


Give light  and the people will find their own way

Investor & media call, Aug. 1, 2017

The Katz networks:
Creating new value in over-the-air distribution

SCRIPTS

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Scripps is acquiring fast-growing, audience-targeted broadcast networks.

- Scripps is acquiring **four Katz broadcasting networks** for \$302 million or a net purchase price of \$292 million after accounting for its 5 percent ownership position in a portion of the business.
- The deal will be treated as a purchase of assets for tax purposes. After including the present value of the future tax benefits, the **purchase multiple is about 8x**, based on forecasted 2018 segment profit.
- The acquisition provides Scripps with four fast-growing broadcast TV networks, delivered over-the-air. Scripps will add the companies' talented management teams and **benefit from their experience** running these audience-targeted broadcast networks.
- The four networks are projected to generate about \$180 million in revenue and about \$30 million in segment profit in 2018. The transaction is expected to be **accretive to Scripps' earnings** in 2018 and beyond.
- The acquisition is a **strategic fit** with Scripps' view of the future of media and the growth of over-the-air viewing.

Scripps is acquiring fast-growing, audience-targeted broadcast networks.

- The transaction is expected to close Oct. 2.
- Scripps intends to finance the acquisition by issuing a new \$250 million Term Loan B and about \$50 million of cash on hand.
- At June 30, Scripps had \$150 million of cash on its balance sheet as well as unfunded revolver commitments of \$125 million.
- By year-end 2018, net leverage is expected to be about 2.5x.
- The transaction is subject to Hart-Scott-Rodino clearance and customary closing conditions.

What Scripps is acquiring: Four networks and their management team.



Jonathan Katz

2011: Jonathan Katz, a former top Turner Broadcasting executive, and advisors that include Martin Luther King III and civil rights icon Ambassador Andrew Young, launches Bounce TV, the first broadcast network created for African Americans.

2014-15: Katz launches three additional audience-targeted networks: Grit, Escape and Laff.

2017: Each network reaches nearly 100 million U.S. television homes, with consistent revenue growth and strong positive ratings trajectories.

Katz has broad distribution that offers national advertising scale.

Business model

The Katz networks buy distribution on broadcasters' multicast channels and use that broad reach – as well as audience-targeted content – to appeal to national advertisers.

Advertising provides 100 percent of Katz revenue.



