EDITED TRANSCRIPT

TGNA - Q4 2015 TEGNA Inc. Earnings Call

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OVERVIEW:

TGNA reported 4Q15 total Co. revenues of $805m and EPS of $0.53. Expects 2016 revenue growth to be in mid-single digits.

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PRESENTATION

Operator

Good day, everyone, and welcome to the TEGNA fourth-quarter 2015 earnings conference call. This conference is being recorded. Our speakers for today will be Gracia Martore, President and Chief Executive Officer and Victoria Harker, Chief Financial Officer. At this time I'd like to turn the call over to Jeff Heinz, Vice President, Investor Relations. Please go ahead.

Jeff Heinz - ***TEGNA Inc. - VP of IR***

Thanks, Lindy. Good morning and welcome to our earnings call and webcast. Today, our President and CEO, Gracia Martore; our CFO, Victoria Harker; and members of our Leadership Team will review TEGNA's fourth-quarter and year-end 2015 results. After their commentary we'll open up the call for questions.

Hopefully you've had the opportunity to review this morning's press release. If you have not yet reviewed, a copy of the release, it's available at TEGNA.com.

Before we get started, I'd like to remind you that the conference call and webcast include forward-looking statements and our actual results may differ. Factors that may cause them to differ are outlined in our SEC filings.

This presentation also includes certain non-GAAP financial measures. We have provided reconciliations of those measures to the most directly comparable GAAP measures in the press release and on the Investor Relations portion of our website. With that, let me turn the call over to Gracia.

Gracia Martore - ***TEGNA Inc. - President & CEO***

Thanks, Jeff. Good morning, everyone, and let me add my welcome to our call. This morning, I'm going to provide some highlights on our overall performance and each of our businesses and then I'll be turning it over to our business heads: Dave Lougee, President of TEGNA Media; Alex Vetter, CEO of Cars.com; and Matt Ferguson, CEO of CareerBuilder. They'll do a deep dive on each of their respective areas, and then Victoria will touch on the financial highlights for the quarter at the end.

Let's get right into it. Our progress in our first six months as a highly-focused media and digital Company has been very strong. When we made the decision to separate our businesses into two, we had a very specific vision in mind for TEGNA.

And when we held our Investor Day in June, we were confident in the expectations and projects we laid out for you, but we know that for all of you confidence does not necessarily equate to absolute certainty. But in just six short months, we have removed a great deal of those uncertainties, including those around our affiliation agreements and retransmission fees, and replaced them with certainties for years to come.

We have even more confidence that we have built a strong foundation that will enable us to capitalize on the rapidly growing demand in the industries we serve. A foundation that best leverages our unique mix of advantages, including top performing assets, scale and partnerships, which give us the tremendous negotiating platform you've seen over the last several months. High margins and consistently strong and dependable cash flows, experienced industry experts running each of our businesses, and a shareholder-focused capital structure. Now we've leveraged those strengths to create a strong platform that can and will support our growth throughout 2016 and beyond.

So let's turn to fourth-quarter results. Company-wide, as you saw, our revenue totaled about $805 million. Now, there were lots of ins and outs, as you probably saw in the press release. TEGNA Media had to overcome a record level of $92 million of political revenue in the fourth quarter last year which masked otherwise strong results -- double-digit increases in retransmission and online revenues and higher core advertising. When you exclude that impact of the unfavorable political spending comparison, TEGNA Media revenues would have been up 12%.

Now our digital segment revenue was impacted by the sale of our PointRoll business which we completed in November. As you can see on page 4 of our press release this morning, we show that we excluded PointRoll from both the 2014 and 2015 fourth-quarter periods and adjusting for exchange rates. So on a pro forma constant currency basis, digital segment revenues were over 2% higher. New product launches and revenue growth at Cars.com, higher revenue per dealer at Cars.com, was offset by a revenue decline at CareerBuilder as it continues its transition toward higher margins, software-as-a-service solutions and builds a leadership position in that space.

As you probably saw, expenses in the quarter were down over 4% on a non-GAAP basis. Now, you've heard me say it quarter after quarter but I think it bears repeating. Our disciplined and prudent approach to managing expenses and ensuring we are optimizing the efficiency of our operations while investing fully in our future, will continue to be an important tenet of our strategy while we successfully grow our businesses. Equally important, EBITDA was strong and our EBITDA margin of 38% was comparable to the fourth quarter of last year despite the absence of substantial higher-margin political spending.

Another important pillar of our strategy is a commitment to a shareholder-friendly capital allocation structure. As you saw in October, we announced a $75 million increase in our share repurchase program, bringing it up to $825 million which will be used over the original three-year term ending in June of 2018. The increase reflects a portion of the proceeds from the sale of our Corporate Headquarters, which enabled us to increase the return of cash to our shareholders while at the same time strengthening our balance sheet through debt reduction.

As we've noted before, we have more than ample financial flexibility to pay our dividend, repurchase shares based on business conditions and new opportunities, reduce debt and invest in our businesses.

Now I'd like to switch gears for a moment and provide you with a handful of highlights on each of our businesses before turning it over to Dave, Alex and Matt.

As you saw, TEGNA Media achieved revenues in line with our previous guidance, driven by, as I noted, core advertising revenue growth, double-digit revenue growth, and very strong retransmission revenue, due in part to our recently completed agreements. Additionally, I would be remiss not to mention that TEGNA Media was named Station Group of the Year for 2015 by Broadcasting and Cable, based on our outstanding group of local television stations that have fantastic reporting, leading ratings and financial results and an innovative strategic approach. We are very proud of our team, and I want to congratulate Dave and his entire team on this well-deserved honor and a very strong year.

2016 is looking to be even more promising for a number of reasons. First, the outcomes of all of our recent network affiliation agreements and several carriage agreements have been consistent with, and in some cases exceeded, the long-term projections we outlined at our Investor Day in June. Not only are our successful negotiations a testament to the high demand for the engaging content we provide, more importantly, they replace the uncertainty around TEGNA Media that may have existed several months ago with absolute longer-term certainty.

As you saw in January, we reached an agreement with NBC, of which we are the largest independent affiliate group. We are thrilled that we are set to deliver NBC's outstanding content from sports to news to primetime for years to come. We also in the quarter secured multi-year agreements for continued carriage of TEGNA Media television stations on DIRECTV and AT&T U-verse and DISH Network at more appropriately favorable rates.

