's earnings release dated May 10, 2016 located on the Company's website at [ir.corporate.wwe.com](http://ir.corporate.wwe.com).

## 2016 Perspective\* (\$ in millions)



- Expect year-over-year growth in Adjusted OIBDA<sup>1</sup> over second half of 2016 (vs. flat results in first half)
- If the range of average paid subscribers increased 20%-25% for the full year 2016, Adjusted OIBDA could range between \$70-\$85
- If recent overarching subscriber acquisition and retention trends continue over remainder of 2016, management believes growth in subscribers and Adjusted OIBDA would be at the upper end of these ranges for 2016
- 2016 projections assume incremental strategic investments of \$15 - \$20 (as previously communicated)

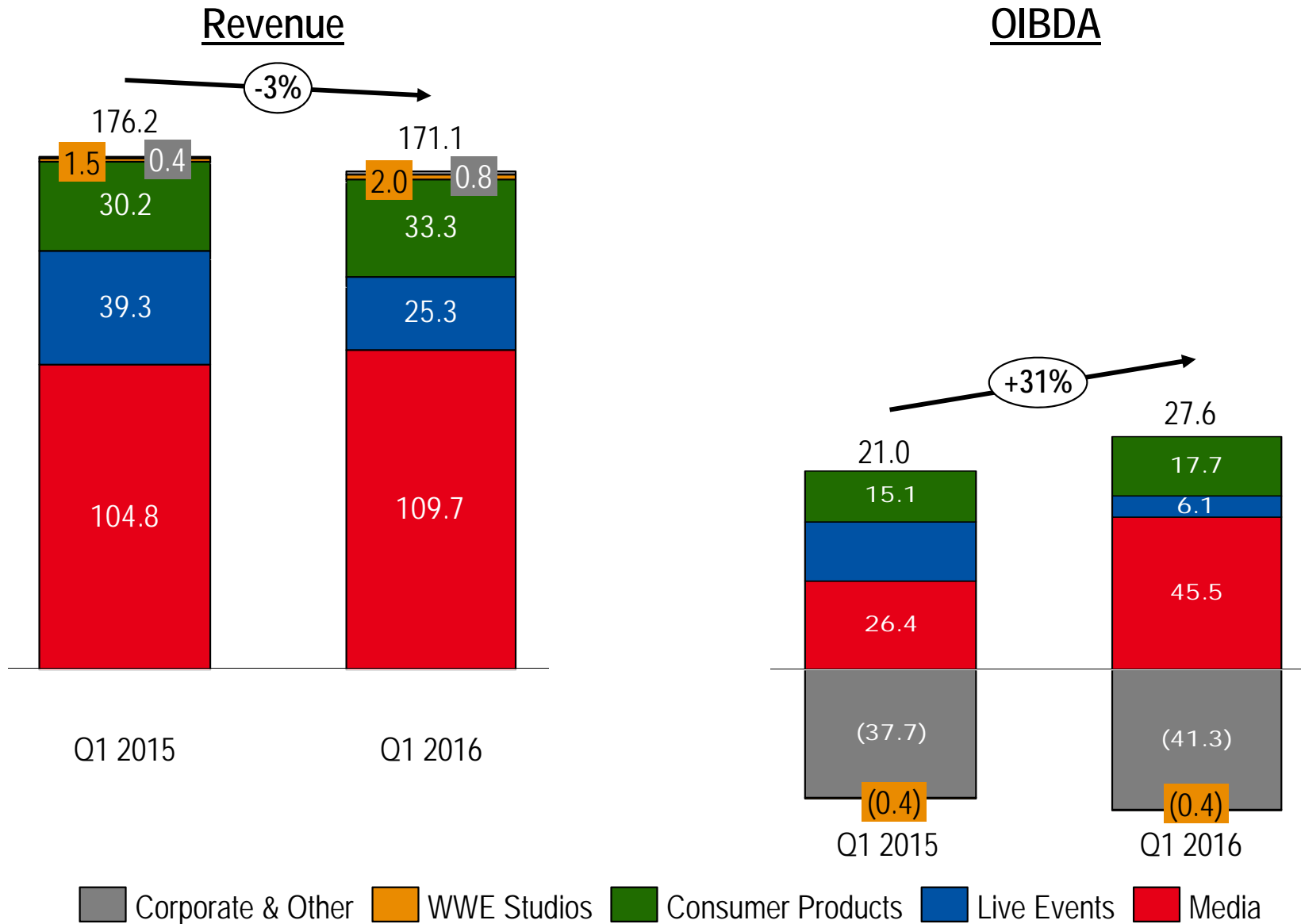
\* See notes on pages 18 -19 of this presentation

