2023

Advertising
Market
Assessment
Marketplace + Category Knowledge

Leverage CS materials and knowledge to fuel proactive outreach, position NBCU solutions, respond to category challenges etc.

What this looks like:
- Category overview strategies & presentations
- Power of Advertising work
- UF Recaps

Client + Agency Conversations

Partner with CS to create materials that answer client/agency requests and/or help ongoing conversations.

What this looks like:
- RFP brainstorms / responses
- New business approaches / brainstorming
- Media / Innovation days
- Spend defense POVs

Proactive Thought Leadership

Share proactively created thought pieces with clients & agencies or partner to build custom POVs etc.

What this looks like:
- Category whitespaces / opportunities
- POVs on macro topics e.g., wellness, sustainability etc.

Prospecting + Marketplace Analysis

Share macro marketplace POVs, identify clients and agencies with the most opportunity / receptivity etc.

What this looks like:
- Prospecting Analyses
- Share Shift Analyses
- Scatter Forecasting
Contents

01. Full Year: 2023 in Review
02. Looking Ahead: Key Industry Trends to Watch
03. Spend Predictions and Future Projections
04. Capitalizing on Demand in Q4
Unclear indicators, creating advertiser apprehension

With many clients seeking flexibility amidst mixed-economic growth

- **Looming Downturn**: Going into 2023, nearly 70% of economists were predicting a recession by year end.

- **Price Inflation**: While inflation was cooling, prices were still over 5% higher than the same time last year.

- **Consumer Sentiment**: Consumer sentiment hit near 50-year lows as main street remained pessimistic about the future.

- **Job Market**: But the job market remained strong, with Q1 hitting a 54-year unemployment low.

- **Consumer Spending**: And even with trade downs, consumer spending stayed elevated against stubborn inflation.

Sources: 1. CNBC; 2. BLS; 3. University of Michigan; 4. BLS; 5. BEA
Evolution of Media Mix
LINEAR HAS SHRUNK BY 16PP OF THE TOTAL MIX SINCE 2017

2017 Media Mix
- Linear: 35%
- Premium Streaming: 2%
- All Other: 63%

2023 (P) Media Mix
- Linear: 19%
- Premium Streaming: 3%
- All Other: 78%

*All Other includes Non-premium Digital Video, Search, Social, Print, Out of Home, Radio, and Direct Mail
Sources: NBCU proprietary market projections inclusive of industry sources as well as SMI, S&P Global, advertiser 10Ks, MediaRadar and iSpot
Programmatic is becoming increasingly video driven

We estimate that premium video will climb to 42% of all programmatic video by 2024, or $27b.

Programmatic Video Share Trends
(CY 2017 to projected CY 2023)

% of Programmatic inventory which is Video
% of Programmatic inventory which is Display, Audio

Sources: NBCU proprietary market projections inclusive of industry sources as well as SMI, S&P Global, advertiser 10Ks, MediaRadar and iSpot.
Advertiser apprehensions hurt linear particularly hard, driving declines in the total premium video market.

The overall premium video market likely will decline by ~$2b in 2023, with linear losses offset by growth and shifting to streaming.

Premium Video Market Estimates
2022 vs. Projected 2023, in billions

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Linear</td>
<td>$47.5B</td>
<td>$42.8B</td>
</tr>
<tr>
<td>Premium Streaming</td>
<td>$6.4B</td>
<td>$9.0B</td>
</tr>
<tr>
<td>Premium Video</td>
<td>$53.9B</td>
<td>$51.8B</td>
</tr>
</tbody>
</table>

Sources: NBCU proprietary market projections inclusive of industry sources as well as SMI, S&P Global, advertiser 10Ks, MediaRadar and iSpot.
Peacock is expected to nearly double in size while Hulu is projected to decline nearly 20% in CY’23

All other includes networks like A&E and AMC

Sources: NBCU proprietary market projections inclusive of industry sources as well as SMI, S&P Global, advertiser 10Ks, MediaRadar and iSpot
Streaming growth largely driven by incremental spend on new entrants

Large dollar increases bolstered by Netflix, Max and Discovery+

All other growth is off a small base. Growth was largely driven by targeted streaming services like Vix and Revolt

Source: Proprietary NBCU forecast using economic data and industry specific ad spend data. Consensus forecast used the most recent forecast of each listed industry forecaster from December 2022 to August 1st, 2023. Weighting was conducting using proprietary NBCU analytics.
Looking Ahead

