



**NEW YORK UNIVERSITY  
Stern School of Business**

**Spring Term 2007**

**Investment Banking and Private Equity in Media and Entertainment Finance**

Instructors:

Stephen Finkel, Credit Suisse

Philip Grovit, Goldman Sachs

**Course Description:**

The past decade has been a period of dynamic transformation for the media and entertainment industry. Due to the advent of new technologies and content distribution platforms, broad governmental deregulation, volatile and active capital markets, and changing strategic direction, the media and entertainment industry has continued to evolve. New players have emerged and consolidation has changed the face of the industry. In 2006, the media and entertainment industry became a prime target for private equity companies, with key players including Univision and Clear Channel being acquired in multi-billion dollar leveraged buyouts. This phenomenon has introduced a new facet to deal making and promises to impact the media and entertainment landscape for years to come.

This course focuses on the role of investment banking and private equity in impacting the evolving media and entertainment industry. The course will analyze the fundamental tools of investment banking and private equity, including company and sector valuation techniques, leveraged buyout, and merger and acquisition analysis, with a specific focus on how these tools are applied to the media and entertainment industry. Based upon an understanding of these fundamental tools, the course will examine the major sectors of media and entertainment, including radio and TV broadcasting, outdoor advertising, publishing, cable distribution and cable networks, internet, and general entertainment. Each class will involve a discussion of business and operating strategy, valuation, the current state of each sector and its players, competition, and recent and prospective consolidation. Through the use of case studies on major transactions that have occurred in 2006, students will be provided with an in-depth view of the role of investment banking and private equity in transforming the media and entertainment industry.

Professors Finkel and Grovit specialize in the areas of media and entertainment investment banking and private equity for Credit Suisse and Goldman Sachs, respectively. They have provided strategic advisory services to, and participated in significant financing transactions for many of the leading media companies in the U.S. and abroad during the past decade. They have extensive experience with mergers and acquisitions, venture capital, private equity and public financing for a broad range of companies in the media and entertainment sector. Professors Finkel and Grovit have also taught the Topics in Entertainment Finance class at NYU Stern.

## Spring 2007 Course Outline

### Overview of Class Sessions:

- 1 Class Introduction  
The class will provide an overview of the subjects to be covered during each week of the semester and an explanation of the final presentations to be made by students. The professors will provide a general overview of the various sectors of the media industry and its key players. Students will discuss their objectives for taking the class, their background in media (if any) and their level of financial training, enabling the professors to better tailor the class.
- 2 Fundamentals of Media and Entertainment Financial Valuation (Part I)  
The class will provide a framework for understanding how media and entertainment companies are valued by public and private investors. Techniques that will be covered include common stock comparisons, acquisition comparables, discounted cash flow, free cash flow and sum of the parts analyses.
- 3 Fundamentals of Media and Entertainment Financial Valuation (Part II)  
The class will focus on the financial tools used by private equity investors, with particular emphasis on leveraged buyout analyses. We will discuss the private equity deal process, including due diligence, projection analysis, financial exit considerations, deal tactics and financing sources. We will also discuss the recent emergence of the mega private equity funds and their impact on the media and entertainment industry.
- 4 Key Trends Impact the Media and Entertainment Industry  
The class will provide an overview of the primary trends impacting the media and entertainment industry today. Topics discussed will include the growth of new media and Internet, the impact of new technologies on traditional media, the importance of content vs. distribution, vertical integration vs. asset separation, consolidation, and advertising fragmentation.
- 5 Radio and Television Broadcasting / Outdoor Advertising  
The class will involve a review of the broadcasting and outdoor industries, including evolution of the industry during the past decade, analysis of major players, valuation particular to the industry, recent and prospective consolidation, regulation, current trends and new technologies. We will discuss the factors that have made companies in the broadcasting and outdoor industries targets for private equity buyouts in 2006, including stock price performance, business fundamentals, recent and prospective financial growth, and financing considerations.
6. Cable Distribution and Cable Networks  
The class will involve an overview of the cable and satellite distribution industry, including analysis of major players, valuation particular to the industry, recent and prospective consolidation, current trends and new technologies. This class

will also focus on existing cable channels and the process for launching and financing a new cable television network. All aspects of the start-up process will be considered, including: developing the concept; business plan analysis; structuring agreements with strategic partners; negotiating distribution and content arrangements; and raising financing.

7. General Entertainment

The class will focus on the media and entertainment conglomerates and their role in transforming the industry. We will discuss the evolution of these companies as well as their current strategies, including an examination of their response to the online media opportunity. Case studies will be used to discuss the following companies: Viacom; NBC / Universal; NewsCorp; Time Warner; and Disney.

8. Univision Case Study (Part I)

The next two classes will be devoted to a detailed analysis of the \$13 billion leveraged buyout of Univision by a group of private equity sponsors announced in 2006. Univision is the dominant Spanish-language media company in the U.S. (television, radio, music and Internet) and its acquisition by private equity sponsors represented the largest media LBO ever when announced. This class will discuss Univision's history, business segments, financial performance, programming sources, relationship with Televisa, valuation, competition and target demographic. Students should be prepared to discuss Univision's business and historical financial performance, as summarized in the Company's year-end report for 2005 on Form 10-K (the Univision year-end report will be distributed in the prior class).

9. Univision Case Study (Part II)

This class will focus on the specifics of the Univision LBO, including competition for the acquisition, interest of other strategic actors, impact of foreign ownership laws, valuation of the acquired company, deal tactics, structure of the acquisition, expected financial returns and financing sources. We will review an LBO model for the acquisition based on public forecasts and discuss all aspects of the transaction. Students should read the proxy statement related to the acquisition and relevant equity research (the Univision proxy statement and the relevant equity research will be distributed in the prior class) and be prepared to discuss the fundamentals of the deal. This case study will be the key precedent to use in preparing the final presentation related to the LBO of Clear Channel.

10. Wrap-Up Class

This class will be devoted to several topics, including (i) a brief overview of major foreign players and the impact of international expansion, (ii) a discussion of any new developments in 2007 that have changed the media landscape, and (iii) an interactive discussion of any topics that the students would like to address. Depending on final class size, we may also use a portion of this class to begin student final presentations.

11. Student Final Presentations

12. Student Final Presentations

## **Course Grading**

Final presentation\*: 75%

Class participation: 25%

\* For the final presentation, students will be provided both a team grade (for the written presentation submitted by the student's team) as well as an individual grade (for the portion of the oral presentation made by the individual student).

Details about the student final presentations will be provided during the first weeks of class.