# NEWMEDIA INVESTMENT GROUP

## Company Overview

*Second Quarter 2018*

# Disclaimers & Notes

**FORWARD-LOOKING STATEMENTS.** Certain items in this presentation may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including, but not limited to, statements regarding our ability to deliver on our investment thesis and execute on our operational strategy, the availability of future acquisitions and strategic opportunities, finding, pursuing and completing future acquisitions and strategic opportunities and the benefits associated with such opportunities, our ability to pay and continue to grow our dividend and deliver shareholder returns, our ability to realize the benefits of tax assets such as NOLS, diversifying our revenue streams away from traditional print media, our ability to leverage our local media assets to organically grow the business, including in our UpCurve, promotions and events and commercial printing businesses, our ability to generate same store revenue growth and organic same store revenue growth, including through UpCurve, GateHouse Live, Commercial Print, Promotions, Circulation Revenue and other stable and growing revenue categories, expected revenue trends, including targets for revenue growth, our ability to continue to grow As Adjusted EBITDA and Free Cash Flow, and our ability to manage and lower expenses and realize cost synergies. These statements are based on management's current expectations and beliefs and are subject to a number of trends and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements, many of which are beyond our control. New Media ("NEWM") can give no assurance that its expectations will be attained. Factors that could cause actual results to differ materially from New Media's expectations include, but are not limited to, continued declines in advertising and circulation revenues exceeding what we have seen in the past 12 months, economic conditions in the markets in which we operate, including natural disasters, tariffs and other factors affecting economic conditions generally, competition from other media companies, the possibility of insufficient interest in our digital and other businesses, technological developments in the media sector, an ability to source acquisition opportunities with an attractive risk-adjusted return profile, inadequate diligence of acquisition targets, and difficulties integrating and reducing expenses, including at our newly acquired businesses. Accordingly, you should not place undue reliance on any forward-looking statements contained in this Presentation. For a discussion of some of the risks and important factors that could cause actual results to differ from such forward-looking statements, see the risks and other factors detailed from time to time in the Company's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and other filings with the Securities and Exchange Commission which are available on the Company's website (www.newmediainv.com). In addition, new risks and uncertainties emerge from time to time, and it is not possible for the Company to predict or assess the impact of every factor that may cause its actual results to differ from those contained in any forward-looking statements. Such forward-looking statements speak only as of the date(s) indicated in this presentation. New Media expressly disclaims any obligation to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with regard thereto or change in events, conditions or circumstances on which any statement is based.

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**Same Store and Organic Same Store Revenues.** Same store results take into account material acquisitions and divestitures of the Company by adjusting prior year performance to include or exclude financial results as if the Company had owned or divested a business for the comparable period. The results of several acquisitions ("tuck-in acquisitions") were funded from the Company's available cash and not considered material. Organic same store revenues are same store revenues adjusted to remove non-material acquisitions and non-material divestitures, and to adjust for Commercial Print revenues that are now intercompany.

**Non-GAAP measures.** This presentation includes non-GAAP measures, such as Adjusted EBITDA, As Adjusted EBITDA, Free Cash Flow, gross leverage, and net leverage. See "Appendix" in this presentation for information regarding these non-GAAP measures, including reconciliations to the most directly comparable GAAP financial measure.

# Investment Highlights – Q2 2018 & Subsequent Events[1]

| | |
|---|---|
| *Continued Revenue Diversification* | ▪ Reported revenue was $388.8 million, an increase of 20.4% to prior year on a reported basis, and down 4.9% on an organic same store basis, excluding the $1.4 million impact of ASC Topic 606[2]<br>▪ Digital revenue grew 31.4% over prior year to $45.6 million, or 35.5% excluding the $1.4 million impact of ASC Topic 606[2]<br>▪ 58% of LTM revenue and 59% of Q2 revenue now comes from stable or growing revenue categories, up from 56% for FY 2017 and 52% for FY 2016[3] |
| *Continued Investment in Organic Growth* | ▪ UpCurve revenue of $24.0 million increased 38.8% vs. prior year, or 47.2% excluding the $1.4 million impact of ASC Topic 606[2]<br>▪ UpCurve revenue is now $82.1 million for the LTM period, representing 5.7% of NEWM total revenues<br>▪ GateHouse Live, our events business, increased revenue 68.2% compared to prior year to $7.7 million, while our Promotions business increased revenue 65.7% compared to prior year to $5.7 million |
| *Robust Acquisition Strategy* | ▪ Completed four acquisitions during the quarter for a total purchase price of $117.8 million at an average multiple within our stated range of 3.5x – 4.5x the Seller's LTM As Adjusted EBITDA<br>    ▪ Substantially all of the assets of the Austin, TX *American-Statesman*, Palm Beach, FL *Post* and *Daily News*, Akron, OH *Beacon Journal*, and Pueblo, CO *Chieftain*<br>▪ Completed the sale of all newspaper operating assets of GateHouse Media Alaska Holdings |
| *Secure Capital Structure* | ▪ Completed an equity offering that raised $110.6 million in net proceeds<br>▪ Liquidity, consisting of cash on the balance sheet and undrawn revolver as of July 1, 2018 of $113.3 million[4]<br>▪ As of July 1, 2018, net leverage was 1.9x |

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Refer to page 13 for footnotes.

