

**TEGNA**

# **Investor Presentation**

September 2019

# Forward-Looking Statements



Any statements contained in this presentation that do not describe historical facts may constitute forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995, including statements with respect to the expected financial results of the company. Any forward-looking statements contained herein are based on our management's current beliefs and expectations, but are subject to a number of risks, uncertainties and changes in circumstances, which may cause the company's actual results or actions to differ materially from what is expressed or implied by these statements. Such statements include, but are not limited to: our confidence in the future performance of the company; our ability to execute on our capital allocation, growth and diversification strategies, including potential mergers and acquisitions; the realization of expected regulatory changes and our ability to monetize new content and grow subscriber revenue. Economic, competitive, governmental, technological and other factors and risks that may affect the company's operations or financial results expressed in this presentation are discussed in the company's Annual Report on Form 10-K for the fiscal year ended December 31, 2018, and in the company's subsequent filings with the U.S. Securities and Exchange Commission (SEC). We disclaim any obligation to update these forward-looking statements other than as required by law.

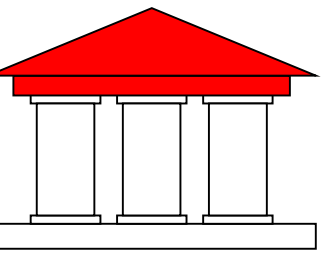


# TEGNA Investment Thesis



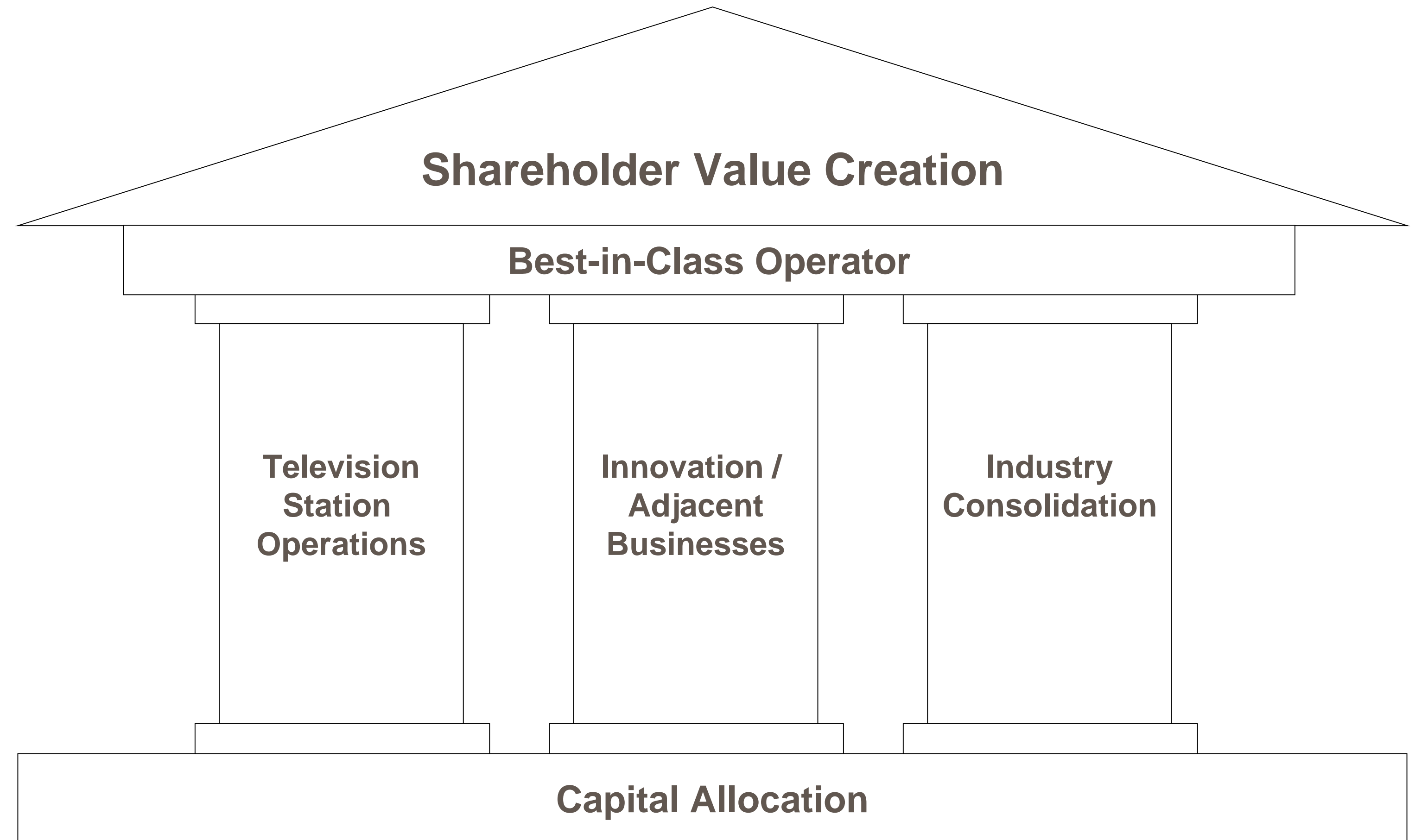
We are the leading local news and media content provider in the markets we serve, driving:

- ❑ Long term commitment to operational and financial discipline, coupled with strong execution, drives strong margins and free cash flow fueling M&A and organic growth
- ❑ Operational growth drivers, such as content innovation, subscription revenue and digital growth initiatives, combined with growing even-year political revenue, diversify our revenue and position TEGNA for success in a fast-paced, evolving media landscape
- ❑ Track record of innovation and execution, with proven ability to leverage our core assets and capabilities to build new, adjacent businesses, such as Premion in the OTT ad space
- ❑ Strong balance sheet and proven integration playbook leveraged for current and future M&A opportunities
- ❑ Strong free cash flow generation and a disciplined capital allocation drive flexibility and strong dividend yield to further optimize shareholder value



# TEGNA's Strategy for Shareholder Value Creation

- **Remain best in class operator** to drive value from base business
- **Pursue growth opportunities** through innovation and adjacent businesses
- **Proactively pursuing accretive opportunities** resulting from industry consolidation





# Second Quarter 2019 TEGNA Highlights

## Key Financial Highlights:

- ❑ Subscription revenue – up 13% – on track for full-year 2019 revenue guidance of mid-teens growth
- ❑ Improving Mix: subscription revenue is 44% of total company revenue as of 2Q19, up from 37% in 2Q17
- ❑ Total paid subscribers are down modestly, year-over-year, partially offset by virtual MVPD subscribers
- ❑ Advertising and marketing services revenue improved sequentially, up slightly year-over-year in 2Q 2019
- ❑ Free cash flow guidance on track for 2-year 19/20E average of 18 – 19% of revenue

## Premion:

- ❑ Revenue performing in-line with expectations of strong double digit growth in 2019. Second quarter 2019 campaigns were delivered as expected for advertisers

## Executing on M&A: ~\$1.35B announced YTD – Immediately accretive to both FCF and EPS within a year after close.

- ❑ On September 19, completed the \$740 million acquisition of the Nexstar divestiture stations
  - ❑ Added 11 stations in 8 markets, including 8 Big Four stations
  - ❑ Added 4 stations in key presidential battleground markets (Pennsylvania, Iowa)
  - ❑ Efficient use of cap space – expanded HH reach by 2.0% on a UHF discounted basis – 70%+ of synergies retrans driven
- ❑ On June 18, completed the ~\$77 million acquisition for the ~85% of Justice Network and Quest not previously owned
- ❑ On August 8, completed the \$535 million acquisition of leading stations from Dispatch Broadcast Group
  - ❑ Added dominant #1 rated Big Four TV station in Indianapolis (IN) and Columbus (OH) along with leader in sports radio in central OH
  - ❑ TEGNA now covers 2/3 of Ohio, a key political battleground state

## Recognition:

- ❑ Won 10 National and 91 Regional Edward R. Murrow awards, more than any other TV broadcasting company in America

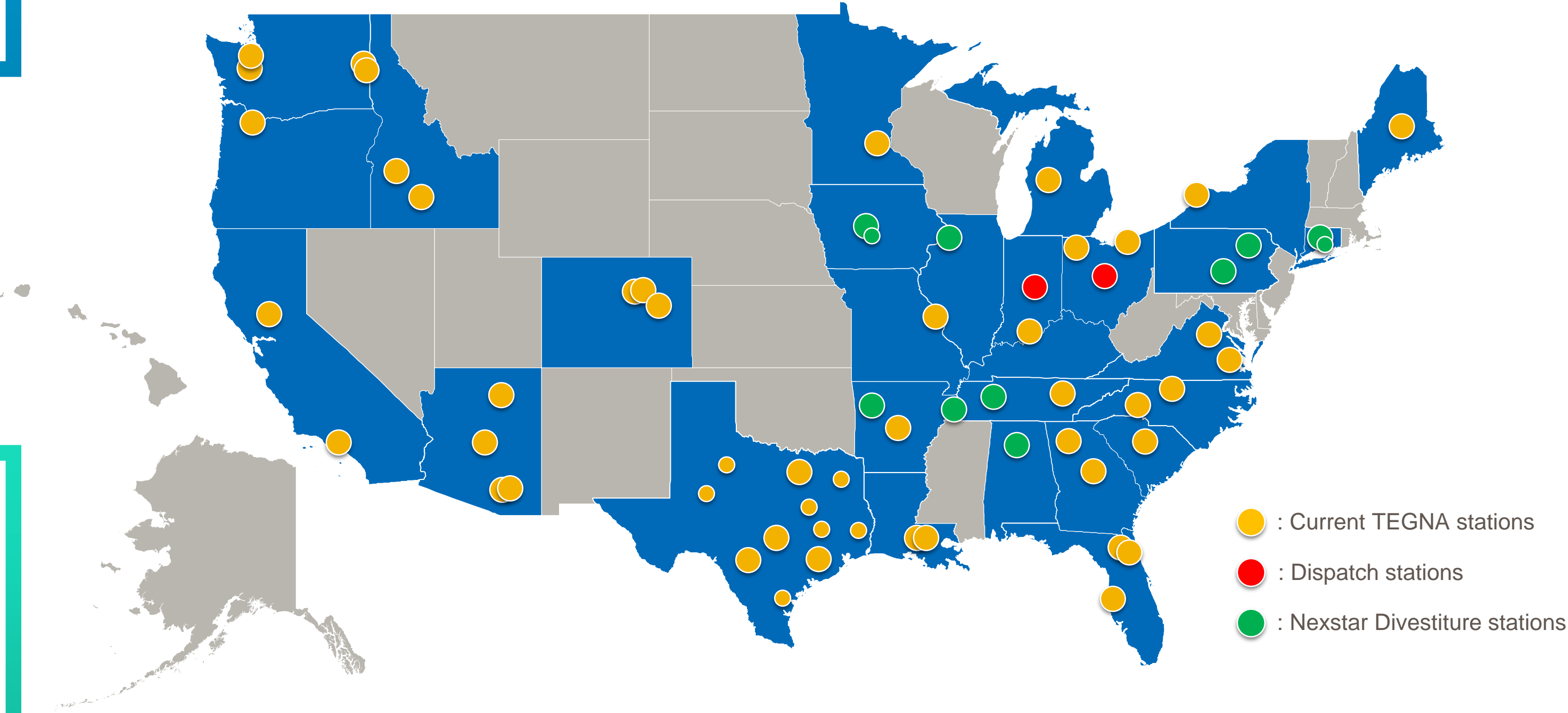
# TEGNA Demographic Footprint Reflects Large Stations in Growing Markets

