

Give light  and the people will find their own way

SCRIPPS INVESTOR DAY

# SCRIPPS

# WELCOME AND INTRODUCTIONS

- Chairman, President & CEO Rich Boehne
- CFO Tim Wesolowski
- SVP, Broadcast Brian Lawlor
- SVP, Chief Digital Officer Adam Symson

# SAFE HARBOR/DISCLOSURES

*This presentation contains forward-looking statements that involve a number of risks and uncertainties. For this purpose, any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. Without limiting the foregoing, the words “believes,” “anticipates,” “plans,” “expects,” “intends,” and similar expressions are intended to identify forward-looking statements. Important factors that could cause actual results to differ materially from those indicated by such forward-looking statements are set forth in the company’s quarterly financial statement on Form 10-Q for the quarter ended March 31, 2015, as filed with the Securities and Exchange Commission. We undertake no obligation to publicly update any forward-looking statements to reflect events or circumstances after the date the statement is made.*

*The historical adjusted combined financial information on the following pages is for informational purposes only. These results do not necessarily reflect what the historical results of Scripps would have been if the acquisition of Journal Communications’ broadcast operations had occurred on Jan. 1, 2013. Nor is this information necessarily indicative of future results of operations of the combined companies. The preparation of the adjusted combined financial information includes the use of estimates that may not have been accurate and assumptions that may not have been valid had the transactions occurred on Jan. 1, 2013. However, management believes them to be reasonable.*

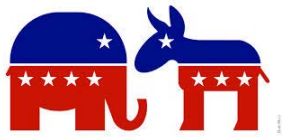
*The historical adjusted combined financial information is not pro forma information prepared in accordance with Article 11 of SEC regulation S-X, and the preparation of information in accordance with Article 11 would result in a significantly different presentation.*

*The historical adjusted combined amounts reflect the historical combined results of Scripps and Journal's broadcast operations and the television stations acquired from Granite. The newspaper operations of Scripps and Journal that were spun off have been excluded from the historical adjusted combined amounts.*

# **RICH BOEHNE: THE NEW SCRIPPS OPPORTUNITY**



# FIVE REASONS YOU'LL BE HAPPY YOU CAME



1.To size up  
2016 political



2.To under-  
stand the  
Scripps  
net retrans  
story



3.To hear  
how growing  
ratings =  
growing  
revenue

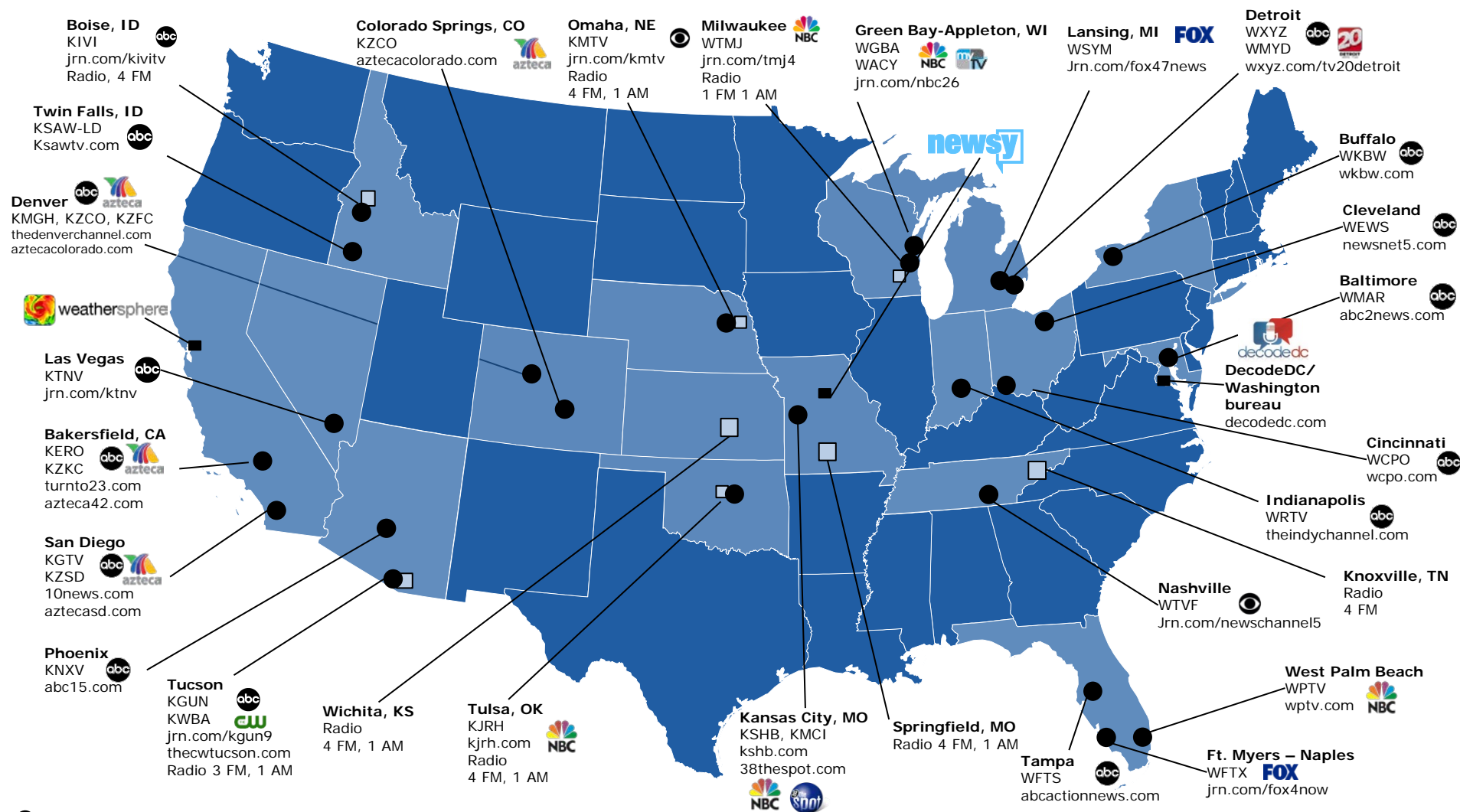


4.To dive  
more deeply  
into the digital  
market  
opportunity

**2x**  
leverage

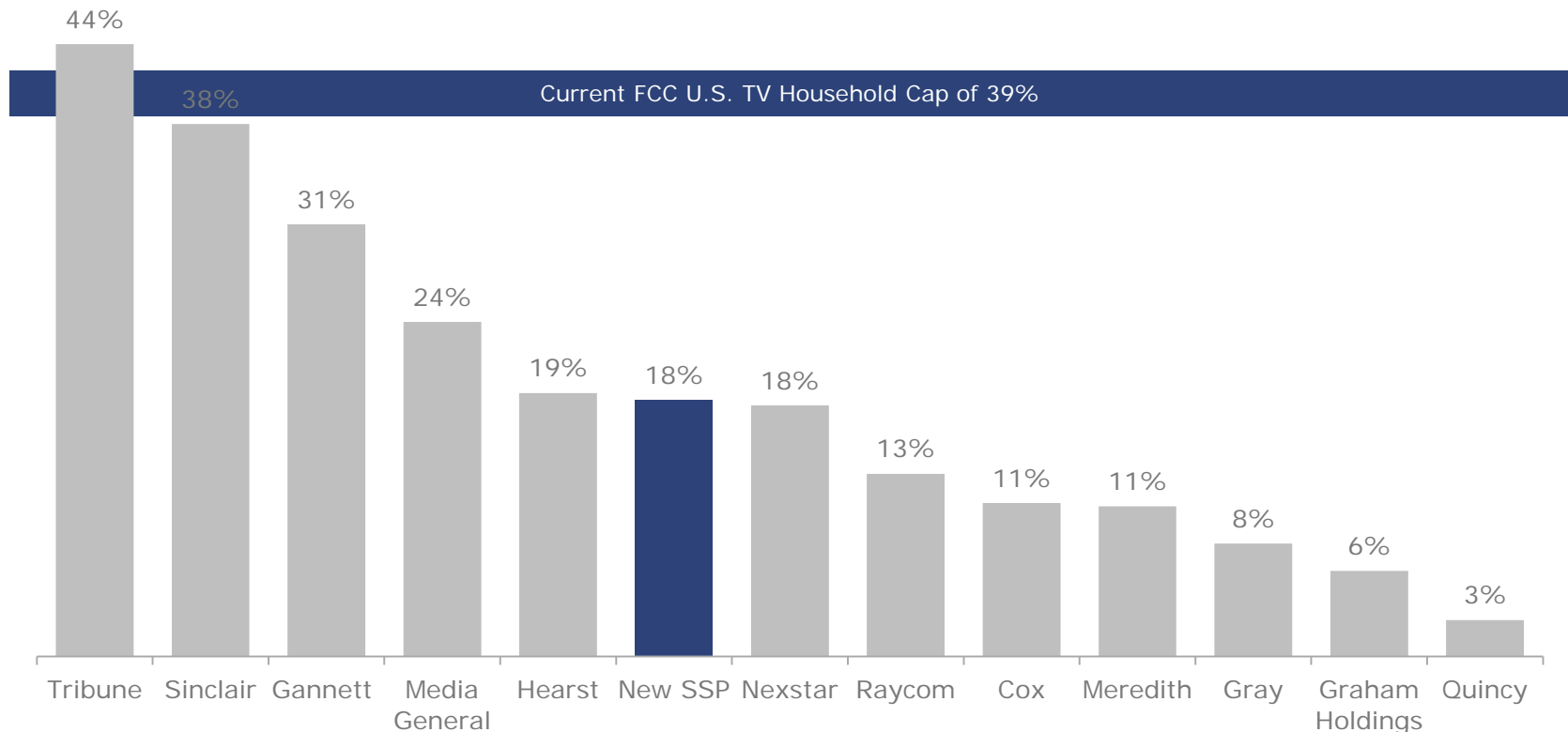
5.To be  
reassured  
we'll be  
putting our  
cash to work