# New Media Overview

*New Media supports small to mid-size communities by providing locally-focused print and digital content to its consumers and premier marketing and technology solutions to our small and medium business (SMB) partners*

## Community Focused Solutions

CONTENT

GATEHOUSE LIVE

EVENTS

LOCAL BUSINESS ACCESS

41M VISITORS & 310M PAGE VIEWS

1.9M PAID CIRCULATION

## SMB Solutions Provider

1,350+ IN-MARKET SALES REPRESENTATIVES

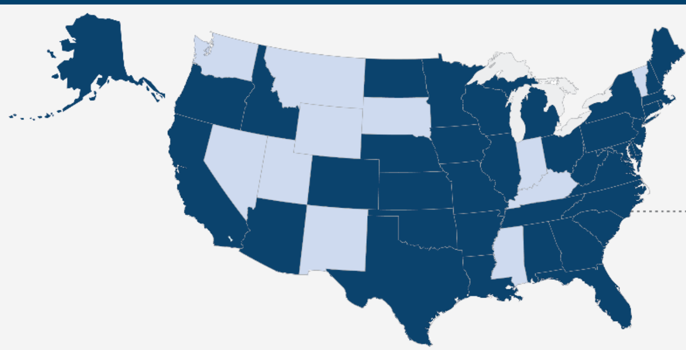
SERVES OVER 220K SMALL & MEDIUM BUSINESSES

upcurve

Google Partner

SAAS, DIGITAL MARKETING SERVICES, & IT SERVICES

## New Media Reach



OPERATE 145 DAILY NEWSPAPERS IN OVER 570 MARKETS ACROSS 37 STATES

REACH OVER 23 MILLION PEOPLE ON A WEEKLY BASIS

5+ MILLION SMALL & MEDIUM BUSINESSES IN OUR MARKETS

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**Note:** All figures are as of July 1, 2018. SMBs in our market based upon data from Hoover's using newspaper asset zip codes.

# New Media Investment Thesis

*Strong shareholder total return of 87.2% since inception and 50.5% over the last twelve months[(1)]*

*Strong and Consistent Cash Flow*

- Large and diversified portfolio of trusted local media brands, published on average for over 100 years
- LTM As Adjusted EBITDA of $177.4 million, which has grown over the past four years at a 19.9% CAGR, has strong LTM Free Cash Flow conversion at 75.2%[(2)]
- Over $220 million of NOLs to shield future cash flows[(3)]

*Commitment to Growth*

- Leveraging our strong local media assets to develop new growth opportunities, such as UpCurve, our SMB solutions platform, GateHouse Live, our events business, and Promotions
- Leveraging our local and regional print / distribution assets to grow commercial contracts from third parties in need of those services
- Continued execution on accretive, strategic acquisitions; we have demonstrated our fragmented and out of favor sector keeps purchase valuations low

*Return of Capital*

- Balanced capital allocation strategy, investing in organic and inorganic growth
- Dividend payer – increases for four consecutive years, up 37% since spin, currently $1.48 per annum[(4)]
- Stock repurchase program extended into May 2019 if needed

1) Source: CapIQ. NEWM's total return since inception calculated using a share price of $18.63 as of July 26, 2018, $12.80 as of February 14, 2014 and $5.33 dividends paid per share as of July 26, 2018. NEWM's total return over the last twelve months calculated using a share price of $18.63 as of July 26, 2018, $13.35 as of July 26, 2017 and $1.46 dividends paid per share during that time.
2) Free Cash Flow conversion calculated as LTM Free Cash Flow of $133.3 million divided by LTM As Adjusted EBITDA of $177.4 million. A reconciliation of non-GAAP measures is located in the appendix of the presentation.
3) Approximately $77 million of the NOLs are subject to IRC 382 limitations and, therefore, $17.0 million can be deducted annually. Approximately $146 million of the NOLs are unrestricted and available for immediate use, if necessary.
4) NEWM may not be able to pay dividends in accordance with our announced intent or at all. See "Disclaimers & Notes" at the beginning of the presentation.

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# Organic Growth Areas for 2018

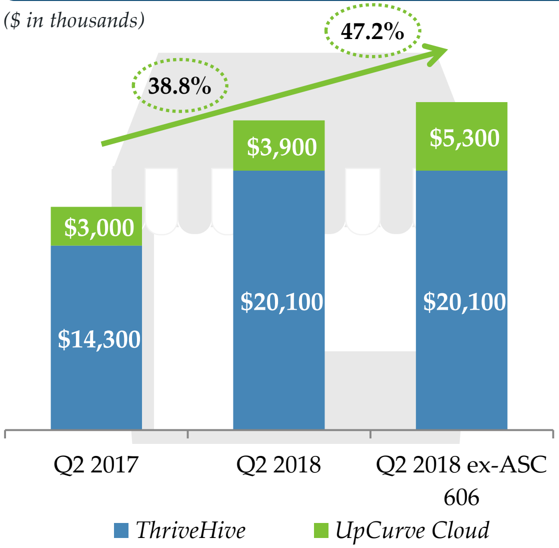
*Organic growth expected from several areas of investment in 2018*

| | Q2 2018 Revenue | Q2 2018 Revenue Growth Trend vs PY[1] | 2018 Revenue Growth Target[2] |
|---|---|---|---|
| GATEHOUSE LIVE | $7.7 million | +68.2% | **+35-45%** |
| upcurve | $24.0 million | +38.8%<br>Excl ASC Topic 606 +47.2% | **+30-40%** |
| *Promotions* | $5.7 million | +65.7% | **+20-30%** |
| *Commercial Printing* | $27.2 million | +11.0%[3] | **+3-5%[3]** |
| *Circulation* | $144.5 million | -2.1%[3] | **-1.0% - +1.0%[3]** |

