

cribb
greene

Report

A report on newspaper merger
and acquisition activity

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Riding the crest of the wave

Both market activity and values for newspaper properties are at the peak currently, and owners considering a sale should act now. Memories of the pre "great recession" EBITDA multiples of 10x - 14x are painful for current sellers faced with 3x to 6x EBITDA valuations today. However a return to those high values is unlikely, and we do not advise our clients to anticipate higher values for newspapers in the foreseeable future.

Past newspaper sale activity cycles have typically run for six to eight years, and we are in the seventh year of the current cycle. All waves crest at some point, and this market cycle is maturing quickly.

MARKET at a GLANCE

EBITDA valuation multiples for mid and small market publications range from 3x to 6x

Publishing company values are currently in the 3x to 6x trailing EBITDA range with most transactions at 3.5x to 4.5x. Prices over 5x tend to be strategic acquisitions. Buyers typically look at the most recent performance, and the multiples indicated here are based on stable or improving performance. Companies with declining revenues and EBITDA, or that have high EBITDA percentages to revenues, tend to be valued at the lower end of the multiple scale.



Unlocking a Key Part of your Future Success

PORTFOLIO MANAGEMENT

One of the keys to successfully managing a stock portfolio is to occasionally evaluate each stock to make sure it should remain in your holdings. While a stock may have been a solid performer for you for years, there comes a time when it is past its prime and should be sold.

A media holdings portfolio should be viewed in the same manner. One of the services Cribb, Greene & Associates offers is assistance in evaluating a newspaper portfolio. We do this by looking at each publication in two ways:

First, we evaluate how each publication is performing, including a forecast on future performance.

Next, for companies with multiple locations we would identify each publication's strategic value to the company - specifically identifying those that are non-strategic.

The goal is to find those publications that are or could be a drain on the company (either financially or in management's time).

Sometimes a particular publication has been in the company so long it is tough to look at it with unbiased eyes. We may provide a fresh perspective that helps your company thrive in the future.



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HEALTHY BOARDS

FAMILY OWNED COMPANIES

Cribb, Greene & Associates has advised a number of family media companies during these unsettling times. What are some of the healthy characteristics that we have observed that are the most effective for family owned companies in today's transitioning media environment?

HERE ARE A FEW:

- 1) The board is ordered in a structure that allows professional meetings, with a chairman, an agenda, and time allocated for each of the important topics that need discussion. The meetings start on time, people don't forget to be there, in fact it is a priority for them, and they treat it as such.
- 2) Boards have terms and time limits that bring a business formality to the process. Members are engaged and come to meetings prepared.
- 3) Healthy boards care about top management and understand that it is their responsibility to care for the CEO of the company.
- 4) Strong boards bear pain; they don't inflict it. When times are difficult, their shoulders are broad.
- 5) The board is accountable to the shareholders and to one another.
- 6) The role of the chairman is essential in building community and fostering interpersonal relationships within the board.
- 7) Effective boards embrace the company's strategic vision and strategic plan and take time to understand both.
- 8) Effective boards have working committees with specific charters and a specific time line and seek outside help when needed.
- 9) Effective boards realize the importance of shareholder dividends, but put the company's needs first. Even-handed stock redemption plans are also an indicator of a healthy board.
- 10) Effective boards don't see outside directors as a threat, but essential for new ideas and networking.



