



# MEDIA SECTOR REVIEW

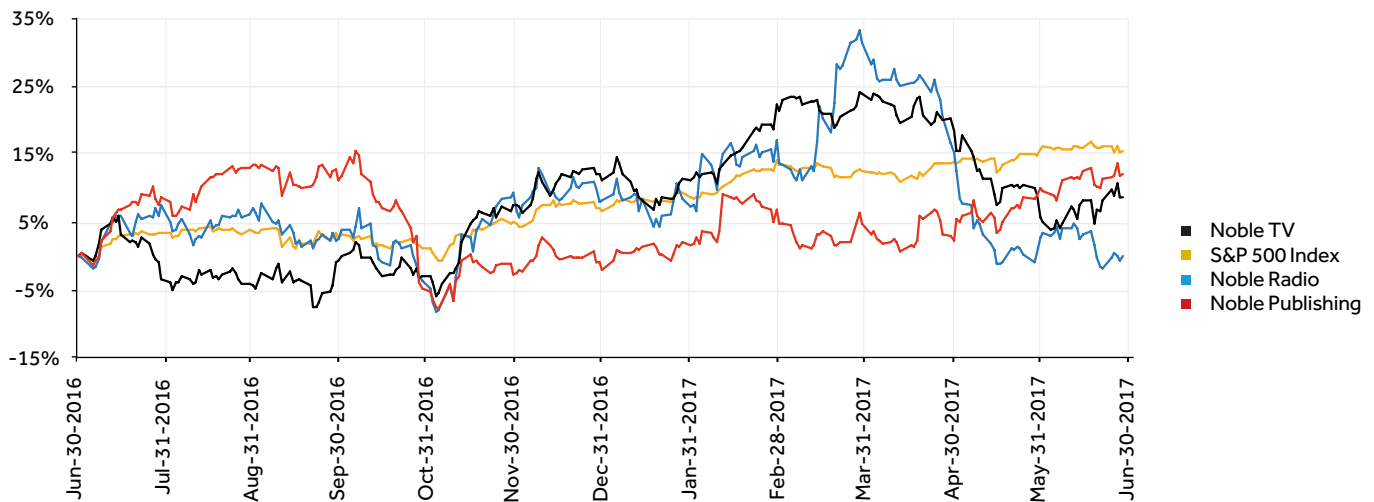
## Dog Days Of Summer Already?

It seems that investors in media stocks are already affected by the “dog days of summer.” Media stocks have drifted after a strong first quarter performance. (See details later in the report). We believe that the performance relates to concern over the general macro-economic environment, including slowing auto sales. In addition, there has been a fairly lackluster M&A environment, aside from some announced, high profile mergers including Entercom and CBS Radio and Sinclair and Tribune Media. We believe that there is a heightened M&A environment emerging and will build in the second half 2017. In our view, the prospect of the FCC lifting in-market rules, which will allow a TV broadcaster to own two of the big four Networks, and a lift in the ownership caps, both will be a catalyst for heightened M&A activity. Furthermore, in radio, there will be activity related to the stations that Entercom plans to sell to complete the CBS Radio merger. We believe that this emerging M&A environment will create winners and losers and, as such, it will become a stock pickers market.

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## STOCK MARKET PERFORMANCE: TRADITIONAL MEDIA



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# OUTLOOK - TRADITIONAL MEDIA

## TELEVISION BROADCASTING

After a strong first quarter performance, the TV stocks are down 2% so far this year, woefully underperforming the general market's 8% advance. Investors appear to be hyper sensitive about the state of the auto industry, especially in light of rising interest rates. Reports that car sales are slowing and inventories building does not necessarily imply that auto advertising will fall off of a cliff. One theory is that manufacturers and used car dealers, which have inventory to move, may need to advertise more, possibly with incentives. For investors to focus on just auto advertising to build an investment premise for the TV industry would be problematic, in our view. Auto advertising would have to decline by roughly 11% to 15% before it would offset the expected growth in retransmission revenue. While we are long in the tooth in this economic recovery, we do not anticipate auto advertising falling to that degree. To the contrary, we believe that auto advertising is relatively stable to only slightly down from year earlier levels. As such, the key revenue growth drivers for the TV industry, retransmission revenue and political advertising, appear likely to assuage some of the concerns over the economic cycle. In addition, we anticipate that M&A activity will emerge in the second half to help drive TV valuations. We believe that there will be a stronger second half performance for the TV stocks and remain constructive on the group, with one of our favorites being Entravision.

## RADIO BROADCASTING

Radio stocks have been among the poor performers in the media group, down 6% year to date. We believe that the radio stocks have drifted following the announced Entercom and CBS Radio merger and the failed refinancing plan at Cumulus Media. Entercom put 14 stations up for sale in order to gain approval for the merger. While Entercom's balance sheet will not be highly levered as a result of the merger, many in the industry are still struggling with relatively high debt loads. This makes a heightened M&A environment for the industry seem unlikely. We believe that some of the likely buyers of radio may seek equity financing. In addition, we would note that Lew Dickey, the co-founder and past CEO of Cumulus Media, recently raised \$207 million to fund acquisitions of media firms. We believe that a heightened M&A environment for radio is emerging and that investors should not write off the industry. A debt refi at Cumulus and iHeart Media would go a long way to help change the mood of investors toward radio stocks. We believe that the Entercom shares are oversold, but we encourage investors to also look at Salem Media and Townsquare.

## PUBLISHING

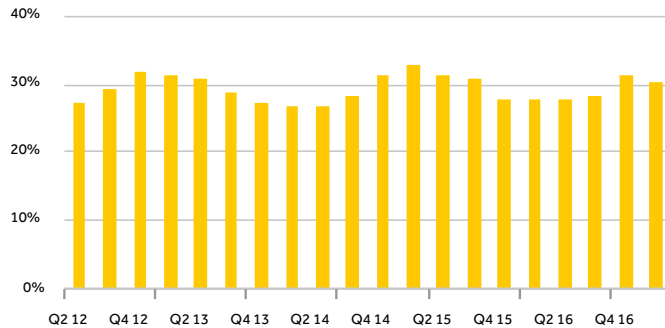
While the Publishing stocks as a group are up 12% year to date, the performance is skewed by two companies in the index that performed well, namely New York Times and News Corp, which were up 20% and 33% respectively. The rest of the stocks in the group drifted. We believe that investors soured on the industry given the secular issues facing the retail industry, including bankruptcies, store closings and lackluster sales. Retail as an advertising category for publishers has recently accelerated in the rate of decline to near 20% from the trendline decline of 8% to 12% over the past several years. Despite the upheaval in the retail category, managements appear to be managing cash flows well. Certainly, the focus on the business has put the nascent industry consolidation wave on hold. We believe that the dynamics that started the heightened M&A activity in the industry are still prevalent. There is a need to aggregate digital audiences for advertisers and to drive economies from regionalization of publication and distribution of papers. As such, we believe that there are investment opportunities in the group. Notably, managements appear to be stepping up marketing efforts to investors too. Look for a number of publishing teams on the road this summer on non-deal road shows.

# TV-SEGMENT ANALYSIS

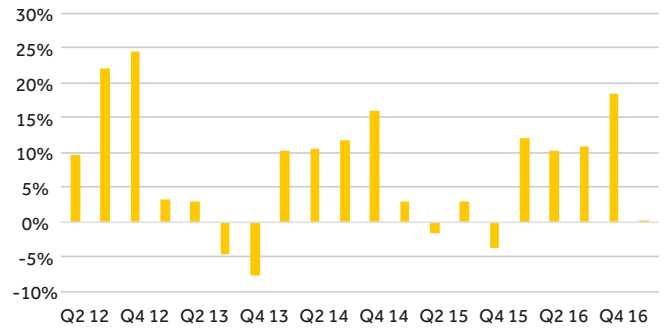
	SHARE PRICE	% OF 52 WEEK HIGH	MARKET CAP	NET DEBT.	ENT. VALUE (EV)	LTM		EV / REVENUE			EV / EBITDA			NET DEBT / EBITDA	3 YEAR REVENUE CAGR	EBITDA MARGIN	DIV YIELD
						REVENUE	EBITDA	LTM	2017E	2018E	LTM	2017E	2018E				
CBS Corporation	\$64.60	92.2%	\$26,225	\$8,790	\$35,039	12,921	\$3,032	2.7x	2.6x	2.5x	11.6x	10.9x	10.0x	2.9x	(2.0%)	23.5%	1.1%
Nexstar Media Group	63.35	85.7%	2,938	4,429	7,376	1,388	488	5.3x	3.1x	2.7x	15.1x	9.1x	7.2x	9.1x	30.0%	35.2%	1.9%
TEGNA Inc.	14.51	54.4%	3,117	3,887	7,338	3,338	1,162	2.2x	3.0x	2.8x	6.3x	9.1x	7.9x	3.3x	27.7%	34.8%	1.9%
Sinclair Broadcast	33.65	78.2%	3,454	3,268	6,690	2,808	903	2.4x	2.4x	2.2x	7.4x	8.3x	6.7x	3.6x	26.2%	32.2%	2.1%
Tribune Media	41.31	96.0%	3,591	2,688	6,285	1,919	416	3.3x	3.3x	3.1x	15.1x	14.1x	11.9x	6.5x	19.3%	21.7%	2.4%
Gray Television	14.25	92.2%	1,026	1,731	2,743	842	318	3.3x	3.1x	2.7x	8.6x	9.8x	7.6x	5.4x	32.9%	37.7%	NA
E.W. Scripps	18.46	76.4%	1,520	260	1,781	945	175	1.9x	1.9x	1.7x	10.2x	15.8x	8.8x	1.5x	29.7%	18.6%	NA
Entertainment	6.80	85.0%	614	225	839	258	65	3.3x	2.1x	2.8x	13.0x	13.3x	10.3x	3.5x	4.9%	25.0%	1.8%

