GCI - Gannett Co, Inc. Investor Meeting
(Edited for clarity)

EVENT DATE/TIME: OCTOBER 29, 2014 / 9 AM ET

CORPORATE PARTICIPANTS

Gracia Martore *Gannett Co., Inc. - President and CEO*

Matt Ferguson *Gannett Co., Inc. - CEO, CareerBuilder*

Alex Vetter *Gannett Co., Inc. - EVP and COO, Cars.com*

Jack Williams *Gannett Co., Inc. - President, Gannett Digital Ventures*

CONFERENCE CALL PARTICIPANTS

Douglas Arthur *Evercore Partners - Analyst*

PRESENTATION

Gracia Martore - *Gannett Co., Inc. - President and CEO*

Good morning, everyone, and thank you all for joining us today. We are thrilled to have you here with us as we take a deep dive into our newly expanded digital portfolio.

I am here with a bunch of great people. First off is Matt Ferguson, CEO of CareerBuilder. Also with us today is Alex Vetter, a Cars.com veteran and newly appointed Executive Vice President and Chief Operating Officer of Cars.com. Congratulations, Alex. And also, someone you know well, Jack Williams, our President of Gannett Digital Ventures. Each of them is going to provide you with insight on their respective areas and explain why we view both CareerBuilder and Cars.com as tremendous growth vehicles for our Company now and well into the future.

Now, you may have seen CareerBuilder has recently experienced a period of strategic growth and expansion. Most of you know CareerBuilder for its jobs listings. But a key element in the business' recent development has actually been its human capital software-as-a-service product. Through a combination of organic growth, new product innovation and strategic acquisitions, CareerBuilder has become the biggest player in global human capital solutions. It now works with more than 900 companies in the Fortune 1000 and has a presence in more than 60 markets in Europe, Asia, North America and South America.

We are growing this business first by gaining new customers, but second, and perhaps as importantly, by expanding the products and services that we offer to both individuals and companies. We now help address each and every point in the recruitment and employment cycle.

CareerBuilder also recently purchased Broadbean, which is a leader in job distribution, candidate sourcing and big data analytics software, which creates a new level of efficiency for HR recruiters and ultimately leads to cost savings for them.

CareerBuilder has taken a holistic approach to human capital management, and the results, I will tell you, have been very gratifying. Investments in sales staff and technology resulted in boosted revenue growth at CareerBuilder, which in turn has driven strong operating revenues for Gannett's digital segment.

And while we are so proud of all that CareerBuilder has accomplished, we are not here today to just talk about their past achievements. We want to talk about the future and the momentum that continues to build at CareerBuilder. You will be hearing a lot more from Matt Ferguson on our go-forward plans at CareerBuilder and how this business plays into our overall digital strategy in a couple of moments.

Now, the other core part of our digital portfolio as of October 1 is of course Cars.com. Now, that's a highly unique business and a business that we know, as I've told you, extremely well. So clearly we are very, very excited it has become part of our Company, and we have become the sole owner as of October 1.

Now, as you know, any business that wants to achieve long-term success needs to evolve over time. That is something you've heard me talk about a lot about our own Company, our entire Company, Gannett. But the evolution, I will tell you, that has occurred at Cars since its launch in 1998 has been nothing short of profound.

At the outset, as you may recall, Cars.com was an offshoot of the publishing businesses of its owners. And while Cars.com has experienced strong growth from the very start, we saw that growth accelerate substantially in the last several years. Today, Cars.com is a larger, more sophisticated company and a formidable competitor in the digital landscape. There is no question that it is ready to stand on its own as part of Gannett.

Now, what began as an online joint venture among publishing companies looking to supplement print classified ads has become a leading-edge real digital business that now generates 80% of its revenue from direct sales by its own salesforce, independent of its founders or their markets. Cars.com has an unflagging commitment to delivering innovative solutions and product offerings. These offerings fulfill the need for the customers in a user-friendly way. As a result, Cars.com now attracts approximately 30 million monthly visits. They serve over 20,000 dealers, and they will generate estimated pro forma 2014 revenue of approximately $535 million to $540 million.

Between 2006 and 2013, Cars.com's revenue grew at a compound annual growth rate of about 20%, while EBITDA increased on a compounded annual growth rate of about 40% over the same period. We are truly, truly impressed by what they have been able to accomplish over at Cars and hope you will be as well when we get through with this day.

The other great news is that the integration of Cars.com is really very straightforward, with very little operational integration necessary. At the same time, the uptick in EBITDA we will see as a result of the new affiliation agreements that went into effect at closing will be almost immediate and substantial, and we expect that to begin to be reflected in our fourth-quarter results.

Acquiring full ownership of Cars.com doubles Gannett's digital portfolio, further accelerates our Company's digital transformation, and expands our leading position in local media and marketing services in the automotive sector, the largest and most important vertical for local marketing and advertising revenue. With full ownership, we are going to be able to drive even faster growth in an already rapidly growing business. We have gained full ownership we believe right at the sweet spot in the cycle as marketers and advertisers continue to shift more and more of their ad spending to digital solutions.

Cars.com, as you've heard us say when we announced it, will contribute approximately $155 million in annual incremental 2014 pro forma EBITDA to Gannett, and we expect it to be accretive to free cash flow by approximately $0.43 per share in 2015, growing thereafter. Cars will provide significant financial benefits in the near to medium term and also has so much more growth potential. That is something we as a company can really sink our teeth into: propelling long-term value in a multitude of ways, some of which are already in the works. We are absolutely thrilled about the potential of both CareerBuilder and Cars.com.

Now, I could go on for a long time, but I think the better thing to do is to let my colleagues provide you with a deeper, richer understanding of each of their businesses. But before I turn it over to Matt, let's take a look at some job opportunities that CareerBuilder offers.

(Video playing)

Matt Ferguson - ***Gannett Co., Inc. - CEO, CareerBuilder***

Good morning, everybody. Nice to be here with you. It will be nice to know we saved a lot of money on that video. We literally shot that in my office, so we didn't have to pay for space. I'm not sure I will agree to do that again. They locked up my computer and a bunch of other things as part of that.

We are excited to be here today to talk about the CareerBuilder story. There's been a big transformation of the business over the last couple years into an HR SaaS company. We think we are on a great trajectory to continue that as we look at 2015 and 2016 and beyond. We are also innovating like no one else in our industry. And I want to spend a lot of time today taking you through some of those innovations. We are building a prehire platform that is unparalleled and that we think will have a major impact on the HR industry over the next few years. We think we are positioned for growth in our SaaS business significantly over the coming years.

Let's first take a look at the labor market today. Obviously, everybody knows that in 2008 and 2009, it was a very difficult two years for the labor market, where we lost 300,000 jobs a month in 2008, over 400,000 jobs a month in 2009. This year has been better, and you've seen continued improvement in the labor market. Well, this year we have been averaging almost 230,000 jobs a month that have been created. The unemployment rate has dropped to 5.9%. So things are definitely improved.

We should keep in mind that part of the drop in the unemployment rate has come from the participation rate in the economy going from 66% prerecession to 62% now. People aren't looking for work; they are not included in the survey. But there's no doubt job creation has been better this year than last year, and we think that trend will continue as we move into next year.

The drivers of growth: business services, healthcare and retail. Construction has also been area that has been a positive sign for the economy this year. We've created 230,000 construction jobs in the United States so far this year. And that was an area and segment of the economy that was hardest hit during the downturn, where we lost almost 2 million construction jobs.

And although it's a better labor market, the labor market is clearly not where it has been at this stage of the cycle in previous recoveries. And so we think that will continue, but it will be below cycle as we go into next year, although we think it can get above the 230,000 job creation.

But at the same time, the search for skilled labor has become more difficult. I would say that in this year, 2014, that it's as difficult as it was in 2006 and 2007. For areas like software developer and nurse, you see that there are a lot more jobs that remain open each month than are filled. That is a process that we think will continue, and those labor markets will get tighter and more difficult for companies to find skilled labor in information technology and healthcare.

But there are other areas and segments of the economy that have gotten tight for skilled label. Taking a look at machinists, we create about 24,000 machinist jobs each year, but yet we only graduate about 6,000 people with the skills for a machinist. So there is a definite undersupply of labor in some of these categories. It's gone beyond healthcare. It's gone beyond information technology. And when you look at other skilled areas of the market, it's a tight labor market. That will continue in 2015, and we think will be able to benefit from that as customers look more extensively to find that skilled labor.

And even though it's been a recovery in the job market that has not been what you would expect after the recession, we have consistently grown our revenue at CareerBuilder and consistently grown our EBITDA and our EBITDA margin throughout the last six years. So this is looking over a six-year trend.

If you go back and look just a few years, I'd like to give that example. In 2010, on a global basis we did $511 million in revenue, and we had $80 million in EBITDA, or 15.7% EBITDA margin. Two years later, $640 million in global revenue, $134 million in EBITDA and a 21% EBITDA margin. This year, we are on pace to do about $720 million in revenue, $167 million in EBITDA or a 23% EBITDA margin. So we have been a company that has proven that even during a difficult labor market recovery, we can grow our revenue consistently and improve our margins.