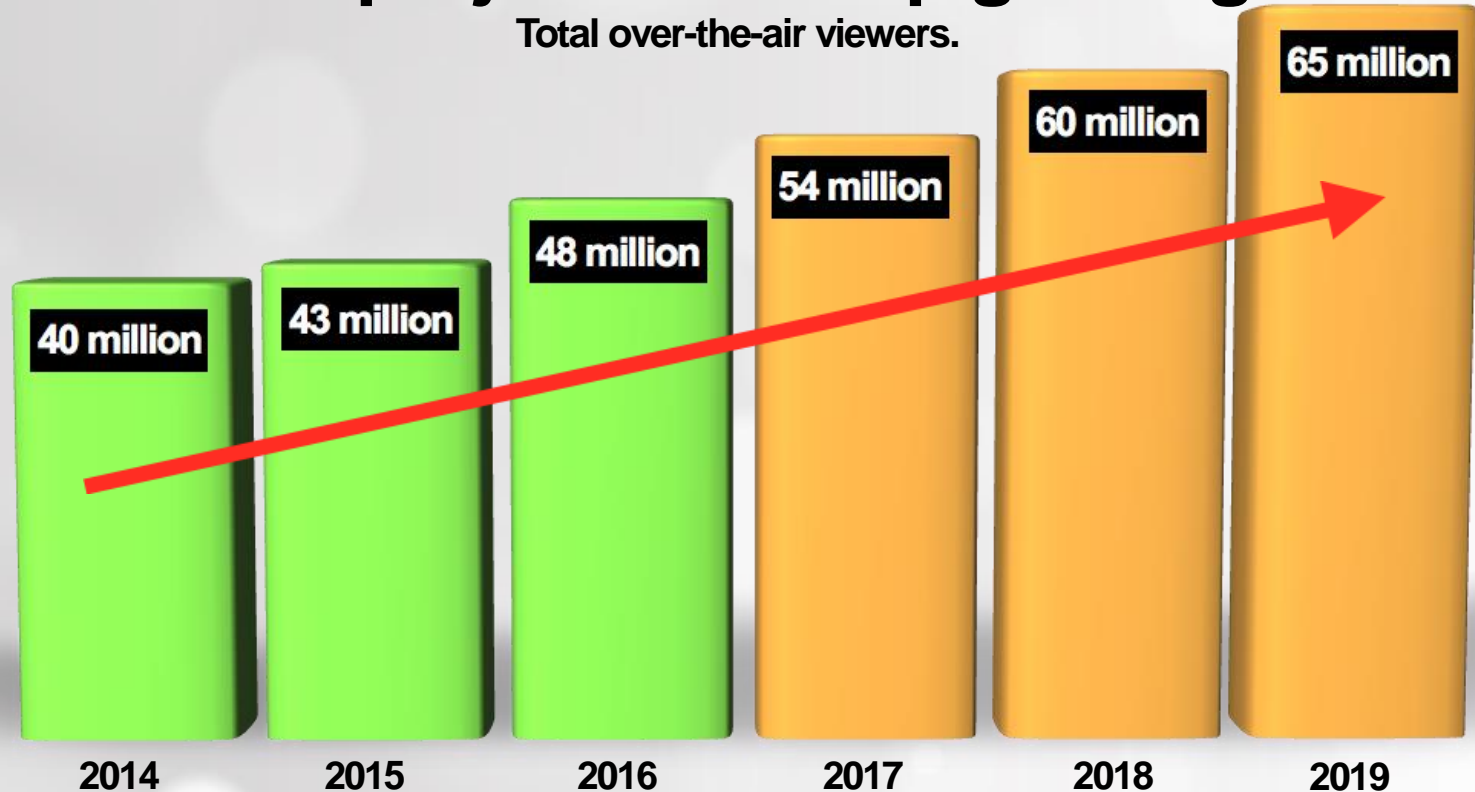
The market: New consumer behaviors.

Television is changing.

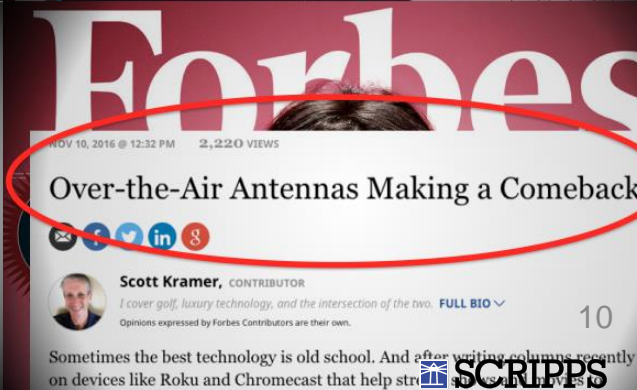
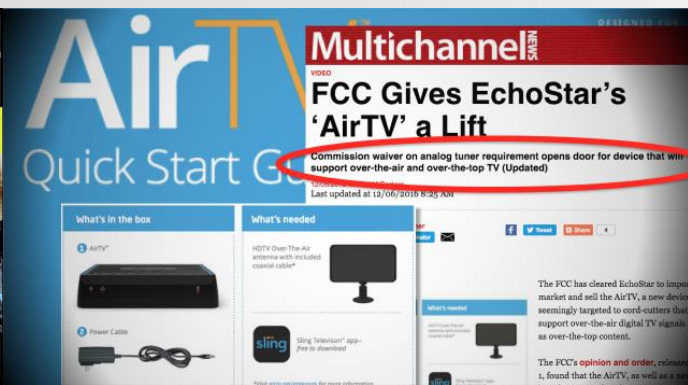
- Over-the-air viewing is increasing.
- Over-the-top services, over-the-air channels and cable are coming together in a one-remote-control world.
- Programmers who are developing relationships with audiences on all of these platforms will be best-positioned to succeed.

The number of over-the-air TV viewers is growing... and projected to keep growing.

Total over-the-air viewers.



