

cribb greene **Report**

*A report on newspaper merger
and acquisition activity*

Cribb Greene Report

July 2014

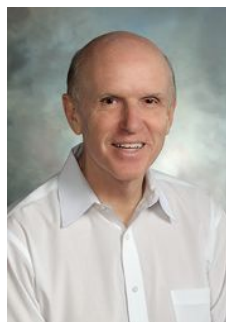
Moderate to good market activity

National Newspaper Market Overview

Newspaper merger and acquisition activity was steady in 2013, and this trend has continued through the second quarter of 2014, with newspapers coming into the market finding buyers.

Private buyers are continuing to impact mid and small market acquisitions of individual properties, while the financial buyers generally are seeking larger acquisitions in the 3-4x trailing EBITDA range.

Leading this growing buyer pool has been privately owned companies who are making strategic acquisitions. Prices paid from this private buyer pool in general are well in excess of the 3-4x buying discipline of the financially backed investors. Some of these transactions include seller-financing which tends to drive selling prices up. The exception to the higher valuations is when properties are performing in the 25% and over EBITDA to revenue range (buyers don't feel they will improve profits), or if they are located in less desirable markets.

[Gary Greene](#)

Cribb Greene quite active, two
more sales pending:

Three transactions close this month

Huckle Media Faribault and Owatonna, Minnesota dailies/weeklies cluster; Petersburg, Virginia daily; Kings Mountain, North Carolina weeklies, see details below.



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 3.5x to 4.5x. Prices over 5x tend to be strategic acquisitions. Buyers typically look at the most recent performance,

Midsize and small market newspapers companies are forecasting that revenue losses experienced since 2007 will level in 2014. Likewise, these companies are seeing that the percentage of their paid circulation revenue is growing. They are also beginning to experiment with a variety of new revenue streams and major organizational changes. This has led to signs of stabilizing revenue, along with opportunities to provide digital and social media marketing services to local and regional businesses. This new revenue stream is being actively pursued by a number of companies that are investing heavily in developing this service for local

businesses.

Although there are a number of positive characteristics in midsize and small market newspaper companies, publishers are keenly aware of the immediate challenges. Most are managing their businesses closely, i.e., abandoning large buildings in favor of smaller office spaces, and are likewise working to reduce debt and improve their balance sheets.

The increasing number of financial and individual buyers over the past year, with interest specifically in newspaper companies located in middle-sized and small markets, is a significant reversal of the most recent several years. In 2013 and into this year publishers continue to deal with economic challenges, while they are seeing some positive trends. However, economic realities remain a challenge to the industry, requiring that publishers manage efficiently and that they seek new, profitable revenue sources.

As much as 1x to 2x EBITDA above large transactions

Small newspapers bring higher multiples

An oddity of the current market for newspaper companies is that larger transactions tend to sell for lower EBITDA multiples. A stand-alone geographic newspaper or cluster with twenty million dollars or less in revenues may bring a full EBITDA multiple or higher than a group with revenues of thirty to \$100 million. In the current market smaller transactions are trading at higher EBITDA multiples, and if a larger group can be sold in pieces it may yield a higher value multiple.

This seems to be due to two factors: The first is that there are few media companies making larger acquisitions currently. This lack of competition in the buyer pool tends to depress values, as there may not be multiple bids to drive values up. Second is that small transactions may not require conventional bank financing, which can still be difficult to obtain. Buyers of the smaller properties may have cash on hand for the purchase, may borrow from regional banks at levels acceptable to their risk tolerance, or may use some seller-financing.

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



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Transactions:

Elizabethton Star,
Elizabethton, TN

Both of these factors - less buyer competition and a greater need for conventional financing - tend to decrease the EBITDA multiples paid in larger transactions.

Where the EBITDA multiple range paid for larger newspaper transactions in the current market is 3.5x to 5x, smaller transactions completed by Cribb, Greene & Associates are tracking at higher multiples. In 2013 through early 2014, CG&A transactions of under twenty million dollars have averaged an EBITDA multiple of 5.8x (excluding an 18.5x transaction which was unusually high).



[John Cribb](#)

Some conventional bank financing returns

Financing Availability and Pricing

The current trend in bank financing is that it is slightly more available than in previous years. When conventional bank financing is available for newspaper transactions, it is in the 2x to 2.50x EBITDA range, leaving buyers to come up with the balance of the purchase price in out of pocket cash. There are some local/regional banks that have been willing to loan at higher multiples.

Although "conventional wisdom" in some circles may be that newspapers are a sunset industry, it appears that the industry is attracting investor owners and parties inside the industry that have realized there is - and will continue to be - a niche for strong local information (news and advertising) providers. A number of financial players entering the market validate this theory, as does the growing number of established print media companies investing in newspapers. Newspapers continue to be the only professional local information gathering source, and quality local information continues to have value.



[Randy Cope](#)

Daily/weekly newspaper cluster

Huckle Media sells newspaper



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.

Salisbury Post
Salisbury, NC



Salisbury Newsmedia LLC, a newly formed affiliate of Boone Newspapers Inc. of Tuscaloosa, Ala., completed the purchase of the Post, a daily newspaper. Gary Greene, Cribb, Greene & Associates represented Evening Post Industries in the transaction.

Maryville Daily Forum
Maryville, MO

operations to Adams Publishing Group

Adams Publishing Group, LLC announced Tuesday that it has purchased the assets of Huckle Media LLC located in southern Minnesota, according to John Cribb, Cribb, Greene & Associates who represented the Huckle family in the transaction. The acquisition includes two daily newspapers, 10 community newspapers, 17 websites, shopping guides, a digital agency and a commercial printing facility. The Huckle Group is known locally as "Southern Minn Media".