At the same time, our pace of innovation has increased. And I'm excited in just a few minutes to go through those innovations and what they will mean for the business going forward. And so we have been able to innovate at a faster pace, at the same time increasing our revenue and our revenue margins.

We have also increased our lead in North America over our major competitor. So this shows five years of North American revenue for us and for Monster. Pulling out a couple years, you can see that trend. So in 2011, Monster had about $485 million in North American revenue. We had about $553 million in North American revenue or a $68 million lead in 2011. Fast-forward to 2013, their revenue in North America declined to $446 million, ours increased to $622 million, where we had a $178 million lead in North America in 2013. We believe that trend will continue as we look in 2015 and beyond.

We are also innovating not only in the advertising area, but as I've said, in the HR SaaS area. Both those markets are large markets and growing. These slides show both the North American advertising market and the global SaaS market. We have an estimate from Evercore here that shows that the ad market in North America will grow from $2.9 billion in 2014 to $3.6 billion in 2016. The recruitment HR SaaS market will also grow over a similar time period, $2 billion market this year, to a $3.4 billion market in 2018.

But one thing I will tell you, talking with many companies in the United States and around the world, I think the human capital market in HR will grow and the SaaS area will grow much more quickly than what is even estimated here. So we are operating and can take advantage of two very large markets that are growing both in North America and overseas.

Let's now move to our evolution into an HR SaaS leader. We have increased our internal software development headcount 50% over the last couple years. That does not include the acquisitions. With acquisitions, that software headcount has increased even at a faster rate than that.

We acquired EMSI, Economic Modeling Specialists International, a workforce analytics SaaS product that had a very unique value proposition for companies in a wide market. We also this year bought Broadbean, a company that has been around for over a decade that is global in nature and has a great HR SaaS product that we will take to market in the United States more extensively.

So we've really been focused innovating internally and with acquisitions in four areas. And those four areas are listed on the slide: workforce analytics, candidate pipelining and remarketing, applicant tracking system workflow, and job distribution. I will go through all four of those in more detail in the coming slides.

But I wanted to talk about a larger trend that we are taking advantage of in human capital that's great throughout technology and the Internet. What you're seeing is the convergence of advertising, software and data into a more unified solution. We think we are uniquely positioned to be able to capitalize on that in the human capital place.

Most of us know from economics, there's a concept of the virtuous circle, that one point in the step of a process actually reinforces and enhances the next. For instance, the 230,000 jobs we are creating each month create people who go out and spend, helping grow the economy, which then creates more job creation. It's very similar when you talk about technology and what I describe as this prehire platform. Running the advertising all the way through the hire gives you a leverage point to improve the process at each point in the process.

So let me give you a specific example of what I mean by that. A typical applicant tracking system will have dropoff from the time a new job seeker sees the advertisement to the time that they complete an application of somewhere between 80% to 90%, so that the value of the advertising gets diminished significantly from the point of job advertisement to the point of completed application. When we run the system from point of advertisement all the way through the point of completed application, we can reduce that dropoff to 10%. So with no change in the advertising, you have exponential improvement in the customer experience.

Let me give you some other areas that running the whole platform makes a big difference. The number one complaint that consumers give in the marketplace today is that when they apply to a job, they do not hear back from companies. It goes into a black hole and disappears. If you run the entire system, you can give us consumer updates about where they are in the stages, improving the process for them.

Another thing that comes in is applicants constantly are asking us, how do I compare to other people who have applied to this job in aggregate? What are my actual chances of getting this job? Again, when you run that entire system, you can improve the consumer experience by providing that information back to them. So this prehire platform has the power of a virtuous circle, where each point will actually reinforce and improve the other one.

At the same time, we have grown our revenue consistently. We've also diversified that revenue. Looking here at 2011, you can see our human capital software revenue was 1% of our overall global revenue. If you look at it this year, it's going to be around 16%. So a significant increase in the percentage of overall revenue that's attributed to software-as-a-service at CareerBuilder.

Another service that I will talk a little bit about here that I think we can see improvement in is resume database. We think today in 2014, combined with human capital software, it will be around 29% of our overall revenue. We think obviously human capital software will continue to be a larger percentage. We actually think we can do that with revenue database. Let me spend a few minutes talking about why I think we can grow that revenue.

We have increased our resume database numbers significantly over the last few years. Today we have 80 million resumes globally in our resume database. With our open web technology, we also can bring back about 160 million other profiles of candidates. Some of those will enhance the data on the 80 million resumes that we have globally. Some of it will be new candidates that recruiters can take advantage of.

One of the things that LinkedIn has done in the last few years is create a very large market for resume database. And companies have hired teams to be able to do sourcing within large corporations. We think we can provide another really strong asset that these sourcing teams can take advantage of. And when you look at bellwether positions -- account executive, software engineer -- in many places we have 50% to 100% more of the candidates in our resume database that LinkedIn would have in its social networking platform. So we think this is an important thing.

Now, we have to innovate in that to be able to grow it as a percentage of revenue. So we are focused on bringing and enhancing that experience with semantic search, skills extraction, skills enhancement, the open web search I described earlier, bringing in some of the analytic data that I will talk about, our workforce third-party analytic data to make that a richer, better experience for recruiters on our platform. We think we have all the tools and ability to do it, so we are excited about the future of the resume database.

Another strong service that I mentioned before: Two years ago in 2012 we bought the company Economic Modeling Specialists International, or what we call EMSI. We've also developed our own workforce analytics. So we have really two strong products today that make up our workforce analytics solution.

The first one is what I will call supply and demand. This was built by us internally and has grown rapidly over the last several years. It goes out and aggregates all demand in the United States and then looks at active supply and then looks at overall supply and matches those to us. So how would a company use it? It's used to make your media strategies smarter.

Let me give you an example. If someone today in New York is thinking about hiring a software engineer, they most likely, because of the shortage of skilled labor, are going to be willing to relocate someone. Almost all skilled positions have some relocation involved with it. So the question for that recruiter is, I'm going to post that job in New York. What are the other top three or four cities I should post that job?

Supply alone doesn't tell you the story. I can look where there are the most software engineers, but it's the combination of looking at supply and demand that tells you where you have the best opportunity to find that talent and relocate them to New York. And so what we have done is aggregate that supply and demand so they can have very effective media strategies. That's just one use of it today.

When you look at EMSI, it's a company that started in 1980. And it was started by two of the leading economists, one from the World Bank, one came out from -- was a professor at universities. And what they would really do in the 1980s is a state would be looking at adding a manufacturing facility from an outside company. And that company would ask for tax breaks. And these two gentlemen would come in and they would do input/output models and tell the state if they add 500 jobs, one of the follow-on benefits in that local economy that would justify the tax breaks that the company is asking for.

That started them bringing together workforce data initially in the states. Today, it has over 100 state, local and federal workforce data labor data that they bring in, they unlock the assumptions because in the BLS survey or anything that you see, there are a lot of assumptions that are placed on the actual data. They unlock those assumptions. They place them in the model that they built over a 10-year period, and they do projections based on that.

So it's software-as-a-service. It's a license. Their original customer base since they built the company has been largely community colleges who are deciding what programs to build. So you can drill in by the county level. If you put in a county, it will tell you GDP growth estimated over the next 10 years, graduation rates over the next 10 years from all the schools, migration patterns. It also tells you ONET code, which is a classification the government uses to classify different job types. What is the projected growth rate over the next 10 years in those job types?

How do companies use this today? We've taken it to big companies, and they use it for long-term workforce planning. If you are looking over a 10-year horizon and deciding where is the best place to put three customer service call centers, you would use this to decide based on a 10-year projection, where is the best relative place on this kind of labor that I'm trying to attract to place that customer service center or information technology center or whatever it may be.

So we have 3,500 customers globally today. EMSI is a global service. It's not just the United States. It's in Canada, the UK, France, Germany, and will go beyond. And so we are excited about bringing this to market, and we think we will have a good growth in both these services in the future.

Another very important software-as-a-service we have is our candidate pipelining and candidate remarketing technology. We have 3,100 customers around the world today.

There are two things that companies are always trying to do. They are always trying to reduce their time to hire, and they are always trying to reduce their cost per hire. This technology helps them do both. Really what it is in the basic terms is that the job seeker comes, could be from a job advertisement, could be through the company site, could be through social media. They have the opportunity to join and follow that company. They can upload their resume. They can put information about them. That is stored in our technology, and then any job that is posted by the company at any time going forward is immediately matched against that talent -- what we call that talent network. That's a proprietary database for that company. And immediately that job is sent to that individual.

So you can see how it reduces time to hire, by quickly hitting a large database of people with any job opportunity automated. Recruiters don't have to login. They don't have to think about it. We use our proprietary matching to do this. It has been hugely successful for companies. We have customers not only the United States but in the UK, France, Germany, Sweden, China, Singapore, Malaysia. It's in 29 different languages, 28 million members in aggregate. Obviously this is a private database for the companies. In aggregate, 28 million people have joined the talent networks.