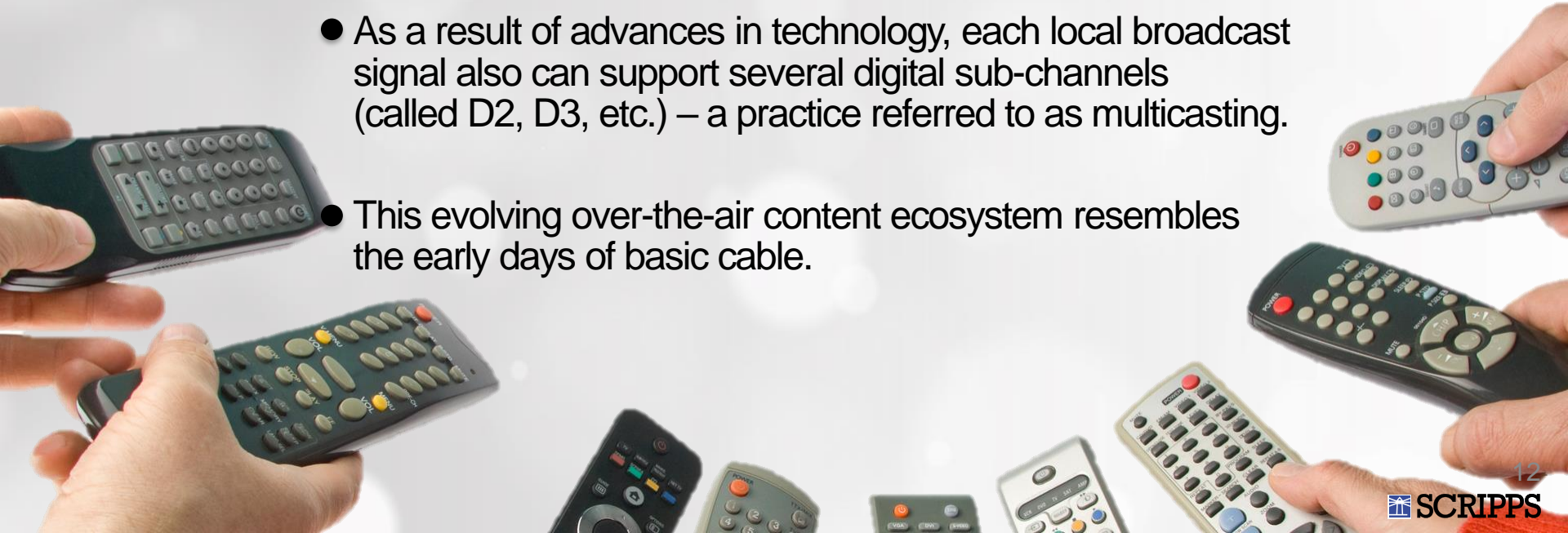
And over-the-top services are creating easy ways for customers to get over-the-air.



The market: New technological advancements.