**62**  
Stations  
**51**  
Markets

- Largest owner of Big 4 affiliates in the top 25 markets (17 stations, 14 Big 4 affiliates)
- TEGNA market homes grew +1.3% while U.S. homes grew +0.9%
- 14 markets grew Designated Market Area (DMA) ranking based on TV Homes while 16 held ranking

**Largest**  
  
**NBC**  
affiliate  
group

**1/3**  
of TV  
Households



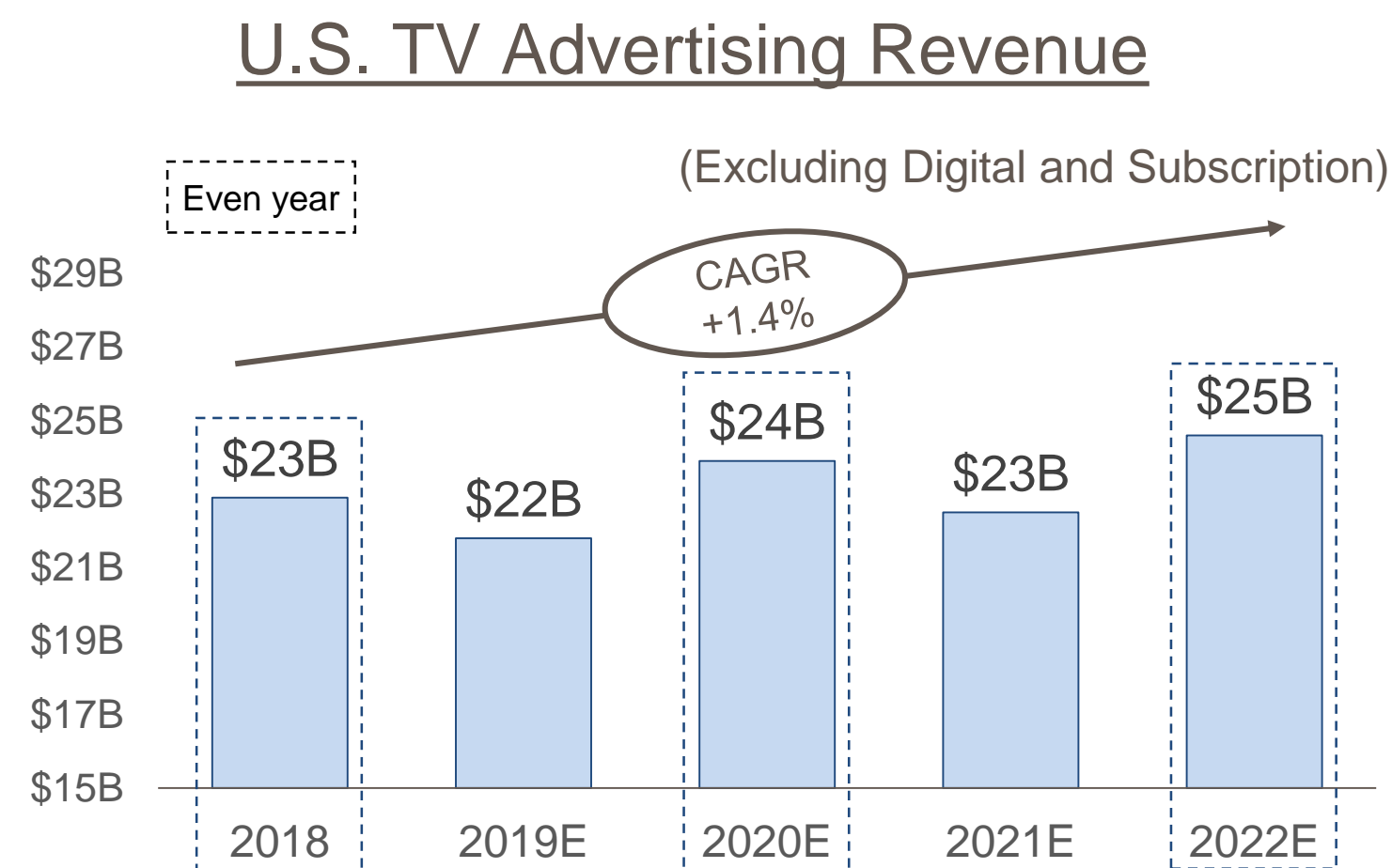
**2<sup>nd</sup> Largest**  
  
**CBS**  
affiliate  
group

Source: Nielsen (Sep 2019), Company data



# TEGNA Well Positioned to Leverage Evolving Media Ecosystem

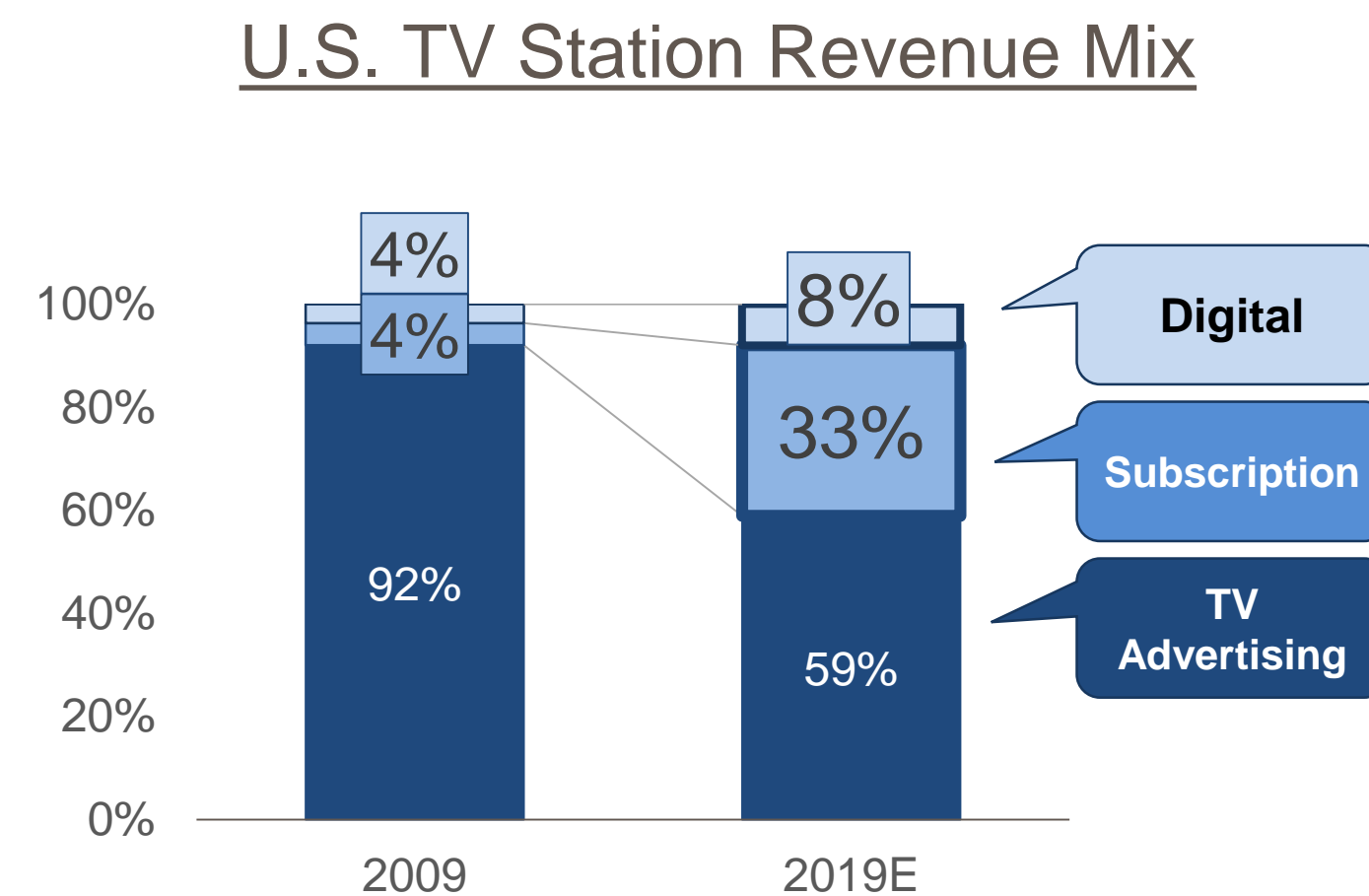
## Continued Strength of U.S. TV Advertising Revenue



Source: SNL Kagan (Jan 2019)

- The TV advertising trend has remained healthy
- U.S. TV advertising revenue is impacted by cyclical drivers such as even-year contribution from political advertising spend and sporting events (Olympics)

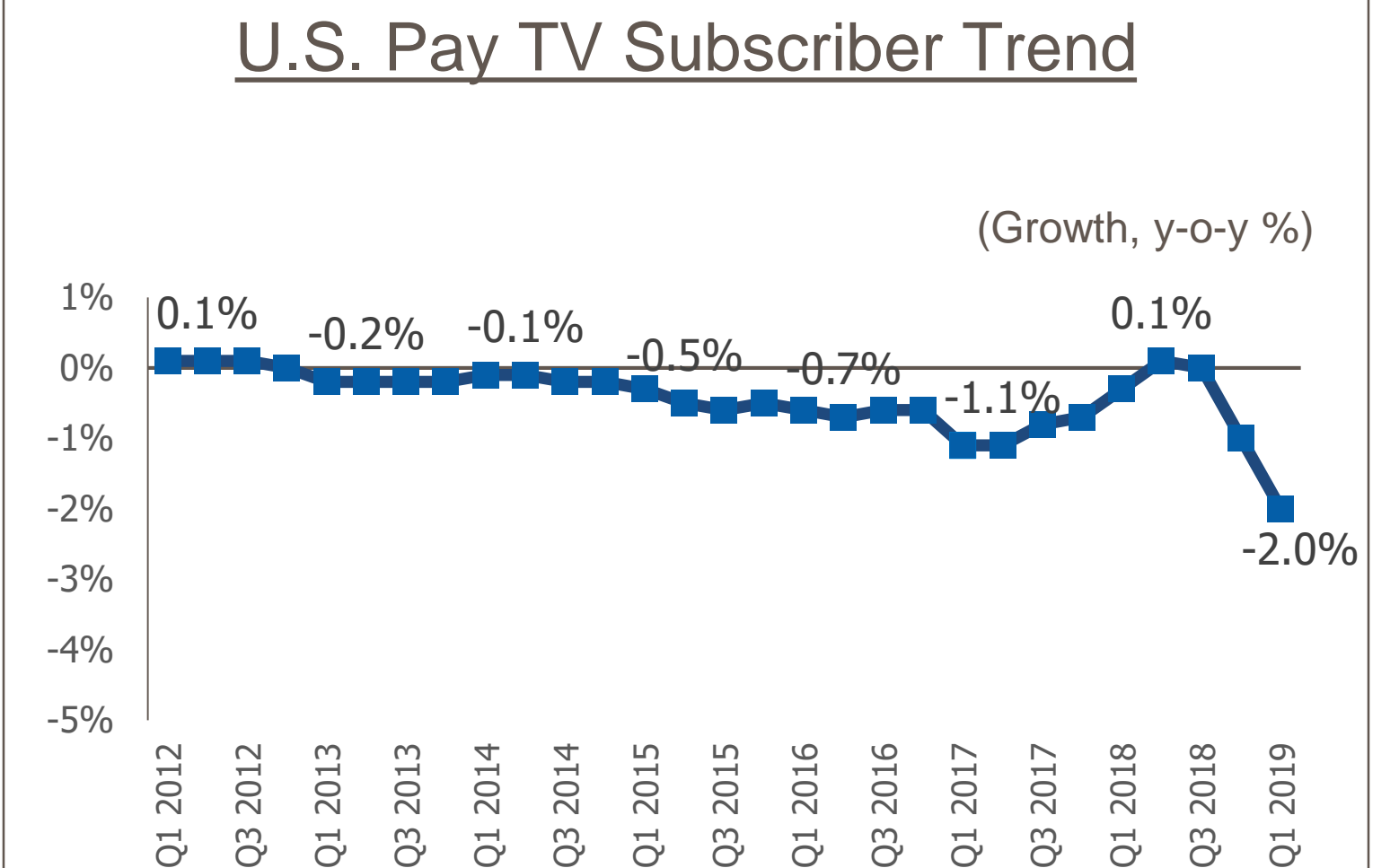
## Increasingly Stable TV Station Revenue Mix