For instance, Chrysler has 270,000 members in its talent network. If a job is posted at this moment, it will look at those 270,000 members immediately and send that job to anyone who matches that technology. We think there will be great growth in that over the next couple of years that there has been over the preceding couple years. And again, it helps companies reduce the time to hire and reduce the cost to hire by developing that private database where it's automatically remarketed.

We talked about buying Broadbean earlier this year. I'm very excited about the technology that they've had and built over a decade. They started in London. They built a business in Europe that was very successful. We heard about it a lot as we were building our business over there. And now we are going to be able to bring that at scale to the United States. So we are excited about the last couple months and what we have been able to do in bringing that technology here.

Job distribution is their main product. And job distribution is actually very difficult to do. No ATS does it today. And when you think about it, integrating with 6,000 job boards on a global basis, 183 countries, is a very difficult thing. You can see 2,000 clients that get 2 million jobs posted per month. 10 million applications come through that system a month. And job distribution is not just to the paid side. It's obviously to all the free sites that have been developed and continue to be developed out there. It's also in the social media, which has become an important outlet for companies in wanting to communicate their job opportunities.

So how is job distribution used? Or if I'm looking at buying this product, why would I buy this product? Think about recruiter efficiency. Maybe the job boards -- the big job boards will come pull those jobs off my site. But if you want to go to the free boards, and you want to go to social, that is a very arduous task for a recruiters to do. So you post it one time and it posts to all those places automatically for you. Big on recruiter efficiency.

It also is big on compliance. Companies worry about OFCLP. They worry about compliance within their organization. Are my recruiters following all the steps that I want as they post a job? Are they sending it to all the places that I want every job sent? This enforces compliance. A recruiter puts it in here, it automatically does it, and you get reporting on compliance, which is very valuable to companies. Reach. It helps reach social. It helps reach free boards, and it helps get you to the paid boards that you choose.

And then analytics. We can tag that job, and then we can provide you analytics across all job postings and who is providing the best return on investment. And companies like to use that as a way to gauge their media strategy. So it's an important part of them building out their media strategy.

I will also talk about it here in a second as a move on to our applicant tracking system. I can talk about bringing in some of these technologies to that. Applicant tracking systems are workflow. They are technologies that have been built and around for many, many years now. And when you think about them, they start with the workflow at the time the resume or application is received by the company through their process until someone is hired. So if they have three interviews or they want to do background checks or whatever it is they want to do, that becomes their workflow that an applicant tracking system will do.

We have an applicant tracking system that is global in nature. Every midsize company, every large company around the world needs this technology to handle their prehire flow from the time of resume, especially with the quantity of resumes that many of these customers get. We think a lot of small companies need this also, and we see that there is not a high penetration in the mid- and small market for people who have already bought ATS, and we think there is a lot of upside there. But we have built here an easy-to-use, fully configurable, completely SaaS-based applicant tracking system that companies can take advantage of. We have 1,000 customers today that grows in a month between 40 to 100 customers. New customers will be brought on.

What I am most excited about when I think of the applicant tracking system and the concept of that prehire platform is that when you take that and you add on top of that the candidate pipelining and remarketing, so now an ATS has candidate pipelining and automated remarketing that no other ATS has that I described earlier in our talent network. When you build in job distribution, as we have done, into this ATS, you have a huge advantage that you have a complete system that is unified in nature as an ATS to go to market with.

You will see us building more of these services from the outside over the next several years, whether that's workforce analytics data -- again, when they are posting a job is the best time to know, where should I go for the best media strategy. So a lot of the next several years will be bringing these services together into a holistic solution.

One customer that's already taking advantage of some of that is Wynn Resorts. Today they use our advertising. They obviously use other advertising resources, but they use our advertising. They have our candidate remarketing. They also have our ATS. Not surprisingly, we provide half of their hires today, and they have been very excited about the early version of that prehire platform.

Let me talk about a couple of new solutions that we are going to be building out in 2015. We already have beta customers signed up and going today, and we think it will have an impact in 2015, but a big impact in 2016 and beyond. And they are both very strong services that solve big problems for companies.

One is what I call the candidate sourcing portal. It's just a simple view here. But let me describe what that does and the problems it solves for companies. It solves two very big problems that companies have today consistently.

The first is most big companies have an ATS. In that ATS, they can have -- I've met with several companies over the last few weeks that will have 2 million, 3 million resumes in that ATS that they get no value from when they go to start a search. So this candidate sourcing portal, think of it as a place where you go to start the search. Think of the ATS as a place where someone applies to when they're hired. There is a big need and gap in providing a robust, holistic solution on the sourcing.

How do you take advantage of those 2 million resumes that may be in your ATS that aren't searchable at the time you're going to post a job? We pull in those resumes. We make them fast and searchable on the search engine that we've built on Lucene and Solr. We add semantic search to it. We add skills enhancement, skilled extraction. We can do classification on that, things that no ATS does today. We can make those 2 million resumes valuable to that customer.

The second problem that companies have is they have bought access to multiple resume databases, and that takes a recruiter time to go search. So as part of that experience, we are unifying when they post a job, it will search and match against the 2 million resumes that are in the ATS in the example I'm using. They will also search any external resume databases they bought access to.

So at the time they start the job, the recruiter can go to one place, post the job once, and get back any candidate that may be valuable to them. Customer after customer that we've talked to is very interested in this technology. We have 10 beta customers today. We think we will scale that as we get into 2015.

But an important part of this is we believe this will be a great differentiator for our ATS. Now, this can lay alongside an ATS that someone has. We are going to integrate it with our ATS to be the sourcing part of our ATS that is robust and unlike what anybody else has in the market today.

The second solution that we are very excited about in 2015 and beyond is the big data analytics suite. And this is something that we have customers on today. We are signing customers in the fourth quarter. We signed several of the third quarter. The problem that it comes to solve is that when you look at a big company, and we were in meetings two days ago with a big company in New York, their HR recruitment data is in seven different places. So, it's in a career site. It may be in their own job distributor that they bought. It's in their ATS. It's in their HRIS system. It's in surveys that they've done. It's with an RPO. This customer had seven different places.

So if you want to have a look at how your recruitment process is going, you would have to pull data from all seven of those systems, generate a report, and give it to the executive who wants it. It's a very big problem for big companies because they have this disparate data in multiple systems.

What we do is we pull the data from these systems, and we built the technology to format that data and then provide back -- at the bottom you can see some examples that maybe a little bit hard to see. But the point is it provides great analytics on your overall recruitment process, from visits by job in aggregate, by recruiter group, or however you want to provide that data, number of people who have applied, number people who are in first interviews, number of people who are in second interview. It also can tell you cost per hire, costs that you spent on a particular job. You can look at it again by recruiter or you can look at it again holistically.

It gives you a complete picture of what's going on in your hiring at any given time. It's very valuable to the human resource function as well as the executives in the company. By bringing this together, we think we have a great solution for people, and customers have really been excited about this as we've demo-ed it. And we've got a lot of beta customers out there going, and we're excited about 2015 with it.

So in closing today, we are set for a strong 2015 and continued move to software-as-a-service in the HR space. I think there's a big and growing market and need that we are capitalizing on by building something in this prehire platform that no one else had the pieces to put together and bring this unique solution to customers. We are excited to be part of a business that transforms the way people find their next career and also the way companies find their most important assets, their people.

Now I'm excited to show a video from Cars.com. Afterwards, Alex Vetter, CEO of Cars.com, will tell you about their exciting business. Thanks for your time today.

(Video playing)

Alex Vetter - ***Gannett Co., Inc. - EVP and COO, Cars.com***

Thank you, Matt. Good morning, everyone. First of all, on behalf of Cars.com, we are thrilled not only to have single ownership, but we are thrilled to be a part of the Gannett family. And for those that aren't aware of our business history and strength, we are a well-established market leader with a winning business and brand. And our growth strategy has quite a high barrier to entry. We have a very stable and scalable financial model, and I'm excited to share our story with you here today.

First of all, for those that -- probably you follow the automotive industry, you know that we are in a very healthy market. It wasn't too long ago there was a pullback in 2008 and 2009 as people were holding onto their cars much longer. But today, in 2014 and projected out over the next few years, the industry is back at a normal and sustainable rate. We are also seeing record growth in new cars in 2014, projected for 2015 and 2016, as well as a solid healthy return to the used car market, the largest part of the auto industry.

From a customer and revenue standpoint, franchise dealers are the core of the market and therefore represent the majority of our revenues. But we also operate a very diverse business with many constituents, including independent used-car-only operators. We work with every publicly traded large dealer group. Almost 20% of our revenues come in from auto manufacturers. And we are also expanding aggressively into the aftermarket and data provider businesses, which we think provide a robust future for our growth.

From a market share potential standpoint, we see the total market opportunity for our base business as roughly 18,000 franchise dealers and 28,000 independent operators. Now, on the franchise dealership side, that number is pretty solid. The National Association of Independent Dealers reports over 50,000 independent dealers in the US.