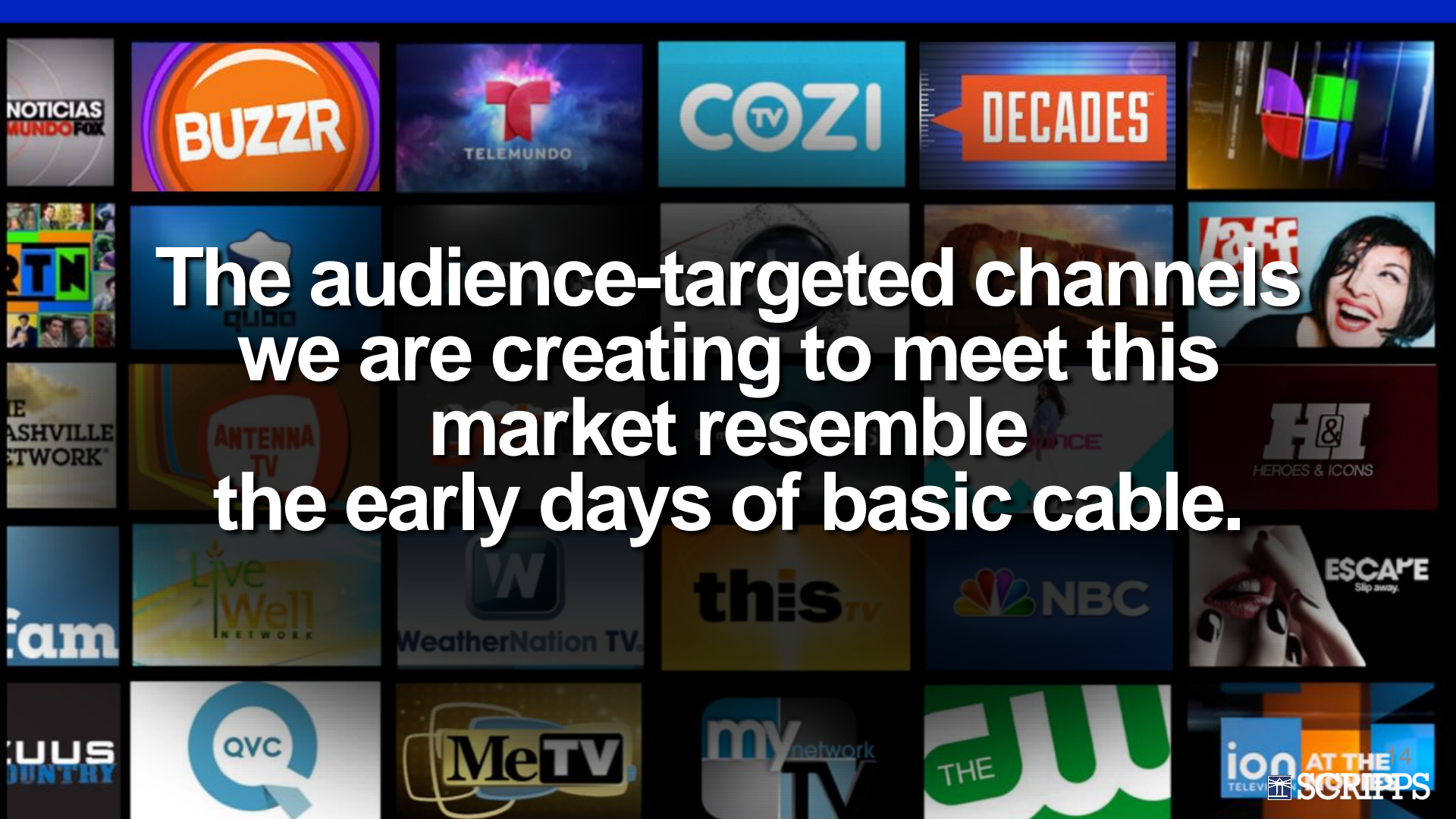
Increased spectrum capacity is making room for new over-the-air channels.

- Primary local broadcast channels continue to support network programming and local news brands.
- As a result of advances in technology, each local broadcast signal also can support several digital sub-channels (called D2, D3, etc.) – a practice referred to as multicasting.
- This evolving over-the-air content ecosystem resembles the early days of basic cable.



A tower can transmit multiple channels that can be distributed multiple ways.





The audience-targeted channels
we are creating to meet this
market resemble
the early days of basic cable.

This new ecosystem offers consumers over-the-air networks focused on serving the same demos and genres as cable.

African American



Women



Men

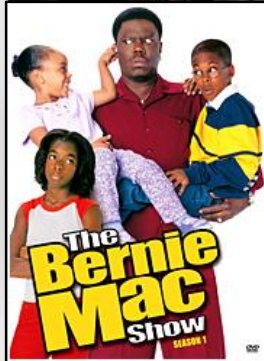


Comedy



The market: New network strategies.

Bounce is the first and only African-American broadcast network



- **Target audience:** African American adults 18-54.
- **Programming overview:** Bounce features a programming mix of hit original comedies and dramas, off-network series, top theatrical movies, news, specials, live sports and more.
- **Reach:** Bounce reaches 95 million households, 82 percent of the U.S., and 94 percent of African American homes.

Bounce is a top-five network in African-American delivery ranked with ad-supported cable TV.

Adults 25-54, total day, June 2017.



1. **BET★**

2. [adult swim]

3. **CNN**

4. **VH1**

5. **BOUNCE**

6. **ESPN**

7. **ID**
INVESTIGATION
DISCOVERY

8. **USA**
network

9. **MSNBC**

10. **TNT**

Grit is “Television With Backbone.”



