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CORPORATE PARTICIPANTS

Carolyn Pione Micheli *E W Scripps Co - Head of investor relations*

Jason Combs *E W Scripps Co - Chief Financial Officer*

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

CONFERENCE CALL PARTICIPANTS

Daniel Kurnos *Benchmark Company - Investor Relations*

Steven Cahall *Wells Fargo - Investor Relations*

Avi Steiner *JPMorgan - Investor Relations*

Shanna Qiu *Barclays - Investor Relations*

Craig Huber *Huber Research Partners - Investor Relations*

Michael Kupinski

Michael Kupinski *Noble Capital Markets - Investor Relations*

PRESENTATION

Operator

Good day and thank you for standing by. Welcome to the 3rd quarter 2025 EW Scripps Company earnings conference call.

At this time, all participants are in a listen-only mode. After the speaker's presentation, there will be a question-and-answer session. To ask a question during the session, you will need to press 11 on your telephone. You will then hear an automated message advising your hand is raised to withdraw your question, please press 11 again. Please be advised that 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 Pione Micheli - *E W Scripps Co - Head of investor relations*

Thank you, DD. Good morning, everyone, and thank you for joining us for a discussion of the EW Scripps Company's financial results and business strategies. You can visit cripps.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. Reconciliations of these measures are included in our earnings release. We'll hear this morning from Chief Financial Officer Jason Combs and then Scripps President and CEO Adam Simpson. Here's Jason.

Jason Combs - *E W Scripps Co - Chief Financial Officer*

Good morning, everyone, and thank you for joining us.

We are pleased to be reporting a 3rd consecutive quarter of results that met or exceeded expectations on nearly every reporting line fueled by our Scripps sport strategy and strong sales execution, as well as tight expense controls. On the M&A front, we've been moving ahead with our plans for our station swaps with Gray and the sale of Fox affiliate WFTX in Fort Myers, Florida.

And last week, we announced the sale of WRTV in Indianapolis. We were very pleased with the valuations we received on the Fort Myers and Indianapolis stations. Both sale prices represent multiples well above current local broadcast station transactions, 9 times blended EBITDA for WFTX and 8.5 times for WRTV in Indy and actually 9.2 times if you adjust for the impact of the Pacers finals run last June.

These two cash sales will total \$123 million, creating significant cash inflow that will improve the health of our balance sheet and provide for some modesty de-levering.

During the quarter, we closed on the placement of \$750 million in new senior secured second lien notes.

We locked in a very good rate of 9 and 78%.

Proceeds were used to pay off our senior notes set to mature in 2027, to pay down more than \$200 million of our 2028 term loan and to pay off part of our revolving credit facilities. We have since paid off the remaining balance on the revolver, a full quarter ahead of our guidance.

We'll get back to debt reduction in a moment, but first, let's review 3rd quarter financial results and 4th quarter guidance.

During the 3rd quarter, our local media division revenue was down 27% due to the absence of political advertising revenue compared to the prior year.

Core advertising revenue was up nearly 2%. We grew national advertising revenue driven by an increase in our largest category, services. Our sports strategy helped drive that Q3 performance as well.

Local media distribution revenue was flat.

Expenses for the division were down more than 4% year over year, aided by lower employer-related costs.

Local media segment profit was nearly \$53 million compared to \$161 million in Q3 of last year's political cycle.

For the 4th quarter, we expect local media division revenue to be down about 30%. We expect core revenue to be up about 10%, bolstered by our sports strategy, specifically our newest NHL partnership with the Tampa Bay Lightning, as well as the comparison to last year's political advertising displacement of core.

We expect local media expenses to be flat to low single-digits, inclusive of the new sports rights expense for the Lightning.

Now let's review the highlights for the Scripps Networks division, 3rd quarter results, and 4th quarter guidance. In the 3rd quarter, Scripps Networks revenue was \$201 million about flat compared to the year ago quarter.

Along with other companies in the national networks business, we dealt with economic uncertainty, and yet we look to have delivered significantly better results than others.

Connected TV revenue was up 41% year over year. Just a reminder that our networks division CTV revenue comes from the extensive streaming distribution of our national networks.

Advertising demand continues to be strong for our quality networks programming.

In addition, inventory for both WNBA and National Women's Soccer League games commands premium advertising rates.

The division's expenses for the quarter were down 7.5% due to lower employer-related costs and operational reductions we made last fall at Scripps News.

