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CORPORATE PARTICIPANTS

David T. Lougee *TEGNA Inc. - President, CEO & Director*

Julie Heskett *TEGNA Inc. - SVP of Financial Planning & Analysis*

Victoria Dux Harker *TEGNA Inc. - Executive VP & CFO*

CONFERENCE CALL PARTICIPANTS

Craig Anthony Huber *Huber Research Partners, LLC - CEO, MD & Research Analyst*

Daniel Louis Kurnos *The Benchmark Company, LLC, Research Division - MD & Senior Equity Analyst*

Douglas Middleton Arthur *Huber Research Partners, LLC - MD & Research Analyst*

James Charles Goss *Barrington Research Associates, Inc., Research Division - MD*

Steven Lee Cahall *Wells Fargo Securities, LLC, Research Division - Senior Analyst*

PRESENTATION

Operator

Welcome to the TEGNA Investor Conference call. As a reminder, today's conference is being recorded.

Now I'll turn it over to Julie Heskett, Senior Vice President, Financial Planning. Please go ahead, ma'am.

Julie Heskett - *TEGNA Inc. - SVP of Financial Planning & Analysis*

Thank you. Good morning, and welcome to our investor conference call and webcast. Today, our President and CEO, Dave Lougee; and our CFO, Victoria Harker, will review TEGNA's financial performance and results and discuss TEGNA's stand-alone outlook. After that, we'll open the call for questions. Hopefully, you've had the opportunity to review our Form 8-K filed this morning with the Securities and Exchange Commission as well as our first quarter earnings results, which we announced May 10. If you have not yet seen a copy of the release, it is available atTEGNA.com.

Before we get started, I'd like to remind you that this conference call and webcast includes forward-looking statements, and our actual results may differ. Factors that may cause them to differ are outlined in our SEC filings. This presentation also includes certain non-GAAP financial measures. We have provided reconciliations of those measures to the most directly comparable GAAP measures in the press release.

With that, let me turn the call over to Dave.

David T. Lougee - *TEGNA Inc. - President, CEO & Director*

Thank you, Julie, and good morning, everyone. It's good to talk to you again. It's been a while. As you know, TEGNA has not held a quarterly earnings call, since November of 2021, given the merger agreement we entered into with Standard General in February of last year. Earlier this week, we announced the termination of the merger agreement after a protracted regulatory review.

Armed with the knowledge of this possible outcome in recent months, our Board of Directors and senior management have been very focused on our stand-alone plan, so we would hit the ground running post termination of the agreement. The outlook for TEGNA is strong. We are uniquely positioned within the sector with an industry-leading balance sheet. We currently have the lowest leverage level since we became a pure-play broadcasting company and expect to remain comfortably in the mid-2s through the balance of the year even after returning excess capital to shareholders, including the first steps we announced this week, a $300 million accelerated share repurchase program and a 20% increase to the quarterly dividend.

With our assets and strong balance sheet, we're confident that TEGNA is very well-positioned to generate strong shareholder value in a variety of economic scenarios. We have a leading portfolio of high-quality local station and digital brands that fill a critical role in key large markets across the country, diversified by both geographic regions and network affiliations. The differentiated, non-substitutable programming we provide, including live local news, live local and national sports and first run, highly popular network content, remains some of the most popular and highly-viewed content available.

And furthermore, in 2022, I want to complement our team as they continue to execute extremely well during these dynamic macroeconomic times, achieving records in total company revenue, subscription revenue, net income and adjusted EBITDA.

Next, I'd like to provide you with the context for some of the highlights on our recent results, and Victoria will cover these topics in more detail. Total company revenue for the first quarter was down 4% year-over-year, largely due to the cyclical even-year events of political revenue, the loss of that, the absence of Winter Olympics and the Super Bowl airing on the FOX stations compared with NBC last year, as well as the macroeconomic headwinds. Relative to that Super Bowl combination, as you may recall, NBC represents the largest percentage of our network portfolio with Fox representing the smallest. So the Super Bowl is a delta.

On a 2-year basis, total company revenue was up 2% versus 2021, primarily driven by growth in subscription revenue, partially offset by lower advertising and marketing services or AMS revenue. TEGNA's subscription revenue continues to provide stable and predictable cash flows, supported by contractual rate increases. This quarter, subscription revenue was an all-time record and grew 6% year-over-year.

In the first quarter, we did lap a temporary disruption with a single distributor last year, which added roughly 2 points to that number. Also, last year, we successfully repriced approximately 30% of our subscribers improving multi-year visibility for a significant portion of our subscription revenue. We have an additional [25%] (corrected by company after the call) of our subscribers up for renewal at the end of this year.

