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CAROLINE BEASLEY

It's a Family Tradition

Shortly after graduating from the University of North Carolina Chapel Hill in 1983 with a degree in business, Caroline Beasley began her career at Beasley Broadcast Group. She joined older brothers Bruce, President, and Brian, COO, in the business founded in 1961 by their father George.

THE INTERVIEW

Younger brother Brad is Market Manager of Beasley's

six-station Fort Myers, FL cluster. During her 34 years with the company, Ms. Beasley has served as Business Manager, Asst. Controller, Corporate Controller and EVP/CFO. She was named Interim CEO four months ago.

Country Aircheck: I first want to express our condolences on the recent loss of WQYK/Tampa morning personality Dave McKay. WQYK has been a part of Beasley for less than two years, but when you have a family business like yours, I know the loss is deeply felt.

Caroline Beasley: Thank you very much. As we were first learning of his passing I was listening to the station and heard all of these amazing calls from listeners. Their kind words about Dave were so moving; it was very, very special. You really felt the power of radio and that special connection people on the air have with their listeners. We saw that again during his services, which were attended by a large group of listeners.

It was also very touching to hear the artists calling in about Dave, and their compassion toward the station's loss. It reminded us what an amazing community country really is.

Beasley Broadcast Group has such a great story – a family that loves radio owning and operating radio stations. When did that love affair begin for you?

I've done a number of interviews over the past month, but want to share something that I haven't shared with others. My dad (company founder and Chairman George Beasley) has always had a passion for radio. When we were just small kids we would go on summer vacations, driving from North Carolina down to Florida. And we would literally stop along the road wherever he could find a radio station. He'd just go knock on the door and we would walk in the radio station just to see how one radio station operated versus another. Everyone was always so welcoming. And even at five or six years old I could feel how much people really loved what they were doing.

So, aside from growing up in the business, we spent our vacations visiting radio stations and I just naturally developed a passion for radio – one that continues to grow. That's how I got started down this career path; and there was never any question for me. I knew I wanted to go to college and work in the business and never thought about doing anything else.

You've spent your entire career on the business side. Did sales or programming ever come into play?

No, I majored in business in college and think I have the personality for being on the

business side. I'm serious – not that sales and programming are not serious – but I'm just very serious, very focused and very bottom-line oriented. My dad steered me into the business area, but that's what I like doing. It's my comfort zone, which is why it's just worked out well.

Musical parents might get one child to play the bass, one to play guitar, one to play keyboard and one to sing. Did your dad orchestrate different areas for each of the kids who were in the business? Operations for one, programming for another?

A little bit, yes. My dad and I were actually talking about that a few weeks ago – how interesting it was that he felt my brother Bruce's personality was more geared towards sales, so he kind of directed him into that area. Brian did a little of everything. Sales and operations are his area of expertise, if you will. Brad oversees Fort Myers, but he preferred the programming side and focused more in that area, although he also has experience in sales. I'm the more business-minded one – so I was steered toward that. My parents actually talked about this, looked at our personalities and said, "Well, I think Caroline would be better focusing on the business side and going in that direction."

What's your view of today's radio business?

Radio generates significant free cash flow and is a great business to be in. Revenues aren't growing as much as they used to, given all the competition in the marketplace. But because of the free cash flow and the margins that can be generated, it's a very good business. Of course, it's always important to keep in mind that we must continue to deliver good, local, entertaining content. That has to be our focus, because if it isn't, then the business side goes away.

How important is local to Beasley?

Very. We talked earlier about how listeners responded to Dave McKay's death. Developing deep connections with your listeners distinguishes radio from other content delivery businesses. We have a local, special connection. We're involved in the community. If something happens in our community, we are going to be there helping our listeners. That's what Beasley is about and that's what radio is about.



What are the challenges and pressures facing radio, including those that maybe weren't even on the radar years ago?

The beauty of radio is that we've been able to adapt and change to the needs and wants of our listeners and our advertisers. That has enabled radio to remain relevant. Over the last five to 10 years we've had to adapt and change to the digital age, and along with those changes come added costs. To remain relevant, we have to be on-air, online and mobile so that we're everywhere our listeners want us to be. It takes an investment to do that and you must do it. That's our

THE INTERVIEW

future, and there will be added investments we will have to make as the world changes. We know that. Digital isn't a big percentage of our business in terms of revenue right now, but it potentially can be.