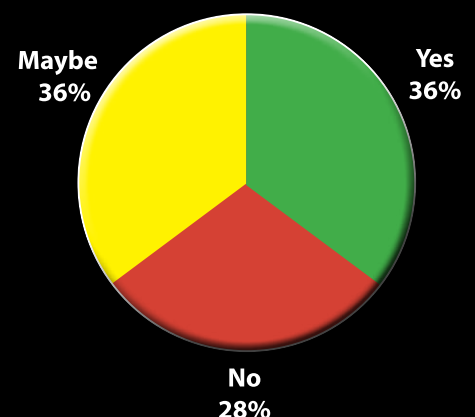
STRATEGIC PLANNING

Can strategic planning help your company navigate today's transitioning landscape? Here are a few points that Cribb, Greene & Associates advises its clients who are considering strategic planning:

- 1) Is your company stable and can it focus on the process?
- 2) What method of planning should be done: Vision or Issues based? Vision is future to present; Issues identifies current problems and what to do about them.
- 3) Does the company have a history of not implementing plans? If so, the company may not be ready for a rigorous strategic planning process.
- 4) Don't expect that strategic planning will solve your problems. Having a plan is great, but it must be implemented.
- 5) Strategic planning often exposes weaknesses as well as great opportunities areas.
- 6) Who will be involved in the process? Will your board participate; or will the CEO and the key management team lead the effort?
- 7) Goals should be measurable with a specific time line.
- 8) Good strategic planning takes time.

CRIBB, GREENE Publisher Confidence Survey - Fall 2014

The graph below shows the result of our question: "Would you recommend newspapers as a career to your children". This "Litmus test" question indicates a positive attitude toward the newspaper industry.



*Recommended
Newspapers as Career*

“Cribb, Greene” Client Testimonials ...

- ◆ **Renee Huckle Mittelstaedt, Former President & Principal Owner:** *“While making the decision to sell the company was difficult, selecting John Cribb with Cribb Greene & Associates as our broker was easy. When our family decided to sell Huckle Media we chose to engage John who we’ve known and respected for a long time. After talking with other family-owned companies and hearing about the great experiences they have had working with Cribb Greene, we felt confident we were in good hands. John and his crew didn’t disappoint - they exceeded our expectations and performed with the highest level of integrity. We were delighted that John connected us with Adams Publishing Group, which purchased our company mid-year 2014.”*
- ◆ **David Jackson, former owner, Ludington (MI) Daily News:** *“I greatly appreciated Cribb Greene’s help not only in soliciting potential buyers for our company, but also their expertise in evaluating the interest and financial wherewithal of those indicating an interest in our newspapers. Cribb Greene made the process much easier and less painful than it would have been without their assistance.”*
- ◆ **Jim Boone, Chairman and Todd Carpenter, President, Boone Newspapers, Inc.:** *“John Cribb and Gary Greene have served us and their clients well. They bring deep experience and important knowhow to guiding seller and buyer through the sale process and to negotiations. While we work with multiple brokerage firms, Cribb-Greene stands tall with the best.”*
- ◆ **Dave Lord, Pioneer Communications:** *“I’ve worked with John Cribb and Gary Greene for many years, and the company has been unfailingly professional while delivering results. I give Cribb Greene the highest rating.”*
- ◆ **Larry Perrotto, Chairman, Community Media Group:** *“We have worked with John Cribb and his associates for many years, closing a number of newspaper acquisitions. John and his team are among a select group of highly qualified M&A professionals in the publishing space with an in- depth understanding of our industry. We appreciate their sensitivity and dedication to the interests of both buyers and sellers.”*
- ◆ **Pat Cashman, former owner of the Vicksburg (MS) Post:** *“I think you handled my business with care and the knowledge that came from many transactions. I would recommend your company to anyone looking into a sale. You brought several prospects to me that let me see who was out there and who was qualified to go further into a deal. Thanks.”*
- ◆ **Jim Flood, former owner of the Dover Post group:** *“John’s deep understanding of the newspaper business made explaining our weekly group easy, his reputation brought numerous buyers to the table, his marketing skills enabled us to prepare a presentation document that really showed what the Dover Post organization was about and, lastly, his personal touch, taking the time to get to know the various members of the family (The Dover Post group was a 200 employee, 12 weekly newspaper organization started by the Flood family in 1975 and sold in 2008.) that had a significant effect on making everything come together. It was like working with a friend, not a broker.”*
- ◆ **William D. Highland (Clarksburg Exponent-Telegram):** *“Cribb & Greene was instrumental in helping my family decide what to do about selling our newspaper in West Virginia. They were patient in explaining the economic aspects of newspapers, industry terms like “EBITDA”, the current sales climate (a buyer’s market). They provided a clarity about these matters which we had lacked. Indefatigable in their efforts on our behalf, they appeared at a shareholders’ meeting with graphs and participated in countless telephone conferences and follow-up calls. In choosing a broker for our company, we had no doubt that Cribb & Greene stood head-and-shoulders above the competition, and we never changed our opinion.”*
- ◆ **Gary Stevenson, owner:** *“We were pleased to work with John Cribb of Cribb, Greene & Associates in the purchase of the Northern Wyoming Daily News in Worland Wyoming. As usual, John was very timely with any and all information requests and facilitated a smooth, professional sale. We have worked with Cribb Greene & Associates on numerous occasions on both the buying and selling side and have been quite pleased with them. We would surely use them in the future if the stars align again. Thanks John for a professional, rewarding transaction.”*
- ◆ **Andy Bickford, President, Independent Publications Inc.:** *“When my company decided to sell all of its newspaper assets we knew that we could count on Cribb Greene to achieve our objectives. We’ve worked with John and Gary on several projects over the years on both the buy and sell sides and have great respect for their knowledge of the marketplace and commitment to their clients.”*
- ◆ **Arne Hoel 10/13 Communications:** *“I have worked with Cribb and associates on a number of transactions and have always found them to be knowledgeable and honest. They set reasonable expectations for their clients and always come through.”*
- ◆ **Kevin Olson, Owner, Teton Media Works, Publisher, Jackson Hole News&Guide, Jackson Hole Daily:** *“I’ve had the opportunity to use John’s guidance and representation on both the selling and buying sides of a recent media transaction. His insights on transactions in the broader market and valuations relating to our market provided confidence that the sales price was fair and within reason for a sale of the size and market in which we were operating. On the buying side, John focussed me on the most important elements I needed to reconcile in order to feel sure and secure about moving forward. His advice was sound and based on experience from a career’s worth of transactions. There’s no doubt he’s my first call when I need media brokerage advice in the future.”*
- ◆ **Bill Jacobs, former owner, Brookhaven (MS) Daily Leader:** *“My dependence on John Cribb during each phase of the negotiating process was crucial during the sale of my newspapers. When one is traveling in uncharted territory, it is important to have someone of his experience on the team to properly work on the details of such transactions.”*



