

---

# Media Transactions and Valuations Update

2016 MFM Conference  
May 24, 2016  
Denver, Colorado



# Valuation Considerations

---

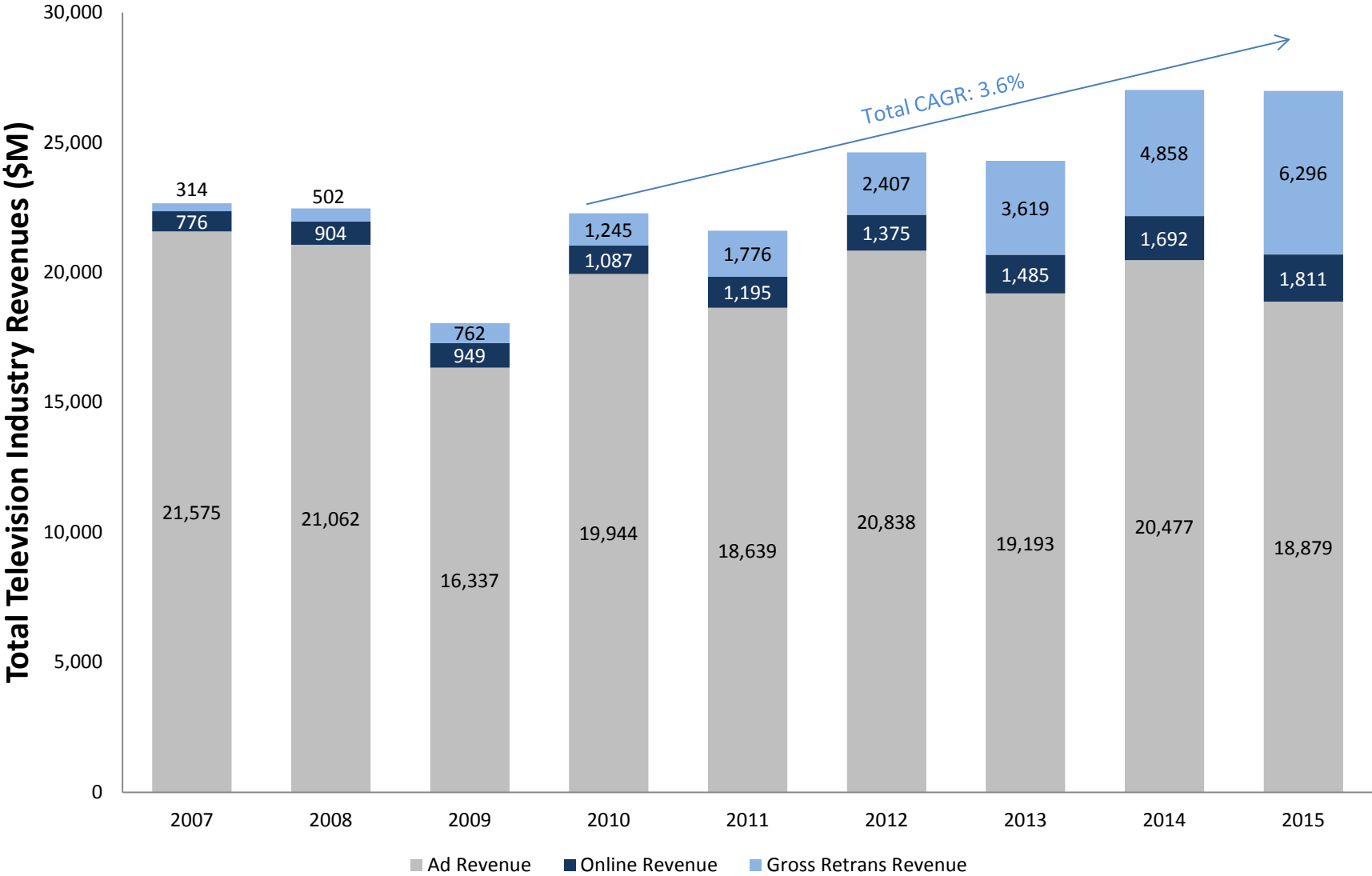
## **Industries:**

- Television
- Radio
