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PRESENTATION

Operator

Ladies and gentlemen, thank you for standing by. Welcome to the Meredith Fiscal Fourth Quarter Earnings Results. At this time, all participants are in a listen-only mode, later we will conduct a question-and-answer session. Instructions will be given at that time. (Operator instructions) As a reminder, this call is being recorded. I would like to turn the conference over to Mike Lovell, please go ahead.

Mike Lovell - *Meredith Corporation - IR Contact Officer*

Hi, good morning everyone and thanks for joining us today. Our call will begin with comments from Chairman and Chief Executive Officer, Steve Lacy and Chief Financial Officer, Joe Ceryanec, and then we'll turn the call over to questions. Also on the line this morning, our Local Media Group President Paul Karpowicz and National Media Group President, Tom Harty. An archive of our discussion today will be available later on our investor website and the transcript will follow that. Our remarks today do include forward-looking statements and actual results may differ from forecasts. Some of the reasons why, are described at the end of our news release that we issued earlier this morning and in some of our SEC filings. With that, Steve will begin.

Stephen Lacy - *Meredith Corporation - Chairman of the Board, Chief Executive Officer*

Thank you very much, Mike and good morning everyone. I hope you've had the opportunity to see our news release issued earlier this morning detailing our fiscal 2015 results. I'm pleased to report another year of strong growth in revenue, profit and cash flow.

Here are some of the financial highlights. Meredith delivered more than 20% growth in earnings per share during fiscal 2015. Our Local Media Group generated record financial performance including a 44% increase in operating profit and a record $44 million in political advertising revenues, which was up about 12% when compared to the last election cycle. Our National Media Group delivered an 8% increase in operating profit along with stronger operating profit margin. Total company advertising revenues grew 15% with digital advertising increasing more than 45% across the enterprise. We returned more than $125 million to shareholders through our dividend and share repurchase program, while at the same time, making a series of strategic investments to increase the scale of our media business. Looking at the full 2015, several key accomplishments stand out. First, we strengthened our competitive position by enhancing many of our existing brands and launching new ones. Second, we significantly broadened our portfolio by adding and successfully integrating a series of new media properties. Third, we expanded our rapidly growing digital business, delivering record highs in audience, revenue and of course profit. Fourth, we delivered growth in businesses that are not dependent on traditional advertising. And finally, we continued our disciplined approach to expense management, while at the same time, successfully executing against our total shareholder return strategy.

Now, I'll provide some color on these accomplishments. First we strengthened many of our existing media brand and launched new ones. This included rate-based expansion for Allrecipes and EatingWell, redesigned our Family Circle, MORE and Wood and the premiers of Eat This, Not That and Parents Latina magazine. Our Local Media Group added hours of news at several stations including both St. Louis and Portland. Second, we significantly broadened our media portfolio through acquisitions and long-term partnerships. In our National Media Group, we added the Shape brand, leader in the women's active lifestyle category. We merged Fitness into Shape to create a category killer along with increasing our digital traffic about 50% in that part of the business. We also acquired the rights to operate Martha Stewart's media properties including Martha Stewart Living magazine and MarthaStewart.com. These actions increased our share of US magazine advertising revenues by about 150 basis points. We also entered the millennial rich weddings category with the addition of the Martha Stewart Weddings brand and the leading digital business MyWedding.com.

In our Local Media Group, we added the Mobile, Pensacola FOX affiliate, WALA, along with WGGB, the ABC affiliate in Springfield, Mass that also airs FOX on a digital tier. Together with the fiscal 2014 acquisitions of KMOV in St. Louis and KTVK in Phoenix, we created two new and highly profitable duopolies and added great properties to our station group.

Third, we continued to drive rapid growth in our digital, mobile, video and social platform. In addition to the consumer side I just mentioned, we acquired the leading ad technology platform, Selectable Media. Selectable's powerful native and engagement-based advertising products are giving us more premium digital advertising inventory and increasing CPMs across our digital business. We also redesigned and re-launched several of our key digital destinations including BHG.com and Agriculture.com. We also created and updated key apps including the popular Allrecipes Dinner Spinner, which has been downloaded nearly 20 million times. Speaking of Allrecipes, we completed the ground work for the next generation of Allrecipes.com, the world's leading digital food destination. We will debut this exciting new platform during the first half of our fiscal 2016. National Media Group digital ad revenues totaled more than $115 million, now accounting for nearly 25% of total fiscal 2015 ad revenues. And that's up from just 7% five years ago. In our Local Media Group, we continue to enhance our digital and mobile destinations helping us increase monthly unique visitors by more than 20% during fiscal 2015. We also launched a new ad technology platform that allows us to sell digital advertising across our station group. As a whole, traffic to our websites grew to a record high of approximately 70 million monthly unique visitors during fiscal 2015. Importantly that ranks Meredith among the top 35 digital operators in the United States. Fourth, we diversified our revenue and profit base by growing our non-advertising based businesses. Our Local Media Group delivered significant growth in retransmission revenue and is well positioned for an increased profit contribution from these activities. Brand licensing delivered excellent performance driven by strong sales of products at Walmart stores across the United States. Again importantly, Walmart is now selling more than $2 billion of Better Homes and Gardens' licensed product annually. Meredith accelerated marketing generated more than 20% growth in operating profit, as with digital marketing agency leverage its content marketing expertise on behalf of clients in the automotive, casual dining, consumer package goods, managed healthcare and the retail industries.

