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PRE-RECORD OPENING SCRIPT

Operator: Good morning and welcome to Univision's Third Quarter 2017 Earnings Call.

I would now like to turn the call over to Adam Shippee, Head of Investor Relations and Senior Vice President, Corporate Business Development. Go ahead, Mr. Shippee.

Adam Shippee: Thank you and welcome, everyone. This morning, we issued an earnings press release, which along with our reporting package and a transcript of today's call will be on our I.R. website at investors.univision.net.

Some of the information discussed today will contain forward-looking statements. These statements involve risks and uncertainties, including those highlighted in our press release, that may cause actual results to differ materially from these statements. Univision is not obligated to update forward-looking information discussed on this call, except as may be required by law.

We will refer to Adjusted OIBDA in our prepared remarks as EBITDA. The press release provides definitions and how we determine our non-GAAP measures including core results, details on the differences between Adjusted OIBDA and Bank Credit Adjusted OIBDA, a reconciliation of OIBDA to net income or loss and other financial definitions, including how we determine information that is pro forma for acquisitions.

Unless we say otherwise, we are providing year-over-year comparisons, and for TV ratings, it is among Adults 18 to 49 in primetime.

With me today are Randy Falco, President and Chief Executive Officer, Frank Lopez-Balboa, Chief Financial Officer, and Peter Lori, Deputy Chief Financial Officer and Chief Accounting Officer. I will now turn the call over to Randy.

Randy Falco: Thank you, Adam, and good morning, everyone. I'm pleased to tell you about our quarter. As you can see from our financial results, we saw growth in revenue, net income grew to $104 million and core EBITDA grew 16% on a pro forma basis. We also remained focused on reducing our debt with a $721 million reduction in net debt year-to-date. We've achieved that debt reduction while still making investments in our business that position us well for the future.

Univision is a unique media asset. We have a special relationship with our audience, and that relationship has only gained strength with the recent events impacting our community. From natural disasters to the ongoing political debates having a direct impact on our audience, these are critical times for Hispanic America. And, our commitment to providing a trusted source of vital news and information for our loyal viewers has never been stronger.

I am very proud of how our company and audience have quickly come to the aide of those impacted by natural disasters in Houston, Puerto Rico, Florida, California and Mexico. Because of our large owned and operated station footprint, we have TV and radio stations and human touch points in the communities that matter most to our audience. Our employees were, and continue to be, on location in these communities to not only cover breaking news, but also to deliver the food and supplies that are needed at such a critical time.

We've also held several telethons and fundraisers benefiting all the natural disasters and raised millions of dollars to support the communities impacted. We are there for our audience 365 days a year and U.S. Hispanics know that we're the company, the brand and the partner that is their true advocate, fully dedicated to informing and empowering them.

We also continue to engage our audiences across entertainment and sports. For the 25th consecutive broadcast season, we finished as the #1 Spanish-language network, in addition to the #1 Spanish-language cable network, sports network and website. Our multi-platform portfolio of networks averaged an audience 73% higher than our closest Spanish-language competitor.

The Univision portfolio continues to be the #1 destination to reach U.S. Hispanics with scale. In regards to our entertainment content, we continue to work closely with Televisa on a multi-year process to enhance their pipeline of content, with the interests of U.S. Hispanic audiences as a primary focus. While the Televisa and Univision programming teams work together, we also continue to develop non-Televisa content at Story House, W Studios and Univision Studios to complement our Televisa pipeline.

In September, we leveraged programming from Story House and Univision Studios when we launched Mira Quien Baila, a live dancing series, and El Chapo Season 2 on Sunday nights. Since their premiere, we have seen a double-digit increase in audience on Sunday nights on the Univision Network. Starting in 2018, from W Studios we will launch La Piloto Season 2, which will be our first franchise that will return to primetime and run Monday through Friday. Going forward, we are very focused on building drama and comedy franchises that extend over multiple seasons both through Televisa content as well as through our own studios.

While we execute on our entertainment strategies, sports and news continue to fire on all cylinders. In July, our sports team completed the successful coverage of the Gold Cup soccer tournament. Our ratings were triple that of the ratings of the same matches on English-language broadcast and made Univision Deportes a top-five sports network regardless of language. Additionally, the tournament outperformed the Confederation Cup in June, which gave a preview of the potential negative impact time zones will have on World Cup ratings.

In the third quarter, UDN was up 50% with people 2+ and 53% with 18 to 49, making it the fastest-growing sports network in primetime. Additionally, across Univision, we aired 20 of the top 25 soccer matches in the third quarter, regardless of language. Univision has truly become the home of soccer in the United States.

