



## ***2018 Annual Letter***

To our fellow shareholders:

I spoke with one of our investors on the phone recently and he asked, “Ed what did you do differently this year?” I verbally wiggled around for a moment, quickly tried to scan my memory banks for the “ah ha” idea of the year, and finally had to say, “On the grand scale, not much,” and then I felt a little ashamed.

A week or so later I was attending an event at the Florida Studio Theatre and listened to a speech from Richard Hopkins, the Producing Executive Director and CEO of the FST. In the decades that Richard has been at the helm, he has brought the FST from a very small venue, virtually a traveling company, with 108 season subscribers, to a campus of five professional theatres and has built a company with a season subscriber base of 36,000, which is the third largest in the US.

During his talk, one line jumped out at me. Richard said, “We have continued to focus on incremental improvements. Get just a little bit better every year, no matter how much money you don’t have, get just a little bit better every year. Find a way.”

Then I thought, “Well, we do that” and I didn’t feel so bad. Our goal is similar to that of FST, and then I remembered a great motto of a wonderful Swiss watch company, Vacheron Constantin. It is from a letter dated July 5, 1819 from its founder Francois Constantin, “Do better if possible, and that is always possible.”

Saga has been doing increments and becoming better for almost 33 years. We started with a few stations in three markets and now find ourselves with 113 radio stations plus 77 additional local signals that serve our markets.

The advertising industry is a little tight now but that doesn’t stop us from being better, just a little bit or more, if possible, each year.

We continue to pay dividends, we continue to be profitable, we continue to have a small amount of debt, with the possibility of us paying it off and still have a good amount of cash on hand for further expansion plus money for dividends and running the enterprise.

This is based on several premises. We do know that radio is a talent driven business. It is also an entertainment driven business. We never lose sight that remaining significant to the communities we serve is paramount. We, as the voice of the community, must be there in good times and bad times and during emergencies with reassurance, information and hope. Whether it is bad weather, bad news, or local events, we want to be the “go to” place to provide information and familiarity.

Unfortunately, in our industry we are seeing less and less of this from other providers. It does, however, work to our advantage and helps us with a great industry reputation for broadcast excellence.

We do continue to grow, but cautiously and in increments. Last year we were able to finalize the acquisition of WOGK and WYND, WNDD and WNDN serving Gainesville and Ocala plus The Villages and other areas in North Central Florida. These are well respected stations with high community regard and a history of broadcast dominance. They fit Saga very well.

We are still looking for others that provide upside potential and do not pose any risk to the format and the enterprise.

There is no question that it is getting a little dicey in the economy and we are well fortified.

Let me give you a quick review of last year:

Net Revenue increased 5.7% for the year to \$124.8 million. Free cash flow from continuing operations increased 12.1% to \$19.5 million. As of March 18, 2019, our total bank debt was \$15 million, and we had \$39.4 million in cash on hand. Including our most recent dividend which was paid on March 29, 2019 we have paid out over \$64 million in dividends since December 3, 2012. Also, during 2018 we repurchased about \$2 million of Saga stock.

Radio holds it own and the industry continues to have a large reach. Our secret sauce is real talent in real time and a continued emphasis on our interaction with the communities we serve. We must be, and will be, committed to top of mind awareness for local listeners. Saga people are so aware of this. You have our pledge for the right goals of service and entertainment and I sincerely thank you for your commitment to Saga Communications as shareholders and partners. As we do it right, we succeed and swell with pride for our passion.

*Always bear in mind that your own resolution to succeed is more important than any one thing. Abraham Lincoln (1809-1865)*

Sincerely,

A handwritten signature in black ink, appearing to read 'Ed Christian', with a stylized flourish at the end.

Ed Christian  
President/Chairman and CEO (for coming on 33 years)