Scripps network segment profit was \$53 million and the segment margin was 27%.

For the 4th quarter, we expect Scripps Networks division revenue to be down in the low double-digit range. This is being driven by a number of factors. We have more than \$10 million of network's political revenue in last Q4. We have a lower percentage of upfront advertising compared to the year ago quarter and our usual Q4 Medicare open enrollment advertising is lower right now partially due to the government shutdown.

We expect Scripps Networks expenses to be down low double-digits.

Turning to the segment labeled other in the third quarter, we reported a loss of \$7.6 million about the same loss as Q3 2024.

Shared services and corporate expenses were \$21.4 million. For the fourth quarter, we expect that line to be about \$21 million.

For the third quarter, we reported a loss of \$0.55 per share. The quarter included a \$7.6 million loss on extinguishment of debt, \$6.5 million of financing transaction costs, a \$1.4 million write-off of deferred financing costs, and \$2.7 million in restructuring costs. Those items increased the loss by a total of \$0.15 per share.

In addition, 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 \$0.18.

I have an update to a full-year guidance number that shows improvement over our previous guidance.

We now expect our cash interest paid to be between \$165 and \$170 million. This reduces the projected cash we need for interest, coupled with the improvements we announced last quarter to lower the cash we need for taxes and CapEx. This will drive significantly better cash flow this year than originally anticipated.

Turning to our two financing transactions this year, we were able to refinance all of our 2026 and 2027 maturities and a portion of our 2028 debt while limiting the increase in our cost of capital to only 1% despite the current elevated rate environment.

We expect to pay off the remaining reduced 2028 term loan balance through cash flow before it comes due, leaving us with no other bond or term loan financings to address until our 2029 senior notice.

At September 30th, we had no borrowings outstanding on our revolving credit facility, and cash and cash equivalents totaled \$55 million. Net leverage at the end of Q3 was 4.6 times, a significant improvement from six times in Q2 of last year.

Our capital allocation priorities remain the same. We are focused on using cash flow to reduce the amount of our debt and we place our highest priority on the reduction of our debt and the lowering of our leverage ratio and now, here's Adam.

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

Thanks, Jason. Good morning, everybody. Thanks for joining us. If you have been waiting for proof that our strategies are working, our strong 3rd quarter results, our 4th quarter guide, and the full year performance they signal should make it abundantly clear. We are seeing real measurable progress at Scripps. We're delivering exactly what we have promised in recent years. We're growing our sports and connected TV revenue streams. We are closely managing expenses, resulting in improved margins. We are executing swaps and station sales to improve our local station group margins and pay down debt, with more likely to come. And we have been using cash flow to reduce our debt and improve our leverage ratio, with more certain to come.

We're delivering an outsized ad sales performance compared to local and network peers, and we can credit two Scripps growth strategies in particular.

These strategies reflect how our mission of deepening our connections with audiences and advertisers is driving business value.

First was our decision, unique among local broadcasters, to launch Scripps Sports. Over the last 3 years, we have charged full speed into partnerships with the WNBA, the National Women's Soccer League, and a host of sports teams and other leagues. Ahead of the market, we saw the opportunity in women's sports and we carved out a leadership position there for Ion.

At the same time, we developed a new model for local broadcasting and sports rights. In both cases, we saw where the momentum was building because we understood the passion sports fans have for their teams and because we recognize the value of that authentic connection for our brands and for our advertisers.

As you can see from our results, this strategy has been a tremendous success on the national network side. Revenue from the WNBA on Ion nearly doubled this season, which is an amazing pace, especially when you consider Caitlin Clark was off the court for much of the season.

The WNBA is a big draw for our clients in the advertising upfront, commanding premium ad rates and increasing volume by about 90% this year over the previous upfront, with total sports volume up over 30%.

Advertisers aren't just taking notice of women's sports, they're competing for this inventory because they understand the demographic and cultural moment we're capturing.

The WNBA, the NWSL, our recent successful premiere of the women's professional track competition ATLS, and the upcoming women's college basketball Fort Myers tip-off are helping to differentiate Ion and the Scripps networks in the ad market.

On the local station side, we now have full season agreements with 4 National Hockey League teams, the WNBA champion Las Vegas Aces, an NWSL team, and the Big Sky College Conference.

These partnerships are driving up core advertising revenue by several percentage points a quarter. Again, real measurable growth.

