



SPANISH BROADCASTING SYSTEM, INC. REPORTS RESULTS FOR THE THIRD QUARTER 2020

- SBS' Q3 Revenues Rebound 93% from Q2 with Sequential Month-Over-Month Increases -

MIAMI, FLORIDA, November 30, 2020 – Spanish Broadcasting System, Inc. (the “Company”, “we”, “us”, or “SBS”) (OTC Pink: SBSAA) today reported financial results for the three- and nine- months ended September 30, 2020.

Financial Highlights

| (in thousands) | For the Three Months Ended September 30, | | | For the Nine Months Ended September 30, | | |
|---------------------------------|---|------------------|--------|--|-------------------|--------|
| | 2020 | 2019 | % | 2020 | 2019 | % |
| | | | Change | | | Change |
| Net revenue: | | | | | | |
| Radio | \$ 25,084 | \$ 32,493 | (23%) | \$ 70,323 | \$ 99,564 | (29%) |
| Television | 4,870 | 3,768 | 29% | 11,434 | 10,983 | 4% |
| Consolidated | <u>\$ 29,954</u> | <u>\$ 36,261</u> | (17%) | <u>\$ 81,757</u> | <u>\$ 110,547</u> | (26%) |
| Adjusted OIBDA*: | | | | | | |
| Radio OIBDA | \$ 9,569 | \$ 13,027 | (27%) | \$ 22,208 | \$ 38,573 | (42%) |
| Television OIBDA | 993 | 620 | 60% | 2,007 | 1,109 | 81% |
| Corporate Expenses | (2,127) | (2,959) | (28%) | (6,599) | (8,501) | (22%) |
| Consolidated | <u>\$ 8,435</u> | <u>\$ 10,688</u> | (21%) | <u>\$ 17,616</u> | <u>\$ 31,181</u> | (44%) |
| Adjusted OIBDA Margins*: | | | | | | |
| Radio | 38% | 40% | | 32% | 39% | |
| Television | 20% | 16% | | 18% | 10% | |
| Consolidated | 28% | 29% | | 22% | 28% | |

* Please refer to the Non-GAAP Financial Measures section for a definition of Adjusted OIBDA and a reconciliation from the most directly comparable GAAP financial measure.

Discussion and Results

“Our Company’s performance improved steadily during the third quarter as our asset portfolio delivered significant sequential gains in both revenues and Adjusted OIBDA”, commented Raúl Alarcón, Chairman and CEO.

“Management was successful in adapting to the challenges brought about by the pandemic, as reflected in the audience delivery and monetization results at all of our business units including radio, TV and online/ digital throughout 2020. This was most particularly demonstrated by this September’s consolidated revenue gains, which significantly bested last year’s pre-COVID September performance.”

“As during other difficult operating environments we’ve encountered in nearly four decades of operation, I’m proud of how the SBS team rose to this challenge, finding creative solutions to drive value and performance. At the same time, we have strengthened our commitment to helping Latino communities survive these precipitous times through the implementation of innovative news and informational programming and outreach initiatives.”

“Our cash and liquidity position remains sound as we continue to carefully focus on managing our costs so as to maintain our industry-leading metrics going forward and, as always, remaining singularly fixated on driving our strategic plan and connecting with Latino consumers in increasingly more profound, efficient and effective ways.”

Three Months Ended Results

For the three months ended September 30, 2020, we observed sequential month over month increases in advertising demand in both our radio and television segments despite the effects of the COVID-19 pandemic. Our third quarter 2020 revenue levels increased 93% compared to second quarter 2020. In addition, we have and continue to implement cost savings strategies to align our operating expenses with the current market conditions.

Our consolidated net revenues decreased \$6.3 million or 17% due to the net revenue decrease in our radio segment offset by an increase in our television segment.

- Our radio segment net revenue decreased \$7.4 million or 23% due to decreases in local sales and special events revenues, offset by an increase in national sales.
- Our television segment net revenue increased \$1.1 million or 29% due to increases primarily in local and national sales.

Consolidated Adjusted OIBDA, a non-GAAP measure, decreased \$2.3 million or 21% compared to the same prior year period.

