



BROADCASTING



DIGITAL



PUBLISHING

INVESTOR PRESENTATION

NASDAQ: SALM | December 2018



Safe Harbor

Certain statements in this presentation constitute “forward-looking statements” within the meaning of the private securities litigation reform act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the company to be materially different from any future results, performance or achievements expressed or implied by such “forward-looking statements.”

This presentation also contains “non-GAAP financial measures” within the meaning of regulation G, specifically station operating income and Adjusted EBITDA. In conformity with regulation G, information reconciling the non-GAAP financial measures included in this presentation to the most directly comparable financial measures prepared in accordance with generally accepted accounting principles is available on the investor relations portion of the company's website at www.Salemmedia.com, as part of the most current report on form 8-K and earnings release issued by Salem Media Group.

Diversified, Growth-Driven Multimedia Company

- **Salem Media Group** is a multi-media company targeting conservative and Christian audiences
- **Formed in 1986, IPO in 1999**, Headquartered in Camarillo, CA
- **We reach millions of consumers daily across the nation** through digital media, radio and publishing
- **Salem Media has one of the largest content libraries** with more than 100 highly-trafficked website properties and 116 radio stations featuring multiple high-profile talk show hosts
- **Strong financial model** characterized by recurring revenue, adjusted free cash flow and quarterly dividends (currently 9.3% yield)¹
- **Three reporting segments** highlighted by stable radio broadcasting revenue and growing digital business



116 Radio
Stations

SRN
Salem Radio Network



RedState



Daily Bible



BEARING ARMS Godtube.com



Bible Study
Tools



SALEM
BOOKS
an imprint of Regnery Publishing

1) As of December 4, 2018

Investment Highlights

Addressing Rapidly-Growing End Markets: Radio Broadcasting and Digital Media

- Immense weekly audience reaching over 268 million people, or 92% of Americans, on a weekly basis
- Third largest radio broadcaster in the top 25 U.S. markets
- Websites are a leading source for Christian and conservative content

Reliable and Predictable Net Income and Strong Free Cash Flow Generation

- LTM 9/18 net income of \$22.2 million, or \$0.85 per share
- LTM 9/18 free cash flow of \$18.7 million, or \$0.71 per share
 - Free cash flow yield of 25.3%¹

Strong History of Capital Returns to Shareholders

- Cash distribution of \$0.26 per share, yielding 9.3%¹
- 28 consecutive quarters of dividend distributions
- Distribution is characterized as a return of capital, a more favorable tax treatment

Significant Presence in Rapidly-Growing Digital Media Business

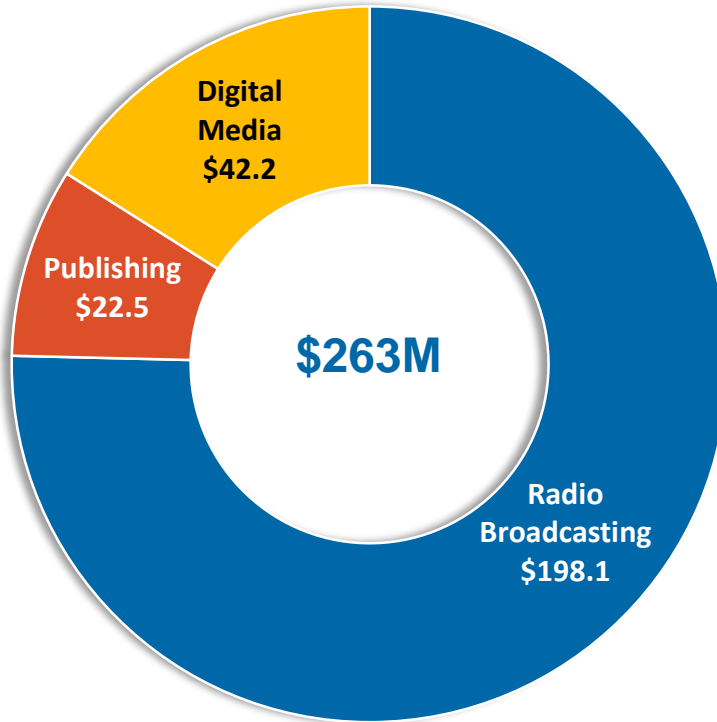
- Focused on the growth of local digital revenue with recent rollout of Salem Surround
- Strategically investing in R&D and acquisitions to foster growth in digital media

