

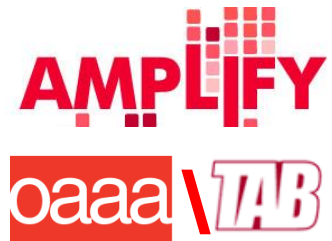
# Amplify 2015 OAAA \ TAB National Convention + Expo

---

Mark Boidman

*Managing Director, Peter J. Solomon Company*

 @MBoidman



# Providing Advice to Clients for Over 25 Years

- Practice divided between buyside and sellside M&A advisory

## Advisor on Industry Shaping Strategic Transactions

|   |  |   |  |
|---|--|---|--|
| <p><b>February 2015 (Pending)</b><br/>\$6,300,000,000</p> <p><b>Office DEPOT Max</b></p> <p>Has been sold to</p> <p><b>STAPLES</b></p> <p>The undersigned is serving as advisor to Office Depot</p> <p>PETER J. SOLOMON COMPANY</p> | <p><b>December 2014</b><br/>\$2,700,000,000</p> <p><b>London Stock Exchange Group</b></p> <p>Has agreed to acquire</p> <p><b>Russell Investments</b></p> <p>The undersigned served as advisor to London Stock Exchange Group</p> <p>PETER J. SOLOMON COMPANY</p> | <p><b>December 2013</b><br/>\$2,200,000,000</p> <p><b>THE JONES GROUP</b></p> <p>Has been acquired by</p> <p><b>SYCAMORE PARTNERS</b></p> <p>The undersigned served as advisor to the Board of Directors of The Jones Group</p> <p>PETER J. SOLOMON COMPANY</p> | <p><b>February 2013</b><br/>\$1,148,000,000</p> <p><b>Office DEPOT</b></p> <p>Has merged with</p> <p><b>OfficeMax</b></p> <p>The undersigned served as advisor to Office Depot</p> <p>PETER J. SOLOMON COMPANY</p> |
| <p><b>October 2012</b><br/>\$2,900,000,000</p> <p><b>PVH</b></p> <p>Has acquired</p> <p><b>WARNACO</b></p> <p>The undersigned served as advisor to PVH</p> <p>PETER J. SOLOMON COMPANY</p>  | <p><b>October 2012</b><br/>\$2,100,000,000</p> <p><b>MCKESSON</b></p> <p>Has acquired</p> <p><b>PSS WORLD MEDICAL</b></p> <p>The undersigned served as advisor to McKesson</p> <p>PETER J. SOLOMON COMPANY</p>   | <p><b>November 2011</b><br/>\$2,200,000,000</p> <p>An investor group including</p> <p><b>SONY</b></p> <p>Has acquired</p> <p><b>EMI MUSIC PUBLISHING</b></p> <p>The undersigned served as advisor to Sony</p> <p>PETER J. SOLOMON COMPANY</p>                   | <p><b>March 2011</b><br/>\$2,400,000,000</p> <p><b>eBay</b></p> <p>Has acquired</p> <p><b>gsi commerce®</b></p> <p>The undersigned served as advisor to eBay</p> <p>PETER J. SOLOMON COMPANY</p>                   |

## Leading Media and Technology Advisor

- Bankers at the forefront of media and tech
  - 19 buyside and sellside assignments in OOH / DOOH / Digital Signage in the last 5 years<sup>(a)</sup>

(a) By professionals currently working at PJSC.

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

## Billboard National



## Local



## Airport / Aerial / Water



## Transit / Taxi



## Point of Care



## Stadium / Arena



## Movie Theater



## Retail



## Restaurant



## Bar / Club



## Health / Personal Care



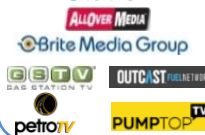
## Office / Elevator



## Hotel



## Gas Station



## Grocery



## Content



## Background Music



## Shopping Mall



## Solutions / Kiosk / Other



## POS



## Other



# Executive Summary

## Robust OOH Industry Outlook Driven By

- Stability in macro fundamentals (U.S.)
- Technology as a friend and penetration of digital
- Ubiquity of mobile

