

# The E.W. Scripps Co.

**Investor Presentation: A new look at Scripps**  
**March 2015**



▶ Give light and the people will find their own way

THE E.W. SCRIPPS COMPANY



## **Forward-Looking Statements**

This communication contains certain forward-looking statements with respect to the financial condition, results of operations and business of Scripps and the combined businesses of Journal and Scripps and certain plans and objectives of Scripps with respect thereto, including the expected benefits of the proposed spin and merger transactions. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as “anticipate”, “target”, “expect”, “estimate”, “intend”, “plan”, “goal”, “believe”, “hope”, “aim”, “continue”, “will”, “may”, “would”, “could” or “should” or other words of similar meaning or the negative thereof. There are several factors which could cause actual plans and results to differ materially from those expressed or implied in forward-looking statements. Such factors include, but are not limited to, the expected closing date of the proposed transactions; the possibility that the expected synergies and value creation from the proposed transactions will not be realized, or will not be realized within the expected time period; the risk that the businesses will not be integrated successfully; disruption from the proposed transactions making it more difficult to maintain business and operational relationships; the risk that unexpected costs will be incurred; changes in economic conditions, political conditions, licensing requirements and tax matters; and the possibility that the proposed transactions do not close, including, but not limited to, due to the failure to satisfy the closing conditions. These forward-looking statements are based on numerous assumptions and assessments made by Scripps in light of its experience and perception of historical trends, current conditions, business strategies, operating environment, future developments and other factors that it believes appropriate. By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that will occur in the future. The factors described in the context of such forward-looking statements in this communication could cause actual results, performance or achievements, industry results and developments to differ materially from those expressed in or implied by such forward-looking statements. Although it is believed that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct and persons reading this communication are therefore cautioned not to place undue reliance on these forward-looking statements which speak only as at the date of this communication. Scripps does not assume any obligation to update the information contained in this communication (whether as a result of new information, future events or otherwise), except as required by applicable law.

Name	Years at company <sup>1</sup>	Years in industry	Background and notable achievements
<b>Rich Boehne</b> <i>President &amp; CEO</i>	<b>27</b>	<b>33</b>	<ul style="list-style-type: none"> <li>▪ President and CEO since 2008</li> <li>▪ Chairman since 2013</li> <li>▪ EVP and COO of Scripps prior to SNI spinoff from 2006-2008</li> </ul>
<b>Tim Wesolowski</b> <i>CFO &amp; Treasurer</i>	<b>4</b>	<b>4</b>	<ul style="list-style-type: none"> <li>▪ CFO and treasurer since 2011</li> <li>▪ Controller, treasurer and Call Center CFO at Convergys from 2004-2011</li> <li>▪ Senior financial roles at Valspar; Ecolab</li> </ul>
<b>Brian Lawlor</b> <i>SVP, Broadcast</i>	<b>23</b>	<b>26</b>	<ul style="list-style-type: none"> <li>▪ SVP of Television since 2009</li> <li>▪ Corporate VP of Sales, Scripps television division</li> <li>▪ VP and GM of WPTV, Scripps NBC affiliate, West Palm Beach, Fla.</li> <li>▪ Executive committee, National Association of Broadcasters; ABC Network Board of Governors</li> </ul>
<b>Adam Symson</b> <i>SVP, Chief Digital Officer</i>	<b>12</b>	<b>22</b>	<ul style="list-style-type: none"> <li>▪ Chief Digital Officer since 2011</li> <li>▪ VP of operation, content and revenue of TV division</li> <li>▪ Director of content and marketing for Scripps Interactive</li> </ul>

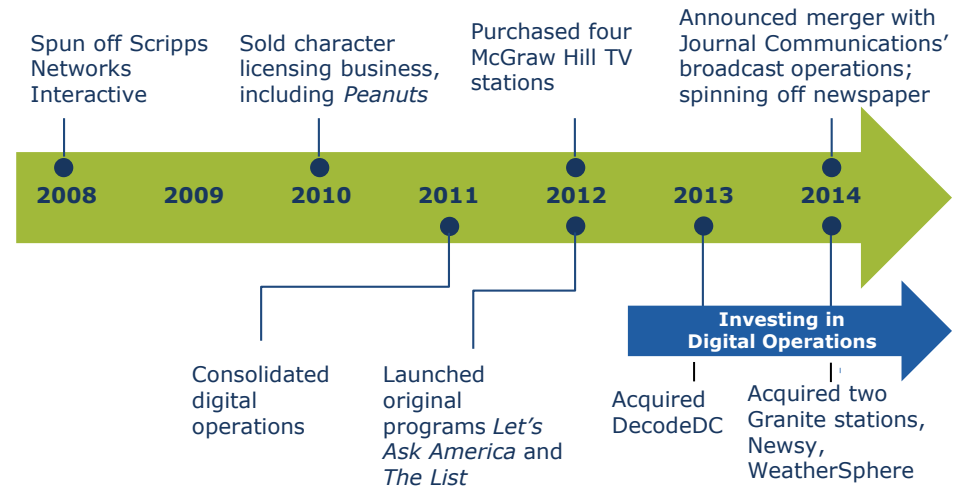
<sup>1</sup> Includes tenure prior to SNI spinoff

# **Scripps: Overview**








- ✓ Television, radio and digital media company with dominant local brands and significant scale
- ✓ One of the largest ABC affiliate groups, with continued diversification in affiliation mix
- ✓ Strategic M&A opportunities and substantial capacity under FCC ownership cap
- ✓ Significant net retransmission upside and increasing leverage with networks
- ✓ Attractive political footprint in a time of record-level spending
- ✓ Substantial digital revenue and content revenue model opportunities
- ✓ Strong and flexible balance sheet, strong free cash flow
- ✓ Spectrum business model opportunity evolving
- ✓ TV is the most influential medium and primary content distribution channel

- 33 television stations; substantial scale
- 24 attractive markets; significant presence in Top 100 DMAs; strong market positions
- U.S. TV household reach of 18 percent, with significant capacity to grow under FCC cap
- Presence in key political markets with contested races
- Increased affiliate diversification through Journal transaction – added CBS and FOX stations
- Strong retransmission revenue growth
- News operations recognized by prestigious journalism awards