As you know, this summer we announced the renewal of our agreements with CBS for ten TEGNA Media markets nationwide. TEGNA will participate in the CBS All Access video on demand service and we believe that partnering with CBS on both of these fronts ensures that TEGNA audiences have access to must-see content on all their devices.

Now, our rising retransmission revenues and successful negotiations are driven by our track record for delivering best-in-class content. As a result, we've gone one step further and have successfully entered the content-creation arena with the T.D. Jakes Show. We took a terrific personality, created and produced a talk show around him, and aired it on four of our local stations. Dave's going to provide some additional details, but from my perspective, this is a testament to our ability to deliver home-grown content which further diversifies our business and ensures an ongoing stream of quality programming for our audiences.

Yet another reason we are very optimistic about 2016 is our outstanding positioning for the upcoming presidential election as well as the Summer Olympics, which will air on NBC. TEGNA is very well-positioned in the key battleground states to take a larger share of political ad spending going forward. As Dave will highlight, we will have a tremendous platform and set of stations in this election. We, of course, expect a significantly more substantial impact in 2016 and are looking forward to a record-breaking year.

Turning now to Cars.com. We continued to see strong revenue growth in the fourth quarter. We fully expect this positive growth trajectory to continue and we're looking ahead to a strong 2016. We anticipate revenue growth of 10%-plus for the full year through new product development and continued innovation.

In fact, we introduced five new products over the course of 2015, each of which continues to show strong returns. Alex will provide further details on our new products and other strategic initiatives in just a few moments.

Moving to CareerBuilder, 2015, as we've said, represented a transformative year. We launched the world's first and only pre-hire platform and new-recruitment software products, shifting a majority of our business toward higher-growth, stickier, higher-margin solutions.

We also unveiled an exciting new look and feel for our brand that aligns with our new software-as-a-service focus strategy. CareerBuilder is fast becoming a leading global HR software-as-a-service Company with a presence in more than 60 markets worldwide, a move that complements and enhances its successful draw-board business. Matt's going to provide you with an update on our ongoing transition in just a few moments.

But now, let me turn it over to Dave Lougee for his comments on TEGNA Media. Dave?

Dave Lougee - ***TEGNA Inc. - President of TEGNA Media***

Thanks, Gracia. Let me begin by giving more color on the certainty that Gracia referenced. We finished 2015 by concluding key strategic negotiations with our largest network partners and some of our largest distribution partners. Specifically, we successfully negotiated retransmission consent agreements covering 58% of our distributors paying subscribers.

We also reached a long-term agreement with our largest network partner, NBC, and earlier had reached an agreement with CBS. Both network deals true up all the TEGNA stations and former Belo stations under single coterminous contracts.

In the case of CBS, you may recall that the Belo stations agreement went until the beginning of 2017, and they'll continue to operate this year, 2016, under the same financial terms of the previous agreement. In the case of NBC, it's the inverse of CBS. The original TEGNA stations agreement didn't expire until January of 2017, and that contract did not include reverse comp. So, even under our new agreement, those original TEGNA stations will not begin paying reverse comp until January of next year, while the former Belo stations under NBC, which were already paying reversion comp under their previous NBC agreement, now fall under the financial terms of the new agreement.

So the net of all these deals is this. Between our NBC and CBS deals this year and our ABC agreement the year before, the reverse comp part of our equation is set for years to come with our largest partner, NBC, going out to early 2021. That, combined with the 58% of our subs renewed, 31% of which go out to late 2020, means that we have, as Gracia said, certainty and stability around the retransmission piece of our business for the long term and in line with our overall model, outlined at Investor Day last summer, at the time of our Company's split.

And a final word on retrans. As I've said before, our trends on subscriber numbers look materially different than most, if not all, cable channels. And that's for two important reasons. One, given the geographic nature of our portfolio following the Belo acquisition, we're adding homes due to population growth. But the second dynamic is the fact that there appears to be far more cord shavers than cord cutters.

MVPDs are moving many of their video subscribers to basic tier packages that only include broadcasters. And that has some very key potential long-term implications in ad-dollar allocations, as there will be a growing gap in the size of distribution for us versus cable channels.

Now let's turn to 2016 and other topics, and I'll start with political, as Gracia referenced. Our footprint for the primaries, like the later general election, is superb. Specifically, between now and March 22, we have presidential primaries in 31 of our 38 markets. Our total spending, of course, is hard to predict as anything with this election is hard to predict, as you know. But we know it will end up at record levels for the primary season. Between political, net retrans, the Olympics and digital sales growth, TEGNA Media will have a record year.

Further driving our growth in 2016 is a series of key initiatives we're investing in that leverage the scale we've been able to achieve. First, content innovation. We're taking a development mind-set to our core news product. We have eight pilots in production that are not married to traditional news formats.

For example, KARE11 in Minneapolis just recently launched our first pilot, Breaking the News. We launched that in January. In its first three weeks, it's already the number-one news show in its time period.

Second, sales transformation. Through centralized world-class pricing and sophisticated marketing capabilities, we're putting the right tools and the right pitches in the hands of our local clients. In the fourth quarter, we completed the staffing of our centralized sales marketing team called Hatch. With Hatch, we're leveraging our local relationships across all our markets to sell larger marketing-based solutions that go well beyond traditional TV ad dollars. We estimate that for every dollar in advertising in our local markets there's $3 in marketing.

In addition, our new in-house business intelligence team is ramping up quickly, building a proprietary pricing platform to increase the yield and value of TEGNA's media's inventory. Together, we expect the Hatch and proprietary pricing initiatives to generate about $25 million to $30 million of incremental EBITDA this year. And as I outlined last summer at Investor Day, these initiatives will accelerate in 2017 and 2018 and will be accompanied by significant EBITDA growth from other core and adjacent initiatives underway.

Now let's turn to the original programming that Gracia referenced. TEGNA Media is the first broadcaster to own 100% of a syndicated daytime property, T.D. Jakes. Beyond the 29 TEGNA Media markets we'll initially launch in, we have signed an additional 13 markets and the number continues to grow. Between Facebook and Twitter, T.D. Jakes has a loyal social following of more than 7 million people which we will be leveraging for both show content and promotion.

