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PRESENTATION

Operator

Welcome to the fiscal third-quarter earnings result teleconference call.

(Operator Instructions)

And as a reminder, today's call will be recorded. I would now like to turn the conference over to our host and facilitator, Mr. Mike Lovell. Please go ahead, sir.

Mike Lovell - *Meredith Corporation - Director of IR*

Hello, good morning, and 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. Then we'll open the call up for questions. Also on the line this morning, our Local Media Group President, Paul Karpowicz; and National Media Group President, Tom Harty.

Our prepared remarks will be available later today on our investor website. And our remarks today include forward-looking statements. And as you know, actual results may differ from forecasts. Some of the reasons why are described at the end of our news release that was issued earlier this morning, and in some of our SEC filings.

And with that Steve will begin.

Stephen Lacy - *Meredith Corporation - Chairman & CEO*

Thank you very much, Mike. And good morning, everyone. I hope you've had the opportunity to review our news release, which was issued earlier today.

I'm very pleased to report strong results for the third quarter of our FY16. Here are some of the highlights, excluding special items. Earnings per share increased 30%, driven by 6% growth in total Company revenue, including a strong 8% growth in total advertising revenue, along with continued disciplined expense management.

Our Local Media Group delivered nearly 45% growth in operating profit on a 15% revenue growth. EBITDA margin increased to 39%. Growth was driven by a 10% increase in advertising revenue, boosted by strong political advertising in early primary states and higher retransmission consent fees. Our National Media Group grew operating profit 14%, as revenue and operating profit margin both increased. Performance was driven by 7% growth in advertising revenue, led by the prescription drug, food, and beauty categories. Circulation revenue increased as well.

Total Company digital advertising revenue grew more than 10% to a fiscal third-quarter record. Performance was driven primarily by the Better Homes and Gardens, Parents, and Allrecipes brands in our National Media Group; and higher advertising rates in our Local Media Group.

Before Joe details our operating group performance for the quarter, I would like to review the strategic initiatives that we're executing against to drive growth in revenue, operating profit, free cash flow, and, of course, increased shareholder value over time. I outlined these at our recent Investor Day, and they include growing our existing businesses organically, along with rapid expansion of our digital and our video capabilities.

So far, in FY16 our Local Media Group has delivered 8% growth in non-political advertising revenue. Our National Media Group has gained 1.2 points of magazine advertising market share. And our digital advertising revenues are up nearly 25% in FY16 to date. Digital traffic increased nearly 20% Companywide, to nearly 80 million monthly unique visitors, and we will produce significantly more video content in the current year than in FY15.

Second, we're pursuing opportunities to add to our business portfolio. As you may recall we executed a significant number of acquisitions during FY15, including two television stations, the Shape and Martha Stewart media brands, along with several digital additions to the portfolio. Our focus thus far in FY16 has been on successfully integrating those acquisitions. Looking ahead, we're actively pursuing opportunities to grow the portfolio on the national, local, and, of course, digital fronts.

Third, we're increasing revenue from businesses that are not dependent on traditional advertising, particularly retransmission consent fees and brand licensing royalties. Fourth, we continue to aggressively manage our cost, which is clearly evident in our fiscal third-quarter operating profit margin growth. And finally, we continue to execute successfully against our total shareholder return strategy. During the third quarter we raised our dividend by more than 8% to $1.98 per share on an annualized basis. That's the 23rd straight year that we've increased the dividend, and the dividend is now yielding approximately 4%. In addition, we have an active share repurchase program; and, as I just mentioned, we continue to seek accretive acquisitions.

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

Joe Ceryanec - *Meredith Corporation - CFO*

Thanks, Steve, and good morning, everybody.

Before I get into the individual operating group performance, let me provide some color on our strong third-quarter performance. As most of you have seen, our earnings per share of $0.92, excluding special items, was $0.10 above the high end of our guidance range for the quarter. Several factors led to this. First, political advertising at our TV stations was heavier than we anticipated in January; and unlike during the fall political season, we didn't see any crowding out of non-political advertising. It was purely incremental. We also benefited from the first wave of favorable contract renewal with our cable and satellite providers.