- Cable Programming
- Newspaper

## **Key Assumptions/Underlying Factors:**

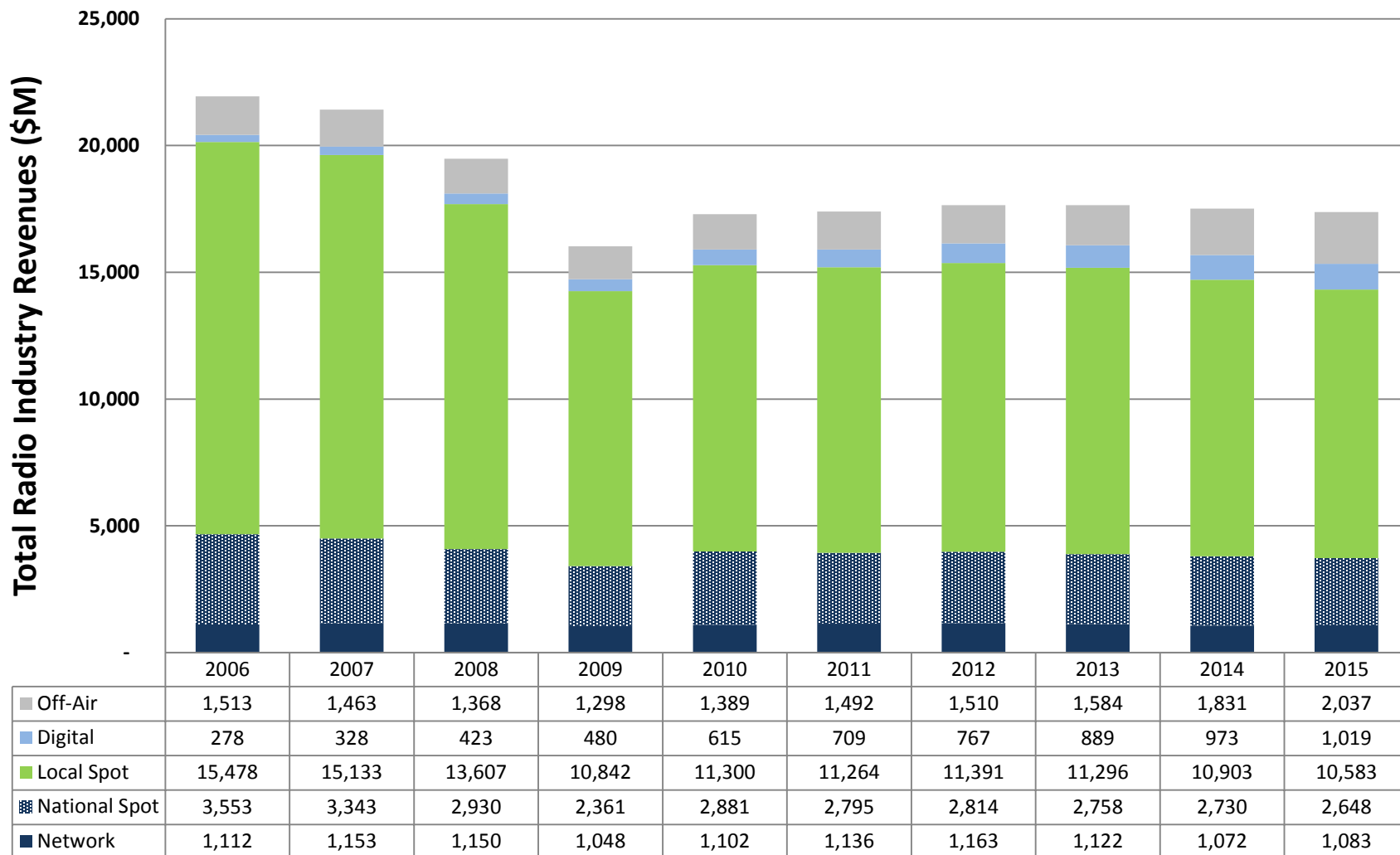
- Industry Revenues
- Profitability
- Transactional Metrics
- Television Spectrum Auction Values

