

Madison & Wall

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Pivotal's US Advertising Universe Comparables

We include here comparable operating and valuation metrics for companies under our coverage.

Pivotal's US Advertising Forecast

We also include our recent forecast for advertising in the United States.

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In an early episode of the long-running TV series, "The Simpsons," Homer Simpson is faced with the likelihood of death after eating a poisonous blowfish, and discusses his prospects with his physician.

Dr. Hibbert: Now, a little death anxiety is normal. You can expect to go through five stages. The first is denial.

Homer: No way, because I'm not dying!

Dr. Hibbert: Second is anger.

Homer: [furiously] Why you little... ! [shouts madly]

Dr. Hibbert: After that comes fear.

Homer: [worried] What's after fear? What's after fear?!

Dr. Hibbert: Bargaining.

Homer: Doc, you gotta get me outta this. I'll make it worth your while.

Dr. Hibbert: Finally, acceptance.

Homer: Well, we all gotta go sometime.

Dr. Hibbert: Mr. Simpson, your progress astounds me.

Source: Wikipedia

And so it goes for some with respect to the television advertising business. Headlines this week suggesting "Online Video Is Taking Ad Dollars From Traditional TV" and "Will Advertising Dollars Return to TV?" are among the latest repeats of a cartoon backdrop-like loop of variations on the theme that TV is dead or dying. Many investors skip the anger part and go straight to fear. Homer was right, of course, to note that "we all gotta go some time," but nothing we have seen so far suggests it is happening at this point in time, at least based on the facts at hand and our interpretation of what they mean.

Investors have clearly been disappointed with recent ad revenue results from media owners with national TV properties as results generally came in below guidance. Our view is that expectations were probably too high rather than results being too weak. As we wrote in our summary of second quarter trends in early August, on our estimates of the growth of national TV, total advertising and their inter-relationships with the economy, last year represented a significant outperformance vs. our model. Underlying advertising growth was one standard deviation – 2% – above where it should have been last year, and national TV gained share on this growth, much as we would have expected. Core to our premise is that some variation around expected growth is normal and does not mean any secular change has occurred. The gap between expectations and outcomes may have occurred because the financial planning teams who work with network ad sales groups (and who inform the figures which are rolled up into company guidance) presumed that an improving economy would allow their revenue lines to grow at a faster pace in 2014 than in 2013, regardless of the appropriate baseline industry growth level.

The national TV Upfront market for 2014-15 was unambiguously weak this year; concerns were heightened by declines at cable as well as broadcast networks. Our view is that ups and downs are normal in Upfront markets and as cable has grown to a size that is essentially double that of network TV, it is inevitable that cable's growth will increasingly mirror the overall market. Once again, we note that last year should be viewed as the anomaly rather than this year. For context, we note that scatter market volumes were very light during 2012-2013. At the time, network owners regularly stated that pricing was strong at that time,

but that was a function of limited activity as marketers placed a significant share of their total year budgets into the Upfronts that year. This should have produced a relatively weak Upfront last year, as marketers tend to react to pricing weakness by holding back budgets in hopes that past becomes precedent. However, the 2013-14 market was instead relatively strong. Once again, this meant that scatter markets were relatively light in terms of volume, and advertisers had no problems securing desirable inventory, often at superior pricing vs. the Upfront. In that context it shouldn't be surprising that budgets might be held back to allow marketers to maintain flexibility.

Online video is growing rapidly, but it generally lacks the necessary volume of advertising inventory or sufficient unique reach for national advertisers to make up for a shortfall on the scale of what we saw in the most recent Upfront negotiations. Total national TV advertising amounted to \$42 billion last year (this is a subset of a TV advertising market worth \$63bn in revenue to media owners last year, with the remaining \$21bn spent primarily by local-only advertisers and secondarily by national advertisers with local TV budgets). Total spending on online video in the United States was around \$3bn last year. Some share of that spending would have come from advertisers who are not national TV advertisers. Another share (probably a larger one) of spending probably came from large brands seeking to accomplish goals that might otherwise have been performed via banner ads or rich media. That is to say some share came from notionally "digital" budgets. Some of this spending will occur on sites with content that will be viewed as undesirable for many TV-centric budgets (such as user-generated content) and another share of this spending would have gone into inventory which is not video-based (i.e. video ads that run prior to games or in the middle of text-based content). In other words, there was perhaps around \$1bn spent by TV advertisers satisfying TV-related media goals via online video last year. Let's assume that figure will amount to a rounded \$2bn this year (which would represent remarkable growth if this were accurate). If – to follow a bearish assessment on the health of traditional TV – say 5% of total national TV spending went out of the 2014-15 upfront and into online video, this would equate to an incremental \$2bn of commitments into online video during 2015, or a more-than doubling of spending by national marketers on these advertising properties. At these levels, national advertisers' online video budgets would equate to nearly 10% of their total national TV spending levels, on average.

Such spending levels seem unlikely – or potentially wasteful – if we consider that total online video content consumption equates to maybe 5% of total TV consumption and half of the online video consumption figure is accounted for by user-generated content that most advertisers might stay away from. Consumption levels are going to be higher among certain desirable audience groups, but then ad loads are also lower when compared with traditional TV. It should also be generally true that online advertising vehicles *can* help marketers to extend the reach of their offline campaigns against broad or narrow targets, and this would make online video inventory more valuable in some ways. But consider further that 17% of the population accounted for 96% of online video consumption during the most recent period from which we have Nielsen data on these metrics (1Q14), and this group of people accounted for 16% of conventional TV consumption. Written differently, the heaviest users of online video only slightly under-index in their consumption of traditional TV. In fact, this cohort still consume 18 times more traditional TV than they do online video via computers; perhaps the figure is cut in half if we include tablet-based viewing levels (these figures are not presently available from Nielsen, although the 5% figure referenced above includes our own estimate for tablet-based consumption of video). Whatever the number, heavy users of online video are most certainly heavy consumers of media in general and therefore add relatively little in the way of incremental reach, on average.

Individual network ratings may be declining, but perceptions of declining TV viewing levels based on a subset of viewing data are not reflected in more comprehensive figures available from Nielsen. We rely on Nielsen's quarterly cross-platform report for data around TV consumption, as we think the data contained within these reports provide the most accurate read on actual TV viewing trends. These differ from data which most press and analysts look at more regularly, the Nielsen National TV Ratings. While these figures reflect the "currency" that determines whether or not a network supplied an agreed upon amount of inventory as part of a given commitment to an advertiser, the figures provided do not include local station viewing and also do not include viewing on the myriad of long-tail networks which go unrated by Nielsen.

While growth in TV viewing is not robust, it is hardly down (and when it is, it is not by much): viewing-person hours were up by 1.9% during the first quarter including time-shifting; excluding time-shifting total viewing-person hours were still up by 0.5%. Regardless of the ups and downs of viewing, what's more important is that television's scale continues to dwarf all other media. Advertisers make decisions based on relative-best alternatives available

to achieve goals, and television would have a lot of decline to do (or other media would have much more gaining to do) before television's status changes.

Big brands dependent on national mass media to satisfy marketing goals keep showing up on television; we just don't know which ones will do so or when they will arrive with much precision. As we noted in a report in May, of the 30 largest advertisers in 2012, only 17 were also among the top 30 in 2002. Among this group, only 9 were among the top 30 in 1992. Creative destruction is the norm in advertising as it is in the broader economy. We should expect that incumbent brands and categories emerge, expand, rationalize and deflate over time. This highlights an actual risk that investors should be looking for (in context of assessing the health of TV): whether or not structural changes in the economy mean that fewer new categories emerge, or that consolidation within categories limits the competitive intensity that drives growth in TV spending. As we noted in a separate report last month on the "business demographics" of the United States and other countries, large companies (which we define here as those with more than 500 employees) accounted for 46% of US business receipts in 1987, but accounted for 62% by 2007. This trend has helped national TV advertising as marketers require a large scale of operations to justify the costs associated with spending money on the medium. However, once a marketer achieves this scale, national TV is a remarkably efficient medium for driving brand awareness of awareness of brand attributes. To the extent this advertising frees up resources for other purposes, it can serve as a potential source of competitive advantage vs. smaller or more regionally oriented competitors. However, to the extent that structural changes in the economy ever allow smaller businesses to account for more of the country's economic output, this would have a pronounced negative impact on national TV advertising than would changes in consumer trends.

