

Sinclair Reports Second Quarter After Tax Cash Flow Per Share of \$0.49

BALTIMORE, July 26 /PRNewswire/ --

Sinclair Broadcast Group, Inc. (Nasdaq: SBGI), the "Company" or "Sinclair," today reported financial results for the three months and six months ended June 30, 2001.

Highlights:

- Net broadcast revenues of \$175.6 million
- Broadcast cash flow of \$75.0 million
- After tax cash flow per share of \$0.49, exceeds First Call consensus estimate of \$0.30
- Stay on television duopoly rules granted
- Bank Credit Facility amended
- New national sales representation agreement announced

Financial Results:

On a reported basis, net broadcast revenues from continuing operations were \$175.6 million for the three months ended June 30, 2001, a decrease of 8.9% versus the prior year period. Broadcast cash flow from continuing operations was \$75.0 million in the three-month period, a decrease of 19.0% versus the prior year period. After tax cash flow per share of \$0.49 decreased 2.0% from the prior year period result of \$0.50, but exceeded First Call consensus estimates of \$0.30.

On a reported basis, net broadcast revenues from continuing operations were \$325.3 million for the six months ended June 30, 2001, a decrease of 8.0% versus the prior year period. Broadcast cash flow from continuing operations was \$129.0 million in the six-month period, a decrease of 18.5% versus the prior year period. After tax cash flow per share of \$0.63 decreased 4.5% from the prior year period result of \$0.66.

Commenting on the quarter, David Smith, President and CEO, stated, "Despite the challenging advertising environment, our sales force put forth a tremendous effort and out-performed our expectations on both the local and national revenue fronts."

Smith continued, "Since our last quarterly earnings report, we have made several strategic moves that should create value for us over the longer term. The first was a successful amendment of our bank credit facility, which strengthened our balance sheet, provides us flexibility and operating capacity during this difficult economic environment, and reduces our need to tap the bank lending market over the next several years. On the industry front, we were granted a stay on the television duopoly rules allowing us to continue operating four stations pursuant to local marketing agreements pending a January 2002 court hearing. This case may determine the future of television duopoly. We also announced a long-term, exclusive national sales representation agreement with Millennium Sales & Marketing. This arrangement is the largest non-traditional rep agreement of its kind in that our 62 stations will be provided dedicated sales teams who will actively market our stations to national advertisers."

Operating and Financial Highlights:

- Local advertising revenues decreased 4.2%, excluding political advertising revenues, while national advertising revenues were down 16.1% in the quarter versus the second quarter 2000. For the national business, this was an improvement in the rate of decline from the first quarter. The quarter, however, continued to be impacted by lower advertising revenues generated from the domestic automotive, fast food and telecommunications sectors, offset by improvements in

the services and retail sectors. Local revenues, excluding political revenues, represented 56.9% of time sales, as compared to 53.6% for the second quarter 2000.

- Political advertising revenues were \$0.6 million in the quarter as compared to \$1.6 million for the second quarter 2000.
- Although all affiliation station groups were down in the quarter, our two largest affiliate groups performed better than average. Our FOX stations, which represented 35% of net broadcast revenues, were down 6.7%, while our WB stations, which accounted for 30% of net broadcast revenues, were down 8.6% versus second quarter 2000. Our stations affiliated with the big 3 traditional networks were down 14%, primarily due to the ABC station group, which was down 18%. The decline in the ABC stations was attributable to the network posting 20% to 30% rating declines during its prime-time programming in both the February and May sweeps.
- Television ratings on the WB Network for adults 18-49 in prime-time during the May sweeps were up 13.3% from the May 2000 sweeps. The FOX Network ratings in the same time period and demographic were up 4.9%. We would expect our stations affiliated with those networks to benefit from selling the improved ratings.
- First quarter 2001 market share survey results, which recently became available, reflected that the Company held its share of the local television advertising market, excluding political, at 18.1% versus the first quarter 2000.
- On the local news programming front, WGME-TV, the CBS affiliate in Portland, Maine, won the first-ever Walter Cronkite Award from the Annenberg School for Communications for outstanding political coverage. The station was also named "Station of the Year" by Maine's Associated Press. Our recently launched morning news on WBFF-TV, the FOX affiliate in Baltimore, Maryland, realized an 80% increase in household ratings and a 50% increase in share in the May sweeps versus May 2000, after less than 3 months on the air.
- The Company incurred a \$5.6 million impairment and write down charge of long-lived assets associated with station fixed assets and goodwill related to G1440's San Francisco office reorganization.
- The Company incurred a \$4.7 million extraordinary loss, net of taxes, related to the costs associated with the Company's amendment and restatement of its Bank Credit Facility.

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

	Q1 2000	Q2 2000	Q3 2000	Q4 2000	FY2000
Net broadcast revenues	\$166.3	\$194.4	\$175.6	\$199.5	\$735.8
Broadcast cash flow	\$67.2	\$93.1	\$79.8	\$101.2	\$341.3
	Q1 2001	Q2 2001			
Net broadcast revenues	\$149.7	\$175.6			
Broadcast cash flow	\$54.0	\$75.0			

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 June 30, 2001, as if they were owned for the entire period covered by the discussion.