Source: SNL Kagan (Jan 2019), Magna Global (Apr 2019)

- The U.S. broadcast industry's revenue mix has shifted in response to evolving content viewing trends
- The rapid growth of subscription revenue has made the industry's portfolio more stable and balanced
- Political revenue growth continues to add stability to total television revenues

## Modest decline of U.S. Pay TV Subscriber Trends



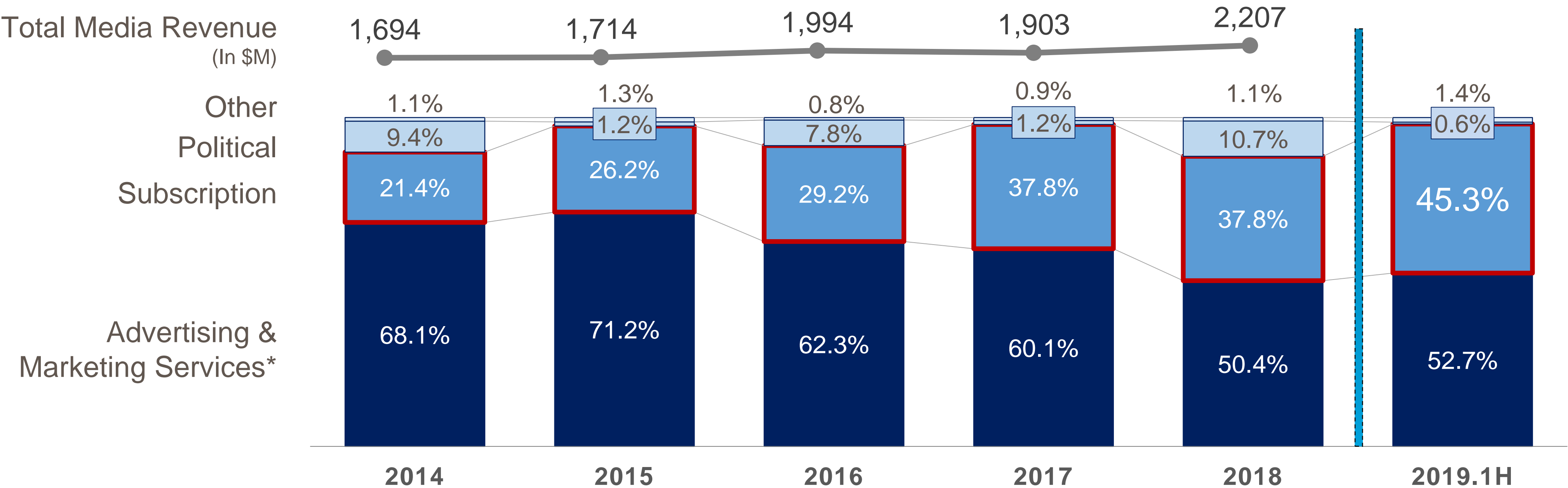
Source: MoffettNathanson, TEGNA

- Including virtual MVPDs, in 2018 pay TV subscribers had positive growth for the first time since 2012
- MVPDs continue to offer service bundling, and local/network television is an important component of skinny bundles

# TEGNA Financial Strength Enhanced by Increased Concentration in High Margin Subscription and Political Revenue Streams

- Profitable, predictable subscription revenues are growing rapidly and our percentage of subscription revenue is outpacing that of the industry average
- Strong local news stations play a central role in all local political marketing strategies as evidenced by significant political revenue growth, which continues to add stability to advertising revenue on a two-year basis
- We expect high-margin **subscription and political revenues to account for approximately half of total two-year revenues** beginning in 2019/2020, and a higher percentage on a rolling two years cycle going forward. We expect growing subscription and political revenues will continue to be relatively immune from secular or economic trends

## Shift in TEGNA Media Revenue Composition



\* Advertising & Marketing Services: Advertising (Excluding Political) + Digital revenue



# 2019 Key Financial Metrics Outlook Reflects Strong Organic Business Trends, Prior to Any New M&A

## 3Q 2019 Guidance<sup>1</sup>

	<u>Growth Rate %</u>
<b>Total Company Revenue</b>	Down Low Single Digits
<b>Revenue ex. Political</b>	Up High Single Digits
<b>Total Operating Expenses</b>	Up Mid Single Digits
<b>Expenses ex. Programming</b>	Flat to Up Low Single Digits

## 2019 Annual Guidance

	<u>Standalone Basis</u>	<u>Combined Basis<sup>2</sup></u>
<b>Subscription Revenue</b>	+ Mid-Teens	+ High-Teens
<b>Corporate Expenses</b>	~\$45M	~\$45M
<b>Depreciation</b>	\$55M - \$60M	\$61M - \$63M
<b>Amortization</b>	~\$35M	TBD <sup>3</sup>
<b>Interest Expense</b>	\$190M - \$195M	\$203M - \$205M <sup>4</sup>
<b>Capital Expenditure</b>	\$70M - \$75M	\$82M - \$84M
Recurring	\$35M - \$40M	\$40M - \$45M
Non-Recurring <sup>5</sup>	~\$35M	\$40M - \$45M
<b>Effective Tax Rate</b>	23% - 25%	23% - 25%
<b>Net Leverage Ratio</b>	~4.0x	4.9x
<b>FCF as % of Revenue</b>		
2018 / 2019 Avg.	Increased to 18% - 19%	18% - 19%
2019 / 2020 Avg.	18% - 19%	18% - 19%

<sup>1</sup> Including television stations WTOL and KWES acquired on January 2, 2019

<sup>2</sup> Multicast networks Justice and Quest, Dispatch stations and Nexstar/Tribune station acquisitions

<sup>3</sup> To be updated upon completion of appraisals of the assets and liabilities related to the new acquisitions

<sup>4</sup> Includes interest related to our \$1.1 billion ten-year 5.0% coupon bond offering completed in September

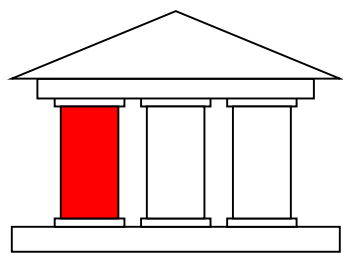
<sup>5</sup> Includes spectrum repack, corporate headquarters and KHOU relocations

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# **Television Station Operations**



# Emergence of OTT Subscriber Base has Helped Comparisons of U.S. Pay TV Subscriber to Industry Trends

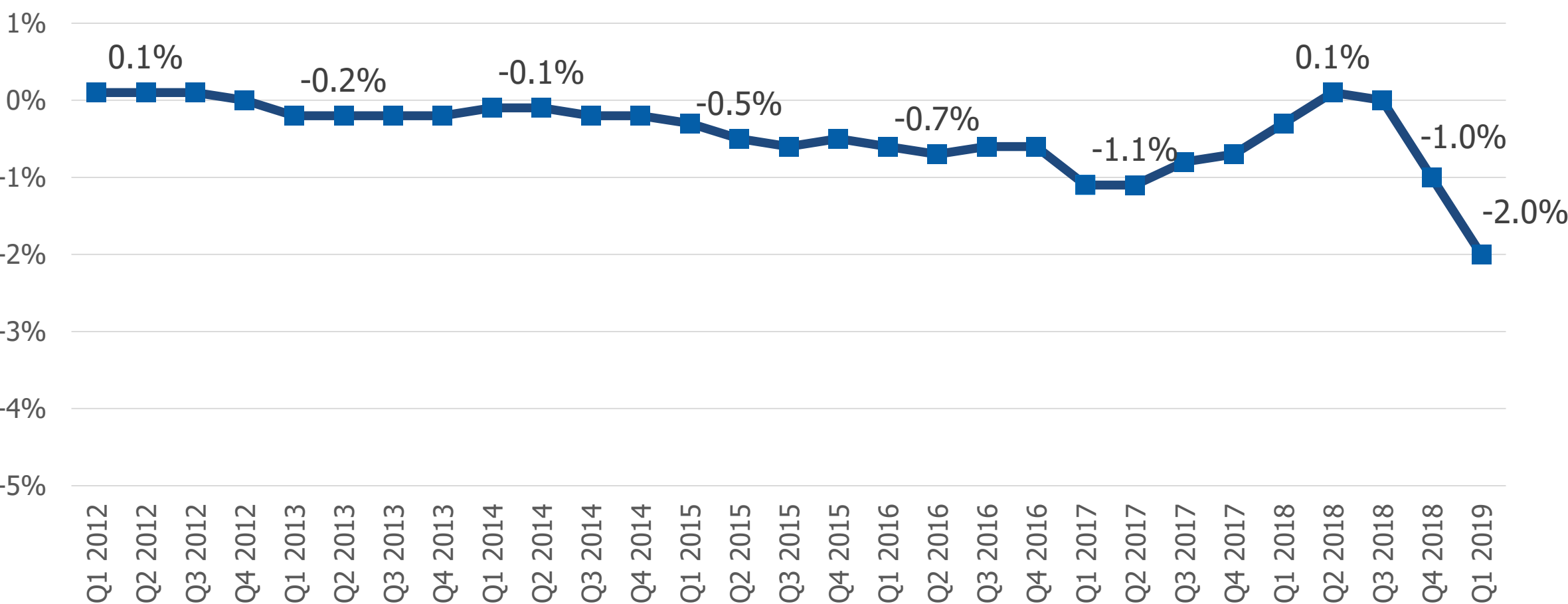


TEGNA's subscriber trends currently outperform industry trends driven by presence in primarily large market DMAs and growth of OTT subscribers

## Industry

- Consumer demand for virtual MVPD platforms, driven in large part by local broadcast content, has helped to mitigate the decline in subscribers