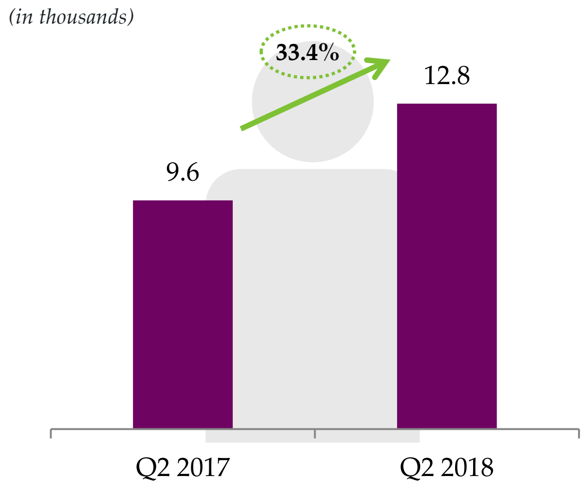
Refer to page 14 for footnotes.

# UpCurve – Business Solutions for Stronger Growth

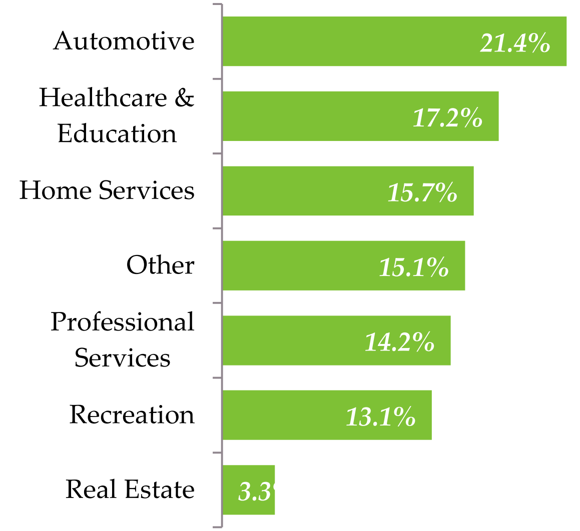
## UpCurve Total Revenues[1]




## ThriveHive Active Customers[1,2]




## ThriveHive Top Customer Verticals[1]




## UpCurve Cloud Highlights[3]

upcurve CLOUD

PREMIER Google Partner

SUGARCRM Elite PARTNER

GLOBAL PARTNER OF THE YEAR 2017

SUGARCRM GLOBAL PARTNER OF THE YEAR AND AN ELITE PARTNER

19,800+ SUGARCRM LICENSES

95,000+ GOOGLE LICENSES

LESS THAN 10% ANNUAL CHURN

OVER 65% RECURRING REVENUE

1) Revenue, active customers, and top customer verticals are rounded and are as of Q2 2018. UpCurve was formerly known as Propel Business Services and ThriveHive was formerly known as Propel Marketing.
2) Active customers excludes AdEnhance customers.
3) Licenses, annual churn, and recurring revenue data as of Q2 2018.

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# Recent Deal Activity – Q2 2018 and Subsequent Events(1)

- **Completed four acquisitions in Q2 for a total of $117.8 million at an average multiple within our stated range of 3.5x – 4.5x the Seller's LTM As Adjusted EBITDA**
- **The acquisition of the Pueblo, CO *Chieftain* closed on June 3, 2018 for $5.0 million**
  - Oldest, family-owned daily newspaper in Colorado
  - Serves all of southern Colorado – 27,000 daily circulation
- **Additional details for our other Q2 acquisitions were highlighted in our Q1 supplement and corresponding press releases**

**Q2 Acquisitions**

| New Media Acquisition | Date Closed | Purchase Price ($ in mms) |
|---|---|---|
| Austin American-Statesman | April 2, 2018 | $47.5 |
| PalmBeachPost & Palm Beach Daily News | May 1, 2018 | $49.25 |
| Akron Beacon Journal | May 11, 2018 | $16.0 |
| The Pueblo Chieftain | June 3, 2018 | $5.0 |
| **Q2 Acquisitions Total:** | | **$117.8** |

1) As of August 2, 2018.

# Historical Acquisition Review

Target **dominant providers of local news** in small to mid-size markets with established brands

**29**
Local media acquisitions completed to date[1]

**$1,009.6mm**
Total gross purchase price of acquisitions[2]

**4.1x**
Average LTM As Adjusted EBITDA[3]

Avg. unlevered yield[4]
**23%**

Avg. levered yield[5]
**28%**

**~$113.3mm**
Liquidity[6]

**Robust pipeline** for future acquisitions

| New Media Acquisition | Date Closed | Purchase Price[2] ($ in mms) |
|---|---|---|
| The Pueblo Chieftain | Q2 2018 | $5.0 |
| Akron Beacon Journal | Q2 2018 | $16.0 |
| PalmBeachPost & Palm Beach Daily News | Q2 2018 | $49.25 |
| Austin American-Statesman | Q2 2018 | $47.5 |
| Gardner, MA *News* | Q1 2018 | $0.3 |
| The Register-Guard | Q1 2018 | $14.3 |
| Holden, MA Landmark Corp. | Q1 2018 | $1.2 |
| 5 Transactions | 2017 | $161.9 |
| 8 Transactions | 2016 | $123.2 |
| 4 Transactions | 2015 | $434.7 |
| 5 Transactions | 2014 | $74.3 |
| 1 Transaction | 2013 | $82.0 |
| **Total Gross Purchase Price[2]** | | **$1,009.6** |

