

OOH and M&A – A Look Ahead

Mark Boidman

Managing Director, Peter J. Solomon Company

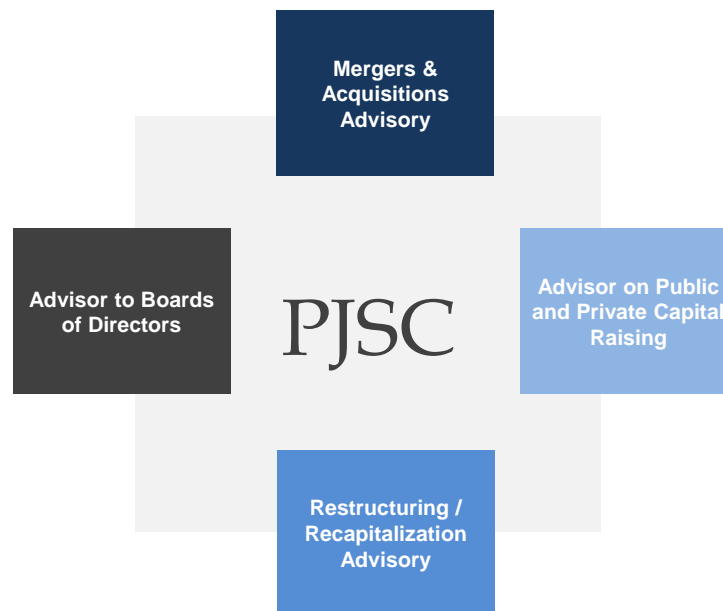
 @MBoidman



Providing Advice to Clients for Over 27 Years

Completed over \$180 billion of M&A, restructuring and financing advisory assignments

PJSC is at the forefront of media and technology



Assignments in OOH / DOOH / Digital Signage / Retail Tech have included*:



*Assignments of PJSC and / or Mark Boidman.

Investment by Natixis Provides Access to Global M&A and Financing Platform

In February 2016, Natixis announced an agreement for a majority investment in Peter J. Solomon Company to serve as its U.S. investment banking platform

PETER J SOLOMON COMPANY



Global Platform

Americas

- **2,600 Employees across all platforms**
- Corporate & Investment Banking offices in New York, Los Angeles, Houston, Montréal, Bogotá, Buenos Aires, Lima, Mexico City and São Paulo
- Strong track record in providing financing solutions to private equity clients

EMEA

- **13,200 Employees across all platforms**
- Corporate & Investment Banking offices in London, Madrid, Milan, Frankfurt and Dubai along with corporate subsidiaries in Moscow and Frankfurt
- Paris houses all major divisions, including capital markets and asset management
- In 2015, acquired *Leonardo & Co.*, an M&A advisory firm in France, and *360 Corporate Finance*, a financial advisory firm in Spain

Asia Pacific

- **500 Employees across all platforms**
- Corporate & Investment Banking offices in 12 countries organized around Hong Kong regional center (Australia, China, Hong Kong, India, Indonesia, Japan, Korea, Malaysia, Singapore, Taiwan, Thailand and Vietnam)
- High performing asset management business with over \$20bn AUM

Capital Markets Expertise

Debt Capital Markets

- Assists clients in raising capital for acquisitions, leveraged buyouts, restructurings and recapitalizations
- Structure, arrange and underwrite:
 - ▶ First lien and second lien loans
 - ▶ High yield bonds
 - ▶ Bridge facilities
 - ▶ Investment grade bonds
- Significant cross border transaction experience complemented by multi-currency funding capabilities
- Syndication and distribution capabilities to support corporate and financial sponsor clients

Strategic Equity Transactions

- Assist clients in optimizing listed equity stakes
- Customized structured solutions to facilitate accelerated share repurchases
- Financing and risk management for equity positions, including hedging strategies, margin loans and equity swaps
- Global trading capabilities
- Ability to structure and execute jumbo transactions

What We Cover in OOH / DOOH / Digital Signage / POS the Americas



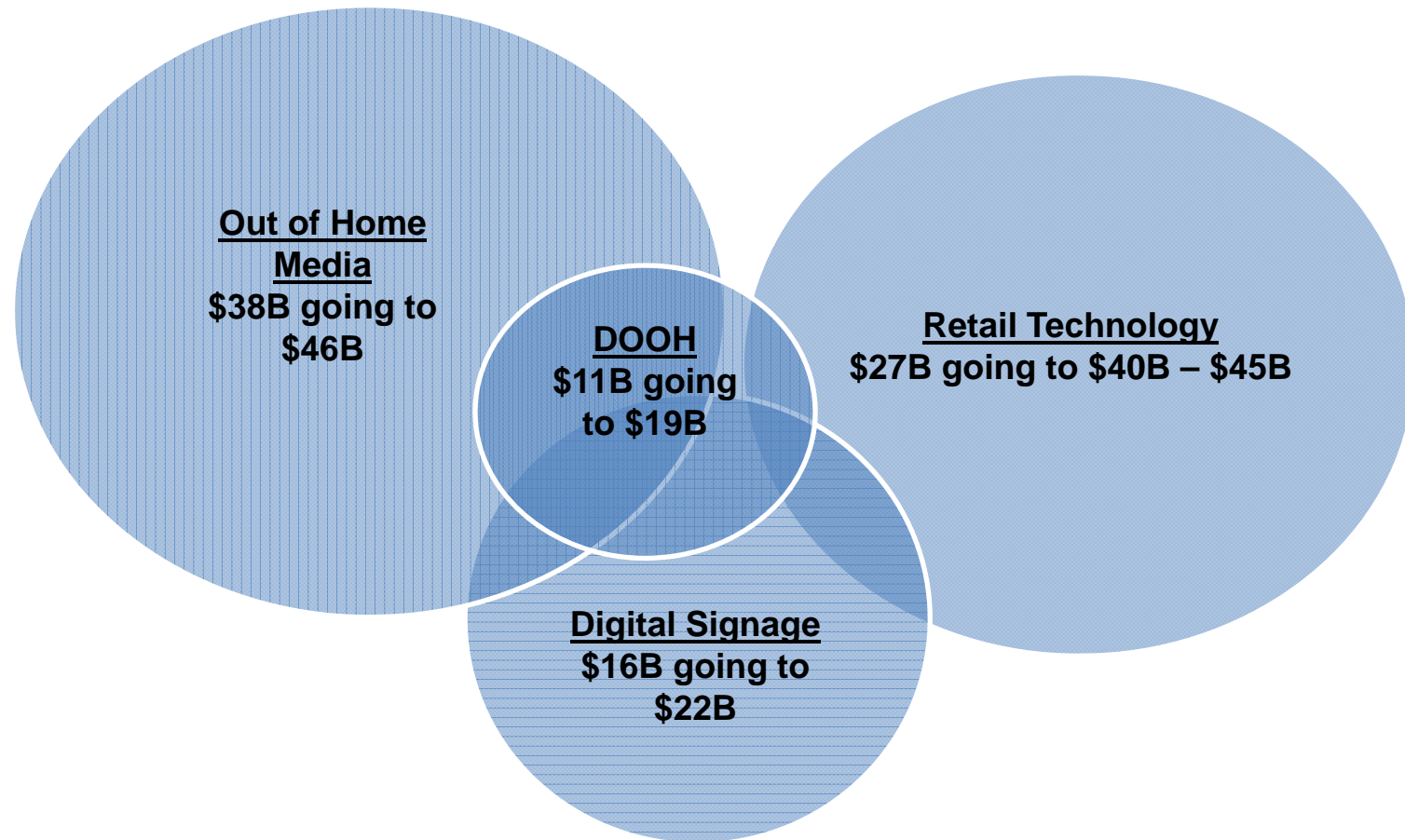
Source: Company financials and websites, MagnaGlobal, Outdoor Advertising Association of America, Digital Place-Based Advertising Association, FactSet and Wall Street research.

