

# A Deep Dive into Digital

UNDERSTANDING THE OPPORTUNITY



June 29 // 2016



## Safe Harbor/Disclosures

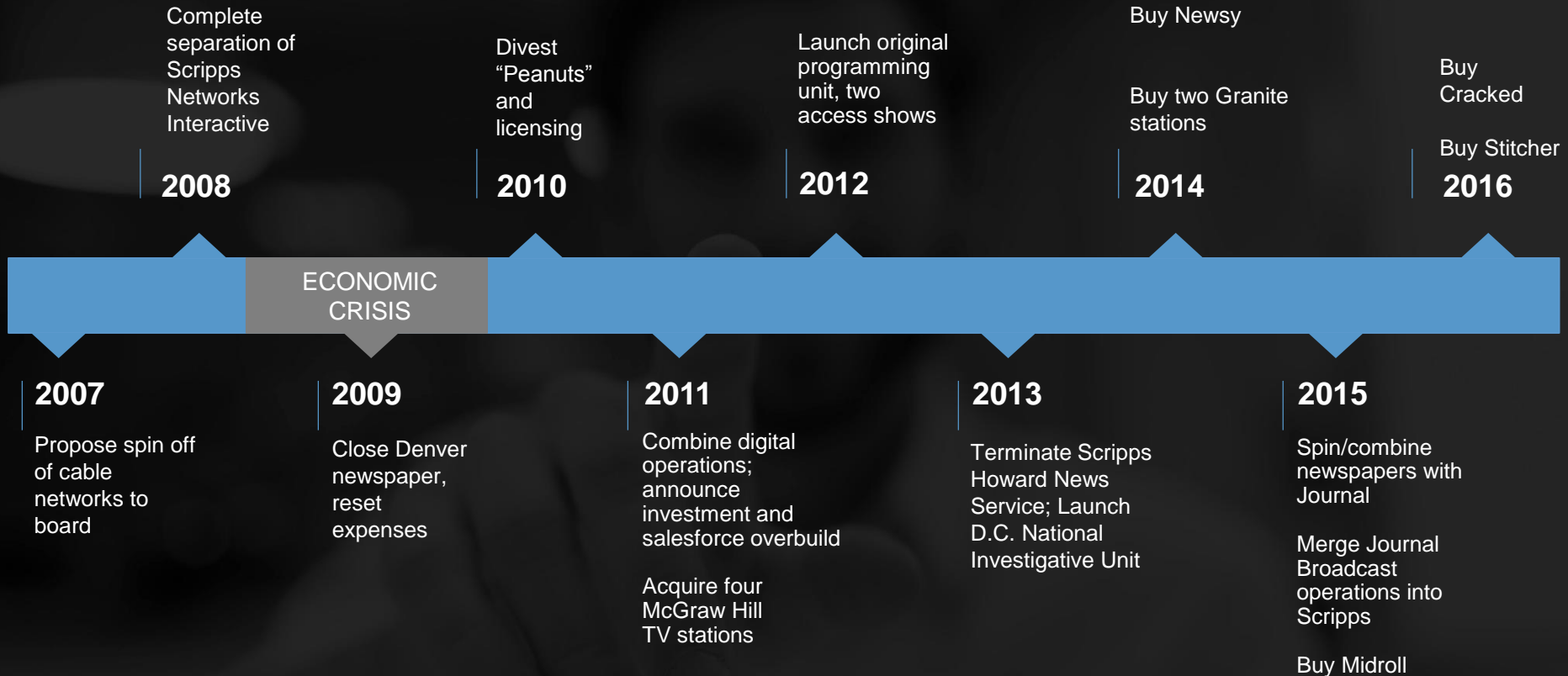
*This presentation contains forward-looking statements that involve a number of risks and uncertainties. For this purpose, any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. Without limiting the foregoing, the words “believes,” “anticipates,” “plans,” “expects,” “intends,” and similar expressions are intended to identify forward-looking statements. Important factors that could cause actual results to differ materially from those indicated by such forward-looking statements are set forth in The E.W. Scripps Company’s yearly financial statements on Form 10-K for the period ended Dec. 31, 2015, as filed with the Securities and Exchange Commission. We undertake no obligation to publicly update any forward-looking statements to reflect events or circumstances after the date the statement is made.*

A black and white portrait of Rich Boehne, an older man with white hair, a mustache, and glasses. He is smiling and wearing a dark V-neck sweater over a checkered shirt. He is sitting in a dark office chair. The background is slightly blurred, showing office equipment and a window.

# Welcome

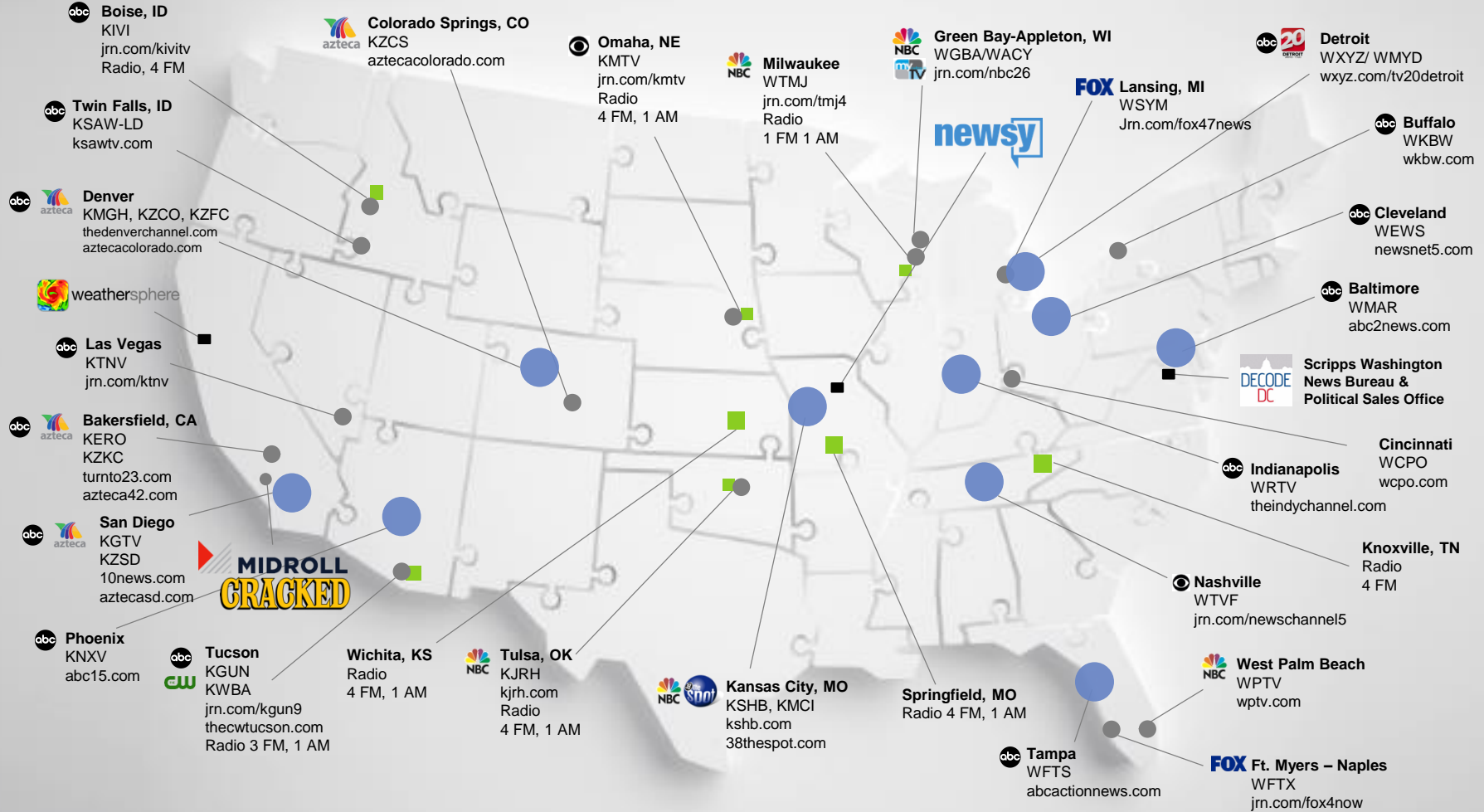
**Rich Boehne**  
PRESIDENT, CHAIRMAN & CEO

# Rebuilding Scripps For Growth





# A Coast-to-Coast Portfolio of Television, Radio and Digital Brands



# **Why We Love The Broadcast Television Business**

Incredibly high barriers to entry

Multiple revenue streams

Local/national advertising blend

Predictable revenue: long-term retransmission contracts

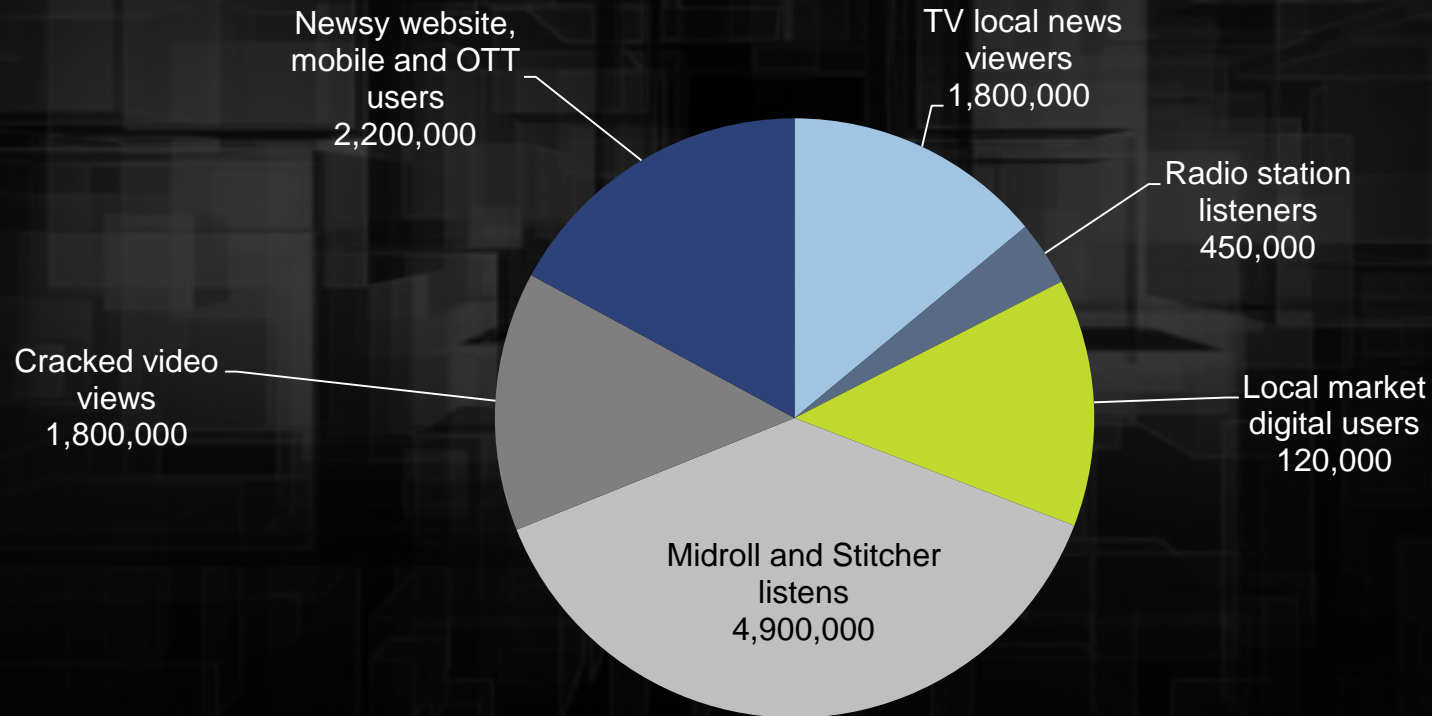
Predictable expenses: long-term network contracts

