# FOCUS Telecom Technology and Services Group

# U.S. Communications Service Provider Quarterly

Spring 2014 Report

Vol. 3, No. 2



**Investment Banking** 

Seasoned, Systematic, Successful<sup>™</sup>

# Investment Banking and Advisory Services

FOCUS Investment Banking LLC is a leading investment bank with specialized telecom technology and services expertise, concentrating on providing four highly-tailored services to emerging middle market and larger organizations in this sector:

Sellside Assignments
Buyside Engagements
Capital Formation
Valuation and Fairness Options

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# U.S. Communications Service Provider Quarterly

By Richard Pierce, FOCUS Managing Director and Telecom Technology and Services Team Leader

FOCUS believes that the need for communications services has never been greater. Large enterprises, small and medium sized businesses, and individuals have all come to rely upon ubiquitous access to voice, video, and data services to run their day-to-day activities. Furthermore, the importance of Communications Service Providers (CSPs) appears poised to increase further as they begin to enable a variety of new services ranging from hosted PBX and videoconferencing platforms to in-home security and energy management solutions.

Access to capital and the benefits of scale will mean that a small number of large companies will continue to dominate certain areas such as mobile wireless and video. However, FOCUS continues to see opportunities for middle market CSPs. While not as large as the industry giants, they continue to thrive by developing innovative business models that share one or more characteristics such as capital efficiency, customer responsiveness, an advanced technology platform and a focus on an underserved industry vertical or geography.

Furthermore, it often is the middle market CSPs that point the direction for the future of the industry. FOCUS is proud of its commitment to the CSP sector and we are excited about the prospects for middle market companies in this space.

The FOCUS Telecom Technology and Services group consists of four professionals with a mix of backgrounds that include both C-level operating expertise and experience at leading middle market investment banks. The FOCUS Telecom team is uniquely qualified to help middle market clients reach their strategic objectives because the group:

Devotes significant senior level resources to executing transactions for lower middle market clients,

- · Has a breadth of knowledge that covers most segments of the telecom industry,
- Has bankers with C-level operating experience in the telecom industry,
- Has a proven transaction methodology for delivering results,
- Is equally comfortable with buy side and sell side M&A,
- Leverages an experienced team of research professionals,
- Has a national presence with coverage of both east and west coasts.

#### **Sub Sector Definitions**

Large Cap: Large, diversified communications service providers that control a significant number of former RBOC access lines and/or have a nationwide wireless operation.

Alternative Telecom: Competitive carriers that primarily provide basic voice, data and transport services to businesses and other telecom service providers.

Hosted and Managed Services: Companies that provide hosted VoIP telecom services as well as additional hosted offerings such as audio and video conferencing.

ILEC and Diversified ILEC: Non-RBOC incumbent carriers, many of which have branched out into other sectors of communications services.

Cable and Video: Incumbent cable service providers, satellite video providers, and competitive video providers whose core business is providing video services to residential customers.

# Summary Comments

# **Public Markets**

After a strong performance in our Winter report, the FOCUS Communications Service Provider Index (CSPI) slipped in this most recent period with a loss of 0.2%. This loss underperformed the S&P 500 and the NASDAQ, both of which turned in modest gains for the period. On a year-over-year basis the CSPI's gain of 8.8% also significantly trails the broader indices, although this is almost entirely due to underperformance in the Large Cap sub sector. During the past 12 months, we saw a rise in the sector revenue multiple from 2.1x to 2.3x, while at the same time the sector EBITDA multiple fell from 7.6x to 6.5x. Once again, the drop in sector EBITDA multiple was entirely attributable to the Large Cap sub sector.

# Large Cap

The Large Cap sub sector dropped 1.3% for the three month period. This loss also put the sub sector into the red for the twelve month period with an overall decline of 4.1%. Sub sector leaders AT&T and Verizon are both in negative territory for both the 12 and three month periods. Sprint gave up some of its recent gains this period, but overall remains a strong performer with a year-over-year gain of nearly 50%. The Large Cap sub sector revenue multiple now stands at 2.2x, up from 2.1x a year ago. However, the sub sector EBITDA multiple dropped from 8.1x to 5.7x as both AT&T and Verizon showed steep declines in their EBITDA multiples.