What We Cover in OOH / DOOH / Digital Signage / POS (Europe + Asia)



Defining the Global Intelligent Visual Communications Industry

2015 – 2019



Executive Summary

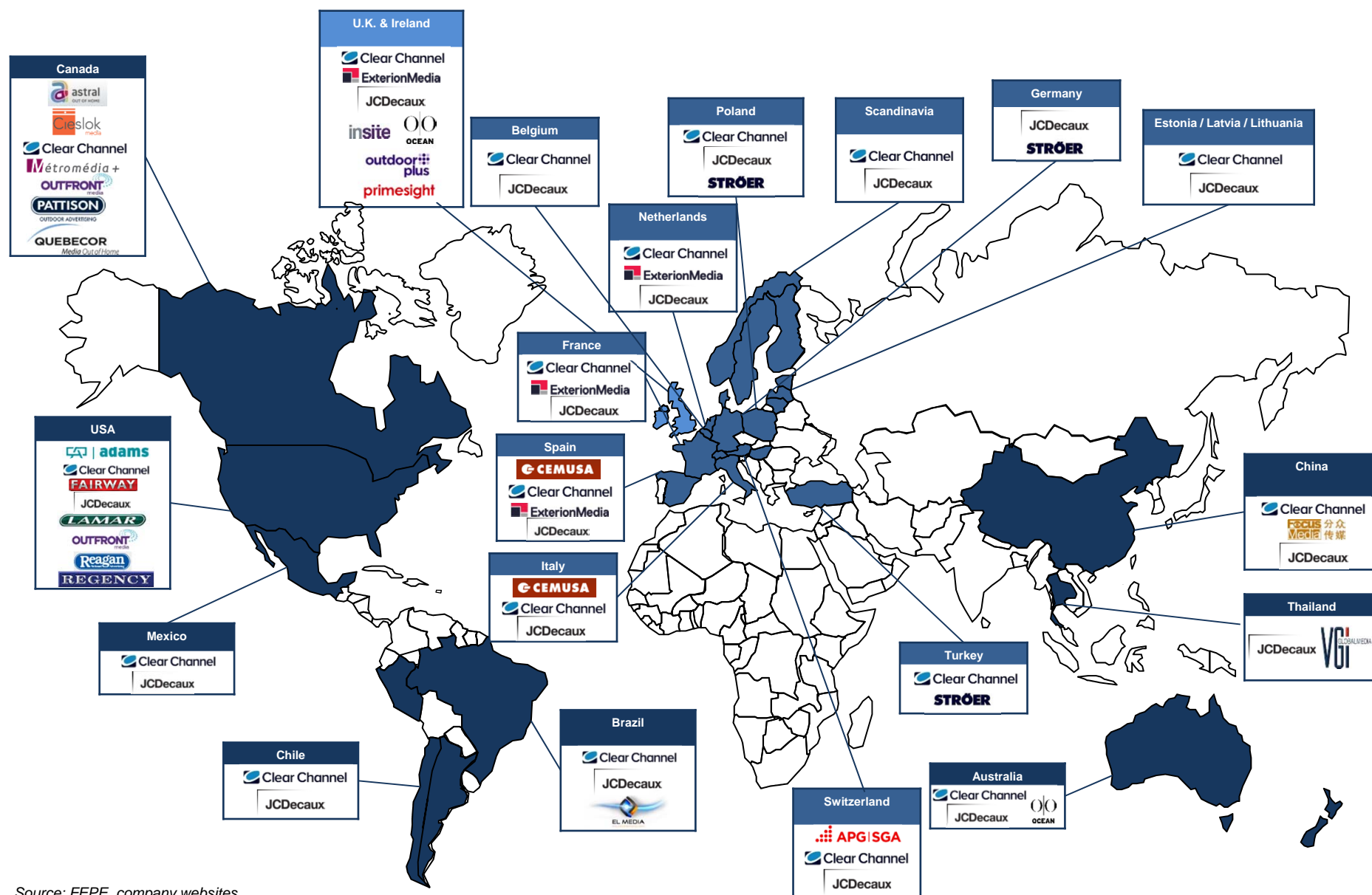
Robust OOH Industry Outlook Driven By

- Stability in macro fundamentals
- Technology as a friend and penetration of digital
- Ubiquity of mobile

OOH Industry Challenges

- Defending / taking share of advertising spend
- Measurability and demonstrating clear ROI for advertising clients
- Ease of buying - buyers and sellers resisting change

Global Out-of-Home Footprint

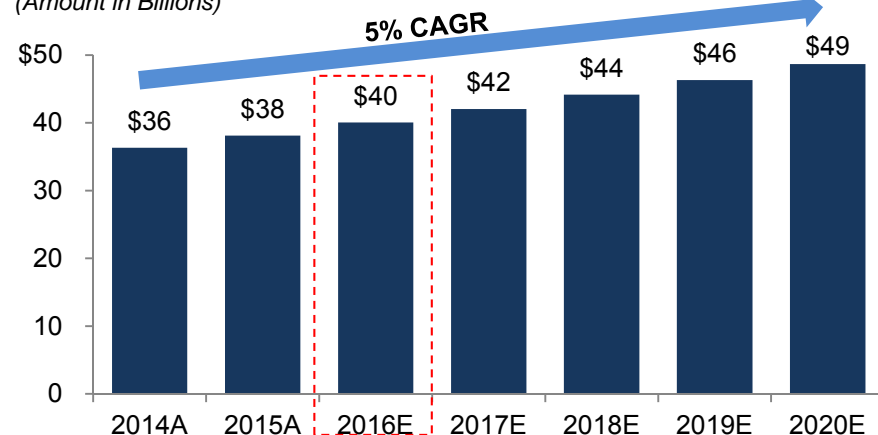


Source: FEPE, company websites.

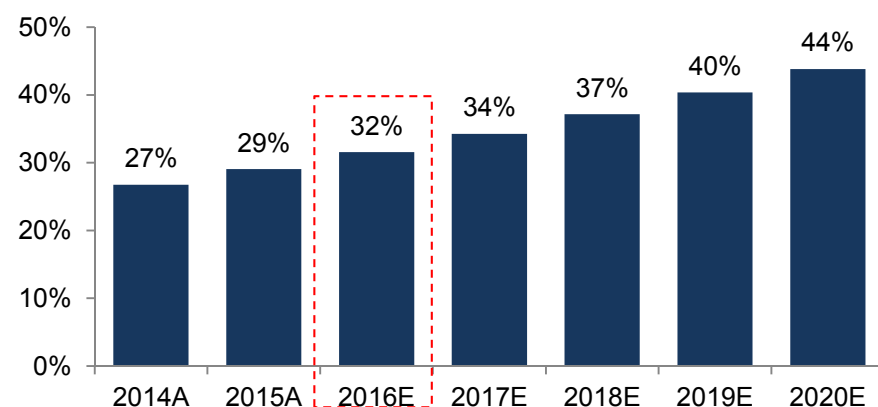
Global OOH Spending

Global OOH Advertising Revenue

(Amount in Billions)