Given the successes at Scripps sports and with sales execution, we expect to get bolder in our pursuit of sports following the framework that has paid off so well for us affordable and sometimes overlooked national professional leagues, women's sports, and other local teams that need to reach their full geographic markets.

This has been our winning formula, and we plan to continue to build on it with the same discipline that got us here. We won't chase rights we can't afford, but where we see opportunity to create value, we'll be aggressive.

The second strategy we can credit as important as sports was our aggressive pursuit of distribution on streaming services for our networks. Audiences are turning to Ion, Ion Mystery, Bounce, Grit, Laugh, Court TV, and Scripps News on nearly all of the major streaming and virtual MVPD services and platforms.

That distribution has given us an advertising revenue stream that went from zero to a projected 2025 amount of more than \$120 million in just a few years. Think about that. We created a nine-figure revenue line by being early and aggressive in securing connected TV distribution.

Streaming now constitutes 20% of all Scripps networks viewing. And we continue to increase our offerings with more streaming content.

We're building upon our beachhead with new fast channels and new distribution like the partnership we announced last quarter that integrates the Scripps networks into Peacock. We have plenty of room for ongoing double-digit growth in connected TV revenue.

While you can track the impact of our revenue growth strategies and the results, our focus on expense management and transformation should be just as plain to see with a consistent downward trend this quarter, even including incremental sports rights which benefit us with revenue growth.

On the local side, importantly, network fees are flat and reflect the important change in the network affiliate dynamic we've been foreshadowing for some time, a trend we expect to continue in the right direction going forward.

On the Scripps network side, we expect to deliver a 400 to 600 basis point year over year margin improvement through efficiency initiatives and a leaner expense base.

Fiscal discipline is a key part of the financial improvement plan, and you can expect it to continue as we balance expense management with strategic growth in the investments.

But expense control only gets you so far.

The Scripps Transformation Office led by Laura Tomlin is spearheading significant initiatives that will make a sustained and measurable impact across the enterprise.

We're leaning hard into technology and AI in pursuit of meaningful return on investment both in the back office and in our operating units. Early results are pointing to real value. In our newsrooms, we're already leveraging automation and AI to strengthen our core mission of local journalism while improving the economics. These workflow tools allow our journalists to spend more time out in our communities, developing relationships, gathering information and reporting the news. Likewise, automation and AI are helping our sales teams more efficiently identify new prospects and advertising categories, allowing them to spend more time building relationships.

This is just the beginning. I expect to share a lot more on the important work of our transformation office early next year.

Finally, I'll close with some commentary on our M&A strategy. As I've said from the start, we are totally focused on optimizing our portfolio of stations to structurally enhance performance and economic durability in service to our vision to create connection. We're meeting the moment with a bold plan that will remake our portfolio for the future and improve our balance sheet given the premium sales multiples we've commanded.

We've already announced a station swap deal with Gray where we are exchanging 2 Scripps stations for 5 Gray stations, a transaction that improves our market positioning and creates immediate efficiency opportunities. We also announced station sales in Fort Myers, Florida and Indianapolis for cash. The sale prices represent premium multiples for the industry. These are quality stations we agreed to sell only at strong valuations, and the cash we receive will go directly to delivering.

And I'm committed to continuing this work.

So you can see that we're realizing strong success in executing our ongoing plan to balance fiscal discipline with revenue growth to the benefit of shareholders.

We're not just talking about improvement, we're delivering it quarter after quarter. The connections we're building with audiences through sports, news, and strategic distribution are translating directly into advertising revenue growth. The operational discipline we're exercising is expanding margins. And the capital allocation decisions we're making are strengthening our balance sheet.

We are heading into 2026 with significant momentum. The midterm election looks to yield record spending across the advertising ecosystem. We will capitalize on our growing portfolio of revenue driving sports assets and our strategic streaming distribution agreements position as well to capture expanding revenue in the CTV marketplace.

Our strategies, our results, and the opportunities ahead give you every reason to believe in the Scripps company, its management team, and its future. Operator, we're now ready for questions.

QUESTIONS AND ANSWERS

Operator

Thank you. As a reminder to ask a question, please press 11 on your telephone and wait for your name to be announced. To withdraw your question, please press 11 again. Please stand by while we compile the Q&A roster.

And our first question comes from Dan Kernos of the Benchmark Company. Your line is open.