And social media is now at the core of all we do. In fact, in 2015 we, in the aggregate, were one of Facebook's top five largest media players, generating more engagement than national players like CNN and the New York Times. In fact, KUSA, our Denver station, had the number one Facebook post of any local news organization in 2015, a post that generated more than 4 million interactions.

On the monetization side, our success in digital-content creation offers us new opportunities with off-platform publishers. We've agreed with Facebook to be one of the first local broadcasters to participate in their Instant Articles beta program. And we're engaging in off-platform publishing conversation with many others as well.

With that, let me turn it over to Matt from CareerBuilder.

Matt Ferguson - ***TEGNA Inc. - CEO of CareerBuilder***

Thanks, Dave. 2016 will be an exciting year for CareerBuilder. In addition to rolling out new software solutions, we're elevating our brand visibility through high-profile sponsorships like the CareerBuilder Challenge PGA Tournament, TV advertising and community outreach.

We're excited about the launch of FindYourCalling.com. As we know, students today graduate with more than $30,000 in debt. CareerBuilder created a free site that enabled students to view easy-to-use real-time labor-market data for any occupation that matches their interests, from job growth projections, salary ranges in businesses that are hiring, to programs that they can apply to today. We're partnering with high schools around the country to help students make better decisions about majors, degrees and schools so that they have the outcomes they want once they enter the labor force.

We're also helping to reskill workers of all ages so we can raise income levels of individuals, families and communities and help close the skills gap in the United States. We recently announced a partnership with Capella University that will enable workers to develop skills in in-demand fields in less than three months at little cost through intensive online training. We're helping workers develop 21st-century skills for 21st-century jobs, such as web development and information security and believe this will have a lasting impact on the labor market.

Overall, we expect our revenue growth in 2016 to be in the mid-single digits and reach double digits by the end of 2017. As Gracia said, 2015 was a transitional year for us as we made calculated strategic moves to facilitate more robust revenue growth in the future.

We generated just under $700 million in revenue, which was essentially flat year over year when you exclude the impact of currency. We expected this as we moved away from some low-margin transactional revenue and focused on higher-margin platform solutions.

I'll give you an example of one of those that I discussed in the last earnings call. We saw a year-over-year decline of $18.6 million in revenue, or 2.5 percentage points in 2015, at our employer services unit. We moved from a transactional offering for sourcing and screening candidates to a platform-based one that has longer commitments and builds in software.

The platform-sourcing screen business has grown sequentially over the last several months and we have enough booked business to estimate that March revenue will be up year-over-year around 10%. Based on this trend, we believe we're on track to grow $7 million in this business line in 2016, or about 1 percentage point, as we had projected earlier.

In 2015, we also were impacted by moving several thousand low-margin transactional advertising accounts from our field sales force to a group that focuses exclusively on these accounts. It was disruptive for some clients and others were no longer a fit. Fortunately since that move, the business is flat sequentially rather than declining but it's still weighing on 2015 results.

If you remove that currency impact, the source and screen revenue I discussed earlier and the low-margin transactional accounts we moved to that specialized group, our business was actually up 4.6% year-over-year in 2015. Overall, we recognize the job business will continue to experience pricing pressure at the unit level in 2016. However, we included that pricing pressure in our projections.

We have a lot of opportunities to go after more job volume, though the price per unit will be lower as we move into less skilled jobs. Moreover, we've seen good growth in our software solutions and our resume database in 2015 and we expect that to continue. We believe we are through most of the transition and are set up for growth again in the coming year with a more seasoned sales force.

We'll also continue to pursue key acquisitions and roll out new software products. We believe we will see double-digit growth in our SaaS-based products in 2016. That's our software solutions line, resume database and employer services which will lead to revenue growth in the mid-single digits in 2016 and 10% growth by the end of 2017. We're excited about the opportunities ahead as we break new ground in the industry.

And at this point I'd like to turn it over to Alex Vetter from Cars.com.

Alex Vetter - ***TEGNA Inc. - CEO of Cars.com***

Thank you, Matt. We're very pleased to have closed out 2015 on such a strong footing. The strong growth has primarily been driven by increased dealer market penetration, new products and increased purchase of display advertising.

We achieved solid growth in Q4 as our direct sales and major account teams did a great job throughout the quarter growing revenues by 10%. National revenues were also equally strong, up 12%. As Gracia mentioned, our robust product pipeline yielded five new products in 2015, delivering customer value and generating revenues.

As you know, the total addressable market for service and repair digital advertising for franchise dealers is fairly large and generally unaddressed, estimated to about $250 million. Our entry in this area with RepairPal Certified continues to show strong returns.

Event Positions, another one of our 2015 innovations, is a new opportunity with an emphasis on mobile that provides customers an opportunity to dominate a specific, targeted geography for a seven-day period. This product has far exceeded our expectations, outperforming projected revenue by 230% in the second half of 2015. This is evidence that Cars.com is delivering solutions that meet our customers' needs.

Looking ahead, our sell and trade solutions allow us to help consumers sell their vehicles quickly and help dealers acquire inventory. They were tested largely in the fourth quarter, and based on strong test results, a national launch is scheduled for the first quarter of 2016, with a total addressable market of about 380 million.

At the same time, we have continued to move to a more responsive design on our website which ultimately provides a more consistent user experience for consumers across all device types. As part of our multi-faceted digital advertising strategy, our Cars.com on-the-lot report continues to help quantify the influence that we're having on walk-in shoppers by using geo-fence technology to move beyond basic lead-generation measurement.

And through our ad modernization efforts, additional advertising units will be available on the Cars.com mobile properties. This is designed to capture new revenues as consumers continue to migrate to the use of mobile devices.

We've achieved several major accomplishments at this year's North American International Auto Show in Detroit, where we hosted our annual Best of Awards show for manufacturers and other automotive businesses. Selected by the Company's editorial experts, these awards are designed to help shoppers across a variety of segments and budgets choose the best vehicle for their needs.

Award categories include the Best of 2016, Best Pickup Truck for 2016, Eco-Friendly Car of the Year, the Family Car of the Year, the Luxury Car of the Year, and the Play Car of the Year. This show is now in its sixth year and the Best of Awards has been one of the most talked about events during the Detroit Auto Show, drawing an audience of over a thousand attendees.

This year we hosted CEOs from BMW and Volvo, as well as dozens of C-suite executives from other car companies and related businesses. In addition, our editorial team covered the auto show in full force and published 65 articles and 16 videos highlighting the biggest news from the press days.

