



COMPANY UPDATE / ESTIMATE CHANGE

Key Metrics

|  |                 |                   |
|--|-----------------|-------------------|
| WWE - NYSE                                 | (as of 2/13/18) | \$35.42           |
| Price Target                               |                 | N/A               |
| 52-Week Range                              |                 | \$19.12 - \$36.91 |
| Shares Outstanding (mm)                    |                 | 77.1              |
| Market Cap. (\$mm)                         |                 | \$2,731           |
| 3-Mo. Average Daily Volume                 |                 | 805,230           |
| Institutional Ownership (exclud. Insiders) |                 | 99%               |
| Debt/Total Capital (12/17)                 |                 | 46%               |
| ROE (TTM ended 12/17)                      |                 | 13%               |
| Book Value/Share (12/17)                   |                 | \$3.28            |
| Price/Book Value                           |                 | 10.8x             |
| Annual Dividend & Yield                    | \$0.48          | 1.4%              |
| Adj. OIBDA Margin (TTM ended 12/17)        |                 | 14%               |

EPS FY 12/31 (GAAP-based)

|      | 2016   | 2017   | Prior 2018E | Curr. 2018E |
|------|--------|--------|-------------|-------------|
| 1Q   | \$0.18 | \$0.01 |             |             |
| 2Q   | \$0.01 | \$0.06 |             |             |
| 3Q   | \$0.14 | \$0.28 |             |             |
| 4Q   | \$0.10 | \$0.06 |             |             |
| Year | \$0.44 | \$0.42 | \$0.64      | \$0.73      |
| P/E  | 80.5x  | 84.3x  |             | 48.5x       |

Note: Quarterly figures may not add to annual figure due to rounding

Revenue (\$mm)

|      | 2016  | 2017  | Prior 2018E | Curr. 2018E |
|------|-------|-------|-------------|-------------|
| 1Q   | \$171 | \$188 |             |             |
| 2Q   | \$199 | \$215 |             |             |
| 3Q   | \$164 | \$186 |             |             |
| 4Q   | \$195 | \$212 |             |             |
| Year | \$729 | \$801 | \$835       | \$842       |

**Company Description:** *WWE, Inc. is an integrated media and entertainment company headquartered in Stamford, CT. The company has operated in the sports entertainment business for over 30 years, primarily with its well-known brand of professional wrestling. WWE programming is available in more than 180 countries and reaches over 650 million homes worldwide. In February 2014, the company launched its WWE Network. The company's main web site address is www.wwe.com.*

**WWE, Inc.**

WWE — NYSE — Neutral-3

**Impressive 4Q Results; Raising 2018 Estimates**

**Investment Highlights**

- **4Q results exceeded expectations.** Revenues of \$211.6 million were up 8.6% from a year ago, and above our estimate of \$206.6 million and street consensus of \$208.6 million. The Media and Consumer Products segments each grew. We were particularly impressed by an 8.2% increase in revenues from the company's largest segment, Media, due to growth of the WWE Network and contractual escalation of television rights fees. The Live Events segment declined due to fewer events and overall lower attendance compared to a year ago.
- **Operating leverage led to higher profit.** SG&A expenses grew at a lower rate than revenues, leading to large gains in adjusted OIBDA (operating income before depreciation & amortization, excluding nonrecurring items) and operating income. Adjusted OIBDA of \$34.8 million exceeded our projection of \$33.0 million. Adjusted OIBDA margin improved nearly 600 basis points. Diluted EPS of \$0.06 was below the year ago figure of \$0.10 due mainly to one-time charges related to new tax laws. We believe the investment community's focus is on adjusted OIBDA.
- **The WWE Network average paid subscriber base for 4Q was up 5.5% on a year-over-year basis.** This represents generally moderating growth over the course of 2017. For 1Q 2018, management expects growth of 2.7%, with higher gains in the back half of the year.
- **We have raised our 2018 financial estimates on the basis of recent business trends, our views on each segment's prospects, and a lower effective tax rate.**
- **We view the company's strategy and execution favorably.** A sizable and loyal fan base that embraces social media and technology represents a tailwind, in our view. Our Neutral rating is based on stock valuation. We will monitor conditions for what we consider a favorable risk/reward level and an attractive entry point.