<sup>1</sup> The definition of Adjusted OIBDA and a Reconciliation of Q2 2016 Operating Income to Adjusted OIBDA can be found in the Supplemental Information in the Company's earnings release dated May 10, 2016 located on the Company's website at [ir.corporate.wwe.com](http://ir.corporate.wwe.com).



APPENDIX

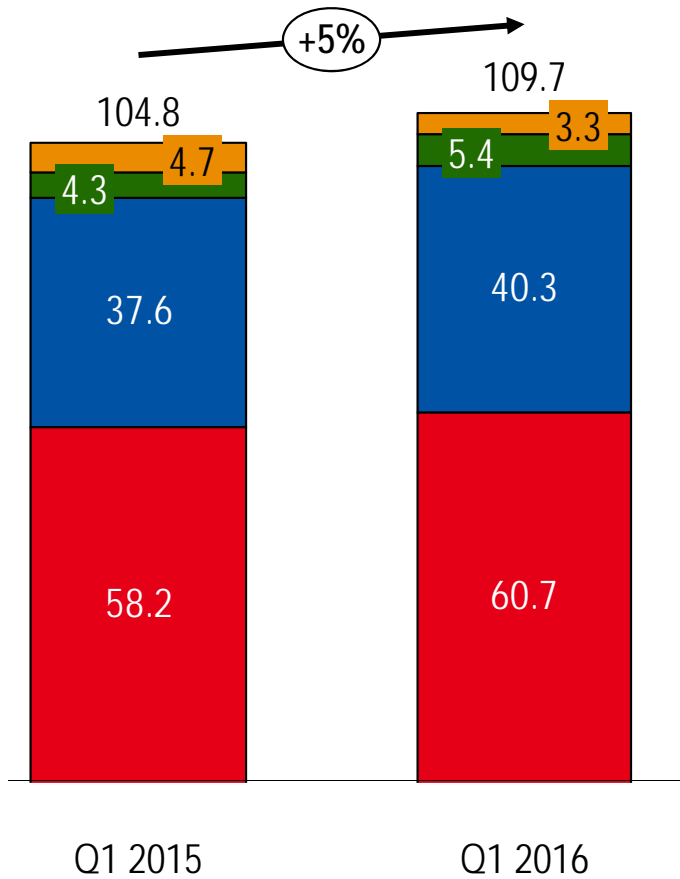
# 2016 Q1: Financial Highlights As Reported (\$ in millions)



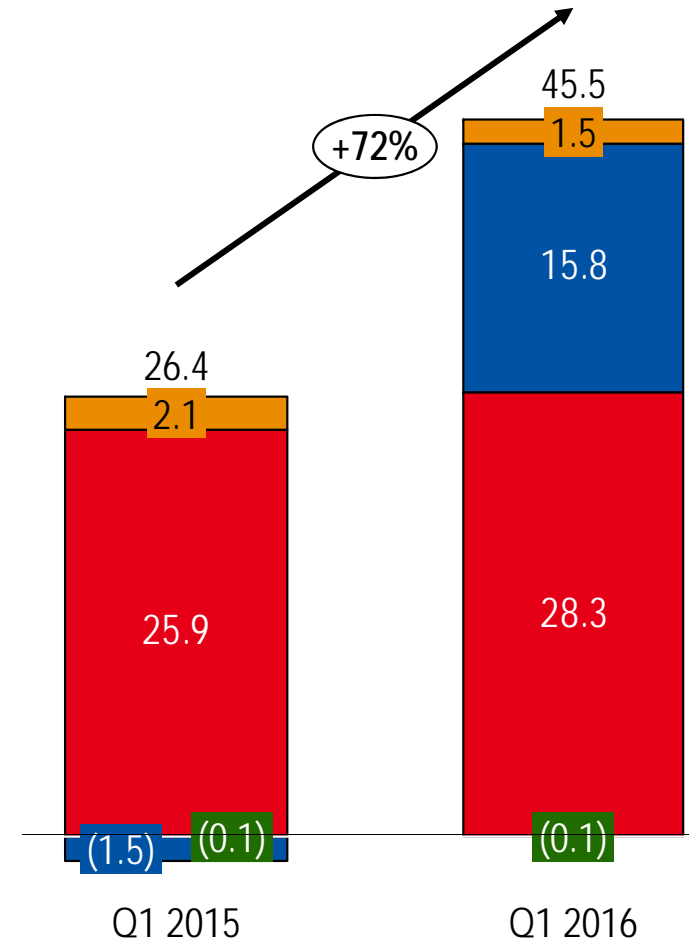
# 2016 Q1: Media Division As Reported (\$ in millions)