Opportunity to play strong role in ecosystem development

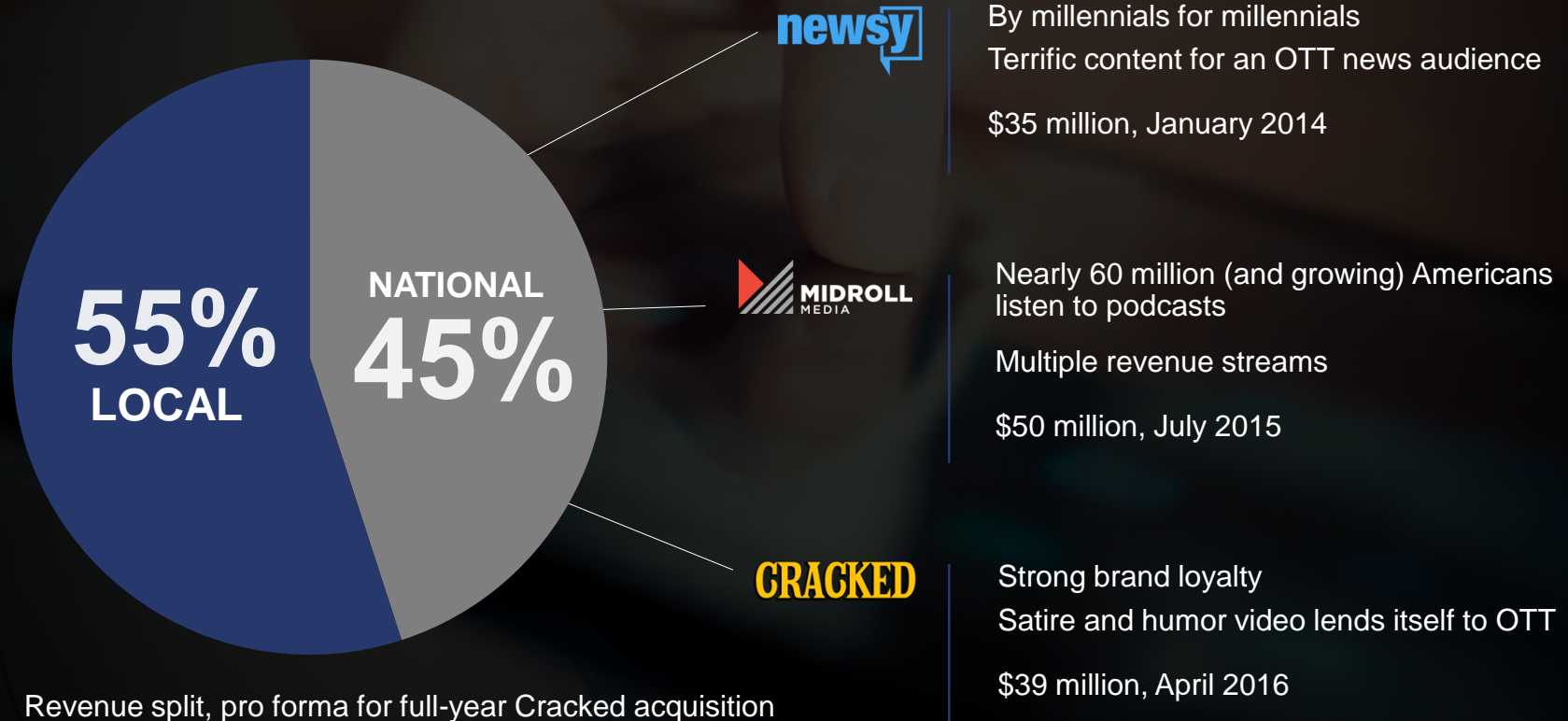
Strong local, trusted brands

# From Analog Presses And Towers To The Digital Grid

SCRIPPS' DAILY AUDIENCE REACH ACROSS ALL PLATFORMS



# Scripps Is Building Both Local Digital Brands and Highly Scalable National Businesses

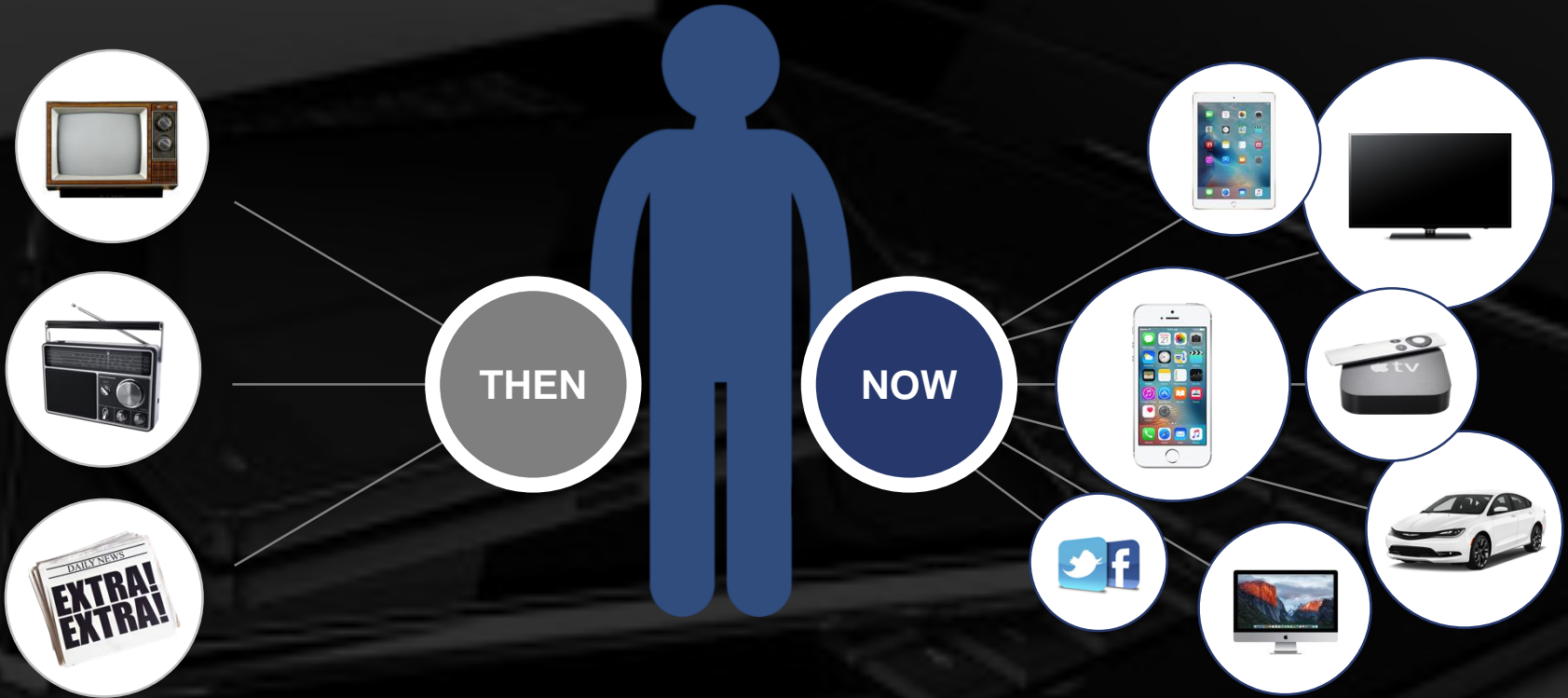


**Adam Symson**  
CHIEF DIGITAL OFFICER





# What Does “Digital” Mean?



## **5 Trends That Guide Scripps' Strategy**

1. Digital technology and the ensuing fragmentation have changed the way we spend our time and the choices we have
2. Mobility takes media everywhere
3. We're watching more video but through new platforms
4. On-demand audio is a growing marketplace
5. Advertising is predictably experiencing the same shifts

# Digital Has Changed The Way We Spend Time; The Choices We Have

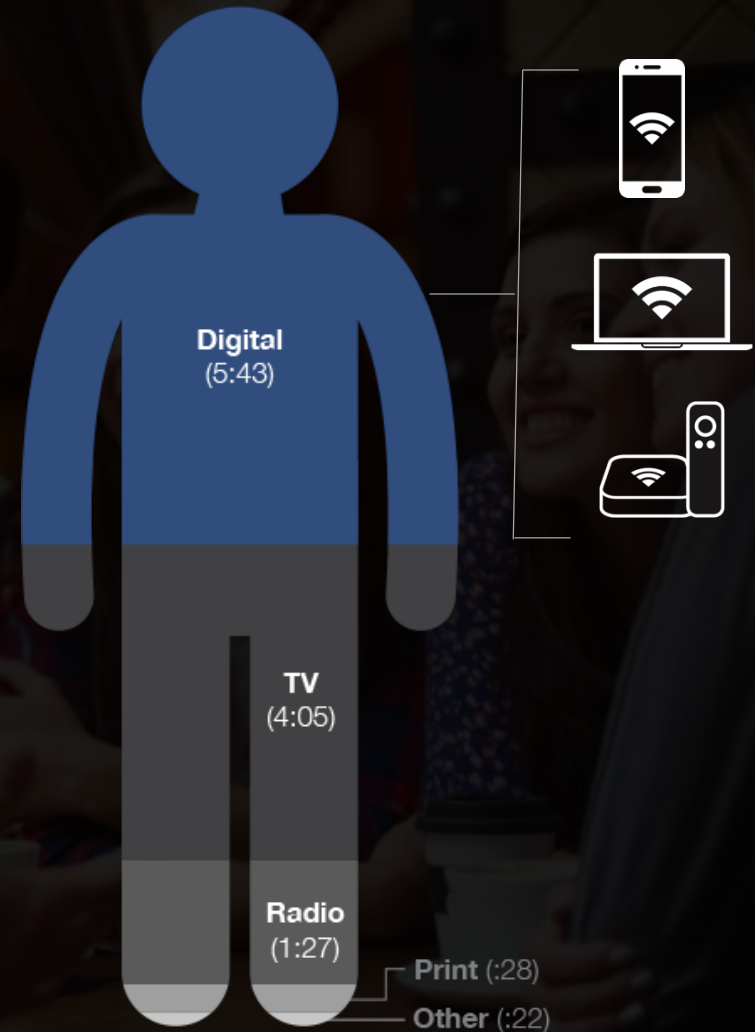
## AVERAGE TIME SPENT PER DAY WITH MAJOR MEDIA BY U.S. ADULTS, 2016

Note: ages 18+; time spent with each medium includes all time spent with that medium, regardless of multitasking; for example, 1 hour of multitasking on desktop/laptop while watching TV is counted as 1 hour for TV and 1 hour for desktop/laptop