# Alternative Telecom

The Alternative Telecom sub sector recaptured its place as the top performing sub sector with a gain of 8.1% for the period. The sub sector also had a 12 month gain of 55.2%, which means that is has supplanted the Cable and Video sub sector as the best performing sub sector during that time frame. Both the 12 month and three month gains were driven largely by strong performances by Global Telecom and Technology, Inteliquent, and Level 3. On the negative side, EarthLink continues to struggle and was the only stock in the sub sector that declined on a year-overyear basis. After the recent stock rises in the sub sector, Alternative Telecom now trades at 2.7x revenue and 10.7x EBITDA. This gives it the highest multiples of any sub sector in the CSPI.

# Hosted and Managed Services

The Hosted and Managed Services sub sector saw a slight pullback with a loss of 0.9% for the three month period. The loss was due to negative performances by West Corporation and RingCentral. The remaining six stocks in the index were all in positive territory for the period, including a gain of 21.7% at hosted videoconferencing provider Glowpoint. For the 12 month period, the sub sector remains strongly positive with a gain of more than 25%. Over the past year, the sub sector revenue multiple grew from 2.1x to 2.3x while the EBITDA multiple increased from 8.4x to 10.6x. This multiple expansion was due to higher multiples at 8x8 and the entrance of RingCentral into the index.

#### **ILEC** and Diversified ILEC

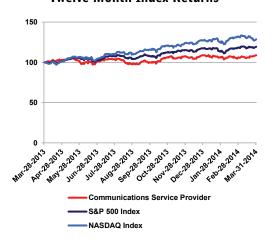
In a departure from the typical trend, the ILEC and Diversified ILEC sub sector was the second best performing sub sector for the period with a three month gain of 7.4%. The uptick in the sub sector was almost entirely due to a robust gain of 22.7% at Frontier. Of the remaining eight stocks in the sub sector, four had small gains while the remainder posted losses. Sub sector performance looks better on a year-over-year basis. The sub sector is up 20.4% over the past year and seven of the nine sub sector stocks are in positive territory. Sub sector multiples also are up from the year ago period and now stand at 2.1x revenue and 6.0x EBITDA.

# Cable and Video

The Cable and Video sub sector cooled down a bit with a slight loss of 0.1% for the three month period. Comcast, Charter, and Cablevision all exhibited declines. Time Warner Cable, after the announcement that it would be acquired by Comcast, was the only large cable operator to show a gain. On the other hand, the satellite providers fared well for the period with DirecTV up 10.7% and Dish Network up 7.4%. For the 12 month period, the Cable and Video sub sector was still our second best performing sub sector with a gain of 28.7%. The sub sector revenue and EBITDA multiples ended the period at 2.5x and 8.2x, respectively. Both of these multiples are up from the year ago period.

# U.S. Communications Service Provider Sector: Public Market Summary

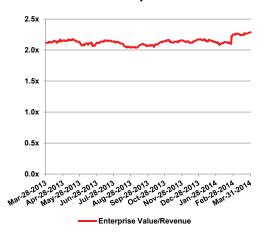
# **Twelve Month Index Returns**



# **Sector and Sub Sector Returns**

	12 Month	3 Month
Communications Service Provider	8.8%	-0.2%
Large Cap	-4.1%	-1.3%
Alternative Telecom	55.2%	8.1%
Hosted and Managed Services	25.2%	-0.9%
ILEC and Diversified ILEC	20.4%	7.4%
Cable and Video	28.7%	-0.1%
S&P 500	19.3%	1.3%
NASDAQ	28.5%	0.5%

# **Revenue Multiple Trends**



# **Sector and Sub Sector Revenue Multiples**

	3/31/2014	3/31/2013
Communications Service Provider	2.3x	2.1x
Large Cap	2.2x	2.1x
Alternative Telecom	2.7x	2.0x
Hosted and Managed Services	2.3x	2.1x
ILEC and Diversified ILEC	2.1x	1.9x
Cable and Video	2.5x	2.2x