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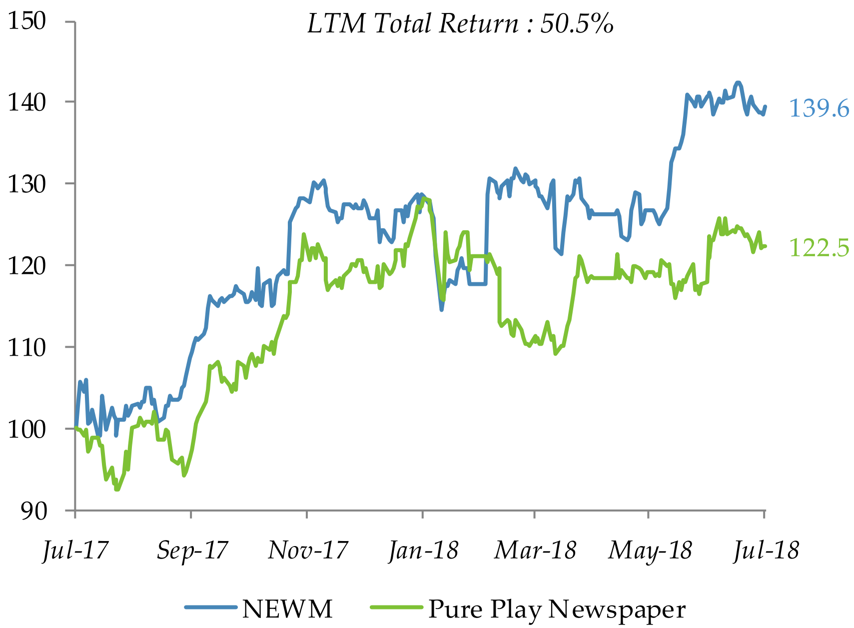
Refer to page 15 for footnotes.

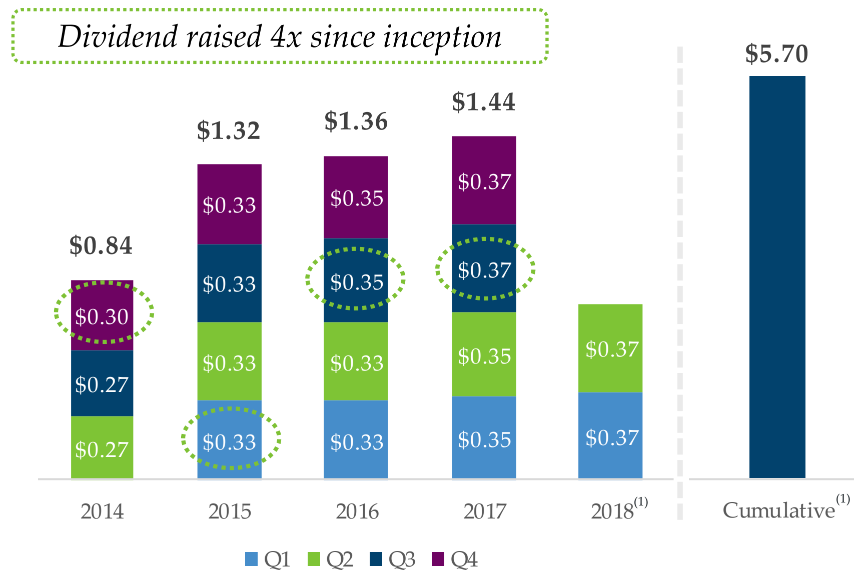
# Capital Structure Update

- **Completed an equity offering that raised $110.6 million in net proceeds**
- **Announced second quarter dividend of $0.37 per share, which annualizes to $1.48[1]**
  - NEWM dividend yield is at 7.9% vs 6.7% within our peer group[2]
- **NEWM share price outperformed its peers over the last twelve months**
  - New Media LTM total return of 50.5% versus peer group average of 25.6%[3]

## LTM Stock Performance vs. Peers




## Cumulative Common Dividend Since Spin-off[1]




Refer to page 16 for footnotes.

# *Q2 2018 Financial Overview*





# Q2 2018 Results and Non-GAAP Highlights(1)

- **Total revenues of $388.8 million were 20.4% ahead of prior year**
  - Organic same store revenue, adjusting for the $1.4 million impact of ASC Topic 606, decreased 4.9% vs the prior year
- **As Adjusted EBITDA of $48.8 million, up 12.7% to prior year**
- **Free Cash Flow of $35.7 million, up 6.0% to prior year**
- **Net income of $11.7 million, an increase of $33.4 million to prior year**

**GAAP Results**

| *($ in millions)* | *Q2 2018* |
|---|---|
| **Revenues** | **$ 388.8** |
| **Operating income** | **$ 23.3** |
| **Net income** | **$ 11.7** |

**Non-GAAP Actual Highlights(1)**

| *($ in millions)* | *Q2 2018* |
|---|---|
| **Revenues** | **$ 388.8** |
| *Traditional Print* | *$ 159.2* |
| *Digital* | *$ 45.6* |
| *Subscription & Other* | *$ 183.9* |
| **As Adjusted EBITDA** | **$ 48.8** |
| **Free Cash Flow** | **$ 35.7** |

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1) A reconciliation of non-GAAP highlights is located in the appendix of the presentation.