Mean	3.0x	2.7x	2.6x	10.9x	11.3x	8.8x	4.5x	21.1%	28.6%	1.9%
Median	3.0x	2.8x	2.7x	10.9x	10.4x	8.4x	3.5x	26.9%	28.6%	1.9%

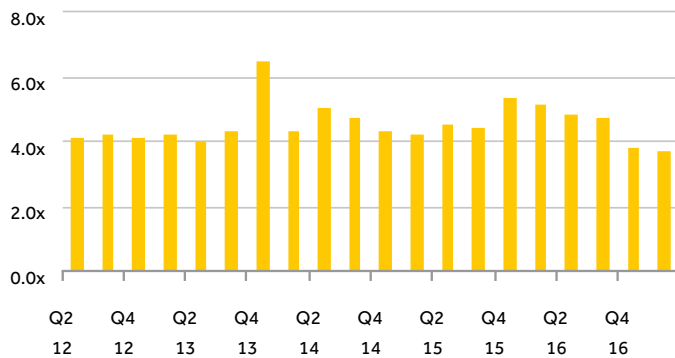
## LTM EBITDA MARGIN



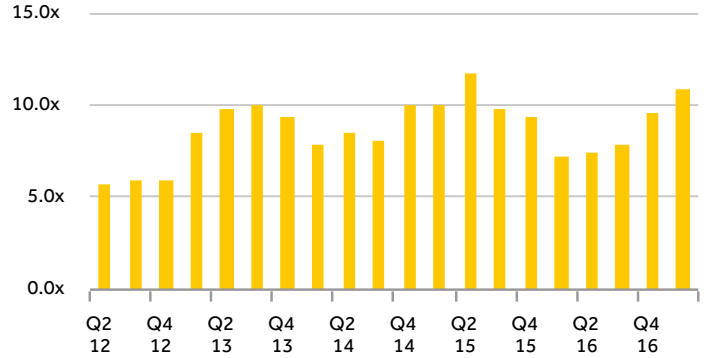
## REVENUE GROWTH



## NET DEBT / LTM EBITDA



## EV / LTM EBITDA



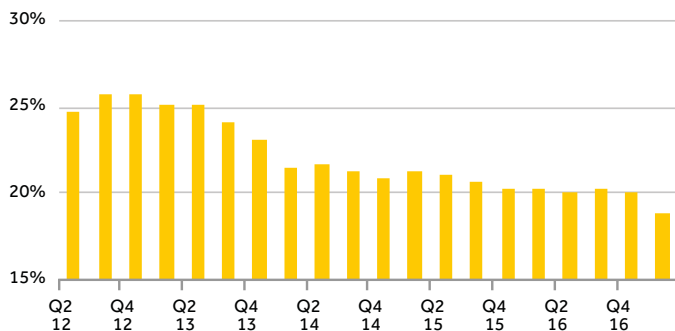


# RADIO-SEGMENT ANALYSIS

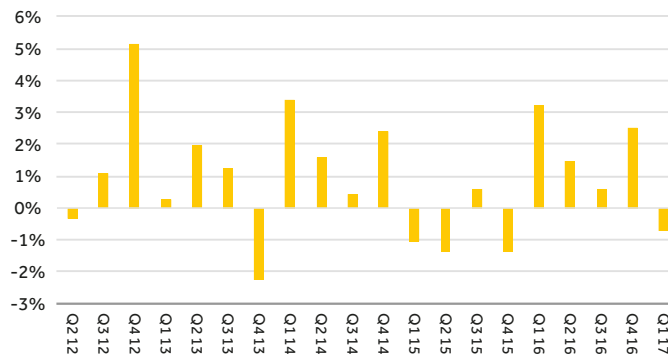
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						REVENUE	EBITDA	LTM	2017E	2018E	LTM	2017E	2018E				
Iheart Media	\$1.75	43.6%	\$158	\$20,005	\$20,272	\$6,241	\$1,769	3.2x	3.3x	NA	11.5x	11.0x	NA	11.3x	0.2%	28.3%	0.0%
Cumulus Media	0.44	12.2%	13	2,236	2,249	1,137	202	2.0x	2.0x	2.0x	11.1x	10.5x	10.0x	11.1x	3.6%	17.8%	0.0%
Urban One	2.00	57.1%	96	967	1,074	448	121	2.4x	NA	NA	8.9x	NA	NA	8.0x	0.6%	27.0%	0.0%
Entercom	9.80	59.2%	399	453	880	462	101	1.9x	1.9x	1.8x	8.7x	8.2x	7.4x	4.5x	6.8%	21.9%	3.1%
Townsquare Media	10.89	83.7%	201	523	725	511	104	1.4x	1.4x	1.3x	7.0x	6.9x	6.3x	5.0x	24.4%	20.4%	0.0%
Beasley Media	10.10	55.5%	291	208	499	163	31	NMF	NA	NA	NMF	NA	NA	4.1x	34.6%	19.0%	1.8%
Salem Media Group	7.20	87.3%	187	258	445	275	46	1.6x	1.6x	1.5x	9.6x	9.5x	8.6x	5.5x	5.0%	16.9%	3.6%
Emmis Communications	2.96	69.6%	37	215	285	199	19	1.4x	NA	NA	14.7x	NA	NA	11.1x	1.5%	9.7%	0.0%
Saga Communications	45.20	86.8%	267	6	273	141	35	1.9x	NA	NA	7.7x	NA	NA	0.2x	3.3%	25.1%	3.1%

Mean	2.0x	2.0x	1.7x	9.9x	9.2x	8.1x	6.8x	8.9%	20.7%	1.1%
Median	1.9x	1.9x	1.7x	9.2x	9.5x	8.0x	5.5x	3.6%	20.4%	0.0%

