

REFINITIV STREETEVENTS

# EDITED TRANSCRIPT

SSP.OQ - Q4 2024 E W Scripps Co Earnings Call

EVENT DATE/TIME: MARCH 12, 2025 / 1:00PM GMT

## CORPORATE PARTICIPANTS

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

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

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

## CONFERENCE CALL PARTICIPANTS

**Daniel Kurnos** *The Benchmark Company - Analyst*

**Michael Kupinski** *NOBLE Capital Markets, Inc. - Analyst*

**Steven Cahall** *Wells Fargo Securities - Analyst*

**Shanna Qiu** *Barclays Bank - Analyst*

**Craig Huber** *Huber Research Partners - Analyst*

## PRESENTATION

### Operator

Good day, and thank you for standing by. Welcome to the fourth quarter 2024 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. Please go ahead.

---

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

Thank you, Kevin. 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 Scripps' President and CEO, Adam Symson; and then Chief Financial Officer, Jason Combs. Here's Adam.

---

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

Good morning, everybody, and thanks for joining us. I'll start this morning by making sure you saw the information we put out yesterday in an 8-K detailing the binding commitments we have to refinance our revolving credit facility and our 2026 and 2028 term loans.

I wanted to thank you for your patience a few weeks ago when we opted to delay releasing earnings to wrap up this work. Jason will be along shortly to discuss the details.

This morning, we're reporting terrific fourth quarter and full year 2024 results, a strong move down in year-end leverage and really meaningful progress on performance improvement for the Scripps Networks that we first told you about last year.

All of this progress comes as a result of the company's focus on transformation. But before we discuss Scripps' performance, I want to start high level with an assessment of how the changes in Washington spell opportunity for our industry, for Scripps and for our investors.

The appointment of Brendan Carr to serve as Chairman of the Federal Communications Commission signals a significant shift in the federal government's attitude toward local broadcast television. Carr has been a vocal advocate for reducing regulatory constraints, and he has expressed intent to revisit and potentially relax existing ownership limits for local TV stations. This free market policy shift could present new opportunities for us and our peers to strengthen the operating performance of our business through in-market and company consolidation.

A change is long overdue. The current FCC ownership rules restricting the number of stations a single company can own, both within a market and nationwide, run counter to the original aim of the rules: to preserve competition and a wide range of viewpoints.

In fact, given how much fragmentation has occurred in the journalism and media landscape following the digital revolution, the current ownership restrictions are creating local broadcast group economics that threaten to silence the very voices they were designed to protect.

When these rules were created back before World War II, a local broadcast TV station competed with a few other stations, a newspaper or two and maybe a few radio stations for news audiences and advertisers that wanted to reach them. Today, a plethora of voices comes through digital platforms, social media, streaming services and a wide range of news outlets that fall across the political spectrum.

America does not lack access to information and opinion. And yet the rules that govern our business have not kept up, putting our industry and local journalism itself at an unfair disadvantage. Easing the federal ownership restrictions would finally allow broadcasters to compete in this modern media ecosystem.

With economies of scale, we will increase our ability to invest in local content and better serve our communities with objective locally created news. We'll continue to be there for them during severe weather, natural disasters and all of the other times of crisis and joy, connecting our communities to important local information.

And we'll be the platform Americans can continue to rely on to bring people together around live sports for free because these are the things that matter most to people.

At Scripps, if the government sees fit to modernize the rules, you should expect us to lean into the opportunity in ways that promise to improve our operating profile, deepen our connection to the communities we serve and most definitely unlock greater value for shareholders.

Now I'd like to turn to the plan we're already executing at Scripps to reduce our debt, improve operating performance and set the stage for company growth. First, we're very pleased this week to be announcing a significant round of debt refinancing. Jason will give you the details in a moment.

And I'd like to reinforce that successfully managing our debt structure and paydown is one important aspect of the plan we are executing. We were able to bring down our leverage ratio to 4.8 times by the end of the year. That's nearly a full turn below the end of 2023.

In addition, we continue to make strong progress toward improving the company's financial performance. To this end, for example, the company has already taken the necessary steps to improve the Scripps Networks division margin by 400 basis points to 600 basis points this year.