We removed the majority of those as viable targets for our assessment of the market because we are targeting dealers that have sufficient volume of sales to warrant spending advertising to drive those sales. So the total addressable market from our vantage point is 46,000 dealers in the US. And you'll see our growth rates across the bottom, where just this year we crossed only 20,000 dealers, less than half of the addressable market.

And our customers have money to invest. Dealership returns are at the strongest levels ever. In 2013, the average dealership generated 29% return on their equity, and it was only 12% just in 2008. In 2013, the average dealership made just over $900,000 in net income before taxes, which is the highest noninflation-adjusted rate since 1970.

This profitability has definitely been helped by progressive retailers shifting their advertising to more effective digital solutions. And if we talk categorically about where our big opportunity is, it's in comparing where the dollars go today to where consumers ultimately shop.

The auto advertising market in the US is a $26 billion industry. Only 27% of that is that spent digitally, $6.2 billion. You'll see on the left-hand side this is the auto industry's allocation of their advertising dollars today. You'll see only 27% is spent online. But when you compare and contrast that to where consumers say is the most influential source of information for them to decide what to buy and where to buy it, the Internet is the overwhelming choice to source their sales. This imbalance of opportunity we think represents the biggest opportunity for our category and our Company to grow.

So let's talk about our business and how we differentiate in the market. First and foremost, winning with consumers. We are editorially driven, which means we are an unbiased, trusted resource to help consumers research, price and find their next car. And soon we will be expanding into the service business, helping consumers long after the sale.

We also combine and curate a team of award-winning automotive journalists, our expert reviewers, with the wisdom of the crowd, taking consumer reviews on both cars and dealerships and melding this insight together to create the wisdom of the crowd. And we are the leader in mobility. Over half of our traffic is coming in from mobile devices, and a majority of that is while consumers are standing on dealer lots. An enormous opportunity.

Also, our brand is incredibly strong. We actually are now top in the category. And our name says a lot. We are Cars.com. We've got over 4.2 million cars in our database, and we've had over a decade of strong investment, growing our brand into a leadership position. And that brand investment has translated into audience and traffic growth. From 2009 to 2014, we've grown our traffic over 17% on a compounded annual growth rate, and this year we are averaging over 31 million visits a month.

As I mentioned before, half our traffic is coming in from mobile devices. Now, unlike other businesses that may see mobile and the shift to mobile as a challenge, our customers don't care where we source their traffic and sales. In fact, if you look at the purchase horizon, someone using Cars.com on a desktop computer has a six-month window to purchase. But if we isolate just those people accessing Cars.com on their mobile devices, that purchase horizon shortens to 90 days. There is an intense battlefield for advertisers to win that last mile of influence.

Now, our primary business segments recognize our brand and our traffic strength, which earns us a reputation in most offices as being a must-buy player in the auto space. Importantly, if you profile our consumer audience, 80% of our users that come to Cars.com are undecided on what make or what model they are going to buy. And importantly, 90% of them don't know where they are going to buy it, again, opening up an enormous opportunity for marketers to fight over winning that influence.

So let's talk about our largest segment, the dealer business. For those that don't know, franchise dealers are the dealers that will have a manufacturer-approved license to sell their new cars, and independent operators don't sell new cars; they only sell used. And we have a number of solutions that service and support each of these distinct segments.

The majority of our revenues are based on a fee structure, a subscription model, so it's highly reoccurring revenue that's fairly predictable. Our retention rates are in excess of 80%, higher with franchise dealers, slightly lower with independents, who tend to operate in a more volatile used-car market. We believe we can grow our pricing over time by introducing new solutions and products to our advertisers, as well as growing organically our rates.

One of the hottest trends in advertising and marketing is this notion of native advertising, embedding the advertising throughout the consumer experience. I like to believe that 100% of our business is native and that 86% of the people that come to Cars.com intend to buy a car. And all the content that they access is largely provided not only by our editors and our team of award-winning journalists, but they are looking at the cars and the pictures and the data that is supplied by our advertisers, making the entire experience needed.

And on the manufacturer front, our advertising also is very performance-based. We offer a level of integration and targeting that is second to none. If you went to Cars.com in the last week, you would've seen our normal homepage on the iPad example on the screen with the Subaru Forester embedded into the graphical treatment of our home page, welcoming people to consider this new product launch.

And our fees vary based on the level of targeting and integration, which really is second to none, embedded throughout the experience. And we are expanding into the aftermarket, finance, service and warranty spaces, but working with our dealers to find solutions that can connect them to people that are about to embark on life's second-largest transaction.

Now, let's talk about Cars.com and how we differentiate from the competition. When you look at the competition, they tend to either focus exclusively on the new car market or the used car market. And at Cars.com, because we know consumers vacillate between that important distinction, we serve the total complete market, focused both on new and used.

And we also focus from a broad range of solutions, starting with editorial opinion all the way down to the store visitation. And few have the critical mass that we do. Between our sales and service network, with over 1000 people entrenched in the local markets, helping our operators with their marketing solutions, we have a high barrier to entry to scale locally and source sales across our large network.

So how are we measuring our progress each and every year? Well, first of all, our revenues for 2014, despite concluding a very large transaction, are up over 14% over 2013. Our traffic, 28% increase over 2013. We own one of the largest dealer networks of any player in our space, but yet we continue to grow that network by over 6%. And our brand awareness also continues to lead the industry, 6% increase over last year. We are reaching the majority of car shoppers in the local market.

That brand, traffic and revenue growth has returned strong profit margin. From 2006 to 2013, we've grown those margins by nearly 40% on a compounded basis, and we've done that by scaling our local sales network, having the best-in-class products for both consumers and advertisers, and running a world-class technology organization.

Now, importantly, in 2014, our new affiliate economics will only enhance our position. And we expect to reinvest a portion of those dollars back into some key areas: first and foremost, expanding our lead and accelerating our product roadmap and product and technology team; extending our lead in mobility; also continuing to make sure that our brand and our traffic remain second to none; and expanding into the most profitable segments of car dealerships today, the service side of the business.

And again, in 2020, when our current affiliate agreements expire, the remaining cash flows at the affiliate level will also move to Cars.com, which brings us more customers, higher revenue, and greater profits.

To recap, we are a well-established industry leader that's had a phenomenal track record of success. We are winning business and brands. And we think our unique growth strategy ensures that we have a very scalable and secure financial model.

Thank you for joining me here today. Thank you.

(Video playing)

Jack Williams *- Gannett Co., Inc. - President, Gannett Digital Ventures*

Good morning. I hope that you've seen what I saw this morning, which is two incredibly highly dynamic businesses within the digital segment. And both of them are incredibly relevant to today's more digitally focused media landscape.

The talent management solutions business and auto sales are the two most important and the fastest-growing digital advertising verticals that there are. And we are thrilled that those digital assets that we've assembled are industry leaders and what that's going to mean for us and the future of our Company.

Now, as you saw in Matt's presentation, the team at CareerBuilder is working diligently to continue this strong growth and enhance it in two primary ways. The first is developing software-as-a-service solutions that will help increase the overall efficiency of HR departments in major companies as well as mid-level and small companies. And that will lead to a meaningful cost savings for those companies, as well as a better opportunity to hire and keep good employees. All of that will impact companies' bottom lines, and that makes it a great value sell for those companies.

The second area of focus is on providing recruiters and HR professionals with products and solutions that meet their needs at every single phase of the employment lifecycle. Again, enhancing the employees they get, helping them keep them, and improving their bottom line. We think that these two strategies will not only provide the market with solutions that they need, but it will also help build further momentum and drive revenue growth at CareerBuilder. We've had revenue growth for years, and we think that will be even greater.

Turning to Cars.com, it's clearly an outstanding standalone company, and it's been growing tremendously since its inception. That said, there are definitely opportunities for Gannett, now as the sole owner, to do things a little differently and perhaps grow it even faster.

Full ownership gives us greater control of the business operations and also, importantly, of the product roadmaps going forward, because new products are going to be incredibly important to develop. Cars.com generates strong cash flows already, and we intend to reinvest that cash into business growth to fuel further organic growth and innovation, just like we have at CareerBuilder. We also plan to expand new or adjacent areas that track dealerships, including auto repairs, as Alex spoke about. We've done that at CareerBuilder as well. We will use the same ideas in our investments.

In addition, there's real advantages to leveraging the Net's large footprint, which as you all know has expanded dramatically over the past year. Lastly, the contractual approved economics of the new affiliation agreement that we negotiated allow us to benefit more from the sole ownership, as originally the affiliation agreements that we've had for many years favored the owner affiliates and not Cars.com. The changes that are going to be made and were made on October 1 benefit Cars.com dramatically versus the affiliates. And what that means is higher revenues and higher EBITDA beginning in the fourth quarter of 2014.

Now, we have big plans for the future of Cars.com, and we have the proven strategic and operational expertise, both at CareerBuilder, Cars.com, and at Gannett, as we've been an owner of these companies since the very beginning and we know them well, to execute properly on those plans. We are really confident that the combination of Cars.com and CareerBuilder, leaders in their industries, will position us really well as the world around us grows increasingly more digital.