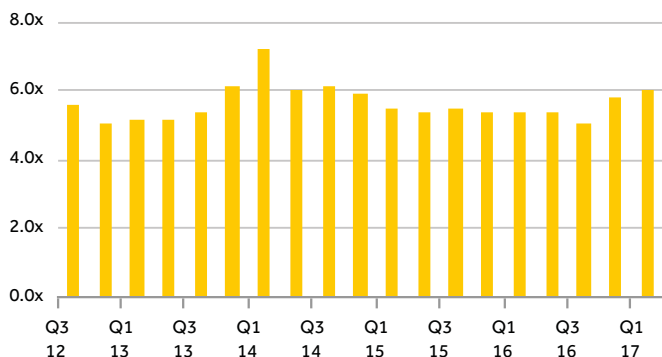
## LTM EBITDA MARGIN



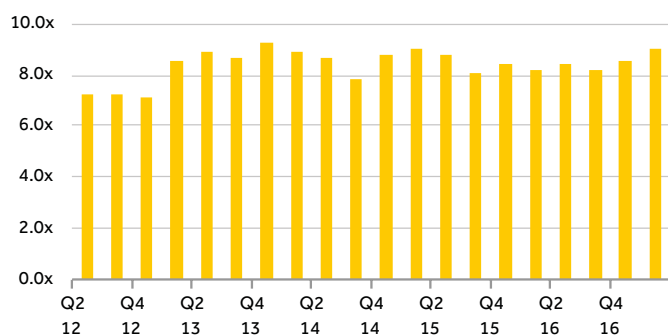
## REVENUE GROWTH



## NET DEBT / LTM EBITDA



## EV / LTM EBITDA



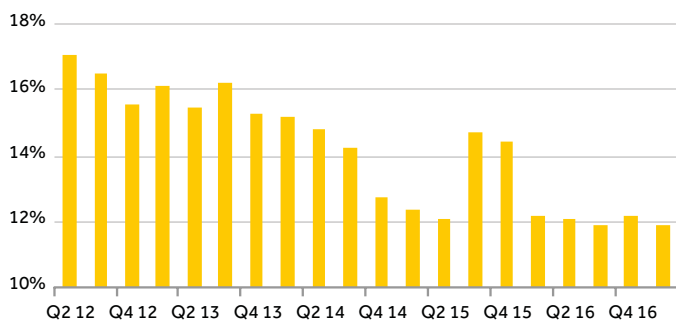


# PUBLISHING-SEGMENT ANALYSIS

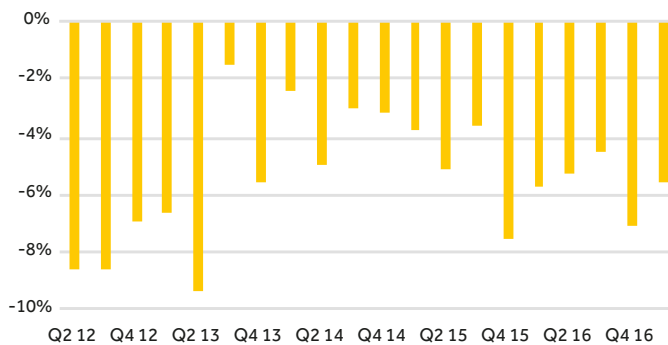
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						REVENUE	EBITDA	LTM	2016E	2017E	LTM	2016E	2017E				
News Corporation	\$13.68	93.2%	\$7,963	(\$1,474)	\$6,871	8,285	\$736	0.8x	0.8x	0.9x	9.3x	7.4x	7.0x	NM	(2.3%)	8.9%	1.5%
New York Times	17.60	97.8%	2,843	(295)	2,544	1,575	216	1.6x	1.6x	1.5x	11.8x	10.1x	9.6x	NM	(0.5%)	13.7%	0.9%
Gannett	8.87	61.5%	1,008	296	1,303	3,162	317	0.4x	0.4x	0.4x	4.1x	3.7x	3.8x	0.9x	(2.9%)	10.0%	7.3%
McClatchy Co.	9.13	46.2%	70	875	945	960	134	1.0x	1.0x	1.0x	7.0x	6.9x	6.9x	6.5x	(7.0%)	14.0%	NA
New Media Investment	13.70	68.9%	730	207	937	1,263	141	0.7x	0.7x	0.7x	6.6x	5.7x	5.4x	1.5x	34.4%	11.2%	10.3%
Lee Enterprises	1.90	48.5%	108	544	653	587	133	1.1x	1.2x	NA	4.9x	4.9x	NA	4.1x	(3.2%)	22.7%	NA
tronc	12.75	71.1%	418	205	623	1,574	123	0.4x	0.4x	0.4x	5.1x	3.4x	3.3x	1.7x	(3.6%)	7.8%	NA
A.H. Belo Corp.	5.25	66.0%	114	(69)	45	258	8	0.2x	NA	NA	5.4x	NA	NA	NM	(2.0%)	3.2%	NA

Mean	0.8x	0.9x	0.8x	6.8x	6.0x	6.0x	2.9x	1.6%	11.4%	5.0%
Median	0.8x	0.8x	0.8x	6.0x	5.7x	6.2x	1.7x	(2.6)%	10.6%	4.4%