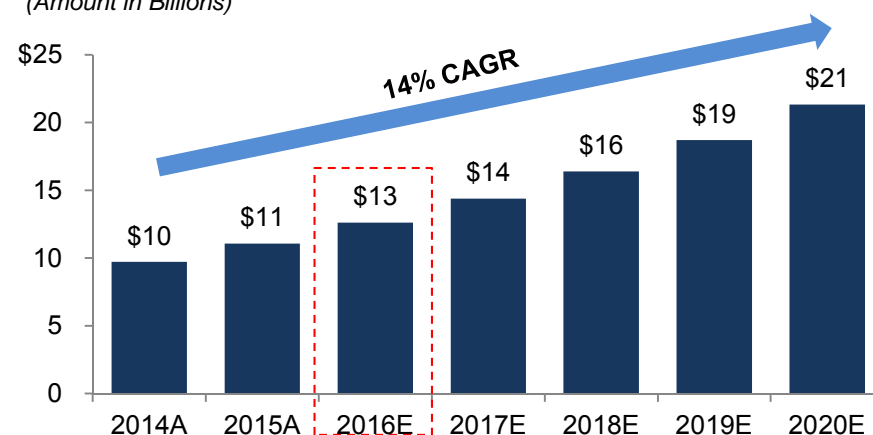


Global DOOH as a Share of Total OOH Revenue

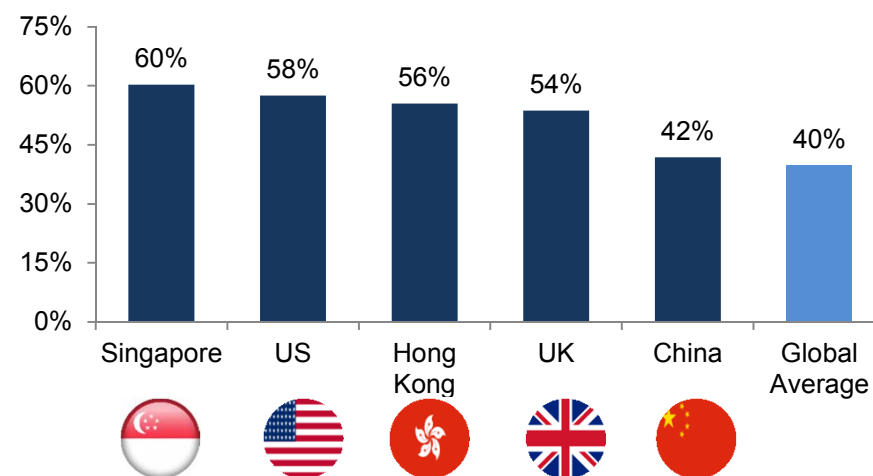


Global DOOH Advertising Revenue

(Amount in Billions)



2019 Estimated DOOH Penetration in Digital Markets

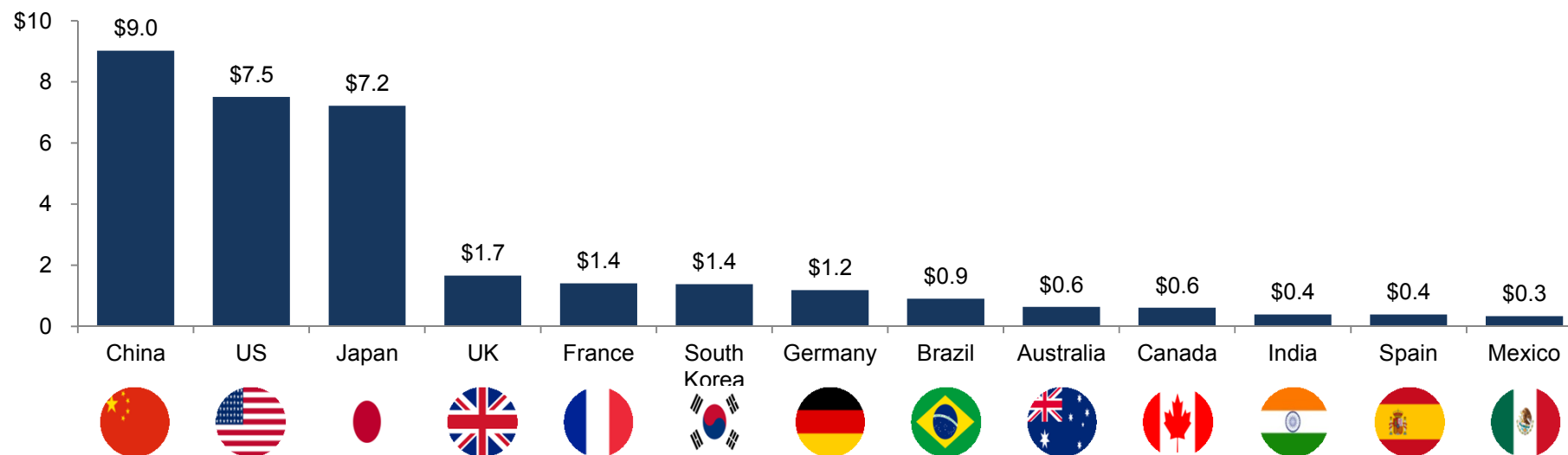


Source: Peter J. Solomon Company Wall Street research.

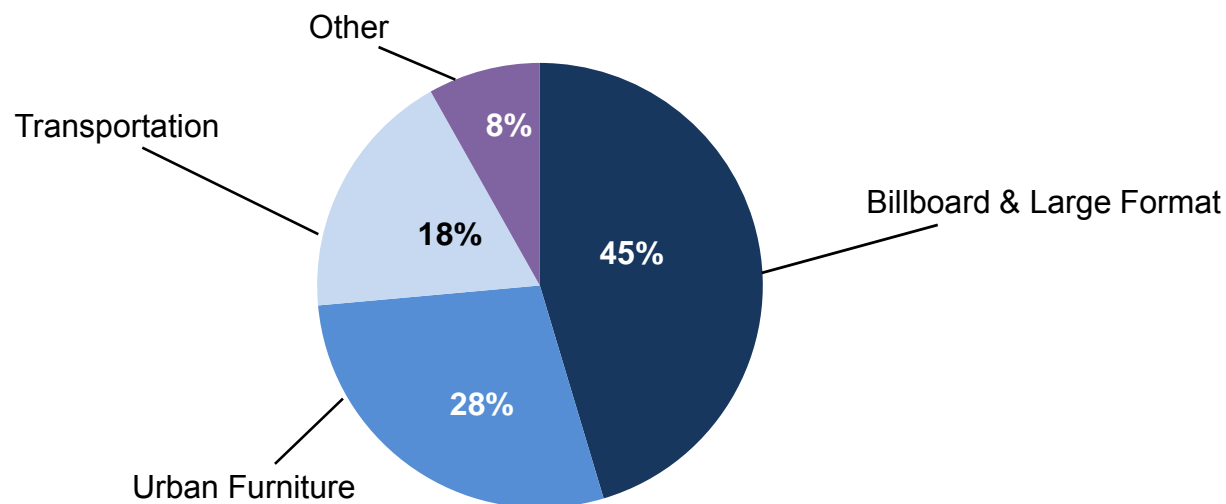
Global OOH Spending

2016 Estimated OOH Main Markets Spending

(Amount in Billions)



