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PRESENTATION

Operator

Ladies and gentlemen, thank you for your patience in standing by. Welcome to the Meredith 2016 fourth-quarter earnings conference call.

(Operator instructions)

As a reminder, today's conference is being recorded. I would now like to turn the conference over to Mike Lovell, from Investor Relations.

Mike Lovell - *Meredith Corporation - Director of IR*

Thanks everyone for joining us. Our call this morning will begin with comments from Chairman and Chief Executive Officer, Steve Lacy, and Chief Financial Officer, Joe Ceryanec, and then we will call turn the call over to questions. Also on the line this morning are Local Media Group President, Paul Karpowicz, and National Media Group President, Tom Hardy.

An archive of today's discussion will be available later today on our investor website and the transcript will follow that. Our remarks today will 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.

Steve Lacy - *Meredith Corporation - Chairman & CEO*

Thank you very much Mike. And good morning everyone. I hope you have seen our news release issued earlier today detailing our FY16 first-quarter results. Here are the highlights.

First quarter earnings per share were \$0.52. Compared to \$0.65 in the prior year period, excluding special items. As a reminder, our results reflect the absence of \$0.15 per share of political advertising revenues, as expected in an off-election year.



Local Media Group total revenues increased to \$126 million. Growth was driven primarily by the addition of television stations WALA in Mobile Pensacola, and WGGB in Springfield, Massachusetts, along with higher retransmission consent fees and growth in nonpolitical advertising revenue.

National Media Group total revenues increased 5%, led by the editions of the Shape and Martha Stewart media properties, along with growth in digital advertising and brand licensing. Total advertising revenues increased 2%. Total company digital advertising revenues grew by 40%, driven by recent acquisitions and organic growth.

Stepping back for a look at the current media and marketing environment, we see several encouraging trends. First, local television continues to prove its exceptional ability to drive consumers to retail establishments. Nonpolitical advertising revenues at our television stations grew 12% in the fiscal first-quarter. And were up in the mid-single digits on an organic basis.

Second, we are seeing considerable strengthening in National Media Group advertising revenues. As we moved to our second fiscal quarter. We expect National Media Group ad revenue to be up more than 15%. Including a mid-single digit organic ad revenue growth.

This growth is being driven by the prescription drug, food, and the home categories. As a result, we expect the National Media Group to produce strong operating profit growth in our second fiscal quarter.

Third, the metrics for our digital activities continue at record levels. We posted record digital advertising revenue and profit in our fiscal first quarter. Digital ad revenues now account for 25% of the advertising revenues in our National Media Group.

From an audience perspective, traffic across our digital properties reached an all-time high of more than 70 million monthly unique visitors in the quarter. Driven by the addition of MarthaStewart.com, Shape.com and gains at allrecipes.com.

We are excited to be entering our second fiscal quarter, which traditionally is our strongest quarter for both digital advertising, and traffic, driven by high user demand for our premium branded content around the Halloween, Thanksgiving, and of course Christmas selling season.

Fourth, consumer engagement with both our national, and our local media brands is stronger than ever. Our national media audience grew over 20% in the last 12 months, and our subscription solicitations continue to generate excellent consumer response. Our license products at retail continue to post robust sales, and our television stations are experiencing ratings growth.

Finally, our diverse and multi-platform business model continues to generate strong and sustainable cash flow, resulting in increased shareholder value. We generated more than \$180 million of cash flow from operations during the trailing 12 month period. Over that time, we have returned approximately half of that cash to our shareholders. In the form of dividends and share re-buybacks, in line with our very successful total shareholder return strategy.

Now, I will turn the conversation over to Chief Financial Officer Joe Ceryanec, for our review of our financial performance in the quarter.

Joe Ceryanec - Meredith Corporation - CFO

Thanks Steve, and good morning everybody. I'll begin with a look at our Local Media Group results. FY16 first-quarter revenue increased 1% to \$126 million. Operating profit was \$28 million, and EBITDA was \$38 million before special items. Results reflect the absence of \$11 million of high-margin political advertising, as can be expected in a non-election year.

Non-political ad revenues were up 12%, led by the addition of the stations in Mobile Pensacola and Springfield. Along with strong performance by our stations in St. Louis and Atlanta. We delivered growth in professional services, retail, and restaurant categories.

Digital advertising revenue at our TV stations were up over 10% in the fiscal first quarter. We took steps during the quarter to improve our digital profit margins by bringing our programmatic sales activities in-house. This means we will have full control over this important piece of our inventory, to develop custom programs for clients. And retain all of the related revenue.