## OOH Industry Challenges

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

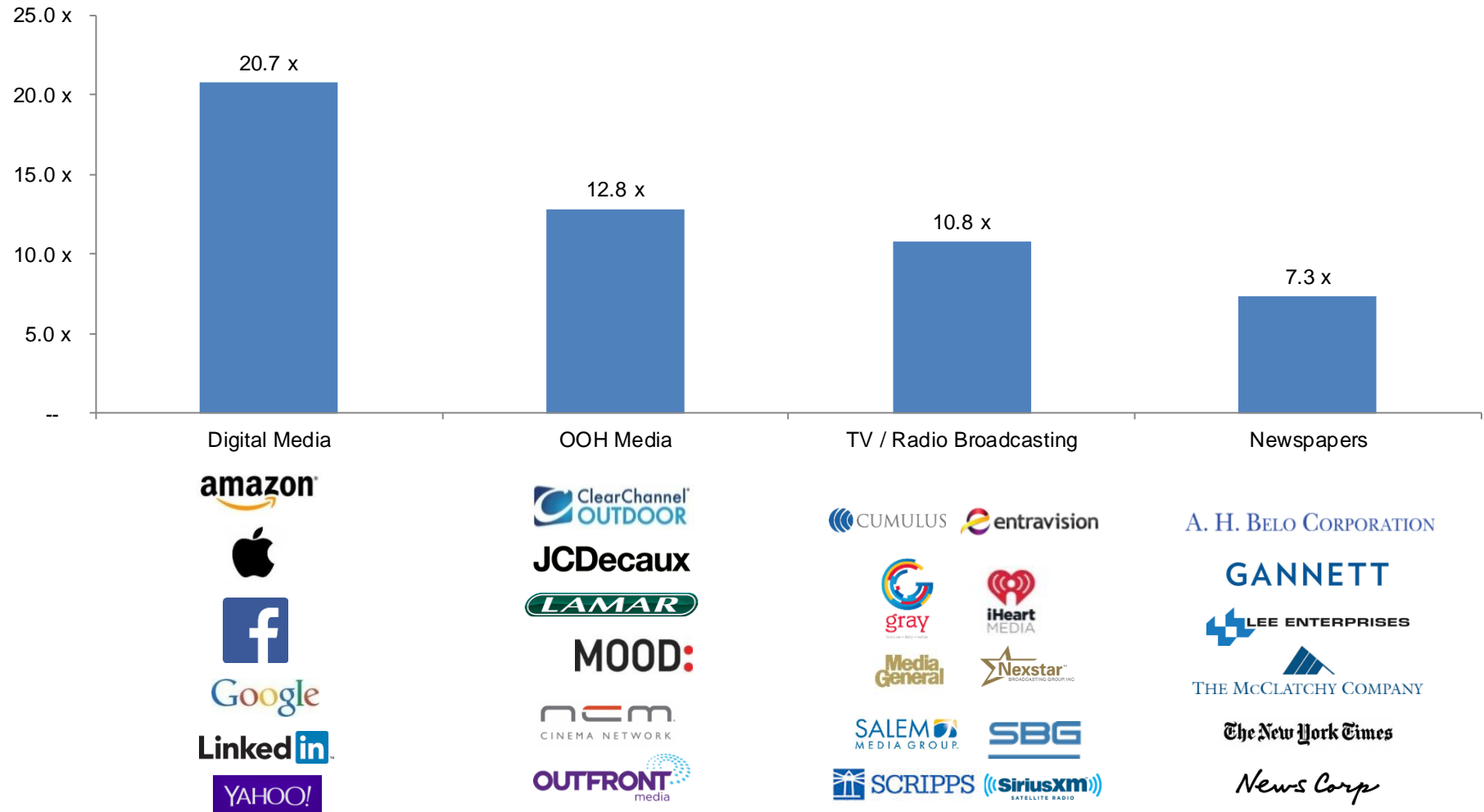
---

# U.S. OOH Valuation Primer

# Select Media Channels Trading Performance

Over last 5 years OOH has traded at an average multiple of ~11.4x forward EBITDA

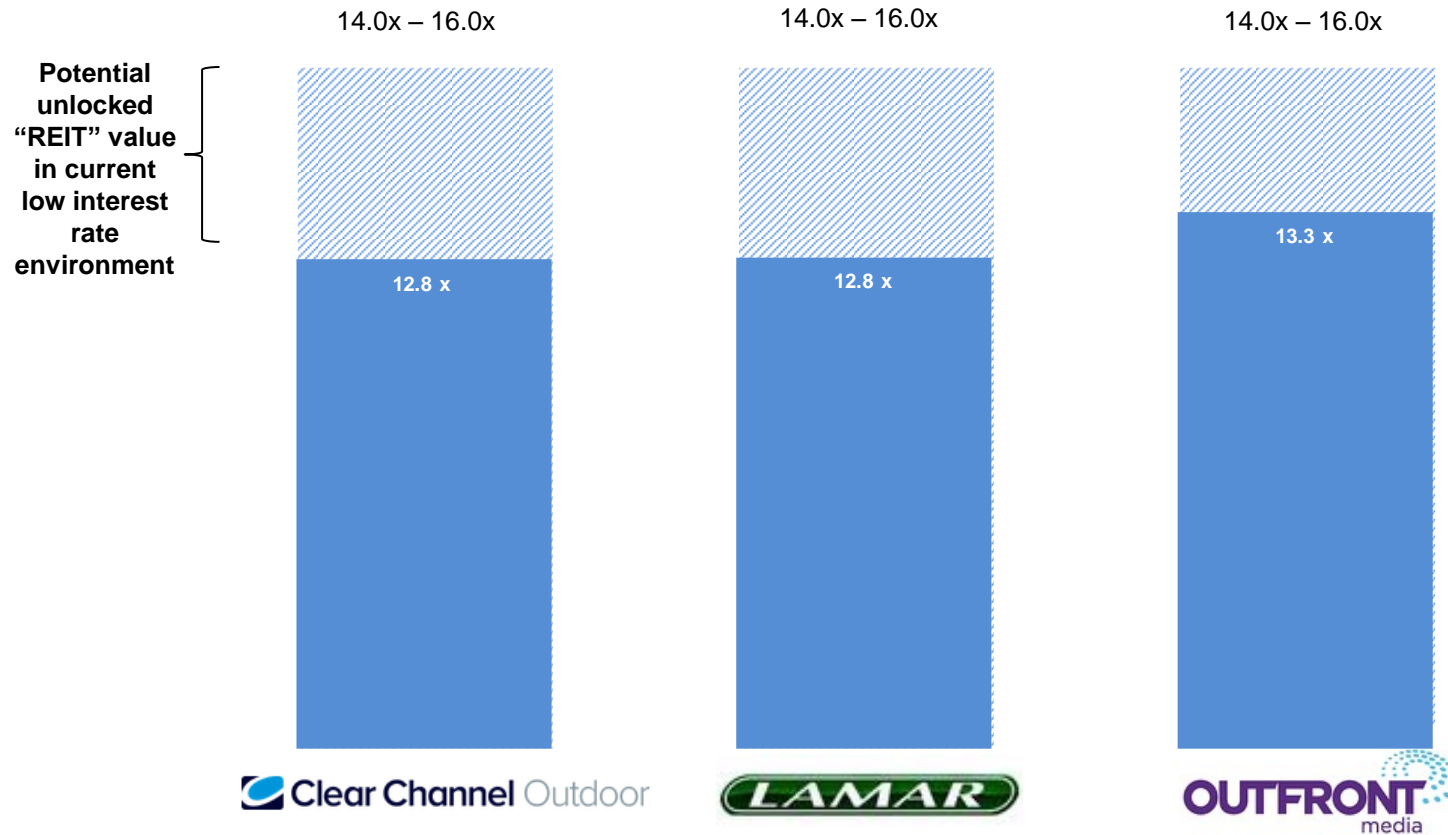
## EV / 2015E EBITDA



Source: Capital IQ as of May 6, 2015.

# Out of Home Comparable Companies

EV / 2015E EBITDA



Source: Capital IQ as of May 6, 2015.