# Appendix


TRUMP: REPEAL OBAMACARE NOW, REPLACE LATER

RUGBY RUMBLE

StarNews

2 charged in Pender murder

Rip currents 101

Don't panic, don't overexert and swim parallel to shore


The Tuscaloosa News

Game Day

BLUE-COLLAR CRIMSON


RIVERS RISING AS STORM CLEANUP CONTINUES

Rockford Register Star

Simpson case's racial symbolism now a relic

A legacy of their own


Ocala StarBanner

HAPPY FATHER'S DAY!

Mentors help to guide fathers

LAST LAP

Barring a financial miracle, the CF pool will close later this year


CONSIDERING SELLING? TAKE IT FROM THE PROS

FIGHTING FOR HIS RIGHTS AND HIS LIFE

MORE THAN $212 IN SAVINGS, WITH DISCOUNTS

Herald-Tribune

RISING SEAS

Sea level rise is accelerating in Florida,

# Footnotes – Investment Highlights – Q2 2018 & Subsequent Events

1) As of August 2, 2018.

2) The Company adopted the FASB Accounting Standard Update, "Revenue from Contracts with Customers" – ASC Topic 606 regarding revenue recognition ("ASC Topic 606") on January 1, 2018 using a modified retrospective method. Therefore, past periods will not be adjusted, thus impacting comparability of figures to prior year.

3) Stable or growing categories include: Digital Advertising, UpCurve, Transactions & Other, Circulation, and Commercial Print, Distribution, Events & Other.

4) Consisting of cash on the balance sheet of $73.8 million and undrawn revolver of $39.5 million as of July 1, 2018.

# Footnotes – Organic Growth Areas for 2018

1) Growth rate from Q2 2017 to Q2 2018 calculated based on: GateHouse Live Q2 2018 reported revenue of $7.7mm and Q2 2017 reported revenue of $4.6mm, UpCurve Q2 2018 reported revenue of $24.0mm and Q2 2017 reported revenue of $17.3mm, if excluding ASC Topic 606, UpCurve Q2 2018 reported revenue is $25.4mm, Promotions Q2 2018 reported revenue of $5.7mm and Q2 2017 reported revenue of $3.4mm, Commercial Printing Q2 2018 organic same store revenue of $24.7mm and Q2 2017 organic same store revenue of $22.2mm, and Circulation Q2 2018 organic same store revenue of $107.3mm and Q2 2017 organic same store revenue of $109.7mm. Small discrepancies may exist due to rounding of revenue figures.

2) Revenue growth targets are based on management's current views and estimates. There can be no assurance of achieving any or all of the revenue targets, which are subject to a number of trends and uncertainties that could cause actual results to differ materially from the targets, many of which are beyond our control, including, but not limited to, our ability to execute on our planned sales strategies; with respect to GateHouse Live, cancellation of booked events; and with respect to Commercial Printing, our ability to realize revenue from contract wins. See "Disclaimers & Notes" at the beginning of the presentation.

3) Percentage based on organic same store performance. GateHouse Live, UpCurve and Promotions growth trends are calculated to prior year reported, as these are internally sponsored revenue initiatives not typically generated in acquisitions. Commercial Printing and Circulation growth trends are on an organic same store basis, as these items materially change based on the timing of acquisitions.

# Footnotes – Historical Acquisition Review

1) Excludes non local media acquisitions.

2) Purchase price excludes working capital, except for *The Columbus Dispatch* (closed in 2015) and the Times Publishing Company (closed in 2016).

3) Represents purchase price to average LTM As Adjusted EBITDA for 29 closed local media acquisitions.

4) Unlevered yield is calculated by subtracting capex and cash taxes from LTM As Adjusted EBITDA, and dividing the total into the total purchase price of the 29 closed local media acquisitions of $997.7 million. The calculation assumes an acquisition LTM As Adjusted EBITDA of $245 million, capex of 1% of revenue (assuming a 15% EBITDA margin), and cash taxes of $0.

5) Levered yield is calculated using the unlevered yield calculation described in footnote 4, and also subtracting debt payments for funding acquisitions from LTM As Adjusted EBITDA, and dividing the total into the cash portion of the total purchase price. The calculation uses the same assumptions as footnote 4, debt payments for funding acquisitions of $22.4 million (assuming a 8.22% rate on $273 million of debt) and the cash portion of the total purchase price of $724.7 million.

6) Consisting of cash on the balance sheet of $73.8 million and undrawn revolver of $39.5 million as of July 1, 2018.

# Footnotes – Capital Structure Update

1) NEWM may not be able to pay dividends in accordance with our announced intent or at all. See "Disclaimers and Notes" at the beginning of the presentation.

2) Source: CapIQ. Newspaper peers that currently pay a dividend are AHC and GCI. Average dividend yield is based on share prices as of July 26, 2018.

