Sinclair Reports Third Quarter Financial Results; Net Broadcast Revenues Up 8.1%; After Tax Cash Flow Per Share Up 41.4%

BALTIMORE, Oct. 26 /PRNewswire/ --
Sinclair Broadcast Group, Inc. (Nasdaq: SBGI) (the "Company" or "Sinclair") today reported financial results for the three months and nine months ended September 30, 2000.

Highlights:

- -- Net broadcast revenues up 8.1%
- -- Broadcast cash flow up 4.0%
- -- After tax cash flow per share of $0.41 exceeds First Call consensus estimate of $0.27
- -- Local advertising revenues up 6.0%
- -- Fourth quarter 2000 outlook provided in this press release

Financial Results:

Net broadcast revenues from continuing operations were $174.0 million for the three months ended September 30, 2000, an increase of 8.1% versus the prior year period. Broadcast cash flow from continuing operations was $79.5 million in the third quarter, an increase of 4.0% versus the prior year period. After tax cash flow per share of $0.41 increased 41.4% from the prior year period result of $0.29.

Net broadcast revenues from continuing operations were $527.5 million for the nine months ended September 30, 2000, an increase of 8.9%. Broadcast cash flow from continuing operations was $237.8 million during the nine-month period, down 0.4%. After tax cash flow per share of $1.07 increased 7.0% from the prior period result of $1.00.

Patrick Talamantes, Chief Financial Officer, said, "We are very pleased with our financial results for the third quarter, which reflected solid revenue gains and continued strength of our local advertising revenues. Additionally, our recent growth in sales and promotion expenses leveled off to more normalized growth levels."

Talamantes continued, "September was a difficult advertising environment for most broadcasters, and in the fourth quarter, the industry continues to experience the weakness in national advertising that we saw in September, as well as a slowdown in revenues generated from the retail sector. Although we expect our fourth quarter results to be impacted by this weakness, with revenue expected to grow 2% on a pro forma basis, we believe that we are in a good position to weather this slowdown because of our increase in strategic focus toward local advertising from national advertising, announced more than a year ago, and because of our success in building a substantially stronger balance sheet."

Statistical Highlights:

- -- Pro forma revenue growth from the WB affiliates, which accounted for 29% of net broadcast revenue, grew at a strong 10.8% over the third quarter 1999, as a result of strength in the stations' syndicated programming. For stations affiliated with the ABC, CBS and NBC networks, pro forma revenue growth during the quarter was also strong, growing 6.0% over the same period last year, due to incremental political advertising revenues and $1.5 million in advertising revenues generated during the Olympics on the Company's four NBC affiliates. The FOX stations, which represented 33% of net broadcast revenue, experienced a 2.1% revenue decline over the third quarter 1999, primarily due to softer ratings in FOX's prime time programming.

-- Political advertising revenues were $5.3 million in the quarter and are $9.4 million year to date. Advertising revenues from Internet companies continue to represent less than 1% of our net broadcast revenues.

-- Excluding political, local advertising increased 6.0%, while national advertising was down 2.4% from the third quarter 1999. The revenue mix continues to track towards the targeted 75% local/25% national revenue mix by 2006, with the third quarter 2000 local revenue, excluding political, representing 54.3% of time sales, as compared to 52.2% for the third quarter 1999. Since July 1999, the Company has hired 87 of the targeted 100 new sales account executives to bolster local sales initiatives.

-- Market share survey results for the first half of 2000 were recently reported and confirm that the Company is growing its share of the local advertising market. In the first and second quarters of 2000, the Company's local television market share, excluding political, increased to 18.2% and 17.9% from 17.8% and 17.7% for the first and second quarters 1999, respectively.

-- The Company recently closed on the acquisition of the stock of Grant Television, Inc., owner of the non-license assets of WNYO-TV, the WB affiliate in Buffalo, and the Company's 19th duopoly market. The Company is programming WNYO-TV pursuant to a time brokerage agreement and will acquire the license assets pending FCC approval. The Company also announced that it completed its radio divestiture program with the sale of its St. Louis radio stations. The radio group was sold for a multiple of 19.3 times 1999 broadcast cash flow, representing $1.047 billion in cash, before taxes.

Three Months Ended September 30, 2000, Analysis of Operations:

The $13.1 million increase in net broadcast revenues from continuing operations for the third quarter resulted primarily from 1) $5.3 million in incremental revenues from three television stations acquired in the first quarter of this year, 2) a $4.9 million increase in net broadcast revenues from our WB affiliates, and 3) $4.8 million of incremental political advertising revenues, offset by a $1.2 million decline in net broadcast revenues from our FOX affiliates. For continuing operations, pro forma net broadcast revenues for the quarter increased 4.8%.