**Note Important Disclosures on Pages 8-9.**

**Note Analyst Certification on Page 8.**

**Exhibit 1****Consolidated Statements of Income** (figures in millions except percentages and per share data)

|   | <b>4Q Ended</b> |                 |                | <b>Year Ended</b> |                 |                |
|---|-----------------|-----------------|----------------|-------------------|-----------------|----------------|
|   | <b>12/31/17</b> | <b>12/31/16</b> | <b>% chg.</b>  | <b>12/31/17</b>   | <b>12/31/16</b> | <b>% chg.</b>  |
| Net Revenues  | \$211.6         | \$194.9         | 8.6%           | \$801.0           | \$729.2         | 9.8%           |
| Cost of Revenues                                    | 118.2           | 117.0           | 1.0%           | 459.0             | 430.0           | 6.7%           |
| Gross Profit  | 93.4            | 77.9            | 19.9%          | 342.0             | 299.2           | 14.3%          |
| Selling, Gen., & Admin. Exp.                        | 60.1            | 57.4            | 4.7%           | 240.4             | 219.1           | 9.7%           |
| Operating Income Before<br>Deprec. & Amort. (OIBDA) | 33.3            | 20.5            | 62.4%          | 101.6             | 80.1            | 26.8%          |
| Deprec. & Amortization                              | 6.3             | 6.6             | (4.5%)         | 26.0              | 24.4            | 6.6%           |
| Operating Income                                    | 27.0            | 13.9            | 94.2%          | 75.6              | 55.7            | 35.7%          |
| Investment Income, net                              | 0.9             | 0.4             | 125.0%         | 3.4               | 2.3             | 47.8%          |
| Interest Income (Expense)                           | (4.0)           | (1.2)           |                | (14.7)            | (3.0)           |                |
| Other Income (Expense), net                         | (0.2)           | (0.3)           |                | (0.3)             | (1.8)           |                |
| Income Before Taxes                                 | 23.7            | 12.8            | 85.2%          | 64.0              | 53.2            | 20.3%          |
| Provision for Taxes                                 | 18.9            | 4.8             | 293.8%         | 31.4              | 19.4            | 61.9%          |
| Net Income  | \$4.8           | \$8.0           | (40.0%)        | \$32.6            | \$33.8          | (3.6%)         |
| <b>GAAP-based Diluted EPS*</b>                      | <b>\$0.06</b>   | <b>\$0.10</b>   | (41.2%)        | <b>\$0.42</b>     | <b>\$0.44</b>   | (4.8%)         |
| Diluted Shares Outst.                               | 79.4            | 77.8            | 2.1%           | 78.5              | 77.5            | 1.3%           |
| <b>As a % of Net Revenues:</b>                      |                 |                 | <b>bp chg.</b> |                   |                 | <b>bp chg.</b> |
| Gross Profit  | 44.14%          | 39.97%          | 417            | 42.70%            | 41.03%          | 167            |
| Selling, Gen., & Admin. Exp.                        | 28.40%          | 29.45%          | (105)          | 30.01%            | 30.05%          | (3)            |
| OIBDA, as reported                                  | 15.74%          | 10.52%          | 522            | 12.68%            | 10.98%          | 170            |
| Net Income  | 2.27%           | 4.10%           | (184)          | 4.07%             | 4.64%           | (57)           |
| Tax Rate  | 79.75%          | 37.50%          | 4,225          | 49.06%            | 36.47%          | 1,260          |

Source: WWE, Inc.

**4Q 2017 RESULTS**

WWE's business was classified into four main segments in 2017: Media, Live Events, Consumer Products and WWE Studios. Beginning with 1Q of 2018, the company will present its operating results in a restructured format that will include three segments—Media, Live Events, and Consumer Products—with new methods of allocating corporate expenses to those segments when arriving at segment profits. In addition, adjusted OIBDA (operating income before depreciation & amortization, excluding nonrecurring items) will exclude stock-based compensation expense.

Based on the reporting format used for 4Q 2017, revenues from the **Media** segment were up 8.2% from the year ago period. The increase was due to contractual escalation of television rights fees and growth of the WWE Network. Adjusted OIBDA for the segment increased 29.7% and margins rose considerably due to network growth and improved results from the television and digital media businesses.

