



THE E.W. SCRIPPS COMPANY

# INVESTOR PRESENTATION

SPRING 2018 – UPDATED MAY 22

# Disclaimer

## Forward-Looking Statements

Certain statements in this communication may contain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Statements that are not historical in nature and which may be identified by the use of words like “believe,” “project,” “expect,” “anticipate,” “estimate,” “intend,” “strategy,” “future,” “opportunity,” “plan,” “may,” “should,” “will,” “would,” “will be,” “will continue,” “will likely result,” and similar expressions, are forward-looking statements. These forward-looking statements are based on management's current expectations, and are subject to certain risks, trends and uncertainties, including changes in advertising demand and other economic conditions that could cause actual results to differ materially from the expectations expressed in such forward-looking statements. Such forward-looking statements are made as of the date of this communication and should be evaluated with the understanding of their inherent uncertainty. A detailed discussion of principal risks and uncertainties which may cause actual results and events to differ materially from such forward-looking statements is included in the company's Form 10-K on file with the SEC in the section titled “Risk Factors”. The company undertakes no obligation to publicly update any forward-looking statements to reflect events or circumstances after the date the statement is made.

# Scripps Is One Of The Nation's Largest Local Broadcasters And Owns Content Brands With National Scale

Scripps serves audiences and businesses through a growing portfolio of local and national media brands.

- We are well-positioned to serve customers through our two key segments:
  - **Local Media:** With 33 television stations and their digital media outlets, Scripps is one of the nation's largest independent TV station owners
  - **National Media:** Scripps runs an expanding collection of national content businesses, including four audience-targeted multicast networks, the next-generation news network Newsy and podcast industry leader Midroll

## Local Media

- Attractive station portfolio
- Presence in 24 markets
- Reaches one in five TV households
- Affiliations with all the Big Four networks

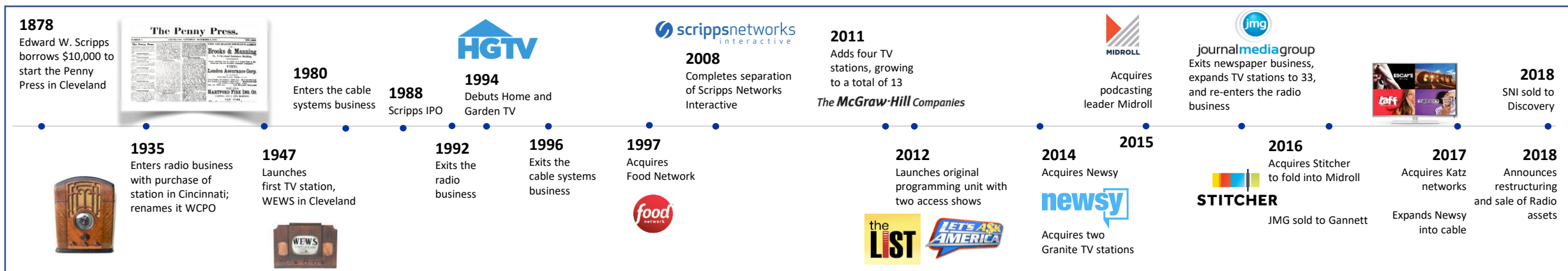


## National Media

- Fast-growing, audience targeted brands
- National reach and scale, with opportunity to continue to broaden distribution
- Moving from direct response to more lucrative general-market advertising to drive revenue growth and profitability



# Scripps Has A Long History Of Capitalizing On Consumer Media Habits To Create Shareholder Value



Scripps' history is marked by a series of events that have created value over its 30-year span as a public company. Our total shareholder return since 1988 has been **+1,429% (+8.4% annualized)**<sup>1)</sup>. Among these notable events were:

- The sale of cable systems to Comcast, where Scripps shareholders received Comcast stock
- The spinoff of Scripps Networks Interactive, which unlocked value in the SNI share price (and SNI was ultimately sold to Discovery in 2018 for \$14.6B)
- The spinoff of Scripps' newspapers, which merged with the Journal Communications newspapers to form Journal Media Group, sold within a year to Gannett in a cash deal for shareholders
- The 2015 Journal double-spin/double merge, which also produced a \$1 per share special dividend for the Scripps shareholders

1) Total shareholder return as of June 29, 1988 through April 4, 2018; assumes dividends received are used to purchase new shares, per Bloomberg

# Executive Summary

**CHAPTER 1**      Successful Transformation

**CHAPTER 2**      The Value Creation Ahead

**CHAPTER 3**      Conclusion

# We Are Undergoing A Swift Transformation

## Present

- ✓ Announced leadership changes in mid-2017
- ✓ Re-organized company into National Media and Local Media to position it for improved performance and growth
- ✓ Launched a comprehensive strategy to enhance margins and cash flow in our Local Media business and build long-term value in our National Media businesses
- ✓ Engaged in comprehensive restructuring, including the anticipated sale of radio portfolio and optimization of cost structure
- ✓ Set strategic direction designed to capitalize on the evolving media landscape
- ✓ Initiated quarterly dividend

## Future

- ✓ Execute a buy-sell-swap strategy, grow retransmission revenue and reduce costs in order to optimize TV station group performance
- ✓ Scale national businesses, maximizing audience, revenue growth potential and free cash flow contribution
- ✓ Continue to prioritize near-term operating performance while maintaining our approach to long-term value creation
- ✓ Position the station portfolio to create greater value for shareholders within our markets

Decisions were made prior to 2008 to leverage company cash flow and retrans to further the growth of the Scripps Networks at a time when most broadcasters were buying duopolies and beginning to reap greater retrans fees