The $3.0 million increase in broadcast cash flow from continuing operations for the third quarter resulted primarily from 1) $1.4 million in incremental broadcast cash flow from the stations acquired this year, and 2) $7.8 million higher same station revenues, offset by a $6.2 million increase in same station program contract payments and operating expenses. For continuing operations, pro forma broadcast cash flow increased 1.8%.

The $9.0 million increase in after tax cash flow for the quarter was the result of 1) $13.1 million in higher net broadcast revenues, 2) $8.0 million in lower current taxes due to lower taxable income from continuing operations and SFAS No. 109 accounting rules related to the gain on the sale of the radio stations, and 3) a $6.5 million reduction in net interest expense from the repayment of debt from the radio sale proceeds, offset by a $10.6 million reduction in earnings related to the disposition of 46 radio stations sold to Entercom Communications Corp. in December 1999 and July 2000.

The $8.3 million loss from equity investments primarily resulted from the charge related to the Company's total investment in Acrodyne Communications, Inc., a manufacturer of transmitters and other television broadcast equipment, which announced that it was restating its 1999 year end and 2000 interim results due to overstatement of inventory balances and gross profits. Acrodyne, which has yet to file the amended and restated financial statements with the Securities and Exchange Commission, was recently delisted by Nasdaq.

The $0.3 million loss on derivative instrument, related to the Company's 10% Notes, represents the final mark-to-market valuation on the Company's Treasury Option Derivative, which expired on September 27, 2000. The Company realized a $6.4 million cash profit over the life of the transaction.

Nine Months Ended September 30, 2000, Analysis of Operations:

The $43.3 million increase in net broadcast revenues for the nine months ended September 30, 2000 resulted primarily from 1) $18.5 million in incremental revenues associated with three stations acquired in April 1999 and three television stations acquired in March 2000, offset by two television stations sold in April 1999, 2) a $14.8 million increase in net broadcast revenues from our WB affiliates, and 3) $8.3 million in incremental political advertising revenues. For continuing operations, pro forma net broadcast revenues for the nine-month period increased 5.2%.

The $0.9 million decline in broadcast cash flow from continuing operations for the nine months was primarily attributable to 1) $19.9 million in higher same station operating expenses related to the Company's increased investment in local sales and promotion and related to the effect of the compensation arrangements with the FOX network, and 2) $11.0 million in higher same station programming costs related to the Company's increased investment in upgrading its television programming, offset by $24.7 million in higher same station revenues and $5.2 million in incremental broadcast cash flow from stations acquired this year. For continuing operations, pro forma broadcast cash flow declined 2.0%.

The $0.8 million increase in after tax cash flow for the nine months was the result of 1) $43.3 million in higher net broadcast revenues, offset by $42.8 million in higher operating and programming expenses related to the Company's re-investment in its television station operations, 2) $9.8 million in lower current taxes due to lower taxable income from continuing operations and SFAS No. 109 accounting rules related to the gain on the sale of the radio stations, 3) a $18.6 million reduction in net interest expense from the repayment of debt from the radio sale proceeds, offset by a $24.4 million reduction in earnings related to the disposition of the radio stations sold, 4) $1.6 million in losses incurred by G1440, and 5) $2.1 million from other miscellaneous net expense items.

Balance Sheet Analysis:

The Company's net debt of $1,761.8 million at September 30, 2000, which is net of $22.1 million in cash, decreased by $139.4 million from the net debt of $1,901.2 million at June 30, 2000. The decrease in net debt resulted primarily from the sale of five radio stations in Kansas City to Entercom Communications Corporation for $126.6 million. Capital expenditures on continuing operations totaled $11.6 million in the quarter and $26.6 million year to date. The Company repurchased 2.1 million Class A common shares during the quarter, at a cost of $24.0 million, which is discussed further below. Financial leverage, as defined by total indebtedness, before the HYTOPS, divided by the 12-month trailing pro forma EBITDA, was 5.49x at September 30, 2000, down from 6.41x at September 30, 1999.

Share Repurchase Program:

On October 28, 1999, the Company announced that its Board of Directors had authorized a new share repurchase program for up to $300.0 million worth of Sinclair's Class A Common Stock. The amount of shares repurchased are subject to market conditions, general business conditions, and financial covenants and incurrence tests outlined in Sinclair's credit agreement. Based on current forecasts of its operating performance and its leverage, Sinclair could borrow approximately $163.0 million through the end of this calendar year to repurchase shares. The amount available for share repurchases could increase or decrease depending on future operating results or net borrowings for strategic acquisitions, investments or other purposes. Since the share repurchase announcement on October 28, 1999 through today, Sinclair has repurchased 8.0 million shares, at a cost of $81.0 million, representing 15.6% of its Class A common shares outstanding. As of September 30, 2000, 43.2 million Class A common shares and 46.2 million Class B common shares were outstanding.

