TGNA - TEGNA Inc. Investor Day

(EDITED FOR CLARITY)

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PRESENTATION

Gracia Martore - *TEGNA (RemainCo) - President, CEO*

Good morning, everyone, and welcome to our very first TEGNA investor day. We are on the eve of the separation of the 109-year-old Gannett Company into two strong, vibrant independent companies.

In advance of becoming a publicly-traded company next week, I would like to give you an overview of our new Company, its market-leading businesses, and our expected financial profile. I will start with a high-level overview of TEGNA's value proposition and then we will turn over to our business leaders to talk about their exciting plans.

Before we proceed, though, please take a look at the forward-looking statements disclaimer. Now that you have memorized it, I would like to introduce some folks in the audience.

With me today is current Gannett Board Chairman Marge Magner, who will serve as the Chairman of TEGNA's Board of Directors following the separation. Also Susan Ness, a current Gannett director, will be on the TEGNA Board. I will be on the board as well along with current Gannett directors Howard Elias, Lidia Fonseca, Scott McCune, Neal Schapiro, and newly-elected director Bruce Nolop, who is also with us today.

Bruce is the former Executive Vice President and Chief Financial Officer of E*TRADE, among many other financial roles he has played. In addition, Jill Greenthal, Senior Advisor, Private Equity for The Blackstone Group, will also be joining the Board as well as Henry McGee, an accomplished broadcast media executive who currently serves as a senior lecturer at the Harvard Business School. And they will both join the Board on June 30, the day after the separation.

I am also joined here today by other members of the TEGNA team. Dave Lougee, President of TEGNA Media Ventures; Matt Ferguson, CEO of CareerBuilder; Alex Vetter, CEO and President of Cars.com; Jack Williams, President of TEGNA Digital Ventures; and our CFO, Victoria Harker, who along with Todd Mayman, our General Counsel, will assume additional responsibilities post-spin and will be promoted to Executive Vice President of TEGNA.

As I have shared previously, the separation of Gannett -- again set to occur next Monday, June 29 -- will open exciting new avenues for TEGNA. It will also allow us to maximize value by leveraging the tremendous advantages that set us apart in each of the industries we leave. These advantages include top-performing assets in scale in each industry we are in; high-growth, high-margin businesses; consistently strong and dependable cash flow; and a shareholder-focused capital structure.

Our investment thesis is simple yet powerful. TEGNA's strong cash generation affords us the ability to invest for growth both organically and through smart, disciplined acquisitions, while simultaneously returning capital to shareholders and paying down debt.

Now before we get into TEGNA's future, let's take a step back to remember how we arrived at this position of strength today. In 2012 we embarked on a journey to transform Gannett. We set out to improve the trajectory of publishing, to accelerate the growth in broadcasting through added scale, and to expand our high-potential digital businesses.

We promised to do that while remaining relentlessly focused on operating efficiency and asset optimization. All of this was in the context of also returning meaningful capital to shareholders, maintaining a strong balance sheet, and generating superior shareholder value creation. Sounds simple, but it wasn't.

However, since our February 2012 investor day when we announced this strategic transformation path, Gannett stock has more than doubled, significantly outpacing the S&P 500, the Russell 2000, and our industry. Next week's separation is the culmination of a lot of hard work and relentless strategic focus.

We have strengthened and evolved each of our businesses and we have made tremendously impactful acquisitions at very attractive valuations. And we have more than achieved -- more than achieved -- the synergies we promised you from those acquisitions.

In a little over three short years we have doubled the scale of our broadcasting and digital businesses and leveraged strategic acquisitions and divestitures to assemble a portfolio of leading -- industry-leading, wholly-owned, and majority-owned assets. Additionally, we created a more efficient operating structure across all of our businesses. These transformative actions have given each of our businesses terrific competitive position and next week's separation is the next logical step.

With powerful cash-generating assets, a more nimble organizational and capital structure, and a singular focus on high-growth businesses, TEGNA is poised to deliver significant growth and value. Now TEGNA will trade on the New York Stock Exchange under the ticker signal TGNA -- mark that on all of your computers -- and its robust portfolio will include TEGNA Media, our television stations, and the fast-growing Cars.com, CareerBuilder, and G/O Digital in our Digital segment.

Let me turn to TEGNA Media for a moment. With the acquisition of Belo and key stations from London Broadcasting, TEGNA Media now has a portfolio of 46 owned or serviced television stations, covering more than 36 million households and representing approximately one-third of the USA. We have created the largest independent owner of big four affiliated stations in the top 25 markets, as TEGNA Media represents the number one NBC affiliate group, the number one CBS affiliate group, and the number four ABC affiliate group, excluding O&Os.

Along with the advantages associated with our scale, we are ratings leaders well-positioned to continue to take market share. Now we were founded as a company that believes content comes first. That has resulted in award-winning local programming and a unique bond with the communities that we serve.

TEGNA Media will continue to make top-notch, innovative programming a priority and will invest in local news and other special programming to ensure we stay connected to our audiences. And not only are the largest, most geographically diverse group and often the highest-rated station group, we also have the best margins in the industry. And that will not change and will continue for the foreseeable future.

The other piece of good news is that even though we are well-established in our current markets, there are still a myriad of opportunities for growth. For example, while our core media advertising business is doing well, we know there is room to achieve higher retransmission fees as we approach significant renewals in 2015, late 2015 and 2016. We are also looking forward to very healthy and, in all likelihood, record-breaking revenue levels tied to the 2016 political election. In addition, as the largest owner of NBC affiliates, we are looking forward to advertising from the Summer Olympics games in Rio.

As I mentioned, retransmission negotiations again are approaching and we continue to believe that there is a gap between the value of the content that we provide and what we are paid for that content. With the scale that we have today and the strength of our stations, we can and will continue to close that gap.

On a related note, all of these growth drivers are especially beneficial as we face increased reverse retrans fees. Now, the fact that we have affiliation agreements coming up in late 2015 and in early 2017 isn't new news to us. This is something that we have been anticipating and planning for, and our media business is well positioned to more than compensate for any additional costs incurred due to this in 2016 and beyond.

Now TEGNA is also a digital innovator with proven growth businesses: Cars.com, CareerBuilder, and G/O Digital. Turning first to Cars.com, it is one of the leading digital marketing solutions organizations and a leader in the expanding automotive vertical. This is a business that evolves to meet a need and through our continual innovation has emerged as an integral piece of today's car-buying process.

TEGNA acquired full ownership of this growth engine last year, last October, at a very attractive valuation. Cars.com has grown steadily since its inception by providing insight and resources that help consumers make decisions about which cars they are going to buy and where they should buy them.

Last year we reached 20,000 dealers subscribing to Cars.com, a terrific achievement, but still less than half of the total available market. And we see additional growth opportunities as we expand Cars.com's reach into the aftermarket categories, including repairs and maintenance, a market that is virtually limitless.

With a history of double-digit growth on both the top and bottom line and the opportunity to make additional investments in this space, we believe there is even more upside for Cars.com than even we originally anticipated. And here is some more good news.

When we announced the acquisition last year, we expected Cars to be neutral to earnings per share in 2015. We did say there would be $0.43 of cash flow accretion per share in 2015. We now, however, expect to see EPS accretion of several cents in the back half of 2015 and a positive 2015 overall. Needless to say, we are absolutely delighted by that business's contribution to TEGNA.

And we are even more excited about what Cars.com and TEGNA Media can accomplish together in the auto marketing services space. Later this morning Alex Vetter will provide more color on many of the innovative growth initiatives already underway.

The second major component of TEGNA's digital business is CareerBuilder, the global leader in human capital solutions with impressive scale, consistently strong cash flow generation, and new growth opportunities. From 2010 to 2014 EBITDA for CareerBuilder more than doubled to $166 million with an EBITDA margin in the low 20%s. And while CareerBuilder is expected to perform very well in 2015, we expect growth to accelerate significantly in 2017 as we shift our focus away from transactional business to smaller, advertising-only deals and focus on more sticky long-term recurring software transactions and relationships.

That said, advertising will continue to be significant at CareerBuilder. Much like the auto vertical, recruitment and job search is a category with tremendous reach, putting it right in our advertisers' sweet spot. There is significant potential to capture a larger share of a growing market that is decidedly more digital.

Over the last few years, CareerBuilder has begun a major transformation into a Software-as-a-Service company, which has helped to drive consistent software revenue growth, up 78% in 2014. Matt Ferguson, CEO of CareerBuilder, is here to provide more details in a few moments.

As you can see, these digital businesses are terrific assets with exciting futures and think about the potential upside, further upside from the investments we are doing. Every day people from all walks of life are conducting more and more of their daily lives and day-to-day business online and we all know that shift will continue far into the future. TEGNA has tremendous assets that reach, literally, millions and millions, tens of millions of people in this country.

But I know this audience, and I'm sure you are all eager to hear more about TEGNA's financial details. I want to assure you that Victoria will be covering some of those details, including revenue and EBITDA growth expectations for TEGNA over the next three years, as well as total shareholder return expectations in just a few minutes.

Before I turn it over to Dave Lougee, a more than 30-year broadcast industry veteran and head of TEGNA Media, here's a quick video introduction of TEGNA Media. Please roll the video. (video playing)

Dave Lougee - ***TEGNA (RemainCo) - President, TEGNA Media***

Love that video. Good morning. This is obviously a very exciting time for us. I want to talk to you specifically about how we are uniquely positioned to grow and the type of investments and innovations that will help us grow our core business as well as drive new revenue streams.