1) As of December 4, 2018

Our Integrated Multi-Media Approach

Revenue LTM

September 30, 2018



Dollars in millions



Broadcasting

- #1 in commercial Christian radio broadcasting
- 116 stations across 39 markets, with over 3,200 affiliates



Digital

- More than 150 million monthly page views across hundreds of website properties



Publishing

- Publish more than 2 million books annually
- Several high profile authors under contract

Balance Sheet & Dividends

Strong Dividend History

- **Currently 9.3% dividend yield¹**
- **Cash & cash equivalents intentionally held down to minimize cash interest**
 - \$30M revolving line of credit at LIBOR + 100bps
- **\$153M Federal NOs at December 31, 2017**

Select Balance Sheet Terms

<i>\$ Millions</i>	Sep 30, 2018	Dec 31, 2017
Cash & cash equivalents	0.0	0.0
Receivables	37.2	34.8
FCC Licenses	379.2	380.9
Total Assets	568.9	572.8
Debt	250.4	258.7
Total Liabilities	342.5	341.5
Total Stockholders' equity	226.5	231.3

1) As of December 4, 2018

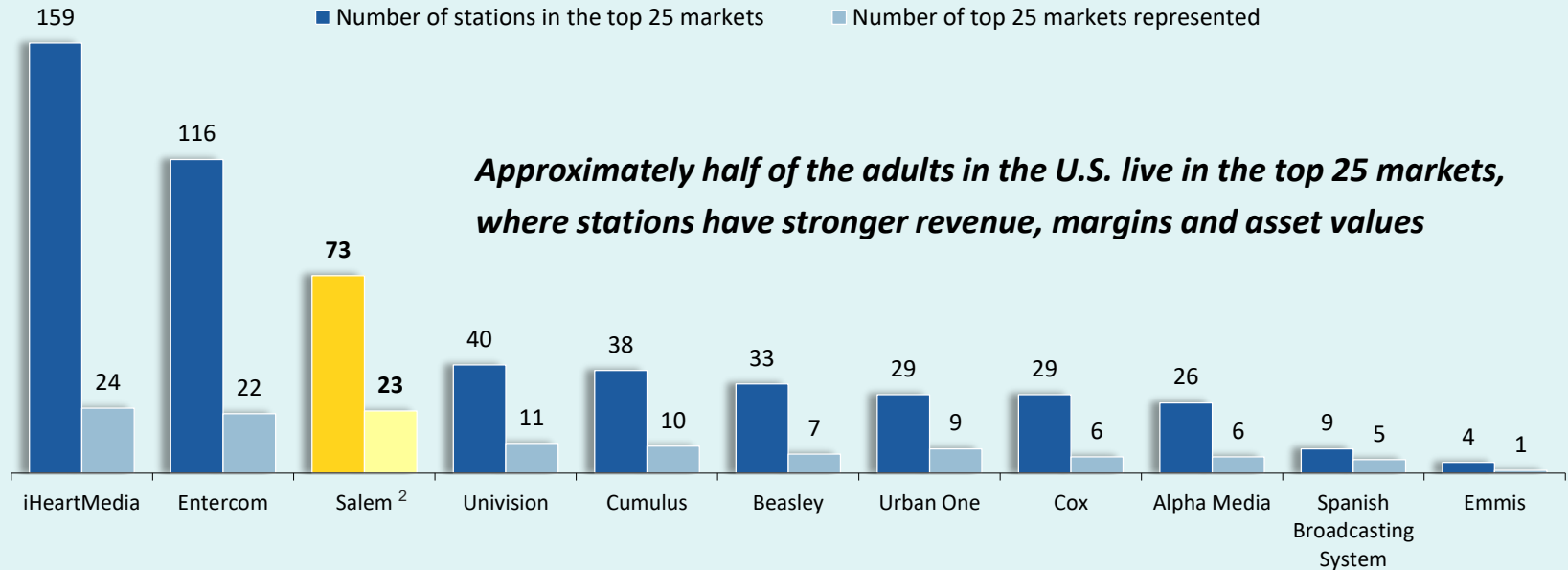
Third Largest Radio Broadcaster in Top 25 U.S. Markets