3) Source: CapIQ. NEWM's total return calculated using a share price of $18.63 as of July 26, 2018, $13.35 as of July 26, 2017 and $1.46 dividends paid per share during that time. Peer group average includes MNI, LEE, TRNC, GCI, and AHC. Peer group total return average calculated by using the following share prices as of July 26, 2018: MNI $10.00, LEE $3.15, TRNC $15.78, GCI $10.36, and AHC $4.45, the following share prices as of July 26, 2017: MNI $8.13, LEE $1.85, TRNC $13.09, GCI $9.04, and AHC $5.30, and a cumulative dividends paid per share of $0.64 for GCI and $0.46 for AHC from July 26, 2017 – July 26, 2018. Note AHC and GCI are the only peers that currently pay a dividend.

# New Media Diversified Revenue

| *($ in millions)* | Q2 2018 $ | Q2 2018 % |
|---|---|---|
| **Traditional Print** | | |
| *Local* | *$70.1* | *18.0%* |
| *Classified* | *$51.3* | *13.2%* |
| *Preprints* | *$37.9* | *9.7%* |
| **Total Traditional Revenue** | **$159.2** | **41.0%** |
| **Digital** | | |
| *Digital Advertising* | *$21.8* | *5.6%* |
| *UpCurve*[(1)] | *$24.0* | *6.2%* |
| *Transactions & Other* | *($0.2)* | *-0.1%* |
| **Total Digital Revenue** | **$45.6** | **11.7%** |
| **Subscription & Other** | | |
| *Circulation* | *$144.5* | *37.2%* |
| *Commercial Print, Distribution, Events & Other* | *$39.4* | *10.1%* |
| **Total Subscription & Other Revenue** | **$183.9** | **47.3%** |
| **Total Revenue** | **$388.8** | **100%** |

Note: Small discrepancies may exist due to rounding of revenue or percentage categories.
1) UpCurve was formerly reported as Propel Business Services.

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# Debt & Leverage Overview

| *($ in millions)* | Rate | Ending Balance as of July 1, 2018 |
|---|---|---|
| Term Loan B | Libor +6.25%, 1.0% floor | $408.3 |
| Revolver | Libor + 5.25% | $0.0 |
| Advantage debt | 2% Fixed | $8.0 |
| **Total Debt** | **8.22% Blended Rate** | **$416.3** |
| *Q2 2018 LTM As Adjusted EBITDA* | | *$177.4* |
| *Cash on the Balance Sheet* | | *$73.8* |
| *Gross Leverage Ratio(1)* | | *2.3x* |
| *Net Leverage Ratio(2)* | | *1.9x* |

1) Gross leverage ratio is calculated by dividing total debt by Q2 2018 LTM As Adjusted EBITDA.
2) Net leverage ratio is calculated by subtracting cash on the balance sheet from total debt, and dividing it by Q2 2018 LTM As Adjusted EBITDA.

# Condensed Consolidated Balance Sheets

| *(In thousands, except share data)* | July 1, 2018 | December 31, 2017 |
|---|---|---|
| **Assets** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 73,755 | $ 43,056 |
| Restricted cash | 3,106 | 3,106 |
| Accounts receivable, net of allowance for doubtful accounts of $7,217 and $5,998 at July 1, 2018 and December 31, 2017, respectively | 150,994 | 151,692 |
| Inventory | 24,853 | 18,654 |
| Prepaid expenses | 28,988 | 23,378 |
| Other current assets | 17,839 | 23,311 |
| Total current assets | 299,535 | 263,197 |
| Property, plant, and equipment, net of accumulated depreciation of $193,736 and $171,395 at July 1, 2018 and December 31, 2017, respectively | 356,287 | 373,123 |
| Goodwill | 288,432 | 236,555 |
| Intangible assets, net of accumulated amortization of $82,899 and $67,588 at July 1,2018 and December 31, 2017, respectively | 476,913 | 403,493 |
| Other assets | 8,890 | 7,178 |
| **Total assets** | **$ 1,430,057** | **$ 1,283,546** |
| **Liabilities and Stockholders' Equity** | | |
| Current liabilities: | | |
| Current portion of long-term debt | $ 12,124 | $ 2,716 |
| Accounts payable | 16,367 | 15,750 |
| Accrued expenses | 93,677 | 97,027 |
| Deferred revenue | 105,570 | 88,164 |
| Total current liabilities | 227,738 | 203,657 |
| Long-term liabilities: | | |
| Long-term debt | 396,053 | 357,195 |
| Deferred income taxes | 10,344 | 8,080 |
| Pension and other postretirement benefit obligations | 24,644 | 25,462 |
| Other long-term liabilities | 15,993 | 14,759 |
| Total liabilities | 674,772 | 609,153 |
| Stockholders' equity: | | |
| Common stock, $0.01 par value, 2,000,000,000 shares authorized; 60,486,837 shares issued and 60,293,003 shares outstanding at July 1, 2018; 53,367,853 shares issued and 53,226,881 shares outstanding at December 31, 2017 | 605 | 534 |
| Additional paid-in capital | 758,466 | 683,168 |
| Accumulated other comprehensive loss | (5,596) | (5,461) |
| Retained earnings (accumulated deficit) | 3,644 | (2,767) |
| Treasury stock, at cost, 193,834 and 140,972 shares at July 1, 2018 and December 31, 2017, respectively | (1,834) | (1,081) |
| Total stockholders' equity | 755,285 | 674,393 |
| **Total liabilities and stockholders' equity** | **$ 1,430,057** | **$ 1,283,546** |

