2023 MEDIA TRENDS REPORT

IT’S MEDIA WORLD CHAOS

MARCH 29, 2023
SOLOMON PARTNERS OVERVIEW
INVESTMENT BANK FOUNDED IN 1989

Solomon Partners continues to grow

<table>
<thead>
<tr>
<th>SECTOR EXPERTISE</th>
<th>PRODUCT CAPABILITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Services</td>
<td>Mergers &amp; Acquisitions</td>
</tr>
<tr>
<td>Consumer Retail</td>
<td>Activist Defense</td>
</tr>
<tr>
<td>Financial Sponsors</td>
<td>Financing Advisory</td>
</tr>
<tr>
<td>FinTech</td>
<td>Capital Transformation &amp; Debt Advisory</td>
</tr>
<tr>
<td>Grocery, Pharmacy &amp; Restaurants</td>
<td>Special Committee &amp; Fairness Opinion</td>
</tr>
<tr>
<td>Healthcare</td>
<td></td>
</tr>
</tbody>
</table>

150+ Investment Bankers

29 Partners & Managing Directors
# WE LIVE AND BREATHE OUT OF HOME MEDIA

## SELECTED RECENT OOH TRANSACTIONS

<table>
<thead>
<tr>
<th>Year</th>
<th>Transaction Details</th>
</tr>
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</table>
| 2023 | **UBG**
|      | Has sold its leasehold interest in its signage at 2 Times Square and 1600 Broadway to **PROVIDENCE EQUITY PARTNERS** in partnership with **OUTFRONT**
|      | Served as financial advisor to Universal Branding Group |
| 2022 | **PACIFIC OUTDOOR ADVERTISING**
|      | Has sold its Portland portfolio and other assets aggregating ~1000 displays to **OUTFRONT**
|      | Served as financial advisor to Pacific Outdoor Advertising |
| 2022 | **H.I.G. CAPITAL**
|      | Has acquired **watchfire**
|      | Served as financial advisor to H.I.G. Capital |
| 2022 | **INTERSTATE CHICAGO**, a JV between **INTERSTATE** and **FOSTER INTERSTATE**
|      | Has sold its majority stake in **INTERSTATE** to **JCDecaux**
|      | Served as financial advisor to Interstate Chicago |
| 2022 | **City Bridge**
|      | Has raised capital led from **ZENFI**
|      | To fund and expand **LinkNYC**
|      | Served as financial advisor to CityBridge |
| 2021 | **adams**
|      | Strategic investment by **SEARCH LIGHT** and **BCI**
|      | Served as financial advisor to Adams Outdoor |
| 2023 | **BOOK LAUNCH #2 SUMMER 2023**

Private and Confidential
MEDIA COMPANIES ARE STRESSED WITH UNCLEAR FUTURE

TV NETWORKS LOSING VIEWERS AND ADVERTISERS

Number of Pay TV Households in the U.S.

- 2016: 98 million
- 2022: 65 million
- 2026E: 51 million

STREAMING SERVICES LOSING BILLIONS OF DOLLARS

Losses on DTC Streaming Services

- Disney
- Warner Bros.
- Discovery
- NBCUniversal
- Paramount

- 2021:
  - Disney: $1
  - Warner Bros.: $1
  - Discovery: $2
  - NBCUniversal: $3
  - Paramount: $2

- 2022:
  - Disney: $2
  - Warner Bros.: $2
  - Discovery: $4
  - NBCUniversal: $3
  - Paramount: $1

SHARE PRICES OF THE LARGEST MEDIA COMPANIES DROPPED ~50% IN 2022

S&P 500 Media & Entertainment Index Indexed Performance

- Jan-22
- Apr-22
- Jun-22
- Sep-22
- Dec-22

Source: eMarketer, company filings, S&P Capital IQ.
CONSUMERS HAVE LIMITED PATIENCE

U.S. ADVERTISING MARKET – GROWTH BY SEGMENT

<table>
<thead>
<tr>
<th>Segment</th>
<th>2022 Growth %</th>
<th>2023 Expected Growth %</th>
</tr>
</thead>
<tbody>
<tr>
<td>OOH</td>
<td>21%</td>
<td>7%</td>
</tr>
<tr>
<td>Short Form Video</td>
<td>12%</td>
<td>10%</td>
</tr>
<tr>
<td>Long Form Video</td>
<td>6%</td>
<td>(8%)</td>
</tr>
</tbody>
</table>

