OVERVIEW:
Co. reported 1Q16 total Co. revenues of $782m and EPS of $0.45.
CORPORATE PARTICIPANTS

Jeff Heinz TEGNA Inc - VP of IR
Gracia Martore TEGNA Inc - President & CEO
Dave Lougee TEGNA Inc - President of TEGNA Media
Matt Ferguson TEGNA Inc - CEO of CareerBuilder
Alex Vetter TEGNA Inc - CEO of Cars.com
Victoria Harker TEGNA Inc - EVP & CFO

CONFERENCE CALL PARTICIPANTS

John Janedis Jefferies & Co. - Analyst
Kyle Evans Stephens Inc. - Analyst
Alexia Quadrani JPMorgan - Analyst
Doug Arthur Huber Research Partners - Analyst
Barton Crockett FBR Capital Markets - Analyst
Marcy Ryvicker Wells Fargo Securities - Analyst
Michael Kupinski Noble Financial - Analyst
Jim Goss Barrington Research - Analyst
Tracy Young Evercore ISI - Analyst
Barry Lucas Gabelli & Company - Analyst

PRESENTATION

Operator

Good day, everyone. Welcome to the TEGNA first-quarter 2016 earnings conference call. This call 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 would like to turn the call over to Jeff Heinz, Vice President Investor Relations. Please go ahead.

Jeff Heinz - TEGNA Inc - VP of IR

Thanks, Britney. 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 first-quarter 2016 results. After their commentary we will 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 this Conference Call and Webcast include forward-looking statements and our actual results may differ. Factors that might cause them to differ are outlined in our SEC filings.

The presentation also includes certain non-GAAP financial measures. We provide a reconciliation 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 call over.

Gracia Martore - TEGNA Inc - President & CEO
Thanks, Jeff, and good morning, everyone. Let me add my welcome to our first-quarter earnings call.

This morning, I'm going to provide some highlights on TEGNA's overall performance and each of our businesses, and then I'm going to turn it over to our business leads, Dave Lougee, President of TEGNA media; Alex Vetter, CEO of Cars.com; and Matt Ferguson, CEO of CareerBuilder. And they're going to do a deep dive on each of their respective businesses, and then after that Victoria will cover the financial highlights.

It's been a busy start to the year. We've made significant progress in our first nine months as an independent, focused media and digital Company, and we are well on our way toward reaching the guidance and achieving the goals that we detailed at our Investor Day last summer and reiterated in early December.

We've established new partnerships, launched new products and services, completed negotiations with important network and MVPV partners, and are achieving the record political advertising revenue we've been anticipating for this year. Our relentless drive to innovate has helped us remain ahead of the curve and ahead of our competitors as audiences preferences and trends in content consumption continue to change our industry.

We continue to harness the unique strengths we've detailed when TEGNA became an independent Company, and those included high-quality assets with significant reach, strong margins and reliable significant cash flows, highly regarded industry leaders overseeing the businesses, and a shareholder-friendly approach to the allocation of capital.

So, let's turn to the first-quarter results. As you saw, company-wide revenues were up substantially over last year's first quarter, mainly driven by strong results for TEGNA Media. TEGNA Digital revenue grew as well and also contributed to the strong quarter.

Operating expenses increased in the first quarter over year, and the rise in Media and Digital Segment costs reflect significant investments we are making in the long-term growth and sustainability of our businesses. Overall, we continued to do a strong job of strategically investing for growth, while continuing our strong cost discipline.

As importantly, we continued to grow profitability as well. Operating income was up over 20%, compared to the same period last year, and we achieved an increase of 16% in adjusted EBITDA year over year. We also generated $111 million of Free Cash Flow.

So, now let me briefly touch on some highlights from each of our individual businesses before turning it over to the team. TEGNA Media revenue growth reached the high end of our guidance for the quarter, driven by substantial growth in retransmission and digital revenue, in addition to record first-quarter political revenue.

As you'll hear from Dave in a few moments, our substantial broadcast footprint positions us to garner a substantial slice of the expanding political advertising pie, and we anticipate our record pace will continue for 2016, particularly as we approach the November election.

Beyond the financials, we made significant strides in our quest for continued innovation at TEGNA. We strengthened our partnership with The Video Call Center, a pioneer of video-caller television. We also made a strategic investment in, and partnership with Whistle Sports, the leader in connecting the sports world to millennial audiences. And also partnered with CrowdTangle, an innovative social analytics Company.

All of these initiatives will allow us to continue to offer diverse, original content that meets our audience's changing preferences for how they access and engage with content. As I mentioned, Dave will provide some additional detail on TEGNA Media shortly, including our progress on an emerging revenue stream that involves fully-integrated marketing campaigns.

Switching now to TEGNA Digital, Cars.com continued its strong growth path with a big quarter from direct sales and major accounts. We are pleased with this strong growth. As with all of our businesses, we are always looking ahead to ensure we are laying the groundwork for the next wave of growth by launching new products and services. Cars.com in the quarter launched a new sell-and-trade product that helps consumers in the process of selling their cars to dealers.

Additionally, our previously-announced Lot Insights product is now up and running as well, and we're also building out additional service-and-repair features, from which we expect to see traction in the back half of the year.

Now, Cars.com has received strong recognition from independent parties, such as J.D. Power, that have recognized the Company for its impact on dealers, its cutting-edge website and its overall impact on the industry. Alex will have more on all of this in a few moments.

Moving to CareerBuilder. The Company is continuing its successful push into HR Software-as-a-Service solutions. They have the most comprehensive and integrated offerings in the industry, as none of their competitors can offer the same breadth of advertising, software and services, all in one place.
CareerBuilder continues to make appropriate investments in maintaining its leadership as a one-stop shop for personnel solutions, and last month, it acquired Aurico, a leader in employee background checks. Adding top-tier capabilities in yet another piece of the HR puzzle will attract even more employers to CareerBuilder's one-of-a-kind platform.