In addition to our success with the Gold Cup in the quarter, we continue to invest in the leading soccer leagues, with a portfolio that includes UEFA, the U.S. and Mexican national teams, MLS, and Liga MX, the most watched soccer league in the United States, regardless of language. We are scheduled for over 700 live matches on Univision networks in 2017, and project that number to nearly double by 2019.

As I mentioned earlier in my remarks, news also continues to be a meaningful differentiator for Univision. In an environment where trusted news brands are at a premium, Univision News remains a beacon of truth for our audience. We have leading local news programs in top markets across the country, including markets such as Los Angeles and New York, and our national network news has ratings that are double that of our closet competitor over the ‘16-‘17 broadcast season. When something happens in our community, our audience continues to recognize Univision as a brand they can trust.

In addition to our focus on our linear assets, we’re also building our company for the future. It will be important to have video content that resonates with consumers across all platforms, including digital, direct-to-consumer and linear. We expect some content such as sports and news to translate well across all platforms and we will work to produce entertainment content, recognizing that consumption tastes may vary based on the demographics of users on different platforms.

Univision Now, our direct-to-consumer platform, is an important tool that gives us unique insights into the video consumption habits of an engaged portion of our audience. We are continuing to launch Univision Now originals and analyzing moving content between our linear and Univision Now platform. El Chapo 2 is an example of programming that performed well on Sunday nights on the Univision Network and is a top-five viewed program on Univision Now as consumers catch up on episodes. We expect to continue to make direct-to-consumer investments as we position the company for the future.

We also remain focused on building out our digital portfolio, which has seen recent gains. Univision.com uniques increased 21% to over 7 million, and video views increased nearly 71% year-over-year to over 600 million. Univision.com remains the #1 Spanish-language website for U.S. Hispanics, 20% larger than its nearest competitor.

Meanwhile, we continue to integrate the English-language digital acquisitions we made across the Fusion Media Group. We are building a 360-degree monetization model around leading digital media brands, such as The Onion, Deadspin, Jezebel, A.V. Club, Jalopnik, and The Root, among others. Five of these brands are within the top 20 youth-focused websites. The audience is young and has more 18 to 34 uniques with household incomes of $100,000+ than any of our competitors. Across the FMG portfolio more broadly, we have built one of the largest digital media companies with over 100 million monthly uniques.

In addition to their ability to expand our digital reach, FMG talent is being utilized to create linear content for the Fusion TV cable channel. Year-to-date, we've now launched both A.V. Club and Jalopnik shows on Fusion TV, including "Car vs. America," which launched in the third quarter. The Fusion team is also working to develop linear projects with Deadspin, The Root's Very Smart Brothas, and Gizmodo. Additionally, we are working to leverage e-commerce expertise from these assets across the rest of our portfolio.

In summary, I'm pleased with the financial and operational progress we made in the quarter. We continue to focus on improving the financial profile of the company through ongoing debt reduction efforts, while also investing to best position the company for the future. And with that, I'll hand the call over to Frank.

Frank Lopez-Balboa: Thank you, Randy, and good morning, everyone. I'm very pleased to highlight our third quarter financial results, as we saw growth across revenue, net income, EBITDA and cash from operating activities, while we continued our focus on improving our capital structure and reducing net debt.

Net income in the quarter increased to $104 million, partially due to an $11 million decrease in net interest expense. The third quarter 2016 also included a non-cash pre-tax impairment loss of $200 million primarily related to the write-down and broadcast licenses in the radio segment.

EBITDA grew nearly 7% to $340 million. Core EBITDA grew over 13%, and pro forma core EBITDA grew over 16% to $322 million.

Over the first three quarters, we reduced net debt by nearly $721 million, driven by net spectrum proceeds and cash from operating activities.

In the quarter, we amended and extended our AR facility at lower interest rates through 2022. And on October 13th, we redeemed $750 million aggregate principal amount of our highest cost debt, the 6 ¾ senior secured notes due 2022.

As a result of our continued focus on reducing debt and improving our capital structure, we have reduced our interest expense by nearly $55 million through the first three quarters of the year, and extended any significant maturities until 2022 and beyond.

Finally, over the first three quarters of the year, cash flows from operating activities have increased 6% to $371 million.

Now, let's go through the revenue components for the third quarter.

Total revenue increased approximately 6% to $778 million, partially driven by the Gold Cup soccer tournament. Core revenue increased nearly 4% and increased 1% on a pro forma basis to $725 million.

Advertising declined 1% to $471 million, and core advertising declined 7%. This was driven by weak scatter volume at the network and softness of the local television and radio businesses, compounded by the reduced local television and radio advertising due to the hurricanes that impacted the Houston, Miami and Puerto Rican markets. The Gold Cup contributed approximately $27 million of estimated incremental advertising to the quarter, and the acquisitions contributed to digital advertising. On a pro forma basis, advertising declined 9% to $433 million.

