

*Broxton Capital Advisors manages wealth for Institutional Investors and Households. Smart Yield is an income and growth fund with a target return of 8% annually with low volatility*

**INVEST/STAY CONNECTED**

**VIACOMCBS**

4/27/2021 | Common Shares VIAC: \$ 42.81

Recommendation: Buy Price Target: \$85

Viacom CBS (VIAC) shares offer a strong value with a large discount to their index peers. Although the company is experiencing business stability and strong growth in streaming subscribers, VIAC trades at an even larger discount to other content steaming companies. We expect VIAC to trade closer to normal valuations as investors realize that streaming subscribers are growing. In addition, VIAC still has \$300-500 million in annual cost reductions from the re-merger with CBS. VIAC is positioned to have a good 1<sup>st</sup> quarter with Superbowl 55, the introduction of Paramount + and the continued rebound in advertising across all categories. Our price target of \$85 is based on 16 X our 2022 EPS forecast of \$5.33 and the price of the recent secondary. This is an enterprise value of roughly \$75 billion. Currently, VIAC offers returns of 15.18% on covered call writing ([Jan 2022 45 call](#)) in addition to a current dividend yield of 2.25%.

4<sup>th</sup> quarter 2020 demonstrated a return to revenue and operating income growth due to growth in streaming and digital revenue which accelerated in the second half of the year. We expect VIAC to end 2021 with over 45 million paid streaming subscribers on Paramount + and Showtime OTT and over 80 million subscribers on advertising supported streaming service Pluto. We ultimately forecast a 75% household penetration domestically for Paramount + due to the unique mix of strong content and in market sports and news.

**VIAC Chart February through April 2021**

**Recent Presentation**

**VIAC Company Description:** ViacomCBS delivers premium content to audiences across traditional and emerging platforms worldwide. Through television, streaming and digital content, studio production, publishing, live events, merchandise and more, we connect with billions of people.

**Note:** VIAC experienced serious volatility in early 2021 due to speculation by leveraged participants.



**Comparisons Year 2020 (in 1,000,000s)**

Company	Netflix	Roku	ViacomCBS
Content Spend	\$ 11,779	< \$1,000	\$12,170
Revenues	\$ 24,900	\$1,778	\$25,285
Streaming Subs (1,000s)	207,640	51,200	73,000
EPS Multiple	61 X	NA	11 X
<b>4<sup>th</sup> Q Streaming Growth</b>	<b>24.2%</b>	<b>58%</b>	<b>72%</b>
2020 Operating Income	\$ 4,585	(\$20)	\$4,139
Enterprise Value	\$ 235,600	\$46,690	\$45,430
EV/Operating Inc	51 X	NA	10.9 X