With that overview, I'll turn the conversation to Joe Ceryanec, our CFO, for the operating performance of our two business groups and highlights of our total shareholder return strategy.

Joseph Ceryanec - *Meredith Corporation - Chief Financial Officer*

Thanks Steve and good morning everybody. I'm going to start with a look at our Local Media Group results. Fiscal year 2015 operating performance set numerous records as revenues increased 33% and operating profit and EBITDA each grew more than 40%. EBITDA margin was also a healthy 38%. From a market standpoint, results were boosted by our acquired stations in Phoenix and St. Louis along with nice growth from our existing stations in Hartford, Phoenix and Portland. Total ad revenues were up 35% including a nearly 40% increase in digital advertising revenues. Performance was approximately even between local and national spot advertising with local accounting for about two-thirds of the total. From a category standpoint, we saw strength in the professional services, automotive, and media categories. Other revenues and expenses both increased due primarily to retransmission related revenues we get from cable telecom and satellite providers as well as higher programming fees that we paid to the networks. As we look ahead to fiscal 2016, we are very focused on several things. One, continuing to strengthen our local program. For example, we now produce 660 hours of news and local programming weekly across our portfolio, which is more than 60% than we did five years ago. Two, we are focused on monetizing our fast growing digital platforms. Mobile has a priority because of strong user demand particularly when it comes to traffic and weather. Traffic to our mobile sites increased nearly 30% in fiscal 2015 and mobile views have increased six fold over the last three years. And overall, our digital related revenues in the Local Media Group have grown at a similar pace.

And finally, we will begin to renegotiate our retransmission agreements with cable, satellite, and telecom providers in the 2016. About 40% of our subscribers are up for renewal in fiscal 2016, generally in the second half of the year, and then another 40% renew in fiscal 2017. Since most of our major network affiliation agreement renewals are up in our fiscal 2018, we expect to have higher retransmission contribution in margins in this interim period.

Now turning to our National Media Group. Fiscal year 2015 operating performance was markedly stronger with operating profit up 8% on a GAAP basis. Excluding special items in both years, operating profit increased 3%. Total ad revenues grew 3% led by strong digital performance specifically Allrecipes.com, MarthaStewart.com, Shape.com, Selectable Media and mywedding.com drove digital ad revenue growth of approximately 50%.

On the magazine side, performance was driven by the addition of Shape and Martha Stewart Living along with our food oriented brands Allrecipes, EatingWell and Family Circle. From a category standpoint, we delivered growth in prescription drugs, retail and food. And to give you a little more color on how we are driving increases in the prescription drug category, we set a goal to capture Book of Record status with key pharma clients, which means that their ads appear in every issue of a magazine and support a television campaign. And during the year, we won Book of Record status with eight clients including Merck, Johnson & Johnson and Sanofi. We also added about 1.5 full percentage points to our share of the US magazine marketplace through the acquisition of the Shape brand and our long-term partnership with Martha Stewart's media properties. Today our share stands at approximately 11%, nearly double where it was a decade ago. Additionally, I'm pleased to report that the readership of our subscription titles is an impressive 118 million up 20% over the last 10 years. Our circulation contribution increased in fiscal 2015 and we continue to expand our digital consumer marketing activities by driving approximately one-third of our magazine subscription acquisitions to a more profitable digital channel over the last 12 months. We also continue to grow our non-advertising dependent businesses in fiscal 2015. For example, brand licensing revenue and operating profit, both set records while MXM increased operating profit by more than 20%.

Again looking ahead to fiscal 2016, we are very focused on; one, increasing our reach to millennial women. The millennial generation is the largest in the United States and this important group accounts for nearly a third of the US population. We're currently reaching 60% of millennial women and our reach is expected to grow as these millennials continue to move into the home ownership and parenthood phases of their lives. Two, to ensure this transition happens, we will continue to invest in our existing brand as well as launch new products which Steve detailed earlier in his remarks. And third, continue adding attractive strategic brands and capabilities to our portfolio. Earlier this month, we announced the addition of Qponix, a leading shopper marketing data platform. Qponix matches items that consumers are searching for with local retail products offers and coupons, and is the fifth digital acquisition we've made over the last year.

Now as we look at our company-wide financial highlights; cash flow from operations grew to more than $190 million and since December 31, 2014, we reduced our debt balance by more than $60 million and our debt-to-EBITDA ratio was 2.5 times at June 30, down from our peak of 2.9 times at December 31, 2014. And importantly, we continue to successfully execute our total shareholder return strategy. We increased our dividend by 6% in January, which was our 22nd straight year of dividend increases and we're excited with the prospect of becoming a dividend aristocrat, which is a company that has achieved 25 straight years of dividend increases.