Daniel Kurnos - Benchmark Company - Investor Relations

Yeah, great, thanks. Good morning, obviously a good print from you guys, good execution across the board. Adam, maybe just more of a higher level and obviously Jason you can pitch in, you guys have done really well with kind of what you said and some of the. I mean you call them noncore asset sales, but some of the TV stations stuff that you've gotten for really high, multiples here, how much more wood do you guys think there is to chop there? Obviously there's gotta be some sort of level where you think that, portfolio still needs a scale, but you're finding good value in the marketplace and subsequently, there's still other people out there in the marketplace potentially looking for dance partners. So do you think that's still an option that's on the table and then I have a follow-up. Thanks.

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

Yeah, I mean, broadly speaking, I do think there's significant opportunity there still for us to identify accretive opportunities for us to, buy, sell, and swap stations. We've been engaged in discussions around these opportunities to optimize our portfolio.

We think opportunities that are, going to continue to be available to us and that we'll continue to pursue, relative to sort of, I think the larger.

Question around transformational opportunities. I'll say sort of what I've said many times before. We are absolutely committed to doing the work necessary to unlock and maximize shareholder value, period.

I just don't think I could be any clearer there.

There's no question that transformational M&A at this moment can be really accretive in addition to the work we're doing with optimizing our portfolio, and we'll continue to operate in that marketplace.

Daniel Kurnos - Benchmark Company - Investor Relations

Very helpful color and then just on the network side, appreciate the political call out so that sounds like that's about 4.5 points, of the growth delta, look, Adam, you obviously talked about CTV ramping. I know it's still a relatively smaller portion but growing very rapidly, so can you guys just kind of parse out. The impact of the government shutdown, what's going on with scatter, what's going on in DR, and then also, what you're seeing trends near term in the CTV component just so we have a better understanding of the mix.

Thank you.

Jason Combs - E W Scripps Co - Chief Financial Officer

Yeah, so I can TRY to unpack that a little bit. So you know we guided the download double-digits, a lot of different things factoring into that. You alluded to one of the meaningful ones in there, the political more than 10 million last year. That's not going to occur again this year. I will say we also see, have seen some weakness in DR pricing as we entered the quarter. Tariffs continue to really impact that revenue category and the uncertainty around that or just the impact that many companies are seeing from them. Pharma is a little volatile right now given some of the

ongoing regulatory discussions and that's creating what I would say is an increasingly fluid marketplace, within Pharma, and I think this is the first quarter where you're really seeing sort of the new upfronts roll through the P&L, in generally outside of sports programming, this wasn't as strong an upfront as we had the prior year.

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

Yeah, relative, to the upfront, Dan, just, obviously because it's impacting the 4th quarter guide.

The story was a little bit mixed. I mean, between the power of sports to drive demand and premium CPMs, we saw significant wins across our networks group in the upfront on Linear and CTV, as I said in my prepared remarks, total sports volume up 30%. WNBA in particular saw significant increases of 90%. All of that drove our upfront CPMs to modest. Growth for the overall upfront, but there's, there was generally some softness related to, macro uncertainty, including with pharma, as Jason said. I think a lot of advertisers still holding back some of their spend from the upfront and allocating to scatter, which may have may have accounted for, some of the softness and volume.

And and maybe just add on because you specifically asked about the CTV outlook as well, really strong growth year-to-date, I think we're looking to be for the full year, greater than 35% growth for the full year. We kind of alluded to the whole number there in the script. I think there continue to be new entrants in there that does put some pressure as we move forward, we continue to identify new ways to unlock value in that space, and I think as we said in the script, we think it's going to continue to be a double-digit growth engine for us. I will just remind people as you look at the way that falls because of the value we see in CTV tied to our sports assets, generally you're going to see more growth in the middle part of the year tied to the WNBA and NWSL than in a quarter like Q1 or Q4 that have very little sports.

Daniel Kurnos - *Benchmark Company - Investor Relations*

Got it. Super helpful. Thanks for all the color and nice quarter, guys.

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

Thanks, Dan.

Operator

Thank you And our next question comes from Steven Cahall of Wells Fargo. Your line is open.