As I indicated, AMS revenue comparisons to this quarter take into account several variables, including the absence of the Winter Olympics and the Super Bowl airing on the NBC stations last year and a decrease in Premion due to the loss of a single national account as well as macroeconomic headwinds that continue to impact advertising demand. With that said, AMS was down 13% year-over-year. Victoria will unpack that in more detail in a moment, but the bottom line is this...When you factor out the noise of the Olympics, the Super Bowl, and the reduction of that single national account at Premion, underlying advertising trends were down mid-single digits for TEGNA on a year-over-year basis and up low-single-digits on a 2-year basis.

I also want to highlight the strength we're seeing in the automotive category, which, as you can imagine, is something we're very pleased to see. As you may recall, auto is our largest advertising category and was challenged for several quarters due to the supply chain issues related to the pandemic. However, I'm pleased to report the category has steadily recovered and is generating strong year-over-year growth for the third consecutive quarter and pacing very strong in the second quarter.

Premion, our first-to-market and industry-leading OTT advertising platform, continues to deliver differentiated solutions to both local and national advertisers. Premion ended 2022 with record revenue and is poised for ongoing growth in the years ahead, backed by the breadth of TEGNA as well as Gray's local sales forces and footprint of local stations. I'm happy to share that we've just extended a multi-year reseller agreement with Gray. Combined with Gray, Premion reaches more than 78% of U.S. households with local sales representatives.

During the quarter, total Premion revenue declined modestly year-over-year, driven again by the reduction of that single national account. But notably, local revenue was up significantly and local is the strategic focus and the thesis of Premion and is also higher margin revenue than National for Premion. Investment in Premion has continued with the recent focus on enhancing the platform's attribution capabilities to demonstrate the value and effectiveness of campaigns on Premion relative to other advertising platforms.

Premion's innovative results and tools for advertisers are well recognized within the industry, having received numerous recent awards, including Cynopsis' Best of the Best Award for the Best Ad Tech Solution.

As we approach next year's presidential election cycle, we will benefit once again from strong political advertising revenue. TEGNA's stations continue to play a critical role in political marketing strategies as the preferred medium to reach voters. Through thoughtful acquisitions over the years, TEGNA has built a strategic position in key battleground states and large markets. It's expected that the 2024 presidential cycle will break previous records.

First quarter fundraising was very strong, and that's expected to continue with a very well-funded GOP presidential primary that is already active, as you surely know. Add to that, the razor thin margins in both chambers of Congress and there's a lot at stake in the 2024 elections for both parties.

Now turning to capital allocation. As a reminder, TEGNA's business mix is weighted towards high-margin, durable subscription and political revenues, which generate strong free cash flows. Now let me begin by discussing the $136 million termination fee owed to TEGNA by Standard General. We have entered into an agreement with Standard General to accept TEGNA common shares equivalent to the fee at market-based pricing, a transaction which will be completed promptly.

Furthermore, as announced in Monday's press release, TEGNA will be entering into a $300 million accelerated share repurchase program shortly, commonly known as an ASR program, which we expect to complete near the end of the third quarter. Combined, these 2 actions will result in us retiring nearly [$440 million] (corrected by company after the call) of our shares in short order. Beyond these actions, TEGNA's Board of Directors and management team are actively reviewing the return of additional excess capital that accumulated during the pending merger.

TEGNA has also increased its regular quarterly dividend by 20% on top of the 36% increase to the dividend announced in March of 2021, demonstrating the strong conviction we have in the long-term cash flow of TEGNA's operations. Just to be clear, TEGNA will pay the previously declared regular quarterly dividend of $0.095 per share on July 3 of this year, to stockholders of record as of the close of business on June 9. The increased quarterly dividend will be paid in the following quarter.

Strong operating performance and disciplined use of free cash flow positions us with an industry-leading balance sheet. Even after our $300 million ASR program, we expect to end the year with net leverage of mid-2x, a strategic advantage as we examine next steps for capital allocation and shareholder value creation. Over the coming weeks, we look forward to reengaging with investors to incorporate their views as the Board and management make further refinements to TEGNA's capital allocation priorities, including actively reviewing the return of additional excess capital to shareholders.

