

The Daily DOOH Investor Conference

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 @MBoidman

DailyDOOH
INVESTOR
CONFERENCE
NOV 4 · 2015 · NYC

Providing sound, unbiased advice to clients since 1989

Proud Members:



Advisor on Strategic Transactions

- Practice equally divided between buy-side and sell-side advisory

February 2015 (Pending)
\$6,300,000,000
Office DEPOT OfficeMax
Has agreed to be acquired by
STAPLES
The undersigned is serving as
advisor to Office Depot
PETER J. SOLOMON COMPANY

December 2014
\$2,700,000,000
London
Stock Exchange Group
Has agreed to acquire
Russell Investments
The undersigned is serving as
advisor to London Stock
Exchange Group
PETER J. SOLOMON COMPANY

December 2013
\$2,200,000,000
THE JONES GROUP
Has been acquired by
SYCAMORE PARTNERS
The undersigned served as
advisor to the Board of Directors
of The Jones Group
PETER J. SOLOMON COMPANY

February 2013
\$1,148,000,000
Office DEPOT
Has merged with
OfficeMax
The undersigned served as
advisor to Office Depot
PETER J. SOLOMON COMPANY

October 2012
\$2,900,000,000
PVH
Has acquired
WARNACO
The undersigned served as
advisor to PVH
PETER J. SOLOMON COMPANY

October 2012
\$2,100,000,000
McKesson
Has acquired
PSI WORLD MEDICAL
The undersigned served as
advisor to McKesson
PETER J. SOLOMON COMPANY

November 2011
\$2,200,000,000
An investor group including
SONY
Has acquired
EMI MUSIC PUBLISHING
The undersigned served as advisor
to Sony
PETER J. SOLOMON COMPANY

March 2011
\$2,400,000,000
eBay
Has acquired
gsi commerce*
The undersigned served as
advisor to eBay
PETER J. SOLOMON COMPANY

Recent Retail Tech & Out-of-Home Media Transactions

June 2015
SEARCHLIGHT CAPITAL
Acquired
TouchTunes
The undersigned served as
advisor to Searchlight Capital
PETER J. SOLOMON COMPANY

October 2014
\$690,000,000
CBS OUTDOOR / **OUTFRONT**
Acquired The Major Market
Outdoor Advertising Portfolio of
Van Wagner
The undersigned served as
advisor to CBS Outdoor
PETER J. SOLOMON COMPANY

May 2014
digby*
Has been sold to
PHUNWARE
The undersigned served as
advisor to Digby
PETER J. SOLOMON COMPANY

December 2013
ncm CINEMA NETWORK
Advised NCM's Board of
Directors in its sale of
Fathom Events to its
founding partners (Regal,
AMC, Cinemark)
PETER J. SOLOMON COMPANY

- Past assignments in OOH / DOOH / Digital Signage / Retail Tech have included:



U.S. Out-of-Home Advertising Update

Considerations

- Increasing site costs
- Municipalities looking for dollars
- Mobile potential to erode OOH ad dollars
- More sophisticated property owners aware of values to be extracted from OOH operators

Growth Strategy

- Digitization / Mobile
 - Continued conversion into digital billboard displays
 - Location-based marketing and mobile ad retargeting opportunities
- Adopt new audience measurement and buying techniques providing accountability
 - Data to supplement existing OOH ratings, *e.g.*, with beacon or other technology
 - Ad Exchanges, Programmatic Buying and Programmatic Content
- Be creative around vacant space to enhance profitability

Source: Wall Street Research.

