



***Broadcasting
Valuation
in an International
Environment***

Convergence is tomorrow's change agent. **Make change your opportunity.**

The World's Largest **Electronic Media** Show



Introduction

Broadcasting Valuation in an International Environment

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Panelists

Gabriel Montoya, Managing Director - Assistant to the President, Cisneros

Larry Ott, Division Director, Casals International Ltd.

John Sanders, Principal, Bond & Pecaro, Inc.

Mark Sena, President, MediaSphere Partners, LLC

Standard Valuation Techniques - *Income*

Economic Overview

- **Geography and Population**
- **Economic Characteristics**
- **Media Market Growth Trends**

Standard Valuation Techniques - *Income*

Industry Overview

- **Regulation**
- **Market Structure/Competition**

Standard Valuation Techniques - *Income*

Strategy and Start-up Costs

- **Business Strategy**
- **Construction and Related Costs**

Standard Valuation Techniques - *Income*

Revenue Projections for Entire Market

- **Macroeconomic Trends – GDP growth, inflation, etc.**
- **National, regional, and local industry statistics**
- **Data from “peer” markets and countries**

Standard Valuation Techniques - *Income*

Company Financial Projections

- Revenue Share
- Ancillary and Value-Added Services

Standard Valuation Techniques - *Income*

Company Financial Projections

Operating Expenses

- Staffing Issues/Assumptions
- General and Administrative
- News
- Production and Programming
- Sales
- Technical
- License Fees
- Depreciation and Amortization
- Capital Expenses

Standard Valuation Techniques - *Income*

Company Financial Projections

Financial Analysis

- Net After-Tax Cash Flow
- Discount Rate
- Present Value Income Stream
- Terminal Value
- Valuation, Return on Investment, Sensitivity Analysis

Standard Valuation Techniques - *Market*

Market Approach

- **Analysis of Sales of Similar Businesses**
- **Analysis of Public Market Valuations**

Standard Valuation Techniques - Cost

Cost Approach

- **Cost to Replicate, Rather than Acquire, the Subject Business**
- **Reconciliation of Valuation Techniques**

Challenges to Standard Valuation Techniques

Additional Factors to Consider

- **Rapidly Changing Technology**
- **Global Macroeconomics Uncertainty**
- **Efficiency – Margins**
- **Labor and Talent Risks**
- **Political Risks**
- **Internet**
- **Local Factors and Customs**
- **Cable and Alternate Delivery Systems (“ADS”) Threat/ Opportunity to TV Broadcasters**
- **Cost of Imported Programming**
- **Managing Extraordinary Growth**
- **Foreign Exchange Risk**

Strategies for Enhancing Value

For Traditional Broadcasters

- **Leverage Your Brand Name**
- **Internet Services/E-Commerce/
Communications Services**
- **Economies of Sale**
- **Your District Competencies and Strategies**

Sensitivity Analysis on Operational Matters

Perceived Risk

Discount Rate	Indicated Value	Cash Flow Multiple	Percent Change
8%	\$138 million	16.8	+18%
10%	117 million	14.2	n/a
12%	99 million	12.1	-15%
14%	86 million	10.5	-26%
16%	75 million	9.1	-36%
18%	66 million	8.0	-43%

Sensitivity Analysis on Operational Matters

Bad Debt Management

Bad Debt Percent	Indicated Value	Cash Flow Multiple	Percent Change
2%	\$123 million	15.0	+5%
3%	117 million	14.2	n/a
4%	109 million	13.3	-7%
5%	103 million	12.5	-12%

Sensitivity Analysis on Operational Matters

Accounts Receivables Management

Avg Accts Rec Lag	Indicated Value	Cash Flow Multiple	Percent Change
30 days	\$117 million	14.2	n/a
60 days	113 million	13.7	-3%
90 days	104 million	12.7	-11%
120 days	99 million	12.0	-15%



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