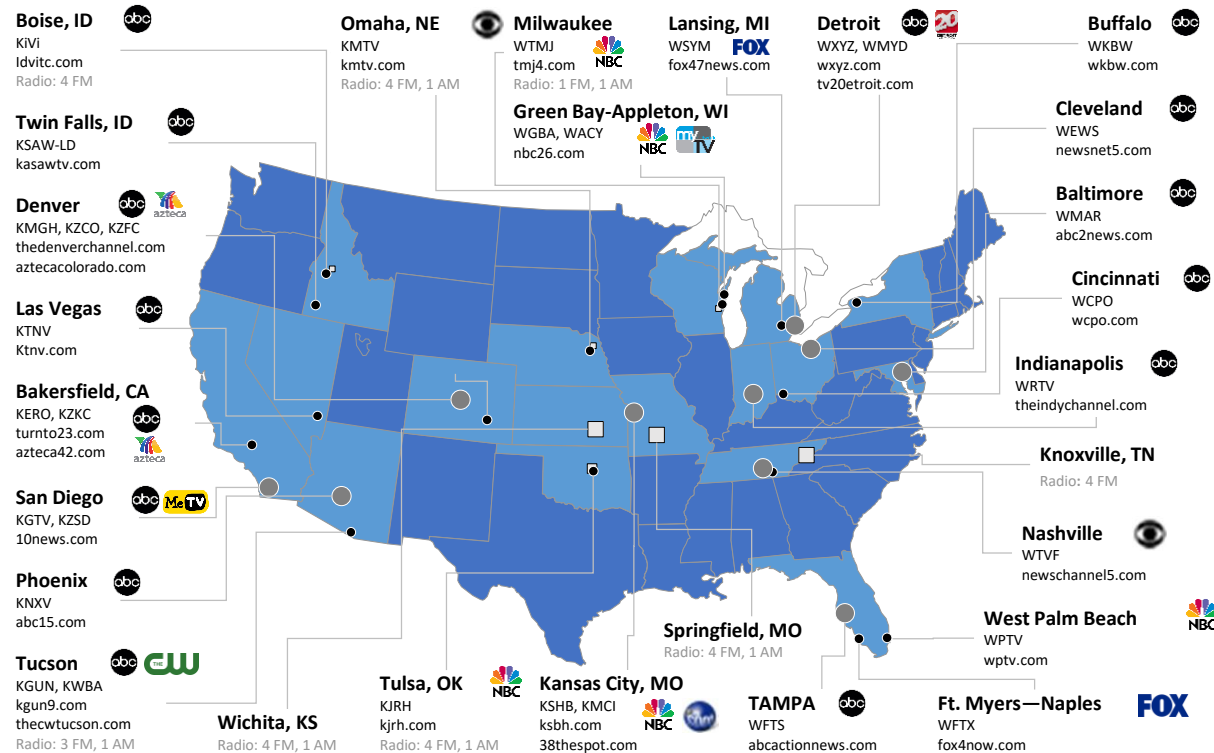
# We Have A Comprehensive Strategy Focused On Delivering Value To Shareholders

## In The Near Term

- 1 Complete reorganization of Scripps' businesses according to the marketplaces they serve: Local and National
- 2 Pursue in-market consolidation through buy-sell-swap station acquisition strategy, allowing us to assemble the best performing TV portfolio possible
- 3 Reduce corporate and Local Media cost structures to yield more than \$30 million in annual savings and enhance broadcast cash flow
- 4 Execute sale of radio business to further optimize our portfolio
- 5 Invest to fully capture the potential in our national media businesses, which we see as a long-term growth engine with significant opportunity for value creation
- 6 Deliver value to shareholders through prudent capital allocation and strategic decision making, including the recent initiation of a quarterly dividend

