S&P Global
Market Intelligence

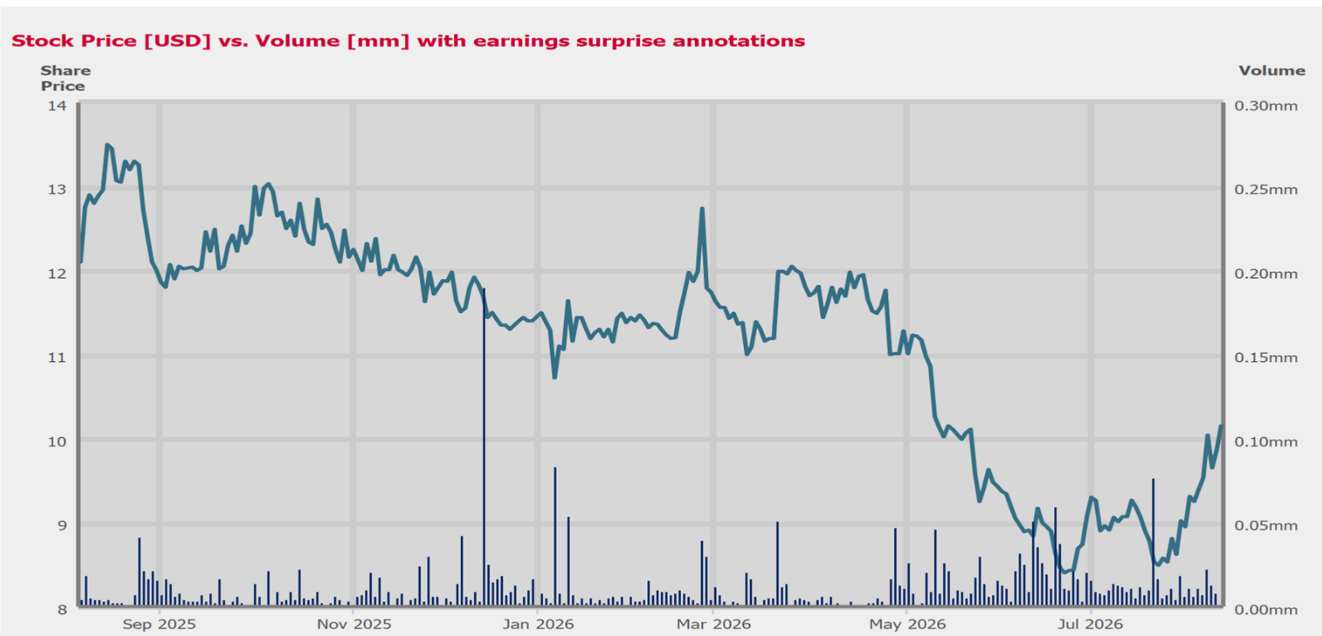
Saga Communications, Inc. NasdaqGM:SGA
FQ2 2026 Earnings Call Transcripts

Thursday, August 13, 2026 3:00 PM GMT

S&P Global Market Intelligence Estimates

	-FQ2 2026-			-FQ3 2026-	-FY 2026-	-FY 2027-
	CONSENSUS	ACTUAL	SURPRISE	CONSENSUS	CONSENSUS	CONSENSUS
EPS (GAAP)	(0.18)	0.15	NM	0.00	(0.52)	NA
Revenue (mm)	25.50	26.40	▲3.53	27.60	104.47	NA

Currency: USD
Consensus as of May-11-2026 1:58 PM GMT



- EPS (GAAP) -

	CONSENSUS	ACTUAL	SURPRISE
FQ3 2025	0.21	(0.08)	NM
FQ4 2025	0.04	(1.07)	NM
FQ1 2026	NA	(0.38)	NM
FQ2 2026	(0.18)	0.15	NM

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Call Participants

EXECUTIVES

Christopher S. Forgy
CEO, President & Director

Samuel D. Bush
Executive VP, CFO & Treasurer

Presentation

Operator

Good day, everyone, and welcome to the Saga Communications Second Quarter Earnings Release and Conference Call. [Operator Instructions] It is now my pleasure to hand the floor over to your host, Chris Forgy, President and CEO of Saga. Sir, the floor is yours.