We're not denying that national TV is growing slower than most expected this year, and may continue to grow at a tepid pace for a while. Instead we are arguing that expectations were probably out-of-whack, and that implications of widespread radical shifts in media strategies among large brands are probably incorrect. Our forecast for the full year 2014 prior to announcements of 2Q14 results was for 2.6% growth (excluding incremental Olympic spending). This might prove to be a little high, but not by much. This pace of growth reflects a modest outpacing of total advertising growth across all sectors this year, not least as TV remains a uniquely powerful medium for many marketers, and relatively few establish substitute marketing channels with much scale in any one given year.

TV will co-exist well with online video for the most part (bargaining, perhaps?), and will continue to do so for a prolonged period of time, especially as greater numbers of connected devices are used to view a greater share of video-based content among a greater share of the population. However, because the pace of this change is relatively slow and because conventional television's absolute size and ubiquity remains vast, the conventional form will remain a remarkably durable medium, much like many of the franchises it has spawned, such as the aforementioned Simpsons. It's worth noting that this franchise is still going strong despite its age, too: Fox's cable network FXX recently completed a marathon of Simpsons episodes which enabled the network to rate as the most viewed cable property over the course of a 12-day run. If nothing else, they proved there is still much life left for Homer. Similarly, so long as new brands who rely on video's unique attributes continue to emerge, and so long as television continues to dwarf all other sources of video-based media, the medium of television can continue to postpone a decline that many believe has already begun.

Pivotal Advertising Universe Comparables: Operating Metrics

Figures In mm Except Per Share Amounts	Operating Metrics												
	Interpublic	Omnicom	Publicis	WPP	Nielsen	CBS	Viacom	Discovery	Google	Facebook	Yahoo	Twitter	CRM
REVENUE													
2014	\$7,495.2	\$15,355.4	€ 7,111.2	£9,974.6	\$6,396.1	\$14,057.1	\$14,049.7	\$6,536.1	\$66,709.3	\$12,511.1	\$4,516.9	\$1,406.4	\$5,406.3
• 2014 Growth	5.2%	5.3%	2.3%	-1.0%	12.2%	0.6%	2.7%	5.7%	20.2%	58.8%	0.0%	107.8%	32.8%
2018	9,358.1	19,000.7	9,348.2	13,048.4	7,689.2	17,148.3	17,966.7	8,968.3	121,463.7	31,625.4	5,232.1	5,683.5	14,155.9
• 4-Year CAGR	5.7%	5.5%	7.1%	6.9%	7.8%	5.2%	7.1%	9.7%	21.6%	41.6%	3.7%	70.2%	36.6%
EBIT (Headline/Ex-Restructurings/Discontinued Operations)													
2014	771.4	1,976.6	1,156.3	1,396.1	1,119.4	3,031.0	4,283.9	2,324.9	17,592.9	5,881.2	92.2	(605.9)	(173.6)
• 2014 Growth	17.1%	8.3%	1.0%	-1.0%	18.1%	8.1%	4.7%	8.1%	14.2%	109.4%	-86.0%	-----	-----
2018	1,337.4	2,660.1	1,678.9	2,035.1	1,936.2	4,609.5	5,649.6	3,602.4	24,357.9	15,458.1	541.8	803.6	451.0
• 4-Year CAGR	19.4%	7.7%	9.8%	9.9%	19.5%	13.2%	8.4%	13.8%	12.1%	53.2%	-4.7%	-----	-----
EBIT MARGINS (Headline/Ex-Restructurings/Discontinued Operations)													
2014	10.3%	12.9%	16.3%	14.0%	17.5%	21.6%	30.5%	35.6%	26.4%	47.0%	2.0%	-43.1%	-3.2%
2018	14.3%	14.0%	18.0%	15.6%	25.2%	26.9%	31.4%	40.2%	20.1%	48.9%	10.4%	14.1%	3.2%
EBITDA (Ex-Restructurings)													
2014	940.0	2,288.6	1,336.3	1,778.1	1,697.9	3,325.0	4,505.9	2,669.9	25,210.1	7,231.2	716.6	(405.9)	302.3
• 2014 Growth	20.5%	6.4%	-4.3%	-2.6%	16.5%	6.9%	4.0%	10.1%	17.1%	88.9%	-44.3%	-----	262.7%
2018	1,433.8	3,010.1	2,003.9	2,485.1	2,446.2	4,849.5	5,877.6	3,865.4	40,153.0	17,958.1	1,266.8	1,203.6	1,051.0
• 4-Year CAGR	16.4%	7.1%	10.7%	8.7%	13.8%	11.7%	7.9%	12.4%	16.9%	47.2%	-0.4%	-----	88.4%
EBITDA MARGINS													
2014	12.5%	14.9%	18.8%	17.8%	26.5%	23.7%	32.1%	40.8%	37.8%	57.8%	15.9%	-28.9%	5.6%
2018	15.3%	15.8%	21.4%	19.0%	31.8%	28.3%	32.7%	43.1%	33.1%	56.8%	24.2%	21.2%	7.4%
FREE CASHFLOW MARGINS													
2014	5.6%	7.3%	2.0%	6.2%	9.5%	13.4%	17.6%	22.2%	15.3%	35.5%	22.5%	-6.3%	18.0%
2018	7.9%	7.0%	9.2%	8.4%	18.6%	16.7%	18.5%	26.7%	19.5%	39.1%	28.3%	20.8%	17.1%
NET INCOME (GAAP/IFRS As Reported)													
2014	407.4	1,075.5	751.1	930.9	457.0	1,833.1	2,491.0	1,296.2	14,568.3	3,368.8	1,104.8	(606.7)	(299.2)
2018	814.3	1,461.5	1,129.1	1,373.7	1,150.6	2,769.8	3,363.1	2,185.6	20,606.3	11,526.0	1,945.1	615.0	266.6
NET INCOME (Adjusted)													
2014	407.4	1,082.3	780.0	1,057.9	958.4	1,833.1	2,491.0	1,296.2	17,897.3	3,368.8	1,447.9	(606.7)	332.8
2018	814.3	1,461.5	1,158.1	1,563.7	1,537.6	2,769.8	3,363.1	2,185.6	25,151.2	11,526.0	2,378.6	615.0	1,409.9
NET INCOME MARGINS (As Reported)													
2014	5.4%	7.0%	10.6%	9.3%	7.1%	13.0%	17.7%	19.8%	21.8%	26.9%	24.5%	-43.1%	-5.5%
2018	8.7%	7.7%	12.1%	10.5%	15.0%	16.2%	18.7%	24.4%	17.0%	36.4%	37.2%	10.8%	1.9%
NET INCOME MARGINS (Adjusted)													
2014	5.4%	7.0%	11.0%	10.6%	15.0%	13.0%	17.7%	19.8%	26.8%	26.9%	32.1%	-43.1%	6.2%
2018	8.7%	7.7%	12.4%	12.0%	20.0%	16.2%	18.7%	24.4%	20.7%	36.4%	45.5%	10.8%	10.0%
FCF = Net Income + D&A + Stock-Based Comp + Excess Tax Benefits + Pension Contributions - CapEx/M&A - Change in W/C + Other Recurring Cash Changes													

Source: Pivotal Research, Company Reports

Pivotal Advertising Universe Comparables: Profit and Cash Generating Metrics and Trading Multiples