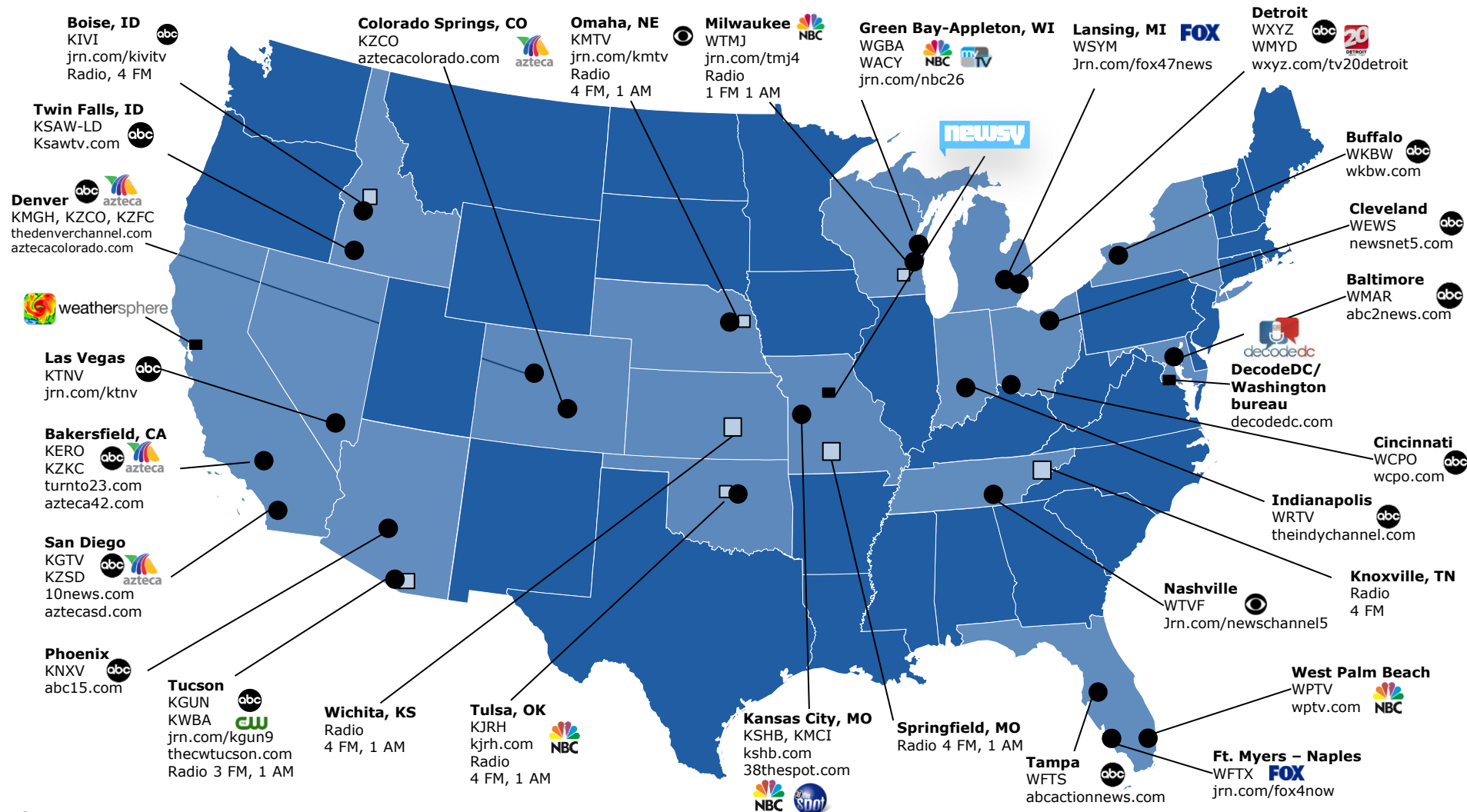
## Transformation of Scripps



## Diverse Affiliation Mix

Network	SSP	JRN	New SSP
	11	4	15
	3	2	5
	-	2	2
	-	2	2
	5	-	5
	-	1	1
	1	1	2
IND	1	-	1
<b>Total</b>	<b>21</b>	<b>12</b>	<b>33</b>

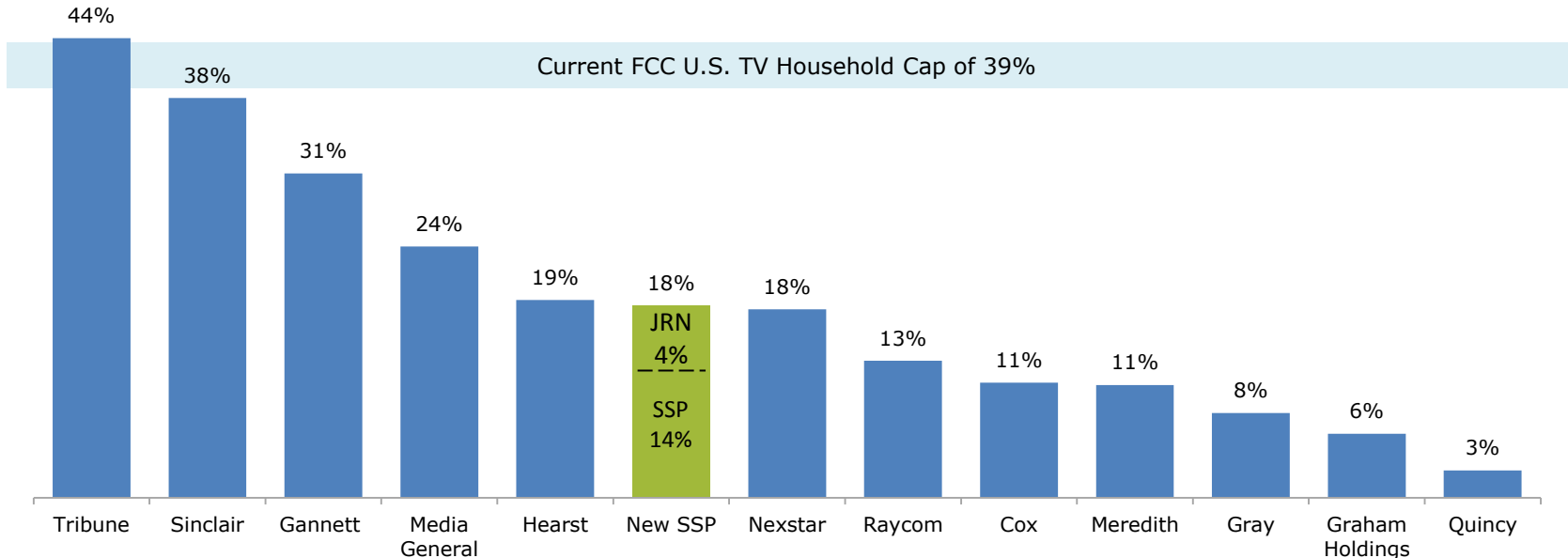
## 33 television stations, 34 radio stations plus digital brands





