

WALT DISNEY

# Industry Update Media and Entertainment Q4 2022

200 W. Madison Street, Suite 2150 | Chicago, IL 60606 | <u>www.houlihancapital.com</u> | 312.450.8600 Member of FINRA | Member of SIPC

#### **Financial Performance** Size Profile, LTM Financials, Forward Estimates

(USD in millions, except per share data)

|  |        |                   | Size Prof            | file     |                 | LTM Operating Data |               | Forward Estimates    |                     |
|--|--------|-------------------|----------------------|----------|-----------------|--------------------|---------------|----------------------|---------------------|
| Company Name                           | Ticker | Price at 12/31/22 | % of 52<br>Week High | TEV      | Total<br>Assets | LTM<br>Revenue     | LTM<br>EBITDA | 2022 Est.<br>Revenue | 2022 Est.<br>EBITDA |
| Broadcasting                           |        |                   |                      |          |                 |                    |               |                      |                     |
| Warner Bros. Discovery, Inc.           | WBD    | \$9.48            | 30.0%                | \$80,812 | \$136,049       | \$25,996           | \$4,382       | \$44,428             | \$11,381            |
| Gray Television, Inc.                  | GTN    | \$11.19           | 45.1%                | \$8,247  | \$11,183        | \$3,325            | \$1,097       | \$3,265              | \$912               |
| Stolt-Nielsen Limited                  | SNI    | \$27.35           | 94.6%                | \$3,497  | \$4,778         | \$2,632            | \$593         | \$2,879              | \$699               |
| Entravision Communications Corporation | EVC    | \$4.80            | 68.6%                | \$540    | \$876           | \$894              | \$83          | \$983                | \$88                |

| Cable and Satellite      |      |         |       |           |           |           |               |           |          |
|--------------------------|------|---------|-------|-----------|-----------|-----------|---------------|-----------|----------|
| AT&T Inc.                | Τ    | \$18.41 | 67.0% | \$311,356 | \$426,463 | \$155,319 | \$53,007      | \$122,740 | \$42,747 |
| DISH Network Corporation | DISH | \$14.04 | 37.7% | \$30,032  | \$49,003  | \$17,083  | \$3,074       | \$16,668  | \$2,620  |
| AMC Networks Inc.        | AMCX | \$15.67 | 35.1% | \$3,257   | \$5,813   | \$2,936   | <b>\$</b> 659 | \$3,064   | \$624    |

| Movies and Entertainment         |       |          |       |           |           |          |          |          |          |
|----------------------------------|-------|----------|-------|-----------|-----------|----------|----------|----------|----------|
| The Walt Disney Company          | DIS   | \$86.88  | 54.2% | \$226,836 | \$203,631 | \$82,722 | \$11,995 | \$91,611 | \$17,066 |
| Netflix, Inc.                    | NFLX  | \$294.88 | 48.3% | \$150,576 | \$47,562  | \$31,473 | \$6,022  | \$33,768 | \$6,963  |
| AMC Entertainment Holdings, Inc. | AMC   | \$4.07   | 11.9% | \$11,522  | \$9,206   | \$4,092  | \$116    | \$4,673  | \$373    |
| Cinemark Holdings, Inc.          | CNK   | \$8.66   | 43.8% | \$4,218   | \$4,851   | \$2,522  | \$371    | \$2,816  | \$483    |
| Lions Gate Entertainment Corp.   | LGF.A | \$5.71   | 30.3% | \$3,745   | \$7,681   | \$3,584  | \$190    | \$3,972  | \$449    |

Source: Capital IQ

(USD in millions, except per share data)

|                            |        |                   | Size Profi           | le      | LTM Operating Data |                | Forward Estimates |                      |                     |
|----------------------------|--------|-------------------|----------------------|---------|--------------------|----------------|-------------------|----------------------|---------------------|
| Company Name               | Ticker | Price at 12/31/22 | % of 52<br>Week High | TEV     | Total<br>Assets    | LTM<br>Revenue | LTM<br>EBITDA     | 2022 Est.<br>Revenue | 2022 Est.<br>EBITDA |
| Publishing                 |        |                   |                      |         |                    |                |                   |                      |                     |
| The New York Times Company | NYT    | \$32.46           | 67.0%                | \$5,129 | \$2,515            | \$2,206        | \$295             | \$2,375              | \$341               |
| The E.W. Scripps Company   | SSP    | \$13.19           | 55.9%                | \$4,602 | \$6,425            | \$2,395        | \$563             | \$2,375              | \$463               |
| Gannett Co., Inc.          | GCI    | \$2.03            | 31.8%                | \$1,687 | \$2,482            | \$3,041        | \$317             | \$2,811              | \$279               |
| Scholastic Corporation     | SCHL   | \$39.46           | 81.7%                | \$1,206 | \$2,034            | \$1,710        | \$133             | <b>\$</b> 0          | \$0                 |