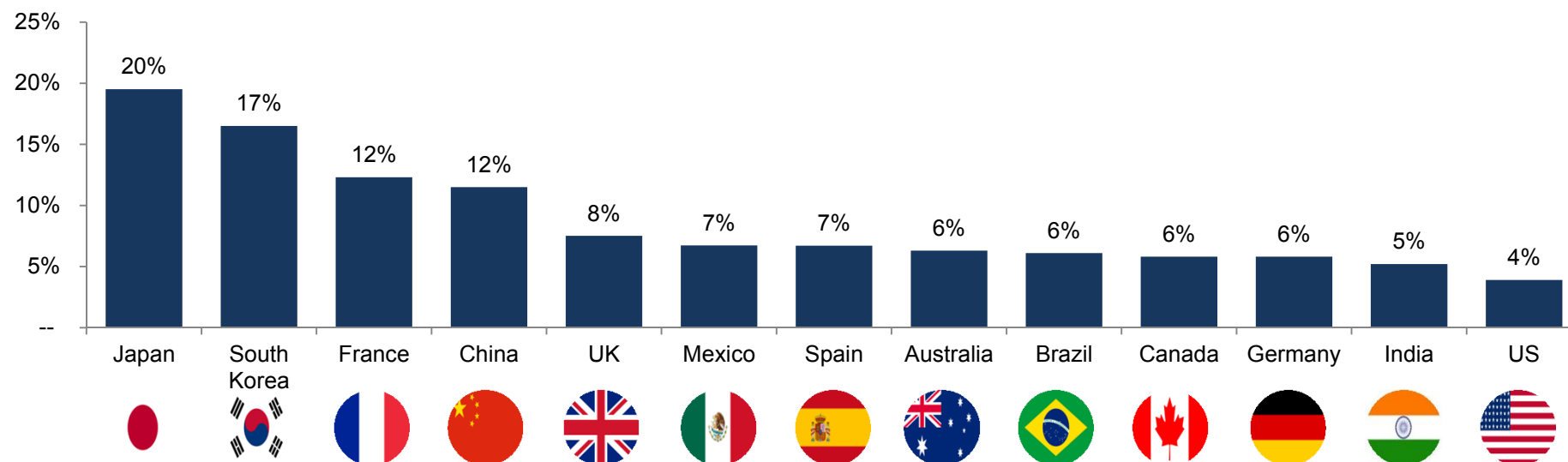
2015 Global OOH Revenue By Category



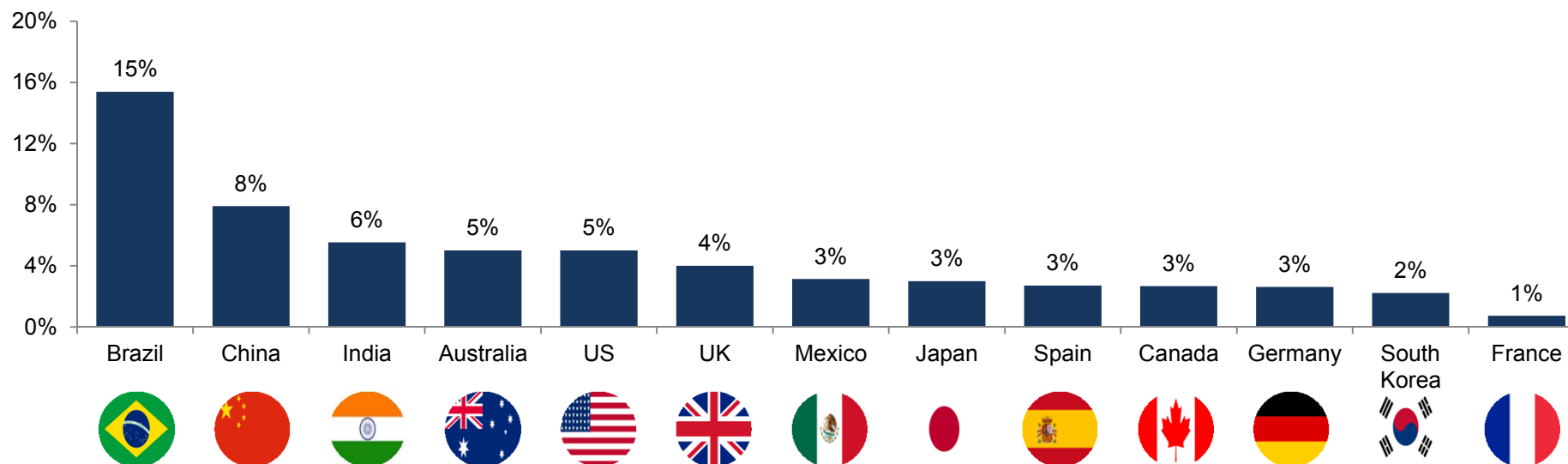
Source: Peter J. Solomon Company Wall Street research.

