

July 27, 2023

VIA EDGAR TRANSMISSION
Division of Corporation Finance
Office of Technology
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549
Attention: Kathryn Jacobson and Robert Littlepage

Re: Saga Communications Inc.
Form 10-K for the Year Ended December 31, 2022
Filed March 16, 2023
8-K filed May 3, 2023
File No. 001-11588

Dear Ms. Jacobson and Mr. Littlepage:

On behalf of Saga Communications, Inc. (“Saga”), this letter responds to your letter dated July 19, 2023. Saga understands that the purpose of the SEC’s review process is to assist Saga in its compliance with the applicable disclosure requirements and to enhance the overall disclosure in Saga’s filings.

For your convenience, Saga’s response tracks the items identified in your letter and is set forth in italics.

Form 8-K filed May 3, 2023

Selected Consolidated Financial Data
For the Three Months Ended March 31, 2023 and March 31, 2022, page 3

1. We noted your response to prior comment 2. Please clarify your statement that you do not view “Amount available for dividends or other corporate purposes” as a liquidity or performance measure and tell us why you believe each of the reconciling items is appropriate to arrive at a non-GAAP measure for which the most directly comparable GAAP measure is Cash flows from operating activities. In addition, tell us how you considered Question 102.07 of the C&DI on Non-GAAP Financial Measures as it does not appear that you should imply that this measure represents the residual cash flow available for discretionary expenditures.

Upon further review of Question 102.07 of the C&DI on Non-GAAP Financial Measures, we have determined that we are no longer going to include the non-GAAP measure “Amount available for dividends or other corporate purposes” or the previously disclosed “Free Cash Flow” in any future SEC filings including earnings and dividend releases or discussed on any earnings calls. Rather, we are going to include a statement of cash flows in our Selected Consolidated Financial Data and revise our Selected Supplemental Data table to include Other Financial Data, which consists of GAAP numbers from elsewhere within the financial statements. The Other Financial Data will allow our shareholders to track our calculation of variable dividends in accordance with our variable dividend policy when and if they are announced. We have provided a draft press release as Exhibit A to this document for your reference and review.

As stated in your letter, Saga acknowledges that:

- after reviewing our response to your comments, you may have additional comments; and
- Saga and its management are responsible for the accuracy and adequacy of our disclosures, notwithstanding any review, comments, action or absence of action by the staff.

If you have any questions concerning the foregoing, please do not hesitate to contact Mr. Samuel D. Bush, Chief Financial Officer of Saga via phone at 313.886.7070 or via email at sbush@sagacom.com.

Very truly yours,

/s/ Bradley J. Wyatt

Bradley J. Wyatt

Cc: Christopher S. Forgy, President and Chief Executive Officer
Timothy J. Clark, Finance and Audit Committee Chairmen

Exhibit A



Saga Communications, Inc.
Reports 1st Quarter 2023 Results

Contact:
Samuel D. Bush
(313) 886-7070

Grosse Pointe Farms, MI –May 3, 2023 – Saga Communications, Inc. (Nasdaq - SGA) (the “Company” or “Saga”) today reported that net revenue increased 1.3% to \$25.3 million for the quarter ended March 31, 2023 compared to \$25.0 million for the same period last year. Station operating expense increased \$1.1 million for the quarter to \$21.7 million compared to the same period last year. A significant part of the increase in station operating expense for the quarter was due to a \$272 thousand increase in our self-insured health care costs and a \$446 thousand increase in employee compensation including payroll taxes at the station level. After a number of years of holding the Company’s compensation expenses flat, we decided that adjustments in our employee compensation were warranted in consideration of the economic times and inflationary environment. For the quarter, operating income was \$905 thousand compared to \$1.7 million and station operating income (a non-GAAP financial measure) decreased \$770 thousand to \$4.8 million for the same quarter last year. Capital expenditures were \$1.4 million for the quarter compared to \$923 thousand for the same period last year. We had net income of \$920 thousand for the quarter compared to net income of \$1.2 million for the first quarter last year. Diluted earnings per share were \$0.15 in the first quarter of 2023.

The Company paid a quarterly dividend of \$0.25 per share on April 7, 2023. The aggregate amount of the quarterly dividend was approximately \$1.5 million. To date Saga has paid over \$108 million in dividends to shareholders since the first special dividend was paid in 2012. The Company intends to declare regular quarterly cash dividends, special dividends, variable dividends and stock buybacks in the future.

The Company’s balance sheet reflects \$37.5 million in cash and short-term investments as of March 31, 2023 and \$35.0 million as of May 1, 2023. The Company expects to spend approximately \$5.0 – \$5.5 million for capital expenditures during 2023.