	Profit and Cash Generating Metrics												
Figures In mm Except Per Share Amounts EPS (GAAP / IFRS / Unadjusted)	Interpublic	Omnicom	Publicis	WPP	Nielsen	CBS	Viacom	Discovery	Google	Facebook	Yahoo	Twitter	CRM
2014	0.96	4.24	3.30	71	2.49	3.33	5.78	1.89	21.75	1.26	1.06	(0.93)	(0.46)
• 2014 Growth	59.0%	14.3%	-6.7%	-1.4%	23.0%	10.9%	12.4%	26.5%	9.3%	112.0%	-16.8%	-----	-----
2018	1.91	5.90	4.96	105	3.99	5.38	8.05	3.25	29.21	4.11	1.93	0.79	0.34
• 4-Year CAGR	18.9%	8.6%	10.7%	10.2%	18.5%	15.7%	11.9%	21.6%	10.1%	62.3%	10.9%	-----	-----
DIVIDEND/SHARE													
2014	0.38	1.90	1.20	36	0.90	0.54	1.20	0.00	0.00	0.00	0.00	0.00	0.00
DIVIDEND/SHARE/CURRENT EQUITY PRICE													
2014	1.9%	2.6%	2.1%	2.7%	2.0%	0.9%	1.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF/SHARE													
2014 FCF/2014 SHARES	0.97	4.53	0.62	47	1.58	3.65	5.92	2.16	14.84	1.56	1.02	(0.13)	1.41
FCF/SHARE/CURRENT EQUITY PRICE													
2014	4.9%	6.3%	1.1%	3.6%	3.4%	6.1%	7.3%	5.0%	2.6%	2.0%	2.6%	-0.3%	2.4%
FCF = Net Income + D&A + Stock-Based Comp + Excess Tax Benefits + Pension Contributions - CapEx/M&A - Change in W/C + Other Recurring Cash Changes													

FCF = Net Income + D&A + Stock-Based Comp + Excess Tax Benefits + Pension Contributions - CapEx/M&A - Change in W/C + Other Recurring Cash Changes

	Trading Multiples												
	Interpublic	Omnicom	Publicis	WPP	Nielsen	CBS	Viacom	Discovery	Google	Facebook	Yahoo	Twitter	CRM
Target EV/EBITDA													
2014	10.0x	8.0x	8.2x	10.8x	14.3x	12.5x	11.7x	11.8x	13.0x	31.4x	8.7x	-57.5x	160.4x
2018	6.5x	6.1x	5.5x	7.8x	9.9x	8.6x	9.0x	8.1x	8.1x	12.6x	4.9x	19.4x	46.2x
Current EV/EBITDA													
2014	9.1x	8.6x	9.1x	11.4x	14.0x	10.9x	10.1x	12.9x	13.4x	27.8x	12.3x	-78.2x	134.3x
2018	6.0x	6.5x	6.1x	8.2x	9.7x	7.5x	7.8x	8.9x	8.4x	11.2x	7.0x	26.4x	38.6x
Target EV/FCF													
2014	22.3x	16.4x	78.1x	30.9x	39.8x	22.2x	21.3x	21.6x	32.0x	51.2x	6.1x	-264.0x	49.7x
2018	12.6x	13.8x	12.8x	17.6x	17.0x	14.6x	15.9x	13.1x	13.8x	18.4x	4.2x	19.7x	20.0x
Current EV/FCF													
2014	20.3x	17.5x	86.1x	32.6x	39.1x	19.4x	18.4x	23.8x	33.0x	45.2x	8.6x	-359.0x	41.6x
2018	11.5x	14.8x	14.1x	18.6x	16.7x	12.7x	13.7x	14.4x	14.2x	16.2x	5.9x	26.8x	16.7x
Target P/E													
2014	23.0x	16.0x	16.7x	17.6x	19.3x	21.0x	17.1x	20.7x	26.2x	67.7x	34.9x	-41.1x	-155.9x
2018	11.5x	11.5x	11.1x	12.0x	12.0x	13.0x	12.3x	12.0x	19.5x	20.7x	19.2x	48.3x	207.7x
Current P/E													
2014	20.5x	17.0x	17.7x	18.2x	18.6x	17.9x	14.0x	23.1x	26.8x	60.5x	36.9x	-54.3x	-129.7x
2018	10.3x	12.2x	11.7x	12.3x	11.6x	11.0x	10.1x	13.4x	19.9x	18.5x	20.3x	63.9x	172.9x
FCF = Net Income + D&A + Stock-Based Comp + Excess Tax Benefits + Pension Contributions - CapEx/M&A - Change in W/C + Other Recurring Cash Changes													

FCF = Net Income + D&A + Stock-Based Comp + Excess Tax Benefits + Pension Contributions - CapEx/M&A - Change in W/C + Other Recurring Cash Changes

Source: Pivotal Research, Company Reports

Pivotal Advertising Universe Comparables: Target Price and Related Metrics

Figures In mm Except Per Share Amounts	Target Price And Related Metrics												
	Interpublic	Omnicom	Publicis	WPP	Nielsen	CBS	Viacom	Discovery	Google	Facebook	Yahoo	Twitter	CRM
Near-Term 2014-2018 Growth Rate	5.7%	5.5%	7.1%	6.9%	4.7%	5.1%	6.3%	8.2%	16.2%	26.1%	3.7%	41.8%	27.2%
Long-Term Perpetual Growth Rate	4.5%	4.5%	4.8%	5.0%	4.0%	4.5%	4.5%	5.5%	6.0%	7.0%	2.0%	8.0%	9.0%
Near-Term 2014-2018 Discount Rate	7.6%	6.8%	7.3%	6.4%	4.0%	5.0%	5.9%	5.7%	7.6%	5.4%	5.4%	5.4%	6.9%
2014 Enterprise Value	\$9,384.5	\$18,348.7	€ 11,019.7	£19,269.6	\$24,268.6	\$41,623.1	\$52,703.9	\$31,406.3	\$327,063.8	\$227,144.6	\$6,210.5	\$23,351.6	\$48,507.2
2014E Cash + Marketable Securities	1,748.4	2,194.8	1,637.9	1,054.7	661.5	709.7	2,231.5	1,006.2	68,811.1	15,888.4	2,543.9	1,782.2	1,223.2
Other Asset Values	0.0	0.0	332.0	400.0	0.0	1,000.0	500.0	1,150.0	0.0	0.0	29,384.8	0.0	500.0
Value of Cashflows, Cash, Other Assets	11,132.9	20,543.5	12,989.6	20,724.3	24,930.0	43,332.8	55,435.4	33,562.6	395,875.0	243,033.0	38,139.2	25,133.8	50,230.4
Debt	(1,759.0)	(4,003.0)	(860.0)	(4,462.0)	(6,692.0)	(7,506.0)	(14,408.0)	(7,474.0)	(5,241.0)	0.0	(1,437.5)	(103.8)	(1,558.8)
Preferred Stock	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2014 Dividends Payable	82.7	247.7	271.9	476.0	193.2	226.8	540.5	0.0	0.0	0.0	0.0	0.0	0.0
Target Price Equity Value	9,456.6	16,788.2	12,401.5	16,738.4	18,431.2	36,053.6	41,567.9	26,088.6	390,634.0	243,033.0	36,701.7	25,029.9	48,671.6
Target Stock Price	\$22.00	\$68.00	€ 55.00	1260.00p	\$48.00	\$70.00	\$99.00	\$39.00	\$570.00	\$85.00	\$37.00	\$38.00	\$71.00
Target Vs. Current Price	12%	-6%	-6%	-3%	4%	18%	22%	-10%	-2%	12%	-6%	-24%	20%
Rating	BUY	HOLD	HOLD	HOLD	HOLD	BUY	BUY	HOLD	HOLD	BUY	HOLD	SELL	BUY
Current Stock Price	\$19.62	\$71.99	€ 58.31	1298.00p	\$46.12	\$59.42	\$81.09	\$43.50	\$581.98	\$75.95	\$39.19	\$50.24	\$59.08
Current Stock Price Implied Equity Value	8,536.7	17,831.9	13,261.9	£17,311.4	17,818.8	30,601.3	33,879.4	29,232.0	401,195.5	216,606.8	39,295.5	33,433.5	40,765.2
Current Stock Price Implied Enterprise Value	8,547.3	19,640.2	12,152.0	20,318.7	23,849.3	36,397.6	45,555.9	34,549.8	337,625.3	200,718.4	8,804.3	31,755.2	40,600.8

