UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) July 10, 2020

THE E.W. SCRIPPS COMPANY
(Exact name of registrant as specified in its charter)

Ohio	001-10701	31-1223339
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification Number)

312 Walnut Street	
Cincinnati, Ohio	**45202**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (513) 977-3000

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act.

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, par value $0.01 per share	SSP	NASDAQ Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR § 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR § 240.12b-2).
Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

THE E.W. SCRIPPS COMPANY

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Item 8.01 Other Events

The E.W. Scripps Company (“Scripps”) has entered into an agreement with SiriusXM to sell its Stitcher podcast business for $325 million. The sale consideration is comprised of $265 million of upfront cash, an earnout of up to $30 million based on 2020 financial results to be paid in 2021, and an earnout of up to $30 million based on 2021 financial results to be paid in 2022. The transaction is expected to close in the third quarter, pending Hart-Scott-Rodino clearance.

Senior management of Scripps will discuss the Stitcher divestiture as well as provide some updates on the local and national businesses during a July 13th, 10 a.m. Eastern, telephone conference call.

Copies of the press release and senior management’s investor call script are filed with this Form 8-K and are attached hereto as Exhibits 99.1 and 99.2, respectively.

Item 9.01 Financial Statements and Exhibits

Exhibit Number	Description of Item
99.1	Press release dated July 13, 2020
99.2	Senior Management’s Investor Call Script

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

THE E.W. SCRIPPS COMPANY

BY:	/s/ Douglas F. Lyons
	Douglas F. Lyons
	Senior Vice President, Controller and Treasurer
	(Principal Accounting Officer)

Dated: July 13, 2020

Exhibit 99.1

Give light and the people will find their own way

SCRIPPS

News Release

312 WALNUT ST., CINCINNATI, OHIO 45202 | P 513.977.3000

Scripps agrees to sell podcasting business to SiriusXM for $325 million

July 13, 2020

CINCINNATI - The E.W. Scripps Company (NASDAQ: SSP) has entered into an agreement with SiriusXM to sell podcast industry leader Stitcher for $325 million, a return of more than double Scripps' investment in podcasting over the last five years.

The Stitcher company includes three distinct podcast business lines: the Midroll advertising rep firm; owned-and-operated podcast networks including the comedy-focused Earwolf; and the Stitcher podcast listening platform.

Scripps was an early entrant into podcasting, acquiring Midroll in 2015 for $55 million and the Stitcher app in 2016 for $4.5 million. Since then, Stitcher has been a leader in the fast-growing podcast industry, growing revenue at a CAGR of 52% from 2016-19. Stitcher's 2019 revenue was $72.5 million.

The opportunity for Stitcher and its employees to join a large pure-play audio company ensures it will expand upon its success, Scripps President and CEO Adam Symson said.

"This sale is consistent with Scripps' track record of growing businesses that capitalize on the evolution of consumers' media habits and then unlocking shareholder value through spinoffs, exits and continued organic growth," said Symson. "Over and over, this strategy has proven effective as well as profitable for the company and its shareholders.

"Today's announcement, and the metrics around this sale, are an affirmation of our investment-for-growth strategy. We are firmly committed to our national businesses and are enthusiastic about the opportunities we see ahead in digital audio, over the top and over the air television."

Transaction highlights:

- Sale price of $325 million, with $265 million of cash upfront; earnout of up to $30 million based on 2020 financial results and paid in 2021; earnout of up to $30 million based on 2021 financial results and paid in 2022
- Full price representing an internal rate of return after taxes in the mid-20% range and cash-on-cash return of more than 2x, which incorporates the purchase prices for Midroll and Stitcher of $59.5 million as well as Scripps' investments in the business over the last five years
- Improvement in National Media segment profit and company EBITDA with the elimination of Stitcher annual losses in the high-teens millions of dollars
- Estimated tax liability of approximately $70 million assuming the full earnout is achieved. Scripps has approximately $190 million of net operating loss carryforwards that would offset about $40 million in 2020 tax liabilities.
- The move of all Stitcher employees to SiriusXM

“As a result of this transaction, Scripps is improving our leverage ratio through higher company EBITDA and garnering cash we can use toward debt reduction, which continues to be our highest priority,” Scripps Executive Vice President and Chief Financial Officer Lisa Knutson said.