\*includes all internet activities on desktop and laptop computers

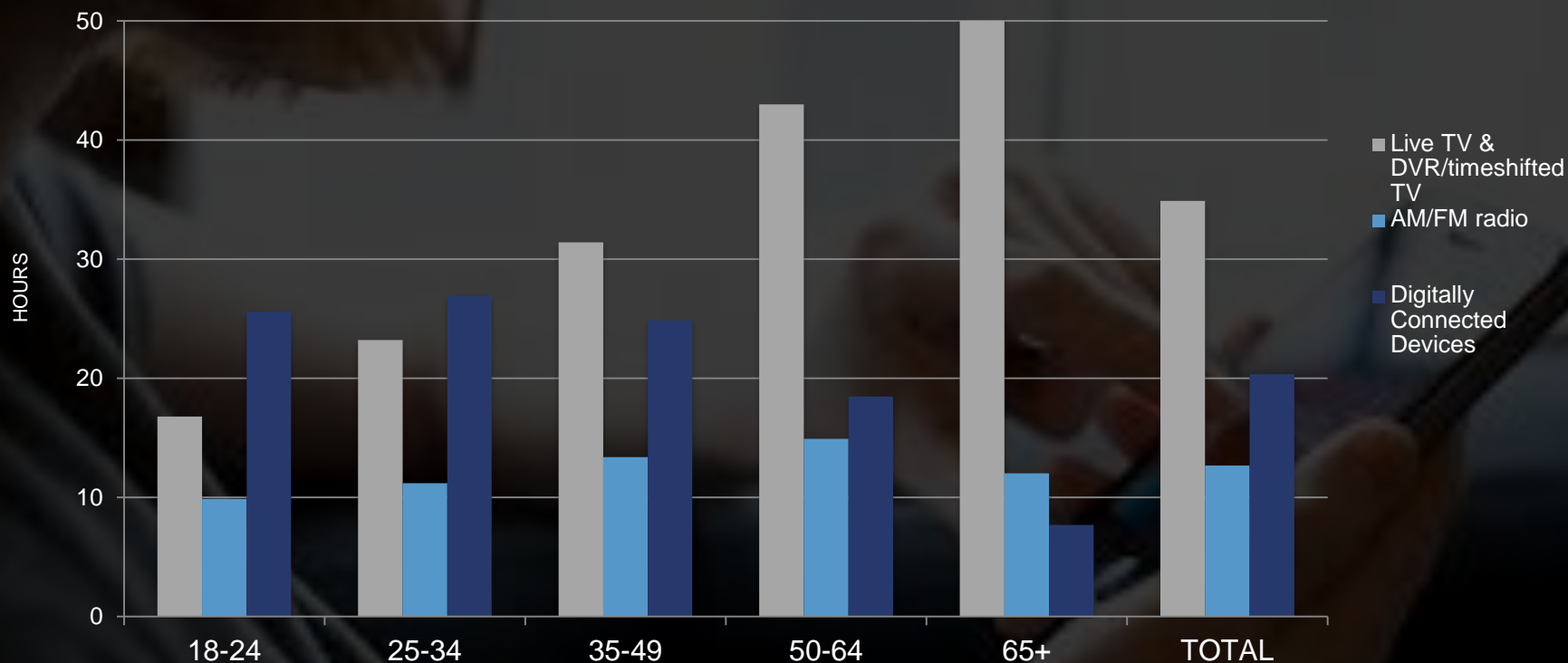
\*\*excludes digital

Source: eMarketer, April 2016



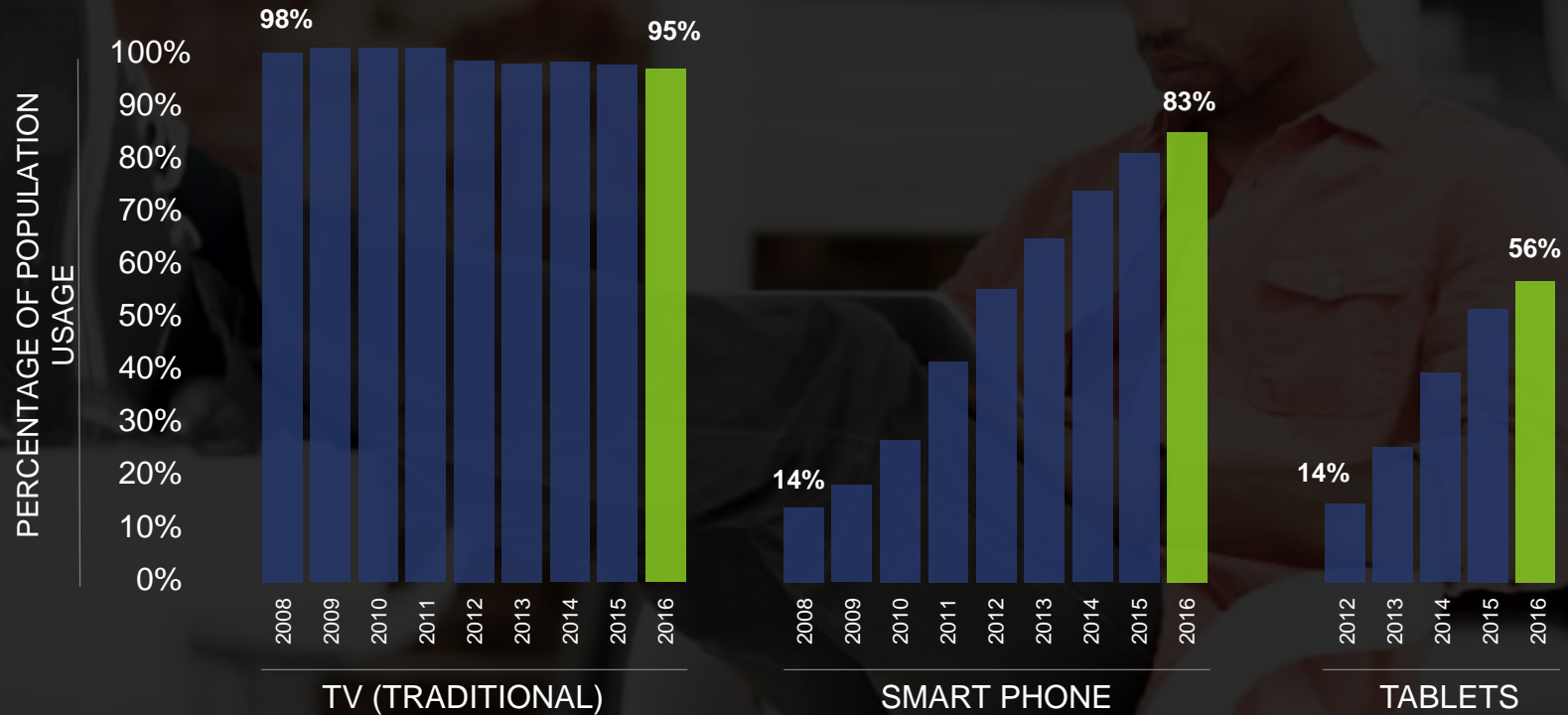
# The Behavior Is More Pronounced By Generation

