

The E.W. Scripps Company

BANK OF AMERICA
LEVERAGED FINANCE CONFERENCE
NOV. 28, 2023

GIVE LIGHT



SCRIPPS

AND THE PEOPLE WILL FIND THEIR OWN WAY

S A F E H A R B O R D I S C L O S U R E

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.

Included in this presentation are certain non-GAAP (generally accepted accounting principles) financial measures, in particular adjusted EBITDA, and are provided as supplements to assist management and the public in their analysis and valuation of the company. These metrics are not formulated in accordance with GAAP, are not meant to replace GAAP financial measures and may differ from other companies' uses or formulations. A reconciliation of non-GAAP financial measures to GAAP measures reported in our financial statements is included in the appendix.

A detailed discussion of principal risks and uncertainties that 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 such statements are made.

THIRD-QUARTER 2023 FINANCIAL RESULTS AND DEBT POSITION

SCRIPPS' RECENT BUSINESS HIGHLIGHTS

- Scripps successfully completed cable and satellite **carriage agreements covering about 75%** of the company's Local Media subscriber households. The renewals also expand the number of stations on which Scripps is paid a distribution fee, growing revenue and expanding distribution margins.
- Scripps Sports signed a four-year agreement with the National Women's Soccer League to create a 50-game Saturday night franchise on ION similar to its WNBA Friday Night Spotlight on ION.
- Scripps Networks' third-quarter revenue was down 8%, exceeding guidance because of better-than-expected connected TV and direct response revenue.
- Restructuring charges for the third quarter were nearly \$5 million, which included employee severance-related charges, operating lease impairment charges and reorganization consulting fees. The company is on track to realize at least \$40 million in annualized savings through the reorganization by the middle of 2024.
- In October, Scripps News won its first-ever National News Emmy Award in the outstanding science, technology or environmental coverage category for "[In Real Life: Plastic Time Bomb](#)," a documentary news series that presented a global exploration of the impact of microplastics on the planet and on our health.



FOURTH-QUARTER GUIDANCE

- **Local Media Q4 revenue** is expected to be down low to mid double digits year over year, without the benefit of election-year ad revenue.
- **Local Media Q4 expense** is expected to be up in the mid-single-digit percent range due to front-loaded sports rights agreements and marketing, some select newsroom raises and some one-time station operating expenses.
- **Scripps Networks Q4 advertising revenue** is expected to be down in the 10% range, primarily due to the industry's weak advertising upfront season.
- **Scripps Networks Q4 expenses** are expected to be flat.
- **Free cash flow for the full year** is projected in the range of \$50-\$60 million.

The company expects its **net leverage** to drop a full turn from the end of 2023 to the end of 2024 and remains committed to debt paydown as its top capital allocation priority.



CAPITAL STRUCTURE AND FINANCIAL POLICY

Capital Structure

(\$ millions)	As of 9/30/23
Secured debt	\$2,147
Unsecured debt	818
Total debt	\$2,965
Cash & equivalents	(16)
Net debt	\$2,949
Preferred stock	600
Market capitalization	\$ 520

\$ in millions

Select Credit Stats:	
Secured leverage ⁽¹⁾	3.9x
Total net leverage ⁽¹⁾	5.4x
Liquidity	\$225
Weighted avg. cost of debt	6.6%
Weighted avg. maturity	4.2 years
Fixed / floating (%)	45.2% / 54.8%

