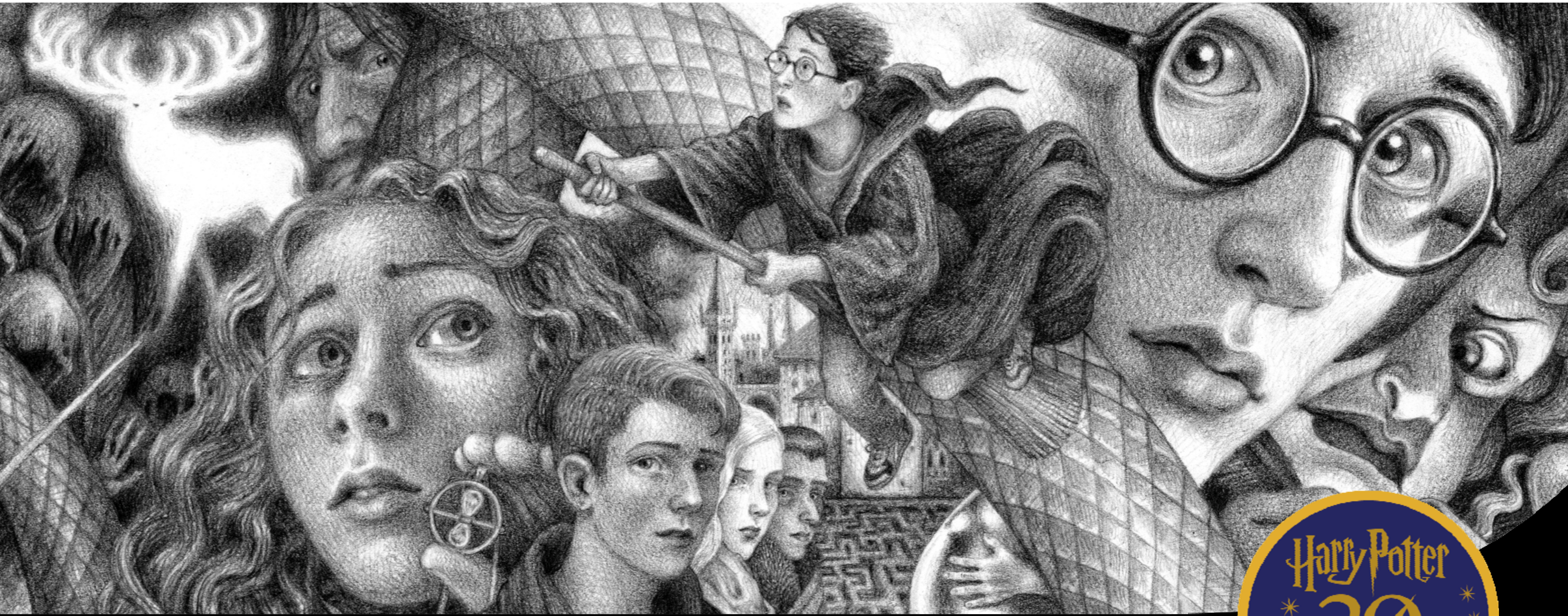

Harry Potter
20
YEARS OF MAGIC

SCHOLASTIC

Fourth Quarter & FY 2019 Earnings Call Presentation

July 25, 2019

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Forward-Looking Statements

This presentation contains certain forward-looking statements. Such forward-looking statements are subject to various risks and uncertainties, including the conditions of the children's book and educational materials markets and acceptance of the Company's products in those markets, as well as other risks and factors identified from time to time in the Company's filings with the Securities and Exchange Commission. Actual results could differ materially from those currently anticipated.

Regulation G

Today's comments include references to certain non-GAAP financial measures as defined in Regulation G. The reconciliation of these non-GAAP financial measures with the relevant GAAP financial information and other information required by Regulation G is provided in the Company's earnings release, which is posted on the Company's investor relations website at investor.scholastic.com.