Revenues from **Live Events** declined 8.8% as the company produced seven fewer events in North America during the quarter, offset a bit by five more international events. The overall average ticket price was up, but average attendance was down. Segment OIBDA decreased 12.9% and margins fell 72 basis points.

**Consumer Products** revenues rose 7.9% due to higher online sales of branded merchandise and higher royalties from toy sales. Segment OIBDA rose 14.4% and margins rose 211 basis points.

Results at the small **WWE Studios** segment included a revenue gain due to the performance and timing of films (including booked licensing revenue related to future release *Fighting With My Family*). Adjusted OIBDA was modestly positive compared to a slightly negative figure in the year ago period.

Total company adjusted OIBDA (excluding nonrecurring items) for 4Q was \$34.8 million, up considerably from \$20.5 million a year ago. Original 4Q guidance from the company was \$31-35 million. Total adjusted OIBDA margin surged 593 basis points. GAAP-based EPS for 4Q of \$0.06 was down from the year ago figure of \$0.10. This reflected a one-time charge of \$11.3 million that arose from the enactment of new tax laws. Specifically, the company incurred non-cash charges due to the re-measurement of deferred tax assets and repatriation of foreign earnings. Excluding these one-time items, EPS would have been approximately \$0.20 in the quarter. We believe the vast majority of investor attention is on adjusted OIBDA.

**Exhibit 2****Segment Mix** (figures in millions)

| Revenues                     | Fourth Quarter Ended |                 |                | Twelve Months Ended |                 |                |
|------------------------------|----------------------|-----------------|----------------|---------------------|-----------------|----------------|
|                              | <u>12/31/17</u>      | <u>12/31/16</u> | <u>% chg.</u>  | <u>12/31/17</u>     | <u>12/31/16</u> | <u>% chg.</u>  |
| Media                        | \$135.2              | \$125.0         | 8.2%           | \$511.2             | \$462.6         | 10.5%          |
| Live Events                  | 35.2                 | 38.6            | (8.8%)         | 151.7               | 144.4           | 5.1%           |
| Consumer Products            | 30.0                 | 27.8            | 7.9%           | 113.7               | 107.9           | 5.4%           |
| WWE Studios                  | 9.6                  | 2.4             | 300.0%         | 18.6                | 10.1            | 84.2%          |
| Corporate & Other            | 1.6                  | 1.1             | 45.5%          | 5.8                 | 4.2             | 38.1%          |
| Total Revenues               | \$211.6              | \$194.9         | 8.6%           | \$801.0             | \$729.2         | 9.8%           |
| <b>Adjusted OIBDA</b>        |                      |                 |                |                     |                 |                |
| Media                        | \$66.4               | \$51.2          | 29.7%          | \$215.4             | \$172.7         | 24.7%          |
| Live Events                  | 5.4                  | 6.2             | (12.9%)        | 42.3                | 41.8            | 1.2%           |
| Consumer Products            | 11.1                 | 9.7             | 14.4%          | 48.5                | 44.5            | 9.0%           |
| WWE Studios                  | 1.8                  | (1.1)           | N/A            | 1.1                 | (0.2)           | N/A            |
| Corporate & Other            | (49.9)               | (45.5)          | 9.7%           | (195.4)             | (178.7)         | 9.3%           |
| Total Adj. OIBDA             | \$34.8               | \$20.5          | 69.8%          | \$111.9             | \$80.1          | 39.7%          |
| <b>OIBDA Margin Analysis</b> |                      |                 |                |                     |                 |                |
|                              |                      |                 | <u>bp chg.</u> |                     |                 | <u>bp chg.</u> |
| Media                        | 49.11%               | 40.96%          | 815            | 42.14%              | 37.33%          | 480            |
| Live Events                  | 15.34%               | 16.06%          | (72)           | 27.88%              | 28.95%          | (106)          |
| Consumer Products            | 37.00%               | 34.89%          | 211            | 42.66%              | 41.24%          | 141            |
| WWE Studios                  | 18.75%               | NA              | N/A            | 5.91%               | NA              | N/A            |
| Corporate & Other            | NA                   | NA              | N/A            | NA                  | NA              | N/A            |
| Total OIBDA                  | 16.45%               | 10.52%          | 593            | 13.97%              | 10.98%          | 299            |

OIBDA = Operating Income Before Depreciation & Amortization

Note: Adjusted OIBDA figures exclude nonrecurring charges.