We saw progress at CareerBuilder in the first quarter as total revenues were down just 2%, improved from a 5% decline in the fourth quarter last year. We anticipate continued innovation and significant growth in the SAS business, and for CareerBuilder more broadly, and look forward to turning the revenue corner in the second quarter.

Matt will be providing a comprehensive update on the quarter and the opportunities that lie ahead for CareerBuilder later in the call. So, at this point let me turn it over to Dave Lougee for comments on TEGNA Media.

Dave Lougee - TEGNA Inc - President of Media

Thank you, Gracia. On previous calls, I forecasted a record year for TEGNA Media, and so far, we are well on track. Political revenue in the first quarter finished at a record first-quarter level of $15.7 million.

As we look ahead to the general election, our market footprint is a healthy mutual fund of strong swing states, like Ohio, Florida, Colorado, North Carolina, and Virginia. Additionally, and significantly, a Trump or Cruz nomination on the republican side will very likely expand the number of US Senate and House seats that will come into play in our markets, and the PAC spending for the control of Congress will almost certainly be unprecedented.

Back to the first quarter. The increase in net revenues more than offset a Super Bowl decrease across the TEGNA stations, specifically last year, the game aired on our 17 NBC stations versus our 11 CBS stations this year. So, even though the year-to-year Super Bowl dollars are down simply due to the network change, TEGNA's Super Bowl stations performed very well.

Our Super Bowl advertising was 45% above the last Super Bowl, pro forma in 2013. Excluding the Super Bowl delta, core revenue finished up slightly above last year for the quarter.

As I previously noted, we have several initiatives underway, which we expect to contribute $25 million to $30 million in EBITDA in 2016, and continue to grow from there. One of those initiatives, and the fastest growing aspect of our core business, is Hatch revenue. Those are dollars associated with the sales of fully-integrated multi-platform marketing campaigns that target clients' marketing budgets versus the more traditional transaction-based advertising budget.

In the first quarter alone, we closed 81 campaign deals compared to 83 all of last year, and its ramping fast. The value of those deals we closed in the first quarter was more than double what we closed in the fourth quarter.

Just to give you a sense for how the hatch program is resonating, we've sold one single campaign to 10 different verticals, so, this ability to develop and produce local integrated marketing campaigns at scale through a centralized service in Dallas, is becoming a game changer for us in getting few local marketing dollars that wouldn't have been available to us in the past.

Our progress on the revenue front is supporting brand new approaches to content as well. We're in the midst of a large-scale content transformation effort that centers around the development of original programming for every screen.

In the entertainment and syndication space, we are on track for a Fall premier of T.D. Jakes. T.D. Jakes is a unique voice in American culture, and the program is already showing signs of success. We'll be clearing this show on 53 stations, 30 of those are TEGNA stations and 23 are non-TEGNA stations from 13 different station groups.

And then our local news time periods we're innovating there, too. As I discussed last quarter at KARE11 in Minneapolis, we replaced a popular syndicated show in the 6:30 PM time period, with an all new innovative program called “Breaking the News”.

This unique talent-driven interactive newscast has become a hit in a very short time. The audience response and revenue gains generated by the show are strong and we expect to see a $500 thousand in incremental revenue above the show it replaced.
We're also proud of our team in Atlanta. WXIA created the groundbreaking digital-only series, called “Inside the Triangle”, which documented how Atlanta's wealthiest suburbs are impacted by teenage heroin addiction. We initially released the Triangle only on our digital platforms, and in its just first week, it was discovered by many, many viewers.

The series attracted four million page views and 200,000 video views in just that first week, and then from digital, we migrated a series to the linear network, where it again received tremendous audience response and spurred a national dialogue around heroin addiction.

And last week, a one-man band investigative journalist from Atlanta won a prestigious Peabody Award for investigative series on the broken 911 emergency system in Atlanta, a series that used all platforms to engage and inform our audience. This type of innovation, especially in digital media, continues to be a key area of focus for us at TEGNA Media.

We're leveraging new digital and social technologies every day to improve and reinvent our existing content. We're working with various new digital partners, such as Megaphone and Excitem which allows us to engage in real time polling and social interaction with our audience live, inside our newscasts.

Alongside our content innovation efforts are new monetization strategies. In Q1, we were the first station group to participate in Facebook's instant articles beta test. Off-platform publishing is a growth area for us that we are aggressively pursuing as a business and marketing strategy.

TEGNA Media is offering a high level of sophistication and urgency, we're maximizing the benefit of our traditional model, but more importantly, we're leveraging the power of disruption to generate new ways of connecting with audiences, advertisers and business partners. And with that, I'll turn it over to Matt Ferguson from CareerBuilder.

Matt Ferguson - TEGNA Inc - CEO of CareerBuilder

Thanks, Dave. We're off to a good start in 2016, seizing the opportunity at hand as we move aggressively into HR software as a service. As I mentioned in the past, CareerBuilder built the world's first and only pre-hire platform. There's literally no one else in the industry who can offer the same breadth of advertising, software and services in one place.

We are delivering the most innovative recruitment experience in the market, and customers are very excited because our platform helps them hire faster and easier than ever before. In March of this year, CareerBuilder made a strategic move to expand the scope of that pre-hire platform offering.

We acquired Aurico, a leading provider of background screening and drug testing. This allows us to tackle another critical step in the recruitment process. With our combined technology expertise, we're going to accelerate growth and profitability for this valuable service. As the deal closed in March, Aurico had a de minimis impact on Q1 revenue.

We're still only a month -- a little over a month into operating the business, so as we spend more time with Aurico, we'll have more guidance on full-year impact the next time we speak. CareerBuilder also continues to evolve at the Business, working with employers and consumers in new ways that are differentiating us in the market, having a positive impact on revenue.

In the first quarter, our revenue totaled $171 million, that was down 2% year over year. Currency didn't have as big impact in Q1. When you back out currency, we're down less than 2%. This is an improvement compared to the fourth quarter, where revenue declined 5% year over year.