Now, let's turn to our outlook. We expect full fiscal 2016 earnings per share to range from $2.90 to $3.25. And as remainder, we will be cycling against a record of $44 million or almost $0.60 per share in net political advertising revenues recorded by our Local Media Group in fiscal 2015. Looking more closely at the first quarter of fiscal 2016 compared to the prior-year period, we expect total company revenues to be up low-single digits, total Local Media Group revenues are expected to be flat to up slightly, and total National Media Group revenues, we expect to be up low to mid-single digits. We expect that fiscal 2016 first quarter earnings per share range from $0.47 to $0.52 compared to the $0.65 in the prior year period. But again as a reminder, we will be cycling against $13 million or $0.18 per share in net political ad revenues, which we recorded in the prior year first quarter.

I'll now turn it back to Steve for a few closing comments and then we'll open it up to questions.

Stephen Lacy - *Meredith Corporation - Chairman of the Board, Chief Executive Officer*

Thank you very much, Joe. So in conclusion, before the Q&A, I am very pleased with our performance in fiscal 2015. Looking ahead, we continue to aggressively pursue the following key strategies. First, successfully integrating our recent acquisitions and growing our existing businesses organically. Second, rapidly growing our digital and mobile businesses across the enterprise. Third, continuing to pursue opportunities to add to our media portfolio for increasing revenues from businesses that are not dependent on traditional advertising. Fifth, aggressively managing our costs and finally continuing to execute against our total shareholder return strategy, again, highlighted by our ongoing dividend increases and corresponding very attractive yield, our share repurchase program while seeking accretive acquisitions to grow our already strong cash flow, over time. With that, we'd be happy to answer any questions that you might have this morning.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Dan Kurnos, Benchmark Company.

Dan Kurnos - *Benchmark Company - Analyst*

Great, thanks, good morning guys.

Stephen Lacy - *Meredith Corporation - Chairman of the Board, Chief Executive Officer*

Hi, Dan, how are you doing?

Dan Kurnos - *Benchmark Company - Analyst*

Good. Thank you. Just a couple of questions, maybe start with Joe, although Steve, you can certainly chime on in this, just in terms of the guidance for Q1 from a high level perspective, maybe you could just parse out for us, the organic pacing for local particularly core, and then a national. You know, there are number of puts and takes in the organic growth rate or the organic growth decline, excuse me, national offset by your acquisition, that will be a helpful start.

Joseph Ceryanec - *Meredith Corporation - Chief Financial Officer*

Okay. What's your second one?

Dan Kurnos - *Benchmark Company - Analyst*

My second question on it would be just on the opposite side of that, on the cost side, would be deleverage just in Q1 coming in, maybe a little bit more aggressive than we are anticipating, so maybe just start with the puts and takes there and then Steve, I want to sort of quiz you on Qponix a little bit?

Stephen Lacy - *Meredith Corporation - Chairman of the Board, Chief Executive Officer*

Okay. So I'm going to ask Joe to first speak to the year and then speak to the first quarter because I think it will put it in good context for everybody who is on the call.

Joseph Ceryanec - *Meredith Corporation - Chief Financial Officer*

Yes Dan, so, let me start with the year as Steve said. As we step back and look at what we did in fiscal 2015, we just announced, excluding special items, we did $3.33 -- or $3:30 for the year. As I mentioned earlier that included $44 million of political, which represents about $0.60 per share. So we step back and say, let's normalize 2015 without political you started the year at about $2.70 and then we'll talk about, how we see each business is coming in, in 2016. So as we look at the National Media business, first look at it, in year terms on an organic basis. So without any of the acquisitions we did in 2015, so without Martha and Shape and some of the digital. So, as we look at that organic business, we expect that the growth that we're seeing in the digital business will basically offset any decline we're seeing in the print business. Then on the circ revenue, as we've said in the past, we expect that to be very stable and we expect that any softness we'll see in the new stand basically will get offset by our subscriber revenue. So kind of on a net-net organic basis, that core business we see is basically being very stable. Then when we look at the additions during the year, which we had Martha, digital for eight months, we had Martha print for six months last year and we'll get a full year this year. And we had Shape for a quarter, which we combined with Fitness. So again we'll be getting about nine months more of Shape. And then you add in some lift from the non-ad businesses, which would be MXM and licensing. If you aggregate all that up, we'd expect that will add somewhere about $0.18 to $0.22 of growth over 2015. And so let's just pick the midpoint and call it $0.20, so then you get to $2.90. Then we'll look at the Local Media business and we will get some political in 2016, probably in our last two quarters and that's probably somewhere around $0.05 to $0.10. We'll also have a full year of some of the smaller stations acquisitions we did will get a full year of Springfield last year, we had about nine months, and we'll get a full year of Mobile last year, we had six months. So we're going to get some lift on a comparable basis. And also, as I mentioned earlier, we're going to expect some lift in the net retrans especially in the second half of the year. And so again, to throw a blanket around all of those, we'd expect those increases in the local business to add somewhere between $0.15 to $0.25. So when you take that $0.15 to $0.25, plus my subtotal of $2.90 that puts our range between $3.05 and $3.15 for the year. Now, obviously there are a lot of moving parts, there is inherent risks and opportunities in each one of these categories and that's why we provide a broader range when we start the year, but when you think of that $3.05 to $3.15 kind of the mid-point $3.10, which is around midpoint of what we have for our expected 2016. So that's a real high level look and how we're thinking about 2016. As we look at Q1, again, you've got political coming out, which was about $0.17 last quarter -- I'm sorry, first quarter last year. So we reported $0.65; normalizes $0.17 out, that gets you down to $0.48. We're going to pick up a couple of cents from the NMG acquisitions. We're going to pick up a couple of cents probably not much from the Local Media acquisitions. And then kind of the core, I'll call it organic business, we're seeing fairly flat in Q1. So you take Q1 last year less political plus a couple of the acquisitions and the organic business being fairly flat, you get to about the mid-point of our guidance for Q1. Now one thing I did notice and because we did look at kind of the consensus, Q1 which was a little higher than our range and part of the difference may be that our Q1 only has two issues of Shape and two issues of Martha; those are ten times a year, and so there are may be a slight disconnect when the analysts looked that those two acquisitions, probably spread them during the year, and didn't take into account that you've only get two of those in the first quarter. So that may be some of the disconnects in the street Q1 versus our Q1.