And with that, I'm going to turn it over to Gracia, who is going to make a few wrap-up comments, and then we will move to Q&A.

Gracia Martore *- Gannett Co., Inc. - President and CEO*

Well, first of all, I want to thank Alex and Matt and Jack for giving us a lot more insight into two incredibly exciting digital businesses that are part of the Gannett Co. These are real businesses with real revenues, real EBITDA, and growth prospects that as you can see not only have been fantastic in the past, but have an incredibly bright future ahead of them.

Now, before we conclude this morning, I want to spend a minute shedding a little bit of light on a topic I know that some of you have been a little bit curious about, and that is our decision to combine Cars.com and CareerBuilder with our broadcast business rather than with publishing. Based on the origins of Cars.com and CareerBuilder, at first blush I see why this decision might not seem intuitive.

But our overreaching goal -- our overarching goal, I should say, not overreaching, in separating -- although we like to overreach -- our overarching goal in separating our businesses is to maximize efficiency and to focus management, capital and other resources on what matters most to each of those businesses. And when you look at broadcasting, digital and publishing, the characteristics of broadcasting and digital are similar to each other, but fundamentally different from those of publishing.

Broadcasting and digital are higher-growth, higher-margin businesses, as you've heard this morning. Together, they should have a capital structure and a policy for allocating capital that reflects that. Publishing has different characteristics. It, too, at least at Gannett, has very strong cash flow. And its growth prospects and margins compare extremely well to its peer group. However, obviously they're lower than those of broadcasting and digital, and the capital structure and capital allocation policy in the publishing business should and will reflect that.

We also believe that separating into two strong, scaled companies in the manner that we are planning, that we are going to achieve the best outcome in terms of shareholder value going forward. We have placed each of these companies in the very best position to participate in accretive acquisition opportunities and investments in their respective sectors.

The key point is that we are dividing the businesses based on their growth and profit potential, as well as what their appropriate capital structure and capital allocation policies should be going forward and not based on the past.

For instance, I mentioned earlier that while Cars.com's roots are in the print classifieds of joint-venture partners, of its original joint-venture partners, the Cars.com we acquired this month is not the Cars.com that launched in 1998. It has grown tremendously, as you saw, and no longer relies on the owners, with, as you heard earlier, 80% of its revenues coming from direct sales. And we expect that percentage to continue to grow. Automotive ad spend is making a serious push toward digital solutions, and we are looking forward to the future.

We hope that this morning's presentations were informative, and we really appreciate all of you joining us here this morning to learn about two of Gannett's most important and rapidly growing digital businesses. As you can see, we have an amazing number of exciting things going on not only at the Gannett Co., but in each of the individual businesses that we talked about this morning. And we are incredibly focused on driving those businesses forward and, most importantly, creating more shareholder value.

Thanks very much for joining us, and now we would be delighted to take, I imagine, a few questions that you might have about these two businesses. Matt and Alex, if you want to come on up and join us on the stage. Okay. I guess there will be a few questions, so why don't we start over there, Mr. Arthur?

QUESTION AND ANSWER

Douglas Arthur *- Evercore Partners - Analyst*

I am sure there is a lot of confidentiality involved, but I didn't think one of the investor questions has been on the granularity of these new affiliation economics. So when you -- you broached the subject, but I'm wondering if you can fill in some of the holes about specifically how does it change and how does it change the economics of what you will retain. And then, on the 27% of auto spend going to digital, where do you see that going in the next five years?

Gracia Martore *- Gannett Co., Inc. - President and CEO*

Sure. Jack, why don't you start on the changed affiliation agreement?

Jack Williams *- Gannett Co., Inc. - President, Gannett Digital Ventures*

The best way to think about the affiliation agreement is it is basically a wholesale-retail relationship. And in the original agreement, the wholesale fees were quite low to the owner affiliates. And so most of the value was being driven to those owner affiliates because they could take the wholesale or the local sale rate, drive their retail rate, and keep most of the money.

The new deal includes an affiliate agreement. And I think you probably heard the number 60% thrown around, but it is important what the 60% is. And it is the changing number, and it is 60% of the retail sales rate that cars.com's direct sales force achieves for the various products. So the wholesale rate to those affiliates is 60% of the actual retail numbers, but the direct folks sell.

So we have the ability to raise retail rates in the market and sell at a much higher dollar volume per dealer, which we have done for many, many years in the direct sales force. And that will drive up the wholesale rates for the affiliates as well. And, in some cases, the immediate impact is as high as up 200% to 300% for some of the wholesale rates for those affiliates companies.

That is probably the easiest way to look at it, but it is very significant changes in the way the dollar value is split between cars.com and the affiliates.

Gracia Martore *- Gannett Co., Inc. - President and CEO*

And, Alex, where do you think that 27% can go? I think it can go a lot higher.

Alex Vetter *- Gannett Co., Inc. - EVP and COO, Cars.com*

Much higher. First of all, we know that advertising dollars flow where consumers go, and when you look at the consumer usage on the Internet, it is by far the most dominant source of information on what to buy and where to buy it. And when you look at the retail community today, they have moved their dollars there in earnest, but the opportunity is really huge in front of us because most retailers have built out their own websites, trying to build their own digital operations.

Now with the big shift is focused on how do I acquire more traffic to my own website? We play a huge role in getting people from an undecided market down to a local dealership level. So that is, we think, a huge growth opportunity.

And then mobility -- the auto industry has yet to crack even an inch of the mobile market, but yet some consumers have moved there virtually overnight. So there is a huge catch-up for both manufacturers and dealers to recognize that this 90-day purchase horizon where somebody is out on a Saturday looking from car to car to dealership to dealership, there is going to be a big shift in dollars to go after the mobile market.

Unidentified Audience Member

A question on cars.com. Could you give us your thoughts on just how your lead generation business with this upfront marketing cost competes with new disruptive models like TrueCar, where you only pay for a transaction?

Alex Vetter *- Gannett Co., Inc. - EVP and COO, Cars.com*

Sure. Well, first of all, TrueCar's business very narrowly focuses on one segment of the market, which is new cars. And, again, if you look at the auto industry, there is enormous switching that happens even at the dealership the day of the sale, from new to used. And we play across the total marketing landscape of new and used.

Secondarily, we fundamentally believe that the bigger opportunity from a growth standpoint is helping marketers and retailers compete for that undecided shopper, rather than trying to append a taxation once the deal and determination of what and where to buy has already been completed. That is a tax model and not really a growth model, where our business we believe that undecided marketplace really has a lot more interesting opportunities to differentiate and help marketers compete.

Unidentified Audience Member

Do you have a name yet?

Gracia Martore - ***Gannett Co., Inc. - President and CEO***

No. I do not have a name yet, but we have a lot of people -- they are actually in this room -- very diligently working on that. And I will be more than delighted to be able to tell you what that name is, because I'm kind of tired of calling it the broadcasting individual company. But we are working on it.

Unidentified Audience Member

On cars, you talked about the opportunity now as part of that at b-net or whatever it is going to be called, to take advantage of certain opportunities that as a JV partnership Classified Ventures couldn't. Could you speak a little bit more specifically about that? I am just curious. Are you talking about things that would butt heads too much with the newspaper owners? Or are you talking about things that require capital? What types of things can you do that you couldn't do before?

Gracia Martore - ***Gannett Co., Inc. - President and CEO***

Let me start that conversation and then Alex and Jack, please jump right in. I think, we saw at the very beginning of cars.com that all of the owners were newspaper publishers at that point, all totally aligned in what we wanted to have happen in cars.com. But as we saw over the years, from 1998 and well into the last few years, clearly, the owners such as what was the Washington Post now has become Graham Holdings and they no longer own the Washington Post. Tribune has split their businesses and cars was in one part and the affiliation agreements are in another. And others had different requirements.

So everybody was sort of looking at cars.com in a little bit of a different way. Some of our investors wanted to reap more of the cash flow from cars.com and have it returned to investors. Others of us felt that we needed to reinvest a bit more of that cash flow in some great opportunities that can provide us with really strong double-digit growth. So I think that is probably at the base of this, but why don't you all add onto that.

Alex Vetter - ***Gannett Co., Inc. - EVP and COO, Cars.com***

I would go back a little further and, as Gracia noted, the owners had a much more cohesive direction at the very beginning because it was obviously -- this category was -- led from print advertising. And it was also -- we argued a lot that this is where the dollars were really going to go, and that is why we should be investing in this business. But when you started out originally with eight or nine partners trying to make decisions in a hurry, which is really important, was really, really difficult -- and where you were going to invest and where would the money was going to come from.

And, by the way, I don't think there were a lot of big mistakes made. And you look at the growth cars.com over the years and it would testify that the management team is really good and the company grew, and they did a lot of good things. You often, because you were much slower than you should have been, behind in some of those opportunities.

And being able to be a single owner we will be able to dictate especially the new products roadmap and where we are headed with new products, and what kinds of new things we are going to start in a much quicker way and much more direct way and execute more quickly than what we were able to do with all those owners. That is really the big difference.