Source: WWE, Inc.

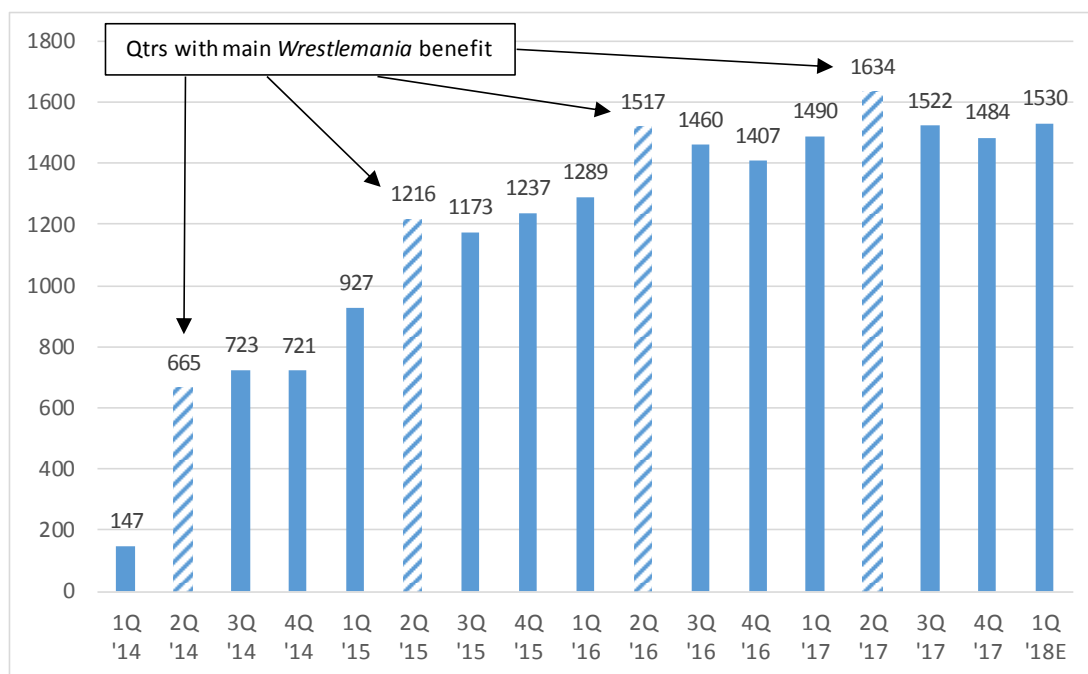
**Financial condition.** The balance sheet remained solid, in our view. Cash and short-term investments at December 31, 2017 totaled \$297.4 million. The current ratio at the end of the quarter was 2.8-to-1. Total debt at period end was \$213.5 million, or 46% of total capitalization. Stockholders' equity was \$252.9 million. The company has approximately \$100 million available under an unused revolving credit facility.

**WWE Network update.** The WWE Network launched in the U.S. in February 2014. This is basically a 24/7 network with live programming delivered directly to consumers via digital distribution to online devices such as desktop and laptop computers, tablets, smart devices, gaming consoles, and streaming media players. Traditional cable, satellite, and telecom operators were not part of the initial distribution strategy, but cable distribution was later used in Canada. Subscription rates are commonly \$9.99 per month with no time commitment. The network was made available in international markets beginning in August 2014, with international subscribers receiving the same U.S. language feed as U.S. subscribers. The network is now available in almost all international markets other than embargoed countries.

A major aspect of the service is that subscribers have access to all of WWE's live pay-per-view events (typically 12 in a given year) at no additional cost. This includes the highly popular *WrestleMania* event held in late March/early April each year. Thus, a risk to the network is cannibalization; that is, lost pay-per-view revenues as consumers opt for a lower cost network subscription instead. Also, a challenge is retaining as many subscribers as possible by keeping them from cancelling in the months following a major live event. WWE management expects rising subscriber counts, net of churn, to more than offset lost pay-per-view revenues.