## BROXTON CAPITAL ADVISORS

ViacomCBS as of 12/31/2020

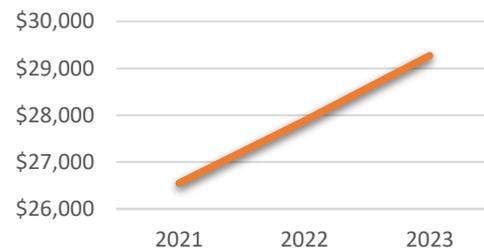
Tuesday, April 27, 2021

share price (VIAC) \$42.81

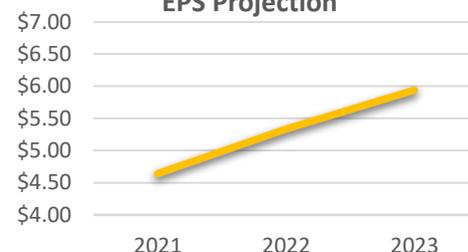
<b>PROJECTIONS MM</b>	2021	2022	2023
<b>Income Statement</b>			
Revenue	\$26,549	\$27,877	\$29,271
Gross Profit	\$10,752	\$11,429	\$12,001
Operating Income	\$4,889	\$5,583	\$6,100
pretax income	\$3,914	\$4,618	\$5,145
Net Income	\$3,014	\$3,463	\$3,859
EPS	\$4.64	\$5.33	\$5.94
Non-GAAP EPS	\$5.10	\$5.61	\$6.22
<b>EBITDA</b>	<b>\$5,593</b>	<b>\$6,287</b>	<b>\$6,804</b>
Interest	\$975	\$965	\$955
Capitalized Expense	\$365	\$370	\$375
Cash Flow after Capitalized Expense	\$3,353	\$3,797	\$4,188
Equity Dividends	\$624	\$624	\$624
Cash Flow Equity Dividend Coverage	538%	609%	672%
Retained Cash Flow	\$2,729	\$3,174	\$3,564
Retained Cash Flow Compounded	\$2,729	\$5,903	\$9,467
Revenue Growth	5%	5%	5%
<b>Valuations</b>			
Cash Flow Yield Vs. Equity Market Cap	12%	14%	15%
<b>EV/EBITDA</b>	<b>8.49</b>	<b>7.55</b>	<b>6.98</b>
P.E Ratio	9.21	8.02	7.19
Enterprise Value	\$47,497		
Total Debt	\$19,733		
Equity Market Cap	\$27,764	\$27,764	\$27,764
<b>Debt Ratios</b>			
EBITDA/Interest Coverage ratio	5.74	6.52	7.12
Debt/EBITDA	<b>3.53</b>		
<b>Liquidity</b>			
Cash (adj for secondary)	\$5,500		
Borrowing Availability est.	\$3,000+		
Current Assets (adj for secondary)	\$16,379		
Current Liabilities	\$8,296		
Quick Ratio	1.97		
<b>Debt</b>			
Notes & debentures	\$19,733		
Total	\$19,733		

NOTES:

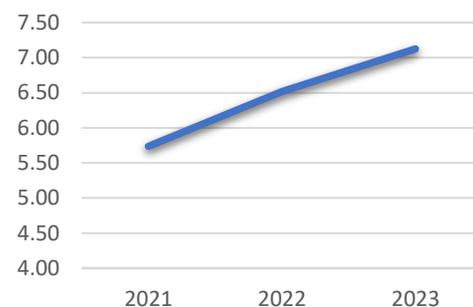
### Revenue Projection



### EPS Projection



### EBITDA / Int. Coverage



Smart Yield Fund targets a mix of different security classes that contain the risk of loss. Investors should carefully consider the Fund's investment objectives and risk factors before investing. Investing involves risk, including possible loss of principal. Investors should consider the loss of principle and targeted returns are not guaranteed. Individual investors in Smart Yield are generally required to be accredited investors. Smart Yield is a fund operated through individual accounts creating the composite. Smart Yield Fund is a new product with an inception date of September 30, 2020 and as such does not have historical data. Asset Mix Projections on page 2 and 6, Smart Yield Portfolio Metrics on page 5 are estimated or targets of the fund. Asset class mix and targets may change based on the direction of the managers. Portfolio allocation projected annual return and beta assumption for each asset class on pages 7-10 are estimated. Beta for the fund and each asset class is estimated versus the S&P 500. The average beta for the entire fund is projected to be .32. Beta is a measure of the fund's volatility in relation to S&P 500 Index. This index has a beta of 1.0. The fund targets a total gross return before fees and expenses of 9.24%. The fund projects a blended return based on income securities and capital gains. Smart Yield attempts to continuously improve the value of investment portfolios by investing in corporate bonds, convertible bonds, other types of bonds (investment grade and sub-investment grade, [which may also have limited liquidity]), dividend paying equities, non-dividend paying equities, ETFs, including leveraged ETFs, and other securities. Fixed income risks include interest-rate and credit risk. Typically, when interest rates rise, there is a corresponding decline in bond values. Credit risk refers to the possibility that the bond issuer will not be able to make principal and interest payments. All securities types mentioned in this brochure have the risk of loss. Long term strategies purchase securities which are underpriced according to our appraisal methodologies. Broxton uses regression analysis to obtain an average appraisal value for an individual company and places a priority on the securities of companies with improving financial performance and or additional catalysts that provide for increases in earnings and valuation. We use financial modeling, technical analysis, proprietary and third-party research. Smart Yield does not have any capitalization (market size), sector or industry allocation mandates. Asset class allocation percentages may be changed without notice. Broxton deploys technical analysis and momentum as indicators of movement for shorter term strategies, that may not involve deep fundamental analysis. Shorting (selling and then buying) of securities can be used for hedging and as a long term or short-term strategy. 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