Non-advertising revenue increased nearly 19% to approximately $307 million. The growth was primarily driven by increases in subscriber fees and content licensing. The growth in sub fees was primarily due to distribution agreement renewals and contractual rate increases, as well as the consolidation of Fusion into the company’s financial results. The growth in non-advertising revenue was partially offset by a decline in other contractual revenue due to a one-time item that occurred in the third quarter of 2016. Core non-advertising revenue increased 25% and increased 20% on a pro forma basis to $292 million.

Switching to costs, direct OPEX related to programming excluding the PLA increased approximately $11 million to $163 million. The increase was primarily due to costs associated with the Gold Cup of $27 million and expenses of the acquired businesses. This is partially offset by a decrease in entertainment and news programming of $21 million. This decrease was driven by the mix of acquired and produced programming in our entertainment division and news costs associated with the political cycle last year. On a pro forma basis, direct OPEX related to programming excluding the PLA decreased approximately 5%.

PLA costs increased over 11% to $77 million driven by increases in revenue that I previously discussed.

And, SG&A increased 2% to $184 million. The increase was primarily driven by costs associated with the acquired businesses of $7 million, partially offset by lower employee costs. On a pro forma basis, SG&A decreased 2%.

Let me quickly summarize the performance of our segments before turning the call over for Q&A.

Our Media Networks segment total revenue increased approximately 8% to $714 million. The increase was primarily driven by estimated incremental advertising revenue, especially with the Gold Cup soccer tournament, increased sub fees, and was partially offset by declines in core network advertising revenue due to weak scatter volume and softness of local TV, partially driven by the impact of the hurricanes. Total core revenue increased 5% and 2% on a pro forma basis to $665 million.

Total revenue for Radio decreased approximately 9% to $65 million. Core revenue declined almost 11% to $61 million driven by declines in national, network and local advertising.

In summary, I'm pleased by the company's financial results in the third quarter and the strides we've made over the last year towards improving our capital structure and paying down debt. As we continue to work to reduce the interest expense that we pay, this accelerates our ability to further reduce debt and invest in the future of the company.

On the operational side, I'm also pleased that we exceeded our expectations with the results of the Gold Cup soccer tournament and are experiencing continued momentum in sports and news. I'd also like to echo Randy's comments on how proud I am of our teams across the company and how they've come to the aid of the communities in need as a result of the natural disasters. With that, I'll hand the call back over to Adam for questions.

Adam Shippee: Thanks, Frank. Operator, we are ready to begin the Q&A portion of the conference call. I want to remind you that we are in an SEC mandated quiet period, so we will only be able to take a limited amount of questions this morning. First question, please.

Operator: Our first question comes from Aaron Watts with Deutsche Bank.

Aaron Watts: Hey guys, thanks for having me on. Just a couple questions for me. Frank, it would be great to get your pacing outlook for fourth quarter across network, local T.V., digital and radio and maybe some of the key factors driving those pacings.

Frank Lopez-Balboa: OK. Good morning, Aaron. On pacing, we're going to have a difficult comparison versus last year, and let me describe that first before I get into the numbers. And it has to do with the calenderization of the broadcast season. In general, when we come out of the Upfront, on average over the past several years, we've generally booked about a quarter of the broadcast Upfront, give or take a couple percentage points in the fourth quarter. As we went to finalize the orders in late September, early October, a lot of the Upfront will be calendared in the first three quarters of the next year.

So the fourth quarter impact is weaker than what we had expected, and that's going to impact our pacing. So having said all that, our Media Networks are pacing down for core double digits, our radio is pacing down mid-single digits, and then our total core base is down double digits.

And, if we had the same pattern of the calendar for this quarter as we've had in the past, then that impact would be that we'd be pacing on a total company basis more like down mid-single digits.

Aaron Watts: OK, and so if I think about just the overall booking and the Upfront, that wasn't changing drastically, it was more – it seems like more of a timing issue, is that the right way to think about it?

Frank Lopez-Balboa: Correct.

Aaron Watts: Oh, OK, got it. And then one question on non-advertising revenue, you've had really solid growth rates there. Based on your latest round of deals, can you give your thoughts on that growth trend being able to continue, and perhaps touch on any update with regards to Verizon and Charter, and if there's any other large renewals we should be thinking about on the horizon.

Frank Lopez-Balboa: Well, we continue to be optimistic in our rate increases, and we saw that this year, and we will continue to see that in the next several years. Really can't comment specifically on Charter, we're still in litigation, although summary judgments have been moved out to November 30th and that is all I can say there. And on Verizon, really nothing to comment, we're in discussions and hope to be back on the air soon.