Balance Sheet Analysis:

The Company's net debt of \$1,650.6 million at June 30, 2001, which is net of \$1.4 million in cash, increased by \$3.4 million from the net debt of \$1,647.2 million at March 31, 2001. Capital expenditures totaled \$5.9 million in the quarter. The Company repurchased 0.6 million 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 5.70x at June 30, 2001, down from 5.81x at June 30, 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 13.5 million shares, at a cost of \$131.2 million, representing 26.4% of its Class A common shares outstanding. As of June 30, 2001, 39.9 million Class A common shares and 44.3 million Class B common shares were outstanding, for a total of 84.2 million common shares outstanding.

Outlook:

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

"With our mix of properties, we expect to continue outperforming the industry," commented David Amy, EVP and CFO. "However, we remain cautiously optimistic in our outlook for the economy and advertising sales in the second half of 2001. We believe that the core business, excluding political revenues, will improve from the first half of the year, although not to the extent we anticipated when we provided our original full year guidance. We continue to have limited visibility regarding the advertising climate and are cognizant of the political advertising dollars that must be replaced, as well as the possible third quarter uncertainty involved with changing our national sales representation firm."

-- The Company re-confirmed its full year guidance for net broadcast revenue to be down by a high single digit percent, broadcast cash flow to be down by a high teen percent, and after-tax cash flow per share to be \$1.25 to \$1.30.

Third Quarter 2001:

-- The Company expects pro forma net broadcast revenues for the third quarter to be down approximately 8.5% to 10.5% from third quarter 2000 pro forma net broadcast revenues of \$176 million. This expectation includes replacing approximately \$5 million in political advertising

revenues generated in the third quarter 2000. Excluding political, the outlook reflects a 5.7% to 7.7% decline in core revenues.

- The Company expects pro forma broadcast cash flow to be down approximately 20% to 24% from third quarter 2000 pro forma broadcast cash flow of \$80 million, primarily due to the decline in net broadcast revenues.
- The Company expects third quarter ATCF per share of approximately \$0.14 to \$0.17, down from the third quarter 2000 ATCF per share of \$0.41. This assumes expectations of operating results discussed in this section and that the shares outstanding are equal to the number of shares outstanding on June 30, 2001.
- The Company expects third quarter program contract payments of approximately \$25 million, assuming no changes in contract terms or the addition of new programming.
- The Company expects third quarter program contract amortization to be approximately \$29 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 \$35 million in the third 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 amended Credit Facility terms. On a full year basis, interest expense is revised to \$138 million from our previous guidance of \$130 million, primarily due to the higher interest cost associated with the amendment.
- The Company expects corporate overhead of approximately \$5 million in the third quarter, assuming current levels of staffing. On a full year basis, corporate expense is revised down to approximately \$18 million from prior guidance of \$21 million due to cost control initiatives.
- The Company expects a current tax benefit from continuing operations of approximately \$3 million in the third quarter. On a full year basis, the current tax benefit is revised to \$30 million from \$22 million primarily due to the revisions addressed in the Outlook section and tax deductions associated with losses on interest rate derivatives.
- The Company's number of common shares outstanding at June 30, 2001 was 84.2 million shares.
- The Company expects to spend approximately \$21 million in capital expenditures in the third quarter, the majority of which will be for the digital television conversion. On a full year basis, capital expenditures have been revised down to \$55 million from \$66 million with \$7 million of the decrease reflecting a timing delay related to digital expenditures. The delay is due to limited production and service availability schedules in the transmitter and tower industries.

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 second quarter results on Thursday, July 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 August 2, 2001. The press and the public will be welcome on the call in a listen-only mode. The dial-in number is (800) 274-0873.

About Sinclair:

Sinclair Broadcast Group, Inc., the largest and one of the most diversified television broadcasting companies, 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, Inc., an Internet consulting and development company, 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)

	Three Months			Six Months		
	Ended June 30, 2001	2000	Incr. (Dec.)%	Ended June 30, 2001	2000	Incr. (Dec.)%
Net broadcast revenues	\$175,640	\$192,736	(8.9)	\$325,349	\$353,538	(8.0)
Total revenues	192,588	207,760	(7.3)	358,152	384,187	(6.8)
Broadcast cash flow	75,020	92,654	(19.0)	129,043	158,248	(18.5)
Adjusted EBITDA	69,966	86,303	(18.9)	119,134	146,053	(18.4)
After tax cash flow	41,257	45,803	(9.9)	53,418	60,864	(12.2)
After tax cash flow per share	0.49	0.50	(2.0)	0.63	0.66	(4.5)
Corporate expense	5,054	6,351	(20.4)	9,909	12,195	(18.7)
SG&A expenses related to G1440	1,958	1,140	71.8	4,521	1,748	158.6
Program contract payments	27,136	24,735	9.7	51,982	49,410	5.2
Cash and cash equivalents	1,415	4,145	(65.9)	1,415	4,145	(65.9)
Capital expenditures	5,916	8,656	(31.7)	12,690	15,034	(15.6)
Current tax provision (benefit) from						

operations	(14,773)	1,489	N.M.	(19,860)	4,151	N.M.
Deferred tax provision (benefit) related to operations	11,512	5,062	127.4	11,456	(13,972)	N.M.