Christopher S. Forgy
CEO, President & Director

Thank you, Matthew. And once again, thank you to everyone who has taken the time to join Saga Communications 2026 Q2 Earnings Call. We appreciate your continued support, your interest and your participation in Saga Communications Inc. what we believe is the best media company on the planet. Before my remarks, I'm going to surrender the floor to Sam, but only for a moment, Sam. So okay, comfortable. And then I'll be back with my comments shortly thereafter. Sam?

Samuel D. Bush
Executive VP, CFO & Treasurer

Thank you, Chris. This call will contain forward-looking statements about our future performance and results of operations that involve risks and uncertainties that are described in the Risk Factors section of our most recent Form 10-K and 10-Qs. This call will also contain a discussion of certain non-GAAP financial measures. Reconciliation for all the non-GAAP financial measures to the most directly comparable GAAP measure are included in the selected financial data tables. For the quarter ended June 30, 2026, net revenue decreased $1.8 million or 6.5% to $26.4 million compared to $28.2 million last year. .

Station operating expense increased $1.2 million or 5.4% for the quarter or 3.9% excluding the noncash rent expense. We incurred the noncash rent expense as a result of the tower sale we previously we have discussed on previous calls. I will add more detail in a few minutes as well as talk more about station operating expenses in general as we continue to make progress on our digital initiatives. It is important to note that even with the revenue challenges we are facing and the added expenses that we are incurring with our ongoing digital transformation, we reported station operating income for the quarter of $3 million and operating income of $623,000 while this is not where we want it to be, it is a part of the challenge as Chris says, of remodeling the house while we are still living in it.

Chris will add more color to various revenue line items, both traditional and digital in his comments. For the 6-month period ended June 30, 2026, net revenue decreased $3.2 million or 6% to $49.3 million. Station operating expense increased $1.3 million or 2.8% for the 6 months or 1.9%, excluding the noncash tower rent expense. Gross political revenue for the second quarter this year was $450,000 compared to $50,000 for the same period last year. and $725,000 compared to $321,000 for the 6-month period ended June 30. For the remainder of the year, we currently have another $1.1 million in gross political revenue sold.

This compares to gross political revenue of $650,000 for the total year in 2025 and $3.3 million for the total year in 2024. In addition to the noncash tower rent expense mentioned above, station operating expenses were also impacted by our sales manager, digital managed campaign manager and related digital fulfillment team hiring initiatives. During the second quarter, we hired 9 sales managers we hired sales managers in 9 of our markets, increasing station operating expense by approximately $146,000 for the quarter and 6-month period. We also continued our hiring of digital campaign managers and related fulfillment team members in the second quarter, which added 211,000 to station operating expenses and $20,000 for the 6-month period.

Operating income also reflects an impact from the tower sale as we transferred leases on the towers we sold. These leases were generating approximately $200,000 in revenue per quarter, as we've previously reported. We expect our station operating expense to increase 1.5% to 2.5% for the year, when including the added expenses that we are taking on to build out the infrastructure related to our digital transformation and the noncash tower rental expense. Our corporate, general and administrative expense was down 13% or $398,000 for the quarter and 9.4% or $589,000 for the 6-month period. We expect that our corporate, general and administrative expense to be approximately $11.8 million to $12 million for 2026 compared with $12.3 million last year. As stated in our year-end filings, the company closed on the sale of telecommunications towers and related property on October 17, 2025, the purchase agreement and related lease documents were amended during the second quarter of this year to align the previously executed documents with the intended economic substance of the transaction.

The structure of the transaction allowed us to be able to defer taxes related to the gain on the $5.4 million noncash proceeds from the sale over the 25-year term of lease agreements. We are reporting in our financial statements a noncash tower rent expense and noncash interest income. The press release, our forthcoming 10-Q, which will be filed tomorrow and my previous comments as well as our previous public disclosures give a more detailed explanation of this complex transaction. The key takeaway is that we were able to monetize a number of our towers, maintain the ability to use those same towers for our ongoing operations and not incur any cash tower rent unlike other tower sale transactions, that have been in the industry. We did not leverage the future tower rent expenses that might have been incurred to obtain the increased liquidity that the tower sale afforded us.