Second, our National Media Group delivered another quarter of solid ad performance in both print and digital, with advertising revenue strengthening as the quarter progressed. Circulation revenues also increased as subscription revenues grew and newsstand delivered stronger than expected performance. And lastly, we delivered strong revenue growth while holding the line on costs, which led to a 230-basis-point gain in operating profit margin -- again, excluding special items. So again, it was a very strong quarter.

Now, let's look at the groups, starting with the Local Media Group. FY16 third-quarter revenues grew 15% to $141 million, and operating profit grew 44% to $46 million before special items. Of note, we've now lapped all the acquisitions we made on this side of the business, so all of the third-quarter results are comparable. Non-political advertising revenues were up 4%, led by growth in automotive, gaming, and entertainment. Digital ad revenues at our stations were up more than 15%. Political advertising revenues were $6 million, driven by strong presidential primary activity in Missouri, Nevada, and South Carolina.

Other revenues and expenses both increased in the third quarter, due primarily to growth in retransmission-related revenues that we get from cable and satellite providers, as well as higher programming fees paid to the networks. As Steve mentioned, we recently renewed contracts with several large cable and satellite providers, and also during the quarter we renewed our affiliation agreements with CBS in the Hartford, Springfield, and St. Louis markets, and that contract now runs through June of 2020.

We continued to demonstrate a strong connection with viewers during the February ratings period as eight of our stations ranked number one or number two in morning news, and nine were number one or number two in late news. Of particular note, KTVK in Phoenix and KPTV in Portland each grew their total audience by more than 10%. This combination of strong stations in large markets drives Meredith to consistently outperform the local broadcast industry as a whole. For example, based on the most current ad data from TVB, Meredith stations are outpacing the industry by two percentage points in non-political advertising revenue so far in calendar 2016.

Now turning to our National Media Group. FY16 third-quarter revenues increased 2% to $282 million. Operating profit grew 14% to $38 million, and margins improved by 140 basis points before special items. Now looking more closely at revenue performance during the third quarter, total ad revenues grew 7% and results were led by the addition of Shape magazine, along with the Allrecipes and Eating Well brands. The prescription drugs, food, and beauty categories were particularly strong. Digital advertising revenues grew 10%, and performance was led by our core digital brands, specifically Better Homes and Gardens, Parents, and Allrecipes. Circulation revenues increased to $97 million. Circulation continues to be a very strong and stable source of revenue and profit for us and represents about 30% of the National Media Group revenue. About 85% of the circulation revenue comes from tens of millions of very small transactions with individual consumers. Additionally, we are transitioning our subscriber base to a more profitable auto-renewal business model.

Our consumer engagement continues to be strong. According to the latest Magazine Media 360 Brand Audience Report, Allrecipes and Better Homes and Gardens rank in the top five in audience size. Fit Pregnancy and Baby, Eating Well, and Siempre Mujer each rank among the 10 fastest-growing brands in audience size. And our brands are very strong with millennial women. Our reach has grown to nearly 75% of that demographic as millennials continue to enter this wheelhouse. They are getting married, starting families, and in many cases have just purchased their first home. These are the same milestones that have been important to women throughout our history and make millennials extremely attractive to our advertising and marketing clients.

Now turning to corporate. Our total debt was $703 million at March 31, and our weighted average interest rate was 2.7%, with $400 million effectively fixed at low rates. This made our overall debt-to-EBITDA ratio as defined in our credit agreements 2.3 to 1 for the trailing 12 months.

Now turning to our outlook. As we look at the fourth quarter of FY16 compared to the prior year period, we expect that total Company revenues will be up in the low to mid single digits; total local media group revenues to be up in the mid to high single digits; and total National Media Group revenues to be flat to up slightly. As a result, we expect FY16 fourth-quarter earnings per share to range from $1.01 to $1.06. And when adding the 2016 fourth-quarter expected results to the $2.24 before special items we generated in the first nine months, we expect FY16 full-year earnings per share to range from $3.25 to $3.30. And this is an increase from our FY16 range that we first provided last July.