### Exhibit 3

#### WWE Network - Average Number of Paid Subscribers (worldwide, in thousands)



Notes: 1Q '18 estimated figure supplied by WWE management on 2/8/18. All figures exclude free/trial subscriptions.

Network launched in February 2014.

Source: WWE, Inc.

The average number of paid subscribers in 4Q 2017 was 1.484 million, up 5.5% from one year earlier. This compares to guidance of 1.47 million, plus or minus 2%. Year-over-year growth in 4Q improved a bit from a comparable growth figure of 4.2% in the previous quarter (3Q 2017). Guidance for 1Q 2018 calls for a figure of 1.53 million, which would represent year-over-year growth of 2.7%. Management expects growth rates to increase in the back half of the year.

**Dividends.** In late December 2017, the company paid a regular quarterly dividend of \$0.12 per share. This marked the 27<sup>th</sup> consecutive quarterly dividend at that rate. We expect this rate to continue throughout 2018. The stock's current yield is approximately 1.4%. WWE's current dividend equates to annual payments of about \$37 million. We believe the company's cash flow, balance sheet cash, and existing credit facility adequately support maintenance capital expenditures and the dividend policy.

**Outlook.** A strong core customer base is solidly supporting the key businesses, and we believe there are domestic and international growth opportunities ahead. We remain pleased with the state of the company's various businesses, including the WWE Network and the company's high profile *SmackDown* and *Raw* television series. Licensing agreements for these highly important television programs in the crucial U.S., U.K., and India markets expire at various times in 2019. Future distribution plans for these programs are currently being negotiated, with announcements by the company expected at various times over the next twelve months.

We have updated our financial model based on recent results and our view of the business outlook. We project 2018 revenue growth of 5.1% to \$842 million, up \$7 million from our previous estimate. We expect year-over-year growth in the WWE Network's paid subscriber base in each quarter, helping the Media segment to higher annual revenues. We have attempted to be conservative with our estimates for the Live Events and Consumer Products segments.

In Exhibit 4, we have presented our 2018 model under two methods—the one used in past years and the one to be used in 2018. Our estimate for adjusted OIBDA conforming to the 2017 definition is \$118.0 million, up 5.5% from the 2017 figure of \$111.9 million.

For adjusted OIBDA excluding nonrecurring items and stock-based compensation expense, our 2018 estimate is \$143.0 million, up 5.1% from the 2017 figure of \$136.1 million. On this basis, management noted it expects full year adjusted OIBDA in the range of at least \$140 million. Our GAAP-based EPS estimate is raised by \$0.09 to \$0.73, with a major factor being an expected tax rate in the 25%-27% range compared to roughly 35% (when excluding nonrecurring items) in recent years.

**Valuation.** WWE shares are currently trading at about 48x our 2018 EPS estimate. However, we believe an OIBDA-based valuation is more appropriate and more common. This is due to the investment spending mode of the company and the considerable depreciation & amortization expenses involved. In addition, many media companies are commonly valued on cash flow measures such as OIBDA. The company defines OIBDA as operating income (loss) before depreciation & amortization, excluding feature film amortization and film impairments.

Using a basic cash flow valuation approach, current enterprise value (market capitalization plus net debt) represents roughly 19x our 2018 adjusted OIBDA estimate (excluding nonrecurring items and stock-based compensation expense) and 16x our 2019 estimate. We believe a potential peer group comparison would have shortcomings due to the uniqueness of WWE's business model, the fact it owns all of its content, and the early stages of the WWE Network's life cycle. However, creating a history of WWE's historical Enterprise Value/OIBDA ratios gives a range of 10-20x, excluding much higher levels in recent years following the costly launch of the WWE Network in 2014.

We believe WWE's seemingly rich valuation reflects its unique competitive position in the media industry, its ahead-of-its-time streaming network (with fully owned and relatively inexpensive content), highly rated weekly cable television programs (including much desired live performances), a sound balance sheet, seemingly modest capital spending needs in future years, and global growth opportunities with each of its business segments.