The company paid a quarterly dividend of $0.25 per share on June 12, 2026. The aggregate value of the quarterly dividend was approximately $1.6 million. With the most recent declared dividend, Saga will have paid over $145 million in dividends to shareholders since the first special dividend was paid in 2012.

The company's balance sheet reflected $27.8 million in cash and short-term investments as of June 30, 2026 and $22.9 million as of August 10, 2020. The reduction in cash and short-term investments was primarily due to the repayment in full of the $5 million we had outstanding under our revolving credit agreement. After repayment of the $5 million and after evaluating our cash position, short-term investments, expected operating cash flows and anticipated liquidity needs, we terminated our existing credit agreement as it would have given us less flexibility to use our cash and short-term investments relative to paying dividends. share repurchases, investments in our digital initiatives, capital expenditures or other strategic opportunities.

We will put a new agreement in place when it makes sense as we continue with our transformation. For the quarter ended June 30, 2026, the company recorded capital expenditures of $1.3 million, which was comparable to the same period last year. For the 6-month period, capital expenditures were $2 million which was also comparable to the same period last year. The company expects to spend approximately $3 million to $3.5 million in capital expenditures during 2026. In addition to the tower sale, which generated $10.5 million in cash we've also stated that we've been working to evaluate our noncore assets with the intent of monetizing those assets at a value that is higher than is recognized in Saga's stock price.

This allows us from a cash perspective to offset the cash spent on some, if not all, the capital expenses and operational expenses increases required to operate our core business as well as invest in our digital transformation. Since the fourth quarter of last year, we have sold or our selling, including a scheduled closing tomorrow on a property in South Carolina, 6 noncore properties for proceeds of over $4 million. This includes Saga Farma, Sarasota House, which sold for $1.7 million and an unused tower site in Portland, Maine for $1 million. Revenue for the third quarter is pacing down mid-single digits with digital up mid- to high single digits.

Without political, we are pacing down mid- to high single digits. With the addition of the sales managers we have hired, we expect to see an increased productivity in both our traditional and digital revenue efforts. From a monthly perspective, we have begun to see some improvement. With and without political gross revenue for July and August, we were down high single digits in pacing. While September was up single low single digits gross and down low single digits without political.

October was up mid-single digits growth and down low single digits without political. Again, this shows some improvement as we move through third quarter and begin to move into the fourth quarter. The sales manager and digital campaign managers and related fulfillment team hiring initiatives will allow our media advisers to have more direct hands on involvement with the sales resources they need to increase their levels of productivity, while the digital campaign managers and related fulfillment team initiative will allow them to spend more time calling on existing and potential clients to solicit new business as they now have the assistance they need to help build the unique lined campaigns that are required to grow our digital business and mitigate the decline in radio ad spend. It also allows us to have the talent to monitor the performance of the blended campaigns, which will allow us to retain a higher percentage of return blended clients.

All said, we believe Saga is in a strong financial position to improve profitability as our digital initiative improves both local radio and digital revenue.

And with Chris, I'll turn it back over to you.

Christopher S. Forgy
CEO, President & Director

Thank you, Sam. As you've heard Sam say, we are, as the industry is facing headwinds. Traditional advertising verticals are experiencing real challenges, not so much from an audience consumption standpoint, but more from a monetization standpoint. For Saga, our traditional verticals, local, national and nontraditional revenue are all experiencing double-digit declaring year-over-year and for the quarter ending June 2026. Year-over-year, local revenue was down 11% year-to-date and was down 11.2% for the quarter.

National revenue was down 19.5% year-to-date and was down 25% for the quarter. Nontraditional revenue was down 12.9% year-to-date and was down 16.4% for the quarter. Conversely, Saga's blended digital strategy, you've heard so much about and that our teams have been building for the last 3 years. It includes search, display, SEO, social, managed e-mail and OTT and CTV was up year-over-year. 76.4% for the 6 months ending June 2026, and blended was up 60.8% for the quarter year-over-year. E-commerce was up 15.2%

year-to-date and was up 10.7% for the quarter. For the 6 months ending June 30, 2026, Digital as a percentage of gross revenue was 19% compared to 14% during the same period in 2025.