WEEKLY TIME SPENT WITH SELECT MEDIA/DEVICES AMONG U.S. CONSUMERS, BY AGE, Q4 2015



Source: Nielsen, "The Total Audience Report: Q4 2015," March 24, 2016

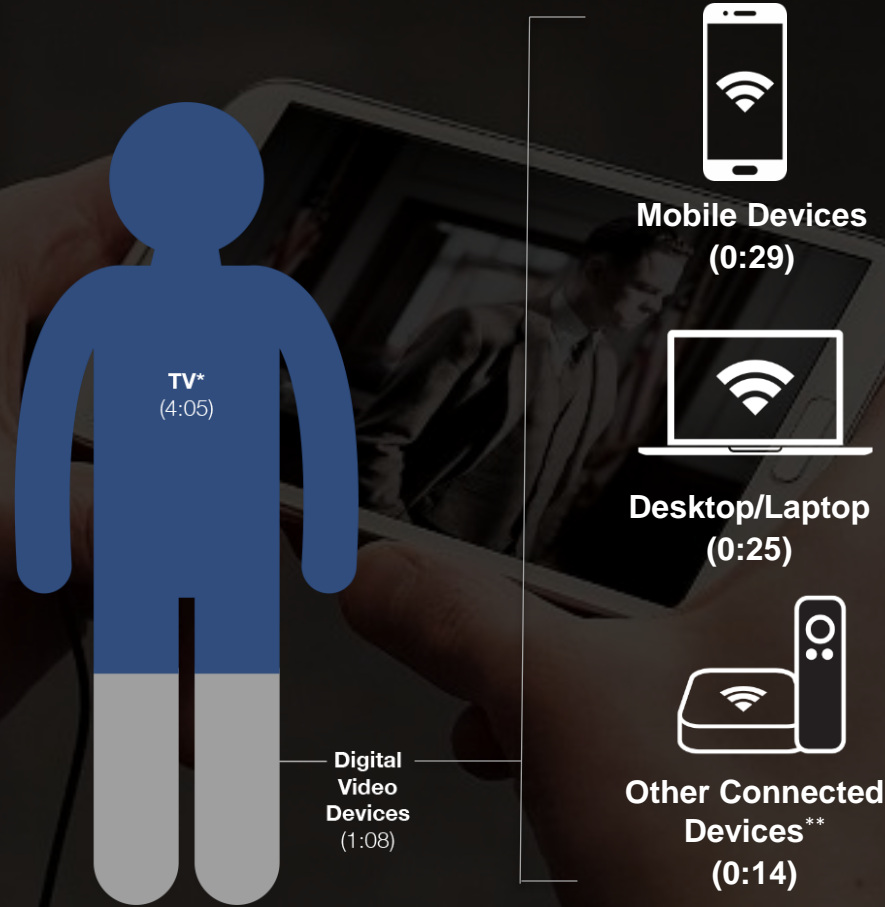
# Mobility Takes Media Everywhere





# We're Watching More Video But Through New Platforms

AVERAGE TIME SPENT PER DAY WITH VIDEO BY U.S. ADULTS, 2016



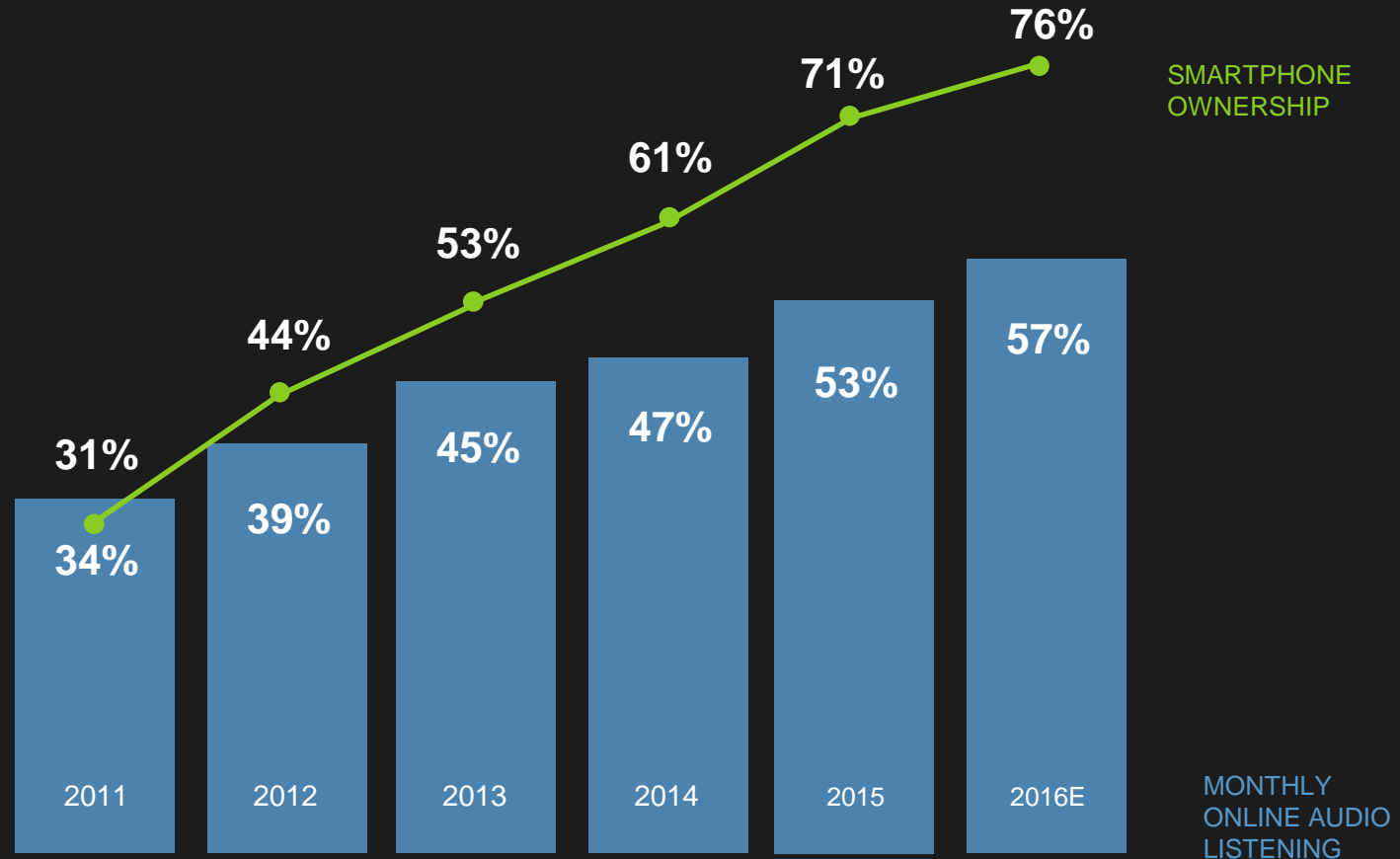
Note: ages 18+; time spent with each medium includes all time spent with that medium, regardless of multitasking; for example, 1 hour for TV and 1 hour for desktop/laptop

\*excludes digital

\*\*includes game consoles, connected TVs or OTT devices

Source: eMarketer, April 2016

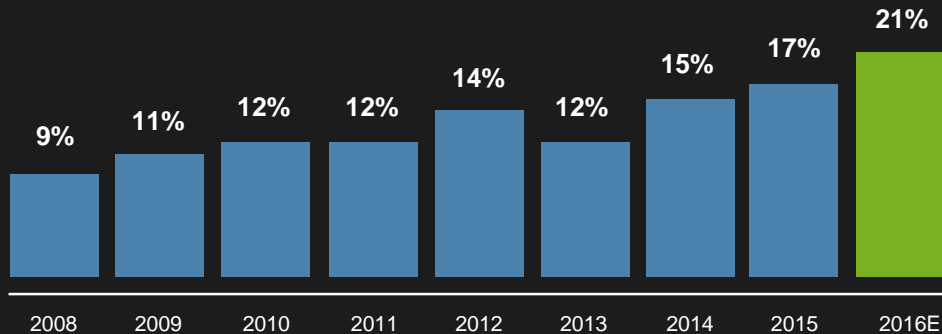
# Digital Audio Is A Growing Marketplace



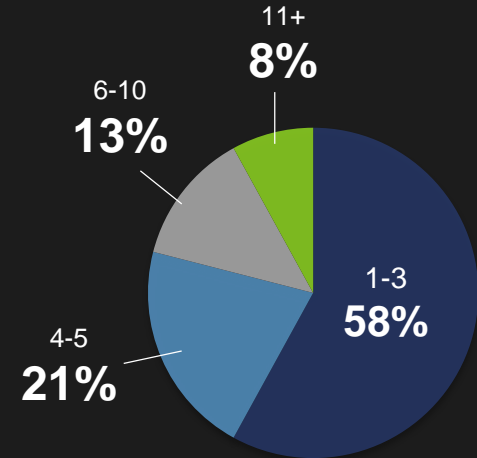
*Relationship between monthly online listening and smartphone ownership.  
Source: Infinite Dial 2016 from Edison Research*

# 57 Million Americans Listen To Podcasts And Those Who Do, Listen A Lot

PERCENTAGE OF AMERICANS WHO LISTEN  
TO PODCASTS MONTHLY



NUMBER OF PODCASTS  
LISTENED TO IN THE LAST WEEK



# Advertising Is Predictably Experiencing The Same Shifts

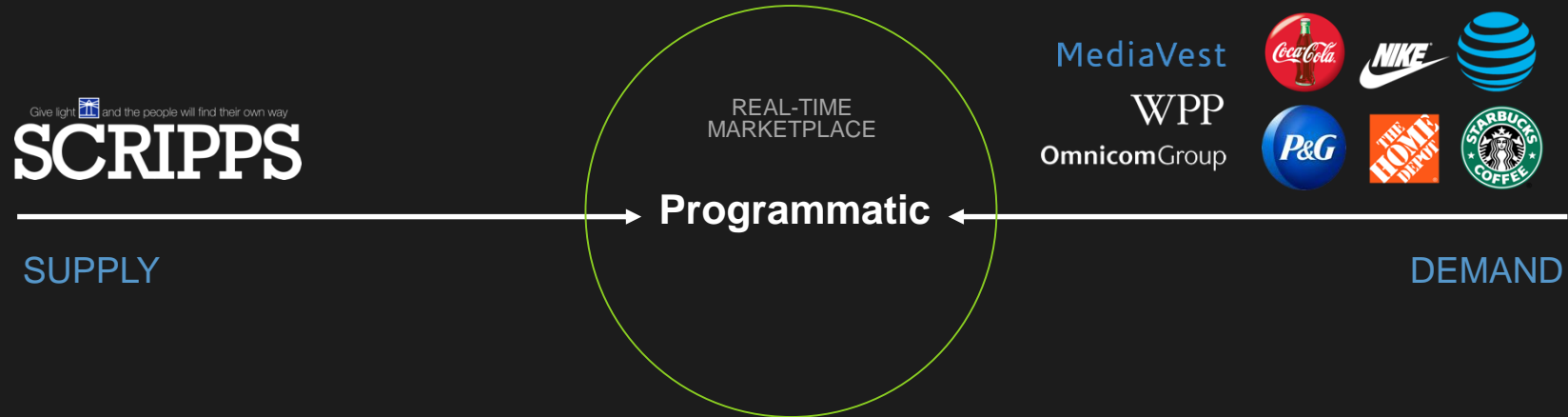
*eMarketer, April 2015*

## Share of Total Media Ad Spending



*Estimates used for 2016, 2020*

# The Changing Ad Landscape: Programmatic 101



The \$22 billion digital programmatic marketplace more efficiently matches supply and demand.



# Broadcasters Employ a Variety of Strategies Beyond Local to Capture Digital Opportunity

Digital As  
Pure  
Extension  
of TV

Ad Tech  
and  
Infrastructure

Agencies  
and  
Marketing  
Services

Engaging  
Content  
Brands

# Scripps is Building Engaging Local and National Content Brands



**Our Local Market Business Portfolio**  
55 PERCENT OF THE DIGITAL DIVISION REVENUE



**Our National Digital Content Brand Portfolio**  
45 PERCENT OF THE DIGITAL DIVISION REVENUE

# The Digital Consumption Continuum Ranges from Easy Entry Points to Higher Barriers of Entry





**Questions?**



**Laura Tomlin**

VP, DIGITAL BUSINESS OPERATIONS



# Content on Locally Branded Websites is Closely Tied to the Broadcast Business

Scripps provides locally branded news content and information across 27 television and radio markets on multiple digital platforms.



# Scripps Serves the Combined TV/Digital Audience with Quality Journalism; Unique Digital Content

records: Dirty and broken surgical tools in sterile wrappers documented at Cincy VA

MARK GREENBLATT, DAN MOON, AARON KESSLER

JUN 23, 2016

They are problems one hopes never to find in an operating room. Problems including bone-contaminated drill bits, broken or rusty surgical instruments, holes in sterile wrappers and a needle holder that arrived with a used needle still in it.

Yet these and many other events were documented hundreds of times at the Cincinnati Veterans Affairs Medical Center, according to records obtained by the Scripps News Washington Bureau and WCPO.

They're known as "quality events" and "non-conforming products" in the VA system. And they were reported in 16.27 percent of surgeries at the Cincinnati VA in its 2015 fiscal year, according to an [internal document](#).

That's at least 581 problems in 3,571 surgeries, or one in every six operations during that period, numbers Scripps/WCPO verified through multiple sources and internal documents.

The VA has yet to release a final report on an inquiry into problems inside the Cincinnati hospital, including concerns about sterilization. But hospital



**COLUMN: To solve our child poverty problem, we have to be ready to fight. And that's OK**



BY: Lucy May

POSTED: 3:00 PM, May 24, 2016



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PICTURE BY LOUISEPHOTO

SHOW CAPTION

# In Las Vegas, KTNV's Digital Audience is Younger and More Affluent Than TV

KTNV-TV News  
(6-7 a.m., 6-7 p.m. or 11 p.m.)