a Increased revolver from \$400m to \$585m for access to additional liquidity

b Secured covenant room to 5.0x

c Natural interest hedge with fixed / floating mix

Financial Policy

Leverage

Target mid ~3.0x
De-leverage via excess cash flow

Liquidity

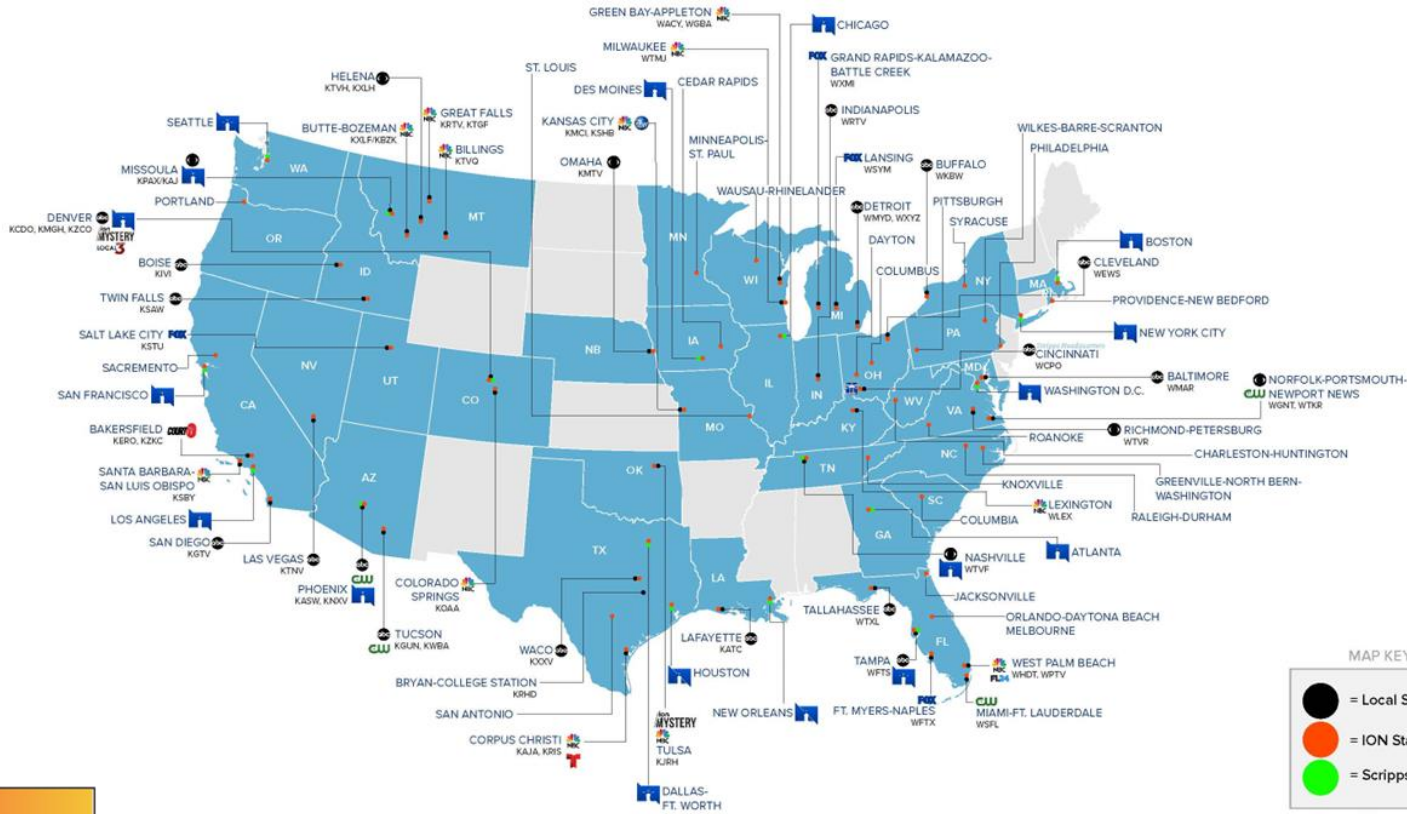
Access \$585 million revolver through 2025
Maintain average cash balance of \$15-20 million

Distributions

Preferred shares prohibit stock repurchase or dividends while outstanding
Preferred shares are non-callable for five years + \$300 million warrants

