

INSIDE STEPHENS: Q&A

Phyllis Riggins, Managing Director, Telecom and Media

YOU'VE SEEN A LOT OF CHANGES IN MEDIA OVER YOUR CAREER. WHAT IS EXCITING IN THIS AREA NOW?

To me, the most fascinating thing right now is content, starting with all the different ways to receive and distribute it and how that is changing the business models for so many media companies. Marketing today is about a dynamic of interactivity and exchange. Millennials especially, want to be pulled in with content and given something in return for their attention and response, rather than having products pushed at them, which was the traditional way advertising worked.

WHAT IMPACT IS THIS TREND HAVING ON VALUATIONS AND DEALS?

It is impacting perceptions about what is important, which in turn is impacting valuations. Cord-cutting, people circumventing traditional video providers, and access to a la carte programming are perceived to be disintermediating the cable and satellite operators, creating somewhat of a black cloud over these industries, as well as related businesses like small cable networks that have not yet developed an Over the Top (OTT) digital distribution strategy.

HOW WOULD YOU CHARACTERIZE WHAT IS HAPPENING WITH PRINT MEDIA?

Because this is the part of the media industry that has been hardest hit by the digital revolution, people often underestimate or overlook the activity and opportunity here. It's easy to make the case that in towns like Fort Myers, Florida or Fayetteville, Arkansas, the community newspaper is the most prolific gatherer and publisher of news in the market. Where else are you going to see a picture of your son catching the winning touchdown in the high school game? Those community newspapers are still of great interest to a certain group of buyers.

WHAT ARE THOSE BUYERS?

There are some large newspaper operators serving as aggregators who are aggressively looking for acquisitions. Smaller newspapers are often owned by families who see educating and informing their communities as an important part of their legacy and commitment to those communities. And for a long time, the industry was very successful, so there wasn't a lot of financial pressure.

As advertising revenue has shrunk dramatically, it has become obvious that there is a need to improve the economics of the newspaper business. You can do that by attaining scale, both within geographies, as well as nationally. Scale and clustering create efficiencies buying newsprint and ink, consolidating printing and distribution of papers regionally and centralizing or outsourcing certain parts of the business. With scale, these buyers can also afford to leverage technology and add new revenue streams.

HOW HAVE THE VALUATIONS OF THESE PROPERTIES CHANGED?

These newspapers once traded at 10 or 11 times cash flow and are trading at a fraction of that now. But as long as they are bought correctly and the economics work for both the buyer and seller, there are still a lot of opportunities for consolidation and rationalization.

WHAT IS HAPPENING IN OTHER PARTS OF THE MEDIA MARKET?

There is continued consolidation in all of traditional media, as well as diversification into events, digital media and marketing services that allow these operators to leverage their strength in local markets.

As noted, content, especially video content, is being produced at all-time high levels and distributed across both traditional and new digital channels. Data is being collected in record amounts and used to guide marketing decisions and monitor the results of those decisions.

YOU WORKED AT A VERY LARGE BANK AND THEN FOR A SMALL BOUTIQUE BEFORE COMING TO STEPHENS. HOW IS STEPHENS DIFFERENT?

Something Stephens does as a firm that really differentiates us from larger banks and even larger boutiques is involving senior bankers not just in pitching, but in executing processes. We invest the time to understand the focus of both strategic and financial buyers and investors and utilize that for our clients. I'm a strong advocate for our clients, but I work very hard to find a consensus point to accommodate both buyer and seller, and ideally we walk away with strengthened relationships with people on both sides of the deal.

The other two senior bankers in our group have similar career paths – going from very large firms to boutiques before coming to Stephens. That's allowed all of us to have relationships with traditional media companies, as well as exposure to emerging digital media companies, and we've brought those diverse relationships and knowledge to the practice here. A lot of what we do is put longstanding media industry leaders together with interesting, emerging digital media companies.



Phyllis Riggins, Managing Director, Telecom and Media

Ms. Riggins joined Stephens in 2008 as a Managing Director in the Media group. Most recently, she was a Managing Director at Bluffview Capital, an investment banking boutique firm in Dallas, Texas. Previously, Ms. Riggins was a Managing Director and Group Head of the Global Media and Telecommunications Corporate and Investment Banking group of Banc of America Securities (formerly NationsBanc Montgomery Securities). There, she was responsible for the coverage of US and European relationships in the cable/broadband, broadcasting, publishing, out-of-home media, content, and wireline and wireless telecommunications sectors. Ms. Riggins spent more than 20 years at Banc of America and its predecessors working with clients on a variety of strategic alternatives and solutions including M&A, private and public equity, and private and public debt. She is also a former Director of Clear Channel Communications. Ms. Riggins graduated Phi Beta Kappa and magna cum laude with a BA from Vanderbilt University and received an MBA from Southern Methodist University.

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