Global OOH Spending

2016 Estimated OOH Share of Total Advertising in Main Markets

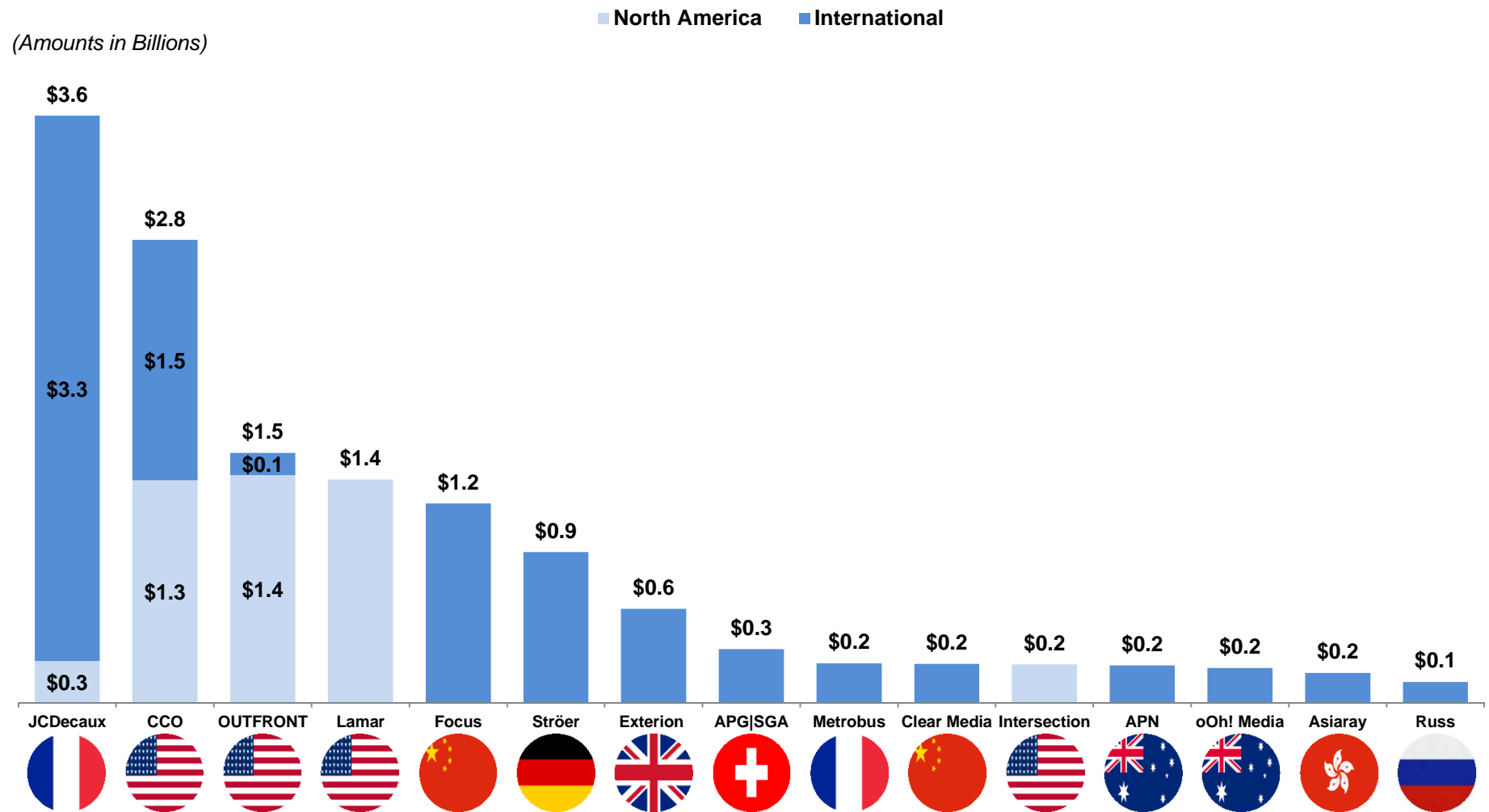


2016 Estimated OOH Growth in Main Markets



Source: Peter J. Solomon Company Wall Street research.

2015 Outdoor Revenues

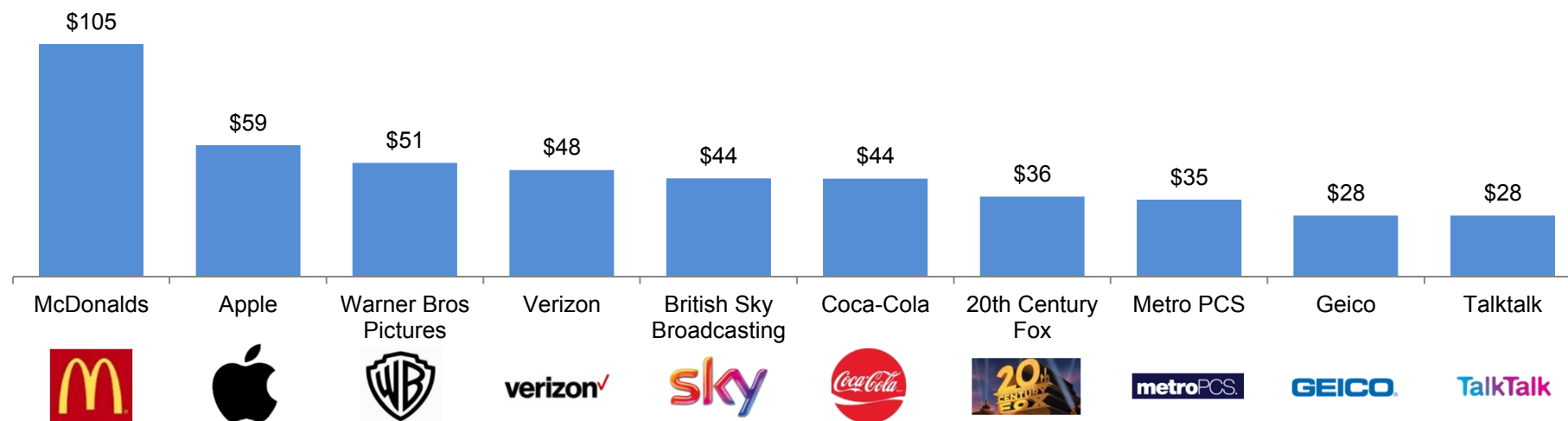


Source: Peter J. Solomon Company Wall Street research.

Global Advertising Spend

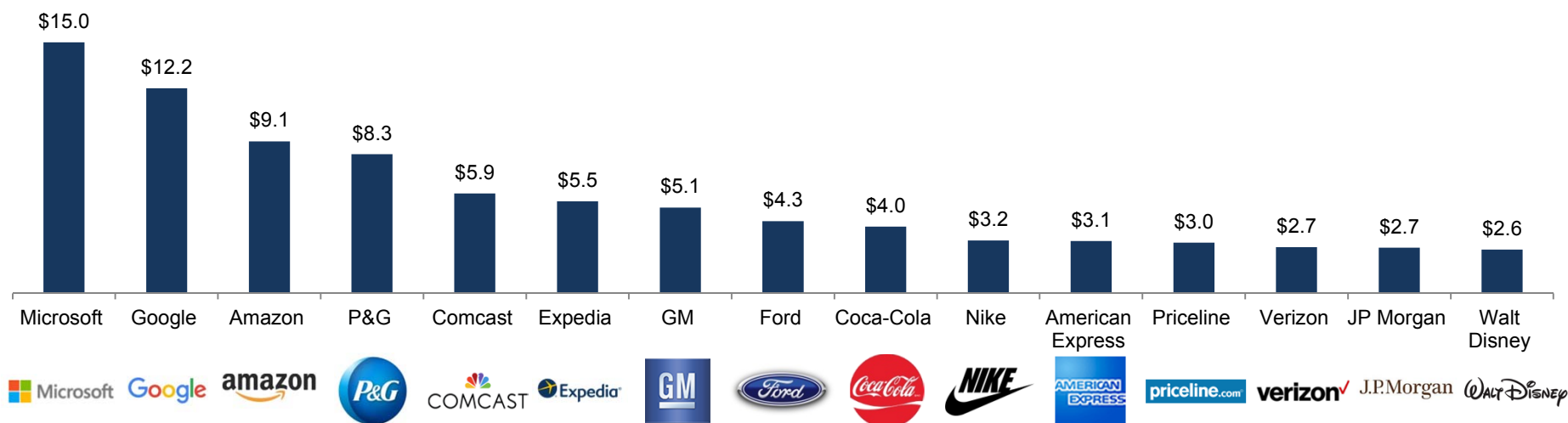
Top 10 Global OOH Advertisers Excluding Asia

(Amount in Millions)



Top 15 Global Advertisers in 2015

(Amount in Billions)



Source: Peter J. Solomon Company Wall Street research, OAAA, Outsmart.

Out of Home Advertising Investment Thesis

Considerations

- Agency buying structure
- Municipalities looking for dollars
- More sophisticated property owners aware of values to be extracted from OOH operators

Near Term Growth Strategy

- Digitization / Mobile
 - Continued conversion into digital billboard displays
 - Location-based marketing and mobile ad opportunities
- Adopt audience measurement and buying techniques providing accountability
 - Data to supplement existing OOH ratings, *e.g.*, beacon or other tech
 - Ad Exchanges / Programmatic Buying

Source: Wall Street Research.