In a sea of dynamic change in the video world, TEGNA Media is strategically positioned to grow our business and maintain our traditionally strong margins in the near term and grow our business significantly in the long term. As you all know, the video landscape is changing fast. Technology is creating new ways to distribute and receive video and the screen itself is less important, whether it's a smartphone, tablet, or smart TV.

But the fragmentation isn't a new development for us; it began with the cable industry more than forty years ago. And while it has accelerated, local broadcasting, and especially our strong local media brands, will remain at the center of the video ecosystem. Local TV remains a killer app.

As a starting point, local broadcast news is far and away the first choice for news for Americans and the most trusted choice for news, and that isn't changing. Our leadership position over other media is not wavering at all, and for us, all these new platforms and all these new devices are fantastic ways for us to further engage our viewers and leverage that lead position. A new study just out from an independent marketing analytics firm shows that TV remains far and away the most efficient vehicle through which to drive consumer purchases.

The study looked at marketing optimization by top advertisers over a five-year period and TV's strong pole position in advertising ROI held up completely during that time period, when as you know advertising options grew dramatically. But it's changing and to capitalize on these facts going forward, scale matters now more than ever. And as Gracia said and the video outlined, we've got it.

In 2012 we had 23 stations in defined parts of the country. Today we have 46 stations across this country. Back then we covered 21 million households or 18% of the country. Today, as Gracia said, we cover 36 million homes, almost a third. And in terms of the overall population, we've gone from a coverage area of 50 million people to 90 million.

And in terms of popular national content that resonates with our consumers that we combine with our local brands, we used to have 21 stations that carried the NFL. Today we have 41, the most popular content in the country.

Our portfolio from a quantity and quality standpoint is very unique. The former Gannett stations, when combined with the former Belo and London stations, give TEGNA the strongest collection of local electronic media brands in America. In the last 12 months alone our properties combined have won more national journalism awards than any other news organization, local or national, including the network news division.

Why does that matter? It means we have deep, relevant local content. And as one of our largest partners said to us, you now have the murderers' row of great local TV franchises, to use a term familiar to some of you longtime Yankees fans.

This unique collection of strong local brands gives us the foundation to grow outside of traditional TV. Our scale and quality make us a very preferred partner to new entrants into the hot local arena and gives us a very strategic seat at the table with respect to our network partners, our MVPD partners, and programmers.

Regardless of distribution platform, the valuable combination of our unique local and national content will be demanded and discovered by consumers, whether through traditional MVPDs, new OTT players, wireless or traditional over-the-air, consumers will want, need, and find us. We've got what they want, the unique local and national content combination. They will want us for the same reason that the new OTT entrants like Apple TV and Sony and the others will need us.

We and our network partners are exploring these opportunities together. It's a new revenue stream for both of us and together we will get the appropriate value for these products. Unlike the early days of cable, when we sort of gave it away and didn't capture the true value of the marketplace, we have the chance to learn from history and set the right value, or reset, if you will, in these new distribution systems at the outset.

Also, our broadcast group is more diversified than ever before. We're regionally diverse across the country, as this map shows. Our revenue streams are diverse with retransmission fees and political advertising now two significant and sustainable, non-volatile categories in our revenue base.

Our content is diversified as well. Our locally-produced news and non-news programs, which we are growing more by the day, represent more than 40% of our TV ad revenues and that is going to continue to grow as we produce more and more of our own programming, which we will.

Another interesting point, network primetime entertainment programs, excluding sports, now represents just 18% of our TV ad revenues and just 13% of our total revenue. Why is that significant? Because that is the category of our programming most exposed to consumer and advertiser disruption due to time shifted and alternative viewing. But as those numbers indicated, we are far, far less exposed than we once were.

Now Digital. Our investments and strategy in local digital efforts are paying off. We will be well over $115 million annually this year, almost exclusively from local advertisers, and our growth is accelerating. Our growth rate in the first half of this year is in the high teens and in the back half will be in the mid-20%s.

Two of the drivers of that growth. One, as Gracia referenced earlier, is our G/O Digital marketing services, which I will reference a little bit later. Another is an exclusive relationship we developed with Collective Media. That relationship allows us to provide behavioral targeting for local clients across multiple platforms across multiple sites; not just on our own inventory, but many others as well.

With both of these products and others made possible by scale, we are offering our local clients solutions and results, not just selling TV ads. And in terms of our digital footprint, because of our strong local content in brands, our stations' monthly unique visitors across our platforms is approaching numbers of the largest national news organizations.

We are on a very sustainable growth trajectory and let's start with next year in some more detail. As Gracia referenced earlier, 2016 is going to be another tremendous year. We will continue to take market share out of our 38 markets. We've done so each of the past four years on and odd-to-odd and even-to-even year basis and we will again next year.

Again, scale is affording is the ability to make the investments in content and sales innovation would allow us to continue doing just that. Just 1 point of market share in our aggregate markets is worth $50 million to TEGNA Media.

Another 2016 driver is the Summer Olympics in Rio. Our NBC stations are the highest performers in ratings each and every Olympic Games. And with each Olympics our go-to-market strategy gets more local advertisers into this premium vehicle. 2016 will be another Olympic revenue record year for us.

As you may have heard, and as you will get sick of hearing, there is a presidential election next year with more candidates and more money in the system than ever before. And our always-strong political footprint is as strong as it has ever been. That may not look like a lot of states, but think about what states those are.

They are swing states like Colorado, Ohio, Florida, and North Carolina, as well as New Hampshire, part of which is served by our strong NBC station in Portland, Maine. Those are the states where the race will be fought. And we will have U.S. Senate races in 17 states, more markets, some of them clearly competitive. And on top of that we will have six governors' races.

And to counter the noise heard every year I've been in the business about election -- about political dollars leaving local broadcasting, local broadcasting and the voters we reach will remain at the center of all major campaigns. Our viewers vote in mass.

While campaigns are putting more emphasis on digital platforms, it won't come at our expense. And as you can see in this slide, post-Citizens United, each of our two off-year elections set records, as did the presidential year of 2012. And given the money we know is in the system next year, we feel it's very safe for us to say that 2016 has a very strong chance of being another record year.

More on retransmission consent revenue. It, appropriately, continues to grow, as it will in 2016. Again, by the end of 2016 approximately 90% of our paid subscribers will have been newly negotiated and despite the good growth we have been getting and will get, to go a little bit deeper in what Gracia referenced, our portion of those sub fees in the ecosystem is still far less than our viewership, a critical point to understand.

In other words, the marketplace is finally working but it's still got a way to go. That gap between audience consumption and how sub fees are allocated is still a wide one and the market will be righting itself for the indefinite future.

As for compensation to our network partners, we completed a lengthy agreement with ABC early this year and we have, as Gracia referenced, upcoming renewals with CBS and NBC on staggered dates. Obviously, we can't comment on the status of any specific negotiations, but it's clear that the acquisition of the Belo stations and the relative importance of TEGNA has helped create an excellent dialogue with our partners on both strategic and economic issues. And while we will have increases in reverse comp fees, the overall impact on our performance will be manageable.

Our long-term initiatives for growth involve both enhancements and innovation in our core business as well as great opportunities for innovative adjacent businesses. Collectively, these opportunities will be significant. We expect them to contribute between 10% to 20% of revenues over the next several years with the innovations in our core having the most impact over the next couple of years and the adjacent businesses beginning to make a financial difference in 2017 and beyond.

Scale is allowing us to make game-changing investments in our sales and marketing area. We are transforming our sales process, embracing technology in the future to automate the more transactional components of our business, and reallocating those resources in the better, more effective selling of our traditional TV ads in our local markets as well as a new initiative to penetrate large local marketing budgets. We've seen time and time again the success our stations have helping local businesses stand out in the marketplace through custom 360-degree marketing solutions.

For every local dollar in advertising we think there's likely three in marketing, an area that local broadcasters have not tapped much. But now, enabled by our scale, we can drive strong growth with this new revenue stream. To execute on this opportunity, we've created centralized, integrated marketing capabilities that are enabling our traditional TV selling capabilities, as well as helping to expand our sales teams from TV-only ad sellers to multiscreen consultants.

Fueled by a team of proven sales, strategic marketing, creative, and data-driven insights experts with a big emphasis on data insights. This centralized team in Dallas is responsible for identifying best practice clients solutions at the local level and then scaling them across our enterprise. If it works for a heart hospital in Dallas, it will work for a heart hospital in Seattle. There is nothing like this in our industry today that we are setting up.

Equally important, we are now making significant investments in disruptive innovation of our content offerings across all platforms, whether our daily linear newscast, on-demand offerings, our mobile offerings, or in the development of non-news programming for traditional syndication time periods and OTT platforms. We have development deals with outside partners both signed and in the works, and again, our scale and the quality of our stations makes us a very desired partner. The amount of inbound calls since those acquisitions has been amazing.

Now that we have the Belo integration behind us and the spin almost behind us, we're turning our attention also to an area we have always excelled and that is embracing technologies and scale to drive significant efficiencies in our operations over the next three years. This initiative will allow us to both put money to the bottom line as well as appropriately reallocate resources where they matter most, to content and revenue generation.

Now for growth in our adjacent businesses. We have exciting opportunities to create significant high-growth businesses in areas adjacent to our core. We are in the process of identifying, evaluating, and pursuing a portfolio of opportunities. All of them have the common characteristic of leveraging the assets and capabilities of our core business, our brands, our customer relationships, our video content skills, our sales capabilities, and our scale.

