



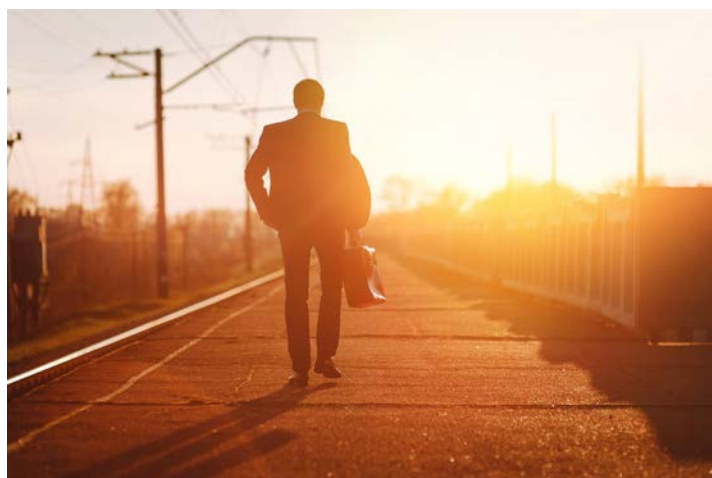
Cribb, Greene & Cope

The [News] Year

CGC'S LATEST RESULTS | INDUSTRY TRENDS | OWNER STORIES

Life After the Sale

by Jeffrey Potts



For legacy family newspaper owners, the decision to sell is undoubtedly one of the most life changing decisions they will ever make. For generations, owners and their family members have grown accustomed to being thrust into the spotlight in their communities. They have been both praised by their communities for their many contributions while also being the target of endless criticism for their perceived editorial and/or political views as expressed in their papers. If that's not a big enough hotseat, they now must learn to transition to a new business model to survive and thrive in the most competitive media landscape of any previous generation.

So just what does life look like for publishers after selling the family business? What can they expect when they step away from this dynamic environment? Will they miss being the center of influence in their communities? How do they adjust to their new lives after the sale?

In this issue of *The News Year*, we asked six newspaper owners who recently sold to talk about how things have gone as they have transitioned from their highly visible roles as newspaper publishers to regular citizens of their community.

We interviewed Chuck Dix (Dix Communications), Mike McCracken (Cheyenne, Wyoming), Jeff Brown (Home News Enterprises), Derek Dunn-Rankin (Sun Coast Media Group), Gregg Jones (Jones Media, Inc.), and Will Randall (Frederick News-Post) to catch up with them post sale and find out how they are adapting to their new lives. We hope these interviews will give you some insight into what to expect, plan for, and/or anticipate as you make your own plans for your future.

INSIDE

Seller's Perspectives

Case #1	2
Case #2	3
Case #3	4
Case #4	5
Case #5	6
Case #6	7

Appraisals & Desktop

Reviews	8
---------	---

Culture is the Revenue Driver

	9
--	---

Publisher Confidence Survey Results

	10
--	----

Market at a Glance

	11
--	----

Improving Saleability

	14
--	----

Welcome Jeffrey Potts

	15
--	----

Seller's Perspective #1

Q&A With Jeff Brown, former managing member and CEO, Home News Enterprises

SELLER'S

Q&A

How is life after the sale, and is it what you expected?

Our acquirer allowed me to stay on for about 6 months after the sale. Even though I

was not much help, that time at work after the sale helped me make the transition from CEO to regular community Joe. When I did leave, I was fortunate enough to have repurchased the assets of a statewide magazine that I had sold to the acquirer.

And since then I've really enjoyed having my much smaller business to focus on — combined with working from home. It took me about a year and a half to lose the mental habits of the previous 30 years office routine.

I was raised in a household where it was expected at a very young age that I would eventually take over the family business so my self-identity was pretty tied up in newspapers. "I'm the CEO of a five-generation family newspaper business" - was always a great answer to the identity question and it stroked my ego. No longer being defined by the family business is disorienting on one hand but freeing on the other. Especially not having to deal with 13 other family members and worrying about the future. Trying to redefine who I am now continues to be my biggest struggle but it seems to get clearer each day. It's a work in progress. To answer the question, it is not at all what I expected but it keeps getting better.