Other revenues and expenses both increased in the fiscal first-quarter, due primarily to the growth in retransmission related revenues we get from the MVPDs, and higher programming fees paid to the networks, along with the increases from our recent acquisitions.

Now turning to the National Media Group, FY16 first-quarter revenues increased 5% to \$258 million. Operating profit was \$26 million before special items, compared to \$29 million in the prior year period. Total advertising revenues grew 2%, led by strong digital performance, which increased nearly 50%, and accounted for 25% of total National Media Group ad revenues.

Performance was led by the addition of Shape, Martha Stewart Living, and MyWedding.com brands. Along with the digital advertising platform, Selectable Media. Circulation revenues increased 10% to \$72 million, primarily due to the addition of Martha Stewart and Shape magazines. We continue to expand our digital consumer marketing activities, driving approximately 40% of magazine subscription acquisitions, via digital sources over the last 12 months.

Our consumer engagement continues to be strong. During the quarter, we increased the rate base of Allrecipes magazine to 1.25 million up from 500,000 at launch less than two years ago. We also increase the rate base of EatingWell to 1 million up from 350,000, when we acquired the title two years ago.

Meredith Brand Licensing delivered growth in revenues and double-digit operating profit growth, driven by the sales of more than 3000 SKUs of Better Homes & Gardens license products at over 4000 Walmart stores nationwide. And recently Better Homes and Gardens licensed products began being sold by Walmart in Mexico, and Central America. Both at retail and online.

We expect the brand will have broad appeal to consumers in Mexico and Central America. And sales will increase as these product lines expand. Also, the Better Homes & Gardens real estate network continues to grow. Earlier this month it expanded to Nebraska, bringing the number of states it is operating in to 32. Today, the network has more than 9500 agents and 300 offices across the US and Canada.

Finally, Meredith Digital enhanced its position with consumers and clients by re-launching allrecipes.com. The world's largest digital food brand with more than 1.3 billion visits annually. The new allrecipes.com has a more personable, shareable and responsive web experience. We also added digital shopper marketing capabilities called Qponix, whose grocery server platform matches items that consumers are searching for with local retail offers and coupons.

Additionally, we recently announced Meredith's digital partnership with Georgia-Pacific. This partnership involves developing and distributing custom content to engage millions of consumers with Georgia-Pacific's largest brand across Meredith's digital network. Our large-scale, high-quality data and multi-platform expertise are now attracting big campaigns such as this, demonstrating our ability to provide end-to-end solutions for leading national brands and companies.

Now, let's turn to our outlook. We continue to expect full FY16 earnings per share to range from \$2.90 to \$3.25, excluding special items. As a reminder, we continue to cycle against a record \$44 million or \$0.59 per share in net political ad revenues, recorded by our Local Media Group in FY15.

Looking more closely at the second quarter of FY16 compared to the prior year period, total company revenues are expected to be up in the low single digits. Total National Media Group revenues are expected to be up in the high single digits, including ad revenue growth of more than 15%.

Total local media group revenues are expected to be down in the high single digits, as expected in an off-election year. However, nonpolitical ad revenues are expected to growth in the high single digits. We expect FY16 second-quarter earnings per share to range from \$0.75 to \$0.80, compared to \$0.87 in the prior year period, or \$1, excluding special items.

We will be cycling against \$29 million or \$0.40 per share in net political ad revenues that we recorded in the prior year second quarter. So now I'll turn it back to Steve for a few closing comments and then we will open it up for Q&A.

Steve Lacy - Meredith Corporation - Chairman & CEO

Thank you very much, Joe. In closing, I will provide an update on our agreement to merge with Media General, to create Meredith Media General which we announced on September 8. The new Meredith Media General will feature a strong financial position, unmatched content creation capabilities, deep consumer insights in data, expansive consumer reach, and multiple avenues for future growth. It will truly be a powerful and diversified media company, operating across multiple platforms.

Let me take a few moments to review its combined assets, and strong financial position in more detail. First, the new Meredith Media General will operate a leading portfolio of more than 80 television stations reaching 34 million US TV households. Importantly, in high-quality markets. This includes an industry-leading 25 Big 4 network affiliated television stations in the nation's top 50 markets.

Additionally, Meredith Media General's 30% television household reach, will be well below the government mandated 39% ownership cap. This allows for further participation in the ongoing local broadcast industry consolidation. Second, the new Meredith Media General will possess a powerful digital platform that combines Meredith's existing premium content, and large national relationships with Media General's large audience.