Median Age	58
Median Income	\$49,305
College Grad	19%
Kids at home	16%
Own home	58%

KTNV.com  
(visited in past seven days)

Median Age	39
Median Income	\$64,170
College Grad	18%
Kids at home	42%
Own home	53%

# Scripps' Local Digital Brands Deliver Advertisers a Large-Scale, Highly Engaged Audience

**288  
million**

PAGE VIEWS  
(Q1 2016)

**25  
million**

AVERAGE  
VISITORS/MONTH  
(Q1 2016)

**33  
million**

VIDEOS VIEWED  
(Q1 2016)

**10+  
million**

SOCIAL  
FOLLOWERS



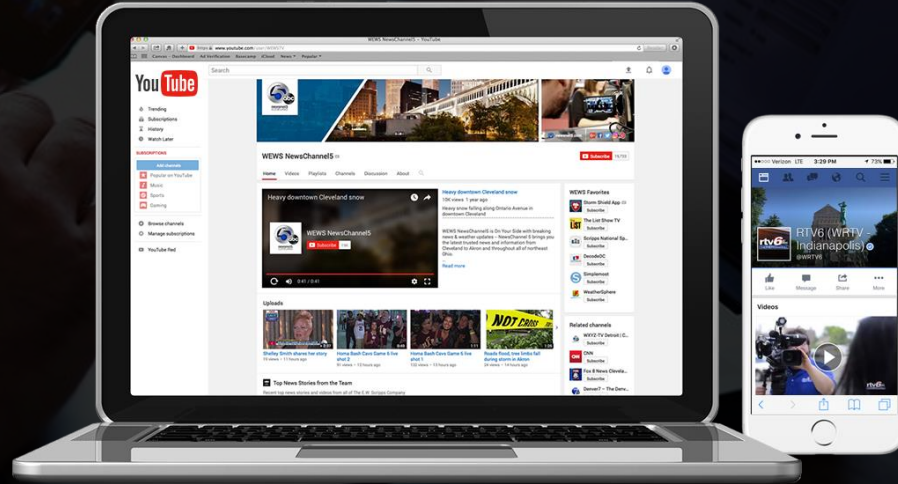
# Distribution of Local Content on a Variety of Platforms Is Key to Audience, Revenue Growth

YouTube

facebook

40%

of our traffic is  
referred by Facebook

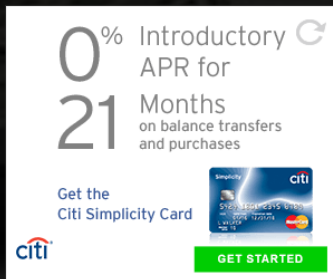


# The Local Business Is Monetized in Three Main Ways

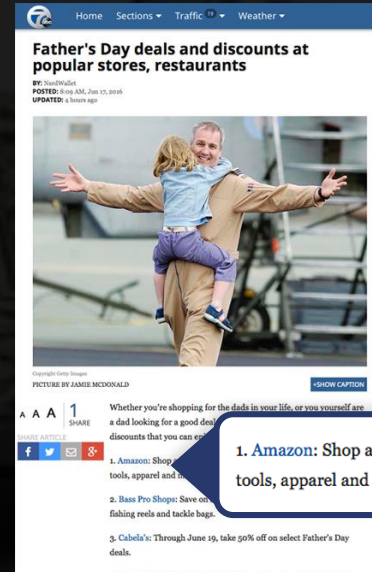
## LOCAL DIRECT SALES



## PROGRAMMATIC REVENUE



## DIRECT-FROM-CONSUMER REVENUE STREAMS



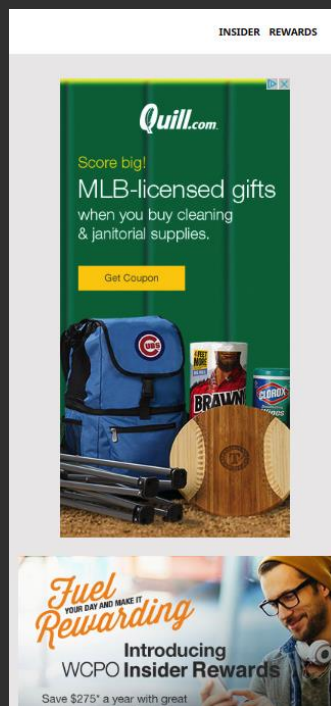


# The Membership Model Lets Us Use Data to Connect the Community

TOP-NOTCH JOURNALISM

REWARDS AND DISCOUNTS

ACCESS TO COMMUNITY  
OFF-LINE EVENTS



# Scripps' Local Digital Business Is on a Path To Return To Profitability

April 2015

JOURNAL STATIONS  
IN

SSP

NEWSPAPERS  
OUT

EXPECTING 20% YEAR-OVER-YEAR REVENUE GROWTH



**Questions?**

# **The Over-The-Top Video Marketplace: An Overview**

Adam Symson



# What is OTT Video?

The delivery of video to the audience using only the internet

OTT Video is viewed across any internet-connected consumer electronic platform.



# OTT Is a Complicated Ecosystem That Is Likely To Eventually Consolidate

## HARDWARE



## CONTENT BRANDS GOING DIRECT



## PREMIUM SUBSCRIPTION VIDEO




## MULTI CHANNEL OVPDS





# Digital Video and OTT: How Big Is This?

 **213**  
**MILLION AMERICANS  
CONSUME  
DIGITAL VIDEO**

**51%**   
**OF AMERICANS  
ARE WATCHING  
DIGITAL TV**

*US Digital Video Viewers and Penetration, TV vs. Movie, 2014-2020*

*Note: numbers do not add up to 100% due to overlap among digital TV and movie viewers; \*internet users of any age who watch digital video content via any device at least once per month; \*\*internet users of any age who watch TV shows online via any device at least once per month; \*\*\*internet users of any age who watch movies online via any device at least once per month / Source: eMarketer, Feb 2016*

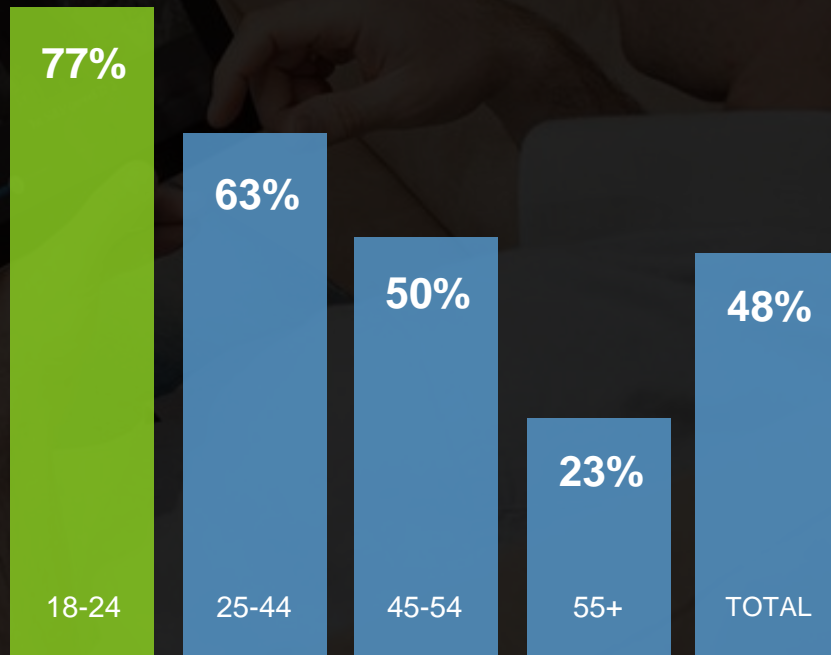
*US Digital TV Viewers, 2014-2020*

*Note: internet users of any age who watch TV shows online via any device at least once per month / Source: eMarketer, Feb. 2016*

# Younger Audiences Stream The Most

U.S. ADULTS WHO STREAM OVER-THE-TOP (OTT) TV/VIDEO CONTENT  
BY AGE, DECEMBER 2015

*Percentage of respondents in each group:*



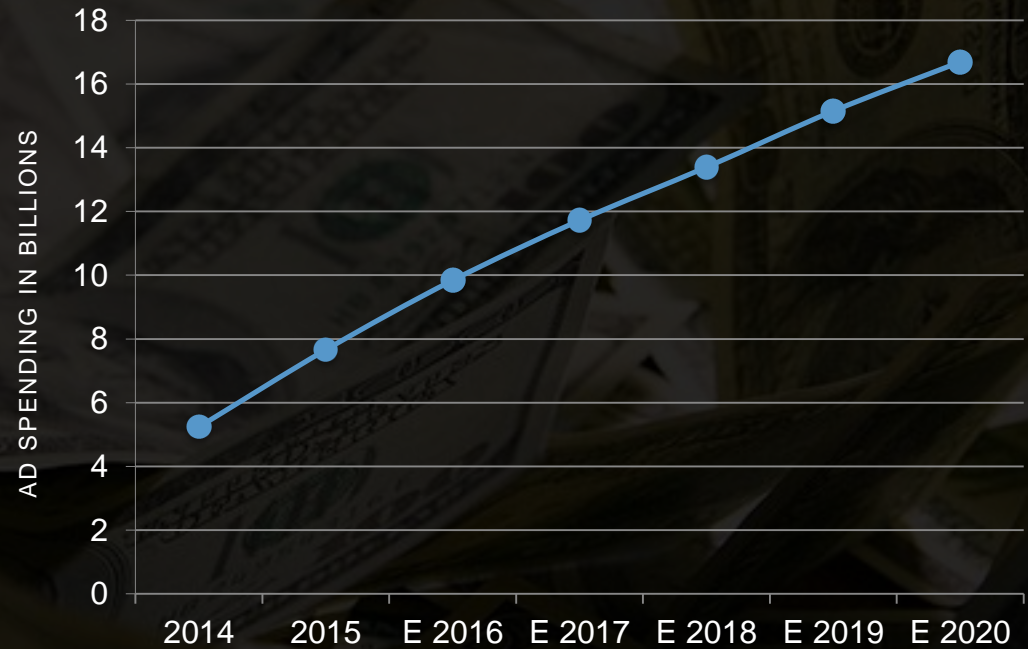
*Note: who live in households with a TV set; monthly; includes Amazon Prime Video, Hulu and Netflix*  
*Source: Leichtman Research Group Inc. (LRG), "On-Demand TV XIV" as cited in press release, Feb 5, 2016*

# Content Is King on OTT, Driving New Viewing Behaviors



# Advertisers Are Following Viewers to OTT Platforms

U.S. OVER-THE-TOP AD REVENUES  
*in billions*



Includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets and other internet-connected devices; includes advertising that appears before, during or after digital video content in a video player

Source: eMarketer, March 2016

# Programmers Make Money with OTT in Three Ways



**Advertising**

**Carriage  
Fees**

**License  
Fees**



The background is a dark gray with several large, light gray question marks scattered across it. There are also some faint, light gray geometric shapes, possibly triangles or parallelograms, overlaid on the question marks.

