Deal of the Week: Nexstar Media to Buy Tribune Media for $6.4 Billion

Announcement Date	• December 3, 2018
Acquirer	• Nexstar Media Group, Inc. (NASDAQ: NXST)
Acquirer Description	• A television broadcasting and digital media company in the United States that owns, operates, programs, and provides sales and other services to 170 television stations in 100 markets • The company's stations reach approximately 43.6 million viewers • Founded in 1996 and headquartered in Irving, TX
Acquirer Financial Statistics	• Mkt Cap: $3.8 billion • EV: $7.5 billion • LTM Revenue: $2.6 billion • LTM EBITDA: $960.8 million • LTM EV / Revenue: 2.9x • LTM EV / EBITDA: 7.8x
Target Company	• Tribune Media Company (NYSE: TRCO)
Target Description	• A media and entertainment company in the United States that offers news, entertainment, and sports programming through Tribune Broadcasting local television stations, affiliates, and independent television stations • Founded in 1847 and headquartered in Chicago, IL
Target Financial Statistics	• Mkt Cap: $3.9 billion • EV: $5.4 billion • LTM Revenue: $1.9 billion • LTM EBITDA: $557.1 million • LTM EV / Revenue: 2.8x • LTM EV / EBITDA: 9.7x
Acquirer Advisor(s)	• Bank of America Merrill Lynch
Target Advisor(s)	• Moelis & Company and Guggenheim Securities
Price / Consideration	• $6.4 billion • Cash
Rationale	• Nexstar will benefit from increased operational and geographic diversity and scale as a result of Tribune Media's diverse portfolio of media assets including 42 owned or operated broadcast television stations in major U.S. markets • The transaction offers synergies related to the enhanced scale of the combined broadcast and digital media operations, increasing Nexstar's audience reach by approximately 50% and expanding its geographic diversity to 18 of the nation's top 25 markets and 37 of the top 50 markets • Perry Sook, Chairman, President and CEO of Nexstar, commented, "Nexstar has long viewed the acquisition of Tribune Media as a strategically, financially and operationally compelling opportunity that brings immediate value to shareholders of both companies." • The transaction is expected to be immediately accretive to Nexstar's operating results inclusive of expected operating synergies of approximately $160 million in the first year following the completion of the transaction and planned divestitures • The transaction will result in approximately 46% growth in Nexstar's average annual free cash flow in the 2018/2019 cycle to approximately $900 million, or approximately $19.50 per share
Deal Points	• Nexstar will purchase all of Tribune's outstanding shares at $46.50 per share for $4.1 billion cash and assume Tribune's debt for a total deal value of $6.4 billion. The transaction reflects a 15.5% premium for Tribune Media shareholders based on its closing price on November 30, 2018
Of Note	• The transaction makes Nexstar the largest local television operator in the United States