Richard Robinson

Chairman, President
and Chief Executive Officer

Fiscal Year 2019 Results

- Revenues increased to $1.65 billion, up 2% year-over-year, driven by outstanding trade publishing results globally.
- Operating income decreased to $25.0 million or 55% lower year-over-year.
- External changes had a significant impact on FY19, particularly in Q4.
  - In clubs, in response to the Supreme Court's "Wayfair" ruling, a program to collect and remit state sales tax was implemented– a significant change in management of classroom orders.
  - In fairs, increased incentives to customers led to higher expenses. In terms of GAAP reporting, there was also a change in accounting, ASC 606.

Fiscal Year 2020

- Looking Ahead:
    - The strength of trade pipeline and the power of iconic Scholastic brands;
    - New opportunities in the $1 billion core reading market;
    - Expansion in International markets to support English language learning;
    - Selective price increases, cost reductions and leveraging new technologies for operational efficiencies.
- Fiscal year 2020 revenues are expected to range within $1.67 to $1.70 billion, up from $1.65 billion in fiscal year 2019, and Adjusted EBITDA is expected to be $140 to $160 million, up from $121.3 million in 2019.

Children's Book Publishing & Distribution

- While lower revenues are expected in FY 2020 for clubs and fairs businesses, changes will prepare them for the future through improved technology and simplicity of use.

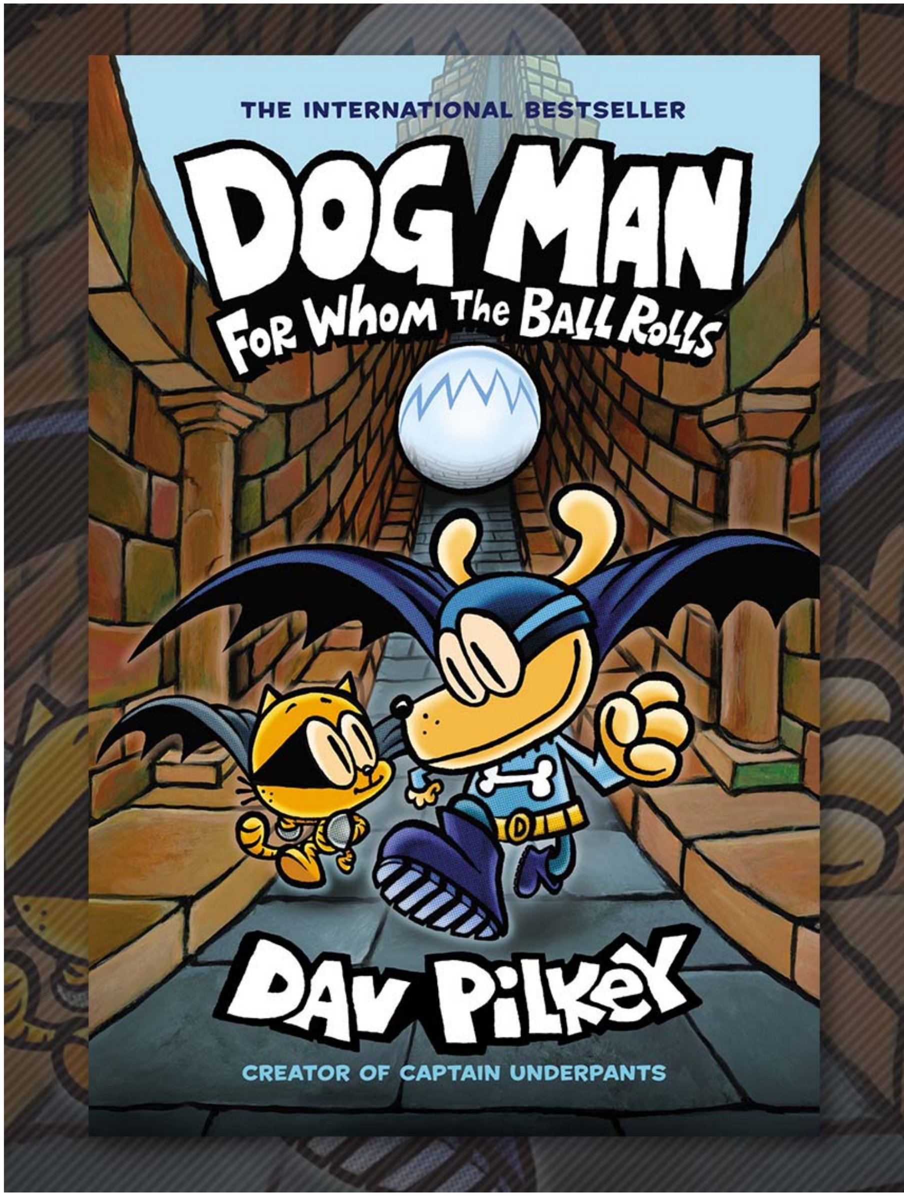
- In FY 2020 fairs will focus on managing costs as well as these value propositions:

