THE DYNAMIC NATURE OF ADVERTISING IN AN EVOLVING WORLD
THE REASON CONSUMERS WATCH TV REMAINS THE SAME, IT IS THE DELIVERY THAT HAS CHANGED…

1970s
SIMPLE

1980s
EVOLVED

1990s
FRAGMENTED, COMPLEX

Antenna
Television

Antenna + Television
MVPD + Set Top Box
Live TV + VOD

Antenna for Local + Television
MVPD + Set Top Box
Live TV + VOD

Broadband
Smart TV + Connected Devices
vMVPD + AVOD
SVOD + TVOD
With an increase in streaming, there are more consumer choices than ever before.

# of Total Services in Market
CONSUMPTION IS AT AN ALL TIME HIGH

AS A RESULT OF SIGNIFICANT STREAMING GROWTH IN 2020

TV VS. DIGITAL VIDEO: AVERAGE TIME SPENT IN THE US
Hours:Minutes per Day among Population

<table>
<thead>
<tr>
<th>Year</th>
<th>Digital</th>
<th>Linear</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>5:13</td>
<td>3:42</td>
</tr>
<tr>
<td>2019</td>
<td>5:13</td>
<td>3:27</td>
</tr>
<tr>
<td>2020</td>
<td>5:47</td>
<td>3:34</td>
</tr>
<tr>
<td>2021</td>
<td>5:38</td>
<td>3:19</td>
</tr>
<tr>
<td>2022</td>
<td>5:31</td>
<td>3:07</td>
</tr>
</tbody>
</table>

Source: eMarketer January 2021
Note: Ages 18+; time spent with each medium includes all time spent with that medium, regardless of multitasking; numbers may not add up to total due to rounding; *includes live, DVR, and other prerecorded video (such as video downloaded from the internet but saved locally); ** includes viewing via desktop/laptop computers, mobile (smartphones and tablets), and other connected devices (game consoles, connected TVs, and OTT devices)
The accelerated streaming growth in 2020 resulted in gains that were predicted to take years.

<table>
<thead>
<tr>
<th>Subscription Fatigue</th>
<th>People max out at 4 streaming subscriptions for streaming up from 3 pre-pandemic. This is in addition to other subscriptions.</th>
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<tbody>
<tr>
<td>Fixed HH Budgets</td>
<td>The average HH spends $47/month on video subscriptions alone, up from $38 pre-pandemic.</td>
</tr>
<tr>
<td>Only So Many Hours Per Day for Content Consumption</td>
<td>Hovering at 338 minutes per day. Content must drive share of attention.</td>
</tr>
<tr>
<td>Wiring Issues</td>
<td>Infrastructure and lack of access to high-speed internet prevents 19 million Americans from streaming the content they want.</td>
</tr>
<tr>
<td>You Don’t Know What You Don’t Know</td>
<td>Viewers are trialing different services until they know the content they want — and much of this is via free trials.</td>
</tr>
</tbody>
</table>


This plus other factors may slow streaming’s adoption moving forward…
WHILE PREDICTING THE FUTURE IS HARD, WE ANALYZED CONSUMER BEHAVIOR

Understanding how viewing content will shape the streaming landscape

While there is no way to predict the future, our scenarios are a **point-in-time based on current behavior** and give us a glimpse into the future.

Survey and publications to determine the current landscape

3rd Party Surveys
Utilized publicly available data to determine the current streaming landscape for sizing and consumption behavior

Projections
These data were used to inform scenarios and help create ideas of what the future will hold

US Census
Utilized household projections to understand population growth through 2028

15+
While Today, 80% of US Households Stream Some Type of Content

71% of US Households Still Have a Set-Top-Box in Their Homes
MARKETERS WILL BE FORCED TO EVOLVE AND ADAPT AS LINEAR DECLINES & STREAMING CONTINUES TO GROW

Projected Growth Rate of Subscribers

AVOD Growth will Accelerate in 2024

SVOD Subscriber Growth will Slow At that Time And will Most Likely Drive-Up Monthly Subscription Costs

Source: Internal Analysis based on US Census, eMarketer, and MRI
CAGR = Compound Annual Growth Rate
WITH THIS EVOLUTION, AD-SUPPORTED SUPPLY WILL BE CHALLENGED

In 2019, 89% of Minutes Spent Consuming Content were on an Ad-Supported Format

By 2028, it is Projected to Decrease to 62% of Minutes Spent
IN 2020,
80% OF US HOUSEHOLDS STREAMED SOME TYPE OF CONTENT

... In 2028,
98%
of US Households Stream Some Type of Streaming Content

A Majority Will Stream Exclusively

Source: eMarketer, 2019, Roku study 2019
MAKES THE FUTURE DIFFICULT TO PREDICT...

ABUNDANCE OF CONTENT AND INCREASE IN SERVICES

BUT WE BELIEVE IT WILL IMPACT ADVERTISERS IN MANY WAYS

**Ad Spend**
Spend continues to follow lean-in, self-selected consumption

**Ad Innovation**
Consumer expectations continue to rise requiring message breakthrough

**Consumer Data**
Enhanced targeting creates pressure to deliver ROI
**Marketers Strive to **Balance Cross-Platform Video**

**The Rise of Dynamic Creative and Test & Learn**

**The Utilization of Data for Personalized Messaging**

### Ad Spend

- **2021**: Media spend continues to chase consumer viewing habits
- **2024**: Streaming becomes an increasingly large part of investment
- **2028**: Streaming commands the largest share of media spend

### Ad Innovation

- **2021**: Creative breakthrough becomes critical as clutter reaches an all time high
- **2024**: Dynamic creative allows for constant testing and optimization
- **2028**: True dynamic personalized creative formats become the norm

### Consumer Data

- **2021**: Hybrid targeting strategies continue to emerge as advertisers test various data sets
- **2024**: Advanced targeting is an integral component of all media plans
- **2028**: Increased access to customer purchase/ data allows for outcome-based guarantees for nearly all campaigns
NBCU HAS INVESTED IN TECHNOLOGY & CONTENT TO REACH ALL AUDIENCES & HELP MARKETERS TELL THEIR STORY

Peacock
- Premium Content with Better Advertiser and Viewer Experience
- Strict Frequency Cap
- Most Advanced Commercial Innovation

One Platform Video
- Reach the Right Audience, Wherever They are Watching
- Premium Content Across All Platforms

Commercial Innovation
- Designed for Breakthrough Ad Experience and Enhanced Performance
- Various Formats Tailored to KPIs