Source: Pivotal Research, Company Reports

Pivotal Advertising Forecast June 2014: Summary Totals

PIVOTAL Pivotal Research Group Contact: Brian Wieser (e) Brian@Pvtl.com (t) 212 514 4682 (m) 917 734 1980																		
	2010A	2011A	2012A	1Q13A	2Q13A	3Q13A	4Q13A	2013A	1Q14A	2Q14E	3Q14E	4Q14E	2014E	2015E	2016E	2017E	2018E	5-YR CAGR
TOTAL NATIONAL	\$61,556.9	\$65,103.8	\$66,621.0	\$16,777.6	\$18,194.4	\$16,806.3	\$19,401.5	\$71,179.8	\$17,396.8	\$18,909.3	\$17,509.3	\$20,230.6	\$74,046.0	\$77,150.0	\$80,434.1	\$83,911.0	\$87,594.6	4.2%
• Annual Growth / Decline	7.9%	5.8%	2.3%	2.5%	7.9%	9.8%	7.4%	6.8%	3.7%	3.9%	4.2%	4.3%	4.0%	4.2%	4.3%	4.3%	4.4%	
• % of Mass Advertising	48.5%	50.2%	51.0%	53.4%	52.7%	51.2%	53.3%	52.7%	54.4%	53.7%	52.2%	54.3%	53.7%	54.7%	55.7%	56.7%	57.7%	
• Bi-Annual Growth / Decline	-5.7%	13.7%	7.3%	4.1%	6.9%	10.6%	5.8%	6.8%	6.8%	5.2%	8.6%	6.5%	6.8%	6.1%	6.1%	6.1%	6.0%	
TOTAL LOCAL	\$65,349.3	\$64,618.4	\$64,128.5	\$14,614.9	\$16,348.3	\$16,028.5	\$16,969.3	\$63,981.0	\$14,556.4	\$16,321.9	\$16,043.4	\$17,015.6	\$63,937.3	\$63,987.4	\$64,067.7	\$64,176.7	\$64,313.1	0.1%
• Annual Growth / Decline	1.4%	-1.1%	-0.8%	-1.1%	-0.5%	0.9%	-0.3%	-0.2%	-0.4%	-0.2%	0.1%	0.2%	-0.1%	0.1%	0.1%	0.2%	0.2%	
• % of Mass Advertising	51.5%	49.8%	49.0%	46.6%	47.3%	48.8%	46.7%	47.3%	45.6%	46.3%	47.8%	45.7%	46.3%	45.3%	44.3%	43.3%	42.3%	
TOTAL NATIONAL AND LOCAL	\$126,906.2	\$129,722.1	\$130,749.5	\$31,392.4	\$34,542.7	\$32,834.8	\$36,390.7	\$135,160.7	\$31,953.17	\$35,231.23	\$33,552.68	\$37,246.22	\$137,983.30	\$141,137.36	\$144,501.71	\$148,087.73	\$151,907.69	2.4%
• Annual Growth / Decline	4.4%	2.2%	0.8%	0.8%	3.8%	5.2%	3.7%	3.4%	1.8%	2.0%	2.2%	2.4%	2.1%	2.3%	2.4%	2.5%	2.6%	
• % of Normalized Advertising	75.6%	74.9%	74.6%	74.1%	75.5%	74.4%	74.1%	74.7%	73.6%	75.2%	74.1%	74.4%	74.4%	74.1%	73.6%	73.5%	73.2%	
NORMALIZED DIRECT AND MASS	\$167,885.4	\$173,178.4	\$175,272.9	\$42,369.8	\$45,738.8	\$44,142.5	\$48,714.0	\$180,965.0	\$43,301.9	\$46,836.5	\$45,290.2	\$50,060.5	\$185,489.1	\$190,497.4	\$195,831.3	\$201,510.4	\$207,555.7	2.8%
• Annual Growth / Decline	3.1%	3.2%	1.2%	1.2%	3.8%	4.6%	3.4%	3.2%	2.2%	2.4%	2.6%	2.8%	2.5%	2.7%	2.8%	2.9%	3.0%	
Political ^(f)	\$2,086.7	\$363.5	\$2,677.4	\$46.7	\$69.6	\$78.2	\$118.9	\$313.4	\$243.4	\$309.6	\$899.2	\$1,760.7	\$3,212.9	\$376.1	\$3,855.5	\$451.3	\$4,626.5	
• Bi-Annual Growth / Decline	20.8%	4.8%	28.3%	7.3%	65.4%	-36.1%	-23.5%	-13.8%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	
Olympics ^(g)	605.0	0.0	639.0	0.0	0.0	0.0	0.0	0.0	500.0	0.0	0.0	0.0	500.0	0.0	750.0	0.0	550.0	
• Quadri-Annual Growth / Decline	-6.9%	-----	6.5%	-----	-----	-----	-----	0.0%	-17.4%	0.0%	0.0%	0.0%	-17.4%	0.0%	17.4%	0.0%	0.0%	
TOTAL ADVERTISING REVENUES	\$170,577.1	\$173,541.9	\$178,589.3	\$42,416.6	\$45,808.4	\$44,220.7	\$48,832.8	\$181,278.4	\$44,045.4	\$47,146.1	\$46,189.4	\$51,821.2	\$189,202.0	\$190,873.5	\$200,436.7	\$201,961.7	\$212,732.3	3.3%
• Annual Growth / Decline	4.5%	1.7%	2.9%	0.8%	3.3%	1.4%	0.5%	1.5%	3.8%	2.9%	4.5%	6.1%	4.4%	0.9%	5.0%	0.8%	5.3%	

Source: Pivotal Research Group, Cinema Ad Council, IAB, Magna Global, OAAA, RAB

(a) Excludes Internet-Based Advertising Revenues
(b) Includes Internet Classifieds, Email and Digital Display Less Internet Yellow Pages and Local Digital
(c) Excludes Incremental Olympic Revenues
(d) Excludes Local Political Advertising Revenues
(e) Lead Generation and Internet Yellow Pages
(f) Total Political Advertising Revenue on Local Broadcast and Local Cable TV
(g) Incremental Advertising Revenue from Olympics on Network TV