# Television Industry – Total Revenues



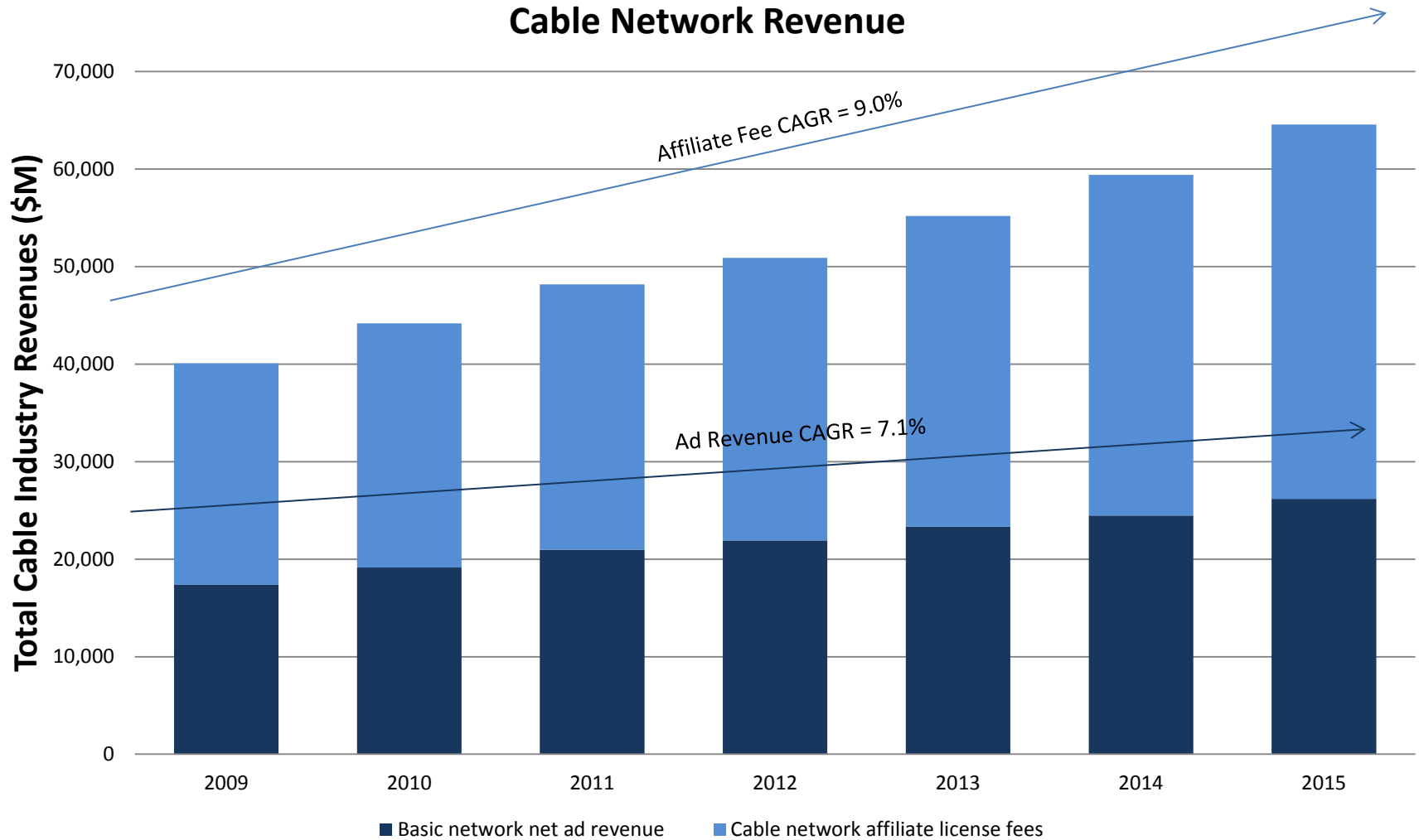
Source: SNL Kagan and Bond & Pecaro Data