Last year, we significantly reduced Scripps News' operating costs, and we reduced head count and expenses elsewhere in the division. We reported a fourth quarter margin of 28%, and it would have been even better if we hadn't had a little noise from a onetime charge. We are on track to continue Networks' margin improvement in 2025, something you should see implied in our first quarter guide.

In the Local Media division, we achieved a record political advertising revenue, almost 30% higher than our 2020 presidential election year revenue. Remarkably, more than 80% of these dollars came from only six states. To me, this reinforces our value in reaching local voters in a highly partisan political climate.

Looking ahead to this year, we are totally focused on continuing the transformation of our business, leaning into the connection we make between audiences and advertisers across platforms, locally and nationally around our news and programming.

And nowhere is that connection more potent than through Scripps Sports. Be it through our own acquired sports rights or the programming we deliver locally with our network partners, linear television dominates with live sports.

In the Scripps Networks division, last year, we told you that we closed a successful upfront, selling out more than 75% of our sports inventory, allowing Scripps to buck the industry trend and beat peer performance, thanks to increases in demand and volume. That laid the foundation for 2025. And now as we head into the beginning of the NWSL and WNBA seasons, ION's sports inventory is commanding advertising rates that are more than 2 times its nonsports inventory.

Scripps is undoubtedly delivering on its promises. We are greatly improving operating performance as well as our balance sheet, decreasing our debt and extending the maturity profile and positioning ourselves to capitalize on the opportunities of deregulation. Our commitment to this plan we are executing has never been stronger.

Now here's Jason.

---

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

Good morning, everyone, and thank you for joining us. I'd like to start my remarks today by addressing the major milestone we reached this week in our debt refinancing efforts. We announced yesterday that we've executed a transaction support agreement with the majority of our 2026 and our 2028 term loan holders. This cares for our nearest-term maturity while also extending a portion of the 2028 term loan at favorable economics.

We also entered into commitment letters with accounts receivable securitization providers for a new AR securitization facility. Here are a few of the details. The refinancing we announced yesterday includes a two-year extension on our 2026 term loan and a one-year extension on a portion of our 2028 term loan. And it includes an AR securitization that will be used to pay down a portion of our 2026 term loan at a very favorable rate.

Despite the current elevated rate environment, I am pleased to share that these transactions are only increasing our blended cost of debt by less than 1%. In addition, we have come to an agreement with our revolver banks to extend a portion of our revolving credit facility through mid-2027 once the transaction closes.

This allows us to maintain the liquidity needed for our business operations. With the completion of this work in the coming weeks, Scripps will have retired or extended the maturity of up to \$1.5 billion of debt. We've also been in discussions with an ad hoc group of our holders of our other near-term maturities. In addition, we continue to prioritize using free cash flow to reduce the amount of our debt.

This good news follows our strong finish to 2024. During the year, we set another political advertising record. We completed affiliation agreements with NBC and CBS. We strategically reduced expenses. We closed on \$20 million of property sales and reached an agreement for another \$50 million.

We paid down nearly \$350 million in debt, and we significantly reduced our leverage ratio. In fact, the revenue from political advertising, our expense management and the debt reduction drove our leverage ratio down by nearly a full turn on a year-over-year basis to 4.8 times.

Just a reminder, we ended Q2 at 6.0 times and the third quarter at 5.1 times. So we were pleased to end 2024 with such a meaningful improvement in our leverage ratio as we move back down towards the company's historically lower range.

Now I'd like to go through our Local Media and Scripps Networks divisions' highlights for the fourth quarter and Q1 guidance and then share full year 2025 guidance on a few items. Let's begin our look back with our Local Media division results.

In the fourth quarter, Local Media division revenue was up a whopping 34% from the year ago period. That compares favorably to our guide of up in the low to mid-30% range. We received a record amount of fourth quarter political advertising revenue, \$174 million.

Our full year 2024 political advertising revenue came in at \$343 million. The record amount of political advertising in many of our markets did cause the displacement of core advertising revenue. Core advertising for the fourth quarter came in about 11% below Q4 of 2023 at \$147 million.

