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CORPORATE PARTICIPANTS

Carolyn Micheli *E W Scripps Co - Senior Vice President - Investor Relations*

Jason Combs *E W Scripps Co - Chief Financial Officer, Executive Vice President*

Adam Symson *E W Scripps Co - President, Chief Executive Officer, Director*

CONFERENCE CALL PARTICIPANTS

Dan Kurnos *The Benchmark Company - Analyst*

Craig Huber *Huber Research Partners - Analyst*

Avi Steiner *JPMorgan - Analyst*

Michael Kupinski *Noble Capital Markets - Analyst*

Shanna Qiu *Barclays Investment Bank - Analyst*

Hal Steiner *BNP Paribas Exane - Analyst*

Steven Cahall *Wells Fargo - Analyst*

PRESENTATION

Operator

Good day and thank you for standing by. Welcome to the first quarter 2025 E W Scripps Company earnings conference call. (Operator Instructions) Please be advised, today's conference is being recorded.

I would now like to hand the conference over to your speaker today, Carolyn Micheli, Head of Investor Relations. Please go ahead.

Carolyn Micheli - *E W Scripps Co - Senior Vice President - Investor Relations*

Thank you, Edie. Good morning, everyone, and thank you for joining us for a discussion of the E W Scripps Company's financial results and business strategies. You can visit scripps.com for more information and a link to the replay of this call.

A reminder that, our conference call and webcast include forward-looking statements based on management's current outlook, and actual results may differ materially. Factors that may cause them to differ are outlined in our SEC filings. We do not intend to update any forward-looking statements we make today.

Included on this call will be a discussion of certain non-GAAP financial measures that are provided as supplements to assist management and the public in their analysis and evaluation of the company. These metrics are not formulated in accordance with GAAP and are not meant to replace GAAP financial measures and may differ from other companies' uses or formulations. Included in our earnings release are the reconciliations of non-GAAP financial measures to the GAAP measures reported in our financial statements.

We'll hear this morning from Chief Financial Officer, Jason Combs; and then Scripps's President and CEO, Adam Symson. Here's Jason.

Jason Combs - *E W Scripps Co - Chief Financial Officer, Executive Vice President*

Good morning, everyone, and thanks for joining us. We're reporting first quarter results today that outperformed financial expectations despite the headwinds of uncertainty in the US economy about tariffs, inflation and recession. In fact, we've had a very good start to the year. We have successfully completed retransmission negotiations covering 25% of our legacy Pay TV households. We continue to reduce expenses.

We exceeded our expectations on Scripps Networks margin improvement delivering 870 basis points of improvement for the quarter, well ahead of the 400 basis points to 600 basis points we had promised for this year, and we closed on our previously announced refinancing transactions. Every one of these moves in service to our commitment to improving operating performance and our balance sheet.

Let's start this morning with financial highlights for our Local Media and Scripps Networks divisions from the first quarter, then I will give some Q2 guidance and discuss our refinancing details and upcoming priorities. In the first quarter, Local Media division revenue was down 7.8% from the year ago period. Core advertising revenue was down 3%, as we experienced hesitancy in advertising spending due to economic uncertainty.

Local distribution revenue was down 5% year-over-year. Our contract renewals for 2025 took effect at the end of the first quarter and we'll see their benefits starting in Q2. Local Media expenses increased only 1% from the prior year quarter, which is on the better end of our guidance of up low single-digits due to lower than expected employee costs.

Local Media segment profit was $35 million compared to $66 million in Q1 of 2024, an election year. For the second quarter, we expect Local Media division revenue to be down in the high single-digits range with core revenue down in the low single-digits range stemming from the continued uncertainty related to tariffs. We expect Q2 local media expenses to be up in the low single-digits percent range.

Now I'd like to review the Scripps Networks division first quarter results and guidance for the second quarter of 2025. In the first quarter, Scripps Networks revenue was $198 million down about 5% from the year ago quarter. Connected TV revenue was up a very strong 42% in the quarter. We credit this growth to effective sales strategies and execution for our national networks, which are established on the major streaming services.

ION is the largest contributor to our CTV revenue and we've been pleased to see strong advertiser support on CTV for the National Women's Soccer League since it started its new season in mid-March. We expect the NWSL and the WNBA to help drive revenue performance for the division in the second and third quarters.

Another good Q1 results story for the Scripps Networks division is the 16% decrease in expenses. This significant decline came from tight cost controls and the reductions in Scripps News operations we announced in November. Disciplined expense management combined with effective advertising sales execution led to our highest margins in the division since the fourth quarter of 2022 at 32%.

Network segment profit was $64 million, compared to $49.7 million in the year ago quarter. For the second quarter, we expect Scripps Networks division revenue to be about flat and for the Networks expenses to be down in the low double-digits range due to the aggressive expense management across a variety of functions in the segment.