**Questions?**



**Blake Sabatinelli**

GENERAL MANAGER, NEWSY



# Newsy Provides News with the “Y” for Younger Generations

- High-quality journalism
- More original reporting
- An accessible, explanatory voice
- The antithesis of the cable-net talking heads

# Newsy Launched to Provide News In a Less Formal, More Accessible Style

STARTED IN PARTNERSHIP WITH  
THE JOURNALISM SCHOOL AT THE  
UNIVERSITY OF MISSOURI

ACQUIRED BY  
E.W. SCRIPPS  
IN 2014

EARLY FOCUS ON WEB, MOBILE  
AND TABLET APPS



# Newsy Shares Its Content on Desktop, Mobile and Increasingly on OTT Video Platforms

WIDE DISTRIBUTION NETWORK  
PLACES NEWSY CONTENT ON 600+  
PARTNER PLATFORMS

WILL EXCEED 1 BILLION  
VIDEO STREAMS IN 2016

41 PERCENT YEAR-OVER-YEAR  
Q1 VIDEO STREAMING GROWTH



*At this point of the presentation, Scripps shows a 30-second video about Newsy and its over-the-top television strategies. You can find that video at [scripps.com](http://scripps.com) under “Investor Information”.*

# Few Millennial-Focused News Brands Have Employed Newsy's Over-the-Top Strategy

					
PRODUCT	Culture magazine that grew into a content empire	Explainer journalism site founded by Ezra Klein	Millennial-focused national news outlet	Millennial-focused national news outlet	OTT news service aimed at younger generations
CONTENT TYPES	Narrative and video	Mostly narrative; some video	Mostly narrative; some video	Video	Video; audio
PRIMARY DISTRIBUTION CHANNELS	TV, cable network Viceland	Desktop; mobile; social	Desktop; mobile; social	Social platforms, primarily Facebook	OTT video platforms; also mobile, social
FUNDING	\$770 million	\$308 million	\$32 million	\$27 million	\$35 million (purchase price)
VALUATION	\$4.2 billion	\$850 million	\$100 million	Not disclosed	NA



# Newsy Has Overcome the Barriers to Entry for OTT And Skinny Bundle Carriage



**ROKU**

amazon fireTV

**Apple TV**

**PLUTO<sup>TV</sup>**




 chromecast

**XUMO**


**sling**  
TELEVISION

 **Frequency**

# Newsy's OTT Distribution Is Helping Drive Audience Growth and Time With Its Content



**9**  
**platforms**



**27**  
**minutes**

PROVIDING OTT  
VIDEO SERVICES

AVERAGE ENGAGEMENT  
TIME



**1**  
**billion**



**33x**  
**growth**

PROJECTED VIDEO  
VIEWS IN 2016

VIDEO VIEW GROWTH ON OTT  
AND MVPD PLATFORMS  
YEAR-OVER-YEAR

# Newsy Is Creating New Ways to Diversify Its Revenue Stream



# Scripps Expects to Continue Investing In Newsy Through the P&L to Grow the Brand



## Content

HIRE GREAT JOURNALISTS



## Marketing

MARKET THE BRAND



## Sales

MONETIZE THE  
AUDIENCE



**Questions?**



**Mandy Ng Rusin**  
GENERAL MANAGER, CRACKED



# Cracked Provides Humor and Satire Content Aimed at Younger Generations

## CRACKED

is for anyone who enjoys  
original journalism, social  
commentary and dissecting  
pop culture, history, science –  
pretty much any subject matter  
– through a comedic lens.

Strong digital brand

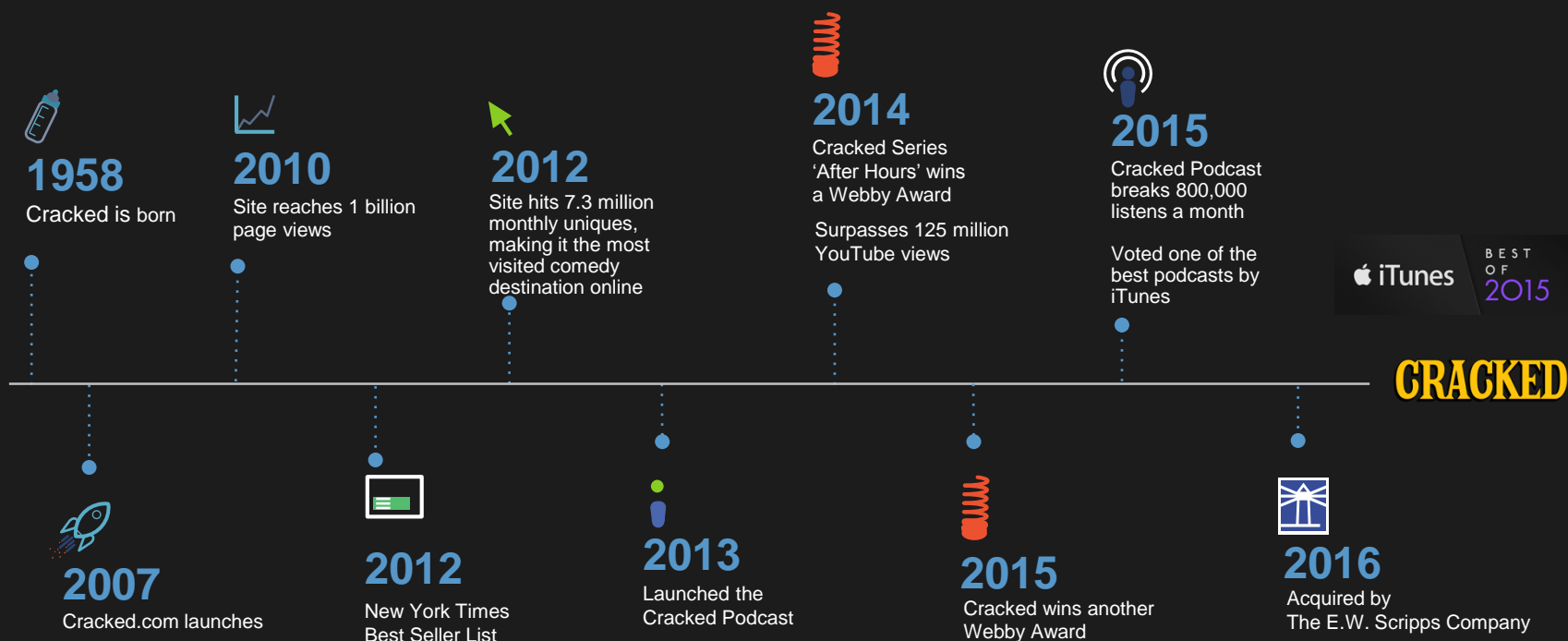
Desirable age 18-34 audience

Growing OTT audiences  
(video and audio)

Highly creative and quality-  
focused editorial team

41 employees; headquartered in  
Los Angeles

# Cracked Is a 60-Year-Old Humor Brand That Resonates with Today's Millennials



# Cracked Is Funny But Serious, Delivering Information Through The Lens Of Humor

“The way to get in front of millennials with news is through comedy. Comedy and humor is a subset of social commentary. On digital and through social, satire and humor give news relevance and boost reach for this generation.”

- Joel Espelien, TDG Research  
(March 2016)



*At this point of the presentation, Scripps shows a 2-minute video about Cracked. You can find that video at [scripps.com](http://scripps.com) under “Investor Information”.*

# Cracked Has Such Brand Loyalty That Half Of Its Web Visitors Seek It Out Directly

**CRACKED.com**

**20**

**million**

UNIQUE VISITORS  
A MONTH TO CRACKED.COM

**50%**

**direct traffic  
TO CRACKED.COM**

**facebook.**

**3.7**

**million**

FACEBOOK FANS

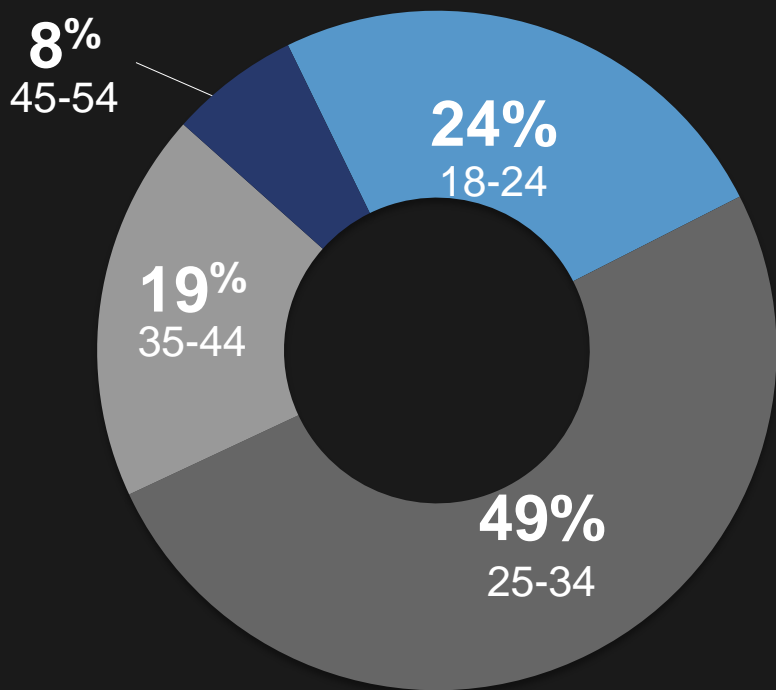
**You Tube**

**20**

**million**

VIDEO VIEWS  
PER MONTH ON YOUTUBE

# The Cracked Audience Is Affluent and Evenly Split By Gender



**55% male**



**45% female**



**50%** with greater than 75K HHI





# Cracked Garner's Long Session Times with Users Compared To Similar Brands



8:00

AVERAGE USER SESSION  
ON CRACKED.COM



74%

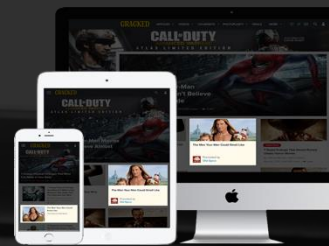
AVERAGE COMPLETION ON  
VIDEO CONTENT



4:30+

AVERAGE VIEW DURATION  
ON VIDEO CONTENT

# Cracked Advertisers See the Power of Humor In Sharing Messaging



“

But, if you're looking to reach millennials, be prepared to step up your video game. They're open to ads, but emotion plays a big part, whether it's that warm and fuzzy feeling or a little shock value. Going for a comedic angle? **Ads that brought the humor drove a 50 percent lift in brand familiarity with millennials, compared to viewers overall.** But don't forget this audience is also hungry for information, and ads that successfully deliver on that promise drove a whopping 31 percent lift in purchase intent comparatively. To make your ads as effective as possible, make sure to deliver on emotion.

”