Jeff and Lynn Brown, Ballaugh Bridge, Isle of Man

Q. Do you miss the business?

A. I miss the relationships I built at work and in the community where my involvement was predicated on my position in media. We had a great work team and that's what got me going each day. I don't miss beating my head against the wall trying to figure out how to support our overhead with dwindling resources. Fortunately, my current media project is allowing me to start from scratch and build something without worrying about all the legacy systems and expectations.

What advice would you give to newspaper owners considering a sale?

A. Everyone's situation is different, but in our case, our ownership structure, with its money demands, are what steered us to a sale. I had a great career run for 30 + years with no regrets. But at the end of it all, I recommend putting the legacy stuff behind you and being honest with yourself. If you can't get out of bed in the morning most days and enjoy what you are doing, then it might be time to look around. Especially if you're running your own family business - those golden handcuffs start to chafe, and life is too short for that.

Seller's Perspective #2

Q&A With Chuck Dix, former owner, Dix Communications

SELLER'S

Q&A

How is life after the sale, and is it what you expected?

Life after the sale is always an adjustment

Most families in the publishing business have a long tenure and love their craft. But the change in the business is dramatic. Dix, although not large, has been involved at one time or another in various media, so we have slowly migrated over the years. Before the final publishing sale, we tried to identify other businesses that might be of interest and start a transition. We are still in that transition. Although the transition is always difficult and we miss the role papers played in their respective communities, it can be fun building again.



Chuck Dix and family

"Although the transition is always difficult and we miss the role papers played in their respective communities, it can be fun building again."

Q. Do you miss the business?

A. If you were still in the business in the early 2000s and post-recession (2008), you had to love the business, and all of our investor/operators miss it, especially its historical role. I don't think we miss some of the changes the industry continues to endure.

What advice would you give newspaper owners considering

Q. a sale?

A. If you want to continue as an ongoing business, start a transition plan and realize there will be plenty of ups and downs. Selling: If you have a lot of shareholders, build consensus and then execute. It's such a personal decision, I don't know if I could give advice that would be appropriate. I wish all private publishers the best. My "Optimism Prevails" dollar is on the wall next to me!

Seller's Perspective #3

Q&A With Derek Dunn-Rankin, former owner, Sun Coast Media Group

SELLER'S

Q&A

How is life after the sale, and is it what you expected?

We sold because we had a variety of family financial needs.

Those with needs were concerned about the next five to 10 years of the newspaper business. They were concerned about waiting too long to get paid and allow the business to remain family-owned. For those members of the family, the sale of our hometown newspapers is a mixed bag. They are very happy their financial needs are taken care of but not owning the paper in the city they live in or working at that paper every day, is a different feeling.



Derek Dunn-Rankin

"...not owning the paper in the city they live in or working at that paper every day, is a different feeling."

Q. After the sale, you elected to remain in the business. Why?

A. I purchased the parts of our company that were not the hometown papers and stayed in the newspaper business. I believe local papers can have steady revenue and healthy cash flow if proper discipline is maintained. At the current multiples, that makes newspapers an attractive investment. Two months after the sale of our home town papers I purchased more papers in Florida.

Q. What advice would you give to newspaper owners considering a sale?

A. At a newspaper conference not long ago, Mr. Jim Boone stood up and said the best way we can sustain community journalism is to make sure we maintain a healthy profit margin while holding onto revenues. As family owners of hometown newspapers, it is sometimes emotionally hard to be financially disciplined. It was for our family. After my father passed away in 2016, we committed the company to 15% EBITDA margins. We knew that if we sold, our value would be higher and that the acquirer would make the cuts to get to 15% or higher anyway. If we did not sell, we would have the cash flow to buy out family members. We weren't doing our family members or community any favor running at a lower margin.

Seller's Perspective #4

Q&A With Mike McCracken, former President and Publisher, Cheyenne Newspapers, Inc.