Source: Capital IQ

### **Valuation Metrics** *Return Profile, Trading Multiples*

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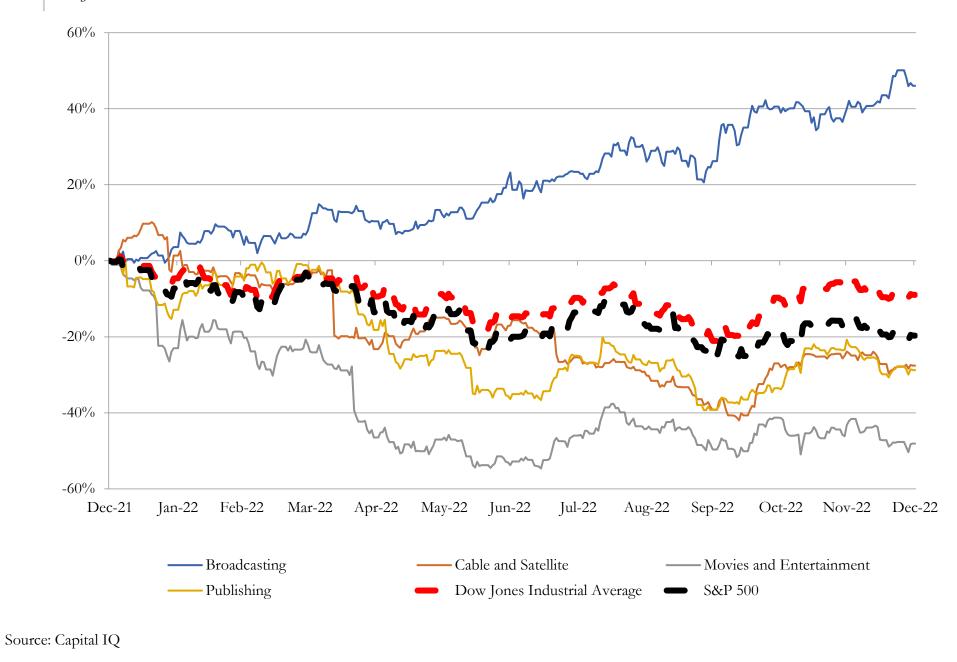
|  |        |                     |                     | <b>Trading Multiples</b> |                  |                  |           |                      |                     |
|--|--------|---------------------|---------------------|--------------------------|------------------|------------------|-----------|----------------------|---------------------|
| Company Name                           | Ticker | Return<br>on Assets | Return<br>on Equity | Revenue<br>Growth        | EBITDA<br>Margin | EBITDA<br>Growth | 5-yr Beta | TEV / LTM<br>Revenue | TEV / LTM<br>EBITDA |
| Broadcasting                           |        |                     |                     |                          |                  |                  |           |                      |                     |
| Warner Bros. Discovery, Inc.           | WBD    | -0.9%               | -16.2%              | 118.6%                   | 16.9%            | 23.4%            | 1.4x      | 3.3x                 | 19.5x               |
| Gray Television, Inc.                  | GTN    | 5.1%                | 11.9%               | 33.9%                    | 33.0%            | 22.0%            | 1.6x      | 2.5x                 | 7.5x                |
| Stolt-Nielsen Limited                  | SNI    | 4.7%                | 14.1%               | 27.3%                    | 22.5%            | 40.7%            | 0.4x      | 1.3x                 | 6.0x                |
| Entravision Communications Corporation | EVC    | 4.2%                | 8.8%                | 28.1%                    | 9.3%             | -10.2%           | 1.1x      | 0.7x                 | 7.7x                |
|  | Mean   | 3.3%                | 4.7%                | 51.9%                    | 20.4%            | 19.0%            | 1.1x      | 2.0x                 | 10.2x               |
|  | Median | 4.5%                | 10.4%               | 31.0%                    | 19.7%            | 22.7%            | 1.2x      | 1.9x                 | 7.6x                |
| Cable and Satellite                    |        |                     |                     |                          |                  |                  |           |                      |                     |
| AT&T Inc.                              | Т      | 4.2%                | 11.9%               | 4.5%                     | 34.1%            | 11.5%            | 0.7x      | 2.0x                 | 5.9x                |
| DISH Network Corporation               | DISH   | 3.3%                | 12.1%               | -5.1%                    | 18.0%            | -26.1%           | 1.8x      | 1.7x                 | 9.5x                |
| AMC Networks Inc.                      | AMCX   | 6.1%                | 25.1%               | -3.9%                    | 22.4%            | -23.1%           | 1.2x      | 1.1x                 | 5.0x                |
|  | Mean   | 4.6%                | 16.4%               | -1.5%                    | 24.9%            | -12.6%           | 1.3x      | 1.6x                 | 6.8x                |
| Source: Capital IQ                     | Median | 4.2%                | 12.1%               | -3.9%                    | 22.4%            | -23.1%           | 1.2x      | 1.7x                 | 5.9x                |