Turning to the segment labeled other. In the first quarter, we reported a loss of $6.4 million, the same as the year ago period. Shared services and corporate expenses were $22.6 million. For the second quarter, we expect that line to be about $22 million. Our EPS for the quarter was a $0.22 loss. That compares very favorably to the consensus EPS estimate even with the impact of the preferred stock dividend, which has a negative impact on earnings per share even when we don't pay it. This quarter, it reduced EPS by $0.18.

First quarter results also included a $4 million restructuring charge that increased the loss to shareholders by $0.04 per share. Regarding our real estate asset sales, from late last year to today, we have completed transactions totaling $63 million. That includes the sale of five transmission towers and our West Palm Beach station building. At March 31, cash and cash equivalents totaled $24 million and our total debt at quarter end was $2.6 billion. Net leverage at the end of Q1 was 4.9 times and we expect to continue to reduce our leverage ratio this year.

On April 10th, we completed our refinancing transactions. No amounts remain outstanding on our term loans that had been due in 2026 and 2028 and for our old revolving credit facility. You can find the details on our new term loans due in 2028 and 2029 in yesterday's earnings press release as well as the details of our new revolving credit and AR securitization facilities.

Just a reminder that, despite the current elevated rate environment, these transactions only increased our blended cost of debt by less than 1%. And we have now retired or extended the maturity of up to $1.5 billion of debt. We believe the completed refinancing transactions have positioned us well for the near-term with a clear runway through mid-2027.

We remain focused on using free cash flow to reduce the amount of our debt with debt and leverage reduction as our highest capital allocation priority. Furthermore, we continue to evaluate our remaining debt maturities as part of our efforts to further optimize the balance sheet. Here's Adam.

Adam Symson - *E W Scripps Co - President, Chief Executive Officer, Director*

Good morning, everybody, and thanks for joining us.

I'd like to start this morning's discussion by going back to our company priorities that I laid out a year ago. I spoke then about the season our business was in. Our team was focused on executing a plan to pay down debt, improve the balance sheet, capture the presidential election year opportunity in the Local Media division and restore high margins to the Scripps Networks division.

I'm very pleased with the tremendous progress we've made in executing this plan. In one year, we have paid down debt and reduced our leverage ratio by nearly a full turn and are improving our balance sheet. This quarter, we delivered our highest Scripps Networks margins in more than two years at 32%. We captured record political advertising revenue to end 2024. We have deepened existing Scripps Sports partnerships and created meaningful new ones.

And to start this year, our first quarter results beat expectations across the board due to strength in Networks revenue, especially for Connected TV and due to strong expense control across the enterprise. The priorities I described last year remain very important for us today and now investors should see the track record of significant progress against each of them.

Most importantly, what we have accomplished over the last year has set us up well to move successfully through the company's next season. Not far ahead, we see the prospect of local broadcast industry consolidation that will drive growth by finally allowing us to deepen our presence in our local markets, building upon the strong relationships we already have with viewers and advertisers to create even greater shareholder value with significant efficiency.

We believe, financial growth through our existing businesses is just around the corner. The basis for this opportunity is the deep local and national connections we have across this country, specifically created through our local news, live sports and audience and advertiser relationships.

We produce the news and information that connects people to their communities, that they depend upon and that audiences seek out across multiple platforms to help them make sense of the world. And of course, equally critical, businesses from Wall Street to Main Street rely on our programming as a trustworthy vehicle for their messaging.

At Scripps specifically, I'm very proud that our news teams have recently been recognized with a wide range of prestigious journalism awards for reporting that serves our communities and our country. Our Scripps News Network, which is carried within our local news as well as on most streaming platforms, has received awards this spring for its investigative work from the duPont, the Gracies, IRE, National Headliners and the Deadline Club.

Scripps News also was just nominated for an amazing eight national Emmy Awards. On the local news side, our investigative teams in Phoenix and Nashville have recently won duPont's National Headliners and just announced last week Prestigious Peabody Awards, one for each of those stations. The National Association of Broadcasters awarded Scripps itself with its 2025 Service to America Award for our company's comprehensive coverage and disaster relief efforts in Florida following Hurricanes Helene and Milton last year.

These awards recognize work that represents the very best of what journalism can be, whether it is topics such as fentanyl abuse, mass shootings, hate groups, policing, natural disasters and severe weather or the war in Ukraine, our news programs are providing lifesaving and life-changing information to our audiences. They look to us to make their lives better and their communities richer. In turn, their connection to us is an asset we can and will actively strengthen to grow.

In addition to our news programming, our Scripps Sports growth strategy is building real value in our existing local station and national network assets through live sports. Our local stations strengthen the connections we have with audiences and advertisers, tapping into the passion sports fans have for their local teams with our full season team partnerships.