Local distribution revenue was down 5% year-over-year as we had no pay TV contract renewals in the quarter. For the full year, distribution revenue was up about 2%, in line with our expectations. Our total subscriber base declined about 5% during that period and was about flat from the third quarter of 2024.

Local Media expenses increased 5.7% from the prior year quarter, in line with our guidance of up mid-single digits due to the expected cost of new local sports rights as well as modest step-ups in existing Big four network contracts.

Local Media segment profit was nearly \$200 million compared to \$86 million in Q4 of 2023. For the first quarter, we expect Local Media division revenue to be down in the high single-digit range with core revenue down in the low to mid-single-digit range. We expect Q1 Local Media expenses to be up in the low single-digit percent range.

Now let's turn to the Scripps Networks division fourth quarter results and guidance for the first quarter of 2025. In the fourth quarter, Scripps Networks revenue was \$216 million, down 6% from the year ago quarter and consistent with our guidance.

Connected TV revenue was up 16% in the fourth quarter after backing out the programmatic advertising products we shut down. Starting in Q1, we'll have mostly lapped that comp. We continue to feel the impact of streaming services growing advertising inventory, but the growth in the fourth quarter is a sign that we're beginning to see that pressure moderate and we've seen even better trends as we moved into the first quarter.

In Q4, Scripps Networks division expenses decreased by more than 6% due to tight cost controls and the reduction of Scripps News operations. Actually, we had guided for Scripps Networks to be down in the high single digits, and we would have met that guidance if it were not for a nonrecurring charge we took in the quarter.

As a reminder, we expect the Networks division margins to improve by at least 400 basis points to 600 basis points in 2025. And for the first quarter, we're trending towards the high end of that range. Networks segment profit for Q4 was \$61 million.

For the first quarter, we expect Scripps Networks division revenue to be down in the mid-single-digit percent range and for Networks expenses to be down in the mid-teens range due to aggressive expense management across a variety of functions in the segment.

Turning to the segment labeled Other. In the fourth quarter, we reported a loss of \$8.3 million. Shared services and corporate expenses for Q4 were \$24.7 million. For the first quarter, we expect that line to be about \$22 million.

For the fourth quarter, the income attributable to shareholders of Scripps was \$80 million or \$0.92 per share. As a reminder that the preferred stock dividend has a negative impact on earnings per share even when we don't pay it. This quarter, it reduced EPS by \$0.17.

In addition, fourth quarter results included a \$19 million gain from the sale of transmission tower sites in San Diego and \$29.9 million in restructuring charges, primarily attributable to Scripps News reductions and an investment write-off. The combined impact of those items decreased the income attributable to shareholders by \$0.09 per share.

In terms of our real estate sales, we had told you to expect about \$60 million in transactions this winter and that we now anticipate closing a little over \$70 million. We have completed the \$20 million sale of transmission towers and reached an agreement on the \$40 million sale of our television station building in West Palm Beach.

We'll be moving our WPTV station operations to a leased facility, and we have two more in transactions pending. At December 31, cash and cash equivalents totaled \$24 million. We paid down \$330 million on our revolving credit facility, leaving it with zero balance by year-end. Our total debt at quarter end was \$2.6 billion.

I'll wrap things up now with guidance on a few full year items. For 2025, we expect to pay cash interest of between \$175 million and \$185 million, cash taxes of \$25 million to \$30 million, capital expenditures of \$55 million to \$60 million, and depreciation and amortization of \$150 million to \$160 million.

We have no required pension contributions. We are executing an aggressive plan for both debt paydown and leverage reduction, and we've made significant progress on the execution of this plan.

Operator, we're now ready for questions.

---

## QUESTIONS AND ANSWERS

### Operator

(Operator Instructions) Dan Kurnos, The Benchmark Company.

---

### Daniel Kurnos - The Benchmark Company - Analyst

First, congrats, guys, on the refi. Obviously, good business. Adam, just on your FCC commentary, obviously, this has been highly topical for the space. Two things we saw, Gray announced that they've gotten a waiver that should have been approved probably by the last FCC but hasn't been approved in five years for two Big 4s in the market.