It will reach over 200 million monthly unique visitors, via a combination of leading consumer sites, and business-to-business digital capabilities in key growth sectors, such as: content, mobile, social, video, and native advertising. It will generate \$500 million in profitable revenue. And importantly, possess the brands, assets, and management talent to maximize further digital industry growth opportunities.

Third, the new Meredith Media General will own powerful multi-platform national brands that reach an industry-leading, 100 million un duplicated American women including 60% of US millennial women. These brands generate multiple revenue streams including advertising, circulation, marketing services, and high-margin brand licensing.

Fourth, the new Meredith Media General will operate from a strong and competitive financial position. It will generate \$3 billion in revenue, and over \$920 million of EBITDA in its first full year of operations. And it will produce at least \$1 billion and pro forma cumulative free cash flow in the first two calendar years post closing.

Together, Meredith and Media General have been actively pursuing integration initiatives. We recently raised our synergy estimate from the combination to \$85 million. We anticipate our synergy estimates will increase from here, particularly in our combined digital businesses, as we move forward with our integration activities.

Finally, the new Meredith Media General will have a disciplined capital allocation plan, that balances both investments in the business with returning cash to our shareholders via dividends and share repurchases. We continue to expect the transaction to close by June 30, of 2016.

Since our merger announcement, Nextstar made an unsolicited offer for Media General back on September 28. On October 14, Meredith granted Media General a limited waiver to conduct due diligence on the unsolicited Nextstar offer, and to provide Nextstar with certain information to attempt to support its previously claimed synergies.

For all the reasons I just mentioned, Meredith believes this analysis will confirm that a Meredith Media General combination is in the best interest of both company's shareholders. We are extremely confident that Meredith Media General has the potential to generate significant shareholder returns, superior to Nextstar's offer for Media General. Beyond this update, we'll not be discussing further details of the merger, nor will we be taking merger-related questions.

With that we will be happy to answer any questions you may have on our first-quarter performance, and of course our outlook for the balance of FY16.



QUESTIONS AND ANSWERS

Operator

Thank you.

(Operator instructions)

First question, Bill Bird, FBR.

Bill Bird - FBR & Co. - Analyst

Good morning, was wondering if you could talk a little more about NMG? Curious if you could share the organic ad revenue growth in each of print and digital? And you mentioned that NMG advertising is showing strengthening in the December quarter. I was wondering if you could just give us a look under the hood and describe what you see ahead in print and digital. Thank you.

Steve Lacy - Meredith Corporation - Chairman & CEO

I will ask Joe Ceryanec to provide you those numbers, Bill. And then I will ask Tom Harty to give you some color on what we are seeing in the second fiscal quarter advertising performance that we are really quite excited about. So Joe, go ahead with Bill's question please.

Joe Ceryanec - Meredith Corporation - CFO

Sure Bills. I will give you organic. So for the first quarter print was down in the mid-teens. In total, ad revenue was down in the low teens, and digital was up high single digits. So, a fairly soft Q1. But as you mentioned, as we said we are seeing significant improvement in Q2. And as we sit here today, we are looking at organic print actually up in our second quarter. Digital up mid-teens, and then in total up mid-single digits on the national media side for Q2.

Bill Bird - FBR & Co. - Analyst

Great, thank you.

Steve Lacy - Meredith Corporation - Chairman & CEO

So, Tom you want to give some color on how you are seeing the marketplace strengthening as we move into the second fiscal quarter?

Tom Harty - Meredith Corporation - President, Meredith National Media Group

Yes, just a little couple of comments about the first quarter. We were in a little bit, if you have been reading the trade press, unprecedented amount of accounts were up in review. Related to their advertising agencies that they select.

So the clients, I've never seen it in my 30 years of being in the business where this many accounts were up in review. Where they were selecting new advertising agencies to place their advertising.

So, I think that we believe that affected and created a lot of volatility. A lot of that has been cleared up, with a lot of these accounts selecting their advertising agencies. So as we move into the next quarter, as Joe mentioned we are seeing strengthening across-the-board. And it is great to see organic print actually swinging to the upside after being down what it was in the first quarter.



From a category perspective, we're seeing real strength in the drug category. Along with our biggest advertising category, food and home. So we're very optimistic as we close the second quarter. That we are seeing really good strengthening in the advertising area.

