Sinclair Reports First Quarter Earnings; After Tax Cash Flow Per Share Exceeds Consensus Estimates

BALTIMORE, April 26 /PRNewswire/ --
Sinclair Broadcast Group, Inc. (Nasdaq: SBGI) (the "Company" or "Sinclair") today reported financial results for the three months ended March 31, 2001.

Highlights:
--- Net broadcast revenues of $149.7 million
--- Broadcast cash flow of $54.0 million
--- After tax cash flow per share of $0.14, exceeds First Call consensus estimate of $0.07
--- Local advertising revenues lower by only 2.6%, excluding political

Financial Results:
On a reported basis, net broadcast revenues from continuing operations were $149.7 million for the three months ended March 31, 2001, a decrease of 6.9% versus the prior year period and higher than the $148.0 million guidance, which the Company previously provided in its last quarterly earnings release. Broadcast cash flow from continuing operations was $54.0 million in the three-month period, a decrease of 17.6% versus the prior year period and higher than the $49.0 million guidance, which the Company previously provided on its last quarterly earnings release. After tax cash flow per share of $0.14 decreased 12.5% from the prior year period result of $0.16 and exceeded First Call consensus estimates of $0.07.

David Amy, EVP & Chief Financial Officer, said, "Despite a difficult national advertising and economic environment in the first quarter, we experienced better than expected performance in our local markets, as well as from our WB, FOX and UPN affiliates. We are encouraged by the early results of our local market initiatives and their impact on local advertising revenues, which declined by only 2.6%, as compared to national advertising revenues, which were down 17.4%, excluding political."

Amy continued, "We are also pleased with our performance in the February sweeps ratings, which reflected positive ratings improvements by our FOX, WB and UPN stations in the adult 18 to 49 demographic, versus the November 2000 sweeps. This is the important young demographic that advertisers target and, with our improved ratings performance, should further drive our local business."

Statistical Highlights:
--- Net broadcast revenues, on a pro forma basis, declined across all affiliations in the first quarter 2001 versus the first quarter 2000, however, those networks, such as the WB, FOX and UPN, which are aimed at the younger demographic, performed better than the traditional networks. Pro forma revenues from the WB affiliates, which accounted for 32% of net broadcast revenues, declined 6.0% over the first quarter 2000. The FOX stations, which represented 34% of net broadcast revenues, experienced a 10% revenue decline, while revenues for the UPN stations decreased 4%. For stations affiliated with the ABC, NBC and CBS networks, pro forma revenue growth during the quarter was down 16%.

--- Political advertising revenues were $0.2 million in the quarter as compared to $2.8 million for the first quarter 2000.

--- Local advertising revenues decreased 2.6%, excluding political advertising revenues, while national advertising revenues were down 17.4% in the quarter versus the first quarter 2000. The decline in
national was due primarily to lower advertising revenues generated from the automotive, pharmaceutical/cosmetic and fast-food sectors. Local revenues, excluding political revenues, represented 58.1% of time sales, as compared to 54.0% for the first quarter 2000.

-- Television ratings on our stations for adults 18-49 during the 5 pm to midnight time period during the February sweeps were up 4.2% from the November 2000 sweeps, with our FOX stations increasing their ratings by 12.7%. Ratings on our WB stations were up 3.5%, while ratings for our stations affiliated with the traditional networks were down 5.5%. The six networks, in comparison, were down 2.6% in prime time for the same sweeps periods and demographic.

-- Fourth quarter 2000 market share survey results reflected that the Company continued to grow its share of the local television advertising market. The Company's local television market share, excluding political revenues, increased to 18.5% versus 17.9% for the fourth quarter 1999.

-- The Company incurred a $2.4 million restructuring charge in the first quarter 2001, which relates to workforce reduction initiatives, in which the Company reduced its staff by 186 employees.

Pro Forma Results for Continuing Operations:
(Dollars in millions)

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<tbody>
<tr>
<td>Net broadcast revenues</td>
<td>$166.3</td>
<td>$194.4</td>
<td>$175.6</td>
<td>$199.5</td>
<td>$735.8</td>
<td>$149.7</td>
</tr>
<tr>
<td>Broadcast cash flow</td>
<td>$67.2</td>
<td>$93.1</td>
<td>$79.8</td>
<td>$101.2</td>
<td>$341.3</td>
<td>$54.0</td>
</tr>
</tbody>
</table>

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 March 31, 2001, as if they were owned for the entire period covered by the discussion.

Balance Sheet Analysis:
The Company's net debt of $1,647.2 million at March 31, 2001, which is net of $3.7 million in cash, increased by $34.9 million from the net debt of $1,612.3 million at December 31, 2000. The increase in net debt resulted primarily from a $38.0 million tax payment related to the sale of the St. Louis radio stations, which were sold in October 2000. Capital expenditures on continuing operations totaled $6.8 million in the quarter. The Company did not repurchase any Class A common shares during the quarter. Financial leverage, as defined by total indebtedness, before the HYTOPS, divided by the 12-month trailing pro forma EBITDA, was 5.39x at March 31, 2001, down from 5.67x at March 31, 2000.

