

# SBC

SINCLAIR BROADCAST GROUP

CREATING, INNOVATING,  
LEADING

Deutsche Bank Leveraged Finance  
Conference

September 29, 2015

# SAFE HARBOR

The following information contains, or may be deemed to contain, "forward-looking statements" (as defined in the U.S. Private Securities Litigation Reform Act of 1995). Any statements about our expectations, beliefs, plans, objectives, assumptions or future events or performance are not historical facts and may be forward-looking. We base these forward-looking statements on our expectations, assumptions, estimates and projections about our business and the industry in which we operate as of the date of this presentation. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future and cannot be predicted, quantified or controlled, and as such these statements could cause actual results to differ materially from those set forth in, contemplated by or underlying any forward-looking statements. Statements made in these presentation materials and during this presentation and factors set forth under the title "Risk Factors" in our SEC filings, describe factors, among others, that could contribute to or cause any material difference in outcome from those set forth in, contemplated by or underlying any forward-looking statements. However, additional factors and risks not currently known to us or that we deem immaterial may also materially and adversely affect our financial condition and results of operation, and you should review the factors and risks we describe in reports we file with the Securities and Exchange Commission or that are provided to you by us from time to time.

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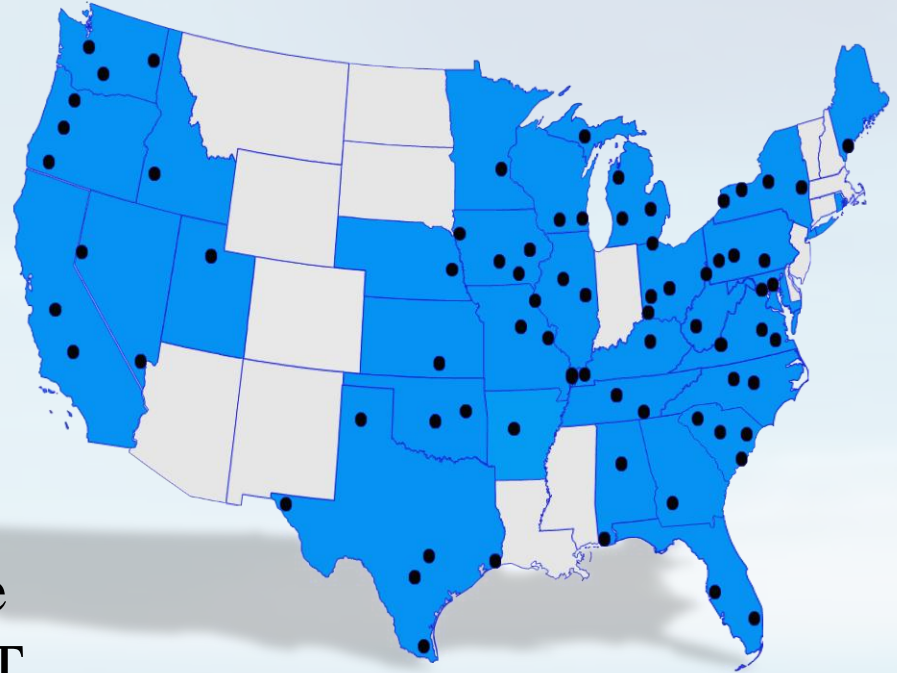
# Sinclair - Who We Are

- Television broadcast leader
- Diversified broadcaster
- Revenue innovator
- Original content creator
- Multi-platform distributor
- Technology innovator
- Free cash flow generator

# Leading Broadcaster

## Only Broadcaster with Economies of Scale, National Reach, and Diversified Asset Base:

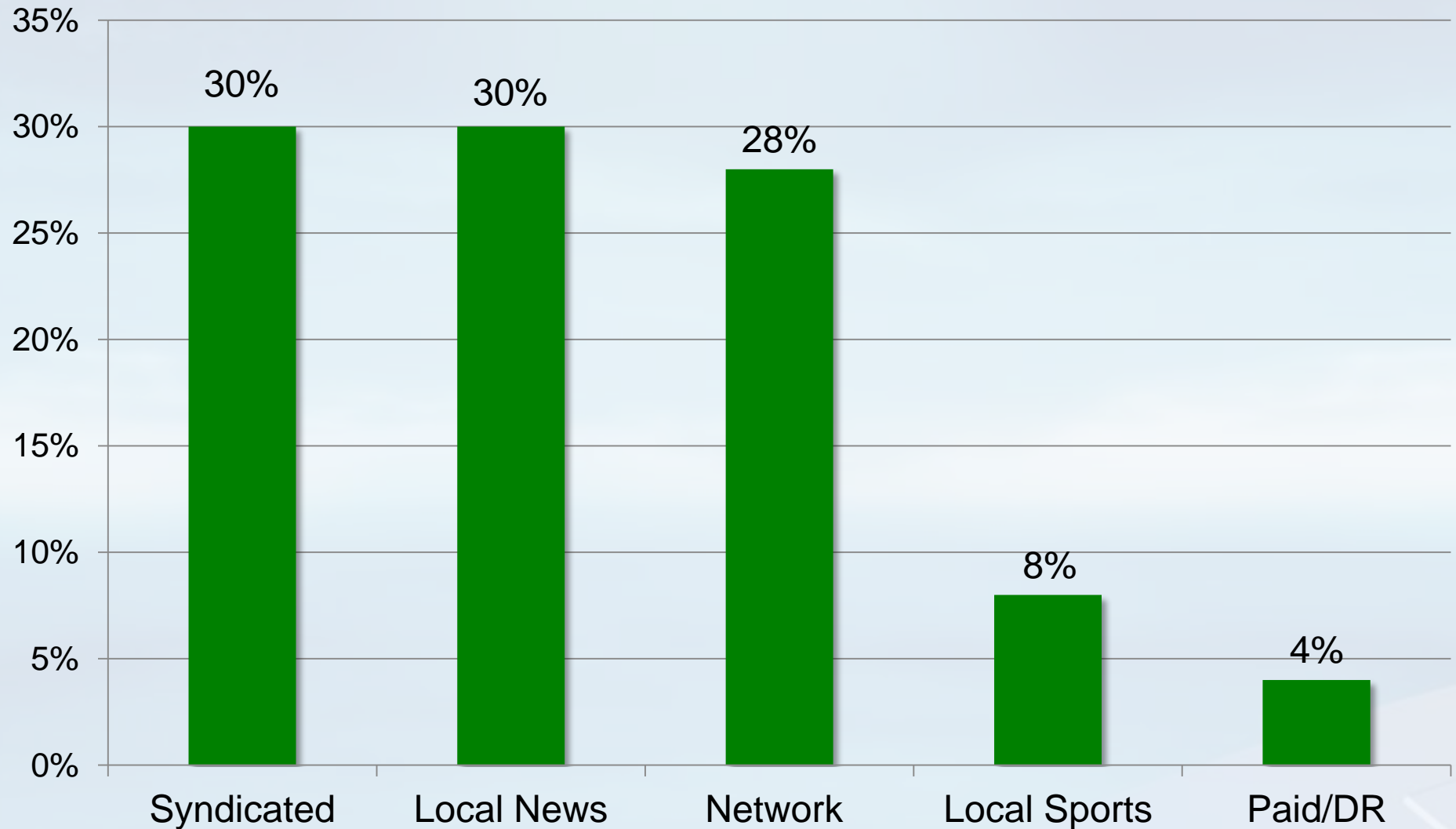
- 163 TV stations
- 379 channels
- 79 markets
- 48 Multi-station markets
- 75 news markets
- 43M TV households
- No market more than 5% of revenue
- Largest ABC, CBS, FOX, CW, MNT affiliate groups; 3<sup>rd</sup> largest NBC group; affiliations with Spanish-language networks