And with that, I will turn it back to Steve for a few closing comments, and then we'll open it up for Q and A.

Stephen Lacy - *Meredith Corporation - Chairman & CEO*

Thank you very much, Joe.

As I said earlier, we're very pleased with our strong momentum thus far in our FY16. I would like to close this morning before the Q&A on what I continue to believe is our very compelling investment thesis. Meredith has a great group of television stations in large and fast-growing markets, trusted national brands with an unrivaled reach to women and to millennials, a highly profitable and growing digital business activity, and a vibrant brand licensing business that's based on our very strong national brands, along with a strong and proven management team. This diverse portfolio of businesses consistently produces strong free cash flow. And as a reminder, we've paid a dividend for 69 years and increased it for the last 23. The current yield on that dividend is approximately 4%. Our share buyback program has around $90 million currently authorized; and, of course, we continue to aggressively pursue accretive acquisitions.

We believe that the growth strategies outlined today, which we expanded on during our Investor Day in February, can, in fact, deliver top third total shareholder return over our upcoming three-year planning horizon.

So with that we would be happy to answer any questions that you might have.

QUESTIONS AND ANSWERS

Operator

Ladies and gentlemen, we'll now begin the question-and-answer session of today's conference.

(Operator Instructions)

Our first question will come from the line of John Janedis of Jefferies.

John Janedis - *Jefferies - Analyst*

I know there's going to be a lot of focus on political, but I wanted to ask about a couple of other events later this year. Can you talk about to what extent the Olympics typically impacts the portfolio?

And then, given your presence in a few NFL markets, can you remind us to what extent the fantasy sports category comp is something we should be thinking about later in the year? I guess between political, Olympics and fantasy, there seems to be a lot of moving pieces for us to think about. Thanks.

Steve Lacy - *Meredith Corporation - Chairman & CEO*

Thank you, John. Paul, would you pick up on Olympics and NFL?

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

Sure. With Olympics, we only have one NBC station. So that's our station in Nashville. We have great expectations that they will do very, very well. But again, that's just one station out of our entire group.

Our challenge continues to be, in an Olympic cycle, that we've got to find other ways for people to spend their sports dollars. So we'll be focused on a lot of preseason football, preseason NFL, and really any -- and golf certainly, and any other sports that are going to be available to us. US Open tennis will now be on Fox so we'll have a good presence there. But with the Olympics, a lot of it, honestly, is we're just going to work around that couple weeks and do well in Nashville, and try and divert the money to other sources.

Relative to NFL, obviously we have great expectations. We have a lot of NFL markets. We're currently in the process of bidding on as many of the preseason games as we can get. Again, our expectations are very high that we'll be successful there. So we continue to feel very positive about NFL.

Relative to the fantasy money, we weren't getting all that much fantasy money in spot. So to the extent that we're not going to have that this year, honestly, I just don't think it's going to be a big factor, and we'll just work around it.

John Janedis - *Jefferies - Analyst*

That's helpful. Thanks.

And then maybe one for Tom: Earlier in the year you had talked about some of the strength in advertising coming from maybe timing related to the eCom reviews, but it seems that demand really continues at an elevated pace. And so, can you talk a little more about the drivers? Do you remain positive on the prescription drug category? And with the major reviews now wrapped up over the past quarter or so, has anything changed in terms of tone?

Steve Lacy - *Meredith Corporation - Chairman & CEO*

You want to handle that one, Tom?

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

Yes. So I think the trends -- first on the drug category, it's been great. The cycle of new drugs that have been coming to market has been very strong, and we've taken advantage of that. As we look out into the fourth quarter, we see that continue that trend in the drug category.

To your question on all the account reviews, it is settling down a little bit. But we even still see a little of that in the marketplace because some of those -- even after some of those changes were announced, some of the buying services are still staffing up. So there's still a little uncertainty kind of month to month. But it is settling down, and the print trends that we've seen for the second half of this fiscal year has been trending much more positively than we saw in the first half of the fiscal year -- so calendar-year 2016.