Source: Pivotal Research

Pivotal Advertising Forecast June 2014: National Media

PIVOTAL Pivotal Research Group Contact: Brian Wieser (e) Brian@Pvtl.com (t) 212 514 4682 (m) 917 734 1980																		5-YR CAGR
	2010A	2011A	2012A	1Q13A	2Q13A	3Q13A	4Q13A	2013A	1Q14A	2Q14E	3Q14E	4Q14E	2014E	2015E	2016E	2017E	2018E	
NATIONAL MASS MEDIA ADVERTISING REVENUES																		
National Television																		
National Cable ^(A)	\$20,424.4	\$22,137.8	\$23,307.6	\$6,055.5	\$6,297.1	\$6,063.0	\$6,290.8	\$24,706.5	\$6,381.4	\$6,597.2	\$6,390.0	\$6,646.4	\$26,015.0	\$27,709.7	\$29,466.0	\$31,248.6	\$33,081.6	
• Annual Growth / Decline	12.5%	8.4%	5.3%	3.8%	7.1%	8.3%	4.9%	6.0%	5.4%	4.8%	5.4%	5.7%	5.3%	6.5%	6.3%	6.0%	5.9%	
• % of National TV	56.0%	56.9%	57.9%	58.6%	59.1%	62.1%	55.4%	58.7%	60.4%	60.4%	63.7%	60.2%	61.6%	62.9%	62.9%	64.3%	64.3%	-0.7%
National Broadcast - English ^{(A)(C)}	13,094.9	13,691.6	13,692.4	3,536.3	3,505.0	2,858.5	4,117.5	14,017.3	3,468.5	3,429.1	2,786.7	4,053.2	13,737.5	13,737.6	13,720.9	13,626.6	13,509.7	-0.7%
• Annual Growth / Decline	1.3%	4.6%	0.0%	-11.4%	6.4%	14.1%	5.5%	2.4%	-1.9%	-2.2%	-2.5%	-1.6%	-2.0%	0.0%	-0.1%	-0.7%	-0.9%	
• % of National TV	35.2%	35.2%	34.0%	34.2%	32.9%	29.3%	36.2%	33.3%	32.7%	31.4%	27.8%	34.7%	31.8%	30.5%	29.3%	28.0%	26.8%	
National Broadcast - Spanish ^(A)	1,093.4	1,171.7	1,259.1	276.6	365.2	302.7	437.1	1,381.6	294.4	418.1	321.1	460.1	1,493.6	1,577.2	1,712.8	1,801.2	1,944.7	7.1%
• Annual Growth / Decline	8.3%	7.2%	7.5%	4.9%	7.6%	14.1%	11.9%	9.7%	6.4%	14.5%	6.1%	5.3%	8.1%	5.6%	8.6%	5.2%	8.0%	
• % of National TV	3.0%	3.0%	3.1%	2.7%	3.4%	3.1%	3.8%	3.3%	2.8%	3.8%	3.2%	3.9%	3.5%	3.5%	3.7%	3.7%	3.9%	
National Syndication	1,867.6	1,938.6	1,992.0	465.6	487.3	531.5	517.5	2,001.9	456.4	477.6	526.1	508.0	1,968.1	1,958.7	1,946.2	1,921.8	1,893.3	-1.1%
• Annual Growth / Decline	5.2%	3.8%	2.8%	-1.1%	-1.2%	-0.5%	4.8%	0.5%	-2.0%	-2.0%	-1.0%	-1.8%	-1.7%	-0.5%	-0.6%	-1.3%	-1.5%	
• % of National TV	5.1%	5.0%	4.9%	4.5%	4.6%	5.4%	4.6%	4.8%	4.3%	4.4%	5.2%	4.4%	4.6%	4.4%	4.2%	4.0%	3.8%	
Total National Television	\$36,480.1	\$38,939.7	\$40,251.2	\$10,334.0	\$10,654.6	\$9,755.8	\$11,362.9	\$42,107.3	\$10,600.8	\$10,922.0	\$10,023.8	\$11,667.6	\$43,214.2	\$44,983.3	\$46,845.8	\$48,598.1	\$50,429.3	3.7%
• Annual Growth / Decline	7.7%	6.7%	3.4%	-2.1%	6.5%	9.5%	5.4%	4.6%	2.6%	2.5%	2.7%	2.7%	2.6%	4.1%	4.1%	3.7%	3.8%	
• % of National Advertising	59.3%	59.8%	60.4%	61.6%	58.6%	58.0%	58.6%	59.2%	60.9%	57.8%	57.2%	57.7%	58.4%	58.3%	58.2%	57.9%	57.6%	-4.5%
Total Magazines ^(A)	13,865.2	13,781.2	12,676.8	2,683.4	3,500.7	2,806.4	3,043.2	12,033.6	2,521.4	3,354.6	2,661.1	2,870.4	11,407.5	10,921.3	10,380.8	9,990.4	9,553.0	-4.5%
• Annual Growth / Decline	0.1%	-0.6%	-8.0%	-6.5%	-5.1%	-2.7%	-5.9%	-5.1%	-6.0%	-4.2%	-5.2%	-5.7%	-5.2%	-4.3%	-4.9%	-3.8%	-4.4%	
• % of National Advertising	22.5%	21.2%	19.0%	16.0%	19.2%	16.7%	15.7%	16.9%	14.5%	17.7%	15.2%	15.2%	14.2%	15.4%	14.2%	12.9%	11.9%	-4.5%
National Digital																		
National Digital Display + Mobile Display	7,024.4	7,859.3	8,754.9	2,537.0	2,682.4	2,948.8	3,461.9	11,630.1	2,868.3	3,046.5	3,299.7	3,870.0	13,084.5	13,969.2	14,945.6	16,041.4	17,162.5	8.1%
• Annual Growth / Decline	22.9%	11.9%	11.4%	38.9%	38.6%	25.6%	30.9%	32.8%	13.1%	13.6%	11.9%	11.8%	12.5%	6.8%	7.0%	7.3%	7.0%	
• % of National Digital	83.1%	81.2%	79.6%	80.3%	79.9%	81.0%	81.1%	80.6%	77.3%	76.9%	78.0%	78.1%	77.6%	74.6%	72.1%	70.1%	68.1%	
National Digital Display ^(A)	6,764.0	7,335.0	7,453.9	1,844.4	1,836.5	2,059.9	1,999.7	7,740.5	1,906.3	1,889.8	2,097.4	1,971.3	7,864.8	7,797.9	7,906.7	8,042.0	8,100.7	0.9%
• Annual Growth / Decline	22.6%	8.4%	1.6%	10.3%	3.5%	6.1%	-3.2%	3.8%	3.4%	2.9%	1.8%	-1.4%	1.6%	-0.9%	1.4%	1.7%	0.7%	
• % of National Digital	80.0%	75.8%	67.7%	58.3%	54.7%	56.6%	46.8%	53.6%	51.3%	47.7%	49.6%	39.8%	46.6%	41.6%	38.1%	35.1%	32.1%	
Mobile Ex-Search	260.4	524.3	1,301.0	692.6	845.9	889.0	1,462.1	3,889.6	962.0	1,156.7	1,202.3	1,898.7	5,219.7	6,171.2	7,038.8	7,999.3	9,061.8	18.4%
• Annual Growth / Decline	30.2%	101.3%	148.1%	349.2%	425.4%	118.1%	152.9%	199.0%	38.9%	36.7%	35.2%	29.9%	34.2%	34.2%	34.2%	34.2%	34.2%	
• % of National Digital	3.1%	5.4%	11.8%	21.9%	25.2%	24.4%	34.3%	27.0%	25.9%	29.2%	28.4%	38.3%	31.0%	33.0%	34.0%	35.0%	36.0%	
Online Video	1,432.3	1,820.0	2,250.0	624.0	676.0	693.0	807.0	2,800.0	844.3	916.6	932.2	1,084.7	3,777.8	4,757.2	5,784.5	6,843.5	8,040.9	23.5%
• Annual Growth / Decline	43.2%	27.1%	23.6%	27.4%	23.1%	29.5%	19.4%	24.4%	35.3%	35.6%	34.5%	34.4%	34.9%	25.9%	21.6%	18.3%	17.5%	
• % of National Digital	16.9%	18.8%	20.4%	19.7%	20.1%	19.0%	18.9%	19.4%	22.7%	23.1%	22.0%	21.9%	22.4%	25.4%	27.9%	29.9%	31.9%	
Total National Digital	\$8,456.6	\$9,679.3	\$11,004.9	\$3,161.0	\$3,358.4	\$3,641.8	\$4,268.9	\$14,430.1	\$3,712.5	\$3,963.1	\$4,231.9	\$4,954.7	\$16,862.3	\$18,726.4	\$20,730.0	\$22,884.8	\$25,203.4	11.8%
• Annual Growth / Decline	25.9%	14.5%	13.7%	36.5%	35.2%	26.3%	28.5%	31.1%	17.4%	18.0%	16.2%	16.1%	16.9%	11.1%	10.7%	10.4%	10.1%	
• % of National Advertising	13.7%	14.9%	16.5%	18.8%	18.5%	21.7%	22.0%	20.3%	21.3%	21.0%	24.2%	24.5%	22.8%	24.3%	25.8%	27.3%	28.8%	
Total Network and Satellite Radio	1,166.5	1,209.7	1,245.0	288.2	306.8	296.9	319.4	1,211.3	265.2	299.9	291.8	329.1	1,186.0	1,158.6	1,127.5	1,092.3	1,052.7	-2.8%
• Annual Growth / Decline	4.2%	3.7%	2.9%	-4.1%	-3.4%	-9.9%	7.5%	-2.7%	-8.0%	-2.2%	-1.7%	3.0%	-2.1%	-2.3%	-2.7%	-3.1%	-3.6%	
• % of National Advertising	1.9%	1.9%	1.9%	1.7%	1.7%	1.8%	1.6%	1.7%	1.5%	1.6%	1.7%	1.6%	1.6%	1.5%	1.4%	1.3%	1.2%	
Total National Newspapers ^(A)	930.2	849.5	755.6	166.1	178.8	128.0	222.1	695.0	150.4	162.2	111.4	202.6	626.7	560.4	495.7	433.3	382.2	-11.3%
• Annual Growth / Decline	1.3%	-8.7%	-11.1%	-11.6%	-5.9%	-8.8%	-6.4%	-8.0%	-9.4%	-9.3%	-12.9%	-8.8%	-9.8%	-10.6%	-11.5%	-12.6%	-11.8%	
• % of National Advertising	1.5%	1.3%	1.1%	1.0%	1.0%	0.8%	1.1%	1.0%	0.9%	0.9%	0.6%	1.0%	0.8%	0.7%	0.6%	0.5%	0.4%	
Total Cinema	658.3	644.3	687.6	145.0	195.1	177.4	185.0	702.5	146.4	207.5	189.2	206.2	749.3	800.0	854.2	912.1	974.0	6.8%
• Annual Growth / Decline	12.7%	-2.1%	6.7%	10.0%	12.0%	-4.0%	-6.0%	2.2%	1.0%	6.4%	6.6%	11.4%	6.7%	6.8%	6.8%	6.8%	6.8%	
• % of National Advertising	1.1%	1.0%	1.0%	0.9%	1.1%	1.1%	1.0%	1.0%	0.8%	1.1%	1.1%	1.0%	1.0%	1.0%	1.1%	1.1%	1.1%	
TOTAL NATIONAL	\$61,556.9	\$65,103.8	\$66,621.0	\$16,777.6	\$18,194.4	\$16,806.3	\$19,401.5	\$71,179.8	\$17,396.8	\$18,909.3	\$17,509.3	\$20,230.6	\$74,046.0	\$77,150.0	\$80,434.1	\$83,911.0	\$87,594.6	4.2%
• Annual Growth / Decline	7.9%	5.8%	2.3%	2.5%	7.9%	9.6%	7.4%	8.8%	3.7%	3.9%	4.2%	4.3%	4.0%	4.2%	4.3%	4.3%	4.4%	
• % of Mass Advertising	48.5%	50.2%	51.0%	53.4%	52.7%	51.2%	53.3%	52.7%	54.4%	53.7%	52.2%	54.3%	53.7%	54.7%	55.7%	56.7%	57.7%	