Saga's 2023 First Quarter conference call will be held on Wednesday, May 3, 2023 at 11:00 a.m. The dial-in number for the call is (973) 528-0008. Enter conference code 465239. A recording and transcript of the call will be posted to the Company's website as soon as it is available after the call.

The Company requests that all parties that have a question that they would like to submit to the Company please email the inquiry by 10:00 a.m. on May 3, 2023 to SagaIR@sagacom.com. The Company will discuss, during the limited period of the conference call, those inquiries it deems of general relevance and interest. Only inquiries made in compliance with the foregoing directions will be discussed during the call.

The attached Selected Supplemental Financial Data tables disclose the Company's reconciliation of non-GAAP measures: GAAP operating income to station operating income, and GAAP net income to trailing twelve-month consolidated EBITDA as well as other financial data.

Saga utilizes certain financial measures that are not calculated in accordance with generally accepted accounting principles (GAAP) to assess its financial performance. Such non-GAAP measures include same station financial information, station operating income, trailing 12-month consolidated EBITDA, and leverage ratio. These non-GAAP measures are generally recognized by the broadcasting industry as measures of performance and are used by Saga to assess its financial performance including, but not limited to, evaluating individual station and market-level performance, evaluating overall operations, as a primary measure for incentive-based compensation of executives and other members of management and as a measure of financial position. Saga's management believes these non-GAAP measures are used by analysts who report on the industry and by investors to provide meaningful comparisons between broadcasting groups, as well as an indicator of their market value. These measures are not measures of liquidity or of performance in accordance with GAAP and should be viewed as a supplement to and not as a substitute for the results of operations presented on a GAAP basis including net operating revenue, operating income, and net income. Reconciliations for all the non-GAAP financial measures to the most directly comparable GAAP measure are attached in the Selected Supplemental Financial Data tables.

This press release contains certain forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 that are based upon current expectations and involve certain risks and uncertainties. Words such as "will," "may," "believes," "expects," "anticipates," "guidance," and similar expressions are intended to identify forward-looking statements. The material risks facing our business are described in the reports Saga periodically files with the U.S. Securities and Exchange Commission, including in particular Item 1A of our Annual Report on Form 10-K. Readers should note that forward-looking statements may be impacted by several factors, including global, national and local economic changes and changes in the radio broadcast industry in general as well as Saga's actual performance. Actual results may vary materially from those described herein and Saga undertakes no obligation to update any information contained herein that constitutes a forward-looking statement.

Re: Saga Communications
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Saga is a broadcasting company whose business is devoted to acquiring, developing and operating broadcast properties. Saga owns or operates broadcast properties in 27 markets, including 79 FM radio stations, 33 AM radio stations and 80 metro signals. For additional information, contact us at (313) 886-7070 or visit our website at www.sagacom.com.

ARIZONA CALIFORNIA FLORIDA ILLINOIS KENTUCKY MICHIGAN NEVADA OHIO TENNESSEE TEXAS WASHINGTON DC TORONTO

Saga Communications, Inc.
Selected Consolidated Financial Data
For the Three Months Ended
March 31, 2023 and 2022
(amounts in 000's except per share data)
(Unaudited)

	Three Months Ended	
	March 31,	
	2023	2022
Operating Results		
Net operating revenue	\$ 25,304	\$ 24,967
Station operating expense	21,703	20,568
Corporate general and administrative	2,616	2,694
Other operating (income) expense, net	80	(5)
Operating income	905	1,710
Interest expense	43	32
Interest income	(289)	(4)
Other income, net	(119)	(2)
Income before income tax expense	1,270	1,684
Income tax provision:		
Current	280	400
Deferred	70	80
	350	480
Net income	<u>\$ 920</u>	<u>\$ 1,204</u>
Earnings per share:		
Basic	<u>\$ 0.15</u>	<u>\$ 0.20</u>
Diluted	<u>\$ 0.15</u>	<u>\$ 0.20</u>
Weighted average common shares	<u>6,028</u>	<u>5,948</u>
Weighted average common and common equivalent shares	<u>6,028</u>	<u>5,948</u>
	March 31,	
	2023	2022
Balance Sheet Data		
Working capital	\$ 38,334	\$ 56,405
Net fixed assets	\$ 53,313	\$ 53,042
Net intangible assets and other assets	\$ 119,435	\$ 119,799
Total assets	\$ 228,539	\$ 245,075
Long-term debt	\$ —	\$ —
Stockholders' equity	\$ 178,419	\$ 197,742