Now I want to update you since it's been a while, on several strategic initiatives underway at TEGNA. Since its development in 2015, our stations' VERIFY reporting has fought misinformation and disinformation more important now than ever, helping viewers and users distinguish between true and false information. VERIFY continues to see strong momentum and ended the quarter with 420,000 followers across its various dedicated channels, including its daily newsletter and TikTok, both of which were named Webby Award Honorees, among some of the most notable brands online. And during the quarter, unique visitors to VerifyThis.com grew 77% year-over-year.

Looking ahead to the upcoming election cycle in 2024, VERIFY will play a critical role in ensuring that viewers are able to fact-check the news and stories that matter to them as they make their voting decisions.

TEGNA stations' owned and operating streaming apps for Roku and Fire TV continue on a strong growth trajectory with 560 million minutes of streaming in just the first quarter, a nearly 70% increase year-over-year and the average visitor spent 10 hours in the apps during the month of March.

Locked On, our leading local sports podcast network with daily shows for all 4 professional sports leagues and major college programs, also continued strong growth during the quarter. The network finished the quarter with an impressive increase of nearly 60% in unique audience versus the first quarter of last year. Locked On's expansion into video continues to be a major driver of network growth, with video views seeing a 170% increase year-over-year. We continue to see Locked On's focus on national and local sports as a national complement to our local station assets.

Moving now to our ESG efforts. We continue to make progress on our diversity, equity and inclusion objectives and are continuing our progress on achieving our 2025 goals, our stated goals to increase representation of black, indigenous, people of color at TEGNA in our content teams, content leadership and Company leadership.

We take seriously the important role that we have in ensuring our coverage and storytelling reflects all of the communities we serve.

Our innovative Inclusive Journalism Program, which is entering its third year, is designed to help us accomplish this through unconscious bias, inclusive reporting, and leadership training.

Since the inception of this program, newsroom managers from nearly half of our newsrooms have taken part in this annual inclusive program. This 4-month program for newsroom managers helps to expand the tools and people leadership skills that newsroom managers can use to engage their team to further inclusivity in storytelling.

Delivering news that matters and impactful investigations that make the difference in people's lives are at the center of each and every one of our newsrooms. We're very proud of the determination and resilience of our engaged employees that enable us to fulfill our mission every day, and we couldn't be more proud of the work they do.

And with that, I'll now turn the call over to Victoria.

Victoria Dux Harker - *TEGNA Inc. - Executive VP & CFO*

Thanks, Dave. Good morning, everyone, and thanks for joining us. As Dave has already mentioned, our first quarter financial results and forward guidance reflect the resiliency of our business and our ongoing commitment to operational excellence and shareholder value creation. Before I drill down on the drivers of our first quarter financial results, I want to touch briefly on the strength and differentiation of our balance sheet in a little bit more detail.

As you've seen post to this morning, we are very well-positioned with modest net leverage of 2.3x, no bond maturities until 2026, all of which are fixed rate at 5.2% on a weighted average basis. As you've already seen, we ended the quarter with total debt of $3.1 billion and cash of $683 million. And as a reminder, our only debt-related financial covenant is a 4.5x leverage cap on our undrawn $1.5 billion revolver, which doesn't expire until August of 2024.

Tremendous financial flexibility afforded us by our ongoing business execution and our strong balance sheet enables us to generate both immediate and longer-term shareholder value in a number of significant ways. As Dave mentioned, the first step in returning a portion of the excess capital accumulated while the merger agreement was pending include an agreement with Standard General to accept TEGNA common shares equivalent to the $136 million termination fee, the $300 million ASR program, which we expect will conclude near the end of the third quarter, and a 20% increase in our regularly scheduled quarterly dividend. We look forward to discussing business trends and ongoing capital allocation plans with you all in the coming weeks. And we expect to have more information to share by our second quarter earnings call in August.

Now let's take a look at the drivers of our first quarter financial performance. As is always the case, my comments today are primarily focused on TEGNA's performance on a consolidated non-GAAP basis to provide you with visibility into the financial drivers of our business trends as well as our operating results. You can find all of our reported data and prior period comps in our May 10 earnings press release.

As Dave mentioned, our revenues in the first quarter faced tough year-over-year comparisons given the benefit of political advertising, the Winter Olympics and Super Bowl across our NBC stations last year. As a reminder, we are the largest NBC affiliate group. For the first quarter, total company revenue was down 4% year-over-year, primarily due to the cyclical even-year events, including midterm elections and Winter Olympics in 2022. The Super Bowl was also a factor as the 2023 event aired on the Fox stations compared to last year on a strong portfolio of NBC stations.

