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PRESENTATION

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

Good morning, everyone. This is Carolyn Micheli, Head of Investor Relations at Scripps. We're going to start our call. Thanks so much for joining us. We apologize for this morning's delay.

We had technical issues with our conference call provider, and we are not using an operator-assisted line. So please make sure you stay on mute. We appreciate your graciousness and your patience as we navigate this call.

We'll have a Q&A at the end of the prepared remarks. Again, for now, please ensure you're on mute. I'll come back after Adam's remark and open up the call for questions.

A transcript of the call will be available at scripps.com this afternoon, and you can visit scripps.com for more information. 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 and their analysis and valuation 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 first from Scripps' Chief Financial Officer, Jason Combs; and then President and CEO, Adam Symson. Chief Operating Officer, Lisa Knutson, also is with us. Here's Jason.

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

Good morning, everyone, and thank you for joining us. As we wind down this year's election cycle, we're very pleased to be reporting another record year of political advertising revenue.

Scripps' full-year total Local Media political ad revenue looks like it will come in at more than $340 million. That would be almost 30% above the 2020 presidential year, which was our last record. Adam will provide more color on this year's political in just a moment.

The record level of political ad spending drove record third quarter company revenue as well. This revenue, combined with tight expense management, helped us to significantly exceed expectations for third-quarter company EBITDA. And on this note, I have another very positive milestone to share.

The political cash, the expense management and the third-quarter debt payment have driven down our leverage ratio by nearly a full turn this quarter from 6 times at the end of Q2 to 5.1 times at the end of Q3. And with the high level of political advertising revenue and a strong fourth quarter performance, we expect to continue to deleverage to the high 4 times range by year-end.

We are pleased with this progress. And as we've discussed previously, we remain focused on our refinancing opportunities, including with respect to our near-term debt maturities. We look forward to updating you on our ongoing refinancing activities when appropriate.

In a few moments, I'll share an update on the execution of our debt reduction plan as well as on the balance process. But first, I'd like to review the quarterly results highlights and fourth-quarter guidance for Local Media and Scripps Networks divisions.

For the third quarter of 2024, Local Media division revenue was up 26% from the year-ago period. That compares very favorably to our guide of up 20% and was driven by a record amount of third-quarter political advertising revenue, $125 million.

Local distribution revenue was down 6% year-over-year as we had no pay TV contract renewals in the quarter. Our total subscriber base declined mid-single digits, in line with our modeling and expectations.

Third-quarter local core advertising revenue was down about 9% from the prior year period. We saw significant core advertising displacement in 15 markets across Arizona, Michigan, Montana, Nevada, Ohio, and Wisconsin. Those markets account for more than 1/3 of our total footprint.

Local Media expenses were up only 2% from the prior year quarter, in line with our guidance. Local Media segment profit was $161 million, more than double the year-ago period. For the fourth quarter, we expect Local Media division revenue to be up in the low to mid-30% range. We expect local core ad revenue to be down in the low double-digit percent range. We expect Q4 Local Media expenses to be up in the mid-single-digit percent range.

Now let's turn to the Scripps Networks division's third-quarter results and then fourth-quarter guidance. In third quarter, Scripps Networks revenue was $202 million, down 6% from the year-ago quarter, which is in line with our guidance. We continue to cycle through the effects of last year's soft upfront advertising season.

We did see a strong performance from WNBA games doubling our revenue for the full 2024 season over 2023. Connected TV revenue was flat in the third quarter after backing out the programmatic advertising product we shut down. Again, this quarter, we felt the industry impact of streaming services offering discounts on an abundance of inventory.

We do expect the pricing pressure to moderate and CTV volume to grow. In Q3, Scripps Networks division expenses decreased by nearly 4%, mainly because of lower programming costs. Networks segment profit was $42 million.

For the fourth quarter, we expect Scripps Networks' division revenue to be down in the mid-single-digit percent range. Our expectation is that Networks' expenses will be down in the high single-digit percent range in Q4. We've been working diligently to keep down expenses in that division, including reducing operations at our national network Scripps News. And looking ahead, we expect to see a meaningful 400-basis-point to 600-basis-point improvement in Scripps Networks margins in 2025.