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

---

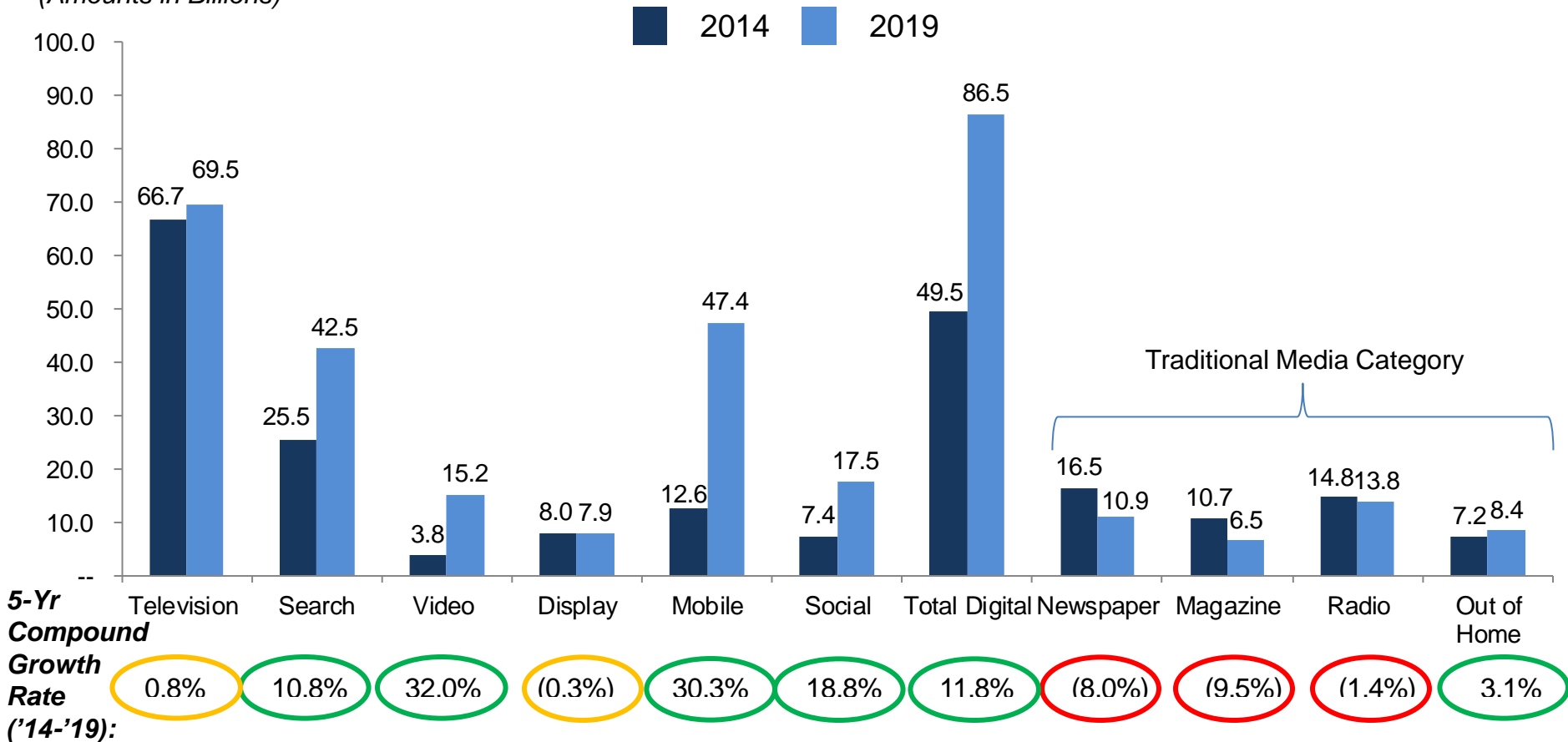
# Advertising Market Update



# Total US 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)

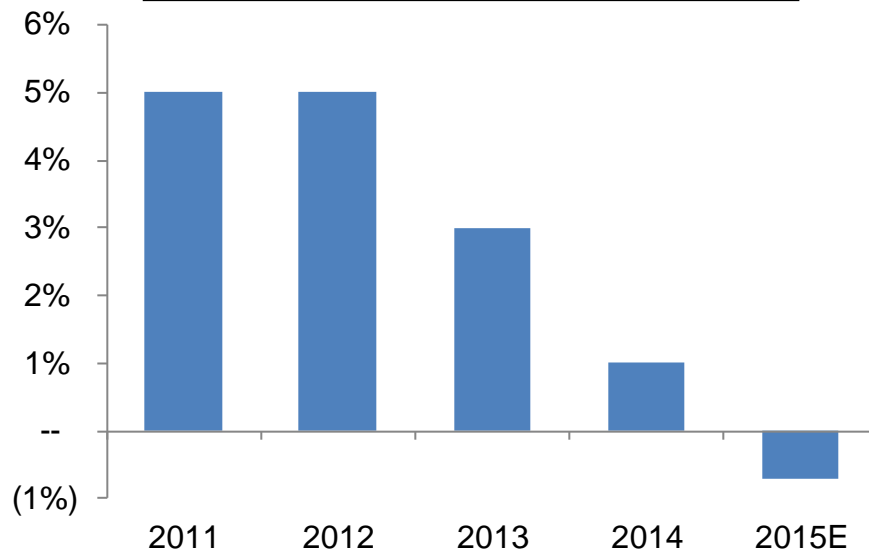


Source: Wall Street Research

# Advance Purchases of TV Forecast to Fall 7%

- Total ad dollars expected to fall 10% for broadcast networks; 5% for cable networks
- TV networks gearing up for weak “upfronts” for the 2015 – 2016 season
  - Declines in ratings + viewership + movement of dollars to new media as marketers target hard-to-reach younger viewers

**National TV Ad Revenue is in Decline**

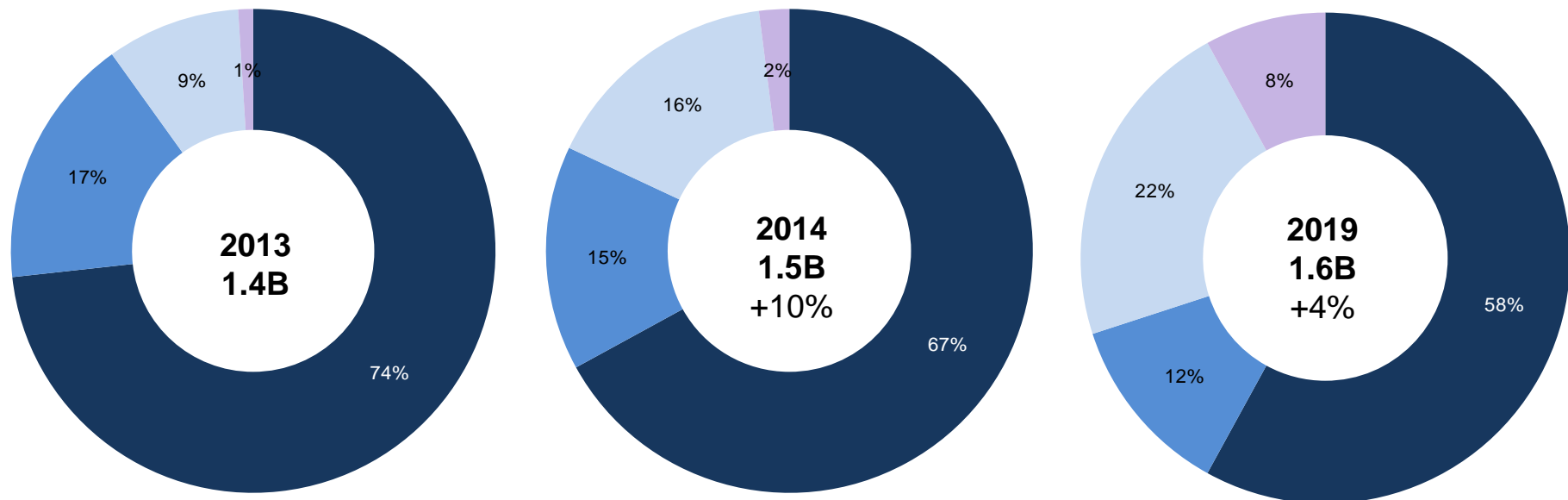


- 40% of TV ratings declines 2H 2014 due to viewers migrating from traditional TV to services like Netflix

# Media Shifts Due to Tech

- Magazine average monthly audience viewership shifting to mobile and video

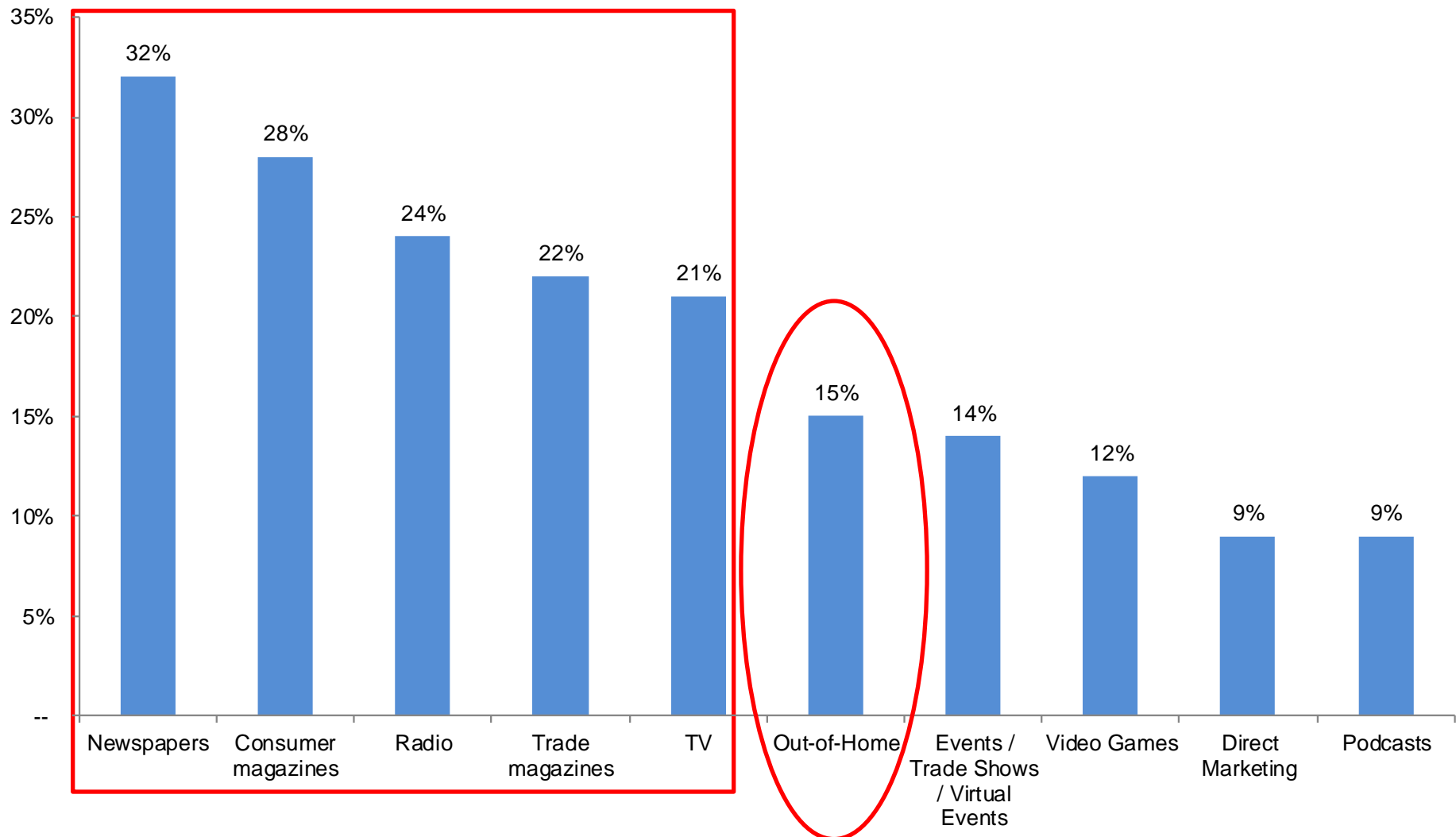
■ Print and Digital Editions   ■ Web (Desktop / Laptop)   ■ Mobile   ■ Online Video