Current Agency Buying Structure Remains Challenge

Buyers resisting changes to planning and buying OOH

- Software platforms to OOH industry are threat to selling proposition of specialists “buying this media is hard and requires years of experience”
 - Importance of data + software that increases access and reduces fragmentation; traditional OOH specialist forced to adapt or become extinct

Sellers have over years invested in these relationships

- The better the relationship = better sales. Hard to get friendly with automated platform
- Sellers looking to increase demand + reduce friction in selling their media (while maintaining primary control)
 - Software as the solution...not specialists

The industry has to adapt or stall OOH industry sales

Defending / Taking Share of Global Advertising Spend

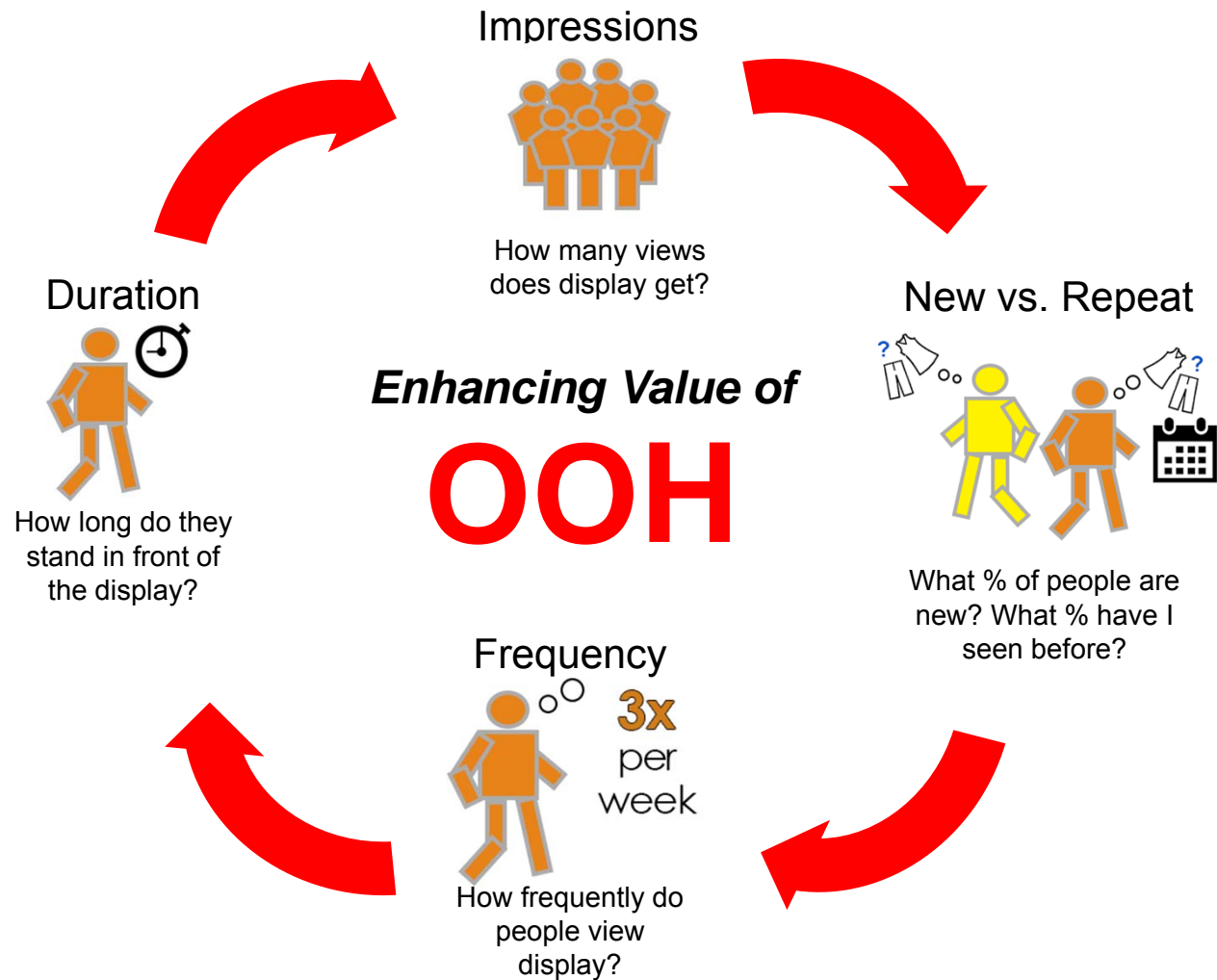
Potential Problem: \$40B OOH ad bucket may not grow enough to offset supply

- More digital billboards replace non-digital signage, with more faces (debatable)
- More DPB networks getting deployed (most are not making money)
 - Not taking share from other ad buckets, + with more faces in the marketplace, potentially only taking share from each other

Potential Solution: “*Blur the Buckets*” leads to more value and better pricing

- Use technology to be/feel more "digital" so that OOH can attract dollars that today go into other ad buckets
- Approach mobile + OOH as one product to change the face of OOH attribution and put OOH higher up in the planning as marketing mix is being determined

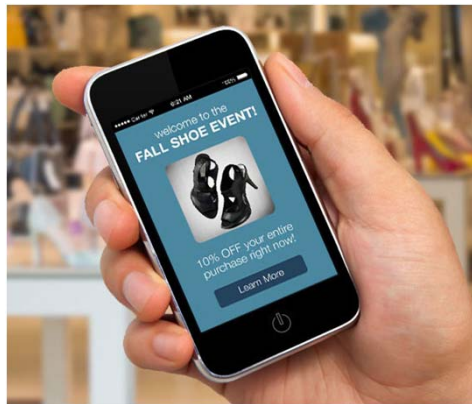
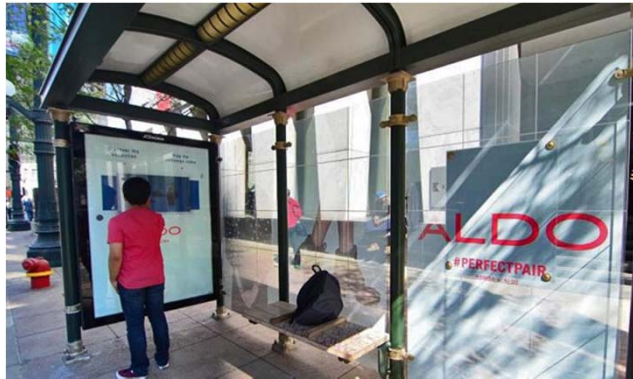
Use Technology to Measure and as Bridge to Attribution



Attribution and Engagement

Measure the percentage of people who were exposed to or engaged with the ads and subsequently visited a store and / or made a purchase