# **EBITDA Multiple Trends**



# **Sector and Sub Sector EBITDA Multiples**

	3/31/2014	3/31/2013
Communications Service Provider	6.5x	7.6x
Large Cap	5.7x	8.1x
Alternative Telecom	10.7x	8.3x
Hosted and Managed Services	10.6x	8.4x
ILEC and Diversified ILEC	6.0x	5.4x
Cable and Video	8.2x	7.2x

# Summary Comments

#### M & A

M&A activity in the Communications Service Provider sector started off the first three months of 2014 at a strong pace. The 16 total transactions we counted for the period are consistent with what we typically see. However, the announced dollar value of \$68.8 billion already makes 2014 the biggest of the last five years in terms of announced dollar volume. Virtually all of the dollar volume was due to the \$68.7 billion acquisition of Time Warner Cable by Comcast, so it is difficult to read very much into the spike. In fact, after backing out the Comcast/Time Warner transaction, the period was actually very slow in terms of announced dollar volume.

# Alternative Telecom

Activity in the Alternative Telecom sub sector was relatively muted with only four transactions for the period. The most significant of these was the purchase of Conterra by private equity group Court Square Capital Partners. Conterra provides facilities-based broadband services and has a strong presence in the wireless, education, and healthcare industries. The investment will be used to fund future growth, and it will be interesting to see how acquisitions might play into this growth strategy. We also noted the purchase of Capacity Provisioning by Wave Broadband. This represents yet another instance of a cable service provider making an acquisition in the Alternative Telecom sub sector to bolster its presence in the business services market.

# Hosted and Managed Services

Activity in the Hosted and Managed Services sub sector remained brisk with three transactions for the period. Interestingly, two of these transactions (Spire Capital/

Telekenex and DSCI Corporation/McCarthy Capital) were private equity investments into companies in the hosted PBX space. In addition to the investments by Spire Capital and McCarthy Capital, we also noted the merger between Equiinet and Ubiquita to create an entity that provides not just hosted VoIP services, but also hosted IT services such as unified threat management. This "blurring of the lines" between hosted communications and hosted IT is becoming more and more common and something that we expect to continue to see.

#### **ILEC** and Diversified ILEC

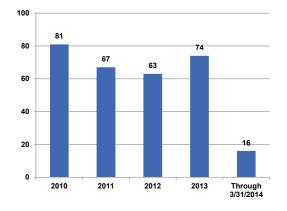
For the first time in recent memory the ILEC and Diversified ILEC sub sector had the highest level of M&A activity of any of our various sub sectors with seven transactions for the period. Six of these transactions were made by USConnect, a consortium of independent incumbents that has begun purchasing small rural incumbents. This should hopefully provide some much needed liquidity in a sector that has suffered of late from a limited number of potential acquirers. In addition to the USConnect acquisitions, private equity firm Novacap acquired Maine-based incumbent Oxford Networks for \$50 million.

# Cable and Video

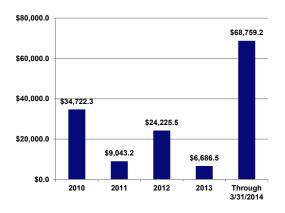
The Cable and Video sub sector had two transactions in the past three months. The previously mentioned Comcast acquisition of Time Warner Cable was obviously the blockbuster deal for this period. The transaction was the culmination of a long process that began with rival operator Charter Communications expressing its interest in a transaction with Time Warner Cable. While this transaction will continued on page 6

# U.S. Communication Service Provider Sector: M&A Summary

#### **M&A Activity: Number of Transactions**



#### M&A Activity (\$ Value of Transactions in Millions)



bear close regulatory scrutiny, the common wisdom seems to be that it will receive approval contingent on some divestitures. The second transaction in the Cable and Video sub sector was on the opposite end of the size spectrum with the purchase of U.S. Communications' cable systems in Nebraska and Colorado by Eagle Communications.

# Transactions with Announced Multiples

The only transaction with an announced multiple in this reporting period was Comcast's acquisition of Time Warner Cable. This transaction was done at 3.1x revenue and 8.9x EBITDA.