Mobile 9% in 2013, 22% in 2019  
Online Video 1% in 2013, 8% in 2019

# Marketing Strategies Survey

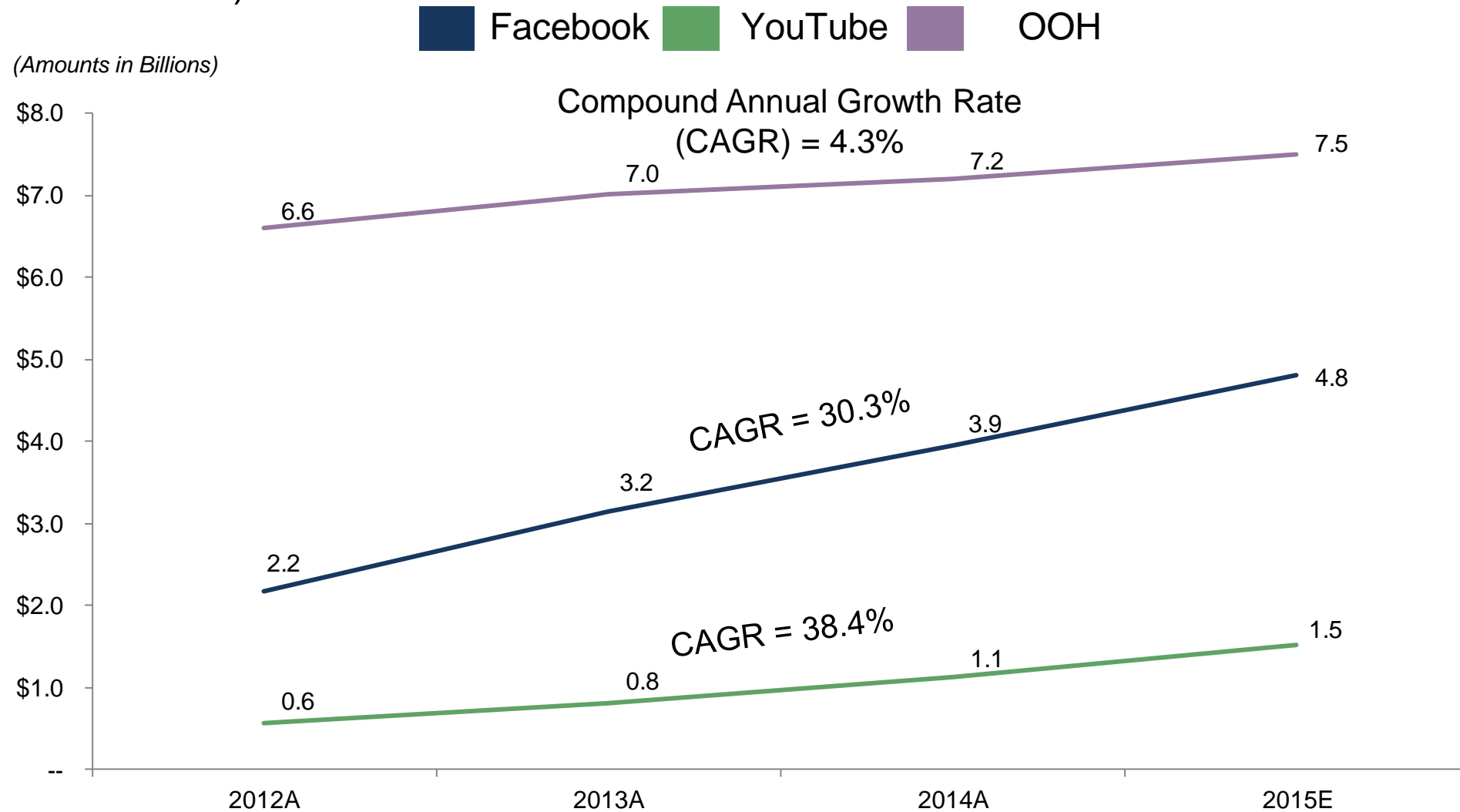
## Marketing Strategies U.S. Professionals Expect to Deemphasize



Source: Wall Street Research.

# U.S. OOH Ad Revenue vs. U.S. Facebook and YouTube

Facebook and YouTube ad revenue growth outpaces that of OOH (30% and 38% vs. 4%)



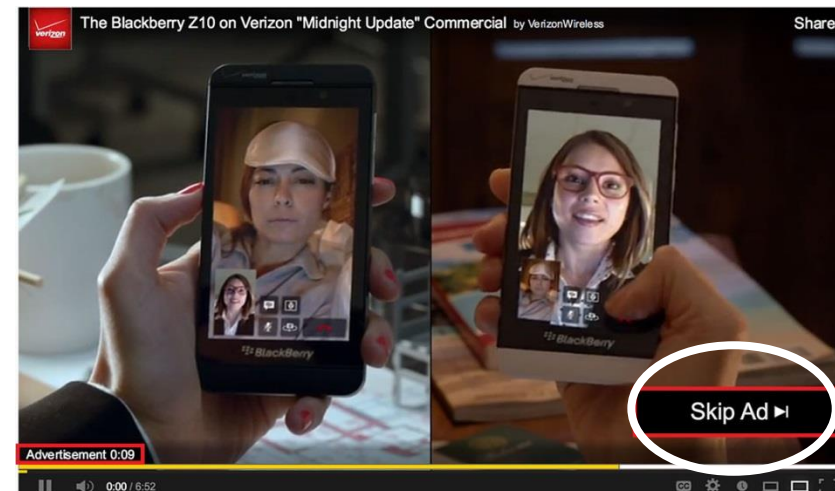
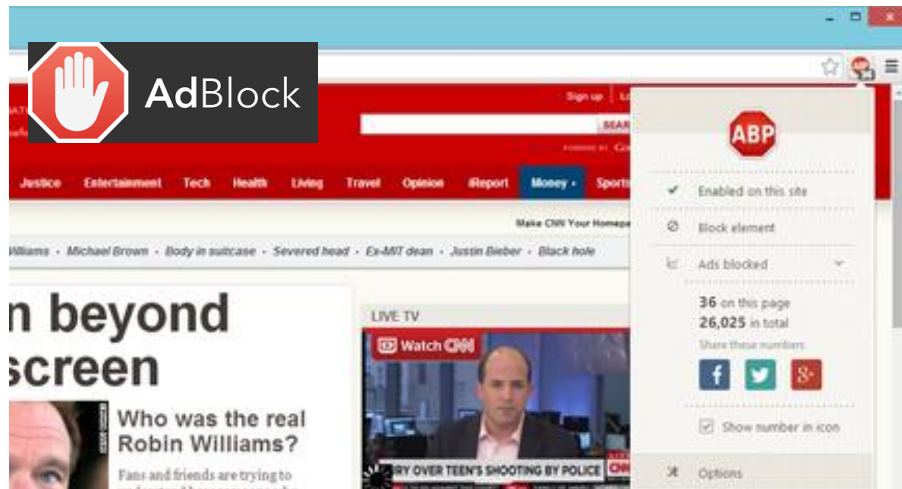
Source: Wall Street Research.