Regulation Fair Disclosure:

In accordance with Regulation Fair Disclosure (Reg. FD), Sinclair is providing public dissemination through this press release of its expectations for its fourth quarter 2000 financial performance. The Company assumes no obligation to update its expectations. All matters discussed in the "Outlook" section are forward-looking and, as such, persons relying on this information should refer to the "Forward-Looking Statements" section below.

Outlook:

The following statements are based on the Company's current assessment of market conditions and current expectations for the fourth quarter 2000:

-- The Company expects net broadcast revenue to be up 2.0% from fourth quarter 1999 pro forma net broadcast revenue of $193.0 million. This expectation is based on the assumption that a weak national advertising climate, as well as weakness in the retail sector, will partially offset strong political advertising revenues, which we currently estimate will be approximately $11.1 million. The Company expects the softer advertising climate to result in a slower growth rate for its WB affiliates, which are not ranked as one of the top three stations in their markets and, therefore, tend to be more negatively impacted by the decline in advertising spending. On a full year basis, pro forma net broadcast revenue is expected to be approximately $733.1 million, an increase of 4.3% over 1999 pro forma net broadcast revenue of $702.6 million.
-- The Company expects broadcast cash flow to be up 1.6% from fourth quarter 1999 pro forma broadcast cash flow of $95.1 primarily due to the increase in expected revenue in the quarter, offset by higher program contract payments. For the quarter, operating expenses are expected to grow at normal growth rates. On a full year basis, pro forma broadcast cash flow is expected to be approximately $337.0 million, a decrease of 0.9% from 1999 pro forma broadcast cash flow of $340.1 million.
-- The Company expects program contract payments of approximately $22.0 million, up 12.1% from actual fourth quarter 1999, assuming no changes in contract terms or the addition of new programming.
-- The Company expects program contract amortization to be approximately $30.4 million, an increase of 13.7% over actual fourth quarter 1999, due to the addition of "Spin City" in 31 markets. This expectation assumes there will be no changes in contract terms or the addition of

new programming, and no write-downs of programming related to net realizable value adjustments in excess of historical experience levels.

- -- The Company expects net interest expense, before the $5.8 million Subsidiary Trust Minority interest expense, to be approximately $35.1 million. This expectation takes into account the $220.0 million debt repayment from the proceeds from the sale of the St. Louis radio stations on October 6, 2000, the $51.5 million funding for WNYO-TV in Buffalo on October 2, 2000, which we are programming pending FCC approval for the acquisition of the license assets, changes in debt levels based upon expectations of operating results discussed in this section, and no changes in current interest rates.
- -- The Company expects corporate overhead of approximately $5.2 million, assuming current levels of staffing.
- -- The Company expects to book a gain on the sale of the St. Louis radio stations of approximately $71.7 million, net of taxes.
- -- The Company expects a current tax benefit from continuing operations of approximately $5.0 million assuming its taxable income is lower for the reasons discussed in this section and SFAS No. 109 accounting rules related to the gain on the sale of the radio stations.
- -- The Company expects after tax cash flow per share of $0.48, assuming that shares outstanding for the quarter are equal to the number of shares outstanding on September 30, 2000, an increase of 17.1% over the fourth quarter 1999 after tax cash flow per share of $0.41. On a full year basis, after tax cash flow per share is expected to be approximately $1.54, an increase of 8.5% over 1999 after tax cash flow per share of $1.42.
- -- The Company's number of common shares outstanding at September 30, 2000 is 89.4 million shares.

Broadcast cash flow is a measurement utilized by lenders to measure our ability to service its debt and utilized by industry analysts to determine a private market value of our television stations and to determine our operating performance.

After tax cash flow is a measurement utilized by industry analysts to determine a public market value of our television stations and to determine our operating performance. See "Notes" below for a full definition of after tax cash flow.

Sinclair Conference Call:

The senior management of Sinclair will hold a conference call to discuss its third quarter results on Thursday, October 26, 2000, at 5:00 p.m. EDT. After the call, an audio replay will be available at www.sbgi.net under "Conference Call" until 11:59 pm EST on November 2, 2000. The press and the public will be welcome on the call in a listen-only mode. The dial-in number is (800) 633-8702.