John Janedis - *Jefferies - Analyst*

Tom, any reason to maybe be more optimistic going forward as a result of this, or just too soon to know?

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

A lot more of these clients are planning month to month and quarter to quarter. And I think if you look at our results where we had a really difficult first quarter last summer, and since then all of our trends have been positive going forward, so we're cautiously optimistic. But it really depends on some of the broader economic things that are going on, and what clients are planning kind of month to month, quarter to quarter. But the trends are positive.

John Janedis - *Jefferies - Analyst*

Thank you very much, guys.

Steve Lacy - *Meredith Corporation - Chairman & CEO*

Thank you, John.

Operator

Our next question will come from the line of Eric Katz of Wells Fargo.

Eric Katz - *Wells Fargo Securities, LLC - Analyst*

In the local segment, the guide for fiscal Q4 seems a bit soft considering political was pretty strong in fiscal Q3. It actually would indicate virtually no political revenue, and flat to negative non-political revenue. So I was hoping you can give us a little more detail on how we should be thinking about political in fiscal Q4 and even non-political in the quarter?

Steve Lacy - *Meredith Corporation - Chairman & CEO*

So we'll have Joe start because he's got all the data here, and then, Paul, you can add some color to that if you would like to, okay?

Joe Ceryanec - *Meredith Corporation - CFO*

Eric, obviously political is very hard to predict. We didn't predict the almost $6 million we got in Q3. We do have, I'm going to say, $3 million to $4 million of political in our guidance.

Again, it's a little too early to tell where we're going to come in. But there is inherently in our Q4 numbers, like I said, $3 million to $4 million.

On the non-political, we are seeing the pacings a little softer than they've been. In fact, we're pacing down kind of low- to mid-single digits right now. It is getting better as we move towards the quarter, but we are seeing a down quarter on the non-political side.

Eric Katz - *Wells Fargo Securities, LLC - Analyst*

Okay. And is some of that just replacement for political dollars? And I have another question.

Steve Lacy - *Meredith Corporation - Chairman & CEO*

Paul, do you want to add any color on that? I don't think we feel it's replacement (multiple speakers) --

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

I think on the political, what we're seeing is, as the primaries move across the country and move into the west coast, we don't anticipate -- as Joe indicated, we don't have the same level of activity that we had when we were dealing primarily with the east coast markets. As we move into the general election, obviously that's going to be a bigger thing. But through the rest of this quarter and up until the convention, we're still going to be dealing with those states that have primaries.

Relative to non-political, we're -- it's kind of a mixed bag geographically. We do have one of our major markets that is pacing pretty far behind, and that is tending to drag us down a little bit. So if we could get that market back on track, I think you would see our fourth-quarter fiscal pacings start to solidify a little bit. But, yes, it's a little bit softer in the fourth quarter now. Automotive is down a little bit; and again, it's getting better, but we're still obviously not where we want to be.

Eric Katz - *Wells Fargo Securities, LLC - Analyst*

Okay. So it sounds like more of a geography rather than a bigger, broader issue.

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

In our case, there's no question there's a geography issue at play.

Eric Katz - *Wells Fargo Securities, LLC - Analyst*

Okay. And I guess the second question would be: You mentioned on the last earnings call that you would get a, quote unquote, first look at the TV assets being divested by Nexstar and MEG, and you would be looking at those over the following 1 to 2 months of the last call. So I guess the question is: As you look at what's available out there in broadcast right now, do you still like those assets coming out of Nexstar/MEG relative to other options out there? Has that window closed on those stations? And I guess just any comments on the general M&A landscape -- if there's conversations going on or is it completely quiet as the auction plays out?