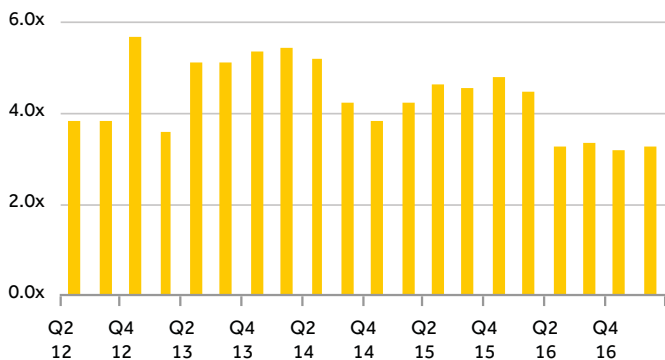
## LTM EBITDA MARGIN



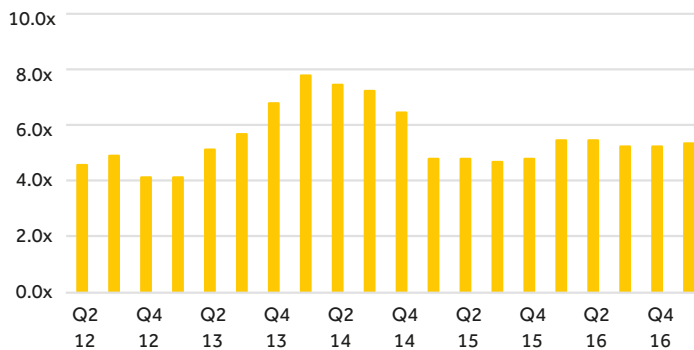
## REVENUE GROWTH



## NET DEBT / LTM EBITDA



## EV / LTM EBITDA



# TRADITIONAL MEDIA M&A ACTIVITY

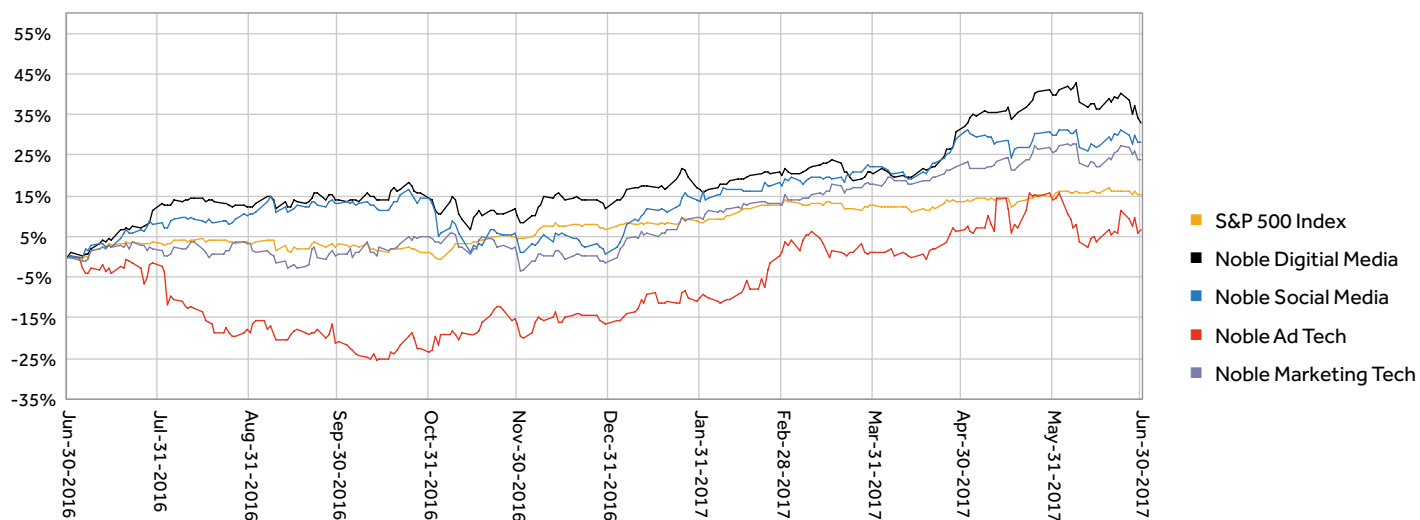
## 2Q 2017 M&A ACTIVITY

DATE	BUYER	TARGET	TRANSACTION VALUE (\$M)	EV / REVENUE	EV / EBITDA
6/30/2017	Dex Media, Inc.	YP Holdings LLC	NA	NA	NA
6/30/2017	American Media, Inc.	Wenner Media LLC, Men's Journal	NA	NA	NA
6/27/2017	HC2 Holdings, Inc.	DTV America Corporation	\$30.5	NA	NA
6/20/2017	ION Media Networks, Inc.	Broadcast Trust, WRBU-TV and WZRB-TV	NA	NA	NA
6/20/2017	ION Media Networks, Inc.	Idaho Independent Television, Inc., KTRV-TV	NA	NA	NA
6/19/2017	Haugo Broadcasting, Inc.	Pandora Media, Inc., Hits 102.7	\$0.3	NA	NA
6/19/2017	Lee Enterprises, Incorporated	Moline Dispatch Publishing Co., L.L.C.	\$7.2	NA	NA
6/19/2017	New Media Investment Group Inc.	Calkins Media Incorporated	\$17.5	NA	NA
6/14/2017	Champion Media, LLC	Civitas Media LLC, North Carolina and South Carolina Print, Digital and Local Assets	NA	NA	NA
6/13/2017	Outfront Media Inc.	Dynamic Outdoor ULC	\$94.4	NA	NA
6/5/2017	Time Out Group plc	Time Out Hong Kong Company Limited	NA	NA	NA
6/5/2017	Time Out Group plc	Print & Digital Publishing Pty Ltd	\$2.2	NA	NA
6/5/2017	Hearst Newspapers LLC	21st Century Media, LLC	NA	NA	NA
6/2/2017	Clipper Magazine LLC	GreatDeal\$ Magazine	NA	NA	NA
6/1/2017	HD Media Company, LLC	The Logan Banner and Daily Williamson News, Inc and The Coal Valley News and The Independent-Herald	NA	NA	NA
6/1/2017	A&E Television Networks, LLC	The History Channel (Germany) GmbH & Co. KG	NA	NA	NA
6/1/2017	Oreva Capital	Trans-High Corp. (nka:High Times Holding Co.)	NA	NA	NA
5/11/2017	Bustos Media Holdings, LLC	Casa Media Partners, LLC	\$0.8	NA	NA
5/11/2017	Vivendi SA	Havas SA	\$3,747.8	1.6x	10.2x
5/9/2017	DHX Media Ltd.	80% of Peanuts Worldwide LLC And 100% of IBGNYS LLC And 100% of IBGSCREEN, LLC	\$345.0	NA	NA
5/9/2017	Evening Telegram Company	Saga Communications, Inc., Television Stations in Joplin, MO and Victoria	\$66.6	2.8x	7.5x
5/9/2017	Saga Quad States Communications, LLC	Radio Stations Based In Charleston, Hilton Head And Beaufort	\$23.0	NA	NA
5/8/2017	Meruelo Group, LLC	KWHY-22 Broadcasting, LLC	\$82.8	NM	NA
5/8/2017	Sinclair Broadcast Group, Inc.	Tribune Media Company	\$6,570.9	3.4x	11.7x
5/4/2017	Gray Television, Inc.	Mt. Mansfield Television, Inc.	\$29.0	NA	NA
4/24/2017	3BL Media, LLC	SharedXpertise Media, LLC, CR Magazine and COMMIT!Forum	NA	NA	NA
4/21/2017	Sinclair Broadcast Group, Inc.	Bonten Media Group Inc.	\$240.0	NA	NA
4/20/2017	Radio One, Inc. (nka:Urban One, Inc.)	Red Zebra Broadcasting LLC, WWXT-FM and WXGI-AM	NA	NA	NA
4/17/2017	Modern Luxury, Inc.	GreenGale Publishing LLC	NA	NA	NA
4/13/2017	Lee Enterprises, Incorporated	Independent Publishing, Inc.	NA	NA	NA
4/5/2017	Metro-Goldwyn-Mayer Studios Inc.	Studio 3 Partners LLC	\$1,275.0	NA	NA
4/4/2017	Marquee Broadcasting, Inc.	Max Media - WNKY-TV	\$5.6	NA	NA
4/3/2017	Raycom Media, Inc.	WVUE-TV	\$51.8	NA	NA



# OUTLOOK - INTERNET AND DIGITAL MEDIA

## STOCK MARKET PERFORMANCE: INTERNET AND DIGITAL MEDIA



## INTERNET & DIGITAL MEDIA

The S&P 500 increased by 8.2% in the first six months of 2017. According to a recent Wall Street Journal article, the S&P 500 rose in each month of the first six months of 2017, a feat that hadn't been seen in decades. While this has led to some concerns about market valuations, the Journal went on to note that the last two times this happened, 1995 and 1996, the index went on to gain at least 12% in the last six months of the year.

Significantly outperforming the S&P 500 were the FAANG stocks (Facebook, Apple, Amazon, Netflix, & Google/Alphabet), whose stocks increased on average by 24.5%. As shown in the chart below, Facebook was the best performing stock with a 31% gain in 1H 2017, followed by Amazon at a 29% increase.

1H 2017 - STOCK PRICE PERFORMANCE - FAANG STOCKS					
COMPANY	TICKER	STOCK PRICE		PERFORMANCE	
		12/31/2016	6/30/2017	2017YTD	
Facebook	FB	\$115.05	\$150.98	31.2%	
Amazon	AMZN	\$749.87	\$968.00	29.1%	
Apple	AAPL	\$115.82	\$144.02	24.3%	
Netflix	NFLX	\$123.80	\$149.41	20.7%	
Alphabet/Google	GOOGL	\$792.45	\$929.68	17.3%	
Average - FAANG				24.5%	
S&P500	^SPX	\$2,238.83	\$2,423.41	8.2%	



# OUTLOOK - INTERNET AND DIGITAL MEDIA

The FAANG stocks (sometimes Microsoft is substituted for Netflix, since it is bigger) represent an increasing percent of the market cap of the S&P. They also represent an increasingly larger percent of the index's performance. Goldman Sachs, which substitutes Microsoft for Netflix, suggested in early June that they represented 40% of the S&P 500's move. As a consequence, institutional investors often feel compelled to own these stocks if they have any hope of outperforming the index.

During the week of June 5th – June 9th, 2017, each of the FAANG stocks traded at their highest stock prices ever. This has led to concerns about a bubble forming in the tech sector. However, while expensive on an LTM EBITDA basis, these stocks look quite reasonable on forward estimates. For example, Facebook trades at 24.7x LTM EBITDA but only 13.3x 2018E EBITDA. Alphabet/Google trades at 17.6x LTM EBITDA but only 10.7x 2018E EBITDA. As long as these bellwether tech companies continue to meet or exceed estimates, we think it is more likely that investors will experience continued gains as they did in the second half of 1995 and 1996.

Did the strong 1H 2017 stock price performance of the bellwether tech names trickle down to the 4 segments we follow (digital media, social media, ad tech & marketing tech)? In fact, it did. As shown on the charts on the following pages, the digital media, social media, ad tech and marketing tech sectors posted stock price increases of 19%, 27%, 28%, and 26%, respectively.

Driving the performance of the digital media stocks was Interactive Corp (IAC), which was up 59% driven by strong operating results and a proposed combination of its HomeAdvisor subsidiary with Angie's List that will create a new publicly traded company. Social media stocks were up 27% driven by the performance of Facebook, whose stock was up 31%. Snap priced its IPO on March 2nd at \$17 per share and traded as high as \$29.44 (+73%) intraday, but finished mid-year at \$17.77, up just 4.5% from its IPO.

Ad tech stocks significantly outperformed the S&P 500, with the sector up 28% in the first half of the year. The biggest contributor to this performance was The Trade Desk (TTD), which was up 80% in the first half. The Trade Desk significantly outperformed expectations in 1Q, and raised its full year revenue and EBITDA guidance by 10%. Other notable stock price gains in the sector came from Rocket Fuel (FUEL) +61%, Yume (YUME) +31%, Maxpoint (MXPT) +24%, and Criteo (CRTO) +19%.

Marketing technology stocks also performed particularly well, with the group up 26% in the first half of 2017. Hubspot (HUBS) was the strongest performing stock in the group (+40%), followed by Adobe (ADBE) +37%; and Salesforce (CRM) +26%. While the ad tech stocks performed well, mostly across the board (7 of 10 stocks were up while one was flat), the marketing tech stocks were more of a mixed bag. Large cap marketing stocks such as the aforementioned Hubspot, Adobe and Salesforce performed well, while smaller cap marketing stocks such as Brightcove (-23%) and Marin Software (MRIN) (-45%), underperformed the markets.