|                                  |        |                     | Trading Multiples   |                   |                  |                  |           |                      |                     |
|----------------------------------|--------|---------------------|---------------------|-------------------|------------------|------------------|-----------|----------------------|---------------------|
| Company Name                     | Ticker | Return<br>on Assets | Return<br>on Equity | Revenue<br>Growth | EBITDA<br>Margin | EBITDA<br>Growth | 5-yr Beta | TEV / LTM<br>Revenue | TEV / LTM<br>EBITDA |
| Movies and Entertainment         |        |                     |                     |                   |                  |                  |           |                      |                     |
| The Walt Disney Company          | DIS    | 2.1%                | 3.4%                | 22.7%             | 14.5%            | 39.4%            | 1.2x      | 2.7x                 | 18.9x               |
| Netflix, Inc.                    | NFLX   | 7.9%                | 28.1%               | 9.9%              | 19.1%            | -10.0%           | 1.2x      | 4.8x                 | 25.0x               |
| AMC Entertainment Holdings, Inc. | AMC    | -1.7%               | N/A                 | 169.5%            | 2.8%             | N/A              | 2.0x      | 2.8x                 | 99.8x               |
| Cinemark Holdings, Inc.          | CNK    | 1.6%                | -62.5%              | 167.7%            | 14.7%            | N/A              | 2.2x      | 1.7x                 | 11.4x               |
| Lions Gate Entertainment Corp.   | LGF.A  | -0.5%               | -100.0%             | 2.4%              | 5.3%             | -48.1%           | 1.5x      | 1.0x                 | 19.7x               |
|                                  | Mean   | 1.9%                | -32.8%              | 74.4%             | 11.3%            | -6.2%            | 1.6x      | 2.6x                 | 34.9x               |
|                                  | Median | 1.6%                | -32.8%<br>-29.6%    | 22.7%             | 11.5%            | -0.2%<br>-10.0%  | 1.5x      | 2.6x<br>2.7x         | 34.9x<br>19.7x      |
| Publishing                       |        |                     |                     |                   |                  |                  |           |                      |                     |
| The New York Times Company       | NYT    | 5.7%                | 11.5%               | 12.4%             | 13.4%            | -1.2%            | 1.0x      | 2.3x                 | 17.4x               |
| The E.W. Scripps Company         | SSP    | 3.9%                | 8.2%                | 6.3%              | 23.5%            | -8.5%            | 1.9x      | 1.9x                 | 8.2x                |
| Gannett Co., Inc.                | GCI    | 3.3%                | -31.2%              | -6.6%             | 10.4%            | -39.0%           | 2.5x      | 0.6x                 | 5.3x                |
| Scholastic Corporation           | SCHL   | 3.0%                | 5.5%                | 16.9%             | 7.8%             | 31.0%            | 1.1x      | 0.7x                 | 9.1x                |
|                                  | Mean   | 4.0%                | -1.5%               | 7.2%              | 13.8%            | -4.4%            | 1.6x      | 1.4x                 | 10.0x               |
| Source: Capital IQ               | Median | 3.6%                | 6.9%                | 9.3%              | 11.9%            | -4.8%            | 1.5x      | 1.4x<br>1.3x         | 8.6x                |