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

Billboard National



Airport / Aerial / Water



Point of Care



Restaurant



Bar / Club



Health / Personal Care



Stadium / Arena



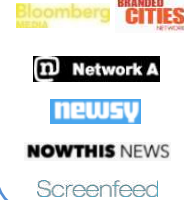
Transit / Taxi



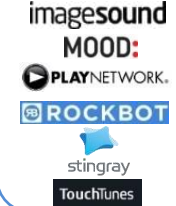
Movie Theater



Content



Background Music



Shopping Mall



Solutions / Kiosk / Other



Local



Retail



Gas Station



Grocery



Agency



POS



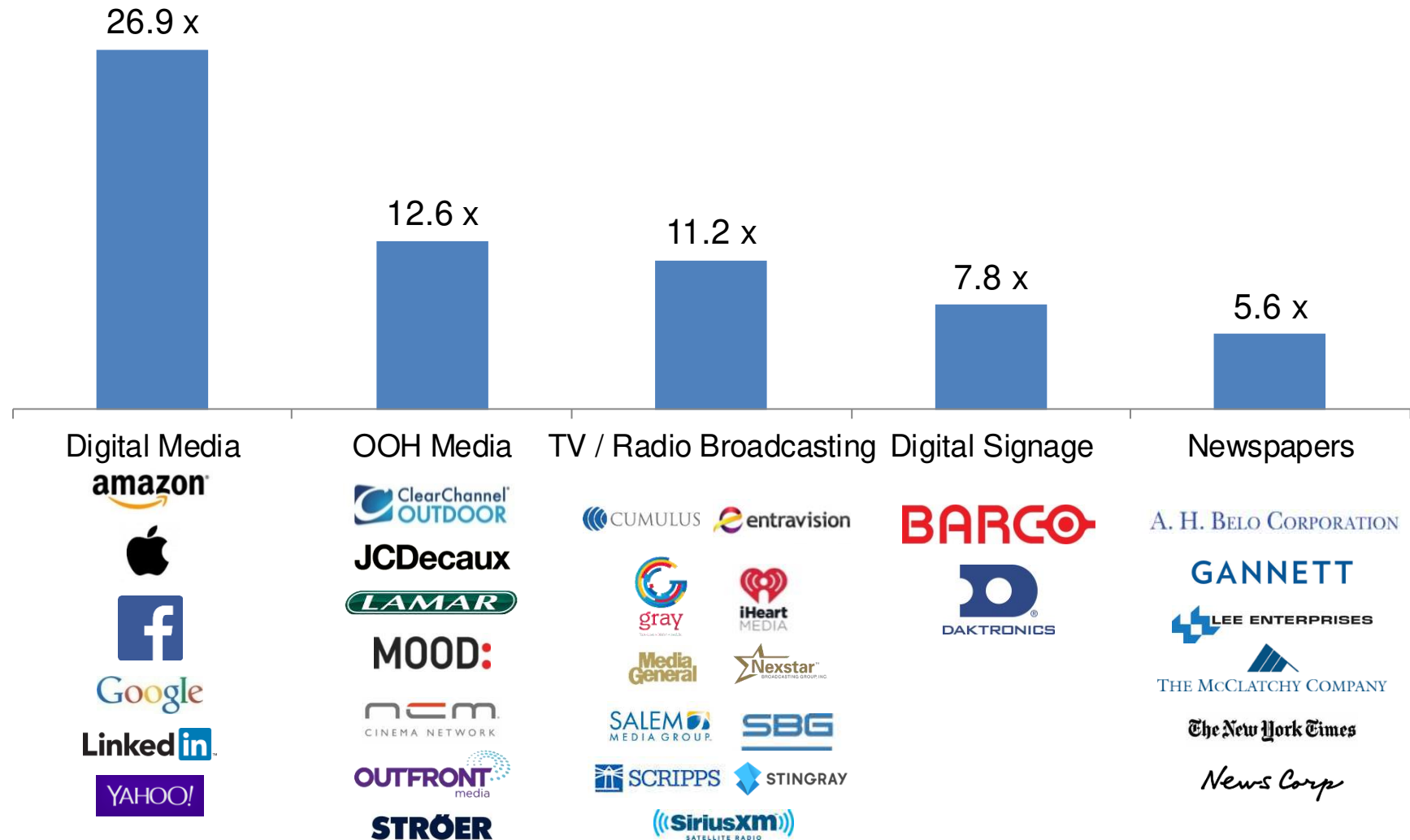
Other



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

Select Media Channels Trading Performance

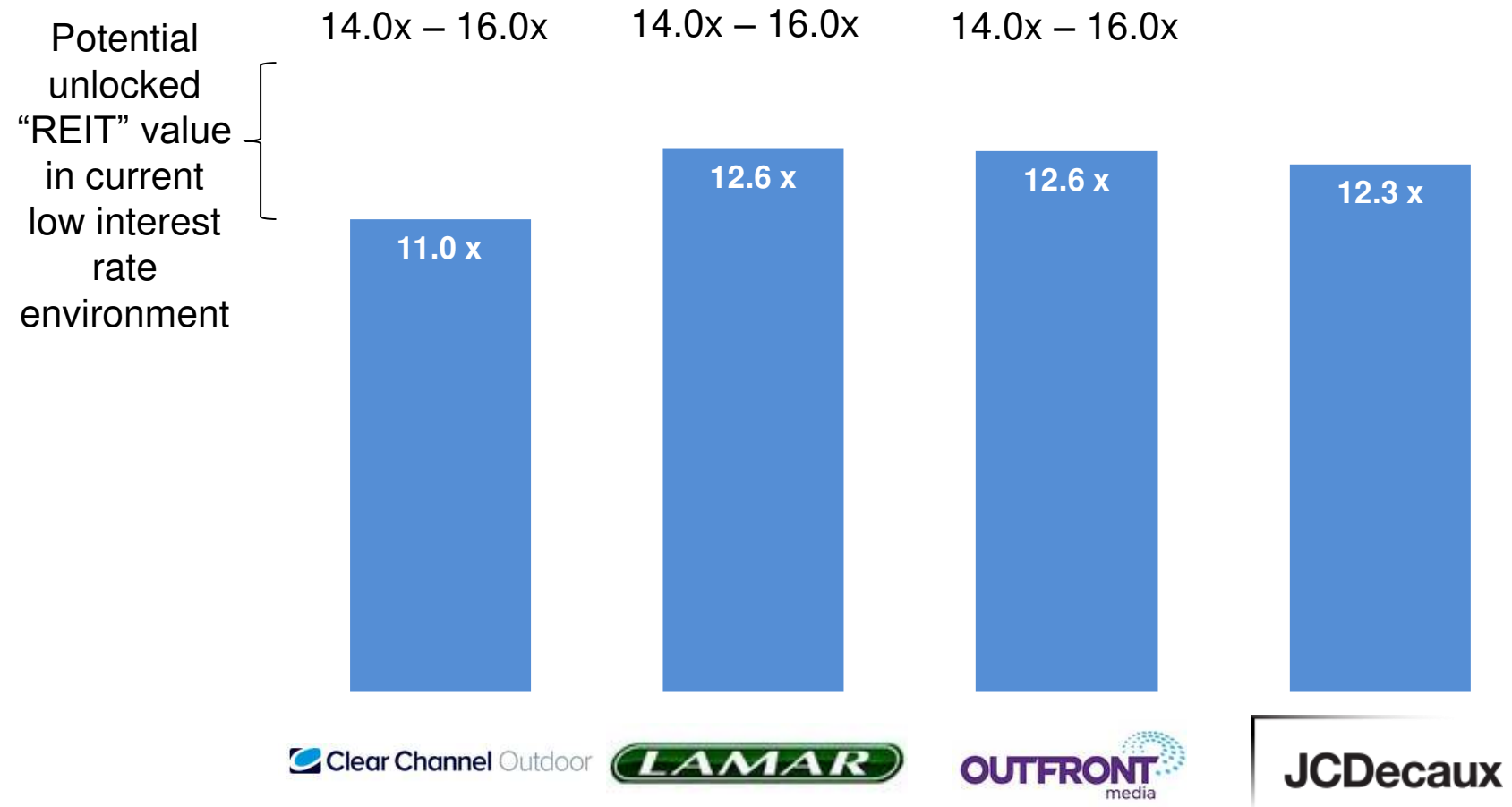
EV / 2015E EBITDA



Source: Capital IQ as of November 2, 2015.

Out-of-Home Comparable Companies

EV / 2015E EBITDA



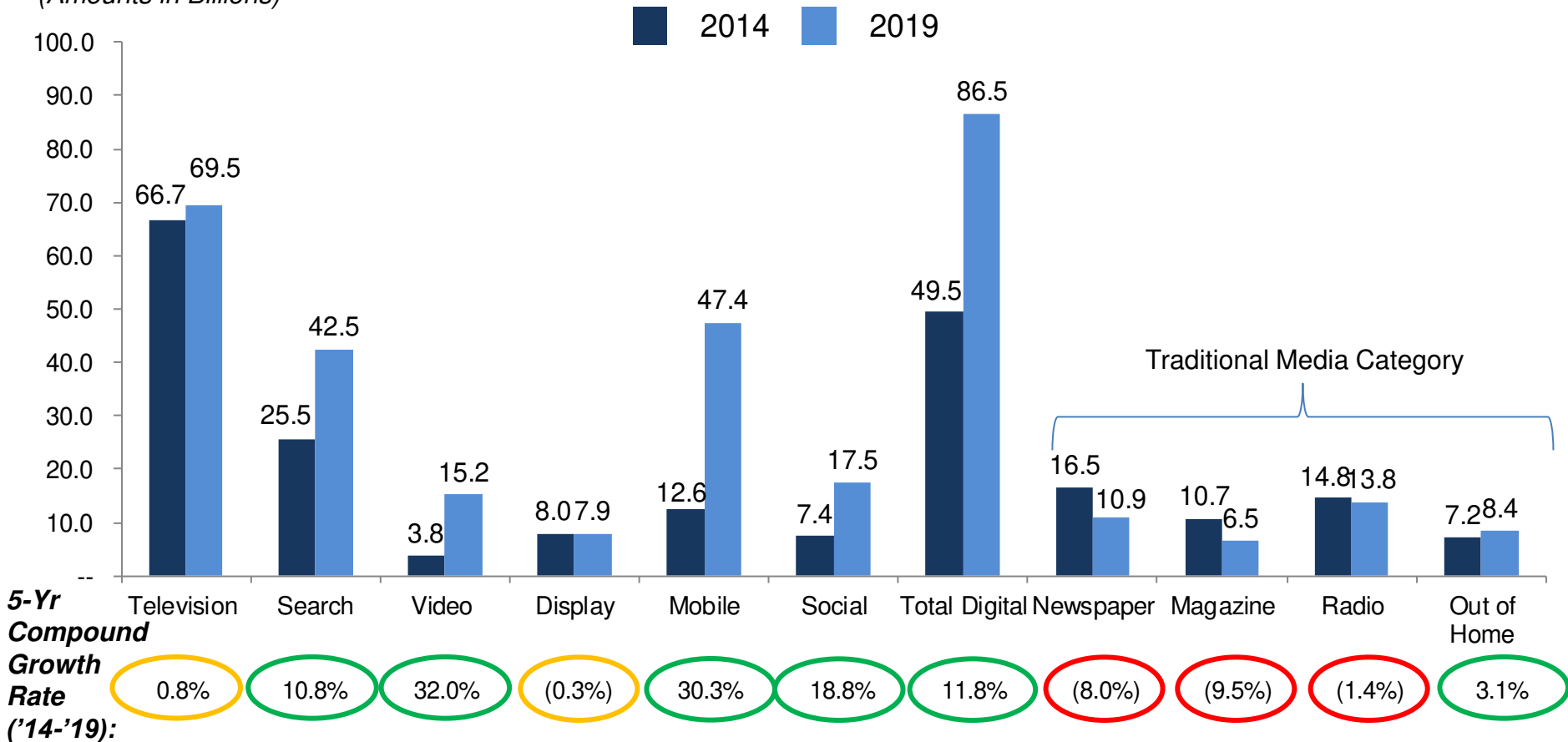
Source: Capital IQ as of November 2, 2015.