Stephen Lacy - *Meredith Corporation - Chairman of the Board, Chief Executive Officer*

Did that help, Dan?

Dan Kurnos - *Benchmark Company - Analyst*

That is extremely helpful. I think the only thing you didn't touch on was kind of core TV or core local pacing in Q1.

Joseph Ceryanec - *Meredith Corporation - Chief Financial Officer*

Yes, core TV is -- core TV organic again flat to up a little bit, a couple of percent, which is above where we're pacing today. On the National Media Group organic probably down -- probably mid-single digits when you combine the digital up in the print down.

Dan Kurnos - *Benchmark Company - Analyst*

Perfect, thank you. Steve, just not to hog all the time, then Steve, just on Qponix, I don't know if you guys want to talk about what that costs you, the monetization that it provides. We know that it's been working, you've worked with them in the past through Allrecipes. Just curious how you think about expanding that with and integrating with Allrecipes and possibly bringing it to other brands and what kind of opportunity that could be for you guys, and when that might be sort of a meaningful contributor to monetization for you on the digital front?

Stephen Lacy - *Meredith Corporation - Chairman of the Board, Chief Executive Officer*

Well, it's been a transaction that we worked on for a long time because, you know, it sometimes takes a while to get valuations to line up, and we have been focused primarily on Allrecipes. And again, in simple laymen's terms, it gets you to the absolute bottom of the purchase funnel, where you might be at your local grocery store looking at a particular recipe with ingredients and you're looking at the shelf and you can pick from three different similarly situated products if you will, and then it has the ability to show you which ones, coupons are available for, with very strong metric in terms of delivering the impact on sales at retail. So we think that, as we move this forward, it has capabilities in other categories as well, and basically anywhere at retail where you would be using, coupons are advertising to drive the consumer into the retail establishment, which could be Target, Walmart, places beyond what you would think of as your traditional grocery store. A lot of it has -- in terms of the ultimate price has to do with how well it performs in the marketplace and we did not make a substantial investment to acquire the technology because the value of the technology has to do with our relationships with our national and local customers.

Dan Kurnos - *Benchmark Company - Analyst*

Do you think you leave it out as primarily focused on Allrecipes for now or can you expand it to EatingWell and maybe some other programs in the near-term?

Stephen Lacy - *Meredith Corporation - Chairman of the Board, Chief Executive Officer*

Well, today you can expand it very simply to anywhere where or generate rating recipes, which is across almost every single one of our brand, but as a simple example, if you think about a third of our business is the parenthood category, one of the big purchases is diapers and there is a lot of couponing around that and you can think more broadly about where those are available at retail and it works just as well for that sort of the products as well.

Dan Kurnos - *Benchmark Company - Analyst*

Okay. No idea what that's like, Steve, with a 15-month-old.

Stephen Lacy - *Meredith Corporation - Chairman of the Board, Chief Executive Officer*

It's like expensive, is what it is.

Dan Kurnos - *Benchmark Company - Analyst*

It's exactly like expensive, all right. Thanks, guys.

Stephen Lacy - *Meredith Corporation - Chairman of the Board, Chief Executive Officer*

Thank you, Dan.

Joseph Ceryanec - *Meredith Corporation - Chief Financial Officer*

Thanks, Dan

Operator

William Bird, FBR Capital Markets.

William Bird - *FBR Capital Markets - Analyst*

Yes, just wanted to get a little more granular on organic trends in print, NMG, Digital and TV non-political, I was wondering if you could give us those growth rates for the June quarter and kind of where things are pacing for the September quarter. I think you gave the TV non-political already, just wanted to fill in the rest?

Stephen Lacy - *Meredith Corporation - Chairman of the Board, Chief Executive Officer*

Yes, so again we pull our television pacings every Friday. And a week ago, they were up just a little bit compared to the prior year. And if you then go to the National Media Group side in total from on a comparable basis, ad revenue will be down in kind of the mid-single digit range best as we know. And again, as we always remind everybody, we have two of the three sets of the issues completely closed, one more that we're guessing at and digital behaves more like television. So we have our pacings, but of course, it can bounce around. But the kind of the mid-single digit decline in organic and then we'll see a nice increase in reported including the acquisitions, as Joe mentioned.