SELLER'S

Q&A

How is life after the sale, and is it what you expected?

I have plenty of hobbies

and interests and my wife, Janice, and I enjoy travel, so I wasn't the least bit worried about getting bored in retirement. I've been keeping quite busy since we sold our four daily newspapers on October 1, 2015. It was weird for the first week or two, though, going from having a highly visible and influential position in the community to being an "average citizen." My wife quickly disabused me of any notions of grandiosity by informing me that I hadn't really been that much of a big shot anyway!



Mike's hobby is flying his Cirrus airplane

"My wife quickly disabused me of any notions of grandiosity by informing me that I hadn't really been that much of a big shot anyway!"

Q. Do you miss the business?

A. After growing up in the industry and working in it for 45 years I don't really miss it, but I do miss the people I worked with. We had a great staff of very loyal, dedicated and talented employees who worked hard to make our newspapers successful. It was a privilege to work with such great people.

What advice would you give newspaper owners considering

Q. a sale?

A. Take your time to identify a good buyer who will hopefully continue on with your newspaper's commitment to the community, but also realize that after the sale it's not your baby anymore. The new owner will make staffing and content changes you won't necessarily agree with. On the plus side, it really isn't your baby anymore, so you no longer have to take public criticism of the newspaper personally. After growing as a third-generation family newspaper publisher, I've really enjoyed that aspect of retirement.

Seller's Perspective #5

Q&A With Gregg Jones, former owner and President of Jones Media, Inc.

SELLER'S

Q&A

How is life after the sale, and is it what you expected?

Life after the sale is better than I could

possibly have imagined ... and I had high expectations! Mark

Adams and his family proved to be the top-flight people

I had hoped they would be when my family and I were

considering a transaction. When the Adams Publishing Group

purchased Jones Media, Inc, September 1, 2016, it became clear very quickly that the marriage was going to be an excellent fit

for our communities and our employees, and for preserving the values and high standards of community journalism which had

characterized the Jones family's newspaper business for the previous 100 years.



Gregg Jones

Q. After the sale, you elected to remain in the business. Why?

A. Mark Adams offered me a job after the sale ... three jobs, actually. He asked me to become the Publisher of The Greeneville Sun (previously I had been co-publisher), to have direct oversight of operations in the eastern United States as President of APG's Eastern Division, and to become APG's Executive Vice President, reporting directly to him. Given my long-time love for newspapers, and my belief in the important role good newspapering plays in making a positive difference, Mark's offer was one I couldn't dismiss. Just over two years later I am glad and grateful to have made that decision. As I continue to tell friends and colleagues, 'I'm working harder than ever and enjoying it more, because I am convinced that Mark Adams and his family have created an enduring community newspaper business model that cares about the right things, which are its people, its communities and perpetuating strong community journalism.

Q. What advice would you give to newspaper owners considering a sale?

A. It is essential to understand clearly what you want to get out of the sale. Is it all about money, or do other factors matter? For example, how important is legacy, especially if the sellers are going to continue to live in the community? How important is it to you that your newspaper ends up in the hands of someone who will treat your community(ies) and employees the way you think they should be treated? Only after you have made these critical decisions should a seller begin to search for the perfect buyer. Fortunately, there still are buyers out there who have those strong values, who treat their people well, who believe in community newspapering as a great long-term investment and the important role a newspaper plays in perpetuating our democracy, and who back that up by reinvesting in the newspapers and communities they serve.

Seller's Perspective #6

Q&A With Will Randall, former owner, Frederick News-Post

SELLER'S

Q&A

How is life after the sale, and is it what you expected?

It has been about a year and a half

since Ogden acquired us and I am happy to say that life after the sale is great! Several of the involved family members have retired from something they thought they would never be able to retire from and we have set up a family office to manage the affairs of the family. We are less stressed and better able to focus on our family and other assets.

As CEO, my time was split between managing affairs for the family, being involved in the community, and finally running the operation. When we sold, I only really "lost" a third of my job. That said, I did struggle at first with the transition. So much of my identity was tied to owning and operating the business. I needed time to recalibrate and decompress, to redefine myself outside of my professional role as CEO. Now, I love running my family office and looking for opportunities to reinvest.