Steve Lacy - *Meredith Corporation - Chairman & CEO*

So I will start with the general landscape, and then Joe can speak specifically to the Media General/Nexstar asset process. It's very quiet. I think there's a lot of conversations, but obviously nothing is really moving forward until the auction is complete. We have a very strong belief that that will result in another very aggressive round of consolidation in the industry, but I believe that is more of an early calendar 2017 activity and opportunity.

So the good news is, we will move aggressively through the balance of the calendar year, and focus on maximizing the political cycle. And then I have a belief that we'll be turning our attention to a lot of M&A in broadcast. But, Joe, why don't you speak specifically to those Media General/Nexstar assets.

Joe Ceryanec - *Meredith Corporation - CFO*

Eric, there were two markets that we were interested in. We did make an offer on those markets, probably back in February. Nexstar/Media General did not accept our offer.

They have now entered into a formal process. I think in total there's probably 7 to 8 markets, if I remember right, that they are having to sell because of the overlap. We are still interested in those two markets. We have told the bankers that are leading the process that the offer we made still stands, but we are not looking at any of the other markets other than those two.

Eric Katz - *Wells Fargo Securities, LLC - Analyst*

Okay, thank you.

Steve Lacy - *Meredith Corporation - Chairman & CEO*

Thank you.

Operator

Our next question will come from the line of Kyle Evans of Stephens.

Kyle Evans - *Stephens Inc. - Analyst*

Thanks for taking my questions.

Steve Lacy - *Meredith Corporation - Chairman & CEO*

Hi, Kyle.

Kyle Evans - *Stephens Inc. - Analyst*

First, a three-part housekeeping question on NMG: What was the organic growth number in the period? Is there any acquired revenue in the guide for next Q? And then, what was the digital versus print split for ad revenue in the period?

Steve Lacy - *Meredith Corporation - Chairman & CEO*

Okay. I will ask Joe to look up those questions. I believe we have all that in our materials. We just have to get to the right page. So just hang with us a quick second.

Joe Ceryanec - *Meredith Corporation - CFO*

So, Kyle, on organic, national ad would have been down low-single digits excluding the addition of Shape. So, this year we had Shape in, in FY15; Q3 we did not.

As we look at the fourth quarter, kind of like I said on the broadcast side, our third quarter everything was same store. In the fourth quarter, on the NMG side, we'll be fully comparable to last year.

And then on the digital side, I think we were -- or our organic number and our non-organic -- we did have Shape digital in the Q3. So our digital was up about 10%, both organically and --

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Steve Lacy - *Meredith Corporation - Chairman & CEO*

They're comparable.

Joe Ceryanec - *Meredith Corporation - CFO*

-- and with Shape.

Steve Lacy - *Meredith Corporation - Chairman & CEO*

We had Shape digital in third quarter a year ago, we just didn't have the magazine yet. Okay?

Kyle Evans - *Stephens Inc. - Analyst*

So it was up 10%. What was the split? I guess I'm trying to get to an absolute number.

Steve Lacy - *Meredith Corporation - Chairman & CEO*

The split between what?

Kyle Evans - *Stephens Inc. - Analyst*

I just want to know what the digital -- you gave me a growth rate. I was looking for just percent of total.

Steve Lacy - *Meredith Corporation - Chairman & CEO*

Oh, how much digital is percent of total?

Kyle Evans - *Stephens Inc. - Analyst*

Yes, please.

Steve Lacy - *Meredith Corporation - Chairman & CEO*

About a quarter.

Kyle Evans - *Stephens Inc. - Analyst*

Great. And then one last one: You guys had, it looked like, a really nice bump in retrans in the period. How should we think about that scaling across the calendar year?

Joe Ceryanec - *Meredith Corporation - CFO*

If you look, Kyle, it's in the other LMG category. It's the majority of that category. You'll see it was up, I think, about $10 million in revenue this year versus last. And as we look at the fourth quarter, it will probably be up a little bit more than that $10 million -- call it $11 million or $12 million year over year in Q4.

And let me just -- I did misspeak when I said fourth quarter will be comparable. We will not have more magazine in the Q4 coming up.