Year-over-year, all other digital revenue was down 8.4% year-to-date and was down 9.6% for the quarter. Three-plus years ago, Sage's mission was to build a digital platform that honored and grew our traditional core competency, which is radio. It was to provide people, products and processes necessary to compete in a very crowded, competitive and profitable digital space. One that sat by the way, as I've said many times, at least 2 years late to the patio. We set out to create a practical digital platform that was easy to understand, easy to buy, easy to execute, easy to measure, easy to renew and always focused on the journey a consumer takes when they interact with a product or service and deliver it with clarity, simplicity, transparency and speed to market.

And as Sam said earlier on this call, and I have said many times before, we're still remodeling a house while we're still living in the house. Along the way on this renovation project, we've had to relocate a few wells here and there have had to change out a framing crew or 2. We've improved our supply chains and even upgraded our remodeling products we use. And during all this process, 1 thing has remained constant, the foundation, foundation strong, stable and steadfast and that commitment to the customer to get them wanted found and chosen more often and do it with what we do best, radio.

That foundation is strong and is here to withstand the strongest of stores. So more specifically, this is what Saga has been up to since our last earnings call. In the area of getting customers found we brought all of our search tools in-house and have 3 full-time search specialists to procure, implement and optimize all of Saga search campaigns. In the area of getting customers chosen, we've hired and trained 10 digital campaign managers and hired 9 directors of sales spread over 9 specific Saga markets who are in need of one. We then partnered with Marketo and NST for all of Sana's other digital fulfillment products other than search. Marketron has already so solution for radio traffic and billing and it's a much improved and robust digital fulfillment solution.

So the migration was natural for Saga to move our digital fulfillment directly to ST. This migration provides consistency, better preparation and speed to market for our leaders, our digital campaign managers and our media advisers. Tage is also pleased to announce it is forge the partnership with Barrel and associates. Gordon Borrell and his team are now working with our leadership and sales teams to give us more visibility into the markets in which we operate. Questions will be asked like, where is the available money, how much money or is currently spending.

And why are they spending it where they're spending it? What is our share of the spend? How do we get more of it and how do we acquire, retain, grow, revenue in the categories of business that are buying most. We will accomplish this by maximizing available programmatic revenue, growing solid share of available revenue and in video by expanding our offerings to reflect multi-sources of opportunistic revenue by focusing on our share of market and not dollar volume by growing our share of specific categories of business and thus share of wallet and by effectively executing a surgical-like sales strategy.

In essence, the Boral partnership provides sole data, market and advertiser visibility, all pointing us towards a North Compass. to allow our customers to better compete and allow Saga to complete the journey of the consumer. We also promoted Paula Mali, Saga's former President and GM of Charleston, South Carolina cluster to the position of Senior Vice President of Revenue Development. Paul's focus will be on traditional, nontraditional and digital revenue. During the call's time in Charleston, he was instrumental in charging success in Sage's blended digital strategy, and we're excited to have them in this position.

We've also solicited the talent and mines of our Saga extremely gifted talented leaders and employees. One team member developed and introduced an AI lead gen solution that Saga is using today. to help our media groups as well as our digital solutions get wanted, found and chosen more often. Another Saga team member also using AI created both a search calculator and a proposal writing solution that allows Saga's media advisers to create customer-focused proposals, complete with a problem to solve and a solution in virtually 1/2 of the time it previously took to create the very same proposal, again, speed to market. All these pivots along with the migration of other third-party solutions to be in-house, make Saga its leaders and its media advisers more efficient, more effective, fast and profitable.

So we've talked about praise a media environment conducive to the success of getting our customers wanted, found and chosen more often. Thus far, we've covered getting found and chosen, but we haven't discussed getting wanted. I really saved the best for last in this category for a good reason. This is why those of us who are in this crazy business wake up and do what we do every day. This falls into the category of getting our customers wanted. In other words, that's top of funnel, that's traditional media and more specifically, that's radio.

And from my vantage point, I'm really seeing a growing migration or a return to traditional media and more specifically to radio, advertisers seem to be seeking simplicity, clarity, transparency, familiarity and a connection to the community. That's what advertisers are wanting more and more of. And that's what radio delivers, particularly in our Saga markets. On that note, I'd like to share some very exciting news to me today. Saga radio stations have been very active in their respective communities.