- Our radio segment Adjusted OIBDA decreased \$3.5 million or 27%, primarily due to the decrease in net revenue of approximately \$7.4 million partially offset by a decrease in operating expenses of \$3.9 million. Radio station operating expenses decreased mainly due to lower compensation, commissions, professional fees, advertising and promotional costs and special event expenses partially offset by an increase in the allowance for doubtful accounts.
- Our television segment Adjusted OIBDA increased approximately \$0.4 million or 60%, due to the increase in net revenue of approximately \$1.1 million partially offset by an increase in operating expenses of \$0.7 million. Television station operating expenses increased approximately \$0.7 million primarily due to greater net programming costs, barter expense and the increase in the allowance for doubtful accounts partially offset by lower professional fees, compensation and other expenses.
- Our corporate expenses decreased \$0.8 million or 28% primarily due to decreases in compensation.

Operating income totaled \$6.6 million compared to \$7.7 million for the same prior year period, representing a decrease of approximately \$1.1 million or 15%. This decrease in operating income was primarily due to the decrease in net revenue partially offset by the decrease in operating expenses.

Nine Months Ended Results

For the nine months ended September 30, 2020, our business was significantly impacted by the COVID-19 pandemic as advertising demand weakened and live events were postponed. We have and continue to implement cost savings strategies to align our operating expenses with the current market conditions. Additionally, we received \$6.5 million of PPP proceeds that were directly used to offset and reduce employee related costs.

Our consolidated net revenues decreased \$28.8 million or 26% due to the net revenue decrease in our radio segment offset by an increase in our television segment.

- Our radio segment net revenue decreased \$29.3 million or 29% due to lower advertising and special events revenue streams.
- Our television segment net revenue increased \$0.5 million or 4% due to higher local and national sales, partially offset by decreases in sub-channel rental income and subscriber fees.

Consolidated Adjusted OIBDA, a non-GAAP measure, decreased \$13.6 million or 44% compared to the same prior year period.

- Our radio segment Adjusted OIBDA decreased \$16.4 million or 42%, primarily due to the decrease in net revenue of \$29.3 million which was partially offset by a decrease in operating expense of approximately \$12.9 million. Radio station operating expenses decreased mainly due to lower compensation, commissions, barter, special event expenses, advertising and promotional costs, professional fees and music license fees, partially offset by an increase in the allowance for doubtful accounts.
- Our television segment Adjusted OIBDA increased \$0.9 million or 81%, due to the increase in net revenue of \$0.5 million and a decrease in operating expenses of approximately \$0.4 million. Television station operating expenses decreased primarily due to lower professional fees and compensation expense partially offset by increases in net programming cost, the allowance for doubtful accounts, and barter expenses.

- Our corporate expenses, decreased \$1.9 million or 22% primarily due to lower compensation and travel related expenses, partially offset by an increase in D&O insurance premiums.

Operating income totaled \$0.2 million compared to \$21.3 million for the same prior year period, representing a decrease of \$21.1 million or 99%. This decrease in operating income was primarily due to the decrease in net revenue and an impairment charge, which was partially offset by decreases in operating expenses, executive severance expense, recapitalization costs and recognizing the gain from the sale of assets.

Third Quarter 2020 Conference Call

The Company will host a webcast to discuss its third quarter 2020 financial results on Wednesday, December 2, 2020 at 11:00 a.m. Eastern Time. The live webcast can be found on the Company's website at <http://www.spanishbroadcasting.com/webcasts-presentations>. A replay of the webcast will also be available at <http://www.spanishbroadcasting.com/webcasts-presentations> for fourteen days.

You may also access via teleconference by dialing 412-317-5441 ten minutes prior to its scheduled start time. There will also be a replay available through Wednesday, December 16, 2020 which can be accessed by dialing 877-344-7529 (U.S) or 412-317-0088 (Int'l), passcode: 10150088.

About Spanish Broadcasting System, Inc.