# 33 TV STATIONS, 34 RADIO STATIONS NATIONAL DIGITAL BRANDS



# WE NOW REACH NEARLY 20 PERCENT OF U.S. TV HOUSEHOLDS

- Financial flexibility with substantial room to add stations under FCC ownership cap
- Combined household reach offers more value to achieve more favorable retrans arrangements



# WE HAVE A DIVERSE AFFILIATION MIX



15 stations



5 stations



2 stations



2 stations



5 stations



2 stations



1 station

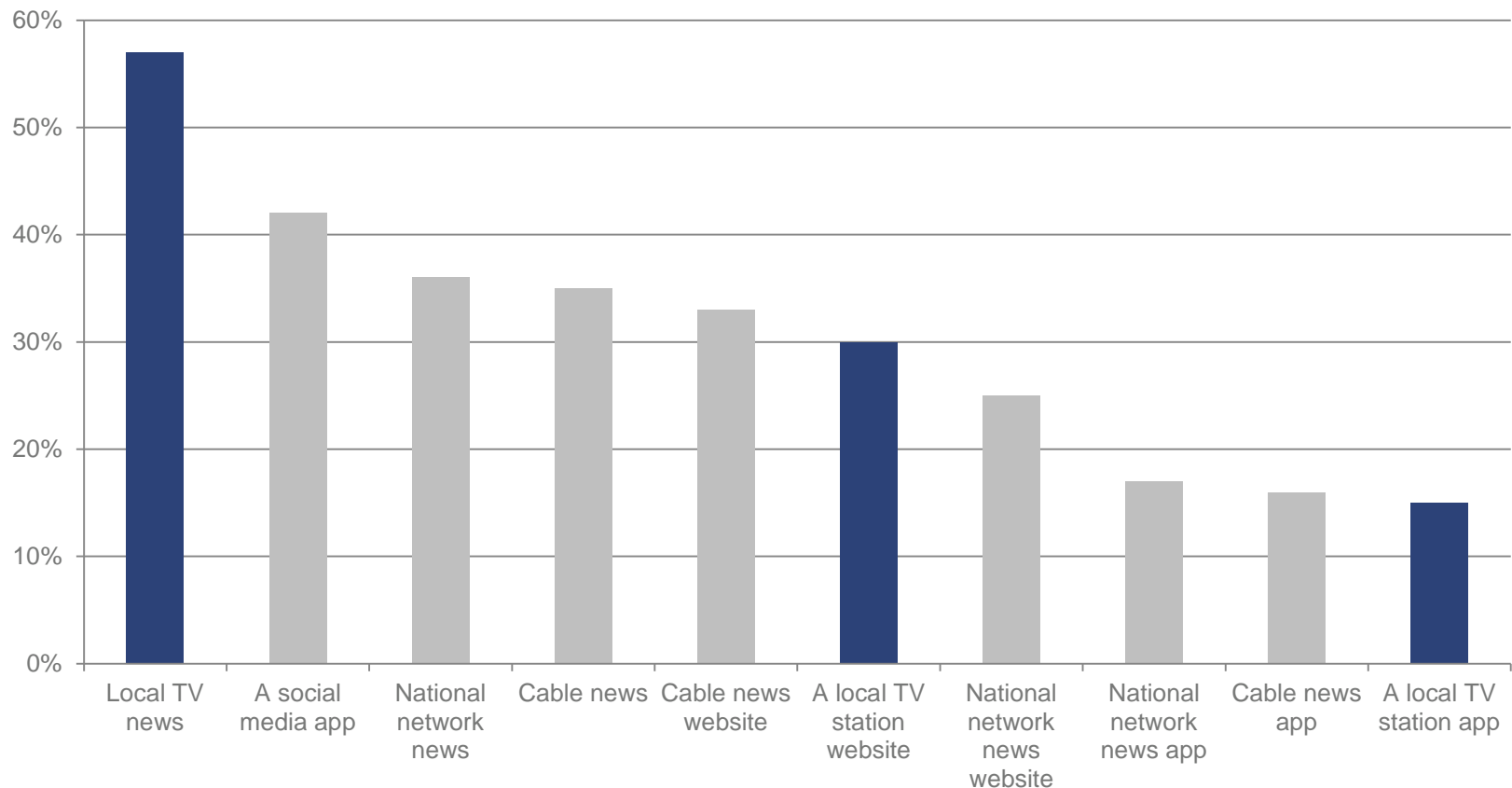


1 station



# BROADCASTING IS A POWERFUL MEDIUM

Percentage of people who say they use this news source regularly



# BROADCASTING IS A POWERFUL MEDIUM

The Pew Center for Media Research State of the Media 2015 report says nearly 60 percent of Americans rely primarily on local news sources.

The report also says local news viewing remains strong:

*“At local network affiliate television stations, viewership in 2014 increased slightly in morning and early evening time slots – 2 percent and 3 percent respectively, compared with 2013, according to a Pew Research Center analysis of Nielsen Media Research data.”*



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The three major cable news outlets **together** only garnered 1.7 million viewers in a 24-hour cycle in 2014 – down 7 percent, according to the Pew Center.



# RADIO LETS US GO DEEPER IN OUR MARKETS



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## RADIO MARKETS WITH TV

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

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## RADIO MARKETS – STANDALONE

Wichita, KS – Springfield, MO  
Knoxville, TN

# **TIM WESOLOWSKI: UNDERPINNINGS OF A GROWTH STORY**



# FINANCIAL OVERVIEW: SETTING THE STAGE FOR 2016 AND BEYOND

- Our upcoming contract renewals translate to significant growth in retransmission revenue – both gross and net
- Our strong balance sheet means significant firepower for acquisitions and share repurchases
- Our modest cash requirements – capex, pension contributions, principal repayments – lead to strong and growing free cash flow

