

cribb greene **Report**

*A report on newspaper merger
and acquisition activity*

Montana: 406-579-2925 Virginia: 434-227-0952

February 2014

Moderate to good market activity

Smaller newspaper transactions bring higher multiples

The marketplace for mid and small market newspaper sales continues at a moderate pace into the first quarter of 2014. Cribb, Greene & Associates recently closed three separate daily newspaper transactions and currently has two additional daily newspaper sales in the final due diligence stage.

The smaller transactions of under \$20 million continue to bring higher valuations than larger deals, seemingly due to a lack of buyers in the larger transaction space. The lower buyer count for the larger deals means less competition in the buyer pool, which tends to reduce selling prices.



John Cribb

Also a factor in the smaller deals is that some include seller-financing, which tends to increase what a buyer may pay. Seller-financing of a third to two-thirds of the purchase price can raise values by an EBITDA multiple or more.

Although the standard valuation methodology for newspaper transactions is based on a multiple of trailing EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) there is much more to the actual value of a specific newspaper property. Underperforming newspapers tend to sell at higher EBITDA multiples because a buyer may see ways to improve profitability quickly; papers with high profit margins don't have the same upside potential and buyers tend to pay lower multiples.

Other significant factors affecting the multiple paid in any given sale include:

*Strategic value to buyer: Eliminating competition or

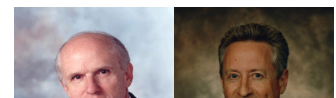


Market at a Glance

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 4.5x. Prices over 5x tend to be strategic acquisitions. 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, or that have high EBITDA percentages to revenues, tend to be valued at the lower end of the multiple scale.

Some of these transactions include significant amounts of seller financing



Strategic value to buyer. Eliminating competition or controlling rates in a market can have great value to specific buyers.

*Add-on value to buyer: When a buyer can put the acquisition on their press, combine overview management, back shop, bookkeeping, etc. the buyer can be motivated to pay a higher price.

*Market quality: growing markets with diverse and strong local economies, high quality of life and good future prospects can bring higher valuations than typical.

Newspapers sales look to stay in the moderate-to-good activity range well into 2014, albeit with no significant change expected in EBITDA valuation multiples.

EBITDA multiples not likely to increase in the foreseeable future

Considering the sale of your newspaper in the current market?

A number of clients were considering the sale of a newspaper operation six or seven years ago - prior to the recession - and put the sale topic on the shelf when the economy melted down. Since that time the EBITDA multiples used in valuing newspaper and publication companies dropped from a range of 8x to 12x in 2007 to the current range of 3x to 6x, forcing owners to face the loss of half or more of value. In addition, the poor economy reduced EBITDA margins - basically creating a two-edged sword of lower EBITDA multiples that were applied to lower EBITDA margins. Certainly a miserable situation for newspaper owners.



Gary Greene

The national economy has stabilized somewhat (although arguably not in the small merchant / print advertising arena) and many mid and small market newspapers are doing better than a few years ago. Some high-profile newspaper sales have been reported with the most notable being acquisitions made by Warren Buffett's BH Media Group, which many see as a positive bellwether for the newspaper industry.

Although EBITDA multiples paid are, and appear to continue to be, in the 3x to 6x range there are more active buyers in the market than in the past several years. Mid and small market newspaper sales tend to be in the upper end of the



Cribb, Greene & Associates

*Publishing company brokerage,
appraisal and consulting since
1923*

CG&A Team

Contact Cribb Greene

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

Transactions:

The Vicksburg Post

Vicksburg, Mississippi



The Vicksburg Post daily newspaper and related real estate has been sold by Pat and Barbara Cashman to an affiliate of Boone Newspapers, Inc., according to John Cribb, Cribb,

market newspaper sales tend to be in the upper end of the multiple range, particularly if some seller financing is available and there is room to improve EBITDA performance.

Owners considering the sale of their newspaper should consider doing so in this (relatively) stable economic period. We do not advise clients to wait for an increase in EBITDA multiple valuation as we don't see this changing in the foreseeable future.

We encourage owners considering a sale to discuss these thoughts with us, plan a sensible approach that maximizes the sale price to the best buyer, and one that simplifies the transaction process. Contact with Cribb, Greene & Associates is completely confidential and obligates the owner in no way. Please email John Cribb or Gary Greene to set a time to discuss planning a well-managed transaction:

[John Cribb](#)

[Gary Greene](#)

Salisbury (NC) Post daily newspaper and related weeklies sold

An agreement for the sale of The Salisbury Post daily newspaper, The Davie County Enterprise-Record, and The Clemmons Courier by Evening Post Industries has been reached according to Gary Greene, Cribb, Greene & Associates who represented the seller in the transaction. Plans are to complete the transaction in February. The buyer will be a newly formed North Carolina entity, Salisbury Newsmedia, LLC.



Salisbury Newsmedia will publish the newspapers, websites, and affiliated publications. Owners of the new publishing company will be Boone Newspapers, Inc. (BNI) of Tuscaloosa, Ala, its key personnel, and a financing partner. BNI manages newspapers in similar sized communities in North Carolina, Virginia, Georgia, Alabama, Mississippi, Minnesota, Ohio, Tennessee, and Michigan.