Steven Cahall - *Wells Fargo - Investor Relations*

Thanks. So first to just follow on networks, you've got that really strong margin improvement, in 2025. My guess is based on some of what you just talked about with the upfront and some uncertainty in the market, revenues probably implied down next year. Do you think you can still expand margins and kind of continue on this cost journey that you've been on at networks? And then Adam, just on M&A, kind of a strange question, but I think one thing investors are trying to figure out is with the family trust as kind of the voter on strategic M&A, how do those processes come together? Does management lead, does the board lead? Does the family lead, just trying to get a sense of like what the level of engagement and proactivism is and how it works since there is this kind of seems like once in a decade opportunity for transformational M&A which as you say, could be really Creative, thank you.

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

Yeah, sure, Steven, I'll take both of those questions. So first, as you pointed out, I'm really happy with the progress our team is making with networks revenue and margins in a really difficult advertising and economic environment. We are absolutely set to deliver on our promise to increase the margin this year by 400 to 600 basis points, but I would tell you our work isn't complete. We're really focused on continuing to expand in sports to drive revenue growth. And profit, and we're addressing some opportunities with our programming and our distribution.

We expect to expand our leadership and fast and connected TV to fuel revenue growth and identifying new ways to run the business with greater efficiency. So to sort of boil that down, all of this really leads me to be confident that we'll continue to see growth in the margins for Scripps Networks. We're not done yet with Scripps Networks and margin expansion. Relative to the family, look, I don't, I don't speak for our controlling shareholders. This is a management-led process.

Obviously our board of directors is very involved, and then from there we bring the Scripps family in. I can reiterate what I've said. Over the long history of this company, the family has always acted in the best interests of all shareholders and is committed to doing what is best for the company that creates the greatest shareholder value. Look, just to be very clear, this isn't some kind of hobby for the Scripps family. This is a business. It's an investment, and it's their American legacy, and I know they are committed to doing what creates the greatest value for all shareholders.

Steven Cahall - *Wells Fargo - Investor Relations*

Great, thank you.

Operator

Thank you.

And our next question comes from Abby Steiner of JPMorgan. Your line is open.

Avi Steiner - *JPMorgan - Investor Relations*

Thank you. Good morning. Two questions here, maybe to start, I would love your thoughts on the YouTube TV Disney dispute, what it might mean for the local affiliate group more broadly, and can you remind us what is coming through on the distribution front in 2026.

And how, I don't know, can't size it obviously, but any help color that would be great and then I've got one more for Jason and thank you.

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

Yeah, sure, I'll start with the YouTube TV, Disney dispute, and then Jason can talk to you about what's ahead for next year. Like all ABC stations, we remain dark as a result of the YouTube TV Disney dispute. I think there's a lot of economic value for Scripps and ABC ahead when that gets resolved, but with that said, The protracted disruption is one of the reasons why we as local broadcasters believe strongly that we need a seat at the table. We need to be directly negotiating with the virtual MVPDs in order for us to ensure that our local audiences are able to access sports and news. It's just that clear for us. There's already been some softness, I would say, in the ratings as a result of the YouTube TV, Disney dispute, not necessarily we're seeing that in local, but you can see that in some of the national reports. That's obviously got trickle-down impact.

But the reality is because of fragmentation, YouTube TV is only one way our consumers actually consume our content, especially our linear content, and so you know we're not seeing direct evidence of it impacting our revenue performance or our bottom line.

Jason Combs - *E W Scripps Co - Chief Financial Officer*

Avi, on the affiliate renewals, so we have 3 of our 9 CVSs up at the end of this year, and then, in 26 we have ABC up at the end of Q2, so that's 18, that's our largest affiliate partner, 18 stations.

Avi Steiner - *JPMorgan - Investor Relations*

And thank you. How about on the distribution side? Any meaningful retrans potential sub key revenue potential next year?

Jason Combs - *E W Scripps Co - Chief Financial Officer*

We have, 70% of our retrans, traditional MVPD subscriber base renewing mostly in the first half next year. There's a little bit in the third quarter, but mostly kind of split between end of Q1 and end of Q2.

Avi Steiner - *JPMorgan - Investor Relations*

That, that's very helpful. And then, one more maybe for you, I think the word premium asset sale multiples was kind of thrown around a couple of times, which is great to hear. Is that the same on an after-tax basis or any after-tax proceeds you can help us think through and if you could remind us how the proceeds have to be applied to the term loan tranches, that would be much appreciated and thank you all for the time.

