

Deal of the Week: Nexstar to Buy Media General in \$2.3 billion deal

Announcement Date	<ul style="list-style-type: none"> January 7, 2016 	
Acquirer	<ul style="list-style-type: none"> Nexstar Broadcasting Group (NASDAQ: NXST) 	
Acquirer Description	<ul style="list-style-type: none"> Operates as a television broadcasting and digital media company in the United States Founded in 1996 and headquartered in Irving, Texas 	
Acquirer Financial Statistics	<ul style="list-style-type: none"> Mkt Cap: \$1.6 billion EV: \$3.0 billion LTM Revenue: \$842.4 million 	<ul style="list-style-type: none"> LTM EBITDA: \$295.6 million LTM EV / Revenue: 3.6x LTM EV / EBITDA: 10.2x
Target Company	<ul style="list-style-type: none"> Media General (NYSE: MEG) 	
Target Description	<ul style="list-style-type: none"> Owns and operates television stations in the United States. As of November 19, 2015, it owned, operated, or serviced 71 television stations in 48 markets Founded in 1850 and headquartered in Richmond, Virginia 	
Target Financial Statistics	<ul style="list-style-type: none"> Mkt Cap: \$2.0 billion EV: \$4.3 billion LTM Revenue: \$1.2 billion 	<ul style="list-style-type: none"> LTM EBITDA: \$311.5 million LTM EV / Revenue: 3.7x LTM EV / EBITDA: 13.6x
Acquirer Advisor	<ul style="list-style-type: none"> Bank of America Merrill Lynch 	
Target Advisors	<ul style="list-style-type: none"> RBC Capital Markets and Goldman Sachs 	
Price / Consideration	<ul style="list-style-type: none"> Price: \$2.3 billion 	<ul style="list-style-type: none"> Consideration: Cash and stock
Rationale	<ul style="list-style-type: none"> U.S. broadcasters have been looking to consolidate to improve their ability to gain scale and attract local ad dollars and fees collected from cable companies, which pay local TV stations to carry their signals The combined company would be highly attractive to programmers and advertisers alike, while the anticipated year-one synergies of \$76 million and generation of over \$500 million of annual free cash flow will enhance long-term shareholder returns 	
Deal Points	<ul style="list-style-type: none"> Nexstar will pay \$10.55 per share in cash and 0.1249 of a share of Nexstar stock for each Media General share, an equivalent of \$17.66 per share. Including debt, the deal is worth \$4.6 billion The transaction includes a so-called contingent value right, or C.V.R., which could give Media General's current shareholders up to an additional \$549 million, after taxes, depending on the worth of Media General's spectrum in an upcoming auction 	
Of Note	<ul style="list-style-type: none"> Before Media General can be bought by Nexstar, it needs to get out of its merger agreement to buy New York-based Meredith Corp for \$2.34 billion Media General said it made several proposals to Meredith to end their deal but that Meredith was unwilling to accept them If Meredith does not agree to terminate its agreement, Media General will ask shareholders to vote on the transaction. If it is struck down, Media General will be able to move forward with Nexstar 	