# ADJUSTED COMBINED RESULTS

## 2013 TO Q1 2015

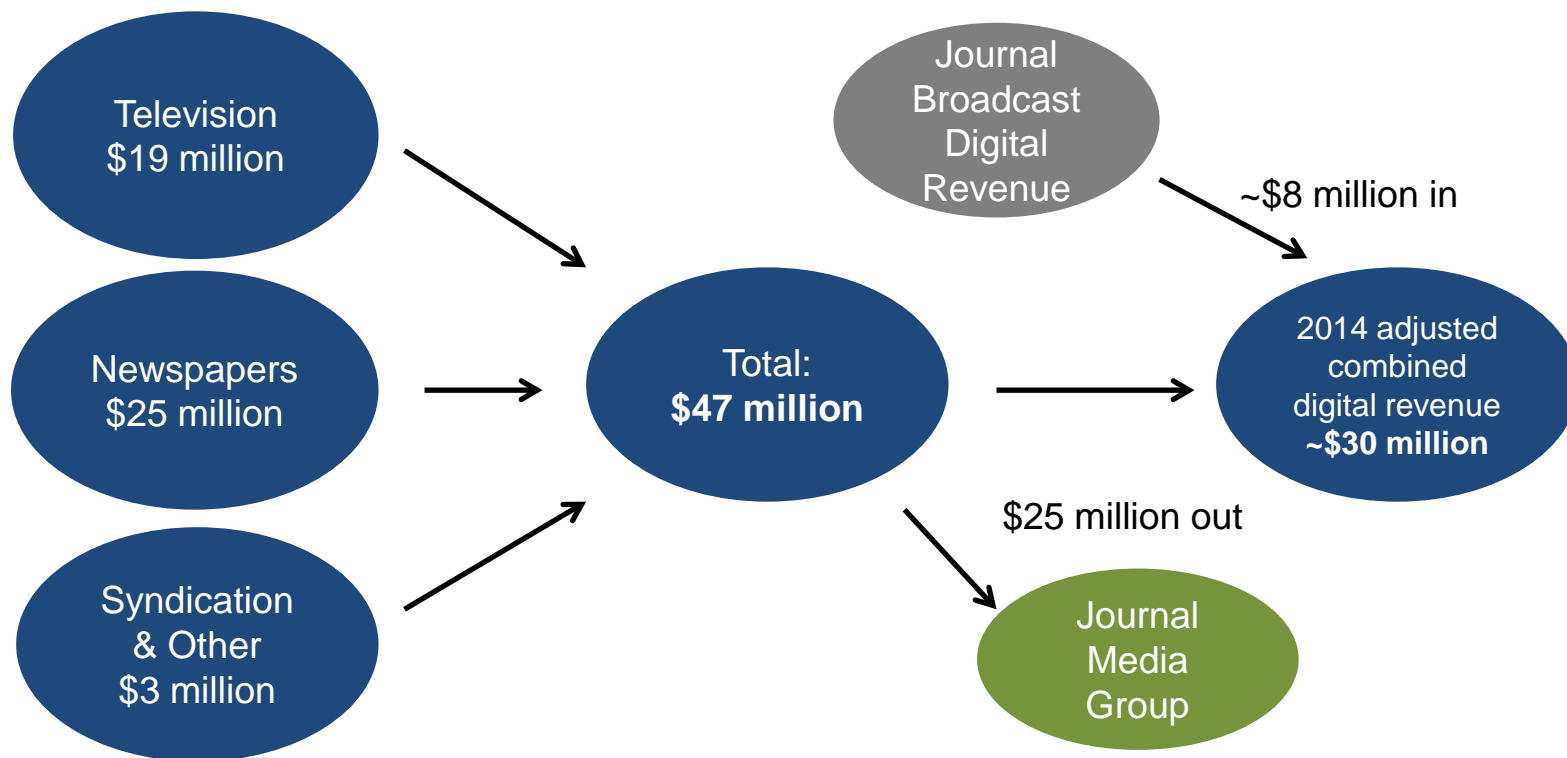
Adjustments to E.W. Scripps Operating Results	2013 Operating Results	2014 Operating Results	Q1 2015 Operating Results
Journal broadcast acquisition, assumed Jan. 1, 2013	+	+	+
Granite stations acquisition, assumed Jan. 1, 2013	+	+	*
Scripps newspaper spinoff, assumed Jan. 1, 2013	-	-	-
D&A purchase price adjustments	+	+	+
Transaction synergies	+	+	+
Other revenue adjustment, primarily retransmission revenue	+	+	+
Shared Services and Corporate on a normalized run rate	+	+	+
Elimination of GCIU and restructuring costs for Scripps newspaper spinoff	-	-	*
Elimination of acquisition and integration costs from Journal transactions	*	-	-
Interest expense adjustments from incremental term loan and Journal notes payable	+	+	+
Other expense adjustments	-	-	*
+/- indicates item included in or excluded from adjusted combined operating results			
* adjustment not necessary			

The adjusted combined historical results do not necessarily reflect what the historical results would have been and are not necessarily indicative of future results.

# THE REVENUE COMPONENTS OF DIGITAL AS A SEGMENT

## Old Scripps Reporting Structure Digital Revenue Contributions

## Digital as a Segment

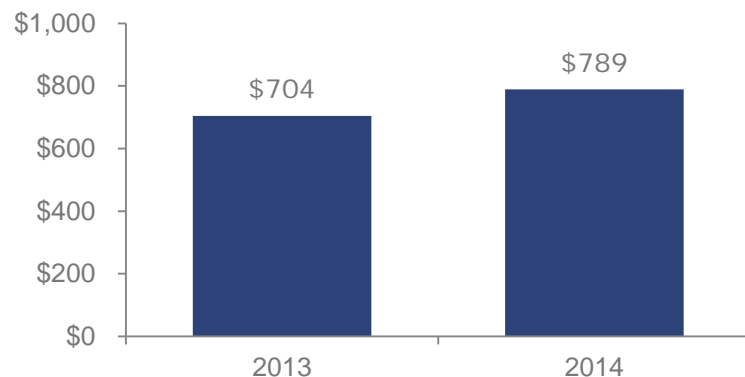


More than half of our digital revenue was from newspaper markets and has moved to Journal Media Group.

# ADJUSTED COMBINED RESULTS, 2013-2014

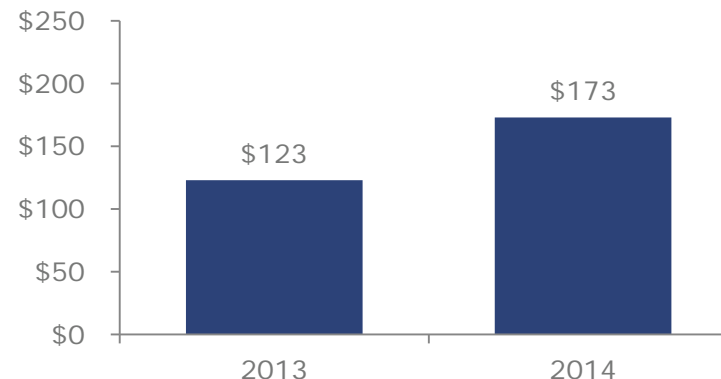
## Revenue

\$ in millions



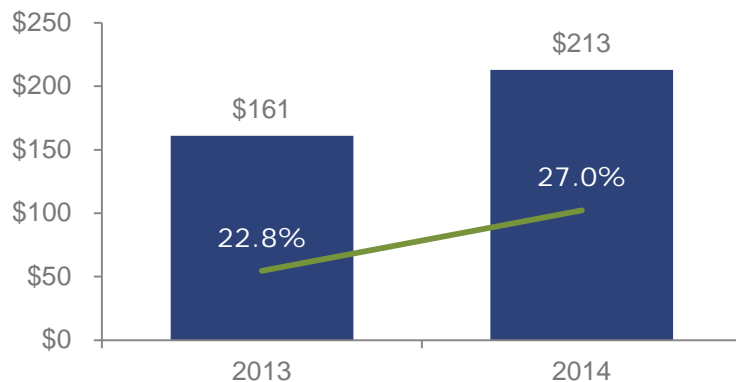
## Segment Profit<sup>1</sup> less Corporate Expense<sup>2</sup>

\$ in millions



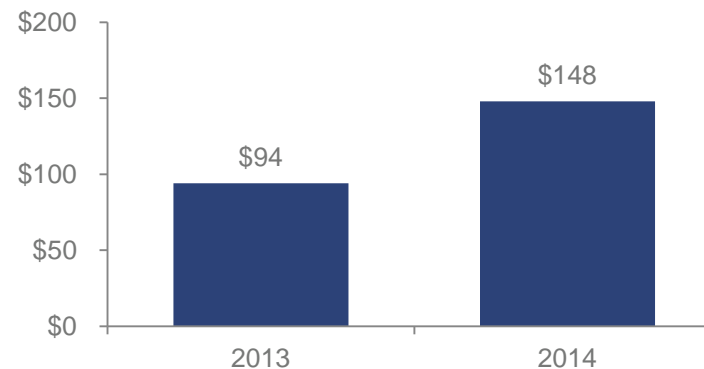
## Segment Profit & Margin<sup>3</sup>

\$ in millions



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

\$ in millions



Note: 2013-2014 results include impact of two television stations acquired from Granite Broadcasting in June 2014. Reference the supplemental information in the Scripps Q1 press release, May 8, 2015, for more information.. The adjusted combined historical results do not necessarily reflect what the historical results would have been and are not necessarily indicative of future results.