The transaction is expected to close in the third quarter, pending Hart-Scott-Rodino clearance. LionTree Advisors has acted as exclusive advisor to Scripps in the sale process, and BakerHostetler is serving as legal counsel.

Conference call
The senior management of The E.W. Scripps Company will discuss the Stitcher divestiture as well as provide some updates on the local and national businesses during a telephone conference call **at 10 a.m. Eastern today**. To access the live webcast, visit http://ir.scripps.com and find the link under “upcoming events.”

To access the conference call by telephone, dial (877) 336-4437 (U.S.) or (234) 720-6985 (international) and give the access code 7221941 approximately five minutes before the start of the call. Investors and analysts will need the name of the call (“Scripps call”) to be granted access. The public is granted access to the conference call on a listen-only basis.

A replay line will be open from 1 p.m. on July 13 until midnight on July 27. The domestic number to access the replay is (866) 207-1041 and the international number is (402) 970-0847. The access code for both numbers is 8032699. A replay of the conference call will be archived and available online for an extended period of time following the call. To access the audio replay, visit http://ir.scripps.com/ approximately four hours after the call, and the link can be found on that page under “audio/video links.”

Forward-looking statements
This document contains certain forward-looking statements related to the company’s businesses that are based on management’s current expectations. Forward-looking statements 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 forward-looking statements. Such forward-looking statements are made as of the date of this document and should be evaluated with the understanding of their inherent uncertainty. A detailed discussion of principal risks and uncertainties, including those engendered by the COVID-19 pandemic, that may cause actual results and events to differ materially from such forward-looking statements is included in the company’s Form 10-K and Form 10-Q, 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 such statements are made.

About Scripps
The E.W. Scripps Company (NASDAQ: SSP) advances understanding of the world through journalism. As the nation’s fourth-largest independent TV station owner, Scripps operates 60 television stations in 42 markets. Scripps empowers the next generation of news consumers with its multiplatform news network Newsy and reaches growing audiences through broadcast networks including Bounce and Court TV. Shaping the future of storytelling through digital audio, Scripps owns top podcast company Stitcher and Triton, the global leader in technology and measurement services. Scripps runs an award-winning investigative reporting newsroom in Washington, D.C., and is the longtime steward of the Scripps National Spelling Bee. Founded in 1878, Scripps has held for decades to the motto, “Give light and the people will find their own way.”

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Exhibit 99.2

STITCHER SALE INVESTOR CALL
July 13, 2020

Carolyn

Thank you, operator. Good morning everyone and thank you for joining us for a discussion of The E.W. Scripps Company's sale of its Stitcher podcasting business to SiriusXM. You can visit scripps.com for more information and a link to the replay of this call.

A reminder that our conference call and webcast include forward-looking statements and actual results may differ. Factors that may cause them to differ are outlined in our SEC filings. The COVID-19 pandemic enhances the uncertainty of forward-looking statements we make about our operations and financial condition. We do not intend to update any forward-looking statements we make today.

We'll hear today from Scripps President and CEO Adam Symson and CFO Lisa Knutson.

Also on the call are National Media EVP Laura Tomlin and Controller and Treasurer Doug Lyons.

Now here is Adam.

ADAM:

Good morning everyone, and thank you for joining us.

This morning we'll update you on a few important developments in the Scripps story - focusing mostly on the announcement we made that we are selling Stitcher to SiriusXM for 325 million dollars.

Late last week, we were also notified that Mission Broadcasting was exercising Nexstar's option to buy our New York CW affiliate WPIX. As you'll recall, that option was a part of our purchase of the Nexstar/Tribune divestitures last year. In a few moments, Lisa will provide you some additional context on the positive financial impact of that deal. And finally, we'll use this opportunity to give you an update on the business.

We'll start with the big news - the successful sale of Stitcher. The purchase price of $325 million dollars represents a multiple of 4.5 times 2019 Stitcher revenue, which reflects the significant value Scripps has created since we entered podcasting five years ago.

We began exploring strategic options for Stitcher early this past winter for two reasons. One, because we always consider how best to create shareholder value, and two, because we had come to believe that Stitcher and its employees would be best positioned to continue its growth trajectory as a part of a larger audio-focused company.

In this transaction with SiriusXM, I am pleased we've accomplished both objectives.

The announcement this morning shows again that at Scripps, we are committed to doing what we said we would do, balancing near-term results with long-term value creation.