# 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

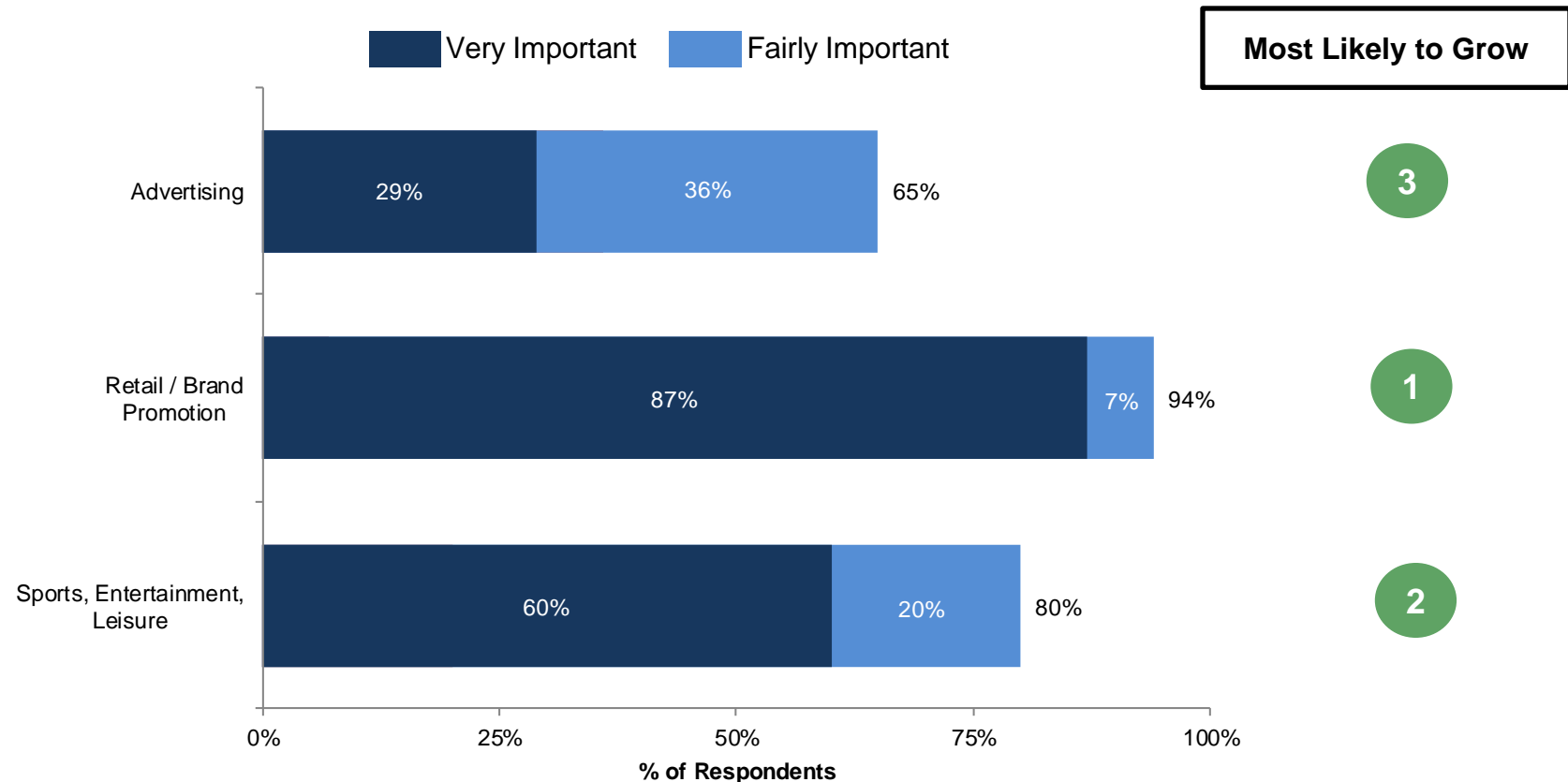
## Advertisers increasingly asking publishers to guarantee ads are “viewable”



Source: Wall Street Research.

# Most Important OOH Media Markets For Innovation

Solutions providers tend to focus first on innovating in OOH retail / brand sector vs. OOH ad sector



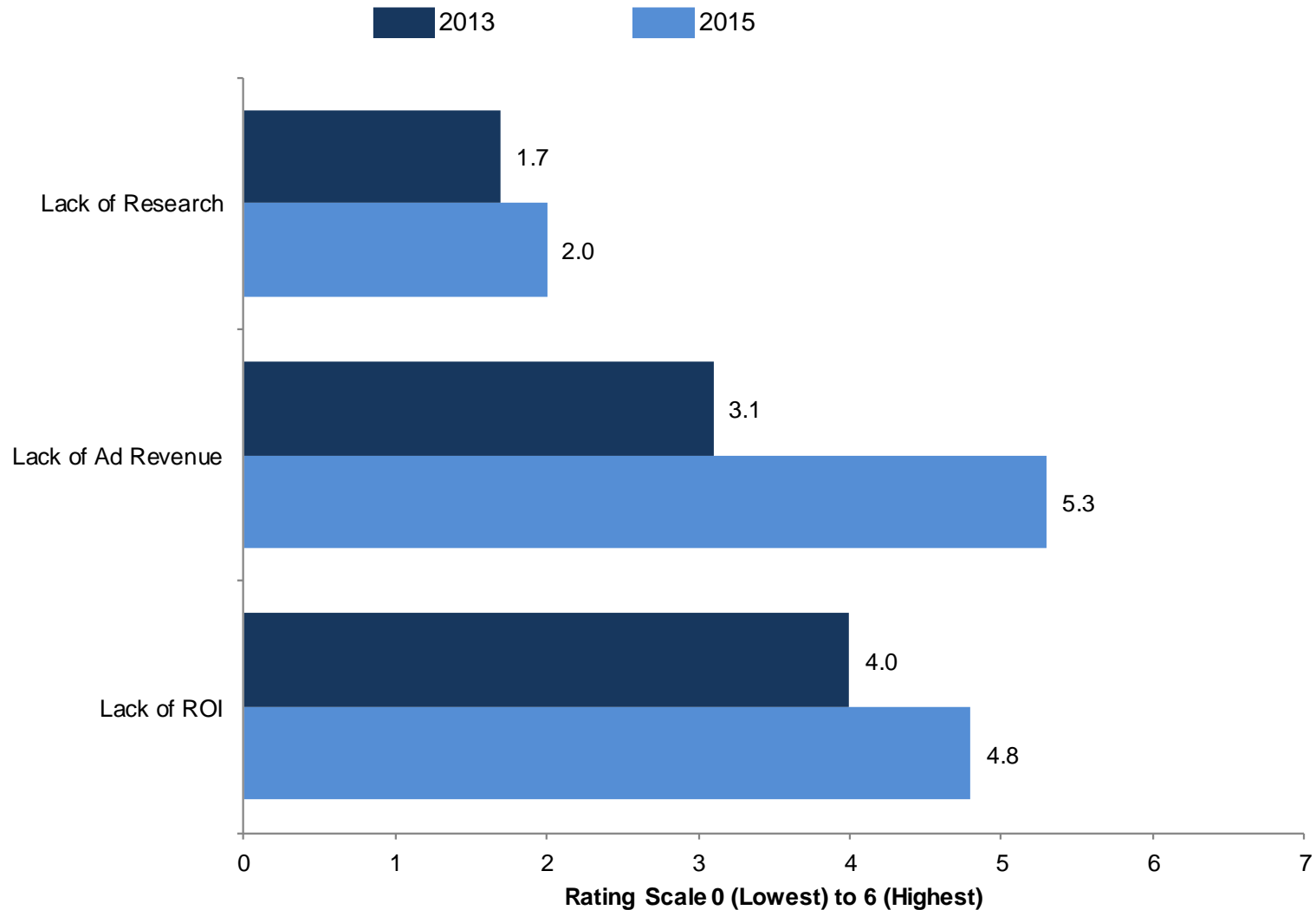
**\$12B OOH Media Retail\* opportunity vs. \$7B OOH Ad opportunity**