Randy Cope, John Cribb, Gary Greene

Cribb·Greene



Cribb, Greene & Associates

*IS PLEASED TO OFFER
OUR CONGRATULATIONS TO:*

Times-Shamrock Communications has sold the Virgin Islands Daily News to Archie Nahigian

The Huckle Family has sold two dailies and a weekly cluster in southern MN to Adams Publishing Group, LLC

Virginia News Group has sold the Culpeper (VA) Times to Dennis Brack

The McCracken Family has sold the Daily News, Worland, WY, to Gary Stevenson and Robb Hicks

Times-Shamrock Communications has sold the daily Progress-Index, Petersburg, VA to New Media Investment Group

Crescent Publishing Company has sold Gulf Coast Newspapers, Fairhope, AL, to OPC News, LLC

Gemini Newspapers has sold the Herald, Kings Mountain, NC, to Community First Media

Evening Post Industries has sold the daily Salisbury (NC) Post, to Carpenter Newsmedia and Boone Newspapers

The Robinson and Goodwin Families have sold the daily Elizabethton (TN) Star, to Boone Newspapers

Phil Cobb has purchased the Daily Forum, Maryville, MO, from GateHouse Media

Pat and Barbara Cashman have sold the daily Vicksburg (MS) Post, to Boone Newspapers

News Media Corp has sold the News, Marana, AZ, to 10/13 Communications

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