**Opinion.** We have a generally favorable view of the company, its business strategy, and management team. However, we feel the stock is fairly valued at this time. We will closely monitor the company's television programming endeavors (including upcoming negotiations for its key *Raw* and *SmackDown* shows in certain countries), the quality and popularity of its live events, and the level of paid subscriptions to the WWE Network. We believe the company is on the right track strategically, and that key financial metrics are likely to follow a positive path. Consequently, we could upgrade our opinion at a lower valuation, assuming no change in company fundamentals, or with a positive development in any of WWE's main business segments.

**Risks.** Risk factors associated with investments in WWE, Inc. include negotiation of programming agreements with broadcast, cable network, and pay-per-view providers, the ability to create appealing content and retain key performers, the overall popularity of professional wrestling, and the competitive impact from other wrestling/fighting organizations. The WWE Network is a key factor as well, particularly associated costs, the subscriber base, and churn levels, in our view. Relations with business partners, including toy and videogame licensors, are other considerations.

Although the company has created multiple revenue streams, the vast majority of operations are centered on its core wrestling product. Other risk factors include general economic conditions and potential liabilities in excess of insurance coverage related to accidents or injuries during the company's events.

**Suitability.** Our Suitability rating is 3 (see Suitability rating definitions on page 8). This reflects our view of recent financial results and company fundamentals, as well as consideration for the overall risk profile. Investors should be mindful of past volatility in the stock associated with erratic earnings as well as uncertainty with and greater dependence on WWE Network subscriptions.

**Other considerations.** There are two classes of common stock. Class A shares are held by the public and are entitled to 1 vote each, and Class B shares are held by the family of Chairman Vince McMahon and are entitled to ten votes each. Thus, the McMahon family's approximate two-thirds ownership stake represents roughly 90% of the voting power. We consider the employment of Vince McMahon vital to the company's future success. Mr. McMahon is under an employment contract that features annual renewals. Additionally, with its dominant voting power, the McMahon family can exercise control over the company's affairs.

**Exhibit 4**  
**GAAP-based Consolidated Statements of Income** (figures in millions except per share data and percentages)