Bill Bird - *FBR & Co. - Analyst*

And in digital, I was wondering if you could just talk about where you're seeing traction?

Tom Hartly - *Meredith Corporation - President, Meredith National Media Group*

It is across the board. But I think really what we are seeing is our investments in, as Joe mentioned in his remarks, about our native engagement. Where we're able to deliver content from a native perspective. Is really catching fire.

This was along with our -- we bought it tech platform called Selectable. And Meredith has a very long history developing great content. So, if you look at what we did with Georgia-Pacific, it's kind of a end-to-end solution for them. And they have committed to a year for us, where we're actually creating the content for them within our accelerated marketing services business.

We are able to deliver that content with our new tech platforms, right into our premium black branded sites. So when you hear a lot about issues with ROI on digital, related to view ability and fake bot traffic, this native engagement platform positioned us really right in the cross hairs to take advantage of what clients are looking for.

Bill Bird - *FBR & Co. - Analyst*

And can you give us sense of whether the business is translating in mobile?

Tom Hartly - *Meredith Corporation - President, Meredith National Media Group*

Yes, so we're spending a lot of time on mobile traffic in some areas of our business. We have talked about this before, but the unprecedented growth in mobile, we have certain areas of our network that are seeing 70% of their traffic delivered now in the mobile.

So we're spending a tremendous amount of time with our tech platforms, with our ad products, with our data, to be able to deliver and actually increase our kind of net revenue per unique visitor. So, we're spending a lot of time doing that. We're actually seeing significant increases in what we're seeing unique visitor traffic, and what we are netting from that.

Bill Bird - *FBR & Co. - Analyst*

Great thank you.

Operator

Dan Kurnos, Benchmark Company.

Dan Kurnos - *Benchmark Capital - Analyst*

Let me start off by asking 15 questions about the merger please. Just kidding. Can you remind us to the timing of your MVP the negotiations? We have seen some recent blackouts, but it seems like there's been some upside to internal expectations on the retrans sub per front.



I know you guys have some tick up expected in the back half of the year. And a good amount of ground to make up. So I'm curious if your outlook for retrans margins has changed at all heading into the next round of negotiations? And I doubt there's been a change, but has the newest pricing from [FCC] changed how you think about participating in the [Spectrum] motion?

Joe Ceryanec - *Meredith Corporation - CFO*

So, Dan let me take the first part. And then we'll let Paul talk to the Spectrum. As we have said before, our FY16, about 40% of our MVPD contracts are up this fiscal year. So we're just starting into renegotiating in a new rate structure. And yes, we feel good about growing both the top line, as well as the margin this year. And I will come back to that in a minute.

Another 40% of those contracts are up in our FY17 as well. So in the next two years basically, 80% of our contracts will be up. And really is kind of randomly throughout the next two years.

The comment I made earlier about improving the margins. Our next network affiliation agreement with Springfield and Hartford is up in April 2016. So we're just in the early stages of having discussions. Those are both TBS markets, but our big, our bigger station groups, which would be our four Fox stations. And then our CBS stations in Phoenix, Atlanta, Kansas City, and Saginaw are up in our FY18.

So other than the Hartford and Springfield, we have got a little bit of a hiatus on the network. But will be working on the MVPDs over the next two years.

Steve Lacy - *Meredith Corporation - Chairman & CEO*

That help Dan?

Dan Kurnos - *Benchmark Capital - Analyst*

It helps. I was just curious though if your internal expectations really had changed, knowing that you guys have that nice step up in the back half of this fiscal year, for what you expect to get on rate increase given what we have seen in the marketplace?

Joe Ceryanec - *Meredith Corporation - CFO*

I would say our expectations have not changed. We knew we would be renewing. We had a pretty good feel for where we thought the market would be, and the negotiations are coming in line with where we thought.

Dan Kurnos - *Benchmark Capital - Analyst*

And all the FCC piece, Paul?

Paul Karpowicz - *Meredith Corporation - President, Meredith Local Media Group*

Yes, we have done a lot of work identifying those markets that we think would be yielding a lot of activity. And we have really got it down to just four markets where we think there could be a lot of potential. Having said that, as we look at those markets, and we have run the numbers. And we've done a lot of different analysis, we're going to watch it very closely.

While the FCC numbers continue to shift and change a little bit, we just have to continue to run our models to see if in fact, it makes sense for us. So we're holding our cards a little close to the vest right now. But we will as we get closer, obviously have to make some decisions.