    1. Improve the fair experience including POS devices now available at full scale.
    2. Increase fair participation through marketing and promotion.
    3. Provide personalized support services.
    4. Expand roster of high value fairs.
    5. Provide streamlined fairs which can be set up quickly.

- In clubs, a focus on transitioning more on-line purchases, supporting simplification of sales tax collection and improvement of the e-commerce experience.

Children’s Book Publishing & Distribution

- Highly-anticipated titles are coming this fiscal for every age.
- In middle-grade, Dav Pilkey’s next book in the Dog Man series, *For Whom the Ball Rolls,* releases in August and the eighth, *Fetch-22* in December.
- For young readers, *Dinky Donkey*, the sequel to *Wonky Donkey,* releases in November; *Clifford the Big Red Dog*® rebooted animated series on Amazon Prime and PBS Kids premieres this winter.
- Coming in May for YA readers, the new novel in the worldwide bestselling *The Hunger Games* series by Suzanne Collins.



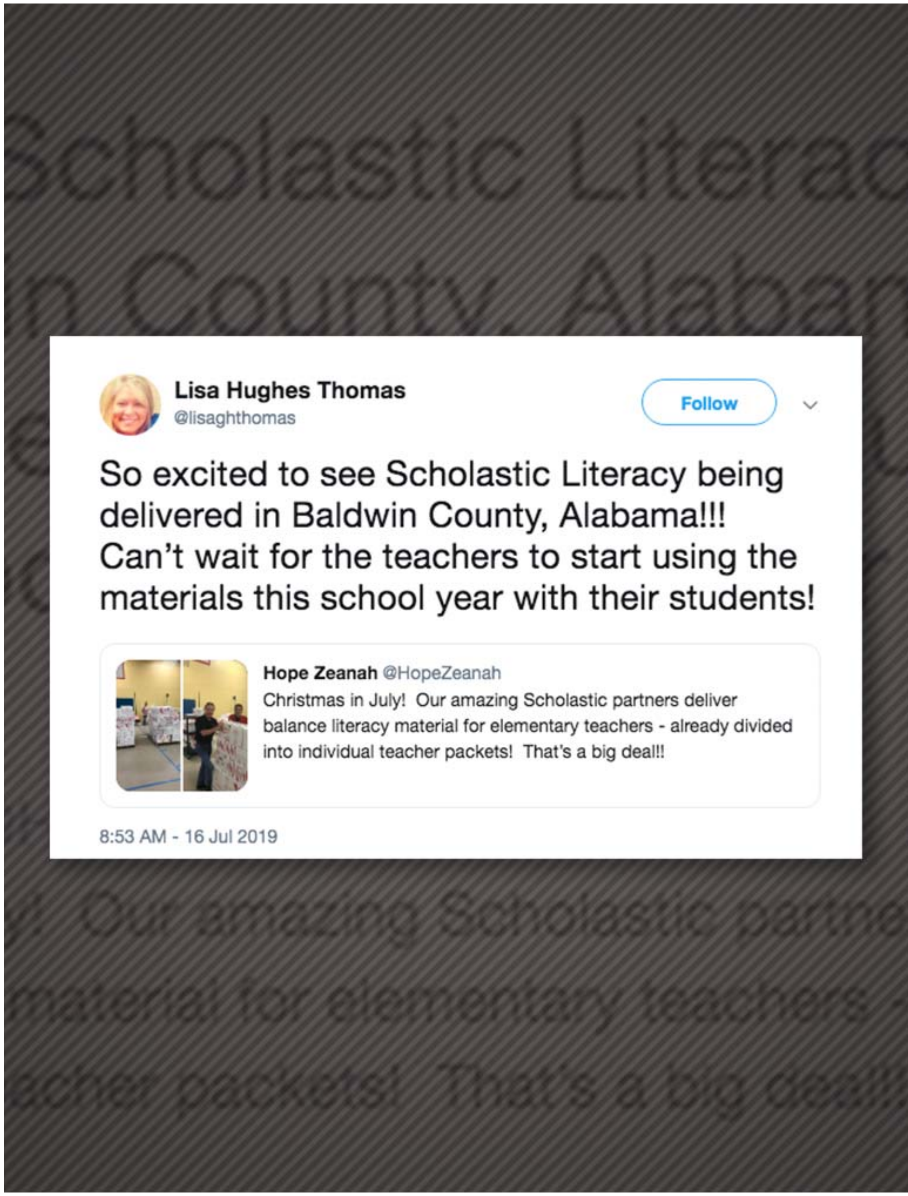
Education

- New strategies for the core reading market are advancing while supplemental business remains strong including *Guided Reading* and *Leveled Bookroom.*

- *Scholastic Literacy* gaining positive responses and will be used in classrooms this back to school season.

- Strength in supplemental will seed the marketplace for *Scholastic Literacy* along with a simultaneous approach to large-scale adoptions.

- The market is taking note of Scholastic Digital offerings as displayed through awards and positive rankings.