Excluding political revenue and the incremental revenue from the 2 NBC sporting events, total revenue was down less than 1% compared to the first quarter of 2022. As you've heard from our peers, AMS declines have been driven by macroeconomic headwinds. This was partially offset by ongoing subscription revenue growth, which increased 6% year-over-year. Subscription revenue growth in the quarter was a result of subscriber rate increases from contractual rate escalators and favorable comparisons against the partial quarter interruption experienced with a single distributor last year. This was partially offset by mid-single-digit subscriber declines.

As Dave previously mentioned, we successfully repriced approximately 30% of our subscribers at the end of 2022, and we have an additional 25% of subscribers up for renewal by the end of this year.

We successfully negotiated multi-year network affiliation agreements with CBS and FOX in 2022. We also look to renew our agreements with NBC and ABC, which collectively account for approximately 60% of our Big 4 subscribers, near the end of this year.

TEGNA's high-margin subscription revenues, coupled with our political revenues, produce annuity-like EBITDA and free cash flow, and continue to comprise more than 50% of our total revenues on a 2-year basis.

Next, I'll unpack the drivers of our AMS performance in the first quarter. As you've seen, AMS revenue finished the quarter down 13% compared to the first quarter of last year due to several unique factors, including the impact from Winter Olympics and last year's Super Bowl on our strong NBC stations, a reduction in a single Premion national account as well as broader macroeconomic headwinds. Outside of these unique year-over-year factors, underlying advertising trends in the first quarter were down mid-single-digits year-over-year and up low-single-digits compared to 2021.

Automotive, as Dave mentioned, our largest advertising category has steadily recovered and is generating strong year-over-year growth for the third consecutive quarter. Other categories growing year-over-year include home improvements, services, entertainment and travel and tourism. Categories facing headwinds in the current macroeconomic environment include health care, packaged goods, retail, media, telecom and restaurants.

Now turning to expenses for the quarter. For the quarter, non-GAAP operating expenses were $564 million, up 2% compared to the first quarter last year, driven by higher programming fees. Excluding programming fees, non-GAAP operating expenses for the quarter were down 2% when compared to last year due to prudent expense management and lower stock-based compensation.

Our first quarter adjusted EBITDA of $205 million was down 18% year-over-year, driven by reduced high-margin advertising revenue from political and the Super Bowl on NBC stations last year as well as the absence of NBC Winter Olympics revenue. Adjusted EBITDA margin was 28% this quarter.

We continued to generate strong free cash flow of $133 million during the quarter, driven primarily by our high-margin, durable subscription, political revenues and our ongoing careful and thoughtful management of the balance sheet.

As you saw in today's Form 8-K filing, we provided guidance on key financial metrics for the quarter ahead, second quarter and for the full year 2023. To help model our near-term expectations, let's walk through a few second quarter financial guidance metrics.

For the second quarter, we expect total company revenue to be down mid- to high single-digit percent year-over-year, primarily driven by the loss of political revenue and partially offset by higher subscription revenue. We forecast operating expenses in the second quarter to increase in the low single-digits compared to second quarter 2022, driven by increased programming expenses associated with higher subscription revenue. Excluding programming costs, we project second quarter operating expenses to be flat-to-slightly down.

Now turning to our full year 2023 guidance elements. As a reminder, you can also find our 2022 actuals for these same metrics in our investor presentation on our website. For the full year 2023, we expect corporate expense to be in the range of $40 million to $45 million. Depreciation is projected to be in the range of $60 million to $65 million. Amortization is projected to be in the range of $53 million to $54 million. Interest expense is expected to be in the range of $170 million to $175 million. We expect capital expenditures to be in the range of $55 million to $60 million. We forecast an effective tax rate in the range of 23.5% to 24.5%. And as we've already mentioned, we expect to end 2023 with net leverage in the mid-2x including the impact of the $300 million planned share repurchase.

As I mentioned earlier, we look forward to reengaging with you all in the weeks ahead, and thank you for your ongoing support. With that, we'll now turn to Q&A to take your questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) And we'll take our first question from Steven Cahall from Wells Fargo.

Steven Lee Cahall - *Wells Fargo Securities, LLC, Research Division - Senior Analyst*

Good to chat with you all again, Dave and Victoria. It's been a while. As a result, I've got a few. So maybe to start, Victoria, just on the retrans side, I guess the simple math would be that with 60% of your affiliations renewing this year and you did some last year, that seems like a bigger percentage than the MVPD renewals that you're doing over a similar period. So should we expect net retrans to grow this year? Or is your timing sequence such that it's going to be pretty tough to achieve in the current environment?