<sup>1</sup> Includes \$10 million of synergies

<sup>2</sup> Shared services and corporate of \$40 million in 2014 and \$38 million in 2013

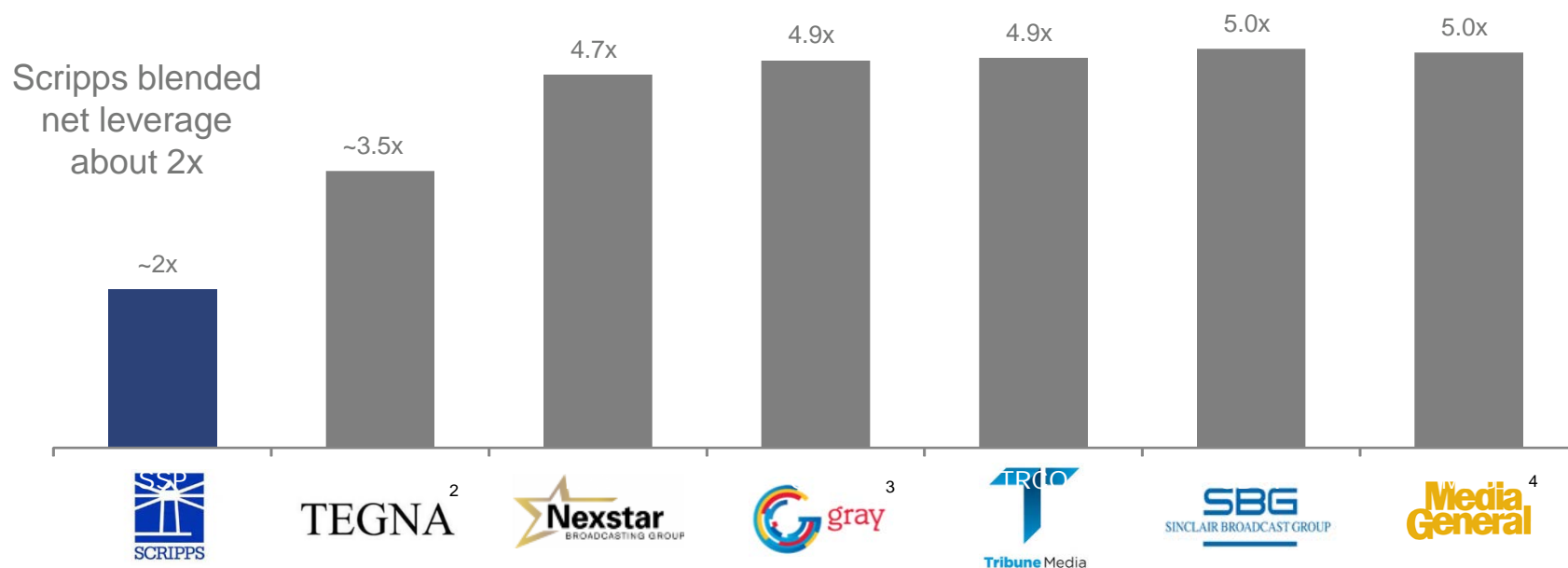
<sup>3</sup> Defined as broadcast segment profit plus digital segment profit

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



# STRONG BALANCE SHEET GOING INTO 2016

## 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.

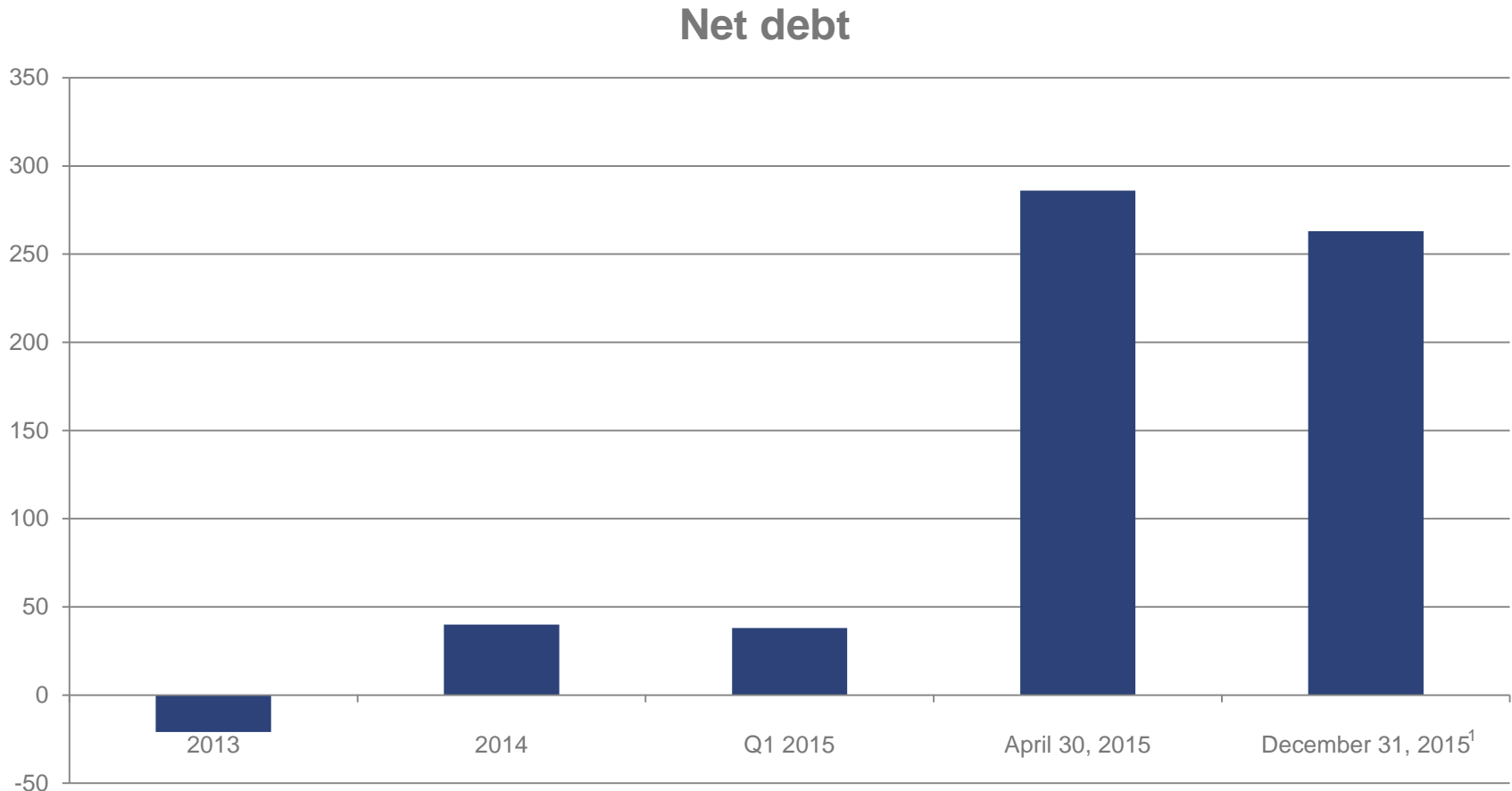
<sup>1</sup> Based on 3/31/15 pro forma net debt and '13/'14 blended adjusted combined EBITDA

<sup>2</sup> Per expected blended net leverage post spin-off

<sup>3</sup> Per May 2015 investor presentation and L8QA pro forma OCF as of 12/31/14

<sup>4</sup> Per Q1 2015 earnings release. Includes restricted cash of \$120 million, which will be released in June 2015 if not used for an acquisition

# NET DEBT LEVELS THROUGH 2015



Journal transaction increases net debt; leverage remains very low.

Based on the adjusted combined historical results, which do not necessarily reflect what the historical results would have been and are not necessarily indicative of future results.

<sup>1</sup> Assumes no share repurchases or acquisitions.