## Large television company with significant opportunity to grow

- Financial flexibility with substantial room to add stations under the FCC ownership cap
- Combined household reach offers more value to achieve more favorable retrans arrangements
- Acquisition targets include:
  - ✓ Market size 10-70
  - ✓ Independents that form duopolies
  - ✓ Growing populations, good economies
  - ✓ Political states
  - ✓ Network diversity
  - ✓ Ability to expand ratings



Note: Includes all announced and closed transactions. Source: Company filings, company websites for non-public companies, November 2013 Nielsen survey, BIA 2014 Television Report and SNL Kagan TV household 2012 subscriber data  
FCC rules take into account adjustments for UHF/VHF, which are not included in the bar chart above

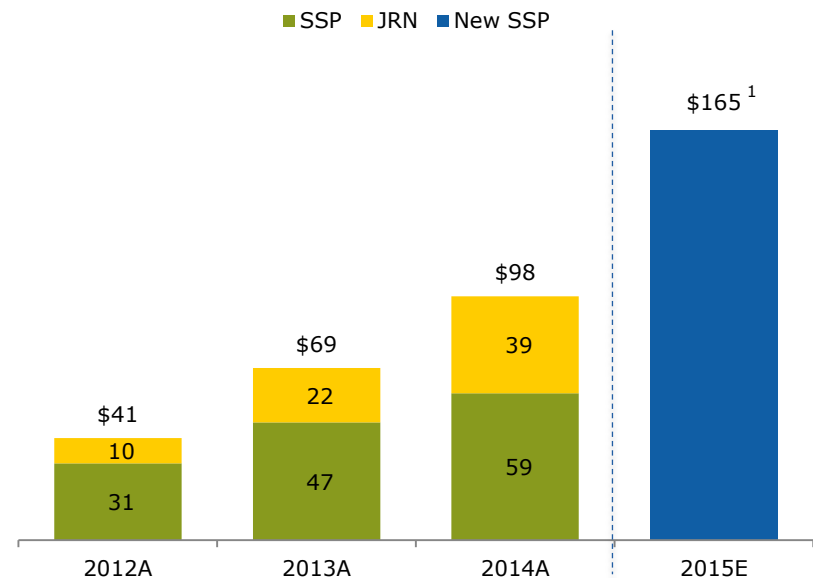


## *Nearly 19 million pay TV households*

- Sizable retransmission revenue increases coming in 2015 and beyond
- Retransmission revenue has grown from 7 percent of total TV revenue for the combined company in 2009 to 14 percent in 2014
- Industry retransmission revenue expected to grow at attractive rates: 2014E–2018E CAGR of 14 percent<sup>2</sup>
- Scripps to outpace industry growth rates

### Growing Retransmission Revenue

(\$ in millions)



Source: Company filings


Note: SSP retransmission revenue is pro forma for acquisition of select Granite stations


<sup>1</sup> Annualized; assumes closing of Comcast-Time Warner merger, divestiture of Comcast subs to Charter, and Scripps-Journal merger


<sup>2</sup> Source: SNL Kagan


- One of the largest ABC affiliate groups with continued diversification in affiliate mix
- New-five year agreement covers 10 ABC stations through December 2019
- Three NBC and one CBS affiliation agreement up in 2015
- Nearly all stations will have a long-term contract post the 2015 renewals

## Long-Term Affiliate Contracts with Major Networks<sup>1</sup>

	
# of Channels	Renewal Date
4	12/2017
1	12/2018
10	12/2019
15	

	
# of Channels	Renewal Date
3	12/2015
2	12/2016
5	

	
# of Channels	Renewal Date
2	6/2019

	
# of Channels	Renewal Date
1	7/2015
1	9/2016
2	

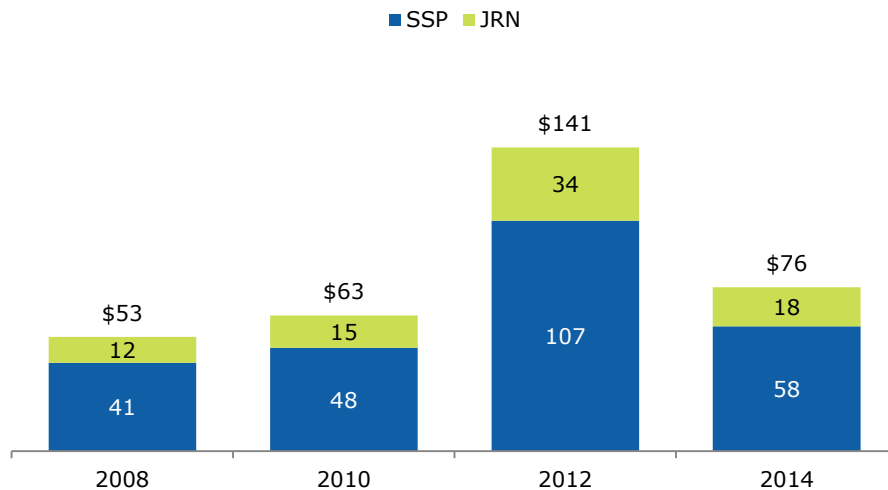
## Strong Political Revenue Opportunity

- Scripps to operate stations in eight presidential swing states
- 2016 Senate races expected to be competitive in seven of our markets
- Political opportunity enhanced in Florida, Michigan and Arizona
- New political opportunity in Wisconsin and Nevada
- Scripps' Washington D.C. sales office leveraged across broader footprint