At this point we are pursuing opportunities in two primary areas: one, innovative video services and, two, new advertising market services. In the innovative video services area we're exploring numerous opportunities. Three that we'll discuss today.

One, the Justice Channel is a very unique targeted content offering in the crime genre underserved by the cable industry. We invested in this operation. It's having an enormous, enormous return already as we distribute it across our 31% of our country and we are adding more stations by the day.

WinnersView is an alpha pilot of a new OTT sports video service focused on bringing high interest, behind-the-scenes video to hard-core sports enthusiasts across all of our devices. We are developing this in partnership with Snagfilms, a leading OTT platform provider founded by Ted Leonsis and it marries our local TV station coverage and promotion abilities with Snag's national TV OTT cross-platform content.

And we had just made a small strategic investment in TalkCenterAmerica, which has developed a very unique, disruptive video production technology that may allow us to produce live viewer-interactive programming at the cost efficiency of local talk radio, which we think has some pretty interesting opportunities when you include OTT.

Now, in your advertising marketing services area, local is hot and we are aggressively pursuing new opportunities, given our scale and our strength. Back to G/O Digital, we began our journey into new advertising marketing services with G/O Digital two years ago and this set of marketing services have been critical to helping us meet the needs of our local advertisers. We have been successfully scaling this business and look forward to its continued growth.

Creative marketing solutions, the central ad sales capabilities that I mentioned earlier is also allowing us to invest in creative cross-platform marketing campaigns that we are leveraging across our station salesforces to offer great, great, unique initiatives to leading local advertisers in multiple markets. We are very excited about this opportunity because it is enabling us to expand our partnerships with our existing customers and access those deep marketing budgets, which I said before probably three times larger than their media spend.

Finally, we are actively exploring an attractive opportunity to exploit the local advertising services opportunity being created by the huge growth of consumption of OTT video. These six initiatives, three in video services and three in advertising marketing services, represents the beginning of an increased -- of an increasing set of attractive adjacent opportunities to our business.

And as we move forward to develop these and explore additional ones, we are learning a few important things. A, these opportunities are real and big enough to matter; and B, their impact will become more significant in the 2017 timeframe and beyond. But more importantly, they will bring a next wave of growth to our Company that will last far beyond 2018. The quality and scale of our operations coupled with our willingness to be agile and experiment are making us the first stop for entrepreneurs and innovators who are looking to take new ideas to our local markets.

Finally, and completely unrelated, a word or two about the upcoming broadcast spectrum auction. The SEC Chairman has indicated he plans to start the auction in 2016 and we have no indication that won't be the case. While we don't have a lot of spectrum in those most-congested areas like the I-95 corridor or I-5 out on the West Coast, we may have some targeted opportunities depending on the clearing prices in certain markets. We are and will be exploring channel-sharing opportunities in those targeted DMAs in the event that clearing price is high enough to make sense for us.

Thank you for your time. I want to turn it over now to Matt Ferguson from CareerBuilder.

Matt Ferguson - ***CareerBuilder, LLC - CEO***

Thanks, Dave. Good morning, everyone. We are happy to be here today to share our story about how we're bringing exciting innovations to market that we believe will have a major impact on the human capital industry.

There has been a fundamental shift in the way that companies recruit talent. Today recruitment is almost exclusively online with very sophisticated software systems and candidates themselves will use up to 18 sources to find jobs. The recruitment market has evolved and so has CareerBuilder during that time. Over the last few years we have begun a major transformation into an HR SaaS company, which has positioned our company for significant growth in the years ahead.

There is a huge revenue opportunity for us in the markets we serve today. The global SaaS market for recruitment automation and talent acquisition, two areas we specialize in, was estimated to be $1.8 billion in 2013. It's expected to grow to $2.3 billion, up 23%, and then grow an additional 49% from this year, 2015, to 2018, and reach $3.4 billion.

This is on top of the North American online recruitment market where we dominate. That market is expected to grow 47% from $2.4 billion in 2013 to $3.6 billion next year. CareerBuilder is already seeing the financial benefits of our transformation into a SaaS organization, which will only become more pronounced as we launch cutting-edge software solutions that are the best in the industry.

When you look at our global GAAP revenue and EBITDA you can see that CareerBuilder has strong growth and we consistently generate strong cash returns. In 2010, on a global basis we generated over $500 million in revenue and we had $80 million in EBITDA or a midteens EBITDA margin. Last year we generated $713 million in global revenue with $166 million in EBITDA or about a 23% margin.

Our revenue performance in 2015 will continue to be solid, but we don't anticipate accelerated growth until next year. We made a strategic decision to reduce our dependency on transactional advertising and focus more on the lucrative long-term recurring software deals. This will impact our growth rate this year to some degree, but we will still improve our EBITDA margin in 2015 and we will see sales grow at an accelerated pace in 2016 and beyond.

Over the second half of 2015, we will invest $10 million to $15 million in incremental engineering and sales headcount preparing for faster growth in 2017 and beyond. We will also invest a similar amount in the first half of 2016. We will, of course, continue to invest in key acquisitions, like we have in the past, to accentuate the technology we have built over the last two decades and bring solutions to market that are breaking new ground.

As a result of these investments, we expect our revenue to climb from mid-single-digit to double-digit growth by the end of 2017.

When you consider our most direct competitor in North America, CareerBuilder has consistently taken market share from them. Back in 2010 CareerBuilder had $483 million in revenue in North America, beating the distant number two player by $61 million. In 2014 we beat them by $206 million and we expect that lead to widen in 2015 as we set the stage for greater growth through our software business.

What is SaaS and how does it work? Well, it is a software that is delivered over the Internet and businesses use this for a variety of functions from enterprise resource planning, to finance, to sales, to marketing, and of course, human resources. Salesforce.com has become the iconic SaaS Company; is a great example of a company reinventing CRM in the cloud.

Another example, Workday, provides SaaS solutions in both finance and HR. And the traditional players like Oracle, SAP, and Microsoft have invested heavily in this area and have fast-growing SaaS businesses and are very focused on it.

Now CareerBuilder is providing SaaS solutions to cover the entire recruitment process from the point of attracting the candidate to the point of hiring that candidate. And what we do is provide it in a seamless pre-hire platform. Let's take a look at the video that helps illustrate how the recruitment landscape has changed and how our solutions help simplify that process. Please roll the video.

(video playing)

So CareerBuilder has been making significant investments to further our transition into that global SaaS leader. We've increased our technology headcount 50% over the last two years and that doesn't include acquisitions. With acquisitions our technology headcount has increased at an even faster rate.

In 2012 we bought Economic Modeling Specialists International, a company with the most comprehensive labor market database in the United States that has an extremely valuable and unique proposition for companies. In 2014 we acquired Broadbean, a leader in job distribution, candidate sourcing, and analytics software. These acquisitions are a perfect complement to the technologies that we built from the ground up as we really focus on four main SaaS product lines: workforce analytics, candidate remarketing, ATS workflow, and job distribution. I will talk more about all these product lines later.

The financial impact of the shift to SaaS has been significant as we diversify our revenue. In 2011 human capital software revenue accounted for just 1% of our overall global revenue. In 2014 it accounted for 16% and this year we expect that number to grow even more.

At the same time, CareerBuilder's resume database service is undergoing a transformation, adding more functionality and becoming much more like a sophisticated SaaS product. Combining human capital software sales and resume database sales that represented around 30% of CareerBuilder's revenue in 2014.

SaaS is a compelling business not only because of the market opportunity I described earlier, but because of the customer stickiness that comes along with it. SaaS requires a larger financial investment. The contract periods are longer, often multiyear, and have higher renewal rates.

Our renewal rate for most of our SaaS products is above 80%. For some solutions it's above 90%. This will translate into higher growth in the future.

As I get into our product lines, I first want to address one of our long-standing offerings and how that has changed. One of the things that LinkedIn has done is create a very large market for resume database products over the last few years. Large companies have hired teams to handle sourcing for internal positions.

We think we can provide another really strong asset for these sourcing teams. When you look at bellwether positions like account executive and software engineer, we have 50% to 100% more candidates in our resume database than LinkedIn has in its networking platform. What we are doing is creating the next generation of the resume database, enhancing it with semantic search, skills extraction, and skills enhancement.

Clients who purchase our resume database now have our product called Recruitment Edge, a cloud search technology that aggregates candidate data from more than 100 social and professional sources. So in addition to the 80 million-plus resumes in our resume database today, we are now providing access to 90 million social profiles worldwide.

Our workforce analytics business is also growing rapidly. As I mentioned earlier, we acquired in 2012 a company called Economic Modeling Specialists International, or EMSI. We have developed our own workforce analytics so we really have two solid data products to bring to market today.

The first is what we call Supply and Demand. This was built by us internally and has grown rapidly over the last several years. What it does is aggregate all job demand in the United States and then compares that against the active supply of candidates for those occupations.

For example, say you need to hire three software engineers. We can tell you the best cities to look for those candidates based on the supply-and-demand ratio for software engineers in those markets. We also can tell you what those candidates expect to get paid.

When you look at EMSI, this is a company that was started in 1980 by two economists, one from the World Bank and one from a leading university. What they do is aggregate data from nearly 100 state, local, and federal sources, unlock those assumptions, and then put that data in a model that makes predictions over a 10-year horizon. Companies today use it for long-term workforce planning.