For as long as this company has been around, we have been buying <u>and</u> building businesses that capitalize on consumers' changing media habits. And as I have said on our previous investor calls, we're comfortable unlocking value by spinning them off, selling them or continuing to grow them organically in order to benefit the enterprise. In every scenario, we focus on maximizing the return on invested capital.

Scripps was an early entrant to the podcasting industry with the purchase of Midroll Media for $55 million in 2015. Back then, only 17 percent of Americans listened to a podcast at least monthly. We saw the opportunity in podcasting because we tracked the development in technology, studied shifts in consumer behavior, and early on, recognized the power of the medium to satisfy both audiences and advertisers. And today, more than one in three Americans listens to a podcast at least monthly. Other large media companies are now following our lead in recognizing the value of the podcast industry as well.

In 2016, Scripps purchased the Stitcher podcast-listening app for $4.5 million - a small price for a widely distributed platform with high consumer name recognition. A few years later, we re-branded the whole company Stitcher, retaining the name Midroll for the advertising rep firm portion of the business. Today the Stitcher company includes three distinct podcast business lines: Midroll, which sells advertising for podcast producers; owned-and-operated podcast networks such as Earwolf; and the Stitcher listening platform.

Under Scripps' ownership, Stitcher's revenue grew at a CAGR of 52 percent from 2016 to 2019. It has significantly expanded its catalog of owned and operated shows and has formed long-standing and successful partnerships with celebrities and top talent including Conan O'Brien, Oprah Winfrey and the hosts of top-performing shows including Levar Burton Reads and Office Ladies. It has grown the listening platform's use, including through in-car systems and at-home devices, and developed the ad-free Stitcher Premium subscription service. For several years, we've been telling you that Stitcher's growth strategy has been fostered by necessary investments through the P&L. Today's sale validates our thesis with an impressive cash-on-cash return of more than 2 times.

The successful sale of Stitcher is a strong reinforcement of our national media strategy. As I said, this strategy includes a number of paths to value creation - exits and spinoffs and of course organic growth. At the Katz networks, which we bought in 2017, we realized record 30 percent revenue growth in both the first quarter and the fourth quarter of 2019. And we expect continued margin expansion at Katz as we move past the pandemic and its business disruptions, and further establish Court TV. We have grown Newsy's revenue at a CAGR of 108 percent since it launched on OTT, and we were moving it into profitability this year, pre-COVID. And, Triton continues to deliver solid revenue growth and the highest margins of the segment. We remain firmly committed to these businesses, and to the promise that lies ahead in over the top and over the air television as well as digital audio.

For nearly three years, we have been telling you that this management team is committed to improving the company's short-term operating performance while creating long-term value. We have been successfully delivering on these promises. In 2019, we more than doubled the size of our local media portfolio and grew to be the fourth-largest independent local broadcaster. Our station group today is more effective, more efficient and operating with greater durability. We expanded our portfolio ahead of the opportunity we knew we'd have to renegotiate 40 percent of our retrans subs this year, and ahead of what we suspected would be a contentious and profitable 2020 election.

Despite the impact of COVID-19, I can affirm again our investment thesis on both fronts. We have now successfully completed the second of our three MVPD renewals this year…and I am very pleased with the results. On political, our expectations for the 2020 political ad season are high, now even higher than they were just months ago, bolstered by the breadth and depth of our station footprint in key battleground states. Even with a global pandemic, 2020 should affirm our enterprise-wide strategies that are creating an even more valuable Scripps.

Let me turn briefly to the sale of WPIX. As you know, when we acquired the Nexstar/Tribune divestitures a year ago and doubled the size of our portfolio, we acquired CW affiliate WPIX, with Nexstar reserving the option to purchase it back for a pre-negotiated price. So this morning's announcement should not come as a surprise. It has been our privilege to own the station for the last year as we've navigated these challenging times, serving the people of the greater New York market. I'd like to thank the leadership of WPIX and all of its employees. It has been a pleasure having you as part of the Scripps family, and we will continue to run the station as we have until we turn over the license.

Now Lisa will share the financial details of our transactions and the benefits to our debt profile as well as give a broader business update.

LISA

Thank you, Adam. Good morning, everyone.

