



Cribb, Greene & Cope

Media Brokerage | Appraisals | Consulting

January 2016

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## Window of Opportunity

**CG&C 2015  
TRANSACTION  
AVERAGES**

**6X** of  
EBITDA  
**80%** of  
Revenue

## OPEN NOW

A year ago in this newsletter we said that newspaper sale activity was "riding the crest of the wave", meaning both that prices for newspapers - and the number of transactions - were at a peak. In early 2016 we continue to ride the wave, with solid small and mid market newspapers selling quite well.

Newspapers sold in the last six months by Cribb, Greene & Cope have averaged prices of 6x trailing EBITDA, which is significantly higher than the 3.5x to 4.5x values reported by the newspaper industry as whole. The end of 2015 - early 2016 had a flurry of small and mid sized dailies sold. CG&C alone closed transactions on eighteen daily newspapers and over twice that many weeklies.

The market activity for newspaper sales is quite strong currently, and we urge owners considering a sale in the near future to act early in 2016.

## Niche Publication Opportunity

A number of newspaper companies are working to diversify their revenue mix, adding digital offerings, event marketing, and niche publications.

One way to grow the percentage of niche publication revenue is by starting new products from scratch, but this not only takes time, it also takes bandwidth from the management team and sales staff.

Another way to grow is by acquiring quality and proven niche publications. There are a number of such publications available at very attractive prices. In many cases these companies have steady top line and bottom line growth and often have a solid Internet component.

Balancing the revenue mix of a company can help stabilize and even create growth to the top line. For more information, please call CG&C.

## MARKET at a GLANCE

**EBITDA valuation 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 transactions under \$20 million tending to bring the highest multiples. The larger transactions continue to be in the 3x to 4.5x EBITDA area.

Some buyers have been willing to set value based on the financial performance under new ownership, estimating higher future earnings due to cost reductions and synergies. This can result in a much higher multiple of future EBITDA.

Most actively sought are stand alone mid-market paid circulation daily and weekly newspapers. Free circulation publications and nice publications are less actively pursued and can present some solid buying opportunities.



Cribb, Greene  
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## A number of companies are actively pursuing newspaper acquisitions

### WHY BUY A NEWSPAPER?

There have been many pundits predicting the end of the newspaper industry and certainly the evidence shows significant declines in both paid circulation and advertising revenues in the past eight years. If newspaper businesses are in fact going the way of the buggy whip, why would any sensible company acquire these properties?



Our discussions with a number of active newspaper buyers indicates a consensus opinion that mid and small market newspapers, in good quality markets, have a stable and modestly growing revenue base. These buyers have fully embraced the digital future, and have developed management that can centralize and control expense where necessary without destroying the core news franchise.

A comment from an active buyer, Todd H. Carpenter, president and CEO of Boone Newspapers, Inc.: "We continue to see a bright future in community media. Readership and engagement of readers and advertisers, print and digital, in the communities we serve are stronger than ever. Revenue is stable and margins are excellent. Few industries produce financial returns that would match or exceed community media. Each time we gain association with a new community and group of newspaper people through acquisition we enrich our company as to people and experience and we position ourselves to work hard to enrich that community. That is a rewarding process for all, both professionally and personally."

And from Jeremy Halbreich, Chairman & CEO, AIM Media Management: "Newspaper publishing remains a very attractive business and it represents the principal channel for supporting the important role of community journalism. The business today consists of traditional print, digital offerings and applications, niche publications, marketing services, and commercial printing and distribution. This makes for a compelling business that offers owners and investors a highly attractive investment opportunity. With the added benefit of serving our local communities, newspaper publishing remains a fun, meaningful and profitable adventure."

The influential investor Warren Buffett, who in 2009 said that most newspapers have the possibility of nearly unending losses" has more recently made a number of newspaper acquisitions. "There is no substitute for a local newspaper that is doing its job," Buffett stated last year. His influence on investment in various industries is significant, and he is having a major positive impact on investor/lender attitudes toward the newspaper industry.