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 and impairment and write down of long-lived assets.

"After tax cash flow" (ATCF) is defined as net income (loss) available to common shareholders, plus depreciation and amortization (excluding film amortization), impairment and write down charge of long-lived assets, 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), extraordinary loss, 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:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2001	2000	2001	2000
Net loss available to common shareholders	\$(20,307)	\$(1,378)	\$(59,508)	\$(5,786)
Depreciation of property and equipment	9,635	9,579	19,165	18,090
Amortization of acquired intangible broadcast assets and other assets	29,807	27,970	59,238	54,909
Impairment and write down charge of long-lived assets	5,590	---	5,590	---
Restructuring charge	---	---	2,423	---
Cumulative adjustment for change in assets held for sale	---	---	---	619
Stock based compensation	402	701	1,020	1,377
Gain on sale of asset	(446)	---	(446)	---
Loss (gain) on derivative				

instruments	452	695	9,800	(4)
Loss (gain) from equity investments	(86)	1,317	(18)	1,852
Extraordinary loss, net of taxes	4,698	---	4,698	---
Depreciation and amortization related to discontinued operations	---	1,857	---	3,779
Deferred tax provision (benefit) related to operations	11,512	5,062	11,456	(13,972)
After tax cash flow	\$41,257	\$45,803	\$53,418	\$60,864

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, 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)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2001	2000	2001	2000
REVENUES:				
Station broadcast revenues, net of agency commissions	\$175,640	\$192,736	\$325,349	\$353,538
Revenues realized from barter arrangements	15,096	14,871	28,768	29,917

Other revenues	1,852	153	4,035	732
Total revenues	192,588	207,760	358,152	384,187
OPERATING EXPENSES:				
Program and production	37,159	38,716	75,377	76,810
Selling, general and administrative	45,033	45,476	86,619	85,975
Expenses realized from barter arrangements	13,400	13,517	25,526	26,955
Amortization of program contract costs and net realizable value adjustments	27,374	23,409	52,491	48,486
Depreciation of property and equipment	9,635	9,579	19,165	18,090
Impairment and write down charge of long-lived assets	5,590	--	5,590	--
Amortization of acquired intangible broadcast assets and other assets	29,807	27,970	59,238	54,909
Stock based compensation	402	701	1,020	1,377
Restructuring charge	--	--	2,423	--
Cumulative adjustment for change in assets held for sale	--	--	--	619
Total operating expenses	168,400	159,368	327,449	313,221
Operating income	24,188	48,392	30,703	70,966
OTHER INCOME (EXPENSE):				
Interest expense	(35,563)	(37,978)	(69,475)	(74,850)
Subsidiary trust minority interest expense	(5,812)	(5,812)	(11,625)	(11,625)
Interest income	535	674	1,210	1,254
Gain (loss) from equity investments	86	(1,317)	18	(1,852)
Gain on asset sale	446	--	446	--
Gain (loss) on derivative instrument	(452)	(695)	(9,800)	4
Other income (expense)	289	393	484	230
Total other expense	(40,471)	(44,735)	(88,742)	(86,839)
Income (loss) before income taxes	(16,283)	3,657	(58,039)	(15,873)
Benefit (provision) for income taxes	3,261	(4,910)	8,404	11,997
Net loss from continuing operations	(13,022)	(1,253)	(49,635)	(3,876)
Net income from discontinued operations, net of taxes	---	2,462	---	3,265
Extraordinary loss, net of taxes	(4,698)	---	(4,698)	---
Net Income (loss)	\$(17,720)	\$1,209	\$(54,333)	\$(611)
Preferred stock dividends payable	2,587	2,587	5,175	5,175
Net loss available to common shareholders	\$(20,307)	\$(1,378)	\$(59,508)	\$(5,786)
Basic loss per share				

from continuing operations	\$(0.19)	\$(0.04)	\$(0.65)	\$(0.10)
Basic earnings per share from discontinued operations	\$--	\$0.03	\$--	\$0.04
Basic loss per share from extraordinary item	\$(0.06)	\$--	\$(0.06)	\$--
Basic loss per share	\$(0.24)	\$(0.01)	\$(0.70)	\$(0.06)
Diluted loss per share from continuing operations	\$(0.19)	\$(0.04)	\$(0.65)	\$(0.10)
Diluted earnings per share from discontinued operations	\$--	\$0.03	\$--	\$0.04
Diluted loss per share from extraordinary item	\$(0.06)	\$--	\$(0.06)	\$--
Diluted loss per share	\$(0.24)	\$(0.01)	\$(0.70)	\$(0.06)
Weighted average shares outstanding - no dilution	84,312	92,492	84,435	92,651
Weighted average shares outstanding - assuming dilution	84,313	92,492	84,438	92,651

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