Turning to the segment labeled Other, in the third quarter, we reported a loss of $7.7 million. Shared services and corporate expenses for Q3 were $21 million. For the fourth quarter, we expect expenses to be about $25 million. For the third quarter, the income attributable to shareholders of Scripps was $33 million or $0.37 per share.

A reminder that the preferred stock dividend still 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, we took a $12.7 million restructuring charge that decreased the income attributable to shareholders by $0.11 per share.

Now I'd like to share an update on our plans to divest of the Bounce network. As we've discussed, the process was moving along well. Then last week, we realized that we would be unable to come to terms with our prospective buyer that reflected the high-quality nature of this asset.

Interest in Bounce remains strong, and we plan to continue the process with the goal of a 2025 transaction. We are committed to ensuring we receive the highest value for our shareholders. In the meantime, as you can see, we're continuing to significantly reduce both our debt levels and our leverage ratio.

We also have discussed the sale of real estate assets. And right now, we have letters of intent for about $60 million in real estate transactions. At September 30, cash and cash equivalents totaled $35 million. We paid down $115 million in debt in the third quarter. Our net debt at quarter end was $2.7 billion, including a revolver balance of $175 million.

By the end of this year, due to the influx of cash from political ad revenue, we expect to apply nearly $300 million to debt paydown. In August, we had said we would reach a year-end leverage ratio in the low to mid-5 times range. And again, with a strong finish in political and fourth quarter performance, we now expect to continue to deleverage to the high 4 times range by year-end per the terms in our credit agreement.

We are executing an aggressive plan for both debt paydown and leverage reduction this year, and we are moving even better than expected through the execution of the plan. And now, here's Adam.

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

Thanks, Jason. Good morning, and thanks for being with us. Today, our nation is on the verge of a presidential election. The polls show is much too close to call.

We may know the results late tomorrow, or it could take days or weeks. But regardless of the outcome, Scripps can be proud of the part we play in informing voters across the country of the news they need to make informed decisions and the trustworthy local programming platform we provide for candidates and campaigns to reach voters with their messaging.

Local broadcasters serve a central role in our nation's election spending cycles. AdImpact says we are receiving more than half of all TV ad spending in this election. At Scripps, superior sales execution, our centralized political sales office, and strong demand in many of our markets allowed us to outpace even our past record performance. We saw a nearly 30% increase this year over our 2020 performance.

Back in May, maximizing our political revenue opportunity was just one of the components of the Scripps transformation plan that I outlined to improve our financial performance, reduce our debt, and better position us to grow. Every substantial decision we're making at this company is being made through that filter. So I'll use my time this morning as a check-in for you on the progress we've made. I think you'll see how committed we are to the outcomes.

I've now told you a few times that our commitment to live sports is an important element of our plan to grow revenue and drive shareholder value. I'd like to share now where you're seeing this in both our national and local segments.

During the third quarter, our Scripps Networks' sales team worked tirelessly to wrap up the negotiations for the upfront. In the end, we surpassed both last year's performance and that of our peers. Our live sports programming was the big driver, supported by the popularity of ION's other programming and demand for connected TV inventory.

As the broadcaster demonstrating the greatest commitment to professional women's sports, Scripps capitalized on demand to outpace the market through portfolio and cross-platform sales. We saw more than a dozen new clients transition from scatter to the upfront, concerned that our sports inventory would either sell out or command even more premium prices in the scatter market.

We sold over 75% of our sports inventory in the upfront and are now strategically positioned to drive scatter premiums as the demand for women's sports remains robust heading into 2025. In fact, we saw such demand in the upfront driven by sports that we had to get creative to fully maximize the available inventory across linear, CTV, and branded content as well as virtual elements. This enthusiasm drove 164% growth in our Connected TV upfront revenue over last year's upfront.

Something that was new for us this year, our live sports strategy was also one of the ways we maximized our political revenue opportunity in local. And this strategy made a big difference in our yield. This was most evident in Montana, where our Big Sky Conference football games and adjacent programming opened up significant new premium inventory for our political team.

We created similar opportunities for ourselves around live sports in other local markets. Through the year, we continued to come back to you raising our guidance for political revenue as the competitive nature of the presidential campaign and down ballot races and initiatives in our markets became more clear.