Note: Dotted box reflects PJSC estimated valuation multiple that market may assign.

Total U.S. Ad Spending to See Largest Increase Since 2004

- Mobile and online video = the leading advertising categories over next few years
 - OOH only traditional medium expected to show any growth
- Mobile accounted for 21% of total ad dollars in 2014 growing to ~50% in 2019

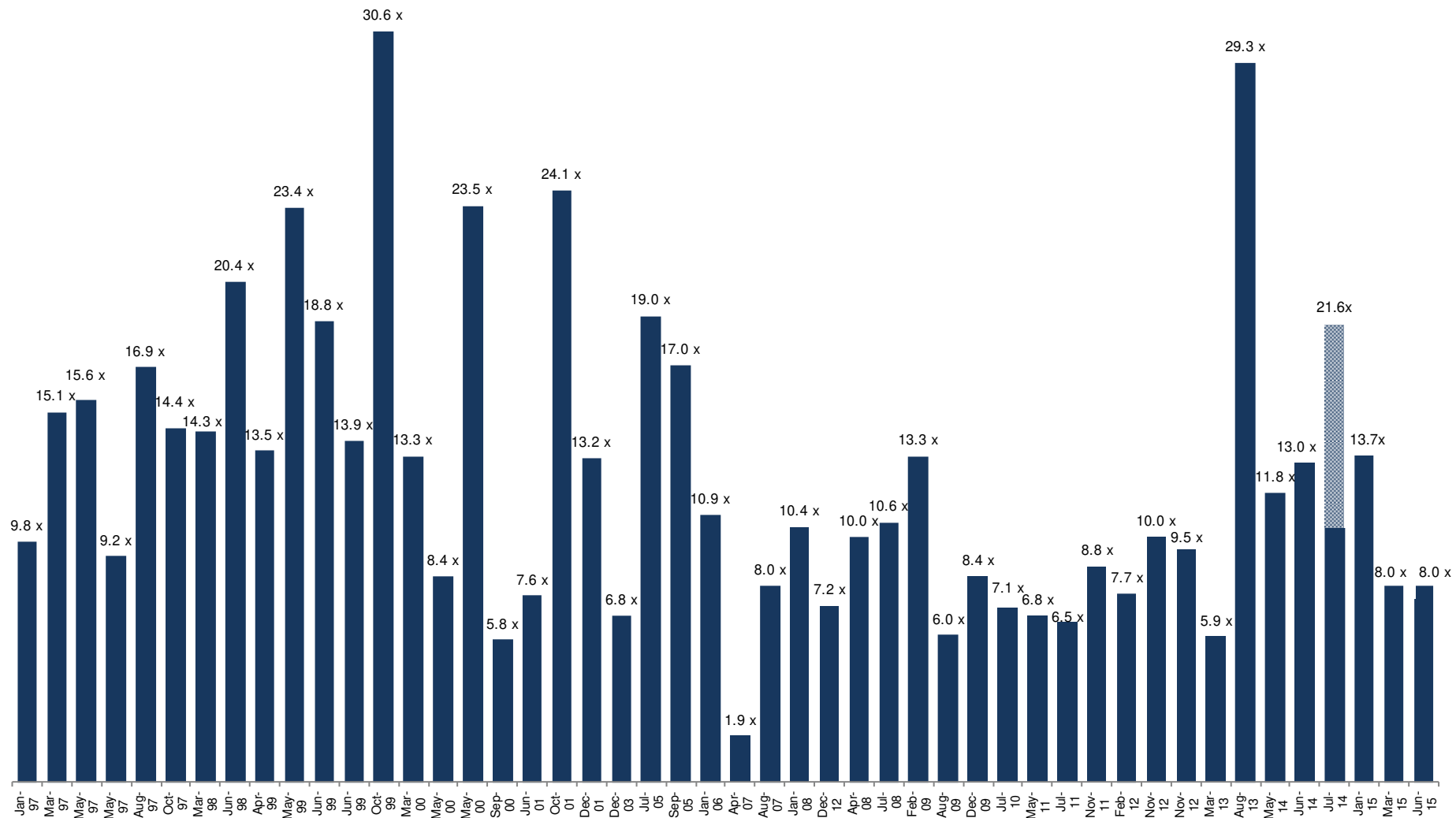
(Amounts in Billions)



Source: Wall Street Research

Precedent Transactions Analysis – U.S. Out-of-Home

U.S. Precedent Transaction EV / LTM EBITDA Multiples Over Time



Source: Company filings, FactSet, SDC, MergerMarket and Wall Street Research. Note: Excludes transactions where deal multiples are not available.