William Bird - *FBR Capital Markets - Analyst*

And then I guess on a similar basis, how did they look in the June quarter?

Joseph Ceryanec - *Meredith Corporation - Chief Financial Officer*

About the same.

Stephen Lacy - *Meredith Corporation - Chairman of the Board, Chief Executive Officer*

About the same, Bill, almost exactly the same.

Joseph Ceryanec - *Meredith Corporation - Chief Financial Officer*

Which honestly, Bill, was a little bit weaker. Our first three quarters, I think we were down kind a low-single digits blended print digital. And so the fourth quarter and what we're seeing in the first quarter of 2016 is a little weaker, as Steve said down kind of mid-single digit combined versus low single. Now, the good news, the limited visibility, the very limited visibility we have into Q2 seems like they're coming back a little bit better. So, it's hard to go quarter-to-quarter.

Stephen Lacy - *Meredith Corporation - Chairman of the Board, Chief Executive Officer*

Well, the interesting thing, as we've looked especially at -- if you just look at comparable magazine advertising, over the last three fiscal years, it bounces around quarter-to-quarter, but it's been down about the same -- kind of that mid-single digit range for fiscal 2013, 2014 and 2015, although -- almost to the penny which is rather interesting. And moves around quarter-to-quarter, but it's been about the same. That's the planning that we've had and the hard work that we'd be doing on pricing and circulation and the other businesses to help offset that. The good news is that a year ago at this time, our digital business was not performing nearly as well as it did in fiscal 2015 and it continues to look organically or otherwise really, really strong as we go forward into 2016.

William Bird - *FBR Capital Markets - Analyst*

So just to clarify, so for print in the June quarter, if I understand you correctly, are you saying that advertising was down organically around mid-single digits?

Stephen Lacy - *Meredith Corporation - Chairman of the Board, Chief Executive Officer*

That's correct.

William Bird - *FBR Capital Markets - Analyst*

Okay. And then separately, how best to think about re-trends in fiscal 2016? You mentioned the resets come into play in the second half. How best to think about how much higher retrans can go?

Joseph Ceryanec - *Meredith Corporation - Chief Financial Officer*

I don't have the quarter-to-quarter in front of me, Bill. We will probably talk later and maybe I could get a little more detail. We're seeing -- our expectation for the year is that we'll see a revenue lift of somewhere around $15 million to $18 million, and maybe about half of that being offset with the cost increase.

Stephen Lacy - *Meredith Corporation - Chairman of the Board, Chief Executive Officer*

Back to the networks, Bill.

William Bird - *FBR Capital Markets - Analyst*

Got you. Okay, great. Thanks a lot, guys.

Stephen Lacy - *Meredith Corporation - Chairman of the Board, Chief Executive Officer*

Thank you.

Operator

Craig Huber, Huber Research Partners.

Craig Huber - *Huber Research Partners - Analyst*

Few things I just need to follow-on Bill's questions here. Can you break apart if you would -- it looks like you guys covered this, the print performance organically versus digital the revenue -- ad revenue year-over-year for the June quarter also for this new September quarter, how that's tracking please? I think you are trying to say all plans (inaudible) mid-single digits?

Stephen Lacy - *Meredith Corporation - Chairman of the Board, Chief Executive Officer*

All right. I want to -- because we just went through this with Bill, so I'm trying to understand, what is your question, Craig?

Craig Huber - *Huber Research Partners - Analyst*

The digital versus print organically for the magazines for the last quarter and the new quarter here.

Stephen Lacy - *Meredith Corporation - Chairman of the Board, Chief Executive Officer*

Yes, so in both quarters on a comparable basis, in total, it's down about mid-single digit. And you've got digital up in the mid-teens and print down for the offset of that. And I don't have that exact number here, but. Okay?

Craig Huber - *Huber Research Partners - Analyst*

Okay. Maybe I can get that later, but I appreciate that. I assume it's down maybe high-single digits, then?

Stephen Lacy - *Meredith Corporation - Chairman of the Board, Chief Executive Officer*

Probably high single, I would say.

Joseph Ceryanec - *Meredith Corporation - Chief Financial Officer*

Yes, high single on print.

Stephen Lacy - *Meredith Corporation - Chairman of the Board, Chief Executive Officer*

High single on print down and mid-teens up in digital and that math would work.

Craig Huber - *Huber Research Partners - Analyst*

Okay. And then can we talk about in the quarter, you just finished the organic number for retrans, how much that was up please, year-over-year.

Joseph Ceryanec - *Meredith Corporation - Chief Financial Officer*

Organic retrans, Q4 2015 versus Q4 2014?

Craig Huber - *Huber Research Partners - Analyst*

Yes.

Joseph Ceryanec - *Meredith Corporation - Chief Financial Officer*

It was up about -- on the revenue side, it was up about $7 million, and on the cost side -- hang on -- revenue side $7 million, about half of that was core and half of that was acquired, and on the cost side, about $3 million and again about half of that organic and half of that from acquired stations. So the net profit up about $4 million.

Craig Huber - *Huber Research Partners - Analyst*

I appreciate that and then also can you just talk about your underlying cost growth again organic on the TV side, the whole division, what that did in the quarter?