Our coverage of the auto show didn't stop there. We unveiled a brand new online video series called Car Kids which features two very young reporters hitting the show floor to offer their take on the hottest cars through humor-filled clips and interviews with manufacturer executives.

Most importantly, the auto show provides us an opportunity to connect directly with OEMs. And in doing so we're able to discuss some of the macro trends, expanded diversified revenue streams and new partnership opportunities. We gain valuable insights on the industry.

And with a seasonally adjusted annual selling rate of vehicles growing, tier-2 OEM budgets have increased. We've added coverage from both the sales and support level to help capture these regional dealer association advertising dollars across the country. With targeted messaging becoming much easier to execute, our platforms become a great place to get regionally focused offers and messaging to consumers in the lines of these advertisements.

As manufacturers and agencies begin to build teams to analyze the vast amount of data being captured in real time, we're having important conversations about the ways in which data, with its incredibly valuable intent signals, can become productized. Manufacturers and their agencies are looking for more streamlined access to content and data. And if we can provide it to them, we have a win-win opportunity where we can bolster brands and bolster the Cars.com brand in the process.

As you can see, we have several reasons to be optimistic about 2016. Our new products continue to gain traction and our pipeline of innovative ideas continue to grow. As previously discussed, we expect to deliver revenue growth of 10% or more in 2016 through new product development and continued innovation. While growth may not be evenly disbursed from quarter to quarter, we're confident in our projections to remain on target.

With that, let me turn it over to Victoria for a detailed financial review.

Victoria Harker - ***TEGNA Inc. - CFO***

Thanks, Alex, and good morning, everyone. As Gracia's already mentioned, 2015 was a monumental year for TEGNA. The strength of our businesses during the fourth quarter gives us great confidence for 2016 and beyond. We're very pleased with our fourth-quarter financial results, despite being up against challenging year-over-year comparisons due to the absence of significant political advertise spending that benefited us during the fourth quarter of 2014.

Before I review our consolidated financial results as well as capital allocation during the quarter, I'd like to highlight several special items which totaled $62 million during the fourth quarter of 2015. With GAAP EPS benefit of $0.16 per share, primarily related to the gain on the sale of the Corporate Headquarters building, offset in part by work force restructuring, facility consolidation and impairment charges.

Now let's briefly review the operating results for the quarter. As a reminder, although I'll be focusing on our non-GAAP performance results today, you can find all of our reported data and comparatives in our press release. Also, as we mentioned during the last earnings call, we converted to a calendar year after the spin of our publishing assets in June. As a result, the fourth-quarter results include the impact an additional four days, contributing about $10 million to media-segment revenues with an EPS benefit of about $0.01.

During the quarter, with solid performances by both digital and media segments, we achieved earnings per share of $0.53. Year over year, earnings per share were up 8%, driven by organic growth at Cars.com and despite the challenging year-over-year political comparison in TEGNA Media.

Total Company revenues of $805 million were down 4% year over year. But it's important to note that excluding the impact of record non-presidential political advertising revenue during the prior year, total revenues were in fact up 6%, driven by continued growth in retransmission as well as higher digital and core revenues within the media segment, as well as strong Cars.com revenues.

During the quarter, total Company operating expenses of $549 million were lower by 4% over last year mainly due to seasonally lower fourth-quarter marketing costs at Cars.com and direct cost reductions at CareerBuilder, as well as the absence of publishing back-office related stranded costs which impacted expenses during the fourth quarter of last year.

Now let's turn to a more detailed review of media and digital segment results. As we previously noted, largely due to the absence of record non-presidential political revenues of over $92 million in the fourth quarter of 2014, TEGNA Media revenues of $462 million declined by 7% year-over-year, in line with our previous comments on our last call. However, excluding the impact of political advertising compared to the fourth quarter last year, media segment revenues would have been up by about 12%.

Retransmission fees, boosted by retransmission agreements negotiated during the second half of last year and annual rate increases, were up 27% to a historical high of $120 million during the fourth quarter. Beyond this, TEGNA Media digital advertising revenues were also up 15%, driven by digital marketing services which continue to gain traction across all our television stations, driven by G/O Digital sales, extended-reach networks and national digital revenues.

Core advertising was also up by about 7%, in part due to the impact of political displacement last year. Our strongest revenue categories for fourth quarter included auto, professional services, entertainment, medical services and home improvement.

Now focusing on Q1 2016 projections. Based on current trends, we expect the growth in media-segment revenues for the first quarter of 2016 compared to the first quarter of 2015 to be in the range of 10% to 12%, driven by increases in political advertising, retransmission revenue and digital revenue.

Core advertising is expected to be about the same as the first quarter of last year, primarily due to the unfavorable impact of Super Bowl advertising which aired on our 11 CBS stations in 2016 versus our 17 NBC stations in 2015. Excluding the impact of the Super Bowl, the percentage growth in core advertising is expected to be up in the low single digits.

During the fourth quarter, the media segment operating expenses were up 4% year-over-year due to increased programming costs and investment in our digital sales initiatives, including sales force expansion and newly launched product offerings. During the quarter, digital segment revenue on a pro forma basis, excluding the impact of the sale of PointRoll and adjusting for exchange rates, increased by 2% year-over-year, reflecting continued growth at Cars.com offset by revenue declines at CareerBuilder.

During the quarter, Cars.com revenues increased by 6%, in line with our comments in December and our previous earnings call. These results reflect strong market penetration in direct sales markets, the continued success of new products such as RepairPal Certified and Event Positions, as well as increased purchasing of display advertising by auto manufacturers. These increases were partly offset by the absence of wholesale price increases which occurred in the first quarter of 2016, but occurred during the fourth quarter last year at the time the transaction closed.

As Matt mentioned, excluding the impact of foreign exchange and the intentionally lower sales of lower-margin transaction products, CareerBuilder revenues would have been slightly up year over year. With these impacts, CareerBuilder's revenues declined 4% on a constant currency basis. Digital segment operating expenses were down 2% due to a slight increase in expenses at Cars.com, primarily driven by revenue growth, partly offset by direct cost reductions reflecting lower revenues at CareerBuilder.