David T. Lougee - *TEGNA Inc. - President, CEO & Director*

Steven, I'll go ahead and take that one. You're right on the numbers as far as what the renewals are. But no, I wouldn't agree to what your conclusion is at the end there. There's a lot to be negotiated. And I think there will be some different dynamics than in the past on the network negotiations.

Steven Lee Cahall - *Wells Fargo Securities, LLC, Research Division - Senior Analyst*

Got it. And then maybe just next on capital allocation. So you talked about the 2.5x leverage and then you also said, I think, that you're actively reviewing some return of excess capital. So do we just kind of think about 2.5x is like the North Star in a model and any cash left after that goes back to shareholders? Or is it a bit more kind of strategic and how you're thinking about when and how you might look to deploy capital over the next couple of years?

Victoria Dux Harker - *TEGNA Inc. - Executive VP & CFO*

Yes. I think the -- as I said in my comments, Steven, I think obviously, we'll be spending the next couple of weeks, talking with the Board, talking with shareholders, gathering some input in terms of the business needs. Frankly, we haven't done a lot of investment over the last 14 months. So we will be back to you in August with more comments and color on that. But I think it's fair to say the 2.5x is a very, very fair and comfortable leverage for the rest of this year.

Steven Lee Cahall - *Wells Fargo Securities, LLC, Research Division - Senior Analyst*

Great. And then maybe just lastly, Dave, I mean, from some reports, it looks like you've had a lot of interaction with the FCC over this last year with all the issues around the merger. In your view, is the FCC open for business as it relates to broadcast consolidation? Or I'd love to get your view on why maybe you think that the merger wasn't consummated. And if it closes the door to lots of things in the future? Or do you still think that the door is open for other opportunities?

David T. Lougee - *TEGNA Inc. - President, CEO & Director*

I don't have a lot to add on that other than to say, I did not have a lot of interaction with the FCC -- nor frankly, as I think they've indicated, nor did Standard General have a lot of interaction as much as they would have liked. I'm not -- I think nobody really knows what the FCC was thinking. I think I would point you to the NAB statement by the NAB President, Curtis LeGeyt, which really references that topic. The fact that it was sent to a hearing designation order, really with very little interaction with the parties is a conundrum. And I think for the entire industry, people don't really know what to make of it because of what was a, frankly, unprecedented process would be the comment I would say. So I really don't have a view on what their future view will be of deals. I would just -- I would point out just for the record, this wasn't -- actually the agreement that terminated was not a consolidation deal because some stations were going to be spun off to another company, TEGNA was actually getting smaller. So it really wasn't consolidation.

Operator

Our next question comes from Dan Kurnos from the Benchmark Company.

Daniel Louis Kurnos - *The Benchmark Company, LLC, Research Division - MD & Senior Equity Analyst*

So a couple of things -- let me start off with -- go back to retrans just for a second, Dave. You obviously had the fun of listening to everybody else get to talk about all of this whole virtual dynamics subs issue while you have been going through the process. So maybe I'll give you a platform for a second, if you want to just talk about how you're expecting the impact of the much higher growth rate of virtual subs and the deals that were signed is impacting or going to impact your forward look on both the gross and net going forward here?

David T. Lougee - *TEGNA Inc. - President, CEO & Director*

Yes. Little trouble hearing when you speak to your microphone, but I think I understood the question, Dan. So yes, so we are -- we certainly prefer the economics on the traditional subs, although the virtual subs are certainly profitable for us as well, too. We simply believe, as you've heard from others, we should be negotiating those ourselves. We actually think, frankly, the networks would benefit from us doing that as well. So that's a high priority, and that will be an ongoing, I think, discussion and one that potentially regulators may take an interest in. But there's certainly -- but Virtual is growing, which certainly helps offset the loss of traditional subs. But it is -- I think there's more to be written on that as to how that -- those deals get negotiated in the years to come.

Daniel Louis Kurnos - *The Benchmark Company, LLC, Research Division - MD & Senior Equity Analyst*

And to follow up on your -- hopefully, this is better for you. But to follow up -- with my audio. But to follow up on your commentary around net growth, I mean, we continue to hear that potentially programming is actually getting cheaper in some ways as obviously the networks need to monetize more. So to the extent that, obviously, both of those deals that you're doing, I think, are still relatively percentage-based rather than fixed fee, I don't know if that's changed at all. Is there kind of a view -- are you in line with kind of the peer group in your view that reverse is going to continue to either slow in its growth or potentially inflect and come down? Is that what you're kind of indicating with your commentary?