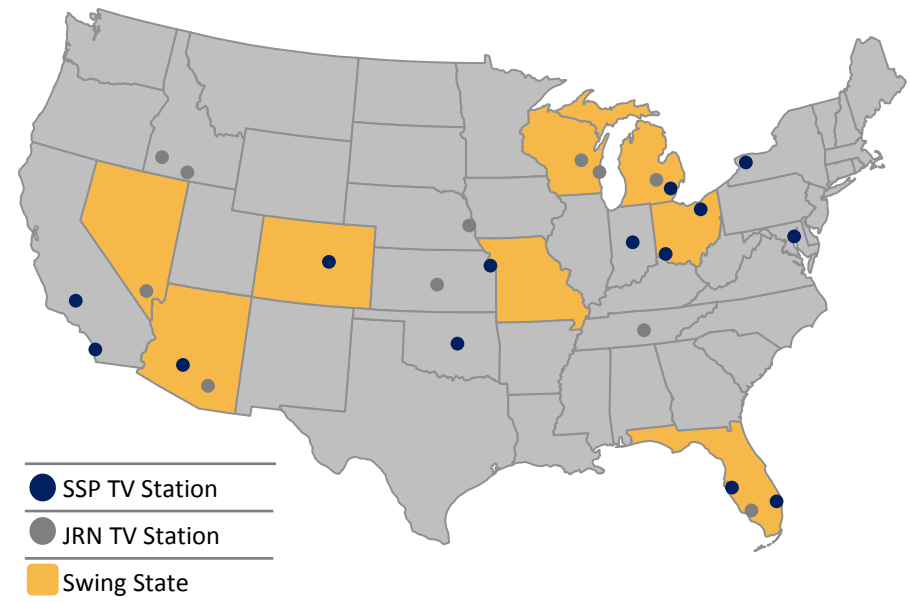
### Significant Political Revenue Growth

(\$ in millions)

■ SSP ■ JRN



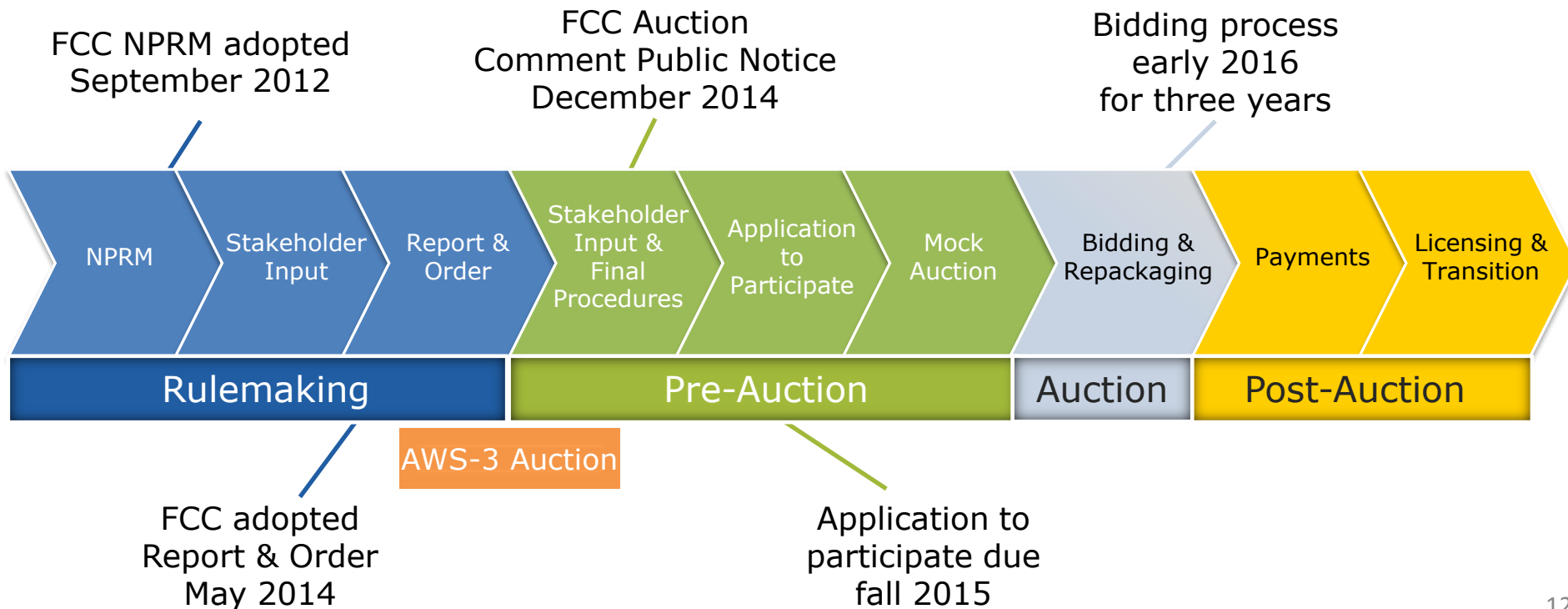
### Presence in Perennial Swing States



**With a combined 174 MHz of spectrum, options for generating revenue include:**

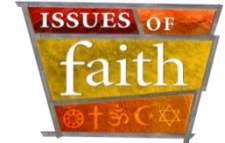
- Creating additional digital multi-cast channels and programming
- Leasing to wireless carriers
- Participating in the FCC broadcast incentive auction
- Holding spectrum assets as demand increases and value appreciates