Is there anything that you guys can do without additional dereg that would help the profile? And if there is dereg, how do you guys view yourselves from a seller/buyer perspective? That's the first question. And then I have a follow-up.

---

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

Thanks, Dan. So I think in the prepared remarks, I made it pretty clear that we believe greater scale nationally in market is necessary for the assets to perform their best for shareholders and for us to be able to continue in service to the communities where we operate.

And I expect we'll do everything in our power to take advantage of this moment. We're certainly engaged in discussions around opportunities to optimize our portfolio to improve the performance of the local stations, opportunities we think we'll be able to take as a result of the change in attitude at the FCC.

I'm not sure there has to be a full change in regulations. As you saw earlier -- or last night, the announcement of the waiver, I think, is one way you're going to start to see things break. This is absolutely critical for our ability to continue to invest in local journalism and in localism itself, including live sports.

We're committing -- we're committed to work in any way necessary to unlock and maximize shareholder value. As to whether we're a buyer or a seller, I mean, honestly, I think we're very, very focused on looking at all opportunities.

I don't think we have the balance sheet to be a buyer, certainly, and we've told you our highest priority is in deleveraging and paying down debt. But I do expect us to take full advantage of the opportunities to swap and potentially even to sell out of nonstrategic markets if the opportunity presents itself and it's in the best interest of shareholders.

---

**Daniel Kurnos** - *The Benchmark Company - Analyst*

Perfect. And then maybe for you or Jason, I guess, just on distribution this year. Just remind us how we should be thinking about it gross. And then on the net side, obviously, we've heard some improvement in sub trends. You guys just also did NBC and CBS. So how should we be thinking about net for the next 12, 36 months, however you want to couch it?

---

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

Yeah. So we have about mid-20% of our subscriber base up for renewal this year. And frankly, there's a lot of negotiations that still needs to happen. So we're not giving any kind of full year guide time since none of those renewals are resetting in Q1.

Specific to Q1, I would say, since we have nothing to reset in Q1, you'll see a fairly similar trend to what we saw in Q4, kind of down mid-single digits driven by sub churn without any meaningful contract step-ups. But I think we'll probably have more to say about that in future earnings calls once we've kind of gotten past those negotiations.

---

**Daniel Kurnos** - *The Benchmark Company - Analyst*

Any color just on views on sub trends or on the renewals on the reverse side?

---

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

Yeah. So I can speak in terms of the sub trend. I think from a sub trend perspective, what we've seen is pretty consistent over the last couple of years, down mid-single digits. That is what we continue to assume in our forward-looking planning.

We are optimistic about some of the things we've seen, specifically, for example, with Charter and some of the sub churn improvements they've shown in recent quarters as a result of sort of their great rebundling of streaming services with traditional pay TV services. And hopeful that, that actually yields us upside as we move forward. But to be conservative, we kind of bake a consistent down mid-single digits into our run rate.

---

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

Yeah. Dan, it's Adam. On the network affiliation side, as you referenced, we did a couple of deals. And I would say, I'm in agreement with my colleagues when I say that the network affiliation renewals have to be structured in a way going forward that acknowledges the changes in the pay TV ecosystem and the network's own strategies to build D2C products. And I would expect these affiliate fees to be headed down and not up.

---

**Operator**

Michael Kupinski, NOBLE Capital Markets.

---

**Michael Kupinski** - *NOBLE Capital Markets, Inc. - Analyst*

Yeah. I want to also congratulate you on your great fourth quarter and also your debt paydown for 2024. I thought that's very, very strong. I appreciate that. A couple of questions here. I was wondering if you can just kind of give us a little bit more color on core, particularly what is driving core?

Typically, when you have such strong political advertising, core tends to perform better in the off-election year. I was just wondering, obviously, some macroeconomic trends here. But I was wondering if you can kind of give us some color on what are the categories that are kind of lagging at this point and give us some color on your thoughts on core advertising as we progress through 2025.