# **M&A Announced Transactions (10/1/13–3/31/14)**

Acquiror	Target	Date Announced	Sector	Purchase Price	Description
Eagle Communications	U.S. Communications (Cable Systems in NE and CO)	3/31/14	Cable and Video	NA	Cable television and broadband systems that serve approximately 7,000 customers in Nebraska and Colorado.
McCarthy Capital	DSCI Corporation	3/31/14	Hosted & Managed Services	NA	Unified communications and connectivity services to more than 1,300 businesses and organizations in the New England region.
Court Square Capital Partners	Conterra	3/20/14	Alternative Telecom	NA	Facilities-based broadband services for health care, schools, wireless carriers, municipalities and enterprises.
Wave Broadband	Capacity Provisioning	3/12/14	Alternative Telecom	NA	Operates a fiber optic communications network that provides synchronous Internet to business and government customers.
Perseus Telecom	TLV Networks	2/26/14	Alternative Telecom	NA	Operates low latency microwave networks connecting various North American financial exchanges and data centers.
Comcast	Time Warner Cable	2/13/14	Cable and Video	\$68,707.7	Operates cable television systems that offer video, high-speed data and voice services to residential and business customers.
USConnect	Waverly Hall Telephone	2/12/14	Diversified ILEC	NA	Rural incumbent local exchange carrier serving Waverly, Georgia
USConnect	S&A Telephone	2/11/14	Diversified ILEC	NA	Rural incumbent local exchange carrier serving Allen, Kansas
USConnect	Elsie Communications	2/10/14	Diversified ILEC	NA	Rural incumbent local exchange carrier serving Elsie, Nebraska
USConnect	Dalton Telephone	2/9/14	Diversified ILEC	NA	Rural incumbent local exchange carrier serving Dalton, Nebraska
USConnect	South Park Telephone	2/8/14	Diversified ILEC	NA	Rural incumbent local exchange carrier serving Hartsel, Colorado
USConnect	Rye Telephone	2/6/14	Diversified ILEC	NA	Rural incumbent local exchange carrier serving Colorado City, Colorado
Spire Capital	Telekenex	1/27/14	Hosted & Managed Services	NA	Hosted communications, security and managed network solutions for small and medium-sized businesses and enterprise customers.
Novacap	Oxford Networks	1/15/14	Diversified ILEC	\$50.0	Telecommunications services to residential and business customers in Maine and Northern New England.
Equiinet	Ubiquita	1/8/14	Hosted & Managed Services	NA	Business VoIP phone service, Internet, connectivity failover, URL filtering, caching and unified threat management services.
Tellza Communications	MatchCom	1/6/14	Alternative Telecom	\$1.5	Provides voice services to carriers and retail operators worldwide through a network of gateways.
Frontier Communications	AT&T (Wireline Operations in Connecticut)	12/17/13	Diversified ILEC	\$2,000.0	Telecommunication services that include local and intrastate toll services and network access service in Connecticut.
Cspire	Callis Communications	12/11/13	Hosted & Managed Services	NA	Cloud-based unified communication services for organizations and business markets in the Southeast United States.
NKTelco	Hardin-Net	12/2/13	Alternative Telecom	NA	Provides high speed bandwidth Internet to under-served areas in the north central area of Ohio.
Nsight	Lakefield Telephone	12/2/13	Diversified ILEC	NA	Local telephone and long distance services along with broadband Internet to residential and business customers.
Peerless Network	IntelePeer	12/2/13	Alternative Telecom	NA	On-demand, cloud-based communications services to service providers and enterprises.
TX Communications	Trillion Partners	11/26/13	Alternative Telecom	NA	Provider of fixed wireless and fiber wide area networks for school districts.
Transtelco	XC Networks	11/21/13	Alternative Telecom	NA	Telecommunications services including dark fiber, collocation, backhaul, last mile and IP-based solutions.
Contingent Network Services	IVANS	11/12/13	Alternative Telecom	NA	Communication services to the Web-based healthcare network and provider of broadband aggregation services.
Milestone Systems	Connex International	11/4/13	Hosted & Managed Services	NA	Provider of audio conferencing and Web conferencing services.
I-Evolve	Layer 8 Communications	11/1/13	Alternative Telecom	NA	Data communication services including Internet, inter-office connectivity, VoIP and carrier resale.