## Broadcast Incentive Auction Process Timeline



**Our local and national original programming strategy means more ad dollars for us and larger margins**

## Local shows:



## National shows:



**Let's Ask America**  
is syndicated by MGM for  
nationwide distribution



**The List**  
runs in 13 Scripps  
markets



**RightThisMinute**  
now reaches 93% of U.S.  
households

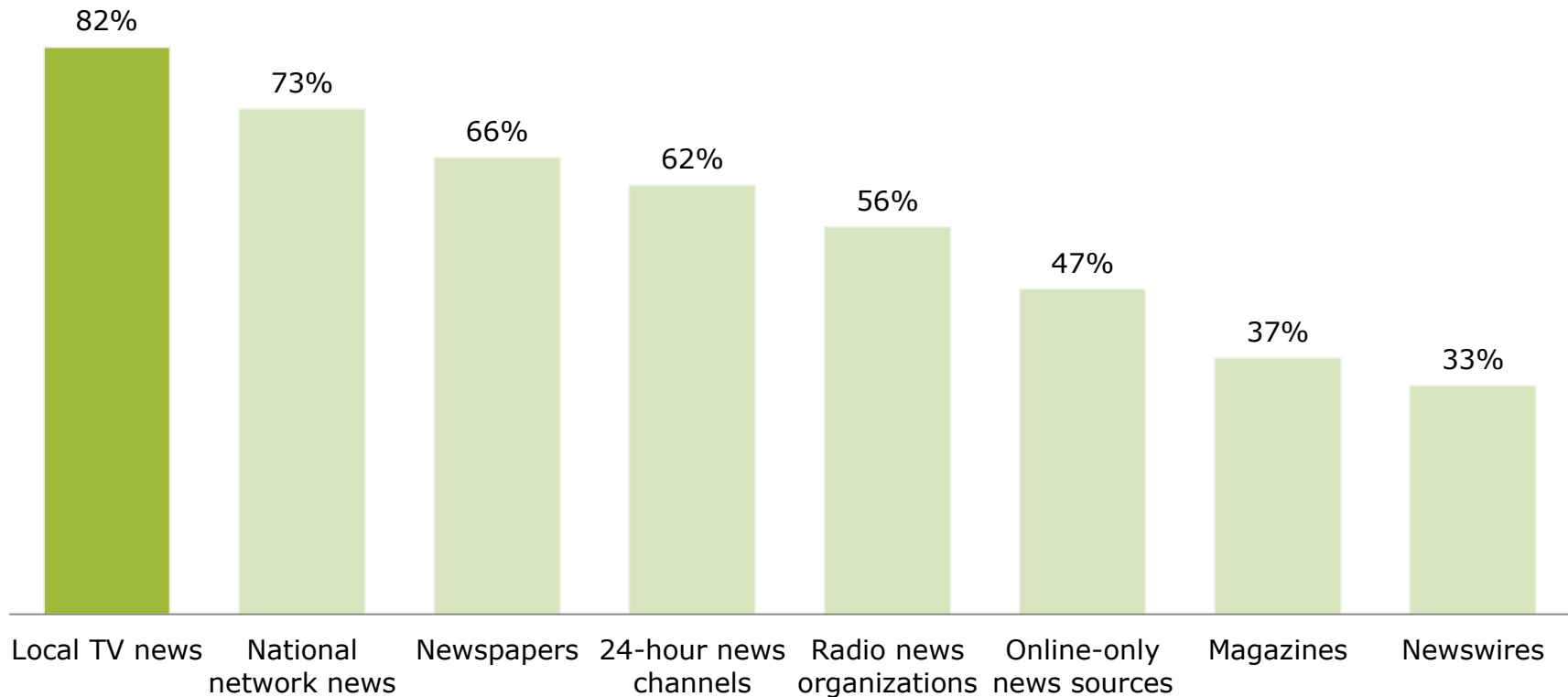


**The Now**  
launched last fall  
at 4 p.m. in eight Scripps  
markets

## Local television news leads media consumption

Americans' use of local TV and its associated digital properties lead all U.S. media for weekly delivery of local news.

**Percentage of Americans Using Each Source  
in the Past Week - 2014**



## The Big 4 Networks aggregate eyeballs

All but one of the top 10 most-watched series are on broadcast TV

### Top 10 shows by average viewers

1. The Big Bang Theory (CBS)	23.1 million
2. NCIS (CBS)	22.4 million
3. Sunday Night Football (NBC)	21.7 million
4. The Walking Dead (AMC)	18.3 million
5. NCIS: Los Angeles (CBS)	17.9 million
6. The Blacklist (NBC)	16.9 million
7. Person of Interest (CBS)	16.2 million
8. Dancing With the Stars (ABC)	15.5 million
9. Blue Bloods (CBS)	15.2 million
10. The Voice (Monday) (NBC)	14.7 million
<b>TOTAL</b>	<b>181.9 million</b>

Source: Nielsen



The primetime viewership of these three news channels combined is **2.5 million**



Netflix has **50 million** subscribers but does not share how many viewers actually watch its shows



USA is the top-watched cable channel, with an average of **2.75 million** primetime viewers



## Acquiring radio means a deeper dive into our markets

### Think of radio...

- As a high-margin, cash-generating business
- As local, differentiated audio entertainment and information
- As local brands that belong to us (not networks and syndicators)
- As providers of news, talk and information programming that impacts our communities
- As amplifiers for TV and digital efforts, especially in combo markets
- As fast-moving idea factories
- As large developmental sales organizations that bring ideas to the market
- As high-profile on-air talent and sports play-by-play



#### Radio Markets – with TV

**Milwaukee, WI**    **Tucson, AZ**    **Boise, ID**  
**Omaha, NE**        **Tulsa, OK**

#### Radio Markets – standalone

**Wichita, KS**    **Springfield, MO**  
**Knoxville, TN**

## Goals:



**1.** Organically growing profitable cash flow streams from the core local businesses

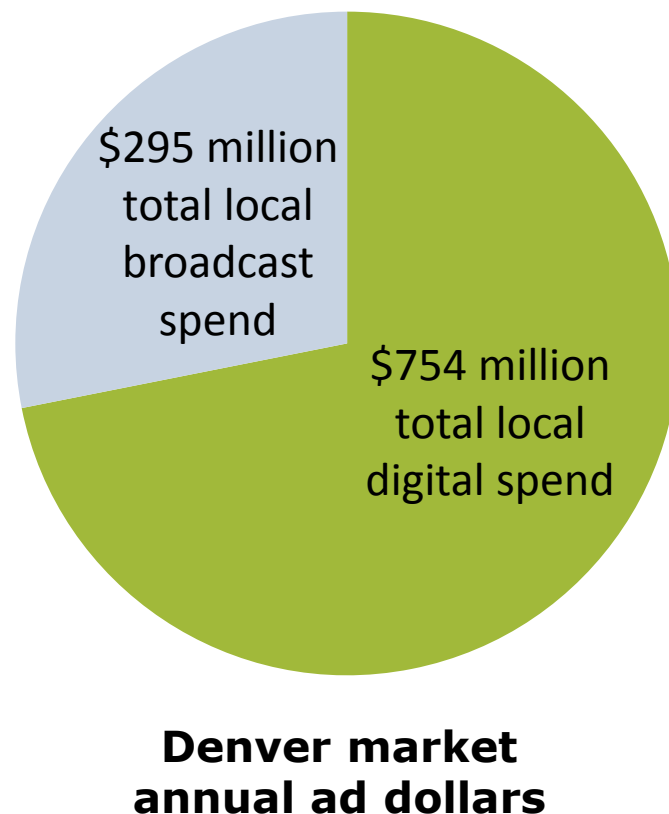
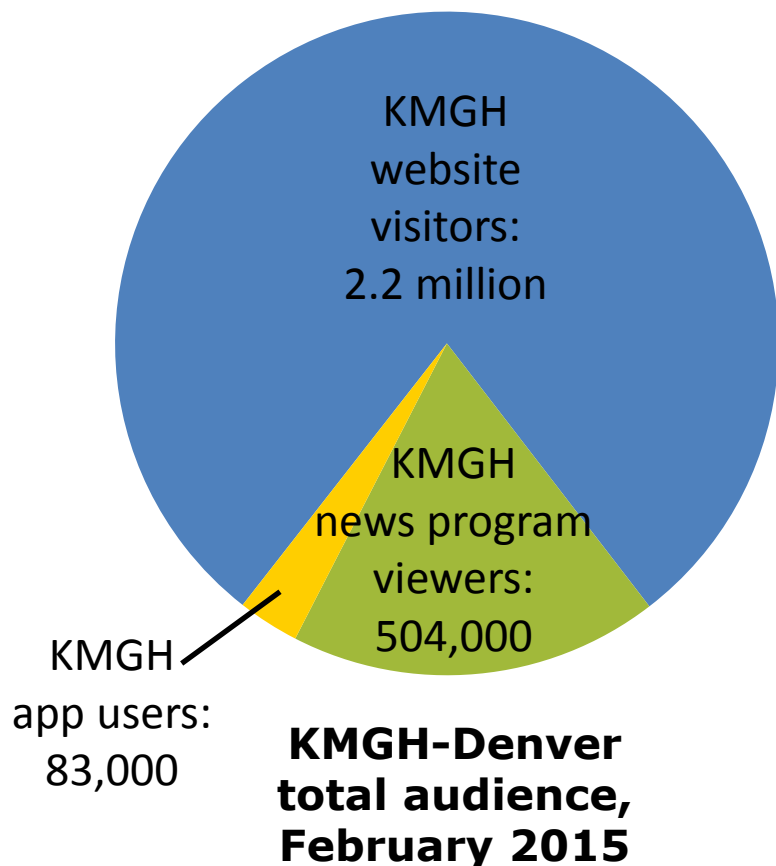