Jason Combs - *E W Scripps Co - Chief Financial Officer*

Yeah, so the multiples we announced were sort of on a gross basis from a tax perspective. There was a \$6 million tax, payment tied to the or will be tied to the Fort Myers sale and \$13 million tied to, RTV in Indy. From a, proceeds perspective, so we have a 12 month reinvestment period after which time those cash proceeds will be split 70/30 between our B2 and our B3 term loans. We intend to use those proceeds to pay down debt. We also do have. Ability to allocate a portion of them to M&A if that opportunity were available, but I think what you've seen so far and what you saw with our real estate sales we had last year, was that we were very focused on driving those towards debt pay down in in delevering of the balance sheet.

Avi Steiner - *JPMorgan - Investor Relations*

Perfect thank you so.

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

Much.

Thanks Aavi.

Operator

Thank you.

And our next question comes from Shanna Qiu of Barclays. Your line is open.

Shanna Qiu - Barclays - Investor Relations

Hey, good morning, guys. Thanks for taking my questions. I was wondering if you guys could give any kind of early indicators on how you guys are thinking about political in 2026 relative to 2022 midterms. And then just to clarifying question on the asset sales, the two that you announced, the stations, could you give a little bit more color on how they came.

To be I guess were those marketed through a competitive process, after you guys looked through your portfolio optimization or did you get inbound from buyers there?

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

Thanks, Shanna. I'll talk a little bit about political first. This is Adam. I think next year is going to be a compelling year for us, relative to political revenue. We've got 7 governor's races, 7 states with high stakes House races, and a Senate race that all look to be very competitive right now. We have a really deep footprint in Arizona, Colorado, Michigan, Nevada, Ohio, Wisconsin, and Tennessee, all markets with, I think, significant, elections ahead, I, obviously absolutely expect broadcasting to take the lion's share of the ad revenue spending for the midterms and, I think our portfolio is very well positioned. So I'm looking forward to next year. I think it's going to be a very good year, part of why I referenced the momentum, the tailwinds that I see as we head into 2026.

Jason Combs - E W Scripps Co - Chief Financial Officer

So from an M&A perspective, we, we've talked about our strategy, our buy sell swap strategy, and the fact that, we've identified, certain assets that we would view as as less strategic, from a process perspective. I mean, I think generally there are inbounds and there is a proactive approach as well. We know our markets, we know who potential buyers are of the, of our markets and so I can't say definitively, it's one or the other. I think, it's probably a bit more nuanced than that.

Thank you. I mean, I think, I think the big takeaway there, Shanna is just the prices, those multiples, pushing, 9 times, in Fort Myers and, north of 9 times in Indy when you back out the NBA li. I think that's one question we've gotten before is on those individual station sales, can you really drive a premium multiple? And I think we have two deals now that, clearly show that we can.

Shanna Qiu - Barclays - Investor Relations

Great. Just one more clarifying question for me on the Disney YouTube TV, for the 4Q guidance, any impact from that blackout in the guidance that you put out?

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

There is not in fact I mean if you look at our our core, if you sort of think about our core guide, it's, we're crushing it so I'm really happy about where we see local revenue as we head into the end of the year.

Shanna Qiu - Barclays - Investor Relations

Thank you guys.

Operator

Thank you.

And our next question comes from Craig Huber of Hooper Research Partners. Your line is open.

Craig Huber - *Huber Research Partners - Investor Relations*

Oh, great, thank you. Jason or Adam, can you just comment a little bit further on the advertising environment right now, how you're feeling about it versus say 6 months ago? Obviously roughly 6 months ago we were in the midst of tariffs and so forth. People seem like they're more comfortable with it now. What's going on on that front, but you did allude to a tough environment. Just what, what's your overall sense now versus how you felt 6 months ago, say?

Jason Combs - *E W Scripps Co - Chief Financial Officer*

Yeah, so I'll maybe kind of segment this out and I'll talk about the local core space first and you know I think that if you looked at the results we had for Q3 up, nearly 2%, the guide we gave plus 10%, we're seeing some strength and some momentum there. We saw, our categories build as the third quarter, progressed. And we continue to both see a nice snapback from the political crowd out, continued benefits from our sport sports strategy driving growth within our local brands and just excellent sales execution that is really driving, I mean those numbers that I just quoted there, up 2% and up 10% in the fourth quarter, those dramatically beat all of our peers and so I think from that standpoint we're seeing momentum on the local side. I think on the network side, I talked about this a bit earlier, I think you have a bit of a mixed bag where you continue to see growth through our sports strategy, you continue to see growth through our connected TV strategy, but you do see in that national ad marketplace, some challenges right now across, a variety. Upfront, direct response pricing is weak as we started this quarter. Pharmaceuticals are a little weaker given the uncertainty in regulatory and so I think that's sort of why if you look at kind of our Q4 guide, you have a little bit of a different story between local and and networks right now.