# M&A Announced Transactions (10/1/13-3/31/14) continued

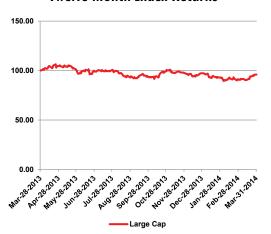
Acquiror	Target	Date Announced	Sector	Purchase Price	Description
NTT DOCOMO	Virtela	10/28/13	Hosted & Managed Services	\$525.0	Enterprise networking and virtualized IT services using its Virtualized Overlay Network and Virtela Enterprise Services Cloud platform.
Florida Cable	Greenlight Dunnellon Communications	10/23/13	Cable and Video	\$1.0	Fiber-based broadband telecommunication services in Dunnellon, Florida.
Tower Three Partners	NTS	10/21/13	Cable and Video	\$154.8	Provides local, retail long distance, cable television and Internet data services.
Vonage	Vocalocity	10/10/13	Hosted & Managed Services	\$129.5	Cloud-based private branch exchange and voice over Internet protocol solutions for small businesses.
Time Warner Cable	DukeNet Communications	10/7/13	Alternative Telecom	\$600.0	Develops and manages a fiber optic network offering communication solutions in North Carolina, South Carolina and Georgia.
Zayo Group	FiberLink	10/7/13	Alternative Telecom	NA	Fiber optic transmission assets in Iowa, Nebraska, Colorado, Illinois, Kentucky,Tennessee, Mississippi and Louisiana.
Interlink Advertising Services	Brainstorm Internet	10/4/13	Alternative Telecom	NA	Offers high speed wireless Internet services, custom business solutions and Web hosting services.
Suddenlink Communications	Northland Communications (Cable Systems in Texas)	10/3/13	Cable and Video	NA	Cable systems serving more than 12,000 residential and nearly 300 commercial customers in Texas.

# M&A Announced Transactions with Revenue Multiples (3/31/13 – 3/31/14)

Acquiror	Target	Date Announced	Sector	Purchase Price	Revenue Multiple	EBITDA Multiple	Description
Comcast	Time Warner Cable	2/13/14	Cable and Video	\$68,707.7	3.1 x	8.9 x	Operates cable television systems that offer video, high-speed data and voice services to residential and business customers.
Frontier Communications	AT&T (Wireline Operations in Connecticut)	12/17/13	Diversified ILEC	\$2,000.0	1.6 x	4.8 x	Telecommunication services that include local and intrastate toll services and network access service in Connecticut.
Tower Three Partners	NTS	10/21/13	Cable and Video	\$154.8	2.6 x	13.8 x	Provides local, retail long distance, cable television and Internet data services.
Vonage	Vocalocity	10/10/13	Hosted & Managed Services	\$129.5	2.3 x	NA	Cloud-based private branch exchange and voice over Internet protocol solutions for small businesses.
Fusion Telecommunications	Broadvox (Cloud-Based Communications Assets)	9/13/13	Hosted & Managed Services	\$32.1	1.0 x	5.4 x	Cloud-based private branch exchange and voice over Internet protocol solutions for small businesses.
Unknown	Alteva (USA Datanet Operations)	9/4/13	Hosted & Managed Services	\$0.6	0.3 x	NA	VoIP-based voice, Internet access and broadband telephony services to residential, business and carrier customers.
Birch Communications	Lightyear Network Solutions	5/14/13	Alternative Telecom	\$22.0	0.3 x	55.0 x	Long distance and local phone services, Internet/ Intranet, calling cards, advanced data, conferencing and VoIP services.
iTalk	ITG	5/10/13	Alternative Telecom	\$0.3	0.2 x	NA	Provides consumer voice and data services.
York Capital	Primus Telecommunications (North American Operations)	5/10/13	Alternative Telecom	\$129.0	0.6 x	NA	International and domestic long-distance voice, local, broadband, Ethernet, hosted-VoIP and wireless services.
Global Telecom and Technology	Inteliquent (Global Data Services Business)	4/30/13	Alternative Telecom	\$54.5	0.8 x	NA	Provides IP Transit and Ethernet services.