# Our Reorganization Reflects How Audiences And Advertisers View Our Businesses

## Local Media Brands



## National Media Brands

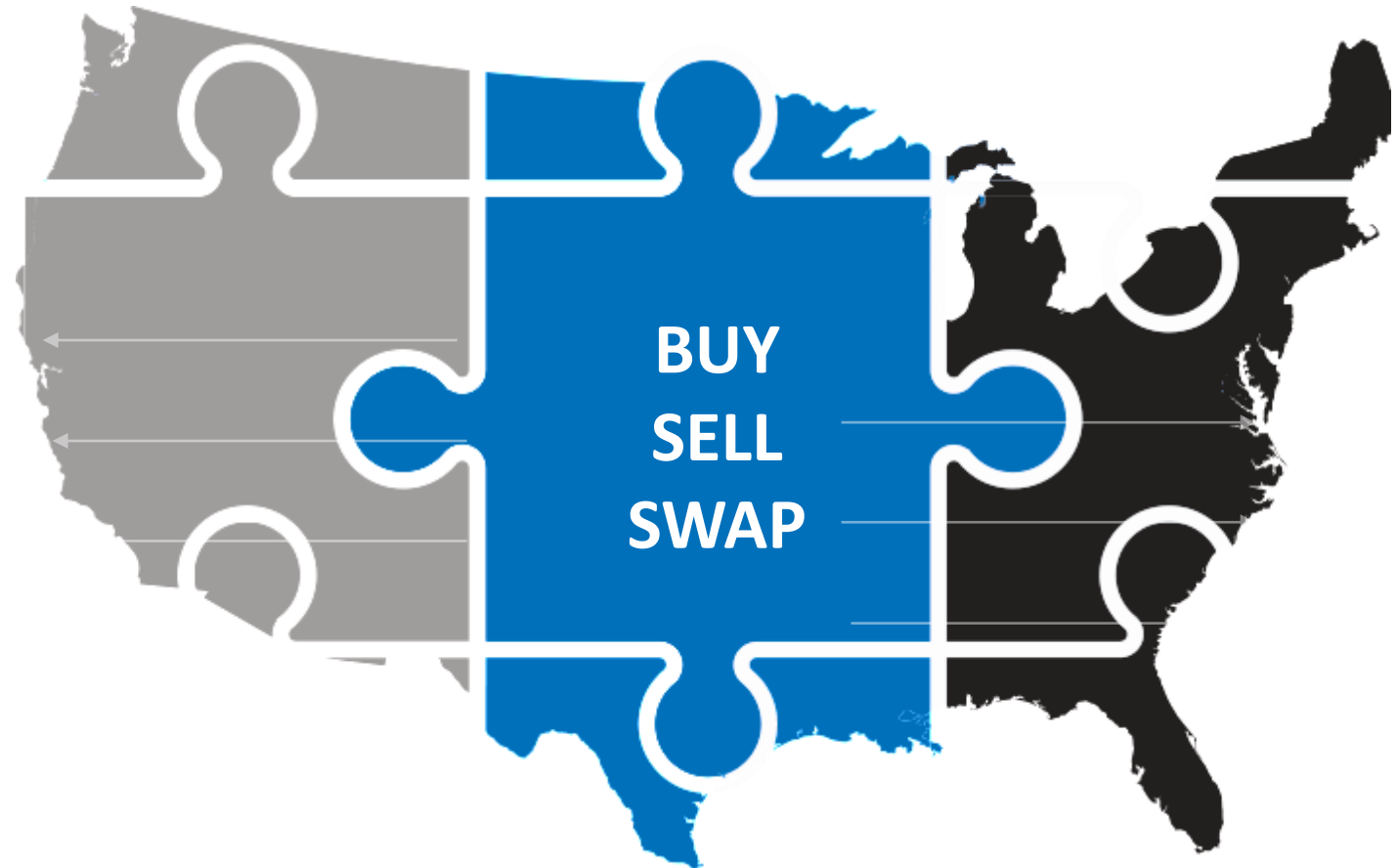




# Our M&A Priority Is To Strengthen Our TV Portfolio

## Our Strategy

- Build on our proven track record as a TV consolidator (McGraw-Hill, Granite Broadcasting, Journal Media Group)
- Engage in a buy-sell-swap strategy, seizing opportunities in light of TV ownership regulation changes to strengthen our portfolio
- Expand within our existing markets
- Move into new markets that enhance our portfolio and give us further national scale



# Cost Initiatives Will Create A Stronger, Leaner, Higher Performing Company

## Cost Savings Initiative Will Create A Stronger, More Nimble Scripps

1. Cost reductions will provide a meaningful boost toward goal of margin and cash flow improvement
2. Rightsizing the cost structure will improve operating performance and enhance broadcast cash flow
3. We expect to realize about \$10 million in 2018 and full \$30 million by 2019

**~\$30 million**

Annual cost  
savings

## We Have Identified ~\$30 Million of Potential Annual Cost Savings

SEGMENT	SAVINGS ESTIMATE
Local	~\$20M
National	~\$3M
Corporate	~\$7M
Total savings	~\$30MM

# Selling The Radio Business Will Help Us Further Optimize Our Portfolio

- Selling the radio division allows us to focus on core local TV portfolio and the growth opportunities in National Media
- Proceeds to be used for buy-sell-swap and to pay down debt



# We Expect Continued Margin Expansion As We Scale Our National Brands

## Our Growth Path For Our National Media Segment:

1. Create content that draws key target demographic groups



2. Grow nationwide scale and audience reach



3. Convert significant inventory from direct response advertising to more lucrative general market advertising

**~90%**

U.S. household reach by  
Katz networks

**40 million**

Newsy subscribers expected  
by end of 2018

**90 million**

monthly podcast listeners  
expected in 2020

**25%**

of U.S. listens to  
podcasts monthly



# We Continue to Target Attractive Returns in the Near-Term

1. We expect cash flow from operations to grow more than 40 percent from 2016 levels to 2020, driven by retransmission revenue increases and restructuring initiatives
2. We expect margin improvement of approximately 400 basis points from 2018 to 2020
3. Our buy-sell-swap strategy offers incremental returns via margin improvement
4. We are returning cash to shareholders via the dividend initiation in Q1 2018 (current dividend yield of ~1.7 percent)
5. We expect to continue share repurchases and have \$82.6 million remaining in our current share repurchase program that expires at the end of the year

We take a disciplined approach to allocating capital, balancing business investment, acquisitions and shareholder return

# We Take A Balanced Approach To Allocating Capital

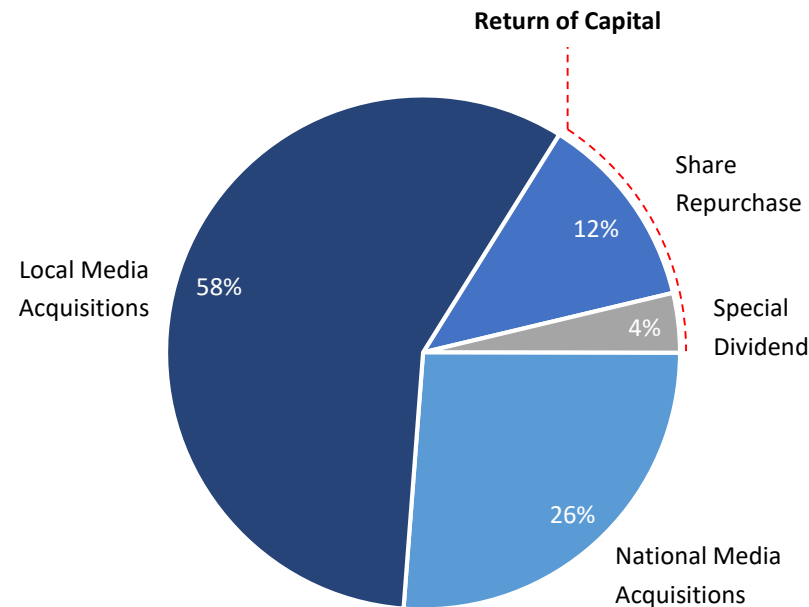
## Local Media Acquisitions

- McGraw-Hill: four ABCs; five Aztecas
- Granite: one ABC; one MyNetwork to form Detroit duopoly
- Journal: four ABCs, two FOXs, two CBSs, two NBCs, one CW, one MyTV

## National Media Acquisitions

- Katz: four national multicast networks
- Newsy: national news network
- Midroll Media: podcast industry leader
- Other select acquisitions

## 2012 – 2017 Uses Of Capital



## Cash And Debt <sup>(1)</sup>

- Cash on hand: \$149 million
- Total debt: \$693 million
- Liquidity: \$275 million

## Share Repurchases

- The board authorized \$100 million in November 2012, \$100 million in May 2014 and another \$100 million in November 2016 that expires at the end of 2018