Joseph Ceryanec - *Meredith Corporation - Chief Financial Officer*

Q4 last year?

Stephen Lacy - *Meredith Corporation - Chairman of the Board, Chief Executive Officer*

Q415?

Craig Huber - *Huber Research Partners - Analyst*

Yes, please.

Joseph Ceryanec - *Meredith Corporation - Chief Financial Officer*

Organic down 3%.

Craig Huber - *Huber Research Partners - Analyst*

Okay. Then I guess my last question if I could please. Can you just -- I'm just curious organically your auto TV advertising, you said that did well I think in the June quarter, if you'd quantify that, I'd appreciate that organically and then also how is auto tracking in the September quarter?

Joseph Ceryanec - *Meredith Corporation - Chief Financial Officer*

All right. Hang on.

Craig Huber - *Huber Research Partners - Analyst*

Sorry to put you through all these, but all these acquisitions.

Joseph Ceryanec - *Meredith Corporation - Chief Financial Officer*

Well, we got it. I just need to find the right pages in all my materials. So guys, help me out here, organic broadcast ad categories in Q4. Auto was basically flat, professional services was up over 20%, and what was the third category?

Paul Karpowicz - *Meredith Corporation - Local Media Group*

Retail.

Joseph Ceryanec - *Meredith Corporation - Chief Financial Officer*

Retail was down a little bit, organically.

Stephen Lacy - *Meredith Corporation - Chairman of the Board, Chief Executive Officer*

And Craig, we don't have pacing by category in fiscal 2016.

Joseph Ceryanec - *Meredith Corporation - Chief Financial Officer*

No, we don't until we end the quarter.

Stephen Lacy - *Meredith Corporation - Chairman of the Board, Chief Executive Officer*

Not till we end the quarter.

Craig Huber - *Huber Research Partners - Analyst*

Okay. Very good. Thank you.

Stephen Lacy - *Meredith Corporation - Chairman of the Board, Chief Executive Officer*

Thank you.

Operator

John Crowther, Piper Jaffray.

John Crowther - *Piper Jaffray. - Analyst*

Yes, thank you. So, kind of get off the organic pace here for a little bit. Yes. And talk to you a little bit. A couple questions on the digital strategy, first on the cost side, maybe you could remind us again, about your progress with the efforts on digital subscription, your ability to sign people up to digital. Sounded like you had a third, I was trying to remember, off the top of my head, where you were coming into this year. Any assumptions on that for the upcoming year and how big of a driver has that been in terms of your ability to get back to margin leverage in the National Media business would be appreciated.

Stephen Lacy - *Meredith Corporation - Chairman of the Board, Chief Executive Officer*

So first of all, on the digital side, we're generating about a third of those subscription from digital sources and that's about the same place that we were a year ago except that we are starting to have a lot more success in having those orders, the auto renewal via a credit card. And longer term, that is really the lever that we have going forward, and the results of that will play out in future years as we see how well those credit cards renewals persist, but sort of as a focus group of one if you think of looking at your Visa or MasterCard bill and seeing a $15 or $20 item, it usually does not raise as much concern as other items that are on there. So we have pretty good sense that the persistence will be quite good, but about 10% of those orders are now auto-renewal. And of course you can't auto-renew them until they renew. So, we are very pleased with the progress we are making on the digital side. Obviously the millennial consumer coming into our wheelhouse is exceedingly comfortable with executing those transactions digitally and prefers to do so. But of course our millennial, I am sorry -- our baby boom population is also getting a lot better at doing that. So that's the real great opportunity as we go forward.

Joseph Ceryanec - *Meredith Corporation - Chief Financial Officer*

And John, let me just pile on because Steve and I ironically just had a meeting with our consumer marketing folks yesterday and went through this. And really the way we think about it is the lifetime value of that customer, in a very simple way there is three ways to bring on a subscriber. It's the traditional direct mail where you'd mail a piece. They might respond and then you will have to mail a bill, quite costly versus getting that consumer to come on your website and subscribe, now. And then the third piece just around that out is third party sources, which generally are referred to agents. Now little bit of the fallacy there is generally your agent subscriptions that are going to come in, are going to generate the highest revenue, but it is going to be the highest cost. You are paying that agent a significant commission to bring that order on. So you get the revenue, but your profit is the lowest and the value of that consumer is lowest because their propensity to renew is lower. The middle ground is direct mail and by far the most preferred method, now both from a lower cost to acquire as well as a higher propensity to renew is getting a subscriber to get onto our site and do an auto renew order and the lifetime value of that consumer, when you look at the turn overtime, when you look at the cost of acquisition, there is an amazing difference between the value of bringing that consumer on. I'd love to be able to tell you we could flip the switch and do 100% and get them all their auto renew, but we're making progress surely.

Stephen Lacy - *Meredith Corporation - Chairman of the Board, Chief Executive Officer*

Does that help?

Thomas Harty - *Meredith Corporation - National Media Group*

It does, yes. Just one quick follow-up, I think you said that 10% of them are on auto renew, is that 10% of the one-third that come on through a digital? And then, is that sort of a number that has gradually been moving up here recently?