# Diversified By Content Offerings

2014 Revenues By Content Type



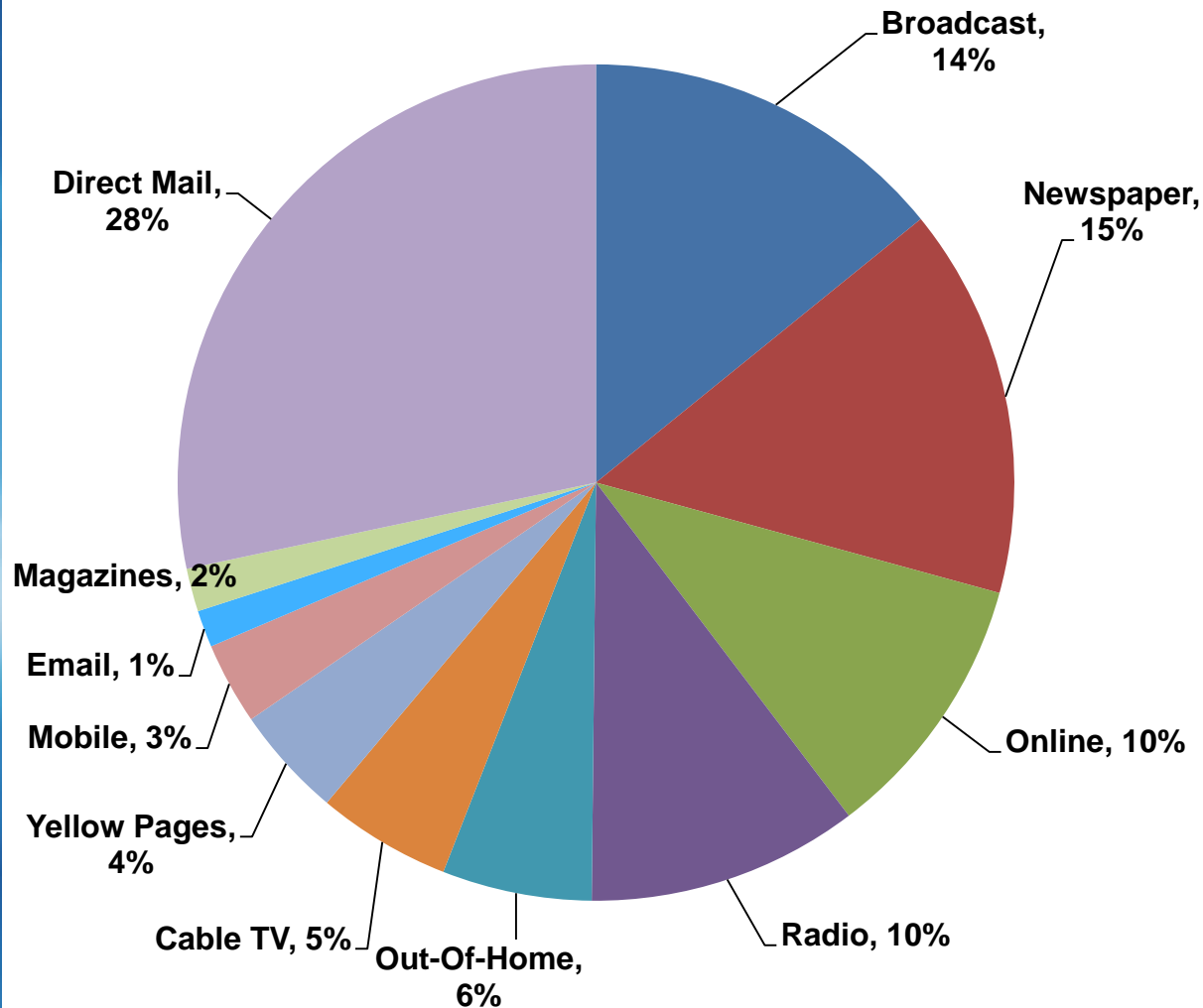
Net Time Sales by Content Type

# Revenue Drivers

- Advertising:
  - GDP industry growth expectation
  - Political every 2 years
  - Developing programmatic solutions
- Digital (online, mobile apps, social media):
  - +17% PF growth YTD
- Retrans:
  - Industry potential to move from \$6B to \$16B
  - 60% of subscribers renew in next 9 months

# Ad Growth Opportunities in Our Local Markets

**2014 \$49.4B Estimated Ad Revenues in  
Sinclair TV Markets**



1% conversion  
of non-TV ad \$  
is worth \$500M  
incremental  
revenue to  
SBGI

# Record-Breaking 2016 Political Expected

(\$ in Millions)

2016 Industry political spend  
expected to exceed 2012



Sinclair well-positioned for 2016:

- Nation's capital
- 21 state capitals
- 10 swing states
- Relevant cities in swing states