Broadcasting

Digital

Publishing

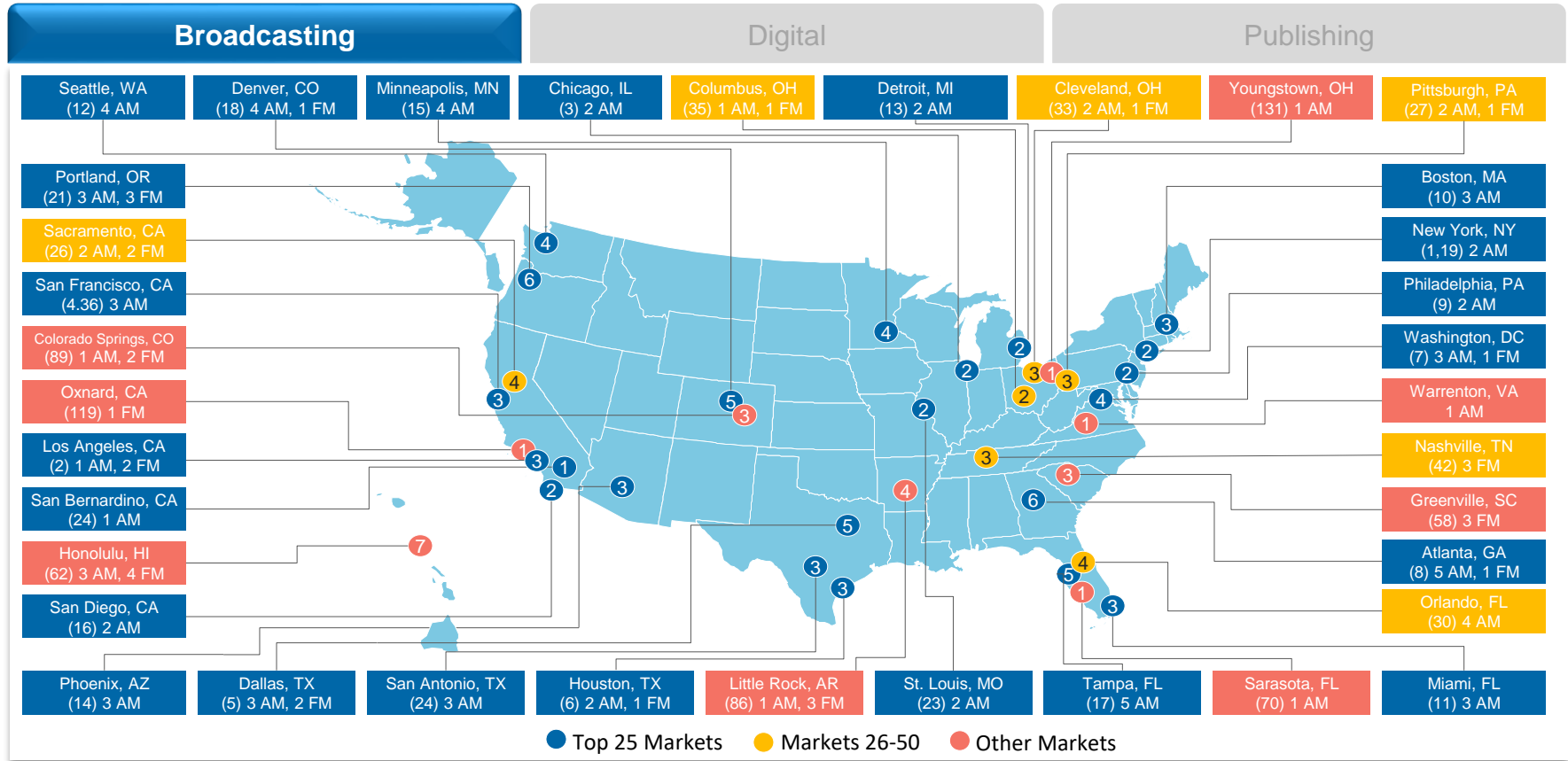
Ownership of Radio Stations Serving the Top 25 Markets¹



1) Source: BIA/Kelsey and company filings. Market ranking excludes Puerto Rico. As of May 2018.

2) Includes announced acquisitions, divestitures, and exchanges for Salem.

Geographically Diversified Portfolio



Source: Radio Market Survey Population, Rankings & Information – Fall 2018, published by The Nielsen Company. Market Ranking excludes Puerto Rico.