Stephen Lacy - *Meredith Corporation - Chairman of the Board, Chief Executive Officer*

The answer is yes, it's 10% of all the orders though, not just 10% of digital. And it's about twice as -- it's double what it was a year ago.

Thomas Harty - *Meredith Corporation - National Media Group*

Great. Okay.

Stephen Lacy - *Meredith Corporation - Chairman of the Board, Chief Executive Officer*

Okay, thank you.

Thomas Harty - *Meredith Corporation - National Media Group*

Yes. Quickly just one follow-up on the Qponix question and it's sort of on the Allrecipes -- wondering -- I think you guys have said in the past that more than 50% of traffic there is coming from mobile. And wonder if you could give us a little bit of an update there in terms of traffic and ad revenue trends from a mobile versus desktop perspective. And then just a follow-up on that -- is there -- the longer-term strategy is this something that you want to build through more of organic investment, now that you have a platform, or do you view getting to the store front as being something that potentially could be accelerated through additional acquisitions here in the near future?

Stephen Lacy - *Meredith Corporation - Chairman of the Board, Chief Executive Officer*

So, Tom, why don't you speak to the Allrecipes, traffic and how that has evolved and then how you see Qponix coming in, to play as we move forward.

Thomas Harty - *Meredith Corporation - National Media Group*

Yes. We acquired the IP for Qponix and we are going to be going to market with marketing term called grocery server as we move forward. I think we have talked about this previously. When we acquired Allrecipes, 15% of their traffic was through mobile, and we are going to be fast approaching 60% in the very near future. Our research shows that of that 60% that's mobile, 50% of that is actually happening in the store. So, that creates as Steve mentioned at the bottom of the funnel a real opportunity to be as close as possible to that retail transaction, so grocery server pulls all the data of price and promotion and coupons down to the very retail level. So you plug that technology or IP into our network of food content, when people are searching for chicken recipe or steak recipe or whatever it is, it's very exciting. So, we spent a lot of time testing this technology over the last year and a half. And now, since we have made the acquisition, we're really going full bore. We made a presentation at the recent national convention -- digital convention for national advertisers and it was a very, very well received.

Stephen Lacy - *Meredith Corporation - Chairman of the Board, Chief Executive Officer*

Does that help?

John Crowther - *Piper Jaffray. - Analyst*

It does. And just maybe quickly in terms of ad revenue from a mobile perspective, is it fairly split in terms of the viewing pattern between mobile and desktop? And then maybe if you could just give us an update on where video advertising is as a percent of digital or initiatives there to raise that as a percent going forward?

Stephen Lacy - *Meredith Corporation - Chairman of the Board, Chief Executive Officer*

We have to get back to you on that breakdown. I could speak anecdotally the video piece comes at a much, much higher margin and we're continuing to be more and more sophisticated in the way we bring that to the market with a much larger quantity of video content available. That even helped by the Martha Stewart asset, but we don't have all those breakdowns in our materials here today.

Joseph Ceryanec - *Meredith Corporation - Chief Financial Officer*

Just on the -- to pile on a little bit about Allrecipes, in the fiscal year that we just closed, fiscal 2015 versus 2014; their advertising revenue was up 16%, their operating profit was up 120% and their margins are exceeding 20% now.

John Crowther - *Piper Jaffray. - Analyst*

Great. That's very helpful. Thank you.

Stephen Lacy - *Meredith Corporation - Chairman of the Board, Chief Executive Officer*

Thank you.

Operator

Barry L. Lucas, Gabelli Company.

Barry Lucas - *Gabelli & Company - Analyst*

Thanks very much and good morning. Steve, A couple of items -- I'll total it two, one would be on the revenue side and the kind of broad effect of P&G pulling more dollars out of traditional advertising and how that affects both your businesses? And then on the cost side, you addressed programming cost going up because of retrans fees to the networks, but again more broadly, how do you see cost trends in both of the businesses and where it levers that you can pull to maybe trim expenses a bit?

Stephen Lacy - *Meredith Corporation - Chairman of the Board, Chief Executive Officer*

So, Tom, why don't you take the P&G question, it's a much bigger part of your world.

Thomas Harty - *Meredith Corporation - National Media Group*

Sure. So, we've had a relationship with Procter & Gamble for probably since before I was born. It's our largest advertiser. They are going through a lot of different changes in their business, but our relationship remains very, very strong. We meet with them on an ongoing basis. To give you an example of the last quarter that just closed in the fiscal fourth quarter of 2015, print advertising from Proctor & Gamble for us was up 12% and our digital business was up 400%. So, they are going to be shifting in their priorities and shifting in their brand, but we continue to have a great relationship with them and bring them things like grocery server, so we're bullish on our relationship, but I understand that they are going through a lot of strategy changes.

Stephen Lacy - *Meredith Corporation - Chairman of the Board, Chief Executive Officer*

So on the cost side, I'm going to ask -- does that a answer to your P&G question?

Barry Lucas - *Gabelli & Company - Analyst*

Yes, that's very helpful actually.

Stephen Lacy - *Meredith Corporation - Chairman of the Board, Chief Executive Officer*

Our audience is so much in their Wheelhouse and not to say as Tom mentioned that it won't evolve, but the size of our digital platform now with over 70 million unique and the capabilities that we've brought around that technologically really allows us much broader conversation than historically. So, Joe, you want to comment on Barry's cost question sort of broadly?