U.S. Out-of-Home Advertising Overview

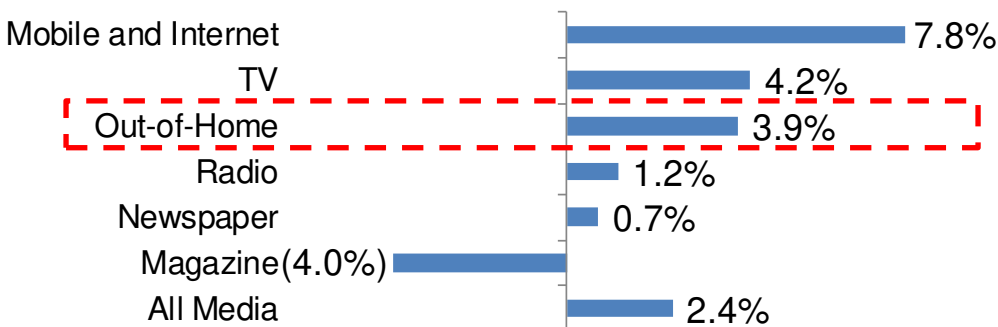
Out-of-home / advertising industry generates \$7.25B per year in advertising revenue, which accounts for 4% of total advertising spend in the U.S.

- U.S. digital out-of-home market is estimated at ~\$3B and projected to grow at 10.8% CAGR through 2019
- Transit generates \$1.2B per year in advertising revenue, of which only ~\$175M is digital

Key Highlights

- Out-of-home remains one of the most inexpensive mediums to reach consumers
- Industry dynamics:
 - Mass reach
 - Demographic targeting
 - Low CPM
 - Social + mobile engagement
 - Always on

Advertising Spend Growth Forecast (a)

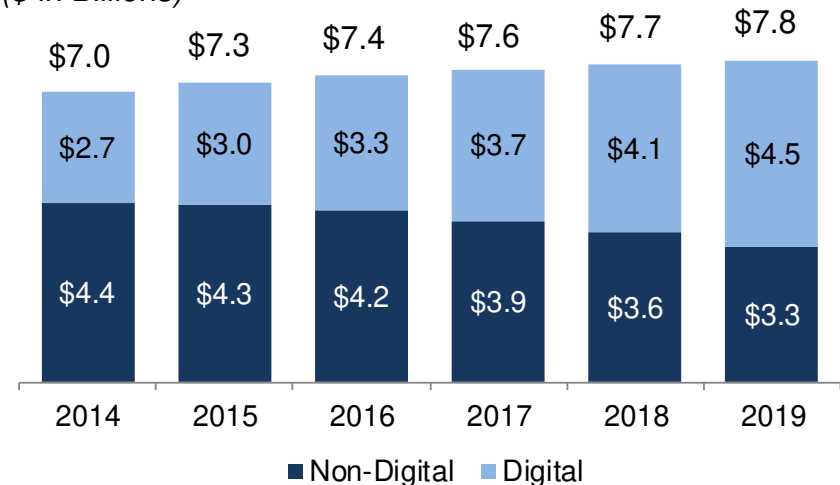


Source: DPAA, IBIS, SNL Kagan, eMarketer.

(a) 2013 – 2022E

U.S. Total Out-of-Home Media Forecast

(\$ in Billions)



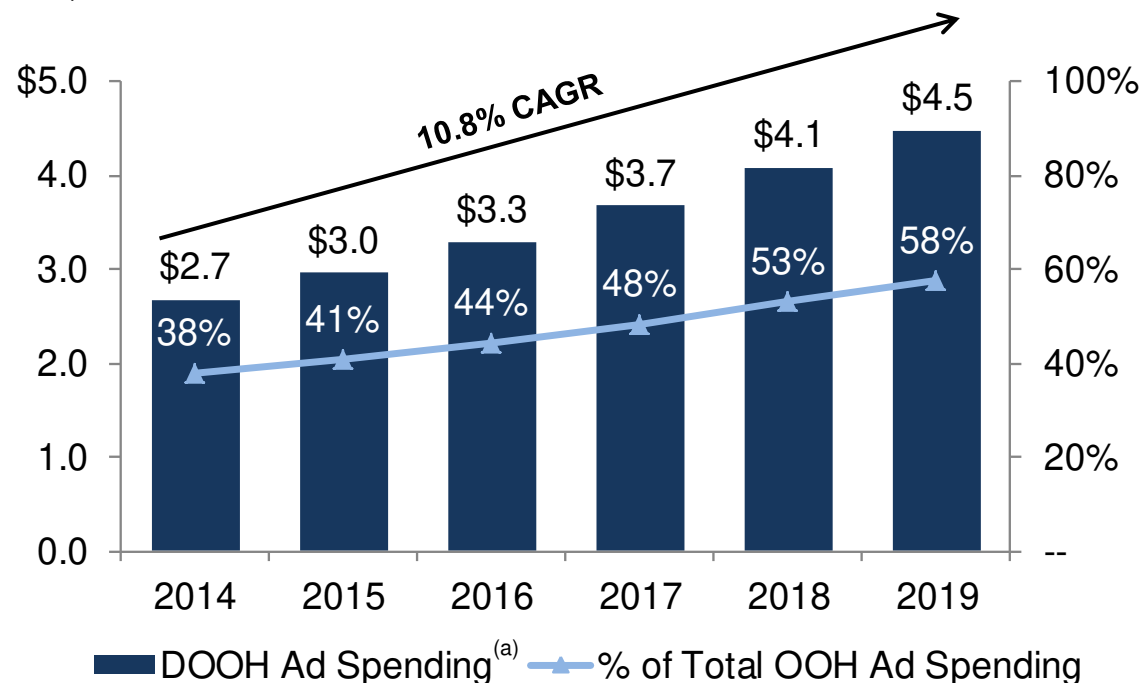
U.S. Digital Media and Mobile Impact and OOH Convergence