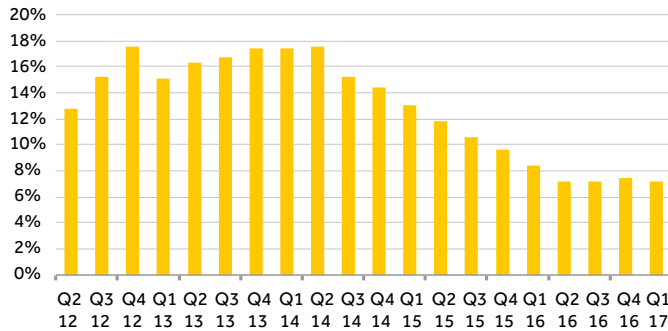


# DIGITAL MEDIA - SEGMENT ANALYSIS

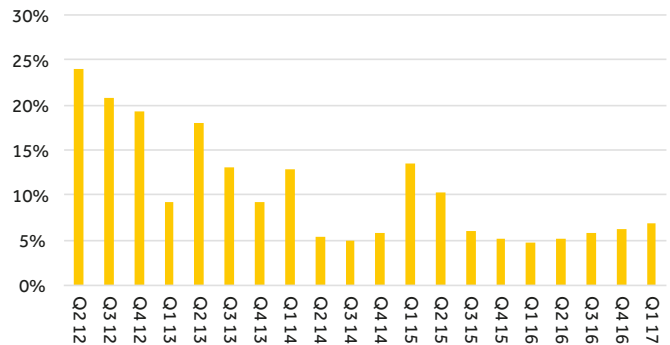
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Alphabet Inc.	\$975.96	96.8%	\$675,123	(\$88,502)	\$578,800	94,765	\$31,208	6.1x	5.4x	4.6x	18.5x	13.2x	11.3x	17.6%	32.9%	60.7%
IAC/InterActiveCorp	106.67	98.8%	8,394	146	8,736	3,082	432	2.8x	2.8x	2.5x	20.2x	15.0x	11.8x	1.3%	14.0%	77.4%
Pandora Media, Inc.	9.44	63.0%	2,288	144	2,433	1,404	(257)	1.7x	1.6x	1.3x	NM	NM	89.4x	28.4%	(18.3%)	36.2%
WebMD Health Corp.	55.92	86.0%	2,029	11	2,040	701	182	2.9x	2.8x	2.8x	11.2x	8.6x	8.3x	11.0%	25.9%	63.7%
XO Group Inc.	18.36	87.5%	458	(103)	355	152	16	2.3x	2.2x	2.0x	21.7x	12.5x	9.4x	4.4%	10.8%	93.5%
Leaf Group Ltd.	7.55	80.7%	152	(42)	110	114	(22)	1.0x	0.9x	0.8x	NM	NM	NM	(18.5%)	(19.6%)	41.5%

Mean	2.8x	2.6x	2.3x	17.9x	12.3x	26.1x	7.4%	7.6%	62.2%
Median	2.6x	2.5x	2.2x	19.4x	12.9x	11.3x	7.7%	12.4%	62.2%

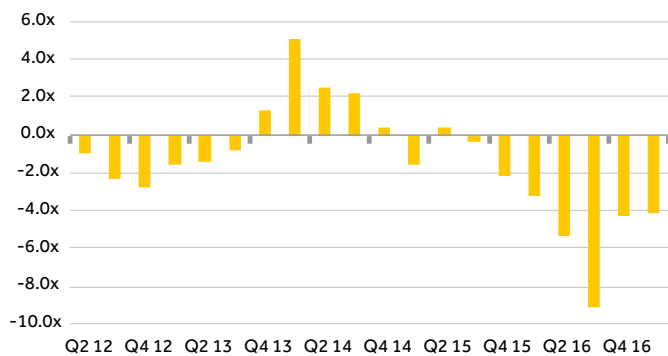
## LTM EBITDA MARGIN



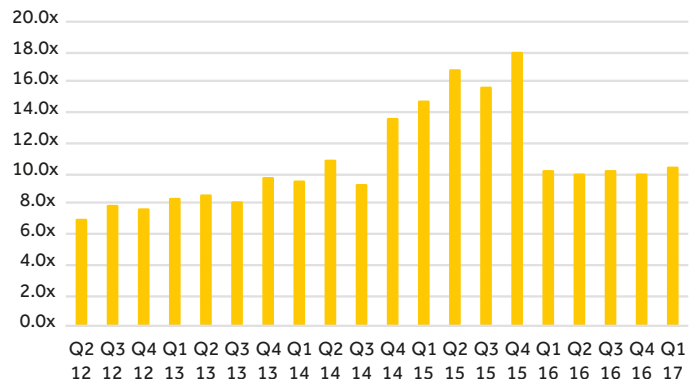
## REVENUE GROWTH



## NET DEBT / LTM EBITDA



## EV / LTM EBITDA

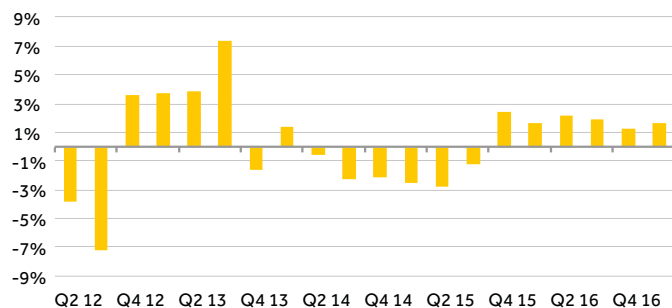


# ADVERTISING TECHNOLOGY - SEGMENT ANALYSIS

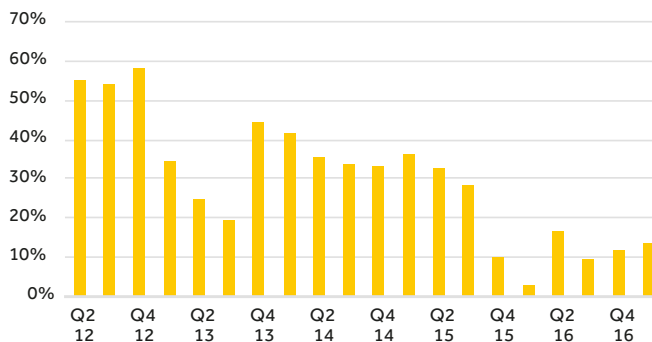
	SHARE PRICE	% OF 52 WEEK HIGH	MARKET CAP	NET DEBT.	ENT. VALUE (EV)	LTM		EV / REVENUE			EV / EBITDA			3 YEAR REVENUE CAGR	EBITDA MARGIN	GROSS MARGIN
						REVENUE	EBITDA	LTM	2017E	2018E	LTM	2017E	2018E			
Criteo S.A.	\$51.36	91.7%	\$3,326	(\$217)	\$3,121	1,914.6	\$179	1.6x	3.3x	2.7x	17.5x	10.7x	8.4x	45.1%	9.3%	35.7%
The Trade Desk	50.39	87.5%	2,132	(81)	2,052	226	\$59	9.1x	7.0x	5.6x	34.9x	25.7x	18.7x	0.0%	26.0%	80.1%
RhythmOne plc	0.38	58.6%	190	(50)	150	149	(\$3)	1.3x	0.8x	0.6x	NM	15.8x	7.2x	(15.5%)	(2.3%)	33.9%
Rocket Fuel	2.69	45.6%	125	23	148	447	(\$10)	0.3x	0.4x	0.3x	NM	NM	NA	23.8%	(2.3%)	33.8%
Synacor	3.70	87.1%	141	(4)	137	124	(\$4)	1.1x	0.8x	0.6x	NM	18.0x	7.7x	4.4%	(3.5%)	52.5%
Matomy Media Group	1.09	60.5%	105	(6)	119	277	\$15	0.5x	0.6x	0.6x	7.8x	6.9x	5.2x	12.7%	5.5%	20.6%
YuMe, Inc.	4.59	78.5%	157	(60)	98	158	\$4	0.6x	NA	NA	27.7x	NA	NA	2.0%	2.2%	51.1%
Tremor Video, Inc.	2.31	83.6%	116	(27)	89	174	(\$8)	0.5x	0.5x	0.4x	NM	21.3x	6.2x	8.2%	(4.5%)	45.8%
SeaChange International	2.68	77.9%	95	(34)	61	79	(\$16)	0.8x	0.8x	0.7x	NM	34.9x	10.5x	(17.0%)	(20.6%)	50.9%
The Rubicon Project	5.03	34.5%	244	(188)	56	255	\$19	0.2x	0.3x	0.3x	2.9x	2.6x	1.8x	49.2%	7.5%	72.1%
Maxpoint Interactive	7.15	60.8%	48	(2)	46	148	(\$11)	0.3x	0.4x	0.4x	NM	18.3x	5.2x	31.2%	(7.2%)	52.7%
Social Reality	1.25	14.0%	10	(0)	10	36	(\$5)	0.3x	0.2x	0.2x	NM	5.9x	1.5x	118.8%	(12.9%)	34.5%

Mean	1.4x	1.4x	1.1x	18.2x	16.0x	7.2x	21.9%	(0.2)%	47.0%
Median	0.6x	0.6x	0.6x	17.5x	16.9x	6.7x	10.4%	(2.3)%	48.3%