Spanish Broadcasting System, Inc. (SBS) owns and operates radio stations located in the top U.S. Hispanic markets of New York, Los Angeles, Miami, Chicago, San Francisco and Puerto Rico, airing the Tropical, Regional Mexican, Spanish Adult Contemporary, Top 40 and Urbano format genres. SBS also operates AIRE Radio Networks, a national radio platform of over 300 affiliated stations reaching 95% of the U.S. Hispanic audience. SBS also owns MegaTV, a network television operation with over-the-air, cable and satellite distribution and affiliates throughout the U.S. and Puerto Rico, produces a nationwide roster of live concerts and events, and owns a stable of digital properties, including [La Musica](#), a mobile app providing Latino-focused audio and video streaming content and HitzMaker, a new-talent destination for aspiring artists. For more information, visit us online at www.spanishbroadcasting.com.

Forward Looking Statements

This press release contains both historical and forward-looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. Spanish Broadcasting System, Inc. intends such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995, and includes this statement for purposes of such safe harbor provisions.

"Forward-looking" statements represent our expectations or beliefs, including, but not limited to, statements concerning our operations, economic performance, financial condition, our recapitalization plan and restructuring efforts, growth and acquisition strategies, investments and future operational plans. Without limiting the generality of the foregoing, words such as "may," "will," "expect," "believe," "anticipate," "intend," "forecast," "seek," "plan," "predict," "project," "could," "estimate," "might," "continue," "seeking" or the negative or other variations thereof or comparable terminology are intended to identify forward-looking statements. These statements, by their nature, involve substantial risks and uncertainties, certain of which are beyond our control.

We do not have any obligation to publicly update any forward-looking statements to reflect subsequent events or circumstances.

(Financial Tables Follow)

Contacts:

Analysts and Investors
José I. Molina
Chief Financial Officer
(305) 441-6901

Analysts, Investors or Media
Brad Edwards
The Plunkett Group
(212) 739-6740

Below are the Unaudited Condensed Consolidated Statements of Operations for the Three- and Nine- Months Ended September 30, 2020 and 2019.

| | For the Three Months Ended September 30, | | For the Nine Months Ended September 30, | |
|---|---|-----------|--|------------|
| | 2020 | 2019 | 2020 | 2019 |
| <i>Amounts in thousands, except per share amounts</i> | | | | |
| Net revenue | \$ 29,954 | \$ 36,261 | \$ 81,757 | \$ 110,547 |
| Station operating expenses | 19,392 | 22,614 | 57,542 | 70,865 |
| Corporate expenses | 2,128 | 2,961 | 6,603 | 8,510 |
| Depreciation and amortization | 782 | 899 | 2,482 | 2,671 |
| Loss (gain) on the disposal of assets, net | (133) | 131 | (3,310) | 92 |
| Recapitalization costs | 1,206 | 1,915 | 3,901 | 5,289 |
| Executive severance expenses | — | — | — | 1,844 |
| Impairment charges | — | — | 14,352 | — |
| Other operating expense (income) | — | 1 | (10) | (16) |
| Operating income | 6,579 | 7,740 | 197 | 21,292 |
| Interest expense, net | (7,867) | (7,807) | (23,698) | (23,419) |
| Dividends on Series B preferred stock classified as interest expense | (2,434) | (2,434) | (7,301) | (7,301) |
| Loss before income tax | (3,722) | (2,501) | (30,802) | (9,428) |
| Income tax expense (benefit) | 736 | (2,156) | (1,846) | (3,382) |
| Net loss | \$ (4,458) | \$ (345) | \$ (28,956) | \$ (6,046) |
| Net loss per common share: | | | | |
| Basic and diluted net loss per common share: | | | | |
| Class A and Class B common stock | \$ (0.61) | \$ (0.05) | \$ (3.94) | \$ (0.82) |
| Basic and diluted weighted average common shares outstanding: | | | | |
| Class A common stock | 4,242 | 4,242 | 4,242 | 4,242 |
| Class B common stock | 2,340 | 2,340 | 2,340 | 2,340 |