Will Randall and wife Sara enjoying a fall day

Q. Do you miss the business?

A. Of course I do. I miss the people, the employees, colleagues, industry friends, and even vendors! I miss attending conferences and doing the good work of the fourth estate. But I also don't. I don't miss the late-night calls. I don't miss the equipment malfunctions. I don't miss working our asses off to improve our operation, only to see our efforts erased by the harsh and uncontrollable changes in the industry.

Q. What advice would you give to newspaper owners considering a sale?

A. Know that when the transition is complete there is still work to do. There was a lot of post-transaction business for us because it was an asset sale. We had to wind down 401(k) plans, work with vendors to get out of certain contracts early, and similar work. There was also a lot of personal work to do. I read books like *Necessary Endings* and white papers on how to cope with major life changes to put things in perspective. Then, there were the decisions to make about what I wanted to do with the rest of my life. I still haven't fully answered that question but I get closer to that every day, and I have that opportunity because we made the choice to sell.

Appraisals & Desktop Reviews

An important tool for decision makers

At Cribb, Greene & Cope, we complete 40-50 newspaper valuations on an annual basis. These range from full appraisals, which we consider to be defensible to the IRS, to desktop reviews, which are less expensive and provide a snapshot value of operation(s). Decision-makers use our valuations for a variety of reasons. Many owners utilize annual appraisals to track historical value of their company and to better plan for the future. Other owners use desktop reviews as context in considering a sale. Many owners also use our valuations as an outline for strategic planning and portfolio management. We strongly believe in the accuracy, depth and usefulness of our appraisals and desktop reviews. We would be happy to discuss the cost, materials required and time frame at your convenience.

Please contact one of our partners to schedule your appraisal or desktop review.



Culture is the Revenue Driver

— by Gary Greene



Declining revenue is the number one issue facing the newspaper industry today. If you've been present at any of the industry conferences the past several years, you have probably attended programs and seminars addressing the challenge. Media companies continue to work at a number of initiatives, including: events, specialty publications, local magazines, digital ad agencies, and membership models. These initiatives are more successful for some companies than others. Part of the difference can be attributed to the markets served and the effort and resources individual companies invest in the revenue generating projects. We have observed through the years, however, that some companies seem to always find a way to at least sustain or grow revenue and maintain profits year-in and year-out, even in the face of the industry headwinds. What is their secret?

We believe that "Culture" is at the center of their success, and is the intangible that gives these companies the edge. Their culture automatically rejects anything that does not fit, including special projects and people. They have specific ways in doing their business that have worked for several generations, and they have weathered the test of time.

Here are several of the key cultural characteristics we have observed that set these companies apart:

1. They make money and believe that it doesn't help their readers, advertisers or employees if they have either a weak income statement or balance sheet.
2. They have a high expectation culture and share with their employees how the company is doing financially.
3. All employees in every department know the company's goals and strategies and their role.
4. Turnover is low and employee count is also lower than average.
5. Because employees are high performers, fewer are needed and pay is higher.
6. Their editorial mindset: "How can we produce better newspapers this week that generate more readership, and more sales?"
7. They have an entrepreneurial culture that's woven into the company's DNA.
8. The collective is expected to contribute new ideas that translate into real projects and dollars, rather than just one or two key people.
9. They have been maintaining the same culture for several generations, through good times and bad, and can change and adapt quickly.
10. They have a winning culture and victories are celebrated.

2018 Publisher Confidence Survey Results



Newspaper owners and executives were mixed on their thoughts about the near-term future of the newspaper business according to the CGC Publisher Confidence Survey. Many of the responses were less hopeful than last year's, but a number continue to be optimistic about the industry.

The Survey had 117 participants roughly divided 50-50 between primarily daily operators and non-daily only operators. Of these, 85% felt their local economies were about the same as or improving over the prior year, with 17% indicating a decline in their market economy.