Craig Huber - *Huber Research Partners - Investor Relations*

Okay, thank you for that. And second question, I don't know if you have this at your fingertips, but just curious, what's your sense on how the viewership is breaking down right now in your local markets and also your scripts networks in between over the air Streaming.

Etc.

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

Oh, I don't, this is Adam. I mean Jason might be looking up some of the local stuff, but I did say in my remarks that about 20% of our viewing for networks is now, through streaming.

And we have been very focused on monetizing that 20% and that's what's also powering the the revenue growth there so we're really pleased with the the share of audience that we're driving in the connected TV marketplace. I think it's a testament to the value of our brands and the value of our programming strategy. And the reality is we probably represent one of the very few platforms that brings premium live sports into the streaming or the free ad supported television. Marketplace and that's helping to drive significant CPMs also from our streaming we saw that, play out in the upfronts as well, significant growth in upfront opportunity with connected TV for us. Jason.

Jason Combs - *E W Scripps Co - Chief Financial Officer*

Yeah, the only thing I'd add on to that, specific to kind of, you pointed out OTA there, I mean, I think that, from an OTA perspective, Adam gave that 20% is CTV and networks, the other 80% being linear, we've seen growth in sort of the OTA only percentage of that, 25%, watched one of our networks during prime through OTA, during the most recent quarter. And so I think we're seeing that, some momentum there. I think the other thing to point out on the local side, and I'd just like to give this reminder because I think sometimes people get very focused on prime. And how much that contributes to our core. I'd like to remind people 50% of our revenue in local comes through our news product, and an ever growing

percentage comes through sports, and I would say both of those viewing genres continue to be, extremely durable from a ratings and a, in a delivery perspective.

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

In fact, I mean I think powering. Our continued ability to attract teams and leagues that want more reach is their acknowledgment and recognition that with distribution through Scripps sports locally and on networks. They reach more fans than ever before, especially given the declines in the cable-only marketplace with us they're reaching them on OTA pay TV, and fast, and that's significant additional reach for those leagues and teams.

Craig Huber - *Huber Research Partners - Investor Relations*

I appreciate that. You don't happen to have the breakdown for for the over the air, what percent that is roughly for both segments.

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

We Don't, we don't right now and it and within networks it does vary greatly from 11 channel to the next.

Craig Huber - *Huber Research Partners - Investor Relations*

Okay, understood, And then also you guys are pretty plugged in in Washington on the on the regulatory front. Obviously the government shutdown is delaying things here, but what, what's your sense on timing of, dealing with this 39% ownership cap out there and how do you think that'll get resolved? And do you think the whole thing will get, pushed aside here, so it's no longer in place here, but how long do you think it might take to get that through, assuming the government.

Jason Combs - *E W Scripps Co - Chief Financial Officer*

Shut down gets in fairly soon. Well, I don't know that the government shutdown ends fairly soon, Craig. I mean, to be perfectly frank, I would have thought that two weeks ago.

Once the government shutdown ends, I fully expect that the FCC will take action on the prohibition against groups like ours owning two stations and two big fours in one market. That now should be fairly simple and quick, and then the FCC will move forward, I believe, on eliminating the national cap.

Craig Huber - *Huber Research Partners - Investor Relations*

And would you be surprised if it took beyond the middle of next year to get rid of the ownership cap again, assuming the shutdown does end? I know it's, yeah.

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

I would, I would be very surprised if it took beyond the middle of next year.

I think Chairman Carr is committed and doesn't waste a lot of time.

Craig Huber - *Huber Research Partners - Investor Relations*

Very good thanks a lot guys.

Operator

Thank you.

And our next question comes from Michael Kupinski of Noble Capital Markets. Your line is Open.

Michael Kupinski

Thank you. And just a couple of quick questions. I just want to clarify, you mentioned that, the Scripps network's decline in Q4 somewhat related to the government shutdown. I was just wondering if you can clarify what that revenue decline, what if you can quantify that revenue impact.