So if you are looking to open up a new customer service call center this data can tell you, based on a 10-year projection, the best place to open that center in terms of the type of labor needed. Both products have created a lot of buzz in the marketplace and we now have more than 4,500 customers today. EMSI's labor market data is available in the United States, UK, France, Germany, and Canada, and we think we will have good growth in both these services in the future.

Another important SaaS offering we have is our candidate pipelining and remarketing technology. We have sold more than 4,300 talent networks worldwide today. Companies are always looking to shorten the time to hire and reduce the cost per hire. The talent network solution does both. CareerBuilder's Talent Network is an always-on recruiting engine that engages jobseekers wherever they are on the web to help companies create and build a pipeline of candidates for their current and future job openings.

Whether that job candidate comes from a job advertisement, social media, or Google search, that candidate has an opportunity to join the Company's talent network and follow that Company. They can fill out a short profile or they can upload a resume. When the job is posted by the Company, today or in the future, it is automatically sent to the candidates in their talent network who have matching skill sets and experience to that job.

The recruiters don't have to login. They don't have to think about it. We use our proprietary matching system to do all this automatically. This saves the companies a lot of time and money because now they are building their own private database of candidates and automatically remarketing to them.

It has been hugely successful for companies. We have clients all over the world today. More than 54 million people have joined talent networks, which are today available in 30 different languages. For example, Chrysler has a talent network to pull the candidates -- pull talent for their dealerships. Right now they have more than 350,000 members in their talent network and they can tap into that at any time to find that next great hire.

Another key part of our software story is job distribution. I mentioned our acquisition of Broadbean earlier. That was done in 2014. This is a company that started in London and has built some fantastic technology over the last decade. We are going to bring that business to scale in the United States and when you look year-to-date, we have already seen a 41% revenue growth year over year for Broadbean.

Job distribution, which is their main product, is actually very difficult to do. No applicant tracking system does it today. Broadbean integrates with more than 7,000 sites across 183 countries. They post more than 3 million jobs and generate more than 10 million applications per month. The distribution is to paid sites, free sites, and social media, which can be a very difficult task for recruiters.

Broadbean enables you to post one time and the job is distributed to all those places automatically. So this is huge for recruiter efficiency. It also tracks the return on investment for a company's media campaigns, giving them very valuable insight.

The next offering I want to talk about focuses on workflow. We have built an applicant tracking system that is global in nature, easy to use, fully configurable, and completely SaaS-based. We have more than 1,000 customers today and we are adding 30 to 50 customers every month.

Every large and midsize company needs this technology to handle their pre-hire workflow, from posting the job advertisement to acquiring the resumes to the actual hires. We think a lot of small companies need this also and the market penetration in the mid and small markets is not great, so there's a lot of upside for us.

But what I am most excited about when I think of our ATS and the concept of that pre-hire platform is that we are creating a holistic solution. We are integrating our candidate pipelining and remarketing technology I mentioned, our job distribution technology, and our workforce analytics into our ATS. No other ATS has this and it provides a huge advantage for CareerBuilder because we have a complete system that is unified in nature. Companies can purchase our software a la carte or together as one solution.

Here is a look at how CareerBuilder1, that holistic solution, has impacted clients. Let's roll that video please.

(video playing)

Wynn is one of the companies that we featured in the video and is a great example of a client that uses all our solutions. We provide nearly half their hires. They have more than 130,000 candidates for 200 positions, which is a 490% increase in applicants.

Their employee turnover was 22% before they bought CB1. Today it's 15% and the only thing they changed was using CareerBuilder1. They are getting a larger quantity and much better quality of hires at the same time.

There are two other products I would like to discuss before I wrap up. These products solve big problems for companies and we believe will be very influential in the HR space of the future.

First, there is our candidate sourcing portal. Most big companies have an ATS where they may have 2 million or 3 million resumes, and sometimes many more than that, from people who've applied to the jobs in the past. The problem with applicant tracking systems is they have very little or no search functionality, so there's no way to take advantage of the resumes and see if those candidates are a good fit for your current job openings.

The second problem companies have is that they tend to buy access to multiple resume databases. A recruiter has to take time to log in to each one and search for candidates. They are not unified in any way.

We can fix both those problems. Our candidate sourcing platform makes your stored resumes searchable. We add semantic search, skills enhancement, skills extraction, and classification.

We can also search across all your external resume databases from one platform. It is completely seamless and it can wrap around your current ATS. But we also think that is going to be a great differentiator for our own ATS, so we will integrate that into that sourcing platform into our ATS over the next six months, which is unlike anything in the market today.

The other solution I want to talk about is our big data analytics suite. As I mentioned, a recruiter may have resumes or data in several different places. It may live in their career site, their ATS, or other external sources, so if you want to assess how well your recruitment process is performing, you would have to pull data from several different systems and generate a report. This can be very time-consuming and inaccurate.

What we do is pull data from all these different systems and provide that information back to the recruiter in aggregate. It provides great analytics on your overall recruitment program: number of people who applied, had first interview, second interview, cost per source of hire, cost you spend on a particular job. You can see in a quick snapshot where you are getting your best return on investment.

PepsiCo is one of the clients for this product and a lot of companies are excited to see this technology. We have always been given the ability and autonomy to grow and innovate. As I mentioned, we will be investing $10 million to $15 million in our growing technology and sales teams over the next six months, and we will continue that investment at a similar level in the first half of 2016.

We will also make key acquisitions and rollout exciting new products as we transition into a global HR SaaS leader. We believe this will take our revenue growth from mid-single digits to double digits by the end of 2017. We have solid growth in all our business lines and are capturing more share and a larger footprint as we build a pre-hire platform that no one else in the industry can offer.

We are well positioned for greater sales, greater profitability, and greater possibilities. We are excited to share our story with you today and look forward to our next update.

Before Alex Vetter, the CEO of Cars, comes up to talk about Cars.com, we will be rolling a short video on Cars, so please roll that video. Thanks for your time.

(video playing)

Alex Vetter - ***Cars.com - President, CEO***

Thank you, Matt, and thank you, Gracia. I am pleased to be with all of you here again today. Last time I spoke to many of you, Gannett had just doubled its digital portfolio by acquiring Cars.com and today, after almost nine months of singular ownership, we continue to accelerate the growth of our business and exceed expectations as we innovate more to our customers' needs.

We are proud to be one of the leading digital marketing solutions organizations joining TEGNA. As a leading online automotive marketplace, Cars.com can serve consumers first and foremost. Helping them guide them as they make decisions about not only what to buy, but where to buy it and how much to pay. And as the video referenced, we have recently expanded our focus into the service and repair category and now we're bringing trust and transparency to the ownership experience.

We serve consumers in a variety of ways. First, our consumer focus starts with an editorial content that is unbiased and consists of vehicle reviews, advice, columns, and industry news generated by an in-house team of automotive marketing experts. These writers are objective and unique to our industry.

Four years ago we also transformed the category by being the first to introduce consumer reviews about dealerships and the automobiles they drive. Similar to Yelp or TripAdvisor, we created a transparent model that allows consumers to be the wisdom of the crowd, generating feedback that promotes engagement and provides brand-building value to both retailers and auto manufacturers.

Last month we celebrated receiving over 1 million reviews since launching our site, a significant milestone in our history but also because we are leading the category.

Finally, our dealer network is robust, allowing consumers to search across over 4 million new and used vehicles, allowing them to connect directly with every seller in any market. So let's take a little bit of a look at our customer base.

Primarily, we focus on three different types of customers. First, we have franchised dealers with a manufacturer-approved license to sell a new vehicle, but also within the dealer segment we also service and support independent retailers who sell only used cars. We also work with every automaker in the United States and because of our robust audience of high-quality users looking to buy a car, we also derive revenues from other national products or service organizations that want to get in front of that valuable automotive audience.

On the revenue front, we are off to a strong start in 2015. In Q1 our revenues were up 28% compared to the first quarter of last year and over the past several years we have evolved our sales platform with an emphasis on direct sales, which is now the dominant generator of all of our Company's revenue. Unlike many of our competitors, we have always operated with a strong bottom line. We're experiencing double-digit growth in our profit margins and we expect this to continue due not only to organic growth but new product introductions as well as higher wholesale fees from our affiliates.

Now, let's talk a little bit about how we compete. When we think about competition we put it into really two different categories. First, let's talk about the overall advertising and marketing media landscape and then, secondarily, I will touch on category competition within digital.

Automotive advertisers today are still spending about $0.75 out of every dollar in traditional media, untargeted media such as radio, print, or outdoor advertising. But yet only 9% of consumers are in a market to buy a car at any given time, meaning much of that investment is wasted.

We know the majority of car shoppers are going online to help guide their purchase decisions. In fact, on Cars.com over 80% of the people using our site are in the market to buy a car within the next six months.

To compete for digital advertising dollars, we see our ultimate competition as search. A search engine is a very viable engine for shoppers once they've already decided exactly what they want. We operate in a much bigger category and that is the world of the undecided shopper. The car buying process is emotional and constantly changing, even up until the showroom visit.

So while Google may lead to consumers to what they have already decided on, we again operate in a much larger space of the undecided shopper and our job as Cars.com is to guide these undecided shoppers, because eight out of 10 visitors to Cars.com are serious about buying a car but over 80% of them haven't decided on make or model and 90% of them don't know where they will ultimately buy. This remains a huge opportunity to win incremental influence and sales for our advertising partners.