# Unaudited Condensed Consolidated Income Statement

| *(In thousands, except per share data)* | Three months ended July 1, 2018 | Three months ended June 25, 2017 | Six months ended July 1, 2018 | Six months ended June 25, 2018 |
|---|---|---|---|---|
| Revenues: | | | | |
| Advertising | $ 187,609 | $ 167,381 | $ 350,868 | $ 322,946 |
| Circulation | 144,536 | 110,563 | 274,527 | 221,368 |
| Commercial printing and other | 56,657 | 44,929 | 104,172 | 86,083 |
| Total revenues | 388,802 | 322,873 | 729,567 | 630,397 |
| Operating costs and expenses: | | | | |
| Operating costs | 217,775 | 177,020 | 414,164 | 354,811 |
| Selling, general, and administrative | 126,837 | 106,661 | 245,656 | 212,863 |
| Depreciation and amortization | 19,935 | 18,760 | 39,182 | 36,364 |
| Integration and reorganization costs | 1,749 | 2,237 | 4,179 | 4,607 |
| Impairment of long-lived assets | - | - | - | 6,485 |
| Goodwill and mastheads impairment | - | 27,448 | - | 27,448 |
| Net gain on sale or disposal of assets | (808) | (2,634) | (3,979) | (2,546) |
| Operating income (loss) | 23,314 | (6,619) | 30,365 | (9,635) |
| Interest expense | 8,999 | 7,217 | 17,351 | 14,435 |
| Other income | (337) | (104) | (857) | (322) |
| Income (loss) before income taxes | 14,652 | (13,732) | 13,871 | (23,748) |
| Income tax expense | 2,946 | 7,955 | 2,830 | 1,624 |
| **Net income (loss)** | **$ 11,706** | **$ (21,687)** | **$ 11,041** | **$ (25,372)** |
| | | | | |
| Income (loss) per share: | | | | |
| Basic: | | | | |
| Net income (loss) | $ 0.20 | $ (0.41) | $ 0.20 | $ (0.48) |
| Diluted: | | | | |
| Net income (loss) | $ 0.20 | $ (0.41) | $ 0.20 | $ (0.48) |
| | | | | |
| Dividends declared per share | $ 0.37 | $ 0.35 | $ 0.74 | $ 0.70 |
| | | | | |
| **Comprehensive income (loss)** | **$ 11,774** | **$ (21,659)** | **$ 11,176** | **$ (25,316)** |

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# New Media Quarterly and Full Year Same Store and Organic Same Store Revenue

| *(In thousands)* | **3 months ended July 1, 2018** | **3 months ended June 25, 2017** | **$ Variance** | **% Variance** |
|---|---|---|---|---|
| ***Reported Revenues*** | **$388,802** | **$322,873** | **$65,928** | **20.4%** |
| *Revenue adjustment for material acquisitions / divestitures* | – | – | – | – |
| ***Same Store Revenue[1]*** | **$388,802** | **$322,873** | **$65,928** | **20.4%** |
| *Tuck-in Acquisitions[2]* | (85,044) | (1,982) | | |
| ***Organic Same Store Revenue, Total Company[3,4]*** | **$303,757** | **$320,891** | **($17,134)** | **-5.3%** |

| *(In thousands)* | **12 months ended July 1, 2018** | **12 months ended June 25, 2017** | **$ Variance** | **% Variance** |
|---|---|---|---|---|
| ***Reported Revenues*** | **$1,441,174** | **$1,270,819** | **$170,355** | **13.4%** |
| *Pro-forma adjustment for material acquisitions/divestitures* | – | – | – | – |
| ***Pro-forma Revenue[5]*** | **$1,441,174** | **$1,270,819** | **$170,355** | **13.4%** |
| *Tuck-in Acquisitions[2]* | (231,610) | (10,422) | | |
| *53rd week* | (19,438) | | | |
| ***Organic Same Store Revenue, Total Company[3]*** | **$1,190,127** | **$1,260,397** | **($70,271)** | **-5.6%** |

1) Same store revenues take into account material acquisitions and divestitures of the Company by adjusting prior year performance to include or exclude financial results as if the Company had owned or divested a business for the comparable period. The results of several acquisitions ("tuck-in acquisitions") were funded from the Company's available cash and not considered material.
2) Tuck-in acquisitions are adjusted for non-material acquisitions and non-material divestitures, and to adjust for Commercial Print revenues that are now intercompany.
3) Organic Same Store Revenues are same store revenues adjusted to remove non-material acquisitions and non-material divestitures, and to adjust for Commercial Print revenues that are now intercompany.
4) Revenue recognized during the three months ended July 1, 2018 was impacted by $1,447 as a result of applying the Accounting Standard Update to ASC Topic 606. For comparison purposes for the three months ended July 1, 2018 to the prior year quarter, Organic Same Store Revenues, after excluding the impact of the Accounting Standard Update to ASC Topic 606, would have resulted in a decline of 4.9%.
5) Pro-forma revenues assumes ownership of material acquisitions and divestitures for the entire period of time.