Cribb, Greene & Associates of Charlottesville, VA,

Greene & Associates, who represented the Cashmans in the transaction.

Sun Publications

Lakeland, Florida



Lakeway Publishers of Florida, Inc. and Independent Publications, Inc. jointly announced the acquisition and sale of Sun Publications of Florida, Inc., according to Gary Greene, Cribb, Greene & Associates who represented IPI in the transaction.

Nashua Telegraph

Nashua, New Hampshire



An agreement was reached for The Ogden Newspapers Inc., a family-owned company with 40 daily newspapers in 12 states, to become the new owner of the daily Telegraph.

represented Evening Post Industries in the sale.

Local buyer purchases the Daily Forum in Maryville, Missouri

The Maryville Daily Forum, Maryville, MO, has been purchased from GateHouse Media by local publisher Phil Cobb, according to John Cribb, Cribb, Greene & Associates who represented the buyer in the transaction.

The Forum is a five-day daily newspaper with approximately 3,000 paid circulation serving Nodaway County, Missouri. The building housing the newspaper was included in the transaction.



Elizabethton (TN) Star daily newspaper sold by Robinson and Goodwin Families

The Elizabethton (TN) Star daily newspaper and related printing and digital operations have been sold by the Robinson and Goodwin Families to partners of Boone Newspapers, Inc., according to Gary Greene, Cribb, Greene & Associates, who represented the sellers in the transaction. The Star is a 9,300 paid circulation daily newspaper serving Elizabethton and other areas in Northeastern Tennessee.

The following story about the sale was published in the Star:

Today begins a new era for the Elizabethton Star, as Alabama-based Boone Newspapers Inc. and its newly formed affiliate, Elizabethton Newsmedia LLC, take over management of the community newspaper.

The change in ownership - from the Robinson and Goodwin families of



the Daily Telegraph.

Independent Publications Inc., which has owned The Telegraph since 1977, announced in late December that it would sell the daily newspaper and its associated weeklies and websites.

Jackson Hole News & Guide

Jackson, Wyoming



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.

Dubois, Pennsylvania

Daily and weeklies



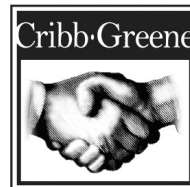
McLean Publishing sold their interests in three newspapers and their related publications and digital websites serving the DuBois, Brookville and New Bethlehem areas to Tioga Publishing Company, a division of Community Media Group, West Frankfort, Ill., according to Cribb, Greene & Associates

ROBINSON and GOODWIN FAMILIES OF Elizabethton to James B. Boone Jr., CEO and controlling stockholder of Boone Newspapers Inc., and other BNI partners Todd Carpenter and Tim Prince - is a grounded in longtime friendships. In fact, Boone calls Frank Robinson, who first became publisher of the Star in 1955 and bought the company in 1977, a "mentor and friend."

Appraisals are essential for transferring stock to the next generation, and useful for bank loans and strategic planning

Newspaper and publication appraisal

Cribb, Greene & Associates has done valuations on hundreds of publishing titles and we feel our evaluations reflect accurate market values. Our appraisals have been used for estate planning, loans, partnerships, venture capital/financial backing, taxes, Employee Stock Ownership Plans, shareholder value, minority ownership and market value. We are pleased that we have never had a valuation of ours challenged by the Internal Revenue Service.



Please contact us directly if you would like to discuss a valuation. CG&A offers formal appraisal valuations with fees generally in the \$5,000 to \$15,000 range for individual properties, publishing group appraisal fees vary based on the number of individual titles. Informal desktop reviews are more modestly priced, and evaluation for a potential sale price is included in the marketing process when CG&A is retained to represent a client.

Consulting services available from CG&A

Cribb, Greene & Associates offers a variety of consulting services to its clients, including:

- Strategic planning
- Board Organization and goal setting
- Operations
- Organizational structuring



who represented Independent Publications in the transaction.

Free Times

Columbia, SC



Free Times, the weekly newspaper in Columbia, SC, has a new owner. 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.

Daily Leader

Brookhaven, Mississippi



Brookhaven Newsmedia, LLC, an affiliate of Boone Newspapers, Inc. (BNI), with offices in Natchez, Mississippi and

- 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.

[Publication Brokerage, Consulting and Appraisal Fees Available On Request](#)

Cribb, Greene & Associates Contact Information:

Montana office:

John Cribb, Managing Director
7512 Loon Road
Helena, MT 59602

Phone:
Cell: 406-579-2925
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

Mississippi, and Tuscaloosa, Alabama, completed its purchase of The Daily Leader, The Prentiss Headlight, related websites and affiliated publications on Friday, according to John Cribb, Cribb, Greene & Associates, who represented the seller in the transaction.



Newsletter PDF Archives



Download Brochure

APPRAISAL BROKERAGE
CONSULTING



Cribb Greene Website





This email was sent to jcribb@cribb.com by jcribb@cribb.com | [Update Profile/Email Address](#) | Instant removal with [SafeUnsubscribe™](#) | [Privacy Policy](#).

Cribb, Greene & Associates | 7512 Loon Road | Helena | MT | 59602