Aaron Watts: OK, maybe just one last one, there were some recent leadership changes announced at Televisa, from where you sit, any impact on Univision from those personnel changes and any change you're aware of in how Televisa is thinking about their ownership of Univision?

Randy Falco: Hi Aaron, it's Randy. No real change, Emilio is moving on, as you know, to be the Chairman, so he'll stay with us, and we'll get the benefit of his 20 years of being at Televisa.

We're very excited about Alfonso and Bernardo being the co-CEOs. We've worked with them very well over the last several years, we're very close to them, and so as far as we're concerned, this is all very positive for both Televisa and Univision.

Aaron Watts: OK, great, thanks for the time.

Operator: Again, ladies and gentlemen, for audio questions, please press * followed by 1 on your touchtone phones at this time. That's *1. Our next question comes from Davis Herbert with Wells Fargo.

Davis Herbert: Hi, everyone, thanks for taking the questions. I wanted to look at – focus a little bit on the core ad sales decline in the quarter, I wonder if you could help us – if you can break that up a little bit.

You mentioned a few things, a weak scatter, then local TV, and the hurricane impact, so I wonder if you could help us triangulate the kind of goings on in the quarter from that perspective.

Frank Lopez-Balboa: Sure. Let me break it up between the network and the local TV in the categories, which I think is what you're probably asking. In the network, in the third quarter, the categories which were weak for us, so weaker compared to last year, were in the media area and then the pharma area and that was on a core basis. But if you remember we had the Gold Cup and we did have solid performance in certain sectors like the automotive, which was weaker in the first half of the year, and they booked a lot of their dollars in the third quarter.

For local TV, the categories which were weak for us were in the automotive area, and it shouldn't come as a surprise, retail's under pressure, and so that affects our local business, as well as the food category, the restaurant category.

And if you look at pacing in the fourth quarter, we continue to see weakness in the retail and the media sectors. With regard to the hurricanes, fortunately we're back up and running in all of our markets with the exception of Puerto Rico, which is very challenged, that did affect third quarter results. The economic impact of that was something less than $10 million, but significant for those local markets.

Davis Herbert: OK, that's helpful. And you touched on some of the trends you're seeing in non-ad revenue and wanted to ask a couple of follow ups on that.

There has been a lot of focus on cord-cutting, so I'm just curious in your subscriber base if you're seeing meaningful shifts from traditional MVPD's over to the virtual, the virtual distributors whether that is YouTube TV or Sling or something to that degree?

And then secondly I think you signed a new deal with Entravision so I'm just wondering if that deal was more positive for Univision relative to the old agreement.

Frank Lopez-Balboa: OK, so first on subs you know we are in a fortunate position that we have strong and a limited number of stations to be carried and that is different than other companies out there, which may be more effected by cord-cutting than us.

Now having said that, whenever there is cord-cutting, it does impact us. Sequentially, I would say from a sub basis we did have a slight decline versus last quarter and a little bit more than that on a year-to-year basis, but we are not going to be immune to that, but again fortunately as we go into negotiations, we're dealing with a different package of networks.

With regard to Entravision, they are a long-standing partner, we're delighted with the relationship that they have with us and vice versa, and it was a deal that was a fair deal for both of us. And they are important to us, they have 53 affiliates with us across 24 markets and we work very well together, so this was a win-win as far as I'm concerned.

Davis Herbert: OK that's helpful and then the last question, political seems to be surprising to the upside, to us at least. I'm just curious what's kind of propping up that revenue line in a non-election year?

Frank Lopez-Balboa: Right. So unlike some of the other local broadcasters, that line for us is political and advocacy, and I think a lot of the other local companies just break out political and include advocacy in their numbers so that makes sense. What that really is are advocacy dollars in the different markets that we operate in.

And then we'll get some more political money in the fourth quarter, and also as a reminder, last year was a fairly big year for political and advocacy for us because of the elections, so that is something to take into account when we look at comparisons for the fourth quarter.

Davis Herbert: OK, that's helpful. And then last question on the balance sheet, after taking out the 6 ¾, or a portion of them, any interest in refinancing that last sub piece? How active will you be on attacking that?

Frank Lopez-Balboa: Well look, as you can tell, for the past couple of years, we've been in a deleveraging mode and we continue to generate a lot of strong cash flow and have been very consistent. That's been our priority of the company, while at the same time, making smart investments to grow the company. So there's nothing on the horizon, and I would expect with strong cash flow, our debt will continue to decline.

Davis Herbert: OK, thanks very much.

Adam Shippee: OK, thanks Davis. That's the last question that we can take today. The I.R. team is available for any additional follow up questions after the call. Thanks everyone for joining us, and have a great day.

Operator: Ladies and gentlemen, this will conclude today's conference call. You may now disconnect your lines.

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