-Adweek

# What's Next for Cracked: More Video, Audio



**Video**



**Audio**



**Sales**



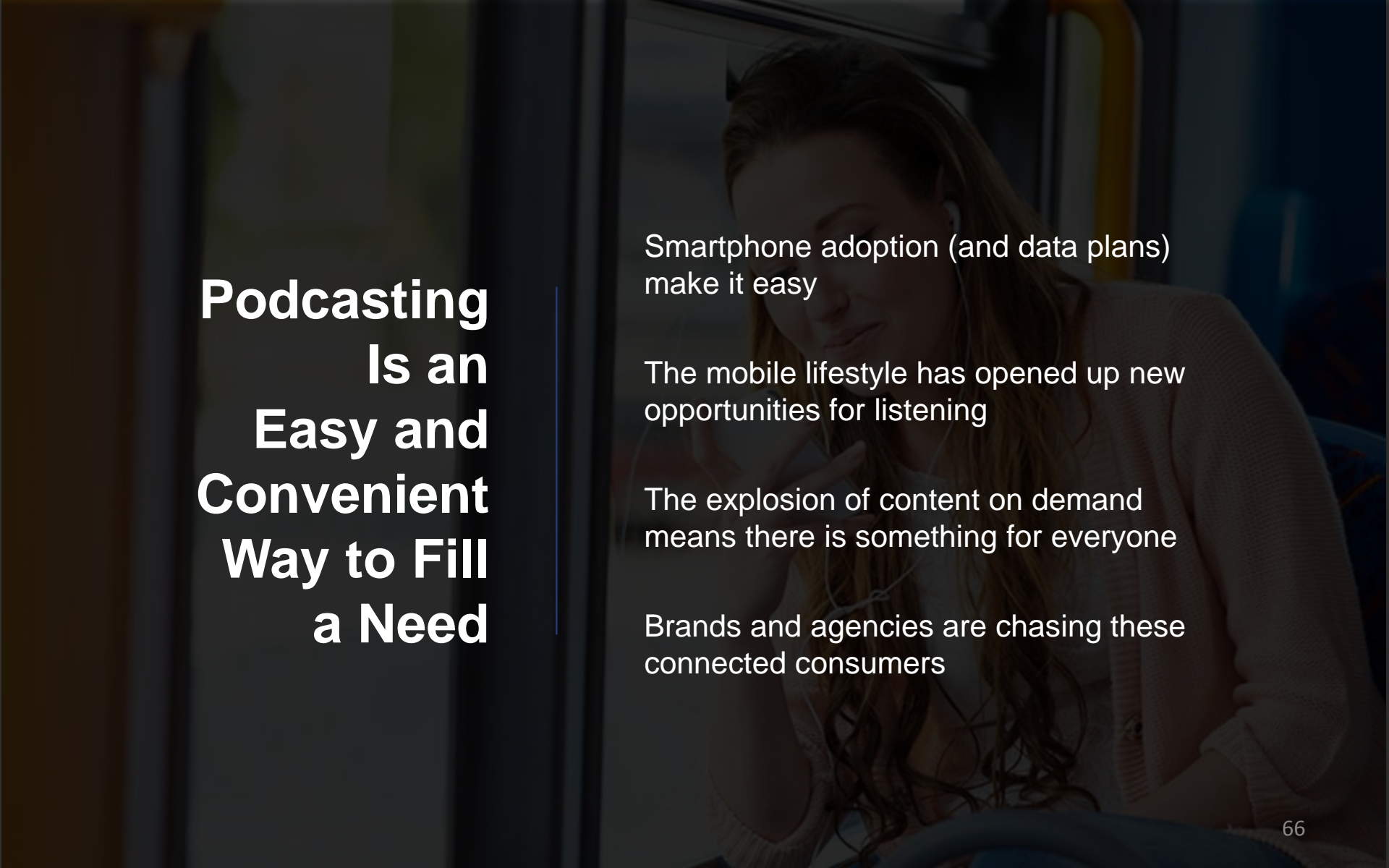
**Questions?**



# **The Over-The-Top Audio Marketplace: An Overview**

Adam Symson





# **Podcasting Is an Easy and Convenient Way to Fill a Need**

Smartphone adoption (and data plans)  
make it easy

The mobile lifestyle has opened up new  
opportunities for listening

The explosion of content on demand  
means there is something for everyone

Brands and agencies are chasing these  
connected consumers

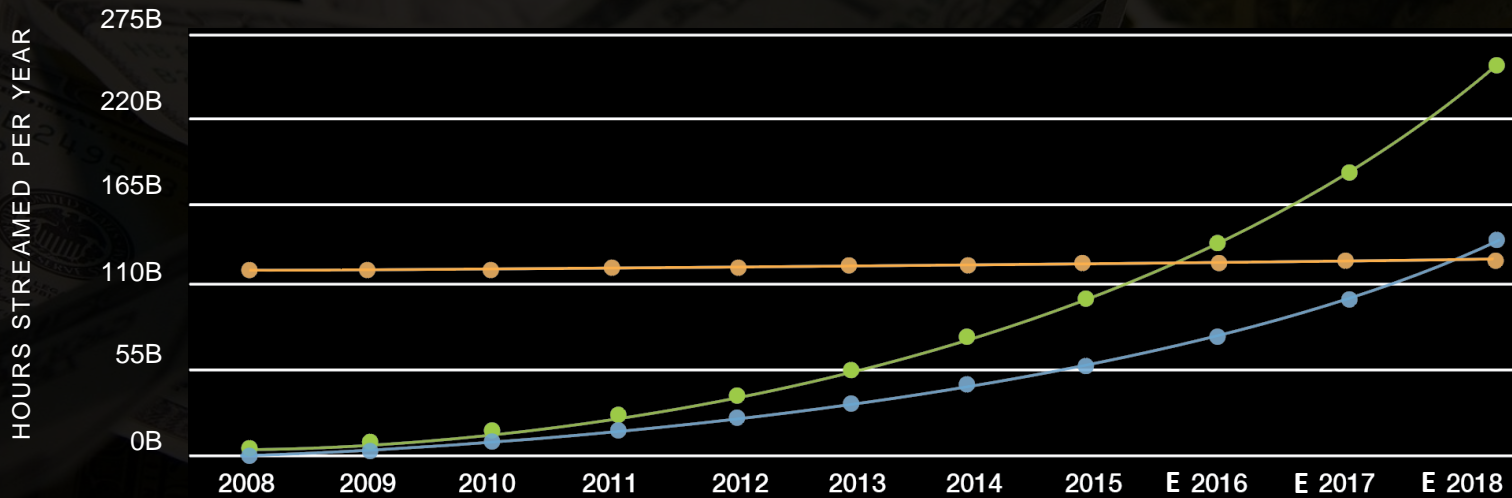


# OTT Audio Is Music or Podcasts Delivered Over the Internet

50 PERCENT+ OF AMERICANS LISTEN TO OTT AUDIO

TIME ON OTT AUDIO IS REPLACING TIME ON RADIO

25 PERCENT OF OTT AUDIO TIME IS INCREMENTAL TO RADIO TIME



Sourced from Edison Research, Arbitron, Nielson, Infinite Dial

Streaming Audio Streaming Audio in Car AM/FM Radio

# Podcast Listening Has Grown as the Car Has Become Fully Connected

CONNECTED CARS IN THE U.S.

2014-2019

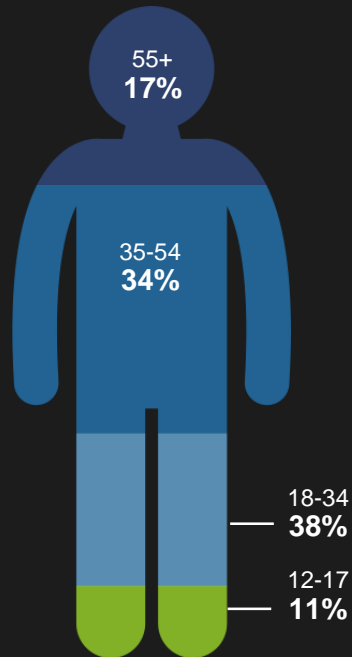
*In millions*



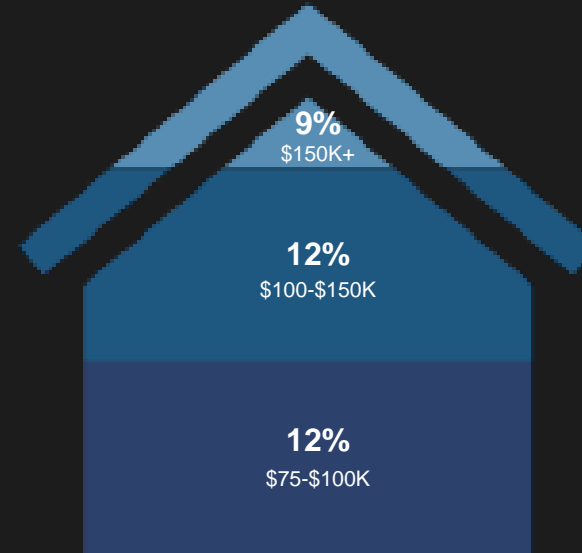
Source: 451 Research, "Mobile and Connected Devices Forecast and Monitor," April 2015 as cited in company blog, May 19, 2015

# Podcast Listeners Skew Young and Affluent

**HALF OF PODCAST LISTENERS  
ARE UNDER 34**



**MEDIAN HOUSEHOLD INCOME OF A  
PODCAST LISTENER IS \$63,000**



# Podcasting Is a Developing Marketplace that Appeals to Advertisers

## Podcast Ads Resonate

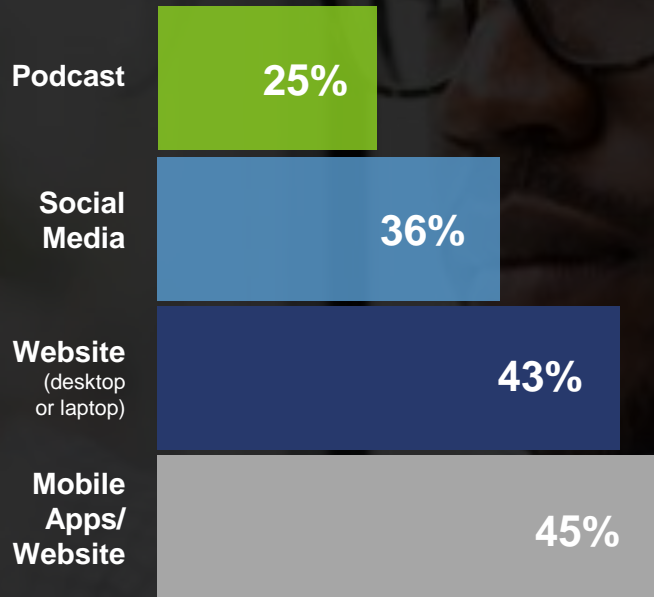
Listeners feel a deep personal connection with the hosts, leading to high conversion from direct-response ads. 63 percent of Midroll listeners report making a purchase after hearing a podcast ad.

## Podcast Ads Garner High Rates

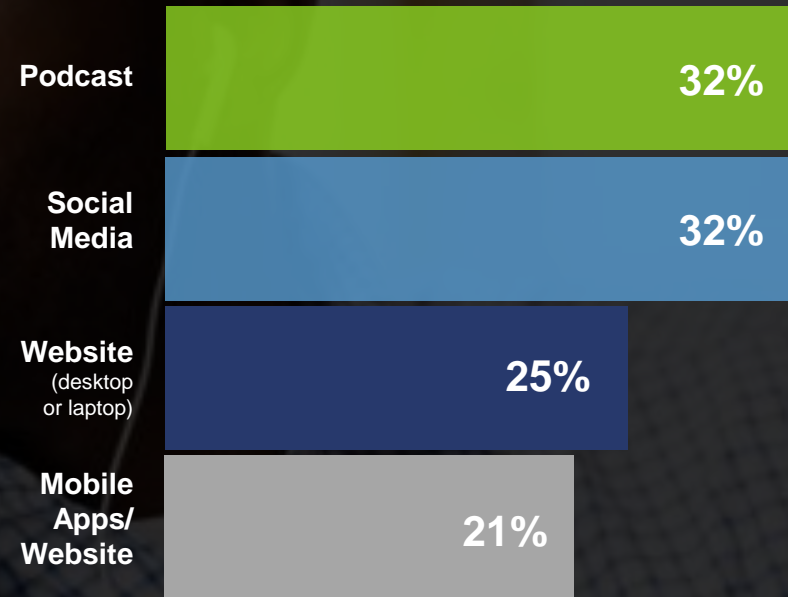
Rates average \$15-\$30 cost per thousand (CPM), while some get as high as \$100 CPM.