# Radio Industry – Total Revenues

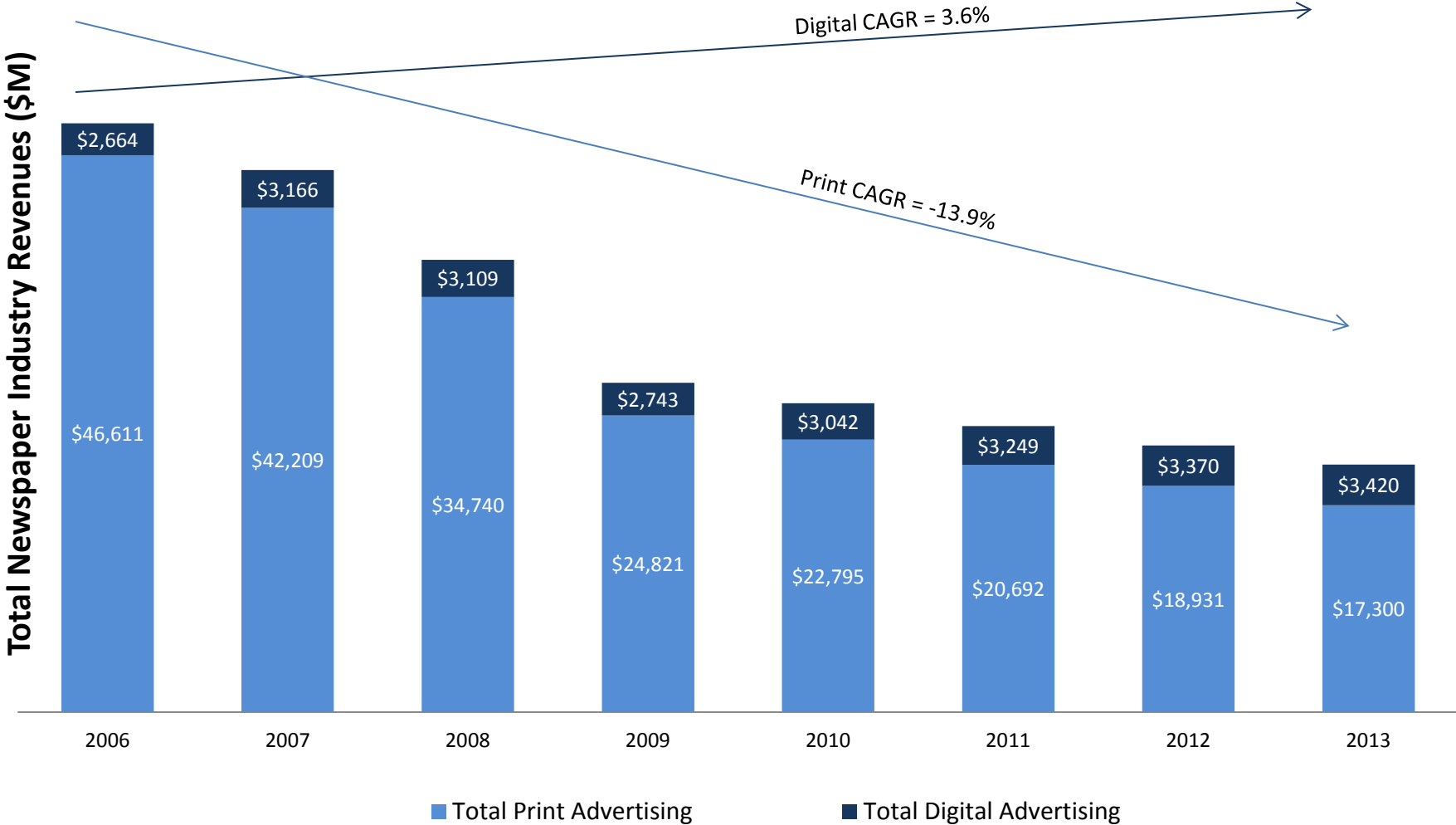


Source: SNL Kagan

# Cable Network – Total Revenues

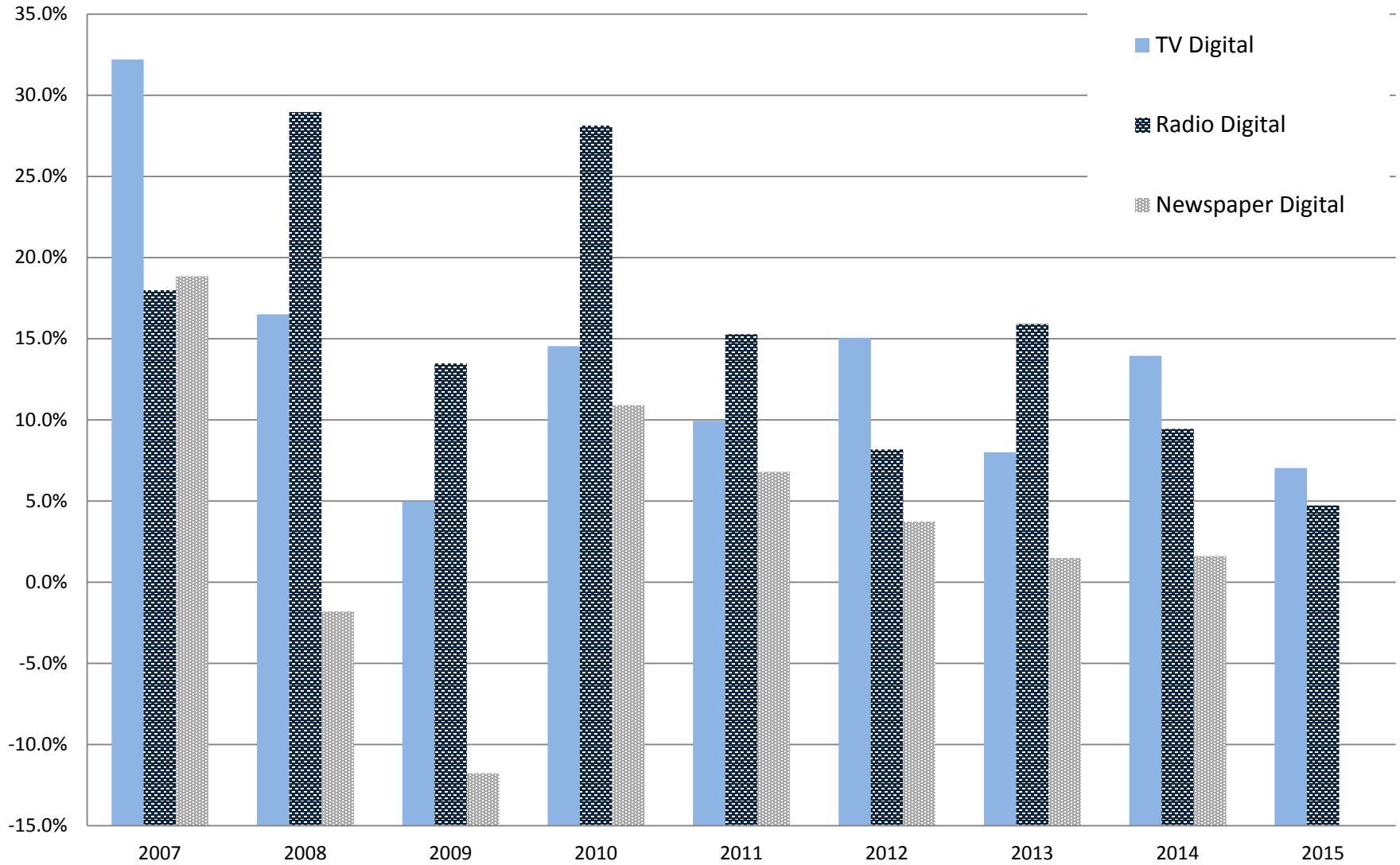


# Newspaper Industry – Total Advertising Revenues

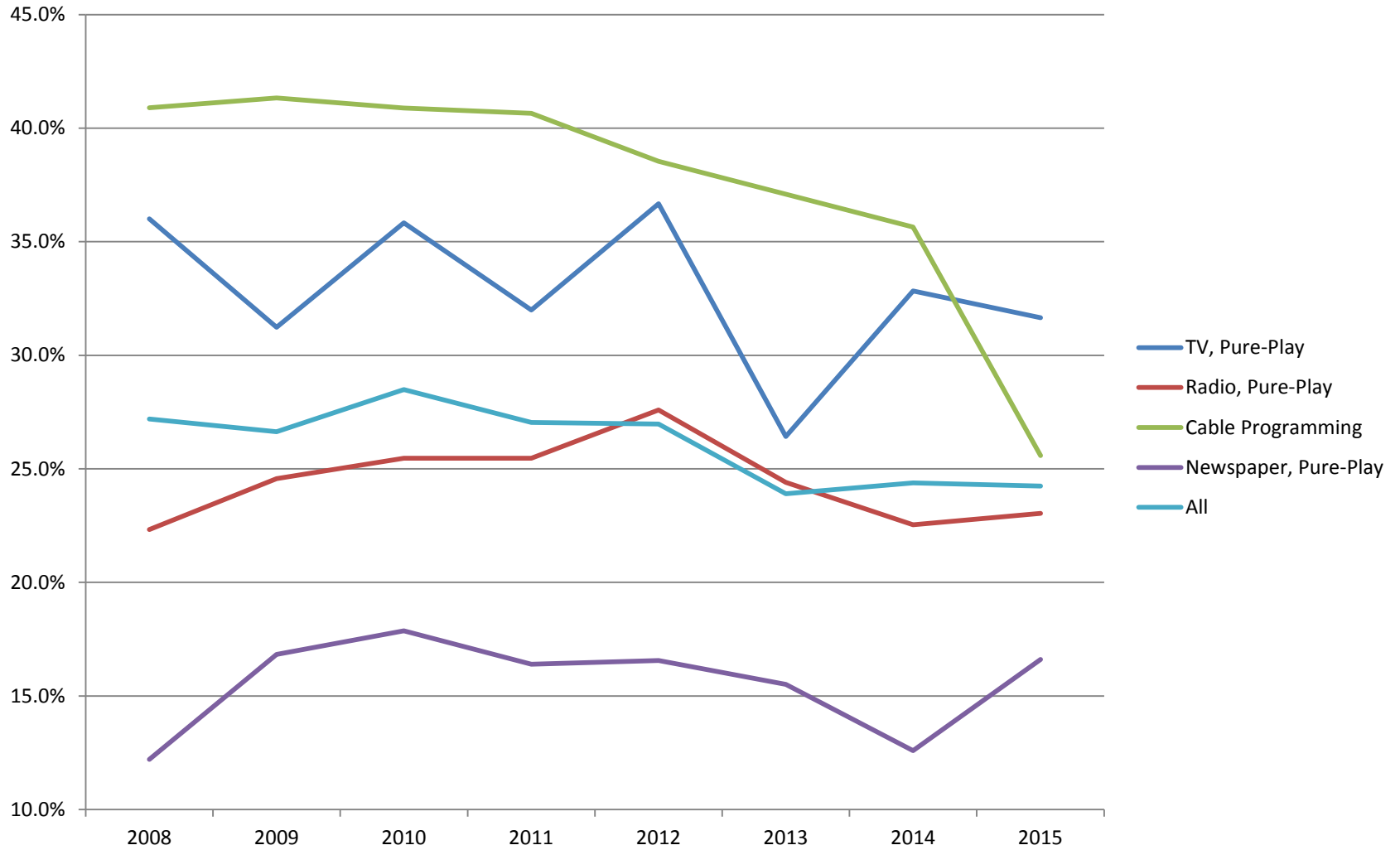


Source: NAA

# Digital Advertising – Growth Rate by Industry

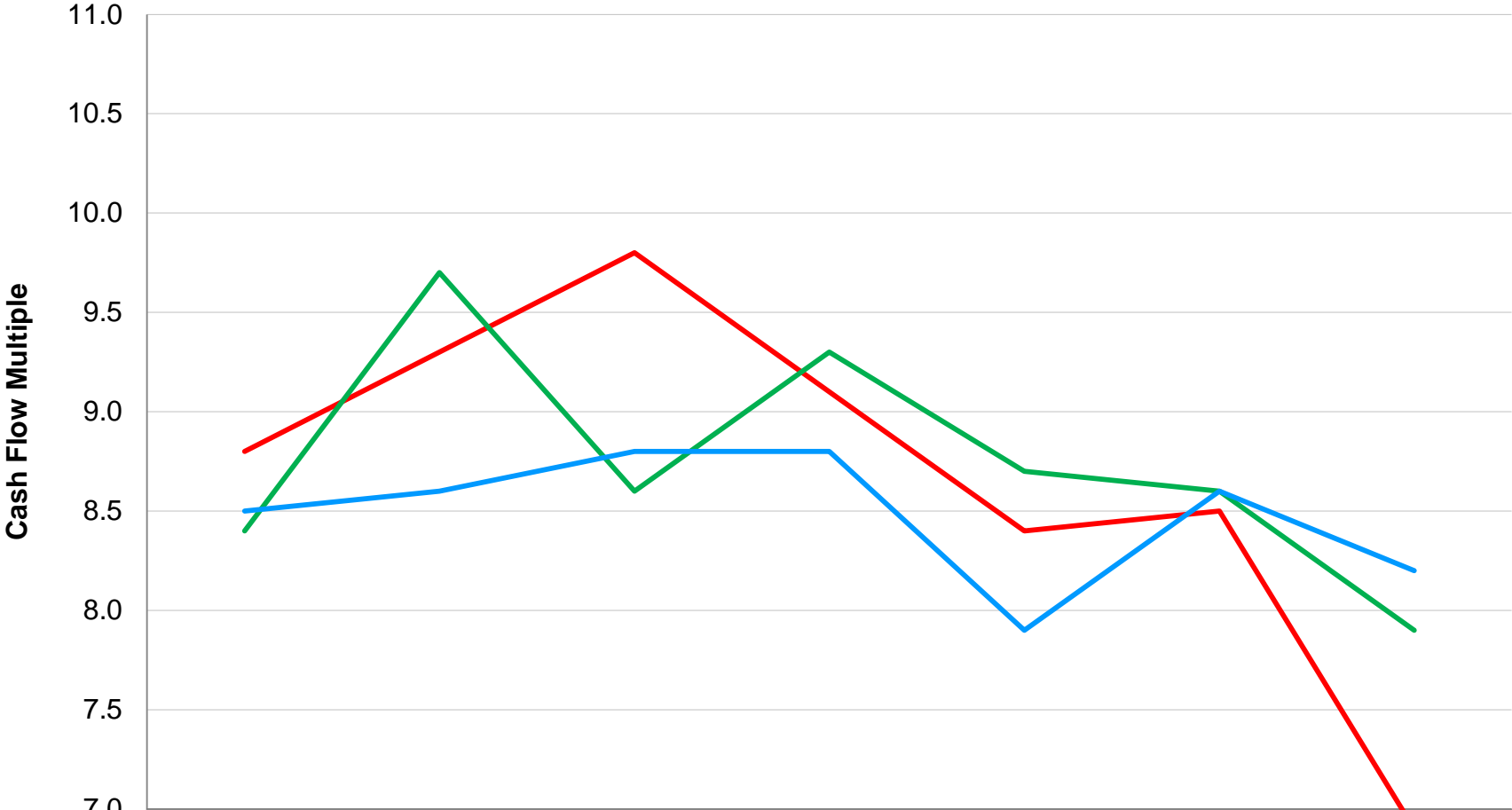


# EBITDA Margins by Industry



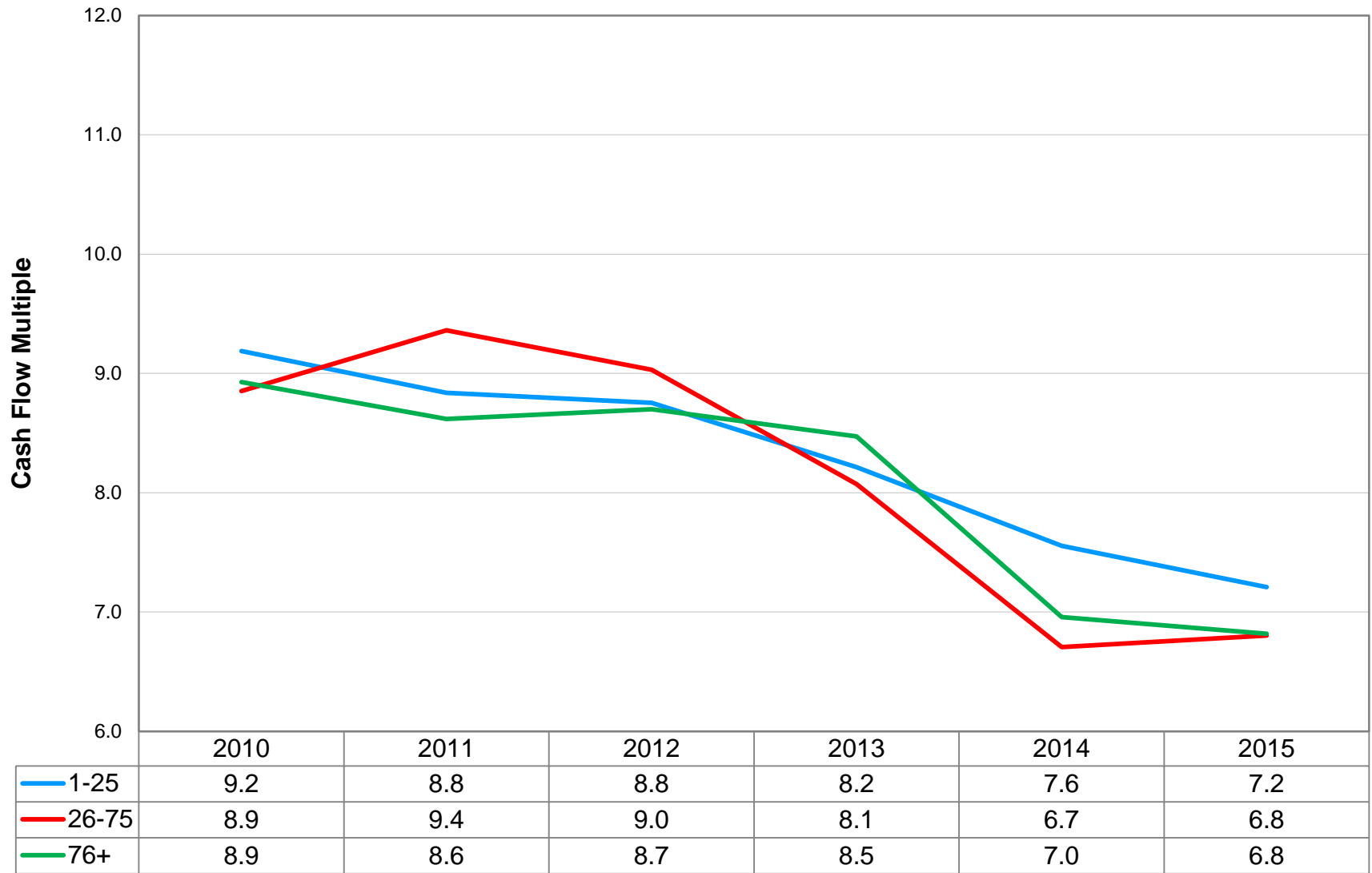