Mobile, Social, Internet and Video all need to be integrated into OOH media, making it a more engaging and accountable media channel

- Digital technology continues to transform traditional marketing channels
 - Mobile media is a massive, yet largely untapped, game changer driving the public to engage with brands while out-of-home
 - Consumers want and expect networked out-of-home media

U.S. Digital Out-of-Home Media / Advertising Spend

(\$ in Billions)

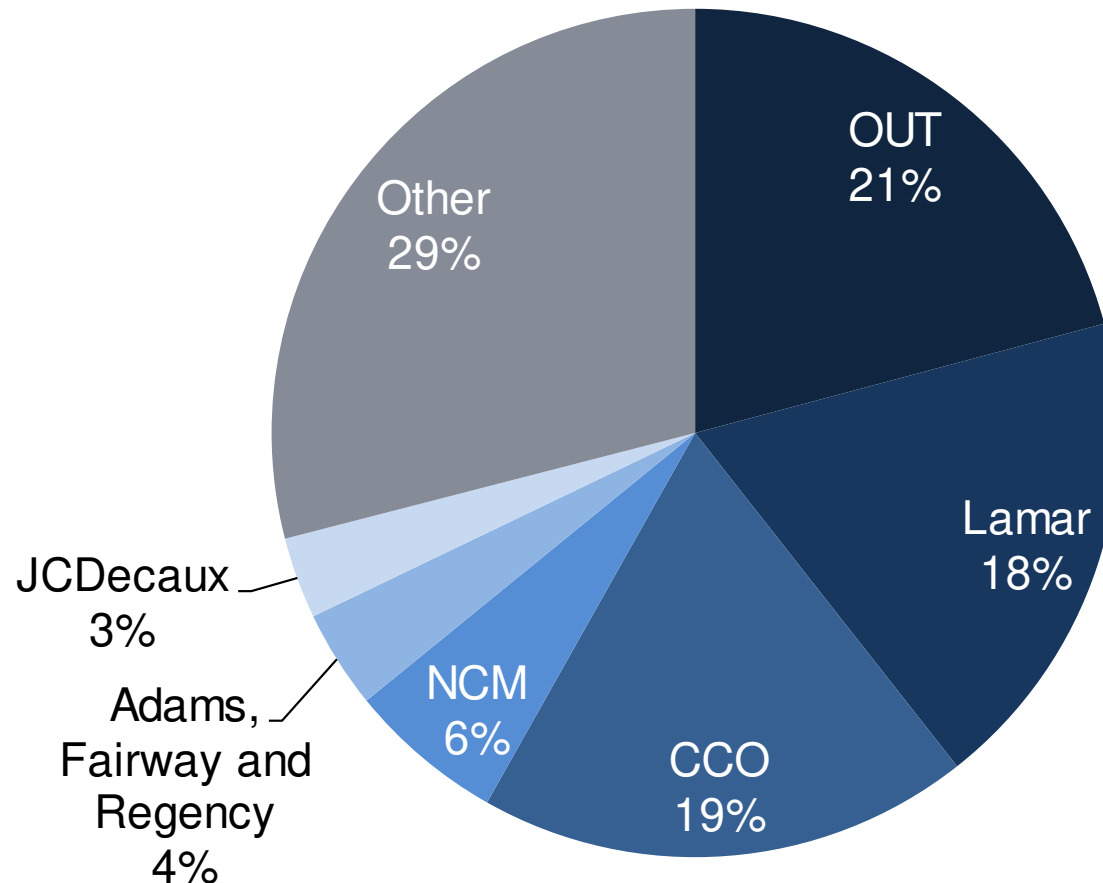


Source: eMarketer U.S. Digital Out-of-Home Advertising, October 2015.

(a) PJSC estimates 66% of 2015 DOOH ad spending relates to digital place-based networks and 34% relates to digital billboards.

2015 U.S. OOH Advertising Market Share by Revenue

\$7.25B total OOH revenue in the U.S.



