



# CUMULUS MEDIA INC.

## 2017 Second Quarter Earnings Call Presentation

August 14, 2017



# Safe Harbor Statement



## Cautionary Note Regarding Forward-Looking Statements

Certain statements in this presentation may constitute “forward-looking” statements within the meaning of the Private Securities Litigation Reform Act of 1995 and other federal securities laws. Such statements are statements other than historical fact and relate to our intent, belief or current expectations, primarily with respect to our future operating, financial and strategic performance. Any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties. Actual results may differ from those contained in or implied by the forward-looking statements as a result of various factors including, but not limited to, risks and uncertainties relating to the need for additional funds to service our debt and to execute our business strategy; our ability to access borrowings under our revolving credit facility; our ability from time to time to renew one or more of our broadcast licenses; changes in interest rates; changes in the fair value of our investments; the timing of, and our ability to complete, any acquisitions or dispositions pending from time to time; costs and synergies resulting from the integration of any completed acquisitions; our ability to effectively manage costs; our ability to effectively drive and manage growth; the popularity of radio as a broadcasting and advertising medium; changing consumer tastes; the impact of general economic conditions in the United States or in specific markets in which we currently do business; industry conditions, including existing competition and future competitive technologies and cancellation, disruptions or postponements of advertising schedules in response to national or world events; our ability to generate revenues from new sources, including local commerce and technology-based initiatives; the impact of regulatory rules or proceedings that may affect our business or any acquisitions; our ability to continue regain compliance with the listing standards for our Class A common stock to continue to be listed for trading on the NASDAQ stock market; the write-off of a material portion of the fair value of our FCC broadcast licenses and goodwill from time to time; or other risk factors described from time to time in our filings with the Securities and Exchange Commission, including our Form 10-K for the year ended December 31, 2016 (the “2016 Form 10-K”) and any subsequent filings. Many of these risks and uncertainties are beyond our control, and the unexpected occurrence or failure to occur of any such events or matters could significantly alter the actual results of our operations or financial condition. Cumulus Media Inc. assumes no responsibility to update any forward-looking statement as a result of new information, future events or otherwise.





# CUMULUS MEDIA INC.

## 2017 Second Quarter Earnings Call Presentation





- Second quarter results provide further evidence of financial inflection point
- Net revenue increased year-over-year by 1.2%, despite tough market
- Adjusted EBITDA grew 6.7%, for the first time in over three years<sup>(1)</sup>
- Share gains achieved in every major ad channel, including Westwood One
- Company currently pacing approximately flat for Q3, excluding political

(1) Adjusted EBITDA still positive even when adjusting for items affecting comparability in Q2 2016

# Foundational Initiatives



**Ratings**

**Culture**

**Operational Blocking &  
Tackling**

**Sales Execution**

# Foundational Initiatives



## Ratings

## Culture

## Operational Blocking & Tackling

## Sales Execution

- PPM ratings share growth continued, marking seven straight quarters of outperformance
- PPM ratings share growth converted into revenue share growth in Q2
- Following two quarters of growth, 4-Book ratings share declined in Spring 2017, driven entirely by six of 27 markets



# Foundational Initiatives



**Ratings**

**Culture**

**Operational Blocking & Tackling**

**Sales Execution**

- Be a LEADer has generated nearly 500 new advertisers and millions of incremental revenue
- Positive sentiment facilitating recruitment of high-quality talent
- Survey statistics remain compelling – 92% are proud to work at Cumulus and 91% believe Cumulus is changing for the better
- Turnover statistics continue to beat internal goals

# Foundational Initiatives



**Ratings**

**Culture**

**Operational Blocking & Tackling**

**Sales Execution**

- Reduced expenses year-over-year while still funding critical series of investments
- For the full year, expect contractual escalators will be meaningfully mitigated
- Upcoming systems overhaul and establishment of formal revenue management function will provide future opportunity



# Foundational Initiatives



**Ratings**

**Culture**

**Operational Blocking &  
Tackling**

**Sales Execution**

- 1. Talent**
- 2. Training & Tools**
- 3. Sales Analytics**
- 4. Platform Growth  
Products & Tactics**
- 5. Digital**

# Foundational Initiatives



Ratings

Culture

Operational Blocking &  
Tackling

Sales Execution





# Foundational Initiatives



Ratings

Culture

Operational Blocking &  
Tackling

Sales Execution

The "next2rock" logo, featuring the word "next" in a black, distressed, hand-painted font, followed by a red "2", and then "rock" in the same black, distressed font. A small "TM" trademark symbol is at the end. The logo is enclosed in a blue rectangular border.

next2rock™

# Foundational Initiatives



Ratings

Culture

Operational Blocking &  
Tackling

Sales Execution





# Foundational Initiatives



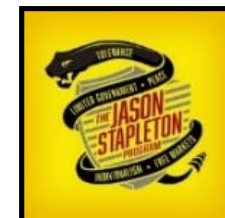
Ratings

Culture

Operational Blocking &  
Tackling

Sales Execution

## WESTWOOD ONE PODCASTS





**Westwood One**

# Key Highlights

- Revenue growth of 6.1% year-over-year
- Adjusted EBITDA growth of 31.0% year-over-year
- Benefit of a single leader driving strategy and execution across the platform
- More mature go-to-market strategy and new business development effort
- Fine-tuned stable of content partnerships focused on our key strengths





## Continued focus on our debt level...

- Over-levered capital structure must be addressed to achieve the full potential of our assets
- Exploring all available options with a focus on maintaining the momentum of the turnaround effort



# Second Quarter 2017 Financial Results

See Press Release and 10-Q for More Detail

[www.cumulus.com/investors](http://www.cumulus.com/investors)





# FORCE

Focused. Responsible. Collaborative. Empowered.