Three Strategic Radio Broadcasting Formats

Broadcasting

Digital

Publishing

Christian Teaching and Talk

39 Stations + Sirius XM
47% of radio revenue



Christian Music – The FISH®

13 Stations
23% of radio revenue



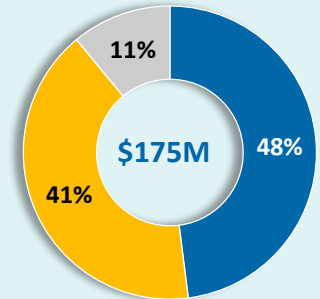
News Talk

33 Stations
22% of radio revenue



LTM September 2018 Radio Revenue

- Programming
- Advertising
- Other



Block Programming

- Programming time sold to national non-profit ministries and local churches
- **Higher margins** than traditional spot advertising
- **High renewal rates** exceeding 95% annually; 2.5-4.0% rate increases
- **Our top 10 programmers have averaged 30+ years on the air**
- Programming revenue comprises **48% of radio revenue** and **32% of total revenue**



INSIGHT FOR LIVING



truthforlife



FAMILYLIFE today™



Salem Radio Network: Serving Over 3,200 Affiliates

Broadcasting

Digital

Publishing



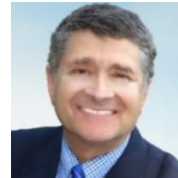
The Hugh
Hewitt Show



The Mike
Gallagher Show



The Dennis
Prager Show



The Michael
Medved Show



The Larry Elder
Show



The Joe Walsh
Show



The Eric
Metaxas Show

Number of Affiliates:

412

392

383

359

388

265

332



1,450
Affiliates



182
Affiliates



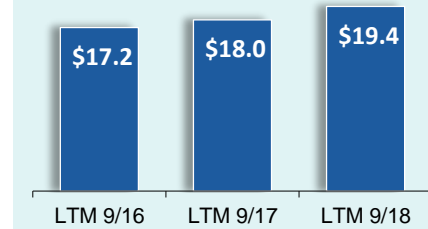
632
Affiliates



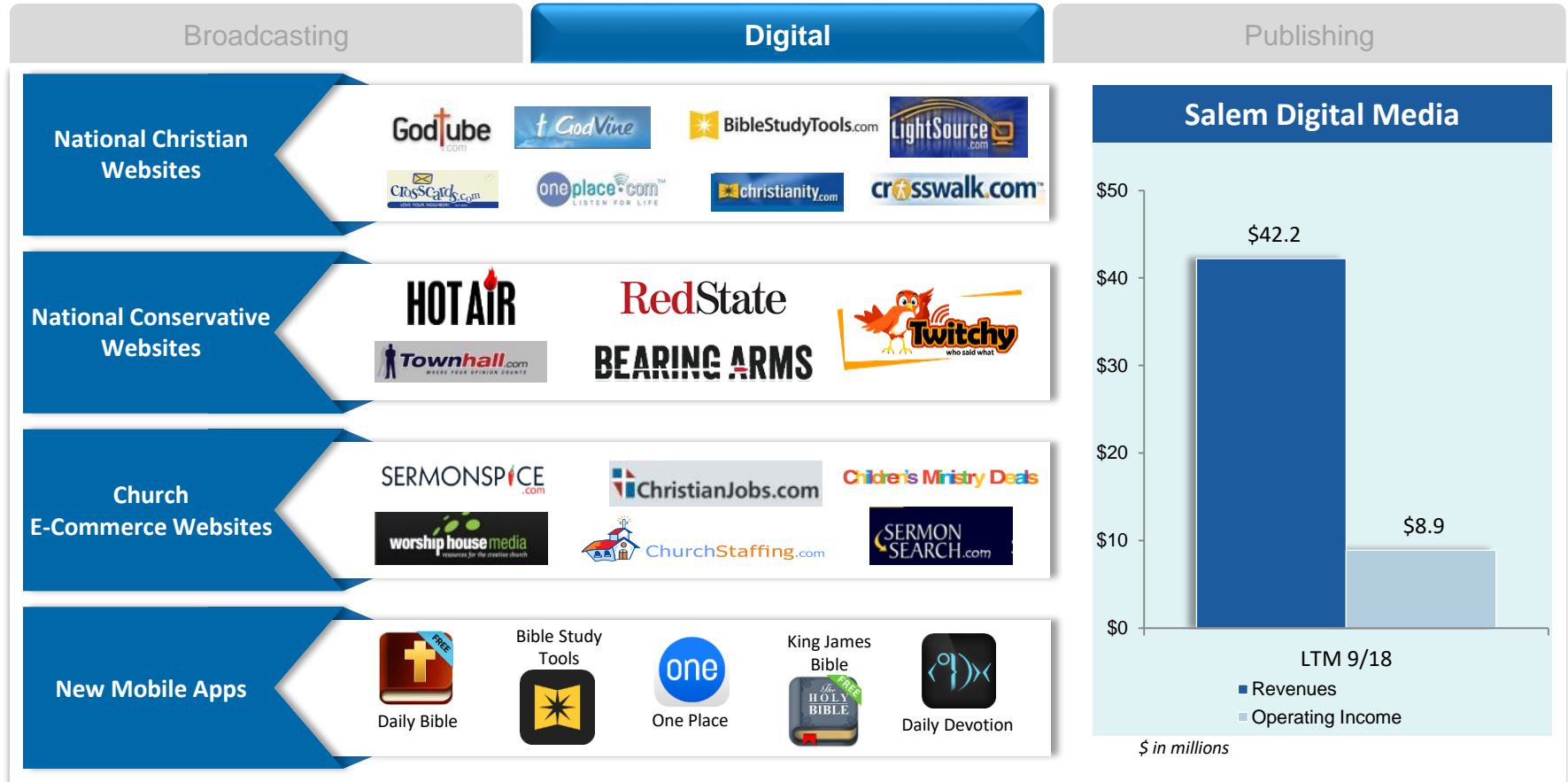
43
Affiliates

Network Revenue

\$ in millions



Our Integrated Multi-Media Approach



Strategically Investing In Growth Platforms

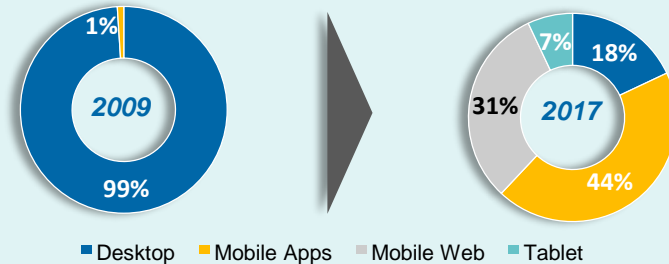
Broadcasting

Digital

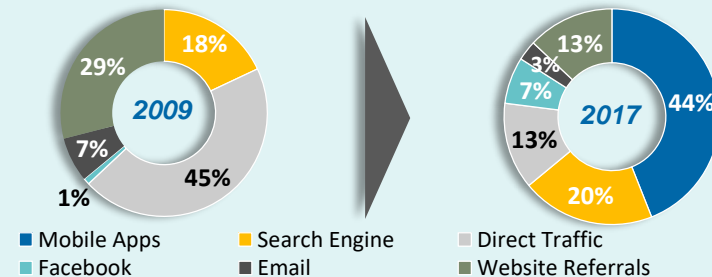
Publishing

- **We continue to invest in mobile and tablet platforms** given ongoing shift in consumer demand, including mobile apps
- Desktop now accounts for only 18% of page views vs. 99% in 2009
- **Diversified our traffic sources** to avoid reliance from any one provider
- **Largest source of traffic is now mobile**

Transitioned From Desktop to Mobile



Diversified Mix of Traffic Sources



Our Integrated Multi-Media Approach

Broadcasting

Digital

Publishing

More than 75 books on the NY Times Best Seller List

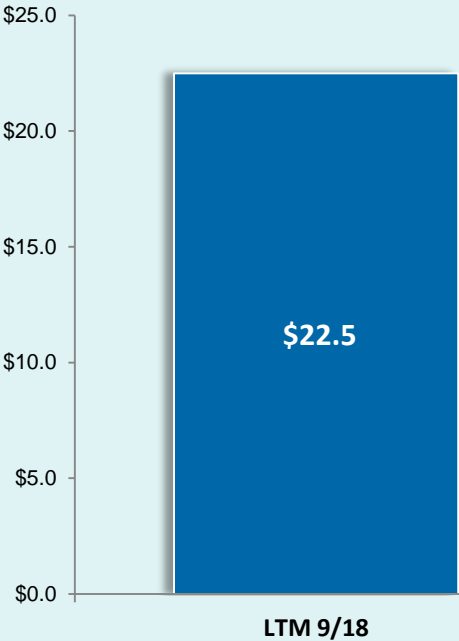
Salem Traditional Book Publishing



Salem Self-Publishing Services



Publishing Revenue



Why We Are Different

- Radio hosts drive listeners to websites
- Radio stations hold book signing events to grow book sales
- Pastor events promote digital resources
- Websites promote radio programs & books
- Cross-selling between radio & digital with larger advertisers