Dan Kurnos - *Benchmark Capital - Analyst*

Great thanks that's helpful. And then maybe for Tom switching to national, and digging a bit more to digital and some Bill's questions. Is it possible you could give us a more granularity around the magazine trends by Bradford digital only subs versus multi-platform adoption?

I mean know Allrecipes is performing strongly, so I'm just trying to get a sense of how the core portfolio, particularly with your younger oriented titles is contributing to the digital evolution?

Steve Lacy - *Meredith Corporation - Chairman & CEO*

Let me make sure I understand your question, Dan. Are you talking about traffic, or are you talking about ad revenue?

Dan Kurnos - *Benchmark Capital - Analyst*

I'm talking about a combination of a monetization efforts, which I think Tom talked to a little bit, with the growth in native solutions. But also, uptake of digital subs versus multi-platform in maybe some of your younger oriented brands. And how that's contributing to circ.

Steve Lacy - *Meredith Corporation - Chairman & CEO*

The question is really about the circulation activities then where those digital subs are coming from?

Dan Kurnos - *Benchmark Capital - Analyst*

I guess the best and I will try to rephrase it. I want to get a sense of, with the magazine portfolio, if we take Allrecipes out, look at digital, tell me the contribution coming from purely from the magazine side. As its ramping through either a multi-platform guide that are taking print and digital. Is it digital only?

What's the digital sub-count? And preferably by brands, so we can see get a sense of it's your younger titles that are contributing more to that? If your older titles are starting to see traction? And how the monetization is improving across those brands is what I'm getting at, Steve.

Steve Lacy - *Meredith Corporation - Chairman & CEO*

Okay first and foremost, we don't have we can get it. But we don't have the sub-count by brand whether it came through direct mail, came through a [blow in car] or came through digital by brand here. But we can go back and we can sort that out. But, we made reference to earlier is that we have had a very long-term process of over time getting out of direct mail, as it relates to sourcing our magazine subscriptions.

Today, about 40% of that subscription activity is in a digital format. But we can dig down and get that brand by brand. I will tell you, even without having the data though, that the largest piece of it comes from Better Homes and Gardens which is, in fact, the largest piece of the portfolio. So today, we reach 100 million consumers monthly. 70 millions of those interactions are digital, and we mail 30 million magazines out as we did 25 years ago.

Better Homes and Gardens is 8 million of that 30 million. So the largest part of the digital circulation activity comes from our flagship brand, Better Homes. But we can break that down. But Tom, what you might be able to respond to, let's move to the advertising side of it.



Let's talk about our success in creating programs for the advertisers where they take all of our platforms. And how that works together and I would like you to comment on the sales guarantee and the ROI from our premium sites, versus the broader digital ecosystem if you would? To help Dan a bit, okay?

Tom Harty - *Meredith Corporation - President, Meredith National Media Group*

Yes, I think to Steve's point, it is not one or the other. And we're -- just one comment about circulation. We are seeing younger consumers still looking to buy the form factor of print. And that has not changed. It's kind of amazing.

So, even when we have added the Weddings business in the last year, we're actually even getting younger, as we are acquiring them. And they want the form factor in print along with the complement of digital. But really, as Steve mentioned, our platform is that we are the largest media company reaching American women. Over 100 million women every single month. And we reach 63% of the younger millennial women.

So what advertisers are really looking for is kind of an end-to-end solution. Where we are offering integrated advertising programs, but reach these women through print, through digital, through experiential marketing. So we put together integrated programs, really driven by our corporate sales and marketing group. And we're taking advantage of that. And that's really what has been making us stand out.

Steve Lacy - *Meredith Corporation - Chairman & CEO*

Just to the print guarantee, we've talked about this on previous calls. Clients are demanding ROI if they spend their money they want to see a return. And three years ago, we stumbled upon some research where we felt that print wasn't getting -- you can't measure print minute by minute on what ROI you're getting. And we were able to solve that from a perspective partnering with Nielsen where they actually measured by medium what ROI a client is getting by spending money in a medium-like print versus digital versus broadcast.

You might have recently saw two weeks ago, that the Wall Street Journal had an article that this is not only a pushed now by Meredith to guarantee the results. But also it's now the whole industry. Our competitors have come together, and we're all offering an industry guarantee for the first time that we think of in any area that competitors got together to do that.

It is not just print, we are also doing it in digital as Steve mentioned. When we look at our premium branded experiences, and you measure the ROI, we are doing significantly better than a lot of these digital portals. So, some of the programmatic buying that was going on, some of this bought traffic and view ability issues.