Saga Communications, Inc.
Selected Consolidated Financial Data
For the Three Months Ended
March 31, 2023 and 2022
(amounts in 000's except per share data)
(Unaudited)

	Three Months Ended March 31,	
	2023	2022
	(In thousands)	
Statement of Cash Flows		
Cash flows from operating activities:		
Net income (loss)	\$ 920	\$ 1,204
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	1,237	1,231
Deferred income tax expense (benefit)	70	80
Impairment of intangible assets	—	—
Amortization of deferred costs	9	3
Compensation expense related to restricted stock awards	245	339
(Gain) loss on sale of assets, net	80	(5)
(Gain) on insurance claims	—	—
Other (gain) loss, net	(119)	—
Barter (revenue) expense, net	(48)	(9)
Deferred and other compensation	(245)	(22)
Changes in assets and liabilities:		
(Increase) decrease in receivables and prepaid expenses	2,367	2,984
Increase (decrease) in accounts payable, accrued expenses, and other liabilities	319	(509)
Total adjustments	3,915	4,092
Net cash provided by operating activities	4,835	5,296
Cash flows from investing activities:		
Purchase of Short-term investments	(2,067)	—
Redemption of Short-term investments	2,067	—
Acquisition of property and equipment (capital expenditures)	(1,362)	(923)
Proceeds from sale and disposal of assets	616	7
Other investing activities	117	(5)
Net cash used in investing activities	(629)	(921)
Cash flows from financing activities:		
Cash dividends paid	(13,754)	(3,988)
Net cash used in financing activities	(13,754)	(3,988)
Net increase (decrease) in cash and cash equivalents	(9,548)	387
Cash and cash equivalents, beginning of period	36,802	54,760
Cash and cash equivalents, end of period	\$ 27,254	\$ 55,147

Saga Communications, Inc.
Selected Supplemental Financial Data
For the Three Months Ended
March 31, 2023 and 2022
(amounts in 000's)
(Unaudited)

	Three Months Ended	
	March 31,	
	2023	2022
Reconciliation of GAAP operating income to station operating income (a non-GAAP measure):		
Operating income	\$ 905	\$ 1,710
Plus:		
Corporate general and administrative	2,616	2,694
Other operating (income) expense, net	80	(5)
Station depreciation and amortization	1,197	1,169
Station operating income	\$ 4,798	\$ 5,568
Other Financial Data		
Depreciation and amortization:		
Radio Stations	\$ 1,197	\$ 1,169
Corporate	\$ 40	\$ 62
Non-cash compensation ⁽¹⁾	\$ 245	\$ 339
Other operating (income) expense, net ⁽²⁾	\$ 80	\$ (5)
Impairment of intangibles ⁽²⁾	\$ -	\$ -
Write off of debt issuance costs ⁽²⁾	\$ -	\$ -
Other (income) expense, (net) ⁽²⁾	\$ (119)	\$ (2)
Deferred tax provision ⁽²⁾	\$ 70	\$ 80
Capital Expenditures ⁽¹⁾	\$ 1,362	\$ 923

(1) As presented in the Statement of Cash Flows in the Selected Consolidated Financial Data tables

(2) As presented in the Operating Results in the Selected Consolidated Financial Data tables

Saga Communications, Inc.
Selected Supplemental Financial Data
March 31, 2023
(amounts in 000's)
(Unaudited)

	12 Months Ended December 31, 2022	Less: 3 Months Ended March 31, 2022	Plus: 3 Months Ended March 31, 2023	Trailing 12 Months Ended March 31, 2023
Reconciliation of GAAP Net Income to trailing 12 Month Consolidated Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA") (a non-GAAP measure) (1)				
Net income	\$ 9,202	\$ 1,204	\$ 920	\$ 8,918
Exclusions:				
Gain (loss) on sale of assets, net	14	5	(80)	(71)
Gain on insurance proceeds	534	—	—	534
Other income, net	482	15	456	923
Total exclusions	<u>1,030</u>	<u>20</u>	<u>376</u>	<u>1,386</u>
Consolidated adjusted net income ⁽¹⁾	8,172	1,184	544	7,532
Plus:				
Interest expense	130	32	43	141
Income tax expense	4,800	480	350	4,670
Depreciation & amortization expense	5,171	1,231	1,237	5,177
Non-cash compensation	1,858	339	245	1,764
Trailing twelve month consolidated EBITDA ⁽¹⁾	<u>\$ 20,131</u>	<u>\$ 3,266</u>	<u>\$ 2,419</u>	<u>\$ 19,284</u>

(1) As defined in the Company's credit facility.

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