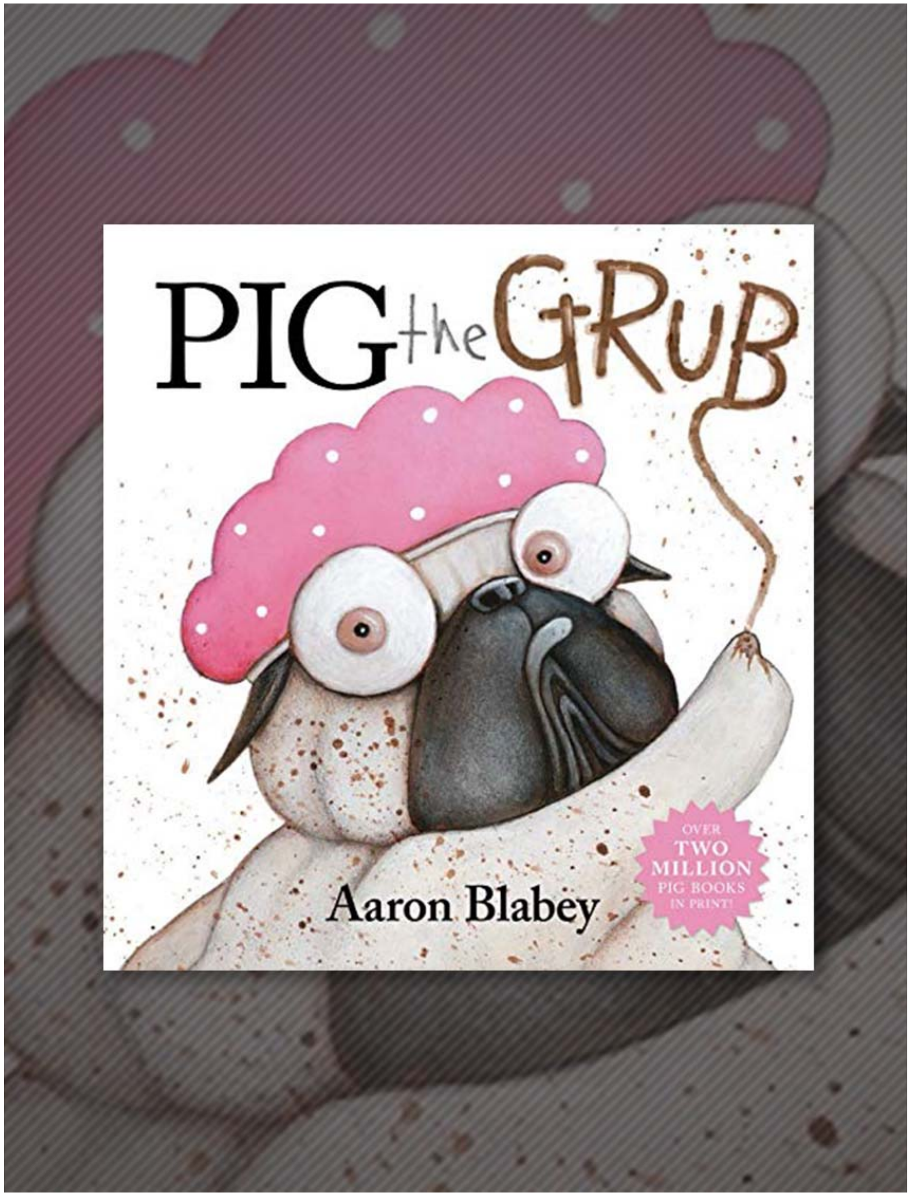


International

- Strong trade publishing in major markets and Asia.

- Future growth will come from English language learning products in Asia with a focus on digital.

- Great enthusiasm for digital products which are sold to families through local Internet sales partners or directly through Scholastic Early English franchises.



Kenneth Cleary

Chief Financial Officer

Income Statement

In $ Millions (except per share)	Fourth Quarter 2019			Fourth Quarter 2018			Fiscal Year to Date 2019			Fiscal Year to Date 2018		
	As Reported	One-Time Items	Excluding One-Time Items	As Reported	One-Time Items	Excluding One-Time Items	As Reported	One-Time Items	Excluding One-Time Items	As Reported	One-Time Items	Excluding One-Time Items
Revenues	$470.7	$0.0	$470.7	$496.2	$0.0	$496.2	$1,653.9	$0.0	$1,653.9	$1,628.4	$0.0	$1,628.4
Cost of goods sold [1]	215.3	-	215.3	209.0	(0.1)	208.9	779.9	-	779.9	744.6	(0.1)	744.5
Selling, general and administrative expenses [2]	206.4	(7.2)	199.2	200.1	(2.4)	197.7	785.0	(15.1)	769.9	766.1	(8.1)	758.0