# FINANCIAL PRINCIPLES AND APPROACH

- Maintain sufficient liquidity and financial flexibility
- Continue strong track record of maintaining conservative leverage
  - Not comfortable going beyond 3x without a plan to rapidly de-lever
- Remain conservative cash-on-cash investors
- Hold prudent financial risk-management policies
  - ⌘ Interest rate management
  - ⌘ Controlling pension liabilities through a conservative, liability driven investment strategy
- Can resume share repurchases while staying within leverage guidelines
- Possibility of a regular dividend reviewed with board periodically

# FINANCIAL PRINCIPLES AND APPROACH: CAPITAL ALLOCATION

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

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## Share Repurchase Program:

- \$100 million was authorized in November 2012 and another \$100 million in May 2014
- Program from May 2014 reinstated now that merger closed. \$100 million remains
- Average purchase price of \$17.97 in 2014

## Special Dividend:

- \$60 million special dividend was paid out at closing of Journal transactions

## 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.)*

# A LOOK AT THE REMAINDER OF 2015

	Second Quarter 2015	12 Months Ended Dec. 31, 2015
Television revenue	Flat	Down low single digits
Television expense	Up ~10 percent	Up high single digits
Radio revenue	Flat	Flat
Radio expense	Up high single digits	Up mid single digits
Digital revenue	Up high teens	Up high teens
Digital expense	Up mid teens	Up mid teens
Retransmission revenue	~\$36 million	~\$145 million
Shared Services and Corporate	~\$13 million	~\$45 million

Significant growth in retransmission revenue stream offsetting non-political year.  
Strong cash flow and balance sheet. Net leverage below industry peers.

**ADAM SYMSON: HITTING 'EM WHERE THEY AIN'T**



# HOW SCRIPPS DEFINES DIGITAL



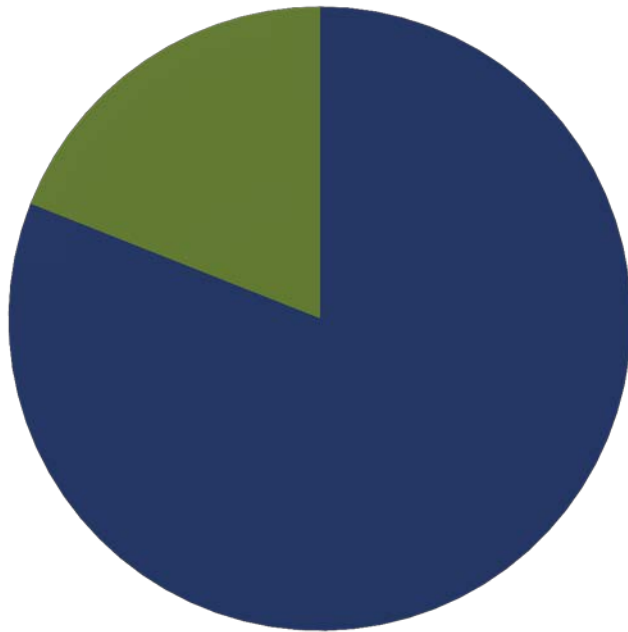
Organically grow profitable cash flow streams from the core local businesses



Build and buy national brands that compete on emerging platforms and marketplaces where audience and revenue growth are fastest

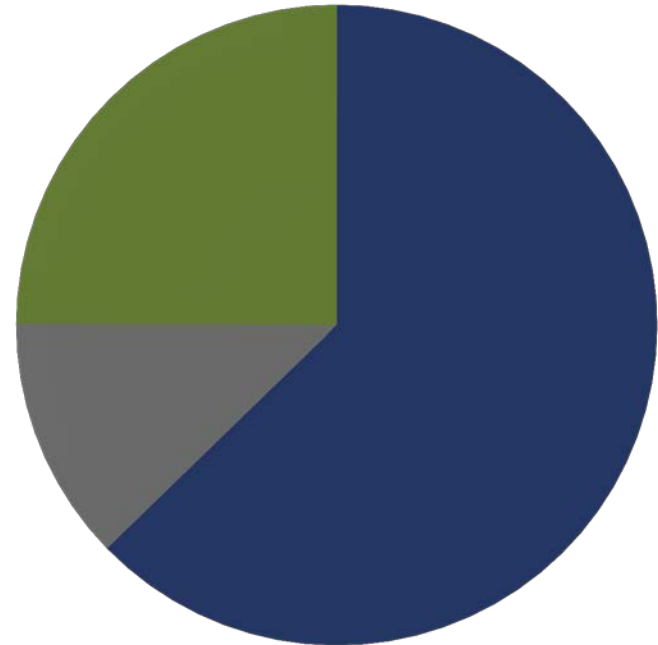
# DIGITAL AS A SEGMENT BY REVENUE AND EXPENSES

Sources of Revenue



- Local market digital sales
- National digital brands

Buckets of Expense

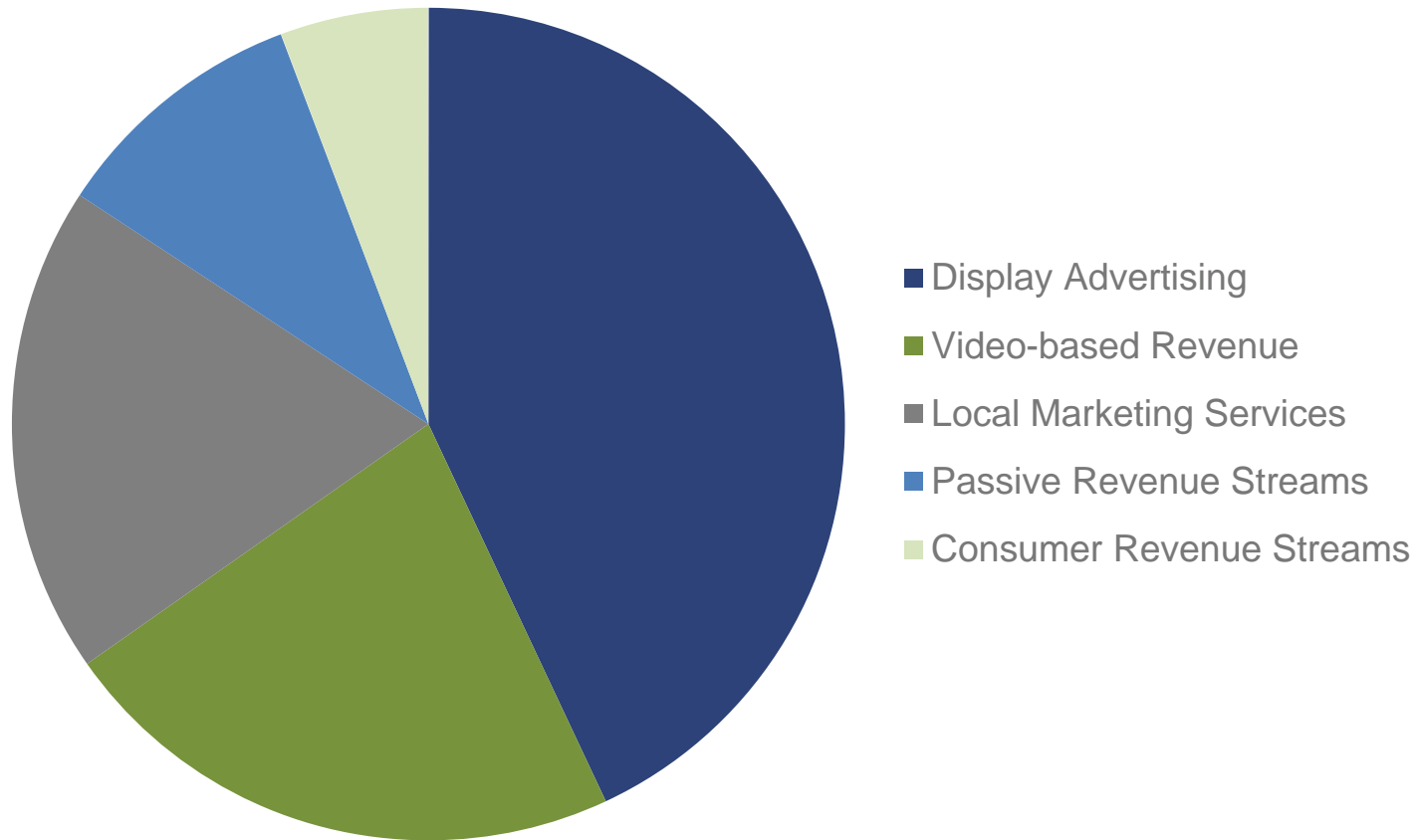


- Local-market leading products & ad services
- Developing business-to-consumer profit streams
- New national and umbrella brands