Right now, our viewers are rooting on the Florida Panthers and the Vegas Golden Knights in the final eight of the National Hockey League playoffs. It's not only fans who are taking notice of the way we're bringing local sports to broadcast TV. This week, Nevada's US Senator, Jacky Rosen, highlighted the Scripps Sports and Vegas Golden Knights partnership, describing the benefit of our free over the air broadcast and other approaches to serving the local fan base.

We have with NHL teams, we've recently announced the new broadcast partnership with the WNBA's very popular Las Vegas Aces beginning this month, and it's possible we'll have additional announcements to come. Each new relationship is a core revenue growth opportunity for the local market.

At our recent Scripps Networks Upfront event at Barclays Center in Brooklyn, the home of the WNBA's New York Liberty, we emphasize the strong cultural connection our nation has with women's sports and how Scripps is not just participating, we're leading this movement with our WNBA and NWSL franchise nights. The event was also an opportunity for us to unveil our two newest women's sports properties for ION.

The SI Women's Games, our partnership with Sports Illustrated, will entertain audiences with six nights of tournament play in an Americas versus the World format. The competition will take place this fall and is attracting the very best athletes to compete live in basketball, volleyball, flag football, tennis, gymnastics and combat sports. A few weeks later, we'll broadcast the Fort Myers Tip-off Women's College Basketball Tournament.

To help us take even greater advantage of the advertising demand we are experiencing for women's sports inventory, we targeted these events in the fourth quarter after the WNBA and NWSL seasons have ended. Live news and sports aren't our only programming genres, but they are certainly the foundation for the connection we have with Americans nationally and in our local markets.

There is no question that, our service to community and Main Street has been threatened by outdated government regulations that have made it nearly impossible for us to compete on a level playing field with the big diversified media companies and big tech.

It feels like we finally have the support of a Federal Communications Commission that understands the valuable role we play in local markets and the credibility we have, that is un-replicated by any other source of local news and information. We welcome the opportunity to rebalance the business through regulatory relief, which will give us more operating leverage. With that, we will better serve our local audiences and advertisers as well as the shareholders who benefit from those deep connections.

Operator, we are now ready for questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

Dan Kurnos, The Benchmark Company.

Dan Kurnos - *The Benchmark Company - Analyst*

Yes, great. Thanks. Let me start quickly with regulatory. Adam, obviously, the rest of the space has had their moment to talk about what it means for them. There's a huge groundswell from the SEC. You just talked about it in your opening remarks. Given where you stand the balance sheet and everything, how is Scripps best positioned to take advantage of some of the changes that might occur here?

Adam Symson - *E W Scripps Co - President, Chief Executive Officer, Director*

I mean, you referenced the regulatory environment. I think it's fair to say that, the commission recognizes that, local news, local sports, local programming entirely depends on the durability of local television. Standing in the way of that durability, we think are the rules that prevent consolidation both in market and national consolidation that's necessary for us to compete on that level playing field with the national media companies, the networks that are right now already using their leverage to essentially impair our abilities to serve local communities.

So for us, we believe greater scale nationally and greater depth in market are necessary for our assets to perform their best for shareholders and continue in service to the communities where we operate. So I expect we'll do everything in our power to take advantage of this moment. I expect off the bat given our balance sheet, our greatest opportunities would be both in swaps and in select asset sales.

Dan Kurnos - *The Benchmark Company - Analyst*

Got it. Perfect. And then, look, you deserve a lot of credit on ION. I mean, the margins were tremendous in Q1. The guide to flat revenue in Q2, it's a little bit of an easier comp, but still in this uncertain environment that's pretty impressive. So maybe I guess a two part question.

One, you referenced sports helping drive performance in the back half of the year. CTV has been great. So how much visibility do you have? You just went to the up fronts. How do we think about kind of performance the back half of the year? And is the margin level should we be thinking above and beyond your 400 basis points to 600 basis points of improvement at this point, or this is just a first step showing how much leverage there is in the model? Thank you.

Jason Combs - *E W Scripps Co - Chief Financial Officer, Executive Vice President*

So a couple of things to unpack there. First of all, I think on the upfront, I think what we can say is, Adam talked about the events we had and a lot of, I would say, positivity coming out of that. But frankly, it's really early. We are in the process of conducting hundreds of meetings and probably won't have a lot of concrete things to say specific to the up fronts until we get to the next earnings call.

But certainly, a lot of excitement around the women's sports strategy there, the new assets we've added with the SI women's game in Fort Myers. So driving a tremendous amount of media coverage and interest. So more to come on the up fronts, I would say, during the next meeting.