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. 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 13.2 million shares, at a cost of $129.2 million, representing 25.9% of its Class A common shares outstanding. As of March 31, 2001, 39.9 million Class A common shares and 44.8 million Class B common shares were outstanding.

Outlook:
In accordance with Regulation Fair Disclosure (Reg. FD), Sinclair is providing public dissemination through this press release of its expectations for its second quarter 2001 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.

"As previously announced in our last quarterly earnings release, we continue to expect the same economic conditions and advertising spending climate that existed in the first quarter to continue through the second quarter. We continue to expect both environments to begin to improve in the third quarter of this year and return to a more normalized advertising market in the fourth quarter. Although broadcasters will face tougher comparisons in the second half of the year, due to the absence of political and Olympics revenues, we believe that we are well-positioned for this difficult environment. The diversity of our stations and our focus on the local markets will reduce our seasonal hurdle of political and Olympics revenues, as compared to those broadcasters in the top ten markets or those having more affiliations with the ABC, NBC and CBS networks," commented Amy.

Second Quarter 2001 and Full Year 2001:

-- The Company reaffirms its pro forma full year 2001 public guidance previously given for net broadcast revenues to be down by a high single digit percent, broadcast cash flow to be down by a high teen percent and for ATCF per share of $1.25 to $1.30.

-- The Company expects pro forma net broadcast revenues for the second quarter to be down approximately 13% to 15% from second quarter 2000 pro forma net broadcast revenues of $194 million. This expectation assumes that the economic slowdown will continue to negatively impact an already weak national advertising climate.

-- The Company expects pro forma broadcast cash flow to be down approximately 28% to 30% from second quarter 2000 pro forma broadcast cash flow of $93 million, primarily due to the expected decline in net broadcast revenues.

-- The Company expects second quarter ATCF per share of approximately $0.28 to $0.30, down from the second quarter 2000 ATCF per share of $0.48. This assumes that the shares outstanding for the second quarter are equal to the number of shares outstanding on March 31, 2001 and interest expense based upon the Company's existing Bank Credit Facility terms. The decline is primarily due to the decrease in revenues related to the economic slowdown and higher film amortization costs, offset by a higher current tax benefit.

-- The Company expects second quarter program contract payments of approximately $27 million, assuming no changes in contract terms or the addition of new programming.

-- The Company expects second quarter program contract amortization to be approximately $27 million, assuming no changes in contract terms or the
addition of new programming.

-- The Company expects net interest expense, before the $5.8 million Subsidiary Trust Minority interest expense, to be approximately $36 million in the second quarter, assuming changes in debt levels based upon expectations of operating results discussed in this section, no changes in the current interest rate yield curve, and bank borrowing rates per the Company's existing Credit Facility terms. The Company is currently in the process of negotiating a refinancing of its existing Bank Credit Facility. Upon closing, the bank borrowing rates will be marked to market and may result in a higher interest expense.

-- The Company expects corporate overhead of approximately $5 million in the second quarter, assuming current levels of staffing.

-- The Company expects a current tax benefit from continuing operations of approximately $8 million in the second quarter.

-- The Company's number of common shares outstanding at March 31, 2001 is 84.8 million shares.

-- The Company expects to spend approximately $15 million in capital expenditures in the second quarter. For the full year 2001, the Company expects to spend $66 million in routine capital and digital upgrades for the year, revised down from prior full year 2001 guidance of $76 million. Of this, $55 million is expected to relate to capital spending for the digital television transition.

Broadcast cash flow is a measurement utilized by lenders to measure our ability to service our debt and is 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 first quarter results on Thursday, April 26, 2001, 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 p.m. EDT on May 3, 2001. The press and the public will be welcome on the call in a listen-only mode. The dial-in number is (800) 289-0529.

About Sinclair:
Sinclair Broadcast Group, Inc. is a diversified broadcasting company that currently owns, operates 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 consulting and development company, VisionAIR, a wireless data applications developer, 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 and Other Data:
(Dollars in thousands except for per share data)

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended March 31,</th>
<th>Incr. (Dec.)%</th>
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<tbody>
<tr>
<td></td>
<td>2001</td>
<td>2000</td>
</tr>
<tr>
<td>Net broadcast revenues</td>
<td>$149,709</td>
<td>$160,802</td>
</tr>
<tr>
<td>Total revenues</td>
<td>165,564</td>
<td>176,427</td>
</tr>
<tr>
<td>Broadcast cash flow</td>
<td>54,023</td>
<td>65,594</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>49,168</td>
<td>59,750</td>
</tr>
<tr>
<td>After tax cash flow</td>
<td>12,161</td>
<td>15,061</td>
</tr>
<tr>
<td>Expenses related to G1440</td>
<td>2,563</td>
<td>608</td>
</tr>
<tr>
<td>Program contract payments</td>
<td>24,846</td>
<td>24,675</td>
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<tr>
<td>Capital expenditures</td>
<td>6,774</td>
<td>6,378</td>
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<tr>
<td>Corporate expense</td>
<td>4,855</td>
<td>5,844</td>
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<tr>
<td>Current tax provision (benefit) from operations</td>
<td>(5,087)</td>
<td>2,662</td>
</tr>
<tr>
<td>Deferred tax benefit related to operations</td>
<td>56</td>
<td>19,034</td>
</tr>
<tr>
<td>After tax cash flow per share</td>
<td>$0.14</td>
<td>$0.16</td>
</tr>
</tbody>
</table>