Unidentified Audience Member

A lot of information today. Could we touch base on some things you didn't talk about? And by that, I mean, you now covered two of the former large three verticals in classified advertising and passed on real estate. So what would have been your appetite for something like Trulia or realtor.com, and what is the roadmap there?

Gracia Martore - ***Gannett Co., Inc. - President and CEO***

Yes. Let me start that, and then Jack, if there is anything else you want to add on, feel free to jump in. As you know, through classified ventures, we owed apartments.com. All of the partners owned apartments.com.

But as you can appreciate, in those local communities that we are in, the relationships that we have with car dealers, the relationships that we have with companies that are looking for employees are very strong and very deep relationships, and expansive relationships. And so some of the work that we have done on geodigital marketing services products, these have been terrific candidates for a lot of those services, and that is just one area.

When all of the owners looked at apartments.com, what I think we focused on was the fact that the relationships that we have with folks that own multiunit dwellings in the communities we serve, it is a pretty narrow and totally focused relationship to that. And it is not an expansive bedrock relationship that we see the opportunity to do a lot. So, all of the owners at that point concluded that, given the marketplace and given where numbers were, that actually exiting the apartments.com business was the appropriate thing for us to do.

It did not, in any way, impact the relationships that we have at the local level with developers and others that create jobs and have advertising spend across the various platforms that we are in. So it was really a strategic focus, a strategic view of where the opportunities were for us and where it was less strategic. But, Jack, do you want to add anything else?

Jack Williams - ***Gannett Co., Inc. - President, Gannett Digital Ventures***

Yes. The apartments business, they are really separate businesses -- the rentals and the home sales. And we do have a pretty strong relationship in the home sales business, and particularly in the newer development kind of area, but we never really had a very strong relationship with the apartments and the rental business. And it has always been a very small business for us and, to Gracia's point, not really strategic.

The sale business is an interesting one because it is one where the dynamics are totally different than either the auto business or the employment business. And as you can see by some of the players in that marketplace, you can get a lot of revenue and almost no profit out of it. And it really goes back to the history of the businesses and how the various competing companies work together to create some of these databases, the really make the ability to make a lot of money out of it very difficult for third parties.

So, and that is what -- we think these are the big dynamic growing businesses that have a lot of profits and a lot of revenues. The real estate business can have a lot of revenue and a lot of players still in the consolidation stage, but it is going to be much more difficult to come up with a great margin business in that. There are maybe some good niche businesses, and we are in those businesses that we think that will play. But as a big business, it is different.

Unidentified Audience Member

And if I could just follow up on a comment that you made, the changing ownership of the newspaper owners, Tribune as an example, owns the stake in CareerBuilder. And you just talked about speed of decision-making. What would be your appetite to increase the ownership stake in CareerBuilder?

Gracia Martore - ***Gannett Co., Inc. - President and CEO***

Look, as you saw this morning, it is a fantastic business. And we love everything that is going on at CareerBuilder and we think that there is a huge amount of opportunity going forward. Currently, we own 53% of CareerBuilder. So we have board control, we have operating control, and we work very effectively with our other partners there. And there are only two other partners -- Tribune and McClatchy. And I think that we get accomplished what we need to have accomplished.

I would never say never. We would always look at things, but right now I think we are pretty focused on all the good work that we are doing with cars.com. We have majority ownership of CareerBuilder and we will see how everything else plays out down the road.

Unidentified Audience Member

Are there different levels of monetization within cars.com from advertising as a base to that stage where you can go in and be contacted by a dealer? Do you get paid more if it links all the way through? And do you count that as advertising or is that a different revenue category? How does that mix go over time?

Alex Vetter *- Gannett Co., Inc. - EVP and COO, Cars.com*

In order to avoid the variability of the ebbs and flows in the market, we operate on a flat subscription fee. And then the engagement that customers have with our retailers obviously vary by market, by make, by size of dealership. So we set our pricing on a flat marketplace fee subscription model, and a lot of the variability in terms of conversion is controlled by the advertisers themselves.

If a dealer were to drop their prices below the market, they can increase their volume much faster than anything we could do on a national level. So really what we do is we provide the retailers the access to the audience, the access to the platform. They have a lot of the levers and control to dictate the overall results. And that is why we just provide access to that platform.

Gracia Martore *- Gannett Co., Inc. - President and CEO*

Is that any different on mobile?

Alex Vetter *- Gannett Co., Inc. - EVP and COO, Cars.com*

It is indifferent to mobile, right. So we don't charge differently by device. Again, we really charge based on the size of our audience and the access to that audience, regardless and irrespective of how they choose to access it.

Unidentified Audience Member

And just one follow-up. To the extent that you said you can leverage that Gannett's broad footprint and platform around the country, I am not sure if I follow exactly how that matches up given the nature of these businesses. And, in fact, you were just talking about the CareerBuilder at 53%, but you have Tribune and McClatchy. One might even think that they match up better in terms of their locations in larger markets that might fit well with the job market. So I'm just wondering how that -- if they are really connected or separate.

Jack Williams -- ***Gannett Co., Inc.*** *- President, Gannett Digital Ventures*

I'll take that. In the past, we had a lot of branded advertising and a lot of promotion in all the affiliate markets because there are terms that the affiliates have to comply with of promoting the brand and doing other things. So if you think about all those owner markets, we have promotion and we also had national branding promotion that we run for both companies.

Now, in what we really have is the ability to extend even more promotion in markets where we have capabilities, but we are not -- but the cars.com folks are selling directly in those markets. So Houston, Texas, as an example, where we have got a television station, that -- we will now start promoting on that television station, and through television station's website, cars.com. Whereas, in the past, because we were not -- we didn't have an affiliation there, the direct sales force in that market didn't get that promotion.

In another example, you could take a Dallas, Texas, and say Belo is an affiliate. Belo has certain things that Belo has to do, but we now own a big, very powerful television station in that market and we will add onto that from a branding perspective. So it will increase the promotion and the brand capability for cars.com.

Gracia Martore *- Gannett Co., Inc. - President and CEO*

I believe Texas has been noted as the state that likes cars. We happen to reach 83% of the households in Texas, so we think that is an incredible promotional and marketing opportunity for us that others simply wouldn't have. Yes?

Unidentified Audience Member

At CareerBuilder, I wondered if you could give some estimate of where the SaaS business can go from the, I think, 16%, you said, of the total. And, secondly, from a competitive standpoint, other than Monster, can you talk about the environment. Particularly you mentioned LinkedIn as one.

Matt Ferguson - ***Gannett Co., Inc. - CEO, CareerBuilder***

Yes. I think the SaaS business can easily be over half our business. Some years out, it could happen in 2015 or 2016, but on that trajectory I believe software could drive easily over half our revenue. When you look at the longer-term I think that would be -- will happen and be necessary to happen.

Competitive environment, besides Monster, obviously, you have indeed. You have a lot of niche players -- Dice, people who operate in healthcare and other important verticals, and you have LinkedIn at the higher end. These kind of come in above the job boards and monetize the market at the higher end, but the job boards didn't have the audience to monetize. They may become more competitive with the job boards in the future.

Today, I think they created have a market and resume database that we can actually take advantage of. They have built teams that now can buy resume databases. One of the main reasons why companies didn't need -- staffing has always bought resume databases and used it heavily. Big companies traditionally didn't buy a lot of resume databases, and I think they just didn't have teams there that would do the sourcing.

Now, with Linked In, they have built teams that source those higher-end jobs. We can plug in a different solution. They are actually asking for those different solutions. I think we can take advantage of that.

Unidentified Audience Member

A quick follow-up. Where is that EBITDA margin in a SaaS business?

Matt Ferguson - ***Gannett Co., Inc. - CEO, CareerBuilder***

Well, SaaS businesses today don't make any money, if you look at most of them. I think the reason why they trade at multiple times revenue, and some in the 20s, if you look at Workday, trades in the 20s; salesforce is big into (technical difficulty) at seven or eight times revenue. It's because software companies traditionally have 40% to 50% margins.

I think, longer-term, there is no doubt SaaS companies will have 40% to 50% margins, which is why Microsoft was big in what they are talking about doing in the cloud. Obviously, SAP has made a lot of acquisitions for cloud companies. Salesforce is active. Adobe is active. You could go down the list of the big software players and I think the margins would be reflective of what software has been traditionally 40% to 50%.

Gracia Martore - ***Gannett Co., Inc. - President and CEO***

(multiple speakers) verify, are we making money in our SaaS business?

Matt Ferguson - ***Gannett Co., Inc. - CEO, CareerBuilder***

Well, we obviously have a blended business there. But I think some of the products we have had, like Talent Network, which is a candidate pipeline and re-marketing that have been around for several years and have a nice, strong contribution margin. Some of the newer ones, obviously, are an investment. And over time, they will have contribution margins. But, there is no reason why software as a service won't reflect the margins that are in software, generally, and have been in software, generally, over the last 40 years.