Impressions



Visit



In-Store Analytics

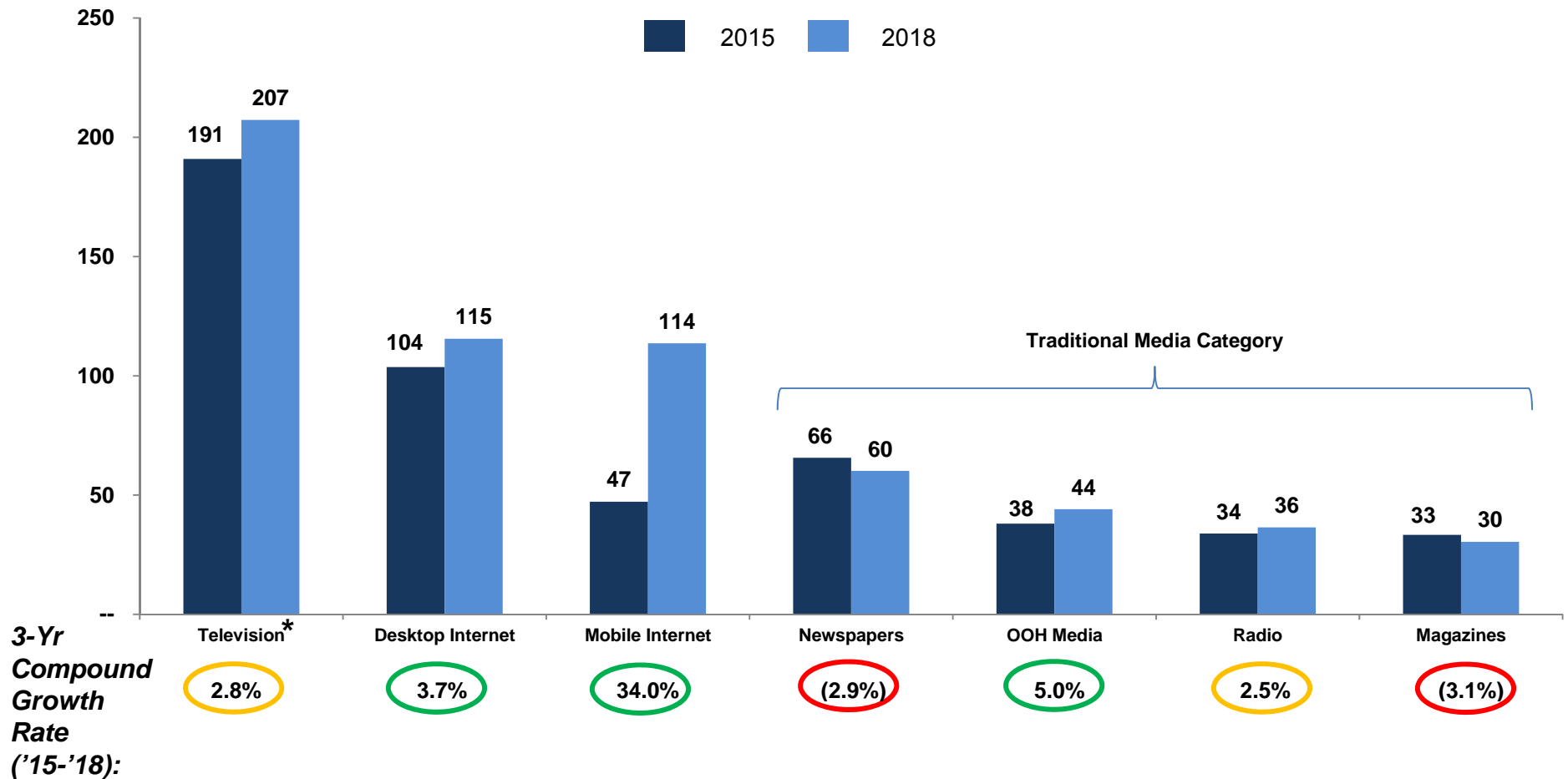
- Storefront Conversion
 - Visit Duration
 - Visit Frequency
- Interaction / Engagement

Total Global Ad Spending by Category

Mobile and online video = the leading advertising categories over the next few years

- OOH only traditional medium expected to show real growth

(\$ in Billions)



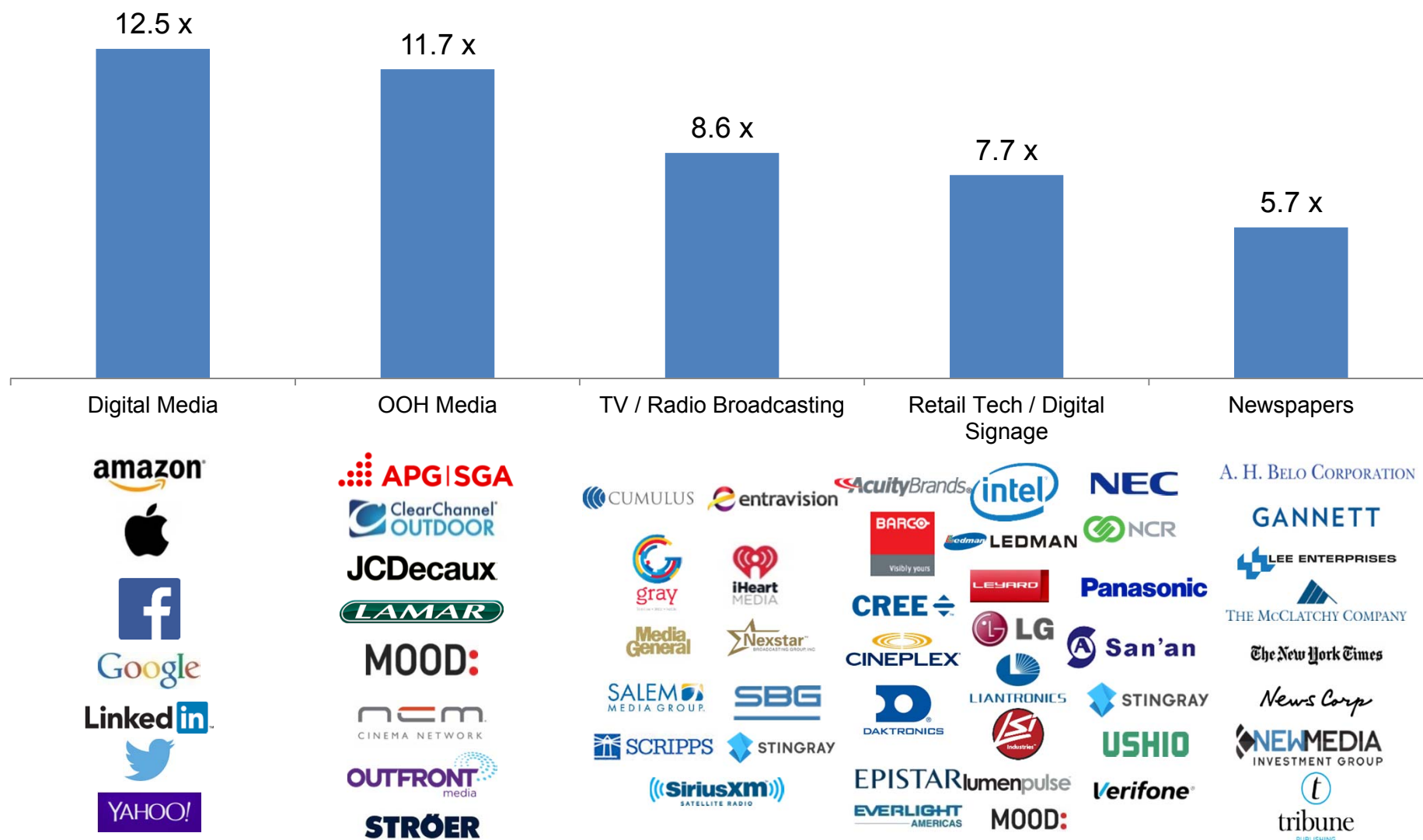
Source: Peter J. Solomon Company Wall Street research.

Note: Total media ad spending worldwide in 2015 of \$515 billion and growing to \$610 billion in 2018.

* Includes both linear and non-linear television. Non-linear includes non-traditional television such as Netflix, Hulu and other over-the-top programming.