Ultimately, we blew away even our last guide from just three months ago, and advertising is still being placed at this moment. Scripps benefited from spending for US Senate races in Arizona, Michigan, Montana, Nevada, and Ohio as well as issue races in Florida. As the election season heated up this fall, our Michigan stations saw a huge surge in both presidential and US Senate spending.

And after Kamala Harris entered the presidential race in July, fundraising accelerated up and down the Democratic ticket across our footprint. Donald Trump and his pack also began spending more, and the two presidential candidates and their packs together contributed tens of millions of dollars to Scripps' total election year revenue.

With so much of this highly profitable political ad revenue, we have been able to direct more cash to debt paydown. As Jason mentioned, we will put a total of about $300 million toward our debt this year and expect to continue to deleverage to the high 4 times range by the end of the year. That's a remarkable move from 6 times in just two quarters.

While we have been pleased to capture this top-line opportunity, we also take seriously the headwinds we face, and that's why I've been framing up our operational improvement plan. You can see that we remain committed to holding down costs in the Local Media division. We are confident in our ability to actually better serve our local audiences and advertisers while leveraging innovative and more efficient approaches to news production.

On the Scripps Networks side, we told you in August that we would be examining our expense structure and resource allocation to improve the business. We now expect the strategy we are executing to bring a 400-basis-point to 600-basis-point improvement in Networks margins for 2025. You're already beginning to see this with expense levels from Q3 and in our guide for Q4.

Some of the improvement comes from the changes at Scripps News that we announced several months ago. We created Scripps News by rebranding Newsy and setting up a new organizational structure two years ago. Since then, its news teams have won two national Emmy Awards and a dozen other national journalism awards and served Americans with impartial, deeply reported news.

Unfortunately, the hard reality is that the polarized nature of our country has made even quality objective journalism a hard sell to national advertisers in linear television. And so when it was clear that the network would not meet our revenue growth expectations, it was time to pivot.

Scripps News will continue to produce the same level of outstanding and important journalism for its fast-growing connected TV audience and in service to our local stations with a much lower cost structure. I hope you can see we're doing what we said we would do in pursuit of improving the company's operating performance, managing our debt, and positioning the company for the future.

Obviously, we're not done yet, but bringing leverage down to 5.1 this quarter, forecasting further deleveraging and guiding to an improved networks margin by between 400 basis points and 600 basis points in 2025 should demonstrate just how committed we are to our plan for improvement.

Carolyn, let's take some questions.

QUESTIONS AND ANSWERS

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

Great. Thanks, Adam.

Steve Cahall, Wells Fargo.

Steven Cahall - *Wells Fargo - Analyst*

Yeah, thanks. Can you hear me?

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

Yes.

Steven Cahall - *Wells Fargo - Analyst*

Thanks. So maybe, Jason, first on Bounce, it sounds like you were close, and things didn't quite get over the goal line. I'm guessing that's over price. I think you've always said that you've had multiple interested parties in Bounce, and that's how this process got started in the first place.

So I think you said a deal is most likely now next year. Can you just talk to us a little bit about what the next steps are? Any more color about what the level of engagement is around Bounce? I think that was maybe something that folks were expecting to maybe see crystallize this morning.

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

No, go ahead, I'm sorry.

Steven Cahall - *Wells Fargo - Analyst*

Okay. Yes, I'll go ahead and squeeze the second one in. And then maybe just on what you're seeing on the advertising market? I mean, so thanks for that color, Adam. Clearly, political is a record level and the sports strength in scatter, that's very, very clear.

Sometimes it's tough for us to see, especially at local, kind of what's underneath the hood in the market more broadly. So as you look to local core in 2025, can you help us just with what some of the puts and takes are for the type of growth we could see there? Thanks.

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

Yes. Thanks, Steven. I'll start with Bounce. First of all, I think the only reason people have been so focused on Bounce is that they wanted to see us use the proceeds to paydown debt and deleverage. So I think it's obviously important to point out the significant progress we've made against our debt paydown and deleveraging plan ahead of a Bounce sale.