## Dividends

- We paid a \$60 million special dividend at the closing of the Journal transaction in 2015
- We just introduced a regular quarterly dividend of 5 cents per share

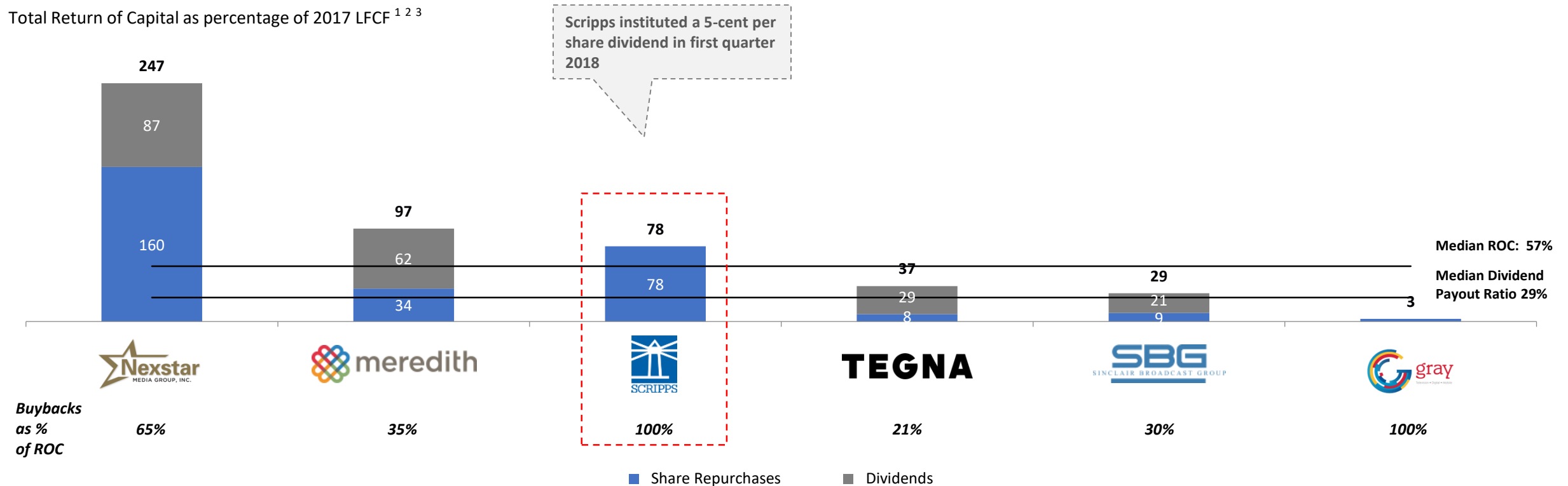
1. Cash and Debt as of December 31, 2017



# Our Payout Ratio Is Attractive Versus Peers And Sustainable Longer Term

## Total Payout Ratio

Total Return of Capital as percentage of 2017 LFCF <sup>1 2 3</sup>

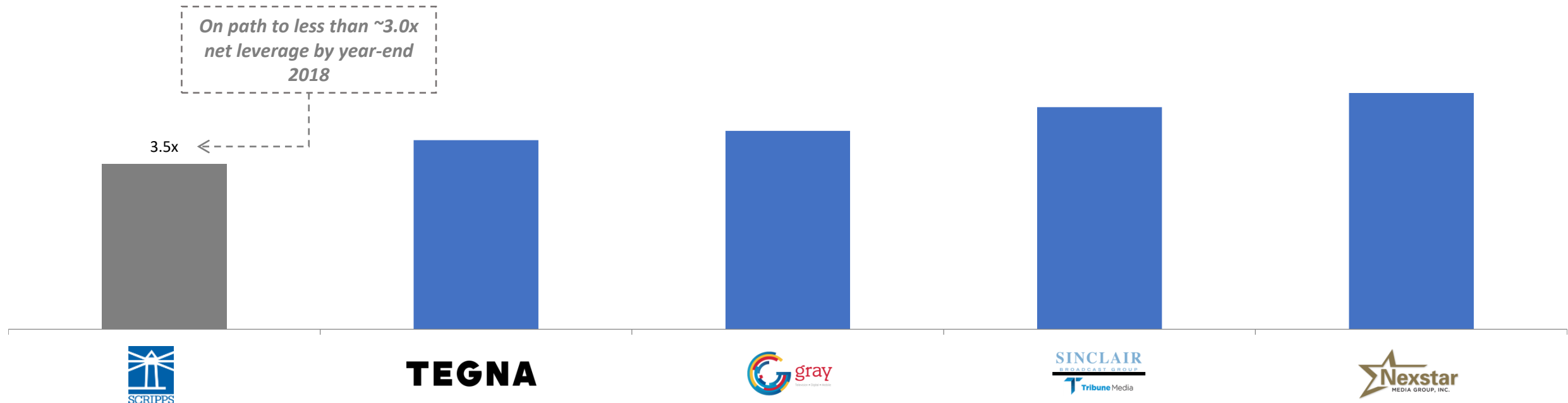


Source: Capital IQ, Company Filings

1. Total return of capital defined as dividends plus share repurchases
2. Levered Free Cash Flow (LFCF) defined as operating cash flow less capex
3. LFCF normalized to exclude one-time accrued legal and regulatory settlement expenses

# We Maintain A Strong Balance Sheet With A Path To De-Levering

## Scripps Modestly Levered Versus TV Broadcast Peers



# Restructuring Initiatives Have Been Well-Received By Wall Street Research

*Regarding its “Buy” rating: “We now calculate a 2018/2019 PMV of \$24 per share for SSP based on 8x BCF, rising to \$31 per share in 2019/2020.”*

*– Gabelli, Jan. 26, 2018*

*“National is profitable, management is committed to returning capital ..., there is a clear focus on TV station M&A, and sub trends are getting better. ... We truly believe the management team is making the right changes for the long term.”*