**2.** Developing new models for local media focused on business-to-consumer revenue streams, supported by data and loyalty programs



**3.** Building and buying national brands that set Scripps up to compete on emerging platforms for content consumption (over-the-top television, streaming audio, mobile)

## Digital is a large and growing local marketplace



***Most of our digital investment has been through the P&L***



## ***Insider* membership focused on connecting members to a richer local experience**

- In-depth reporting, perspective and analysis
- Bundles to enhance value
- Deals and discounts, loyalty program that feeds back end data
- Still very much a startup

The screenshot displays the WCPO Insider website interface. At the top, a navigation bar includes links for Home, Sections, Weather, and Traffic. The main header features the WCPO Insider logo and a tagline: "Connecting you to the people to the place to the experience". Below this, a large section titled "There's always more to the story" describes the community aspect of the membership. Two prominent promotional cards are visible: one for a "Monthly Digital Pass" offering a test drive for 1¢, and another for "The Washington Post Bundle" which is free for annual subscribers. The website also includes a "BECOME A WCPO INSIDER" button in the top right corner.

9 Home Sections Weather Traffic 4

WCPO Insider

Connecting you to the people to the place to the experience

**There's always more to the story**

WCPO Insider is an inclusive community, not only connecting you with the great stories, but also the people and places behind those stories.

**Monthly Digital Pass**

Take WCPO Insider for a test drive !

**Only 1¢**

Enjoy 1¢ for 4 weeks, then \$7.99 per month after that. Access to all WCPO Insider stories on your mobile, tablet, and computer.

**The Washington Post Bundle**

**FREE**

**The Washington Post**

when you become an annual subscriber

Become an annual WCPO Insider and receive:  
+ Unlimited Washington Post Digital Subscription for 50¢

## Identifying new businesses that:

- Build long-term value
- Further our focus on journalism and new business models
- Capture opportunity of audience and advertising trends



### Podium

An app that lets you connect with and be heard by those in Washington



### DecodeDC

Podcasts that help you better understand Washington



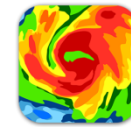
### Storm Shield

A weather radio mobile app



### Newsy

An over-the-top national video news provider



### weathersphere

### WeatherSphere

A top-ranked weather app technology company

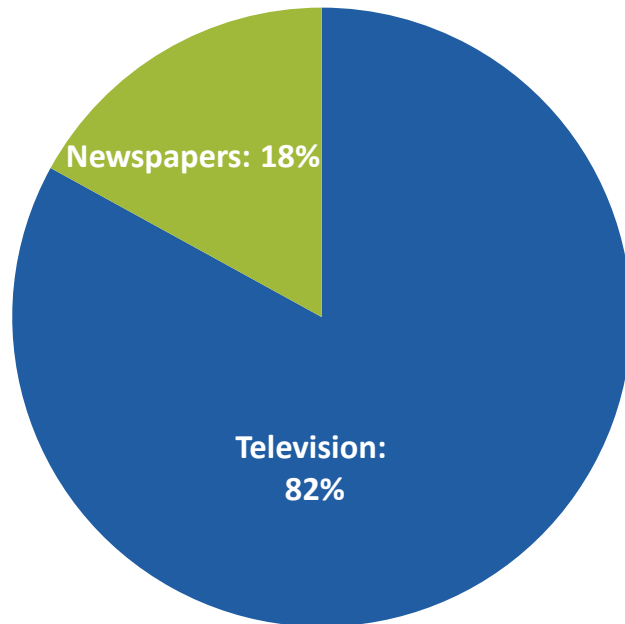
# Financial Overview

- Announced transformative double spin / double merge transaction on July 30, 2014, in a tax-efficient transaction
  - Creates scalable television, radio and digital media company
  - SSP's spin of newspaper business is tax-free, JRN's spin is taxable to the company
  - Tax-free stock consideration given to all shareholders of SSP and JRN
- Shareholders approved mergers, spinoffs on March 11, 2015
- Scripps shareholders will receive a \$60 million cash dividend prior to closing, which equates to about \$1 per share
- The transaction is expected to be accretive to free cash flow
- The transaction is expected to close April 1