# Sub Sector Analysis: Large Cap

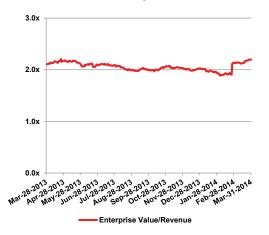
# **Twelve Month Index Returns**



# **Company Returns**

	12 Month	3 Month
Large Cap Index	-4.1%	-1.3%
AT&T	-4.4%	-0.3%
CenturyLink	-6.5%	3.1%
Sprint	48.0%	-14.5%
Verizon	-3.2%	-3.2%

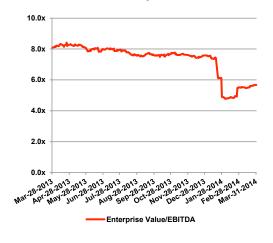
# **Revenue Multiple Trends**



# **Company Revenue Multiples**

	3/31/2014	3/31/2013
Large Cap Index	2.2x	2.1x
AT&T	2.0x	2.1x
CenturyLink	2.2x	2.3x
Sprint	1.7x	1.0x
Verizon	2.4x	2.1x

# **EBITDA Multiple Trends**

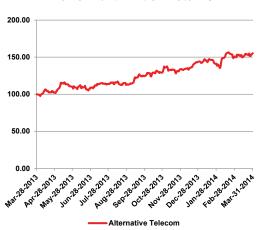


# **Company EBITDA Multiples**

	3/31/2014	3/31/2013
Large Cap Index	5.7x	8.1x
AT&T	5.5x	9.2x
CenturyLink	5.4x	5.6x
Sprint	11.3x	5.1x
Verizon	6.0x	7.9x

# Sub Sector Analysis: Alternative Telecom

# **Twelve Month Index Returns**



# **Company Returns**

	12 Month	3 Month
Alternative Telecom Index	55.2%	8.1%
Boingo	22.8%	5.8%
Cogent Communications	34.6%	-12.1%
EarthLink	-33.3%	-28.8%
Global Telecom and Technology	188.5%	44.2%
Inteliquent	344.3%	27.3%
Level 3	92.9%	18.0%
Towerstream	5.4%	-20.6%
tw telecom	24.1%	2.6%

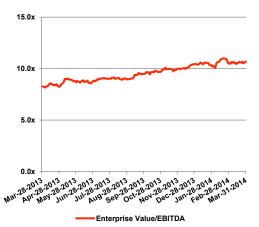
# **Revenue Multiple Trends**



# **Company Revenue Multiples**

	3/31/2014	3/31/2013
Alternative Telecom Index	2.7x	2.0x
Boingo	1.7x	1.0x
Cogent Communications	5.4x	4.3x
EarthLink	0.7x	0.7x
Global Telecom and Technology	2.1x	1.0x
Inteliquent	1.9x	0.3x
Level 3	2.7x	1.9x
Towerstream	3.9x	4.2x
tw telecom	3.8x	3.1x

# **EBITDA Multiple Trends**

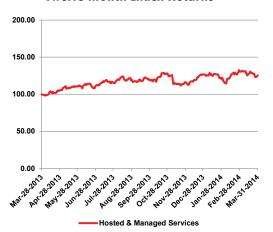


# **Company EBITDA Multiples**

	3/31/2014	3/31/2013
Alternative Telecom Index	10.7x	8.3x
Boingo	9.2x	3.7x
Cogent Communications	17.0x	14.4x
EarthLink	4.0x	3.6x
Global Telecom and Technology	14.7x	8.4x
Inteliquent	5.5x	1.3x
Level 3	11.0x	8.7x
Towerstream	NM	NM
tw telecom	11.3x	9.0x