---

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

Yeah. So I can take that. So Q1 core has certainly been a little weak thus far. We guided to core being down kind of low to mid-single digits. There's a lot of uncertainty right now about the economy, the potential impacts on tariffs and what those may have on key categories, for example, automotive and just the overall ongoing implications from an elevated interest rate and inflation environment. All of this, what we're seeing is leading to consumer hesitation and delayed spending decisions.

From a category perspective, I would say you're seeing this most heavily impact automotive and retail. Services and home improvement are trending down in Q1 as well, but not to the same magnitude. And so we're obviously very focused on keeping a close eye on how the economy reacts as we start to move into Q2. And we're actively working expenses right now to help offset some of that core weakness that we, as well as you heard it on our peer calls as well, are experiencing in Q1.

Your comment around political displacement, I mean, I think that there is an expectation in the back half of the year, you do get a bounce back from political displacement and the crowd-out that happened given the fact that we had such a record -- significant record political year last year.

But I think there is a question mark that remains in terms of how much of that is offset if there is continued uncertainty -- economic uncertainty in the marketplace.

---

**Michael Kupinski** - *NOBLE Capital Markets, Inc. - Analyst*

And another quick question here. Can you provide an update and color on your initiatives to use your broadcast spectrum under the EdgeBeam Wireless? And I was just wondering if you expect meaningful revenues from this venture and when that might start kicking in?

If you could talk a little bit about any -- if there are any associated start-up costs associated with it. And I think in your press release, you noted that there needs -- this needs to be ubiquitous across the entire US footprint to be rolled out. And I was wondering, when do you expect to have 100% coverage of the US?

---

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

Yeah. Thanks, Mike. So yes, you're referencing EdgeBeam. We joined with Nexstar, Sinclair and Gray to launch the joint venture called EdgeBeam Wireless. We announced that, I think, at the end of fourth quarter. The JV brings together four of the most powerful broadcasters into one platform.

To your point of ubiquity, that platform reaches 97% of US TV households, and for the first time really presents a true nationwide footprint, which is critical for the development of the datacasting marketplace and for the nation's transition to 3.0.

EdgeBeam sort of comes in at an ideal time from a regulatory perspective, too, as the Chairman has also talked openly about facilitating the industry's complete switchover from 1.0 to 3.0, which is a very important and necessary step.

Chairman Carr has recognized that broadcasters through a platform like EdgeBeam can solve myriad of problems for the nation, from enhanced GPS for the benefit of national security, which he had just spoken about, I think, last week or the week before, to even efficient CDN solutions for streaming platforms, taking off some of the bandwidth crunch that we're starting to see as a result of so much video being sent over streaming.

All of this makes me really bullish on the opportunity for us because we're already starting to get traction with companies that have historically been beholden to expensive 5G or private 5G networks because our service offers up a much more efficient alternative and one that works in conjunction with 5G.

I don't think it's going to be too long before we're sharing more details on revenue and how the marketplace is developing. I wouldn't put revenue in the models for this year. But I do believe it's not going to be long before we're able to share details on this as a material revenue line.

---

**Michael Kupinski** - *NOBLE Capital Markets, Inc. - Analyst*

And Adam, obviously, you identified like over \$7 billion in the total addressable market. I mean what type of share do you think you anticipate getting in that total addressable market? If you could kind of give us some color on expectations of revenue.

---

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

Yeah. So the beauty of the way this has been situated is that EdgeBeam sits as a middle layer. And then those companies that are owners of EdgeBeam, ourselves included, along with other affiliates, actually create value at the station level or at the broadcast group level within commercial agreements back from EdgeBeam.

I think it's a little early right now to determine that. We are just in the middle of recruiting the CEO for EdgeBeam. But I can tell you, we've already -- because each of these parties was already engaged separately in work to catalyze the marketplace, we're already seeing some traction with folks that are looking to leverage our spectrum.

So like I said, I don't think it's going to be much longer before we're able to make a statement about actually seeing some revenue flow back to these companies. I don't think it's going to be modellable material revenue in 2025. But depending on the time line that we work on with the government on that transition, this is beginning to be something I think that represents significant value for investors in years to come.

---

**Operator**

Steven Cahall, Wells Fargo.