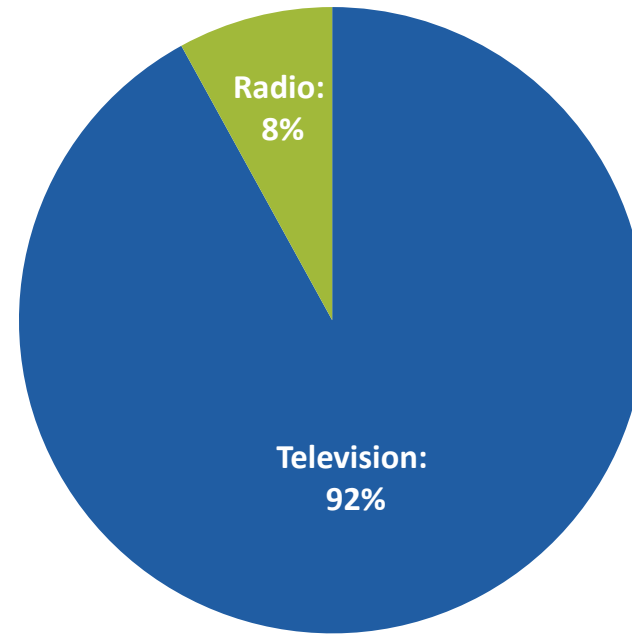


**More than 90 percent of segment profit comes from TV;  
expect steady cash flow from radio**

*Two-year blended*



**Scripps  
pre-merger**



**Scripps  
post-merger**

- **Post-deal, our financial priorities remain the same**

- Maintain sufficient liquidity and financial flexibility
- Continue strong track record of maintaining conservative leverage
- Remain conservative cash-on-cash investors
- Can resume share repurchases after deal while staying within leverage guidelines
- Review possibility of a regular dividend with board regularly; \$60 million special dividend related to Journal merger pays out on close

- **Our uses of capital over the last two years include aggressive repurchasing and acquisitions**

**Share Repurchase Program:**

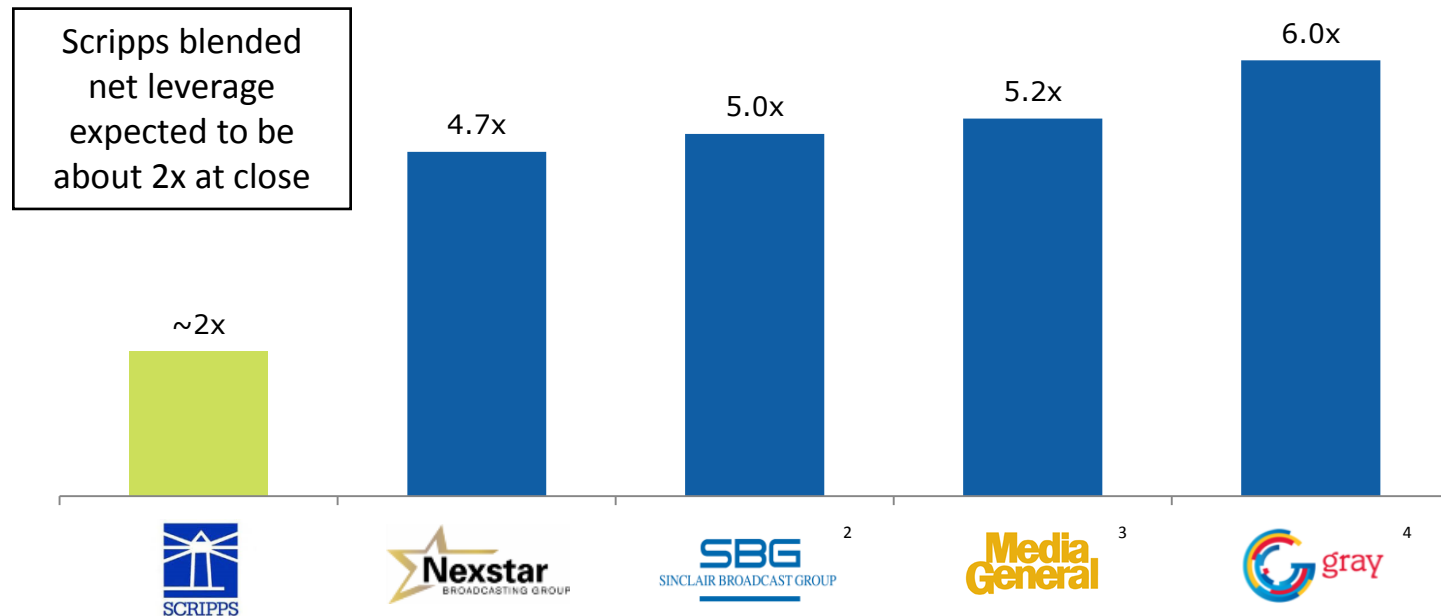
- \$100 million was authorized in November 2012 and another \$100 million in May 2014
- Program suspended until merger closes. \$100 million remains
- Through Q2 2014, \$95 million had been spent to acquire 6.2 million shares
- Average purchase price of \$17.97 in 2014

**Acquisitions = About \$350 million**

- McGraw Hill – Four ABCs; five Aztecas
- Granite – One ABC; one MyNetwork to form Detroit duopoly
- Newsy – digital video news service
- WeatherSphere – top-ranking paid weather app creator

*(Most of our digital investment has been through the P&L.)*

## Television broadcasting sector net leverage<sup>1</sup> comparison



**Net leverage remains very modest and well below peers**

Note: Pro Forma for all announced and closed transactions

<sup>1</sup> Based on 12/31/14 pro forma net debt and '13/'14 blended pro forma EBITDA for SBGI, NXST, MEG and GTN

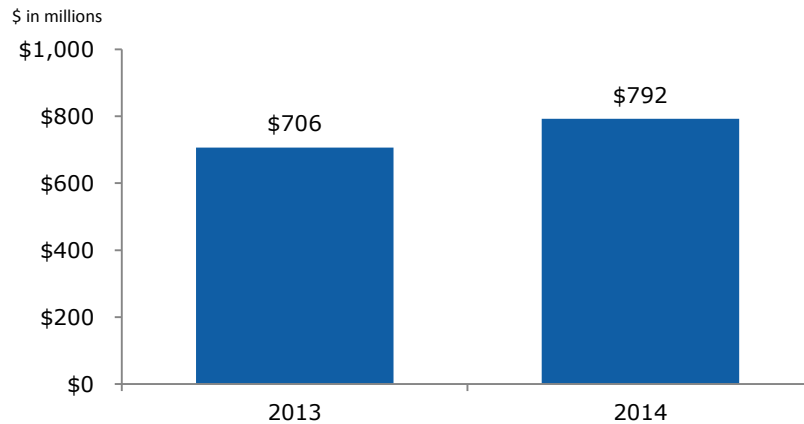
<sup>2</sup> Per Q4'14 earnings transcript