## LTM Equity Performance

Major Indexes

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### **Recent M&A Activity**

Last Twelve (12) Months as of December 31, 2022

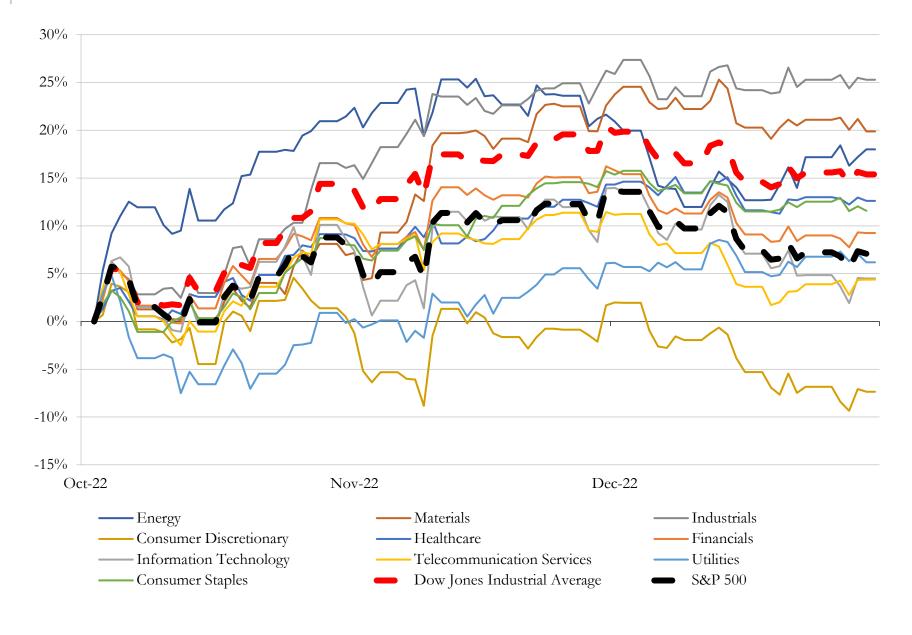
(USD in millions)

| Close Date | Target   | Acquirer  | Implied TEV   |
|------------|--|---|---------------|
| Apr-22     | Warner Media, LLC  | Discovery, Inc. (nka:Warner Bros. Discovery, Inc.)                | \$103,966     |
| Oct-22     | Twitter, Inc.  | N/A   | \$46,173      |
| May-22     | Zynga Inc.   | Take-Two Interactive Software, Inc.                               | \$12,714      |
| Mar-22     | MGM Holdings Inc.  | Amazon.com, Inc.  | \$8,450       |
| Aug-22     | PDB Sports, Ltd.   | N/A   | \$4,650       |
| Jul-22     | Bungie, Inc.   | Sony Interactive Entertainment LLC                                | \$3,700       |
| Dec-21     | CBS Studios Inc.   | Hackman Capital Partners, LLC; Square Mile Capital Management LLC | \$1,850       |
| Oct-22     | Trader Interactive, LLC                                      | carsales.com Ltd  | \$1,586       |
| Jan-22     | Scripted Business of IMG Worldwide, LLC                      | CJ ENM CO., Ltd.  | \$969         |
| Oct-22     | FWD Media, Inc.  | KIRKBI A/S  | \$875         |
| Feb-22     | The Athletic Media Company                                   | The New York Times Company  | \$550         |
| Jan-22     | Flow Commerce Inc.   | Global-e Online Ltd.  | \$545         |
| Sep-22     | Industry Dive, Inc.  | Informa plc   | \$525         |
| Aug-22     | Axios Media Inc.   | Cox Enterprises, Inc.   | \$525         |
| Apr-22     | Ryzac, Inc.  | Skillsoft Corp.   | \$502         |
| Apr-22     | Wurl, Inc.   | AppLovin Corporation  | \$388         |
| Aug-22     | Quixote Studios LLC  | Hudson Pacific Properties, Inc.                                   | \$352         |
| May-22     | Industrial Media Inc.  | Sony Pictures Television, Inc.                                    | \$350         |
| Aug-22     | Crystal Dynamics, Inc./Eidos Interactive Corporation         | Embracer Group AB (publ)  | \$300         |
| Feb-22     | The Giving Block Inc.  | Shift4 Payments, Inc.   | \$300         |
| Oct-22     | TCGplayer, Inc.  | eBay Inc.   | \$295         |
| Aug-22     | Redbox Entertainment Inc.                                    | Chicken Soup for the Soul Entertainment, Inc.                     | \$282         |
| Sep-22     | Diamond Baseball Holdings, LLC                               | Silver Lake Management, L.L.C.                                    | <b>\$28</b> 0 |
| May-22     | Pond5 Inc.   | Shutterstock, Inc.  | \$218         |
| Feb-22     | YourPeople, Inc.   | TriNet Group, Inc.  | \$210         |
| Jun-22     | Kinetic Content/Left/Right/44 Blue Productions/Half Yard     | Chernin Entertainment LLC   | \$200         |
| Mar-22     | Research Horizons, LLC d/b/a Phoenix Marketing International | MarketCast LLC  | \$150         |
| May-22     | D&D Beyond   | Hasbro, Inc.  | \$146         |
| Jan-22     | Audiobooks Inc.  | Storytel AB (publ)  | \$135         |
| Jun-22     | Findaway World, LLC  | Spotify Technology S.A.   | \$134         |
|            |  |   |               |