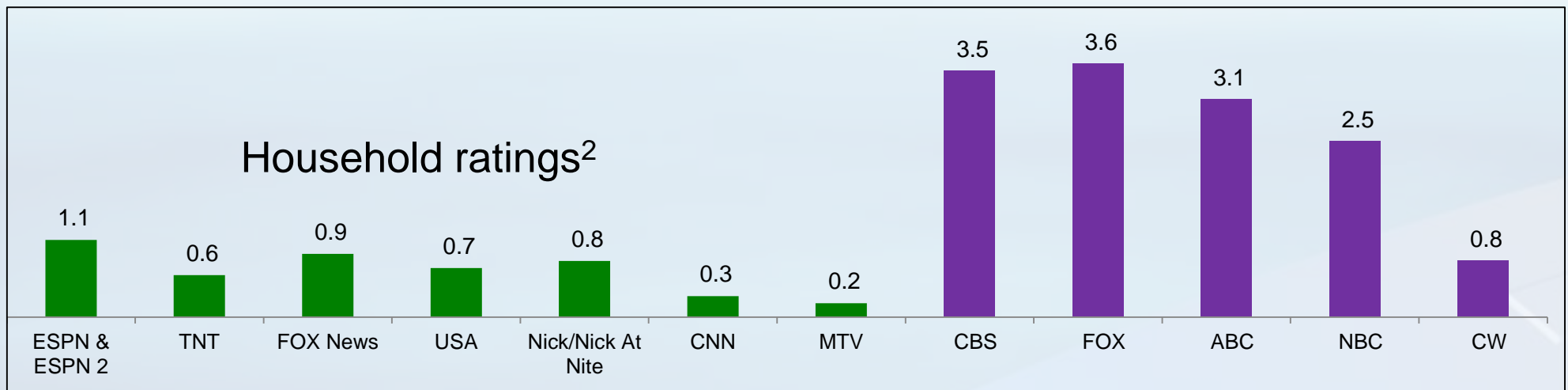
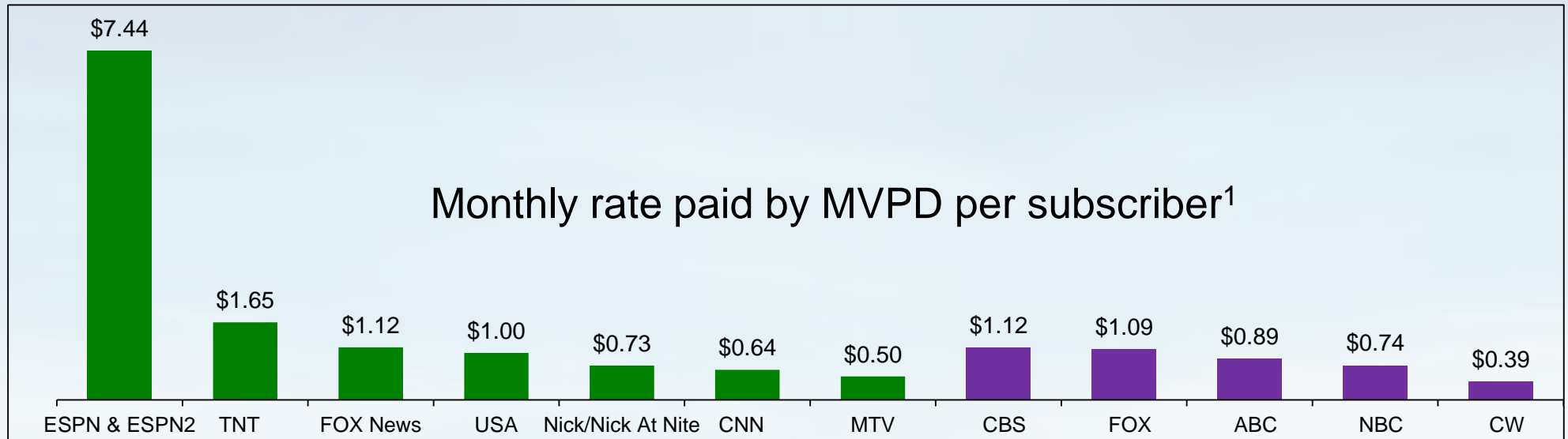


# Programmatic/Audience Network Sales Strategy

- OxMyx Media Group, JV with Visible World, to sell Audience Network for local broadcast TV.
- Develop new revenue streams by aggregating and selling Sinclair and other broadcasters' impressions on a national scale across multiple dayparts.
- Compete for advertising budgets reserved for network buys.
- Automate the purchase process.
- Warehouse linear and non-linear inventory.

# Net Retrans Expected to Grow by Teen Percents

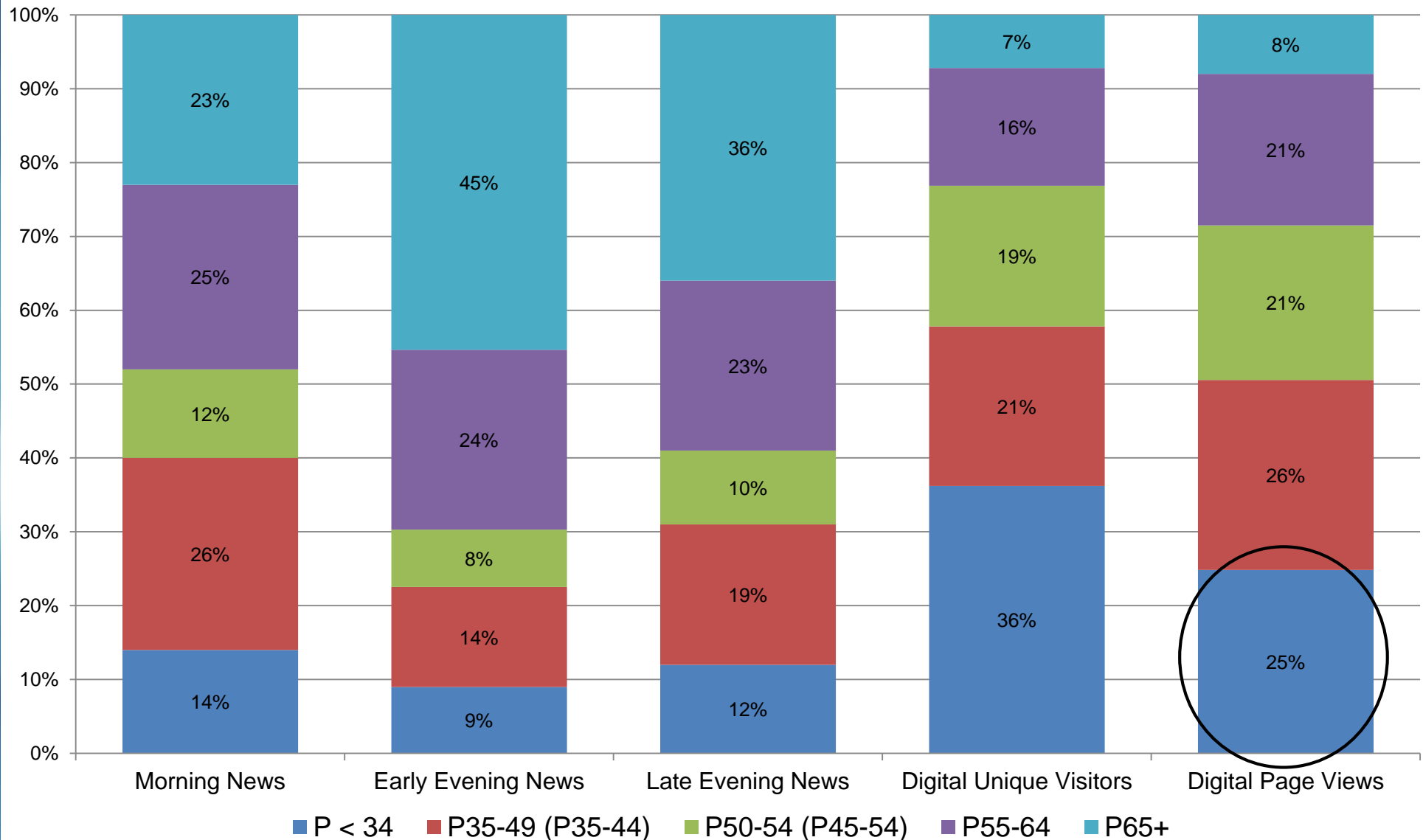
Broadcast should receive at least \$16B  
on 36% audience delivery versus \$6B received today