As a result, we achieved solid adjusted EBITDA of $306 million this quarter for the total Company and our EBITDA margin of 38% was relatively unchanged year-over-year, despite the negative impacts of the absence of significantly higher-margin political revenues that benefited last year. Our capital investments during the quarter of $44 million reflect our ongoing commitment to our business priorities, including digital development, media content, product integration and platform enhancements, as well as several real estate initiatives which produced immediate cost savings. For the year $98 million was invested in capital projects, including one-time build-out impacts of the relocation of our Seattle television station to a more appropriately-sized space.

During the quarter, strong cash flow from operations, combined with the proceeds from the sale of our Headquarters building and the sales of some small, non-core businesses, were used to pay off $180 million in 2018 senior notes while funding accelerated share repurchases of $70 million, at an average price of $26.78, interest payments of $82 million and to make investments in business initiatives of $44 million. At the end of the quarter, our long-term debt stood at $4.2 billion and cash on the balance sheet was $129 million.

As we look ahead to 2016, as Gracia and Dave both noted, we expect it to be a banner year. Although we are still in the early stages of the campaign cycle, we project total media segment revenues to increase in the high teens to low 20% range for the year. Also, we expect 10%-plus revenue growth at Cars.com, with CareerBuilder driving low to mid-single-digit revenue growth in 2016 through the adoption of their SaaS-based suite of products which ramps throughout the year. All of these drivers will contribute meaningfully to growth in total Company revenues in the low- to mid-teen range year over year.

On the cost front, we expect total Company expenses to increase in the range of 8% to 10%, reflecting primarily higher revenues as we expand into richer content, as well as broader products and features across our media and digital businesses. Beyond this, we'll see increased programming costs resulting from new affiliation agreements negotiated during the second half of 2015.

Capital expenditures for 2016 are expected to be in the range of $85 million to $95 million, a bit lower than 2015 due to fewer real estate projects planned for the year. Once again, in 2016 we expect that the majority of our capital expenditures to be invested in digital development, media content, product integration and platform enhancements.

For 2016 depreciation is projected to be approximately $90 million to $95 million and amortization of $110 million. Interest expense will total nearly $235 million. As previously discussed, the tax rate is anticipated to be roughly in the 35% to 36% range in 2016, though it will vary quarter to quarter.

With that, I'll turn the call back to Gracia for her closing remarks prior to the Q&A.

Gracia Martore - ***TEGNA Inc. - President & CEO***

Thanks, Victoria. As you can see from what we've just told you, we've made great progress in just six short months and we are very confident about our future and our ability to achieve the long-range plan that we laid out for you in June. With that, we will take questions.

QUESTION AND ANSWER

Operator

(Operator Instructions)

John Janedis.

John Janedis - ***Jefferies & Company - Analyst***

Thank you. Dave, thanks for the comments on differentiating between cable networks and your business. Two related questions. One is, there's also concern around MVPD consolidation and so did you see any unusual impact from the AT&T Direct TV renewal? And then second, do you have any visibility on the ratio of cord shavers relative to cord cutters?

Dave Lougee - ***TEGNA Inc. - President of TEGNA Media***

Let me take the second one first. John. I would say I'd look at public numbers out there relative to what MVPDs are reporting relative to their sub losses, or in some cases, sub gains versus individual cable channels. We don't have, obviously, ourselves any unique data around it, other than to point out the fact that there clearly is a significant distinction. And your other question, I apologize, John, was --

John Janedis - ***Jefferies & Company - Analyst***

MVPD consolidation around AT&T and Direct.

Dave Lougee - ***TEGNA Inc. - President of TEGNA Media***

I will just simply say generically, no. Given our scale, we're able to negotiate appropriately with all current and future consolidated players.

John Janedis - ***Jefferies & Company - Analyst***

Great, thanks. And then separately, maybe for Matt or for Gracia, it's unusual to see expense controls for a company with growing digital assets. With some of the changes at CareerBuilder, does the expense decline continue? And is the transition to SaaS consistent in terms of the time line? And then given some of the macro headlines, is there any evidence of a slowdown in hiring as you've gone through the renewal process?

Gracia Martore - ***TEGNA Inc. - President & CEO***

I'll ask Matt to take the question around slowdown in hiring. With respect to the expense side of the equation, we have, as we indicated previously, been, in fact, investing in our businesses. For instance, we've talked about with CareerBuilder in the latter half of 2015 investing $10 million to $15 million in additional sales and development resources. We're going to be investing, over and above our normal expense side, those kinds of dollars as well.

But then there are other areas that we are always looking to create efficiencies around to let a Cars, for instance, take advantage of some of the procurement activities, that don't in any way touch the business from a growth perspective but really just make it a more efficient business because of the scale of what we all can buy as one Company. So I think you'll see, as we go into 2016, I think we've provided some guidance on the expense side. You'll see that we are continuing to ramp our investment in those areas that will propel growth into the future. Matt, do you want to take the question on hiring?

Matt Ferguson - ***TEGNA Inc. - CEO of CareerBuilder***

Yes, obviously the stock market has been volatile, and that creates a little bit of uncertainty. I don't see any changes in employers hiring right now. I think when you look at the last couple of years, they probably under-invested in hiring and bringing on new initiatives. As a result, in the skilled labor market it's very tight right now. I don't think that's changed at all, even with the uncertainty going into the first quarter.

I did see a few contracts that were delayed, maybe a few weeks. There were some at the margins, decisions that were delayed, that may have been unrelated to the economy or maybe it was tied to the economy. But nothing significant right now, and I think companies are still trying to figure out how to bring on that critical talent in the skilled areas. That has not changed.

Gracia Martore - ***TEGNA Inc. - President & CEO***

You might mention, Matt, the number of contracts that you --

Matt Ferguson - ***TEGNA Inc. - CEO of CareerBuilder***

Yes, if you look -- even if you look at the long-term contracts that we've signed, in 2015 we signed 825 contracts that were 24 months or longer in duration. That was up from 310 contracts in 2014 that were 24 months.

What we're seeing right now -- and that trend is continuing as I look at 2016 -- we're still seeing a good number of multi-year deals in the first part of the year. There is a great deal of commitment by customers, especially to the software solutions, John, where they see that being a critical part of their pre-hire strategies and they want to make long-term commitments to that.