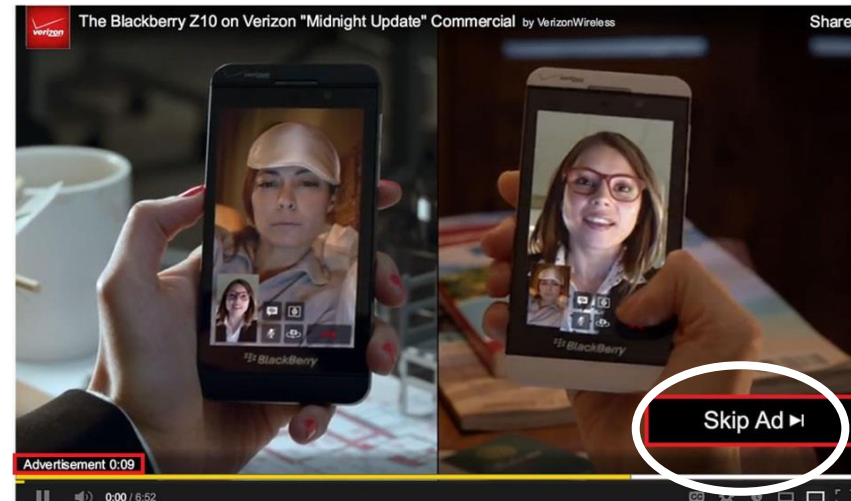
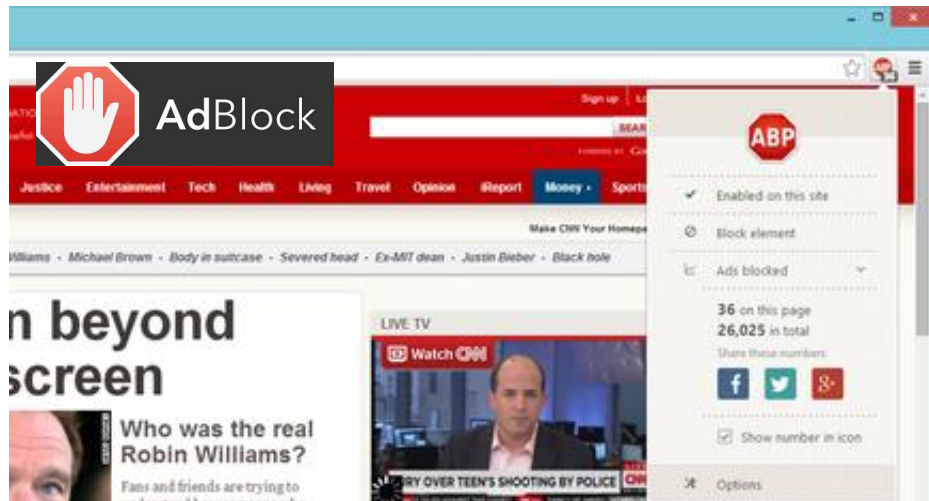
Source: Company filings and other public data.

Growth of Ad Blocking and Web-Ad Fraud are OOH Positives

Ad-blocking software and fraud are growing concerns for advertisers

- 5% of Internet users globally used ad blocking tools Q2 2014
- Desktop ad blocking will be up 50% Q2 2014 through Q2 2015
- 54% of all online ad impressions in Q3 2014 were not viewable
- Wasting \$\$\$ buying online ads that aren't delivered to humans

Advertisers increasingly asking publishers to guarantee ads are “viewable”



Source: Wall Street Research.

Defending / Taking Share of U.S. Advertising Spend

Potential Problem: \$7B 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

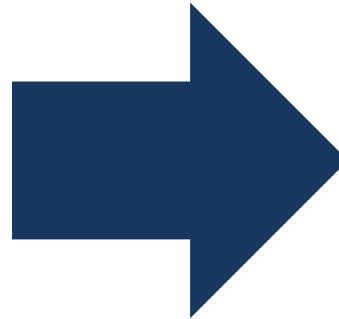
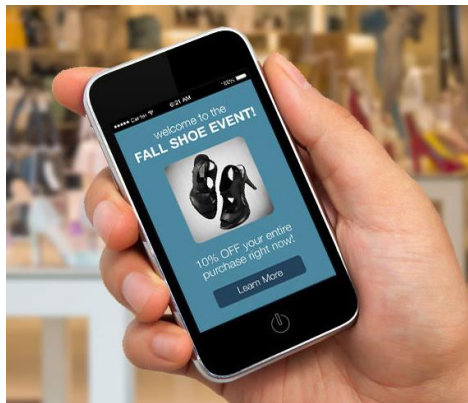
Potential Solution: “*Blur the Buckets*” leads to more value and better pricing