*– Wells Fargo, Feb. 28, 2018*

*“We came away impressed with the strong revenue growth that Katz has already generated (55% 5 yr. CAGR through F17) and believe the consumer shift to over-the-air viewing and Katz's shift to general market advertising offers further revenue/profitability growth potential moving forward. Bottom Line: Execution risk seems modest.”*

*– Jefferies, Jan. 23, 2018*

*“Scripps currently has 2.5 million subscribers paying essentially nothing, National is expected to see improved profitability over the next 24 months, and Scripps has significant FCC cap room to merge/make acquisitions, with synergies likely to enhance revenues and cash flow in both segments. Therefore, we believe a multiple of 8x consolidated broadcast EBITDA and 2x revenue for National is justified, resulting in a \$21 per share price target.”*

*– Benchmark, March 1, 2018*

# Our Comprehensive Strategy Centers On Delivering Value To Shareholders

## In Addition To Our Strategy To Enhance Near-Term Performance, We Are Focused On Long-term Value Creation

- In Local Media, we are focused on creating the strongest portfolio to maximize broadcast cash flow
  - Robust viewership, with more than 50 percent of Americans seeking out TV news every week and the lion's share of primetime viewing on the Big Four networks
  - Retransmission revenue growth that captures our full value from cable and over-the-top TV providers
  - Distribution of our local brands on over-the-top platforms with strong economics
  - Ongoing growth in political advertising revenue, with the Scripps dedicated sales office helping us grow political margins
  - Portfolio improvement through in-market consolidation
- In National Media, we are creating value by seizing the opportunities we see with the evolving habits of media consumers including:
  - Focusing Newsy and the Katz networks on the future of television through over-the-air, over-the-top, cable and satellite
  - Our leadership in the fast-growing podcasting and on-demand audio ecosystem
  - High-growth business margin expansion

# Here's Why We Love The Television Business



- High barriers to entry
- Multiple revenue streams
- Local/national advertising blend
- Predictable revenue: long-term retransmission contracts
- Predictable expenses: long-term network contracts
- Long-term, mutually beneficial partnerships
- Strong, trusted brands built on serving local communities
- The advertising platform that powers the Main Street economy
- Local TV plays a strong role in the development of the media ecosystem

# Broadcast TV Commands The Largest Primetime Audiences

**Top 10 primetime  
shows ranked by  
average weekly  
viewers, fall 2017**



Rank	Show	Network	Viewers
1	NBC SUNDAY NIGHT FOOTBALL	NBC	18,578,000
2	BIG BANG THEORY	CBS	18,523,000
3	THE GOOD DOCTOR	ABC	17,955,000
4	YOUNG SHELDON	CBS	17,760,000
5	NCIS	CBS	17,700,000
6	THIS IS US	NBC	16,516,000
7	AMERICA'S GOT TALENT-TUES	NBC	16,034,000
8	WALKING DEAD	AMC	14,796,000
9	AMERICA'S GOT TALENT-WED	NBC	14,697,000
10	BULL	CBS	14,423,000

Source: Nielsen NNTV Program Report.  
All Broadcast and Cable. Jan. 1, 2017 –  
Nov. 19, 2017. Live+7. Broadcast Prime



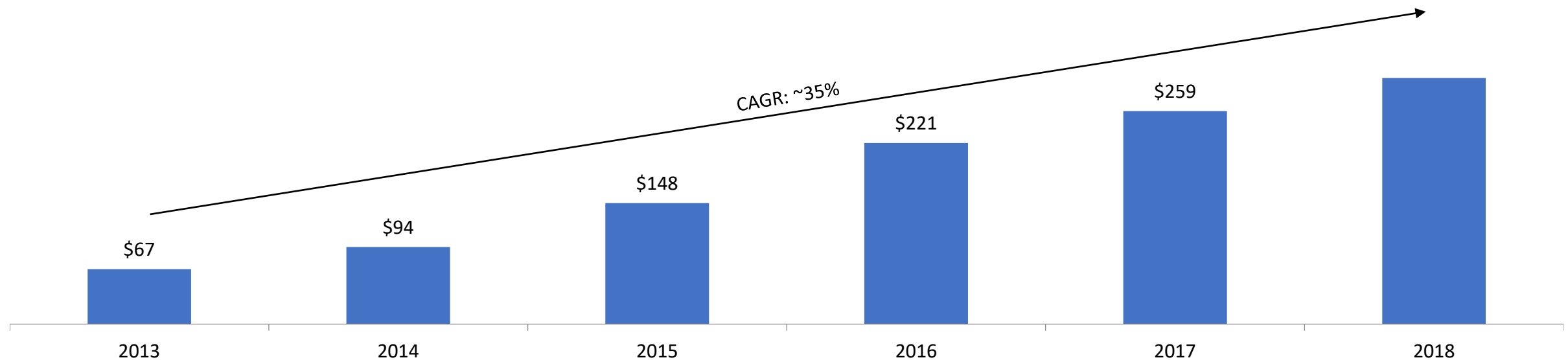
# Our Local Brands Have The Greatest Reach Into The Local Markets' Audiences For Advertisers



# Our Cable/Satellite Retransmission Revenue Continues Meaningful Growth Next Year And Beyond

## Scripps' Retransmission Revenue Trajectory <sup>1</sup>

\$ In millions



About 2 million of our 17 million cable households step up from low or \$0 rates to new Comcast rates on Jan. 1, 2020

1. 2013, 2014 and 2015 figures are pro-forma for acquisition of Journal, which do not necessarily reflect historical results and are not necessarily indicative of future results.