Specific to the network's margins and so great results in Q1, the 30%. I would point you back to look at 32% more than 30%. I would point you back to look historically that, the network's margin for a variety of factors does bounce around some from quarter-to-quarter. So I don't think you can take that 30% and assume that's the margin every quarter as we go forward. I think there is a lot of positive things happening right now. But I also would point back to there's also a lot of uncertainty in the marketplace.

So we're not changing that guide. I would also point to when you think of the 400 to 600 basis point improvement, some of the levers we pulled to drive that were pulled in the middle of last year. So I would fully expect that, we are above that 400 basis points to 600 basis points in the first half of the year, because we are cycling past a time where we didn't have those embedded within our run rate. But in the back half of the year, we're going to cycle past some of those expense items that were actually already realized in Q3 and Q4. And so, I think you need to kind of think of the progression through that lens.

Adam Symson - *E W Scripps Co - President, Chief Executive Officer, Director*

Hi, Dan. It's Adam. Just relative to Networks revenue, I think what you're seeing is the manifestation of our live sports strategy, a disciplined approach to acquiring sports rights, sports rights that have generated significant demand in the market. Obviously, this season NWSL and WNBA were sold out in last year's upfront. And at this point, we're now still extracting, I would say, fairly premium pricing for the scatter inventory that's left, though the demand has been very, very strong and our visibility is clear. There's not much left.

And that's why you're seeing I think performance that pretty solidly beats our general entertainment networks peers in linear advertising. That and really outstanding performance by the team focused on Connected TV.

Dan Kurnos - *The Benchmark Company - Analyst*

Got it. And that's very helpful color. Jason, just to be clear, I didn't run out the 32%, but don't sell yourself short. I mean that was a very strong quarter.

Operator

Craig Huber, Huber Research Partners.

Craig Huber - *Huber Research Partners - Analyst*

Great. Thank you. I guess, let me start with just a numbers question here. Your employee compensation benefit line in Scripps Networks was down 30%, 31% year-over-year to roughly $21 million. How much volatility should we expect in the dollar amount of that, as we play out the rest of the year here? I mean, can you actually hold employee costs in Scripps Networks into low $20 million, $21 million range for the rest of the year? My first question please.

Jason Combs - *E W Scripps Co - Chief Financial Officer, Executive Vice President*

Yes. I mean, as I said earlier, there's always a little bit of variability from quarter-to-quarter. But yes, I would say in general that, we reset things through the actions we've taken to a much lower employee cost base in that segment. And I would expect that to continue as we progress through the year.

Craig Huber - *Huber Research Partners - Analyst*

Okay, great. And then on the advertising front, maybe a little more detail about some of the advertising categories out there, maybe on the TV station side, for example. I'd love to hear how auto did in the quarter, what your outlook is for the new quarter here, maybe touch on maybe retail and services as well, if you could please, for the TV stations?

Jason Combs - *E W Scripps Co - Chief Financial Officer, Executive Vice President*

Yes. So I can start with -- I'll first start with Q1 and I can talk a little bit about our Q2 guide. So as we said, core revenue was down about 3% from the prior year, really driven by a variety of factors, kind of from a line of revenue perspective. Local was -- the local piece of core was more stable than the national piece where we saw sort of the largest decline. The US is a little bit about categories. I would say looking back, automotive and retail were the worst performers in the quarter. And I think you can certainly point that back to the macroeconomic environment right now.

Services and home improvement were down a little bit, but I would say generally stable in the quarter. And actually for us, one of our top five categories gambling was actually up in the quarter tied mostly to the local sports deals that we have. From a Q2 perspective, we gave a guide of low single-digits. That was actually, I think, slightly better than some of our peers who are kind of more in that low to mid. The down is driven again by auto and retail.

Actually in April four of our top five categories were up, largely driven by the benefit of sports, specifically the NHL playoff series in Las Vegas and in South Florida and then also, I would say, a favorable NBA footprint for us on our ABC stations. But many of those categories, once those things sort of played out in April, flip back to down in May. So, it's largely again auto and retail that are driving things. We're certainly navigating a lot of uncertainty right now, but I will point back to I think that our guide is a little bit better and it's really tied back to some of the positive things we saw in April on our sports properties.

Craig Huber - *Huber Research Partners - Analyst*

I appreciate that. And could you maybe quantify how auto and retail did in the first quarter? And is that percent change dramatically different how it's looking so far in this quarter?

Jason Combs - *E W Scripps Co - Chief Financial Officer, Executive Vice President*

I would say that, in general, it is probably fairly consistent as you move from Q1 to Q2. I know a couple of other peers were also asked kind of Q1 to Q2 comparison. I would say, generally, Q1 to Q2, if it weren't for sports, Q2 might be slightly worse than Q1 in terms of pacings, but the sports has helped us sort of offset that. Auto was down kind of in the low double-digits range in Q1, retail more in kind of the mid-single-digits range.