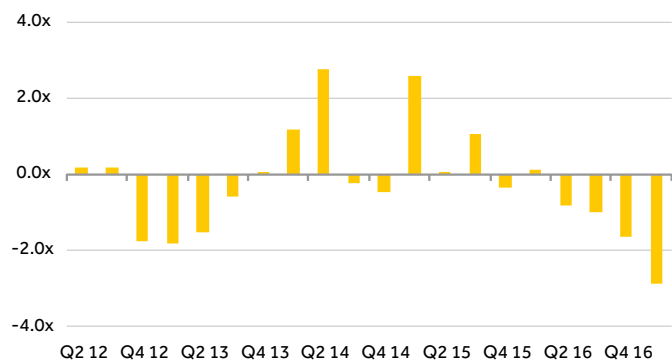
## LTM EBITDA MARGIN



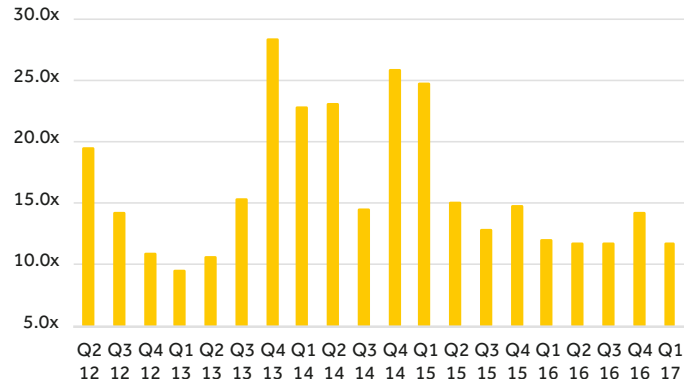
## REVENUE GROWTH



## NET DEBT / LTM EBITDA



## EV / LTM EBITDA

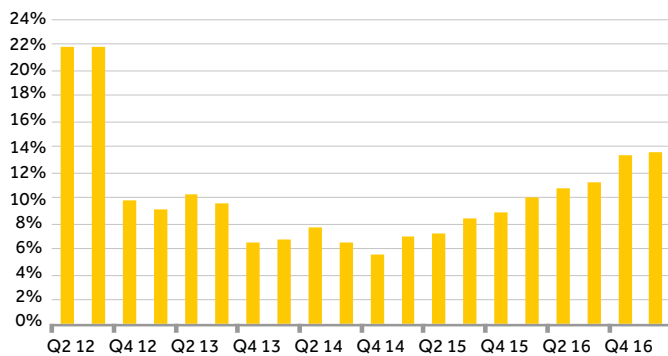


# MARKETING TECHNOLOGY - SEGMENT ANALYSIS

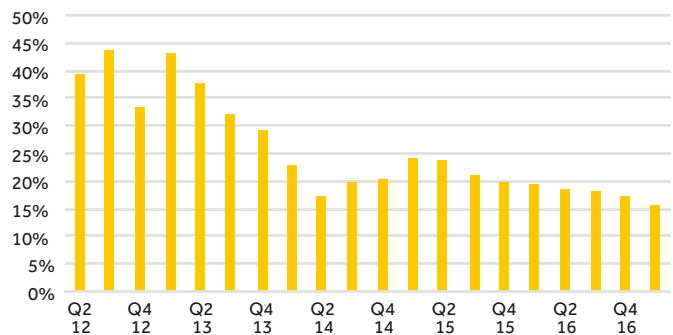
	SHARE PRICE	% OF 52 WEEK HIGH	MARKET CAP	NET DEBT.	ENT. VALUE (EV)	LTM		EV / REVENUE			EV / EBITDA			3 YEAR REVENUE CAGR	EBITDA MARGIN	GROSS MARGIN
						REVENUE	EBITDA	LTM	2017E	2018E	LTM	2017E	2018E			
Salesforce.com	\$89.29	97.1%	\$63,515	(\$684)	\$62,831	8,863	\$449	7.1x	6.1x	5.1x	140.0x	28.7x	23.2x	27.3%	5.1%	73.1%
Adobe Systems	146.40	99.3%	72,235	(3,043)	69,191	6,526	2,141	10.6x	9.6x	8.0x	32.3x	23.3x	19.0x	13.0%	32.8%	86.3%
Akamai Technologies	51.77	72.3%	8,950	(199)	8,750	2,382	707	3.7x	3.5x	3.2x	12.4x	9.4x	8.4x	14.0%	29.7%	65.6%
HubSpot, Inc.	72.30	92.1%	2,643	(122)	2,521	294	(36)	8.6x	7.0x	5.6x	NM	NM	100.4x	51.7%	(12.2%)	77.9%
Bazaarvoice, Inc.	4.80	78.2%	405	(59)	345	201	(5)	1.7x	1.7x	1.6x	NM	19.2x	13.3x	6.2%	(2.4%)	62.0%
Brightcove Inc.	6.45	46.7%	220	(28)	192	152	(5)	1.3x	1.3x	1.2x	NM	NM	22.5x	11.0%	(3.2%)	62.4%
Marin Software	1.20	42.6%	47	(30)	17	93	(9)	0.2x	NA	NA	NM	NA	NA	8.9%	(9.2%)	63.3%

Mean	4.7x	4.9x	4.1x	61.6x	20.1x	31.1x	18.9%	5.8%	70.1%
Median	3.7x	4.8x	4.2x	32.3x	21.3x	20.8x	13.0%	(2.4%)	65.6%

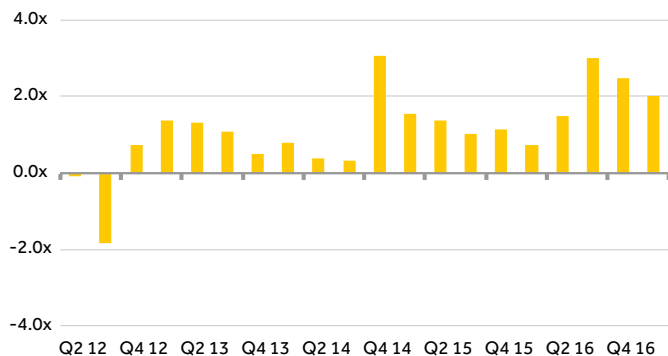
## LTM EBITDA MARGIN



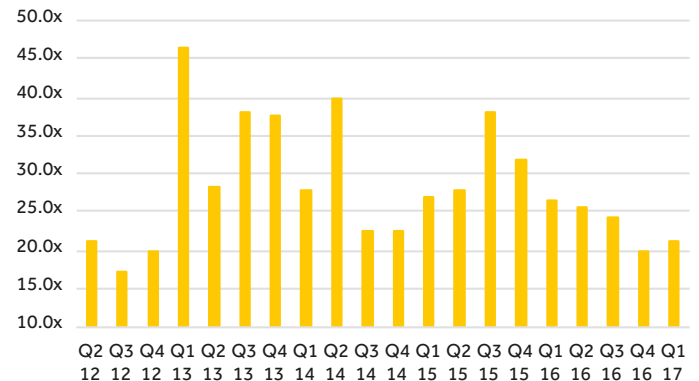
## REVENUE GROWTH



## NET DEBT / LTM EBITDA



## EV / LTM EBITDA



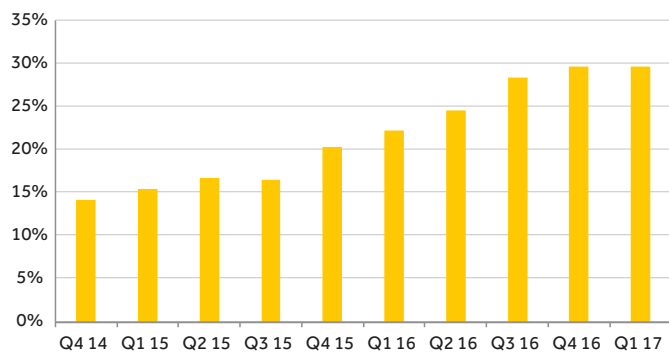


# SOCIAL MEDIA - SEGMENT ANALYSIS

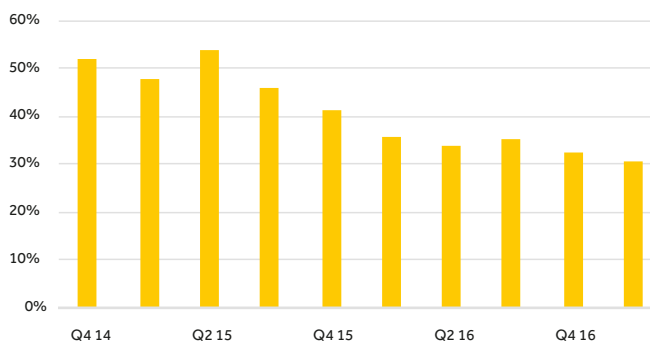
	SHARE PRICE	% OF 52 WEEK HIGH	MARKET CAP	NET DEBT.	ENT. VALUE (EV)	LTM		EV / REVENUE			EV / EBITDA			3 YEAR REVENUE CAGR	EBITDA MARGIN	GROSS MARGIN
						REVENUE	EBITDA	LTM	2017E	2018E	LTM	2017E	2018E			
Facebook, Inc.	\$159.73	99.6%	\$462,926	(\$32,306)	\$430,620	30,288	\$16,355	14.2x	11.2x	8.7x	26.3x	18.0x	14.2x	52.0%	54.0%	86.4%
Snap Inc.	15.13	51.4%	17,838	(3,227)	14,611	515	(2,594)	28.4x	14.9x	7.7x	NM	NM	NM	NA	(503.3%)	(4.6%)
Twitter, Inc.	19.94	79.0%	14,471	(2,225)	12,246	2,483	85	4.9x	5.3x	4.9x	NM	19.6x	17.5x	56.1%	3.4%	63.6%
Match Group, Inc.	17.78	85.7%	4,593	741	5,340	1,261	368	4.2x	4.2x	3.7x	14.5x	11.6x	9.8x	15.0%	29.2%	80.3%
The Meet Group, Inc.	5.30	65.4%	368	(74)	294	83	26	3.5x	2.3x	2.0x	11.1x	7.3x	5.7x	23.5%	31.9%	100.0%