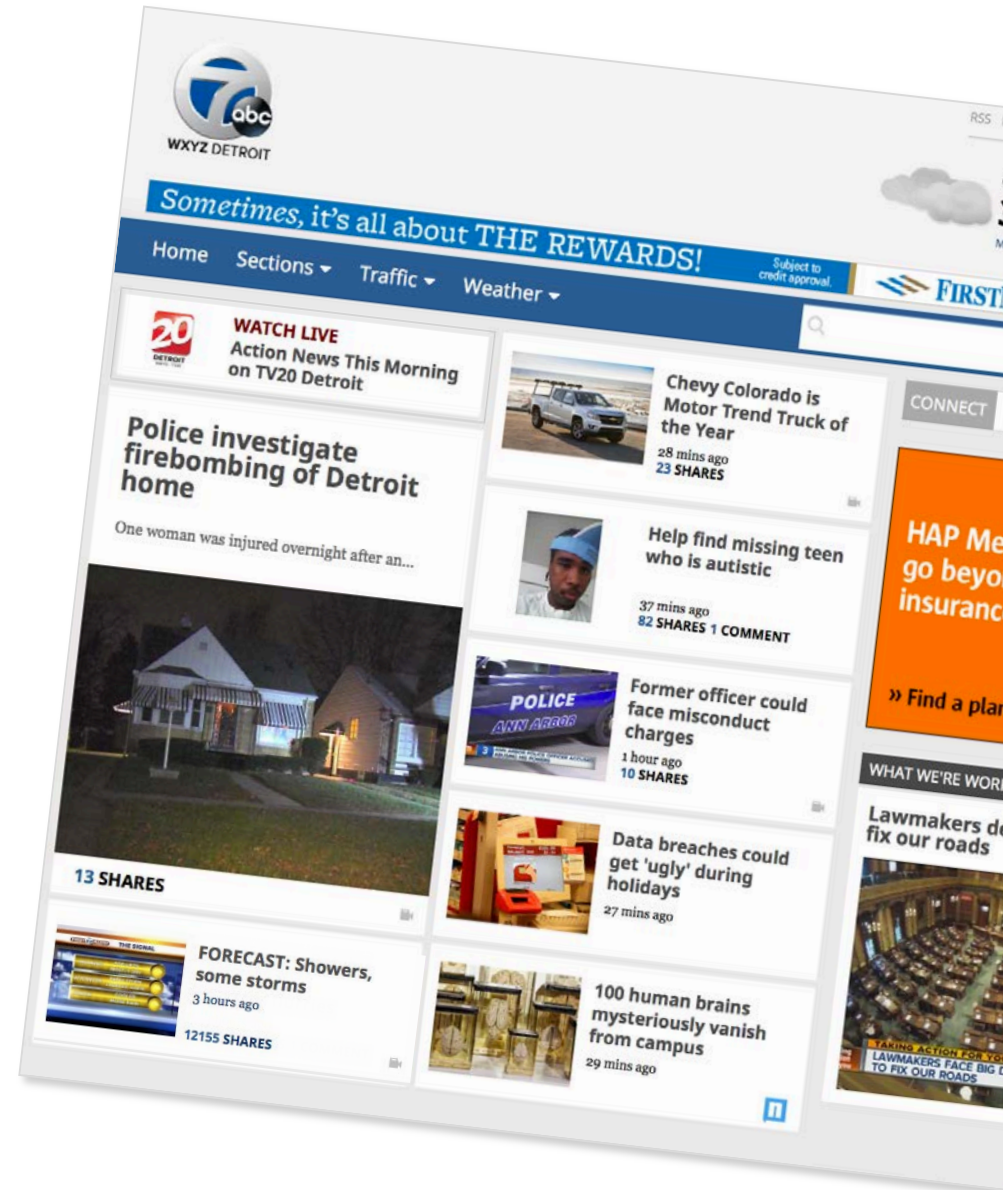
# DIGITAL AS A SEGMENT REVENUE BY PRODUCT

2015 Revenue Mix



# THE LOCAL MARKET OPPORTUNITY AND PLAN

- Developing enduring local news brands that serve the migrating news consumer
- Strengthening combo and new digital-only audiences
- Showcasing digital journalism
- Holding the advantage of 'Local' as still a relatively protected marketplace where we are trusted
- Connecting local advertisers to engaged digital audiences
- Investing into digital-only sales, a strategy that is paying off
- Focusing on the future of local advertising



# DEVELOPING THE BUSINESS-TO-CONSUMER MODEL

- Transitioning from a media model to a data-driven model
- Leveraging large audiences into greater profit streams
- Expanding loyalty programs and data gathering to make our business 'smarter' and more profitable
- Feeding back real-time data to improve both TV and digital audiences
- Launching new revenue opportunities that take advantage of our consumer connections








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# FOCUS AND INVESTMENT THAT PAYS BACK WITH SCALE

## Now<sup>1</sup>:

- 270 million page views in first quarter,  **6 percent** over prior year
- 22 million average unique visitors,  **18 percent** over fourth quarter
- 820,000 monthly active app users,  **33 percent** over prior year
- 26 million video views,  **26 percent** over prior year
- TV digital revenue,  **21 percent** to \$5.3 million

## Next:

- Continued revenue growth with local market profit expansion
- Strongest local brands with advertiser and audience captivity
- New and robust business-to-consumer revenue streams

# CREATING VALUE IN THE EMERGING MARKETPLACES FOR MEDIA

Building businesses that:

- Create long-term value on media platforms with the highest growth
- Further our focus on journalism and new business models
- Address long-term audience and advertising trends



An over-the-top video news network for the next generation



Podcasts that help you better understand Washington, building audiences in the audio streaming space



**WeatherSphere  
& StormShield**

A family of paid mobile weather apps that dominate app store shelf space



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

# DIGITAL VIDEO AND OVER-THE-TOP TV ARE BREAKAWAY MARKETPLACES

## Over-the-Top TV:

- Time spent watching projected to grow by 425 percent by 2020 (The Diffusion Group 4/2015)
- Connected TV users expected to be a majority by 2017 (eMarketer – 6/2014)
- Global revenues projected to grow from \$8 billion in 2014 to \$32 billion by 2018 (Juniper Research – 4/2015)
- OTT is shifting the pay TV landscape



# THE OTT OPPORTUNITY



*A 40-second video about Newsy is playing during this portion of the presentation.*



# NEWSY: THE OTT NEWS NETWORK FOR MILLENNIALS

## Now:

- 650 million video views in 2014
- 81 percent growth in first quarter 2015 over prior year
- Roku and Fire TV – up 50 percent quarter over quarter in on-demand streams
- 20-25 minute engagement time