Craig Huber - *Huber Research Partners - Analyst*

Okay. Appreciate that. Is there any more real estate asset sales you're expecting any significance for the rest of the year?

Jason Combs - *E W Scripps Co - Chief Financial Officer, Executive Vice President*

There's nothing we're expecting right now. It doesn't mean that something couldn't pop up. We are continually looking at our footprint, looking if there is demand in a certain market for the locations what we have. But right now, we've delivered $63 million in asset sales from a real estate perspective and don't have anything else in the queue right now.

Craig Huber - *Huber Research Partners - Analyst*

Okay. Thank you for that. Back on advertising again for Scripps Networks, looking for it to be flattish in the new quarter year-over-year. Can you talk about some of the categories are doing better and worse than that? I mean, I'd particularly love to hear how direct response is doing. Anything in there?

Jason Combs - *E W Scripps Co - Chief Financial Officer, Executive Vice President*

All right. So I'll start here and then Adam can add in potentially a little bit of additional color. So from a Q2 perspective, yes, we said flat. I think that when you're looking at Q2, we expect to see continued strong Connected TV growth, a little bit of a stronger scatter market than we saw in Q1 and I would say a modestly improved -- marketplace, largely tied back to having a full slate of sports that we're wearing on ION in the second quarter with both the WNBA and NWSL.

And I'll just kind of point back to Adam's point he made a couple of minutes ago. Our Q1 performance and our Q2 guide both, I would say, materially better than our peers. A lot of them in Q1 were down 10% to 15% versus are down 5%. And I do think that is tied back specifically to our sports strategy that we're deploying.

Adam Symson - *E W Scripps Co - President, Chief Executive Officer, Director*

Yes. I would point out to the fact that, Craig, during last year's upfront, we saw significant demand for these sports assets that bridge second and third quarter. And while tariffs and uncertainty in the economy, I think has a big impact on advertising in general, this is going to -- we're going to see a period where advertisers will flock to the most valuable and most premium inventory available. And it's another validation I think of our investment in women's sports and our deepening of our commitment to bringing premium inventory opportunity to ION.

Craig Huber - *Huber Research Partners - Analyst*

Okay. Last question, I promise. You guys talked about in your press release, retrans revenues expected to be flat year-over-year in the second quarter and the same for the full year. I'm curious, your retrans subs, what percent were they down year-over-year in the first quarter? I think recent quarters, as you guys have said publicly, it's down about 5%. Did that trend continue in the first quarter? And what's embedded in the remainder part of the year more of the same down roughly 5% or so?

Jason Combs - *E W Scripps Co - Chief Financial Officer, Executive Vice President*

You're correct. Yes, we were down mid-single-digits for the most recent twelve month reporting period. That's in line with our trends. That's also in line with what we assume in our forward-looking modeling. Certainly, recent earnings reports from some of our distribution partners have shown, I would say, some marginal impact in their sub-churn and we continue to monitor that and hopeful that that does over time play its way into our numbers as well. But at this point to be conservative, we've continued to assume the down mid-single-digits.

Craig Huber - *Huber Research Partners - Analyst*

Okay great. Thank you both.

Operator

Avi Steiner, JPMorgan.

Avi Steiner - *JPMorgan - Analyst*

Hi, thanks for taking the questions. Two broad categories as I can. First, on the cost save side, the company has done a great job on the Scripps network side of the business. And I'm just wondering if you could transfer that disciplined expense management and find opportunities perhaps on the local media side of the house to help offset some of this top line on your political absence? And then I've got one more. Thank you.

Adam Symson - *E W Scripps Co - President, Chief Executive Officer, Director*

Sure, Avi. Actually, over the last couple of years, if you were to take a look at our expense run rate, you would recognize that we've actually pulled a number of levers that have saved significant spending -- significant expenses in the Local Media division. I would say, certainly, we're looking at the opportunity for local market consolidation to be a tailwind for expense savings as well and for accretion.

I think we're continuing to look at new opportunities to leverage technology through transformation, particularly with AI that will make our operations more effective and more efficient, the potential for additional centralization. But for the most part, I think we've generally pulled those levers. And with the exception of increased costs associated with sports rights that were incremental for this year, our local expenses have been, I think, a pretty solid performance as well.

There's probably not the significant lever pull that you see in Local that we've been executing in networks. But I would expect that we will continue to manage expenses very, very carefully throughout the year.

Avi Steiner - *JPMorgan - Analyst*

Appreciate that very much. And my second question and then I'll let you guys go, it's a two parter. But on the FCC regulation front, appreciate the earlier comments on swaps and sales. But maybe two, one, I'm curious if any of the prospective ownership rule changes at the SEC might impact the ION side of the business, first.