By the end of Q4, we expect to be in the high 4 times range. And though it's taking a little longer than we anticipated as a result of the actions of one of the bidders as we referenced in the call, this really does remain a very competitive process in line with the quality of the asset. So our goal is to sell the asset in 2025 with proceeds later used to drive down our debt and leverage ratio. Lisa, do you want to talk about core?

Lisa Knutson - *E W Scripps Co - Chief Operating Officer*

Yes. Steven, as we talked about in Q4, we're seeing sequential improvement over Q3 because of, obviously, after tomorrow, the lack of displacement beginning to come back. And even from October to November, we're seeing significant improvement in total dollars in key categories such as services, automotive, home improvement, and retail. It's a little too early to be guiding to 2025, but we're really expecting to end the quarter strong coming out of the political season.

Steven Cahall - *Wells Fargo - Analyst*

Thanks. And if I could squeeze one more in, be it beyond -- far beyond me to predict what's going to happen tomorrow. But if we do see a more deregulatory FCC in the future, what's your appetite to be a seller of certain stations in order to additionally provide some deleveraging to E.W. Scripps?

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

Yes, Steve. I mean, clearly, a Trump win would usher in a greater deregulation. But my answer will be the same either way. As I've said many before, we would absolutely transact on other nonstrategic brands on local stations, on real estate assets in pursuit of making our business better performing and more economically durable.

Again, it depends on the outcome of the election. But we could see new opportunity for the industry for further consolidation in the broadcast industry, something that I frankly think is important for the industry and for local journalism. And we could definitely take advantage of that opportunity.

Steven Cahall - *Wells Fargo - Analyst*

Thank you.

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

Mike Kupinski, Noble Financial Capital.

Michael Kupinski - *Noble Financial Capital Markets - Analyst*

Yes. Thank you, and congratulations. I mean, political is just incredible. Just on that front, I know that you mentioned Arizona, Michigan, Montana, Ohio, Nevada, and Wisconsin being the key drivers. What do those markets -- in terms of a percent of total political, what do they account for? Is there a way of looking at that? Because certainly, as we kind of model this --

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

Yes. So I don't think, Mike, we've broken out how much the political they account for. But what we did say is, in terms of our total core revenue, they constitute -- or not core, well, generally close to it, a third of our total markets are represented in those states you just talked about.

Michael Kupinski - *Noble Financial Capital Markets - Analyst*

Got you. And then my question is regarding the Scripps Network business. Obviously, you took out some layers of management, did some streamlining there. Could you put a dollar amount around the expense savings there? And I know, particularly as you look at 2025, I know that you mentioned margin improvement of 400 basis points to 600 basis points. Does that assume revenue growth in 2025 for the Scripps Networks?

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

So I don't think we're guiding to anything 2025 right now in terms of revenue. What I can say is when you think about that 400 basis points to 600 basis points, that is made up of multiple actions we're taking, some of which we've announced publicly, for example, the Scripps News announcement, which will net us an annualized net savings of about $35 million a year on a go-forward basis.

But there are other things we are also actioning to ultimately drive that 400-basis-point to 600-basis-point improvement. And so capturing both the savings from the Scripps News, any stranded costs there, but there are other levers. We talked in Q4 about -- I'm sorry -- in Q3 about programming expense being down year over year. So multiple different places we're focused on.

Michael Kupinski - *Noble Financial Capital Markets - Analyst*

And then final question, in terms of just looking at post-election advertising and that sort of thing, can you kind of give us thoughts about some key advertising categories, particularly auto, as you kind of look into the balance of December and into January? And maybe some of the other key components of services and so forth of your ad categories?

Lisa Knutson - *E W Scripps Co - Chief Operating Officer*

Yes. Hi, Mike, it's Lisa. So as I said, we are seeing sequential improvement starting in November, month over month from October to November as that displacement recedes after the election. Services, our top category; automotive continues to come back in December, and we expect it to come back after Q4.

We saw -- I think, as you know, between 2022 and 2023, auto was up over 10%. And I think there was some displacement in '22 to '23 comparison. So I think automotive will come back. I think home improvement is showing good signs of resiliency as well as retail, obviously, as we're in fourth quarter.