**Next generation not interested, lost the desire, too big to be small-- too small to be big...**

### WHY SELL YOUR NEWSPAPER?

Cribb, Greene & Cope clients have a number of different reasons for choosing to sell their newspapers. At times it is retirement age and the next generation is not interested in continuing in the business, or owners can feel like their business is "too small to be big – and too big to be small" – but don't want to invest or borrow the funds to expand. Often owners have just lost the fire to face the extreme challenges of today's industry, particularly when it comes to reducing employee costs, which is often necessary.

"After almost 90 years in the newspaper business in Wyoming, our family decided it was time to get out," said L. Michael McCracken of the McCracken Newspaper Group, which had dailies in Cheyenne, Laramie, Rawlins and Rock Springs. "My sister and I had worked at the Cheyenne newspaper for many years and, frankly, we were getting a little burned out in the business, there were no younger family members interested in coming up behind us, and a few of our older owners were getting to the age where they wanted to finalize some of their financial affairs for their own families."

## *Improving your Newspaper Portfolio*

Just like a stock portfolio, it is important to manage your newspaper portfolio over time. CG&C is working with a number of companies, large and small, to make sure they have the right mix of publications, based on their long-term objectives.

When looking at the individual publications or clusters within a company's portfolio there are several things to evaluate to make sure they are a fit:

- Is the cluster big enough to justify the management time?
- Is the cluster's profit large enough to justify its part in the company?
- Is there a solid chance of stable or growing profitability?

Another thing to consider is the cluster's value. Is there a chance that if sold it would bring at or above market prices? Just like stocks, the best time to sell is when the price is up.

Ideally, it is best to determine the clusters that aren't a solid fit for the company and would sell at or above market prices. CG&C can provide an evaluation to help determine how best to optimize your newspaper portfolio.

## ***Randy Cope a new partner company name changes to Cribb, Greene & Cope***

***John Cribb and Gary Greene are pleased to announce that Randy Cope has become a partner in, and managing director of, the newly named “Cribb, Greene & Cope” (formerly “Cribb, Greene & Associates”).***

***Change effective on September 1, 2015.***

“Randy is one of those ‘still waters run deep’ kind of guys” said John Cribb, “and his operational experience is extensive. We are very fortunate to have three industry-experienced and seasoned managing directors able to provide the bandwidth for any brokerage, valuation or consulting assignment.”

“Randy brings vast and unique experience to our company that we believe will greatly benefit our clients and help us continue our mission of service to the industry,” said Gary Greene.

Randy started his career working most every position at his family’s newspaper, the Neosho (MO) Daily News, eventually following his grandfather and father as publisher. The newspaper was sold in the late 1980’s to American Publishing Company (APC), the company he credits with teaching him how to operate newspapers. With APC Randy served as publisher of the Northwest Arkansas Times in Fayetteville, Arkansas and also as a regional manager. In 1999 Randy went to work for Liberty Group Publishing, first as regional manager and later, as it transitioned into Gatehouse Publishing, as Co-President and Co-COO. He was involved in all aspects of the company’s operation, including Internet strategy, capital expenditure strategy, and revenue enhancement programs.

From 2008 to 2013 Randy served as President and CEO of Dallas-based American Consolidated Media (ACM), which had over 60 publications in eight states. In that role he worked with the owners, lenders, and board of directors to develop and then execute a strategic plan that was balanced between maximizing the print products while aggressively increasing the digital side of the business.



**RANDY COPE**



## **MEET A NEW ASSOCIATE AT:**



**Cribb, Greene & Cope**

***Media Brokerage | Appraisals | Consulting***

John Thomas Cribb recently joined Cribb, Greene & Cope as an Associate, and has duties including research and data management. John Thomas worked the past two years as the publisher of the Red Lodge and Columbus, Montana newspapers, and held other group responsibilities for Yellowstone Newspapers, Inc., owner of the properties. Prior to this John was a newspaper advertising sales representative for Hagadone Corporation in Whitefish, Montana, and also worked for the Silver State Post in Deer Lodge, Montana. He has a bachelors degree in Communications from the University of Montana.