Mean	11.1x	7.6x	5.4x	17.3x	14.1x	11.8x	52.5%	(5.9)%	65.1%
Median	4.9x	5.3x	4.9x	14.5x	14.8x	12.0x	37.8%	29.2%	80.3%

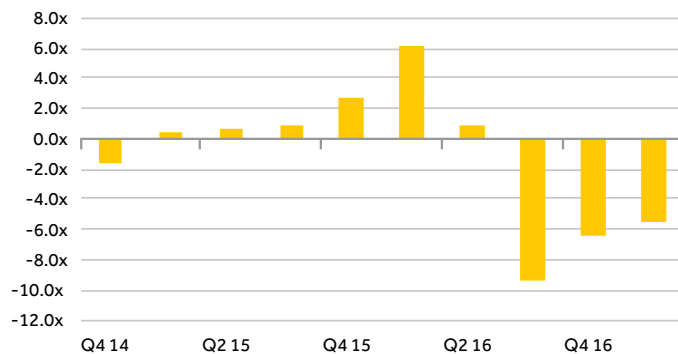
## LTM EBITDA MARGIN



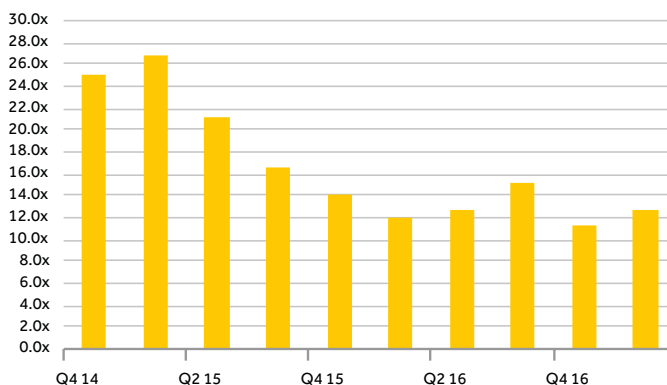
## REVENUE GROWTH



## NET DEBT / LTM EBITDA



## EV / LTM EBITDA



# INTERNET AND DIGITAL MEDIA M&A ACTIVITY

## 2Q 2017 M&A ACTIVITY

DATE	BUYER	TARGET	TRANSACTION VALUE (\$M)	EV / REVENUE	EV / EBITDA
6/27/17	Singular Labs, Inc.	Apsalar, Inc.	NA	NA	NA
6/26/17	RhythmOne plc	RadiumOne, Inc., Certain Assets and Related Liabilities	\$26.0	NA	NA
5/31/17	Snap Inc.	ZENLY S.A.S.	NA	NA	NA
6/21/17	Enthusiast Gaming Inc.	Destructoid LLC	NA	NA	NA
6/20/17	Modern Times Group Mtg AB	Kongregate, Inc.	\$55.0	1.6x	NA
6/19/17	Apollo Global Management, LLC; Ontario Teachers' Pension Plan Board; Apollo Special Situations Fund, L.P.	CareerBuilder, LLC	\$627.5	0.9x	NA
6/18/17	Glam Inc.	Mode Media Corporation	NA	NA	NA
6/15/17	Access Intelligence, LLC	AdExchanger	NA	NA	NA
6/9/17	OwnLocal, Inc.	Wanderful Media, LLC	NA	NA	NA
6/5/17	Snap Inc.	Placed, Inc.	\$200.0	0.3x	NA
5/30/17	Vista Equity Partners LLC	Lithium Technologies Inc.	NA	NA	NA
5/26/17	Blue Star Sports	Krossover Intelligence Inc.	NA	NA	NA
5/17/17	Spotify USA Inc	Niland SAS	NA	NA	NA
5/10/17	Goldman Sachs Group, Merchant Banking Division; Eurazeo; West Street Capital Partners VII, L.P.	Dominion Web Solutions, LLC	\$680.0	NA	NA
5/10/17	Alphabet Inc.	Owlchemy Labs LLC	NA	NA	NA
5/10/17	NBCUniversal Cable Entertainment Group	Craftsy Inc.	\$230.0	NA	NA
5/12/16	TrackMaven, Inc.	10Stories, Inc.	NA	NA	NA
5/9/17	WordStream Inc.	Algorithmic Ads Inc.	NA	NA	NA
5/3/17	Gamer Network Limited	Rock, Paper, Shotgun Ltd	NA	NA	NA
5/3/17	Scripps Networks Interactive, Inc.	Spoon Media Inc.	NA	NA	NA
5/2/17	Quotient Technology Inc.	Crisp Media, Inc.	\$57.2	NA	NA
5/2/17	Whirlpool Corporation	Yummly, Inc.	\$22.8	NA	NA
5/1/17	HomeAdvisor, Inc.	Angie's List, Inc.	\$574.4	1.8x	51.6x
4/27/17	Sirius XM Holdings Inc.	Automatic Labs Inc.	NA	NA	NA
4/26/17	Spotify USA Inc	Mediachain	NA	NA	NA
4/20/17	Gannett Co., Inc.	SweetIQ Analytics Corp.	NA	NA	NA
4/19/17	Marketo, Inc.	ToutApp, Inc.	NA	NA	NA
4/20/17	Accenture plc	Kunstmaan NV	NA	NA	NA
4/19/17	KAR Auction Services, Inc.	Carco Technologies, Inc.	\$43.0	NA	NA
4/18/17	Oracle Corporation	Moat, Inc.	\$850.0	10.6x	NA
4/17/17	Vista Equity Partners LLC	Market Track, LLC	\$851.0	10.6x	NA
4/17/17	Dentsu Aegis Network Ltd.	Smile Vun Group Pvt. Ltd.	\$144.8	NA	NA
4/17/17	BDG Media Inc.	Elite Daily, Inc.	NA	NA	NA
4/13/17	Apollo Global Management, LLC; GSO Capital Partners LP; Arbitr Partners Capital Management, LLC	Mood Media Corporation	\$625.8	1.3x	8.0x



DATE	BUYER	TARGET	TRANSACTION VALUE (\$M)	EV / REVENUE	EV / EBITDA
4/13/17	Sherpa Digital Media, Inc.	Ramp Inc., VideoVerge Business	NA	NA	NA
4/11/17	Orbis Technologies, Inc.	RSI Content Solutions, Inc.	NA	NA	NA
4/10/17	Harland Clarke Holdings Corp.	RetailMeNot, Inc.	\$455.1	1.5x	14.8x
4/3/17	Yelp Inc.	Turnstyle Solutions, Inc.	\$20.6	NA	NA
4/3/17	Vector Capital	Experian plc, Email/Cross-Channel Marketing Business	\$400.0	NA	NA
4/3/17	TouchTunes Music Corporation	PlayNetwork, Inc.	NA	NA	NA
4/3/17	TouchTunes Music Corporation	EI Media Group, Certain Assets	NA	NA	NA



$$R+(e^2+p^2)=\text{NF}$$

# NOBLE CAPITAL MARKETS

## NOBLE CAPITAL MARKETS

NOBLE CAPITAL MARKETS is a research-driven investment and merchant bank focused on small cap, emerging growth companies in the healthcare, technology, media and natural resources sectors. That's what we are. Who we are is what makes us different.

Our people are talented, dedicated, experienced professionals who come together with a common cause; advising on long-term client-solutions by employing innovative, collaborative and responsive strategies. We're passionate and personable. We approach things from our clients' perspective.

We know that developing lasting relationships is reliant upon putting our clients' interests before ours. We understand the impact of our services. Insightful advisory and effective capital procurement can change lives. Empowering our clients to create employment, engineer technological and medical breakthroughs, producing products and services that lay the foundation for the future. For more than 30 years these have been our guiding principles. While much has changed over the three decades since we began, these core values and our reputation have not. Our clients must know what to expect from us. Then we can strive to exceed expectations.

## A SIMPLE FORMULA. OUR VALUE PROPOSITION

It starts with research With a fundamental belief that information guides the management process, NOBLE understands that there is no short-path to success. With this as a solid foundation, apply experience and execution delivered by people with passion. This is our formula to add value to your creation.