<sup>3</sup> Per 3/12/14 investor presentation. Includes restricted cash of \$120 million, which will be released in June 2015 if not used for an acquisition. Includes Year 1 synergies of merger with LIN

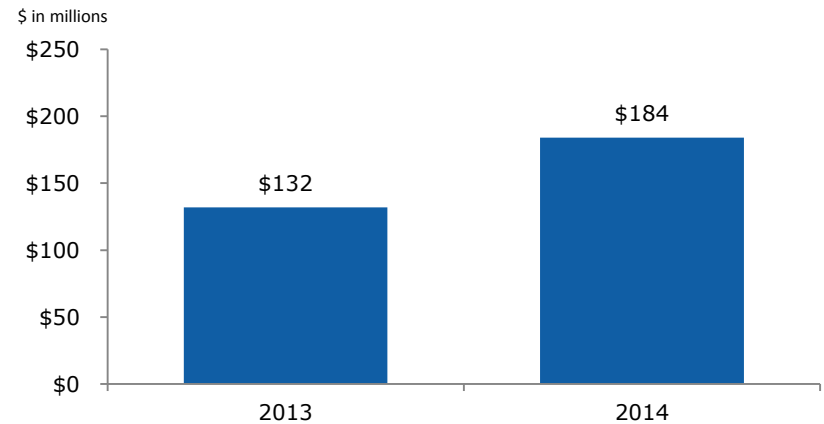
<sup>4</sup> Per March 2015 investor presentation and '13/'14 pro forma OCF



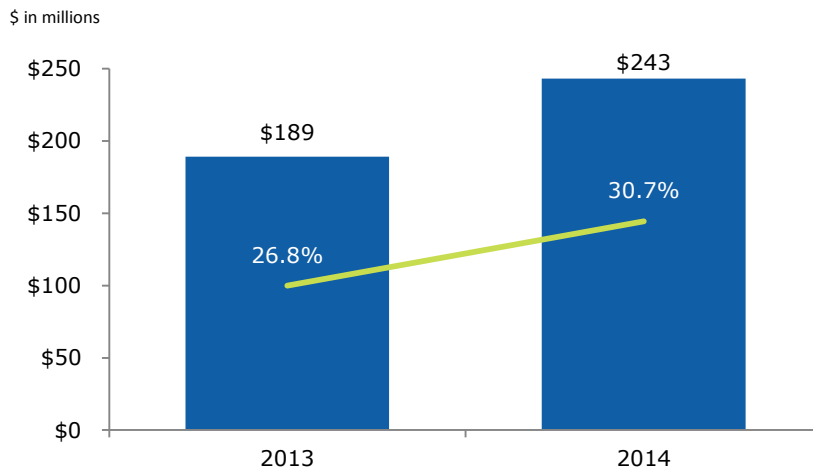
## Revenue



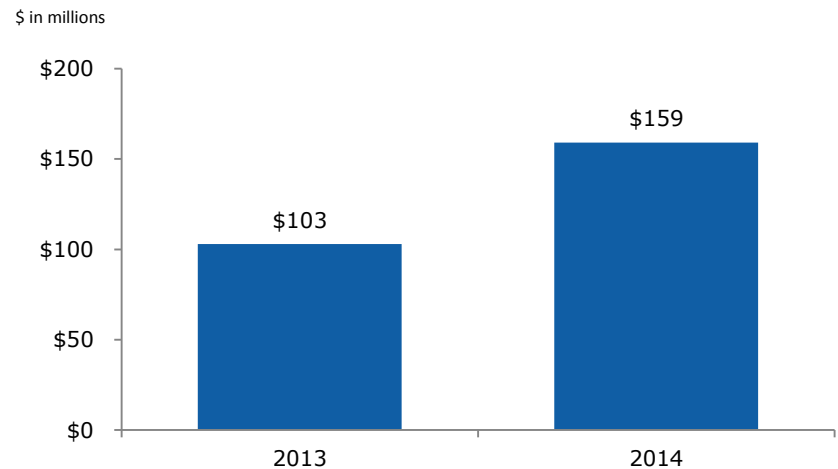
## Segment Profit<sup>1,2</sup> less Corporate Expense



## Segment Profit & Margin<sup>3</sup>



## Unlevered Free Cash Flow<sup>4</sup>



Note: 2013-2014 results include impact of two television stations acquired from Granite Broadcasting in June 2014

<sup>1</sup> Includes \$16 million of synergies

<sup>2</sup> Includes \$7.6 million and \$6.1 million of non-cash stock compensation in 2014 and 2013, respectively

<sup>3</sup> Corp & shared services of \$59 million in 2014 and \$57 million in 2013

<sup>4</sup> Based on segment profit less corp. and shared services expense less capital expenditures

- Post-election rebound into first-quarter 2015, driven by automotive and services
- Healthy retransmission growth in 2015
- Long-standing and mutually beneficial relationship with ABC and other affiliates
- Expectations for record total political spending in the 2016 elections
- More clarity about spectrum revenue opportunities will come in 2015
- Second-quarter and full-year 2015 guidance coming during the first-quarter 2015 earnings release in May

Scripps defines segment profit as:

*Segment profit is the revenues and expenses of the segment, but excludes interest, defined benefit pension plan expense (other than current service cost), income taxes, depreciation and amortization, impairment charges, divested operating units, restructuring activities, investment results and certain other items that are included in net income (loss) determined in accordance with accounting principles generally accepted in the United States of America.*

	Event Date	2013 Operating Results	2014 Operating Results
Combined Scripps / Journal	4/1/2015	+	+
Station Acquisitions:			
ABC Buffalo	6/16/2014	+	+
MyNetworkTV Detroit	6/16/2014	+	+
Shared Services and Corporate – Based on 2015 estimated run rate	4/1/2015	+	+
Journal Operating Earnings - Adjusted for D&A plus pension to report on segment profit basis	4/1/2015	-	-
Journal Operating Earnings - Adjusted for transaction costs to report on segment profit basis	4/1/2015	*	-
Scripps / Journal Newspapers	4/1/2015	-	-
Scripps / Journal Transaction Synergies	4/1/2015	+	+

+/- indicates included in or excluded from adjusted combined results

\*Adjustment not required