Unidentified Audience Member

Who do you compete with in the SaaS business? Is it Workday? (multiple speakers)

Matt Ferguson - ***Gannett Co., Inc. - CEO, CareerBuilder***

No. Workday is only -- they do post-hire because they are an HRS system. So, they are post-hire because they are doing a little bit in pre-hire. I don't think it is really in their DNA. There are ATS's that, obviously, if you look at Taleo, they're in the kind of high end of the market, but you are only talking about a finite number of customers they serve.

It is a hugely fragmented market with not a lot of sophisticated technology when you look at running a platform. So these newer things like big data analytics, the candidate sourcing portal, there is no one doing those solutions. So we are bringing those to market having customer conversations (multiple speakers)

Unidentified Audience Member

(multiple speakers) integration of all of them.

Matt Ferguson - ***Gannett Co., Inc. - CEO, CareerBuilder***

Yes, and the integration of all of them. The other thing you have to look, integrating all those, no other player has the assets from a job distributor to an ATS to the analytics from EMSI which has been built over 30 or 40 years, our supply and demand we have invested in. No one else have has those assets that they can bring together and that thing I described as a pre-hire platform. So really even a competitor, you might run into somebody individually if you're selling one of those as a one-off. Nobody can put it all together.

Unidentified Audience Member

From a reporting standpoint, how much granularity do you intend to provide around each of the businesses? Will you report revenue, EBITDA and so forth individually for cars and CareerBuilder?

Gracia Martore - ***Gannett Co., Inc. - President and CEO***

That is to be determined, but in all likelihood, we will give you some stronger sense of what each of those businesses is doing.

Unidentified Audience Member

I wanted to ask about long-term growth. Alex, how do you think about the long-term growth profile at cars.com? I think of I got your numbers down correctly, it sounded like you expect to grow around 14%, which is a little lower than how you have been growing. Could you talk about maybe the dynamic that (technical difficulty)

Alex Vetter - ***Gannett Co., Inc. - EVP and COO, Cars.com***

Well, we think our growth rate can accelerate and that is our plan to do just that. That we think a lot of the growth we think comes from three primary levers. Number one, we think there is still market share growth to be had in the business. As I mentioned, we only cover less than half of the current addressable market.

I can't imagine, by 2020, being a car dealer and not advertising on platforms like cars.com. So that is number one.

I think, secondarily, accelerating our product pipeline and rolling out new solutions across an established customer base. We have proven a strong track record of doing that and we have some ambitious plans in the trade-in marketplace, helping consumers trade their vehicles in and getting a fair price. The service marketplace is another area where we see great disruption and expansion.

And then the last lever is pricing. If you look at what cars.com can generate to create a vehicle sale, it tends to come in at 1/5 of the cost of traditional advertising. And so our prices, we think, from a legacy standpoint well below the value of -- in the marketplace today. So I think a combination of those three things can really yield a lot of accelerated growth for the business.

Gracia Martore - ***Gannett Co., Inc. - President and CEO***

And that 14% is pre- the change in the affiliation agreement.

Unidentified Audience Member

When you roll that out, what kind of growth range do you think about?

Alex Vetter - ***Gannett Co., Inc. - EVP and COO, Cars.com***

I'm sorry. Could you repeat that?

Unidentified Audience Member

When you roll up those factors, what kind of a growth range do you think the business can grow, topline?

Alex Vetter - ***Gannett Co., Inc. - EVP and COO, Cars.com***

Well, we want to continue to maintain our double-digit growth rates. And a lot of that will depend on terms of how fast we can accelerate our product development efforts to get new products into market. We tend to like to incubate products in a prototype phase with a small handful of operators to refine the products. And, depending on the speed in which we can do that, we can move to national launches much faster. So, a lot of that is contingent, just in terms of how quick we can get new products to market.

Unidentified Audience Member

And just a follow on, similar question for Matt, how do you think about the long-term profile for CareerBuilder? And from the numbers you posted, it looks like you expect 12.5% growth this year. How much of that is organic?

Matt Ferguson - ***Gannett Co., Inc. - CEO, CareerBuilder***

About 12.5%. Year to date, we are looking at 6% growth. Q3 over Q3 it will be 7%. I think, easily, you can start growing double-digits again. I think next year is not a year where you see double-digit growth. I think you have got some movement still in some of the media assets we have as far as revenue.

But when you look at the software and the growth of the software, and having a sales force that has now learned how to sell software at scale, by 2016 and beyond, I think you easily could get back to double-digit growth rate. And that is what we would be targeting.

Unidentified Audience Member

A follow-up on CareerBuilder. If you look at the 80% of business, they said it would be non-HR SaaS business. Help us understand the growth characteristics there. What is driving pricing and volumes and on the job board?

Matt Ferguson - ***Gannett Co., Inc. - CEO, CareerBuilder***

16% is SaaS. We talked about that. 13% was resume database. I think that will actually have good growth for the reasons we discussed earlier today. Pricing there, I think we are on the low-end, not the high end. I think there is probably less pricing pressure, because the main competitor in the resume database in the way people conceptually think about it is LinkedIn. They are very high price points; much, much higher than us.

When you look at the media on postings, I think it continues to be a market that is flat under pressure. I think the next, 2015, in response to this question, I would say there is continued pressure on the media side.

I think it is skilled labor and the employment market -- skilled labor can easily get tight and the labor market continues to improve. You will see better pricing on the job posting media side of the business. But I don't know that we are going to see that necessarily in 2015.

Gracia Martore - ***Gannett Co., Inc. - President and CEO***

And also market share.

Alex Vetter - ***Gannett Co., Inc. - EVP and COO, Cars.com***

Yes.

Gracia Martore - ***Gannett Co., Inc. - President and CEO***

Growth.

Unidentified Audience Member

And a follow-up. When I talk to staffing companies, they tell me they are spending 3 to 4 times on LinkedIn versus on Monster and CareerBuilder. And why is that? What is driving (multiple speakers)?

Matt Ferguson - ***Gannett Co., Inc. - CEO, CareerBuilder***

I would like to know those staffing companies, because there is a very big business in the staffing industry. When I talk to the CEOs in staffing companies, they spend more with us than they spend on LinkedIn. And what they are really doing right now -- and I hear this from many customers; I heard two conversations with customers last week -- they are starting to look at LinkedIn and say, what is my real return on investment here versus others.

But if you look at us versus Monster in the staffing industry, we are way ahead of them. I would argue we have more than LinkedIn, although I have no way to prove it. I am just talking about conversations with I have with staffing customers ongoing. We are very close to that industry and I believe we have a significant lead over them.

I also think they are a good leading indicator of what is going on. They have been some of the biggest proponents of some of these new solutions. They have actually helped us think through and evolve some of the software to help meet their needs, and I think they will be a strong partner to us in the future. But I don't feel like we are losing share their or at risk of losing share in the staffing industry.

Unidentified Audience Member

And, with Monster, how are you guys able to gain share from them because you clearly have in the US.

Gracia Martore - ***Gannett Co., Inc. - President and CEO***

Be gentle.

Matt Ferguson - ***Gannett Co., Inc. - CEO, CareerBuilder***

Look, we have had a successful run. We believe that will continue. You have got to operate your business effectively and deliver value back to customers. And I think we are focused on doing it. I'm sure everybody in the industry is and I hope we have continued success.

Gracia Martore - ***Gannett Co., Inc. - President and CEO***

I think we have had a managed focus from our management team, not distracted by a whole lot of other things of that perhaps some other companies that you have mentioned have been distracted by. They have been totally focused on the business at hand, innovating products, investing in new opportunities. And I think that might be a little bit different, perhaps, from some of their other competitors that you mentioned.

Unidentified Audience Member

I would just like to ask a couple of follow-ups, first on the cars.com side. When you talk about continued growth and, by definition, share shift away from other traditional forms of advertising, given that, as I understand it, the traditional newspaper print classifieds is essentially all gone, where do you see it coming from here?

How much of that is radio? How much of that is TV? How do you think about that?

And I guess the related question is, I just want to make sure I understand the interrelationship with the broadcast business. So in Gannett markets, will there be an ad salesperson from the broadcast side calling on the same dealer as a cars.com rep? And is there any -- or how do you manage that potential conflict if part of your pitch is to get that dealer to move away some of that ad spend from TV?

Alex Vetter - ***Gannett Co., Inc. - EVP and COO, Cars.com***

Well, first of all, we do see a big opportunity in the shift of traditional media. We largely think that radio and outdoor advertising has really worn out their performance welcome with a lot of retailers across the US.

Specifically, there are not any current plans to integrate the sales forces. We are a very specialized sales force that knows the digital side of the business. And that is separate from how TV stations currently sell and operate. So we do think there is going to be big growth on the traditional side of the business, but we also think there is opportunities in the digital side of the business.

Google, I would say, we think represents one of our biggest opportunities to take share back from Google. When you think about the average time spent on Google as an actual entity, most searches, you are spending less than 20 seconds, typing in what you are looking for, and you are gone. That is not a lot of time to influence a $30,000 purchase decision, where, on a site like cars.com, our average users are spending in excess of 10 minutes per visit, and they are coming back 2.5 times a month.