Bad debt expense	1.3	-	1.3	1.6	-	1.6	7.0	-	7.0	9.5	-	9.5
Depreciation and amortization	14.8	-	14.8	11.4	-	11.4	56.1	-	56.1	41.4	-	41.4
Asset impairments [3]	0.9	(0.9)	-	0.2	(0.2)	(0.0)	0.9	(0.9)	-	11.2	(11.2)	-
Total operating costs and expenses	438.7	(8.1)	430.6	422.3	(2.7)	419.6	1,628.9	(16.0)	1,612.9	1,572.8	(19.4)	1,553.4
Operating income (loss)	32.0	8.1	40.1	73.9	2.7	76.6	25.0	16.0	41.0	55.6	19.4	75.0
Interest income (expense), net	1.1	-	1.1	0.6	-	0.6	3.4	-	3.4	1.1	-	1.1
Other components of net periodic benefit (cost) [4]	(0.3)	-	(0.3)	(2.8)	2.3	(0.5)	(1.4)	-	(1.4)	(58.2)	57.3	(0.9)
Gain (loss) on investments [5]	(1.0)	1.0	-	-	-	-	(1.0)	1.0	-	-	-	-
Provision (benefit) for income taxes [6]	13.9	(2.9)	11.0	20.9	4.3	25.2	10.4	(0.5)	9.9	3.5	20.8	24.3
Net Income (loss)	$17.9	$12.0	$29.9	$50.8	$0.7	$51.5	$15.6	$17.5	$33.1	($5.0)	$55.9	$50.9
Earnings (loss) per diluted share	$0.50	$0.34	$0.84	$1.43	$0.02	$1.45	$0.43	$0.49	$0.92	($0.14)	$1.57	$1.43