Pay TV Subscriber Growth, Including vMVPDs



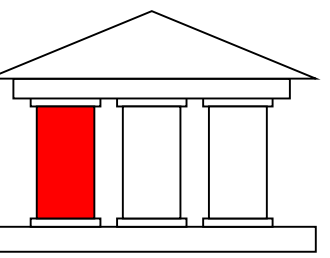
## TEGNA

- Total paid subscribers are down modestly year-over-year partially offset by virtual MVPD subscribers

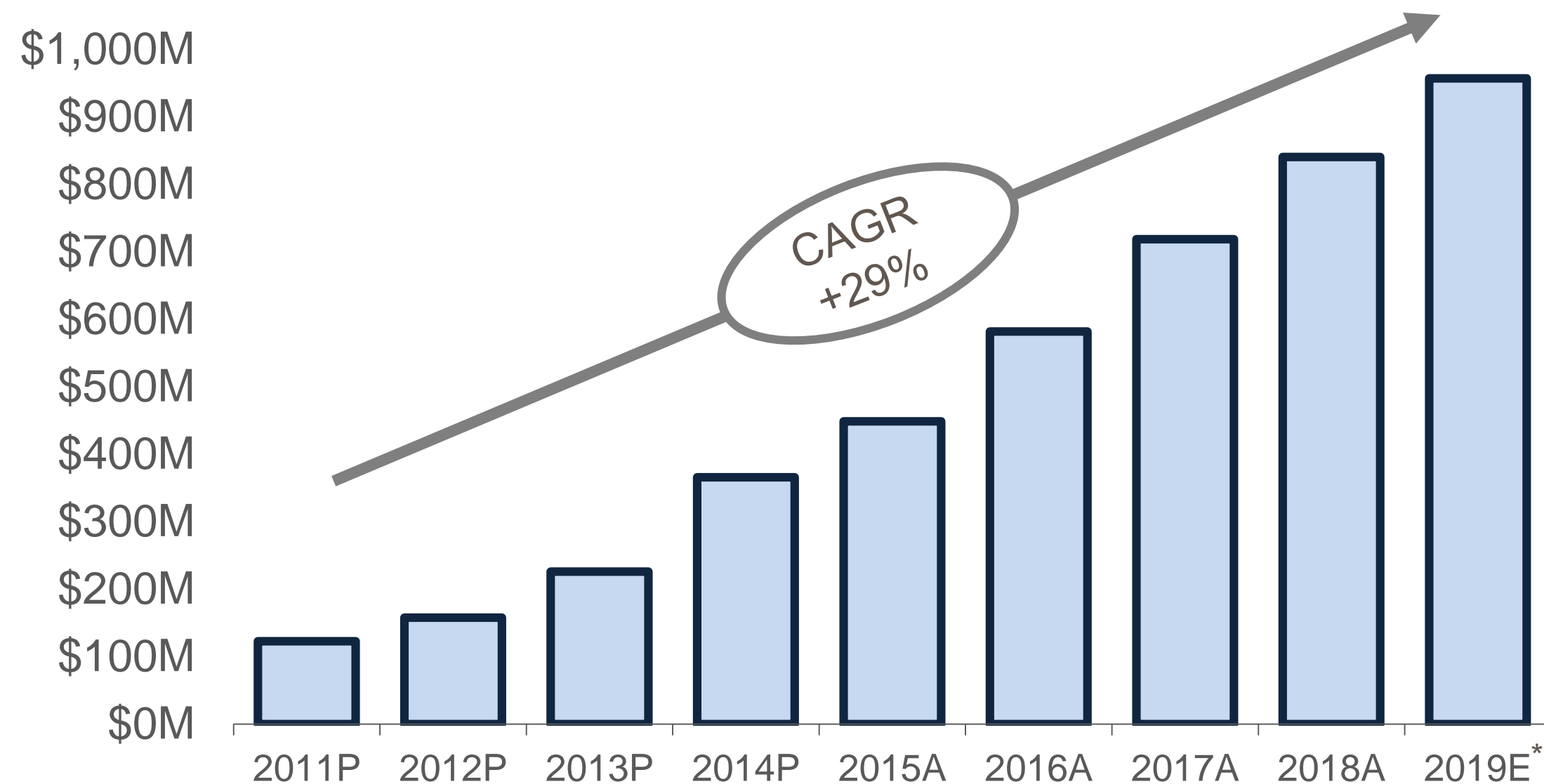


- TEGNA's presence in large DMA's, which have higher rates of growth in virtual MVPDs and lower rates of decline of traditional subscribers, have helped comparisons to industry trends

# TEGNA Will Continue to Boost Subscription Revenue and EBITDA Growth Through Subscriber Renewals and OTT Growth



## TEGNA Subscription Revenue



- On a pro forma basis, TEGNA has experienced strong subscription revenue growth dating back to 2011
- TEGNA subscription revenue expected to increase in the mid teens in 2019

\* Assumes mid-teens company guidance

- TEGNA will continue to grow subscription revenue with 86% of its subscribers up for renewal by year end 2020 (50% in 4Q 2019 and 36% in 4Q 2020)
- More predictable affiliate fees with longer term agreements drive net subscription revenue growth
- TEGNA is the largest NBC affiliate group and second largest CBS affiliate group

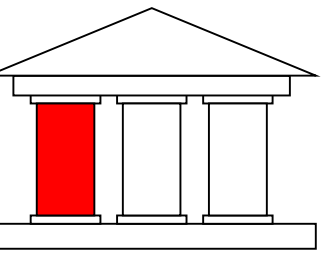
## Affiliation Agreement Expirations:

<b>FOX</b>	6% of subs; expires Mid 2019
<b>NBC</b>	43% of subs; expires Beginning of 2021
<b>CBS</b>	31% of subs; expires End of 2022
<b>ABC</b>	22% of subs; expires Late 2023

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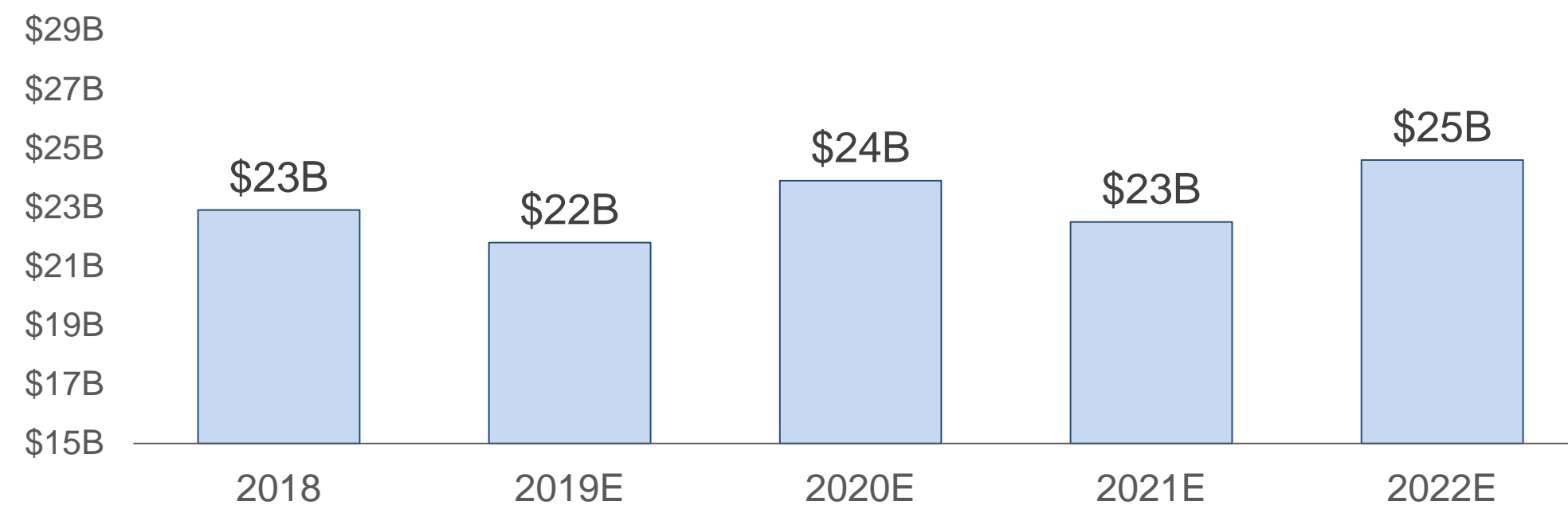
# TEGNA Poised to Take Full Advantage of Content and Technology Innovation in Growing TV Advertising Market



## Industry

### U.S. Television Advertising Revenue Forecast

(Includes Political, excludes Digital and Subscription)



- Local television stations remain the dominant player in the local video market with 65% market share
- Live TV still accounts for the most time spent with media with 4:10 hours per day in 1Q 2018, up from 3:54 in 3Q 2017 (HH:MM)
- Even year political revenue is a catalyst for television advertising growth on a two-year average basis

## TEGNA

- Advertising revenue growth will be driven by growing audience / market share and expanding TEGNA's addressable markets through content and technology innovation

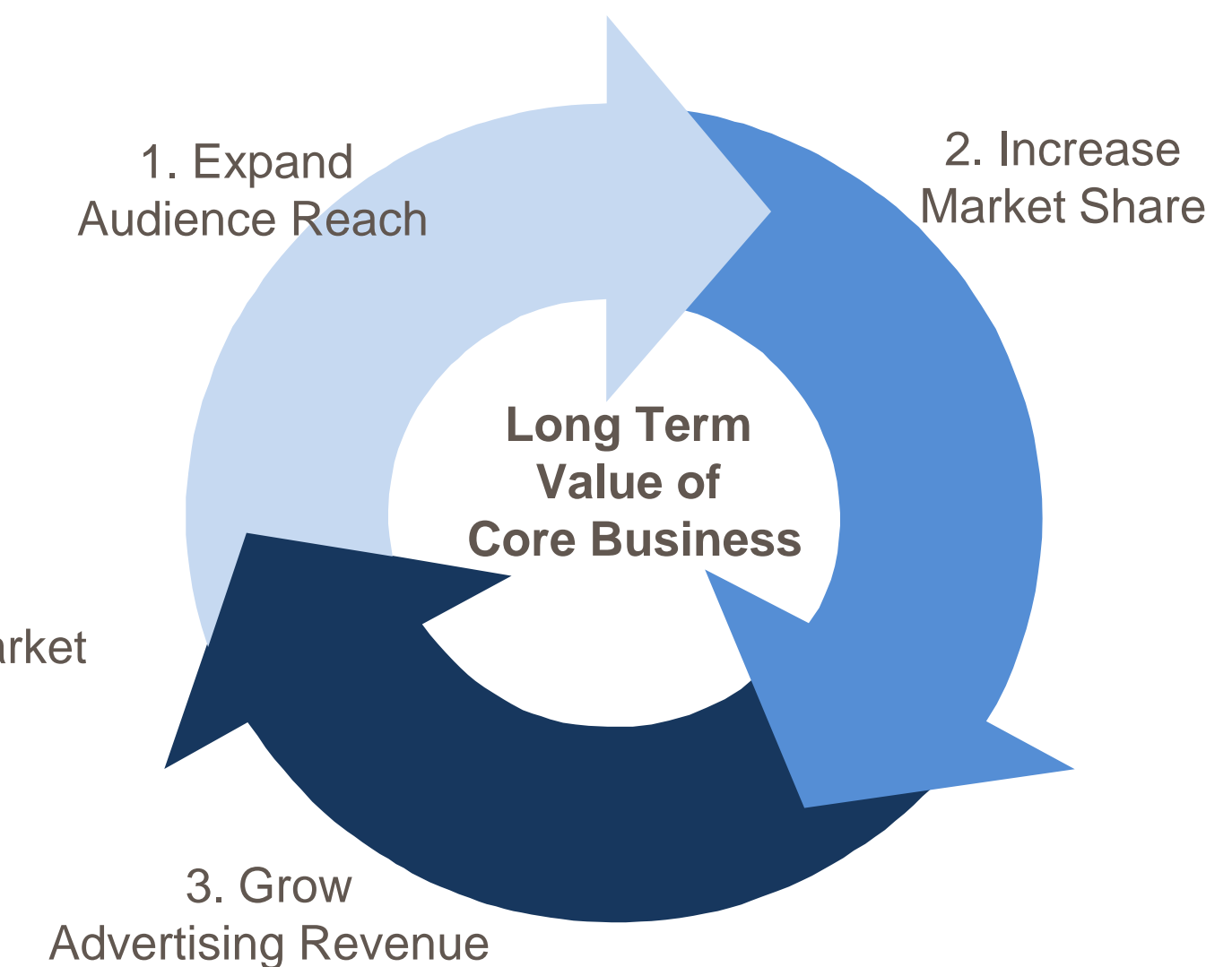
### Content Innovation

- Local news content innovation is critical to drive audience and advertising growth
- Syndicated content innovation (incubated through recurring innovation summits) is critical to drive audience and revenue growth