# Sub Sector Analysis: Hosted and Managed Services

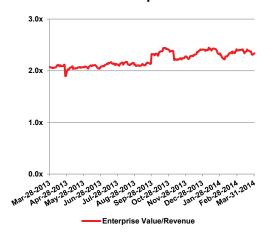
# **Twelve Month Index Returns**



# **Company Returns**

	12 Month	3 Month
Hosted & Managed Services Indes	25.2%	-0.9%
8x8	57.8%	6.5%
Cbeyond	-2.4%	5.2%
Glowpoint	14.3%	21.7%
j2 Global	27.6%	0.1%
Premiere Global Services	9.7%	4.1%
RingCentral	NA	-1.5%
West Corporation	24.7%	-6.9%

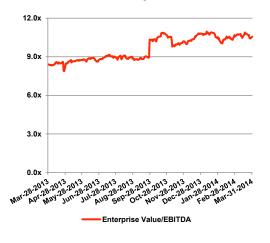
# **Revenue Multiple Trends**



# **Company Revenue Multiples**

	3/31/2014	3/31/2013
Hosted & Managed Services Indes	2.3x	2.1x
8x8	6.2x	4.4x
Cbeyond	0.5x	0.4x
Glowpoint	2.0x	2.1x
j2 Global	4.4x	4.6x
Premiere Global Services	1.5x	1.4x
RingCentral	6.7x	NA
West Corporation	2.0x	2.1x

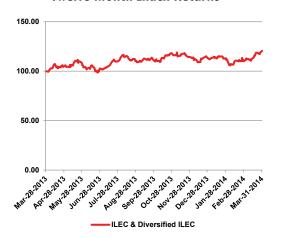
# **EBITDA Multiple Trends**



# **Company EBITDA Multiples**

	3/31/2014	3/31/2013
Hosted & Managed Services Indes	10.6x	8.4x
8x8	65.2x	33.7x
Cbeyond	3.0x	2.4x
Glowpoint	25.0x	33.5x
j2 Global	10.8x	9.4x
Premiere Global Services	11.7x	9.9x
RingCentral	NM	NA
West Corporation	8.0x	8.2x

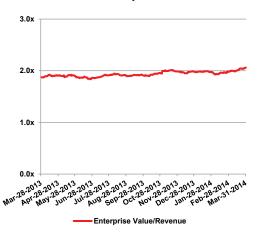
# **Twelve Month Index Returns**



# **Company Returns**

	12 Month	3 Month
ILEC & Diversified ILEC Index	20.4%	7.4%
Alaska Communications Systems	15.9%	-9.0%
Alteva	-9.8%	1.6%
Consolidated Communications	14.0%	1.9%
Cincinnati Bell	6.1%	-2.8%
Frontier	43.0%	22.7%
Hickory Tech	26.0%	-0.3%
Lumos Networks	-0.8%	-36.3%
Telephone & Data Systems	24.4%	1.7%
Windstream	3.9%	3.3%

# **Revenue Multiple Trends**



# **Company Revenue Multiples**

	3/31/2014	3/31/2013
ILEC & Diversified ILEC Index	2.1x	1.9x
Alaska Communications Systems	1.5x	1.7x
Alteva	2.0x	2.4x
Consolidated Communications	3.4x	4.0x
Cincinnati Bell	2.5x	2.3x
Frontier	2.7x	2.3x
Hickory Tech	1.6x	1.5x
Lumos Networks	3.0x	2.9x
Telephone & Data Systems	0.9x	0.7x
Windstream	2.3x	2.2x

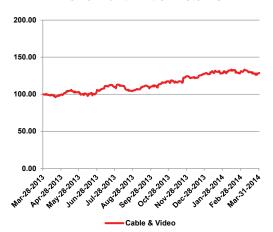
# **EBITDA Multiple Trends**



# **Company EBITDA Multiples**

	3/31/2014	3/31/2013
ILEC & Diversified ILEC Index	6.0x	5.4x
Alaska Communications Systems	6.8x	5.6x
Alteva	NM	NM
Consolidated Communications	8.3x	9.9x
Cincinnati Bell	8.9x	6.8x
Frontier	5.9x	5.0x
Hickory Tech	6.8x	6.1x
Lumos Networks	7.1x	7.2x
Telephone & Data Systems	5.8x	3.6x
Windstream	5.8x	6.0x