Within the category we have key competitors I'm sure that you've heard of -- AutoTrader, Kelly Blue Book, Edmunds, TrueCar -- but Cars.com is leading the category in brand awareness. It is a name consumers know and trust when looking for the car and very few of these players have been able to achieve what we have amassed in terms of our high-quality audience, who is more affluent and open to influence about what to buy and where to buy it, and the size of our dealer network, with more than 20,000 retailers subscribing to our services on a monthly basis.

What is more impressive is the average Cars.com visitor spends 15 minutes per visit and they come back and visit us 2.5 times a month, logging roughly 40 minutes of active shopping time with our site and our data. So the engagement of our audience is extremely high and very intentional. Yet only about a quarter of dealer advertising dollars are allocated to digital channels, representing about a $6 billion spend.

Now that spend is expected to continue to grow and ad spend by dealers will increase by roughly 15% to 20% just this year. And even with the expected increase to advertising spend, this disparity represents one of the biggest opportunities for both our Company and the category. Ultimately, consumer behavior is going to drive the shift in advertising dollars even more dramatically, and as a result, we are well positioned to capitalize on this secular shift.

We're looking at about a $35 billion industry when you combine both dealer and manufacturer advertising budgets, and Cars.com's share of the overall market remains only 1.3%. In terms of our total addressable market there are nearly 50,000 dealers in the United States. That's roughly 20,000 franchised dealers and 30,000 independents.

Last year, when we eclipsed 20,000 dealerships, it was a great accomplishment but our dealer count continues to grow, up 2.9% in Q1 of 2015 over the same period last year, but it's still less than half of the available market. So we have an incredible opportunity to grow, especially as we educate dealers on digital being the clear winner when it comes to reaching car shoppers.

A recent study conducted by Datalogix showed that an estimated 33% of all vehicles sold in the United States this past year were those to people who had researched the purchase on Cars.com. So as the industry becomes more aware of our impact and our influence, we stand to gain more share.

We have had over a decade of investment in building our brand and creating the optimal website experience, which has put Cars in a leadership position as a third-party voice for helping car shoppers find the right car. We lead the category in brand awareness and are the only company of our size to show significant growth between 2011 and 2014.

Our ability to deliver a high-quality audience to our dealers is another key differentiator and a way we seek to increase market penetration. Only 9% of consumers are in the market to buy a car at any given time, making it essential for dealerships to focus on media outlets that pinpoint car shoppers. In contrast, 83% of Cars.com visitors are in the market to buy now.

Our brand strength has led to consistent audience growth. From 2009 to 2014 we've grown our traffic over 17% on a compounded annual growth rate, closing in 2014 at 377 million visits and this year we are averaging 31 million monthly visits. We've also seen significant growth in our mobile properties as more and more consumers shop and research and communicate from a mobile device.

What is even more compelling is that shopping doesn't end once the consumer ends up on a dealer lot. In fact, over 60% of our traffic is coming from shoppers while they are standing on physical lots. It is a huge opportunity to help both dealers and manufacturers continue to influence the consumer up until the final moment of purchase.

Cars.com was the first to launch an auto website on a mobile device in 2007 and followed by our mobile app in 2011. And the growth has been rapid. When we first launched, only about 7% or 8% of our total site traffic came in through these devices and today now more than half of our total audience is accessing Cars.com using a mobile device.

Now as for our products, let me share a little bit with you about our core business first and then how our product offerings and investments have evolved.

First and foremost, as I mentioned, we offer a credible, unbiased platform for consumers to decide what to buy and where to buy it, leveraging the wisdom of 30 independent journalists, which helps create a real trustworthy experience and environment. And, inevitably, auto advertisers want to tap into that trust and reach a high-quality end-market audience. We offer a wide range of solutions and advertising product that meets the need of both franchise and independent dealers and automakers.

Most of our customers pay Cars.com on a monthly subscription basis for basic advertising packages. This gives them a license to our platform to put their vehicles and dealerships in our environment. Our team of on-the-ground digital marketing experts help dealers then compete effectively by enabling them to layer on additional upsell products tailored to their specific and unique needs.

Our subscription model encourages dealers because of their single flat fee and then the more upsell products that they purchase give them a higher return on their investment. And this model allows us to flex our rates depending on the size and inventory size of the dealership leading to higher retention rates for Cars.com, in excess of 80%. The model also provides a very highly predictable recurring revenue stream for the business.

If a dealer were to buy our full suite of upsell offerings, you have the ability to effectively compete in your local markets by owning all the consumer searches or for a given make or model in a specific market. These upsell offerings are sold a limited basis to a small segment of dealers, allowing a segment to gain a competitive geographic edge.

Take Chicago, where we are based. Say you are the third-largest Toyota dealership in the market, as we know, in every metropolitan market competition is fierce. Our targeted display advertising puts a dealership in a more prominent environment in front of all Toyota shoppers in that geography, giving them a leg up on the competition.

Now it is not always about creating a geographic advantage. Our other products are more nuanced and targeted, designed to meet more specific business needs. With our local salesforce our team can tailor display products and digital solutions to help a dealer, say, clear their 2014 inventory, promote a special incentive like 0% financing, or raise awareness for special events like an Independence Day sale. Or a dealer may want to gain a competitive audience edge by investing in any one of our retargeting products, which serve ads to shoppers after they've already left Cars.com.

In 2015 we are continuing to invest in our product and technology teams to accelerate our product roadmap into the future and I'd like to touch on some of those investments here today.

First, our new trade-in offering is currently in beta and will help dealers acquire used inventory directly from shoppers. By using your mobile phone, you can take a picture of your car, scan a VIN number, enter in some pictures and some data, and get real valuation for what your car is worth in your local market, but more importantly, competing bids from local dealerships.

We are also breaking into the lucrative service and repair category with a program designed specifically to help dealerships differentiate leveraging their service departments. Fixed operations is a $300 billion segment, but dealerships only account for about 27% of this market today. Almost all dealerships' marketing investments in fixed ops today is done via direct mail.

Cars.com is well-positioned with our local salesforce to help educate and evolve dealership behavior to bring them into an online environment where we know consumers prefer to get their information and we can help dealers win back this untapped market. The consumer trip to the dealership is the last mile of information before making a major decision about one of life's biggest purchases. Our lead in mobility will continue and thanks to new geo-sensing technology, cars.com is able to identify when a shopper is less than one mile from one of our customers and this allows us to develop far new greater insights and advanced ad targeting products to help dealers win this last mile.

And we have invested into new ad buying technologies as well. As the movement to programmatic buying takes place within the digital ecosystem, we are well-positioned because most advertisers want to know and trust where their ads will be placed. So Cars.com has created our Cars.com private programmatic marketplace. We're working with our national advertisers, our customers, and some of our larger dealer groups to tap into this very important asset, our consumer audience.

So how do we measure performance and how do we measure impact? We measure our basic advertising package by tracking the number of times consumers were looking at their inventory, the number of times their vehicles were coming up in search results, as well as the number of clicks, emails, and contacts, map views the dealer received. We measure the success of our display products by how many times those ads were shown by shoppers in a specific geographic area and we can measure the interaction rate and how much time people are spending with it.

Compare that to legacy media that largely lacks these performance measures, Cars.com can help evolve the auto industry and shift more dollars towards digital. To recap, Cars.com's three main drivers of growth include: number one, first we will continue to move more dollars to digital and as digital channels dominate car shoppers' attention, and as a result, more dollars will flow in this direction. Within three years automotive will rank as the second-largest segment in the US for digital outspending after retail and Cars.com is extremely well positioned to capitalize on this growth.

Two, new products, including several that I mentioned, will advise car shoppers which vehicles to purchase and trade in and speak to our consumer-first philosophy while increasing revenue and providing value to our existing customer base by updating our basic dealer ad package. And working will connect consumers with our advertisers to get more high-quality shoppers to their stores. We are also enhancing our display offerings, including our programmatic solution, and we will already add to our robust portfolio of advertising solutions. These initiatives will allow us to gain greater market share and increase our dealer customer count while maintaining our overall organic strong traffic growth.

With a seasonally-adjusted annual rate soaring over 17 million units by year-end, the new car market is strong. And improved consumer demands and lending trends, as well as strong lineup of new products being introduced by carmakers, these are driving profits up at the dealership level, causing an uptick in marketing. Always a good thing for our business.

Just like that the new car market -- there is a healthy demand for used cars, which keeps trade-in values high and should interest strong -- should build more interest in our trade-in offering rolling out later this year. We have several key performance metrics that we will be charting moving forward, including revenue, which we discussed up at 28%, but there are more than 31 million visits to Cars.com each month and that number is growing.

Traffic is up 9% over Q1 of 2014 and we have already seen steady growth in the number of dealerships that purchase our products. We closed Q1 2015 up 2.9% compared to 2014 and we lead our category in brand awareness closing in 2014 at 65%.

As Cars.com continues to drive the business into new categories and the launch of new innovative products and services, we are well positioned for even greater growth ahead. I want to thank you for your time today and turn the discussion over to Victoria. Thank you.

Victoria Harker - ***TEGNA (RemainCo) - CFO***

Thank you, Alex, and good morning, everyone. Over the course of the morning you have heard from Gracia and the management team about the many actions and attributes that will position TEGNA to continue our strong growth as well as our margin trajectory, which will continue to enhance shareholder returns.

I would like to take a moment now to review the financial impacts and the projected metrics for TEGNA going forward. Beyond this, I will also highlight our superior capital allocation strategy, including our plan to significantly increase the return of capital to shareholders with the announced dividends and share repurchase commitments.