Research + Experience & Execution + People with Passion = Value

### FULL-SERVICE INVESTMENT BANK

- Established 1984.
- Private firm, employee owned.
- Built on commitment to provide value and support for our clients.

### FOCUSED INSTITUTIONAL SALES AND TRADING

- Seasoned sales and sales trading team.
- Long standing relationships with premier growth- focused Investors.

### RESEARCH DRIVEN CAPITAL MARKETS PLATFORM

- Experience team of Research Analysts covering approximately 100 companies.
- Focus on Technology, Media, Healthcare and Natural Resources.
- Strong Institutional Sponsorship.

### INVESTMENT BANKING COMMITMENT

- Proven track record.
- Senior level attention to every client and transaction
- Ability to deliver complete "mind share" of NOBLE on all transactions.

$$R + (e^2 + p^2) = \text{TF}$$

## INVESTMENT BANKING

Our investment banking team, together with our well-recognized equity research analysts and the equity capital markets group, provide our clients with fundamental capital markets advisory and support - prior, during and most importantly, after a transaction. NOBLE's investment banking team works closely with the management and Board of our corporate clients in order to fully understand operational and financial objectives. With this knowledge our banking team will develop an efficient and effective advisory program which offers a variety of services including:

### EQUITY CAPITAL MARKETS

- Secondary and Follow-on Offerings
- Registered Direct Offerings
- Initial Public Offerings
- At the market Offerings (ATM's)
- PIPEs/Private Sale Offerings

### DEBT CAPITAL MARKETS

- Senior Debt
- Mezzanine
- Convertible Debt
- Bridge Financings

### ADVISORY SERVICES


- Merger & Acquisitions
- Fairness Opinions
- Valuation Services

## SELECT MEDIA TRANSACTIONS

**SALEM MEDIA GROUP.**  
(SALM)

**\$255,000,000**

Senior Secured Note  
Co-Manager



May 2017

**SRAX**  
(SRAX)

**Valuation Services**

ASC 350




April 2017

**THE McCLATCHY COMPANY**  
Since 1857  
(MNI)

**Valuation Services**

ASC 350




March 2017

**SALEM COMMUNICATIONS**  
(SALM)

**Valuation Services**

ASC 350



March 2017

**CUMULUS**  
(CMLS)

**Valuation Services**

ASC 350



March 2017

**SRAX**  
(SRAX)

**\$8,000,000**


Debt Refinancing



September 2016

**tronc**  
(TRNC)

**Valuation of Warrants**




August 2016

**SALEM COMMUNICATIONS**  
(SALM)

**Advisory**

ASC 350



March 2016

$$R + (e^2 + p^2) = \text{rf}$$

## VALUATION SERVICES

NOBLE's Valuation and Advisory Services team specializes in providing business and intangible asset valuations, fairness opinions, financial and strategic analysis, and transaction support services covering a broad spectrum of industries and situations from early stage, middle market and Fortune 500 companies and capital market constituents. NOBLE's team is made up of professionals with numerous accreditations and bring excellence in accounting, taxation, and financial due diligence to provide companies with valuation advice for a multitude of purposes.

**Valuation** – NOBLE's professionals have significant experience in the valuation of privately owned and public businesses across a wide range of industries. We perform an extensive analysis of the business as well as evaluate industry trends and various other factors in order to inform our clients as to the likely range of value they can expect. Our services are characterized by intellectual and analytical rigor and our conclusions are backed by thorough documentation.

Chief Accounting Officers, Corporate Controllers, CFOs, and Corporate Boards rely on Noble's experienced valuation professionals to produce sophisticated, supportable, and timely valuations to assist in complying with financial reporting requirements, including:

- Purchase price allocation and fresh start accounting
- Goodwill and long-lived asset impairment testing
- Tangible asset valuation
- Fair Value measurement of financial assets & liabilities

**Opinions** - Whether our clients are looking to fulfill their fiduciary duties, mitigate risk or determine corporate value, we are there throughout the transaction process to offer objective advice based on rigorous analysis. We work on behalf of boards of directors, investors, trustees and other corporate leaders to advise and provide opinions on a wide range of transactions.

We have advised Corporate Boards, special transaction committees, independent trustees, management and other fiduciaries of middle-market public and private companies on the financial aspects of a transaction. Our independent advice withstands scrutiny from shareholders, bondholders, the SEC, IRS, or counterparties to a transaction..

## MERCHANT BANKING

Our Principal Investment focus is primarily on private and small-cap public (\$10mill to \$50mill market caps) companies in industries within NOBLE's research verticals. Investments are made directly by NOBLE and its affiliates and may also involve syndicate participants. We work to identify those companies with game-changing or superior products and technologies that have management teams with proven track-records of success. NOBLE structures investments to meet a company's capital needs whether its growth capital, liquidity or debt repayment. Capital commitment ranges from \$200k to \$2million principal and \$2million above with syndicate.

The scope of our Merchant Banking activities includes:

- Targeting domestic companies within our areas of focus and expertise
- Analyzing a company's opportunities and assessing its risks within their respective industry
- Structuring, negotiating and executing the transaction
- Work in assessing the appropriate time and manner in which to harvest the investment

NOBLE's Merchant Banking Team works continuously with our portfolio companies to assist the management team and Board of Directors to create value and grow their businesses to facilitate long-term shareholder value. Through our extensive sector research coverage, institutional investor non-deal road shows, equity conferences and market making, we blend a powerful mix of capital markets acumen to procure success.

$$R + (e^2 + p^2) = \text{rf}$$

## INVESTMENT BANKING TEAM

### Richard Giles, Managing Director (Boston)

rgiles@noblefcm.com - 617.692.9346

- Joined NOBLE in 2010 as Head of the Technology, Media & Telecommunications Investment Banking Group.
- 25 years of investment banking experience.
- Executed more than 100 M&A and capital raising transactions totaling \$10+ billion.
- Former head of Stifel Nicolaus' Technology Group.
- Former head of A.G. Edwards' Emerging Growth Group and member of Investment Committee for A.G. Edwards Capital.
- A.B., Harvard College; M.B.A., Harvard Business School.

### Christopher Ensley, Managing Director (New York)

censley@noblefcm.com - 646-790-5873

- Joined Noble in 2016
- 20 years of equity capital market expertise
- Previous experience at Salomon Brother, Lazard, Bear Stearns, Coady Diemar Partners
- Participated in \$16+ billion transactions over his tenure on Wall Street
- M.B.A., Vanderbilt University - Owen Graduate School of Management
- B.S., William & Mary

### John Cooleen, Managing Director Investment Banking / Head of Private Placements

jcooleen@noblefcm.com - 212.896.4625

- Joined Noble in 2016 as Head of Private Placements
- 20 years of Capital Markets experience gained working with emerging growth companies in sectors ranging from TMT, Healthcare, Consumer, Industrial and Energy
- Previous Investment Banking and Capital Markets experience at Merriman Capital, Roth Capital, Wells Fargo/Van Kasper, and Merrill Lynch
- B.A., Stockton State College

### Francisco Penafiel, Vice President (Boca Raton)

fpenafiel@noblefcm.com - 561.994.5740

- Executed M&A and capital raising transactions totaling over \$1 billion dollars in value.
- 7 years of sell side equity research experience, covering enterprise & infrastructure software, business services, media, communications, and banks.
- 6 years of portfolio managing experience.
- Manage the business development efforts in LATAM for NOBLE.
- Engineering, IT & Statistics, Escuela Superior Politecnica (Guayaquil, Ecuador); M.S. Economics, Florida Atlantic University.

### Stevan Grubic, Director - Valuation Services

sgrubic@noblefcm.com - 323.578.4936

- 15 years of middle-market investment banking experience
- Expertise in valuations, including business valuations, fairness opinions, litigation, and valuations for financial and tax reporting purposes (ASC805, ASC350, 123R, 409A).
- Accredited Senior Appraiser with the American Society of Appraisers (ASA) and has completed over 100 valuation engagements representing well over \$1.0 billion in asset values.
- Prior experience includes Orion Valuation Group, Singer Lewak, B. Riley & Co., L.H. Friend Weinress, Frankson & Presson and North American Capital Partners.

### John Connery, Analyst (Boca Raton)

jconnery@noblecapitalmarkets.com - 561.998.5478

- Joined Noble Capital Markets as an Investment Banking Analyst in 2016
- Worked previously as a private equity analyst for the family office of Marc Bell
- B.S. Investment Management, Lynn University

$$R + (e^2 + p^2) = \text{TF}$$

## RESEARCH - MEDIA & ENTERTAINMENT

**Michael Kupinski,  
Director of Research**

mkupinski@noblefcm.com - 561.994.5734

## SALES & TRADING

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