Select Media Channels Trading Performance

EV / 2016E EBITDA

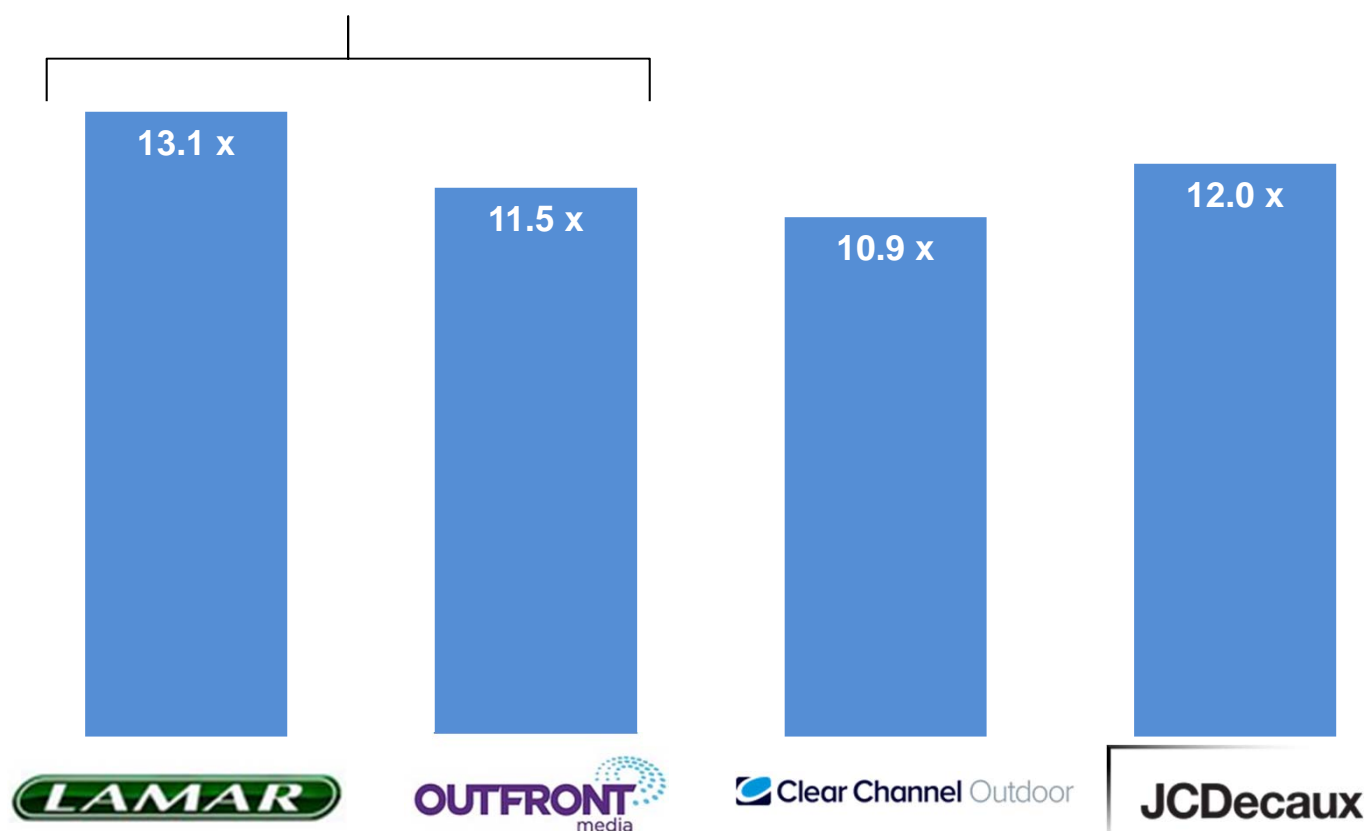


Source: Capital IQ as of May 25, 2016.

Out of Home Comparable Companies

EV / 2016E EBITDA

Potential unlocked "REIT" value could increase multiple to 14.0x-16.0x in current low interest rate environment

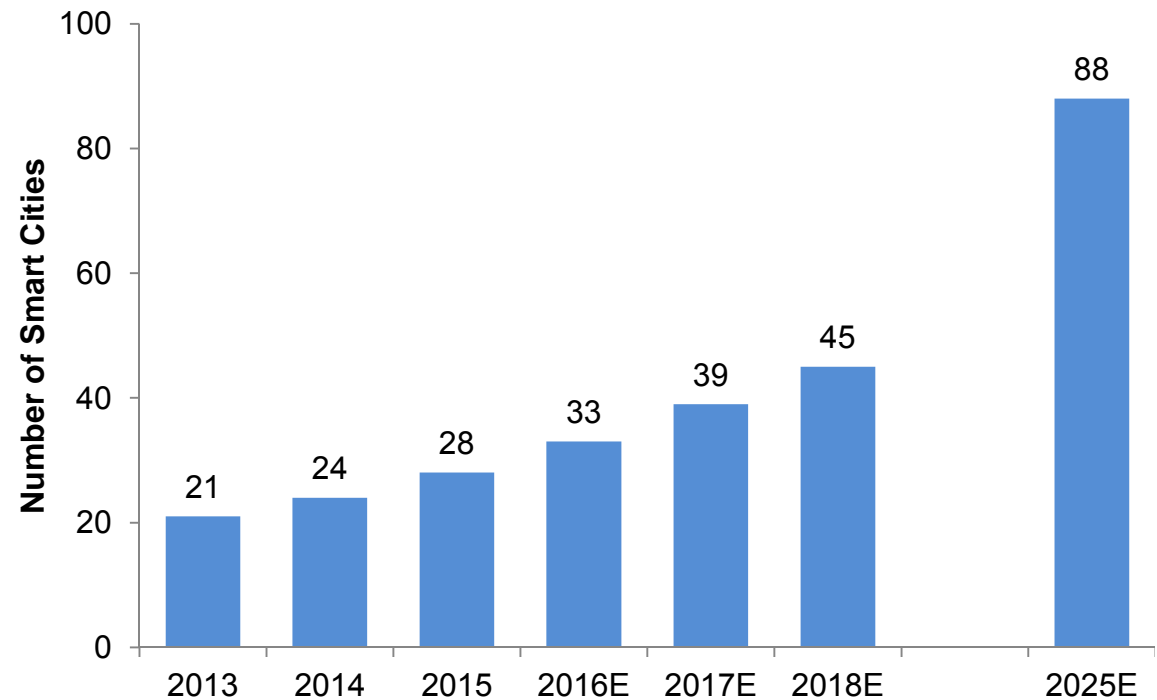


Source: Capital IQ as of May 25, 2016.

The Smart Cities Opportunity For Digital Signage / DOOH is Huge...

Smart Cities Opportunity

- Smart cities represent a \$1.5 trillion market opportunity in energy, transportation, infrastructure and governance
- Currently 28 “smart cities” spread throughout Europe, North America and Asia Pacific
- Additional 102 planned and in-progress smart cities, with 88 expected to be successfully completed by 2025



Participants in the Smart City Market

Opportunity for OOH operators to participate in potential massive market

Product Vendors

- Provide smart meters and distribution devices (e.g., automated switches, voltage regulators) that operate as main nodes of connectivity

Honeywell

EATON

Schneider
Electric

SIEMENS

Integrators

- Provide integrated turnkey solutions that package together various smart city capabilities and technologies

accenture

CIVIQ
SMARTSCAPES

IBM

ORACLE®

Network Service Providers

- Offer collaborative networks and enterprise working solutions that connect people, assets and systems by leveraging M2M capabilities

at&t

CISCO

ERICSSON

verizon wireless

Managed Service Providers

- Offer around-the-clock monitoring, management and compliance services and on-site consulting for smart city solution providers

CIVIQ
SMARTSCAPES

IBM
Infosys

leidos