And then secondly, beyond ownership rules, curious whether the FCC can deliver other benefits, including maybe how they view virtuals? And if you were able to negotiate directly with them, how might that boost your top and bottom-line? And again, thank you for the time.

Adam Symson - *E W Scripps Co - President, Chief Executive Officer, Director*

Yes. Avi, I would say on the second question, we're certainly looking forward to the opportunity for greater operating leverage to help us improve the durability of the business, whether that's in our ability to negotiate for what I would characterize as an appropriate level of compensation for us from the networks to the potential for the FCC to change the way they think about virtual MVPDs. Just because it comes in over the Internet doesn't mean it's in any way fundamentally different than a traditional MVPD.

And I think, the NAB and local affiliates like ourselves have long been calling on a change there. Were virtual MVPDs to be treated the same as MVPDs, we think there would be a lot more upside in our opportunity for direct negotiation with those virtual MVPDs. And we think there'd be additional benefit to the people of this country, who would then have the opportunity to also watch like many of our independent stations that today carry local broadcast sports, but are not being carried right now on virtuals, because we don't have the operating leverage in order to ensure that they get carried on those virtuals. It's really just a fact of the people in these communities are missing out, if they are a virtual MVPD subscriber.

So we certainly look forward to that. I think there's also you may have read how Commissioner Simington's proposal looks to potentially cap reverse. We think, the commission recognizes that, things have gotten to the point where the networks are using their economic leverage to control the airwaves, which is essentially a de facto violation of communications regulations.

So the networks ought to be taking this moment as a call to action to address the issue proactively instead of waiting for it to be regulated. And we think that's also a very good catalyst for value creation for shareholders, for the industry. And now, I've forgotten your first question, Avi. Remind me.

Avi Steiner - *JPMorgan - Analyst*

The first one was just if any of these prospective ownership rule changes and other changes you just talked about might impact the ION side of this. Thank you again.

Adam Symson - *E W Scripps Co - President, Chief Executive Officer, Director*

Yes. I mean, I think, certainly ION is a broadcast network. And when we acquired ION, we were constrained with how many of the local stations, the local transmitters we could acquire, because of the impact it would have on our cap and on in market rules. We believe, there could be opportunity for changes in the regulation to open up the opportunity for us to bring in more of the ION stations, and in doing so, eliminate some of the OpEx today that is a drag on ION margins.

One of the opportunities when we acquired ION was owning our own spectrum, with our networks, instead of leasing it. And the same continues to hold true with ION. When the rules change, the opportunity for us to own more of our own distribution will be a tailwind to networks margins.

Operator

Michael Kupinski, Noble Capital Markets.

Michael Kupinski - *Noble Capital Markets - Analyst*

Thank you and thanks for taking my questions. I was wondering if you can quantify the advertising lift that you're receiving from gambling advertising as you expand your sports on both local and network. Is that a category that is differentiation from you and your broadcast peers? Are there other categories that you see a lift related to your sports programming? I was just wondering if you can add some color on the difference that you're seeing in your pacings versus others.

Jason Combs - *E W Scripps Co - Chief Financial Officer, Executive Vice President*

So I think that in April four of our top five categories were actually up. And so, I do think we see the benefit of those playoff series that played out on our airwaves in April across a variety of categories. Gambling has been one that's certainly in the markets where we have local sports. There's obviously a very close tie in between sports betting and the sports that we're airing. And so, we typically do see in those markets stronger gambling category growth than we do in markets where we don't have local sports.

Michael Kupinski - *Noble Capital Markets - Analyst*

Got you. And I was wondering if you can give us an update on EdgeBeam. Is the CEO in place there? Does it have the funding? Is there an estimate on how much revenues it may contribute this year? What is your outlook on that at this point?

Adam Symson - *E W Scripps Co - President, Chief Executive Officer, Director*

Yes, Mike. We are close on the CEO. Just as a little context, the JV brings together Nexstar, Sinclair, Gray and Scripps, really the four most powerful broadcasters into one platform to reach 97% of US households. No, I would not put anything in your models for Scripps or really the broadcast sector yet on EdgeBeam. There's two ways EdgeBeam is going to be a catalyst for value creation.

First, as an equity owner, we will create value for Scripps through this joint venture. And second, and what I would characterize as sort of the one that you ought to be most focused on, every one of the broadcasters associated with EdgeBeam also will have or has commercial agreements with EdgeBeam for the use of our spectrum for data casting.

And bringing all of us together as a broker in the marketplace really as a catalyst to make the market, we believe, will help to create value at the broadcast company level, as we begin to bring in clients that want to lease contiguous spectrum across the nation. But I would not put anything. I do believe, we'll see revenue this year, first revenue at EdgeBeam, but I do not believe the companies will see material revenue this year.