On a positive note, 80% felt their profit level will be the same or better next year, with 20% seeing a decline in 2019 profit. About 60% feel that next year's ad revenues will be up, but in a strong negative response 40% believe ad revenues will be down.

A surprising number - 47% - would consider buying a newspaper currently, but only 25% would recommend the newspaper business as a career for their children. Forty-six percent would not steer children to the industry, 29% "might" make this recommendation.

Several comments made by survey participants were telling in the issues newspapers currently face, and a few of these comments are:

"The internet has changed the way people communicate and advertise. The traditional advertising sources government, businesses etc of advertising no longer need media to reach their customers because they can approach them directly with their own websites and e-blasts. Media, especially newspapers, must now find a new model for financing news gathering and production."

"Not a good business now."

"I would recommend media as a career to my children. Today presents an unparalleled opportunity to own the market and build a multimedia organization to serve the community."

"Our country, our small towns need newspapers, delivered on multiple platforms, with people who are passionate for a free press. Our mission must be to enlighten, inform, inspire and make all of us better citizens to help and serve our communities to be a better place to make a living and raise a family. We must never forget our watchdog role and the importance of that to our communities."

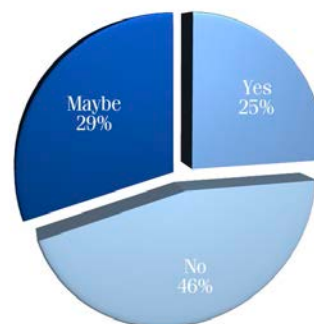
"I love this career. It's all I've ever done, and all I've ever wanted to do. But, God help us, I'm not sure I could recommend it for my children. I love them too much to want them to have to deal with what we face today."

"Newspapers are key to keeping our Communities informed based on quality, fair and balanced news gathering. With the digital tools that intertwine with the print products, I feel newspapers in general have a great future."

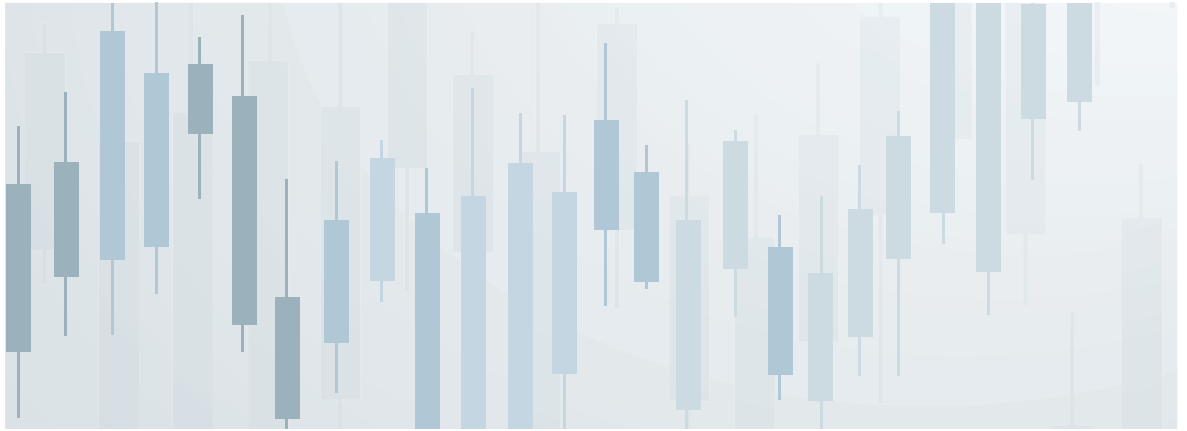
"Unfortunately the days of good, local newspapers are over. Without the support of the local community, newspapers cannot be sustained. Digital is not replacing print ads. It's very difficult to beat the perception that newspapers are dead, even when you pour resources to produce an excellent product."

"29 years in this business and I LOVE it. For the first time ever - I see an end in sight. I see a turn in advertiser's habits. Started hardcore last fall. Everybody says they are putting their money in "digital." If you press them a bit - they don't even know what that means."