Victoria Harker - ***TEGNA Inc. - CFO***

John, just to expand one little piece. When I look at the budgets both for the fourth quarter as well as 2016 they are spending as budgeted and as planned because they're spending on sales and development resources. They're not getting ahead of that with marketing resources. So we very much expect that to continue to ramp as the year goes on. It's really not expense controls, per se.

John Janedis - ***Jefferies & Company - Analyst***

Thanks a lot.

Gracia Martore - ***TEGNA Inc. - President & CEO***

Thanks John.

Operator

Bill Bird.

Bill Bird - ***FBR Capital Markets - Analyst***

Thank you, good morning. First on Cars, based on the figures given, it looked like affiliate sales were down in the fourth quarter. Was just wondering if you could talk about what's happening in that distribution channel.

And then secondly, at CareerBuilder, do you still expect revenue growth to break positive in the first quarter? And could you talk a little bit about trends in advertising and resume database? Thank you.

Alex Vetter - ***TEGNA Inc. - CEO of Cars.com***

Sure. Bill, this is Alex Vetter at Cars.com. I think one of the things we're seeing, as you are aware, that we cycled through a one-time wholesale price increase last year. So our wholesale channel model continues to work to cycle through that price change in their local markets, which obviously is challenging for them. But they have largely gotten through it and we see them getting back to the growth rate in 2016.

Gracia Martore - ***TEGNA Inc. - President & CEO***

Yes, and also you may recall, Bill, that we had put a price increase in place on October 1 of 2014 when we first acquired Cars. And we've said that we were going to get them back on the cycle of January 1 increases. So the fourth quarter of, particularly, affiliates were impacted -- affiliate revenue was impacted by that absence of a price increase. So we had to cycle that price increase from the prior year.

Matt Ferguson - ***TEGNA Inc. - CEO of CareerBuilder***

Yes, on your question on Q1, we expect it will be down a little bit year-over-year and that will be up starting in Q2. I think you also asked a question about resumes. We look at total registrations. Total registrations in the United States are almost at 59 million and that's up 8% year-over-year.

And then resumes in the month of January were up single-digits, new resumes. That's new resumes being added in that month versus the previous year in that month, were up in the mid-single digit range year-over-year.

Gracia Martore - ***TEGNA Inc. - President & CEO***

Let me just add a little color to what Matt said with respect to the growth rate. I don't think we talked about CareerBuilder going to a positive growth rate in the first quarter because if you look at the first quarter of 2015 their revenues were actually up, I think, about a little around 4%. It was really preceded the intentional review that they did and strategic review they did of the relationships.

So they won't cycle that in the first quarter, although we'll see some nice gains in some other areas that will lead to what Matt has indicated. Then we should see, as we've cycled those activities, those gains begin to clearly ramp in the remaining three quarters to get us to the guidance we gave you. And we have some good fairly decent line of sight on that.

Bill Bird - ***FBR Capital Markets - Analyst***

Going back to Cars, I'm familiar with the year-ago affiliate price increase. Your pricing effectively was flat, so I'm wondering what were affiliate revenues down?

Gracia Martore - ***TEGNA Inc. - President & CEO***

Yes, we don't give specifics with respect to the performance of our affiliates for obvious reasons. What I can tell you is, frankly, we have some affiliates that are just doing a fantastic job in some very specific markets and we're incredibly pleased with their performance.

Unfortunately, we have an affiliate group or so that, in some markets, are not doing the job that either they should do for themselves or are contributing. But we are working very diligently with those under-performers to give them some opportunities to pick up that performance. Because it isn't just money for Cars, it's money for them and I can't imagine that they would not want to have those revenues come into their coffers as well. So it's a combination of those two things.

Bill Bird - ***FBR Capital Markets - Analyst***

Great, thank you.

Operator

Doug Arthur.

Doug Arthur - ***Huber Research Partners - Analyst***

Yes, thanks. Two questions on Cars. Gracia, I believe going back to the Analyst Day, you or Victoria talked about a long-term margin guide for Cars of 38% to 41%. I'm wondering if you could talk about, A, is that still in play, and B, how do you see the ramp?

And then, Alex, you talked about a few adjacencies such as the repair market that you're actively in now. Are there any other adjacencies that long-term you're looking at? Thanks.

Victoria Harker - ***TEGNA Inc. - CFO***

Just to answer your first question relative to your EBITDA margin, we exited 2015 very much on that trajectory. Based on the numbers that we're seeing for the 2016 budget and where we're accelerating toward that, we expect to be within, if not at the higher end of, that range. We're very confident in that.

Gracia Martore - ***TEGNA Inc. - President & CEO***

Yes, we made -- Alex and his team made great progress on that, obviously helped by the new affiliation agreements but also in a lot of the new product development that they have done that has gained some traction. We feel very confident of that EBITDA trajectory.

Alex Vetter - ***TEGNA Inc. - CEO of Cars.com***

Yes, and in terms of the adjacencies, our move to singular ownership last year really allowed us to reinvest in our future which is why we were able to build five new commercial products in one year. Historically that may have only been one, maybe two at best. And all of those products, I think, are still in the early stages of growth. We expect those to continue to generate returns for the business both in 2016 and beyond.

I think obviously we've built a platform model that is highly scalable. We've got a very strong brand, both with consumers and the trade industry. I think that opens up a lot of opportunities for us to explore new markets that we can leverage our expertise and our scale. I don't want to get into those specifics right now but we see a lot of opportunities to reinvest into the business on an ongoing basis.

Doug Arthur - ***Huber Research Partners - Analyst***

Okay, great. Thank you.

Gracia Martore - ***TEGNA Inc. - President & CEO***

Thanks, Doug.

Operator

Marci Ryvicker.

Marci Ryvicker - ***Wells Fargo Securities - Analyst***

Thanks. Victoria, you gave one piece of information on the extra four days. That's the $10 million of incremental media segment revenue. Can you give us the EBITDA for that segment as well as the digital revenue and EBITDA that came from those four extra days?

Victoria Harker - ***TEGNA Inc. - CFO***

Digital is largely already on a calendar basis, so the $10 million is totally Media-specific and it is just the four days. It was about $0.01 of EPS, so about $4 million of EBITDA.

Marci Ryvicker - ***Wells Fargo Securities - Analyst***

And then what would core -- core was up 7.

Victoria Harker - ***TEGNA Inc. - CFO***

Right.

Marci Ryvicker - ***Wells Fargo Securities - Analyst***

I assume that is also impacted by the four extra days. What would the core have been apples to apples?