I will also provide drivers to the substantial cash generation of each of our high-growth, high-margin businesses that will create a bedrock to fuel even greater growth in the future both organically and through selective high-impact acquisitions.

As Gracia mentioned, three years ago we shared with you our transformation strategy which set the course for TEGNA today. As you are aware, the market has taken note of the results of our transformation as well. At the time we launched, Gannett was trading at about $15 to $16 per share. Today we are trading at $38.30, a 52-week high. Strong equity appreciation, which has more than doubled over the past three years.

In addition, our total shareholder return over this same period has been nearly 170%, well in excess of the S&P 500 and Russell 2000 indices. Our highly-effective portfolio of businesses has positioned TEGNA to increase shareholder return and meaningfully outperform the indices over the next few years as well. To accomplish this, we will continue to leverage the same key drivers of value creation including superior capital allocation, strong operational execution, and strategic investment in new growth opportunities.

One of the key takeaways from today's presentation is that our transformation over the past several years has afforded us a tremendous scale we enjoy today. This includes a broadcast business with $1.7 billion in 2014 revenue and digital businesses, as well as other marketing and sales services, with $1.5 billion in revenue over the same period, both of which will position TEGNA to drive significant revenue growth over the next three years.

As you have heard today, we believe the initiatives we are currently investing in, along with those that were already launched over the last few years, will generate approximately 7% to 9% compounded revenue growth over the next three years and drive EBITDA margin expansion in the range of 32% to 37%.

I would now like to touch on the specific drivers and projections for each business segment, turning now to TEGNA Media. As you have heard from Dave, our television group strategy is to build on the momentum and the success that we've really enjoyed over the past, particularly over the last couple of years, resulting from the integration of our newly-acquired television stations as well as the innovative products and sales strategies.

As Gracia noted, television remains the medium of choice for advertisers seeking to attract large audiences efficiently and effectively. As a result, we will continue to benefit from the tremendous scale and geographic diversity that we enjoy today together with our network partners.

Beyond this we look forward to 2016 being a banner year for broadcasting businesses as a result of what is expected to be a hotly-contested presidential race coupled with a highly successful Summer Olympics. As a result of these trends, over the next three years we expect a compound annual revenue growth rate of 6% to 8%. We also expect to maintain our industry-leading EBITDA margins in the range of 43% to 50% with the odd years, especially 2017, skewing lower than the even years, due to the political campaigns and Olympic year cycles.

As you are already aware, the Digital segment's recent growth has been driven by our game-changing acquisition of Cars.com last year as well as the strong ongoing performance of CareerBuilder. Beyond this, G/O Digital sales and marketing channel has continued to provide products and sales programs which benefit all of our businesses and will continue to support new Gannett through commercial agreements. As a result, the Digital segment revenues are expected to grow 10% to 11% from 2016 to 2018 and EBITDA margins in the range of 28% to 31%.

In particular, Cars.com had a strong track record of growth and expansion as revenues grew at a compound annual growth rate of nearly 20%, driving EBITDA increases of 40% in the period of 2006 through 2013. For the next three years we expect Cars.com revenues to grow 11% to 12% with EBITDA margins of 38% to 41%.

In addition, as you heard from Matt earlier, we believe CareerBuilder will continue to gain market share in North America, predominantly through expansion of their Software-as-a-Service products and services. As a result, CareerBuilder is projected to grow revenue of 9% to 10% compounded annual growth rate over the next three years with a healthy EBITDA margin range of 23% to 25%.

In terms of operating cash flow, historically TEGNA and new Gannett together generated significant EBITDA. Last year alone we generated $1.6 billion of EBITDA on a pro forma basis, of which about 70% was attributable to TEGNA.

Beyond our investments for future growth, we have returned significant capital to shareholders, specifically Gannett returned over $250 million to shareholders through share repurchases and dividends last year, fully $870 million over the past three years. As you may recall, in 2012 we committed to returning more than $1 billion to shareholders by the end of 2015. Well, we have done that and more.

This is clearly a testament to the results of our strong capital allocation which provides for superior value creation for our shareholders. It is significant to note that TEGNA alone generated over $1 billion of EBITDA for 2014 on a pro forma basis, which we will project to grow at a compound annual growth rate of 8% to 10% over the next three years.

Our capital allocation strategy reflects the consistent cash flow that we generate from our high-growth, high-margin businesses, our fortress balance sheet, and a very manageable debt maturity schedule that allows for maximum flexibility. In addition, we extended our $1.3 billion revolving credit agreement and entered into a $200 million short-term loan arrangement for TEGNA with very favorable terms and conditions. This will provide us with the ability to not only self-fund our growth initiatives, but also increase our yield over time.

Just as we have done in the past, we will continue to be thoughtful about the strategic fit of acquisitions and we expect to continue to pursue attractive opportunities in the future. As you have heard here today, we are very focused on organic growth and growth through acquisitions, but unlike many growth companies, we also continue to focus on increasing efficiency and maximizing asset optimization as a funding source.

As we've done in the past, we will continue to take a disciplined and comprehensive approach to implement efficiencies and automation where possible while minimizing redundancies across the entire platform. We plan to continue to execute on that blueprint, which allows us to amortize the cost of all capital investments across the portfolio.

To that end, the minimal dis-synergies related to this spend in the range of $5 million to $8 million due to duplicative costs related to outside service fees, audits, compliance filing and registration costs, as well as a new Board will anticipate to be absorbed through the reduced costs as we work to resize our infrastructure over the next few months. Beyond this we also continue to take actions to optimize our real estate assets, which over the past three years alone have driven about $140 million in asset sale proceeds as well as lower annual operating profit.

Now I would also like to provide a brief update on our pension plan, which reflects another means of providing value to another important constituency, our employees. In order to position both TEGNA and new Gannett well after the spin, we will take the following actions to ensure the ongoing strength of our plans.

Prior to separation, Gannett will make approximately $100 million in contributions to Gannett retirement plans. Approximately $200 million of total Gannett retirement plan liabilities and associated assets will be retained by TEGNA post-separation related to broadcast, corporate, and other non-publishing retirees and future and current retirees.

Subsequent to the separation, new Gannett will also make additional contributions of $25 million in each of the next five years and $15 million in the sixth year following the spin. As a result, both pension plans will continue to be robust, particularly given the high valuation of future liabilities in a very low interest-rate environment.

I would like now to take a moment to discuss how we think about prioritizing capital allocation. First, we will continue to focus on executions to deliver strong returns to shareholders, which will enable us to generate price appreciation while paying a cash dividend of $0.56 a share annually. We have also initiated a $750 million share repurchase program expected to be used over the next three years.

Second, we will continue to invest in our businesses to pursue growth initiatives through organic expansion. Third, we will opportunistically consider M&A and investment opportunities, which will grow and accelerate our capabilities to serve and delight our customers. We expect to accomplish this with very moderate leverage levels, which allows us to flex to meet the needs of new opportunities as they arise.

This capital allocation strategy will allow us to pursue our strategic agenda, grow shareholder return while maintaining the financial strength and strong balance sheet and liquidity. Specifically, our capital allocation strategy offers compelling near- and longer-term returns to our shareholders in the form of dividends and share repurchases of approximately $1.5 billion by 2018.

When combined with the financial performance of our high-growth, high-margin businesses, which provide a strong and growing cash flow, this will put us on pace to deliver total shareholder returns in the range of 15% to 18% annually through 2018. We look forward to sharing our strong financial results with you in the days to come.

With that, I will turn the floor back to Gracia for closing remarks.

Gracia Martore - ***TEGNA (RemainCo) - President, CEO***

Thanks, Victoria, and to say that our leadership team is excited about our future prospects as we approach next week would be an incredible understatement. As you heard from Dave, TEGNA Media is the largest and most geographically diverse TV broadcaster in the country. They have strong local brands and highly-rated stations that continue to take market share, and they are continuing to innovate while maintaining industry-leading margins, which they will do over the foreseeable future.

TEGNA will also be a digital powerhouse and you heard about our great businesses in Cars.com and CareerBuilder. They are both leaders and innovators in their respective industries, with stellar digital product offerings as you heard that will drive growth in revenue and profitability in 2016 and beyond.

Now before we finish up, I want to come back to G/O Digital, our digital marketing services business, for a moment. G/O Digital is a one-stop shop for marketing solutions. Demand for digital marketing services continues to grow unabated, especially in our local markets. We have developed increasingly sophisticated products and services to meet that demand and help businesses of all sizes connect with consumers in their local markets.

And as a result of that, our client roster has grown significantly over the past year to nearly 4,000 clients and revenue per client has increased as well. Revenue from local advertisers rose about 65% in 2014, led by increases across key product solutions including search, email, and social marketing products. And there is much more to come from that business.

So what does all of what you have just been hearing mean for you? Well, our demonstrated ability to develop home-grown innovations and complete strategic acquisitions at a fair price, to integrate them efficiently, to operate them successfully, and to exceed expectations have resulted in a tremendous portfolio of high-growth assets. Our businesses are strong, industry leaders in sectors that are growing rapidly, and offer significant consolidation opportunities.

That is the basis of our investment thesis, which as I noted at the very beginning is simple but powerful. We have top-performing assets with tremendous scale and reach that are well-positioned for double-digit revenue growth. We have high-margin businesses that generate consistently strong, dependable, growing cash flow and a shareholder-focused capital structure including a very attractive dividend and a sizable commitment to share repurchases. These strengths, combined with a very healthy balance sheet, provide us with significant flexibility to continue to invest in promising new growth opportunities, either organically or through acquisitions.