# Creating Original Content

- Local news
  - over 2,200 hours per week
  - Over 50% of SBG newscasts ranked #1 or #2 in their markets
  - National news show, 'Full Measure with Sharyl Attkisson'
- Sports
  - American Sports Network - College and high school sports, Minor League Baseball, AMA Racing, Dancesport
  - ROH Wrestling
- Tornante JV
  - First run game, talk, court, and comedy shows
- 'Comet TV' - Sci-Fi, first Multichannel Network (partnering with MGM)
- Benefits: Lower cost of programming, generate syndication fees and streaming rights

# SBG News Reaching Millennials on Digital Platforms

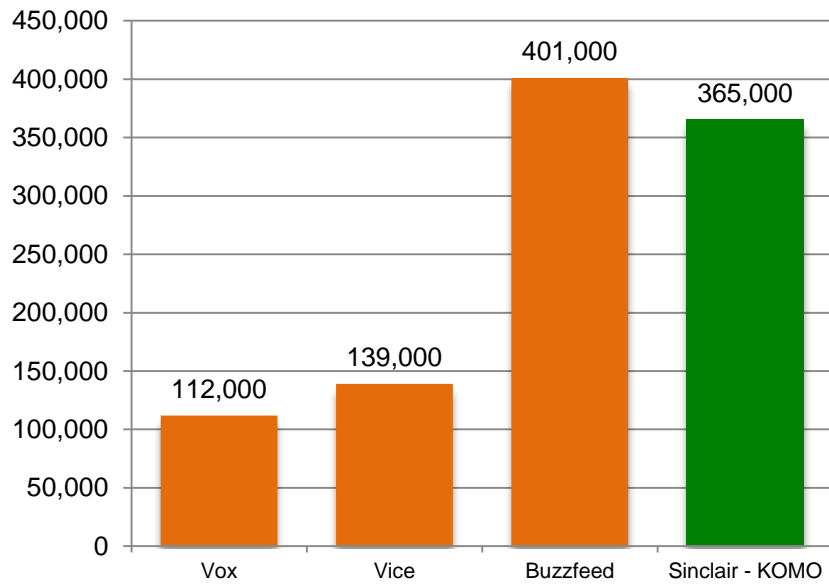


Sinclair audience share composition by daypart

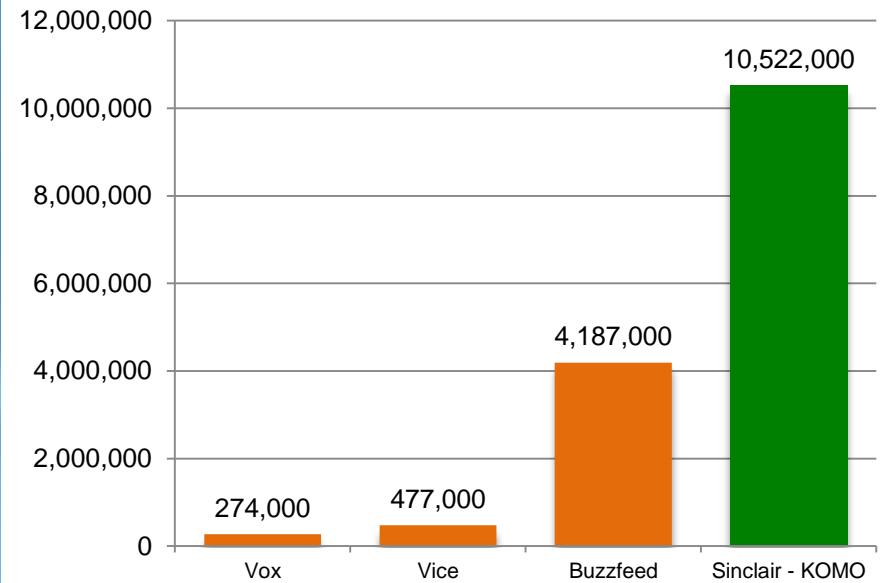
TV Source: Nielsen (Feb 2015). Digital Source: ComScore (Apr 2015). ComScore demo ages in parenthesis above