Today we announced the sale of Stitcher to SiriusXM for $325 million dollars, which represents 4.5 times Stitcher's 2019 revenue of $73 million dollars. That revenue multiple accounts for the three business lines that Adam described, the largest of which is the advertising rep firm. The Midroll rep firm brings in well over two-thirds of Stitcher's total revenue.

The sale price includes $265 million dollars of cash upfront as well as $60 million dollars in earnouts based on financial milestones achieved in 2020 and 2021. We developed these financial milestones in concert with SiriusXM, and they were set with the current economic climate in mind. We believe they are highly achievable.

Scripps' after-tax internal rate of return based on the full purchase price of $325 million dollars falls in the mid-20-percent range. In addition, as cash-on-cash investors, we were very pleased to have more than doubled the value of our investment, which includes the $59 million dollar purchase prices for Midroll and Stitcher and the business losses over the past five years.

Stitcher's annual losses were in the high-teens millions of dollars, so we expect to see improvement in both National Media division segment profit and in company EBITDA. Consistent with our approach on our first-quarter earnings call, we will not be giving guidance on these numbers due to the pandemic-related economic uncertainty.

The transaction agreement includes the move of all Stitcher employees to SiriusXM, and we expect it to close in the third quarter, pending Hart-Scott-Rodino clearance.

Now I'd like to discuss the impact of our selling both Stitcher and WPIX on our taxes, our financial reporting, our leverage ratio and our outstanding debt.

Our cash tax payments for 2020 are expected to be about $24 million dollars after taking into consideration the gain on each of these sales. The majority of this is expected to be paid in the fourth quarter, with the balance due in the first quarter of 2021 depending on timing of the closing of the PIX sale. We expect that to close in the fourth quarter.

For Stitcher alone, our estimated tax liability is about $70 million dollars, assuming the full earnout is achieved. For WPIX, our estimated tax liability is around $4 million dollars. But, we have approximately $190 million dollars of net operating loss carryforwards to offset about $40 million dollars of tax liabilities this year.

Beginning with our second-quarter earnings release in August, we will report the Stitcher business as discontinued operations and will provide historical results for the National Media division without Stitcher's results. For WPIX, also beginning with the second quarter, we'll keep the station results in our continuing results but back out WPIX in our existing adjusted combined tables. We hope those presentations give you more meaningful year-over-year comparisons for our financial results.

As Adam said, the sale of Stitcher was driven by our desire to realize value from our businesses for the benefit of the company as a whole, the Stitcher business and for our shareholders. At the same time, the resulting increase in company EBITDA means we are improving our liquidity and also our leverage ratio.

The sale of WPIX will improve our debt profile as well. As many of you know, when WPIX joined our company, it was only very modestly profitable. So removing WPIX will improve the Local Media segment's margin.

With the proceeds from the sales of Stitcher and WPIX, we will reduce our net leverage ratio by nearly a full turn.

On June 30th, our net debt was $1.9 billion dollars. As you know, paying down our debt is our highest priority once the economy improves. As the year unfolds and the current economic situation becomes more clear, we expect to be paying down debt with cash from the sale of Stitcher, from political ad revenue and from the sale of PIX.

Finally, with all the uncertainty in the current economic climate I thought we would take the opportunity to give you an update on our overall business. I'll touch on core local advertising, political advertising, MVPD negotiations and our national media business performance.

During the second quarter, core advertising in Local Media unfolded as we expected. May ad revenue improved from April, and June improved from May. We are in line with the expectations we shared on our May call.

Political advertising <u>surpassed</u> our expectations for the second quarter. We had expected about $9 million dollars of political ad revenue and came in at more than $13 million dollars. Bookings for the third quarter are very robust, and we now expect to bring in <u>north</u> of $200 million dollars for the year.

Turning to MVPD negotiations, as Adam just shared, we recently completed the second of our three key distributor negotiations for this year. We now have just 10 percent of our household renewals to complete. We continue to be pleased with the results of these negotiations and the value we are realizing because of the investments we made in our station portfolio last year.

Finally, the businesses in our National Media division exceeded our expectations for the second

quarter, with the division's overall revenue coming in about flat for the quarter on a year-over-year basis, including the results from Stitcher for both periods. That's a pretty impressive performance given the advertising downturn, and we can attribute a good portion of those results to the strength of ad spending and rates at the Katz networks.

And now, operator, we are ready for questions.