GOOGLE AND META LOSING ADVERTISING SHARE
FOR THE FIRST TIME SINCE 2014, GOOGLE AND META ACCOUNT FOR LESS THAN 50% OF U.S. DIGITAL ADVERTISING REVENUE

SHARE OF U.S. DIGITAL ADVERTISING REVENUE

Source: Axios, Insider Intelligence.
EVEN STREAMING’S MOMENTUM IS SLOWING

NOW THE LARGEST TV FORM, BUT MOST STREAMING COMPANIES ARE UNPROFITABLE

STREAMING & ADVERTISING SLOWDOWN

Lost **2.4M** subscribers in Q4 2022

Lost **919K** paid subscribers in the U.S. & Canada in 2022

2 consecutive quarters of YoY ad revenue declines

STREAMING SERVICES ARE ADDING FEWER NEW SUBSCRIBERS EVERY YEAR

Annual Increase in Global Paid Subscribers (millions of subscribers)

<table>
<thead>
<tr>
<th></th>
<th>Disney+</th>
<th>Netflix</th>
<th>Hulu</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>114</td>
<td>59</td>
<td>44</td>
</tr>
<tr>
<td>2021</td>
<td>68</td>
<td>35</td>
<td>32</td>
</tr>
<tr>
<td>2022</td>
<td>9</td>
<td>6</td>
<td>3</td>
</tr>
</tbody>
</table>

Source: company filings.
RISING RETAIL MEDIA NETWORKS TAKING SHARE

RETAIL MEDIA NETWORKS NOW ONE OF THE FASTEST-GROWING AD MARKET SEGMENTS

ALMOST ALL MAJOR U.S. RETAILERS HAVE LAUNCHED RETAIL MEDIA NETWORKS

Networks leverage their own first-party data and are less vulnerable to privacy-based limitations on data usage and targeting.
AMAZON REPRESENTS THE LION’S SHARE OF DIGITAL RETAIL MEDIA

FAST-GROWING SEGMENT PLAYING A LARGER ROLE IN THE DIGITAL AD MARKET

U.S. DIGITAL RETAIL MEDIA AD SPENDING

($ in billions)

Amazon generated $38B of global advertising revenue in 2022, a majority of which was in the U.S.

2019-2024 CAGR: 33%

2019 2022 2024

$13 $37 $55

Expected to represent 18% of total U.S. digital ad spend

“The third wave of digital advertising — retail media — is upon us, and it’s going to be the biggest we’ve seen”

- Insider Intelligence

Source: eMarketer, Insider Intelligence, company filings.
FRAGMENTATION OF MEDIA – CREATING CHAOS

INCREASINGLY DIFFICULT FOR ADVERTISERS TO REACH A MASS AUDIENCE

SOCIAL MEDIA AND SHORT-FORM CONTENT CAPTURING LARGER SHARE OF CONSUMERS’ ATTENTION

Average Time Spent on Mobile Devices (Non-voice)

<table>
<thead>
<tr>
<th>Year</th>
<th>Time (hrs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>1.5</td>
</tr>
<tr>
<td>2022</td>
<td>4.5</td>
</tr>
</tbody>
</table>

AUDIENCES SHIFTING FROM LINEAR TV

Broadcast & Cable Combined Share of U.S. TV Viewership

<table>
<thead>
<tr>
<th>Year</th>
<th>Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan-22</td>
<td>62%</td>
</tr>
<tr>
<td>Jan-23</td>
<td>55%</td>
</tr>
</tbody>
</table>

BY 2025, ALL PAY TV PROVIDERS COMBINED WILL REACH FEWER THAN 50% OF THE HOMES IN THE U.S.