Our software solutions continue to experience strong growth. Software invoicing was up 12% year over year from December through March in North America, and when you look at customers under contract, that number grew 11% year over year in the first quarter in North America, so there's great momentum behind this business.

As we look forward, it's important to note that we recognize our job-posting business will continue to experience pricing pressure at the unit level in 2016. We've reflected that in our projections. Though the price per unit will be lower, there's a good opportunity to increase the job-posting inventory on our site, as we go after mainstream high-volume jobs.

CareerBuilder will continue to roll out new cutting-edge software solutions in the coming months and pursue acquisitions to enhance and expand our offerings. We fully expect double-digit growth in our SAS-based products this year, resume database and our employer services. We're confident that this will lead to revenue growth in the mid-single digits in 2016, and 10% growth by the end of 2017, as CareerBuilder modernizes and transforms the way companies recruit.

With that, I'd love to hand it over to Alex Vetter, CEO of Cars.com.
Thanks, Matt, and good morning, everybody. First of all, I'm excited to report that Cars.com's retail revenues were up nearly 10% in the quarter, with growth driven by a higher dealer market penetration and new product sales. Our national revenues were also strong, up almost 8%, due mainly to an increase in display advertising by auto manufacturers.

Including the impact of affiliate or wholesale revenue performance, our revenues were up 6%. Last year, you may recall, we cycled through a one-time wholesale price increase with our affiliate partners and continue to work with them to improve their performance, but we are on track to deliver 10% growth through new product development and continued innovation.

You may have seen that earlier this year we released new research that supports that Cars.com influenced 36% of all vehicle sales in 2015 in the United States. We continue to change the value equation in the market for providing a bridge between consumers, online shopping behavior and offline sales.

As Cars.com works to illustrate, the impact that we're having on walk-in traffic to local dealerships across the country. Our sales, marketing and product teams achieved a record-setting performance at last month's National Auto Dealer Association conference with several major accomplishments.

First, our sales team realized more than $1.2 million in annualized product sales, exceeding our goals by over 12% for the three-day event in Las Vegas, recording the most successful weekend at NADA and Cars.com's history. During NADA, we officially launched two mobile-focused solutions to bolster our position.

First, our sell-and-trade product, which allows consumers to sell their vehicles and help dealers acquire inventory via our new mobile App, made a debut at the show and really posted strong results. And we officially launched our Lot Insights report for dealers, which helps them quantify the influence we have on walk-in traffic at the dealership using geo-fence technology. We're currently the first in the market with this new technology and product iteration, and we're working now with both dealers and auto manufacturers to leverage these new insights to help shift their media allocations towards digital.

During the quarter, we were also recognized for our industry-leading successful websites, as we've moved our entire business more towards a responsive platform to serve consumers, however they choose to shop. Cars.com was ranked Number 3 in the J.D. Power Third-Party Automotive Website Evaluation Study, placed admirably as the number one large marketplace site, and only behind two narrowly specialized niche sites.

In addition, we were recognized as the only third-party site in the category that has transitioned to our responsive design. Now that that responsive design has taken place, we're eager to see the positive effects in both our consumer experience, our traffic and our SEO.

Lastly, we continue to bolster our service and repair product suite and are currently piling new features. These features will provide another channel for franchise dealers and auto manufacturers to promote the service offerings that they have and to capture a new audience of consumers and a new segment of revenue.

The service-and-repair industry is a fairly large and unaddressed market, estimated at about $250 million that we've had strong success, starting 2016. We'll continue to make our investments in the sell-and-trade platform, our service-and-repair offering, as well as new innovative mobile solutions.

Overall, it was a great quarter for the business and sets the stage for continued growth. I'd now like to turn it over to Victoria.

Thanks, Alex, and good morning, everyone. As Gracia has already mentioned, we're off to a strong start to what we expect to be a terrific year for TEGNA. We're very pleased with the strong performance of our businesses across both Media and Digital segments.

Before I review our consolidated financial results, as well as capital allocation during the quarter, I'd like to note that there were just a few operating special items in the quarter which totaled $10 million, primarily related to a TEGNA Media voluntary early-retirement program, which began in first quarter and will conclude a bit later this quarter, which reduced GAAP EPS by $0.03 per share.

Now, let's briefly review the operating results for the quarter. As a reminder, although I will be focusing on our non-GAAP performance results today, you can find all of our reported data and comparatives in our Press Release.
With solid performances by both media and digital segments, we achieved earnings per share of $0.45, an increase of 88% over last year. Total Company revenues of $782 million were up 7% year over year. On a pro forma basis, excluding the impacts of PointRoll, which was sold at the end of last year, total revenues were up 8% and in line to achieve our full-year projections.

As you've seen from our release, this is driven by robust growth in the media segment’s retransmission revenues and record first quarter political advertising revenue, as well as continued growth in Cars.com revenue. During the quarter, total company operating expenses of $569 million were higher by about 2% over last year, mainly due to higher media programming fees, as well as investments and growth initiatives within both media and digital segments. These were offset in part by significant reductions in corporate expenses, reflecting absence of publishing-related unallocated costs and continued efficiency efforts.

Now, let's turn to a more detailed review of media and digital segment results. TEGNA Media revenues increased 12% year over year at the high end of the guidance we provided during the last earnings call, driven by significant growth in retransmission revenues and record first quarter political advertising, as well as higher digital revenues. As Dave mentioned, the Super Bowl revenue this quarter was negatively impacted by the network change from NBC to CBS this year.

Excluding the impact of Super Bowl revenue, media segment revenues would have been up by about 14% compared to the first quarter of last year. Retransmission revenues boosted by agreements negotiated at the end of last year, as well as annual rate increases within existing agreements, continue to drive revenue growth within the media segment, up 33% to a historical high of $147 million in the first quarter. We will be negotiating additional retransmission agreements this year, which reflect 44% of our distributed subscriber base.