As a result of all that you have heard, we will deliver compelling near- and long-term returns to our shareholders, just as we have done for these past several years. We feel great about where TEGNA is today, but those of you who know us know that we won't rest on our laurels. As our history has shown, we will take the appropriate steps at the appropriate time to pursue new opportunities that create outsized shareholder return and we have ample flexibility, as you have seen, to do so.

In other words, we have executed the separation to assure that the options are nearly limitless for Gannett and for TEGNA and we are excited for what the future holds.

With that, the leadership team will join me and we will be delighted to answer any of your questions. Thank you. Mr. Goss?

QUESTION AND ANSWER

James Goss - ***Barrington Research Associates - Analyst***

(inaudible -- microphone inaccessible)

Gracia Martore - ***TEGNA (RemainCo) - President, CEO***

Well, Matt will speak to the accelerating growth at CareerBuilder and I will speak to the other part of the question.

Matt Ferguson - ***CareerBuilder, LLC - CEO***

When you look at the potential of the deal size, just as an example last week on that concept of CareerBuilder1, which is the workflow, and the other things tied into it. Last year we weren't even selling that and last week we closed six deals at an average price point of about $100,000 annually. So you can run that out; there's some exciting potential there depending on the size of the market.

These software systems have high price points, often multiyear deals, and so we're excited about the future and what the growth means. As you noted, I think -- I couldn't quite hear you, but I think you stated SaaS companies, a lot of SaaS companies, so if you look at Workday or Salesforce, they have very high growth rates. And we think the opportunity is a decade-long opportunity as company’s transition to Internet-delivered software services and we think we are as well positioned as anybody to deliver that platform on the pre-hire. There isn't anybody else that has the critical assets we have today and the price points [of today].

Gracia Martore - ***TEGNA (RemainCo) - President, CEO***

As Matt mentioned, it takes 12 months to 18 months to ramp up that business even with the investments that we are making in additional sales and technology resources. So we talked about the growth rate in 2017, but obviously we expect fully that it will more reflect in those later years a much higher growth rate.

As to our other partners and our interest in the rest of CareerBuilder, as you have heard here today, we believe that CareerBuilder is an incredibly strong business, a fantastic business that has a growth trajectory that is going to be very impressive going forward. You would have to speak to our partners about their interest in being a seller. At the right price, we are always open to new opportunities.

Unidentified Audience Member

Thank you. I think the projected EBITDA margin of 43% to 50% through -- over 2014 to 2018 was a little surprisingly high given the reversing retrans negotiations you are entering into. So I guess the question is can you expand on that a little bit? Are you expecting to get efficiencies elsewhere? And is there also a reflection of what you expect out of gross retrans given all the customer negotiations you've got coming up there as well? Thanks.

Gracia Martore - ***TEGNA (RemainCo) - President, CEO***

Let me start, Doug, and then Dave will be happy to fill in all the blanks. The great thing about retrans is that there's two sides of this pie. The first is the fact that we have about 90% of our subs coming up by the end of 2016 and we believe that we are going to continue to grow those dollars that we achieved from those subs to better reflect the contribution that we make. And so there is a big opportunity. Oftentimes people forget that there's two sides of this pie.

We also understand that there is the reverse retrans side of that pie and we believe very strongly in the initiatives that Dave talked about. Those, together with some others, will present us great opportunities to more than offset whatever that leakage is from additional reverse retrans.

Dave, why don't you --?

Dave Lougee - ***TEGNA (RemainCo) - President, TEGNA Media***

I think Gracia made a really important comment earlier is that we have been planning for this for some time, right? And so on the revenue side we have got initiatives timed to correctly add revenue on the top line. We've also got cost efficiency models built in, as I talked about earlier.

And then just to expand just some more on what she was just talking about on the gross revenue side of retrans. On a penny per viewer basis broadcasters are still the very lowest member of the ecosystem, let alone the sports fees that are way up there, some of them in the $5.50 range at many RSNs, $3.50, $4. You've got a lot of mid-tier cable channels that are still -- even though their rates might even be lower than ours now, are still dramatically higher on a penny per viewer basis. So there is a lot of market upside on that -- appropriately on the top line.

Unidentified Audience Member

Thank you. As we think about the next five to seven years, can you expand a little bit more on how technology will transform the traditional television business?

Gracia Martore - ***TEGNA (RemainCo) - President, CEO***

Sure. Dave, why don't you comment on OTT and some of those initiatives?

Dave Lougee - ***TEGNA (RemainCo) - President, TEGNA Media***

You bet. I think what it obviously is doing is it is -- especially in entertainment programming, it's creating a forum for a more on-demand platform. I think relative to our business and our unique local content. We're going to be somewhat agnostic to platforms. I actually am excited about the idea of being able to produce new local shows that people can consumer wherever they are.

And by the way, on platforms that will have an IP return path that will be able to create new advertising ecosystems for broadcasters. So we are going to be somewhat agnostic to platform.

What we do, both -- the live local linear newscast isn't going away anytime soon, but we are also finding that we are a first source for content now across all platforms. Just take out of the last week for instance, two weeks; we had massive storms across Texas. People are consuming our content on every platform, live and on-demand and text alerts. The last 48 hours in Buffalo, where the two escaped killers have been, people have been relying on us across platforms.

So the ecosystem will continue to fragment in terms of how people consume, but really I think we are less -- as one other person we just hired said, it's all glass. People are viewing it on glass and so if we have the right content offering, we are agnostic to somewhat how it evolves.

Gracia Martore - ***TEGNA (RemainCo) - President, CEO***

And I think the package that folks are wanting, as we heard out of Apple TV and others, is we want the network content but we also want that local content. And that combination, together with our network partners, is going to be a compelling and important opportunity for us on every platform that Dave has been talking about.

Unidentified Audience Member

Just two questions. First, just to clarify what you just said a few moments ago. Is it fair to say you expect net retrans to be down in 2017, but there are other factors that might compensate?

Gracia Martore - ***TEGNA (RemainCo) - President, CEO***

As you know, we have all of our NBC or the vast majority of our NBC stations coming up in 2017. We also come off what we are now referring to as the Mount Everest of political and Olympic revenues in 2016, which we will have to compare against in 2017. There may be a momentary blip in and reversal in net retrans in 2017, but all of those initiatives that we have been planning for and we have been looking at over the last year to year and a half and we are beginning to dramatically execute against will more than offset that in 2017 and beyond.

And in 2016 our net retrans will be higher than it was. It will be a net positive for us. So we have a very good story despite a couple of -- actually what is great is everybody forgets that we signed 10-year affiliation agreements and so we have had the benefit of 10 years of no reverse retrans. We think that is a great thing. It was a great decision we made. We are now at that point and we happily --

Unidentified Audience Member

On the original Gannett --?

Gracia Martore - ***TEGNA (RemainCo) - President, CEO***

Yes, on the original Gannett stations. Happily to share that with our network partners. But we have taken the steps to make sure that the trajectory of the broadcast business continues to be the one that we have had in the past and the margins continue to be a strong as they have in the past.

Unidentified Audience Member

Then just as follow-up on Cars. You laid out a long-term growth profile of 11%, 12%. Would you expect the business to kind of be throttling at or around that level when you lapse the new affiliation agreement on October 1?

Alex Vetter - Cars.com - President, CEO

Going forward or --? No. So our direct revenues have been the predominant source of growth in the business for the past several years. And that -- as we have reduced the reliance on our affiliate economic model, we have built out our direct sales model and that now still is the lion's share of growth for the business, both in the past and we see that continuing into the future.

Gracia Martore - ***TEGNA (RemainCo) - President, CEO***

Yes, so we will have a double-digit growth rate. Even as we cycle the benefit of the new affiliation agreements that we have in place, we will have that, as you were saying, that 11% to 12% direct revenue growth. And then obviously we have another opportunity to take a look at those affiliation agreements four years and three months from now. Obviously that's a decision that all of us will have to make and we will see where we are, but that's another opportunity for us as well.

Unidentified Audience Member

This may be another OTT follow-up. Dave, what has been the delay in getting the local stations on board? And is it your expectation that you will be negotiating directly with the OTT players? And do you expect all of your markets to ultimately be part of the offering or is this more just a larger market offering?

Dave Lougee - ***TEGNA (RemainCo) - President, TEGNA Media***

I take it from your question you are talking to nontraditional MVPD OTT offerings. I think the answer is that it is not as easy as people think from a technology standpoint to get it all figured out. I think probably their intentions are to do the larger markets first from an economics rollout standpoint, which then you're talking in many cases about our stations.

But it also -- it's a new area of both outreach and execution and negotiation for both us, the networks, and those players. So I think you will start to see some acceleration of those things in the back half of the year, John, but I think as Gracia pointed out earlier, we are going to be wanted in there.

Unidentified Audience Member

(inaudible -- microphone inaccessible)

Dave Lougee *- TEGNA (RemainCo) - President, TEGNA Media*

I think those are conversations that are ongoing. I think it makes, obviously, rational sense to have the same technical terms and conditions for everybody to make it efficient. As it relates to economics that remains an ongoing dialogue, an open question and there's different ways to look at it and we're looking at it.

Unidentified Audience Member

For Alex, please. One of your competitors just announced a fairly sizable acquisition in an adjacent space with Cox buying Dealertrack, so two things. One, how attractive is that business from your standpoint? Do you need that to compete more effectively in the dealer space?