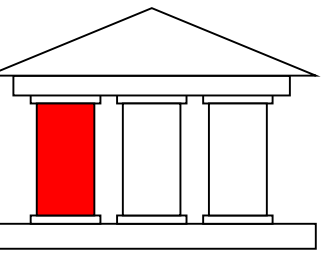
### Technology Innovation

- We expect the following TEGNA technology initiatives to facilitate expanding audience / market share and increasing advertising revenue
  - Intelligent Ad Automation
  - Audience Attribution
  - Pricing
  - ATSC 3.0

### Ad Revenue Growth Strategy



# TEGNA Poised for Record Political Advertising in 2020



2018 Record  
Mid-Term Election

**\$234M**

Previous record \$160M  
in 2014

## Strong Political Footprint

Senate: AZ, FL, PA, MO, NC, IA, OH  
House: FL, AZ, MN, MO, PA, IA, OH, TN  
Governor: CO, FL, PA, IL, MI, ME, IA

## Preliminary 2020 Primary Timeline

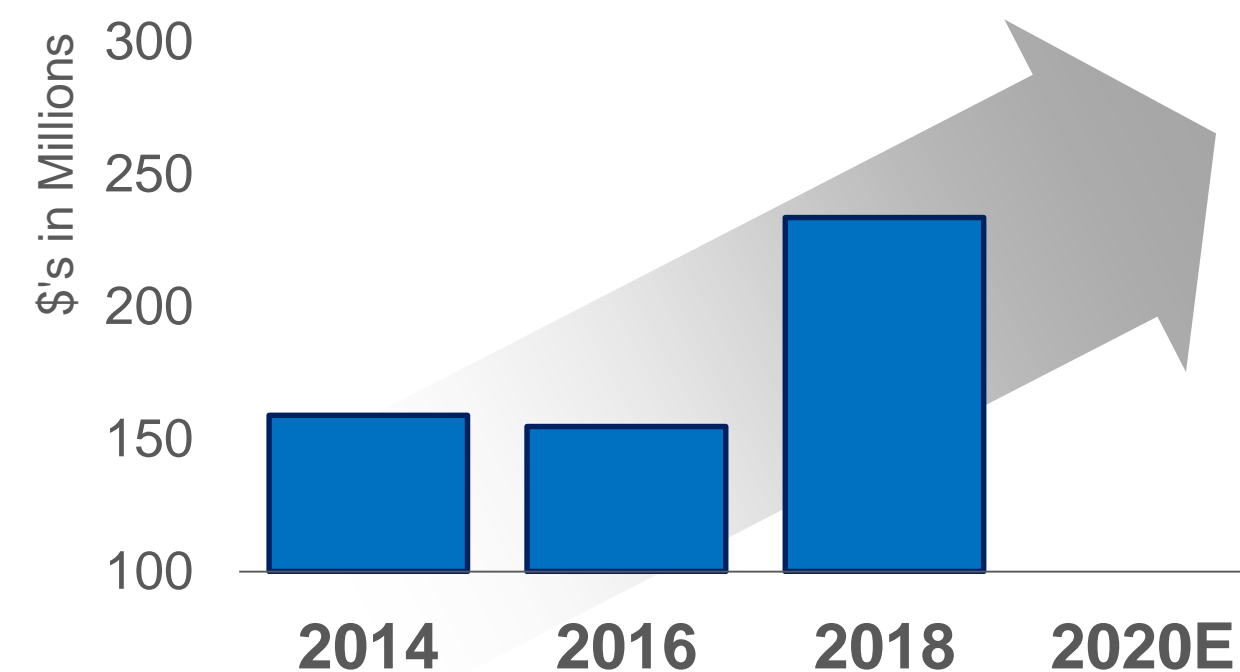
1<sup>st</sup> Quarter: 23 of 29 total races

2<sup>nd</sup> Quarter: 9 of 21 total races

Source: Cook Political Report (June 2019)

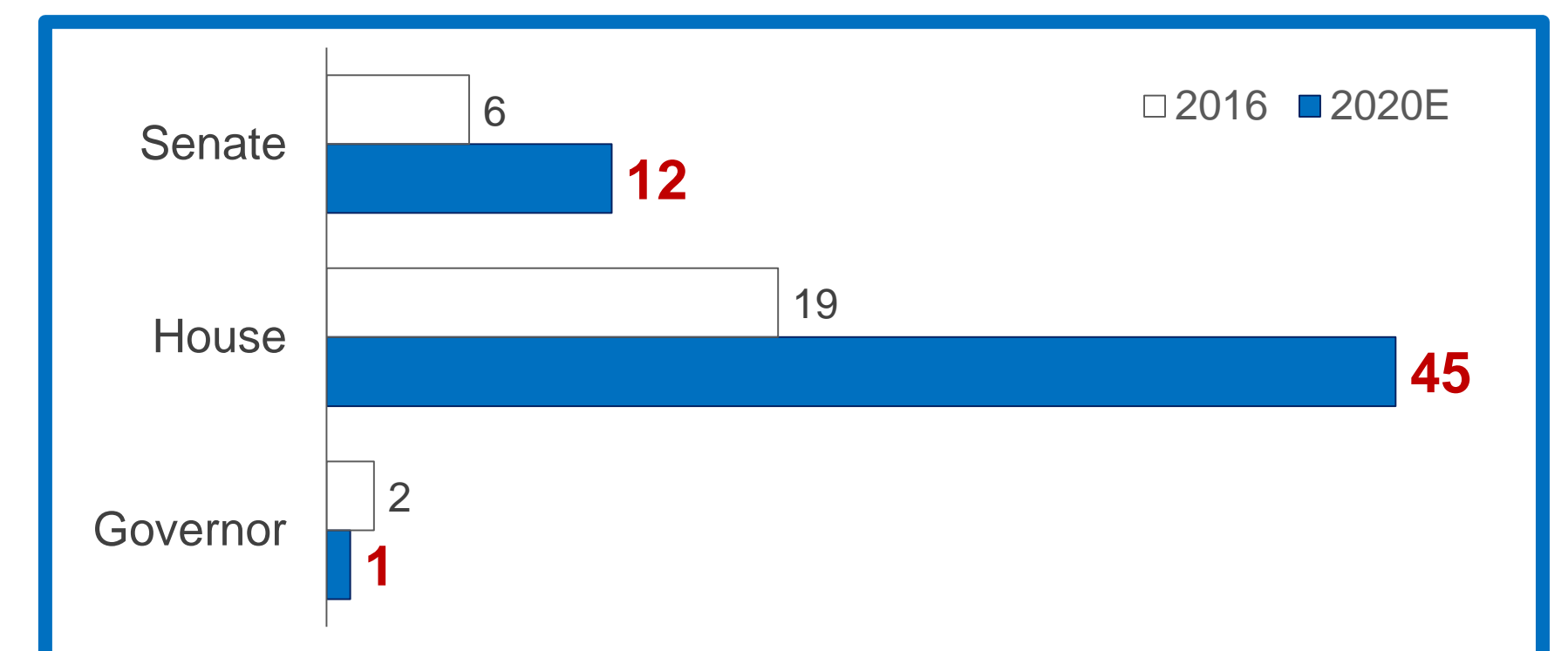
- Well positioned for 2020 elections with projected record advertising spending for presidential candidates. TEGNA's recently closed acquisitions include key presidential spending battleground states – Pennsylvania (Harrisburg, Wilkes-Barre), Iowa (Des Moines, Davenport) and Ohio (Columbus)
- Local Big-4 affiliates remain the preferred medium to broadly reach targeted constituents. TEGNA's strong local broadcast stations play a critical role in political marketing strategies, with depth and breadth of coverage on issues that matter to voters.
- OTT political advertising, enabled through TEGNA's Premion platform for the first time in 2018, provides an opportunity for TEGNA to extend reach and capture revenue well beyond our station footprint

## Political Revenue



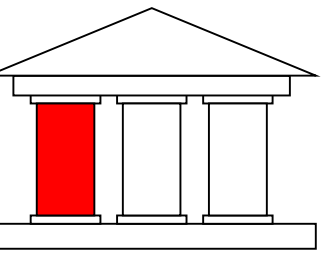
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## 2020 Competitive Races in TEGNA Markets





# TEGNA Optimizes Advertising Revenue Via New Technology Initiatives that Make Spot TV Advertising Easier to Buy and Drive Future Growth



## Intelligent Ad Automation



- Automation of the spot TV buy will streamline the buy process and allow for better targeting, reducing cost and allowing traditional TV to compete with cable and digital
- TEGNA is a member of the Television Interface Practices (TIP) consortium of broadcasters, that is driving standardization and interconnectivity of the automation of national spot
- TEGNA is also actively piloting with multiple vendors to help drive acceptance of automation technologies across the ecosystem

## Audience Attribution



- Attribution technologies allow advertisers to better understand the impact their advertising has on consumer traffic and purchase
- TEGNA is partnering with third parties to test the effectiveness of linear television attribution in Dallas, Houston, Washington, DC and Seattle
- Premion is increasingly providing attribution services to demonstrate the impact of OTT inventory for high value clients

## Pricing



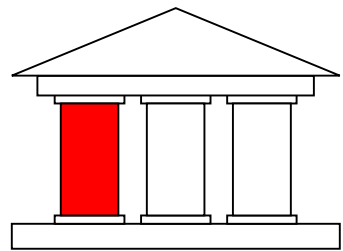
- TEGNA has centralized resources to help stations more effectively price their ad inventory to maximize share
- Those efforts are further evolving to include proprietary software that leverages big data, artificial intelligence and machine learning