David T. Lougee - *TEGNA Inc. - President, CEO & Director*

It is what I'm indicating.

Daniel Louis Kurnos - *The Benchmark Company, LLC, Research Division - MD & Senior Equity Analyst*

Okay. And then just on the local national kind of outlook here. As we look to Q2, I know you guys don't break out core. In particular, we've heard some commentary from others that larger markets are starting to behave a little bit more like national markets. I don't know if you have any commentary on that or just kind of your view on how sort of broader core should trend over the balance of the year?

David T. Lougee - *TEGNA Inc. - President, CEO & Director*

I think I understand your question, larger markets have a higher percentage of national revenue, large, and that's always been the case. If you're asking me about how national is performing better compared to local. National is comparing a little bit worse than local, and you have to get into definitions here, too. It's really the large holding companies, the largest holding companies, part of national, some of which is in our local numbers, in our case, that are the most stressed. And I guess what I -- my macroeconomic commentary and that would be local businesses are doing fine.

People are spending. I think at the national holding company levels, they are worried about the same types of things that large investors are just about -- the next week's debt showdown and a potential recession, et cetera. So their spending is a little bit more based on macro and economic concerns, whereas local is more of money in, money out. But there's not that big a gap for us, frankly. And what I would say is we don't break out core, like you said, but the trends are improving. So second quarter, the underlying trends are better than they were in the first quarter.

Our total net revenue, as Victoria said, is we're up against $50 million in political in the second quarter last year. But underlying advertising in the second quarter has improved. I think in June, it's -- there's a little bit of shakiness in pausing on the national side literally, I think a lot of it's got to do with next week.

Operator

We'll take our next question from Craig Huber from Huber Research Partners.

Craig Anthony Huber - *Huber Research Partners, LLC - CEO, MD & Research Analyst*

Nice to talk to you guys again. On the capital return side of things, you guys -- it's an interesting thing here, $300 million share buyback over the next 4 months, accelerated program here and stuff, a lot of people thought maybe you were going to announce, say, $1 billion-plus share buyback program. Was the thought process here to give yourself the opportunity in 4 months from now to assess the U.S. economy and if it looks reasonably okay to you at that point, maybe re-up another large share buyback at that point rather than commit to something right now in this sort of unknown economic backdrop here?

David T. Lougee - *TEGNA Inc. - President, CEO & Director*

Make a couple of comments, Craig, we didn't know that a lot of people thought we would do $1 billion share buyback. So that is news to us. So I'd also point out and remind you with my announcement today that we're letting Standard General pay their fee through shares, that's additive to the buyback, right? So -- which we sort of knew would probably be what the outcome we would choose. So think of the buyback as $436 million versus $300 million. To your overall question though, look, we're just coming out of the chute back as a stand-alone. We need to -- we've been spending time looking at our stand-alone plans. But we're back -- we need to do strategic thinking, following what the economy does, and we need to -- we're taking this in steps and being both methodical and thoughtful. But I think we've clearly indicated, and these steps show, as well as the dividend, that we are very focused on shareholder returns.

Victoria Dux Harker - *TEGNA Inc. - Executive VP & CFO*

And Craig, just one more technical point. And you're correct in that the ASR program will take through that period of time to complete. But mechanically speaking, both the Standard General equity shares as well as the launch of the ASR program will be in the next coming days, not weeks.

Craig Anthony Huber - *Huber Research Partners, LLC - CEO, MD & Research Analyst*

So you'll get those shares from Standard General here over the next few weeks?

Victoria Dux Harker - *TEGNA Inc. - Executive VP & CFO*

Correct. days, not weeks. The bulk of them. Yes. I'm sorry, I'm talking about the ASR.

David T. Lougee - *TEGNA Inc. - President, CEO & Director*

And the Standard General shares -- the amount of shares to cover the fee will be days, not weeks.

Craig Anthony Huber - *Huber Research Partners, LLC - CEO, MD & Research Analyst*

Okay. And then maybe talk a little bit further. You guys won't quantify this, which is unfortunate, but your ad revenue pacings for the quarter for your TV stations, are you trying to say it's tracking better than the number in the first quarter, adjusting for the Super Bowl and Olympics in the first quarter? What are you trying to suggest there, please?

David T. Lougee - *TEGNA Inc. - President, CEO & Director*

I meant to say that directly, Craig. That's correct. That's exactly right. The underlying trend [is better in second quarter] (added by company after the call)-- yes, go ahead.