Source: Wall Street Research

\*Retail defined as box stores, retail financial (banks), QSR and brand dollars.

# Barriers to Digital Signage Growth

Barriers include lack of advertisers and demand for digital – ROI as a solution



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 we will create our own demise or at least stall industry sales.”**

# Out of Home Media is Shifting Toward Digital and Embracing Mobile

## Digital Penetration

- 18 months ago – “1% of faces were digital generating 10% of revenues”
- 6 months ago – “2% of faces were digital generating 20% of revenues”
- 6 months from now...

## Mobile as Bridge to Attribution

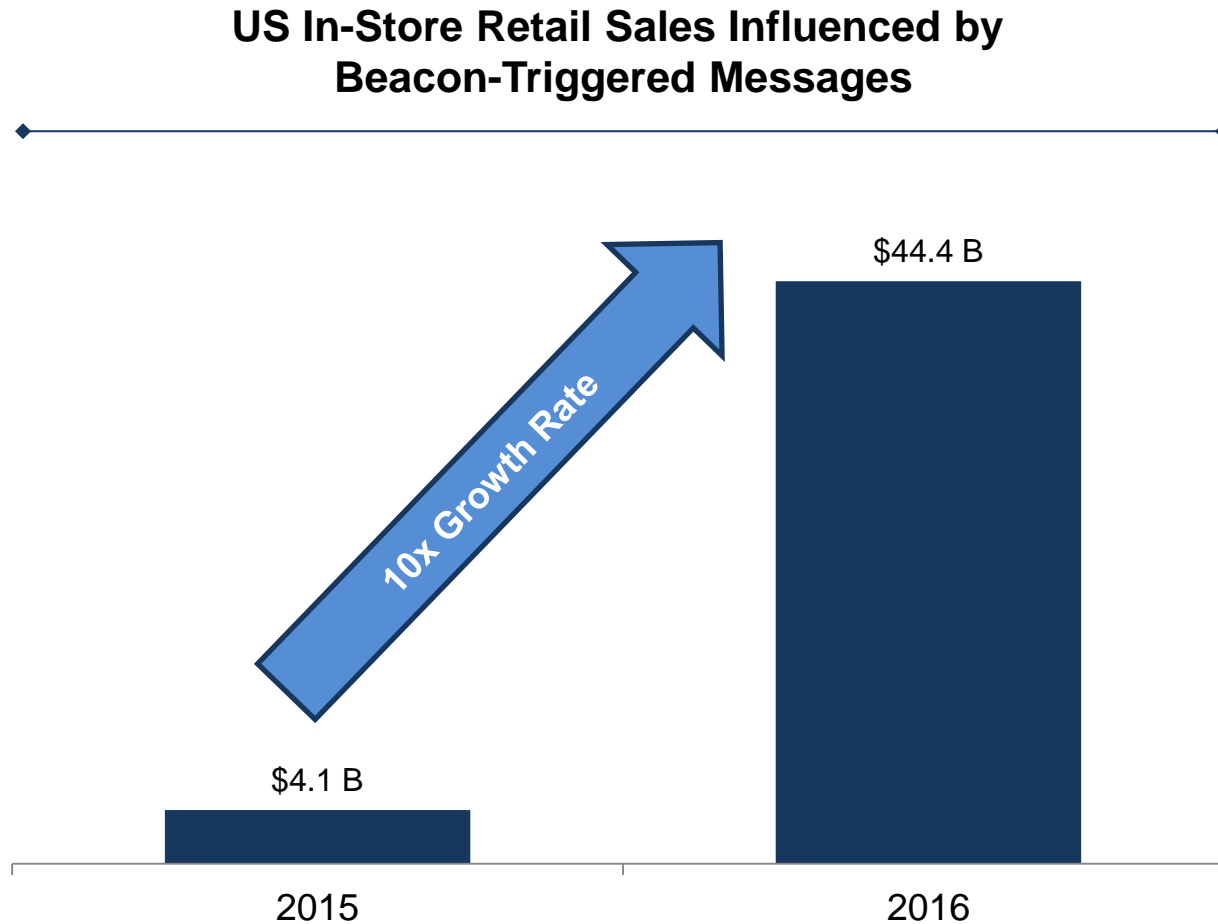
- Consumers' everyday activities on their phones can be harnessed to turn them into trackable, living cookies
  - Mobile devices and beacons can make time, location, and context all available and serve as drivers of purchase intent for customers in and around store locations

# Attribution: Proximity and Frictionless Tech are OOH Value Drivers

## Shaping the Next Few Years for Media

- Developments in tracking behavior and user experience = much-needed lift to OOH media
  - Privacy driven by user-controlled data experiences on mobile devices
    - OOH operators need to develop privacy policy
  - Conversion (and attribution) through mobile allowing behavior and device to drive targeting and also prove ROI

