

**NEW YORK UNIVERSITY
Stern School of Business**

**Spring Term 2012
Investment Banking and Private Equity
in Media and Entertainment Finance**

Instructors:

Stephen Finkel, Managing Director, Rothschild
Philip Grovit, Managing Director, 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, volatile capital markets, shifts in the global landscape, 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 and 2007, the media and entertainment industry became a prime target for private equity companies, with key players including Univision and Clear Channel acquired in multi-billion dollar leveraged buyouts. From 2008 through 2010, the meltdown and subsequent recovery of the credit markets once again completely altered the deal making environment. The impact of the boom and bust in private equity transactions is only partially underway and will continue to take shape over the course of the next several years.

Another key trend this class will explore is the impact of Internet and new media companies on the traditional media and entertainment industry. The continuing shift of media and advertising consumption to online platforms and the convergence of new and traditional media platforms have caused a shakeup in the media and entertainment industry and poses challenges for the traditional players. The continued development of content creation and delivery vehicles online, the emergence of leading cross-over media and technology companies, and the impact of strategic tie ups is shifting the media landscape at an unforeseen pace.

This course will focus on the role of investment banking and private equity in 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 analyses, 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, film, new media, and general entertainment. Classes will involve a discussion of business and operating strategy, valuation, competition, and recent and prospective consolidation. Through the use of case studies on major transactions that have occurred in the recent past, students will be provided with an in-depth view of the role of investment banking and private equity in the media and entertainment industry.

Professors Finkel and Grovit specialize in the areas of media and entertainment investment banking and private equity. 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.

Spring 2011 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. 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. The class will also provide an overview of the primary trends impacting the media and entertainment industry in recent years and going forward. 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.

- 2 Financial Valuation Fundamentals
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 analysis, analysis at various prices and sum of the parts analyses.

- 3 Univision Case Study
This class will be devoted to a detailed analysis of the \$14 billion leveraged buyout of Univision by a group of private equity sponsors in 2007. Univision is the dominant Spanish-language media company in the U.S. (television, radio, and Internet) and the buyout represented the largest media LBO ever when announced. We will review Univision's business segments and focus on the dynamics of the deal (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, and financing sources). We will also discuss developments subsequent to the LBO including the strategic investment by Televisa in 2010 and concurrent refinancing.

- 4 Financial Valuation Fundamentals
The class will provide a framework for understanding how media and entertainment companies are valued by private equity investors. This class will focus on how to do proper leveraged buyout (LBO) analyses.

- 5 & 6 Media Sectors Overview: Content
The class will involve a review of the cable networks, publishing, sports, talent agencies, music and film industries, including evolution of the industries during the past decade, analysis of major players, and valuation particular to the industry, recent and prospective consolidation, regulation, current trends and new technologies. We will discuss stock price performance, business fundamentals, financial performance, and capital structures.

- 7&8 Media Sectors Overview: Distribution
The class will involve a review of the radio broadcasting, outdoor, cable and satellite television industries, including evolution of the industries during the past decade, analysis of major players, and valuation particular to the industry, recent and prospective consolidation, regulation, current trends and new technologies. We will discuss stock price performance, business fundamentals, financial performance, and capital structures.

9. Guest Speaker
During this session, we will bring into class an executive from the media and entertainment industry to provide real world insights into the challenges of managing and developing a business in today's environment.
10. Private Equity Investment in Media
The class will focus on the financial tools used by private equity investors, with particular emphasis on leveraged buyout analyses. We will also discuss the private equity deal process, including due diligence, projection analysis, financial exit considerations, deal tactics and financing sources. We will review the role of the mega private equity funds, their impact on the media and entertainment industry and discuss recent media buyouts.
11. Student Final Presentations
12. Student Final Presentations

Course Grading

Final presentation:	75%
Class participation:	25%