Craig Anthony Huber - *Huber Research Partners, LLC - CEO, MD & Research Analyst*

Okay. And then -- sorry, I got a several questions, we haven't talked to you guys in a while. A lot of companies that go through a long process like you guys here with the deal was terminated kind of eye taken off the ball, a (inaudible) distracted by the deal and stuff. Do you feel that management as well as all your workers, the eye was taking off the ball, given unknowns, what's going to happen here with the Standard General deal puts you guys behind in terms of the strategic outlook for your company to the internal investment spending, where you're kind of going with this company?

David T. Lougee - *TEGNA Inc. - President, CEO & Director*

We think the -- obviously, in terms of investment spending, we were on pause so that speaks for itself relative to terms of a merger agreement because we were -- so no doubt about that. But I think our 2022 results sort of speak for themselves relative to the performance of the management team and keeping the eye on the ball. Obviously, in terms of long-term strategic planning, that certainly was on pause until very recently, given that, obviously, we - under the merger agreement, we were not going to be the owners of the company. But -- and that's the best way I can answer the question.

Victoria Dux Harker - *TEGNA Inc. - Executive VP & CFO*

And Craig, you've seen, obviously, the merger agreement and the details of it, that's not to say we haven't invested in regular way, ongoing maintenance of the business. So we -- and we did last year in '22, it really was more from a merger agreement standpoint, a capture ability to invest in new types of things or expanded strategies or things like that. But please don't take it that we didn't invest in the baseline business.

David T. Lougee - *TEGNA Inc. - President, CEO & Director*

I also don't want to imply that we're now coming out of the chute and ready to go buy a bunch of things, okay? Obviously, given the environment and capital allocation issues and the macroeconomic environment we're in, we understand the concern of shareholders relative to, this is a time we like having a conservative balance sheet position. And so note that we feel we've come out of the other side of this merger agreement in the right place.

Victoria Dux Harker - *TEGNA Inc. - Executive VP & CFO*

And therefore, our projected leverage at the 2.5x was obviously reading right down that alley.

Craig Anthony Huber - *Huber Research Partners, LLC - CEO, MD & Research Analyst*

And my last question, if I could, just go through this one more time. The timing of your retrans subs renewals this year and also for next year, if you could, please?

David T. Lougee - *TEGNA Inc. - President, CEO & Director*

Well, I don't give exact times on there, but most of them are toward the end of each year. So we had -- we've got 30% of our traditional subs up in the back half of this year. And next year, that number was a TBA. This depends on how long deals we do this year, Craig.

Operator

(Operator Instructions) We'll go next to Jim Goss from Barrington Research.

James Charles Goss - *Barrington Research Associates, Inc., Research Division - MD*

One follow-up to what Craig was -- can you hear me?

Victoria Dux Harker - *TEGNA Inc. - Executive VP & CFO*

Yes, we can hear you.

James Charles Goss - *Barrington Research Associates, Inc., Research Division - MD*

Okay. Sorry. One follow-up to what Craig was just asking. With the pause in the business, with the merger going on, were there -- or the purchase - were there any key positions that you might have lost, that you may have had to rebuild? Or does this give you an opportunity to reposition the executive team in a post-deal environment because I imagine the uncertainty probably did cause some people to rethink their future.

David T. Lougee - *TEGNA Inc. - President, CEO & Director*

No. Actually, we really did not lose key executives during the time, Jim. Obviously, people were interested in what their future was going to be under any kind of new ownership. But as a matter of normal course, we will always be looking at -- and we -- obviously, we will resume the look at succession planning across the organization, as we've always done as part of good governance in the past just as the Board will look at Board refreshment like it has a track record of doing in the past. But no, it did not cost us key folks. Clearly, it certainly at the local level, it made recruiting harder, right, because of the uncertainty of what was going to happen. But that's standard in any kind of merger agreement when you're a seller. But that's over with now. So -- and we are back as a stand-alone company and back on the offense.

James Charles Goss - *Barrington Research Associates, Inc., Research Division - MD*

And were the deal-related spin-off stations, was that undone or did they take place already?

David T. Lougee - *TEGNA Inc. - President, CEO & Director*

No, no, no. That was all tied to the whole agreement so that will not happen. We stay the same company with the same stations we have before. I appreciate that question because I know there's been some confusion around that.

James Charles Goss - *Barrington Research Associates, Inc., Research Division - MD*

Okay. And pre the whole issue and given that there were a number of parties who seem to have an interest in TEGNA, your attitude was always that you were somewhat indifferent to remaining a stand-alone versus potentially selling the company if it benefited shareholder value. And I'm wondering if in the wake of all that's happened if you have a heightened determination to just had a stand-alone company and charge forward with that ambition.

