



MAGIC MEDIA

# Biography

## Mc Andrew

### ★ **Founder/ Investor/ Operator/ CEO**

1982-1997 • Matthew Outdoor Advertising • New York Metro • Sold 55 Million  
2000-Current • PanAmerican Outdoor Advertising • Republic of Panama • 2,000 Displays  
2004-Current • Magic Media Outdoor Advertising • 22 US States • 10,565 Displays

### ★ **Partner/Investor**

UNICOM Outdoor • Estonia, Latvia, Lithuania, Baltic Region • Sold 45 Million  
AdVision Outdoor • Tucson, AZ • Bus Shelter Ad Display Buildout • 1,000 Faces

### ★ **30 Years in Outdoor Advertising Business**

### ★ **Completed over 50 Acquisitions and Divestitures**

### ★ **Unique Team with CFO & COO**





- ★ **10,565 Displays (1200 30 Sheet Posters / 9,365 bulletins)**
- ★ **Total Audience: 90 Million Daily Effective Circulation (DEC)**
- ★ **4<sup>th</sup> Largest in USA by # of Displays / 7<sup>th</sup> or 8<sup>th</sup> by Revenue**
- ★ **2007 Net Revenue: \$27.5 Million / 2008 Net Revenue \$30.0 Million**
- ★ **Planning up to 50 LED Digital Displays**
- ★ **Operate in Kansas City; Valdosta, GA; Huntsville, AL; Dothan, AL; Rochester, MN; - Most Coverage is Micropolis/Micrometropolitan**

# The Story



- 1) **Changeable Message Display Changes the World:**
  - >> Increase Revenue
  - >> Increase Market Share
  
- 2) **Perpetual Easement Lender Acceptance Lowers Property Expense and Increases EBITDA**
  
- 3) **Multipliers Expand to 7X Net Revenue / 20X EBITDA Possible**

## Net Revenue

1960-1975	2.5 - 3X
1975-1985	3-4X
1985-1995	4-5X
1995-2005	5-7X
2005-2007	* 7-?X

## EBITDA

1960-1975	EBITDA Concept not Accepted
1975-1985	6- 8X trial EBITDA
1985-1995	8-12X 3-Month Trial + 9-Month Projected EBITDA
1995-2005	12-15X Adjusted EBITDA
2005-2007	15-20X (Just Like Broadcast) 2007 13-15X

\*Current Comp's



# Paradigm Shift



Changeable Message Display Unlocks Value, but...

## Why?

- 1) Local Advertisers Pent-Up Demand
- 2) High Cost of Newspaper Ads – Short Life of Ad – Declining Circulations
- 3) Large Aggregate Dollars Required to be Effective within Broadcast
- 4) Fragmentation of Radio & TV (Satellite Radio, iPod, PC, DVD Player, etc)
- 5) LED Display Capital Expense Reasonable & Dropping;  
Yielding Great Returns
- 6) LED, Even When Dividing the Audience, Still an Ad Bargain





# ECONOMICS of a

## LED - Changeable Message Display

**7 Flips at 100% Utilization:**

**\$2000 per Flip (ad) Monthly**

**\$14,000**

**Less Existing Revenue Display**

**1,000**

**Incremental New Revenue**

**\$13,000**

**Lease Expense: +/-20%**

**2,600**

**Power Expense:**

**1,000**

**Maintenance**

**800**

**Graphics**

**100**

**Other**

**25**

**(61%)**

**\$8,475**

**Capital Invested**

**\$180,000**



**IRR** { **@15X**  
**121.4%**  
**@12X**  
**113.3%**

**Four Year Horizon**



**Audience Value** Outdoor ad impression has equal to or GREATER ad value than Broadcast impression. Contact: Raymond Taylor at raymond.taylor@villanova.edu.

Magic Media \$3.00 CPM  
Clear Channel Prospectus \$5.50 CPM  
OAAA \$4.25 CPM Average  
Broadcast \$20.00 CPM

As outdoor increases CPM as a result of digital, approaching Broadcast, we increase our Enterprise Value at the same rate

Magic Media greater than 6X more valuable  
Clear Channel greater than 3X more valuable  
Industry greater than 4.5X more valuable



## LED Results

- Usually 100% Sellout • 6 or 7 Ads where there was 1
- Ads Create New Market Share • Open New Doors • Visit New Advertisers
- LED & Networks Create Increased Demand & Drive Ad Rates
- Billboards will Capture Grocery Advertisements and Retail Ad Dollars

# Other Technologies



## 1) LED Lighting – Saves Power 70-95 Percent

a. Totally “Green” • Carbon Plus • Reduces Illumination Expense • Drives EBITDA

## 2) Board’s Eye

BOARD'S EYE

## 3) Lightweight (15 lbs vs. 75 lbs) Durable Vinyl • Recyclable

## 4) Glue-less 30-Sheet Poster

## 5) Bluetooth







# Regulations



- 1) Allowed to Change Copy
- 2) Does not have to be on Federal-Regulated Artery; Robust Pent-Up Demand found on Surface Streets
- 3) Studies Reveal Zero Accident Impact
  - a) Viewed Longer ([www.digitalooh.org](http://www.digitalooh.org)) Tantala Study & VITTI Study
  - b) But no more likely to cause a traffic accident
- 4) Amber Alert Networking – Other Public Service – Weather Alerts
- 5) Technology is Ubiquitous
- 6) Contacts: OAAA, Telephone 202-833-5566; web site: [www.oaaa.org](http://www.oaaa.org)  
Professor Ray Taylor, Villanova University email: [raymond.taylor@villanova.edu](mailto:raymond.taylor@villanova.edu)



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