---

**Steven Cahall** - *Wells Fargo Securities - Analyst*

First, just a couple of advertising questions. So on Networks, could you just elaborate a little more on the trends you're seeing? I think you said they're improving as you've gone through the quarter. Recently, some of the conference commentary very recently has been a little more negative on the macro.

So I would just love to hear what you're seeing from an advertiser standpoint and their tone. And relatedly, as we think about local sports, is there a good way to think about local sports contribution to core revenue growth in 2025? And then I have a couple of follow-ups on the debt.

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

Sure. So I can start. So specific to your question on Networks in the ad marketplace, it's been a bit of a mixed bag on Networks as we move through Q1. We talked last year coming out of the upfront from the strong results we have, but the majority of that was really tied to sports. And based on sort of the timing of the WNBA and NWSL seasons, we won't really start seeing the full benefit of that until Q2 and Q3 of this year.

In Q4 of last year, when we kind of look back at the results that we posted, we saw -- we definitely saw pricing pressure in both general market and direct response. And while that has improved a little in Q1, it still is being negatively impacted by the uncertainty in the economy right now.

I think the positive trends you referred to there were really on the CTV front, where we saw revenue growth sort of ramp back up in Q4. I think we said 16% growth when you kind of adjust out our -- the programmatic product we sunset, and that, that is accelerating in Q1.

And I would expect, from a CTV perspective, to see growth of more than 30% in Q1. So I think that's sort of the mixed bag, DR and general market still being impacted by the current state of the economy but connected TV beginning to rebound.

---

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

Yeah. One thing, Steve, that I would just point out when you sort of generalize based on a peer company performance, most of our peers are constrained to reaching consumers through cable. And obviously, we all know where that's going. The fact is that ION's distribution on pay TV, satellite cable, OTA and connected TV makes us a little bit unique in the marketplace.

In fact, we're hearing more and more from general market advertisers as they're planning that, that ubiquity of reach gives us an advantage in taking share in the market. That and our strategy around women's sports, I think, will continue to define us a little bit away from our peer set in the market. Do you want to talk about local sports contribution core?

---

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

Yeah. I mean what we said last year was that local sports was driving a 3% to 4% growth in our overall core. Obviously, we're lapping past some of that. We do have one new franchise that will be contributing some growth this year, which would be the Florida Panthers.

But -- and so we do expect some growth probably in the low single-digit range. But as I alluded to earlier, we expect some growth in our sports assets. We expect a bounce back from political displacement. But there's a big question mark out there given everything that's going on in the discussion on tariffs and what that could do to certain categories on how much that offsets the two areas where we do expect the growth.

---

**Steven Cahall** - *Wells Fargo Securities - Analyst*

And then, Jason, just on the debt. So on the accounts receivable securitization facility, is there anything we need to think about to model that in free cash flow? And is the cost of that included in your cash interest guide for the year? Or is that outside of that?

And then also just -- so you've done a great job now pushing out maturities. I think the next one is the notes due in '27. If I'm not mistaken, the revolver also comes due in '27. So is the thinking that between free cash flow and divestitures, you're confident you'll have enough cash to pay down the notes without the revolver, and that's why it works to have the revolver currently just through '27? So I just want to make sure I'm thinking about all that correctly.

---

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

Yeah. So I'll start with the AR securitization. The AR securitization, nothing specific to -- when you're estimating your free cash flow, you need to do differently the interest tied to that. And the rate on that is very advantageous for us.

It is included within our interest expense that will -- that you'll see flow through the interest expense guide we gave of \$175 million to \$185 million. Once we close that, the AR securitization does get excluded from our leverage metrics.

And we'll obviously provide some update in terms of once we close the transaction on sort of forward-looking leverage estimates. Remind me what your next question was after the AR securitization.

---

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

The revolver.

---

**Steven Cahall** - *Wells Fargo Securities - Analyst*

Yeah, just the '27 maturity...

---

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

Oh, the timing? Yeah.

---

**Steven Cahall** - *Wells Fargo Securities - Analyst*

And how you're thinking about, yeah, that timing.