(1) Based on LTM 09/30/23 EBITDA of \$548.8 million

OUR BRANDS ARE AVAILABLE ON NEARLY ALL TV PLATFORMS TO EVERY AMERICAN – CREATING NEW OPPORTUNITIES



WE ANTICIPATE SIGNIFICANT FREE CASH FLOW AND PROGRESS ON OUR LEVERAGE RATIO IN 2024

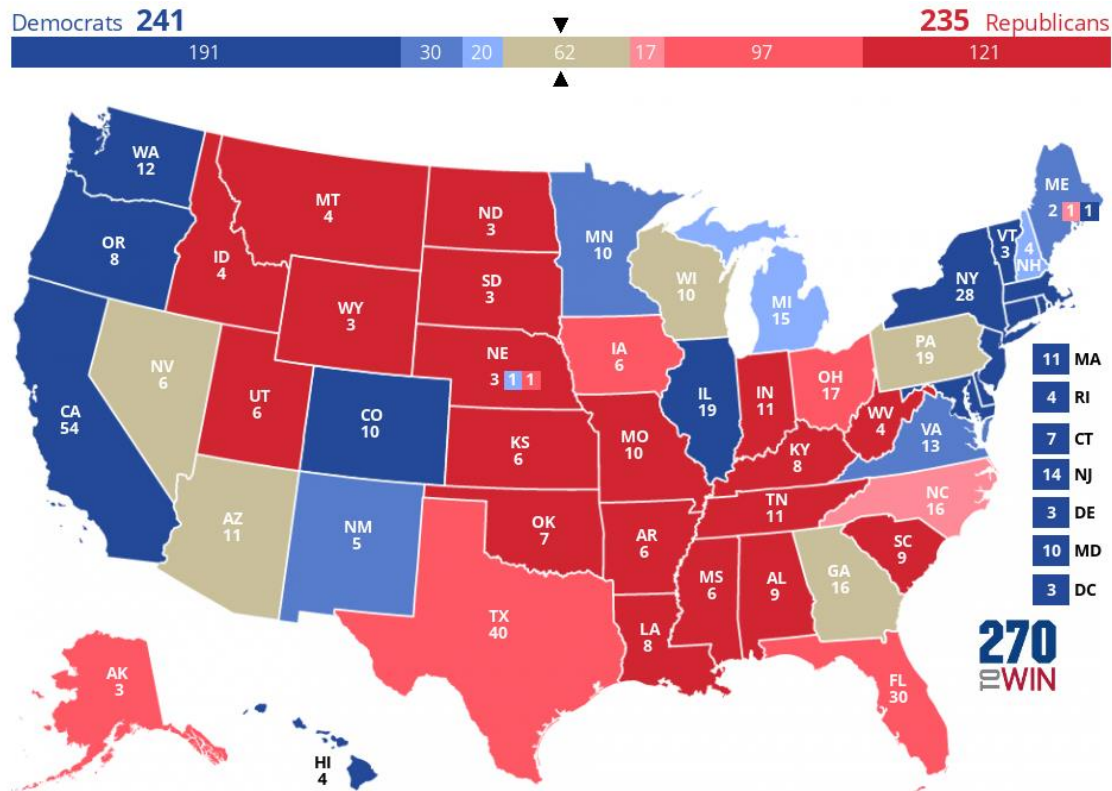
Our five 2024 free cash flow drivers include:

- 1. Political:** We will benefit from the high-margin political ad revenue that broadcasters get, as the primary beneficiaries of political ad spending – projected now at \$10 billion dollars for the coming presidential election year.
- 2. Retransmission/distribution:** We have a robust new run rate for Local Media distribution dollars after renewing 75% of our legacy pay TV households in 2023.
- 3. Free, over-the-air TV:** We are educating audiences about the appeal of free TV – and making it easier than ever for people to watch it, and for us to profit from it.
- 4. Connected TV:** We project double-digit growth for 2024, year over year, in our Scripps Networks connected TV advertising revenue, which we project will reach nearly \$100 million in 2023.
- 5. Sports rights:** Our local core and distribution revenue and national advertising revenue will benefit from continued, disciplined, expansion into sports rights, fueling organic growth.