The expansion by family-owned Adams Publishing Group follows the March acquisition of three divisions of American Consolidated Media located in northern Minnesota, Wisconsin, Ohio and Maryland, with 34 print publications and related media operations.



"This is an exciting opportunity for us to expand into wonderful markets near our home base in Minneapolis," said Stephen Adams, chairman of Adams Publishing Group. "We are very familiar with these vibrant communities and admire how the Huckle family has created and operated this regional cluster of media businesses. We are honored to be selected as new owners."

The new division, APG Media of Southern Minnesota, LLC, will include the Owatonna People's Press, Faribault Daily News, Northfield News, Waseca County News, St. Peter Herald, Le Sueur News-Herald, Kenyon Leader, Lonsdale Area News-Review, Blooming Prairie Leader and Le Center Leader.



"Adams Publishing Group, as a significantly larger private family-owned business, has the needed scale, vision and commitment to fuel future innovation in print and digital services that will be required to serve our customers as the media industry embraces dynamic changes as well as opportunities," said Renee Huckle Mittelstaedt, president and principal owner of Huckle Media. "It has been a special privilege for our family to have had the stewardship interest in these community newspapers, dating back 28 years."

Adams Publishing Group was founded by Minneapolis native Stephen Adams. He is the youngest son of longtime CBS/WCCO television/radio personality and Minneapolis Star Tribune columnist Cedric Adams. In addition to



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

Sun Publications
Lakeland, Florida

newspapers, the family owns radio stations, the nation's largest privately-held outdoor advertising company, magazines and commercial printing businesses. It also has owned television stations and currently owns other non-media businesses, including Camping World/Good Sam Enterprises. In prior years, it has owned Minneapolis/St. Paul magazine, and Plymouth-based Ehlert Publishing Group, a publisher of specialty magazines serving the motorcycle, RV, snowmobile and boating print and digital products.

Daily newspaper serving Petersburg, Virginia

Petersburg Progress-Index purchased by New Media Investment Group

The Progress-Index and The Colonial Voice have been acquired by New Media Investment Group, one of the largest owners of newspapers in the country according to Gary Greene, Cribb, Greene & Associates, who represented the seller in the transaction.



New Media also announced it purchased five daily, nine weekly newspapers and four shoppers from the American Consolidated Media Southwest Group. Together, the two acquisitions were purchased for \$15.3 million.

New Media is the owner of GateHouse Media, LLC, one of the largest publishers of locally-based print and online media in the United States. The newspapers will be managed by GateHouse Media.



"We at Times-Shamrock are both sad to see our friends and coworkers at The Progress-Index go, but we're also happy to see them join an exciting and innovative company like GateHouse," said George V. Lynett Jr., a CEO of Times-Shamrock Communications, the parent company of The Progress-Index. "Since we purchased the PI in 1997, it has been an important part of Times-Shamrock and has continued to be indispensable to the readers and advertisers it serves. We thank our employees for 17 great years and we wish GateHouse well in all of their future endeavors."



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.

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

"The Progress-Index is thrilled to join GateHouse Media, which has a strong reputation for community journalism," said Publisher Cindy Morgan. "Together, I am certain that we will continue our history of providing the best local content and advertising to our readers."

The Progress-Index traces its origins to July 4, 1865. The newspaper moved into its current Franklin Street location in 1921 and in 1923 two newspapers were merged into what became The Progress-Index.

The Progress-Index was purchased in January 1997 by the Times-Shamrock Group of Scranton, Pa., a family business owned by the Lynetts and Haggertys. The Progress-Index entered the digital age in 2002 by launching its website, progress-index.com, and converted to a seven-day a week morning newspaper in October 2011.

Three weekly newspapers cluster

Kings Mountain, NC Herald sold

Gemini Newspapers, Inc., Kings Mountain has announced the sale of its North Carolina holdings to Community First Media, Inc., of Shelby, effective June 27. Gemini acquired the Kings Mountain Herald, The (Cherryville) Eagle and the Belmont/Mt. Holly Banner News in August 2008 from Republic Newspapers, Inc. of Knoxville, TN.



Community First Media is the publisher of Shelby Shopper & Info and the Rutherford Weekly community newspapers.

In announcing the sale, co-owner Wendy Isbell said, "We have always believed that local newspapers should be locally-owned and are pleased to have continued that tradition here. I am confident the sale of the papers to another local owner will keep the quality of coverage up to the expectations of the community. These are very good newspapers staffed by people who care deeply about the communities and the people they cover."

CF Media president Greg Ledford said, "We are excited to take on the challenge of preserving the unique charm and



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 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 &

character of these newspapers while recognizing the need for complimentary growth. Our goal is to help our communities thrive and benefit through all our publications."

Gary Greene of Cribb, Greene & Associates of Charlottesville, Va. represented the company in the sale.

10/13 Communications acquires Marana News, Tucson, Arizona

10/13 Communications LLC has acquired the Marana News, Foothills News, Desert Times and related websites from Tucson West Publishing, Inc., a division of News Media Corporation. Cribb, Greene & Associates represented Tucson West in the transaction.

10/13 announced that it will increase the frequency of the Marana News to become a weekly newspaper, publishing on the same cycle as its Explorer newspaper. The Foothills News and Desert Times are monthly publications. The group has a distribution of 28,000.

"We are excited to add these publications to our Arizona Local Media group," said Randy Miller, president of 10/13 Communications.

"This addition greatly expands our reach in the Tucson market where we already have the Explorer newspaper that dominates the northwest area with 45,000 distribution and a readership in print and online of well over 100,000."

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

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 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.



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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.



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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.



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