When you come in and advertise in a premium experience, we can prove that you're going to get a better ROI in some cases 3-1 in the digital area. So, you put all this together and that's really our competitive advantage. What we go to the marketplace and talk to our advertisers about.

Dan Kurnos - *Benchmark Capital - Analyst*

That really helpful. Could I just sneak one more in, Steve?

Steve Lacy - *Meredith Corporation - Chairman & CEO*

Sure, Dan.



Dan Kurnos - *Benchmark Capital - Analyst*

Can you maybe just update us on the integration of Qponix? And any flow through benefits it's having to MXM as a whole? And maybe this is the wrong thought process. But I will throw it out there anyway. Has your enhanced analytics and marketing platform helped you in developing some of your new licensing program pitches?

Steve Lacy - *Meredith Corporation - Chairman & CEO*

So first of all, Qponix is part of our consumer business. So part of Meredith Digital Media. And Tom why don't you speak to the benefit that provides for our advertisers at the very bottom of the purchase funnel. Right while the consumer is standing in the supermarket.

Tom Harty - *Meredith Corporation - President, Meredith National Media Group*

So this is another tech platform that we acquired, and as Steve mentioned, we were able to deliver these ads. So we were able to deliver targeted offers, coupons, price information that is on specials. We have a database of all that information from retailers across the country. And then we're able to plug that in and deliver that information to our consumers across our portfolio of our network of 70 million unique visitors a month.

So what we know from our research is, that when you are in Allrecipes, and people are pulling up and searching for recipes to make dinner, 50% of that traffic actually happens in the retail store. So, when you think about that, where someone is typing in, they are seeing an offer for chickens on special. Well then you are able to deliver other offers and other promotions around things that might complement chicken recipes at the point-of-sale.

That is the real competitive advantage for Qponix, that we are looking to deliver. And we started, we have done some great testing in the last year with some very big advertising partners. And they are seeing an incredible ROI, which shouldn't be unexpected, when you think about being able to delivered those messages and those offers right to the consumer at the point of purchase.

Dan Kurnos - *Benchmark Capital - Analyst*

I guess maybe I didn't ask it the right way. I was kind of wondering if there was sort of a translation that was able to be had from Qponix through to a national platform that you could offer this hyper-local -- that MXM would get some learnings out of this. You would gather more data, and it would allow you to have some flow through benefits. And then also, if there was some flow-through benefits to any developing the new licensing programs pitches, since you have at-store level data.

Steve Lacy - *Meredith Corporation - Chairman & CEO*

Why don't we picked this up Dan in a follow-on call. But again --

Dan Kurnos - *Benchmark Capital - Analyst*

Alright. That's fine, Steve.

Steve Lacy - *Meredith Corporation - Chairman & CEO*

This, so everybody understands, we're very excited about this opportunity. But it is tied to the 70 million monthly unique visitors that we deliver on our consumer digital properties. And again reaching them right at point-of-sale. Next caller?



Operator

Next, John Janedis, Jefferies.

John Janedis - Jefferies & Co. - Analyst

Thanks for taking the time guys. Tom, to your early point from Bill's question. As you know, there are still a fair amount of accounts up for review. So, do you think there's any money out there that may be coming back to print that may have shifted out to other media? And I guess I'm trying to understand if the strength is a full-year budget compressed into 9 or 10 months given the reviews? Or if this has more legs to it?

Joe Ceryanec - Meredith Corporation - CFO

Yes I think it's tough to say. What we do know is that, there is -- in the last six months these accounts being reviewed, have caused a tremendous amount of disruption. With the number of accounts and the size of those accounts up in review.

Some of that is being settled already, and we know who is going to be handling those accounts. Some of it is pending very soon. So it is hard to quantify exactly what is going on. But you see that what we have just talked about, the volatility between quarter to quarter, we have never seen that before.

So, we are looking for things to point to, but it is hard to quantify that money is going to come back. The good news is, that as we are in the second quarter we're seeing it rebound. That's kind of a long-winded answer. It is really hard to know. But it is better to have that settled and to know where those accounts are, so we know who to talk to about placing advertising.

John Janedis - Jefferies & Co. - Analyst

Has visibility changed at all? Or no?

Joe Ceryanec - Meredith Corporation - CFO

As you can see, in the second quarter our visibility -- we're not totally closed with our quarter yet. But we are seeing it turnaround. It's very robust.