Michael Kupinski - *Noble Financial Capital Markets - Analyst*

Okay, that's all I have. Congratulations.

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

Craig Huber, Huber Research Associates. (Event Instructions)

Shanna Qiu, Barclays.

Shanna Qiu - *Barclays - Analyst*

thanks for taking my question. So I know there were news reports that suggested you guys moving up the reporting date to assess the feasibility of a refinancing. Can you just give a comment on how you guys are thinking about the refinancing now that the Bounce sale has been moved, pushed back to 2025?

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

Sure. It's Jason. So I would say, first of all, our strong cash flow coming from political is going to allow us -- or should allow us to fully pay down the revolving credit facility by year-end, meaning the secured debt we need to address is just the B2 term loan for a little over $720 million.

We'll certainly be looking to both the loan and the bond market to determine where there is the most demand to refinance in order to address our near-term maturities as soon as possible. And we've said this before, we would likely look to address both our 2027 maturities and our 2026 maturities at the same time.

Shanna Qiu - *Barclays - Analyst*

Thank you. I guess just on the 2027, 2026 maturities, are you guys thinking about it more in terms of some kind of exchange? Or how should we think about that?

And then maybe another question just on the guidance that you guys gave for Local Media. Obviously, the low to mid-30s, a lot of its driven by political this year, but it looks like retrans revenue in the third quarter was down 6% year over year. Can you just give any color on your fourth-quarter guide? What are you guys seeing for retrans in that guidance?

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

Yes. So two things. I guess, first on the refinancing. We're not going to provide any additional detail in terms of specific strategies. We obviously continue to work closely with our bankers and be in communication with our lenders on a pretty regular basis, but not going to be providing any specific strategy on this call.

Specific to distribution, so we had no pay TV renewals really in the last two quarters. Our last pay TV renewal we had was a small one in Q1. And so the down 6% was largely driven off of no rate increases with mid-single-digit sub declines. I would expect our Q4 number to be roughly in same line.

What we've said is for the full year that we expect are both our gross and our net retrans to be up in the low single-digit percent range. And that implied Q4 number I just gave would get you to that range for the full year.

Shanna Qiu - *Barclays - Analyst*

Great. Thank you.

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

Dan Kurnos, Benchmark Capital.

Daniel Kurnos - *The Benchmark Company - Analyst*

Yes. Hopefully, you guys can hear me. So first off, obviously, congrats on the political number. It's huge. Adam and/or Jason, I guess just on sort of the cost efforts. A, I apologize if I missed it, but how much revenue comes out from the cost efforts on the national side? And b, in general, is there more work to be done around realigning the broader corporate structure, local side as well, just given the environment we're in?

And beyond that, given we're seeing MLB in kind of a tight spot -- I don't know what's going on with RSNs ultimately -- but it feels like there's still a pretty big sports opportunity. And so I'm just trying to kind of frame how the broader portfolio, local and national, should benefit from a growth perspective as you guys kind of go after sports opportunities once you get the refi on?

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

Yes. Thanks, Dan. So I'll start with the sports question. We continue, obviously, to execute a strategy to bring local sports rights to broadcast with our footprint where it makes sense economically. We just launched our partnership with the Stanley Cup winning Florida Panthers in Florida, and that matches really nicely with our stations in Miami, West Palm, and Fort Myers.

I do expect there could be more to come, but timing is going to depend on the resolution with Diamond. I believe more sports will continue to move to broadcast, if not this year, perhaps next year or in the coming years given the declining reach of the RSNs. I mean, the RSN is cable-only model and Diamond in particular, in a tenuous position.

Even if the entity emerges from bankruptcy, the fundamental problems with the model don't seem likely to be addressed. And we at least think that team owners recognize the value of their teams having stronger reach and ultimately want folks in their markets to be able to watch a team.

And so we think that in order for the value of their teams and their franchises to grow and endure, they're going to have to continue to look to broadcast as a way to maximize the opportunity. So we would expect to continue to be able to benefit in that way. And we -- I think there will be more to come as time progresses. The other question --?

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

The other question was around any revenue impacts from the change on Scripps News. What I would say is they will be fairly minimal. Where we were seeing the most revenue growth within Scripps News was in the CTV space. And that, as we talked about, is a place where Scripps News will continue to exist and provide their product out there.