Steve Lacy - *Meredith Corporation - Chairman & CEO*

So, comparable will be better than not comparable. But we'll give those numbers when we know what they are.

Kyle Evans - *Stephens Inc. - Analyst*

Right, thank you. Appreciate it.

Steve Lacy - *Meredith Corporation - Chairman & CEO*

Thank you.

Operator

Our next question will come from the line of Dan Kurnos of The Benchmark Company.

Dan Kurnos - *The Benchmark Company - Analyst*

Couple questions from me -- really just high-level stuff. In the third quarter, the March quarter, on the TV side on local, taking out -- if you strip out the upside from political and other, there still seemed to be a little bit of expansion. Just curious on if there were any puts and takes on the expense management at the station level?

Steve Lacy - *Meredith Corporation - Chairman & CEO*

Nothing other than the incremental reverse comp of anything significant, because everything -- the stations and everything were comparable in Q3.

Joe Ceryanec - *Meredith Corporation - CFO*

And non-political, Dan, was up 4%.

Dan Kurnos - *The Benchmark Company - Analyst*

Does that include Super Bowl, Joe?

Joe Ceryanec - *Meredith Corporation - CFO*

Yes.

Dan Kurnos - *The Benchmark Company - Analyst*

If you pulled out Super Bowl, what was core?

Steve Lacy - *Meredith Corporation - Chairman & CEO*

We don't have that, nor do we track it that way.

Dan Kurnos - *The Benchmark Company - Analyst*

Okay, that's fine. And then just shifting over to National for a second, holding circ flat, or slightly up I should say, is pretty decent in the environment. Just curious when you start to lap some of the initial auto renewal rule-out, and what's kind of the penetration in terms of sub-base on auto renewal at this point?

Steve Lacy - *Meredith Corporation - Chairman & CEO*

It continues to grow very nicely, but it's still only about 10%, Dan, of the total, and they renew every month. They renew a little better than traditional print. It's a bit of an effort to turn it off, if you will. So we're still very optimistic about that as it grows forward, but it will continue to grow over time as we have the opportunity to renew new subscribers that way in an automatic fashion.

Joe Ceryanec - *Meredith Corporation - CFO*

The auto renewal digital were 12%.

Dan Kurnos - *The Benchmark Company - Analyst*

Great. Thanks. And what was Allrecipes -- specifically Allrecipes digital growth in the quarter?

Joe Ceryanec - *Meredith Corporation - CFO*

You have to hang on for that one -- 16%.

Dan Kurnos - *The Benchmark Company - Analyst*

Great.

Steve Lacy - *Meredith Corporation - Chairman & CEO*

To be precise.

Dan Kurnos - *The Benchmark Company - Analyst*

It's a good number. I'm not going to get another decimal point? Okay, that's fine.

Steve Lacy - *Meredith Corporation - Chairman & CEO*

No, you're not.

Dan Kurnos - *The Benchmark Company - Analyst*

Steve, for you, thoughts on either MXM and its performance, and how some of the new programs are fairing since inception?

Steve Lacy - *Meredith Corporation - Chairman & CEO*

Well, I think, I would say in MXM there's kind of good news and bad news, if you will. The pipeline -- and Tom can add some color to this -- the pipeline of new business opportunities is quite a bit better than where it was a year ago. But with a lot of these major accounts, there are procurement challenges that come into play, meaning that the CFO offers up a certain amount of money that can be spent, and it's up to the marketing department to figure out how to make that happen.

So, in the renewal process of these accounts, which goes on kind of in the first half of the calendar year, we've seen some contraction -- not huge, but obviously then you've got to sell a lot more to overcome that. So overall that whole content marketing area continues to be strong. I think the way Tom and I feel, and I will ask Tom to comment on this, is that we need a larger funnel of intake to help kind of overcome some of the sluggishness on some of the largest accounts.

Tom, what would you want to add to that?