|                                   | 2014     | 2015    | 2016    | 1Q      | 2Q      | 3Q      | 4Q      | 2017    | 2018E   | 2018E                     | 2018 Reporting Format   |
|-----------------------------------|----------|---------|---------|---------|---------|---------|---------|---------|---------|---------------------------|---|
| Media                             | \$339.9  | \$425.4 | \$462.6 | \$118.6 | \$132.2 | \$125.2 | \$135.2 | \$511.2 | \$544.0 | \$560.0                   | Media   |
| Live Events                       | 110.7    | 124.7   | 144.4   | 32.1    | 52.8    | 31.6    | 35.2    | 151.7   | 160.0   | 160.0                     | Live Events   |
| Consumer Products                 | 78.1     | 98.4    | 107.9   | 35.1    | 24.6    | 24.0    | 30.0    | 113.7   | 118.0   | 122.0                     | Consumer Products   |
| WWE Studios                       | 10.9     | 7.1     | 10.1    | 1.3     | 3.5     | 4.2     | 9.6     | 18.6    | 15.0    |                           |   |
| Corporate & Other                 | 3.0      | 3.2     | 4.2     | 1.3     | 1.5     | 1.4     | 1.6     | 5.8     | 5.0     |                           |   |
| Total Revenues                    | 542.6    | 658.8   | 729.2   | 188.4   | 214.6   | 186.4   | 211.6   | 801.0   | 842.0   | 842.0                     | Total Revenues  |
| Media                             | 75.4     | 154.4   | 172.7   | 45.4    | 37.2    | 66.4    | 66.4    | 215.4   | 224.0   | 145.6                     | Media (incl. some corp. exp.)                                   |
| Live Events                       | 27.8     | 38.0    | 41.8    | 8.1     | 21.6    | 7.2     | 5.4     | 42.3    | 45.0    | 29.1                      | Live Events (incl. some corp. exp.)                             |
| Consumer Products                 | 32.2     | 42.8    | 44.5    | 17.9    | 9.1     | 10.4    | 11.1    | 48.5    | 50.0    | 33.3                      | Consumer Prod. (incl. some corp exp.)                           |
| WWE Studios                       | 0.5      | (1.5)   | (0.2)   | (2.9)   | (0.7)   | (0.3)   | 0.3     | (3.6)   | (1.0)   | (90.0)                    | Corporate Exp.  |
| Corporate & Other Exp.            | (151.4)  | (172.1) | (178.7) | (57.6)  | (50.2)  | (43.3)  | (49.9)  | (201.0) | (200.0) | 118.0                     | Total OIBDA, as reported  |
| Total OIBDA, as reported          | (15.5)   | 61.6    | 80.1    | 10.9    | 17.0    | 40.4    | 33.3    | 101.6   | 118.0   | 28.0                      | Deprec. & Amort.  |
| Deprec. & Amort.                  | 26.7     | 22.8    | 24.4    | 6.9     | 6.3     | 6.5     | 6.3     | 26.0    | 28.0    | 90.0                      | Operating Income  |
| Operating Income                  | (42.2)   | 38.8    | 55.7    | 4.0     | 10.7    | 33.9    | 27.0    | 75.6    | 90.0    | (12.0)                    | Interest Inc. & Other (Exp.), net                               |
| Interest Inc. & Other (Exp.), net | (7.1)    | (2.6)   | (2.5)   | (2.6)   | (2.9)   | (2.8)   | (3.3)   | (11.6)  | (12.0)  | 78.0                      | Income Before Taxes   |
| Income Before Taxes               | (49.3)   | 36.2    | 53.2    | 1.4     | 7.8     | 31.1    | 23.7    | 64.0    | 78.0    | 20.3                      | Provision for Taxes   |
| Provision for Taxes               | (19.2)   | 12.1    | 19.4    | 0.5     | 2.7     | 9.3     | 18.9    | 31.4    | 20.3    | \$57.7                    | Net Income  |
| Net Income                        | (\$30.1) | \$24.1  | \$33.8  | \$0.9   | \$5.1   | \$21.8  | \$4.8   | \$32.6  | \$57.7  | \$0.73                    | Diluted EPS, As Reported  |
| Diluted EPS, As Reported          | (\$0.40) | \$0.32  | \$0.44  | \$0.01  | \$0.06  | \$0.28  | \$0.06  | \$0.42  | \$0.73  | 79.5                      | Wtd. Diluted Shares Outst.                                      |
| Wtd. Diluted Shares Outst.        | 75.3     | 76.3    | 77.5    | 78.2    | 78.6    | 78.5    | 79.4    | 78.5    | 79.5    | \$143.0                   | Adjusted OIBDA (exclud. stock-based comp. & nonrecurring items) |
| Adjusted OIBDA                    | (\$11.6) | \$68.7  | \$80.1  | \$18.6  | \$18.1  | \$40.4  | \$34.8  | \$111.9 | \$118.0 | 26.0%                     | Reported OIBDA Margins:   |
| (excludes nonrecurr. items)       |          |         |         |         |         |         |         |         |         | 18.2%                     | Media   |
| Reported OIBDA Margins:           |          |         |         |         |         |         |         |         |         | 27.3%                     | Live Events   |
| Media                             | 22.2%    | 36.3%   | 37.3%   | 38.3%   | 28.1%   | 53.0%   | 49.1%   | 42.1%   | 41.2%   | NMF                       | Consumer Products   |
| Live Events                       | 25.1%    | 30.5%   | 28.9%   | 25.2%   | 40.9%   | 22.8%   | 15.3%   | 27.9%   | 28.1%   | NMF                       | WWE Studios   |
| Consumer Products                 | 41.2%    | 43.5%   | 41.2%   | 51.0%   | 37.0%   | 43.3%   | 37.0%   | 42.7%   | 42.4%   | As a % of Total Revenues: | Reported OIBDA  |
| WWE Studios                       | 4.6%     | NMF     | NMF     | NMF     | NMF     | NMF     | 3.1%    | NMF     | NMF     | 14.0%                     | Adjusted OIBDA  |
| As a % of Total Revenues:         |          |         |         |         |         |         |         |         |         | 10.7%                     | Operating Income  |
| Reported OIBDA                    | NMF      | 9.4%    | 11.0%   | 5.8%    | 7.9%    | 21.7%   | 15.7%   | 12.7%   | 14.0%   | 6.9%                      | Net Income  |
| Adjusted OIBDA                    | NMF      | 10.4%   | 11.0%   | 9.9%    | 8.4%    | 21.7%   | 16.4%   | 14.0%   | 17.0%   | 26.0%                     | Tax Rate  |
| Operating Income                  | NMF      | 5.9%    | 7.6%    | 2.1%    | 5.0%    | 18.2%   | 12.8%   | 9.4%    | 10.7%   | 5.1%                      | Yr-Over-Yr Growth Rates:  |
| Net Income                        | NMF      | 3.7%    | 4.6%    | 0.5%    | 2.4%    | 11.7%   | 2.3%    | 4.1%    | 6.9%    | 5.5%                      | Total Revenues  |
| Tax Rate                          | 38.9%    | 33.4%   | 36.5%   | 35.7%   | 34.6%   | 29.9%   | 79.7%   | 49.1%   | 26.0%   | 77.1%                     | Adjusted OIBDA ~  |
| Yr-Over-Yr Growth Rates:          |          |         |         |         |         |         |         |         |         | 8.6%                      | Net Income  |
| Total Revenues                    | 6.8%     | 21.4%   | 10.7%   | 10.1%   | 7.8%    | 13.5%   | 8.6%    | 9.8%    | 5.1%    | 39.7%                     |   |
| Adjusted OIBDA                    | NMF      | NMF     | 16.6%   | (32.6%) | 141.3%  | 64.9%   | 69.8%   | 39.7%   | 5.5%    |                           |   |
| Net Income                        | NMF      | NMF     | 40.2%   | (93.5%) | 537.5%  | 96.4%   | (40.0%) | (3.6%)  | 77.1%   |                           |   |