## Revenue

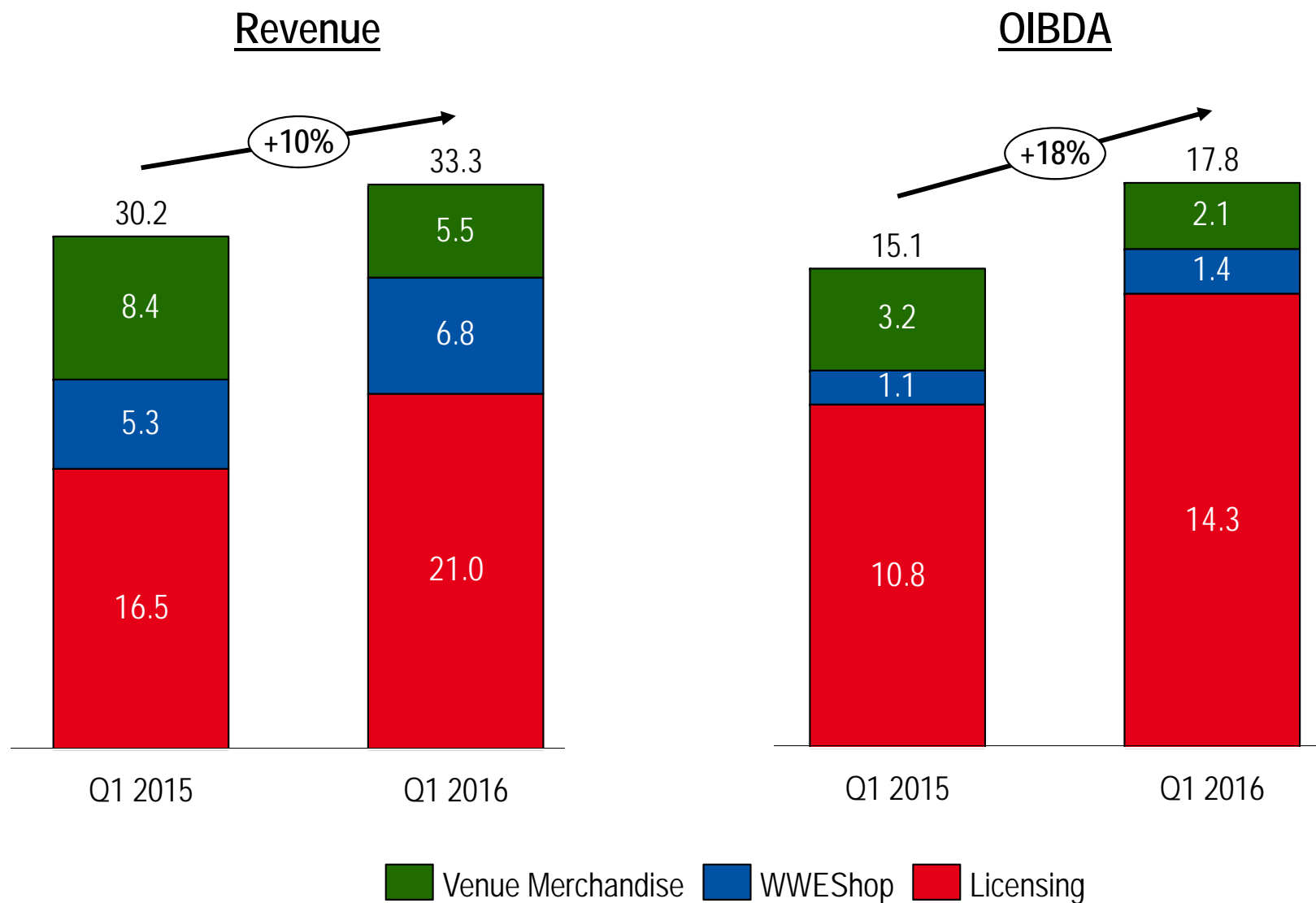


## OIBDA



■ Home Entertainment 
 ■ Digital Media 
 ■ Network segment 
 ■ Television

# 2016 Q1: Consumer Products As Reported (\$ in millions)



# Pro Forma Excludes Timing Impact of WrestleMania 31 (\$ in millions)



<u>Revenues</u>	Q1 2016 Reported	Q1 2015 Reported	Q1 2015 WM 31 Timing	Q1 2015 Pro forma
<b><u>Media Division</u></b>				
Pay-per-view	\$ 2.1	\$ 9.0	\$ (4.9)	\$ 4.1
Subscriptions	38.2	28.6	—	28.6
Network	40.3	37.6	(4.9)	32.7
Television	60.7	58.2	(1.0)	57.2
Home Entertainment	3.3	4.7	—	4.7
Digital Media	5.4	4.3	—	4.3
<b>Media Division</b>	<b>109.7</b>	<b>104.8</b>	<b>(5.9)</b>	<b>98.9</b>
<b>Live Events</b>	<b>25.3</b>	<b>39.3</b>	<b>(15.7)</b>	<b>23.6</b>
<b><u>Consumer Products Division</u></b>				
Licensing	21.0	16.5	—	16.5
Venue Merchandise	5.4	8.4	(3.3)	5.1
WWE Shop	6.8	5.3	—	5.3
<b>Consumer Products Division</b>	<b>33.3</b>	<b>30.2</b>	<b>(3.3)</b>	<b>26.9</b>
<b>WWE Studios</b>	<b>2.0</b>	<b>1.5</b>	<b>—</b>	<b>1.5</b>
<b>Corporate and Other</b>	<b>0.8</b>	<b>0.4</b>	<b>—</b>	<b>0.4</b>
<b>Total Revenues</b>	<b>\$ 171.1</b>	<b>\$ 176.2</b>	<b>\$ (24.9)</b>	<b>\$ 151.3</b>

The impact of *WrestleMania* is measured using a pro forma statement rather than as an adjusting item to the Company's reported results because adjustments to the Company's financial measures are limited by definition to items that are difficult