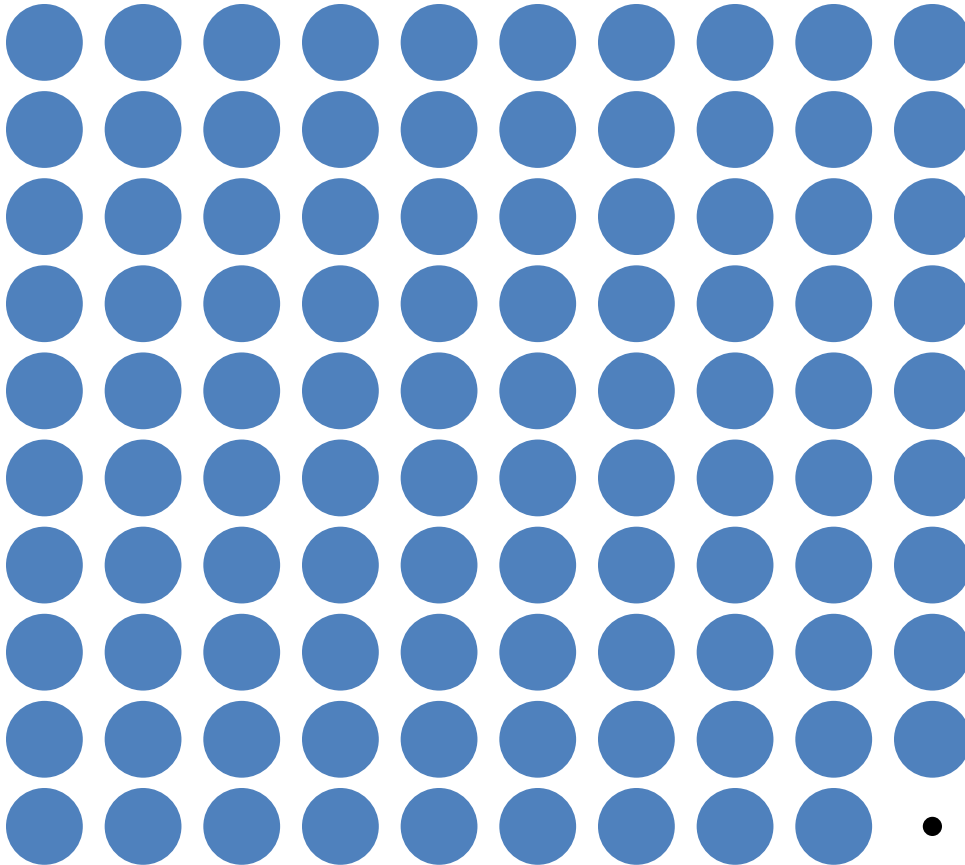
# Market for Proximity Engagement is Exploding



Source: Wall Street Research.

Note: Top 100 U.S. retail locations only.