Michael Kupinski - *Noble Capital Markets - Analyst*

And Adam, I know that, I think that, you've met with the FCC and the administration recently. And I was just wondering there is a lot of initiatives there at the FCC in talking about deregulation and so forth. Do you have any sense of the timing or how this might move along? I mean, obviously, we've been disappointed in the past where the FCC indicated that they're willing to lift ownership restrictions and then it never happened and got bogged down in Congress or whatever. I was just wondering, what is your sense of the timing of this?

Adam Symson - *E W Scripps Co - President, Chief Executive Officer, Director*

Yes. I mean, I think you're going to start seeing announcements from the industry relatively soon. We have to be mindful of the fact that, it's still a 2-2 FCC and we're waiting on the full Senate confirmation of the last commissioner to be seated, trustee. I think once that happens, I think the commission will be in a much better position to actually make changes to the regulations under Chairman Carr's Delete, Delete, Delete initiative.

But even before that, it wouldn't surprise me, if swaps or deals were brought in front of the FCC under the assumption that it's going to take some time for them to make its way through the process and or for the process to be hastened a bit through waivers. So this is not like in the past when we were I think trying to improve our business within the constraints of very arcane rules.

This is a commission that recognizes that local news, local sports, local programming, they depend on this commission taking action in order to level the playing field. I think the Chairman rightly recognizes that, we need greater economic leverage, because otherwise we're witnessing de facto control of the airwaves by the networks. And I believe that, the commission will act in a way that, as I said in my prepared remarks, rebalance the marketplace.

By the way, not in a way that's going to favor us, but in a way that just makes it fair to the American people that rely on local TV news, sports and programming. And of course, this will benefit our shareholders who invested in this mission.

Michael Kupinski - *Noble Capital Markets - Analyst*

Adam, thanks for that color. I really appreciate it. That's all I have. Thanks.

Adam Symson - *E W Scripps Co - President, Chief Executive Officer, Director*

Thanks, Mike.

Operator

Shanna Qiu, Barclays.

Shanna Qiu - *Barclays Investment Bank - Analyst*

Hi, guys. Thanks for taking my questions. Congrats on extending your term limitaries in April. Appreciate you guys are focused on deleveraging. Can you provide an update on your 2027? Are you guys still actively engaged in looking at options to refinance those?

Jason Combs - *E W Scripps Co - Chief Financial Officer, Executive Vice President*

Yes. So thanks for the question. As you pointed out, we were really pleased with the refinancing that we completed and that does kind of clear that runway through May 2027. Probably can't say much more than that, we continue to evaluate our existing -- our remaining debt maturities as part of our efforts to optimize our balance sheet and probably can't say much more than that at this point.

Shanna Qiu - *Barclays Investment Bank - Analyst*

Okay, great. Thank you. And then last one for me. I know some of your peers have reported political benefits from the Wisconsin Supreme Court race. It seems like you guys, might not have benefited as much even though you have a top station in Milwaukee. Can you just comment on the dynamics that you guys saw there and how we should think about that pulling into political going into next year?

Jason Combs - *E W Scripps Co - Chief Financial Officer, Executive Vice President*

Yes. So I think I can speak to Q1 and then Adam probably speak to kind of the bigger picture. We did have some benefit that rolled through in the political number that we reported in Q1 tied specifically to Wisconsin. And I think that, when you look there wasn't -- beyond that there wasn't a lot of other political across our footprint. But certainly, we did see and we have two stations in Wisconsin and we saw -- we did see some dollars flow through those races as a result. Do you want to talk more broadly about that?

Adam Symson - *E W Scripps Co - President, Chief Executive Officer, Director*

Yes. I mean, just to reiterate, we did see the benefit in Wisconsin. Quite frankly, I mean, given revenue in the first quarter, it wasn't hugely material for any of us, but it was nice to see, and I think a positive outcome, a reaffirmation of television's power for political that it will continue. There is, I think the potential for additional political revenue ahead with Virginia's gubernatorial race.

But overall, I mean, I think it's going to shape up to be a pretty typical off cycle year with the exception that it's always possible that, the environment we're in will spark earlier spending on the mid-terms. And I think there's a lot of money sitting on the sidelines right now waiting to determine what the strategy will be. We know when that strategy is set that money will be spent in local broadcast television.

Jason Combs - *E W Scripps Co - Chief Financial Officer, Executive Vice President*

Yes. And just to reiterate, I think when you're kind of talking full year, I would -- if you look back over kind of our historicals, an off year for us is typically kind of in that mid $20 million range. And so I think that is aligns with our expectations for this year.

Shanna Qiu - *Barclays Investment Bank - Analyst*

Okay great. Thank you guys.