David T. Lougee - *TEGNA Inc. - President, CEO & Director*

I think we have an obligation, right, to absolutely focus on our stand-alone efforts unless there ever becomes an opportunity that the Board determines is intended to do like it chose to do 1.5 years ago. Our laser focus is on running this as a stand-alone company, which is what we should be doing in management to produce the best results.

James Charles Goss - *Barrington Research Associates, Inc., Research Division - MD*

Okay. Last question, political positioning geographically, are there any highlights that you would draw our attention to, given how things are developing, especially on the Republican side?

David T. Lougee - *TEGNA Inc. - President, CEO & Director*

I think I would just say on the presidential side, the states that were added to our -- either through acquisitions we did a couple of years ago or the changing dynamics like in Georgia and Arizona, we just have a number of states that are going to be competitive now. And I'm going off the top of my head, Jim, but you can think of them from the past of Florida, Arizona, Georgia, North Carolina, Michigan on and on and on, and Pennsylvania, Minnesota. So it's -- there will always be some change depending on who the candidates are, sometimes those change. But fundamentally, we have -- given what our portfolio is from a presidential standpoint, we have a disproportionately good footprint.

James Charles Goss - *Barrington Research Associates, Inc., Research Division - MD*

And I think you start to own Texas and Cruz up for election and internally has some challenges. I don't know if that creates some better...

David T. Lougee - *TEGNA Inc. - President, CEO & Director*

Full disclosure, Texas is not a big producer of political for us. It never has been because it's such -- it remains a red state. And at some point -- at one point, that was turning more purple, but changes in border laws, I think, successfully kept that in the Republican column. So we don't expect to see -- and that will be a pleasant surprise, I'd say, if we saw some big primary -- some big dollars out of Texas.

Operator

And we'll go to our last question from Doug Arthur from Huber Research.

Douglas Middleton Arthur - *Huber Research Partners, LLC - MD & Research Analyst*

Yes. Victoria, just a clarification on Premion. You talked about the loss. I don't know whether it was a 1-quarter blip in a national account or a loss of that account. How is that going to flow through 2023? Are we going to continue to hear about that as a tough comp? Or do you -- does the growth rate start to reflect what you're seeing in local more as the year rolls on?

Victoria Dux Harker - *TEGNA Inc. - Executive VP & CFO*

Yes. It's the single account that's reallocating some of its business. So we will have a recurring impact over time. I don't know what's going to happen next year or subsequently. But obviously, we continue to do very well in the rest of the business. So there will be the offsetting benefits of growth in other areas.

Douglas Middleton Arthur - *Huber Research Partners, LLC - MD & Research Analyst*

So the growth outlook in 2023 is a little muddled because you don't quite know how this account is going to reallocate through the year. But I mean, how would you sort of frame the kind of more sustainable growth rate of the business at this point, ex that?

David T. Lougee - *TEGNA Inc. - President, CEO & Director*

Wouldn't put a number on it, but local is very strong, Doug. And so it will be dependent on how much of that -- that account is not gone, but it's quite reduced. So that will have some impact. But like I said in my comments, over time, this is a local business. That's -- there's a lot of national players. We just were fortunate when we came out of the chute with the business, we got a lot of national business, which we didn't really even expect. So it's an unfortunate moment in time thing, but it's -- by the way we look at it, this is a digital start-up that's on a rocket ship upward, and this is just kind of a volatile moment given the size of that 1 account, but the underlying organic metrics of Premion are good.

Operator

And I'd like to turn the call back over to Dave for any final or closing remarks.

David T. Lougee - *TEGNA Inc. - President, CEO & Director*

Well, thanks for taking the time to join us all today, and it's good to talk to you all again. Finally, we are very well-positioned for the future, as I said before, with advantaged station assets and our industry-leading balance sheet. We look forward to reengaging with investors in the coming weeks and months to update you on our progress in delivering our long-term value to our shareholders, furthering our DE&I efforts, and serving our communities and consumers through impactful, trusted, and innovative content and advertising solutions and we'll be looking to investors for their feedback after this long period of time without communication.

If you have additional questions, please reach out to our Head of Investor Relations, Julie Heskett, her phone number is (703) 873-6747. Thank you all again, and everyone, have a great long holiday weekend as well. Thank you, everyone.

Operator

Thank you. Ladies and gentlemen, that does conclude today's conference. We appreciate your participation, and have a wonderful day.