Would you recommend the newspaper business to your children?



2018 Market at a Glance



EBITDA valuation for mid and small market publications is currently in the 2x to 5x trailing EBITDA* range. For those publications that have low or negative EBITDA, buyers are using a percentage of revenue, ranging from 20% to 60% of annual revenues. Where an individual publication falls in these ranges can depend on a number of factors:

- Is the publication's franchise still strong?
- Is the revenue growing, stable or declining?
- Is there a clear path to stable revenue and moderate profitability (15-20% profit margin)?
- Is it strategic to other publications that actively acquire publishing companies?
- Value and condition of real estate and equipment.

Most actively sought are stand alone mid-market paid circulation daily and weekly newspapers that have a good connection with their communities. Free circulation and niche publications are less actively pursued but can offer some solid buying opportunities.

**EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortization. Basically the true operating profit of the business after paying all operating expenses, including management costs.*

33 DAILIES & 82 WEEKLIES SOLD IN JUST 24 MONTHS!

Twice Weekly

[Northwest]

owned by
Brehm Communications
was sold to
Emery Telcom



4 Weeklies | Press Operation

[Florida]

owned by
Lakeway Publishers
were sold to
D-R Media



1 Daily | 1 Weekly

[Pennsylvania]

owned by
The Northrop Family
were sold to
Odgen Newspapers



Twice Weekly

[Florida]

owned by
Lakeway Publishers
was sold to
American Hometown Publishing



3 Dailies | 3 Weeklies

[Florida]

owned by
Sun Coast Media
were sold to
Adams Publishing Group



Daily

[Arkansas]

owned by
Jones Family
was sold to
Paxton Media Group



Daily
[Kentucky]

owned by
Lee Enterprises
was sold to
Champion Media LLC



2 Dailies | 2 Weeklies
[Kentucky]

owned by
Schurz Communications
were sold to
Boone Newspapers



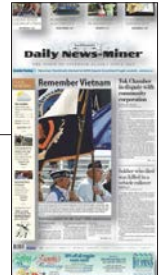
7 Dailies | 15 Weeklies
[Northwest]

owned by
Pioneer News Group
were sold to
Adams Publishing Group



2 Dailies
[Alaska]

owned by
Singleton/Scudder
were sold to
Snedden Foundation



1 Daily | 17 Weeklies
[Maine]

owned by
Sun Media Group
(Lewiston, Maine)
were sold to RFB Holdings



4 Dailies | 2 Weeklies
[Indiana]

owned by
Home News Enterprises
were sold to
AIM Media Indiana



1 Daily | 6 Weeklies
[North Carolina]

owned by
Fayetteville Publishing
were sold to
GateHouse Media



3 Dailies
[Iowa]

owned by
Murray Family
were sold to
Cedar Rapids Media Company



14 Weeklies
[Texas]

owned by
10/13 Communications
were sold to
S.A.W. Advisors, LLC



2 Dailies | 3 Weeklies
[Iowa]

owned by
Brehm Communications
were sold to
Community Media Group



3 Dailies | 11 Weeklies
[Tennessee]

owned by
Jones Media
were sold to
Adams Publishing Group



2 Dailies | 6 Weeklies
[Indiana]

owned by
Brehm Communications
were sold to
Paxton Media Group



Improving the Value of a Newspaper



Cribb, Greene & Cope is in contact with a number of owners who are considering a sale at some point in the future. While there continue to be buyers for publications, those buyers are increasingly looking for newspapers that have a number of characteristics.

A few things that help make a newspaper attractive to buyers include:

- Management that can effectively run the operation if the owner doesn't plan on staying on after the sale.
- Revenues are up or are down just slightly (less than 5%). This usually means a solid sales team is in place that is doing the basics and driving local retail advertising.
- There is a healthy amount of EBITDA (10% or better).
- Financials are in a logical format and it is easy to understand various profit centers. Some newspapers only do annual financials or have a very hard to understand chart of accounts, which can put off buyers.
- It is best to not have expenses in the financials that are not directly tied to the operation (for instance salaries for non-working owners).
- Labor (including benefits) is 40% or less (35% or less if there is no press operation).
- The advertising and news staff are proficient at delivering advertising and news over various platforms (print and digital).
- Buildings and equipment are in good shape (roof is in good shape, fresh coat of paint, up to date computers, etc.).
- Frequency at a level that makes sense for the level of revenues. A 5-day daily, for instance, should have at least \$2 million dollars in revenue. If less than that, perhaps the publication should go to two or three times a week.