# Massive Opportunity for Proximity

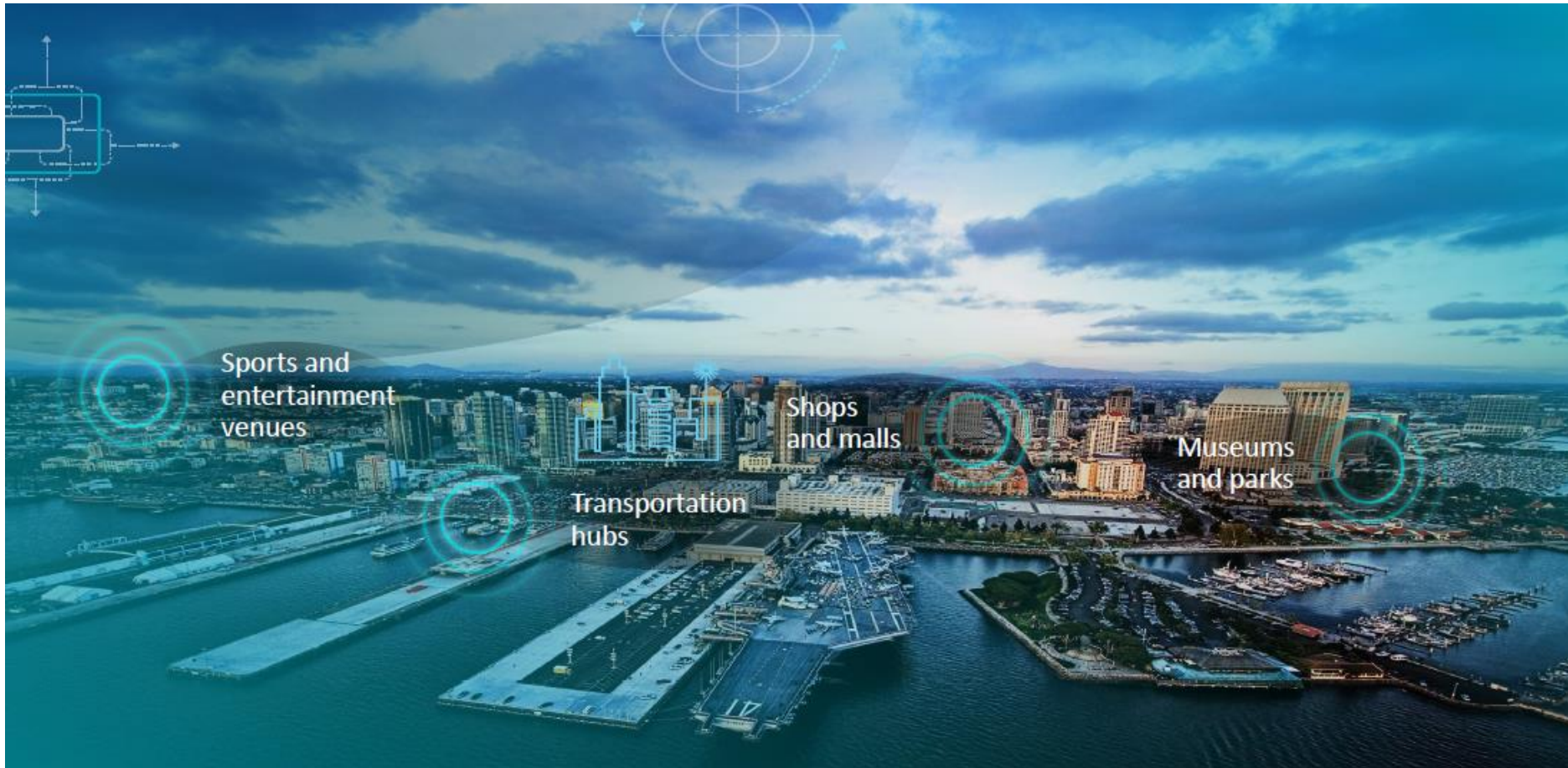


Estimated 60M to 300M  
Beacons Deployed Worldwide  
By 2018

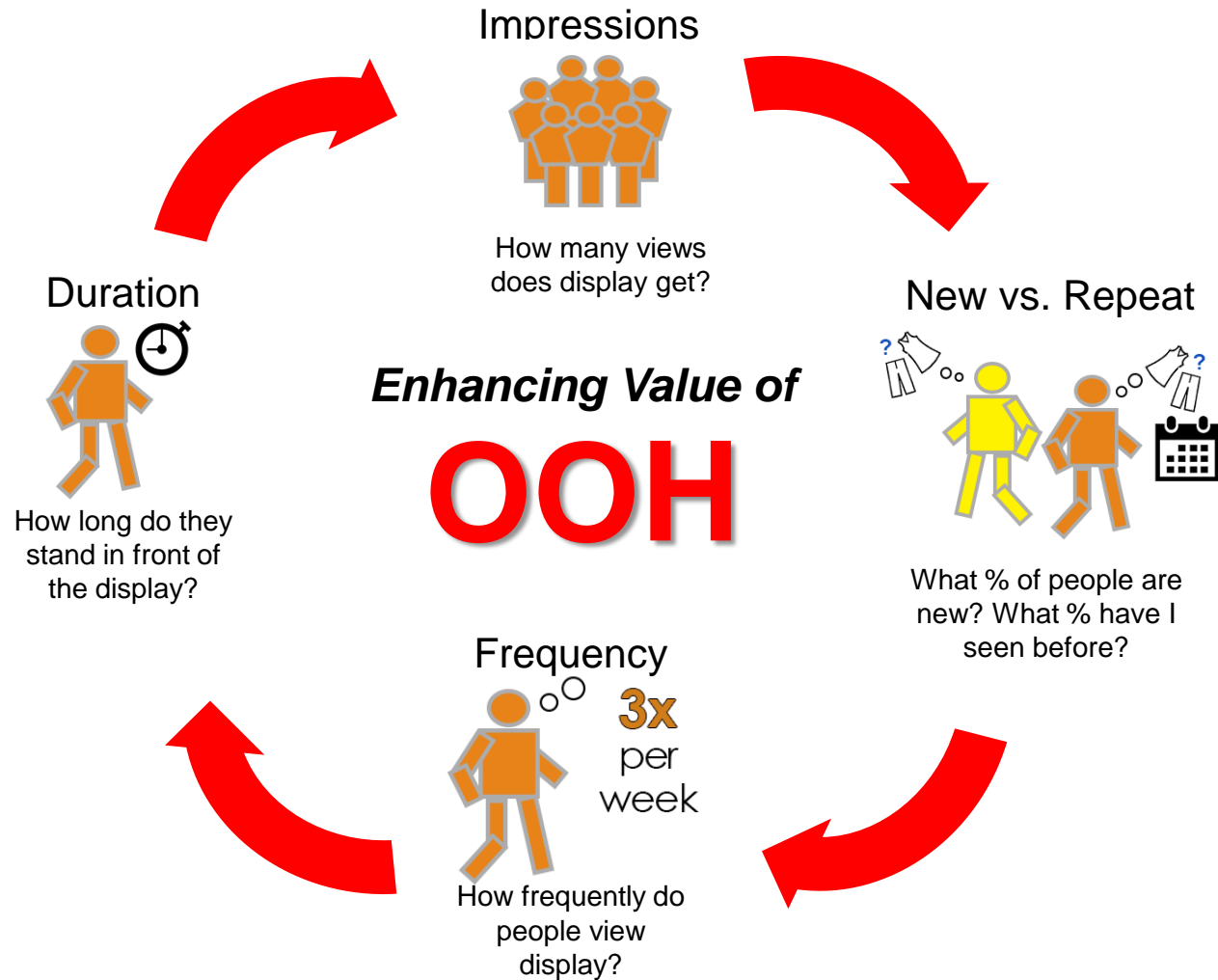


**The Market is Here**

# Beacons...Endless Possible Out of Home Media Use Cases



# Use Existing Wi-Fi Hardware or Beacon Technology to Measure

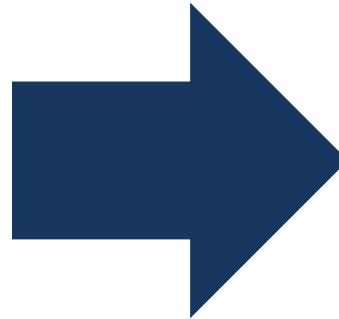
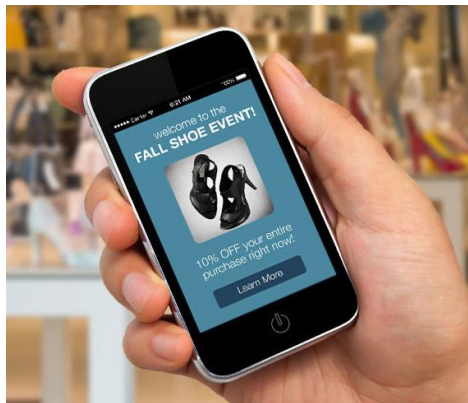




# Attribution and Engagement

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

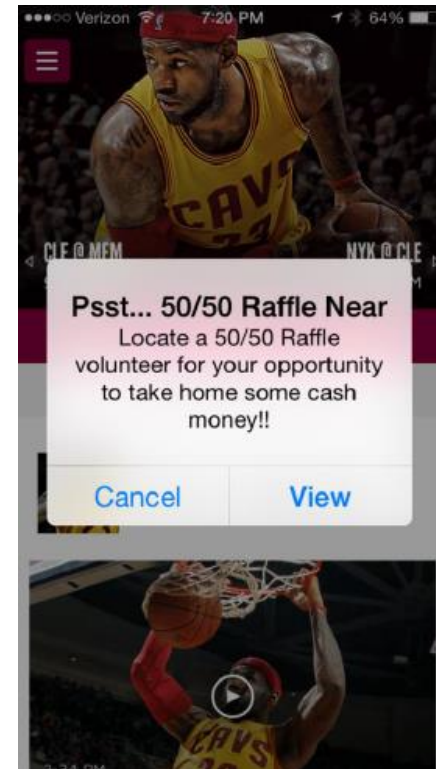
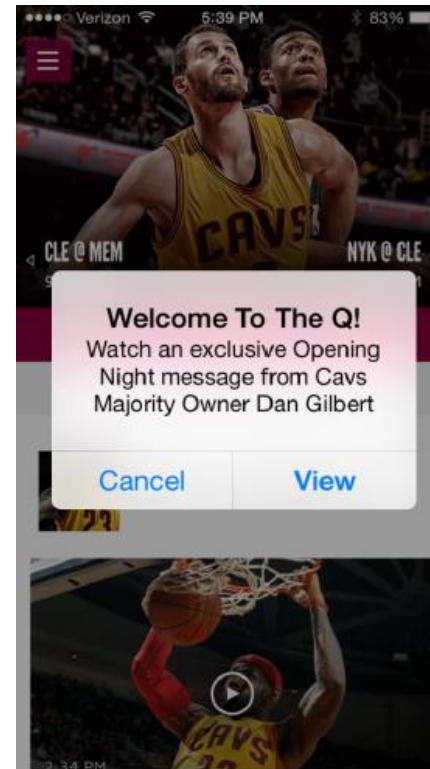
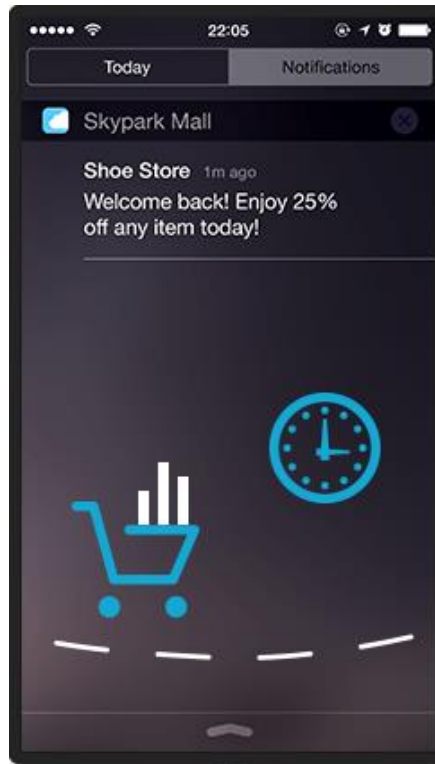


### In-Store Analytics

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



# Examples of Mobile Engagement Today Using Beacons



Source: Gimbal.

# 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

# Summary PJSC Recommended Changes to U.S. Industry to Capture Media Market Share



## Use Technology for Attribution

- Mobile as infrastructure to enhance OOH value
  - Deploy Beacons and wi-fi technologies
- Evolution to buying ROI a benefit
- Data for better behavioral insights and credibility

# Summary PJSC Recommended Changes to U.S. Industry to Capture Media Market Share

Create Universal  
Platform / OOH  
Marketplace  
(Automated vs.  
Programmatic)

- Open structure / open API marketplace Data Management Platform (DMP) would allow industry participants to plug and play
  - Each agency would have its own intersection point
  - Would need to include avails for immediate buying at any time of day from any location
  - Use DMP to target audiences based on data and measure which campaigns performed to refine media buys and ad creative over time

# Amplify 2015 OAAA \ TAB National Convention + Expo

---

Mark Boidman

*Managing Director, Peter J. Solomon Company*

 @MBoidman