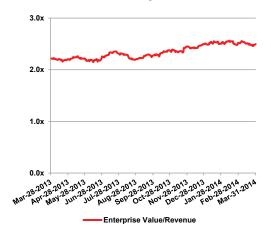
# **Twelve Month Index Returns**



# **Company Returns**

	12 Month	3 Month
Cable & Video Index	28.7%	-0.1%
Cablevision	12.8%	-5.9%
Charter Communications	18.3%	-9.9%
Comcast	19.2%	-3.7%
DirecTV	35.0%	10.7%
Dish Network	64.1%	7.4%
General Communication	24.4%	2.3%
Time Warner Cable	42.8%	1.2%

# **Revenue Multiple Trends**



# **Company Revenue Multiples**

	3/31/2014	3/31/2013
Cable & Video Index	2.5x	2.2x
Cablevision	2.2x	2.4x
Charter Communications	3.4x	3.1x
Comcast	2.7x	2.5x
DirecTV	1.8x	1.6x
Dish Network	2.3x	1.7x
General Communication	2.3x	1.9x
Time Warner Cable	2.8x	2.4x

# **EBITDA Multiple Trends**



# **Company EBITDA Multiples**

	3/31/2014	3/31/2013
Cable & Video Index	8.2x	7.2x
Cablevision	8.3x	8.4x
Charter Communications	9.8x	8.9x
Comcast	8.1x	7.8x
DirecTV	7.3x	6.8x
Dish Network	11.2x	7.4x
General Communication	7.1x	6.1x
Time Warner Cable	8.1x	6.8x

# FOCUS Telecom Technology and Services Team

# Richard H. Pierce



Managing Director and Telecom Technology and Services Team Leader, Washington, DC rich.pierce@focusbankers.com 202-470-1983

Rich Pierce has more than ten years of investment banking experience advising middle market clients on a variety of mergers and acquisitions and capital raising transactions. Dur-

ing that time, Mr. Pierce's primary emphasis has been on serving clients in the telecommunications industry including providers of network related hardware and software products, wireless, and wireline telecommunications service providers and network engineering and construction companies.

John T. Bradshaw



Partner, Bend, Oregon john.bradshaw@focusbankers.com 541-306-6451

John Bradshaw has over 30 years experience in sales, marketing, manufacturing, finance, and systems engineering with corporations specializing in technology-driven business products and services. Mr. Bradshaw has been a successful

senior executive and manager in both large and small organizations, and has spent the last 15 years working with entrepreneurial companies. Mr. Bradshaw has particular expertise in enterprise communications and contact center related technology.

# **David Freeland**



Principal, San Francisco, California david.freeland@focusbankers.com 978-505-1837

David Freeland, a FOCUS Principal, has more than fifteen years of experience providing investment banking and management consulting services to a variety of corporate clients, ranging from the Fortune 500 to start-up businesses. He has been an

investment banker since 2003, advising clients on mergers and acquisitions and capital raising transactions. Mr. Freeland has broad experience in the telecom and technology industry and has significant experience with data center companies.

Eric M. Oganesoff



Managing Director, Washington, DC eric.oganesoff@focusbankers.com 202-470-1969

Eric Oganesoff has conducted over forty M&A, debt, and capital raise transactions with an aggregate value of over \$300 million and has served as the CEO or President of several companies. Mr. Oganesoff has over twenty years of senior executive level

experience in leading businesses ranging from wireless solutions, software, and RFID services to manufacturing, industrial products, energy, and environmental products and government contracting.

# About FOCUS Investment Banking LLC

FOCUS Investment Banking LLC provides a range of middle market investment banking services with an emphasis on mergers, acquisitions, divestitures and corporate finance. FOCUS is a national firm serving clients from offices in major cities across the United States. FOCUS specializes in business units with transactions or revenues in the \$5-300 million range, serving entrepreneurs, corporate owners and various types of investors across a broad range of industries, throughout the U.S. and worldwide. FOCUS bankers are seasoned operating and financial executives with extensive transaction experience. Securities transactions conducted by FOCUS Securities LLC, an affiliated company, registered Broker/Dealer and member FINRA/SIPC. For more information on FOCUS, visit www.focusbankers.com.

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