Joseph Ceryanec - *Meredith Corporation - Chief Financial Officer*

So Barry, I'll start with Local Media Group. As I look at -- again we use the word organic. So excluding the impact of the acquisitions kind of the run rate core business, we expect the expenses ex the retrans to be up about 1.5% to 2% for the year. I would generally call that cost of living. Compensation increases and other CPI type increases. I think our opportunity on the Local Media side is really with some of the acquired stations. A couple of examples; we acquired KTVK last year, which was the large independent station in Phoenix and we just well, I guess tomorrow, the end of July our closing on the sale of the KPHO building. So what we did is, invested in the KTVK facility. We moved all of our employees, our studio and our hub that we had in Phoenix over to KTVK and now are operating both of those stations including the hub out of one facility. So that's the beauty of the duopolies, and we've got the same scenario in Springfield, where we actually moved our employees that were in Springfield with the CBS affiliates into the WGGB building which was owned, ours was a leased facility, theirs was owned, combined the stations and we are now running basically CBS, ABC and FOX out of the former WGG building. So, clear cost opportunities there and Mobile, which is the station we took over were hubbing that to our Atlanta hub and just what I'd say rightsizing the business, but not quite leverage we can get when we create the duopoly. On the national side on an organic basis, it's quite a different picture and there we are actually on a same-store sale basis, if you will, see expenses down about mid-single digits. And part of that is continuing to right size the business as that business changes as digital becomes more prevalent, print become less prevalent, as our advertisers and the agencies are buying slightly different, you heard the term [programmatic]. So that's really continuing to right size the organization to meet the changing of the demand of the business, and then there is an element in there when, for example, we did combine and I'm going to mix organic and non-organic a little bit, but when we brought in Shape and combined it with Fitness, there are clearly cost synergies there because you're taking two staffs and combining them into one. Same thing with Martha bringing that in-house, we've talked a lot about what we can do with paper and printing, bringing those on to our own platforms. But even on an organic same-store sale basis, we expect that cost base to be down a little over 5%.

Stephen Lacy - *Meredith Corporation - Chairman of the Board, Chief Executive Officer*

And you also know, Barry, that with each one of these additions to the portfolio that we moved functions with the consumer customer nor the advertising customer can see to our corporate headquarters in Des Moines with tremendous cost synergies that come as a result of those moves. Does that answer your two questions?

Barry Lucas - *Gabelli & Company - Analyst*

Helpful. Steve. Thanks very much.

Stephen Lacy - *Meredith Corporation - Chairman of the Board, Chief Executive Officer*

Thank you.

Operator

John Hue, Wells Fargo Securities.

John Hue - *Wells Fargo Securities - Analyst*

Hey guys, good morning. Just stepping in for Eric Katz. So, just on political for a moment, can you maybe talk directionally as to how incremental a political ad is to a normal core ad spot for you guys and maybe roughly what margin your political dollars about fall down at? And then second one, do you happen to have a pro forma political number for 2012? Thank you.

Stephen Lacy - *Meredith Corporation - Chairman of the Board, Chief Executive Officer*

So, I am going to ask Paul to speak to political, but basically it's all incremental and other than agency commission, it pretty well falls to the bottom line dollar for dollar, but Paul, you might speak to how you think of that in the business, and it's not this fiscal year, but it's the next in terms of how you see the opportunities in that next cycle that will help us out in fiscal 2017.

Paul Karpowicz - *Meredith Corporation - Local Media Group*

Okay. Yes, I think what we are looking at as we go forward as you look at the early primaries and Nevada and South Carolina are two of the four earliest primary, so we do anticipate a lot of activity there. And as Steve indicated, it really is incremental dollars that there is a degree of displacement that takes place between inventory that's already been sold and then political will come in on top of that, but generally, we have the ability to shuffle our inventory around and make sure that we can accommodate not only a heavy political crunch, but accommodate our regular advertisers as well. So, it's going to start coming in, we anticipate sometime next quarter particularly in Nevada and South Carolina. And the expectation is, it will be pretty active next year.

Joseph Ceryanec - *Meredith Corporation - Chief Financial Officer*

John the second part of the question. Same-store basis political was up about 10% from the cycle of, I guess it was 2012 to 2014 which for us would be fiscal 2013 to 2015.

John Hue - *Wells Fargo Securities - Analyst*

Got it. Thank you so much.

Stephen Lacy - *Meredith Corporation - Chairman of the Board, Chief Executive Officer*

Thank you. I think we've got time for one more call -- one more question rather.

Operator

That was actually the last question.

Stephen Lacy - *Meredith Corporation - Chairman of the Board, Chief Executive Officer*

Okay perfect timing then. We certainly appreciate everyone's input and again I'm very, very pleased to report our fiscal 2015 performance and think that we're very well positioned to move forward as we enter the new fiscal year. Thank you for joining us today and we're obviously available for follow-on questions.

Operator

Ladies and gentlemen, that thus concludes our conference for today. Thank you for your participation, you may now disconnect.