# Television Industry – Multiples



	2009	2010	2011	2012	2013	2014	2015
1-25	8.8	9.3	9.8	9.1	8.4	8.5	6.9
26-75	8.4	9.7	8.6	9.3	8.7	8.6	7.9
76+	8.5	8.6	8.8	8.8	7.9	8.6	8.2

# Radio Industry – Multiples



# Cable Networks and Newspaper Industry – Multiples

---

## Cable Networks

- Characterized by relatively few transactions, many for partial interest
- 9x – 11x for transactions is typical, up to 12x for strategic purchases
- Biggest recent deals – Travel Channel partial interest and Hallmark Channel going private transaction

## Newspapers

- Most transaction data is private, but 3x – 6x is the general range
- Larger acquisitions include Gannett purchase of Journal publishing assets, Tribune purchase of San Diego Union Tribune, and Digital First Media purchase of Freedom Communications Orange County Register and Riverside Press-Enterprise

# Television Spectrum Auction – Have’s and Have-Nots

		120 MHz Recovery (51 Simulations)	
DMA	UHF Stations in Market (FCC Data)	Max # Stations Bought	Min # Stations Bought
West Palm Beach-Ft. Pierce	10	8	3
Tallahassee, FL-Thomasville, GA	9	1	0
Providence-New Bedford	6	6	1
Portland-Auburn	6	2	0
Los Angeles	29	20	17
Las Vegas	9	0	0
Reno	5	0	0
Salt Lake City	20	0	0

# Television Spectrum Auction –Big Markets May Reap the Rewards

---

AWS-3 Auction H/I/J Block Top-25 Markets	\$3.21
Total for 6 MHz of Spectrum	\$19.26
Los Angeles Pops Covered (000)	18,550
Implied Value (000) (rounded)	\$357,000
Los Angeles Market Revenue (000)	1,100,000
Market Share	9.0%
Station Revenue (000)	99,000
Margin	40.0%
Broadcast Cash Flow (000)	39,600
Average Transaction Multiple	8.5
Implied Value (000)	\$336,600
Greenhill Proposed High-End Payouts – Maximum (000)	\$570,000
Greenhill Proposed High-End Payouts – Median (000)	\$340,000
Total Cost to Clear Los Angeles Spectrum - 18 Stations (000)	\$6,120,000
Projected Total Proceeds from Forward Auction (000)	\$40,000,000
Percentage of Total Proceeds	15.3%