---

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

So we do have the revolver coming due in '27. We also have our 2027 unsecured bonds. What I can say specific to any near-term maturities is, first of all, I will just point back, we're really happy and pleased with the results of the transaction that we announced yesterday and now look forward to closing that in the coming weeks.

And we can say we have been in discussions with an ad hoc group of holders on some of our other near-term maturities. We also do believe that we will generate meaningful cash flow this year and next year that will allow us to manage down the revolver balance as well.

---

**Operator**

Shanna Qiu, Barclays.

---

**Shanna Qiu** - *Barclays Bank - Analyst*

Just to follow-up on the debt question. I know you guys have previously highlighted a more comprehensive refi, the '26s and '27s. And obviously, you guys commented that the '27s were left out of the refinancing.

Could you give a little bit more color as to why those were left out of the refinancing and how you're thinking about it going forward? Given the terms of the TSA announced yesterday, there's quite a few more limitations there.

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

Yeah. So I can't really provide any specifics on the strategy or tactics there. I can just point back to the fact that we've had discussions with the ad hoc group for other holders, in that we are focused and continue to be focused on addressing all of our near-term maturities. But I probably, at this point, can't say anything beyond that.

---

**Shanna Qiu** - *Barclays Bank - Analyst*

Okay. And then maybe switching gears. How are you guys thinking about the WNBA sports rights renewal coming up later this year? It seems like the women's sports is a part of your strategy. So any color on conversations there would be helpful.

---

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

Yeah. Sure. Thanks for the question. It's Adam. We do continue to work really constructively with the team at the WNBA and the NBA. Both sides are committed to the renewal because we both see the benefits. The W has significantly benefited from the reach Scripps brings through ION's distribution on OTA, pay TV and FAST. No other network or streaming partner can offer them that exposure. And I expect we'll be able to share more news on the renewal in the weeks ahead.

Last year's season validated the entire hypothesis we have that American fans would have no trouble finding the W and NWSL on ION. Women's sports has successfully brought in a younger, more diverse and affluent demographic to ION.

And this has resulted in advertising fees, as I said in my prepared remarks, that are significantly higher than our typical programming and an excellent performance. As we get closer to the tip of the season, I expect we'll have a lot more to share on the renewal in the weeks ahead.

---

**Operator**

(Operator Instructions) Craig Huber, Huber Research Partners.

---

**Craig Huber** - *Huber Research Partners - Analyst*

I got a few questions. I'll just do them one at a time, if I could, please. Can you talk a little bit further about the negotiations with your broadcast networks here? I think, Adam, you said you expected the payments to come down here.

So I'm curious if you could maybe touch on, are they getting more variable cost in nature and/or the prices you're paying actually coming down on an apples-to-apples basis? I just want to clarify that a little bit.

---

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

I mean I'm not sure, Craig, it's in my best interest or our best interest to actually go through much beyond what I already said. I mean at the end of the day, we, along with our peers, believe that the relationship has become lopsided and it needs to be corrected. And we're working, I think, with our network partners to ensure that we are able to continue our partnership in a way that's in the best interest of both parties.

---

**Craig Huber** - *Huber Research Partners - Analyst*

Okay. And my second question, Jason, on the cost outlook here for Scripps Networks down mid-teens in the first quarter, quite a sea change for the positive from your vantage point, getting rid of this -- the news operation there.

Can you just help us understand -- can you give us some financials around the cost outlook for this year? How much in dollars are your savings this year versus '24, coming from getting rid of the news part of the operation versus just the core cost cutting that you're doing in total? How should we think about that for the year to get your margin guidance for the year? How is it --

---

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

Yeah. So the shutdown of the Scripps News over-the-air operation, it does -- Scripps News does continue as a streaming brand. is driving a \$35 million savings on an annual basis start on 1/1. So that is a big piece of the 400 basis points to 600 basis points guide we gave in terms of margin improvement for Networks. But there are other components there as well, some decisions we've made that you'll see kind of rolling through the programming line tied to carriage fee agreements as well as continued focus on driving efficiency, in head count as well.

So all of those things combined come together through to get us to that guide. And as you heard me say on the call, we gave out the guide back in November. I think there were some questions about how do you actually achieve it. As we said on the call, we're actually, at this point, expecting to hit the high end of that guide in Q1 based on where we're at right now.