Cribb, Greene & Cope consultants are available to take a look at your operation and make suggestions on things that you can do to improve the bottom line performance and improve the value and saleability of the operation.

We have helped clients with everything from identifying ways to improve operational performance in the short term to helping them develop a long-term vision for the company. We can also help with board development, generational transition, and developing an exit strategy.

Please call if you have any questions on how we can help.

Cribb, Greene & Cope welcome Jeffrey Potts as Senior Associate on West Coast



CGC recently named Jeffrey Potts as Senior Associate of Cribb, Greene & Cope. The addition of Jeff, based in Folsom, CA, brings to the firm a total of five principals across four U.S. time zones. CGC now has offices in Virginia, Arkansas, Montana and California.

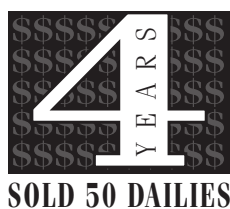
Jeff, in his 20th year as a merger-and-acquisition/media brokerage specialist, brings a wealth of business transaction experience to CGC in both media and non-media sectors.

"We are delighted to have Jeff expand his role with our firm," said John Cribb, noting that Jeff has had an affiliation with CGC for several years now as a licensed California broker. "His ethics and commitment to do the best job for the client align perfectly with Cribb, Greene & Cope."

Jeff has been a "newspaper guy" for most of his life. He grew up in and around the business (his father is the late Erwin Potts, former chairman and CEO of McClatchy Newspapers). He jumped into the business early as a newspaper reporter after getting a journalism degree. Five years later he transitioned into newspaper management with Freedom Communications upon graduating with an MBA from Claremont Graduate University in Southern California.

He joined Dirks, Van Essen & Murray in 1999 serving as vice-president before returning to his hometown of Sacramento in 2003 where he continued to broker the sale of community newspapers. In 2009 he founded Gold Country Advisors to apply his experience to a broader base of business and industry in northern California. In addition to selling daily and weekly newspapers, he has sold information technology, manufacturing, distribution, and business-to-business service firms.

"I have admired CGC as leaders in the newspaper brokerage profession for many years, I feel very fortunate to be working with such an exceptional group of talented and experienced brokers, not to mention all around great guys!"



The Numbers Speak

150 years combined experience. 5 brokers. 4 regional offices. 50 dailies sold in just 4 years. The numbers speak, but it's the stories our customers share that overshadow any tally of success could ever measure.

It's how the numbers were achieved.

It's emotional intelligence applied to real people with real feelings—about loyalties and histories of overcoming adversity and beating the competition—the sum total of tens of thousands of hours of hard work that can never be accounted for or fairly valued in the nitty gritty business of hammering out a deal.

If wise counsel, tempered by decades of experience and words delivered with sensitivity and care, is as important to you as the numbers—we'd love to talk.



Cribb, Greene & Cope
Media Brokerage | Appraisals | Consulting



John Cribb
DIRECTOR

825 Great Northern Blvd
Ste 202
Helena, MT 59601

406.579.2925
jcribb@cribb.com



Gary Greene
DIRECTOR

943 Glenwood Station Ln
Ste 101
Charlottesville, VA 22901

434.227.0952
ggreene@cribb.com



Randy Cope
MANAGING DIRECTOR

5 Fleming Circle
Bella Vista, AR 72714

214.356.3227
rcope@cribb.com



Jeffrey Potts
SENIOR ASSOCIATE

604 Sutter Street
Ste 110
Folsom, CA 96530

916.803.6670
jpotts@cribb.com