Source: Pivotal Research

Pivotal Advertising Forecast June 2014: Local Media and Mass Media Total

Contact: Brian Wieser (e) Brian@Pvtl.com (t) 212 514 4682 (m) 917 734 1980																		
	2010A	2011A	2012A	1Q13A	2Q13A	3Q13A	4Q13A	2013A	1Q14A	2Q14E	3Q14E	4Q14E	2014E	2015E	2016E	2017E	2018E	5-YR CAGR
LOCAL MASS MEDIA ADVERTISING REVENUES																		
Local Television																		
Local Broadcast TV ^{(A)(D)}	\$14,977.9	\$15,431.9	\$15,854.0	\$4,126.1	\$3,788.1	\$4,357.8	\$4,218.5	\$16,490.6	\$4,252.5	\$3,894.9	\$4,475.6	\$4,305.5	\$16,928.5	\$17,388.1	\$17,853.6	\$18,325.2	\$18,803.1	2.7%
• Annual Growth / Decline	7.7%	3.0%	2.7%	3.6%	3.4%	6.7%	2.3%	4.0%	3.1%	2.8%	2.7%	2.1%	2.7%	2.7%	2.7%	2.6%	2.6%	
• % of Local TV	79.5%	78.7%	78.5%	80.6%	76.9%	79.7%	77.5%	78.7%	80.4%	76.7%	79.4%	77.2%	78.4%	78.2%	77.9%	77.7%	77.4%	
Local Cable TV ^{(A)(D)}	3,854.2	4,182.7	4,352.5	990.5	1,135.3	1,112.6	1,227.3	4,465.7	1,037.3	1,183.8	1,160.4	1,271.5	4,652.9	4,850.1	5,053.1	5,262.3	5,477.6	4.2%
• Annual Growth / Decline	14.1%	8.5%	4.1%	1.9%	-2.4%	0.8%	10.2%	2.6%	4.7%	4.3%	4.3%	3.6%	4.2%	4.2%	4.2%	4.1%	4.1%	
• % of Local TV	20.5%	21.3%	21.5%	19.4%	23.1%	20.3%	22.5%	21.3%	19.6%	23.3%	20.6%	22.8%	21.6%	21.8%	22.1%	22.3%	22.6%	
Total Local Television	\$18,832.1	\$19,614.5	\$20,206.5	\$5,116.7	\$4,923.4	\$5,470.4	\$5,445.8	\$20,956.3	\$5,289.8	\$5,078.6	\$5,635.9	\$5,577.0	\$21,581.4	\$22,238.1	\$22,906.7	\$23,587.5	\$24,280.7	3.0%
• Bi-Annual Growth / Decline	-5.7%	13.7%	7.3%	4.1%	6.9%	10.6%	5.8%	6.8%	5.2%	6.8%	6.5%	6.5%	6.1%	6.8%	6.1%	6.0%	6.0%	
• Annual Growth / Decline	9.2%	4.2%	3.0%	3.3%	2.0%	5.4%	4.0%	3.7%	3.4%	3.2%	3.0%	2.4%	3.0%	3.0%	3.0%	3.0%	2.9%	
• % of Local Advertising	28.8%	30.4%	31.5%	35.0%	30.1%	34.1%	32.1%	32.8%	36.3%	31.1%	35.1%	32.8%	33.8%	34.8%	35.8%	36.8%	37.8%	
Total Local Newspapers^(A)	22,795.2	20,691.8	18,944.2	3,970.4	4,422.5	4,111.3	4,884.2	17,388.3	3,627.0	4,048.1	3,754.1	4,508.7	15,937.9	14,510.7	13,087.3	11,665.6	10,243.4	-10.0%
• Annual Growth / Decline	-8.2%	-9.2%	-8.4%	-8.9%	-7.5%	-8.9%	-7.7%	-8.2%	-8.6%	-8.5%	-8.7%	-7.7%	-8.3%	-9.0%	-9.8%	-10.9%	-12.2%	
• % of Local Advertising	34.9%	32.0%	29.5%	27.2%	27.1%	25.6%	28.7%	27.2%	24.9%	24.8%	23.4%	26.5%	24.9%	22.7%	20.4%	18.2%	15.9%	
Total Local Radio^(A)	14,181.0	14,060.0	14,205.0	3,002.0	3,742.0	3,684.0	3,626.0	14,054.0	2,942.0	3,735.9	3,687.4	3,679.1	14,044.4	14,055.4	14,073.0	14,097.0	14,127.0	0.1%
• Annual Growth / Decline	4.9%	-0.9%	1.0%	-1.5%	-0.5%	1.0%	-3.3%	-1.1%	-2.0%	-0.2%	0.1%	1.5%	-0.1%	0.1%	0.1%	0.2%	0.2%	
• % of Local Advertising	21.7%	21.8%	22.2%	20.5%	22.9%	23.0%	21.3%	22.0%	20.2%	22.9%	23.0%	21.6%	22.0%	22.0%	22.0%	22.0%	22.0%	
Total Outdoor	5,484.5	5,744.1	6,015.4	1,354.7	2,010.6	1,430.8	1,502.0	6,298.2	1,422.1	2,089.0	1,512.4	1,590.1	6,613.6	6,938.7	7,267.7	7,601.0	7,938.7	4.7%
• Annual Growth / Decline	3.2%	4.7%	4.7%	4.6%	5.0%	4.6%	4.5%	4.7%	5.0%	3.9%	5.7%	5.9%	5.0%	4.9%	4.7%	4.6%	4.4%	
• % of Local Advertising	8.4%	8.9%	9.4%	9.3%	12.3%	8.9%	8.8%	9.8%	9.8%	12.8%	9.4%	9.3%	10.3%	10.8%	11.3%	11.8%	12.3%	
Total Local Digital^(A)	4,056.4	4,508.0	4,757.3	1,171.0	1,249.9	1,332.0	1,531.3	5,284.1	1,275.5	1,370.3	1,453.5	1,660.7	5,760.0	6,244.5	6,732.8	7,225.6	7,723.3	7.9%
• Annual Growth / Decline	13.7%	11.1%	5.5%	4.1%	9.5%	13.9%	15.8%	11.1%	8.9%	9.6%	9.1%	8.5%	9.0%	8.4%	7.8%	7.3%	6.9%	
• % of Local Advertising	6.2%	7.0%	7.4%	8.0%	7.6%	8.3%	9.0%	8.3%	8.8%	8.4%	9.1%	9.8%	9.0%	9.8%	10.5%	11.3%	12.0%	
TOTAL LOCAL	\$65,349.3	\$64,618.4	\$64,128.5	\$14,614.9	\$16,348.3	\$16,028.5	\$16,989.3	\$63,981.0	\$14,556.4	\$16,321.9	\$16,043.4	\$17,015.6	\$63,937.3	\$63,987.4	\$64,067.7	\$64,176.7	\$64,313.1	0.1%
• Annual Growth / Decline	1.4%	-1.1%	-0.8%	-1.1%	-0.5%	0.9%	-0.3%	-0.2%	-0.4%	0.2%	0.1%	0.2%	-0.1%	0.1%	0.1%	0.2%	0.2%	
• % of Mass Advertising	51.5%	49.8%	49.0%	46.6%	47.3%	48.8%	46.7%	47.3%	45.6%	46.3%	47.8%	45.7%	46.3%	45.3%	44.3%	43.3%	42.3%	
TOTAL NATIONAL AND LOCAL	\$126,906.2	\$129,722.1	\$130,749.5	\$31,392.4	\$34,542.7	\$32,834.8	\$36,390.7	\$135,160.7	\$31,953.17	\$35,231.23	\$33,552.68	\$37,246.22	\$137,983.30	\$141,137.36	\$144,501.71	\$148,087.73	\$151,907.69	2.4%
• Annual Growth / Decline	4.4%	2.2%	0.8%	0.8%	3.8%	5.2%	3.7%	3.4%	1.8%	2.0%	2.2%	2.4%	2.1%	2.3%	2.4%	2.5%	2.6%	
• % of Normalized Advertising	75.6%	74.9%	74.6%	74.1%	75.5%	74.4%	74.7%	74.7%	73.9%	73.2%	74.1%	74.4%	74.4%	74.1%	73.9%	73.5%	73.2%	