## ATSC 3.0



- ATSC 3.0 will allow each broadcaster to use their spectrum to compete more effectively with traditional Internet (IP) standards
- TEGNA is a member of Pearl Consortium of broadcasters leading the development of this next generation broadcast standard
- TEGNA is already participating in a beta test of the new technology in Phoenix
- ATSC 3.0 will improve the quality of our signal and also will allow for the ability to have more targeted advertising

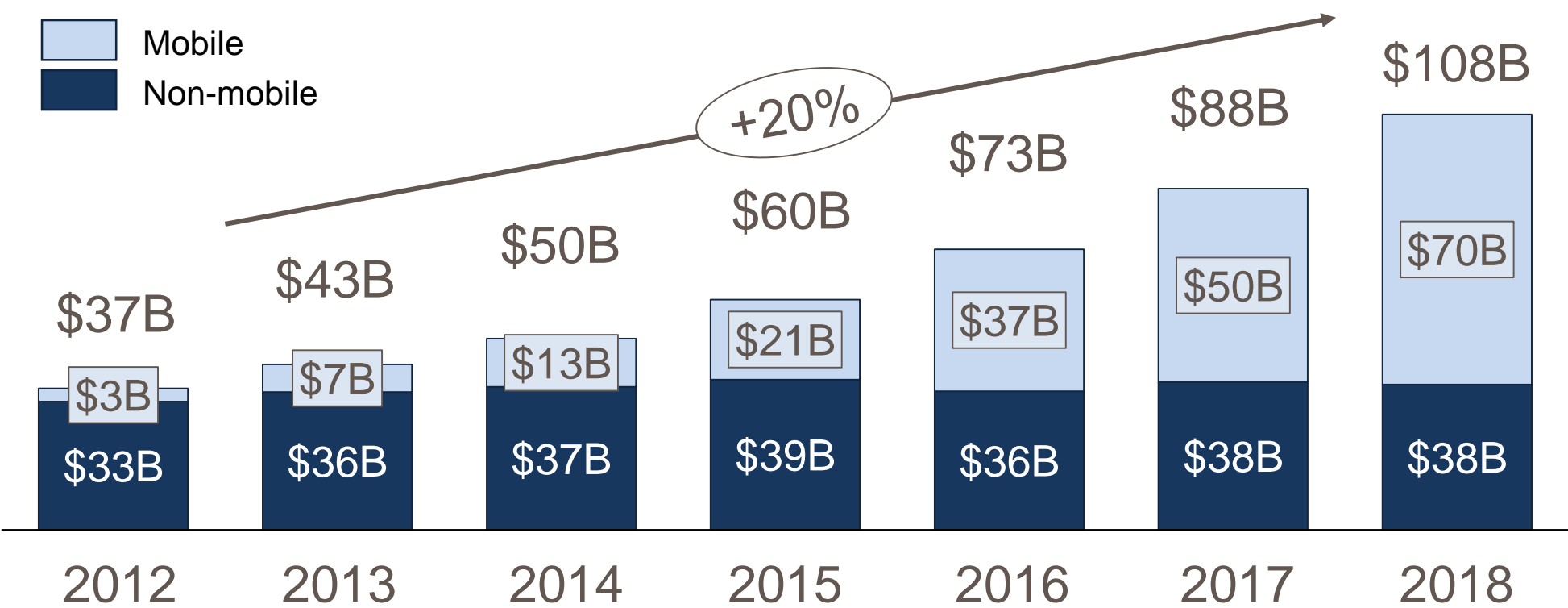
# Beyond Premion, TEGNA Continues to Secure Audience Share Leveraging Mobile and OTT to Drive Digital Revenue Growth



## Industry

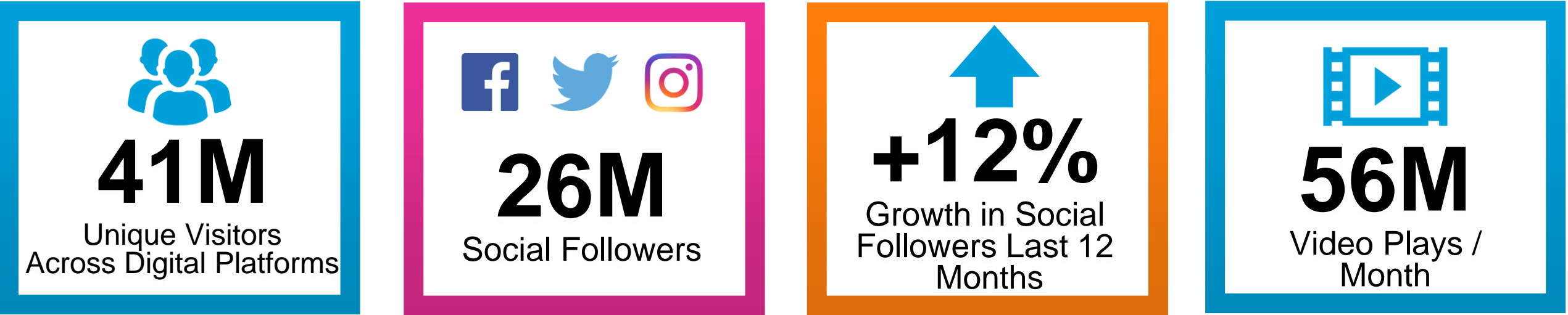
## TEGNA

Digital Advertising Revenue



- TEGNA’s strong digital footprint provides extended audience reach and creates revenue opportunities, with strategic emphasis on:
  - Growth across multiple platforms
  - High engagement with existing and new audiences
  - Create new monetization opportunities including strong partnerships with YouTube and Facebook, native advertisements and sponsored content

- Mobile continues to drive digital growth, making up 65% of digital advertising revenue in 2018
- OTT audience base is growing as OTT viewing becomes mainstream media behavior
- Ad spending on original digital programming has grown by 68% since 2016 driven heavily by agencies
- Advertisers are focused on the quality of programming for digital advertising

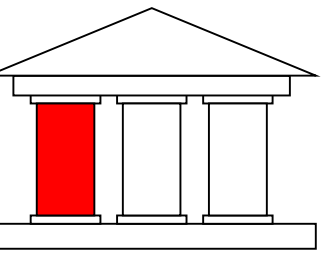


\*Does NOT include Facebook Native Video Plays

Source: BIA Kelsey, IAB, ComScore



# TEGNA Content Innovation, Incubated Through a Recurring Innovation Process, Critical to Driving Audience and Revenue Growth



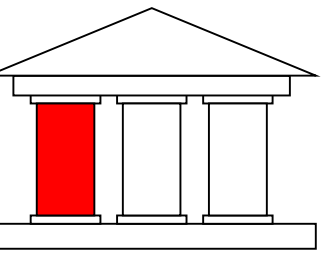
- DBL is a first of its kind, multiplatform live show with a revolutionary new format produced centrally at KUSA Denver
- Broadcasts LIVE across 39 TEGNA markets and 5 non-TEGNA markets
- Syndication sales and distribution for all TEGNA produced programs including DBL through exclusive partnership with Sony Television
- Ratings up +17% in the women age 25-54 demographic



- Sister Circle is broadcast LIVE across 14 TEGNA markets and TVOne and CLEO TV with a combined 61% national reach
- National Distribution deal with TVOne and CLEO TV networks extend reach beyond TEGNA markets



# Local News Content Innovation Driving Audience Growth



## Digital first, episodic stories



## New, multiplatform news segments



## New innovative local news programs

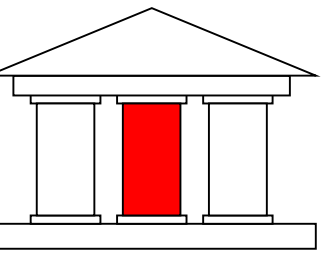


- **Extend local station brands** by redefining News and Information multi-platform offerings, particularly OTT
- **Unique local content**, coupled with consumer insights, enables us to grow our share of audience and advertising revenue
- **Leverage all our platforms** to increase engagement and become audience's first choice



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# **Innovation / Adjacent Businesses**



# OTT Innovation: Premion

Premion is a leading, premium OTT ad network that targets local, regional and national advertisers and agencies. Premion is delivering strong revenue growth in markets well beyond TEGNA's TV markets (51→200+ Markets).



## Strategy

- Aggregates premium OTT inventory, enables audience targeting across providers, and resells that content into local markets
- Leverages TEGNA's existing station salesforces in local markets, supplemented by a direct Premion-focused salesforce in large, key markets outside the TEGNA footprint
- Opportunity to serve as a platform for advertisers, publishers and other local broadcasters

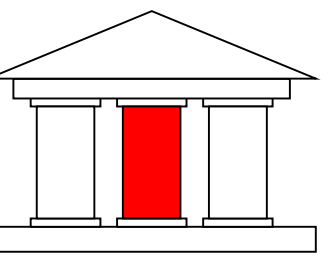
## Mission

- **For Advertisers:** Provide a scalable, data-driven digital video advertising solution to local and regional advertisers
- **For Publishers:** Bring advertising high-quality demand to publishers from advertisers that they would not have reached
- **For Local Broadcasters:** Provide an extension product for broadcasters to recapture ad dollars migrating with viewers to OTT platforms

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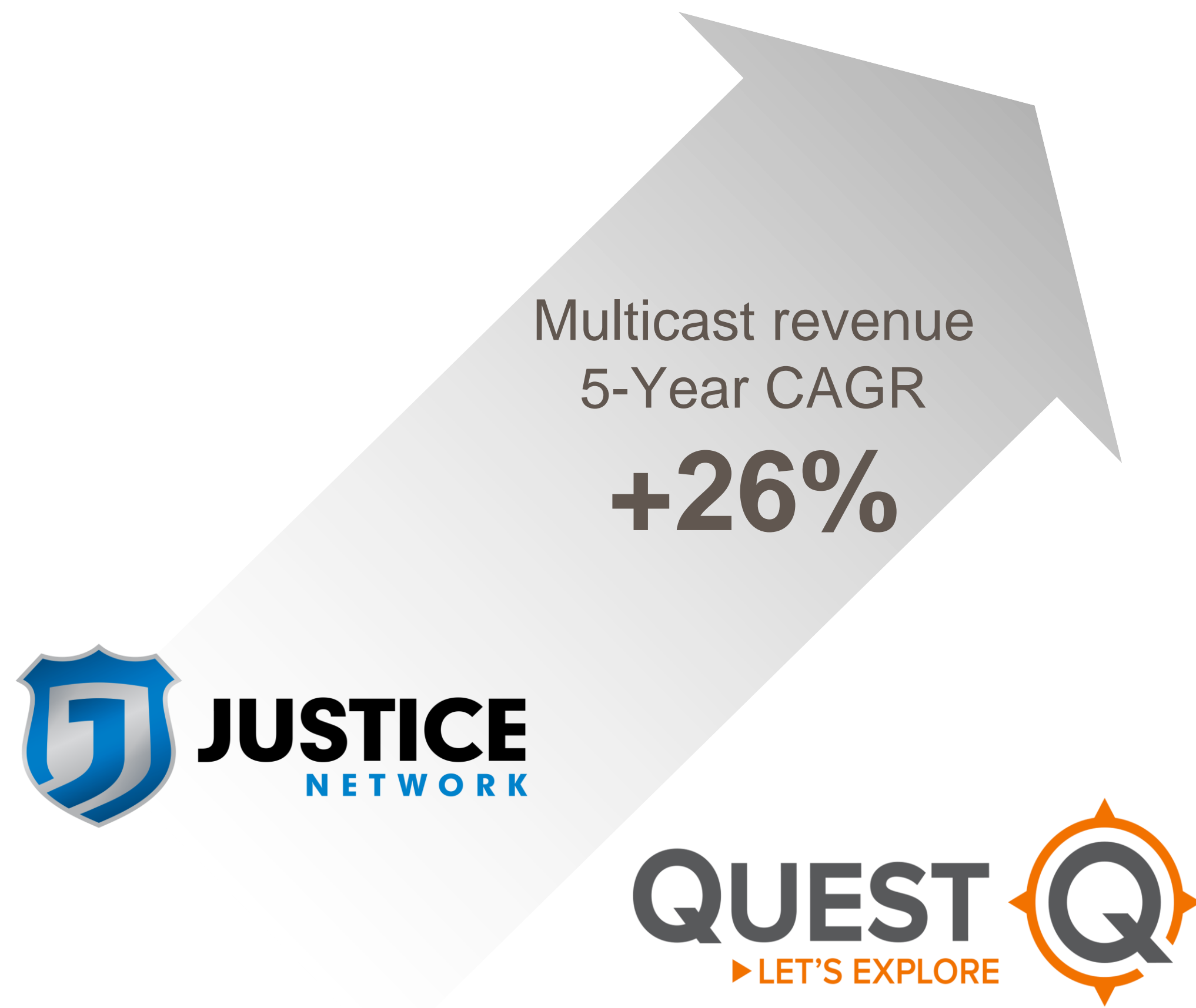
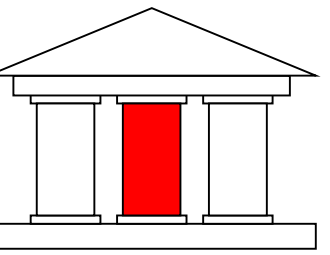
# TEGNA Marketing Solutions Enables TEGNA to Grow Share of Marketing Spend Beyond Traditional Advertising Buys