Where We Are Going

Broadcasting

- Launched Salem Surround a full-service nationwide multimedia advertising agency with locations in 33 markets



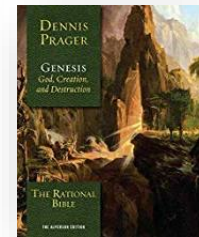
Digital

- Strong diversification of traffic sources positions us for sustainable growth
- Increase traffic to current sites through new mobile apps and cross promotion from our other media platforms
 - *Added 53 mobile apps 2015 – 2018*



Publishing

- Continue to attract highly sought-after authors
- Grow Salem Books imprint by signing high-profile Christian communicators



Key Takeaways



Salem Management Team



Edward G. Atsinger III

Chief Executive Officer,
Salem Co-Founder



Stuart W. Epperson

Chairman of the Board,
Salem Co-Founder



David Santrella

President, Broadcast Media
(with Salem since 2001)



David A. R. Evans

President, New Media
(with Salem since 2000)



Evan D. Masyr

Executive Vice President and CFO
(with Salem since 2000)



Christopher J. Henderson

Executive Vice President, Legal and Human
Resources, General Counsel, and Secretary
(with Salem since 2001)

AMERICA IS LISTENING



RADIO STATIONS

03

STRATEGIC FORMATS

- 39 Christian Teaching & Talk
- 33 News Talk
- 13 Contemporary Christian Music
- 10 Business Talk
- 7 Spanish Christian Teaching & Talk
- 2 Urban Gospel
- 8 Other Formats
- 4 Third-party Programming

MOBILE APPS

include: Daily Bible Devotions App (iOS and Android) • King James Bible App (Android) • Daily Bible App (Android) • Bible Study Tools App (iOS) • Christian Radio App (iOS and Android) • One Place App (iOS, Android, Roku and Amazon) • Light Source App (iOS, Android, Roku and Amazon) • ¡Citas y Mas Citas! (iOS) • Biblia Portuguese Bible FREE! • Bibliya Tagalog Bible LIBRE! (Google Play) • Japanese Bible • La Bibbia - Italian Bible FREE (Google Play) • La Biblia Reina Valera (de estudio en Espanol) (iOS) • Louis Segond French Bible FREE (Google Play) • Luther Bible German Bible FREE (Google Play) • Spanish Bible Reina Valera Android • Vietnamese Bible (FREE) (Google Play) • Vulgate Latin Bible FREE! (Google Play)

saalemmedia.com

116

RADIO STATIONS
NATIONWIDE

+

SATELLITE
RADIO

Our radio stations are
located in the top radio
markets nationwide.

3200+

RADIO STATIONS
NATIONWIDE

Extending our reach:
More than 3,200 radio
stations—in small,
medium and large
markets nationwide—
air Salem's news, talk
and music programming.

03

STRATEGIC
FORMATS

- Christian Teach & Talk
- News/Talk - The ANSWER
- Contemporary Christian Music

03

KEY DIVISIONS

- Broadcast
- Internet
- Publishing

**BOOK
PUBLISHING**

• **Regnery Publishing**
The nation's leading publisher
of conservative books for over
70 years. Has a track record of
publishing national bestsellers
and a wide range of successful
imprints including Salem Books
(Christian titles), Regnery Gateway,
Regnery History, Regnery Fiction,
and Regnery Kids.

• **Salem Author Services**
Publishes 2,000+ new authors
with more than 2 million copies
sold, each year. Provides a full
suite of services for independent
authors through industry leading
brands including Xulon Press,
the world's oldest and largest
Christian self-publisher; Mill City
Press and BookPrinting.com.

100+

WEB PROPERTIES
The largest faith-based
online audience.

**MILLIONS
OF PAGE VIEWS**