## Next:

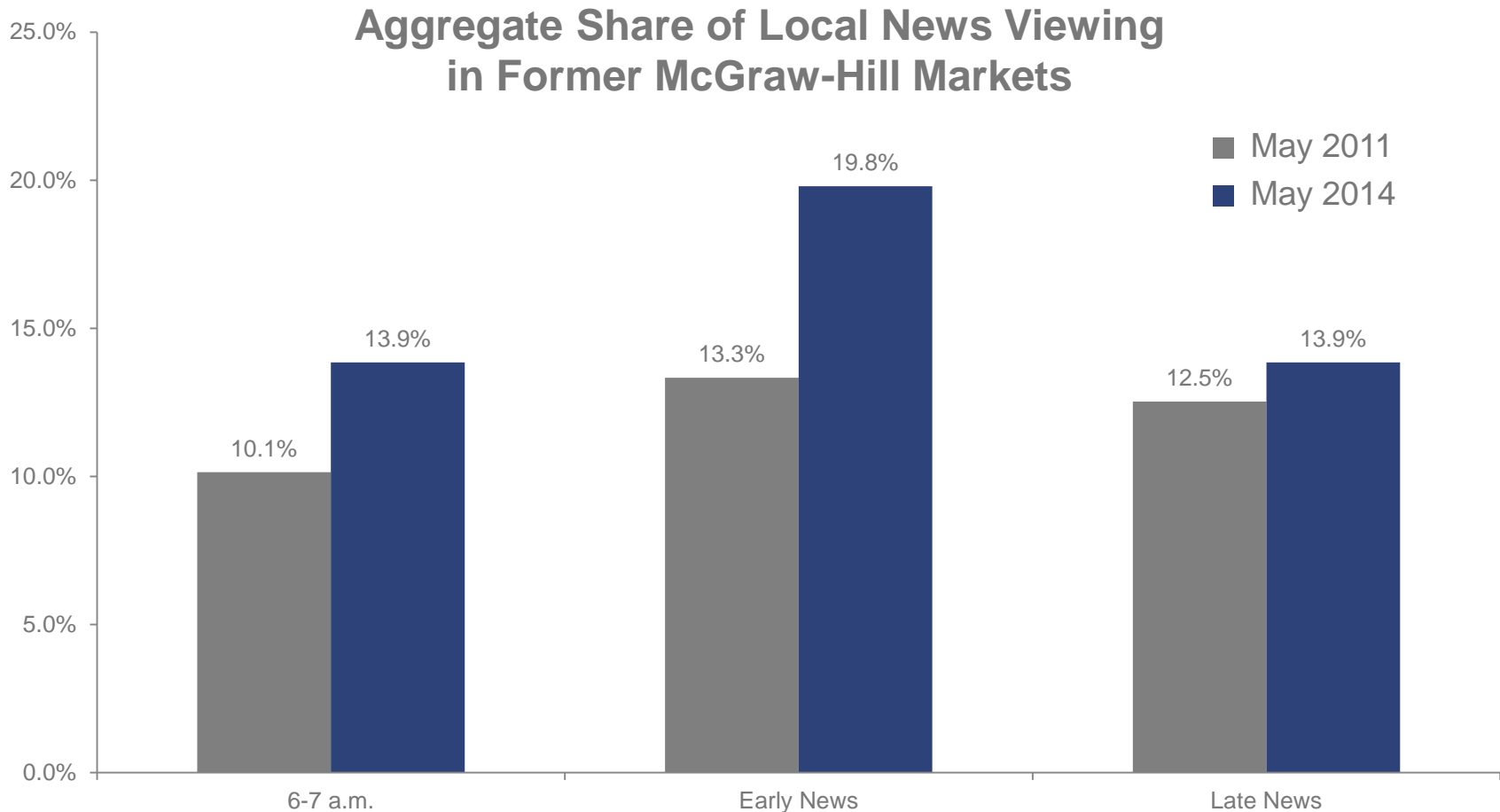
- Live programming and on-demand catalog
- Available across multiple platforms and hardware devices
- Soft-launch a live network at the end of second quarter on Newsy owned and operated apps and other platforms
- Launching with targeted dynamic ad-insertion
- Focusing distribution efforts on virtual MVPDs, OTT hardware partners, broadcast multicast channels



**BRIAN LAWLOR: TO 2016 AND BEYOND ...**



# 2016: VIEWERSHIP GROWTH



Scripps' share of local news viewing has grown in key time periods since we bought the former McGraw-Hill stations.

# 2016: LEVERAGING ORIGINAL PROGRAMMING

Our local and national original program strategy means more ad dollars; larger margins

## Local shows:



## National shows:



**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

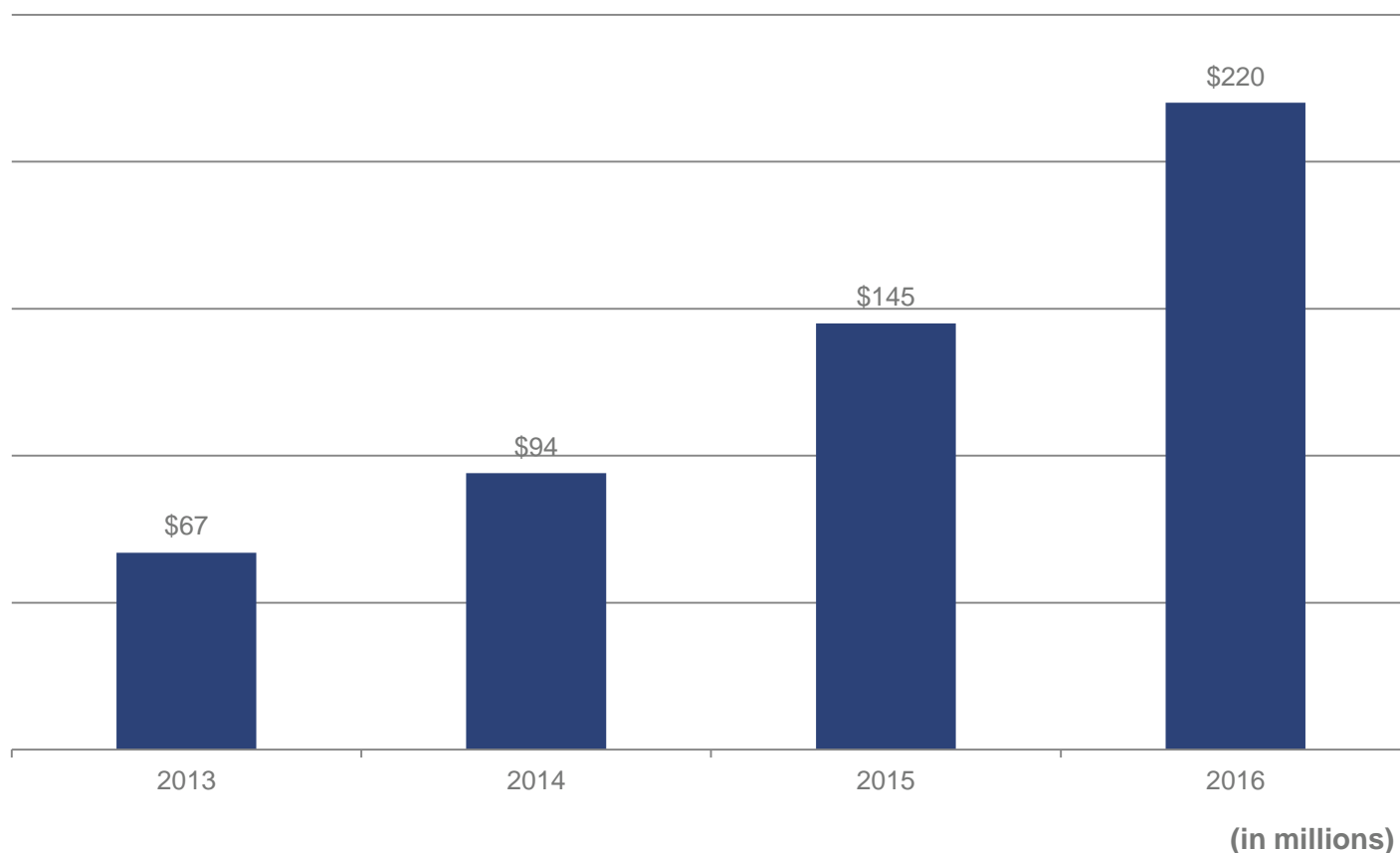
# 2016: MAXIMIZING THE SYNERGIES OF OUR JOURNAL DEAL

- Ad Traffic Hub
- Original programming
- Content and sales synergies
- Graphics Hub
- Master Control Hub
- Network negotiation leverage
- Syndication negotiation leverage
- Back office synergies



# 2016: ANOTHER BIG YEAR FOR RETRANS

## Retransmission Revenue on adjusted combined basis



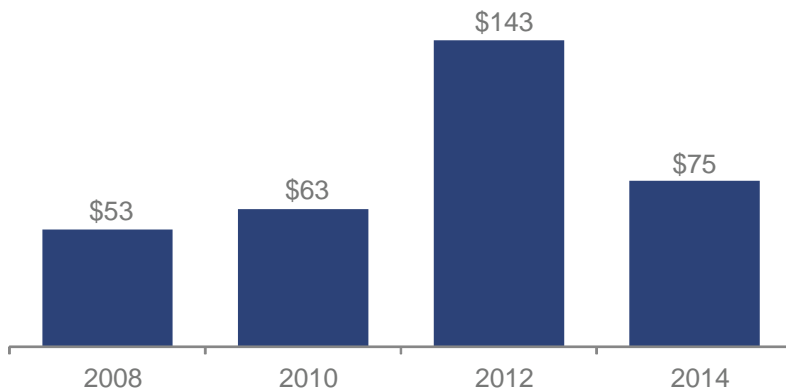
Based on the adjusted combined historical results, which do not necessarily reflect what the historical results would have been and are not necessarily indicative of future results.

