



TECHNOLOGY · MEDIA · TELECOM

FIRST QUARTER

2014

This Industry Practice Group was established to draw on the experience of CFA advisors, many of whom as former business owners and CEOs, have first-hand knowledge and have completed many transactions in this industry. Working with your local CFA representative, you can be sure that the collective wealth of knowledge is available to every CFA client.

Information Technology, Media and Telecom M&A

M&A activity in the North American Media and Telecom sector for Q4 2013 through February 14, 2014 included 334 deals announced or closed according to data provided by *S&P Capital IQ*. According to a report from international consulting firm *PriceWaterhouseCoopers*, the advertising and marketing, communications (telecom), and broadcasting subsectors were the big drivers of deal value in 2013 and the activity will likely continue in 2014 as large strategics look to consolidation for growth. Broadcasting deal value increased by \$20.5 billion, from \$5.8 billion in 2012 to \$26.3 billion in 2013. Recently, deal value in the telecom and communications space has been dominated by large transactions, including Softbank's \$20.1 billion acquisition of Sprint Nextel in 2012. As the use of mobile devices and the appetite for big data continues to grow, this space should be as active as any for the foreseeable future.

Transactional Overview

Notable announced or closed transactions the space include:

February 2014 - Comcast Corporation (NasdaqGS:CMCS.A) entered into a definitive agreement to acquire Time Warner Cable Inc. (NYSE:TWC) for \$44.1 billion in stock on February 13, 2014. As per the terms of the deal, each Time Warner Cable share will be exchanged for 2.875 shares of Comcast, equal to Time Warner Cable shareholders owning approximately 23% of Comcast's common stock. Time Warner Cable will be merged with Comcast and the new cable company will be led by President and Chief Executive Officer, Neil Smit. Time Warner Cable will combine its unique products and services with Comcast's, including StartOver and LookBack. Through the merger, Comcast will acquire Time Warner Cable's approximately 11 million managed subscribers. The merger agreement between Comcast and Time Warner Cable is subject to shareholder approval at both companies and regulatory review and other customary conditions and is expected to close by the end of 2014.



MERGERS, ACQUISITIONS, AND CAPITAL RESOURCES SINCE 1956

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For over 50 years CFA has been advocating on behalf of business owners. Whether you're selling, buying or recapitalizing your company, our business is your business.

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Selected Q4 Transactions	
Target/Issuer	Buyers/Investors
M for Mobile	Open Mobile Media Ltd.
New Track Media, LLC	F+W Media, Inc.
Brainstorm SMS Services LLC	MindMatrix, Inc.
Qorvis Communications, LLC	MS&L Group
Globe Wireless, LLC	Inmarsat Plc (LSE:ISAT)
ReleaseWire	DRJ Ventures LLC
Air2Web India and Velti Inc	GSO Capital Partners LP
Emerge Telecom Ltd.	Inflow Communications, Inc.

Figure 1

January 2014 - Hemisphere Media Holdings LLC signed a definitive agreement to acquire Pasioness, Centroamerica TV and TV Dominicana from Media World, LLC for approximately \$100 million in cash on January 22, 2014. Media World, LLC, Pasioness, Centroamerica TV and TV Dominicana comprises three Spanish-language cable television networks that targets Hispanic audience.

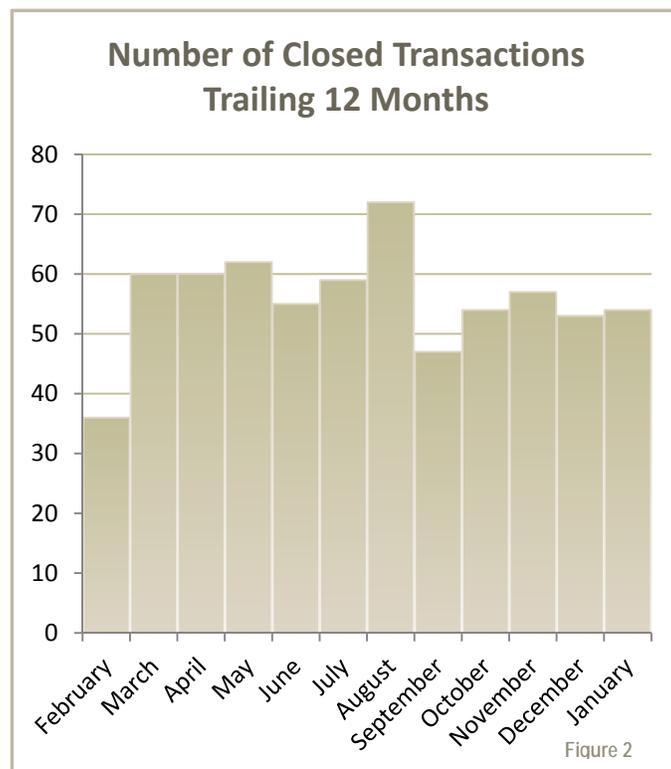
December 2013 - Novacap Investments, Inc. through its fund Novacap Technologies Buyout III, Limited Partnership, Thadeus Mocarski and others entered into an agreement to acquire Oxford County Telephone and Telegraph Company ('Oxford Network') from Michael Jennings for \$50 million on December 18, 2013. Under the terms of the deal, Novacap Investments, Inc. would pay a total of \$50 million for Oxford Networks, comprised of the equity and debt financing. Oxford County Telephone & Telegraph Co Inc., doing business as Oxford Long Distance, provides telecommunications services to people, businesses, and communities in Maine and Northern New England.

Industry Dynamics

According to data from research firm *First Research*, the global media industry generates over \$4 trillion in annual revenue. The US is the largest entertainment and information content market, followed by Japan, China, Germany, the UK, and France, according to *PricewaterhouseCoopers*. China, Brazil, India, Russia, Mexico, Indonesia, and Argentina are expected to see the most revenue growth. The US media industry includes over 73,000 firms with combined annual revenue of about \$1.2 trillion. Consumer demand for digital entertainment and information, fueled largely by the adoption of broadband and Internet-connected devices, is a key growth driver.

First Research reports that the worldwide telecommunications industry generates about \$2 trillion in revenue and is projected to earn \$2.7 trillion by 2018. The European Union, the US, Kuwait, and Canada lead the world in exports of telecommunications services, according to the World Trade Organization. The US telecommunications services industry includes about 11,000 companies with combined annual revenue of about \$550 billion. Demand is primarily driven by technological innovation and by growth in business activity and consumer spending.

Total US consumer spending, an indicator of media and telecom sales, rose 0.9 percent, primarily from services expenditures, in November 2013 compared to the same month in 2012. US personal income, which drives consumer spending on media and telecom products and services, rose 2.3 percent in November 2013 compared to the same month in 2012.



Collectively, the Technology, Media and Telecom Practice Group provides M&A advice to public and private companies in all sectors of technology, media and telecommunication industries including IT services, equipment, semi-conductors, software, broadcasting, publishing, broadband networks and wireless communication. For information on mergers, acquisitions, divestitures, recapitalizations, joint ventures or financial resources, contact your local Corporate Finance Associates office.