1. In the three and twelve months ended May 31, 2018, the Company recognized pretax branch consolidation costs of $0.1.
2. In the three and twelve months ended May 31, 2019, the Company recognized pretax severance of $3.4 and $6.5, respectively, pretax charges related to a settlement of a legacy sales tax assessment of $3.8 and $8.1, respectively, and pretax branch consolidation costs of $0.0 and $0.5, respectively. In the three and twelve months ended May 31, 2018, the Company recognized pretax severance and stock compensation charges of $2.4 and $8.1, respectively.
3. In the three and twelve months ended May 31, 2019, the Company recognized a pretax impairment charge of $0.9 related to legacy building improvements. In the three and twelve months ended May 31, 2018, the Company recognized a pretax impairment charge of $0.2 related to book fairs trucks. In the twelve months ended May 31, 2018, the Company recognized pretax impairment charges of $11.0 related to legacy building improvements.
4. In the three and twelve months ended May 31, 2018, the Company recognized pretax charges related to the settlement of the Company's domestic defined benefit pension plan of $2.3 and $57.3, respectively.
5. In the three and twelve months ended May 31, 2019, the Company recognized a pretax loss on investments of $1.0 related to the recognition of a foreign currency translation adjustment as a result of the acquisition of Make Believe Ideas Limited.
6. In the three and twelve months ended May 31, 2019, the Company recognized a benefit for income taxes in respect to one-time pretax charges of $2.1 and $4.2, respectively, and income tax provision of $5.0 and $4.7, respectively, primarily related to the Company's state deferred tax balances. In the three and twelve months ended May 31, 2018, the Company recognized a benefit for income taxes in respect to one-time pretax charges of $1.7 and $26.5, respectively. In the three months ended May 31, 2018, the Company recognized a benefit for income taxes of $2.6 and for the twelve months ended May 31, 2018, the Company recognized $5.7 of income tax provision related to the remeasurement of the Company's U.S. deferred tax balance in connection with the passage of the Tax Cuts and Jobs Act of 2017.

Adjusted EBITDA

	Three Months Ended		Twelve Months Ended	
	5/31/2019	5/31/2018	5/31/2019	5/31/2018
Earnings (loss) before income taxes as reported	$31.8	$71.7	$26.0	($1.5)
One-time items before income taxes	9.1	5.0	17.0	76.7
Earnings (loss) before income taxes excluding one-time items	40.9	76.7	43.0	75.2
Interest (income) expense	(1.1)	(0.6)	(3.4)	(1.1)
Depreciation and amortization[1]	15.6	12.0	59.3	44.2
Amortization of prepublication and productions costs	5.8	5.4	22.4	21.8
Adjusted EBITDA[2]	$61.2	$93.5	$121.3	$140.1

1. For the three and twelve months ended May 31, 2019, amounts include depreciation of $0.7 and $2.9, respectively, recognized in cost of goods sold and amortization of deferred financing costs of $0.1 and $0.3, respectively. In the three and twelve months ended May 31, 2018, amounts include depreciation of $0.6 and $2.5, respectively, recognized in cost of goods sold and amortization of deferred financing costs of $0.1 and $0.3, respectively.
2. Adjusted EBITDA is defined by the Company as earnings (loss), excluding one-time items, before interest, taxes, depreciation and amortization. The Company believes that Adjusted EBITDA is a meaningful measure of operating profitability and useful for measuring returns on capital investments over time as it is not distorted by unusual gains, losses, or other items.