Non-GAAP Financial Measures

Adjusted Operating Income (Loss) before Depreciation and Amortization, Gain (loss) on the Disposal of Assets, Recapitalization Costs, Executive Severance Expenses, Impairment Charges and Other Operating Income (Expense) excluding non-cash stock-based compensation (“Adjusted OIBDA”) is not a measure of performance or liquidity determined in accordance with Generally Accepted Accounting Principles (“GAAP”) in the United States. However, we believe that this measure is useful in evaluating our performance because it reflects a measure of performance for our stations before considering costs and expenses related to our capital structure and dispositions. This measure is widely used in the broadcast industry to evaluate a company’s operating performance and is used by us for internal budgeting purposes and to evaluate the performance of our stations, segments, management and consolidated operations. However, this measure should not be considered in isolation or as a substitute for Operating Income, Net Income, Cash Flows from Operating Activities or any other measure used in determining our operating performance or liquidity that is calculated in accordance with GAAP. Adjusted OIBDA does not present station operating income as defined by our Indenture governing the Notes. In addition, because Adjusted OIBDA is not calculated in accordance with GAAP, it is not necessarily comparable to similarly titled measures used by other companies.

Included below are unaudited tables, in thousands, that reconcile Adjusted OIBDA to operating income (loss) for each segment and consolidated operating income (loss), which are the most directly comparable GAAP financial measures.

| | For the Three Months Ended September 30, 2020 | | | |
|--|---|--------------|------------|----------------|
| | Consolidated | Radio | Television | Corporate |
| Adjusted OIBDA | \$ 8,435 | 9,569 | 993 | (2,127) |
| <i>Less expenses excluded from Adjusted OIBDA but included in operating income (loss):</i> | | | | |
| Stock-based compensation | 1 | — | — | 1 |
| Depreciation and amortization | 782 | 366 | 352 | 64 |
| (Gain) loss on the disposal of assets, net | (133) | 67 | (200) | — |
| Recapitalization costs | 1,206 | — | — | 1,206 |
| Impairment charges | — | — | — | — |
| Other operating expense (income) | — | 102 | (102) | — |
| Operating Income (Loss) | \$ 6,579 | 9,034 | 943 | (3,398) |

| | For the Three Months Ended September 30, 2019 | | | |
|--|---|---------------|------------|----------------|
| | Consolidated | Radio | Television | Corporate |
| Adjusted OIBDA | \$ 10,688 | 13,027 | 620 | (2,959) |
| <i>Less expenses excluded from Adjusted OIBDA but included in operating income (loss):</i> | | | | |
| Stock-based compensation | 2 | — | — | 2 |
| Depreciation and amortization | 899 | 400 | 447 | 52 |
| Loss (gain) on the disposal of assets, net | 131 | (7) | 138 | — |
| Recapitalization costs | 1,915 | — | — | 1,915 |
| Other operating expense | 1 | 1 | — | — |
| Operating Income (Loss) | \$ 7,740 | 12,633 | 35 | (4,928) |

For the Nine Months Ended September 30, 2020

| | Consolidated | Radio | Television | Corporate |
|--|------------------|---------------|--------------|-----------------|
| Adjusted OIBDA | \$ 17,616 | 22,208 | 2,007 | (6,599) |
| <i>Less expenses excluded from Adjusted OIBDA but included in operating income (loss):</i> | | | | |
| Stock-based compensation | 4 | — | — | 4 |
| Depreciation and amortization | 2,482 | 1,253 | 1,045 | 184 |
| (Gain) loss on the disposal of assets, net | (3,310) | 68 | (3,378) | — |
| Recapitalization costs | 3,901 | — | — | 3,901 |
| Impairment charges | 14,352 | 14,352 | — | — |
| Other operating (income) expense | (10) | 92 | (102) | — |
| Operating (Loss) Income | \$ 197 | 6,443 | 4,442 | (10,688) |

For the Nine Months Ended September 30, 2019

| | Consolidated | Radio | Television | Corporate |
|--|------------------|---------------|--------------|-----------------|
| Adjusted OIBDA | \$ 31,181 | 38,573 | 1,109 | (8,501) |
| <i>Less expenses excluded from Adjusted OIBDA but included in operating income (loss):</i> | | | | |
| Stock-based compensation | 9 | — | — | 9 |
| Depreciation and amortization | 2,671 | 1,174 | 1,341 | 156 |
| Loss (gain) on the disposal of assets, net | 92 | (46) | 138 | — |
| Recapitalization costs | 5,289 | — | — | 5,289 |
| Executive severance expenses | 1,844 | — | — | 1,844 |
| Other operating income | (16) | (16) | — | — |
| Operating Income (Loss) | \$ 21,292 | 37,461 | (370) | (15,799) |