# APPENDIX:

## Financial Summary & Reconciliation to Non-GAAP Term



# Non-GAAP Financial Measure



## Definition of Adjusted EBITDA

Adjusted EBITDA is the financial metric utilized by management to analyze the cash flow generated by our business. This measure isolates the amount of income generated by our core operations before the incurrence of corporate expenses. Management also uses this measure to determine the contribution of our core operations to the funding of our corporate resources utilized to manage our operations and our non-operating expenses including debt service. In addition, Adjusted EBITDA is a key metric for purposes of calculating and determining our compliance with certain covenants contained in our credit facility. We define Adjusted EBITDA as net income (loss) before any non-operating expenses, including depreciation and amortization, stock-based compensation expense, gain or loss on sale of assets or stations (if any), gain or loss on derivative instruments (if any), impairment of assets (if any), acquisition-related and restructuring costs (if any) and franchise and state taxes. In deriving this measure, management excludes depreciation, amortization, and stock-based compensation expense, as these do not represent cash payments for activities directly related to our core operations. Management excludes any gain or loss on the exchange or sale of any assets or stations and any gain or loss on derivative instruments as they do not represent cash transactions nor are they associated with core operations. Expenses relating to acquisitions and restructuring costs are also excluded from the calculation of Adjusted EBITDA as they are not directly related to our core operations. Management excludes any non-cash costs associated with impairment of assets as they do not require a cash outlay. Management believes that Adjusted EBITDA, although not a measure that is calculated in accordance with GAAP, nevertheless is commonly employed by the investment community as a measure for determining the market value of media companies. Management has also observed that Adjusted EBITDA is routinely employed to evaluate and negotiate the potential purchase price for media companies and is a key metric for purposes of calculating and determining compliance with certain covenants in our credit facility. Given the relevance to our overall value, management believes that investors consider the metric to be extremely useful.

Adjusted EBITDA should not be considered in isolation or as a substitute for net income, operating income, cash flows from operating activities or any other measure for determining the Company's operating performance or liquidity that is calculated in accordance with GAAP. In addition, Adjusted EBITDA may be defined or calculated differently by other companies and comparability may be limited.



# 2<sup>nd</sup> Quarter 2017 Adjusted EBITDA Reconciliation Table



The following table reconciles net income (loss), the most directly comparable financial measure calculated and presented in accordance with GAAP, to Adjusted EBITDA for the three months ended June 31, 2017 (dollars in thousands):

	Three Months Ended June 30, 2017			
	Radio Station Group	Westwood One	Corporate and Other	Consolidated
GAAP net income (loss)	\$ 46,803	\$ 10,976	\$ (52,107)	\$ 5,672
Income tax expense	—	—	7,234	7,234
Non-operating (income) expense, including net interest expense	(1)	133	34,288	34,420
Local marketing agreement fees	2,713	—	—	2,713
Depreciation and amortization	10,251	5,449	420	16,120
Stock-based compensation expense	—	—	530	530
Loss on sale of assets or stations	104	—	—	104
Acquisition-related and restructuring costs	—	384	83	467
Franchise and state taxes	—	—	140	140
Adjusted EBITDA	\$ 59,870	\$ 16,942	\$ (9,412)	\$ 67,400



# 2<sup>nd</sup> Quarter 2016 Adjusted EBITDA Reconciliation Table



The following table reconciles net income (loss), the most directly comparable financial measure calculated and presented in accordance with GAAP, to Adjusted EBITDA for the three months ended June 31, 2016 (dollars in thousands):

	Three Months Ended June 30, 2016			
	Radio Station Group	Westwood One	Corporate and Other	Consolidated
GAAP net income (loss)	\$ 46,405	\$ 887	\$ (46,226)	\$ 1,066
Income tax expense	—	—	1,249	1,249
Non-operating expense, including net interest expense	17	63	34,270	34,350
Local marketing agreement fees	2,482	—	—	2,482
Depreciation and amortization	13,538	8,894	537	22,969
Stock-based compensation expense	—	—	790	790
Gain on sale of assets or stations	(3,121)	—	(25)	(3,146)
Impairment of intangible assets	—	1,816	—	1,816
Acquisition-related and restructuring costs	—	1,268	153	1,421
Franchise and state taxes	—	—	183	183
Adjusted EBITDA	\$ 59,321	\$ 12,928	\$ (9,069)	\$ 63,180