# 2016: OUR SWEET SPOT – PRESIDENTIAL ELECTIONS

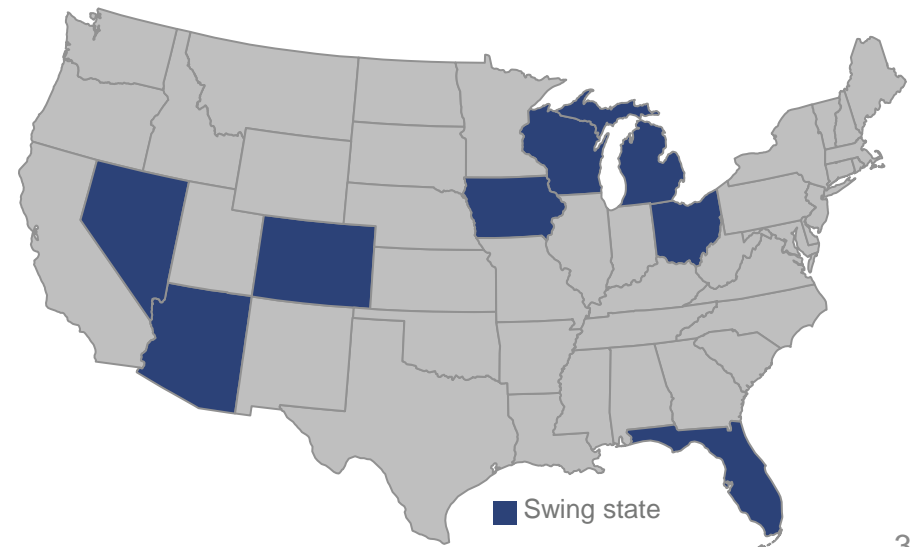
- Scripps now operates stations in eight presidential swing states
- Political opportunity is enhanced in Florida, Michigan and Arizona; new political opportunity in Wisconsin, Nevada and Iowa
- Senate races expected to be competitive in eight Scripps markets; House races expected in 10 of our markets
- Scripps' Washington D.C. sales office leveraged across broader footprint

## Significant Political Revenue Growth<sup>1</sup>

(\$ in millions)

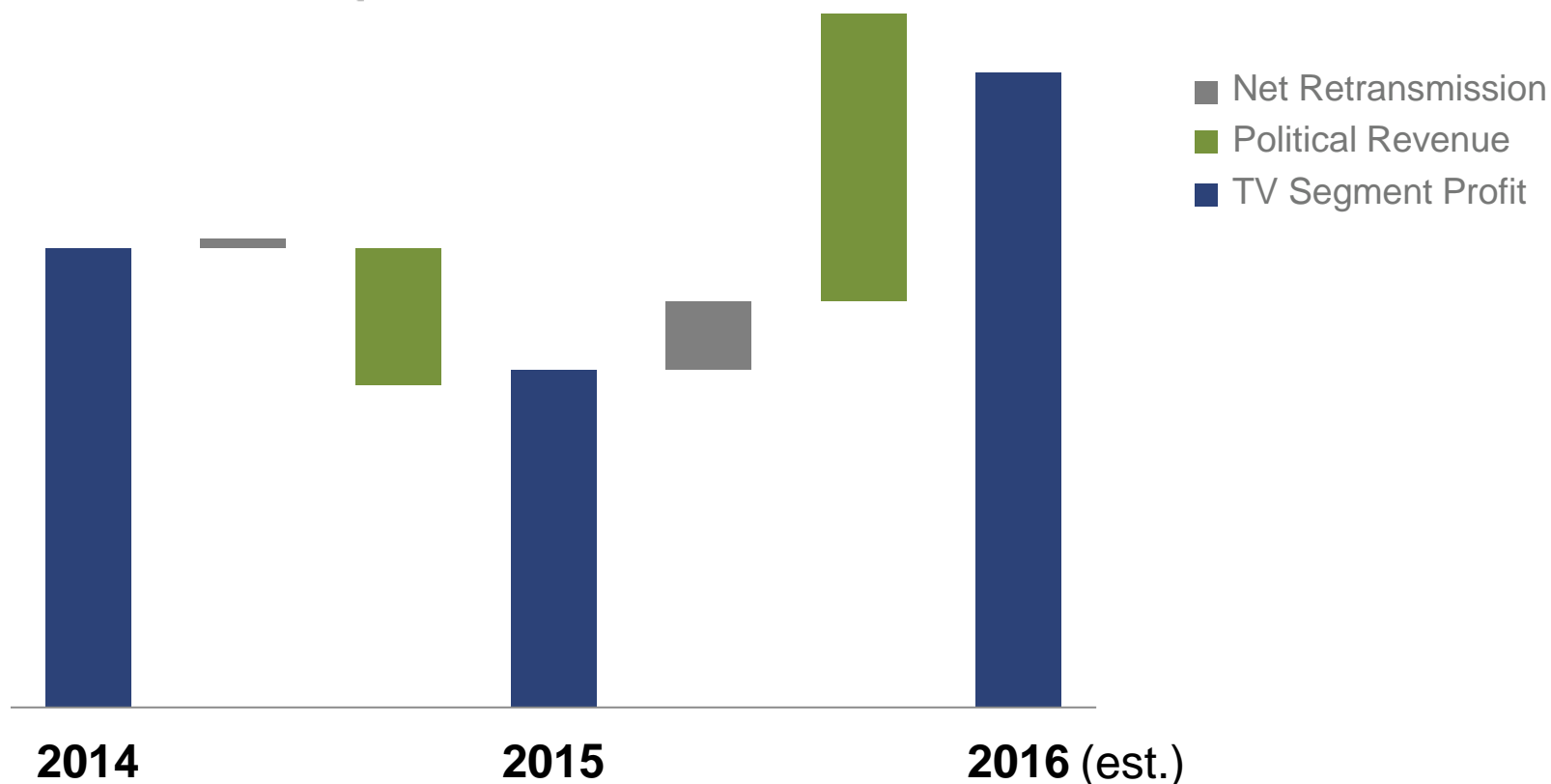


## Presence in Projected Swing States



# 2016: CASH FLOW AND MARGIN EXPANSION

Changes in TV segment profit from  
net retrans and political revenue



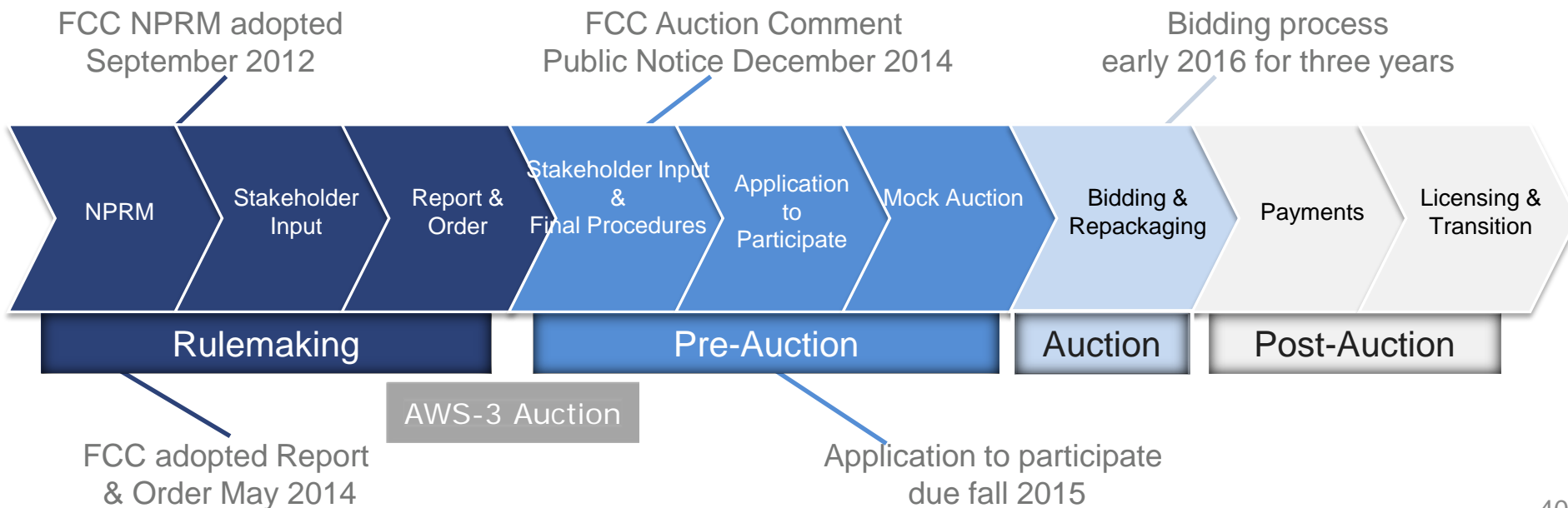
We anticipate political revenue and net retrans  
will drive significant profit growth in 2016.

# 2016: THE SPECTRUM AUCTION

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





**QUESTIONS?**