***We believe that honesty, integrity, publishing industry knowledge and industry contacts are our core assets.  
Our commitment is to do the best possible job for our client in every aspect of our assignment every time.***





*Cribb, Greene & Cope is pleased  
to offer our congratulations to:*

The Dix family,  
Dix Communications,  
who sold the daily  
Crescent News,  
Defiance, Ohio, to  
Adams Publishing Group



The Brown family,  
Home News Enterprises,  
who sold the dailies in  
Columbus, Greenfield,  
Franklin and Seymour,  
Indiana to  
AIM Media Indiana



The Brady family,  
who sold the daily  
Post Register,  
Idaho Falls, Idaho to  
Adams Publishing Group



The Wall family,  
who sold  
the twice-weekly  
Herald, Farmville, Virginia,  
to Carpenter Newsmedia



The McCracken family,  
who sold  
the Daily News,  
Worland, Wyoming  
to the  
Stevenson/Hicks families



The Latham family,  
who sold the  
Sun weekly cluster  
in Clermont, Ohio  
to MCM Media





# *Cribb, Greene & Cope is pleased to offer our congratulations to:*

The McCracken Family  
who sold the dailies  
in Cheyenne, Laramie,  
Rawlins and Rock Springs,  
Wyoming to Adams  
Publishing Group



The Dix family,  
Dix Communications,  
who sold the  
daily State Journal,  
Frankfort, Kentucky to  
Boone / Carpenter  
Newspapers



The Lynett family,  
who sold the  
dailies in Towanda  
and Shamokin,  
Pennsylvania to  
Sample News Group



The Lynett family,  
who sold the Virgin  
Islands Daily News to  
the Virgin Islands-based  
businessman,  
Archie Nahigian



The Schurz family,  
Schurz Communications,  
who sold dailies  
in Danville, Winchester,  
and Nicholasville, Kentucky  
to Boone Newspapers



- SALE PENDING:
- Two daily newspapers in the West
  - A daily newspaper in the Southwest



# Shareholder Dividends

Companies can use an annual appraisal to not only determine the value of their business but to also serve as a guide for shareholder dividends.

Under this program, dividends are determined by using the company's net value, multiplied by an average interest rate to determine overall dividends. For example, if a company's net value is \$10 million and the average interest rate is 3%, there would be \$300,000 in total dividends available for distribution on a pro-rata basis. The interest rate is determined by blending current investment categories such as stocks and bonds to come up with an average expected return annually. This gives shareholders the same level of returns they could expect if they liquidate the company and place the proceeds in standard investment categories.

"This is an equitable way of determining dividends and can be properly planned for each year during the budgeting process," said Gary Greene, Managing Director of Cribb, Greene & Cope, LLC. "Often, privately held companies haven't adopted a dividend policy that takes into account the needs of the company and a fair return for shareholders. We often see companies that either don't have a dividend policy or have one that is in conflict with the needs of the company."

CG&C has helped a number of clients create dividend programs that strike an equitable balance between shareholder and company needs. "It's easy for expectations to be out of balance and this helps focus everyone on the reality of our industry today," Greene added.



# Annual Appraisals

A current and accurate market value of a newspaper company is an essential tool for newspaper owners and board members in charting the future course of the business.



Here are several reasons companies do valuations each year:

- To peg the baseline value of the business
- Chart changes in value due to performance and market conditions
- Portfolio analysis valuations
- Estate Planning / Stock Redemptions
- Stock Dividends based on company value
- Bank loans, financing, buy-sell agreements
- Determine timing on exit or buy strategy

Cribb, Greene & Cope provides full appraisals or desktop reviews, depending on the needs of our clients. Please contact us directly to discuss the valuation, timeline, information required, and to establish a sensible fee structure.