KEY INDUSTRY TRENDS TO WATCH
Marketplace Outlook in ‘24

MARKETPLACE

- Market-cap for Top 100 clients continues to improve & outpace stock indices, strong predictor of future ad growth
- Consumer confidence & economist outlook continues to improve, w/ feelings of ‘soft-landing’ more prevalent in ‘24
- While linear continues to decline, streaming to plateau, creating a contraction in premium video in ‘24
- Our current forecast sees the ad market beginning to improve consistently in mid-Q2

GROWTH OPPORTUNITIES IN 2024

Retail Media Networks continue growth
Sourced partly by media, much of the growth is coming from below-the-line shopper budgets

Premium Video is Increasingly Programmatic
We estimate that up to 42% of all programmatic video will be premium inventory (i.e. streaming)

Emerging Categories
Smaller categories like Education, Non-Profits, etc. are forecasted to have strong growth in ‘24

Sources: NBCU proprietary market projections inclusive of industry sources as well as SMI, S&P Global, advertiser 10Ks, MediaRadar and iSpot
The total ad market will grow $50b by the end of 2024

Largely driven by continued growth in search as well as emerging markets like Retail Media Networks and newer social media platforms.

Sources: NBCU proprietary market projections inclusive of industry sources as well as SMI, S&P Global, advertiser 10Ks, MediaRadar and iSpot.
Our forecast sees current sales trends continuing through next year

While the market remains bullish on streaming, our estimates expect:

- Slower growth on digital video from streaming services, with plateauing on FAST
- The ad market to see consistent improvement starting in mid-Q2’24 due to comps + more optimistic outlooks

Source: Proprietary NBCU forecast using economic data and industry specific ad spend data. Consensus forecast used the most recent forecast of each listed industry forecaster from December 2022 to August 1st, 2023. Weighting was conducting using proprietary NBCU analytics.
Sluggish growth across key categories likely to keep the premium video market flat to down in ‘24

Forecasted to Decline
Categories for New Business
Development/prospecting/demand

Forecasted to Grow
Categories to prioritize

Source: Proprietary NBCU forecast using economic data and industry specific ad spend data
Capitalizing on Demand in Q4/Q1

FINDING GROWTH
Tepid UF growth likely to translate to increase in scatter demand

Because of lower than expected UF Volumes, we expect 17% growth in digital scatter

Source: Proprietary NBCU forecast using economic data and industry specific ad spend data. Consensus forecast used the most recent forecast of each listed industry forecaster from December 2022 to August 1st, 2023. Weighting was conducted using proprietary NBCU analytics.
Q4’23 scatter demand expected to be up, with sustained growth into Q2’24

Expected growth from $1.8B to $2.5B
Linear incremental growth $200M, with CPG, Finance, and Tech leading
Digital forecasted to be up an incremental $275M, primarily in CPG, Tech, and Pharma

Source: Proprietary NBCU forecast using economic data and industry specific ad spend data
Growth in ‘24
IDENTIFYING LONGER-TERM OPPORTUNITIES TO DRIVE GROWTH THROUGH CY2024
**Mid-Tier + Longtail Categories Expected to Decline in 2024**

Mid-Tier + Longtail Categories that flourished during COVID have since diminished & declined representing a $72M threat to scatter business