And then, separately, have a large auto dealer executive who has made some critical comments about some of the marketing services provided by the online providers. So how do you address the fact that AutoNation, Penske, those guys have the potential to build their own networks, if you will? Thank you.

Alex Vetter *- Cars.com - President, CEO*

Got it. On the first question, the day that deal was announced I think the comment I made to Gracia was what a great endorsement for the price you paid for Cars.com. The asset is obviously worth a lot more today than it has ever been.

From a competitive standpoint, we don't see that as directly competitive, although we admire Cox and all that they have done to try to stitch together an ecosystem. Cars.com remains squarely focused on serving the consumer and being agnostic to the systems and tools that the auto industry uses to process sales. Our bread-and-butter is serving the consumer. If we do that well, we will always have advertisers lined up to tap into our audience.

I think on the second question, you are probably referring to Mike Jackson, CEO of AutoNation's, comments regarding third-party sites. And I can't speak for Mr. Jackson, but I can tell you that we have a strong, healthy business relationship with AutoNation. I think if you interpret his remarks, what he does take offense to are the companies that do two things: one, act as an intermediary or somehow insert theirselves between buyers and sellers.

We have always been an open platform. We are very transparent that Cars.com doesn't sell cars, but we introduce you to a marketplace of retailers who do and we can help them promote their brands and differentiate. Even AutoNation Express solution that's new, we're helping them promote and create awareness of that option as being superior, say, to the other dealers in the local market because of the speed at which they can facilitate a vehicle sale.

So I think staying true to the consumer is number one and number two for us is we are a platform. We are not a buying service that takes control of the vehicle and acts as a broker, or do we try to make the retail industry race to the bottom on pricing. We create a platform and allow that to compete and that is one of the reasons why I think dealers nationwide have said Cars.com is a place to be. That is reflected in our 20,000 dealer network and growing as one of the largest players in the space.

Unidentified Audience Member

Question, Matt, on the CareerBuilder side. Can you just speak a little about your long-term CAGR revenue growth of 9% to 10% for 2016 to 2018? For the advertising piece, how much are you -- I assume you're assuming that to be flat to modestly down. Can you talk about that a little bit?

And also, just given the vertical you are in, can you just talk a little bit about the hiring environment right now; how you feel about that now versus, say, how you felt six, eight months ago?

Alex Vetter - ***Cars.com - President, CEO***

On the first part, there's some modest growth in the advertising when you get out into 2017 and a lot of that is around the resume database piece. So, yes, you're right; we are not expecting as part of that model great advertising growth. It's not zero, but it's not going to be double digits there, right? Most of that growth is coming from the software, as you noted.

The employment market today I think is still very similar to six months or 12 months ago. For skilled positions it's very tight and tough, but what I think is a little different today than six months ago is you are seeing companies like Walmart come in and say that they are going to take their minimum wage up to $9 I think next month and then $10 next year. Target announced something similar; several other retailers have announced it.

So for, I think, the first time that I have seen since the recession for unskilled positions you are starting to hear companies talk about a tightening labor market there and it's harder to get consumers to apply for those jobs, more generalized unskilled. And I think that is different than eight months ago. The skilled labor market has been tight and tightening for years. The unskilled I think is starting to shift for the first time since the recession.

Unidentified Audience Member

Matt, just staying with CareerBuilder for a second, can you talk about your affiliation agreements today? I know in terms of the spinoff there are some changes to the agreement with the Gannett papers. Are there any changes with any of your other partners and how significant a source of revenue is that overall? Thanks.

Matt Ferguson - ***CareerBuilder, LLC - CEO***

Right. And so will be a change to the affiliate agreements when there is a spin and that is similar to what happened when Tribune split their broadcast from the newspapers a year ago, whenever that was. Hard to say because each -- Gannett is different than Tribune, whether that will be a benefit for revenue to CareerBuilder or not. They will have the ability to still sell products and a lot of customers may stay with the newspaper. Some may navigate over to CareerBuilder. We'll have to see how that plays out.

There are beneficial economics from a cost standpoint and revenue share standpoint that will come back to CareerBuilder when that spin occurs.

Gracia Martore - ***TEGNA (RemainCo) - President, CEO***

But all the rest of the affiliate agreements remain --

Matt Ferguson - ***CareerBuilder, LLC - CEO***

Correct.

Gracia Martore - ***TEGNA (RemainCo) - President, CEO***

-- as they are?

Matt Ferguson - ***CareerBuilder, LLC - CEO***

Yes, McClatchy's doesn't change and hasn't changed and Tribune does what it was after the spin. It changed during the spin similar, and that was all set up I think in 2007, 2008 anticipating that this might happen at some point.

Gracia Martore - ***TEGNA (RemainCo) - President, CEO***

And, Matt, affiliate revenues today is part of the total 15% to 20%?

Matt Ferguson *- CareerBuilder, LLC - CEO*

Yes, it's very small as a percentage of the total.

Tracy Young *- Evercore ISI - Analyst*

Tracy Young, Evercore ISI. I have three just clarifications. You gave the EBITDA margin for each of the segments. Is there any other corporate expense that we should be thinking about?

Gracia Martore *- TEGNA (RemainCo) - President, CEO*

Yes, there will be a corporate expense line. Victoria?

Victoria Harker *- TEGNA (RemainCo) - CFO*

Over the span of the next year we expect it to be settling around the $55 million or so level. We had talked about the dis-synergies that are on top of that right now, but over the span of the next 12 months those will be essentially reversed relative to cost takeouts that we have as we resize our footprint.

Tracy Young *- Evercore ISI - Analyst*

Thank you. Then second question is related to the investments in Cars.com. Is there anything -- you mentioned some of the investments that you will be making. Is there anything specific that we should be thinking about for this year in terms of cost, additional costs?

Gracia Martore *- TEGNA (RemainCo) - President, CEO*

I think that's all baked in to the numbers that we have been sharing and you have been seeing.

Tracy Young *- Evercore ISI - Analyst*

Okay, last question is related to the websites for the TV business. Will that be included in the digital total number or in the TV business?

Dave Lougee *- TEGNA (RemainCo) - President, TEGNA Media*

So the money -- the $115 million I was referring to, if I understand your question, is completely separate from the revenues on Alex and Matt's side of the business.

Unidentified Audience Member

Then maybe just following up on Tracy's question, when we think about what is embedded in terms of your core kind of non-digital aspect of media or TV spend, what is the thought process there over a multiyear period? Thank you.

Dave Lougee *- TEGNA (RemainCo) - President, TEGNA Media*

Could you rephrase the question? I apologize; I didn't quite follow that.

Unidentified Audience Member

Sure. Just on the core TV advertising and how you're thinking about that excluding the digital components over the course of the next four years.

Dave Lougee - ***TEGNA (RemainCo) - President, TEGNA Media***

Yes, understood. I think the answer is we are going to -- as I mentioned earlier, through our sales initiatives try to take our destiny into our own hands and put new demand on our core from the local side from different pies of budgets and not be reliant on just what the marketplace traditionally gives in the RFP side of the core business. So as we are -- as we view the core, the core -- we view the core as something we have inside our own destiny to grow locally.

Unidentified Audience Member

Some of the broadcasters, like Sinclair, etc., have expanded into programming in various ways. Do you have any plans to use the spectrum or just go into programming?

Dave Lougee - ***TEGNA (RemainCo) - President, TEGNA Media***

Yes, so The Justice Channel I referred to earlier is already on our -- it's a multicast channel on all of our assets and we are excited actually about a lot of opportunities that we see coming. We haven't made any major announcements yet, but we are getting closer. But simply put, there is an absolute desirable, both from ourselves and our partners, our peer broadcasters as well as producers and programmers for innovation. There is a real opportunity for innovation in traditionally syndicated time periods and that is coming.

Gracia Martore - ***TEGNA (RemainCo) - President, CEO***

I think we have time for one more question, or none if you don't have any. There's one hand over there.

Unidentified Audience Member

I was wondering if you could talk about your appetite for acquisitions in the broadcasting area and how you would balance broadcasting versus the various digital opportunities you might have.

Gracia Martore - ***TEGNA (RemainCo) - President, CEO***

We have a strong appetite across all of our businesses to make great, disciplined, strong acquisitions, similar to what we have done with Cars and with Belo. I think on the broadcasting side, given the current state of regulation with respect to JSAs and FSAs, it will be a little difficult for us in 38 markets and covering almost a third of the country to probably acquire a very large broadcaster because there would be probably a lot of overlap and we would have to be careful about those issues as well as then --.

What you don't want to do is buy 20 stations because you really wanted three of those stations. That's probably not a great equation for us, but we can see ourselves being quite interested in opportunities that might complement the existing platform that we already have. And then obviously we remain hopeful that some of the regulations will begin to reflect the 21st century rather than perhaps the 1950s and that would allow things to move in a much more effective way.

As you heard today, we are very interested in opportunities that we might avail ourselves both on the Cars.com side; CareerBuilder has made a series of wonderful acquisitions with Broadbean and EMSI. And I think there might be one or two in the pipeline that we might be looking at. Not anything significant, but certainly something that would complement the trajectory that we have on transforming that business.

So we are blessed with a lot of -- as you saw, a lot of free cash flow. We also believe that we are good capital allocators and so we will continue to look at all of those opportunities while returning capital to shareholders and also paying down some debt.

Thank you all very much for being here. There's lunch outside and then we hope that you will stay and our brethren from the new Gannett will also be making a presentation at 12:30. Thank you all for being here.