Source: WWE, Inc. and Hilliard Lyons estimates  
~2018 Adjusted OIBDA year-over-year percentage change is from restated 2017 figure of \$136.1 million

*Additional information is available upon request.*

### **Analyst Certification**

I, Jeffrey S. Thomison, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject company(ies) and its (their) securities. I also certify that I have not been, am not, and will not be receiving direct or indirect compensation in exchange for expressing the specific recommendation(s) in this report.

### **Important Disclosures**

Hilliard Lyons' analysts receive bonus compensation based on Hilliard Lyons' profitability. They do not receive direct payments from investment banking activity.

### **Investment Ratings**

**Buy** - We believe the stock has significant total return potential in the coming 12 months.

**Long-term Buy** - We believe the stock is an above average holding in its sector, and expect solid returns to be realized over a longer time frame than our Buy rated issues, typically 2-3 years.

**Neutral** - We believe the stock is an average holding in its sector, is currently fully valued, and may be used as a source of funds if better opportunities arise.

**Underperform** - We believe the stock is vulnerable to a price set back in the next 12 months.

### **Suitability Ratings**

**1** - A large cap, core holding with a solid history

**2** - A historically secure company which could be cyclical, has a shorter history than a "1" or is subject to event driven setbacks

**3** - An above average risk/reward ratio could be due to small size, lack of product diversity, sporadic earnings or high leverage

**4** - Speculative, due to small size, inconsistent profitability, erratic revenue, volatility, low trading volume or a narrow customer or product base

|                     | Hilliard Lyons<br>Recommended Issues |                        | Investment Banking<br>Provided in Past 12 Mo. |            |
|---------------------|--------------------------------------|------------------------|---|------------|
|                     | # of<br>Stocks Covered               | % of<br>Stocks Covered | Banking                                       | No Banking |
| <b>Rating</b>       |                                      |                        |   |            |
| <b>Buy</b>          | 31                                   | 28%                    | 10%   | 90%        |
| <b>Hold/Neutral</b> | 74                                   | 66%                    | 9%  | 91%        |
| <b>Sell</b>         | 7                                    | 6%                     | 0%  | 100%       |

*As of 7 February 2018*





Note: Price targets accompanying Buy ratings reflect a one year time period while price targets accompanying Long-term Buy ratings reflect a two to three year time period.

### Other Disclosures

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