Political advertising revenue during the quarter also posted record high results at $16 million, up 151%, compared to the same quarter during the last presidential election cycle in 2012. Beyond this, TEGNA Media digital advertising revenues were also up 16% during the quarter, driven by digital Marketing services which continue to gain traction across all our television stations, as well as G/O Digital sales, extended reach networks and national digital revenues.

Now, focusing on second-quarter expectations for TEGNA Media. Based on current trends, we anticipate increases in retransmission revenue, political advertising and digital revenue to result in media segments revenue growth of 10% to 12% for the second quarter of 2016, compared to the second quarter of 2015.

As you'd expect, revenue growth will in part be dependent on the timing of ads spending, both within the presidential campaigns, as well as for contests in both the House and Senate over the balance of the year. During the first quarter, Media Segment operating expenses were up 15% year over year, primarily due to increased programming expenses and investments in our digital sales initiative, including a salesforce expansion with newly launched product offerings.

In the digital segment, during the quarter digital segment revenues on a pro forma basis, increased by 4% year over year, reflecting continued growth and new product launches at Cars.com. These are offset by revenue reductions and transaction-based product lines at CareerBuilder, as it continues its transition toward higher margin, Software-as-a-Service solution to extend the leadership position in that space. As Matt mentioned, CareerBuilder revenues were down 2% year over year, but improved sequentially over fourth quarter of last year, and we expect this trajectory to continue as the year progresses, with revenue growth projected to be in the mid-single digits by the end of 2016.

Cars.com revenues sold by its direct sales channels were up 9% during the quarter. Including the impact of affiliate revenue performance, revenues increased by 6% year over year, reflecting ongoing strength in market penetration within their direct sale market, and bolstered by the continued success of new products such as RepairPal-certified and Event Positions.

National revenue was also strong, up almost 8% due to an increase in display advertising by auto manufacturers. With the new product development and continued innovation, as well as strong organic growth, we are expecting Cars.com to reach our previous projection of 10% year-over-year revenue growth for 2016.

Digital segment operating expenses were up 2% due to an increase in expenses, primarily reflecting accelerating investments in sales force and growth initiatives, partly offset by the accents of PointRoll. Overall, as a result of the solid performance of both segments, we achieved solid adjusted EBITDA of $264 million this quarter, up 16% over last year, and our EBITDA margin was 34%, up 260 basis points compared to last year.

During the quarter, our capital investments were $16 million, reflecting our ongoing commitment to reinvestment in business priorities, and include digital development, media content, product integration and platform enhancements, including automated sales tools, order tracking and other critical product enhancements.

You'll also note that in the first quarter, our overall tax rate was 32%, including the benefit of implementing the early adoption of a new accounting standard. ASU2016-09, that changes certain aspects of the accounting for employee share-based payments in order to improve transparency. As a result, all excess tax benefits and tax deduction shortfalls will now be recognized as income tax expense or benefit in the Income Statement, as opposed to balance sheet, as in paid in capital.
The adoption of this accounting standard reduced the first-quarter income tax provision by $4 million and the tax rate by three percentage points, with an EPS benefit of about $0.02 for the quarter. While we need to continue to assess the impact based on equity price fluctuations, the projected tax benefit for the year is about in the range of one percentage point at the current stock price, which would put our tax rate for the year at around 34% to 35% range. This will obviously need to continue to be recalibrated each quarter, as the stock price and market fluctuate.

During the quarter, strong cash flow from operations was used to fund accelerated share repurchases of $75 million at an average price of $23.89 per share, dividend payments of $31 million and investments in business initiatives at $16 million. At the end of the quarter, our long-term debt just stood at $4.2 billion and cash on the balance sheet was $79 million.

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

Gracia Martore - TEGNA Inc - President & CEO

Thanks, Victoria. When we formed TEGNA, we had a vision for what it could be, a plan for how to achieve our goals and a talented group of people that were passionate about making these things happen. The hard-working teams at TEGNA Media and TEGNA Digital continue to produce strong results as they innovate and forge new paths toward growth and enhanced value.

Now, while we still have a lot more work to do and the journey never really ends, as we all know, we are already starting to see the fruits of our labor and are more confident than ever of reaching the goals we set out for you at our Investor Day last summer.

With that, I'd like to open up the call to questions. Britney, take it away.

QUESTION AND ANSWER

Operator

Thank you

(Operator Instructions)

Our first question comes from the line John Janedis with Jefferies.

John Janedis - Jefferies & Co. - Analyst

Thank you. Dave, maybe one for you to start.

Very strong retrans number, and I think the top end of the guidance for the year is 30%, so, given the 44% renewing, wouldn't the $147 million for the quarter improve going forward, meaning that's conservative. And then on the ad front, can you talk about what you're seeing away from political, meaning does the implied second-quarter ad-growth suggest growth similar to the first-quarter on a year-over-year basis?

Dave Lougee - TEGNA Inc - President of Media

Yes. I'll take the retrans question first, John. So, those 44% subs that we've referred to before are toward the year-end, so they won't have much of any impact on calendar year 2016 at all, and as it relates to the ad front, yes, exactly right. I think we're seeing trends pretty much very similar to Q1.

Gracia Martore - TEGNA Inc - President & CEO

John, the only thing I would add is that we had talked about 30% growth on our last earnings call. We hadn't entirely completed some of the ins and outs, and we did slightly better than that, but there are some small true ups that happened in the first quarter. So, I don't see us falling away in any way from that number, but there's always little puts and takes in the first quarter. But we are very comfortable in 30%-plus retrans growth for the year.
John Janedis - Jefferies & Co. - Analyst

Thanks, and maybe one separate question, as it relates to Cars.com trends. I think you talked about price increases hitting in the first quarter and I'm wondering to what extent you were able to push them through, and if so, were volumes in line with expectations?

Alex Vetter - TEGNA Inc - CEO of Cars.com

Sure, John. First of all, the majority of price increase discussion that we've had has been on our one-time affiliate step-up in rate that happened first quarter of last year, and we've cycled through that, largely on the wholesale channel. On our direct sales, our retail sales standpoint, the rate increases are spread throughout the year on a very large customer base during the renewal cycles for those individual customers. So, what you'll see with new product innovations that will continue to have bundling of both new products and pricing together, making it hard for us to break out any specific number on an individual basis.