About Sinclair:

Sinclair Broadcast Group, Inc. is a diversified broadcasting company that currently owns or programs 62 television stations in 40 markets. Sinclair's television group reaches approximately 25.0% of U.S. television households and includes ABC, CBS, FOX, NBC, WB, and UPN affiliates. Sinclair, through its wholly owned subsidiary, Sinclair Ventures, Inc., owns equity interests in Internet companies including G1440, an Internet development and integration company, and BeautyBuys.com, Inc. and Synergy Brands, Inc. Sinclair has a strategic alliance with Acrodyne Communications, Inc., a manufacturer of transmitters and other television broadcast equipment.

Historical Financial Highlights:
(Dollars in thousands except for per share data)

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2000	1999	Incr. (Dec.)%	2000	1999	Incr. (Dec.)%
Net broadcast revenues	$173,984	$160,880	8.1	$527,522	$484,235	8.9
Total revenues	187,189	176,111	6.3	570,644	529,090	7.9
Broadcast cash flow	79,502	76,460	4.0	237,750	238,650	(0.4)
Adjusted EBITDA	74,785	71,096	5.2	220,838	224,544	(1.7)
After tax cash flow	37,017	27,970	32.3	97,881	97,040	0.9
Program contract payments	23,340	19,176	21.7	72,750	59,852	21.5
Corporate expense	4,717	5,364	(12.1)	16,912	14,106	19.9
Current tax provision (benefit) from operations	(4,175)	3,800	N.M.	(24)	9,741	N.M.
Net loss from continuing operations	(20,613)	(16,898)	N.M.	(24,489)	(23,839)	N.M.
Gain on sale of broadcast assets related to discontinued operations, net of taxes	37,985	--	N.M.	37,985	--	N.M.
Net income from discontinued operations, net of taxes	1,475	5,557	(73.5)	4,740	12,187	(61.1)
Net income (loss)	18,847	(11,341)	N.M.	18,236	(11,652)	N.M.
Net income (loss) available to common shareholders	16,259	(13,929)	N.M.	10,473	(19,415)	N.M.
Deferred tax benefit (provision) related to operations	(10,066)	(4,517)	N.M.	3,906	(7,276)	N.M.
Per share data:						
After tax cash flow per share	$0.41	$0.29	41.4	$1.07	$1.00	7.0
Diluted loss per share from continuing						

operations	$(0.26)	$(0.20)	N.M.	$(0.35)	$(0.33)	N.M.
Diluted earnings per share from discontinued operations	$0.44	$0.06	N.M.	$0.46	$0.13	N.M.
Diluted earnings (loss) per share	$0.18	$(0.14)	N.M.	$0.11	$(0.20)	N.M.

N.M. - Not Meaningful

Notes:

References to "pro forma" or "pro forma basis" means that the financial results being discussed include the financial results of all stations owned or programmed as of September 30, 2000, as if they were owned for the entire period covered by the discussion.

The definitions used for the terms "Broadcast Cash Flow" and "Adjusted EBITDA" conform to those used in the Company's most recent report on Form 10-K filed with the Securities and Exchange Commission on March 30, 2000, minus the cumulative adjustment for change in assets held for sale.

"After tax cash flow" (ATCF) is defined as net income (loss) available to common shareholders plus extraordinary items (before the effect of related tax benefits), depreciation and amortization (excluding film amortization), stock-based compensation, the cumulative adjustment for change in assets held for sale, the loss from equity investments (or minus the gain), the loss on derivative instruments (or minus the gain), the deferred tax provision related to operations (or minus the deferred tax benefit) and minus the gain on sale of assets and deferred NOL carrybacks. For 1999, losses from equity investments were deemed to be immaterial and, therefore, not added back in the calculation of after tax cash flow. After tax cash flow should not be considered in isolation or as a substitute for measures of performance or to represent cash provided by operating activities prepared in accordance with generally accepted accounting principles. ATCF is a measurement utilized by industry analysts to determine a public market value of our television stations and to determine our operating performance.

"After tax cash flow per share" is defined as after tax cash flow divided by diluted weighted average common and common equivalent shares outstanding.

After tax cash flow calculation:

	Three Months Ended September 30,	
	2000	1999
Net income (loss) available to common shareholders	$16,259	$(13,929)
Depreciation of property and equipment	9,782	7,800
Amortization of acquired intangible broadcasting assets and other assets	28,156	23,766
Stock based compensation	651	668
Loss (gain) on derivative instrument	300	(716)
Loss from equity investments	8,307	--
Depreciation and amortization related to discontinued operations	1,481	6,097
Gain on sale of broadcast assets	(37,985)	(233)
Deferred tax provision related to operations	10,066	4,517
After tax cash flow	$37,017	$27,970

Discontinued Operations:

As a result of the Company's strategy to divest of its radio broadcasting segment, "Discontinued Operations" accounting has been adopted in the financial statements for all periods presented in this press release. As such, the results from operations of the radio broadcast segment, net of related income taxes, has been reclassified from income from operations and reflected as net income from discontinued operations in the financial statements for all periods presented in this press release.

