

cribb greene **Report**

A report on newspaper merger
and acquisition activity

Montana: 406-586-6621 · Virginia: 434-227-0952

Happy Holidays! January 2013

Small newspapers bring higher multiples

Newspaper market improving

Newspaper merger and acquisition activity in 2012 improved considerably over the prior year and 2013 appears to be starting out on solid footing as well. Newspaper sales by larger groups and groups controlled by financial owners tended to stay in the low EBITDA multiple ranges of 3.5x to 4.5x, however mid and small market newspapers generally brought higher valuations.

There seems to be two reasons why the small papers are bringing higher prices, the first being that mid and small market newspapers are doing better financially. The fall-off in revenues for these papers has been in the 15% to 20% range over the recession years, rather than the up-to-50% that has stricken larger operations, and these small properties have stabilized more quickly.

Second is the use of seller financing as a tool for the transaction structure in smaller deals. Cribb, Greene & Associates has recently sold several properties at 5x-6x EBITDA on a cash-sale basis, and has closed some transactions at up to 8x with seller financing.

Most conventional bank financing for newspaper transactions is in the 2x to 2.25x EBITDA range currently, leaving buyers to come up with the balance of the purchase price in out of pocket cash. There are some local/regional banks who have been willing to loan more, and CG&A completed one example with a 4x EBITDA bank loan.

Although "conventional wisdom" may still be that newspapers are a sunset industry it appears that those inside the industry have realized there is - and will continue to be - a niche for strong local information (news and advertising) providers. Berkshire-Hathaway's entrance into the industry in 2012 helps substantiate this thought. Newspapers continue to be the only professional local information gathering sources, and quality local information continues to have value.



Market at a Glance

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

Publishing company values are currently in the 3x to 6x trailing EBITDA range with most transactions at 4x to 5x. Prices over 5x tend to be strategic acquisitions. Some seller-financed sales have brought values up to 8x EBITDA. 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 tend to be valued at the lower end of the multiple scale.

Some of these transactions include significant amounts of seller financing as conventional bank financing is still difficult to obtain, at least at terms deemed reasonable by newspaper buyers.

Brookhaven, Mississippi Daily Leader sold

Brookhaven Newsmedia, LLC, an affiliate of Boone Newspapers, Inc. (BNI), with offices in Natchez, Miss., and Tuscaloosa, Ala., completed its purchase of The Daily Leader, The Prentiss Headlight, related websites and affiliated publications in December according to John Cribb, Cribb, Greene & Associates who represented the seller in the transaction.

The sale ends more than 50 years of ownership and operation of The Daily Leader for the Brookhaven community by the Jacobs family. Charles R. Jacobs purchased the newspaper from Dalton Brady in 1958. Bill and Amy Jacobs acquired The Prentiss Headlight in 1985, then purchased the Daily Leader from his family in 1995.

Jacobs is succeeded as publisher of The Daily Leader and The Prentiss Headlight by Rick Reynolds who formerly headed Granite Publications, a group of community newspapers in Texas. In addition to his Brookhaven and Prentiss duties, Reynolds also becomes a vice president of BNI and will have group management responsibilities relating to other BNI operations. Prior to Granite, Reynolds worked with BNI as a vice president and as president and publisher of its newspaper in Troy, Ala. He met Daily Leader and Headlight employees Tuesday and begins work immediately. Reynolds' wife, Patti, will soon join him in Brookhaven. They have two grown children, Brian and Kinsey, both of whom live in Tuscaloosa, Ala.

Majority owners of the newly formed company are BNI and Carpenter Media, LLC (CML), a company owned by BNI's president and chief operating officer, Todd H. Carpenter of Natchez. Reynolds and other BNI key personnel hold minority ownership.

BNI owns and manages 44 newspapers, 26 community magazines and related websites in similar-sized communities in Mississippi, Alabama, Georgia, North Carolina, Virginia, Minnesota, Ohio and Michigan, including The Natchez (Miss.) Democrat. James B. Boone, Jr., of Tuscaloosa, is BNI's chairman and chief executive officer.

BNI has a rich history of quality newspapers and other publications in the communities it serves, explained in part by Boone's corporate philosophy: "We seek to produce the highest quality product the economics of the community served can support. And then, by ingenuity and imagination, we strive for a higher quality in an effort



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"Our commitment is to do the best possible job for our client in every aspect of our assignment."

Transaction:

Community Media Weekly Newspapers

The award-winning group of downtown Manhattan weekly newspapers owned by Community Media, LLC have been sold by longtime publisher John Sutter to Jennifer Goodstein, a former MetLife digital business executive.



Sutter is "delighted to

to serve and build that community."

Carpenter said he is "deeply appreciative of the confidence Bill Jacobs and his family have placed in us as their successors, and we will work hard to merit that confidence. Our friendship with Bill and his family goes back many years and during that time we have developed a deep respect for how Bill leads his operation and his community. Our hope is to build on the strong foundations put down by the Jacobs and quality people who work with him at the newspapers."

"We are pleased Rick Reynolds has joined us as president and publisher. His steady leadership and knowledge of community newspapers will be important to us and to our employees during the transition and thereafter," Carpenter said. "Rick and Patti will be an asset to the community and to any organizations in which they participate. All will work hard to meet our every obligation to readers, customers, employees and all who have a stake in the newspapers and their future."

Free Times, Columbia, SC sold

Portico Media SC of Charlottesville, VA, has sold the publication, its websites and auxiliary publications to Resorts Media LLC, a new company formed and owned by Charlie Nutt, a 40-year veteran of the news industry, according to Gary Greene, Cribb, Greene & Associates who represented Portico in the transaction.