Source: Pivotal Research

Pivotal Advertising Forecast June 2014: Direct Media

Contact: Brian Wieser (e) Brian@Pvtl.com (t) 212 514 4682 (m) 917 734 1980																		5-YR CAGR
	2010A	2011A	2012A	1Q13A	2Q13A	3Q13A	4Q13A	2013A	1Q14A	2Q14E	3Q14E	4Q14E	2014E	2015E	2016E	2017E	2018E	
DIRECT MEDIA ADVERTISING REVENUES																		
Direct Online																		
Total Paid Search (Incl. Mobile)	12,004.9	15,825.7	18,963.8	5,024.0	5,170.7	5,210.2	5,811.9	21,216.8	5,495.4	5,667.1	5,722.1	6,363.2	23,247.8	25,704.2	28,230.0	30,826.4	33,493.8	9.6%
• Annual Growth / Decline	12.2%	31.8%	19.8%	13.5%	11.8%	10.0%	12.3%	11.9%	9.4%	9.6%	9.8%	9.5%	9.6%	10.6%	9.8%	9.2%	8.7%	
• % of Direct Online	88.7%	90.2%	91.1%	91.8%	91.5%	92.5%	92.2%	92.0%	92.0%	91.7%	92.7%	92.4%	92.2%	92.5%	92.7%	93.0%	93.2%	
Other Direct Online ^(e)	1,523.1	1,723.0	1,846.0	450.0	481.0	425.0	494.0	1,850.0	476.0	510.3	450.1	522.3	1,958.6	2,090.2	2,213.3	2,327.5	2,432.3	5.6%
• Annual Growth / Decline	-15.0%	13.1%	7.1%	2.5%	1.7%	-4.9%	1.4%	0.2%	5.8%	6.1%	5.9%	5.7%	5.9%	6.7%	5.9%	5.2%	4.5%	
• % of Direct Online	11.3%	9.8%	8.9%	8.2%	8.5%	7.5%	7.8%	8.0%	8.0%	8.3%	7.3%	7.6%	7.8%	7.5%	7.3%	7.0%	6.8%	
Total Direct Online	\$13,528.0	\$17,548.7	\$20,809.8	\$5,474.0	\$5,651.7	\$5,635.2	\$6,305.9	\$23,066.8	\$5,971.3	\$6,177.4	\$6,172.2	\$6,885.4	\$25,206.4	\$27,794.4	\$30,443.3	\$33,153.8	\$35,926.1	9.3%
• Annual Growth / Decline	8.3%	29.7%	18.6%	12.5%	10.9%	8.7%	11.3%	10.8%	9.1%	9.3%	9.5%	9.2%	9.3%	10.3%	9.5%	8.9%	8.4%	
• % of Total Direct Advertising	33.0%	40.4%	46.7%	49.9%	50.5%	49.8%	51.2%	50.4%	52.6%	53.2%	52.6%	53.7%	53.1%	56.3%	59.3%	62.1%	64.6%	
Total Direct Mail	20,599.1	20,403.8	19,479.3	4,742.9	4,698.6	4,873.4	5,345.7	19,660.6	4,789.9	4,754.3	4,941.3	5,430.5	19,915.9	19,706.1	19,465.8	19,191.1	18,877.5	-0.8%
• Annual Growth / Decline	3.8%	-0.9%	-4.5%	0.3%	2.0%	2.2%	-0.5%	0.9%	1.0%	1.2%	1.4%	1.6%	1.3%	-1.1%	-1.2%	-1.4%	-1.6%	
• % of Total Direct Advertising	50.3%	47.0%	43.8%	43.2%	42.0%	43.1%	43.4%	42.9%	42.2%	41.0%	42.1%	42.4%	41.9%	39.9%	37.9%	35.9%	33.9%	
Total Directories ^(b)	6,852.2	5,503.7	4,234.3	760.5	845.7	799.1	671.6	3,076.9	587.6	673.5	624.0	498.4	2,383.6	1,859.6	1,420.5	1,077.7	844.4	-22.8%
• Annual Growth / Decline	-23.5%	-19.7%	-23.1%	-32.2%	-22.3%	-24.0%	-31.0%	-27.3%	-22.7%	-20.4%	-21.9%	-25.8%	-22.5%	-22.0%	-23.6%	-24.1%	-21.7%	
• % of Total Direct Advertising	16.7%	12.7%	9.5%	6.9%	7.6%	7.1%	5.4%	6.7%	5.2%	5.8%	5.3%	3.9%	5.0%	3.8%	2.8%	2.0%	1.5%	
TOTAL DIRECT	\$40,979.2	\$43,456.2	\$44,523.4	\$10,977.4	\$11,196.1	\$11,307.7	\$12,323.2	\$45,804.3	\$11,348.8	\$11,605.3	\$11,737.5	\$12,814.3	\$47,505.8	\$49,360.0	\$51,329.6	\$53,422.7	\$55,648.0	4.0%
• Annual Growth / Decline	-0.8%	6.0%	2.5%	2.4%	3.8%	2.7%	2.6%	2.9%	3.4%	3.7%	3.8%	4.0%	3.7%	3.9%	4.0%	4.1%	4.2%	
• % of Normalized Advertising	24.4%	25.1%	25.4%	25.9%	24.5%	25.6%	25.3%	25.3%	26.2%	24.8%	25.9%	25.6%	25.6%	25.9%	26.2%	26.5%	26.8%	