- **Target audience:** Men 25-54.
- **Programming overview:** Grit is an action-oriented network built around classic male heroes like John Wayne, Clint Eastwood and Chuck Norris. With a heavy focus on a library of western and action theatrical motion pictures, complemented by key off-network series.
- **Reach:** Grit reaches 101 million households, 87 percent of all U.S. households.

Grit is top 40 among leading networks with men.

Men 18+, primetime, June 2017.

1. 	15. [adult swim]	30. 	44. 	56. 	69. 	84. 
2. 	16. 	31. 	45. 	57. 	70. 	85. 
3. 	17. 	32. 	46. 	58. 	71. 	86. 
4. 	18. 	33. 	47. 	59. 	72. 	87. 
5. 	19. 	34. 	48. 	60. 	73. 	88. 
6. 	20. 	35. 	49. 	61. 	74. 	89. 
7. 	21. 	36. 	50. 	62. 	75. 	90. 
8. 	22. 	37. 	51. 	63. 	76. 	91. 
9. 	23. 	38. 	52. 	64. 	77. 	92. 
10. 	24. 	39. 	53. 	65. 	78. 	93. 
11. 	25. 	40. 	54. 	66. 	79. 	94. 
12. 	26. 	41. 	55. 	67. 	80. 	95. 
13. 	27. 	42. 		68. 	81. 	96. 
14. 	28. 	43. 			82. 	97. 
	29. 				83. 	98. 

Escape features a heavy dose of true-crime docuseries and dramas.



- **Target audience:** Women 25-54.
- **Programming overview:** Escape is the home of both original and off-network true-crime series along with movies, all anchored in stories of investigation and mystery.
- **Reach:** Escape reaches 99 million households, 85 percent of all U.S. households.

Escape ranks in the top 50 with women.

Women 25-54, total day, June 2017.

1. ID	15. Hallmark	30. Spike	44. FX	56. Pop	69. ESPN 2	84. life
2. nick@nite	16. Q	31. We	45. CMT	57. NBCSN	70. NAT GEO WILD	85. NFL
3. HGTV	17. MSNBC	32. BET	46. WGN	58. DESTINATION AMERICA	71. XD	86. Discovery
4. nick	18. VH1	33. nick Jr.	47. MTV	59. teennick	72. G	87. GAC
5. [adult swim]	19. CN	34. Syfy	48. ESCAPE	60. COOKING CHANNEL	73. FXM	88. MLB
6. USA	20. Bravo	35. ANIMAL PLANET	49. TVONE	61. IFC	74. fyi	89. MTV
7. TNT	21. FREEFORM	36. HLN	50. SCI	62. The Weather Channel	75. nicktoons	90. UNIVISION DEPORTES
8. food	22. Lmn	37. Hallmark MOVIES & MYSTERIES	51. NATIONAL GEOGRAPHIC CHANNEL	63. G	76. Logo	91. OVATION
9. tbs	23. FX	38. OWN	52. insp	64. CNBC	77. sprout	92. fuse
10. FOX NEWS channel	24. Discovery CHANNEL	39. travel	53. BBC AMERICA	65. SUNDANCE TV	78. BabyFirstTV	93. G
11. TV LAND	25. H	40. C	54. MTV 2	66. REELZ CHANNEL	79. AHC	94. Smithsonian CHANNEL
12. TLC	26. MTV	41. oxygen	55. div	67. FOX SPORTS	80. VICE	95. NBC UNIVERSO
13. CNN	27. E	42. tru		68. UP	81. e!	96. FOX BUSINESS
14. A&E	28. ESPN	43. TV LAND			82. reggie	97. T
	29. amc				83. Family	98. EL REY

Excludes the Big 4 networks. Nielsen, Live + SD, Total Day, Women 25-54, June 2017 (5/29/17 – 6/25/17).

Laff launched in April 2015 and began Nielsen ratings in Q2 2017.



- **Target audience:** Adults 18-49.
- **Programming overview:** Laff, the nation's first broadcast network devoted to comedy around-the-clock, features a mix of hit contemporary sitcoms and popular movies.
- **Reach:** Laff reaches 99 million households, 85 percent of all U.S. households.