Operator

Hal Steiner, BNP Paribas.

Hal Steiner - *BNP Paribas Exane - Analyst*

Hi, guys. Thank you so much for taking my question and congratulations on the solid quarter and guide. Could you just share what the pro forma cash balance was at the end of the refinancing transaction in April?

Jason Combs - *E W Scripps Co - Chief Financial Officer, Executive Vice President*

Yes. I will have to get that number for you. I know at the end of the quarter, we had $25 million. We did draw up on the revolver or as at the closing to help fund fees and such with the plan to pay it down throughout the quarter. And so, I will have to get the number. I don't have it in my fingertips.

Hal Steiner - *BNP Paribas Exane - Analyst*

Got it. Is it right to expect that, that revolver balance would be mostly paid down by the end of the quarter? Because I guess when I like just did the walk, like I think it's like roughly $370 million of the term loans like came out and then you did a $360 million draw on the AR facility. So it seemed like that decently matched that. So I was just a little surprised that like the draw I closed was $170 million, but it seems like that's transitory and coming down.

Jason Combs - *E W Scripps Co - Chief Financial Officer, Executive Vice President*

Yes. I would say, yes, it will come down. I would not expect it to be paid off by the end of the quarter. I think the expectation is it's paid off by the end of the year, yes.

Hal Steiner - *BNP Paribas Exane - Analyst*

Got it. Great. Okay, great, thank you guys for taking my question.

Operator

Steven Cahall, Wells Fargo.

Steven Cahall - *Wells Fargo - Analyst*

Thank you. First, just on the solid networks guide in the second quarter. I was curious how much of that revenue is already committed. I'm guessing it's quite a bit, but we'd just love to get your thoughts on the visibility there. And sticking with Networks, I imagine programming costs are up this year as you move into more and more sports on ION. So is it correct to think about the cost action you've taken at Networks is even more aggressive than what we're seeing, because there's some underlying content cost growth within the network?

Adam Symson - *E W Scripps Co - President, Chief Executive Officer, Director*

No, I mean, on the second question, yes. Obviously, there are typical step-ups in sports rights programming. And I think, you're pointing out something that, we probably should have pointed out ourselves. We are making strategic changes to the programming strategy, and to fund those changes we're cutting, but we're -- what you're seeing is still essentially very significant improvement in the OpEx at the network side even with that subtle, I would say, and very disciplined growth in programming expense due to sports.

Jason Combs - *E W Scripps Co - Chief Financial Officer, Executive Vice President*

Yes. And in terms of sort of Q2 revenue guide, what I would say is, we do have a high degree of confidence. We have probably around low 80% committed at this point. We continue to close more every week as we progress through the quarter.

Steven Cahall - *Wells Fargo - Analyst*

And then Jason, just following up on local. What's driving the low single-digits expense guide in the quarter? I would think that, as you're comping a bigger political year that reduces some costs like commissions. So just curious what that is causing that expense growth at local in Q2?

Jason Combs - *E W Scripps Co - Chief Financial Officer, Executive Vice President*

Yes. And so, it's really primarily been driven by the programming line and primarily by sports programming. We have some new sports assets. Those costs do bleed into the second quarter through sort of the end of the season and through the playoffs. And so, if you back out sort of the programming line, all other expenses I would say are flat.

Steven Cahall - *Wells Fargo - Analyst*

And then, the last one kind of speculative, Adam, on the deregulation front. There has been a lot of focus on virtual MVPDs and I think that's been one of the subjects of the NAB as well. If the national networks do provide that negotiating right back to local stations, but the FCC is not involved in regulating what exactly MVPD does or doesn't have to do.

Do you think that's still a big revenue opportunity for you all? I guess what I'm asking is, if you're kind of just negotiating for the value of your local content with the virtuals, do you think you can generate more revenue than what you get from them today?

Adam Symson - *E W Scripps Co - President, Chief Executive Officer, Director*

Absolutely. I absolutely do. And that's from the evidence that we've had in the past. Every one of these the most successful virtual MVPDs knew they needed the local affiliates and the local streams in order to actually launch and to get to a level of scale. So I do think, we would be in a better economic position. I also think it would finally open up the opportunity for the virtuals to be in a better position to negotiate with us for the independent sports stations as well. I mean, these are things that we believe are significant catalysts.

Steven Cahall - *Wells Fargo - Analyst*

Would you care to size what that uplift could be?

Adam Symson - *E W Scripps Co - President, Chief Executive Officer, Director*

No.

Steven Cahall - *Wells Fargo - Analyst*

Fair enough. I thought I'd try. Okay, thank you.

Operator

Thank you. This does conclude our question-and-answer session in today's conference call. Thank you for participating and you may now disconnect.