# Podcasts Allow Brands to Maximize Impact


AMONG DIGITAL MEDIA, POLL RESPONDENTS SAY PODCAST ADS ARE LEAST INTRUSIVE



AMONG MOBILE MEDIA, RESPONDENTS SAY PODCAST ADS CREATE THE BEST IMPRESSIONS







*At this point of the presentation, Scripps shows a short video from Wendy's about why they advertise on podcasts. You can find that video at [scripps.com](https://scripps.com) under "Investor Information"*

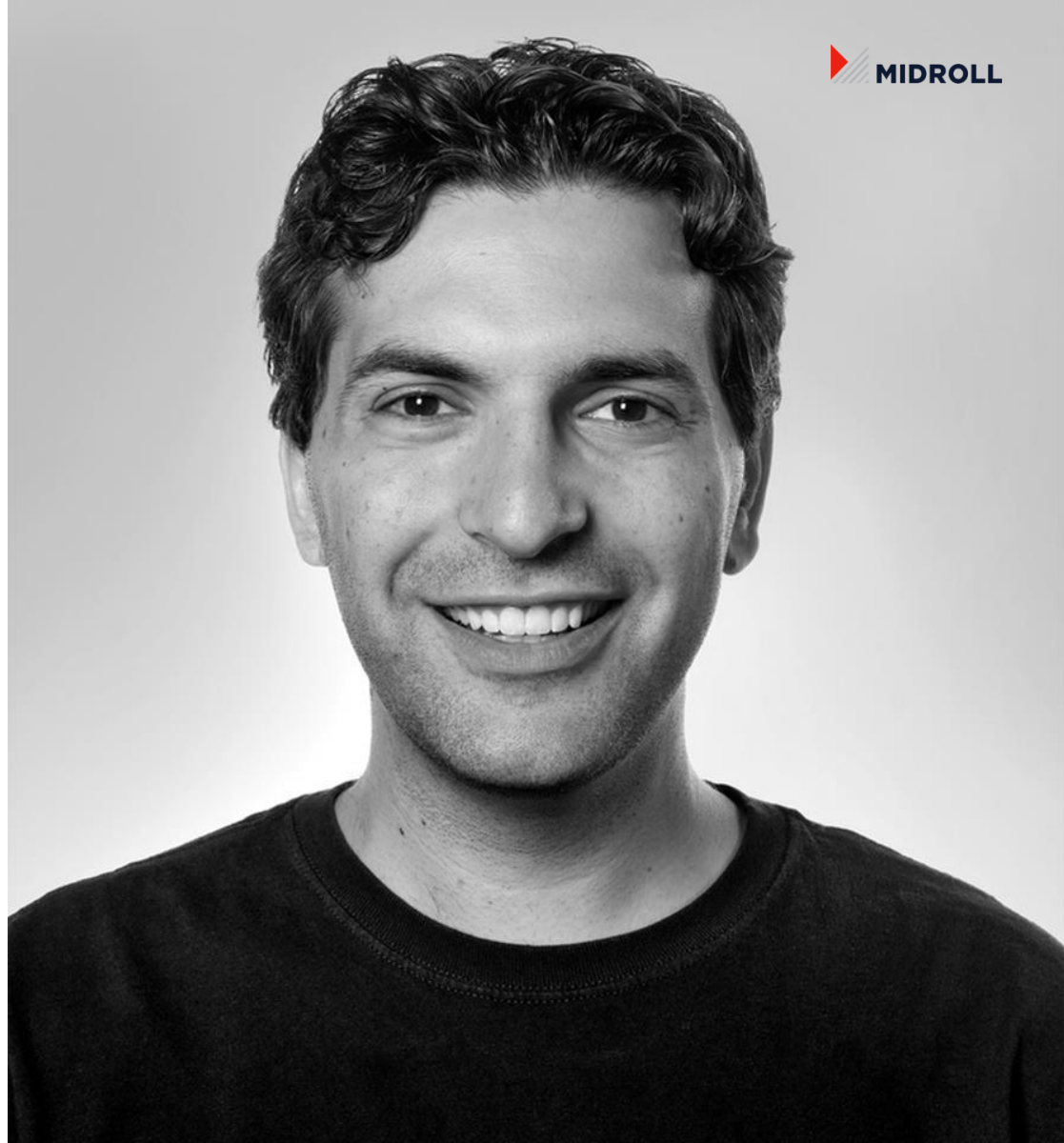




**Questions?**

## **Lex Friedman**

EXECUTIVE VICE PRESIDENT OF  
SALES AND DEVELOPMENT, MIDROLL



# Midroll Is an End-to-End Podcasting Company

CONTENT CREATION

MONETIZATION

DISTRIBUTION



# Midroll's Three Revenue Streams Capitalize On Great Content

## Owned and Operated Podcasts

35 top-performing podcasts in comedy, pop culture and journalism



## Midroll Podcast Advertising Network

250+ of the industry's top podcasts – those that garner 50,000 downloads per episode









## Subscription Service

Howl podcast distribution platform enhances the discovery and sharing of podcasts through a paid premium content service



# Midroll Is a Leading Player in the Podcasting Landscape

PODCAST COMPANY	CREATES CONTENT	ADVERTISING REP FIRM	LISTENING PLATFORM	LISTENER SUPPORT	PAID
 <b>MIDROLL</b>	✗	✗	✗	✗	✗
 <b>Gimlet®</b>	✗				✗
 <b>PANOPLY™</b>	✗	✗			
 <b>PODCASTONE</b>	✗	✗			✗
		✗			
	✗		✗	✗	



# Midroll's Stitcher Platform Helps Listeners Find More Shows They Love

STITCHER IS A PODCAST  
LISTENING AND DISCOVERY APP



50+ car  
integrations

65,000 shows

8 MILLION REGISTERED USERS  
#1 ON ANDROID (LISTENING PLATFORM)  
#2 ON IOS




# Major Auto Integrations Will Drive Engagement

Deals with 10+ leading  
auto brands

Those deals include  
50+ models

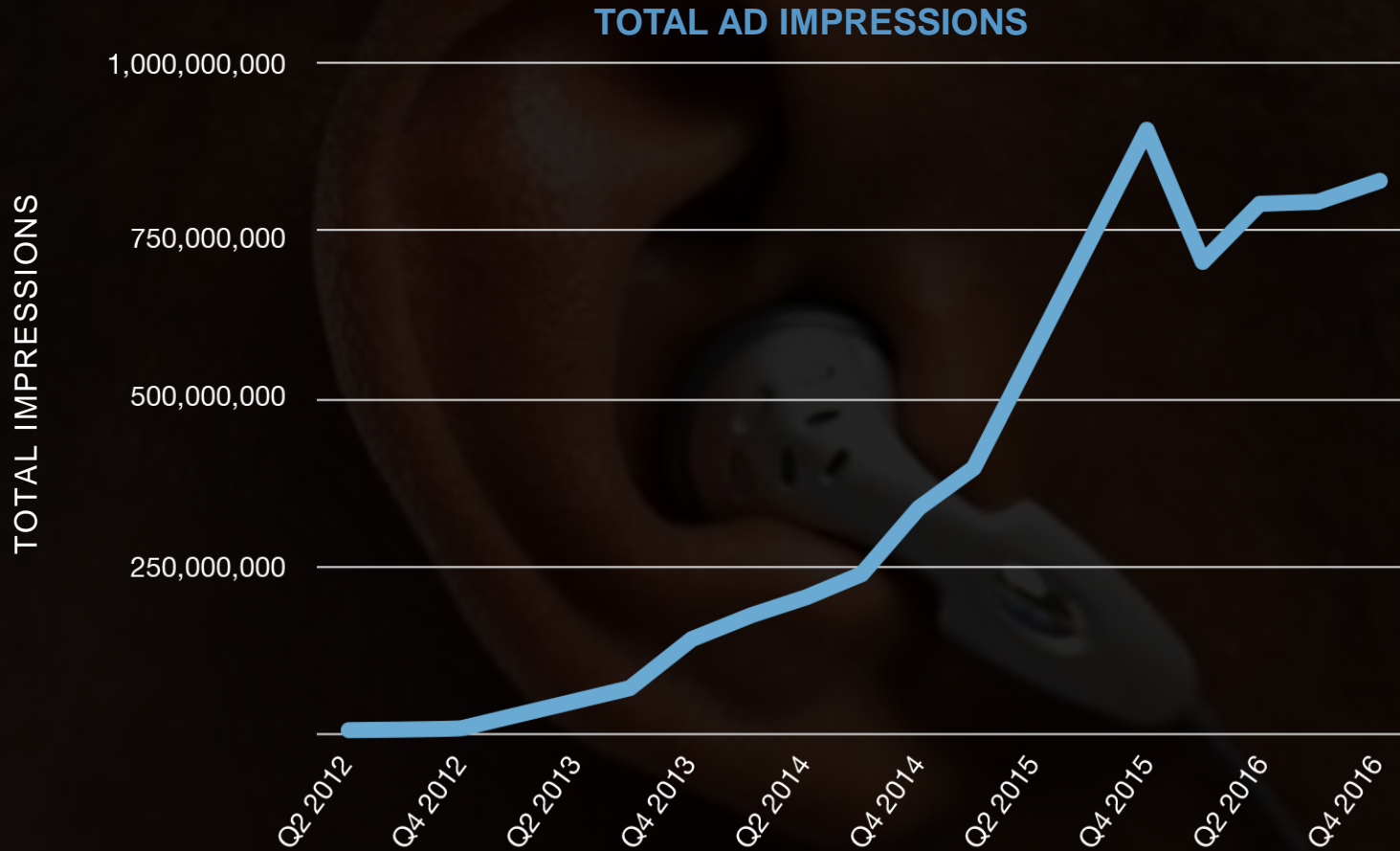
Launch partner with Apple  
CarPlay, Android Auto





*At this point of the presentation, Scripps shows a short video where podcast veteran Marc Maron talks about the business of podcasting. You can find that video at [scripps.com](https://scripps.com) under “Investor Information”.*

# Midroll Has Seen Explosive Growth



*Estimates used for 2016*

# Midroll Is Investing In Key Growth Areas



**Creating  
Content**



**Hiring  
Sales People**



**Technology**



**Marketing**



**Questions?**

# Appendix



# A Digital Media Glossary of Terms

## Native Advertising

When a digital publisher integrates an advertiser's brand message into the content experience. Native advertising is also sometimes referred to as branded content. This content integration can be as subtle as buying up the inventory around a specific type of content, all the way to highly integrated, as when the article or video features the brand's product and message. This is the digital equivalent of the print media term "advertorial" or TV's "paid programming".

## Over-The-Top (OTT)

The delivery of video or audio to an audience using the internet. Video and audio can be delivered over-the-top to a TV, as in the case of Newsy's Roku app, or to a mobile device, as in the case of Midroll podcasts. Over-the-top delivery is an alternative to traditional delivery platforms such as broadcast or cable.

## Programmatic Advertising

The automated selling of display advertising between digital publishers and agencies through real-time auction-like platforms. Publishers like Scripps often set up private exchanges so agencies can get greater transparency into the inventory in exchange for paying higher rates. Programmatic is often a vehicle for selling inventory that wasn't sold at higher rates directly to advertisers. Advertisers are most often national or regional.

## Passive Partnerships / Passive Revenue

Revenue products that pay publishers without them having to close deals with advertisers. For example, Scripps and Cracked both have partnerships with companies that pay us a fee any time someone clicks on a link to a third-party publisher's story offered in a content recommendation module at the bottom of our stories.

## Social Distribution

Usually refers to a digital publisher's plan to distribute content specifically produced for a social network audience on brands such as Facebook, Twitter, Snapchat, etc.