Our highest capital allocation priority for 2024 is paying down our debt, and we expect to reduce our leverage ratio by a full turn from December 2023 to December 2024.

2024 FREE CASH FLOW DRIVER #1: PRESIDENTIAL ELECTION YEAR POLITICAL ADVERTISING REVENUE

2024 Electoral College Map Projections



- The spending projections for the 2024 election is at least **\$10 billion** — up 10% from the 2020 presidential election.
- **Broadcasters** are expected to benefit the most from the high-margin political ad revenue.
- Scripps has not yet given guidance on its expectations for 2024 political ad revenue. It took in \$265 million in 2020 and **\$208 million in 2022**.
- In addition to political advertising on its Big Four network affiliates, Scripps is poised to capture political advertising dollars through local insertions into its **national networks**, including ION, Bounce and Scripps News.

2024 FREE CASH FLOW DRIVER #2: STRONG NEW DISTRIBUTION REVENUE RUN RATE

We have a robust new run rate for Local Media distribution dollars after renewing 75% of our legacy pay TV households in 2023.

For 2023, we guided to:

- \$750 million in distribution revenue
- A more-than 40% increase in net distribution dollars

We renew 5% of our households in 2024.

We believe strongly in the ongoing value of linear television for consumers.



Local news and other local broadcast content remains among the most-watched programming on cable and satellite.

2024 FREE CASH FLOW DRIVER #3: FREE, OVER-THE-AIR TELEVISION VIEWING THROUGH TABLO

We are educating audiences about the appeal of free, over-the-air TV, making it easier than ever for people to watch it, and for us to profit from it.

TABLO™ TV

Record and watch live TV, subscription-free*

\$109⁹⁵ ~~\$129⁹⁵~~
+Free Shipping!

Order Today At [TabloTV.com](https://www.TabloTV.com)

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26%
Scripps' share of
over-the-air viewing

39 million
Broadband-only
households

7.3 million
Digital antennas
sold in U.S.
in 2022

40 million
Estimated OTA
households in next
three years

2024 FREE CASH FLOW DRIVER #4: CONNECTED TV DISTRIBUTION, ESPECIALLY ON FAST SERVICES

We project double-digit YOY growth in our Scripps Networks 2024 connected TV advertising revenue, on a base of nearly \$100 million in 2023.



	SCRIPPS NEWS	COURT	ion PLUS	BOUNCE	ion MYSTERY	GRIT
YouTubeTV	✓	✓	N/A	✓		
Samsung TV Plus	✓	✓	✓	✓	✓	✓
Vizio WatchFree+	✓	✓	✓	✓	✓	✓
Roku Channel	✓	✓	✓	✓	✓	✓
Xumo	✓	✓	✓	✓	✓	✓
Tubi	✓	✓	✓	✓	✓	✓
FuboTV	✓	✓	✓	✓	✓	✓
TCL	✓	✓	✓	✓	✓	✓
FreeVee	✓	✓	✓	✓	✓	✓
Pluto	✓	✓		✓		

2024 FREE CASH FLOW DRIVER #5: DISTRIBUTING LIVE SPORTS ON OUR LOCAL STATIONS AND ION



NATIONAL WOMEN'S SOCCER LEAGUE



- Scripps expects a **4 percentage-point lift** in **Local Media** core advertising in Q4 and at least **3 percentage points** for 2024 from its two local sports deals.
- On the **national** side, the WNBA 2023 season drove new value, with 65% of the revenue coming from new-to-Scripps advertisers.
- Both our local core and distribution revenue and national advertising revenue will benefit from continued, disciplined, expansion into sports rights, fueling organic growth.