# Leading Digital Platform

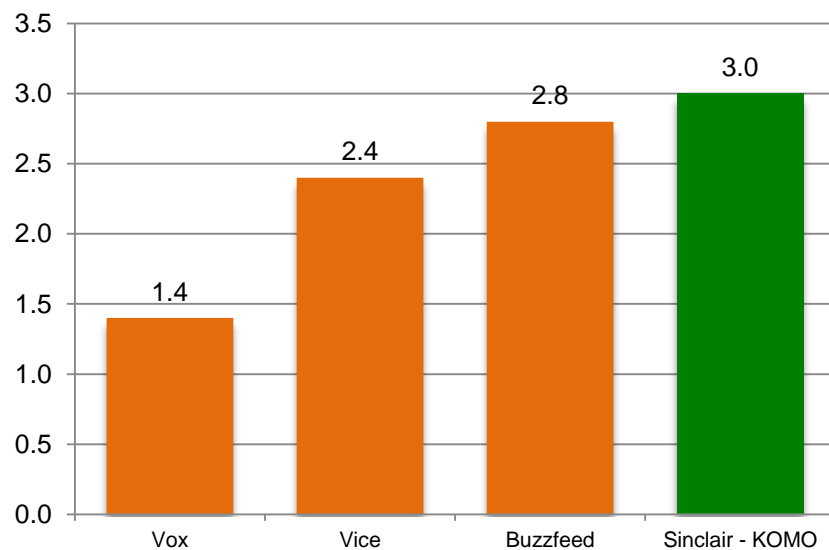
## Uniques



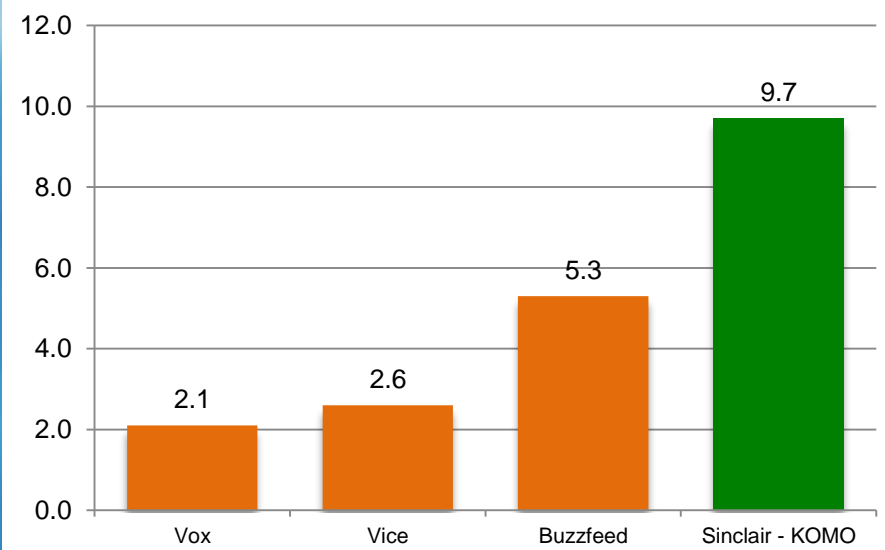
## Page Views



## Minutes per Visit (Avg.)



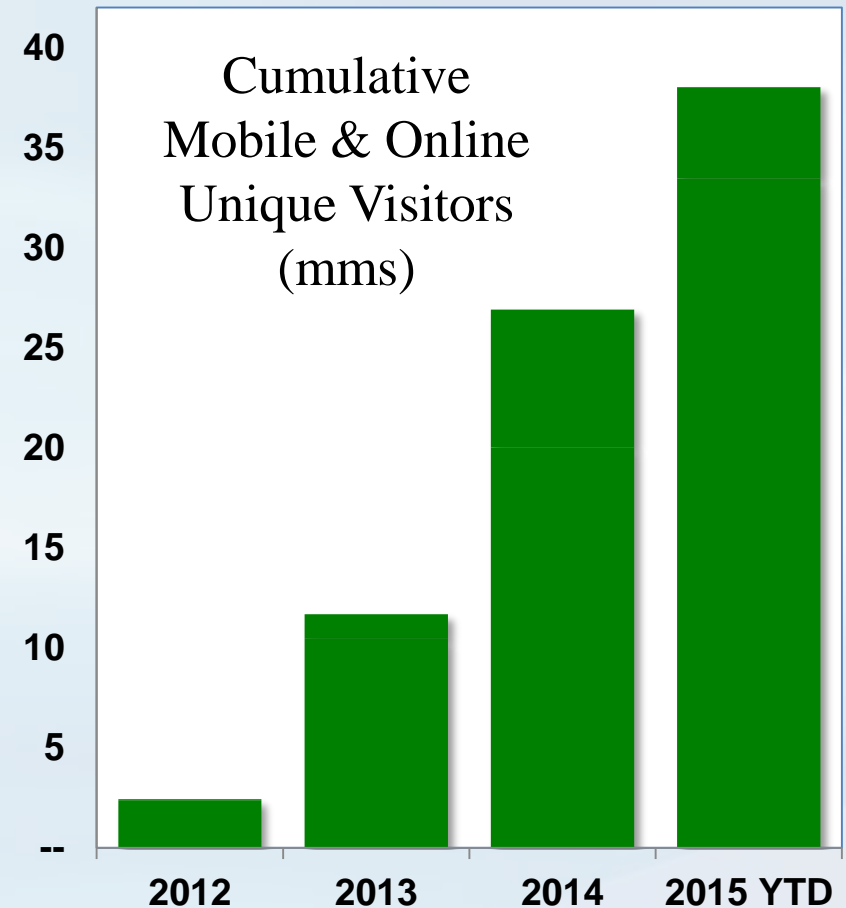
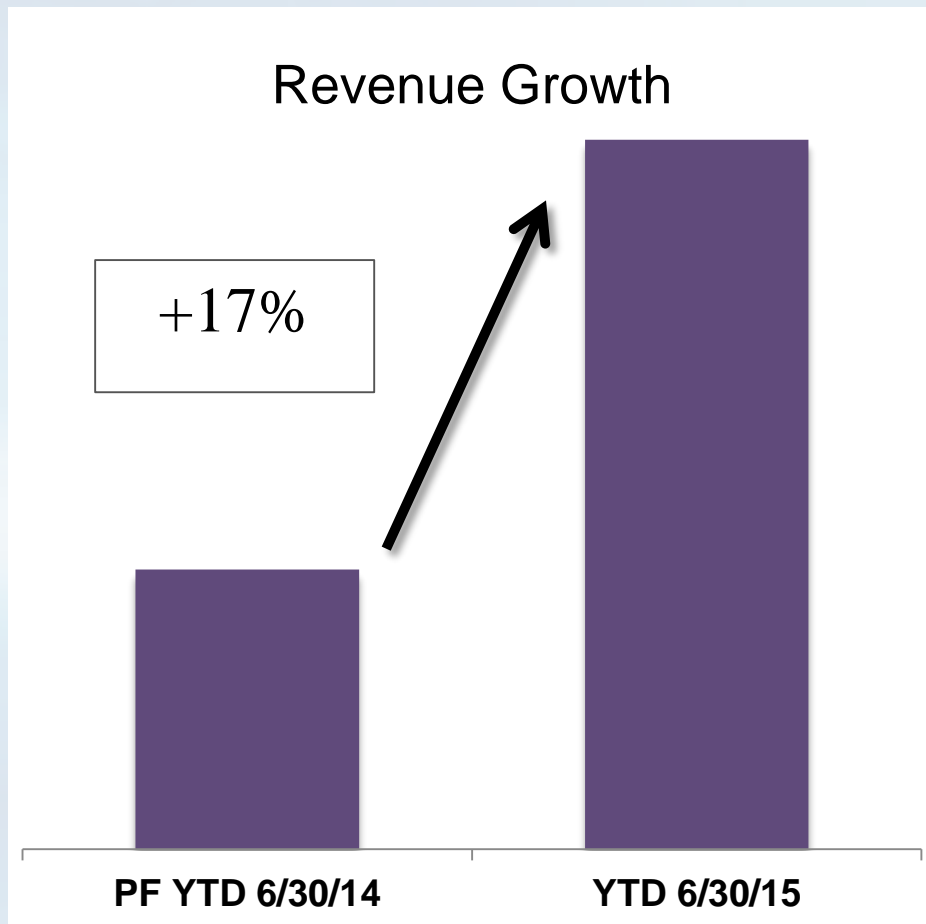
## Visits per Unique (Avg.)



Source: Comscore, 3-Month Average ending April, 2015; Seattle Market Comparison. Desktop traffic only.



# Sinclair Digital Growing



2014 is pro forma for all closed acquisitions through 6/30/2014; 2015 is actual YTD through 6/30/15.