- Delivering results to our customers across multiple platforms based on our strong brand foundation of expertise and local servicing
- Enhancing our local television reach with game-changing digital products, including Premion – our industry-leading OTT solution
- Combining marketing ideas, strong creative development, and data-driven audience strategies to grow our clients' businesses



# TEGNA Investment in Extended Distribution Driving Growth in OTA\* TV Viewers



- On June 18<sup>th</sup>, completed the ~\$77 million acquisition for the 85% of the Justice Network and Quest that TEGNA did not already own. They are two of the leading multicast\*\* networks, to capitalize on the growth in OTA TV viewers
- Extended distribution with Justice reaching ~80% and Quest reaching ~65% of the U.S. TV households. Continued growth potential going forward
- Accelerated growth in OTA with over 16M homes using indoor or outside antenna to watch television, representing an increase of 23% in 2016 compared to an increase of 10% in 2015
- TEGNA's multicast revenue from distribution agreements saw a 5-year CAGR of 26% (2013-2018)
- Expect both revenue and EBITDA growth rates to be in double digits going forward

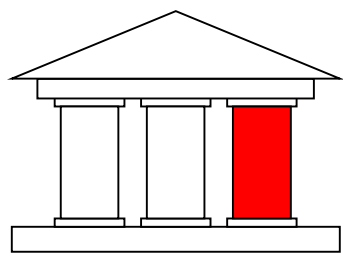
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\* OTA: Over-the-air  
\*\* Multicast: digital sub-channels



**Industry  
Consolidation  
and  
M&A Outlook**

# TEGNA Positioned to Deliver Add'l Shareholder Value Via Consolidation



- Significant mechanical synergies driven by existing scale
- Ability to amortize initiatives across larger footprint (e.g., Premion, TEGNA Marketing Solutions, Content)
- TEGNA's existing leverage levels provide ample firepower
- Participate actively in M&A processes for assets that fit within current regulatory constraints
- Will remain financially disciplined to create incremental shareholder value on top of what we can achieve organically

## Regulatory Changes

## TEGNA Impact

Approved

- **Relaxation of In-Market Rules**  
*FCC has approved option to own two big four affiliates on a case-by-case basis*
- **Restoration of the UHF Discount**
- **Supreme Court approved sports-betting; state legislature reviews underway in select states**

### Additional / New Market Acquisition

- Available headroom under the current 39% household (H-H) cap
  - H-H reach without UHF discount: 39%
  - H-H reach with UHF discount: 32%

### In-Market Consolidation

- Enables 10-15 percentage point increase in EBITDA margin of acquired stations
- Has not yet occurred significantly in mid-to-large markets where TEGNA operates due to regulatory lags

### Sports-Betting

- TEGNA stations in select states likely to benefit early

Potential

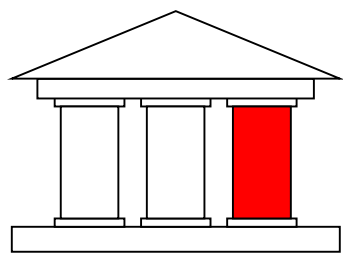
- **Raise 39% Ownership Cap**  
*Permitted to reach > 39% of U.S. households*

### Both In-Market & New Market Acquisition

- Anticipated increase in U.S. household cap provides additional accretive M&A opportunities



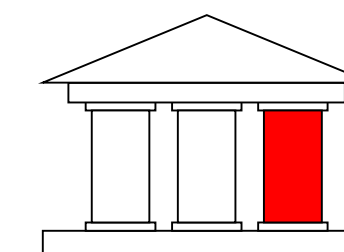
# TEGNA’s Proven Track Record of Smart Investment and Strong Integration Will Deliver Even More Shareholder Value through New M&A



BELO	London Broadcasting	Midwest	Toledo / Midland-Odesa	Justice Network / Quest	Dispatch	Nexstar Divestiture Stations
<p><b>TRANSACTION:</b></p> <ul style="list-style-type: none"><li>Acquired 20 TV stations</li><li>Trn value: \$2.2B</li></ul> <p><b>STRATEGIC IMPACT:</b></p> <ul style="list-style-type: none"><li>Purchase nearly doubled broadcast assets and created 4<sup>th</sup> largest owner of major network affiliates with even more scale, geographic and network affiliate diversity</li></ul> <p><b>FINANCIAL IMPACT:</b></p> <ul style="list-style-type: none"><li>\$175M of annual EBITDA synergies achieved a year ahead of 3-yr goal</li><li>Non-GAAP EPS accretion of \$0.43 per share achieved in first 12 months</li></ul>	<p><b>TRANSACTION:</b></p> <ul style="list-style-type: none"><li>Acquired 6 TV stations</li><li>Trn value: \$215M</li></ul> <p><b>STRATEGIC IMPACT:</b></p> <ul style="list-style-type: none"><li>Purchase further expanded presence in the high-growth state of Texas</li></ul> <p><b>FINANCIAL IMPACT:</b></p> <ul style="list-style-type: none"><li>Accretive to EPS within the first 12 months</li></ul>	<p><b>TRANSACTION:</b></p> <ul style="list-style-type: none"><li>Acquired CBS/CW TV station and AM/FM radio stations in San Diego</li><li>Trn value: \$325M</li><li>Trn Multiple: 6.6x '17/'18 blended EBITDA incl. run-rate synergy and tax benefits</li></ul> <p><b>STRATEGIC IMPACT:</b></p> <ul style="list-style-type: none"><li>Added a strong market to TEGNA portfolio of Big Four affiliates in top markets</li><li>Leading station in audience ratings &amp; share</li><li>Affluent market with strong political advertising</li></ul> <p><b>FINANCIAL IMPACT:</b></p> <ul style="list-style-type: none"><li>Accretive to EPS within the first 12 months and immediately accretive to free cash flow</li></ul>	<p><b>TRANSACTION:</b></p> <ul style="list-style-type: none"><li>Acquired CBS affiliate station in Toledo and NBC affiliate station in Midland-Odesa</li><li>Trn value: \$105M</li><li>Trn multiple: 5.0x '17/'18 blended EBITDA incl. run-rate synergy and NPV of tax savings</li></ul> <p><b>STRATEGIC IMPACT:</b></p> <ul style="list-style-type: none"><li>Toledo station purchase captured audience in N/E Ohio and S/E Michigan</li><li>Odesa station purchase will expand TEGNA's presence in high-growth state of Texas</li></ul> <p><b>FINANCIAL IMPACT:</b></p> <ul style="list-style-type: none"><li>Accretive to EPS in less than a year after close</li><li>Immediately accretive to free cash flow</li></ul>	<p><b>TRANSACTION:</b></p> <ul style="list-style-type: none"><li>Acquired remaining ~85% of Justice Network/Quest that TEGNA did not own</li><li>Trn value: ~\$77M</li></ul> <p><b>STRATEGIC IMPACT:</b></p> <ul style="list-style-type: none"><li>Purchase will provide two multicast networks that reach more than 87M U.S. TV homes</li></ul> <p><b>FINANCIAL IMPACT:</b></p> <ul style="list-style-type: none"><li>Accretive to EPS within the first 12 months and immediately accretive to free cash flow</li></ul>	<p><b>TRANSACTION:</b></p> <ul style="list-style-type: none"><li>Acquired 2 #1-rated TV stations &amp; 2 radio stations</li><li>Trn value: \$535M</li><li>Trn multiple: 7.9x expected avg '18/'19 EBITDA incl. run-rate synergies</li></ul> <p><b>STRATEGIC IMPACT:</b></p> <ul style="list-style-type: none"><li>Purchase added 2 dominant Big Four affiliate stations with #1 audience share in their respective markets</li><li>Adds 1 market in a key political spending battleground state (Ohio)</li></ul> <p><b>FINANCIAL IMPACT:</b></p> <ul style="list-style-type: none"><li>Accretive to EPS within a year after close and immediately accretive to free cash flow per share</li></ul>	<p><b>TRANSACTION:</b></p> <ul style="list-style-type: none"><li>Acquired 11 TV stations in 8 markets</li><li>Trn value: \$740M</li><li>Trn multiple: 6.7x '18/'19 blended EBITDA incl. run-rate synergy and tax savings</li></ul> <p><b>STRATEGIC IMPACT:</b></p> <ul style="list-style-type: none"><li>Purchase will add complementary markets to TEGNA's existing portfolio of top network affiliates including presidential spending battleground states</li></ul> <p><b>FINANCIAL IMPACT:</b></p> <ul style="list-style-type: none"><li>Accretive to EPS within a year after close and immediately accretive to free cash flow per share</li></ul>



# TEGNA Actively Pursuing Accretive and Value Enhancing M&A



**Actively Participating in M&A processes for Assets that Fit Within the Current Industry Regulatory Landscape. We Have the Capabilities to Generate Synergies and the Financial and Balance Sheet Strength to Further Fund Acquisitions and will be Financially Disciplined. Our Primary Objective is to Create Shareholder Value.**

## Broadcast M&A

- Opportunity enhanced by favorable regulatory environment with more sellers recently entering market
- Increased scale provides clear financial and strategic advantages
- Established track record of creating shareholder value through disciplined and accretive acquisitions
- **Vertical:**
  - TEGNA still has capacity under current national cap
- **Horizontal:**
  - Uniquely positioned as in-market consolidation has not occurred in majority of TEGNA markets