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

Your last question, I think, was referencing further opportunity for efficiencies, optimization, both at the corporate level, networks, and local. And absolutely, I definitely think we're continuing to do work. As I said in my prepared remarks, we're not done yet. The 400-basis-point to 600-basis-point improvement, I think, is a beginning.

There's more work to be done at the networks. There's more work to be done with the corporate office. There's certainly more work to be done in local as we identify ways to improve the operating efficiencies and the performance of the business. And I think you'll see us continue to execute against that plan.

Daniel Kurnos - *The Benchmark Company - Analyst*

Is there any change, Adam, or thoughts just on -- at the Networks division, the portfolio, the offering there? I mean, I know we've talked about must-carry, not must-carry. But I just mean to leverage better against where the CPMs are highest. I know it's hard to buy. There aren't a lot of WNBAs or NWSLs lying around out there.

But there's a pretty big uplift in content costs at the Networks right now as they get past the strikes. And so there's probably going to be a bunch more stuff coming available. But is there a programming change or any thoughts on how to reinvigorate growth at the Networks level?

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

I mean, I think we're executing a plan for margin expansion for next year, and I expect it to include a focus on revenue as well as expense. Obviously, we saw the benefit of the upfront, benefit of women's sports and live sports in general in our upfront, and we'll continue to evaluate additional opportunities.

There are no shortage of opportunities. The question is which of them are right for us. I will tell you, the other big opportunity we continue to see in front of us is in connected TV. And we saw the value of having live sports allowing us to drive greater connected TV revenue in the upfront, and we would continue to expect connected TV growth ahead.

We'll continue to look at our portfolio. I referenced it before with respect to divestitures or M&A. I would say the same thing with Networks. We'll always be looking at our Networks portfolio and trying to determine the best allocation of our resources from a brand perspective to ensure that we're continuing margin expansion in '25 and beyond.

Daniel Kurnos - *The Benchmark Company - Analyst*

Got it. That's super helpful. Thanks, guys. I appreciate it.

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

Thanks, Dan.

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

Craig Huber, Huber Research Associates. (Event Instructions)

Craig Huber - *Huber Research Partners - Analyst*

Can you hear me okay now, Carolyn? Hi.

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

Yes.

Craig Huber - *Huber Research Partners - Analyst*

Thank you for the time here. A few questions, guys. Can you go through again all these costs that you're taking out of Scripps Networks? I'm curious, can you give us a rough sense of what percentage of the costs are coming out from just the news part in particular? How significant is I'm trying to get to.

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

Yes. So beginning at the start of 2025, our scale back Scripps News operation is expected to generate annualized net savings of $35 million. And for the full year next year, we implied an increase in margin of 400 basis points to 600 basis points. So you should be able to then kind of back into what the remainder is.

And as we said and Adam kind of alluded to, it's really looking across the entire expense structure and looking for efficiency in programming spend, personnel spend, everything to drive that 400 to 600. And as we also said, we're already actioning a lot of that. You're seeing us down 9% in the fourth quarter already in expense year over year in the Networks segment.

Craig Huber - *Huber Research Partners - Analyst*

And then -- I appreciate that. And Jason, when you talk about 400-basis points to 600-basis-point improvement next year, is that assuming, what, flat revenues next year? What are you assuming there?

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

We're not providing revenue guidance at this time for 2025. I think you'll hear us talk more about that when we get to the February call.

Craig Huber - *Huber Research Partners - Analyst*

Sorry, I may ask it a different way then. Is 100% or more than 100% of that 400 basis points, 600 basis points from expenses? Or is there a revenue contribution uplift as well that's benefited to get you that? I mean, that's a big increase. I'm just trying to figure out what you're trying to -- what you're assuming in your head on this?

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

We're not giving out anything specific on revenue. I will say that a large chunk of that is absolutely going to be on the expense side. And that's why we gave the guide of down high single digits in Q4. We were down mid-single digits in Q3. You're already starting to see that roll through the P&L.