- 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

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

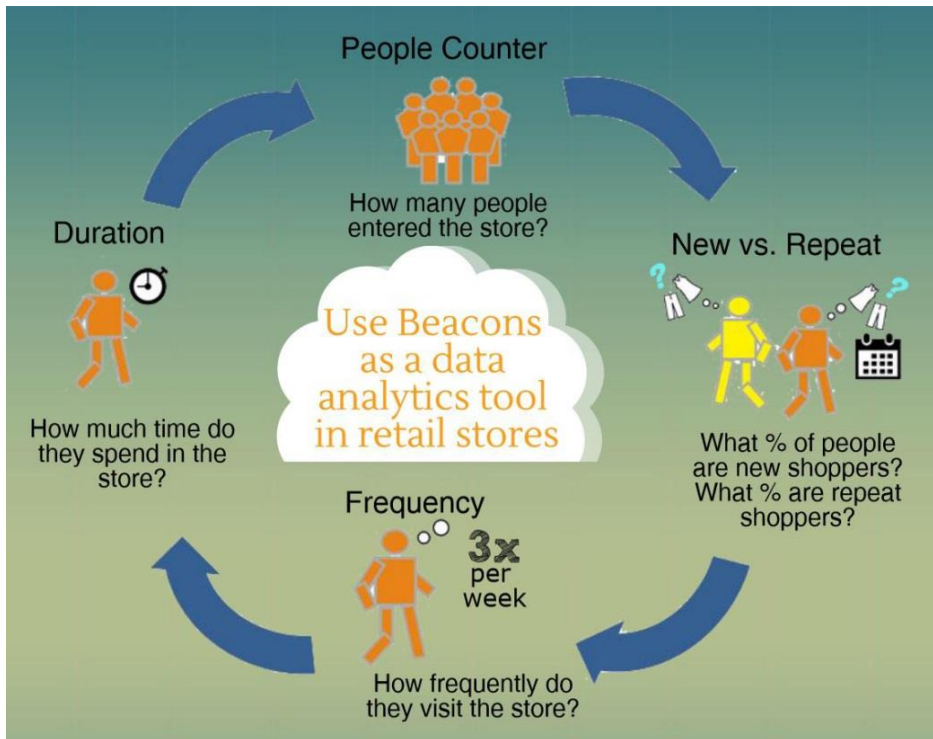


In-Store Analytics

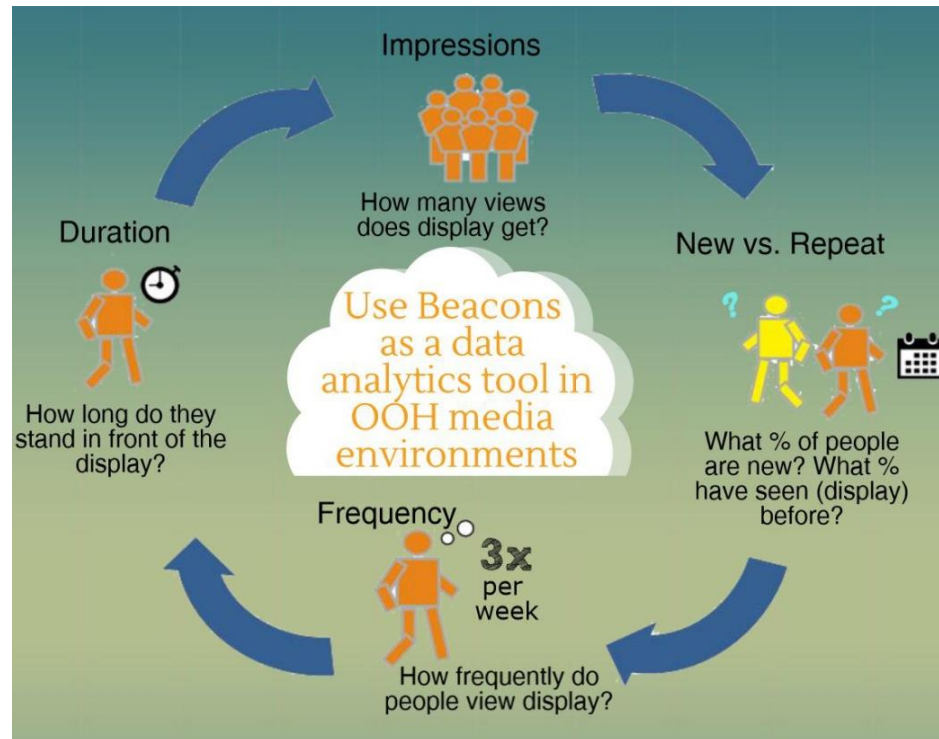
- Storefront Conversion
 - Visit Duration
 - Visit Frequency
- Interaction / Engagement

Beacons as a Measurement Tool

Retail



OOH Media Environment



Recent 2015 Transactions



- Leyard is LED provider and Planar is a display and digital signage technology provider
- Values Planar's equity at approximately \$157M on a fully diluted basis, a 42% premium based on the latest closing price
- EV / LTM EBITDA of 18.9x
- EV / Fwd EBITDA of 11.8x



- Watchfire Signs is a leading manufacturer of LED signs and digital billboards
- Aerva is a pioneer in cloud-based display network management that enables real-time interactivity, dynamic and social media integration and mobile engagement across digital displays






- Purchase price of \$85M
- Acquisition reinforces Samsung's strategy to incorporate direct-view LED video display technology into their existing product mix
- Acquisition provides Samsung with an opportunity to deliver durable, long-lasting displays geared for varied conditions



Intersection

CONTROL GROUP

TITAN

- Intersection is a new company formed through the merger of Control Group and Titan, now owned by Sidewalk Labs
-  Intersection +  QUALCOMM +  CIVIQ are the members of the team behind LinkNYC
 - LinkNYC will create up to 10,000 new communication hubs that provide free public gigabit wifi and access to information, communications and municipal services in NYC



TouchTunes

- TouchTunes operates an in-venue music and entertainment platform
- Searchlight Capital's portfolio also includes Ocean Outdoor