Founded in 1987 as an alternative weekly, Free Times has been owned by Portico since 2004. Nutt described Free Times as "a very good newspaper with a strong staff." He said he hopes to build on that strength and also expand the company's digital offerings.



Bill Chapman, chairman of Portico Media SC, said: "It feels good to be putting the Free Times back in the hands of a Columbia-based owner. I feel we did some great things there but are now turning our attention back to our Virginia publications. Our staff, readers and customers are in good hands with Charlie."

All current Free Times employees will be offered jobs with Resorts Media. Nutt will move to Columbia and take over the vacant position of publisher of Free Times.

For the past two years Nutt has run a newspaper consulting business, Annlo Communications LLC, based in New Jersey. Prior to that he spent 36 years with the Gannett Co. During his career he served as

have found someone like Jennifer Goodstein who understands and believes in the community newspaper space and has the digital skills, ideas and ambitions for the newspapers and their web sites." Sutter purchased the group of weekly community newspapers in 1999.

The Villager, the oldest of Community Media's publications, was established in 1933. Since then, The Villager and its sister newspapers have won hundreds of awards for excellence from the New York Press Association.

Transaction:
Clarksburg, West Virginia

The Exponent
Telegram



Brian Jarvis and his mother, Rebecca Jarvis, have purchased the outstanding stock of Clarksburg Publishing Company, d/b/a The Exponent Telegram daily newspaper in Clarksburg, West Virginia, according to John Cribb and Gary Greene of Cribb, Greene & Associates, who represented the seller in the transaction.

The Exponent Telegram is

publisher of two Gannett daily newspapers and editor of three, in addition to overseeing websites and several weekly publications.

Terms of the Free Times transaction, which was finalized on December 18th, were not disclosed. Cribb, Greene & Associates is a ninety year old newspaper brokerage, appraisal and consulting firm with offices in Bozeman, Montana and Charlottesville, Virginia.

Jackson Hole, WY News & Guide sold

Jackson Hole News&Guide principal owner Michael Sellett will sell the newspaper company to Chief Operating Officer Kevin Olson and his wife Shelley, according to John Cribb, Cribb, Greene & Associates who provided transaction, structure and valuation advice to the parties.

Kevin Olson made the announcement Tuesday in the News&Guide offices, saying a purchase agreement had been signed for an undisclosed sum.



Teton Media Works will be the new company that will take over operation of the weekly paper, the Jackson Hole Daily, Jackson Hole and Images West magazines and associated websites and partnerships.

Completion of the deal at the end of the year will bring to a close an era in which Sellett took the Jackson Hole News to national prominence. Along the way, he sparked a classic small-town newspaper war with the Jackson Hole Guide, all eagerly absorbed by valley folk.

Newspaper executives quite optimistic

Cribb, Greene Publisher Confidence Survey

The Cribb, Greene [Publisher Confidence Survey Fall 2012](#) key question categories seem to point to much stronger positive forecasts from newspaper executives on the near-term future. One hundred and eight newspaper publishers/executives completed the 2012 Survey.

In particular is a strong increase in executives who believe that the local economy in their markets is improving - up from 14% in 2011 to over 40% in 2012 who believe their markets are up. Those who think their market economies are declining went from 26% in 2011 down to 13% in 2012. The results of this question appear to indicate that publishers believe their economic situation is improving markedly.



an 146-year-old daily newspaper publishing approximately 14,500 paid circulation copies, seven days a week. the newspaper serves the county seat community of Clarksburg, Harrison County and the surrounding communities and counties in North Central West Virginia. Civil War Confederate hero Thomas "Stonewall" Jackson was born in Clarksburg. The newspaper also includes several weekly newspapers and a web printing operation.

Transaction: Ludington, Michigan

The Daily News



The David Jackson Family has sold the Ludington Daily News, Oceana's Herald-Journal, and the White Lake Beacon to Community Media Group of West Frankfort, Illinois, according to John Cribb, Cribb, Greene & Associates, who represented the seller in the transaction.

CG&A Consulting services available

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- Strategic planning
- Board Organization and goal setting
- Operations
- Organizational structuring
- Employee psychological evaluations
- Key executive placement

All work is confidential and fees are based on the scope of the engagement. An initial no-cost assessment is provided.

Cribb, Greene & Associates Contact Information:

Montana office:

John Cribb, Managing Director
104 East Main, Suite 402
Bozeman, MT 59715

Phone: 406-586-6621 · Fax: 406-586-6774
jcribb@cribb.com

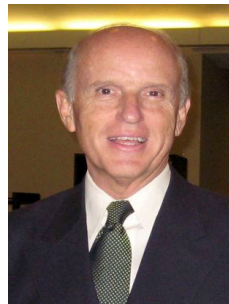


John Cribb

Virginia office:

Gary Greene, Managing Director
943 Glenwood Station Lane, Suite 101
Charlottesville, VA 22901

Phone: 434-227-0952 · Fax: 866-776-8010
ggreene@cribb.com



Gary Greene

The Ludington Daily News is a six-day daily newspaper with approximately 7,500 paid circulation, and the sale includes the weekly Herald-Journal and White Lake Beacon as well as a number of free and niche publications. The area served by the publications is on the western coast of Lake Michigan, in a region from Manistee to the north and Muskegon to the south. The transaction included several buildings and a web printing operation.



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Cribb, Greene & Associates | 104 East Main | Suite 402 | Bozeman | MT | 59715