Gracia Martore - TEGNA Inc - President & CEO

Although you might want to share with him the growth in dealer customers.

Alex Vetter - TEGNA Inc - CEO of Cars.com

Well, two things. If you try to isolate our same-store sales, we are seeing strong growth in their overall average revenue per dealer year over year, and then we also continue to see growth in our total customer count, so both on price and volume. Our total customer count was up over 2.5% for the first quarter.

John Janedis - Jefferies & Co. - Analyst

Great. Thanks so much.

Operator

Thank you. Our next question comes from the line of Kyle Evans with Stephens.

Kyle Evans - Stephens Inc - Analyst

Hi. Thanks for taking my question.

Maybe from Dave, some look down into the local versus national within core any kind of geo or sector strength and weaknesses? And I've got a follow-up on cars.

Dave Lougee - TEGNA Inc - President of Media

Local and national were pretty close for us in the quarter as reported, although a little of that is misleading as we continue to take some pure transactional agency dollars and move them out of the local column into the national column and have our rep handle those, as we have our local sellers focus more on the local side.

And your follow-up question, I apologize, was?

Kyle Evans - Stephens Inc - Analyst

Well, there was another one on geo and sector strength and weaknesses within core, so, auto.

Dave Lougee - TEGNA Inc - President of Media
Yes. Category-wise, auto continues to be up. The insurance category continues to hurt us on a temporary basis, because we're lapping that Obamacare spending that existed in previous years. So, that's been a significant issue in the quarters, and was again in first quarter and will be a little bit at second quarter. Overall on a geography standpoint, Texas has been hurt by the oil prices issues, especially the Houston market, although we think that's cyclical and they've shown an ability to rebound in the past as a region.

Kyle Evans - Stephens Inc. - Analyst

So, a couple of follow-up questions on Cars for Alex. I was looking back to the notes and you had a 50%-plus affiliate increase in Q3 of last year, and it looks like it's been declining ever since, and I guess my question is, is that a surprise? Is that something that you purposely were trying to push down through the affiliate channel? And then as a direct follow-up to that, the last time you gave an update, I believe, direct was 78% of Cars, and I was wondering what the split was today?

Gracia Martore - TEGNA Inc - President & CEO

Let me answer the first question and then Alex will take the rest.

With respect to the increase in affiliate revenue of 50%-plus, that was a one-time change in our affiliation agreements that we did when we bought Cars.com, and so we were able to, prior to us owning it when we were all partners, each one of the investors wanted most of the earnings to come to their respective company rather than to reside at Cars.com, so the affiliation agreements were more favorable to the various owners' P & Ls than Cars.com's P & L.

When we bought out the rest of the owners, we changed the affiliation agreements to more arm's-length agreements, and that gave rise to the big jump in that 50%, 60% affiliation revenue that we saw. What we talked about at the time was on a pro forma basis, that in fact growth was in the 11%, 11% to 12% range. But Alex -- ?

Alex Vetter - TEGNA Inc - CEO of Cars.com

And, Kyle, your follow-on question was as a mix standpoint, our wholesale channel only represents about 25%, 24% of our total revenues. The vast majority of revenues remain direct. -- It is very tough to shift those dollars on such a big base, but they've slowly been migrating towards more direct volume.

Gracia Martore - TEGNA Inc - President & CEO

And let me just add to what Alex just said, with regard to the affiliates. We've had some very good conversations with each one of the groups, because we and they recognize that they are literally leaving tens of millions of dollars on the table. So I know that there's increased focus at each one of the affiliates to improve that performance. Cars and Alex and others there have been more than willing to give them some help in any way that they can. So we do expect improvement on the affiliate performance, beginning in the second quarter.

Alex Vetter - TEGNA Inc - CEO of Cars.com

Correct.

Kyle Evans - Stephens Inc. - Analyst

Thank you.

Operator

Thank you, our next question comes from the line of Alexia Quadrani with JPMorgan Chase.

Alexia Quadrani - JPMorgan - Analyst
Hi, thank you.

Just circling back on the commentary earlier about 44% of retrans renewals up toward the end of this year. With that nice tailwind going in 2017, should we assume that you have more than enough to offset the reverse comp rates at NBC stations, I think, early on in the year, at basis?

Dave Lougee - TEGNA Inc - President of Media

Well, we will have a very, a nice top line, continued nice top line growth. We've always said from the beginning, we do have this one fairly significant hit coming from the former TEGNA NBC stations that start paying their reverse comp next year, as we've been talking about and modeling ever since Investor Day last summer. But we do expect nice top-line growth.

Gracia Martore - TEGNA Inc - President & CEO

And I think that we've all appreciated that NBC being our very largest affiliate group and contributing more than its proportionate share to us. One of the reasons why Dave and his team have been so focused on a number of the initiatives that they shared with you on Investor Day, is that we appreciate that we have that gap in 2017., and so we are doing a lot of work to help us over -- there will be a drop-off in 2017, but then in 2018 and beyond, we expect with the initiatives that we will continue to see the kind of good growth that we had seen previously and margin retention.

Alexia Quadrani - JPMorgan - Analyst

And just a quick follow-up on CareerBuilder. Thank you for all of the color you provided. But any further color you can give us in terms of how much visibility you may have in the CareerBuilder revenue turn in Q2, like when will you get a sense of if it's really behind you?

Matt Ferguson - TEGNA Inc - CEO CareerBuilder

We believe that we will be up in Q2. Job postings, I think, Q2 to Q2 of last year will be down. But you'll look at software being up, services being up, and the resume database being up. So overall, we believe we're going to be up in Q2 this year versus last year.

Gracia Martore - TEGNA Inc - President & CEO

Yes, you might go more specifically on the bridge that you shared with them previously.