# Our Local Brands Are Essential To The Launch Of New Over-The-Top Services

These Over-The-Top (OTT) Services Are Carrying Or Will Soon Carry Scripps' Local Television Programming

DIRECTV  
NOW



hulu



  
PlayStation.Vue



You Tube TV

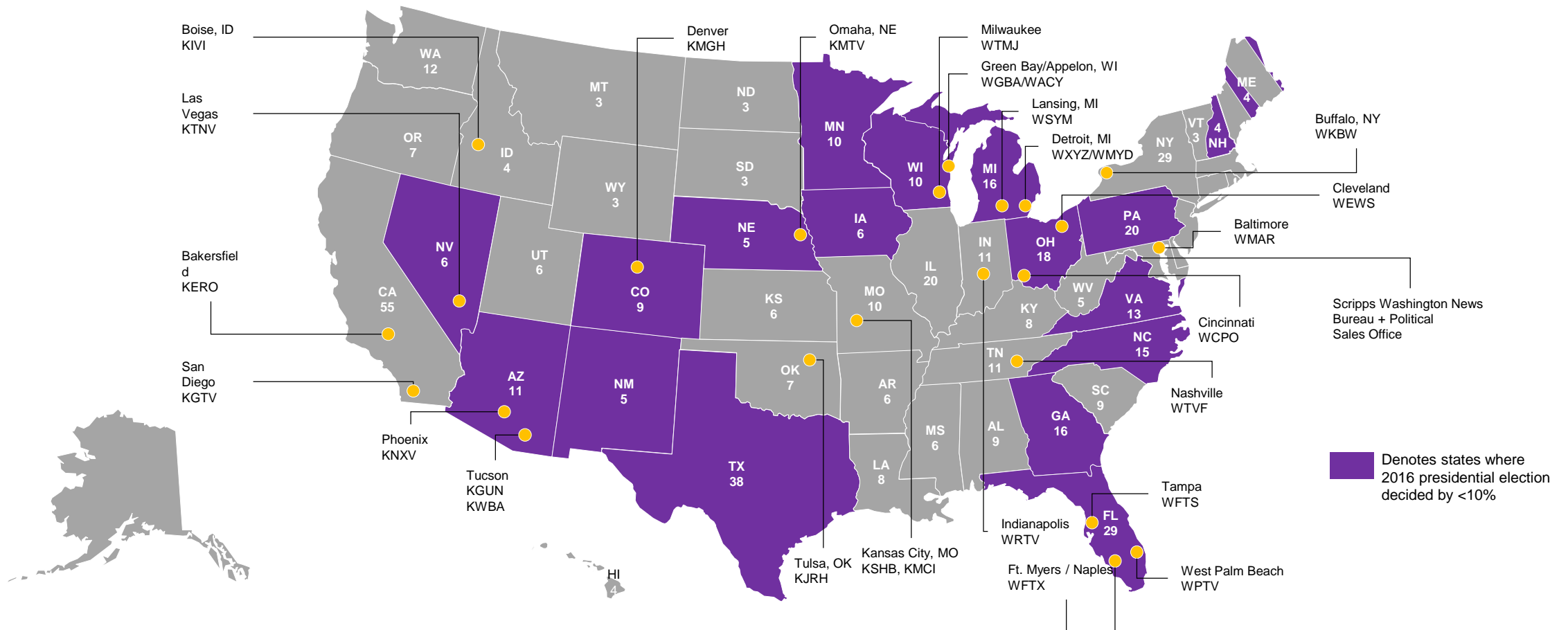


fubo<sup>TV</sup>



# Scripps' Television Stations Remain Well Positioned To Play A Leading Role In U.S. Elections

## The Opportunity In The Scripps Footprint For Political Ad Revenue



# The Fast-Growing Katz Networks Leverage Target Audiences To Attract A Broad National Ad Base

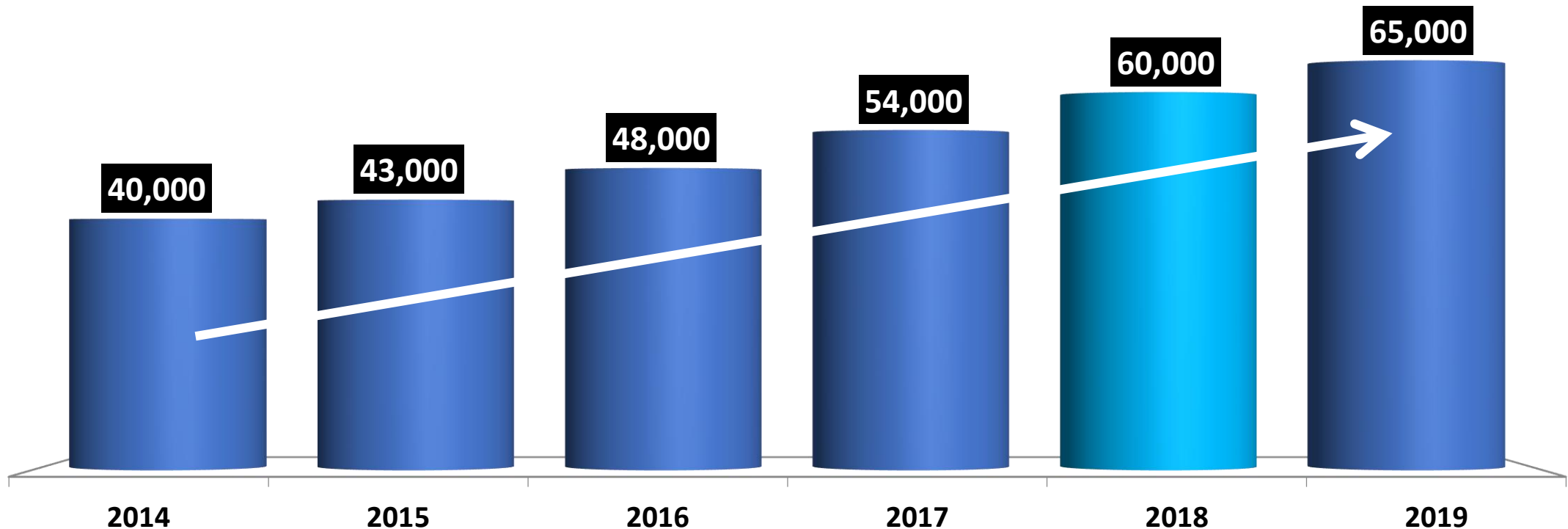


- Multicasting takes advantage of the growth in the over-the-air marketplace.
- Katz is the multicasting industry leader, with great audience resonance and advertiser relationships.
- At 90+ percent of the country, each network has national distribution and scale.
- The networks are four of only six that are big enough to be Nielsen rated.
- Katz' nationwide reach gives Scripps a new revenue stream with national advertisers targeting these audiences.