Source: Pivotal Research

Appendix: Important Disclosures

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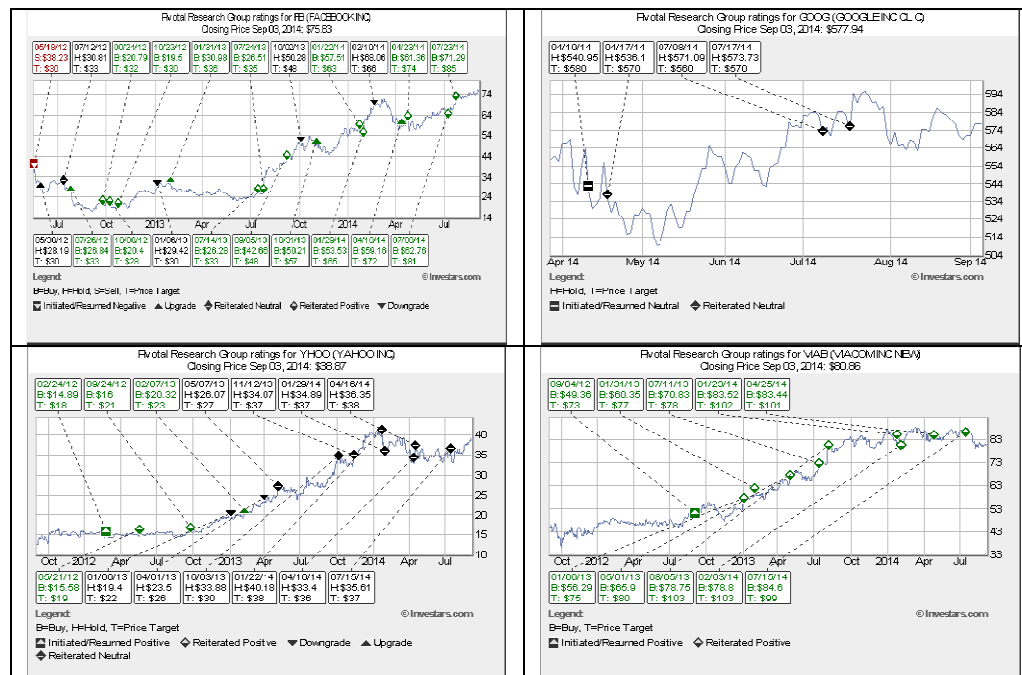
HOLD: The security is expected to have an absolute return of between plus and minus 15%.

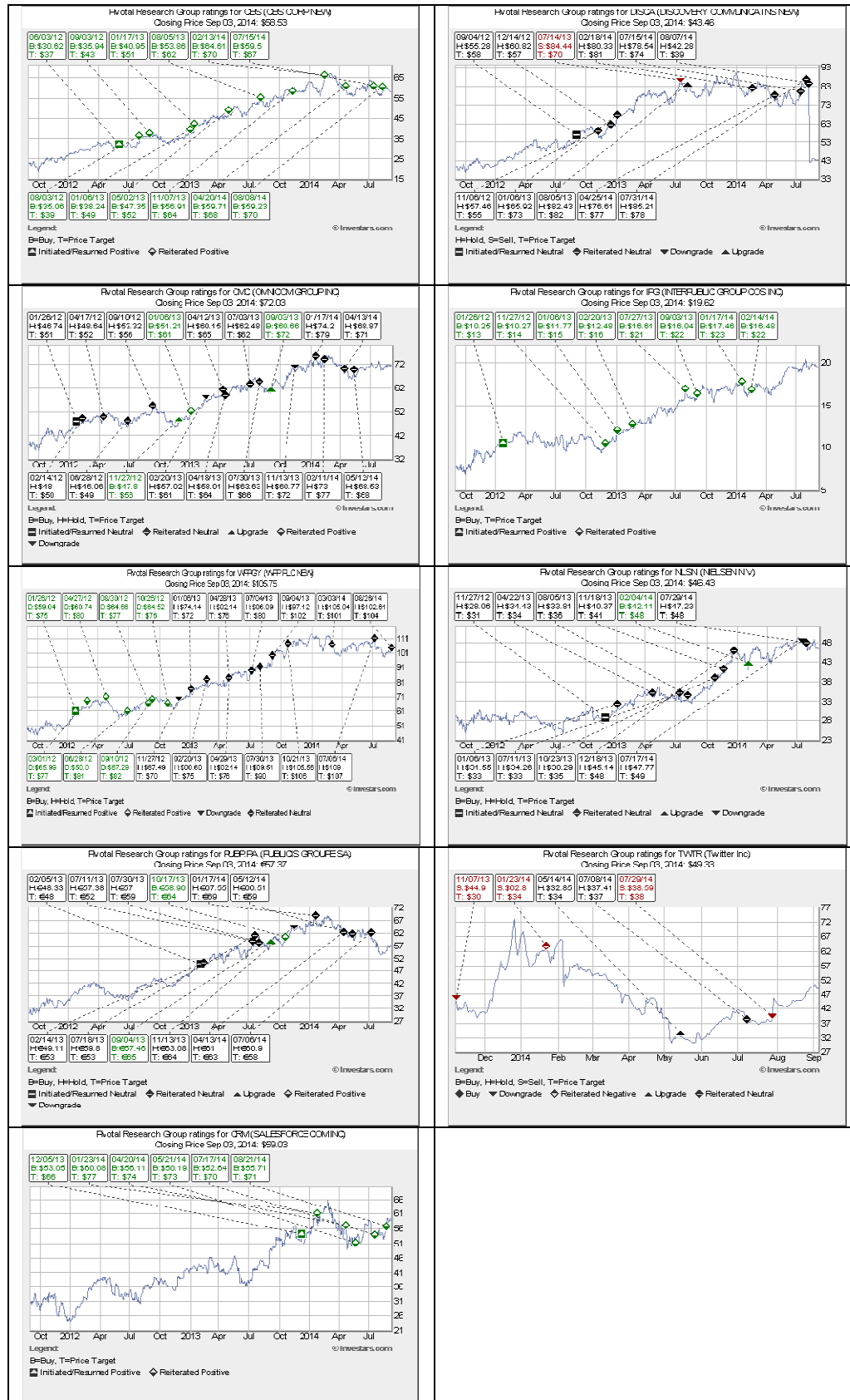
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Price Chart and Target Price History





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