N.M. - Not meaningful

Notes:
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, 2001, plus restructuring charges.
"After tax cash flow" (ATCF) is defined as net income (loss) available to common shareholders, plus depreciation and amortization (excluding film amortization), stock-based compensation, the cumulative adjustment for change in assets held for sale, restructuring charges, 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. 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:

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<tr>
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<th>Three Months Ended March 31,</th>
<th>2001</th>
<th>2000</th>
</tr>
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<tbody>
<tr>
<td>Net loss available to common shareholders</td>
<td>$(39,201)</td>
<td>$(4,408)</td>
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<tr>
<td>Depreciation of property and equipment</td>
<td>9,530</td>
<td>8,511</td>
<td></td>
</tr>
<tr>
<td>Amortization of acquired intangible broadcast assets and other assets</td>
<td>29,431</td>
<td>26,939</td>
<td></td>
</tr>
<tr>
<td>Restructuring charge</td>
<td>2,423</td>
<td>---</td>
<td></td>
</tr>
</tbody>
</table>
Cumulative adjustment for charge in assets held for sale                      ---      619
Stock based compensation                                                   618      676
(Gain) loss on derivative instruments                                      9,348     (699)
Loss from equity investments                                                68       535
Depreciation and amortization related to discontinued operations            ---      1,922
Deferred tax benefit related to operations                                 (56)     (19,034)
After tax cash flow                                                        $12,161   $15,061

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 and in addition to the assumptions identified above, 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 effects of the writers and screen actors
guilds strikes, 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, 2001. There can be no assurances that the assumptions and other
factors referred to in this release will occur. 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)

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<thead>
<tr>
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<th>Three Months Ended March 31,</th>
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<tbody>
<tr>
<td></td>
<td>2001</td>
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<tr>
<td>REVENUES:</td>
<td></td>
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</tbody>
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| Station broadcast revenues, net of agency commissions        $149,709    $160,802
| Revenues realized from barter arrangements                13,672      15,046
| Other revenues                                           2,183        579
| Total revenues                                          165,564     176,427
| OPERATING EXPENSES:                                    |                 |
| Program and production                                   38,218      38,065
Selling, general and administrative               41,586         40,528  
Expenses realized from barter arrangements        12,126         13,438  
Amortization of program contract costs and        25,117         25,077  
    net realizable value adjustments               25,117         25,077  
Depreciation of property and equipment             9,530          8,511  
Amortization of acquired intangible broadcast      29,431         26,939  
    assets and other assets                       29,431         26,939  
Stock based compensation                             618            676  
Restructuring charge                                 2,423            ---  
Cumulative adjustment for change in assets         ---            619  
    held for sale                                 ---            619  
Total operating expenses                         159,049        153,853  
Operating income                                    6,515         22,574  

OTHER INCOME (EXPENSE):                          
Interest expense                               (33,912)       (36,872)  
Subsidiary trust minority interest expense       (5,813)        (5,813)  
Interest income                                 675            580  
Loss from equity investments                     (68)           (535)  
Gain (loss) on derivative instrument            (9,348)          699  
Other income (expense)                           195            (163)  
Total other expense                             (48,271)       (42,104)  

Loss before income taxes                       (41,756)       (19,530)  
Benefit for income taxes                        5,143          16,907  
Net loss from continuing operations             (36,613)       (2,623)  
Net income from discontinued operations,        ---            803  
    net of taxes                                 ---            803  
Net loss                                      $(36,613)      $(1,820)  
Preferred stock dividends payable              2,588          2,588  
Net loss available to common shareholders      $(39,201)      $(4,408)  

Basic loss per share from continuing operations  $(0.46)         $(0.05)  
Basic earnings per share from discontinued      ---            $0.01  
    operations                                  ---            $0.01  
Basic loss per share                           $(0.46)        $(0.05)  
Diluted loss per share from                     $(0.46)        $(0.05)  
    continuing operations                       $(0.46)        $(0.05)  
Diluted earnings per share from                 ---            $0.01  
    discontinued operations                     ---            $0.01  
Diluted loss per share                          $(0.46)        $(0.05)  
Weighted average shares outstanding-     84,560          95,237  
    no dilution                                 84,560          95,237  
Weighted average shares outstanding-             84,590          95,237  
    assuming dilution                          84,590          95,237  

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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David Harrison of Imre Communications, 410-821-8220, for Sinclair Broadcast Group