Source: eMarketer, GroupM, Nielsen.
RADIO AND NEWSPAPER AUDIENCES CONTINUE TO SHRINK

CONTINUED OPPORTUNITY FOR OOH TO TAKE SHARE OF LOCAL ADVERTISING SPEND

TERRESTRIAL RADIO AUDIENCES DECLINING AS DIGITAL STREAMING AND PODCASTS GAIN SHARE

NEWSPAPER CIRCULATION DECLINING, WITH CONSUMERS MOVING NEARLY ENTIRELY TO DIGITAL FORMATS

Podcast Listenership (% of U.S. Adults)

14%  38%
2012  2022

Total Weekday Circulation of U.S. Daily Newspapers

40M  24M
2012  2022

Source: Edison Research, Pew Research.
TIME SPENT CONSUMING DIGITAL / MOBILE MEDIA CONTINUES AT THE EXPENSE OF OTHER CHANNELS

IN AN INCREASINGLY MOBILE SOCIETY, OOH WINS

Source: eMarketer.
#1 Price Matters

#2 OOH Ad Recall Outpaces Digital / Mobile

#3 Advertisers Moving To Brand Marketing

#4 Brands Want Reach + Impact With Large Format Media
## TREND #1: PRICE MATTERS

### SOLOMON’S CPM COMPARISON

<table>
<thead>
<tr>
<th>Media Type</th>
<th>CPM (2018)</th>
<th>CPM (2022)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Broadcast TV (a)</td>
<td>$16.00</td>
<td>$45.00</td>
</tr>
<tr>
<td>Cable TV (a)</td>
<td>$10.00</td>
<td>$22.00</td>
</tr>
<tr>
<td>Radio (b)</td>
<td>$4.00</td>
<td>$25.00</td>
</tr>
<tr>
<td>Digital Video (c)</td>
<td>$8.00</td>
<td>$40.00</td>
</tr>
<tr>
<td>Digital Display (d)</td>
<td>$0.80</td>
<td>$4.00</td>
</tr>
<tr>
<td>OOH (e)</td>
<td>$2.00</td>
<td>$9.00</td>
</tr>
<tr>
<td>Print (f)</td>
<td>$9.00</td>
<td>$54.00</td>
</tr>
</tbody>
</table>

### OOH IS THE BEST BANG FOR YOUR BUCK

Source: Solomon Partners Estimates as of January 2022 based on SEC filings, news, research and other industry sources.

- **Broadcast TV (a)**: Represents range for both primetime and non-prime-time viewing.
- **Cable TV (a)**: Represents range for both spot and network.
- **Radio (b)**: Represents range for radio and podcasts. Represents 60-second advertisement for podcasts and 30-second advertisement (both spot and network) for radio.
- **Digital Video (c)**: Represents range for OTT, mobile video and desktop video. OTT dataset includes various network and subscription streaming services. Mobile and desktop video represents data from 2018. Mobile dataset includes mobile web, phone and tablet for both Android and iPhone.
- **Digital Display (d)**: Represents range of mobile display and general display 300x250 banner ads. Data from 2018. Mobile dataset includes mobile web, phone and tablet for both Android and iPhone.
- **OOH (e)**: Represents range of bulletins, posters, transit shelters and digital place-based media. Calculated using SQAD reporting from OOH media companies. Digital place-based media represents a range of average realized direct and programmatic rates on various on-premise media / place-based digital networks.
- **Print (f)**: Represents range of newspapers and magazines. Newspapers represent 1/2-page ads, calculated using estimated readership. Magazines represent full-page color ads, calculated using estimated readership.
TREND #2: OOH AD RECALL OUTPACES DIGITAL / MOBILE

SOLOMON’S AD RECALL COMPARISON

<table>
<thead>
<tr>
<th>Source Type</th>
<th>Recall Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mobile (a)</td>
<td>12%</td>
</tr>
<tr>
<td>Digital (b)</td>
<td>9%</td>
</tr>
<tr>
<td>Printed (c)</td>
<td>38%</td>
</tr>
<tr>
<td>Digital (d)</td>
<td>46%</td>
</tr>
<tr>
<td>Digital (e)</td>
<td>57%</td>
</tr>
<tr>
<td>Digital (f)</td>
<td>48%</td>
</tr>
<tr>
<td>Digital (g)</td>
<td>38%</td>
</tr>
<tr>
<td>Digital (h)</td>
<td>46%</td>
</tr>
<tr>
<td>Digital (i)</td>
<td>57%</td>
</tr>
<tr>
<td>Digital (j)</td>
<td>84%</td>
</tr>
<tr>
<td>Digital (k)</td>
<td>86%</td>
</tr>
</tbody>
</table>

OOH STANDS OUT AND HAS THE BEST RECALL


Note: Advertising recall defined as advertising effectiveness in which respondents were exposed to an advertisement and then at a later point in time, respondents were asked if they remembered the advertisement on an aided or unaided basis.