## Adjacent M&A

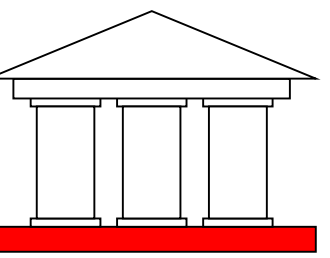
- Existing: opportunities to further accelerate existing TEGNA adjacencies inorganically
- New: pursue new adjacencies that leverage and capitalize on TEGNA's strong local media assets
- Enhances TEGNA's scale with a focus on local content and marketing services opportunities highly aligned with existing core business
- Further diversifies TEGNA's revenue streams through a broader set of compelling locally-oriented assets
- **Maintain TEGNA's financially disciplined approach to transactions**



**TEGNA**

# **Capital Allocation**

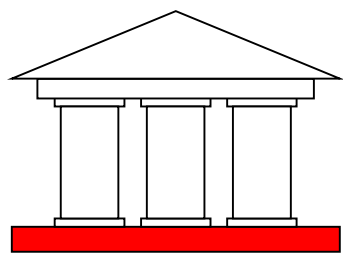
# Well Managed Operations Produce Strong Financial Platform for Multiple Investment Opportunities to Grow Shareholder Value



- ❑ Continue to invest in organic growth
- ❑ Maintain focus on innovative and efficient ways to operate and invest in growth areas
  - ❑ Very stable subscription revenue base with steady growth
  - ❑ Increased use of shared service centers, platforms, and infrastructure
- ❑ Consider accretive M&A and investment opportunities in-line with our integrated strategy encompassing Broadcast and Digital
  - ❑ Consolidation opportunities to create value through substantial synergies
- ❑ Balanced return of capital to shareholders from free cash flow
  - ❑ Reinvest in business to drive future profitable growth and total shareholder return
  - ❑ Dividend \$0.28 per share per year
  - ❑ Share repurchase program suspended by Board as of March 2019 announcement of acquisition of Nexstar divestiture stations – free cash flow to be used to reduce leverage to ~4.1x by the end of 2020



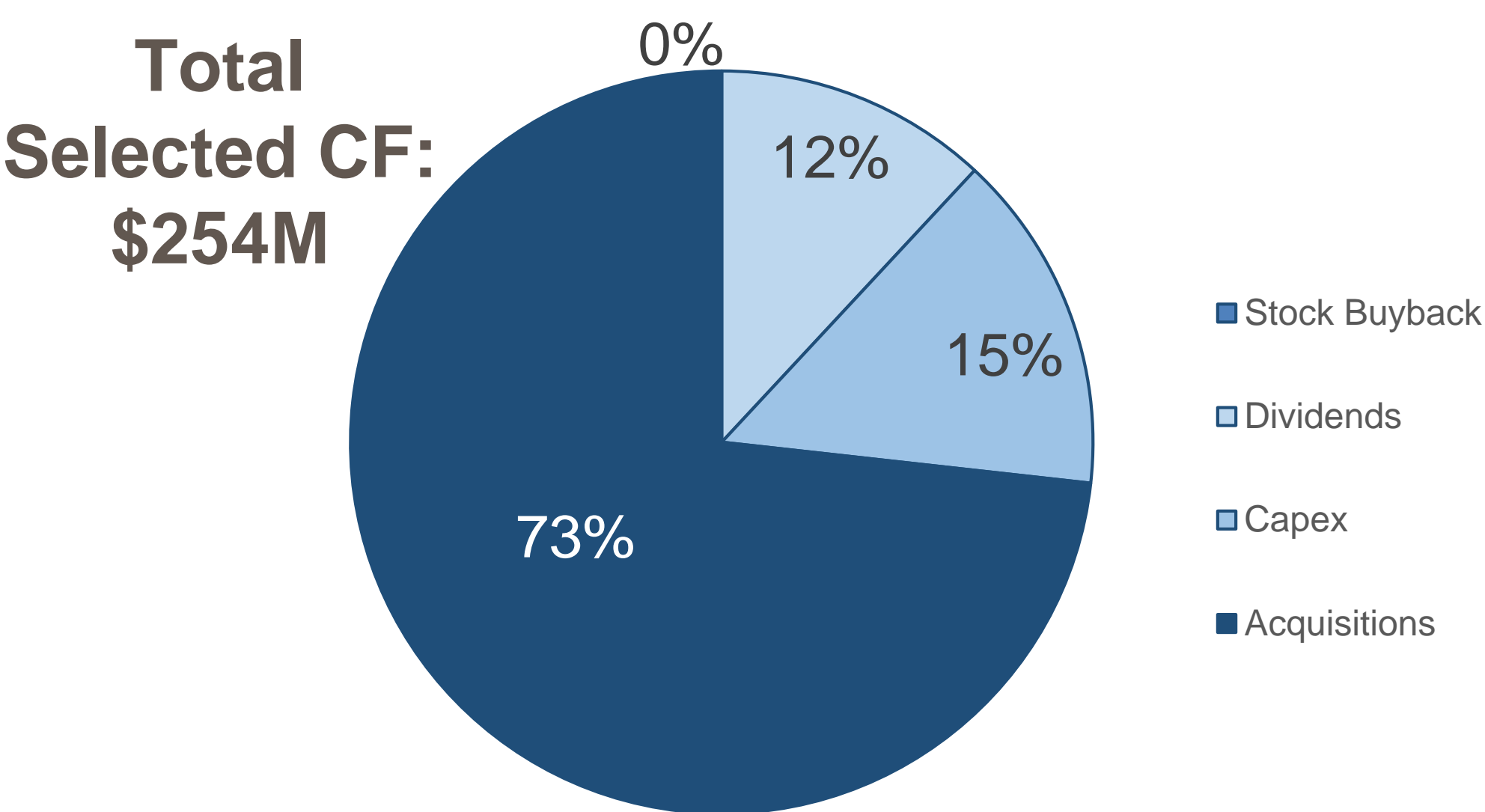
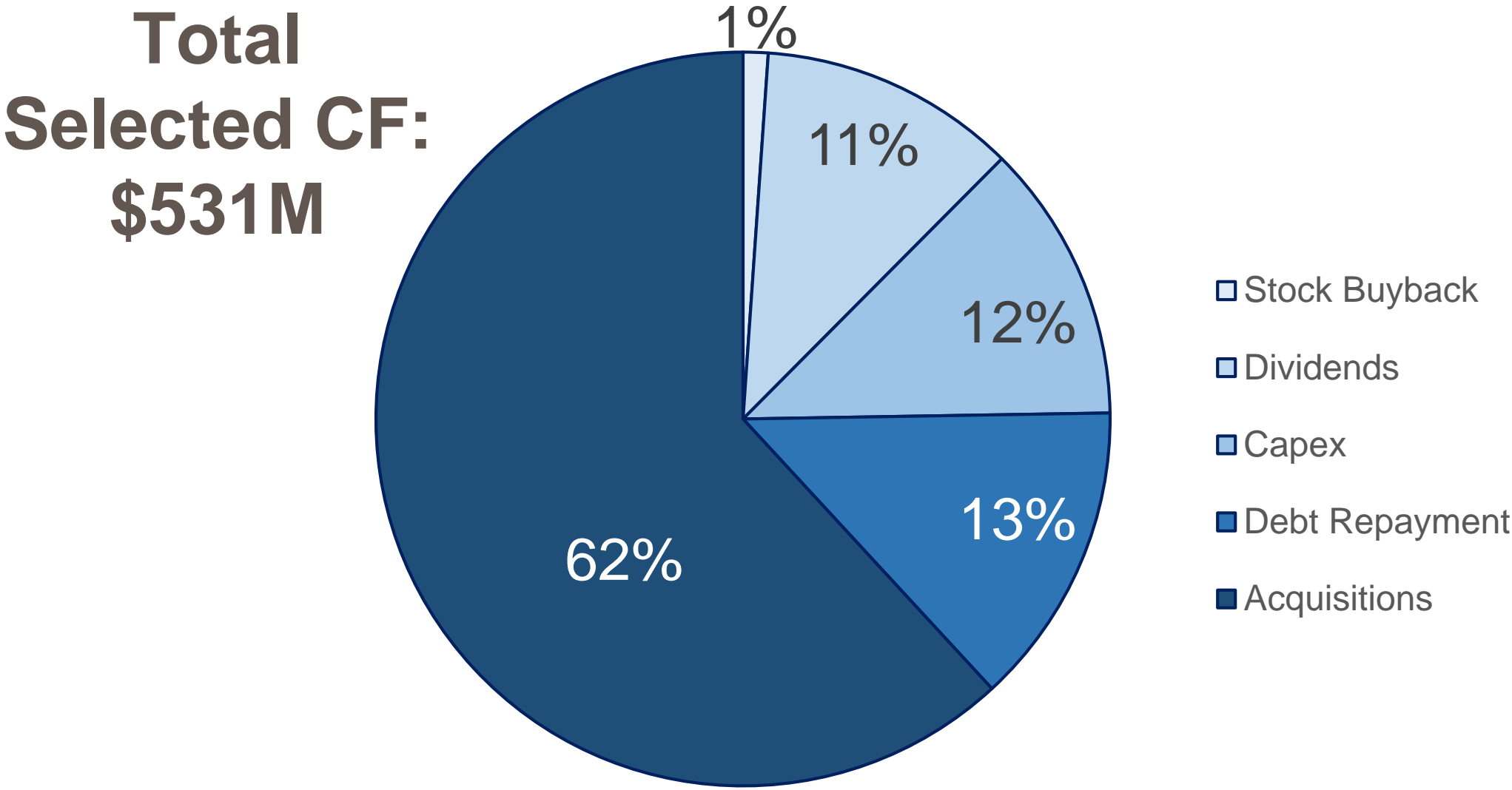
# TEGNA Strong Cash Flow Generation Fuels Ability to Opportunistically Maximize Return on Investment



- Strong free cash flow provides flexibility for capital allocation priorities
  - M&A pipeline, highlighted by the completed acquisition of Justice Network and Quest, Dispatch and Nexstar divestiture stations; TEGNA’s capital allocation strategy to acquire strategic assets at attractive prices is ongoing
  - Have closed on ~\$1.275B of broadcast TV stations (Nexstar divestiture stations and Dispatch Broadcast Group), as well as ~\$75M in multicast networks Justice Network and Quest
  - Free cash flow to allow deleveraging from ~4.9x at year end 2019 to ~4.1x at year end 2020

## Full Year 2018 Selected Cash Flow Uses

## 1H 2019 Selected Cash Flow Uses



\* Net of use of credit revolver

# Key Takeaways



- ✓ TEGNA's continued long term commitment to operational and financial discipline, coupled with strong execution, drives strong margins and free cash flow fueling M&A and organic growth
- ✓ Operational growth drivers, such as content innovation, subscription revenue and digital growth initiatives, combined with growing even-year political revenue, diversify our revenue and position TEGNA for success in a fast-paced, evolving media landscape
- ✓ Track record of innovation and execution, with proven ability to leverage our core assets and capabilities to build new, adjacent businesses, such as Premion in the OTT advertising services space
- ✓ TEGNA's strong balance sheet and proven integration playbook can all be leveraged for future M&A opportunities
- ✓ Strong free cash flow generation and a disciplined capital allocation drive flexibility and strong dividend yield to further optimize shareholder value