# Antenna Use Has Been Accelerating, With 60 Million People Anticipated To Watch TV Over-The-Air This Year

## Consumers Watching TV Over-The-Air

*In Thousands*





# All Four Katz Networks Reach About 90 Percent Of U.S. TV Households

**BOUNCE**

**91%**

of U.S. households



**ESCAPE**

**93%**

of U.S. households



**GRIT**

**90%**

of U.S. households

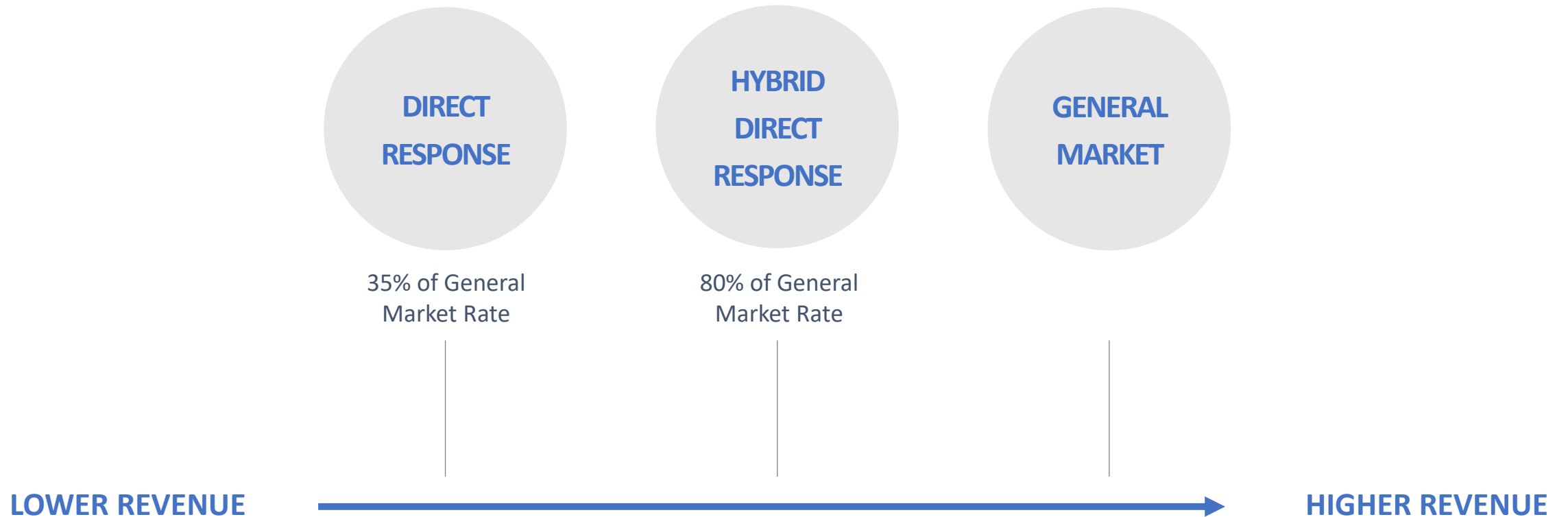
**Laff**

**93%**

of U.S. households

# Shifting Inventory To A More Premium Advertiser Mix Is One Growth Driver

## Example: Network Advertising Inventory

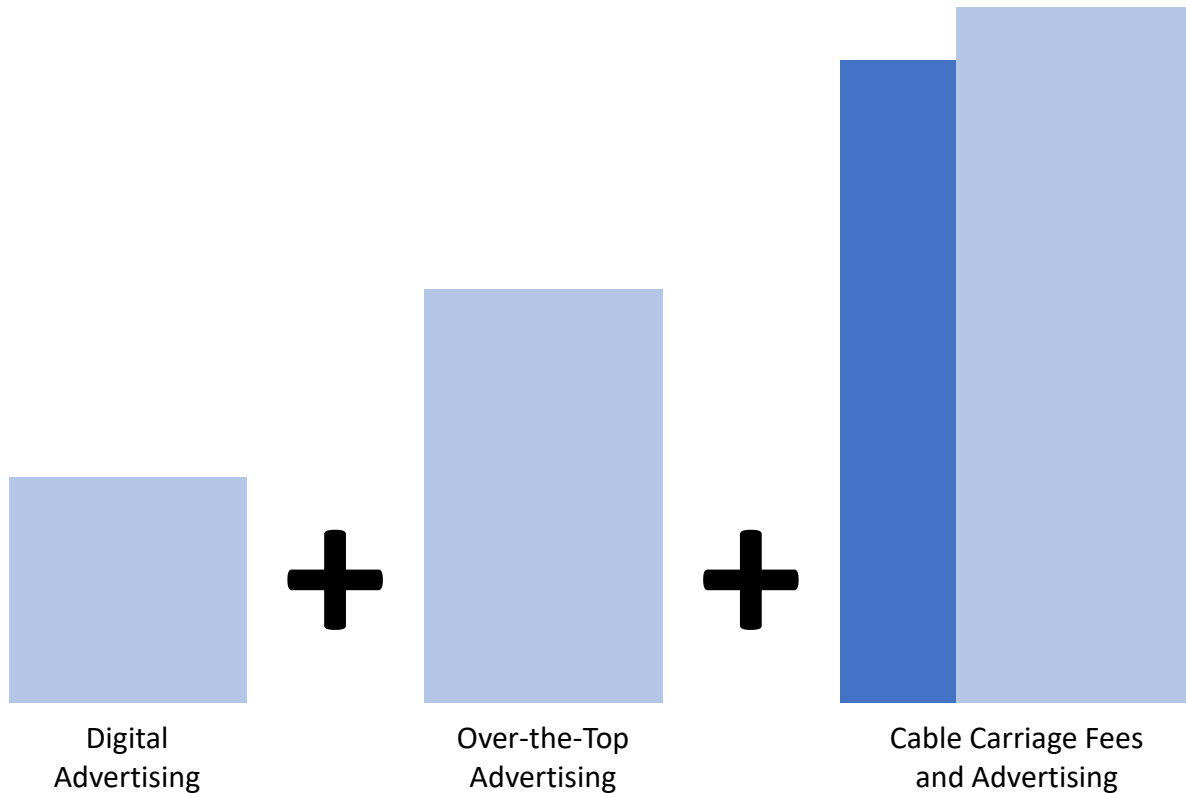


# Newsy Is A Fast-Growing News Network Operating In Multiple Valuable Marketplaces



- Newsy has journalists across the country reporting for its 24-hour news channel across multiple platforms
- We are nearly fully deployed on all the major over-the-top and other internet-delivered television services
- Newsy has signed contracts covering 29 million cable households
- Newsy is executing a multi-platform strategy, including cable, with an efficient cost structure
- Newsy's OTT and cable marketplaces have barriers to entry and multiple revenue streams

# We Are Expanding Newsy To Cable Because That's Where The Viewers – And The Money – Are



As Newsy's distribution grows, its revenue opportunities continue to increase

- Traditional pay television provides multiple revenue streams for advertising and subscriber fees
- Traditional TV is the most lucrative marketplace
- Cable and satellite operators aren't adding new channels, so it is difficult to get cable shelf space
- However, these operators are eager for programming that helps them attract the next generation of subscribers
- We expect traditional pay TV operators to significantly participate in the future of television, positioning Newsy well

# Midroll Is A Leader Across All Parts Of The Podcast Ecosystem

CONTENT  
CREATION



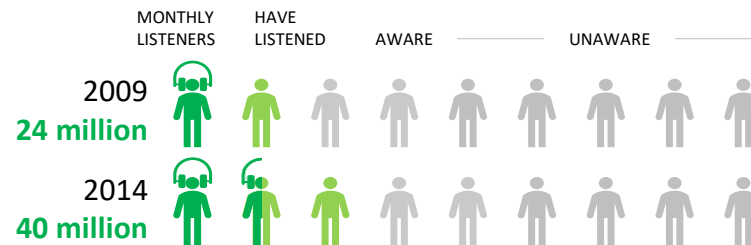