Matt Ferguson - TEGNA Inc - CEO of CareerBuilder

And so, some of the bridge we shared in the past, and last year we were hurt quite a bit by currency, that was less so in the first quarter, but I'm not here to predict the currency. The accounts we moved that we talked about have been weighing on the results. They were small transactional advertising accounts and they were down over 30%, looking at most months last year. We knew they were going to weigh on first quarter results.

This month, they're down less than 10%, so they will be around mid-single digits and we hope they would get flat and not weigh on the business by May or June, and we look like we are on track to do it. And the biggest weight on last year's results was the source and screen business, which is down almost $20 million.

We thought we would be up 10% in March. We weren't, but we were up single digits in March after being down year over year. January and February we're going to be up single digits, in April and May we may be up looking at what's booked and what's out there double digits when we look at June. We have a strong pipeline. We had talked about in that bridge that we would be up $7 million in 2016 and sourcing screen over 2015, and we still believe we will do that and the trends look good there.

Alexia Quadrani - JPMorgan - Analyst

That's very helpful, thank you.
Operator

Thank you. Our next question comes from the line of Doug Arthur with Huber Research Partners.

Doug Arthur - Huber Research Partners - Analyst

Thanks. Two questions. Dave, cash costs in the media segment were up 16%. Is that the new norm, and can you provide any color on how that breaks down between programming and some of these salesforce initiatives, and then I've got a follow-up with Cars.

Dave Lougee - TEGNA Inc - President of Media

So, I think Victoria had talked last time that outside of some of these other programming expenses and things that were in the single digits on our expense base, and that continues to be true, but a lot of the expenses are related to the investments that Victoria outlined, as well as we've got the expenses this year of standing up our digital business, that we've had to invest in as a result of the spin.

Doug Arthur - Huber Research Partners - Analyst

Okay and then Gracia, you had mentioned many times that the Cars business would be lumpy quarter to quarter. You're still sticking with 10% for the year. Any color on what you expect in Q2?

Thanks.

Gracia Martore - TEGNA Inc - President & CEO

Yes, I'll ask Alex to jump in here, but I think we'll see, as a headline, we'll see improvements over what we saw in the first quarter. They had a good close to 9.5% growth on the business that they controlled.

We expect the affiliates to improve their performance in the second quarter and following that. Also some of the new products that Alex has mentioned that they really launched at the most recent NADA, I think will gain traction over the course of the year. So I think that we continue to be, as Alex said previously, comfortable with that 10% growth rate, but Alex?

Alex Vetter - TEGNA Inc - CEO of Cars.com

Yes, I'd just add to that that I think starting the year in automotive many of the automotive companies had mixed feelings about how this year would turn. Now that there's a full quarter under the belt, what everyone is seeing is a lot of optimism in the market.

The SAAR projected again at over $17 million, even used car sales on the rebound as well. So we're seeing a very healthy macro market in automotive, and we've got lots of new solutions that directly meet our customers' needs. So we feel really good about the full-year guidance.

Doug Arthur - Huber Research Partners - Analyst

Thank you.

Operator

Thank you. Our next question comes from the line of Barton Crockett with FBR Capital Markets.

Barton Crockett - FBR Capital Markets - Analyst
Thanks for taking the question.

I wanted to ask a little bit about the ad trend there, and first, I was curious, we've seen very strong, obvious national interest in the political cycle on the national news networks. I was wondering if you're seeing any similar interest in terms of growing viewership at the local TV station level for the news programs, whether that's benefiting or kind of unaffected and whether that's having any impact on the ad trends that you're seeing at the station level?

Dave Lougee - TEGNA Inc - President of Media

I think in the markets, as the year goes on, where there are very contested local races and Senate races, that it does and will lift viewership as we've seen in years past. I think the national race doesn't hurt, but I think in the early stages of the year it's such a national versus local only store that it doesn't have much impact.

Barton Crockett - FBR Capital Markets - Analyst

Okay, great. And then if I could follow-up on the political advertising, one thing that's interesting in this campaign is that you have one candidate, Trump who's really driven by social media, more so than advertising. You've had, obviously, strong growth against smaller base here in the first quarter. Given the prospect of maybe Trump carrying the distance in the election, do you feel like the type of strong growth that you saw in first quarter is something that's sustainable? Or to what extent does the presidential mix even matter, and is it driven by congressional races?

Dave Lougee - TEGNA Inc - President of Media

No, it's a good question. I think as Gracia outlined earlier, the vast majority of our dollars do and will come always in the third and fourth quarters, all against the general election. I think whatever Trump doesn't spend, I think, will be more than offset by the money that Hillary gets, not just for her campaign, but for the PACs. And then the other piece that I mentioned, which is going to be significant, because if those same donors that would have given their money to republican candidates in the past, they are now going to shift their spending to Congress. And, as I mentioned, Congress is now going to be a broader play, with more Senate and House races in play.

As an example, for instance, we haven't seen John McCain's seat be a contested seat with much spending in ever, and right now it looks like it will be. That's just one of many examples. And I think in the House, you're going to see what had been nationwide, maybe 42 seats that were contested each two years, because of the gerrymandering that had been done over the years would now be, could be a be a very much expanded number.

Gracia Martore - TEGNA Inc - President & CEO

But I think, just to reiterate what Dave said, most of the dollars again between Labor Day and Election Day, in the second quarter we won't see -- we saw very good primary dollars in the first quarter, because we were in those markets, and there was an expanded number of markets that actually mattered in the first quarter.

In the second quarter, where the primaries have been yesterday, and in New York and other places, like Indiana, we just don't have much of a presence. But when the general spending kicks in, which we would anticipate, given the results of last evening, probably will be happening towards the end of this quarter, that's when the dollars will start to be much more meaningful for TEGNA right through the election, so the second quarter may be a lull in spending, unless there's a lot of spending towards the end of the quarter towards the general election.

Barton Crockett - FBR Capital Markets - Analyst

Okay, that's great color. Thanks a lot.
Marci Ryvicker - Wells Fargo Securities - Analyst

Thanks.