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

I think we're working against two account losses -- big account losses from last year in the automotive area being Honda and Kia. To Steve's point, the pipeline of new business is strong, and they're smaller deals, but there's a lot more of them. And what our history shows over time is that once we break a new piece of business with a client, we're able to grow that piece of business in subsequent years once we get in there and show them what we can do. So to Steve's point, it is an area of -- that we're facing with procurement with some existing accounts, but our pipeline and sales look strong.

Dan Kurnos - *The Benchmark Company - Analyst*

And, Steve, your thoughts on -- or just an update on how the recent program launches have been fairing since inception?

Steve Lacy - *Meredith Corporation - Chairman & CEO*

Oh, no, as Tom said, the newer -- we've moved a lot into financial services -- tremendous growth and a lot of opportunity there. Every time we get an account -- we won another new automotive piece of business; wasn't that just last week, Tom?

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

Yes.

Steve Lacy - *Meredith Corporation - Chairman & CEO*

So those are growing very, very nicely. The best growth comes from the newest programs, where we get in and find a lot of opportunity to expand. The challenge is -- the larger programs that we've had for 8 or 10 or 12 years -- keeping them at that level or finding a way to make them grow.

Dan Kurnos - *The Benchmark Company - Analyst*

Okay. Great, thanks, Steve.

Operator

Our next question will come from the line of Jason Bazinet of Citi. Please go ahead.

Jason Bazinet - *Citigroup - Analyst*

Thanks -- just a question for Mr. Lacy. I think you guys have been very focused on generating higher revenues for your digital impressions with Selectable and probably some other things. I was just wondering if you could give us an update on how things are progressing?

Steve Lacy - *Meredith Corporation - Chairman & CEO*

I think we have had a wonderful year from an increasing CPM perspective from all the data that I have seen. But we don't have that where I can actually quantify it for you, but we can probably get it.

And I don't know, Tom, if you know that off the top of your head, or could give any examples?

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

Yes, I think the point of the strategy that we had with Selectable getting higher CPMs -- we're exceeding our plan on the inventory that we're delivering through the Selectable platform. So it's going extremely well.

In the core display business, the industry is facing some downward pressure in the programmatic space of how clients are buying display advertising. So it's a little bit of two stories. Selectable is helping us mitigate that, and we're raising our CPMs with that platform, but there's also some downward pressure in the whole industry on CPMs for traditional display advertising.

Jason Bazinet - *Citigroup - Analyst*

Got it. Thank you very much.

Steve Lacy - *Meredith Corporation - Chairman & CEO*

Thank you, Jason.

Operator

Our next question will come from the line of Barry Lucas of Gabelli & Company.

Barry Lucas - *Gabelli & Company - Analyst*

Thank you and good morning.

Steve Lacy - *Meredith Corporation - Chairman & CEO*

Hi, Barry.

Barry Lucas - *Gabelli & Company - Analyst*

Hi, Steve. I have a couple -- could we come back to the other segment and maybe talk a little bit about the real estate licensed business, which one would expect to be doing reasonably well in this environment, and how much of an offset that is to the account losses that would have played in there? I guess what I'm getting at is -- is the core business, other than those lost auto accounts -- are those up in the other revenue area?

Steve Lacy - *Meredith Corporation - Chairman & CEO*

Are you talking about MXM or are you talking about licensing, Barry?

Barry Lucas - *Gabelli & Company - Analyst*

Since you lumped it together in the National Media side, it's sometimes a little bit hard to pull out. So I guess we're talking about both, but is the -- one part of the licensing business does not appear to be offsetting the account losses. I'm just trying to see what the interplay is there.

Steve Lacy - *Meredith Corporation - Chairman & CEO*

And the answer is that the growth in the other areas of other that includes licensing is pretty strong -- about, I would say, probably high-single digits, but the revenue decline in MXM was larger than that. So you're correct. But they are growing, and the other areas are growing and they're growing nicely.

I recently spent a half a day with the Better Homes and Gardens real estate team, and they continue to add very, very nicely to that portfolio. And the trick in that business is adding franchisees who successfully sell more product. But their volume continues to grow, and that's how come we get ranked as the third largest brand licenser in the world, and it's because of all the transactions that come through the real estate business.