And in the industry from and in the industry. For the first half of 2026 in the spring, WMG, FM in Springfield, Illinois, won the coveted NAB Service to America Award. In Ocala, WOGK FM was recognized as the favorite radio station and midday personality, Lewis Stokes, was recognized as the favorite on-air personality in the Greater Gainesville Ocala area in Florida. And we've seen a lot of this type of recognition across all of Sonos footprint and continue to see it. Also, Saga recently enjoyed counting for nominations for the 2027 Marconi awards. First, we had Milwaukee, Wisconsin WHO and the hog was nominated for a large market station of the year. Portland, May, late show with Kelly and Todd were nominated for medium market Personality of the Year and WPR in Heartland was also nominated for medium Market Station of the Year in Jonesboro, Arkansas, the Stafford and Free go show on KDX-YFM,-104.9 Fox was nominated for small market personalities of the year.

Also, during the first half of 2026 saw the markets raised nearly $4 million in their local communities for their communities. Now that is giving back and connecting with our local communities. Finally, in this just last week, the University of Florida College of Journalism and Communication and so Communications announced a landmark 7-year joint sales partnership. The sales agreement expands Saudi's broadcast footprint in the Ocala Gainesville, Florida market. The new lineup of stations consist of WOGKFM,WRUS, AM and FM and Wind as well as the University of Flora Gator Sports Network.

This joint sales agreement extends beyond traditional sales representation by creating opportunities for advertisers for students for faculty and industry professionals to work together on initiatives and strategic partnerships involving the broadcast facilities themselves as well as broadcast media sales, digital media, audience development, sports media, content strategy, internships, mentorships and industry events and a number of other areas that prepare students for careers in the evolving media landscape.

In other words, this strategic and accretive sales partnership, along with everything else discussed today, really reflects Saga's commitment to investing in both our present and in our future. by working with outstanding hyperlocal media properties as well as investing in our next generation of media professionals. And if the passion, excitement and commitment for traditional media and the desire for learning and growth that exists with the nearly 3,000 students in the University of Florida School of Journalism and communication is any indication radio and traditional media, though it may be facing some headwinds today, looks really very bright for tomorrow. So the processes have been refined streamline and people or set. The training is larger and the larger investment in infrastructure is in place.

Our radio foundation is solid, all news left to do is to it's about execution and monetization of what we built. Thank you again for your time and your interest and support of some communications, what we believe is the best media company on the planet.
Stan, do we have any questions?

Question and Answer

Samuel D. Bush
Executive VP, CFO & Treasurer

We did get a question we did get a few questions in, Chris, most of which I think we've talked about, there was questions about current pacings, and I believe I gave a pretty full disclosure on that for Q3 and then actually into the early portion of Q4. thoughts on political. I reported the numbers we have so far, including what we have booked through the rest of the year. But I do think based on the lump-of calls we're getting from markets relative to all the things that go with political lowest unit rates filing in the FCC online public files, things like that, that we're seeing a lot of perspective legal dollars that have not been booked yet.

So I'm encouraged that we'll see an increase in political dollars as we get closer to the actual elections as opposed to the primaries and so forth. Then I think the biggest question, there were some other questions about digital, which you have talked about already relative to the prospects for growth in digital and where we are with digital. But then I think you just helped to emphasize that 1 of the questions came in. Does the company feel that it has the right feature sets to be successful in digital?

Or are there additional products and services that need to be invested into.

Christopher S. Forgy
CEO, President & Director

Well, as I stated, most of the major investments in Med May, we're already real strong in search and display, as referenced in my statement about the growth of the blend which primarily deals with search and display and radio. And we will adjust and add to our digital offerings as this ever-changing digital landscape continues to change, and it will. But it's always going to be based on what the customer needs to compete and to better compete in a competitive marketplace, whether it's with social media, video display and much of the other things I spoke about, we'll make those shifts as the client needs are dictated or dictate.

We will shift and expand as the market does and make them take real shift.

Samuel D. Bush
Executive VP, CFO & Treasurer

I think that's good. And with that, I don't think we have any other questions. So Matthew, I think you can go ahead and wrap up the call.

Operator
Thank you. Everyone, this concludes today's event. You may disconnect at this time, and have a wonderful day. Thank you for your participation.