It sounds, from your comments, Dave, that core spot advertising might be a little bit stronger in the second quarter than it was in first quarter. So I don't know if that's a correct assessment, and if it is, is there anything particular driving that?

And then the second question, can you actually give us the net Super Bowl revenue number? Thanks.

Dave Lougee - TEGNA Inc - President of Media

Yes. I have that somewhere.

Gracia Martore - TEGNA Inc - President & CEO

Isn't it about a difference of five?

Dave Lougee - TEGNA Inc - President of Media

Yes, the delta was about $5 million net, Marci. I actually forget the two numbers the NBC and CBS number, but the delta on a two-year basis was about $5 million net, and your question on core -- actually what I said was it's about the same.

Marci Ryvicker - Wells Fargo Securities - Analyst

Okay.

Dave Lougee - TEGNA Inc - President of Media

I would call it just about the same as Q1.

Marci Ryvicker - Wells Fargo Securities - Analyst

And, by any chance, did April start soft, or was it relatively the same coming into the quarter as you ended Q1?

Dave Lougee - TEGNA Inc - President of Media

I think the start of April didn't look much different than the end of Q1. There were a couple of big buys that came into the large markets at the very end of Q1. But overall it's been pretty much the same.

Marci Ryvicker - Wells Fargo Securities - Analyst

That was it for me, thank you.

Operator

Thank you. Our next question comes from the line of Michael Kupinski with Noble Financial.
Michael Kupinski - Noble Financial - Analyst

Coming from the NAB, I understand that political advertising is now being booked into the third and fourth quarter, which may be about a month early. I was wondering can you discuss whether the political that is being booked is related to PACS or is it candidate money at this point? And is the money at this point related to Senate and House races, or is it presidential money? And then finally, traditionally, how much of your political spend in the third and fourth quarter is typically related to presidential candidates?

Dave Lougee - TEGNA Inc - President of Media

Okay, let me take the first one first. The answer is all of the above. The money that's been pre-booked in third and fourth is both candidate and issue. Not a lot of that presidential yet, for the reasons we outlined earlier, mostly against the Senate races, as well as some local issue money. But there is, I think Hillary's PAC is starting to lay some dollars down beyond this quarter.

And from the presidential, what that represents as a percentage of the back half of the year often has to do with how robust the Senate seats are, because the Senate seats bring in an enormous amount of money. So, I think, for instance in 2012, presidential was only about a third of our total spends, just a little bit more than a third, and that would probably be somewhat of the percentage of what we'd see in the back half of the year.

Gracia Martore - TEGNA Inc - President & CEO

Presidential and candidates.

Dave Lougee - TEGNA Inc - President of Media

President and candidate and issue, together.

Michael Kupinski - Noble Financial - Analyst

How does that relate to maybe the past cycle? Because I know that the PAC money in the past cycle was extremely strong, which obviously there's no lowest unit rate for that type of money that comes in. I was wondering, in terms of how things are firing as it goes towards the third and fourth quarter, if the PAC money is -- now we're starting to see that flow in a little bit more aggressively, if we can anticipate we're going to see those rates rise. I want your tone of how things are shaping up.

Dave Lougee - TEGNA Inc - President of Media

Yes. And that's the general nature of these all the time. There's no cap on the rates on that issue money, and the issue money will be larger volumes than the candidate money, in terms of what's coming in. So, yes, you'll see -- and it's built into our pricing system, but you'll see as the third quarter starts and then right on through to Election Day that there will be a ramp in pricing.

Gracia Martore - TEGNA Inc - President & CEO

Yes, I mean the other thing is demand and supply, and when you look at, for instance, in 2014, $92 million was written in the fourth quarter, but it isn't really the whole fourth quarter, it's from the end of September to November 5th, or whatever.

So, as you can appreciate when there's that kind of demand, pricing responds to that. And then you're absolutely right with respect to the PAC money, that is not lowest-unit rate, and lowest-unit rate is rising in any event, because of the incredible demand. We typically write 80% to 90% of our political in the third and fourth quarter, and when we say the fourth quarter it's really that first month of the fourth quarter.
And to Gracia's point, those last five weeks, four or five weeks depending on Election Day will be the highest quarter, even though it's only a five-week quarter of political.

Michael Kupinski - Noble Financial - Analyst

So, it looks like the tone of the political dollars that are coming in is certainly very encouraging at this point. It looks like the cycle over cycle looks like it's very encouraging, especially it's being booked early and it looks like PAC money is coming in pretty nicely at this point.

Dave Lougee - TEGNA Inc - President of Media

Yes, and I would also add not just our own numbers in the first quarter, but the spending in first quarter, just overall, for the industry is representative of what the money that's going to be in the system.

Michael Kupinski - Noble Financial - Analyst

Perfect. Okay, thank you so much.

Operator

Thank you. Our next question comes from the line of Jim Goss with Barrington Research.

Jim Goss - Barrington Research - Analyst

Thank you.

Question about broadcasting M & A. I'm wondering how important is this, relative to your other initiatives, like programming and the things that Cars.com and CareerBuilder, and also, what impact do you think the auction has on it, and does the Nexstar/Media General deal take a couple of major players off the table so it opens the gates up for you a little, or is the disparity in market size you tend to deal in, vis-a-vis them, make it a non-event?

Gracia Martore - TEGNA Inc - President & CEO

Jim, I would say with respect to broadcast M & A that when we look at all of the other initiatives and broadcast M & A, we definitely are focused on that opportunity. We believe, though, that it will be an opportunity that is opportunistic and isn't going to be similar to what we did when we bought Belo, given the tightening of the rules around JSAs and other factors out there. But we believe that we run television stations very, very well.

Highest margin in the industry, great programming just a week or so ago, the most Emmys of any -- excuse me, most Murrows of any broadcaster. So both from a content standpoint, as well as a financial standpoint, Dave and his team have just done a phenomenal job, so we believe that there's an opportunity there for us, but we are very careful and very opportunistic about that.