Ranges shift depending on aided vs. unaided recall basis, length of time for recall and sample size / nature and scope.

a) Includes interactive and non-interactive banner ads that appear embedded in mobile websites, downloaded apps or in mobile games on smartphones and tablets. Does not include text ads via short message service (SMS).
b) Includes all forms of desktop display advertising on websites, including text, image, flash, video and audio.
c) Includes all forms of outdoor advertising, including billboards, posters, wallscapes, rotary programs, transit, airport advertising and in retail venues.
d) Includes digital media used for marketing outside of the home and includes digital billboards, digital placed based networks and digital signage.
TREND #3: ADVERTISERS MOVING TO BRAND MARKETING

SHIFT AWAY FROM PERFORMANCE MARKETING REPRESENTS MAJOR OPPORTUNITY FOR OOH

**OOH IS AT THE FOREFRONT OF BRAND MARKETING**

Reach + impact with attention-grabbing displays

Best ad recall rates

Reach and recallability fosters unmatched brand recognition

**CASE STUDY:**

In 2021, Airbnb shifted marketing from short-term lead-generation and performance marketing to brand-building

“Our brand marketing results are delivering excellent results overall with a strong rate of return, and it’s been so successful that we’re actually expanding…”

– Brian Chesky, Chief Executive Officer of Airbnb

First large-scale global brand-building campaign ‘made possible by hosts’ resulted in a

>20% increase in traffic
TREND #4: BRANDS WANT REACH + IMPACT WITH LARGE FORMAT MEDIA

HIGHLY SOUGHT-AFTER DUE TO SIZE, DESIGN AND LOCATION WITHIN URBAN CORE MARKETS, AS WELL AS AMPLIFICATION FROM SOCIAL MEDIA IMPRESSIONS

2019-2023E REVENUE COMPOUND ANNUAL GROWTH RATE

<table>
<thead>
<tr>
<th>LARGE FORMAT BILLBOARDS</th>
<th>TOTAL BILLBOARDS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large Format Asset A</td>
<td>10%</td>
</tr>
<tr>
<td>Large Format Asset B</td>
<td>11%</td>
</tr>
<tr>
<td>Large Format Asset C</td>
<td>7%</td>
</tr>
<tr>
<td>Large Format Asset D</td>
<td>15%</td>
</tr>
<tr>
<td>Average of Large Format</td>
<td>10%</td>
</tr>
<tr>
<td>Total Billboard</td>
<td>4%</td>
</tr>
</tbody>
</table>

(a) Calculated as weighted-average ’19–’23 CAGR based on revenue for select large format assets in top DMAs.
(b) Represents total billboard market CAGR from 2019 to 2023. Data per OAAA, with extrapolation to 2023 based on 2019–2022 growth rate.
WHY INVESTORS ARE SPENDING TIME IN OOH

OOH WILL GROW AS WE ADAPT TO CHANGING MEDIA ENVIRONMENT & CHAOS

MANY MEDIA CHANNELS ARE DYING

Consumers are spending more time with digital / mobile media at the expense of TV, radio, newspapers and magazines.

What does the future hold for these channels?

NEW MEDIA CHANNELS (STREAMING) FACING HEADWINDS

Streaming services continue to lose billions of dollars.

Subscriber growth is stagnating.

Increasing number of platforms competing for engagement.

OOH IS HERE TO STAY

Audience reach.

Technology improves OOH instead of disintermediating it.

Digitization proven economics and growth.

More resistant to recession than other media formats.
WHAT’S NEXT FOR OOH?

KEY RECOMMENDATIONS FOR ADAPTING TO THE NEW WORLD OF MEDIA

1. REDUCE CAMPAIGN PURCHASE FRICTION

Universal Platform for buying and selling

2. OPTIMIZE MEASUREMENT AND ATTRIBUTION

Quantifiable audience and ROI data for brands

3. WORK HAND-IN-HAND WITH RETAIL MEDIA NETWORKS

In-store, on-premise and physical retail media opportunity is massive

Retail media networks

OOH
Thank You

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