Steve Lacy - Meredith Corporation - Chairman & CEO

I would say John, though, more broadly. That regardless of who we speak to, one of our brand leaders in the local market or in our digital business, or in our prints. That buyers continue to hold those dollars closer and closer to the vest. And make their decisions as late as they possibly can.

A lot of that, is driven by what's going on corporately with these major clients of ours. So I wouldn't say that it has changed dramatically. I would just say that it continues to book later and later, okay?

John Janedis - Jefferies & Co. - Analyst

Okay and maybe I'm threading a needle here Steve, but given the headlines, can you talk about maybe about how the proposed deal affects your ability or interest in acquiring other TV, or non-TV assets that may be on the market? And will it affect your strategy in the auction?

Steve Lacy - *Meredith Corporation - Chairman & CEO*

I would say it does not affect either of those strategies, but right now as you probably know, it is very quiet in the marketplace. And I think a lot of that has to do with the timing of the auction that will be coming up. It also has to do with the timing, that as you move into calendar 2016, everybody's numbers will become more robust as we start to move towards another political cycle, okay?

John Janedis - *Jefferies & Co. - Analyst*

Okay great, thanks.

Steve Lacy - *Meredith Corporation - Chairman & CEO*

Thank you. Next caller.

Operator

Marci Ryvicker, Wells Fargo.

Marci Ryvicker - *Wells Fargo Securities - Analyst*

Thanks. Question on the local segment. You gave an organic number for fiscal Q1 ex-political, you were up mid-single digits. Can you give a similar trend line for fiscal Q2? On an organic basis? And also maybe touch on how auto has been? Because that is not mentioned as one of the categories.

Then, my second question is, when you negotiate for retrans rates, are you negotiating as a potentially larger scale company? So, in other words as you go into assuming the Media General deal does close, if to go into your FY17, would your rates have upside? Or be sort of where they are today?

Steve Lacy - *Meredith Corporation - Chairman & CEO*

Let me take that second question and then I will turn it back to Joe Ceryanec to give you the data that you requested on advertising. The discussions that we are in now with the MVPDs, are absolutely and entirely separate as a standalone Meredith.

I know you are well aware that as it relates to the merger transaction, that the after-acquired clauses come into play. And all of that has been calculated in the synergy data that we have provided going forward. But Joe, why don't you go back and give Marci a bit more color on the non-political ad growth that we are seeing in the group?

Joe Ceryanec - *Meredith Corporation - CFO*

Yes, so Marci, for Q1, the quarter we just completed. We were up organically about 4.5%. Auto, actually was fairly flat. I think it was up maybe 1%, but the categories that really drove the growth were professional services. Which is our second largest category, retail, and restaurants. And, the good news is those are categories two, three and four. So some of the categories that were a little softer, travel, media, telecom, tended to be our smaller categories. And frankly as we look into Q2 into our pacing data, we are expecting now, we're only one month into the quarter, but our early read is that our non-political should be pretty similar to Q1. Kind of up low to mid single digits. And again we're only pacing a month in. But, what we are seeing now is auto's actually a little stronger right now, it's up about 3%.

Restaurants are up as well, along with gaming and gambling. And I don't know if that's some of this NFL Football stuff. But that's actually, that category is up 27% quarter-to-date. So, same similar trend in Q1. I'm sorry Q2 that we saw in Q1. The difference is probably auto a little stronger in Q2 so far.

Steve Lacy - *Meredith Corporation - Chairman & CEO*

Does that help Marci?

Marci Ryvicker - *Wells Fargo Securities - Analyst*

Yes, thank you so much.

Steve Lacy - *Meredith Corporation - Chairman & CEO*

Thank you. Next caller, please.

Operator

Next, Barry Lucas, Gabelli & Company.

Barry Lucas - *GAMCO Investors, Inc./Gabelli & Co. - Analyst*

Thanks. And good morning. I don't want to beat this print advertising to death. We have gone over it, but where are you seeing the pockets of strength? You mentioned categories, but is it really since it's the big Kahuna, Better Homes and Gardens, or are some of the other titles to be in as well?

Steve Lacy - *Meredith Corporation - Chairman & CEO*

So Tom, this would be the second-quarter growth that we are talking about. And more by category and by brand, if you could give a little bit more color for Barry?

Tom Harty - *Meredith Corporation - President, Meredith National Media Group*

Yes, I think I mentioned the categories before. But the biggest category growth was the drug category, or direct to consumer drugs DTC. Followed second by food, which is our largest category. So you look at the -- our two biggest categories, food and drugs. They are both up significantly. Food could be up roughly 25%, and drugs could be up over 50%.