So we are getting considerable amounts of time with shoppers to really influence them. But we don't think Google, while their model is unique and beautiful in many regards in terms of being able to pay for performance, we don't think it is having the influence and impact on actual vehicle sales that their dollars they are currently getting reflect. And so we think we can attack the market both traditionally and against digital players that are established in the business today.

Gracia Martore - ***Gannett Co., Inc. - President and CEO***

Yes. And on the TV side, as you saw, the growth that cars.com has experienced over these four or five years, likewise, our television business has experienced very strong growth over these last four or five years. So there is probably a little bit different, more brand advertising when you think about the TV model versus much closer to the purchase funnel. So I think it is a little bit different. But we have seen, as we have reported to all of you, over these last three or four years, some very, very strong growth in our TV station.

Unidentified Audience Member

Have to ask one on the CareerBuilder side. First of all, the enhanced revenue disclosure is really helpful. So thank you for that. Just on the SaaS or human capital software side, could you just quantify how much of that revenue comes from the acquisitions you have made? I'm just trying to get a sense of the organic versus acquired revenue trends.

Matt Ferguson *- Gannett Co., Inc. - CEO, CareerBuilder*

Well, the vast majority of it in 2014 will be organic this year. Envy this year, obviously, Envy, when you look at where we bought them in 2012, they are almost going to be double where they were, so you have got organic on top of that. But the vast majority of the $100 million-plus we will have this year is from organic growth. Not much is from acquisitions.

Robby has only been in for six months. You have acquisition accounting. It is relatively small compared to some of these other services. And so the real benefit of these -- and if you can find something – take Broadbean for an example -- start it in Europe, built a scalable software, just recently launched in the United States, and now we can take advantage of 1000 people, roughly, selling in the United States to increase the distribution on a scaled product.

And so there will be a lot of organic growth on top of what Robby was doing already. So the vast majority of that revenue is organically developed.

Unidentified Audience Member

As you move forward as Newco, how do you plan to allocate -- I mean, you said earlier, the key of why you split the way you split is capital structure and needs and growth rates and all of that? So how do you allocate money between debt paydown and between broadcast and between these -- finding additional digital verticals?

Gracia Martore *- Gannett Co., Inc. - President and CEO*

I think the great thing about our broadcasting and digital company -- and I hate to call it Newco, our broadcasting and digital company -- is that even with the debt that we will take on as a result of the acquisition of Belo, which is a phenomenal acquisition for us, and this great acquisition is the remaining interest of cars.com, we still have an incredibly strong balance sheet. And it is a balance sheet just as the Gannett balance sheet over these last three or four years has been strong, but has enabled us to not just pick one or the other, but, in fact, to be able to do a lot of those things.

So obviously, we are going to share with all of you. We are in the midst of working on the appropriate capital structures for both of these businesses. And, when we have all of the pieces of the puzzle put together, we plan to share all of that with you.

But I can tell you that the beauty of Gannett is that we will have a strong balance sheet. We'll have the ability to do all of those things, whether it is -- when we see great opportunities to do great acquisitions like we saw with Belo, like we saw with cars.com, we have the ability to respond to that. At the same time, we can reduce debt appropriately when there are not great opportunities and also return some capital directly to our shareholders.

So we are blessed with a very strong balance sheet and the cash flow generation of these businesses between our broadcast businesses and businesses that we just talked about today is enormous, and gives us an amazing amount of flexibility.

Unidentified Audience Member

So how would you describe the dividend? Like you are, whatever you want to call it, unnamed to be compared to what has gone on with the $0.80 up until now?

Gracia Martore *- Gannett Co., Inc. - President and CEO*

Yes. I think as we said when we made the announcement, that the quarterly dividend that we currently pay at $0.20, that the combined two companies would pay at least a $0.20 quarterly dividend. I would expect when you look at the growth characteristics of the publishing business versus the broadcast and digital businesses, that you would probably expect that the dividend level at the publishing business would be more reflective of returning more capital directly to shareholders.

At the same time, given their strong cash flow generation, their ability to do strong accretive acquisitions in a variety of areas within their current cash flow level is pretty strong. So I think they are going to be able to have a very good return of capital directly to shareholders.

With the other business -- the broadcasting and digital business, we are working on that. And I think you will find that we will have a competitive return to the kinds of businesses that we are invested in and outside of the business. But we will fill in every one when we have those issues finalized. Any other questions? Bill, again.

Unidentified Audience Member

As a follow on, you touched on an interesting point on cars.com that you will bring more sales in direct after this last five-year agreement. And I think you also mentioned that 80% of the sales are going to be direct.

Gracia Martore - ***Gannett Co., Inc. - President and CEO***

Right now.

Unidentified Audience Member

And so given that 20% is going to be through the affiliates and they are getting kind of a special rate, the way to think about it, in five years all things being equal, you should see kind of a 30%, roughly, kind of increment.

Gracia Martore - ***Gannett Co., Inc. - President and CEO***

I don't know if it is going to be 30% because I don't know exactly where the business is going to be at that point. But, what I can tell you is that it would be yet another step function change in a positive direction when we get there, in addition to all of the organic growth that will be going on not only from new product development and innovation and existing customers, as well as the work that we are doing with the existing affiliates.

So it will be another step change in 2020. I can't speculate on what that percentage will be. We haven't even started our budgeting for 2015, so that is a little bit far off for us. Anybody else? Yes, sir?

Unidentified Audience Member

Just curious on the cars.com side of things, from a competitive standpoint, CDK, Dealer Track, autodealer.com, co-vault, is there -- just from a competitive standpoint, how are you guys competing with those sorts of vendors that have the dealership relationships already? And then as you look at the market, you guys are one avenue of ad spend for these dealers. Do you have any sense, just generally, from a wallet share perspective, how you guys shake out and what the potential to gain is going forward?

Alex Vetter - ***Gannett Co., Inc. - EVP and COO, Cars.com***

Well, on the latter part first, it is hard to get at those percentages not having clarity on the numbers that they are generating. So we know we are currently a sizable part of the digital spend within auto dealers, but not in any case the majority. In fact, I would say our percentage impact relative to the percentage of spend is out of whack.

We are generating far more impact on our client sales than the current level of spend, which gives me confidence in the growth on our pricing.

In terms of how we keep compete and line up with that, we are really agnostic to the systems and tools that are retailers use. Unlike the employment space, the auto industry is a very consolidated market from a systems and a SaaS standpoint, where there are big established players and the trading between them is infrequent. And so we really are indifferent to which platform in different they use and how those platforms operate, and we continue to be focused more on the media and marketing side of the house.

Unidentified Audience Member

Aside from the year-to-year variability of broadcasting, do you expect that broadcasting would be the core growth vehicle and that digital would be tend to be the faster growth opportunity, even though I think CareerBuilder hasn't really outgrown broadcasting greatly, but do you think it has the potential to be mildly the added development that is going to increment? And also, I think there are a couple of other small digital businesses. You might bring those (multiple speakers).

Gracia Martore - ***Gannett Co., Inc. - President and CEO***

I believe they will be even more dwarfed by the two gentlemen that are sitting here. So I am not sure there is much we can talk about those. But, Jack, did you want to say something?

Jack Williams - ***Gannett Co., Inc. - President, Gannett Digital Ventures***

I was just going to add to the other question, as well as to Jim's question about other businesses. The digital marketing services business is an interesting one that is in early stages of growth for us, but one in the same -- where you look at where car dealers spend their money digitally, there are a number of those kinds of things including their website and social marketing and a whole bunch of other things.

We have a company at scale that can deliver those and just like buying an MV at CareerBuilder and having a sales force that can go have sell it, we now have a sales force with cars.com that can go specifically to dealers and sell them. We have seen in our local media market that car dealers will come and work with us and spend money through linking some of our other places. So while it is small compared to these guys at this point, it is another opportunity to take share in the auto space and to do some of those things.

Gracia Martore - ***Gannett Co., Inc. - President and CEO***

Yes. And as to the difference in growth rates, obviously, this is a double-digit grower. CareerBuilder is a single digit grower right now, but I think Matt has drawn a clear path to our ability to make that business a double-digit growth business in 2016 and beyond.

When I think about my broadcasting business, I think about it on a pro forma basis over these last few years. Its revenue streams are now multiple. It isn't just advertising spend through time sales and the rest. It is, as you said, taking full advantage of having a great footprint in political years, but actually maximizing those opportunities to having some very sophisticated pricing and inventory management systems.

Obviously, retrans has been a very strong grower for us and we continue to see opportunities with the retrans pie to continue to grow, because the value that we believe we are delivering to the MVPDs has not yet caught up with what they are paying others who we believe have been delivering not as much value as we are. So we still see an opportunity for that pie to continue to grow from a top line perspective. So we are going to be blessed in this new company with three businesses that are going to have fantastic growth opportunities going forward.

Any more? Okay. Well, thank you all very much for your time and attention this morning. We really appreciate it and look forward to speaking with you again in the future about our businesses.