Segment Results

	Fourth Quarter 2019			Fourth Quarter 2018			Fiscal Year to Date 2019			Fiscal Year to Date 2018		
	As Reported	One-Time Items	Excluding One-Time Items	As Reported	One-Time Items	Excluding One-Time Items	As Reported	One-Time Items	Excluding One-Time Items	As Reported	One-Time Items	Excluding One-Time Items
Children's Book Publishing and Distribution												
Revenue												
Book Clubs	$47.0	$0.0	$47.0	$58.7	$0.0	$58.7	$212.4	$0.0	$212.4	$224.3	$0.0	$224.3
Book Fairs	156.3	-	156.3	179.0	-	179.0	499.6	-	499.6	513.6	-	513.6
Consolidated Trade	55.4	-	55.4	48.3	-	48.3	278.3	-	278.3	232.3	-	232.3
Total revenue	258.7	-	258.7	286.0	-	286.0	990.3	-	990.3	970.2	-	970.2
Operating income (loss) [1]	18.2	-	18.2	50.7	0.2	50.9	82.9	-	82.9	105.8	0.2	106.0
Operating margin	7.0%		7.0%	17.7%		17.8%	8.4%		8.4%	10.9%		10.9%
Education												
Revenue	117.7	-	117.7	117.2	-	117.2	297.4	-	297.4	288.6	-	288.6
Operating income (loss)	36.9	-	36.9	42.6	-	42.6	30.6	-	30.6	33.9	-	33.9
Operating margin	31.4%		31.4%	36.3%		36.3%	10.3%		10.3%	11.7%		11.7%
International												
Revenue	94.3	-	94.3	93.0	-	93.0	366.2	-	366.2	369.6	-	369.6
Operating income (loss) [2]	5.8	1.0	6.8	5.1	0.8	5.9	13.8	1.5	15.3	17.7	0.8	18.5
Operating margin	6.2%		7.2%	5.5%		6.3%	3.8%		4.2%	4.8%		5.0%
Corporate overhead [3]	28.9	(7.1)	21.8	24.5	(1.7)	22.8	102.3	(14.5)	87.8	101.8	(18.4)	83.4
Operating income (loss)	$32.0	$8.1	$40.1	$73.9	$2.7	$76.6	$25.0	$16.0	$41.0	$55.6	$19.4	$75.0

1. In the three and twelve months ended May 31, 2018, the Company recognized a pretax impairment charge associated with book fair trucks of $0.2.
2. In the three and twelve months ended May 31, 2019, the Company recognized pretax severance of $1.0 and in the twelve months ended May 31, 2019, the Company recognized pretax branch consolidation costs of $0.5. In the three and twelve months ended May 31, 2018, the Company recognized pretax severance expense of $0.7 and branch consolidation costs of $0.1.
3. In the three and twelve months ended May 31, 2019, the Company recognized pretax impairment charges of $0.9 related to legacy building improvements, pretax severance of $2.4 and $5.5, respectively, and pretax charges related to the settlement of a legacy sales tax assessment of $3.8 and $8.1, respectively. In the three and twelve months ended May 31, 2018, the Company recognized pretax severance and stock compensation charges of $1.7 and $7.4, respectively. In the twelve months ended May 31, 2018, the Company recognized pretax impairment charges of $11.0 related to legacy building improvements.

Selected Balance Sheet, Free Cash Flow & Net Debt

In $ Millions	May 31, 2019	May 31, 2018
Free cash flow (use) (3 month period ending)[1]	$30.4	$33.8
Free cash flow (use) (12 month period ending)[1]	($12.4)	($16.1)
Accounts receivable, net	$250.1	$204.9
Inventories, net	$323.7	$294.9
Accounts payable	$195.3	$198.9
Accrued royalties	$41.9	$34.6
Total debt	$7.3	$7.9
Cash and cash equivalents	$334.1	$391.9
Net debt[2]	($326.8)	($384.0)

1. Free cash flow (use) is defined by the Company as net cash provided by or used in operating activities (which includes royalty advances) and cash acquired through acquisitions, reduced by spending on property, plant and equipment and prepublication and production costs. The Company believes that this non-GAAP financial measure is useful to investors as an indicator of cash flow available for debt repayment and other investing activities, such as acquisitions. The Company utilizes free cash flow as a further indicator of operating performance and for planning investing activities.
2. Net debt is defined by the Company as lines of credit and short-term debt plus long-term-debt, net of cash and cash equivalents. The Company utilizes this non-GAAP financial measure, and believes it is useful to investors, as an indicator of the Company's effective leverage and financing needs.

Fiscal 2020 Outlook

Revenues	$1.67 – $1.70 billion
Adjusted EBITDA [1]	$140 – $160 million
Capital Expenditures	$75 – $85 million

1. Adjusted EBITDA is defined by the Company as earnings (loss), excluding one-time items, before interest, taxes, depreciation and amortization. The Company believes that Adjusted EBITDA is a meaningful measure of operating profitability and useful for measuring returns on capital investments over time as it is not distorted by unusual gains, losses, or other items.

Question & Answer

Participants

- Richard Robinson
- Kenneth Cleary

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