When you look by brand, we're actually seeing it across-the-board growth. So it's not particularly one particular brand that is standing out and driving all. But it's kind of been a good quarter across the portfolio in each brand.

Steve Lacy - *Meredith Corporation - Chairman & CEO*

Barry, as you know, again that has always been the unique proposition for Meredith. That portfolio of ours from an advertising perspective really hangs together. And the categories of strength for the portfolio really go across the board.

That also plays into our digital business. Where even from the very first day, the same advertisers that we had in print were always our strong advertisers in digital. So it really is really across-the-board. And it's really across-the-board across-platform as well.

Joe Ceryanec - *Meredith Corporation - CFO*

I guess Barry, just to pile on a little bit as I look at some of it by title. It confirms what Tom was saying. Some of our food titles are all recipes, magazine, EatingWell magazine, are showing strength. Probably because of the food category.

Then the other area that we are seeing pretty strong results in are some of our parenthood brands. Like Parents, Family Fun, Family Circle. Some of our younger brands but more in the parenthood category. Tom, I don't know if you are seeing any particular category within those brands. But those titles seem to be up quite a bit over the prior year.

Tom Harty - *Meredith Corporation - President, Meredith National Media Group*

Yes.

Barry Lucas - *GAMCO Investors, Inc./Gabelli & Co. - Analyst*

Just broadly speaking, either for Steve or Tom. How do you square that with some of the comments that we see coming out of the likes of P&G and drives for efficiency et cetera, et cetera?

Steve Lacy - *Meredith Corporation - Chairman & CEO*

Well, first of all and I will ask Tom to add here. We are, without a doubt, the most efficient buy for P&G. And always have been, and that's why we get a lot of business from them. They are also a huge digital advertiser. And always have been.

Our portfolio and the mass reach that it offers, is always one of their most efficient buys. But whatever you would like to say about that Tom, you guys spend a lot of time on that client.

Tom Harty - *Meredith Corporation - President, Meredith National Media Group*

Yes, I think your comment about Procter & Gamble, they will probably be our biggest gaming advertiser in our digital space this year. And they are our biggest print advertiser. So I think as we talk about our portfolio and our focus around women, that it really holds together when we go and do a corporate contract with these advertisers.

So, when we are in there talking to Procter & Gamble, we're talking about how we reach women across the portfolio. Both print and digital. And we take advantage of that scale, and we're extremely efficient. And then you put together the sales guarantee where we are actually putting our money where our mouth is. Saying that our portfolio is going to deliver an ROI and a lift in sales, and it really resonates.

We have done over 50 studies now with that Nielsen study. And we guarantee in every single study has seen a lift in sales and a positive ROI. And we have never had to rebate a single dollar of free space back to an advertiser.

Barry Lucas - *GAMCO Investors, Inc./Gabelli & Co. - Analyst*

Great last one for me. And just switching gears. You mentioned the expansion of the Better Homes & Gardens real estate relationship. Any way to size that opportunity in terms of growth in offices? And especially in light of what has been a very, very healthy residential real estate market?

Steve Lacy - Meredith Corporation - Chairman & CEO

Well, first of all Realogy has been a fantastic partner, because, Barry you've been with us for a long time. And you may recall that we launched that in 2008. So I wouldn't call that opportunistic timing in residential real estate. But it really, really has picked up dramatically. And we have almost 10,000 individual agents now in over 300 offices. So, we get a small uptick from each one of those sales transactions. And it has a lot to do, from a volume perspective, with the fact that we are the third-largest brand licensor in the world. Up with giants such as Disney.

So, we continue to see nice growth, but what is more important to us, is the volume of transactions that are sold, the volume of individual real estate sales, and that of course in this marketplace, has been moving up nicely. So we're optimistic about that as a long-term growth potential as we go forward. And that's, under our contract, about as much as I can say about that. Okay?

Barry Lucas - GAMCO Investors, Inc./Gabelli & Co. - Analyst

Thanks, Steve.

Steve Lacy - Meredith Corporation - Chairman & CEO

Well thank you all for participating today, and thank you for your continued support and interest in Meredith. And as always, Joe Ceryanec and I are available for the balance of the day should you have any further questions. And again, thank you for participating on the call today.

Operator

Ladies and gentlemen that does conclude the conference here for today. We do thank you very much for your participation, and for using our executive teleconference service. You may now disconnect.

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