LIVE SPORTS ARE DRIVING SIGNIFICANT NEW REVENUE TO OUR NETWORKS AND LOCAL MEDIA BUSINESSES



- WNBA on ION delivered an audience that was younger, more gender balanced and more racially diverse than a typical ION audience.
- During the first season, WNBA on ION added more than 4 million unique viewers, increasing total WNBA audience by 29%.
- WNBA games delivered a 70% higher average unit advertising rate than the existing ION Friday night programming.



- We negotiated cable/satellite clearance to broadcast the Vegas Golden Knights games to nearly all the households in the Las Vegas viewing area.
- Early advertising sales have garnered average unit rates significantly above other local core advertising rates.
- Through the first five regular season games aired on KMCC, we are outpacing the team's historical cable audience rating average by 135%.



- The Big Sky Conference sports rights are the most valuable sports programming for our five TV stations in Montana.
- We sell the Big Sky broadcasts as a “network” across our markets with five state-wide sponsors through Montana.
- In 2024 and 2026, Big Sky Sports will generate significant revenue as a result of the expected competitive election cycle in Montana.

QUESTIONS + DISCUSSION



The E.W. Scripps Company



APPENDIX: GAAP RECONCILIATION

NON-GAAP INFORMATION

In addition to results prepared in accordance with GAAP, the company discusses free cash flow, a non-GAAP performance measure that management and the company's Board of Directors uses to evaluate the performance of the business. We also believe that the non-GAAP measure provides useful information to investors by allowing them to view our business through the eyes of management and is a measure that is frequently used by industry analysts, investors and lenders as a measure of valuation for broadcast companies.

Free cash flow is calculated as non-GAAP Adjusted EBITDA (as defined below), plus reimbursements received from the FCC for repack expenditures, less capital expenditures, preferred stock dividends, interest payments, income taxes paid (refunded) and contributions to defined retirement plans. Adjusted EBITDA is calculated as income (loss) from continuing operations, net of tax, plus income tax expense (benefit), interest expense, losses on extinguishment of debt, defined benefit pension plan expense (income), share-based compensation costs, depreciation, amortization of intangible assets, loss (gain) on business and asset disposals, mark-to-market losses (gains), acquisition and integration costs, restructuring charges and certain other miscellaneous items.

A reconciliation of these non-GAAP measures to the comparable financial measure in accordance with GAAP is as follows:

(in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net income (loss)	\$ (3,653)	\$ 46,248	\$ (692,022)	\$ 110,353
Provision (benefit) for income taxes	1,391	16,055	(17,009)	44,018
Interest expense	56,916	41,917	158,029	114,427
Gain on extinguishment of debt	—	—	—	(1,234)
Defined benefit pension plan income	(251)	(683)	(519)	(2,008)
Share-based compensation costs	3,418	3,902	16,067	17,785
Depreciation	15,100	15,340	45,290	46,522
Amortization of intangible assets	23,488	24,225	70,469	73,807
Impairment of goodwill	—	—	686,000	—
Losses (gains), net on disposal of property and equipment	1,066	1,593	2,320	5,651
Acquisition and related integration costs	—	—	—	1,642
Restructuring costs	4,705	—	29,208	—
Miscellaneous, net	(1,309)	494	(131)	(1,269)
Adjusted EBITDA	100,871	149,091	297,702	409,694
Capital expenditures	(16,843)	(9,124)	(41,953)	(34,079)
Proceeds from FCC Repack	—	908	—	2,650
Preferred stock dividends	(12,000)	(12,000)	(36,000)	(36,000)
Interest paid	(67,508)	(55,611)	(161,370)	(123,788)
Income taxes paid, net of tax indemnification reimbursements	(13,042)	(9,729)	(25,932)	(56,507)
Mandatory contributions to defined retirement plans	(254)	(247)	(884)	(753)
Free cash flow	\$ (8,776)	\$ 63,288	\$ 31,563	\$ 161,217