## Valuing Potential in Newspaper Acquisitions

We are sometimes asked if today's newspaper buyers will pay for untapped potential within print-based media companies? This answer is maybe.

"There are certain buyers who see potential and are willing to pay for some of the company's upside, and there are others who feel that if they take the risk to buy, any upside should be all theirs," said Gary Greene, CG&C Managing Director.

Several years ago when media sales were sluggish, the buyer pool was willing to pay 3-4x trailing EBITDA, or less. Depending on a company's performance, prices often were no more than the value of the hard assets (plant, property and equipment).

Most of the larger newspaper companies today strive to acquire newspapers in the 3.5 – 4.5x EBITDA price range, but sometimes will stretch slightly if there are synergies.

However, a group of independent buyers seeking family-owned daily and weekly newspaper groups in mid and small markets have demonstrated that they are willing to pay higher EBITDA multiples if they see long-term potential. This buyer pool has recently enjoyed success in a number of highly sought-after newspaper acquisitions.

"There is more buyer competition today for good independent daily and weekly newspaper groups, and when this group of buyers see untapped potential and good, long-term markets they are generally willing to pay more," Greene added.



# CG&C Client Comments



Randy Cope, John Cribb, Gary Greene

- ◆ **Mike McCracken, President, Cheyenne Newspapers Inc.:** "John met with our family to discuss the market and recommend that we consider putting our newspapers up for sale sooner rather than later. John had represented us in the sale of our Worland, Wyoming property in 2014. He felt the timing was ideal for putting the rest of our holdings on the market, and he was right. Shortly after the family decided to move forward, John found a very interested prospective buyer and we began negotiations. On October 1 we sold our newspapers in Cheyenne, Laramie, Rawlins, and Rock Springs to APG Media. The McCrackens and our other partners were very happy that John found a buyer interested in all four properties. Our family's ownership of the Cheyenne property went back almost 90 years, and we were also very pleased to sell to another family-owned newspaper company. We had a very loyal team of employees at each newspaper, and it was reassuring to me that APG wanted to keep most of our department heads and employees in place after the sale. John and his team did a great job for us."
- ◆ **Chuck Dix, President, Dix Communications (Recent sale of Frankfort, KY daily):** "Cribb, Greene was a solid broker for Dix, acting in a professional manner not only to us, but to the buyer as well. They are well placed in the industry, respected, and confidential."
- ◆ **Jerry Brady, former owner Post Register:** "When my brother and I decided to sell after 90 years of family ownership in Idaho Falls, people we trusted pointed us toward John Cribb as the go-to broker. He was everything we could have hoped for. We particularly appreciate his patience, encouragement and even-handedness when bumps showed up along the way. He has about him an equilibrium which is reassuring and settling. John served us well."
- ◆ **Jack Brady, former owner, Idaho Falls Post Register:** "We are very pleased to have found you and the resources of Cribb-Greene to lead us through this process over the past many months. You represented us honestly, transparently and with sound and timely advice."
- ◆ **George Lynett Jr., Publisher of the Times-Tribune:** "We are very happy with our experience with Cribb, Greene & Cope. Gary's knowledge of the industry and the market, as well as his relationships in the industry, proved crucial to connecting us with acceptable buyers who both met our price range requirements and our desire to keep those newspapers and employees in good hands."
- ◆ **Greg Zyla, Former President & Publisher, Towanda Printing Company:** "Congrats gents—a true pleasure working the sale books and other necessities we needed for the successful sale of our Towanda and Shamokin properties to Sample Media. Your company is AAA-1 professional in my book."
- ◆ **Renee Huckle Mittelstaedt, 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."
- ◆ **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."
- ◆ **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 know-how 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) 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."

*In 2015 Cribb, Greene & Cope sold fifteen dailies plus numerous weeklies and niche publications. Five additional dailies are scheduled to sell in early 2016.*

# Fifteen Dailies Sold...



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