Gracia Martore - ***TEGNA Inc. - President & CEO***

I think the core apples to apples would have been about 4-ish, low-single digits.

Marci Ryvicker - ***Wells Fargo Securities - Analyst***

Okay, so low-single for core. And then in terms of CareerBuilder, we got --

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Gracia Martore - ***TEGNA Inc. - President & CEO***

I'm sorry, Marci. Remembering that in October, November, we had displacement. And December really was our first real month to look at, and frankly, we were very pleased with the way core ended the quarter in a very positive way.

Marci Ryvicker - ***Wells Fargo Securities - Analyst***

Okay. And then we got two comments on CareerBuilder. One was that revenue will be up low-single to mid-single in 2016, and then we got a mid-single. So we're trying to understand --

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Gracia Martore - ***TEGNA Inc. - President & CEO***

Mid-singles.

Marci Ryvicker - ***Wells Fargo Securities - Analyst***

So you're ending the year mid-single? Or all of 2016 will be up mid-single?

Gracia Martore - ***TEGNA Inc. - President & CEO***

The year will be up mid-singles. Each quarter however, will have -- as I said, the first quarter will be lower. It will ramp and will get to an overall year of mid-singles.

Marci Ryvicker - ***Wells Fargo Securities - Analyst***

Okay, perfect. And then one last question. In the quarter CareerBuilder was down 4.2% constant currency. Do you have that number including foreign exchange?

Victoria Harker - ***TEGNA Inc. - CFO***

It would have been about another point.

Gracia Martore - ***TEGNA Inc. - President & CEO***

About a point.

Matt Ferguson - ***TEGNA Inc. - CEO of CareerBuilder***

Right at 5%.

Gracia Martore - ***TEGNA Inc. - President & CEO***

Yes.

Marci Ryvicker - ***Wells Fargo Securities - Analyst***

Okay, thank you.

Gracia Martore - ***TEGNA Inc. - President & CEO***

Thanks.

Operator

Craig Huber.

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

Yes, good morning, first a point of clarification. I believe last quarter you had another assets line. Is that all discontinued or are some of those assets moving to the media broadcasting segment? What happened there, please?

Gracia Martore - ***TEGNA Inc. - President & CEO***

It's all discontinued ops.

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

Okay. And secondly, Gracia or someone, could you speak a little bit further about the 5.7% growth in Cars.com? You blame part of that on the lack of a price increase that was delayed by three months. Historically though, isn't your price increases more like in the 2% to 3% range? Was there anything else that was impacted? Was it more economic-driven, the growth rate there? While it's not terrible, it's a lot lower than mid-teens that it's been historically, adjusting for affiliate contracts, stuff like that.

Gracia Martore - ***TEGNA Inc. - President & CEO***

First of all, we didn't blame it. We just are providing the various points of the impacts in the fourth quarter. We had indicated that we expected that kind of growth in the fourth quarter. That's not unusual to have variances quarter to quarter. And so the performance at Cars in the fourth quarter met all of our expectations. Obviously there was that pricing delay that took it to January 1.

We are very comfortable, based on the trajectory of what we are seeing right now, that as both Alex and I have said, that we will achieve 10%-plus revenue growth for the full year in 2016. Again, that won't be linear. There will be some quarters where it will be high singles. There will be some quarters where is it will be low double-digits. Overall for the full year, we anticipate it will be the 10%-plus that we have outlined.

Alex Vetter - ***TEGNA Inc. - CEO of Cars.com***

Craig, I'd just like to add one point of clarification. It's well-recognized that over the past few years we've reduced our reliance on our channel partners in favor of building out our direct sales. Our affiliate partners only represent sub-30% of our business.

If you look at the fourth quarter, both our direct, our major accounts and our national sales teams all eclipsed 10% growth for the fourth quarter. I think that really signals the strength in the business, that being the majority of the revenue coming in through those three channels.

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

Is there anything else, though, you can specifically talk to that caused the slower growth rate in the fourth quarter? I'm not trying to beat a dead horse here, I'm just trying to understand why the volatility.

Gracia Martore - ***TEGNA Inc. - President & CEO***

With the price delay, that gets you the high-single digits. And what we've talked about is a business that will grow, depending on the quarter, high-single digits or low-double digits. So it is not inconsistent with the trajectory that we have talked about. The reason why we're, I think, struggling with it is because that's a perfectly within the kind of guidance that we've given result for that particular quarter.

Victoria Harker - ***TEGNA Inc. - CFO***

Yes, it was right on top of the numbers we gave in December as well as our previous earnings calls. From our perspective, it landed right exactly where we'd anticipated.

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

Fair enough. My other question, Gracia, maybe I missed this, but your cost outlook for your TV group for this new year, excluding the new affiliate contracts, what should investors expect there for this new year, please?

Victoria Harker - ***TEGNA Inc. - CFO***

I think we had talked about an expected growth rate in the 5% range relative to program expenses and those types of things. Some of it's going into content development, a number of the new initiatives that they have talked about. Obviously linear with revenue as that ramps through the year. So it won't be exact every quarter.

Dave Lougee - ***TEGNA Inc. - President of TEGNA Media***

And some increased costs relative to political advertising as well.

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

Great, thank you.

Operator

Tracy Young.

Tracy Young - ***Evercore ISI - Analyst***

Hi. Following up on your comments about broadcasting. I believe you gave guidance for the core of about 1% and it sounds like you came in closer to 4%. Wondering what the change might have been through the course of the quarter. And then also, was auto up? There's some concern among investors that we're reaching peak SAAR and so what that could mean for auto advertising. Thanks.

Gracia Martore - ***TEGNA Inc. - President & CEO***

Auto was up. I can only attribute the higher-than-expectation core advertising on great efforts by our sales group, additional products that they're selling on the digital side, the growth of our digital products and full solutions that they're able to offer their clients. Dave, I don't know if there's anything more specific.

Dave Lougee - ***TEGNA Inc. - President of TEGNA Media***

I want to make sure I understood the question. Was it a question about the 4% versus the 1%? Could you repeat the question, please? I'm sorry.

Tracy Young - ***Evercore ISI - Analyst***

Yes, just wondering -- I know that there was maybe not as much visibility going into the quarter given some of the crowding out from the prior year. The guidance originally was 1%, and you came in 4%, excluding those four days.