# Seeking Regulatory Equality To Grow Business

- Broadcast is the only medium limited on national reach
- Broadcast limited on local ownership while MVPDs can own and control multiple distribution channels and content in the same market
- Broadcast limited on joint sales agreements while MVPDs achieve the same the result through Interconnects
- Broadcast limited on programming content while MVPDs can transmit obscene and indecency over the same airwaves
- Broadcast limited on joint retransmission rights negotiations while MVPDs can jointly negotiate programming fees

# Spectrum Auction

SBG opportunity to relinquish licenses valued at approx. \$2B at a cost of approx. less than 3% BCF

Applications to participate are due Nov/Dec 2015; Bidding process March 29, 2016.

## Options with respect to the auction:

- Keep spectrum:
  - Improve multicast monetization
  - Pursue other opportunities through the Next Generation Broadcast Standard including mobile and UHDTV.
- Sell spectrum
  - Channel share to preserve affiliate economics
  - Exit for any market where the spectrum value is higher than the current discounted cash flows under other models.

# Next Generation Broadcast Platform

- NGBP is a data agnostic wireless IP pipeline
- Provides for increased bits that are mobile, universal and IP compatible
- NGBP will open opportunities to deliver new services
  - UHDTV and better HDTV (HDTV<sup>+PLUS</sup>) in addition to multicast HDTV and SDTV services
  - Mobile TV
  - Personalized viewing
  - Targeted advertising
  - Vehicular connectivity
  - Large event video distribution
  - Broadcast overlay data distribution
  - Non-GPS location triangulation
  - Hybrid television/broadband services

# NGBP Economics

**Current Spectrum  
(Additional  
Channels)**

**Future Spectrum  
(Additional  
Channels)**

**Future Spectrum  
(Wireless)**

\$43mm

\$146mm

\$1.5bn

32x revenue growth multiple

**Broadcast Price  
per Gigabyte**

\$.00002<sup>(1)</sup>

\$.00002<sup>(1)</sup>

\$.0002<sup>(2)</sup>

**Wired / Wireless  
Wholesale Price  
per Gigabyte**

\$0.01 – 0.05  
Wired

\$0.01 – 0.05  
Wired

\$2.00-\$3.00  
Wireless

Source: Company

Assumes full capacity

Wholesale wireless pricing: Google paying Sprint \$2 per GB

Retail wireless pricing: T-Mobile plan priced at \$10 per GB

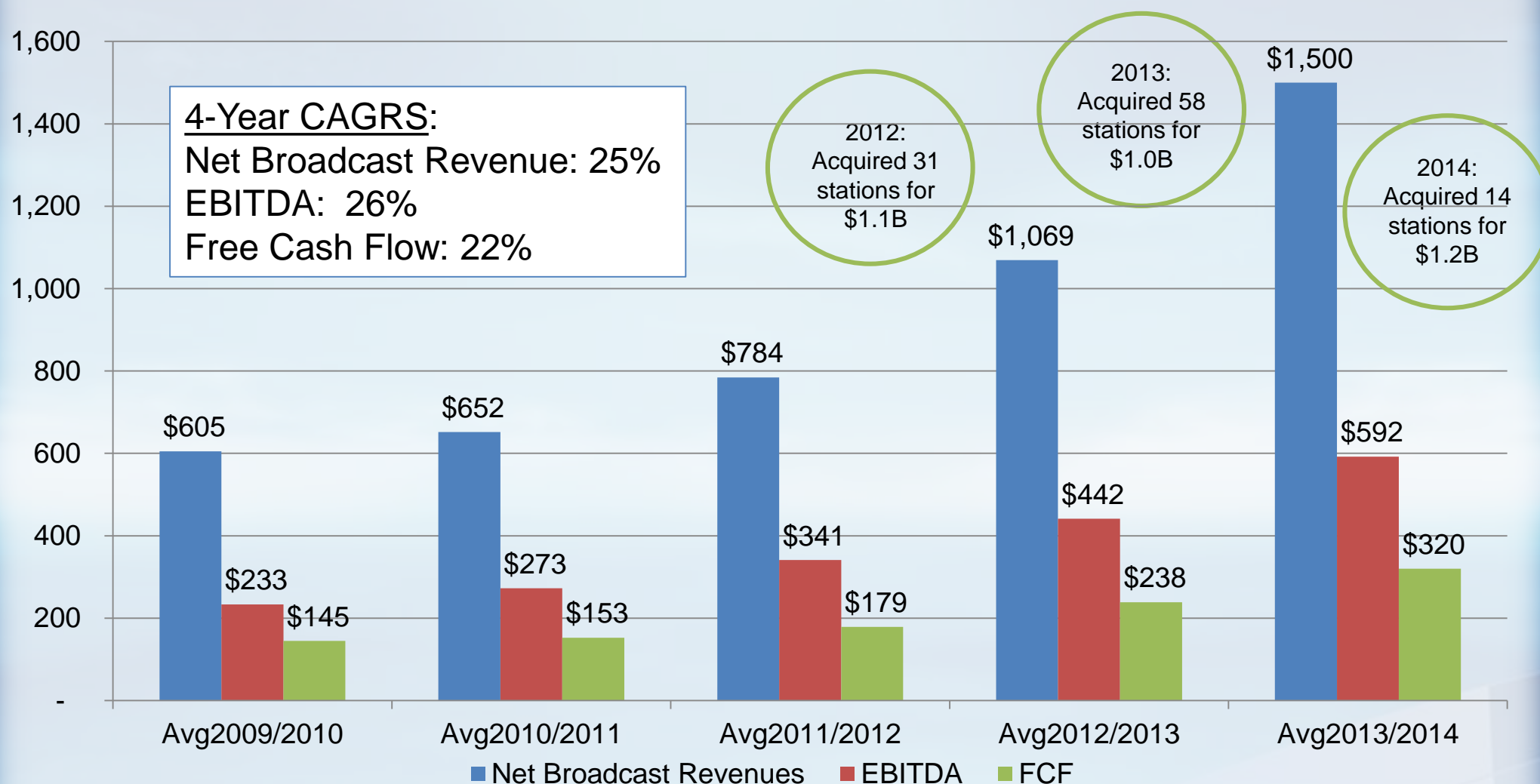
(1) Current pricing

(2) Assumes 1/10,000<sup>th</sup> of the wireless price



# Financial Highlights

# Growing Key Financial Metrics



Acquisitions net of dispositions.

Net Broadcast Revenues, EBITDA and FCF are all As Reported (in millions); CAGR is based on the growth from avg 2009/2010 to 2013/2014.