<table>
<thead>
<tr>
<th>Key Themes</th>
<th>Threat</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Real Estate Services</strong></td>
<td>$44M</td>
</tr>
<tr>
<td>• Real estate services ad spend saw a 38% decline</td>
<td></td>
</tr>
<tr>
<td>• Unhealthy housing market due to rising mortgage rates and a shortage of available homes</td>
<td></td>
</tr>
<tr>
<td>• As of June 2023, Texas, Idaho, Washington, Florida and California have the biggest deficit for affordable homes</td>
<td></td>
</tr>
<tr>
<td><strong>Food Subscription Box</strong></td>
<td>$13M</td>
</tr>
<tr>
<td>• Food subscription boxes cut ad spend by 40%</td>
<td></td>
</tr>
<tr>
<td>• Food of the month cancellations outpaced new subscriptions for digital memberships</td>
<td></td>
</tr>
<tr>
<td>• Many consumers underestimated the total subscription bill for everything (including but not limited to food delivery)</td>
<td></td>
</tr>
<tr>
<td><strong>Legal Consulting Service</strong></td>
<td>$8M</td>
</tr>
<tr>
<td>• As the cost to hire lawyers increases, litigants are abstaining from professional legal services</td>
<td></td>
</tr>
<tr>
<td>• Many states have allowed non-lawyers to represent people in civil court matters</td>
<td></td>
</tr>
<tr>
<td>• Ad spend declined 89% in H1</td>
<td></td>
</tr>
<tr>
<td><strong>Mass Transit</strong></td>
<td>$6M</td>
</tr>
<tr>
<td>• COVID-19 forced riders to forgo mass transit, as a result transportation agency fares dwindled</td>
<td></td>
</tr>
<tr>
<td>• Mass transit cut ad spend by 65%</td>
<td></td>
</tr>
<tr>
<td><strong>Medical Testing Services</strong></td>
<td>$356K</td>
</tr>
<tr>
<td>• COVID-19 testing took a nosedive globally, falling from 70 - 90% worldwide (Q1’22 vs Q2’22)</td>
<td></td>
</tr>
<tr>
<td>• Medical testing services saw ad spend decline 69% in H1</td>
<td></td>
</tr>
</tbody>
</table>

Sources: NBCU Proprietary analysis using industry sources as well as supporting market evidence from sources like: NBC News, Ap News, Vox, WSJ, CNBC
These longtail categories poised for growth hold more than $239M in scatter opportunity

<table>
<thead>
<tr>
<th><strong>KEY THEMES</strong></th>
<th><strong>OPP</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sports Teams / Leagues</strong></td>
<td></td>
</tr>
<tr>
<td>• Legalization of betting, NIL deals and esports have driven up sports revenue</td>
<td>$126M</td>
</tr>
<tr>
<td>in recent years, and is expected to grow through 2027 (+22% growth)</td>
<td></td>
</tr>
<tr>
<td>• Increased interest in local/niche and youth sports also contributing to</td>
<td></td>
</tr>
<tr>
<td>growth</td>
<td></td>
</tr>
<tr>
<td><strong>Home Goods / Decor</strong></td>
<td></td>
</tr>
<tr>
<td>• Expected to reach $37B in sales globally by 2028 (+23%) following the</td>
<td>$52M</td>
</tr>
<tr>
<td>pandemic housing boom and renewed focus on transforming home spaces</td>
<td></td>
</tr>
<tr>
<td>• E-commerce stores and DTC brands to drive bulk of growth for home goods</td>
<td></td>
</tr>
<tr>
<td><strong>Baby / Children Goods</strong></td>
<td></td>
</tr>
<tr>
<td>• Demand and spend on children's goods increase as parents prioritize high-</td>
<td>$28M</td>
</tr>
<tr>
<td>quality and hygienic products</td>
<td></td>
</tr>
<tr>
<td>• Ad spend already grew 607% in 1H23, totaling $142M</td>
<td></td>
</tr>
<tr>
<td><strong>Pet Retailer</strong></td>
<td></td>
</tr>
<tr>
<td>• Pet retail revenue has risen steadily and is expected to continue, following</td>
<td>$24M</td>
</tr>
<tr>
<td>an uptick in pet ownership (~70% of U.S. HHs has a pet)</td>
<td></td>
</tr>
<tr>
<td>• Growth in category driven by pet retailer e-commerce sales</td>
<td></td>
</tr>
<tr>
<td>• Ad spend grew 22% 1H23 vs. 1H22</td>
<td></td>
</tr>
<tr>
<td><strong>Casinos</strong></td>
<td></td>
</tr>
<tr>
<td>• Forecasted to grow by $13.3B in revenue domestically through 2027, with</td>
<td>$9M</td>
</tr>
<tr>
<td>2022 as the highest revenue grossing year ever</td>
<td></td>
</tr>
<tr>
<td>• Increase and access to online and sports gambling is helping to drive</td>
<td></td>
</tr>
<tr>
<td>growth</td>
<td></td>
</tr>
</tbody>
</table>

Sources: NBCU Proprietary analysis using industry sources as well as supporting market evidence from sources like: American Pet Products Association, Statista, Grandview Research, U.S. News & World Report, Shopify
2023 Advertising Market Assessment

NBCUniversal

NBCU MARKETPLACE CLIENT STRATEGY TEAM:
Cherese Butler, Valerie Hanna, Celeste Ho, Rebecca Netson, Alex Stern, Sean Wright