MONETIZATION



DISTRIBUTION



## Podcasting Is A Rapidly Growing Media Marketplace



25 percent of U.S. listens to podcasts monthly

Source: Edison Research  
\*Midroll projection

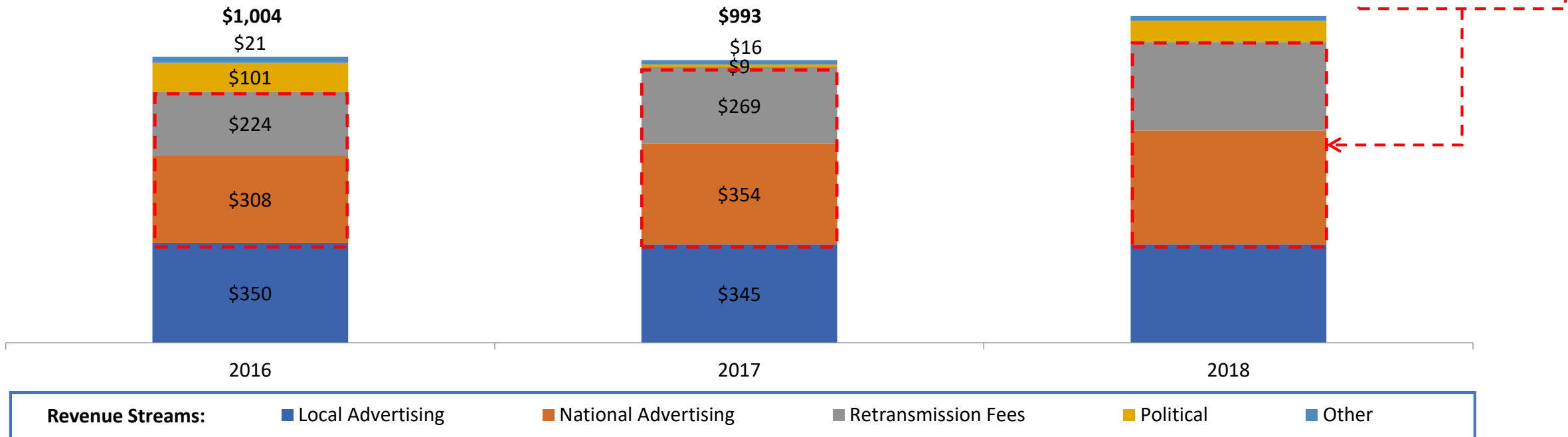
## Midroll Is A One-Stop Shop For Advertisers Seeking To Reach Younger Listeners



# The National Media Brands' Revenue Growth Is Helping Us Diversify Our Revenue Streams

## Total Revenue

\$ in millions





# Focus On Journalism That Makes A Difference

- The company motto since 1923 has been Give Light and the People Will Find Their Own Way, which inspires its employees to provide news and other information of the highest quality in order to help improve the lives of those in their communities.
- All of the Scripps television stations/local media operations adopt social causes and organize many philanthropic events each year. Their on-air personalities host charity events for free as a way to give back. The company sees its stations' role as serving and bettering the communities in which they work.
- Scripps produces community-changing, impactful journalism through its television stations coast to coast as well as through its 100-year-old Scripps Washington Bureau, its national, millennial-focused news network Newsy and select programming on Katz networks and Midroll podcasts.
- Its many media brands also provide engaging and entertaining content that provides a service to local and national advertisers by providing effective, targeted vehicles for sharing messages that help build their businesses.



# Conclusion: Scripps Is Well-Positioned To Create Meaningful Short-Term And Long-Term Value For Shareholders

- 1 Reorganized Business and Right-Sized Cost Structure to Capture Value in the Short Term
- 2 Diversified Revenue Streams and Business Models to Strengthen Our Foundation for Long Term Success
- 3 Action-Oriented New Leadership Team Committed to Executing on Strategy