to predict and are considered unusual or non-recurring in nature. As defined, adjusted financial measures would exclude certain material items, including but not limited to, non-cash impairments of film, intangible and fixed assets, gains and losses on asset sales, as well as material restructuring charges. No such items were reported in or have been adjusted from first quarter 2016 or first quarter 2015 results. (For further information, see WWE's Q1 2016 earnings release on the Company's website at [ir.corporate.wwe.com](http://ir.corporate.wwe.com).)



# Pro Forma Excludes Timing Impact of WrestleMania 31

(\$ in millions)



	Q1 2016 Reported	Q1 2015 Reported	Q1 2015 WM 31 Timing	Q1 2015 Pro forma
<b><u>OIBDA:</u></b>				
Media Division	\$ 45.5	\$ 26.4	\$ 12.7	\$ 39.1
Live Events	6.1	17.6	(11.1)	6.5
Consumer Products Division	17.7	15.1	(1.2)	13.9
WWE Studios	(0.4)	(0.4)	—	(0.4)
Corporate and Other	(41.3)	(37.7)	—	(37.7)
<b>OIBDA</b>	<b>27.6</b>	<b>21.0</b>	<b>0.4</b>	<b>21.4</b>
Depreciation & amortization	(5.6)	(5.9)	—	(5.9)
<b>Operating income</b>	<b>22.0</b>	<b>15.1</b>	<b>0.4</b>	<b>15.5</b>
Interest and other, net	(0.6)	(0.6)	—	(0.6)
<b>Income before taxes</b>	<b>21.4</b>	<b>14.5</b>	<b>0.4</b>	<b>14.9</b>
Provision for income taxes	7.5	4.7	0.1	4.8
<b>Net income</b>	<b>\$ 13.9</b>	<b>\$ 9.8</b>	<b>\$ 0.3</b>	<b>\$ 10.1</b>
EPS - basic and diluted	\$ 0.18	\$ 0.13	\$ —	\$ 0.13