Source: Capital IQ

### Change in Market Capitalization by Sector

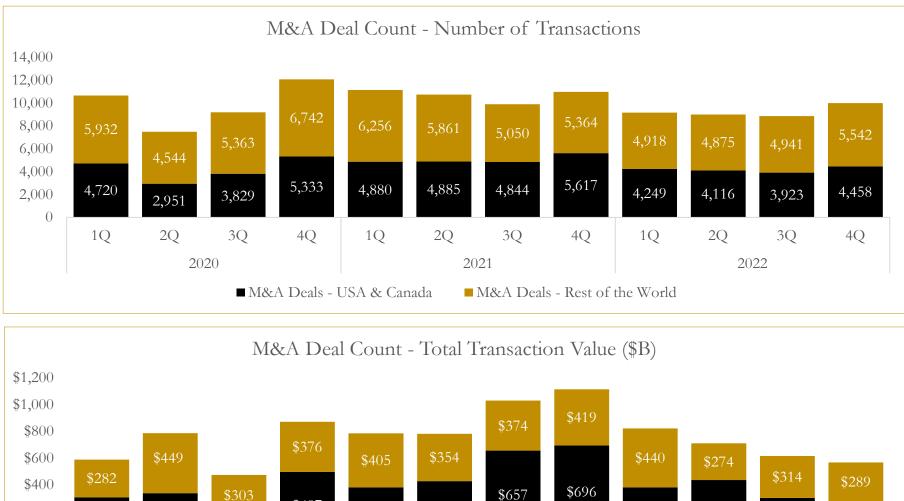
Last Three (3) Months as of December 31, 2022



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### M&A Deal Flow Statistics

Last Three (3) Years as of December 31, 2022



\$429

2Q

2021

3Q

4Q

Transaction Value - Rest of World

\$382

1Q

\$200

\$0

\$308

1Q

Q4 2022 | Industry Update - Media and Entertainment

\$339

2Q

\$172

3Q

2020

\$497

4Q

■ Transaction Value - USA & Canada

\$437

2Q

2022

\$303

3Q

\$280

4Q

\$383

1Q

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#### About Houlihan Capital

Houlihan Capital is a leading, solutions-driven valuation, financial advisory and boutique investment banking firm. We pride ourselves on being thought leaders in an ever-changing landscape.

Houlihan Capital is SOC-compliant, a FINRA and SIPC member and committed to the highest levels of professional ethics and standards.

#### Valuation & Financial Advisory

We provide an array of services that include enterprise valuations, portfolio valuation, valuation of carried interest, transaction opinions, tax and financial reporting compliance, purchase price allocations, and a wide variety of consulting services through our Financial Advisory Group.

#### **Investment Banking**

Through our Investment Banking Group, we offer sell-side/buy-side advisory and capital raises. Through our Special Situations desk, we provide services that fit outside the archetypal verticals, including liquidity solutions, transactional advisory, and secondary market advisory and trading.

#### Litigation Support

Our team provides support for a wide variety of situations including commercial and shareholder disputes, derivatives and structured finance litigation, and fraudulent conveyance.