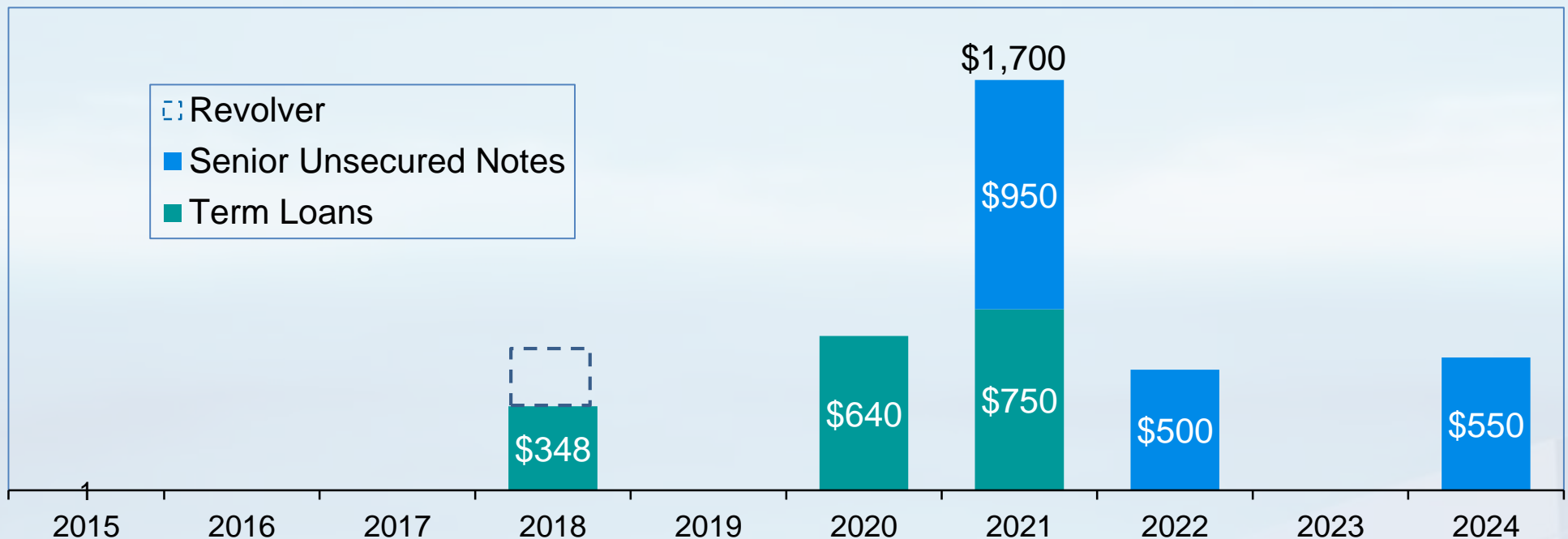
# Stable Credit Metrics



\*\*Stations acquired net of dispositions.

# Strong Balance Sheet

- No near-term refinancing risk for 3 years
- Healthy credit statistics
- Total Net Leverage ('14/'15 avg) of 4.7x
- 4.8% Avg. Cost of Debt



Excludes capital lease obligations, amortization of debt, VIE and non-recourse debt

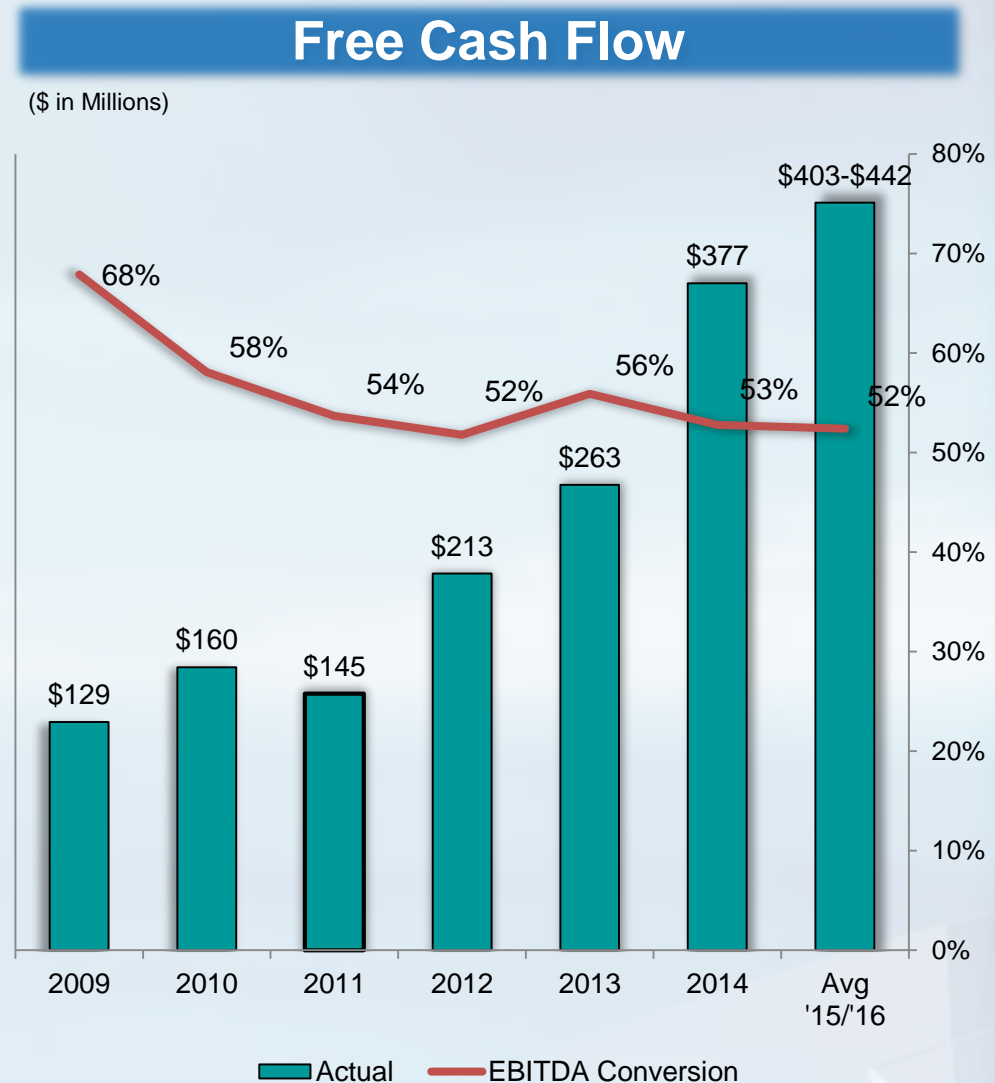
# Free Cash Flow Generator

- 14% FCF yield
- 51% payout ratio in 2014
- \$4.51 PF FCF per share 2014
- \$4.20-\$4.65 avg per share expected over next 2 years

## 2014 Uses of FCF:

- 39% Acquisitions/Investments
- 16% Dividends
- 35% Share repurchases
- 10% Scheduled debt repayment