Unaudited Segment Data

We have two reportable segments: radio and television. The following summary table presents separate financial data for each of our operating segments:

| <i>Amounts in thousands</i> | For the Three Months Ended September 30, | | For the Nine Months Ended September 30, | |
|--|---|------------------|--|-------------------|
| | 2020 | 2019 | 2020 | 2019 |
| Net revenue: | | | | |
| Radio | \$ 25,084 | \$ 32,493 | \$ 70,323 | \$ 99,564 |
| Television | 4,870 | 3,768 | 11,434 | 10,983 |
| Consolidated | <u>\$ 29,954</u> | <u>\$ 36,261</u> | <u>\$ 81,757</u> | <u>\$ 110,547</u> |
| Engineering and programming expenses: | | | | |
| Radio | \$ 5,116 | \$ 5,688 | \$ 13,661 | \$ 16,370 |
| Television | 2,162 | 1,582 | 5,180 | 4,987 |
| Consolidated | <u>\$ 7,278</u> | <u>\$ 7,270</u> | <u>\$ 18,841</u> | <u>\$ 21,357</u> |
| Selling, general and administrative expenses: | | | | |
| Radio | \$ 10,399 | \$ 13,778 | \$ 34,454 | \$ 44,621 |
| Television | 1,715 | 1,566 | 4,247 | 4,887 |
| Consolidated | <u>\$ 12,114</u> | <u>\$ 15,344</u> | <u>\$ 38,701</u> | <u>\$ 49,508</u> |
| Corporate expenses: | | | | |
| | \$ 2,128 | \$ 2,961 | \$ 6,603 | \$ 8,510 |
| Depreciation and amortization: | | | | |
| Radio | \$ 366 | \$ 400 | \$ 1,253 | \$ 1,174 |
| Television | 352 | 447 | 1,045 | 1,341 |
| Corporate | 64 | 52 | 184 | 156 |
| Consolidated | <u>\$ 782</u> | <u>\$ 899</u> | <u>\$ 2,482</u> | <u>\$ 2,671</u> |
| (Gain) loss on the disposal of assets, net: | | | | |
| Radio | \$ 67 | \$ (7) | \$ 68 | \$ (46) |
| Television | (200) | 138 | (3,378) | 138 |
| Corporate | — | — | — | — |
| Consolidated | <u>\$ (133)</u> | <u>\$ 131</u> | <u>\$ (3,310)</u> | <u>\$ 92</u> |
| Recapitalization costs: | | | | |
| Radio | \$ — | \$ — | \$ — | \$ — |
| Television | — | — | — | — |
| Corporate | 1,206 | 1,915 | 3,901 | 5,289 |
| Consolidated | <u>\$ 1,206</u> | <u>\$ 1,915</u> | <u>\$ 3,901</u> | <u>\$ 5,289</u> |
| Executive severance expenses: | | | | |
| Radio | \$ — | \$ — | \$ — | \$ — |
| Television | — | — | — | — |
| Corporate | — | — | — | 1,844 |
| Consolidated | <u>\$ —</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ 1,844</u> |
| Impairment charges: | | | | |
| Radio | \$ — | \$ — | \$ 14,352 | \$ — |
| Television | — | — | — | — |
| Corporate | — | — | — | — |
| Consolidated | <u>\$ —</u> | <u>\$ —</u> | <u>\$ 14,352</u> | <u>\$ —</u> |
| Other operating expense (income): | | | | |
| Radio | \$ 102 | \$ 1 | \$ 92 | \$ (16) |
| Television | (102) | — | (102) | — |
| Corporate | — | — | — | — |
| Consolidated | <u>\$ —</u> | <u>\$ 1</u> | <u>\$ (10)</u> | <u>\$ (16)</u> |
| Operating income (loss): | | | | |
| Radio | \$ 9,034 | \$ 12,633 | \$ 6,443 | \$ 37,461 |
| Television | 943 | 35 | 4,442 | (370) |
| Corporate | (3,398) | (4,928) | (10,688) | (15,799) |
| Consolidated | <u>\$ 6,579</u> | <u>\$ 7,740</u> | <u>\$ 197</u> | <u>\$ 21,292</u> |