---

**Craig Huber** - *Huber Research Partners - Analyst*

So Jason, is the non-news cost savings for this year another roughly \$35 million of savings? I think you've said that in the past. How should we think about that?

---

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

I don't think we've quantified anything besides the 400 basis points and 600 basis points and \$35 million for Scripps News.

---

**Craig Huber** - *Huber Research Partners - Analyst*

Okay. And then also, can you just -- I'd like to hear a little bit, can you quantify actually how auto advertisements do in the first quarter on a year-over-year basis for the broadcast networks?

---

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

Yeah. Auto is certainly one of the more challenged categories right now because of all of the disruption coming out tied to potential impacts for tariffs and so on and so forth. And so right now, it's kind of trending down. I would say, it's the -- it's down the most of any of our categories right now. As I said earlier, services and home improvement are faring a little bit better. And so it's kind of down in kind of that low teens range.

---

**Craig Huber** - *Huber Research Partners - Analyst*

Okay. And then also, you mentioned retail category was down fairly significantly. Is that approaching that number as well then?

---

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

Oh, it's doing better than auto. Auto is probably the most impacted category right now. I'll also remind everybody that from a percentage perspective, auto is our second biggest category. Services continues to be our large category, has been for the better part of as long as I can remember. Services represents about one-third of our overall revenue.

**Craig Huber** - *Huber Research Partners - Analyst*

Okay. And then I think I have two more here, if I could. The Scripps Networks, are there any advertising categories there that you'd want to call out that are doing materially better than trends last 6 months? And maybe are there any that are doing materially worse? Any significant changes there?

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

I think what we've seen is that from a general market perspective, consumer packaged goods and the restaurant category have been down more than some of the other categories. Pharmaceuticals and retail have hung in there a little bit better than those two. And from a DR perspective, I'd say consumer packaged goods and health care are the weaker categories in the DR space.

**Craig Huber** - *Huber Research Partners - Analyst*

Okay. I appreciate that. The other question I wanted to ask you on live sports, as we sort of think about all the various hours you guys have added here in live sports here, are you pretty confident that almost across the board that the EBITDA you're getting off those few hours for each sports that you're showing on there is materially more profitable than what it replaced? How do you think about that right now?

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

Yeah. Without a question. I mean it's clear that live sports is a sweet spot for linear TV, and our move into women's sports was particularly well timed. We were ahead of the demand, and that's benefited us, propelling us past other general market -- or general entertainment networks versus -- with respect to peer performance in advertising.

I think we would definitely pursue other opportunities, but only so long as it makes financial sense, Craig. It can certainly be easy to get carried away with live sports rights and overpay. But I've said consistently, and I think you all know that deals that we do have to be done with discipline to create value from the beginning. And that's what we've done thus far, and that's the only way we'll do it going forward.

**Operator**

And I'm not showing any further questions at this time. So this does conclude today's presentation. You may all disconnect, and have a wonderful day.

**DISCLAIMER**

Refinitiv reserves the right to make changes to documents, content, or other information on this web site without obligation to notify any person of such changes.

In the conference calls upon which Event Transcripts are based, companies may make projections or other forward-looking statements regarding a variety of items. Such forward-looking statements are based upon current expectations and involve risks and uncertainties. Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks, which are more specifically identified in the companies' most recent SEC filings. Although the companies may indicate and believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward-looking statements will be realized.

THE INFORMATION CONTAINED IN EVENT TRANSCRIPTS IS A TEXTUAL REPRESENTATION OF THE APPLICABLE COMPANY'S CONFERENCE CALL AND WHILE EFFORTS ARE MADE TO PROVIDE AN ACCURATE TRANSCRIPTION, THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORTING OF THE SUBSTANCE OF THE CONFERENCE CALLS. IN NO WAY DOES REFINITIV OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED ON THIS WEB SITE OR IN ANY EVENT TRANSCRIPT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S CONFERENCE CALL ITSELF AND THE APPLICABLE COMPANY'S SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

©2025, Refinitiv. All Rights Reserved.