Craig Huber - *Huber Research Partners - Analyst*

Okay. Thanks. And then just step back a second. On the macro side of things, Adam or Jason, how are you feeling about the US economy right now from all the different markets you're in, your national exposure for advertising? How you -- is the macro feeling better to you guys versus, say, six months ago, worse, or about the same? I just want to get a sense of how that headwind is going for you, how you're thinking about it.

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

Craig, I'd say it's about the same. Obviously, there's some cyclicality in it. We're heading into the fourth quarter with healthcare spending. We're heading into the fourth quarter where we expect to see retail come on strong. There was, I think, a sense that national advertisers sort of sat out a little bit during the last couple of months as a result of the election.

There's just been a tremendous amount of noise, and you can see that. It's not just displacement. I actually think it's sitting out. And I think we're starting to see that come back because they know that in order to make their cash registers ring, they need to place their buys.

From an economy perspective, I guess that there are those that are way smarter than me that can come up with an answer there. I think it's going to depend on what happens on Tuesday to some extent. But clearly, Wall Street feels like things are good.

Unemployment is still pretty low; inflation is coming down. Things seem to be heading in the right direction. We've seen stabilization in DR, which is indicative of the way people feel about spending directly out of their pocketbooks. So that's probably the best answer I can give you.

Craig Huber - *Huber Research Partners - Analyst*

Okay. Thank you for that. My last question is, I guess, Jason, core advertising pacings post the election, how are those tracking year over year? That would be helpful to know that.

Lisa Knutson - *E W Scripps Co - Chief Operating Officer*

Hey. It's Lisa. As we said, Q4, we're seeing an improvement over Q3. We are starting to see some of the categories come back in November. And certainly, it's a little too soon to say in November. I think the phenomenon that occurred over the last year, Craig, is that dollars are being written closer and closer to air dates. So we expect to see December pick up here after the election.

Craig Huber - *Huber Research Partners - Analyst*

So it's hard to figure out or let us know how things are tracking on a pacing basis for the TV stations post the election, like the next three weeks, four weeks?

Lisa Knutson - *E W Scripps Co - Chief Operating Officer*

Right now, the comparisons are pretty challenging given the amount of displacement we've had with our record political advertising.

Craig Huber - *Huber Research Partners - Analyst*

But -- I'm sorry, post the election, though, I mean, just to specify November 6 forward. Do you have a sense how that's looking year over year to core advertising?

Lisa Knutson - *E W Scripps Co - Chief Operating Officer*

Yes. In terms of -- it's improving certainly after the election, and we're seeing sequential improvements in our top five categories.

Craig Huber - *Huber Research Partners - Analyst*

Does that mean -- do you think it's up year over year? Or is there anything you could share with us on that post the election?

Lisa Knutson - *E W Scripps Co - Chief Operating Officer*

I doubt that will be up year over year given the amount of displacement that we're seeing. Even -- we're not going to cut the months. So I think we -- because of the political displacement, we're not going to see year-over-year improvements. But certainly, we'll see sequential improvements as we get back to business.

Craig Huber - *Huber Research Partners - Analyst*

Okay. So you really can't help us with November 6 forward on year-over-year basis, how those pacings are looking for the TV stations versus a year ago. Putting aside the displacement, it's obviously November 5 and earlier. I'm talking about November 6 and afterwards. Sorry to keep asking. I'm just trying to get to a very specific point.

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

So what I would say is we typically don't break down core revenue on these calls to that level of granularity. We talk about it on a quarterly basis. And so we certainly are -- we'll see as the displacement runs off an uptick in core momentum, but I don't think we're providing any other color beyond that on this call.

Craig Huber - *Huber Research Partners - Analyst*

Okay, very good. Thank you, guys.

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

Thanks, Craig. Any other questions from analysts before we wrap up the call? All right, Adam, do you have a couple of words?

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

Yes. This is Lisa Knutson's last earnings call, and I just wanted to thank you for your leadership across the company since practically 2008 in senior leadership. Those of us that have had the chance to work alongside Lisa have been privileged to do so. And many of you, investors and sell-side analysts, have had that opportunity to get to know Lisa, know what a quality person she is, and she'll certainly be missed in this room.

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

Thank you, Adam. Thanks for joining us. We're now going to disconnect the call.