We've still got plenty of room under the cap, so that is not in any way a gating factor. It's more of a constraint of some of the new JSA rules and other things that really have constrained that.

I'd say the auction definitely is having an impact on M & A, given that I think everybody's general counsel has advised them that there is to be no conversations, and there's some pretty specific conversation from the FCC around that particular issue. I do believe it has had, and will have until it's over, a dampening effect on the M & A marketplace, and I'll ask Dave to comment on, Nexstar/Media General.

Dave Lougee - TEGNA Inc - President of Media
Yes, that deal will just, like you say, consolidate some players in the industry, but there's a lot of others out there, and I'd say as it relates to small or big markets, it really will come down to the nature of the specifics of the Company, and what those opportunities do or don't look like from a synergy standpoint.

But as Gracia said, the efforts and the capabilities that we've built centrally do work with, really, any television station.

Jim Goss - Barrington Research - Analyst

Okay, and follow-up on the reverse or retrans and reverse comp discussion you had earlier, beyond the NBC pop you're expecting for 2017, will the reverse comp kick in pretty much simultaneously with retrans renewals after that, and does that tend to have a dampening effect on the type of growth you've hypothesized? I'm sure it has to, at least somewhat.

Gracia Martore - TEGNA Inc - President & CEO

Yes, I think if I understand you correctly, Jim, I think that there's really no connection between when we do our renewals with the MVPDs and when our affiliation agreements come up, so we have completed the negotiations on all of our networks. For our original TEGNA stations, it won't go into effect until January of 2017. But those are independent of one another.

Jim Goss - Barrington Research - Analyst

Okay, that was my question, so they aren't tied together in the concept going into your renewals?

Gracia Martore - TEGNA Inc - President & CEO

No.

Jim Goss - Barrington Research - Analyst

And the last thing, with Mike's discussion about political, if assuming Trump wound up with the nomination, and I'm curious what your expectations are in terms of the political revenues from that side of the table, how you expect the Republicans to get together with him and whether that becomes more of a factor than it has obviously not been to this point.

Dave Lougee - TEGNA Inc - President of Media

Yes, just to amplify what I said earlier, so it remains to be seen if Trump is the candidate what the Republican Party is going to do. I would just simply say the money that's going to be in the system is going to be in the system, whether it's Trump or Cruz or not is going to impact how it gets allocated. I think what you're going to see if Trump is the candidate that a lot of the PAC money, a lot of the private donor money, will move to Congress, because if they fear that they've lost the White House, then there will be a very big effort to save the Senate, and I think that it makes all the sense -- and for us, again, that's not concerning, as we have a decent Senate footprint, and because of Trump, it will be an expanded Senate footprint.

Gracia Martore - TEGNA Inc - President & CEO

Yes, but I think with regard to Mr. Trump, whether he's the candidate or not, and whether he ultimately wins or not, I think that probably he's not going to have the coattails for the Senate or House candidates that some other presidential candidates have had in the past. So I think, as Dave is saying, they will have to be a lot more focused, and there will be more seats, I think, that as we said earlier, that will be potentially at risk, that we didn't even imagine six months ago when we were all thinking about this.

So I think that as Dave said, the dollars are going to be in the system. I think Mr. Trump, by the way, if he's the candidate, is going to have to spend. I think there will be spending. I believe that Secretary Clinton will also be a big spender, and there could be expanded spending on the Senate and House side.
Jim Goss - Barrington Research - Analyst

All right, thanks much.

Gracia Martore - TEGNA Inc - President & CEO

Thank you.

Operator

Thank you. Our next question comes from the line of Tracy Young with Evercore ISI.

Tracy Young - Evercore ISI - Analyst

Yes, hi. Three questions. The first relates to Olympics. When would you start to see the dollars or have you started to see them?

Dave Lougee - TEGNA Inc - President of Media

We already have. We have been pre-booking, starting last year.

Tracy Young - Evercore ISI - Analyst

Okay, thanks. In terms of the buyouts, is there any number that we should be thinking about in terms of the expense savings annually? I know you're doing a ramp up of salesforce, etc., but.

Gracia Martore - TEGNA Inc - President & CEO

This is one of those situations where the buyout wasn't done as a cost-saving opportunity. It was very much done as a what are the skill sets and what do we need to see in the workforce to propel the initiatives we have and to continue to bring us into the future, and so, I don't know if you noticed, but at the same time we had that in place we were also advertising for new talent, etc.

So, there may be a few dollars that will come to the bottom line from it, but that isn't the intention of it. It is really to bring the workforce to where we needed to be to be effective in the world and in helping us to maximize the opportunities we have with a number of the initiatives that Dave was talking about, both on the content side as well as in other areas.

Tracy Young - Evercore ISI - Analyst

Okay, great, and lastly, obviously, the stock is down. I think the comments on broadcasting are largely fine. As we look at Q2 for the digital, we've talked a little bit about the revenue side, expenses were up 2% this quarter on the digital. Should we expect the same for Q2 as well? Is that a good run rate?

Gracia Martore - TEGNA Inc - President & CEO

On the expense side?

Tracy Young - Evercore ISI - Analyst

Yes.
You know, I think there will be some give and take. We talked about, we have been talking about the fact that with respect to CareerBuilder, we talked about this last year, that we would be spending $10 million to $15 million of additional dollars on salesforce, sales resources, as well as technology resources.

I know that Alex has a number of technology initiatives in place. So the expense side of it may vary a little bit, but it's all with regard to the growth initiatives that we are ramping up in a pretty meaningful way. But I think you'll also see as Alex, and both Matt and Alex talked about earlier, we expect that CareerBuilder will turn the corner on the revenue side, and Alex, I think, believes that we'll see a bit more traction, both on the direct side, as well as, hopefully, on the affiliate side, so you'll see revenue be better in the second quarter than it was in the first quarter.
Operator

Thank you, ladies and gentlemen. This does conclude our conference for today. We thank you for your participation. You may now disconnect.