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# Non-GAAP Reconciliation

*A non-GAAP financial measure is generally defined as one that purports to measure historical or future financial performance, financial position or cash flows, but excludes or includes amounts that would not be so adjusted in the most comparable GAAP measure. This presentation includes non-GAAP measures used by New Media, such as Adjusted EBITDA, As Adjusted EBITDA, Free Cash Flow, gross leverage, and net leverage.*

*Adjusted EBITDA, As Adjusted EBITDA, Free Cash Flow, gross leverage, and net leverage are not measurements of financial performance under GAAP and should not be considered in isolation or as alternatives to income from operations, net income (loss), cash flow from continuing operating activities or any other measure of performance or liquidity derived in accordance with GAAP. These non-GAAP measures as calculated by New Media may differ from similar non-GAAP measures presented by other companies, so New Media's measure may not be comparable to such other measures. We strongly urge you not to rely on any single financial measure to evaluate any business.*

*New Media defines Adjusted EBITDA as net income (loss) from continuing operations before income tax expense (benefit), interest/financing expense, depreciation and amortization, and non-cash impairments. New Media defines As Adjusted EBITDA as Adjusted EBITDA before transaction and project costs, merger and acquisition related costs, integration and reorganization costs, gain/loss on sale or disposal of assets, non-cash items such as non-cash compensation, and Adjusted EBITDA from non-wholly owned subsidiaries. The Company defines Free Cash Flow as As Adjusted EBITDA less capital expenditures, cash taxes, interest paid, and pension payments.*

*We believe these non-GAAP measures, as defined above, are useful to investors for the following reasons:*

- *Evaluating performance and identifying trends in day-to-day performance because the items excluded have little or no significance on the Company's day-to-day operations; and*
- *Providing assessments of controllable expenses that afford management the ability to make decisions which are expected to facilitate meeting current financial goals as well as achieving optimal financial performance.*

*We use Adjusted EBITDA, As Adjusted EBITDA, Free Cash Flow, gross leverage, and net leverage as measures of our deployed revenue generating assets between periods on a consistent basis. We believe As Adjusted EBITDA and Free Cash Flow measure our financial performance and help identify operational factors that management can impact in the short term, mainly our operating cost structure and expenses. We exclude mergers and acquisition, transaction, and project related costs such as diligence activities and new financing related costs because they represent costs unrelated to the day-to-day operating performance of the business that management can impact in the short term. We consider the loss on early extinguishment of debt to be financing related costs associated with interest expense or amortization of financing fees, which by definition are excluded from Adjusted EBITDA. Such charges are incidental to, but not reflective of our day-to-day operating performance of the business that management can impact in the short term.*

*The following tables include a reconciliation of Adjusted EBITDA, As Adjusted EBITDA, and Free Cash Flow to income (loss) from continuing operations.*

# New Media Non-GAAP Reconciliation – Quarterly and Full Year[1]

| (In thousands) | 12 months ended July 1, 2018 | 3 months ended July 1, 2018 | 3 months ended June 25, 2017 | 3 months ended September 24, 2017 | 3 months ended December 31, 2017 | 3 months ended April 1, 2018 |
|---|---|---|---|---|---|---|
| ***Income (Loss) from continuing operations*** | $35,499 | $11,706 | ($21,687) | ($1,971) | $26,428 | ($665) |
| *Income Tax (benefit) expense* | $1,688 | 2,946 | 7,955 | 934 | (2,076) | (116) |
| *Interest Expense* | $33,392 | 8,999 | 7,217 | 7,848 | 8,193 | 8,352 |
| *Depreciation and amortization* | $77,212 | 19,935 | 18,760 | 18,257 | 19,773 | 19,247 |
| *Goodwill impairment* | - | - | 27,448 | - | - | - |
| *Impairment of long-term assets* | $657 | - | - | - | 657 | - |
| *Loss on extinguishment of Debt* | $4,767 | - | - | 4,767 | - | - |
| ***Adjusted EBITDA from continuing operations*** | **$153,214** | **$43,586** | **$39,693** | **$29,835** | **$52,975** | **$26,818** |
| *Non cash compensation and other expense* | $18,772 | 4,224 | 3,980 | 4,393 | 3,705 | 6,450 |
| *Integration and reorganization costs* | $8,475 | 1,749 | 2,237 | 2,210 | 2,086 | 2,430 |
| *(Gain)/loss on sale of assets* | ($3,082) | (808) | (2,634) | 686 | 211 | (3,171) |
| ***As Adjusted EBITDA - Actual Results*** | **$177,379** | **$48,751** | **$43,276** | **$37,124** | **$58,977** | **$32,527** |
| *Interest paid*[2] | ($30,145) | (8,652) | (6,507) | (6,896) | (6,917) | (7,680) |
| *Net capital expenditures* | ($11,307) | (3,112) | (2,424) | (2,382) | (3,884) | (1,929) |
| *Pension Payments* | ($2,070) | (615) | (455) | (926) | (160) | (369) |
| *Cash taxes* | ($515) | (699) | (223) | 387 | (203) | - |
| ***Free Cash Flow - Actual Results*** | **$133,343** | **$35,673** | **$33,667** | **$27,307** | **$47,814** | **$22,549** |
| | | | | | | |
| ***Weighted Average Shares Outstanding*** | | | | | | |
| *Basic Weighted Average Shares Outstanding* | *54,490* | *59,279* | | | | |

1) Small discrepancies may exist due to rounding.
2) Average interest paid for the three and six month period, respectively.

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