FCF and EBITDA Conversion are As Reported



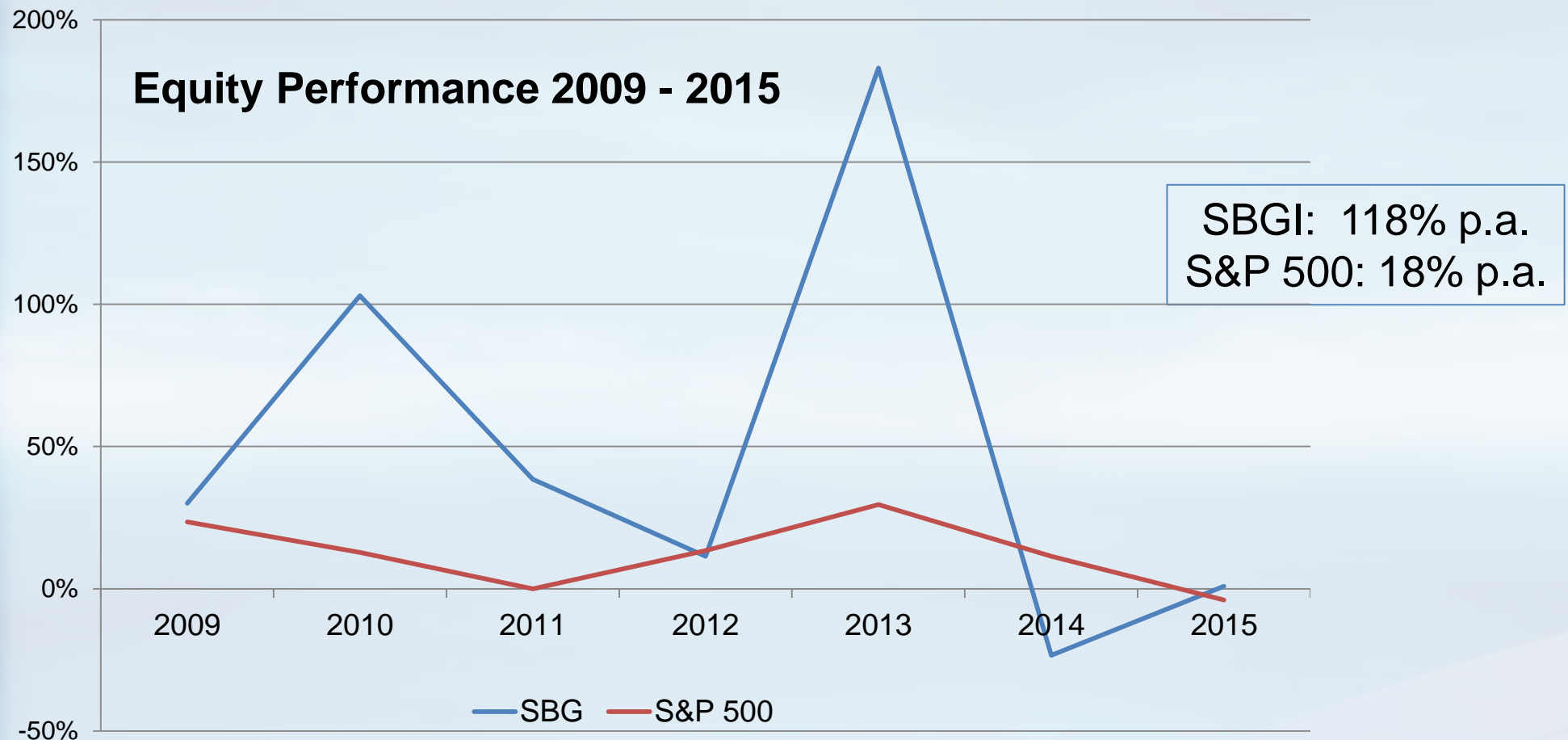


# Outperforming Equity Returns

Ticker: **SBGI**

Market Cap: \$2.5B

Enterprise Value: \$6.4B



Source: Yahoo Finance as of Sep 15, 2015

# Major Drivers to Share Price

	Components	Metric	Commentary
Core Business	<ul style="list-style-type: none"> <li>Core ad – GDP growth</li> <li>Net Retrans – Teen gr %</li> <li>Digital – High Teen gr %</li> <li>Political – Every other yr</li> </ul>	<ul style="list-style-type: none"> <li>\$4.25-4.65 FCF/share average for 2015/2016</li> </ul>	<ul style="list-style-type: none"> <li>All segments growing</li> <li>Includes \$40M in annual investment expenses with corresponding return not yet reflected in estimate</li> </ul>
NGBP/ATSC 3.0	<ul style="list-style-type: none"> <li>Multicast capacity</li> <li>Wholesale data</li> <li>Mobility</li> </ul>	<ul style="list-style-type: none"> <li>Multicast – adds \$117M</li> <li>Wholesale – adds \$1.5B</li> </ul>	<ul style="list-style-type: none"> <li>Excludes One Media intellectual property and potential licensing</li> </ul>
Spectrum Auction	<ul style="list-style-type: none"> <li>Sell licenses into incentive auction</li> </ul>	<ul style="list-style-type: none"> <li>\$2BN in potential gross auction proceeds with only 3% BCF loss</li> </ul>	<ul style="list-style-type: none"> <li>Channel sharing to preserve BCF</li> <li>Dielectric antenna repack</li> </ul>
Digital Assets	<ul style="list-style-type: none"> <li>Content and Video</li> <li>Management Systems</li> </ul>	<ul style="list-style-type: none"> <li>Compete for Internet \$</li> <li>Millennial users</li> <li>Increased impressions</li> </ul>	<ul style="list-style-type: none"> <li>Proprietary technology</li> <li>Dynamic Ad insertion</li> <li>Customizable Apps</li> </ul>
Content Assets	<ul style="list-style-type: none"> <li>ASN, NC8, ROH, Full Measure, Comet TV, SOP</li> </ul>	<ul style="list-style-type: none"> <li>Higher ratings</li> <li>Lower programming costs</li> </ul>	<ul style="list-style-type: none"> <li>Syndication rights</li> <li>Streaming rights</li> </ul>
Programmatic	<ul style="list-style-type: none"> <li>Aggregate impressions</li> <li>Automate process</li> </ul>	<ul style="list-style-type: none"> <li>Compete for Network \$</li> </ul>	<ul style="list-style-type: none"> <li>Eventually include linear and non-linear impressions</li> </ul>
Other Operating Divisions	<ul style="list-style-type: none"> <li>Real estate, Sign company, Alarm company</li> </ul>	<ul style="list-style-type: none"> <li>\$300-400M of value (\$3-4/share)</li> </ul>	<ul style="list-style-type: none"> <li>\$200M of net invested capital</li> </ul>

# Why Sinclair Broadcast Group

- Broadcast leader with scale, reach and diversification
- Revenue innovator (programmatic, Digital CMS, retrans)
- Original content creator (local news, multicast network, sports)
- Multi-platform distributor (OTA, MVPD, digital, mobile)
- Technology innovator (NGBP)
- Free cash flow generator (value for shareholders)



SBC

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