Barry Lucas - *Gabelli & Company - Analyst*

Great. Two others, if I may? And this is really a -- I think, a jump ball for Tom and maybe more for Paul. But a number of network executives have been talking pretty optimistically about the broadcast upfront, and suggesting that maybe we're seeing the return of more traditional advertising, or advertising coming back to traditional media. And just was hoping to get a little bit of color on the detail in that if Tom and/or Paul have seen anything that would provide a greater degree of optimism.

Steve Lacy - *Meredith Corporation - Chairman & CEO*

Paul, do you want to comment to that?

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

Sure. I think what we have seen at the local stations is very definitely a shift back to local broadcast versus digital. Not to the exclusion of digital, but what we're out there selling, and I think quite effectively, is the fact that a combination -- a media plan that would include a combination of both digital and spot can be the most effective way to sell product.

So to the extent that the networks are looking at the upfronts and saying this is going to be a banner year, I think that's very true. And I think part of that is potentially a shift -- a little bit of a shift from some of the digital allocations back into spot TV advertising.

Steve Lacy - *Meredith Corporation - Chairman & CEO*

And we see some of that on the national side as well, Tom, correct?

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

I think the research is showing that it's not one or the other, right. It's not print is going away with the digital growth.

If you look at MRI, which measures magazine audience, for 2015 the magazine audience grew over the last two years -- the total audience or all magazines. And amongst millennial women, it actually remained the same; 94% of all millennial women are reading magazines.

So I think clients are finally starting to recognize that they're anticipating declines in our core business from an audience perspective, and they're just not seeing it. So we believe in a diverse media mix for our clients, and we're taking advantage of that.

And what we're seeing in the print, as I mentioned the trends for the beginning of the calendar-year 2016, or the second half of our fiscal, the declines in print are really starting to mitigate. We're only going to be down slightly from a comparable basis in print for that six-month period. And for the first time, digital growth in advertising is going to exceed that decline in print for that six-month period.

Barry Lucas - *Gabelli & Company - Analyst*

Great. Thanks for that color, Tom.

Last one for me, Steve: It doesn't appear like you bought back very much stock in the quarter. Just wondering what contributed to that, and are you trying to keep more dry powder in anticipation of more M&A on the TV side in another X number of months?

Steve Lacy - *Meredith Corporation - Chairman & CEO*

You probably saw that our leverage is down significantly at this point. So we have plenty of dry powder; and as you know, we borrow at very, very attractive rates. So we are not, in any way, shape or form, inhibited from deals that we would like to do; but of course, we have pretty stringent criteria on what it is we think we should add to the portfolio.

Joe is very careful and opportunistic on the share buyback program. And I think he's doing a little ciphering here, and he will give you a sense of where we are at this point in time.

Joe Ceryanec - *Meredith Corporation - CFO*

Yes, Barry, we did buy about 160,000 shares during the third quarter. I would say most of that was earlier in the quarter when we announced the separation from Media General. I don't remember exactly, but we may have been in the high $30s or low $40s. And so we were opportunistic then, and started buying shares.

But we've now been trading into the high $40s, or even low $50s I saw earlier today. And as we've said before, we try and be opportunistic. And if we feel like the value is below where we think it should be, we'll go into the market. But right now, our share performance has been much stronger.

Barry Lucas - *Gabelli & Company - Analyst*

Thanks for that, Joe. Appreciate it.

Steve Lacy - *Meredith Corporation - Chairman & CEO*

So, thank you all for participating this morning, and we certainly appreciate the calls. Again, we're quite pleased with our third-quarter performance, and we'll all get back to work, aggressively focused on wrapping up the year, but more importantly leaning into the opportunities that we see as we move into FY17.

So again, thanks for your continued support; and with that, we'll wrap up the call. Thank you.

Operator

Ladies and gentlemen, that does conclude our conference call for today. On behalf of today's panel, we'd like to thank you for your participation, and thank you for using AT&T. Have a wonderful day. You may now disconnect.