Dave Lougee - ***TEGNA Inc. - President of TEGNA Media***

Yes, so to Gracia's point, we did a nice job on the local sales efforts. Auto was good and strong as we had hoped. So I'd just put it there. It's always tough to estimate and we were up against a political quarter the previous year sometimes on the numbers. So that's what I'd attribute it to.

Gracia Martore - ***TEGNA Inc. - President & CEO***

Yes, and it wasn't necessarily political. We had some political but that wasn't a big swing factor. It was really in the core part of the business.

Dave Lougee - ***TEGNA Inc. - President of TEGNA Media***

That's right.

Tracy Young - ***Evercore ISI - Analyst***

Okay, thanks.

Operator

Barry Lucas.

Barry Lucas - ***Gabelli & Company - Analyst***

Thanks and good morning. Just a couple on the TV side. Dave, could you set a baseline for either 2012 or 2014 political? We're looking, obviously, for a bumper crop but any color you can provide within the primaries and maybe the Donald spending or not.

Dave Lougee - ***TEGNA Inc. - President of TEGNA Media***

Yes, I think it's really difficult for us to break out spending, frankly, by candidates other than just to say in the aggregate that the total dollars in the system for -- on a presidential-to-presidential year compared to 2012 are a lot larger. We know that from public information, obviously, out there and spending we're already seeing in South Carolina. So we have every reason to know that the combination of primary plus general for 2016 should be significantly ahead of 2012.

Gracia Martore - ***TEGNA Inc. - President & CEO***

But to put the baseline for you, Barry, we did $197 million, call it, of political in 2012, the last presidential election year. We did $159 million in 2014. So that gives you a baseline. And that includes -- that's a pro forma number including the Belo stations and the London stations.

Barry Lucas - ***Gabelli & Company - Analyst***

Great, thanks. And in the past you've talked a little bit about what the trajectory of retrans could look like. Was hoping you'd take the opportunity to do the same for 2016.

Gracia Martore - ***TEGNA Inc. - President & CEO***

Yes, I think on our last call we talked in the 25% to 30% range. I think we feel much more comfortable at the high end of that range, percentage increase year-over-year in total.

Barry Lucas - ***Gabelli & Company - Analyst***

Right, okay. So without putting any words in your mouth, Gracia, how comfortable, when you now look at the affiliation agreements that are in place and the renewals with the MVPDs, that we're going to cycle healthy net retrans gains over the length of those two comparable agreements?

Gracia Martore - ***TEGNA Inc. - President & CEO***

I feel extremely good about 2016. I think we've talked about with respect to 2017, we have the bigger cliff with our NBC stations, the former Gannett NBC stations coming up, so there will be a blip there. As you heard at Investor Day, Dave and his team, through a number of initiatives, are looking to fill that gap in 2017.

So you might see the reverse retransmission hit, but we anticipate that will be offset by the performance of the initiatives that Dave has outlined. And then we feel good about the outer years when we don't have that cliff that we had from the NBC stations.

Victoria Harker - ***TEGNA Inc. - CFO***

And just to reiterate, it's all very well if not at the high end of what we had provided at Investor Day, post all of those negotiations.

Barry Lucas - ***Gabelli & Company - Analyst***

Terrific. Thank you so much for the color.

Gracia Martore - ***TEGNA Inc. - President & CEO***

Thanks, Barry. I think we've got time for maybe one more question.

Operator

Alexia Quadrani.

Alexia Quadrani - ***JPMorgan - Analyst***

Thank you. Actually, Gracia, following up on your comment just now about the longer-term trajectory of retrans. My question is once you have this impressive retrans growth these last couple of years, it looks like they'll continue this year, obviously, given your guide. But when you cycle through these new renewals what is a good run rate we should consider for retrans growth in the outer years, given that these contracts use very long term?

Gracia Martore - ***TEGNA Inc. - President & CEO***

Well, the retrans agreements aren't very long-term. We still have a mix of dates on those. So by the time we get to those outer years, we'll be having another opportunity to readjust our rates to the market. But Dave, why don't you add to that.

Dave Lougee - ***TEGNA Inc. - President of TEGNA Media***

Yes, I would say to Gracia's point, while I referenced that with 30% of our subs going out several years, the majority of them do not. And in fact, we have a very large percentage of the top-line sub part of it up toward the end of this year. A significant amount. So we've got far more opportunity to continue to grow the top-line piece.

Alexia Quadrani - ***JPMorgan - Analyst***

And it sounds like from what you're suggesting that there still is a big gap between what you deserve to get and where you guys are currently being paid.

Gracia Martore - ***TEGNA Inc. - President & CEO***

We definitely believe that to be the case.

Alexia Quadrani - ***JPMorgan - Analyst***

And then to follow up quickly on the advertising side, I believe you gave the advertising core outlook for the first quarter. I apologize if I missed it, but any color you can give for the full year and any color if you're seeing -- or assuming any kind of macro weakness in your budgeting or in your guide.

Gracia Martore - ***TEGNA Inc. - President & CEO***

No, I think Victoria went through that --

Victoria Harker - ***TEGNA Inc. - CFO***

Went through the first quarter relative to --

Gracia Martore - ***TEGNA Inc. - President & CEO***

But the full year, the full year.

Alexia Quadrani - ***JPMorgan - Analyst***

Yes.

Gracia Martore - ***TEGNA Inc. - President & CEO***

I think we talked about it being in the 20%-range.

Victoria Harker - ***TEGNA Inc. - CFO***

Yes, in the low 20%s for the full year.

Gracia Martore - ***TEGNA Inc. - President & CEO***

Low 20%s for the full year total revenues for TEGNA Media. We obviously have built in an economy that continues to stumble along. We haven't built in any big recovery. We, conversely, haven't built in a recession that would be deep and extended period of time. Obviously there are levers we would pull if something like that happened. But we haven't anticipated that the economy is going to get any better from here. It's kind of just a bumbling-along economy.

Alexia Quadrani - ***JPMorgan - Analyst***

Okay, thank you very much.

Gracia Martore - ***TEGNA Inc. - President & CEO***

Thank you. Okay, I think that we've taken our full allotment of time. Thank you all for joining us today.

Operator

Ladies and gentlemen, this does conclude today's program. You may disconnect at this time. Thank you and have a great day.