In October of 2014, Beasley exchanged five stations in Philadelphia and Miami for 14 CBS radio stations in Tampa, Charlotte, and Philadelphia, strengthening your presence in Tampa and Charlotte. It's not quite been two years, but has it accomplished what you hoped?

Definitely. Before the swap we had two FMs in Philadelphia and two FMs and an AM in Miami. Almost 60 percent of our revenue and cash flow was very concentrated among three of those stations. The swap enabled us to diversify our revenue and cash flow streams so that today no more than 10 percent of our revenue or cash flow is generated from any one station. Our primary goal was to de-risk the company, if you will, and we've definitely achieved that. We also wanted to have full clusters in markets, which we now have in Tampa and Charlotte. The Greater Media deal was not in our vision at that time and so we didn't think there was a path for us to fully cluster in Miami or Philadelphia. So we chose to exit those markets in order to fully cluster in Charlotte and Tampa.

Beasley is acquiring Greater Media and its 21 stations in seven markets. You'll be in four new markets – Detroit, and New Jersey cities Middlesex, Morrison, and Monmouth. Three markets where the company has existing properties expand – Philadelphia, Boston and Charlotte. How does this fit into the overall company strategy?

Greater Media has been in business for 60 years, we've been in for 55 years. We both have passion for radio. The deal came about by reaching out to [Greater Media Chairman/CEO] Peter Smythe. We talked about the competitive environment we're in today and I asked what he thought a combined company would look like versus us continuing to operate separately. We thought a combined company was more than one plus one equals two. And we still believe that. As far as what that does for the company – Beasley is primarily located in the Southeastern US while Greater Media is primarily located in the Northeast – combining the two companies gives us tremendous reach along the Eastern seaboard, along with our very strong clusters in Las Vegas and Detroit.

Does the CBS swap and Greater Media acquisition signal a new, aggressive growth mode for Beasley?

I would caution that. I think it's strategic and a smart acquisition. Are we going to be out there just buying everything? No. We want to digest the Greater Media acquisition. We are looking to continue to grow, but we will grow smartly. We don't want to over-lever our balance sheet, so we will make strategic decisions. We want to grow but we will grow when and where it makes sense.

Two years ago Beasley owned 44 stations in 11 markets and now you have more than 70. That's a lot of growth in a short time. And some added debt, which seems to be the scourge of some of today's biggest broadcasters. How do you view debt and how do you operate to your standards with the added debt?

We've been able to significantly reduce debt over the last several years and our focus has been to strengthen our balance sheet. This enabled us to be in a position to acquire Greater Media. We are increasing our debt and leverage, but see a clear path to reducing it. If we didn't see an avenue for paying down this debt, we would not have done this deal. We're also using stock as currency, so it's not an all-debt deal, which means we're going to still be in a comfortable leverage situation. Our focus after closing on this deal will be to reduce debt and grow the cash flow. That's the mentality of all our employees, as we're a bottom line-focused company. Some companies are top-line focused, and yes, you have to grow revenue. But we're more bottom-line and margin focused.

We're not over-levering by buying these stations, and we believe that even with our intense focus on

de-levering, we will have enough assets and capital to be able to continue to reinvest in our product. Because, going back to the product, the content, we have to deliver good, local content. But we operate fairly conservatively and our focus is on our balance sheets. We feel pretty comfortable that we're going to be able to achieve the goals and to get the debt and leverage down near-term.

Over the long term, are you a buyer or seller?

We want to continue to expand and grow our company. We may look to grow in areas that are complementary to radio just to further diversify our revenue and cash flow streams. We don't have any plans to sell our company. We are a public company so if someone were to make an offer, we're required to take a look at that. But we're focused on operating, growing and protecting what we have.

One of the challenges in any acquisition is the integration of cultures. How would you describe Beasley's culture?