Jason Combs - *E W Scripps Co - Chief Financial Officer*

Yeah, I mean it's a smaller piece. It's a part of the puzzle. I mean you've got the political crowd out from from last year.

You've got the general softness in DR, and then you've got the impact of the government shutdown on processing the open enrollment for the Medicare Advantage which is impacting demand and buying from our networks a little bit.

Michael Kupinski

Okay, in terms of, changes in advertising categories, can you just kind of talk a little bit about, any ad categories that might be sensitive to interest rates and the Fed action, maybe from the 3rd quarter to the 4th quarter, it maybe even from the 1st quarter, particularly, categories like auto, home builders, real estate, and so forth. Any particular changes as we in from 3rd, 4th, maybe even as the pacings into the 1st quarter.

Jason Combs - *E W Scripps Co - Chief Financial Officer*

Yeah, so the first thing I'd say there is it's really hard to really take a lot out of the trends right now because of the amount of political crowd out. Like everything is up significantly as you kind of exit the Q3 and as you get into the beginning of Q4 because of that that political crowd out. Certainly there are some categories more materially impacted that, automotive. It has been, a category that's, not just interest rate, also sort of inflationary and tariff related has been a struggle for us the last, call it 4 to 6 quarters. Q3 was, it was a little bit stronger than it's been, probably the smallest year of year decline we've seen in a while. I think other categories, around retail, and, around services which includes things like mortgage based services certainly can be impacted depending on sort of the outcome of the next rate cut.

Michael Kupinski - *Noble Capital Markets - Investor Relations*

This is just more of a more of a macro question, typically, for someone who's been following, several decades in the industry that, the industry for several decades, I was just curious, the Fed rate cuts typically have kind of spurred, some national network advertising and, some, in some cases, 6 months in advance of the Fed rate action. And of course, the Fed rate actions only been pretty modest, cuts, but Notwithstanding those small rate cuts, you would think that there would be a lot more active advertising environment. And I was just wondering, do you feel like advertising, would have been a little bit more robust and given the economy that's been, a pretty decent economy. Do you think that there might be more of a secular issue, or is there some sort of anomaly here?

Or why isn't there much more of a robust advertising environment, certainly on a national front?

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

So you know I think a couple of things. I mean, absolutely there's there's some secular component that is why we are leaning into certain growth strategies around sports and connected TV because we're looking for growth opportunities to offset and drive growth as we see some secular challenges. I also do. I think, frankly the the pace of rate cut is not matched up with most people's expectations kind of coming into the year, and I think that that has negatively impacted the ad markets and I I do think if we'd seen more aggressive rate cuts that we would see a better ad marketplace right now. Yeah.

I would add also, uncertainty is not the ad market's friend. Uncertainty and economic uncertainty doesn't help consumers, and when things are difficult for consumers, it doesn't help VR advertising. It makes brands and agencies hold on to their dollars for longer because they're unsure of what's next, now we've got a government shutdown where we're unclear on what the job job numbers are like. We're not sure what the Fed is going to do. The Fed's actions thus far have been relatively weak. And so I think we've got to get past this period of uncertainty and once we do I think we'll begin to get a better, a clearer sense of you know how the advertising market comes back as brands and agencies drive sales.

Michael Kupinski

Got you. Well, hopefully we have a building building environment in 2026.

Thank you. That's all we got.

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

Thanks, Mike.

Operator

Thank you.

And now we have a follow-up from Craig Huber of Huber Research Partners. Your line is open.

Craig Huber - *Huber Research Partners - Investor Relations*

Great, thank you. I know you guys talked about AI to some degree, but can you just talk a little bit further there about when you might start seeing material benefit, maybe on the cost side of things in the operations of your company, and then also I guess Jason, you guys are always turning over every stone here for years to TRY and make your company more and more efficient on the cost side. Do you feel at this stage that you have a lot more to go in each of your segments and taking out costs here to help the margins?

Thank you guys.

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

Yeah, I'll take both of those questions, Craig, and they're really the same. I mean, I think we're going to be in a really good position next year to provide you with more information on how a transformation driven by technology really allows us to operate as a much more efficient, effective, and growth oriented company.

And I would expect to have more to say about that, come February.

Operator

Very good, thank you.

Thank you. I'm showing no further questions at this time, so this concludes the question-and-answer session and today's conference call.

Thank you for participating and you may now disconnect.

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