The impact of *WrestleMania* is measured using a pro forma statement rather than as an adjusting item to the Company's reported results because adjustments to the Company's financial measures are limited by definition to items that are difficult to predict and are considered unusual or non-recurring in nature. As defined, adjusted financial measures would exclude certain material items, including but not limited to, non-cash impairments of film, intangible and fixed assets, gains and losses on asset sales, as well as material restructuring charges. No such items were reported in or have been adjusted from first quarter 2016 or first quarter 2015 results. (For further information, see WWE's Q1 2016 earnings release on the Company's website at [ir.corporate.wwe.com](http://ir.corporate.wwe.com).)



- Subscriber metrics reflect direct customers of *WWE Network* and subscribers reported under licensed partner agreements, which have different economic terms for the network.
- Total subscribers reflect all active subscribers over the relevant time period. These include *WWE Network* customers who have activated a free trial of the network and those who have made payments.
- Free trial subscribers refer to *WWE Network* customers who received a free trial upon activating network service, and were still within their promotion period as of the date reported. Subscribers are eligible to receive a free trial upon their initial service activation, or upon reactivation (i.e. following a period of discontinued service) if they did not previously receive a free trial.
- Average paid subscribers reflect the sum of the arithmetic daily mean over the relevant period for our direct-to-consumer subscribers, and the average of the monthly reported subscribers from our license partners (such reporting is received and recognized on an approximate 30 day lag). Average paid subscribers may differ substantially from paid subscribers at the end of any period due to the timing of paid subscriber additions.

# Notes: Non-GAAP Measures



- The definition of Adjusted OIBDA, the Reconciliation of Q2 2016 Operating Income to Adjusted OIBDA, and the Pro Forma Income Statement & Reconciliation to GAAP Measures for a pro-forma analysis excluding *WrestleMania* from first quarter 2015 results, can be found in the Supplemental Information of the Company's earnings release dated May 10, 2016.
- Beginning January 2016, the Company started allocating certain shared expenses between its Network and Television segments. Management believes this allocation more accurately reflects the operations of these segments. For the first quarter 2016, the implementation of this allocation methodology reduced Network segment OIBDA by \$3.3 million and increased Television segment OIBDA by a corresponding \$3.3 million. The allocation methodology had no impact on the Company's consolidated financial statements.
- The Company defines OIBDA as operating income before depreciation and amortization, excluding feature film and television production amortization and related impairments. OIBDA is a non-GAAP financial measure and may be different than similarly-titled non-GAAP financial measures used by other companies. A limitation of OIBDA is that it excludes depreciation and amortization, which represents the periodic charge for certain fixed assets and intangible assets used in generating revenues for the Company's business. OIBDA should not be regarded as an alternative to operating income or net income as an indicator of operating performance, or to the statement of cash flows as a measure of liquidity, nor should it be considered in isolation or as a substitute for financial measures prepared in accordance with GAAP. We believe that operating income is the most directly comparable GAAP financial measure to OIBDA.
- Adjusted OIBDA, Adjusted Operating income, Adjusted Net income and Adjusted Earnings per share exclude certain material items, which otherwise would impact the comparability of results between periods. These should not be considered as an alternative to net income, cash flows from operations or any other indicator of WWE's performance or liquidity, determined in accordance with U.S. GAAP.
- The Company defines Free Cash Flow as net cash provided by operating activities less cash used for capital expenditures. Although it is not a recognized measure of liquidity under U.S. GAAP, Free Cash Flow provides useful information regarding the amount of cash our continuing business is generating after capital expenditures, available for reinvesting in the business, debt service, and payment of dividends.