Forward-Looking Statements:

The matters discussed in this press release, particularly those in the section labeled "Outlook," include forward-looking statements regarding, among other things, future operating results. When used in this press release, the words "outlook," "intends to," "believes," "anticipates," "expects" and similar expressions are intended to identify forward-looking statements. Such statements are subject to a number of risks and uncertainties. Actual results in the future could differ materially and adversely from those described in the forward-looking statements as a result of various important factors, including the impact of changes in national and regional economies, successful integration of acquired television stations (including achievement of synergies and cost reductions), pricing and demand fluctuations in local and national advertising, volatility in programming costs, the market acceptance of new programming, the effectiveness of new salespeople, the level of political advertising during the current election season, and the other risk factors set forth in the Company's most recent report on Form 10-K filed with the Securities and Exchange Commission on March 30, 2000. The Company undertakes no obligation to publicly release the result of any revisions to these forward-looking statements that may be made to reflect any future events or circumstances.

SINCLAIR BROADCAST GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2000	1999	2000	1999
REVENUES:				
Station broadcast revenues, net of agency commissions	$173,984	$160,880	$527,522	$484,235
Revenues realized from barter arrangements	13,205	15,231	43,122	44,855
Total revenues	187,189	176,111	570,644	529,090
OPERATING EXPENSES:				
Program and production	37,067	35,874	114,609	103,628
Selling, general and administrative	39,904	35,864	123,399	99,968
Expenses realized from barter arrangements	12,093	14,101	39,048	41,098
Amortization of program contract costs and net realizable value adjustments	22,015	20,120	70,501	60,091

Depreciation of property and equipment	9,782	7,800	27,872	23,592
Amortization of acquired intangible broadcasting assets and other assets	28,156	23,766	83,065	78,521
Stock based compensation	651	668	2,028	2,342
Cumulative adjustment for change in assets held for sale	--	--	619	--
Total operating expenses	149,668	138,193	461,141	409,240
Broadcast operating income	37,521	37,918	109,503	119,850
OTHER INCOME (EXPENSE):				
Interest expense	(38,625)	(45,344)	(113,475)	(132,622)
Subsidiary trust minority interest expense	(5,813)	(5,813)	(17,438)	(17,438)
Interest income	654	840	1,908	2,443
Loss from equity investments	(8,307)	(167)	(10,159)	(157)
Gain (loss) on derivative instrument	(300)	716	(296)	12,302
Gain on sale of assets	--	233	--	233
Other income (expense)	(835)	122	(1,621)	443
Total other expense	(53,226)	(49,413)	(141,081)	(134,796)
Loss before income taxes	(15,705)	(11,495)	(31,578)	(14,946)
Benefit (provision) for income taxes	(4,908)	(5,403)	7,089	(8,893)
Net loss from continuing operations	(20,613)	(16,898)	(24,489)	(23,839)
Net income from discontinued operations, net of taxes	1,475	5,557	4,740	12,187
Gain on sale of broadcast assets related to discontinued operations, net of taxes	37,985	--	37,985	--
Net income (loss)	$18,847	$(11,341)	$18,236	$(11,652)
Preferred stock dividends payable	2,588	2,588	7,763	7,763
Net income (loss) available to common shareholders	$16,259	$(13,929)	$10,473	$(19,415)
Basic loss per share from continuing operations	$(0.26)	$(0.20)	$(0.35)	$(0.33)
Basic earnings per share from discontinued operations	$0.44	$0.06	$0.47	$0.13

Basic earnings (loss) per share	$0.18	$(0.14)	$0.11	$(0.20)
Diluted loss per share from continuing operations	$(0.26)	$(0.20)	$(0.35)	$(0.33)
Diluted earnings per share from discontinued operations	$0.44	$0.06	$0.46	$0.13
Diluted earnings (loss) per share	$0.18	$(0.14)	$0.11	$(0.20)
Weighted average shares outstanding - no dilution	90,358	96,575	91,869	96,511
Weighted average shares outstanding - assuming dilution	90,491	96,949	91,897	96,718

SOURCE Sinclair Broadcast Group, Inc.

Web site: http: //www.sbgi.net

Company News On-Call: http: //www.prnewswire.com/comp/110203.html or fax, 800-758-5804, ext. 110203

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