We have a family-owned culture. However, we are a publicly held company, so we have systems and controls in place that are required. When people think about Beasley they think about the family-owned company aspect. We like to hire the best people and we'd like for them to stay with us. Hiring and keeping the outstanding talent we have within our company is a priority.



“ We're successful as a company because of our employees. They work hard and this is their livelihood. I feel a responsibility to them because their success is our success. ”

Beasley owns some of Country's top stations, including WQYK/Tampa, WSOC/Charlotte, WKXC/Augusta, WKML/Fayetteville, NC and KCYE/Las Vegas. As you get a chance to look at Country revenue versus other formats, how is Country doing?

I like our Country stations because they do well. They generate significant cash flow and margin for our business.

Are you a Country fan?

I grew up on country music in North Carolina; that's pretty much what we listened to. I have to admit I strayed away from country and have listened more to Top 40 in recent years. But in the weeks since Dave's passing and hearing the music on 'QYK, I've started listening more and more to all

our Country stations. I like today's music and find myself gravitating back towards Country because of the music. It makes you feel good.

I understand you've had a few country artists at some of your corporate meetings.

Last year we had Steven Tyler at our general managers meeting and that was pretty special. Before Taylor Swift was a superstar she performed at one of our group meetings. I'm also on the BMI board and attended the BMI awards dinner in Nashville last year, which was quite amazing.

One of the reasons I love this format is the artists. They're down to earth, they're real people and they appreciate radio. Singers in other formats might not appreciate radio as much as country artists.

What's Beasley's corporate philosophy in working with local stations, both business and programming? How are those decisions handled on a corporate level as they filter down? How much autonomy is there locally?

Local managers and programmers know what our goals are, and we provide direction so they can achieve those goals. Justin Chase is our VP/Programming and he interacts with the PDs to discuss research, talent, ratings or promotions. Bruce and Brian oversee operations and work very closely with Justin. They also work with the Market Managers on a day-to-day basis. Everyone works together to ensure the goals we have set are being achieved.

You've been Interim CEO for almost five months now. What do you have to take into consideration in that role that you didn't have to as EVP/CFO?

From a big picture standpoint, we've always had our shareholders in mind, striving to deliver positive results for them. But today I feel more responsibility than ever to our employees. After the Greater Media deal closes we will have about 1,500, double what we have now. That's a lot, and I feel personally responsible for and to them. So my attitude has changed a little bit in that respect. I have to continue to think strategically, looking toward the future, at the same time making sure we continue to deliver good results for our shareholders. It's just a matter of stepping back and taking a different look at the big picture and all the responsibilities that go with that.

Can you elaborate?

We're successful as a company because of our employees. They work hard and this is their livelihood. I feel a responsibility to them because their success is our success.

I'm also more focused on making sure that, on the content side, Justin Chase has the assets he needs to deliver great ratings. We all spend a lot of time talking, asking if there's anything we should be doing that we are not doing. I want everyone to be thinking strategically, not reactively. These are a few of the things that probably, nine months ago, I might not have been thinking about as much as I do today.

With so many family members in the company, how can you tell the difference between board meetings and Thanksgiving dinner? Do you have any rules about letting business creep into occasions like holidays, weddings and birthdays?

(Laughing) Well, first, there aren't a lot of kids around the board meetings. We should have rules because undoubtedly every occasion that we get together, business is discussed – that's our life, right? We grew up in this industry and that's our passion, that's our love and that's what we talk about when we're together. We always talk about the business, how we can improve it and what we need to do. I do have to admit that sometimes the spouses find a separate room and just hang out.

Are the corporate roles very narrowly defined with family members, in particular?

The roles are very clearly defined at this point, and we all work together as a team. We have a common interest for our company to succeed and we work well together. I'm not going to say we don't disagree, because no one agrees on everything – especially siblings. But we're able to work through the disagreements with the common interest of the company being successful.

Judging by the deals you've made over the last two years, I imagine it's safe to assume Beasley is bullish on radio, despite there being more competition than ever for consumers' ears.

There is indeed more competition than ever. But as long as we stick to the basics and deliver good, entertaining, local content, and make sure our listeners are able to receive that in the format or form they want to receive it, I believe radio has a very bright future.

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